

HB Reavis Holding S.à r.l.

**Condensed Consolidated Interim Financial Statements
30 June 2015**

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE 6 MONTHS ENDED 30 JUNE 2015

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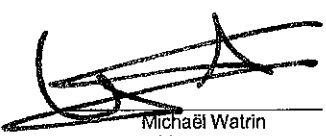



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HB Reavis Holding S.à r.l.
Condensed Consolidated Interim Balance Sheet at 30 June 2015
Prepared in accordance with IAS 34, "Interim financial reporting"

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<i>In millions of EUR</i>	Note	30 June 2015 Unaudited	31 December 2014 Audited
ASSETS			
Non-current assets			
Investment property in use or vacant	9	742.7	725.0
Investment property under development	9	674.1	634.3
Investment in joint venture	10	16.6	14.8
Property, plant and equipment	8	35.3	29.6
Intangible assets		1.1	1.3
Receivables and loans	7, 11	16.1	16.7
Deferred income tax asset	26	9.1	12.7
Other non-current assets	7,12	5.5	2.0
Total non-current assets		1,500.5	1,436.4
Current assets			
Non-current assets classified as held-for-sale	14	157.5	171.1
Inventories		3.8	3.8
Trade and other receivables	7, 13	55.4	41.3
Other assets		4.2	2.5
Cash and cash equivalents	15	108.3	151.0
		171.7	198.6
Total current assets		329.2	369.7
TOTAL ASSETS		1,829.7	1,806.1
EQUITY			
Share capital (12,500 shares at EUR 1.00 each)	16	-	-
Share premium	16	601.8	637.9
Retained earnings		384.3	284.7
Currency translation reserve	2,3	1.9	(7.8)
Equity attributable to the Company's owners		988.0	914.8
Non-controlling interest	17	18.8	18.6
TOTAL EQUITY		1,006.8	933.4
LIABILITIES			
Non-current liabilities			
Borrowings	18	554.1	499.7
Deferred income tax liability	26	53.1	44.2
Other payables	7, 19	13.6	12.9
Total non-current liabilities		620.8	556.8
Current liabilities			
Liabilities directly associated with non-current assets classified as held for sale	14	96.3	153.4
Borrowings	18	35.6	44.4
Trade and other payables	7, 19	51.0	99.5
Deferred income	19	7.9	9.7
Current income tax payable		11.3	8.9
		105.8	162.5
Total current liabilities		202.1	315.9
TOTAL LIABILITIES		822.9	872.7
TOTAL LIABILITIES AND EQUITY		1,829.7	1,806.1

These condensed consolidated interim financial statements have been approved for issue and signed on behalf of the HB Reavis Holding S.à r.l. on 30 September 2015 by the members of the Board of Managers of HB Reavis Holding S.à r.l. Partners have the power to amend condensed consolidated interim financial statements after issue.

Michaël Watrin
 Manager A

Jean-Jacques Josset
 Manager A

Marián Herman
 Manager B

Pavel Trenka
 Manager B

The accompanying notes on pages 5 to 54 are an integral part of these condensed consolidated interim financial statements.

<i>In millions of EUR</i>	Note	6 months ended	
		30 June 2015 Unaudited	30 June 2014 Unaudited
Rental and similar income from investment property	20	34.8	35.3
Direct operating expenses arising from investment property	21	(12.4)	(10.2)
Net operating income from investment property		22.4	25.1
Revaluation gain/(loss) on investment property	9	86.1	37.7
Share of profit or loss of joint ventures	10	1.6	0.1
Results on property and subsidiary disposals	25	12.5	3.6
Revenue from public transportation	22	7.2	6.9
Other operating income	7, 24	5.9	5.3
Revenue from construction contracts with joint ventures	24	12.1	-
Construction contract costs with joint ventures	24	(8.6)	-
Employee benefits	7, 23	(9.2)	(7.8)
Fuel costs		(1.3)	(1.3)
Depreciation and amortisation		(1.9)	(1.8)
Other operating expenses	24	(20.7)	(14.6)
Operating profit		106.1	53.2
Interest income	7	0.6	0.9
Interest expense		(10.5)	(11.3)
Foreign exchange gains/(losses), net	27	15.4	1.0
Other finance income		2.0	0.9
Other finance costs		(1.5)	(1.2)
Finance costs, net		6.0	(9.7)
Profit before income tax		112.1	43.5
Current income tax credit/(expense)	26	(1.8)	(0.5)
Deferred income tax (expense)/credit	26	(10.5)	(1.3)
Income tax credit/(expense)		(12.3)	(1.8)
Net profit for the period		99.8	41.7
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Translation of foreign operations to the presentation currency	2.3	9.7	1.1
Total comprehensive income for the period		109.5	42.8
Net profit is attributable to:			
- Owners of the Company		99.6	41.2
- Non controlling interest		0.2	0.5
Profit for the period		99.8	41.7
Total comprehensive income is attributable to:			
- Owners of the Company		109.3	42.3
- Non-controlling Interest		0.2	0.5
Total comprehensive income for the period		109.5	42.8

<i>In millions of EUR</i>	Note	Attributable to owners of the Company				Total	Non-controlling Interest	Total equity
		Share capital (Note 16)	Share premium (Note 16)	Retained earnings	Translation reserve			
Balance at 1 January 2014		-	651.2	196.8	(8.7)	839.3	18.3	857.6
Profit for the period		-	-	41.2	-	41.2	0.5	41.7
Other comprehensive income		-	-	-	1.1	1.1	-	1.1
Total comprehensive income for the period		-	-	41.2	1.1	42.3	0.5	42.8
Distribution to owners	16	-	(4.0)	-	-	(4.0)	-	(4.0)
Balance at 30 June 2014		-	647.2	238.0	(7.6)	877.6	18.8	896.4
Balance at 1 January 2015		-	637.9	284.7	(7.8)	914.8	18.6	933.4
Profit for the year		-	-	99.6	-	99.6	0.2	99.8
Other comprehensive income		-	-	-	9.7	9.7	-	9.7
Total comprehensive income for the period		-	-	99.6	9.7	109.3	0.2	109.5
Distribution to owners	16	-	(36.1)	-	-	(36.1)	-	(36.1)
Balance at 30 June 2015		-	601.8	384.3	1.9	988.0	18.8	1,006.8

<i>In millions of EUR</i>	Note	6 months 30 June 2015 Unaudited	6 months 30 June 2014 Unaudited
<i>Cash flows from operating activities</i>			
Profit before income tax		112.1	43.5
<i>Adjustments for:</i>			
Depreciation and amortisation		2.7	1.8
Revaluation gains on investment property	9	(86.1)	(37.6)
Gains less losses on property disposals	25	(12.5)	(3.6)
Interest income		(0.6)	-
Interest expense		10.5	11.3
Unrealised foreign exchange (gains)/losses	27	(15.0)	(1.0)
<hr/>			
Operating cash flows before working capital changes		11.1	14.4
<i>Working capital changes:</i>			
Decrease/(increase) in trade and other receivables		(16.9)	6.2
Decrease/(increase) in inventories		-	-
Increase/(decrease) in trade and other payables		(10.1)	(14.3)
Increase/(decrease) in taxes payable		2.4	-
<hr/>			
Cash generated from operations		(13.5)	6.3
Interest paid		(7.1)	(7.7)
Interest received		0.6	-
Income taxes (paid)/refunds received		(1.8)	(0.5)
<hr/>			
Net cash from operating activities		(21.8)	(1.9)
<hr/>			
<i>Cash flows from investing activities</i>			
Purchases of property, plant and equipment and intangible assets	8	(8.2)	(7.6)
Purchases of investment properties		(14.5)	-
Investment in joint venture		-	-
Construction costs related to investment properties		(84.4)	(49.1)
Investment in joint venture		(1.8)	-
Proceeds from sales of investment property		-	-
Proceeds from sales of subsidiaries, net of cash disposed	25	3.0	28.7
Advance received for the sale of subsidiaries		-	-
Repayment of loans due from other parties		-	-
Repayment of borrowings to related parties		-	(13.0)
Restricted cash		(1.3)	(1.9)
<hr/>			
Net cash (used in)/from investing activities		(107.2)	(42.9)
<hr/>			
<i>Cash flows from financing activities</i>			
Proceeds from borrowings		136.7	67.8
Repayment of borrowings		(16.8)	(15.6)
Distributions paid to owners	16	(36.1)	(4.5)
<hr/>			
Net cash from/(used in) financing activities		83.8	47.7
<hr/>			
Net (decrease) / increase in cash and cash equivalents		(45.2)	2.9
Cash and cash equivalents at the beginning of the 6 months period	15	151.0	48.4
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Cash and cash equivalents at the end of the 6 months period		105.8	51.3
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<i>Reconciliation of cash and cash equivalents:</i>			
- Restricted cash		5.6	3.4
- Cash within non-current assets classified as held-for-sale		(3.1)	(1.5)
<hr/>			
Cash and cash equivalents on the balance sheet at the end of the 6 months period	15	108.3	53.2

1 The HB REAVIS Group and its Operations

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, "Interim financial reporting" for the 6 months ended 30 June 2015 for HB Reavis Holding S.à r.l. (the "Company") and its subsidiaries (together referred to as the "Group" or "HB REAVIS Group").

The Company was incorporated and is domiciled in Luxembourg. The Company is a private limited liability company (société à responsabilité limitée) and was set up in accordance with the Luxembourg regulations on 20 October 2010. The Company is registered at the Luxembourg Commercial Register under file R.C.S. Luxembourg no. B 156 287.

HB Reavis Holding S.à r.l. is ultimately controlled by Mr. Ivan Chrenko. The Group's immediate parent as of the date of issuance of these consolidated financial statements is Kennesville Holdings Ltd based in Cyprus.

Principal activity. The HB REAVIS Group is a real estate group with major portfolio of investment properties in Slovakia, the Czech Republic, Poland, Hungary and the United Kingdom. It is principally involved in the development of properties for its own portfolio, in leasing out investment properties under operating leases, as well as in asset management and is also active in investment management. The Group develops and manages investment properties to earn rental income or for capital appreciation. The Group opened Metronom Business Center in Prague, the Czech Republic in 2015, River Garden Office II in Prague, the Czech Republic in 2014, Postepu14 in Warsaw, Poland in 2015, Gdanski Business Center I in Warsaw, Poland in 2014, Vaci Corner Offices in Budapest, Hungary in 2014, Konstruktorska Business Center in Warsaw, Poland in 2013 and Forum Business Center in Bratislava, Slovakia in 2013. The Group acquired land plots in Central Budapest, Hungary, which will be developed into Budapest Central Towers project. Pursuing its strategy to diversify into other markets the Group made acquisition of an office project on Farringdon street in London, UK during 2014, a project aimed for redevelopment in central part of the City and started construction works on another office project in City district of London acquired on King William Street 33 the year before. Construction of 33 Central (33 King William Street project) and 20 Farringdon Street project, both in London, United Kingdom, Aupark Hradec Kralove, the Czech Republic, Zachodnia BC I (West Station I), Gdanski Business Center II, both in Warsaw, Poland and first three phases of Twin City in Bratislava, Slovakia is ongoing as of the date of preparation of these financial statements. The Group operates several logistical/industrial properties on the outskirts of Bratislava, in Eastern Slovakia, and two industrial properties in the Czech Republic – Lovosice (completed in 2010) and Mošnov (partially completed in 2011).

During year 2011, the Group established new sub-structure within its organisational structure. HB Reavis Real Estate SICAV - SIF (the "Fund") a fonds commun de placement – fonds d'investissement spécialisé, was established in Luxembourg on 25 May 2011 for an unlimited duration and is governed by the Luxembourg law dated 13 February 2007 relating to specialized investment funds. On the aforementioned date, the Management Company launched the Fund as well as its first Sub Fund named HB Reavis CE REIF (hereafter "Sub Fund A"). The Fund is managed for the account of and in the exclusive interest of its shareholders by HB Reavis Investment Management S.à r.l. (the "Management Company"), a limited liability company organised under the laws of Luxembourg (registration number B 161.176) having its registered office at 20, rue de la Poste, L-2346 Luxembourg. While there will be no specific country or real estate segment restrictions posed, the Fund will mainly invest in the Central European region as Slovakia, the Czech Republic, Poland and Hungary in commercial real estate assets. The initial Sub-Funds portfolio will provide investments in prime properties only located in Slovakia. The office segment investments are restricted to A-class properties located in central business districts of capital cities in Slovakia, the Czech Republic and Hungary. In Poland however, both, capital and regional cities are eligible for investments in the office segment. The retail segment investments will be made in both capital and regional cities in the entire Central European region. Investments in logistic properties will be restricted to attractive and strategic locations only. The Sub-Fund A seeks to maximize the value via investing in properties which in the past proved to bear characteristics of a prime-commercial real estate property which as such implies to have a top-tier tenants portfolio being located in prime or strategic locations and soundly built from both technical and architectural point of view. The Sub-Fund A seeks to enhance value of properties by contracting an excellent lease management in order to maximize property income.

The Group also operates a public transportation company and aims to redevelop the acquired bus station in Bratislava, Slovakia as part of the Twin City project.

The Group is also involved in limited construction of real estate for third parties, including related parties.

The Group's strategy is reflected in its cash flow forecast that is regularly monitored by the Board of Managers, including their assessment of appropriateness of preparation of the financial statements on a going concern basis. The cash flow outlook is further described under the description of management of liquidity in Note 29. Valuation of properties of the Group in the less liquid markets necessarily involves a greater element of judgement as there have been still relatively limited transactions in the real estate market. The critical accounting judgments used in valuation of the Group's investment properties have been further described in Note 3.

Registered address and place of business. The Company's registered address and principal place of business is:

6, rue Jean Monnet
L-2180 Luxembourg
Luxembourg

The Group has offices in Luxembourg, Amsterdam, Bratislava, Warsaw, Prague, Budapest and London.

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these condensed consolidated interim financial statements are described below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. Basis of Preparation

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, "Interim financial reporting". The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with IFRSs. The Group applies all IFRS standards and interpretations issued by International Accounting Standards Board (hereinafter "IASB"), which were in force as of 30 June 2015.

Income and cash flow statements

The Group has elected to present a single statement of comprehensive income and presents its expenses by nature.

The Group reports cash flows from operating activities using the indirect method. Interest received and interest paid are presented within operating cash flows. The acquisitions of investment properties are disclosed as cash flows from investing activities because this most appropriately reflects the Group's business activities.

Preparation of the condensed consolidated interim financial statements

These condensed consolidated interim financial statements are presented in millions of Euro ("EUR") rounded to one decimal place, unless otherwise stated.

The condensed consolidated interim financial statements have been prepared on a going concern basis, applying the historical cost convention, except for the measurement of investment property at fair value, financial assets classified as available for sale (earn-out receivables, Note 13) and derivative financial instruments that have been measured at fair value.

The preparation of these condensed consolidated interim financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Valuation techniques such as discounted cash flows models or models based on recent arm's length transactions or consideration of financial data of the counterparties are used to fair value certain financial instruments or investment properties for which external market pricing information is not available. Valuation techniques may require assumptions not supported by observable market data. Refer to Note 31.

2.2. Condensed Consolidated Interim Financial Statements

Condensed consolidated interim financial statements. In preparing the condensed consolidated interim financial statements, the individual financial statements of the consolidated entities are aggregated on a line-by-line basis by adding together the like items of assets, liabilities, equity, income and expenses. Transactions, balances, income and expenses between the consolidated entities are eliminated. The individual financial statements of the consolidated entities are prepared on a consolidated basis when they hold subsidiaries.

Subsidiaries. Subsidiaries are those investees, including structured entities, that the Group controls because the Group (i) has power to direct relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive, the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Group may have power over an investee even when it holds less than majority of voting power in an investee. In such a case, the Group assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of investee's activities or apply only in exceptional circumstances, do not prevent the Group from controlling an investee. Subsidiaries are consolidated from the date on which control is transferred to the Group, and are deconsolidated from the date on which control ceases.

2 Summary of Significant Accounting Policies (Continued)

2.2. Condensed Consolidated Interim Financial Statements (Continued)

The entities included within these condensed consolidated interim financial statements are as follows:

Number	Subsidiaries	Functional currency	Country of incorporation	Percentage ownership interest and voting rights held	
				30 June 2015	31 December 2014
1	HB Reavis Holding S.à r.l. (Parent Company)	EUR	Luxembourg	N/A	N/A
2	HB Reavis Real Estate SICAV-SIF	EUR	Luxembourg	100	100
3	HBR CE REIF LUX1, S.à r.l.	EUR	Luxembourg	100	100
4	HBR CE REIF LUX2, S.à r.l.	EUR	Luxembourg	100	100
5	HB Reavis Investment Management S.à r.l.	EUR	Luxembourg	100	100
6	TRITRI House S.à r.l.	GBP	Luxembourg	100	100
7	TWENTY House S.à r.l.	GBP	Luxembourg	100	100
8	GBC A S.à r.l.	EUR	Luxembourg	100	100
9	Gdanski A SCSp.	EUR	Luxembourg	100	100
10	GBC B S.à r.l. ¹	EUR	Luxembourg	100	-
11	Gdanski B SCSp. ¹	EUR	Luxembourg	100	-
12	EIGHT House S.à r.l. ¹	GBP	Luxembourg	100	-
13	SIXTYFIVE House S.à r.l. ¹	GBP	Luxembourg	100	-
14	HB REAVIS GROUP B.V. (Predecessor Holding Company)	EUR	Netherlands	100	100
15	WATERFIELD Management B.V.	EUR	Netherlands	99.5	99.5
16	HBRG Invest B.V.	EUR	Netherlands	100	100
17	HB REAVIS Croatia B.V.	EUR	Netherlands	100	100
18	HB Reavis CEE B.V.	EUR	Netherlands	100	100
19	HBR HOLDING LIMITED	EUR	Cyprus	100	100
20	FILWOOD HOLDINGS LIMITED	EUR	Cyprus	100	100
21	HBR INVESTORS LTD	EUR	Cyprus	100	100
22	HBR IM HOLDING LTD	EUR	Cyprus	100	100
23	HB Reavis UK Ltd. ⁵	GBP	UK	100	100
24	HB Reavis Construction UK Ltd. ⁵	GBP	UK	100	100
25	HB REAVIS IM ADVISOR LIMITED	EUR	Jersey	100	100
26	HB Reavis Turkey Gayrimenkul Hizmetleri Limited Şirketi	TRY	Turkey	100	100
27	HB REAVIS Croatia, d.o.o.	HRK	Croatia	100	100
28	COMPOS MENTIS GRADNJA, d.o.o.	HRK	Croatia	100	100
29	COMPOS MENTIS DVA, d.o.o.	HRK	Croatia	100	100
30	HB Reavis Hungary Szolgáltató Kft.	HUF	Hungary	100	100
31	Váci Corner Offices Kft.	HUF	Hungary	100	100
32	HB Reavis Construction Hungary Kft.	HUF	Hungary	100	100
33	HB Reavis Project 2 Kft.	HUF	Hungary	100	100
34	ISTROCENTRUM a. s.	EUR	Slovakia	100	100
35	Eurovalley, a.s.	EUR	Slovakia	96.5	96.5
36	LUGO, s.r.o.	EUR	Slovakia	100	100
37	HB REAVIS Slovakia a. s.	EUR	Slovakia	100	100
38	HB REM, spol. s r.o.	EUR	Slovakia	100	100
39	HB RE, s.r.o. ³	EUR	Slovakia	-	100
40	HB REAVIS MANAGEMENT spol. s r.o.	EUR	Slovakia	100	100
41	BUS TRANSPORT s.r.o.	EUR	Slovakia	100	100
42	Apollo Property Management, s.r.o.	EUR	Slovakia	100	100
43	AUPARK Košice SC, s. r. o. ²	EUR	Slovakia	-	100
44	AUPARK KOŠICE, spol. s r.o. ²	EUR	Slovakia	-	100
45	AUPARK Piešťany SC, s. r. o.	EUR	Slovakia	100	100
46	AUPARK Piešťany, spol. s r.o.	EUR	Slovakia	100	100
47	AUPARK Property Management, s. r. o.	EUR	Slovakia	100	100
48	AUPARK Ružomberok, spol. s r.o. ³	EUR	Slovakia	-	100
49	AUPARK Tower Košice, s. r. o. ²	EUR	Slovakia	-	100
50	AUPARK Trenčín, spol. s r.o. ³	EUR	Slovakia	-	100
51	HBR SFA, s. r. o. (until 4.12.2014 as CBC III, s. r. o.)	EUR	Slovakia	100	100
52	CBC IV, s. r. o. ³	EUR	Slovakia	-	100
53	BUXTON INVEST a.s.	EUR	Slovakia	100	100
54	Twin City a.s.	EUR	Slovakia	100	100
55	UNI - CC s. r. o.	EUR	Slovakia	100	100
56	Apollo Business Center III, spol. s r.o.	EUR	Slovakia	100	100
57	Apollo Business Center V, spol. s r.o.	EUR	Slovakia	100	100
58	Logistické Centrum Rača a.s.	EUR	Slovakia	100	100
59	Logistické Centrum Svätý Jur s.r.o.	EUR	Slovakia	100	100
60	Logistické centrum Trnava s.r.o.	EUR	Slovakia	100	100
61	Logistické centrum Malý Šariš, spol. s r. o.	EUR	Slovakia	100	100
62	General Property Services, a.s.	EUR	Slovakia	100	100
63	ALLPERTON Slovakia, spol. s r.o.	EUR	Slovakia	100	100
64	FORUM BC I s. r. o.	EUR	Slovakia	100	100
65	FORUM BC II s. r. o.	EUR	Slovakia	100	100

2 Summary of Significant Accounting Policies (Continued)

2.2. Condensed Consolidated Interim Financial Statements (Continued)

Number	Subsidiaries	Functional currency	Country of incorporation	Percentage ownership interest and voting rights held	
				30 June 2015	31 December 2014
66	INLOGIS I, spol. s r.o.	EUR	Slovakia	100	100
67	HB REAVIS IM Advisor Slovakia s. r. o.	EUR	Slovakia	100	100
68	INLOGIS IV s. r. o.	EUR	Slovakia	100	100
69	INLOGIS V s. r. o.	EUR	Slovakia	100	100
70	INLOGIS VI s. r. o. ²	EUR	Slovakia	-	100
71	INLOGIS LCR a. s. ³	EUR	Slovakia	100	100
72	INLOGIS VII s. r. o.	EUR	Slovakia	100	100
73	Pressburg Urban Projects a. s.	EUR	Slovakia	100	100
74	CBC I - II a. s.	EUR	Slovakia	100	100
75	SPC Property I, spol. s r.o.	EUR	Slovakia	100	100
76	SPC Property III, s. r. o.	EUR	Slovakia	100	100
77	SPC Property Finance, s. r. o.	EUR	Slovakia	100	100
78	TC Tower A1 s. r. o.	EUR	Slovakia	100	100
79	SPC Property Finance II, s. r. o.	EUR	Slovakia	100	100
80	SPC Property Finance III, s.r.o.	EUR	Slovakia	100	100
81	SPC Property Finance IV, s. r. o.	EUR	Slovakia	100	100
82	Slovak lines, a.s.	EUR	Slovakia	56	56
83	Slovak lines Express, a.s.	EUR	Slovakia	56	56
84	Slovak lines Opravy, a.s.	EUR	Slovakia	56	56
85	Slovak lines Služby, a.s.	EUR	Slovakia	56	56
86	HB REAVIS Finance SK s. r. o. (until 12.6.2014 as Twin City I s.r.o.)	EUR	Slovakia	100	100
87	Twin City II s.r.o.	EUR	Slovakia	100	100
88	Twin City III s.r.o.	EUR	Slovakia	100	100
89	Twin City IV s.r.o.	EUR	Slovakia	100	100
90	Twin City V s.r.o.	EUR	Slovakia	100	100
91	HB REAVIS Finance SK II s. r. o. (until 17.2.2015 as Twin City VI s.r.o.)	EUR	Slovakia	100	100
92	Twin Capital s. r. o. (until 10.12.2014 as Twin City VII s.r.o.) ²	EUR	Slovakia	-	100
93	Twin City VIII s.r.o.	EUR	Slovakia	100	100
94	SPC Property Finance V, s. r. o.	EUR	Slovakia	100	100
95	ALISTON Finance I s. r. o. (until 25.6.2014 as ALISTON III s. r. o.)	EUR	Slovakia	100	100
96	ALISTON Finance II s.r.o. (until 25.6.2014 as ALISTON IV s. r. o.)	EUR	Slovakia	100	100
97	ANDAREA s.r.o.	CZK	Czech Rep	100	100
98	AR Consulting, a.s.	CZK	Czech Rep	100	100
99	AUPARK Brno, spol. s r.o.	CZK	Czech Rep	100	100
100	AUPARK Hradec Králové, a.s.	CZK	Czech Rep	100	100
101	AUPARK Hradec Králové - KOMUNIKACE, s.r.o.	CZK	Czech Rep	100	100
102	AUPARK Ostrava, spol. s r.o.	CZK	Czech Rep	100	100
103	AUPARK Karviná s.r.o.	CZK	Czech Rep	100	100
104	FORSEA s.r.o.	CZK	Czech Rep	100	100
105	Riga Office East s.r.o.	CZK	Czech Rep	100	100
106	HB Reavis CZ, a.s.	CZK	Czech Rep	100	100
107	HB REAVIS DEVELOPMENT CZ, a.s.	CZK	Czech Rep	100	100
108	HB REAVIS GROUP CZ, s.r.o.	CZK	Czech Rep	100	100
109	HB REAVIS MANAGEMENT CZ spol. s r.o.	CZK	Czech Rep	100	100
110	HYPARKOS, s.r.o.	CZK	Czech Rep	100	100
111	Letecké Cargo MOŠNOV s.r.o.	CZK	Czech Rep	100	100
112	Multimodální Cargo MOŠNOV s.r.o.	CZK	Czech Rep	100	100
113	HB REAVIS PROPERTY MANAGEMENT CZ, s.r.o.	CZK	Czech Rep	100	100
114	Železniční Cargo MOŠNOV s.r.o.	CZK	Czech Rep	100	100
115	MOLDERA, a.s.	CZK	Czech Rep	100	100
116	ISTROCENTRUM CZ, a.s.	CZK	Czech Rep	100	100
117	Cargo MOŠNOV s.r.o.	CZK	Czech Rep	100	100
118	DII Czech s.r.o.	CZK	Czech Rep	100	100
119	DNW Czech s.r.o.	CZK	Czech Rep	100	100
120	Real Estate Metronom s.r.o.	CZK	Czech Rep	100	100
121	Combar, s.r.o.	CZK	Czech Rep	100	100
122	Phibell s.r.o.	CZK	Czech Rep	100	100
123	Temster, s.r.o.	CZK	Czech Rep	100	100
124	PARIDES Plzeň, a.s.	CZK	Czech Rep	100	100
125	MALVIS s.r.o.	CZK	Czech Rep	100	100
126	KELOM s.r.o. ¹	CZK	Czech Rep	100	-
127	ITAPE s.r.o. ¹	CZK	Czech Rep	100	-
128	GALIM s.r.o. ¹	CZK	Czech Rep	100	-
129	LUCASE s.r.o. ¹	CZK	Czech Rep	100	-
130	RECLUN s.r.o. ¹	CZK	Czech Rep	100	-

2 Summary of Significant Accounting Policies (Continued)

2.2. Condensed Consolidated Interim Financial Statements (Continued)

Number	Subsidiaries	Functional currency	Country of incorporation	Percentage ownership interest and voting rights held	
				30 June 2015	31 December 2014
131	HB Reavis Poland Sp.z o. o.	PLN	Poland	100	100
132	POLCOM INVESTMENT II Sp. z o. o.	PLN	Poland	100	100
133	POLCOM INVESTMENT III Sp. z o. o.	PLN	Poland	100	100
134	HB REAVIS CONSTRUCTION PL Sp. z o. o.	PLN	Poland	100	100
135	POLCOM INVESTMENT V Sp. z o. o.	PLN	Poland	100	100
136	POLCOM INVESTMENT VI Sp. z o. o.	PLN	Poland	100	100
137	POLCOM INVESTMENT VII Sp. z o. o.	PLN	Poland	100	100
138	PSD Sp. z o.o.	PLN	Poland	100	100
139	HB Reavis Finance PL Sp. z o.o.	PLN	Poland	100	100
140	Konstruktorska BC Sp. z o.o.	PLN	Poland	100	100
141	CHM1 Sp. z o. o.	PLN	Poland	100	100
142	CHM2 Sp. z o. o.	PLN	Poland	100	100
143	CHM3 Sp. z o. o.	PLN	Poland	100	100
144	GBC A POLCOM INVESTMENT XXI Sp. z o.o. (former POLCOM INVESTMENT VIII Sp. z o. o.) ⁴	PLN	Poland	100	100
145	GBC B POLCOM INVESTMENT XXII Sp. z o.o. (former POLCOM INVESTMENT IX Sp. z o.o.) ⁴	PLN	Poland	100	100
146	Polcom Investment X sp. z o.o.	PLN	Poland	100	100
147	Polcom Investment XI sp. z o.o.	PLN	Poland	100	100
148	Polcom Investment XII sp. z o.o.	PLN	Poland	100	100
149	Polcom Investment XIII sp. z o.o.	PLN	Poland	100	100
150	HB REAVIS Property Management sp. z o.o.	PLN	Poland	100	100
151	Polcom Investment XVI Sp. z o.o.	PLN	Poland	100	100
152	Polcom Investment XVIII Sp. z o.o.	PLN	Poland	100	100
153	Polcom Investment XIX Sp. z o.o.	PLN	Poland	100	100
154	Polcom Investment XX Sp. z o.o.	PLN	Poland	100	100
155	Polcom Investment XXI Sp. z o.o.	PLN	Poland	100	100
156	Polcom Investment XXII Sp. z o.o.	PLN	Poland	100	100
157	IPOPEMA 110 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych	PLN	Poland	100	100
158	HB Reavis JV Spółka Akcyjna ¹	PLN	Poland	100	-
159	Polcom Investment XXIII Sp. z o.o. ¹	PLN	Poland	100	-
160	Polcom Investment XXIV Sp. z o.o. ¹	PLN	Poland	100	-
Joint ventures					
161	PHVH SOLUTIONS, s.r.o. ²	EUR	Slovakia	-	50
162	PHVH SOLUTIONS II, s. r. o.	EUR	Slovakia	50	50
163	TANGERACO INVESTMENTS LIMITED	EUR	Cyprus	50	50
164	Hotel Šachtička, a.s.	EUR	Slovakia	50	50
165	Šachtičky, a.s.	EUR	Slovakia	50	50
166	WEST STATION INVESTMENT Sp. z o. o.	PLN	Poland	51	51
167	WEST STATION INVESTMENT 2 Sp. z o. o. (former Polcom Investment XVII Sp. z o.o.) ⁶	PLN	Poland	51	100

¹ Entities established/acquired by the Group during 6 months period ended 30 June 2015

² Entities disposed of during 6 months period ended 30 June 2015, further information disclosed in Note 25 - Results on Property Disposals

³ Entities merged with INLOGIS LCR a. s. during 6 months period ended 30 June 2015

⁴ Entities were part of a change of legal structure during 6 months period ended 30 June 2015

⁵ HB Reavis UK Ltd. and HB Reavis Construction UK Ltd., registered in England and Wales under company number 08493236 and 08917100 respectively, are claiming exemption from the requirements of the UK Companies Act 2006 (the "Act") relating to the audit of annual accounts under section 479A of the Act.

⁶ Entity was part of a change in shareholding and name during 6 months period ended 30 June 2015. Entities number 3 to 4 and 45, 46, 59, 61, 55 and 74 are part of the HB Reavis Real Estate SICAV-SIF established during the year 2011.

Business combinations. The acquisition method of accounting is used to account for the acquisition of subsidiaries that represent a business, except those acquired from parties under common control. A business is defined as an integrated set of activities and assets conducted and managed for the purpose of providing a return to investors or lower costs or other economic benefits directly and proportionately to policyholders or participants. A business generally consists of inputs, processes applied to those inputs, and resulting outputs that are, or will be, used to generate revenues. If goodwill is present in a transferred set of activities and assets, the transferred set is presumed to be a business.

2 Summary of Significant Accounting Policies (Continued)

2.2. Condensed Consolidated Interim Financial Statements (Continued)

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including fair value of assets or liabilities from contingent consideration arrangements, but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt are deducted from its carrying amount and all other transaction costs associated with the acquisition are expensed.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and fair value of an interest in the acquiree held immediately before the acquisition date. Any negative amount ("negative goodwill") is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all liabilities and contingent liabilities assumed, and reviews appropriateness of their measurement.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Group. Non-controlling interest forms a separate component of the Group's equity. At acquisition date, the Group measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction by transaction basis, either at: (a) fair value, or (b) the non-controlling interest's proportionate share of net assets of the acquiree. Non-controlling interests that are not present ownership interests are measured at fair value.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

Acquisitions of subsidiaries holding investment properties. The Group may invest in subsidiaries that hold properties but do not constitute a business. These transactions are therefore treated as asset acquisitions rather than business combinations. The Group allocates the cost of the acquisition to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. These transactions do not give rise to goodwill.

Purchases of subsidiaries from parties under common control. Purchases of subsidiaries from parties under common control are accounted for using the predecessor values method. Under this method, the consolidated financial statements are presented as if the businesses had been consolidated from the beginning of the earliest period presented or, if later, the date when the consolidated entities were first brought under common control. The assets and liabilities of the subsidiary transferred under common control are at the predecessor entity's carrying amounts. The predecessor entity is considered to be the highest reporting entity in which the subsidiary's IFRS financial information was consolidated. Related goodwill inherent in the predecessor entity's original acquisitions is also recorded in these consolidated financial statements. Any difference between the carrying amount of net assets, including the predecessor entity's goodwill, and the consideration for the acquisition is accounted for in these condensed consolidated interim financial statements as an adjustment within equity.

Joint arrangements. Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Company has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Disposals of subsidiaries or joint ventures. When the Group ceases to have control or joint control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are recycled to profit or loss.

If the ownership interest in a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss, where appropriate.

2 Summary of Significant Accounting Policies (Continued)

2.2. Condensed Consolidated Interim Financial Statements (Continued)

Purchases and sales of non-controlling interests. The Group applies the economic entity model to account for transactions with owners of non-controlling interest. Any difference between the purchase consideration and the carrying amount of non-controlling interest acquired is recorded as a capital transaction directly in equity. The Group recognises the difference between sales consideration and carrying amount of non-controlling interest sold as a capital transaction in the statement of changes in equity.

2.3. Foreign Currency Transactions and Translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The functional currency of all Group's entities is their local currency. The condensed consolidated interim financial statements are presented in millions of euro (EUR), which is the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items measured at fair value in a foreign currency, including properties or equity investments, are translated using the exchange rates at the date when the fair value was determined. Effects of exchange rate changes on non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss.

Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet date are translated at the closing rates at the date of that balance sheet;
- income and expenses and movements in equity are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expense are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Loans between group entities and related foreign exchange gains or losses are eliminated upon consolidation. However, where the loan is between group entities that have different functional currencies, the foreign exchange gain or loss cannot be eliminated in full and is recognized in the consolidated profit or loss, unless the loan is not expected to be settled in the foreseeable future and thus forms part of the net investment in foreign operation. In such a case, the foreign exchange gain or loss is recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

When control over a foreign operation is lost, the previously recognised exchange differences on translation to a different presentation currency are reclassified from other comprehensive income to profit or loss for the year as part of the gain or loss on disposal. On partial disposal of a subsidiary without loss of control, the related portion of accumulated currency translation differences is reclassified to non-controlling interest within equity.

2.4. Property, Plant and Equipment

All property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Cost. Cost includes expenditure that is directly attributable to the acquisition of the items of property plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

2 Summary of Significant Accounting Policies (Continued)

2.4. Property, Plant and Equipment (Continued)

Depreciation. The depreciation of property, plant and equipment starts in the month when the property, plant and equipment is available for use. Property, plant and equipment is depreciated in line with the approved depreciation plan using the straight-line method. Monthly depreciation charge is determined as the difference between acquisition costs and residual value, divided by estimated useful life of the property, plant and equipment.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The Group allocates the amount initially recognized in respect of an item of property, plant and equipment proportionally to its significant parts and depreciates separately each such part.

Buildings include mainly administrative offices and premises used by the Group management.

Equipment, fixtures and fittings include mainly hardware, servers, telephone exchanges, remote control equipment, office furniture and others.

Motor vehicles include mainly the bus fleet of the Group's public transportation business and the Group's passenger cars.

	<u>Useful lives in years</u>
Buildings	30 years
Machinery, equipment, fixtures and fittings	4 to 6 years
Vehicles and other assets	6 to 8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset less the estimated costs of disposal, if the assets were already of the age and in the conditions expected at the end of their useful life. The residual value of an asset is nil or its scrap value if the Group expects to use the asset until the end of its physical life.

Land and assets under construction are not depreciated.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Items that are retired or otherwise disposed of are eliminated from the balance sheet, along with the corresponding accumulated depreciation. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit.

2.5. Investment Property

Investment property is property held by the Group to earn rental income or for capital appreciation, or both and which is not occupied by the Group. Investment property includes assets under construction for future use as investment property.

Investment property comprises freehold land, freehold commercial properties (retail, office and logistics) and land plots held under operating and finance leases. Land plots held under operating lease are classified and accounted for as investment property when the definition of investment property is met. In such cases the related operating leases are accounted for as if they were finance leases.

Investment property is initially valued at historical cost including related transaction costs. Costs include the works performed, the costs of staff directly related to technical supervision and project management on the basis of time spent up to the date of completion.

After initial recognition at cost the Investment property, including property under construction or development for future use as investment property, is carried at 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. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Valuation reports as of the balance sheet date are prepared by independent appraisers, who hold a recognized and relevant professional qualification and who have recent experience in valuation of property of similar location and category. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

2 Summary of Significant Accounting Policies (Continued)

2.5. Investment Property (Continued)

The fair value of investment property reflects, among other things, 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. Some of those outflows are recognized as a liability, including finance lease liabilities in respect of land classified as investment property; others, including contingent rent payments, are not recognized in the consolidated financial statements. Transaction costs, such as estimated agent's and legal and accounting fees and transfer taxes are not deducted for the purposes of valuation of investment property in these financial statements irrespective whether or not they form part of the described valuations.

Subsequent expenditures are capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with these expenditures will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed to the consolidated income statement during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Changes in fair values are recorded in profit or loss as "Revaluation gain/(loss) on investment properties". Investment properties are derecognised when they have been disposed of.

If an item of property, plant and equipment becomes an investment property because its use has changed, any revaluation gain resulting from a difference between the carrying amount and the fair value of this item at the date of transfer is recognized in other comprehensive income as a revaluation surplus of property, plant and equipment.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as investment property and stated at fair value.

Where an investment property undergoes a change in use evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

The Group classifies the investment property for the presentation purposes as investment properties in use or vacant and investment properties under development based on the stage of completion of the individual property construction and progress of leasing space to tenants. Consistently with classification for purposes of segmental analysis (see Note 6), the Group classifies a property as "in use or vacant" from the end of the accounting period in which legal requirements have been met. The Group also presents the value of investment properties and related income and expenses by following types of properties – office, retail, and industrial – classified by the prevailing function of the property for its tenants.

2.6. Intangible Assets

Goodwill. See Note 2.2 "Business combinations" for the accounting policy on goodwill. Goodwill is not amortised but is tested for impairment at the end of each annual reporting period.

Other intangible assets. All of the Group's other intangible assets have definite useful lives and primarily include (i) externally acquired computer software licences and (ii) public transportation licence acquired in a business combination.

Intangible assets are initially measured at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the Group, and the asset can be measured reliably. After initial recognition, the intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses.

Intangible assets are amortized on the straight-line basis over their useful lives:

Software and software licences	<u>Useful lives in years</u>
Licence to operate public transportation	5 years
	10 years

2 Summary of Significant Accounting Policies (Continued)

2.6. Intangible Assets (Continued)

The amortisation of an intangible asset starts in the month when the intangible asset is available for use. Intangible assets are depreciated in line with the approved depreciation plan using the straight-line method. Amortisation charge is determined as the difference between acquisition costs and residual value, divided by estimated useful life of the intangible assets. If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs to sell.

Residual value of intangible assets is assumed to be zero unless (a) there is a commitment by a third party to purchase the asset at the end of its useful life, or (b) there is an active market for the asset and residual value can be determined by the reference to that market and it is probable that such a market will exist at the end of the asset's useful life.

Costs associated with maintaining computer software programmes are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

A licence to operate public transportation on the bus line Bratislava, Slovakia to Vienna, Austria has been recognized upon acquisition of SAD, a.s. (currently Slovak lines, a.s.) in 2006.

2.7. Impairment of Non-Financial Assets

Goodwill and intangible assets not yet available for use are not subject to amortization and are tested for impairment annually. Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell or its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are individually identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that were impaired are reviewed for possible reversal of the impairment at the end of each reporting period.

2.8. Financial Instruments

Financial assets. Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to maturity financial assets and available-for-sale financial assets, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Financial assets are derecognised only when the contractual rights to the cash flows from the financial asset expire or the Group transfers substantially all risks and rewards of ownership.

The Group's financial assets consist of loans and receivables, derivatives and available-for-sale financial assets. Financial assets recognised in the condensed consolidated interim statement of financial position as trade and other receivables are classified as loans and receivables. They are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. Derivatives are measured at fair value at each end of the reporting period with changes in value recognised in profit or loss. Available for sale financial assets are recognised at fair value with revaluation gains or losses representing the difference between amortised cost and fair value recognised in other comprehensive income until the asset is derecognised or impaired. Interest income on the available-for-sale assets includes effects of changes in cash flow estimates of earn-out receivables; hence, the fair value changes recognised in other comprehensive income were insignificant.

Cash and cash equivalents are also classified as loans and receivables. They are subsequently measured at amortised cost. Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2 Summary of Significant Accounting Policies (Continued)

2.8. Financial Instruments (Continued)

The Group assesses at each financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence (such as significant financial difficulty of the obligor, breach of contract, or it becomes probable that the debtor will enter bankruptcy), the asset is tested for impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (that is, the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The impairment loss is recognised in profit or loss within other operating expenses.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. Impaired debts are written off when they are assessed as uncollectible. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss.

Financial liabilities. Liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss or other liabilities, as appropriate.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

All loans and borrowings are classified as other liabilities. Initial recognition is at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method (see Note 2.15 for the accounting policy on Borrowings).

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted as its impact would be insignificant.

2.9. Leases

IAS 17 defines a lease as being an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use the asset for an agreed period of time.

Operating leases. When assets are leased out under an operating lease, the lease payments receivable are recognised as rental income on a straight-line basis over the lease term. The lease term is the non-cancellable period for which the lessee has contracted to lease the asset together with any further terms for which the lessee has the option to continue to lease the asset, with or without further payment, when at the inception of the lease it is reasonably certain that the lessee will exercise the option. Assets leased out under operating leases are shown under investment property heading in the consolidated statement of financial position (Note 9). See Note 2.19 for the policies on recognition of rental income. Tenant deposits securing lease payments are accounted for as financial liabilities carried at amortised cost (Note 2.8).

Where the Group is a lessee in a lease which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the Group, the total lease payments are charged to profit or loss on a straight-line basis over the lease term with the exception of the operating leases for land classified as investment property; such leases are accounted for as finance leases.

Finance leases and property interests held under operating leases. Where the Group is a lessee in a lease (a) which transferred substantially all the risks and rewards incidental to ownership to the Group or (b) the Group elected to classify a property interest held under an operating lease as investment property and therefore accounts for the lease as if it was a finance lease, the assets leased are capitalised in investment property at the commencement of the lease at the lower of the fair value of the property interest or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of future finance charges, are included in borrowings. The interest cost is charged to the consolidated profit and loss over the lease period using the effective interest method. The investment properties acquired under finance leases are carried at fair value.

2.10. Current and deferred income taxes

Income taxes have been provided for in the condensed consolidated interim financial statements in accordance with applicable legislation enacted or substantively enacted by the financial position date and on entity by entity basis. The income tax charge comprises current tax and deferred tax and is recognised in the income statement unless it relates to transactions that are recognised, in the same or a different period, directly in equity or in other comprehensive income.

2 Summary of Significant Accounting Policies (Continued)

2.10. Current and deferred income taxes (Continued)

Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxes other than on income are recorded within operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forward and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit or loss. Deferred tax balances are measured at tax rates enacted by law or substantively enacted at the financial position date and are expected to apply to the period when the temporary differences will reverse or the tax losses carry forward will be utilised. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

The carrying value of Group's investment property is assumed to be realised by sale. The capital gains tax rate applied is that which would apply on a direct sale of the property recorded in the consolidated statement of financial position regardless of whether the Group would structure the sale via the disposal of the subsidiary holding the asset to which a different tax rate may apply. The deferred tax is then calculated based on the respective temporary differences and tax considerations arising from recovery through sale.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on asset basis.

2.11. Inventories

Inventories represent land expected to be developed into residential property in line with the zoning and other regulatory requirements for the Group's projects and land held for disposal in the normal course of business. Inventories are presented as current because of the term of the operating cycle, but their carrying amount is expected to be recovered after 12 months. Inventories are recorded at the lower of cost and net realisable value. The cost of inventories comprises the cost of acquisition, and construction and other development costs incurred. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

2.12. Construction contracts

The Group is involved on an ongoing basis in construction contracts. Contract costs are recognised when incurred.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Variations in contract work, claims and incentive payments are included in contract revenue to the extent that they have been agreed with the customer and are capable of being reliably measured.

The Group uses the percentage-of-completion method to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract.

Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retentions are included within 'trade and other receivables'.

The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

2 Summary of Significant Accounting Policies (Continued)

2.13. Share Capital and Share Premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is presented in the notes as a share premium.

Share premium represents the excess of contributions received and receivable over the nominal value of shares issued.

2.14. Dividends and other distributions to owners

Dividends are recognised as a liability and deducted from equity at the balance sheet date only if they are declared before or at the end of the reporting period. Dividends are disclosed when they are declared after the reporting period but before the condensed consolidated interim financial statements are authorised for issue.

2.15. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. After initial recognition, borrowings are carried at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss using the effective interest method. The Group does not capitalise interest related to qualifying assets that are carried at fair value, including investment properties. Accordingly, interest costs on borrowings are expensed as incurred.

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

2.16. Trade and Other Payables

Trade payables are accrued when the counterparty performed its obligations under the contract. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17. Provisions for Liabilities and Charges

Provisions for liabilities and charges are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2.18. Uncertain Tax Positions

The Group's uncertain tax positions are reassessed by management at every balance sheet date. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities.

The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the balance sheet date and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the balance sheet date.

2.19. Revenue Recognition

Rental and similar income from investment property includes rental income, and service charges and management charges from properties.

Rental income is recognised on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income. This applies to discounted rent periods and stepped rents. The resulting receivable is recognised within non-current assets or trade and other receivables depending on expected collection pattern. In determining the fair value of the related investment property, the Group does not double-count assets; the fair value of such investment property excludes accrued operating lease income because it is recognised as a separate asset. The contingent payments under lease agreements depending on the agreed level of sales turnover of tenants are recognized as income in the period when earned because the Group is unable to reliably estimate the future sales turnover of tenants in order to be able to recognise such expected contingent rents on a straight line basis over the lease term.

2 Summary of Significant Accounting Policies (Continued)

2.19. Revenue Recognition (Continued)

Sales of services and management charges are recognised in the reporting period in which the services are rendered, by reference to stage of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Sales are shown net of VAT and discounts. When the Group is acting as an agent, the commission rather than gross income is recorded as revenue.

Revenue from public transportation is recognised when service is provided. Local government subsidies towards the cost of public transportation are recognised as other operating income in the same period as the costs they are intended to compensate.

Interest income is recognised on a time-proportion basis using the effective interest method.

2.20. Employee Benefits

Wages, salaries, contributions to the state and private pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services and kindergarten services) are accrued in the year in which the associated services are rendered by the employees of the Group.

Certain senior managers are entitled to obtain payments from the Group's shareholders based on the net asset value of the Group. As the obligation was incurred by shareholders and not by the Group, and is unrelated to the entity's share price, the Group did not recognise these employee benefits as its expenses in profit or loss.

2.21. Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to employee benefits, bus fleet amortisation, spent fuel and other costs of operating public transportation are recognised as other operating income in profit and loss in the same period as the costs that they are intended to compensate.

2.22. Other operating expenses

Expenses include legal, accounting, auditing and other fees. They are recognised in profit or loss in the period in which they are incurred (on an accruals basis).

2.23. Non-current assets classified as held for sale.

Non-current assets and disposal groups, which may include both non-current and current assets, are classified in the statement of financial position as 'non-current assets held for sale' if their carrying amount will be recovered principally through a sale transaction, including loss of control of a subsidiary holding the assets, within twelve months after the end of the reporting period. Assets are reclassified when all of the following conditions are met: (a) the assets are available for immediate sale in their present condition; (b) the Group's management approved and initiated an active programme to locate a buyer; (c) the assets are actively marketed for sale at a reasonable price; (d) the sale is expected within one year and (e) it is unlikely that significant changes to the plan to sell will be made or that the plan will be withdrawn. Non-current assets or disposal groups classified as held for sale in the current period's statement of financial position are not reclassified or re-presented in the comparative statement of financial position to reflect the classification at the end of the current period.

A disposal group is a group of assets (current or non-current) to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. Non-current assets are assets that include amounts expected to be recovered or collected more than twelve months after the end of the reporting period. If reclassification is required, both the current and non-current portions of an asset are reclassified. Held for sale disposal groups as a whole are measured at the lower of their carrying amount and fair value less costs to sell.

Liabilities directly associated with disposal groups that will be transferred in the disposal transaction are reclassified and presented separately in the statement of financial position.

2.24. Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined that its chief operating decision-maker is the Board of Managers of the Company.

3 Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the amounts recognised in the condensed consolidated interim financial statements. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the condensed consolidated interim financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Valuation of investment properties. The fair value estimates of 97% of investment properties (31 December 2014: 96%) were determined by the Group having received valuation advice from international valuation companies which have experience in valuing properties of similar location and characteristics. The remaining properties were valued on a basis of broker quotes or management estimates. The fair value of investment properties is estimated based on the income capitalisation method, where the value is estimated from the expected future benefits to be generated by the property in the form of rental income streams. The method considers net income generated by existing or comparable property, capitalised to determine the value for property which is subject to the valuation. The principal assumptions underlying the estimation of the fair value are those related to: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; appropriate discount rates; and in case of properties under development, future constructions costs and market developers' profits. These valuations are regularly compared to actual market data, and actual transactions by the Group and those reported by the market. For further details refer to Note 31.

The principal assumptions made, and the impact on the aggregate valuations of reasonably possible changes in these assumptions, are as follows:

- Rental charges per square meter and month have been calculated for each property on a basis of actually contracted and prevailing market rates as estimated by the qualified valuers. Should the rental levels increase or decrease by 10% the carrying value of investment property would be higher or lower by EUR 74.3 million (31 December 2014: EUR 72.5 million).
- The income capitalisation rate (yield) across the portfolio was assumed to be from 4.75% to 8.50%, or 6.64% on average (31 December 2014: 4.75% to 9.00%, or 6.90% on average). Should this capitalisation rate increase / decrease by 25 basis points, the carrying value of the investment property would be EUR 54.5 million lower/higher (31 December 2014: EUR 45.2 million lower/higher).

Income taxes The Group is subject to income taxes in different jurisdictions. Significant estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain, therefore tax liability is recognised for exposures deemed probable. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The calculation of deferred tax on investment properties is not based on the fact that they might be realised through a share deal but through an asset deal. As a result of the Group structure, the potential capital gain may be exempted from any tax in case of share deal if certain conditions are met and hence the accumulated deferred tax liabilities may be recognized as a gain depending on the outcome of negotiations with future buyers.

The Company is incorporated in Luxembourg. The European Commission (EC) has announced an investigation into whether certain income tax legislation constitutes unlawful 'state aid'. Such state aid may come in two key forms: (i) a tax measure or regime which provides a selective advantage to an entity and (ii) an individual concession granted to a taxpayer (e.g. through the use of a tax ruling or via a settlement). Management believe that their tax positions are sustainable, but it is not possible to reliably quantify the impact, if any, of these developments on the Group's future financial position or results.

4 Adoption of New or Revised Standards and Interpretations

The following new standards and interpretations became effective for the Group from 1 January 2015, but did not have any material impact on the Group:

- Annual Improvements to IFRSs 2013 (issued in December 2013 and effective in the EU for annual periods beginning on or after 1 January 2015).
- IFRIC 21 - Levies (issued on 20 May 2013 and effective in the EU for annual periods beginning on or after 17 June 2014).

5 New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2016 or later, and which the Group has not early adopted.

IFRS 9 "Financial Instruments: Classification and Measurement" (amended in July 2014 and effective for annual periods beginning on or after 1 January 2018). Key features of the new standard are:

- Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).
- Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.
- Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.
- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.
- IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.
- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

The Group is currently assessing the impact of the new standard on its financial statements.

5 New Accounting Pronouncements (Continued)

IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The Group is currently assessing the impact of the new standard on its financial statements.

The following other new pronouncements are not expected to have any material impact on the Group when adopted:

- IFRS 14, Regulatory deferral accounts (issued in January 2014 and effective for annual periods beginning on or after 1 January 2016).
- Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11 (issued on 6 May 2014 and effective for the periods beginning on or after 1 January 2016).
- Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38 (issued on 12 May 2014 and effective for the periods beginning on or after 1 January 2016).
- Agriculture: Bearer plants - Amendments to IAS 16 and IAS 41 (issued on 30 June 2014 and effective for annual periods beginning 1 January 2016).
- Equity Method in Separate Financial Statements - Amendments to IAS 27 (issued on 12 August 2014 and effective for annual periods beginning 1 January 2016).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after 1 January 2016).
- Amendments to IAS 19 – "Defined benefit plans: Employee contributions" (issued in November 2013 and effective in the EU for annual periods beginning on or after 1 February 2015).
- Annual Improvements to IFRSs 2012 (issued in December 2013 and effective in the EU for annual periods beginning on or after 1 February 2015).
- Annual Improvements to IFRSs 2014 (issued on 25 September 2014 and effective for annual periods beginning on or after 1 January 2016).
- Disclosure Initiative Amendments to IAS 1 (issued in December 2014 and effective for annual periods on or after 1 January 2016).
- Investment Entities: Applying the Consolidation Exception Amendment to IFRS 10, IFRS 12 and IAS 28 (issued in December 2014 and effective for annual periods on or after 1 January 2016).

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Group's condensed consolidated interim financial statements.

6 Segment Analysis

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM) and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance for the entity. The functions of CODM are performed by the Board of Managers of the Company.

(a) Description of products and services from which each reportable segment derives its revenue

The Group is managing its business operations on the basis of the following segments:

Asset Management – representing management of income generating properties (properties in use or vacant) developed by the Group or acquired with no major development expected.

Development in Realisation – representing management of activities connected with construction, marketing and leasing activities. A property is reclassified from Development in Realisation to Asset Management at the end of the accounting period in which the property has been commissioned for its intended use and an approbation has been carried out. This means that the revenues, costs, including the revaluation gains or losses related to the year when property reaches the described criteria, are included within Development in Realisation, whereas the completed property is shown on the balance sheet as of the last day of such period as property "in use or vacant" under Asset Management business.

Development in Preparation – representing management of activities including acquisition of land and concept design and permitting until the construction commencement. A property is reclassified from Development in Preparation to Development in Realisation at the end of the accounting period in which the construction of the property started.

Investment management – representing management of activities related to management of third party investment in properties managed by the Group.

Non-Core – representing management of land bank items designated as Non-Core properties as well as management of the public transportation business of the Group.

Cash – representing management of entities that are set up for concentration of cash for its further investments and providing loans to other entities within consolidated group.

(b) Factors that management used to identify the reportable segments

The Group's segments are strategic business units that focus on different activities of the Group. They are managed separately because each business unit requires different skill sets, product and market, procurement and human resource strategies.

Segment financial information reviewed by the Board of Managers includes rental and similar income from Asset Management business less directly attributable costs associated with properties that equal to Net Operating Income (NOI). The Board of Managers also reviews the change in fair value of properties. With respect to Development in Preparation segment, the Board reviews acquisition opportunities and submitted bids for land and properties and oversees property design, permitting and zoning. With respect to Development in Realisation segment, the Board reviews construction budgets and property marketing and letting activities at the end of the development cycle.

6 Segment Analysis (Continued)

With respect to Investment Management segment, Management reviews opportunities for transfer of further subsidiaries into this segment that would contribute to development and extend of portfolio offered for external investors. Public transportation business and the land bank are internally reported to management as a non-core segment.

(c) Measurement of operating segment profit or loss, assets and liabilities

The Board reviews financial information prepared based on International Financial Reporting Standards as adopted by the European Union. The Board evaluates performance of each segment based on profit before tax and net assets value.

The Group allocates costs to segments based on specific identification of entities that belong to particular segments. Direct operating expenses arising from investment property are allocated on a basis of appropriate cost driver (e.g. MWh of electricity spent for electricity related costs). Transactions of the subsidiaries are allocated to relevant segment based on the substance of the transactions (e.g. expenses of subsidiary that supply utilities to other subsidiaries are allocated to segment for which the utility was purchased) unless it is not possible to allocate them to explicit segment category and they remain unallocated.

(d) Information about reportable segment profit or loss, assets and liabilities

The segment profit and loss information for 6 months ended 30 June 2015 is as follows:

<i>In millions of EUR</i>	Note	Asset Management	Development in Realisation	Development in Preparation	Investment Management	Non Core	Cash	Unallocated	Total
Rental and similar income from investment property									
- Office		15.6	-	1.0	6.4	-	-	-	23.0
- Retail		4.0	-	0.4	1.7	-	-	-	6.1
- Industrial		3.9	-	-	1.8	-	-	-	5.7
	20	23.5	-	1.4	9.9	-	-	-	34.8
Direct operating expenses arising from investment property									
- Office		(6.8)	(0.2)	(0.4)	(1.2)	-	-	-	(8.6)
- Retail		(1.6)	-	(0.4)	(0.5)	-	-	-	(2.5)
- Industrial		(0.8)	-	-	(0.5)	-	-	-	(1.3)
	21	(9.2)	(0.2)	(0.8)	(2.2)	-	-	-	(12.4)
Net operating income from investment property									
		14.3	(0.2)	0.6	7.7	-	-	-	22.4
Revaluation gain/(loss) on investment property									
- Office		28.7	61.8	0.2	(2.7)	-	-	-	88.0
- Retail		-	1.2	1.0	(0.1)	-	-	-	2.1
- Industrial		(2.4)	-	(3.3)	0.1	1.6	-	-	(4.0)
Share of profit or loss of joint ventures	10	0.1	0.6	1.1	(0.2)	-	-	-	1.6
		26.4	63.6	(1.0)	(2.9)	1.6	-	-	87.7
Interest expense									
Other		(4.1)	(1.0)	(1.8)	(3.3)	(0.2)	(0.1)	-	(10.5)
(expenses)/revenues		(6.6)	(6.7)	(2.1)	(0.6)	-	1.1	27.4	12.5
Segment result									
		30.0	55.7	(4.3)	0.9	1.4	1.0	27.4	112.1

6 Segment Analysis (Continued)

The segment information on segment assets and liabilities as of 30 June 2015 is as follows:

<i>In millions of EUR</i>	Note	Asset Man- agement	Develop- ment in Realisa- tion	Develop- ment in Prepara- tion	Invest- ment Man- agement	Non Core	Cash	Unallo- cated	Total
Investment property	9								
- Office		609.0	296.9	287.5	102.5	-	-	-	1,295.9
- Retail		-	19.9	28.2	31.2	-	-	-	79.3
- Industrial		-	-	3.0	-	38.6	-	-	41.6
- Joint ventures		4.3	9.5	5.3	-	0.4	-	-	19.5
- Investment property held for sale	14	117.1	-	1.1	27.9	-	-	-	146.1
Other unallocated assets		-	-	-	-	-	108.3	139.0	247.3
Total assets		730.4	326.3	325.1	161.6	39.0	108.3	139.0	1,829.7
Borrowings									
- non-current	18	(259.8)	(75.7)	(78.2)	(122.9)	(17.5)	-	-	(554.1)
- current	18	(7.8)	(1.7)	(0.9)	(3.8)	(1.4)	-	(20.0)	(35.6)
- included as held for sale	14	(66.4)	-	-	(17.3)	-	-	-	(83.7)
Other unallocated liabilities		-	-	-	-	-	-	(149.5)	(149.5)
Total liabilities		(334.0)	(77.4)	(79.1)	(144.0)	(18.9)	-	(169.5)	(822.9)
Segment net asset value		396.4	248.9	246.0	17.6	20.1	108.3	(30.5)	1,006.8

The capital expenditures analysed by segment for 6 months ended 30 June 2015 are as follows:

<i>In millions of EUR</i>	Note	Asset Man- agement	Develop- ment in Realisa- tion	Develop- ment in Prepara- tion	Invest- ment Man- agement	Non Core	Cash	Unallo- cated	Total
Purchases of investment property	9	-	-	7.6	-	-	-	-	7.6
Construction costs related to investment property	9	15.2	59.2	9.0	1.1	-	-	-	84.5
Total investments		15.2	59.2	16.6	1.1	-	-	-	92.1
Sale of investment property	25, 9	(163.9)	-	(1.1)	-	(0.6)	-	-	(165.6)
Total divestments		(163.9)	-	(1.1)	-	(0.6)	-	-	(165.6)

6 Segment Analysis (Continued)

The segment profit and loss information for 6 months ended 30 June 2014 was as follows:

<i>In millions of EUR</i>	Note	Asset Manage- ment	Develop- ment in Realisa- tion	Develop- ment in Prepara- tion	Invest- ment Manage- ment	Non Core	Cash	Unallo- cated	Total
Rental and similar income from investment property									
- Office		12.7	3.9	-	4.6	-	-	-	21.2
- Retail		6.3	-	0.5	1.8	-	-	-	8.6
- Industrial		3.6	-	-	1.9	-	-	-	5.5
	20	22.6	3.9	0.5	8.3	-	-	-	35.3
Direct operating expenses arising from investment property									
- Office		(4.9)	(0.3)	-	(1.0)	-	-	-	(6.2)
- Retail		(1.8)	-	(0.3)	(0.6)	-	-	-	(2.7)
- Industrial		(0.8)	-	-	(0.5)	-	-	-	(1.3)
	21	(7.5)	(0.3)	(0.3)	(2.1)	-	-	-	(10.2)
Net operating income from investment property		15.1	3.6	0.2	6.2	-	-	-	25.1
Revaluation gain/(loss) on investment property									
- Office		0.5	7.5	33.1	(0.4)	-	-	-	40.7
- Retail		(0.5)	-	(0.9)	(0.1)	0.2	-	-	(1.3)
- Industrial		(0.1)	-	(0.3)	(0.6)	(0.7)	-	-	(1.7)
		(0.1)	7.5	31.9	(1.1)	(0.5)	-	-	37.7
Interest expense		(5.1)	(1.7)	(1.6)	(2.8)	(0.1)	-	-	(11.3)
Other (expenses)/revenues		(2.5)	(5.4)	(5.7)	(0.3)	1.2	0.1	4.6	(8.0)
Segment result		7.4	4.0	24.8	2.0	0.6	0.1	4.6	43.5

6 Segment Analysis (Continued)

The segment information on segment assets and liabilities as of 31 December 2014 was as follows:

<i>In millions of EUR</i>	Note	Asset Mana- gement	Develop- ment in Realisa- tion	Develop- ment in Prepara- tion	Invest- ment Mana- gement	Non Core	Cash	Unallo- cated	Total
Investment property	9								
- Office		489.5	275.2	275.9	104.3	-	-	-	1,144.9
- Retail		-	11.3	27.0	31.2	-	-	-	69.5
- Industrial		72.3	-	6.9	27.7	38.0	-	-	144.9
- Joint ventures		4.4	-	9.4	-	0.5	-	-	14.3
- Investment property held for sale	14	151.1	-	11.0	-	-	-	-	162.1
Other unallocated assets		-	-	-	-	-	151.0	119.4	270.4
Total assets		717.3	286.5	330.2	163.2	38.5	151.0	119.4	1,806.1
Borrowings									
- non-current	18	(235.9)	(54.0)	(62.0)	(136.8)	(11.0)	-	-	(499.7)
- current	7, 18	(37.3)	-	(0.6)	(4.7)	(1.8)	-	-	(44.4)
- included as held for sale	14	(129.0)	-	-	-	-	-	-	(129.0)
Prepayment for sale of a subsidiary	19	(32.5)	-	-	-	-	-	-	(32.5)
Other unallocated liabilities		-	-	-	-	-	-	(167.1)	(167.1)
Total liabilities		(434.7)	(54.0)	(62.6)	(141.5)	(12.8)	-	(167.1)	(872.7)
Segment net asset value		282.6	232.5	267.6	21.7	25.7	151.0	(47.7)	933.4

The capital expenditures analysed by segment for 6 months ended 30 June 2014 were as follows:

<i>In millions of EUR</i>	Note	Asset Mana- gement	Develop- ment in Realisa- tion	Develop- ment in Prepara- tion	Invest- ment Mana- gement	Non Core	Cash	Unallo- cated	Total
Purchases of investment property	9	-	-	5.5	-	-	-	-	5.5
Construction costs related to investment property	9	2.0	38.1	1.6	0.3	-	-	-	42.0
Total investments		2.0	38.1	7.1	0.3	-	-	-	47.5
Sale of investment property	9	-	-	-	-	(4.5)	-	-	(4.5)
Total divestments		-	-	-	-	(4.5)	-	-	(4.5)

6 Segment Analysis (Continued)

Geographical information

Revenue, expenses and capital expenditures analysed by country for 6 months ended 30 June 2014 and geographical information about non-current assets as of 31 December 2014 were as follows:

<i>In millions of EUR</i>	Note	Slovakia	Czech Republic	Poland	Hungary	United Kingdom	Other countries	Unallocated	Total
Rental and similar income	20	26.4	3.0	1.9	-	4.0	-	-	35.3
Direct operating expenses	21	(8.8)	(0.4)	(0.9)	(0.1)	-	-	-	(10.2)
Net operating income from investment property for 6 months ended 30 June 2014		17.6	2.6	1.0	(0.1)	4.0	-	-	25.1
Revaluation gain	9	(5.6)	3.9	27.4	5.4	6.6	-	-	37.7
Interest expense		(4.5)	(1.0)	(4.6)	-	-	(1.2)	-	(11.3)
Other (expenses)/revenues		(0.1)	(1.7)	(3.0)	(0.9)	(0.5)	(0.4)	(1.4)	(8.0)
Profit before income tax for 6 months ended 30 June 2014		7.4	3.8	20.8	4.4	10.1	(1.6)	(1.4)	43.5
Investment property in use or vacant	9	362.2	92.2	236.8	33.8	-	-	-	725.0
Investment property under development	9	179.1	91.5	207.9	7.5	148.3	-	-	634.3
Non-current assets classified as held-for-sale	14	171.1	-	-	-	-	-	-	171.1
Other non-current assets		39.9	5.0	25.0	0.9	0.4	5.9	-	77.1
Total non-current assets and non-current assets classified as held-for-sale as of 31 December 2014		752.3	188.7	469.7	42.2	148.7	5.9	-	1,607.5
Cash and cash equivalents	15	35.4	9.3	25.5	8.9	1.4	70.5	-	151.0
Other unallocated assets		-	-	-	-	-	-	47.6	47.6
Total assets		787.7	198.0	495.2	51.1	150.1	76.4	47.6	1,806.1
Borrowings									
- non-current	18	(286.3)	(37.4)	(175.6)	-	-	(0.4)	-	(499.7)
- current	18	(14.3)	(27.7)	(2.4)	-	-	-	-	(44.4)
Liabilities directly associated with non-current assets classified as held for sale	14	(153.4)	-	-	-	-	-	-	(153.4)
Prepayment for sale of a subsidiary		-	-	-	-	-	(32.5)	-	(32.5)
Other unallocated liabilities		-	-	-	-	-	-	(142.7)	(142.7)
Total liabilities		(454.0)	(65.1)	(178.0)	-	-	(32.9)	(142.7)	(872.7)
Segment net asset value		333.7	132.9	317.1	51.1	150.1	43.5	(95.1)	933.4
Purchases of investment property	9	8.1	11.2	1.0	7.6	37.7	-	-	65.6
Construction costs related to investment property	9	15.3	33.2	45.8	6.3	9.0	-	-	109.6
Total investments as of 31 December 2014		23.4	44.4	46.8	13.9	46.7	-	-	175.2
Sale of investment property	25, 9	(69.4)	(50.7)	-	-	-	-	-	(120.1)
Total divestments as of 31 December 2014		(69.4)	(50.7)	-	-	-	-	-	(120.1)

7 Balances and Transactions with Related Parties

Related parties are defined in IAS 24, *Related Party Disclosures*. Parties are generally considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence or has joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. The Company's immediate parent is disclosed in Note 1.

Key management of the Group consists of 12 senior managers (2014: 12). Short-term bonuses fall due wholly within twelve months after the end of the period in which management rendered the related services.

The nature of the related party relationships for those related parties with whom the Group entered into significant transactions or had significant balances outstanding at 30 June 2015 are detailed below.

At 30 June 2015, the outstanding balances with related parties are as follows:

<i>In millions of EUR</i>	Note	Entities under common control	Key management personnel	Joint ventures	Total
Trade and other receivables	13	3.1	12.7	8.2	24.0
Financial assets		-	0.3	-	0.3
Loans and receivables – non-current	11	3.0	0.4	2.4	5.9
Other non-current assets	12	-	-	1.6	1.6
Trade and other payables current	19	(3.4)	(0.6)	-	(4.0)
Other payables non-current	19	(0.8)	-	-	(0.8)

The income and expense items with related parties for 6 months ended 30 June 2015 are as follows:

<i>In millions of EUR</i>	Note	Entities under common control	Key management personnel	Joint ventures	Total
Revenue from services rendered		0.2	-	-	0.2
Revenue from construction contracts	24	-	2.0	12.1	14.1
Rental income		0.1	-	-	0.1
Other services		(0.5)	(0.7)	(8.6)	(9.8)
Short-term employee benefits (salaries)		-	(1.0)	-	(1.0)
Long-term employee benefits (social security costs)		-	(0.2)	-	(0.2)
Interest income		0.4	-	0.2	0.6

At 31 December 2014, the outstanding balances with related parties were as follows:

<i>In millions of EUR</i>	Note	Entities under common control	Key management personnel	Joint ventures	Total
Trade and other receivables	13	3.2	10.2	1.5	14.9
Financial assets		-	0.7	-	0.7
Loans and receivables – non-current	11	2.9	-	2.3	5.2
Other non-current assets	12	-	-	0.9	0.9
Trade and other payables current	19	(1.2)	(0.5)	(8.4)	(10.1)
Other payables non-current	19	(0.8)	-	-	(0.8)

The income and expense items with related parties for 6 months ended 30 June 2014 were as follows:

<i>In millions of EUR</i>	Note	Entities under common control	Key management personnel	Joint ventures	Total
Revenue from services rendered		0.2	-	-	0.2
Revenue from construction contracts	24	-	2.2	-	2.2
Other services		(0.7)	(0.1)	-	(0.8)
Short-term employee benefits (salaries)		-	(1.1)	-	(1.1)
Long-term employee benefits (social security costs)		-	(0.2)	-	(0.2)
Interest income		0.1	0.1	-	0.2

A shareholder entity has made an undertaking to the senior managers of the Group to pay an amount under a profit sharing scheme based on increase in Net Asset Value (adjusted) of the Group equal to EUR 0.5 million with respect to 2015 (2014: EUR 0.7 million). As the amount is payable by the shareholder, and does not constitute a share based payment under IFRS, it has not been expensed by the Group. The compensation of the Board of Managers of the Parent Company amounted to EUR 0.4 million during the period 6 months ended 30 June 2015 (during the period 6 months ended 30 June 2014: EUR 0.5 million).

The Group had no outstanding loans receivable from the members of the Board of Directors of the Group as at 30 June 2015 (31 December 2014: nil).

Distributions to owners paid by Group during the period 6 months ended 30 June 2015 and 30 June 2014 respectively respectively are described in Note 16.

The Group's investment in joint ventures is described in Note 10.

8 Property, Plant and Equipment

Movements in the carrying amount of property, plant and equipment for the 6 months ended 30 June 2015 were as follows:

<i>In millions of EUR</i>	Land and buildings	Machinery, equipment	Vehicles and other assets	Capital work in progress including advances (CIP)	Total
At December 2014					
Cost	15.5	5.1	41.2	-	61.8
Accumulated depreciation and impairment charges	(6.2)	(3.5)	(22.5)	-	(32.2)
Net book value	9.3	1.6	18.7	-	29.6
6 months ended 30 June 2015					
Additions	-	-	-	8.3	8.3
Transfers	-	0.4	7.8	(8.2)	-
Disposals	-	-	(0.1)	-	(0.1)
Depreciation charge	(0.1)	(0.3)	(2.1)	-	(2.5)
Closing net book value	9.2	1.7	24.3	0.1	35.3
At June 2014					
Cost	15.5	5.5	48.9	0.1	70.0
Accumulated depreciation and impairment charges	(6.3)	(3.8)	(24.6)	-	(34.7)
Net book value	9.2	1.7	24.3	0.1	35.3

As at 30 June 2015, the Group did not lease any significant property, plant and equipment under finance leases (where the Company is the lessee) (31 December 2014: nil).

As at 30 June 2015, property, plant and equipment carried at EUR 3.8 million (at 31 December 2014: EUR 3.8 million) has been pledged to third parties as collateral with respect to borrowings.

8 Property, Plant and Equipment (Continued)

Movements in the carrying amount of property, plant and equipment for the 6 months ended 30 June 2014 were as follows:

<i>In millions of EUR</i>	Land and buildings	Machinery, equipment	Vehicles and other assets	Capital work in progress including advances (CIP)	Total
At December 2013					
Cost	15.5	3.8	34.4	0.1	53.8
Accumulated depreciation and impairment charges	(6.1)	(2.9)	(18.9)	-	(27.9)
Net book value	9.4	0.9	15.5	0.1	25.9
6 months ended 30 June 2014					
Opening net book value	9.4	0.9	15.5	0.1	25.9
Additions	-	-	-	7.6	7.6
Transfers	-	0.3	6.9	(7.2)	-
Disposals	-	-	(0.1)	-	(0.1)
Depreciation charge	(0.1)	(0.2)	(2.0)	-	(2.3)
Closing net book value	9.3	1.0	20.3	0.5	31.1
At June 2014					
Cost	15.5	4.1	41.2	0.5	61.3
Accumulated depreciation and impairment charges	(6.2)	(3.1)	(20.9)	-	(30.2)
Net book value	9.3	1.0	20.3	0.5	31.1

9 Investment Property

<i>In millions of EUR</i>	30 June 2015		31 December 2014	
	Under development	In use or vacant	Under development	In use or vacant
Fair value at 1 January	634.3	725.0	607.0	644.0
Direct acquisitions of investment property	75.8	-	167.0	-
Subsequent expenditure on investment property	-	16.3	-	8.2
Transfers from under development to in use	(117.2)	117.2	(223.4)	223.4
Transfers to disposal groups classified as held for sale (Note 14)	(1.1)	(145.0)	(11.0)	(151.1)
Transfer to joint venture (Note 10)	-	-	(0.9)	-
Disposals	(0.6)	-	(5.0)	-
Fair value gains/(losses) – properties completed during the year	15.6	-	37.1	-
Fair value gains/(losses) - other properties*	47.0	23.5	67.9	3.8
Effect of translation to presentation currency	20.3	5.7	(4.4)	(3.3)
Fair value at 30 June 2015 and 31 December 2014	674.1	742.7	634.3	725.0

9 Investment Property (Continued)

<i>In millions of EUR</i>	30 June 2014		31 December 2013	
	Under development	In use or vacant	Under development	In use or vacant
Fair value at 1 January	607.0	644.0	515.6	691.2
Direct acquisitions of investment property	45.2	-	181.4	-
Subsequent expenditure on investment property	-	2.3	-	7.7
Transfers from under development to in use	(191.3)	191.3	(150.9)	150.9
Transfers from property, plant and equipment (Note 8)	-	-	0.4	-
Transfers to property, plant and equipment (Note 8)	-	-	-	(6.5)
Transfers to disposal groups classified as held for sale (Note 14)	-	-	-	(98.6)
Transfer to joint venture (Note 10)	-	-	-	(4.4)
Disposals	(4.5)	-	(1.4)	(86.3)
Fair value gains/(losses) – properties completed during the year	7.8	-	(3.8)	-
Fair value gains/(losses) - other properties*	31.1	(0.3)	75.3	(2.4)
Effect of translation to presentation currency	2.4	-	(9.6)	(7.6)
Fair value at 30 June 2014 and 31 December 2013	497.7	837.3	607.0	644.0

* Immediately prior to the disposal of assets which were as of 31 December 2013 classified as Non-current asset held for sale were revalued to fair value and a revaluation loss of EUR 0.9 million was recorded.

The Group classified certain operating leases as investment properties. Such operating leases are accounted for as if they were finance leases. The carrying value of such investment property as of 30 June 2015 was EUR 13.1 million (31 December 2014: EUR 15.1 million).

The investment properties are valued semi-annually at fair value, supported by the advice of an independent, professionally qualified valuation expert who has recent experience in valuing similar properties in similar locations (30 June 2015: 97.1% of properties were valued by independent, professionally qualified valuation expert, 30 June 2014: 98.4%). The methods and significant assumptions applied in determining the fair value are described in Notes 3 and 31.

At 30 June 2015, investment properties carried at EUR 844.6 million (at 31 December 2014: EUR 845.7 million) have been pledged to third parties as collateral with respect to borrowings.

Valuations obtained for investment properties were adjusted for the purpose of the financial statements to avoid double-counting of assets or liabilities that are recognised as separate assets and liabilities and with respect to cost to complete of properties valued on "As If Complete" basis. Reconciliation between the valuations obtained and the adjusted valuation included in the financial statements is as follows:

<i>In millions of EUR</i>	Note	30 June 2015	31 December 2014
Valuations obtained		1,589.5	1,550.5
Less: land classified as inventory (residential projects and land for resale) – value ascribed by valuer (in inventory at cost)		(7.1)	(7.4)
Less: property classified as property plant and equipment (own use)		(4.4)	(4.0)
Less: land not under the Group's control		-	(0.9)
Less: future construction costs and developer's profit (properties valued on "as if complete" basis)		(2.0)	(3.6)
Less: lease incentive receivables	11(a)	(9.4)	(10.3)
Less: transfers to disposal groups classified as held for sale	14	(149.8)	(165.0)
Fair value at 30 June 2015 and 31 December 2014		1,416.8	1,359.3

10 Joint Ventures

At 30 June 2015, the Group holds 50% economic interest in several entities (see Note 2.2) which were accounted for using the equity method.

In 2014 and during 6 months ended 30 June 2015, the Group entered into a new joint ventures in Poland, which gives the Group a 51% economic interest in West Station Investment Project (2 phases).

As the Group's joint ventures are now accounted for using the equity method, the Group reclassified the revenues and expenses of joint ventures to share of profit or loss of joint ventures. The impact on items in consolidated profit or loss for 6 months ended year 2014 was to decrease rental income by EUR 0.2 million, increase revaluation gains on investment properties by EUR 0.1 million, decrease operating expenses by EUR 0.1 million, decrease operating income by EUR 0.1 million and increase share of loss of joint ventures by EUR 0.1 million.

The following amounts represent the Group's share of the assets and liabilities, and revenue and results of the joint ventures, which are included in the balance sheet and statement of comprehensive income:

<i>In millions of EUR</i>	30 June 2015		31 December 2014	
	West Station Investment	Other Joint Ventures	West Station Investment	Other Joint Ventures
Current assets	4.3	0.4	0.8	0.4
Non-current assets	19.2	4.7	13.5	4.9
Current liabilities	(7.7)	(1.9)	(0.6)	(0.4)
Non-current liabilities	(0.5)	(1.9)	(0.4)	(3.4)
Investment in joint venture	15.3	1.3	13.3	1.5
	6 months ended 30 June 2015		6 months ended 30 June 2014	
Revenue	-	0.2	-	0.2
Profit and total comprehensive income	1.7	(0.1)	-	0.1

The joint venture has an outstanding borrowing from a third party bank that includes a clause restricting payment of dividends to the investors without the lender's approval. The joint venture had no significant contingent liabilities or capital commitments.

Based on the joint venture agreement the Group has committed itself, subject to fulfilment of certain steps and conditions by both joint venture partners, to the additional contribution of EUR 20 million related to the construction of a project planned to be constructed in two phases with a total estimated budget of EUR 143.6 million.

11 Receivables and Loans

<i>In millions of EUR</i>	Note	30 June 2015	31 December 2014
Lease incentives receivables	(a)	9.4	10.3
Loans to related parties – non-current (Note 7)	(b)	3.4	2.9
Loans to joint ventures – non-current (Note 7)	(c)	2.4	2.3
Loans to third parties		0.9	1.2
Total receivables and loans		16.1	16.7

Description and analysis by credit quality of receivables and loans is as follows:

- Lease incentive receivables of EUR 9.4 million (31 December 2014: EUR 10.3 million) represent cost of incentives recognised over the lease term, on a straight-line basis – see Note 2.9 and 2.19. These receivables are neither past due nor impaired. They are not secured and they are due from a wide variety of tenants and the Group has the ability to evict non-paying tenants.
- The Group has provided loans to its related parties amounting to EUR 3.4 million as of 30 June 2015 (31 December 2014: EUR 2.9 million). These receivables are neither past due nor impaired. Loans outstanding as of 30 June 2015 are provided under the following conditions – interest rates amount from 8.0% to 10.25%.
- The Group has provided loans to its joint ventures amounting to EUR 2.4 million as of 30 June 2015 (31 December 2014: EUR 2.3 million). These receivables are neither past due nor impaired. Loans outstanding as of 30 June 2015 are provided under the following conditions – interest rates amount from 11.59% to 12.00%.

12 Other Non-Current Assets

<i>In millions of EUR</i>	Note	30 June 2015	31 December 2014
Other non-current assets	(a)	3.9	1.1
Other non-current assets – joint ventures		1.6	0.9
Total other non-current assets		5.5	2.0

(a) As at 30 June 2015, EUR 2.0 million relates to advance payment for acquisition of plots of land in Budapest, Hungary and EUR 1.5 million relates to retained amounts related to Košice project in Slovakia divested during 6 months ended 30 June 2015. As at 31 December 2014, EUR 0.5 million relates to advance payments paid for plots of land in Slovakia which were acquired in financial year 2015.

13 Trade and Other Receivables

<i>In millions of EUR</i>	Note	30 June 2015	31 December 2014
Trade receivables		22.3	21.6
Accrued rental income		2.0	3.8
Earn-out receivable		1.1	0.8
Loans to related parties	(a)	1.5	1.4
Trade receivables and advances to joint ventures	7	8.2	1.5
Other financial receivables		2.6	2.6
Less impairment loss provision for trade receivables		(1.5)	(1.7)
Total financial assets		36.2	30.0
VAT receivable		15.8	8.4
Prepayments		3.4	2.9
Total trade and other receivables		55.4	41.3

(a) Loans are provided under the following conditions – interest rates 3.5% - 7.5% (2014: 3.5% - 7.5%).

Movements in the impairment provision for trade receivables are as follows:

<i>In millions of EUR</i>	2015	2014
Provision for impairment at 1 January	1.7	1.0
Additional provision/(released provision) for receivables impairment	(0.2)	0.7
Provision for impairment at 30 June 2015 and 31 December 2014	1.5	1.7

Collateralised trade receivables are as follows:

<i>In millions of EUR</i>	30 June 2015	31 December 2014
Trade receivables collateralised by:		
- bank guarantees	1.1	2.3
- tenant deposits	0.7	2.2
Total	1.8	4.5

The financial effect of collateral is presented by disclosing collateral values separately for (i) those receivables where collateral and other credit enhancements are equal to or exceed carrying value of the receivable ("over-collateralised assets") and (ii) those receivables where collateral and other credit enhancements are less than the carrying value of the receivable ("under-collateralised assets").

Financial effect of collateral at 30 June 2015 is as follows:

<i>In millions of EUR</i>	Over-collateralised Assets		Under-collateralised Assets	
	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral
Trade and other receivables	0.8	9.3	5.0	1.0

13 Trade and Other Receivables (Continued)

Financial effect of collateral at 31 December 2014 was as follows:

<i>In millions of EUR</i>	Over-collateralised Assets		Under-collateralised Assets	
	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral
Trade and other receivables	3.4	16.2	6.6	1.1

Collateral will be utilized to settle any receivables in case of customer's default.

Analysis by credit quality of trade and other receivables as of 30 June 2015 is as follows:

<i>In millions of EUR</i>	Trade receivables (incl. JV)	Accrued rental income	Earn-out receivable	Loans to related parties	Other financial receivables	Total
<i>Neither past due nor impaired – exposure to:</i>						
Receivables collateralised by bank or other guarantees	1.8	-	-	-	-	1.8
Receivables not secured	25.2	2.0	1.1	1.5	2.6	32.4
Total neither past due nor impaired	27.0	2.0	1.1	1.5	2.6	34.2
<i>Individually determined to be impaired</i>						
- less than 30 days overdue	1.8	-	-	-	-	1.8
- 30 to 90 days overdue	0.1	-	-	-	-	0.1
- 90 to 180 days overdue	0.3	-	-	-	-	0.3
- 180 to 360 days overdue	0.3	-	-	-	-	0.3
- over 360 days overdue	1.0	-	-	-	-	1.0
Total individually impaired	3.5	-	-	-	-	3.5
Less impairment provision	(1.5)	-	-	-	-	(1.5)
Total	29.0	2.0	1.1	1.5	2.6	36.2

Analysis by credit quality of trade and other receivables as of 31 December 2014 was as follows:

<i>In millions of EUR</i>	Trade receivables (incl. JV)	Accrued rental income	Earn-out receivable	Loans to related parties	Other financial receivables	Total
<i>Neither past due nor impaired – exposure to:</i>						
Receivables collateralised by bank or other guarantees	4.5	-	-	-	-	4.5
Receivables not secured	13.1	3.8	0.8	1.4	2.6	21.7
Total neither past due nor impaired	17.6	3.8	0.8	1.4	2.6	26.2
<i>Individually determined to be impaired</i>						
- less than 30 days overdue	3.3	-	-	-	-	3.3
- 30 to 90 days overdue	0.1	-	-	-	-	0.1
- 90 to 180 days overdue	0.4	-	-	-	-	0.4
- 180 to 360 days overdue	0.3	-	-	-	-	0.3
- over 360 days overdue	1.4	-	-	-	-	1.4
Total individually impaired	5.5	-	-	-	-	5.5
Less impairment provision	(1.7)	-	-	-	-	(1.7)
Total	21.4	3.8	0.8	1.4	2.6	30.0

13 Trade and Other Receivables (Continued)

The primary factor that the Group considers in determining whether a receivable is impaired is its overdue status. As a result, the Group presents above an ageing analysis of trade and other receivables that are individually determined to be impaired. Certain trade receivables are secured by either bank guarantee or deposit. The unsecured trade receivables are from a wide variety of tenants and the Group has the ability to evict non-paying tenants.

The carrying amount of each class of trade and other receivables approximated their fair value.

The Group has pledged the receivables of EUR 8.3 million as collateral for the borrowings as at 30 June 2015 (31 December 2014: EUR 5.0 million).

14 Non-current Assets Held for Sale

Major classes of assets classified as held for sale:

<i>In millions of EUR</i>	30 June 2015	31 December 2014
Investment property	146.1	162.1
Other non-current assets	3.7	2.9
Trade and other receivables	2.7	1.4
Deferred income tax asset	1.5	0.4
Other assets	0.4	-
Cash and cash equivalents	3.1	4.3
Total assets classified as held for sale	157.5	171.1

As of 30 June 2015, the Group classified assets and liabilities of the eight subsidiaries (HYPARKOS, s.r.o., Letecké Cargo MOŠNOV s.r.o., Cargo MOŠNOV s.r.o., Logistické Centrum Rača a.s., Logistické Centrum Svätý Jur a. s., Logistické centrum Malý Šariš a. s., INLOGIS I, spol. s r.o. and FORUM BC I s. r. o.) as held for sale.

The investment properties are valued semi-annually at fair value, with the benefit of advice by an independent, professionally qualified valuation expert who has recent experience in valuing similar properties in similar locations. The methods and significant assumptions applied in determining the fair value are described in Notes 3 and 31.

Major classes of liabilities directly associated with assets classified as held for sale:

<i>In millions of EUR</i>	30 June 2015	31 December 2014
Borrowings non-current	66.4	-
Deferred income tax liability	7.7	20.2
Trade and other payables non-current	1.1	-
Borrowings	17.3	129.0
Trade and other payables	3.8	4.2
Total liabilities directly associated with assets classified as held for sale	96.3	153.4

At 30 June 2015, investment properties carried at EUR 145.0 million (at 31 December 2014: EUR 151.1 million), and the receivables of EUR 2.6 million (at 31 December 2014: EUR 1.4 million) have been pledged to third parties as collateral with respect to borrowings.

The non-current assets held for sale as of 31 December 2014 were sold in February 2015 (Note 25). As of 31 December 2014 the assets and liabilities of the respective subsidiaries were presented in Asset Management and Development in Preparation segment (Note 6). The 2015 result on disposal was presented as Unallocated in Note 6.

15 Cash and Cash Equivalents

<i>In millions of EUR</i>	30 June 2015	31 December 2014
Cash at bank and in hand	88.1	135.2
Short-term bank deposits	20.2	15.8
Total cash and cash equivalents	108.3	151.0

Short term deposits have original maturities of less than three months.

15 Cash and Cash Equivalents (Continued)

The effective interest rate on short term bank deposits is from 0.05% to 1.60% (2014: from 0.10% to 1.90%) and on average 1.15% (2014: 1.14%) and these deposits have an average maturity of 8.2 day (2014: 1.2 day).

At 30 June 2015, cash and cash equivalents were available for the Group's use, except for restricted cash in the amount of EUR 5.6 million (31 December 2014: EUR 4.3 million).

All the bank balances and term deposits are neither past due nor impaired. Analysis by credit quality of bank balances and term deposits is as follows:

<i>In millions of EUR</i>	30 June 2015		31 December 2014	
	Cash at bank	Short-term bank deposits	Cash at bank	Short-term bank deposits
<i>Rating by the Company</i>				
- Banks rated 1	17.0	1.4	101.7	1.3
- Banks rated 2	61.9	18.8	27.5	14.5
- Banks rated 3	-	-	0.5	-
- Banks unrated	8.8	-	5.1	-
Total	87.7	20.2	134.8	15.8

Note: The Company classifies banks based on ratings as follows:

Banks rated 1: Rating by Moody's A1, A2, A3 or rating by Fitch A+, A, A-

Banks rated 2: Rating by Moody's Baa1, Baa2, Baa3 or Fitch BBB+, BBB, BBB-

Banks rated 3: Rating by Moody's Ba1, Ba2, Ba3 or Fitch BB+, BB, BB-

The carrying amounts of cash and cash equivalents as of 30 June 2015 and 31 December 2014 are not substantially different from their fair value. The maximum exposure to credit risk relating to cash and cash equivalents is limited by the carrying value of cash and cash equivalents.

16 Share Capital

	Number of shares	Ordinary shares in EUR	Share premium in EUR	Total in EUR
At 31 December 2014	12,500	12,500	637,917,500	637,930,000
At 30 June 2015	12,500	12,500	601,777,500	601,790,000

The total authorised number of ordinary shares is 12,500 shares with a par value of EUR 1 per share. All issued ordinary shares are fully paid. Each ordinary share carries one vote. 12,500 shares were issued on 20 October 2010.

The terms of external borrowings drawn by the Group impose certain limitations on the ability of the subsidiaries to pay distributions to owners.

Distributions to owners declared and paid during the 6 months ended 30 June 2015 and year ended 31 December 2014 were as follows:

<i>In millions of EUR, except dividends per share amount</i>	2015	2014
Distributions to owners payable at 1 January	-	0.5
Distributions declared during the period	36.1	13.3
Distributions paid during the period	(36.1)	(13.8)
Distributions to owners payable at 30 June 2015 and 31 December 2014	-	-
Amount per share declared during the period in EUR	2,891.2	1,064.0

17 Non-Controlling Interest

The following table provides information about each subsidiary that has non-controlling interest that is material to the Group:

<i>In millions of EUR</i>	Place of business (and country of incorporation if different)	Proportion of non-controlling interest	Proportion of non-controlling interest's voting rights held	Profit or loss attributable to non-controlling interest	Accumulated non-controlling interest in the subsidiary	Dividends paid to non-controlling interest during the year	
6 months ended 30 June 2015							
	Eurovalley, a.s.	Slovakia	3.5%	3.5%	-	0.1	-
	Slovak Lines, a.s.	Slovakia	44.0%	44.0%	0.2	18.7	-
Total				0.2	18.8	-	
Year ended 31 December 2014							
	Eurovalley, a.s.	Slovakia	3.5%	3.5%	(0.1)	0.1	-
	Slovak Lines, a.s.	Slovakia	44.0%	44.0%	0.6	18.5	-
	Other			(0.2)	-	-	
Total				0.3	18.6	-	

The summarised financial information of these subsidiaries was as follows:

<i>In millions of EUR</i>	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit/(loss)	Total comprehensive income	Cash flows	
6 months ended 30 June 2015									
	Eurovalley, a.s.	0.1	13.4	(0.3)	(9.6)	-	(0.1)	(0.1)	0.1
	Slovak Lines, a.s.	43.0	23.0	(5.2)	(18.3)	7.2	0.5	0.5	0.2
Total	43.1	36.4	(5.5)	(27.9)	7.2	0.4	0.4		
Year ended 31 December 2014									
	Eurovalley, a.s.	-	14.1	(0.5)	(9.5)	-	(3.0)	(3.0)	(0.6)
	Slovak Lines, a.s.	40.4	17.5	(4.0)	(11.8)	13.7	1.4	1.4	0.8
Total	40.4	31.6	(4.5)	(21.3)	13.7	(1.6)	(1.6)		

18 Borrowings

<i>In millions of EUR</i>		30 June 2015	31 December 2014
Non-current			
Bank borrowings		408.7	399.0
Issued bonds	(a)	102.2	62.0
Other indebtedness	(b)	43.2	38.7
Total non-current borrowings		554.1	499.7
Current			
Bank borrowings		34.5	43.7
Issued bonds		1.1	0.6
Other indebtedness		-	0.1
Total current borrowings		35.6	44.4
Total borrowings		589.7	544.1

(a) The bonds represent following debt instruments:

(i) PLN denominated bonds in the amount PLN 111.0 million, which were issued in Warsaw in November 2013 with maturity November 2017, bearing an interest of 3M WIBOR + 3.95%;

(ii) EUR denominated bonds in the amount EUR 6.6 million, which were issued in Warsaw in June 2014 with maturity November 2017, bearing an interest of 4.95% p.a.;

(iii) EUR denominated bonds in the amount EUR 30.0 million, which were issued in Bratislava in August 2014 with maturity August 2019, bearing an interest of 4.25% p.a.;

(iv) EUR denominated bonds in the amount EUR 40.0 million, which were issued in Bratislava in March 2015 with maturity March 2020, bearing an interest of 4.25% p.a..

(b) Contribution from third parties to the Fund (Note 1) that are for the purposes of these consolidated financial statements classified as debt.

All of the Group's borrowings with the exception of the bonds are denominated in EUR.

The carrying amounts and fair values of the non-current borrowings are set out below:

<i>In millions of EUR</i>	Carrying amounts at		Fair values at	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Bank borrowings	408.7	399.0	413.9	404.6
Issued bonds	102.2	62.0	102.2	62.0
Other indebtedness	43.2	38.7	43.2	38.7
Non-current borrowings	554.1	499.7	559.3	505.3

Assumptions used in determining fair value of borrowings are described in Note 31.

The carrying values of current borrowings approximate their fair values.

The Group has the following undrawn borrowing facilities:

<i>In millions of EUR</i>	30 June 2015	31 December 2014
Floating rate:		
- Expiring within one year	128.2	80.5
- Expiring beyond one year	7.0	37.4
Total undrawn facilities	135.2	117.9

Investment properties (Note 9) are pledged as collateral for borrowings of EUR 442.9 million (31 December 2014: EUR 453.0 million).

18 Borrowings (Continued)

The loan agreements with third party creditors are governed by terms and conditions which include maximum loan to value ratios ranging from 60% to 70% (2014: 60% to 70%) and minimum debt service coverage ratios ranging from 1.10 to 1.25 (2014: 1.10 to 1.25).

Since 30 June 2015 and up to date of authorisation of these condensed consolidated interim financial statements for issue, the Group was in compliance with all loan agreement terms and no terms of the loans were renegotiated due to defaults or breaches. Furthermore, after 30 June 2015 and up to date of authorisation of these condensed consolidated interim financial statements for issue, the Group refinanced EUR 1.0 million from the current borrowings as at 30 June 2015 (2014: EUR 4.0 million).

19 Trade and Other Payables

<i>In millions of EUR</i>	Note	30 June 2015	31 December 2014
Non – current			
Finance lease liabilities	(a)	5.7	5.4
Other long term payables		7.9	7.5
Total non – current payables		13.6	12.9
Current			
Trade payables		6.0	9.2
Liabilities for purchase of investment property		-	7.2
Liabilities for construction of investment properties		29.5	20.0
Accrued liabilities		2.4	3.8
Derivatives and other financial instruments (Note 29)		1.6	3.0
Other payables		5.2	4.1
Liabilities due to joint ventures		-	8.4
Total current financial payables		44.7	55.7
<i>Items that are not financial instruments:</i>			
Deferred rental income		7.9	9.7
Accrued employee benefit costs		2.5	1.9
Other taxes payable		0.9	6.0
Prepayments for rent and other prepayments		2.9	3.4
Prepayment for sale of a subsidiary (Note 14)		-	32.5
Total current trade and other payables		58.9	109.2

(a) The finance lease liabilities fall due as follows:

<i>In millions of EUR</i>	30 June 2015	31 December 2014
Repayable after more than 5 years	5.7	5.4
Total	5.7	5.4

The fair value of trade payables, finance lease liabilities, liabilities for construction of investment property, accrued liabilities, dividends payable, liabilities to shareholders, other trade payables to related parties and of other liabilities is not significantly different from their carrying amount.

20 Rental and Similar Income from Investment Property

<i>In millions of EUR</i>	6 months ended 30 June 2015	6 months ended 30 June 2014
Rental income – Office	22.3	21.2
Rental income – Retail	6.1	8.6
Rental income – Industrial	6.4	5.5
Total revenue	34.8	35.3

20 Rental and Similar Income from Investment Property (Continued)

Where the Group is the lessor, the future minimum lease payments receivable under non-cancellable operating leases are as follows:

<i>In millions of EUR</i>	30 June 2015	30 June 2014
Not later than 1 year	38.8	39.6
Later than 1 year and not later than 5 years	144.0	112.8
Later than 5 years	92.5	68.7
Total operating lease payments receivable	275.3	221.1

The Group's rental income includes performance income depending on sales revenue of retail units leased by its tenants. These amounts are not included in the above payments receivable as the Group is unable to estimate them with sufficient certainty. Total contingent payments receivable recognised as income during 6 months ended 30 June 2015 under the Group's operating leases were nil (during 6 months ended 30 June 2014: nil).

Contingent rent payments receivable is calculated based on the expected revenues of the related tenants multiplied by contractually agreed percentage. Historical knowledge about the development of tenant's revenue as well as currently expected progress of revenues is taken into account in the calculation of the receivable.

21 Direct Operating Expenses arising from Investment Property

<i>In millions of EUR</i>	6 months ended 30 June 2015	6 months ended 30 June 2014
<i>Direct operating expenses arising from investment property that generate rental income:</i>		
Materials consumed	0.3	0.2
Repairs and maintenance services	0.7	0.6
Utilities costs	4.6	4.7
Services relating to investment property	5.9	4.2
Real estate tax	0.9	0.5
Total	12.4	10.2

22 Revenue from Public Transportation

<i>In millions of EUR</i>	6 months ended 30 June 2015	6 months ended 30 June 2014
Revenue from public transportation - ticket sales	7.2	6.9
Total revenue from public transportation	7.2	6.9

The Group acquired and operates a public bus transportation business.

23 Employee Benefits

<i>In millions of EUR</i>	6 months ended 30 June 2015	6 months ended 30 June 2014
Wages and salaries	8.8	7.4
Pension costs – defined contribution plans	0.4	0.4
Total employee benefits	9.2	7.8

23 Employee Benefits (Continued)

Number of employees in the core real estate operations and in the public transportation business of the Group was as follows (on full time equivalent basis):

	30 June 2015	31 December 2014
Real estate	410	380
Bus transport	495	498
Total number of employees	905	878

24 Operating Income and Expenses

Operating expenses comprised the following:

<i>In millions of EUR</i>	6 months ended 30 June 2015	6 months ended 30 June 2014
Construction services	3.6	2.8
Construction services related to joint ventures	8.6	-
Other services	14.1	8.3
Energy costs	0.1	0.1
Material consumption	0.8	0.7
Other taxes	0.4	0.6
Cost of sold inventories	0.5	0.4
Cost of sold fuel	0.1	0.4
Audit fees	0.1	-
Other	1.0	1.3
Total operating expenses	29.3	14.6

Other operating income comprised the following:

<i>In millions of EUR</i>	Note	6 months ended 30 June 2015	6 months ended 30 June 2014
Construction services with related parties	7	2.0	2.2
Construction services with joint ventures	7	12.1	-
Fit-outs for customers		1.4	0.8
Sales of services		1.4	1.4
Sale of fuel		0.2	0.4
Sales of inventories		0.4	0.3
Other operating income		0.4	0.1
Income from public transportation - regional government subsidies	(a)	0.1	0.1
Total other operating income		18.0	5.3

(a) The regional government subsidies relate to the compensation of the costs incurred by the Group as a result of operations of the public transportation based on the contracts with Bratislava Regional Government.

<i>In millions of EUR</i>	2015	2014
Regional government subsidies - gross	4.3	4.4
Expenses related to regional government subsidies:		
- Other operating expenses (incl. fuel costs)	(2.0)	(2.1)
- Employee benefits	(1.5)	(1.5)
- Depreciation and amortization	(0.7)	(0.7)
Total Income from public transportation - regional government subsidies	0.1	0.1

25 Results on Property and Subsidiary Disposals

The Group sold shares in 6 subsidiaries during 6 months ended 30 June 2015: 100% shares in AUPARK KOŠICE, spol. s r.o., AUPARK Košice SC, s.r.o., AUPARK Tower Košice, s.r.o., INLOGIS VI s.r.o which were classified as Non-current assets held for sale as of 31 December 2014 (Note 14). In addition 100% shares in Twin Capital s.r.o. and 50% shares in PHVH SOLUTIONS, s.r.o. were sold during 6 months ended 30 June 2015.

The Group sold shares in 1 subsidiary during 6 months ended 30 June 2014: 100% shares in CBC Development a. s.

The assets and liabilities disposed of, the sale proceeds and the gain on the divestments comprised:

<i>In millions of EUR</i>	2015	2014
Investment property in use	165.0	64.4
Deferred tax liability	(11.4)	(4.7)
External debt	(129.0)	(34.2)
Cash and cash equivalents	84.7	1.8
Other working capital	45.8	(0.4)
Net assets value	155.1	26.9
Gain on divestments of subsidiaries	12.5	3.6
Proceeds from sale of subsidiaries	167.6	30.5
Less cash in subsidiaries at the date of transaction	(84.7)	(1.8)
Less receivable from sale of subsidiary – non current (Note 12 a)	(1.5)	-
Prior year prepayment for sale of subsidiary	(78.4)	-
Cash sale proceeds as of 30 June	3.0	28.7

26 Income Taxes

Income tax expense comprises the following:

<i>In millions of EUR</i>	6 months ended 30 June 2015	6 months ended 30 June 2014
Current tax	(1.8)	(0.5)
Deferred tax	(10.5)	(1.3)
Income tax credit/(expense) for the year	(12.3)	(1.8)

Reconciliation between the expected and the actual taxation charge is provided below.

<i>In millions of EUR</i>	6 months ended 30 June 2015	6 months ended 30 June 2014
Profit before tax	112.1	43.5
Theoretical tax charge at applicable rate 20.89% (2014: 20.78%)	(23.4)	(9.0)
Tax effect of items which are not deductible or assessable for taxation purposes:		
- Income exempt from taxation	13.0	6.6
- Non-temporary taxable items	1.9	(0.2)
Utilisation and release of previously unrecognised tax loss carry-forwards	(2.9)	0.8
Tax charge included in the Share of profit or loss of Joint ventures	0.5	-
Other	(1.4)	-
Income tax credit/(expense) for the year	(12.3)	(1.8)

26 Income Taxes (Continued)

The Group uses 20.89% (2014: 20.78%) as the applicable tax rate to calculate its theoretical tax charge which is calculated as a weighted average of the rates applicable in the Slovak Republic of 22% (2014: 22%), the Czech Republic and Poland, Hungary of 19% (2014: 19%) and the United Kingdom of 20% where majority of the Group's operations are located.

Differences between IFRS and applicable statutory taxation regulations give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below.

<i>In millions of EUR</i>	1 January 2014	Charged/ (credited) to profit or loss	30 June 2014	1 January 2015	Charged/ (credited) to profit or loss	Divestment of subsidiaries	Transfer to assets held for sale	30 June 2015
Tax effect of deductible/(taxable) temporary differences								
Investment properties	(39.9)	(6.6)	(46.5)	(38.2)	(11.1)	(8.2)	6.5	(51.0)
Unrealized foreign exchange (gains)/losses	(1.4)	0.2	(1.2)	(1.1)	-	-	-	(1.1)
Tax losses carried forward	6.2	5.1	11.3	10.1	(2.9)	-	(0.6)	6.6
Property, plant and equipment	(1.6)	0.3	(1.3)	(1.6)	2.3	-	0.3	1.0
Other	(0.5)	(0.2)	(0.7)	(0.7)	1.2	-	-	0.5
Net deferred tax (liability)	(37.2)	(1.2)	(38.4)	(31.5)	(10.5)	(8.2)	6.2	(44.0)

In the context of the Group's current structure, tax losses and current tax assets of different group companies may not be offset against current tax liabilities and taxable profits of other group companies. Accordingly, taxes may accrue even where there is a consolidated tax loss. Therefore, deferred tax assets and liabilities are offset only when they relate to the same taxable entity.

The Group expects that EUR 44.0 million (31 December 2014: EUR 31.5 million) of the deferred tax liability shall crystallise after more than 12 months from the balance sheet date.

27 Foreign exchange gains/(losses)

<i>In millions of EUR</i>	6 months ended 30 June 2015	6 months ended 30 June 2014
Bank borrowings – unrealised as at 30 June (27a)	1.0	0.6
Inter-company loans to foreign operations that do not form part of net investment – unrealised as at 30 June (27a)	12.4	1.5
Trade and other receivables and payables – realised during period	0.4	-
Trade and other receivables and payables – unrealised as at 30 June (27a)	1.6	(1.1)
Foreign exchange losses/(gains)	15.4	1.0

28 Contingencies, Commitments and Operating Risks

Tax legislation. Tax and customs legislation in countries where the Group operates is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant authorities. The Group includes holding companies incorporated in various jurisdictions. The tax liabilities of the Group are determined on the assumption that these holding companies are not subject to profits tax in other countries. This interpretation of relevant legislation may be challenged but the impact of any such challenge cannot be reliably estimated currently; however, it may be significant to the financial position and/or the overall operations of the Group. Refer also to Note 3.

Capital expenditure commitments. Contractual obligations to purchase, construct or develop investment properties totalled EUR 94.2 million at 30 June 2015 (31 December 2014: EUR 62.3 million) out of that amount EUR 33.2 million will be financed by external loans. The Group has already allocated the necessary resources in respect of these commitments. The Group believes that future net income and funding will be sufficient to cover this and any similar such commitments.

29 Financial Risk Management

The risk management function within the Group is carried out in respect of financial risks: credit risk, market risk (including changes in foreign currency exchange rates, interest rate and price risk), liquidity risks, operational risks and legal risks. 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 operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

(i) Credit risk

The Group takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Group's rental income on credit terms and other transactions with counterparties giving rise to financial assets.

The Group's maximum exposure to credit risk represents the carrying value of its financial assets in the consolidated statement of financial position. The Group has no significant off-balance sheet exposures to credit risk as it did not issue financial guarantees not loan commitments to other parties.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to counterparties or groups of counterparties. Limits on the level of credit risk are approved regularly by Management. Such risks are monitored on a revolving basis and subject to an annual review.

Management has additional policies in place to secure trade receivables from rental business. The Group uses system of required bank guarantees or financial deposits to secure its receivables from rental business based on the rating of tenant.

The Group's management reviews ageing analysis of outstanding trade receivables and follows up on past due balances. Management therefore considers it appropriate to provide ageing and other information about credit risk as disclosed in Note 13.

Financial instruments subject to offsetting, enforceable master netting and similar arrangements are as follows at 30 June 2015:

In millions of EUR	Gross amounts before offsetting in the statement of financial position a)	Gross amounts set off in the statement of financial position b)	Net amount after offsetting in the statement of financial position c) = a) - b)	Amounts subject to master netting and similar arrangements not set off in the statement of financial position		
				Financial instruments d)	Cash collateral received e)	Net amount of exposure c) - d) - e)
Assets						
Trade receivables	1.8	-	1.8	1.1	0.7	-
Liabilities						
Cash collateral received presented within trade and other payables	0.7	-	0.7	0.7	-	-

29 Financial Risk Management (Continued)

Financial instruments subject to offsetting, enforceable master netting and similar arrangements were as follows at 31 December 2014:

<i>In millions of EUR</i>	Gross amounts before offsetting in the statement of financial position a)	Gross amounts set off in the statement of financial position b)	Net amount after offsetting in the statement of financial position c) = a) - b)	Amounts subject to master netting and similar arrangements not set off in the statement of financial position		
				Financial instruments d)	Cash collateral received e)	Net amount of exposure c) - d) - e)
Assets						
Trade receivables	4.5	-	4.5	2.3	2.2	-
Liabilities						
Cash collateral received presented within trade and other payables	2.2	-	2.2	2.2	-	-

According to the general terms and conditions of contracts with its customers, the Group requires either a cash collateral or bank guarantee in favour of the Group to ensure its receivables are collectible. The amount guaranteed by cash collateral or a bank guarantee is assessed by the Group annually. The Group has a right of set-off of any balances overdue against the collateral or amount drawn under a bank guarantee.

The amounts in columns (d) and (e) in the above table are limited to the exposure reported in column (c) for each individual instrument in order not to understate the ultimate net exposure.

Credit risks concentrations

As for the banks and financial institutions, Group has relationships only with those banks that have high independent rating assessment. The Group's bank deposits are held with 30 banks (2014: 29 banks) but 59% (2014: 90%) of cash balances as of 30 June 2015 are held with 6 major banks. The Group's management considers the concentration of credit risk with respect to cash balances with banks as acceptable. The analysis by credit quality (bank rating) is provided in Note 15.

(ii) Market risk

The Group takes on exposure to market risks. Market risks arise from open positions in (a) foreign currencies, (b) interest bearing assets and liabilities and (c) equity investments, all of which are exposed to general and specific market movements.

Currency risk. Due to continuous international expansion, Management acknowledges elevated exposure of the Group to foreign exchange risk arising from various currency exposures, primarily with respect to Czech Koruna, Polish Zloty, British Pound and Hungarian Forint. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in currency that is not the entity's functional currency. Therefore internal objectives, policies and processes for its management have been set. Management has set up a policy to require group companies to manage their foreign exchange risk exposure with the group treasury. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the group use forward contracts, transacted with the help of group treasury. As a result, the Group has invested into hedging instruments that are set up to minimize foreign exchange losses. Additionally, the Group's cash pool should contribute to proper cash management and avoidance of losses by keeping cash split into several countries.

Financial liabilities resulting from currency and interest rate derivatives amount to net EUR 1.1 million (2014: EUR 3.0 million).

29 Financial Risk Management (Continued)

Interest rate risk. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. The table below summarises the Group's exposure to interest rate risks. The table presents the aggregated amounts of the Group's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual interest repricing or maturity dates.

<i>In millions of EUR</i>	Less than 12 months	Over 12 months	Total
30 June 2015			
Total monetary financial assets	148.6	16.1	164.7
Total monetary financial liabilities	(489.0)	(151.1)	(640.1)
Net interest sensitivity gap at 30 June 2015	(340.4)	(135.0)	(475.4)
31 December 2014			
Total monetary financial assets	183.5	16.7	200.2
Total monetary financial liabilities	(499.1)	(106.1)	(605.2)
Net interest sensitivity gap at 31 December 2014	(315.6)	(89.4)	(405.0)

The Group's interest rate risk principally arises from long-term borrowings (Note 18). Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk.

The Group's policy is to fix the interest rate on its variable interest borrowings in selected cases. To manage this, the Group enters into interest rate swaps in which the Group 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. At 30 June 2015, as in the previous year, some 9% (2014: 15%) of the Group's Bank Borrowings are at a fixed rate of interest. Trade and other receivables and trade and other payables are interest free and with a term of less than one year, so it is assumed that there is no interest rate risk associated with these financial assets and liabilities.

The Group's interest rate risk is monitored by the Group's management on a monthly basis. The interest rate risk policy is approved quarterly by the Board of Managers. Management analyses the Group's interest rate exposure on a dynamic basis. Various scenarios are simulated, taking into consideration refinancing, renewal of existing positions and alternative financing sources. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions. The simulation is done on a monthly basis to verify that the maximum potential loss is within the limits set by management.

Trade receivables and payables (other than tenant deposits) are interest-free and have settlement dates within one year.

(iii) Liquidity risk

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The table below shows liabilities as at 30 June 2015 and as at 31 December 2014 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the consolidated balance sheet because the carrying amount is based on discounted cash flows.

29 Financial Risk Management (Continued)

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the respective reporting period. Foreign currency payments are translated using the spot exchange rate at the balance sheet date.

The maturity analysis of financial liabilities as at 30 June 2015 is as follows:

<i>In millions of EUR</i>	Demand and less than 12 month	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Liabilities					
Borrowings (principal – Note 18)	35.6	123.8	357.6	72.7	589.7
Borrowings (future interest payments)	16.7	17.5	37.7	1.6	73.5
Finance leases (Note 19)	-	-	-	5.7	5.7
Financial payables - current (Note 19)	43.1	-	-	-	43.1
Derivatives and other financial instruments	1.6	-	-	-	1.6
Capital commitments to joint ventures (Note 10)	10.0	-	-	-	10.0
Total future payments, including future principal and interest payments	107.0	141.3	395.3	80.0	723.6

The maturity analysis of financial liabilities as at 31 December 2014 is as follows:

<i>In millions of EUR</i>	Demand and less than 12 month	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Liabilities					
Borrowings (principal – Note 18)	44.4	85.8	292.6	121.3	544.1
Borrowings (future interest payments)	15.6	17.5	34.6	4.6	72.3
Finance leases (Note 19)	-	-	-	5.4	5.4
Financial payables - current (Note 19)	52.7	-	-	-	52.7
Derivatives and other financial instruments	3.0	-	-	-	3.0
Capital commitments to joint ventures (Note 10)	10.0	-	-	-	10.0
Total future payments, including future principal and interest payments	125.7	103.3	327.2	131.3	687.5

On an ongoing basis, the Board of Managers reviews a three year rolling cash flow forecast for the core real estate business on a consolidated basis (excluding the public transportation business). The forecast for second half of year 2015 and first half of year 2016 shows positive cash flow of the Group of approximately EUR 124.5 million (2014: EUR 121.5 million). This, together with existing cash balances would be sufficient to meet the Group's 2015 financial obligations as shown above. Moreover, the Group has been able to raise additional EUR 94.2 million of new bank financing since 30 June 2015 up to the date of authorisation of these condensed consolidated interim financial statements and still kept had a further EUR 184.1 million in signed but undrawn committed credit lines. The Board of Managers is confident that the Group's cash position allows it to keep pursuing new opportunities in its chosen markets.

Since 30 June 2015 till the date of authorisation of these condensed consolidated interim financial statements the Group signed new credit facilities amounting to EUR 235.3 million of which EUR 71.9 million were new credit facilities for refinancing of existing bank financing and EUR 163.4 million were new credit facilities for financing of development activities of the Group.

30 Management of Capital

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with other companies in the industry, the Group monitors capital on the Net Asset Value (adjusted) basis. The Group calculates the Net Asset Value (adjusted) on the following basis:

<i>In millions of EUR</i>	Note	30 June 2015	31 December 2014
Equity attributable to the owners of HB Reavis Holding S.à r.l.		988.0	914.8
Adjusted for			
Add: Deferred income tax liabilities	14, 26	50.2	51.3
Add: Trade and other payables from related party entities under common control	7	-	-
Less: Receivables and Loans provided to related party entities under common control	7	(14.2)	(2.4)
Net Asset Value (adjusted)		1,024.0	963.7

The Group also manages the net debt leverage ratio. This ratio is defined as a ratio between interest bearing liabilities from third parties excluding other indebtedness (Note 18a) less Cash and Group total assets. During 2015, the Group's strategy was to steer the net debt leverage ratio within 30-35% range (2014: 30-35% range). As is shown in the table below, the Group's ratio was slightly below the targeted level as at 30 June 2015 and at the end of 2014. The Group management believe that this position places the Group conservatively in their pursuit of new development opportunities.

<i>In millions of EUR</i>	30 June 2015	31 December 2014
Bank borrowings less cash	518.5	479.1
Total assets	1,829.7	1,806.1
Net debt leverage ratio	28.35%	26.5%

31 Fair Value Estimation

IFRS 13 requires the use of valuation techniques for which sufficient data is available, maximising the use of observable inputs and minimising the use of unobservable inputs. The degree of detail of the disclosure depends on the observability of the inputs used.

For this purpose, IFRS 13 establishes a fair value hierarchy that classifies the inputs into three levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

i) Investment properties

The following table presents the group's investment properties that are measured at fair value:

<i>In millions of EUR</i>	Level 1	Level 2	Level 3	Total
Investment property – valuations obtained at 30 June 2015	-	-	1,589.5	1,589.5
Investment property – valuations obtained at 31 December 2014	-	-	1,550.5	1,550.5

Level 3 investment properties are fair valued using discounted cash flow method, yield method, residual method, comparative method and fair value at acquisition/divestment (cost) for assets which were either acquired/held for sale close to the balance sheet date or where reliable comparable information is unavailable and management used its judgement and experience to assess the fair value. The valuation technique for level 3 is further described in Note 3.

31 Fair Value Estimation (Continued)

Quantitative information about fair value measurements using unobservable inputs:

Asset Management and Investment Management

Segment	Valuation technique	Fair value 30 Jun 2015 (in millions of EUR)	Fair value 31 Dec 2014 (in millions of EUR)	Input	Range 30 Jun 2015	Range 31 Dec 2014
Slovakia						
Office	Discounted cash flow	273.4	272.6	Average annual rent in EUR per sqm	134.0 – 195.0	133.0 – 195.0
				Discount rate p.a.	7.15% - 9.00%	7.15% - 8.75%
				Capitalisation rate for terminal value	6.9% - 8.0%	6.9% - 8.0%
Office	Transaction price	-	22.0	-	-	-
Retail	Discounted cash flow	31.9	31.9	Average annual rent in EUR per sqm	238.0	240.0
				Discount rate p.a.	8.25%	8.25%
				Capitalisation rate for terminal value	7.75%	7.75%
Retail	Transaction price	-	132.0	-	-	-
Logistics	Discounted cash flow	62.0	63.9	Average annual rent in EUR per sqm	47.0 – 52.0	50.0 – 53.0
				Discount rate p.a.	8.50% - 10.0%	8.75% - 10.0%
				Capitalisation rate for terminal value	8.00% - 8.50%	8.25% - 9.0%
Total		367.3	522.4			
Czech republic						
Office	Direct capitalisation method	105.7	55.8	Average annual rent in EUR per sqm	166.0 – 179.0	180.0
				Capitalisation rate	6.85% - 7.75%	6.9%
Logistics	Direct capitalisation method	38.9	40.7	Average annual rent in EUR per sqm	49.0 – 54.0	55.0 – 60.0
				Capitalisation rate	8.50% - 9.75%	8.0% - 9.75%
Total		144.6	96.5			
Poland						
Office	Direct capitalisation method	344.4	244.0	Average annual rent in EUR per sqm	187.0 – 223.0	187.0 – 220.0
				Capitalisation rate	5.85% - 7.00%	6.25% - 7.25%
Total		344.4	244.0			
Hungary						
Office	Direct capitalisation method	42.1	33.9	Average annual rent in EUR per sqm	162.0	147.0
				Capitalisation rate	7.25%	7.5%-8.25%
Total		42.1	33.9			
Total for segment		898.4	896.8			

31 Fair Value Estimation (Continued)

Development in realisation and in preparation

Segment	Valuation technique	Fair value 30 Jun 2015 (in millions of EUR)	Fair value 31 Dec 2014 (in millions of EUR)	Input	Range 30 Jun 2015	Range 31 Dec 2014
Slovakia						
Office, Office/Retail	Residual Method	132.7	149.0	Capitalised net revenues less cost to completion	316.8	347.7
	Comparative method	-	0.5	Capitalisation rate	7.00% - 7.25%	7.1% - 8.5%
Office	Direct capitalisation method	54.8	-	Average annual rent in EUR per sqm	175.0	-
				Capitalisation rate	6.75%	-
Retail	Transaction price	-	11.0	-	-	-
Total		187.5	160.5			
Czech republic						
Office	Residual Method	-	49.9	Capitalised net revenues less cost to completion	-	46.9
				Capitalisation rate	-	7.25%-7.5%
Office	Direct capitalisation method	11.1	11.1	Average annual rent in EUR per sqm	149.0	168.0
				Capitalisation rate	8.46%	8.35%
Retail	Residual Method	39.8	23.5	Capitalised net revenues less cost to completion	83.0	45.0
	At cost	0.1	0.1	Capitalisation rate	6.75% - 7.25%	7.0%
Logistics	Residual method	1.8	1.8	Capitalised net revenues less cost to completion	1.5	1.5
	Comparative method	3.1	5.1	Capitalisation rate	8.5%	8.5%
Total		55.9	91.5			
Poland						
Office	Residual Method	181.3	206.6	Capitalised net revenues less cost to completion	171.5	174.6
				Capitalisation rate	6.25%-6.50%	6.25%-6.75%
Office	At cost	2.2	1.3	-	-	-
Total		183.5	207.9			
United Kingdom						
	At cost*	-	39.2	-	-	-
Office	Residual method	202.0	109.1	Capitalised net revenues less cost to completion	98.7	67.3
				Capitalisation rate	4.75%	4.75%
Total		202.0	148.3			
Hungary						
Office	At cost*	14.9	7.5	-	-	-
Total		14.9	7.5			
Total for segment		643.8	615.7			

31 Fair Value Estimation (Continued)

Non-core

Segment	Valuation technique	Fair value 30 Jun 2015 (in millions of EUR)	Fair value 31 Dec 2014 (in millions of EUR)	Input	Range 30 Jun 2015	Range 31 Dec 2014
Logistics	Comparative methodology	39.8	38.0	Price in EUR per sqm	6.24-17.60	5.90-17.50
Total for segment		39.8	38.0			

* Costs for project in Hungary represent purchase price close to 6 months ended 30 June 2015 period which equals fair value as of 30 June 2015. Costs for project in United Kingdom and Hungary represent purchase price close to year-end which equals fair value as of 31 December 2014.

Sensitivity of measurement to variance of significant unobservable inputs

A decrease in the estimated annual rent will decrease the fair value. An increase in the discount rates and the capitalisation rates (used for terminal value of DCF and for the direct capitalisation method) will decrease the fair value.

There are interrelationships between these rates as they are partially determined by market rate conditions. Please refer to Note 3 for the quantitative sensitivity analysis.

Valuation process

The valuations of the properties are performed twice a year on the basis of valuation reports prepared by independent and qualified valuers.

These reports are based on both:

- information provided by the company such as current rents, terms and conditions of lease agreements, service charges, capital expenditure, etc. This information is derived from the company's financial and property management systems and is subject to the company's overall control environment.
- assumptions and valuation models used by the valuers – the assumptions are typically market related, such as yields and discount rates. These are based on their professional judgment and market observation. Generally for income producing assets a DCF and direct capitalisation methods are used, for assets under construction residual method is used and comparative methodology is used for non-core and land bank assets.

The information provided to the valuers - and the assumptions and the valuation models used by the valuers - are reviewed by the controlling department and the Chief Financial Officer ('CFO'). This includes a review of fair value movements over the period.

ii) Financial Instruments

Fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by an active quoted market price. The estimated fair values of financial instruments have been determined by the Group using available market information, where it exists, and appropriate valuation methodologies as described below. However, judgement is necessarily required to interpret market data to determine the estimated fair value.

Financial assets carried at amortised cost. The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty.

Liabilities carried at amortised cost. Considering that most borrowings have variable rate of interest and that own credit risk of the Group did not materially change, the amortised cost carrying value approximates fair value. The fair value of liabilities repayable on demand or after a notice period ("demandable liabilities") is estimated as the amount payable on demand, discounted from the first date that the amount could be required to be paid. The discount rate was 2.29% p.a. (2014: 2.51% p.a.). Refer to Note 18 for the estimated fair values of borrowings (for current borrowings Level 2 inputs are used, for non-current borrowings Level 3 inputs are used). Carrying amounts of trade and other payables approximate fair values.

Financial derivatives. The fair values of derivatives are based on counterparty bank quotes and are considered level 2 valuations.

32 Reconciliation of Classes of Financial Instruments with Measurement Categories

For the purposes of measurement, IAS 39, *Financial Instruments: Recognition and Measurement*, classifies financial assets into the following categories: (a) loans and receivables; (b) available-for-sale financial assets; (c) financial assets held to maturity and (d) financial assets at fair value through profit or loss ("FVTPL"). Financial assets at fair value through profit or loss have two subcategories: (i) assets designated as such upon initial recognition, and (ii) those classified as held for trading.

All of the Group's financial assets belong to the category loans and receivables except for financial derivatives that are classified as held for trading and 'earn out' receivable (Note 11) that is classified as available-for-sale financial asset. All of the Group's financial liabilities are carried at amortised cost except for financial derivatives that are classified as held for trading (Note 19).

33 Consolidated Structured Entities

The Group holds less than 50% of voting rights in a fully consolidated subsidiary HB Reavis Real Estate SICAV-SIF, the Fund (Note 1). The Group has the power over this subsidiary through asset management contractual arrangements with the General Partner of this Fund, HB Reavis Investment Management S.à r.l. The Group's exposure to the fund's net assets is not intended to decrease below 25%.

The Group issued 2 tranches of bonds through HB Reavis Finance PL Sp. z o.o. incorporated in Poland, 1 tranche of bonds through HB REAVIS Finance SK s. r. o. and 1 tranche of bonds through HB REAVIS Finance SK II s. r. o., both incorporated in Slovakia. These entities were consolidated as they are wholly owned by the Group, they were specifically set up for the purposes of the Group, and the Group has exposure to substantially all risks and rewards through ownership and outstanding guarantees of the entities' obligations. The Group guarantees all obligations of these entities represented by the bonds issued amounting to PLN 111.0 million and EUR 76.6 million (Note 18).

34 Events After the Balance Sheet Date

Since 30 June 2015 and up to date of authorisation of these condensed consolidated interim financial statements for issue, the Group refinanced EUR 1.0 million from the Current Borrowings as at 30 June 2015.

There were no other material events which occurred after the end of the reporting period which have a bearing on the understanding of these condensed consolidated interim financial statements.