GENEBA
REAL ESTATE INVESTMENTS

First Interim Financial Results of Geneba Properties N.V.

Amsterdam, 29 August 2014, Geneba Properties N.V. ("Geneba") presents its first interim financial results since it became operational on 27 March 2014. From that day until 30 June 2014 Geneba realized a positive, direct investment result of € 6.2 million, or € 0.20 per share. Updated property valuations have led to an indirect investment result of € -5.6 million, or € -0.18 per share. The NAV per share at 30 June 2014 is € 3.08.

Key elements:

- **First interim financial results of Geneba, with updated property valuations by external valuers**
- **Direct investment result of € +6.2 million**
- **Indirect investment result of € -5.6 million, primarily based on updated valuations of the portfolio and related to specific property issues**
- **Management in close contact with key tenants and lending banks**
- **Seven-year lease extension with major tenant and development of a new storage facility in Germany**
- **Rental income full year 2014 expected to remain stable**
- **Management is preparing rights issue prospectus to raise new equity for new real estate acquisitions and deleveraging**

Wulf Meinel, CEO of Geneba:
"Today, Geneba presents its first interim financial results, since we have become operational on 27 March 2014, following the AIFMD license we obtained, as one of the first Dutch real estate companies. From the start, it has been our goal to be close to our tenants. We have met with a substantial number of tenants personally, discussing their business needs and opportunities to help them drive their business objectives. This active asset-management approach has been well received and has so far led to an important seven-year lease extension of over 50,000m² in our German and Dutch portfolios, signed in July.

In addition, it is our goal to create a transparent and fair valuation of our portfolio. We follow a thorough asset valuation approach and have instructed external valuers to assess all properties within our portfolio.

The financial results we present today show a positive direct investment result, which is the reflection of the business operations. However, the indirect investment result is negatively impacted by the fair value

adjustment we made as per the end of June 2014. For the remainder of the year we expect a stable rental income.

In the mid- to long term we will explore market opportunities in order to diversify our portfolio, mainly through new property acquisitions, with a focus on our key markets Germany and the Netherlands. For this purpose, as well as to refinance some of the loans that will expire, Geneba is preparing to raise new equity through a rights issue, once the prospectus is approved by the AFM.

We are confident that the team's hard work, thorough, client-centric approach and realistic market view will contribute to creating a solid real estate company for investors, tenants and lenders in the long term. We are strongly committed to achieving that objective."

Key Financials for the period

The condensed consolidated interim financial information included in this report is prepared by Geneba and reviewed by Geneba's new audit firm PricewaterhouseCoopers Accountants N.V.

Rental Income

Total gross rental income for the period 27 March 2014 – 30 June 2014 was € 14.3 million mainly generated from the German portfolio with € 10.5 million. The German portfolio has an average remaining lease term of 7 years. The average remaining lease term in the Netherlands is 18 years. The average remaining lease term in the Baltic States for the SEB headquarter buildings (which represents 60% of the gross rental income of the Baltic portfolio) is 9 years. The average remaining lease term for the other properties in the Baltic portfolio is shorter and varies per property.

(in Millions of Euros; Thousands – m^2)	**Germany**	**Netherlands**	**Baltic States**	**Total**
Rental income	10.5	0.7	3.1	14.3
Property operating expenses	0.1	0.1	0.8	1.0
Net rental income	**10.4**	**0.6**	**2.3**	**13.3**
Occupancy rate	100.0%	100.0%	81.7%	95.0%
Number of buildings	5	3	53	61
Gross m^2	215	29	90	334
Weighted Average Lease Term (in years/(approx.)	7	18	(see text above)	

OPERATIONAL RESULTS

PERIOD: 27 March 2014 – 30 June 2014

(In Thousands of Euros, except for per share information)

Net rental income:	**13,353**
Direct Investment Result:	6,216
Direct Investment Result per share:	0.20
Indirect Investment Result:	-5,556
Indirect Investment Result per share:	-0.18
Net result before income tax:	660
Net result before income tax per share:	0.02
NAV per share (IFRS):	3.08
Loan to Value:	77.6%

DIRECT INVESTMENT RESULTS

PERIOD: 27 March 2014 – 30 June 2014

(In Thousands of Euros)

Net rental income	**13,353**
General and administrative expense	-2,388
Other income	1,034
Finance cost	-5,783
Direct investment result	**6,216**

The Direct Investment Result is calculated as the net rental income minus general and administrative expenses plus other income and minus finance cost. The majority of Geneba`s lease agreements are "triple net" with the effect that property related expenses are essentially born by the tenant. The property operating expenses in the Baltic States were € 0.8 million, which reflects maintenance expenditures that are agreed with the tenants. In addition, management fees for the external operator in the Baltic States are included in this amount.

For the period 27 March 2014 – 30 June 2014 Geneba posted a Direct Investment Result of € 6.2 million or € 0.20 per share.

General and Administrative Expense

General and administrative expenses were € 2.39 million for the first half year of 2014. This includes professional fees related to Geneba acquiring the business.

Other Income

Other income was € 1.03 million. This includes the recharge of expenses related to plan implementation and insurance recoveries.

Finance cost

Interest expense on long-term debt was € 5.8 million for the period 27 March 2014 – 30 June 2014. The weighted average interest rate on long-term debt was 4.1%. This percentage could change during the second half of 2014 due to refinancing of several loans.

Portfolio

Geneba owns a portfolio consisting of 61 properties with a fair value of € 514.9 million and 334 thousand square meters of space per 30 June 2014. The properties are split in three main geographical areas (Germany, the Netherlands and the Baltic States) and in three main asset classes (office, retail and industrial). All external valuations are performed in compliance with the valuation standards in the 'Red Book' of the Royal Institute of Chartered Surveyors (RICS) and the International Valuation Standards of the International Valuation Standard Committee (IVSC) and have been finalized under the rules set forth by Geneba's Policies & Procedures with respect to the AIFMD regulations.

Valuations

The property values as per 30 June 2014 are reflected in the table below. These are the result of updated valuations obtained from external valuers, which are explained in more detail further in this report.

Property values as per 30 June 2014

(Millions of Euros; Thousands – m^2)	**# of Buildings**	**Gross m²**	**Fair Value**	**Percentage**
By geographical segment				
Germany	5	215	391.5	76%
The Netherlands	3	29	31.1	6%
Baltic States	53	90	92.3	18%
Total	**61**	**334**	**514.9**	
By property type				
Office	51	251	467.1	91%
Retail	6	15	13.0	2%
Industrial	4	68	34.8	7%
Total	**61**	**334**	**514.9**	

Outlook

Geneba will continue to focus on actively managing the assets and financing as well as deepening tenant relations. The company will pay special attention to the quality of the current assets in order to achieve stable occupancy rates and rental income levels. It is our expectation that the current rental income remains stable during the second half of the year.

Current market conditions can also offer interesting investment opportunities, which the company explores on a case by case basis. In the assessment of new investment opportunities, Geneba will take into account the current mix of assets and trends in the property markets. The company will aim to diversify the portfolio, whereby the focus will initially be on Geneba's key markets: Germany and the Netherlands.

Some of the loans that will expire this year need to be refinanced, which could have an impact on the weighted average interest rate and the loan-to-value ratio.

We will continue to put further effort into exploring opportunities to raise new equity through a rights issue in order to strengthening the balance sheet.

Finally, management will further enhance the team spirit amongst the employees and deepen the constructive dialogue with our Supervisory Board composed of five senior, experienced professionals.

Acquisition of Core Business

Chronology

Geneba was incorporated 7 July 2013.

On 7 March 2014 the Netherlands Authority for the Financial Markets (AFM) issued a licence to Geneba under the rules set forth by the European Directive for Alternative Investment Fund Managers (AIFMD) to operate as an investment company (beleggingsmaatschappij) without external manager (zonder externe beheerder) under the FMSA (Wet op het financieel toezicht) and the regulations promulgated thereunder.

As a consequence thereof, Geneba took on a real estate portfolio from Homburg Invest Inc. consisting of commercial real estate located in Germany, the Netherlands and the Baltic States (Estonia, Latvia and Lithuania). The transfer took place on 27 March 2014 (Plan Implementation Date, "PID").

Restructuring Plan

On 9 September 2011, Homburg Invest Inc. ("HII") and its affiliates and subsidiaries became insolvent and filed and obtained protection under the Canadian Companies' Creditors Arrangement Act ("CCAA"). On 6 February 2013, Homburg Invest Inc. filed the Restructuring Plan under and pursuant to the CCAA, which was subsequently amended and restated several times ("the Restructuring Plan"). Samson Bélair/Deloitte & Touche Inc. was appointed to act as the Monitor in the CCAA proceedings.

Based on the Restructuring Plan, a to be incorporated company (Geneba), would acquire certain assets and liabilities from HII (the "Core Business "). Holders of debt claims against HII (creditors of HII) voted to obtain shares in Geneba, or depositary receipts issued therefor, for part of their claims on HII at the amount considered under the Restructuring Plan (a debt for equity swap). Alternatively, creditors could vote for a cash out option provided by funds managed by investment firm Catalyst. The cash out price was based on an aggregate maximum price of € 95 million for the entire Core Business.

Purchase of Core Business

On 27 March 2014, all of HII's rights, title and interest in and to the Core Business, i.e. the shares in companies directly or indirectly holding mainly long-term leased commercial real estate, were transferred to and vested in Geneba pursuant to the Restructuring Plan.

Former debt claim holders of HII obtained depositary receipts issued for shares in Geneba, ("Depositary Receipts") which were admitted to trading on NPEX (Nederlandse Participatie Exchange B.V.) in the Netherlands. NPEX is an alternative trading platform whereby Depository Receipts can be auctioned online. NPEX is not a regulated market or multilateral trading facility.

On 11 October 2013, the Company and NPEX had entered into a listing agreement ("Listing Agreement"). Based on this Listing Agreement, the holders of Depositary Receipts are allowed to trade on the NPEX platform since 7 July 2014.

The acquisition price was settled without cash and financed fully with equity provided by shareholders who had approved any valuation between € 75 million and € 225 million.
The acquisition price of € 152,738,000 (the "Initial NAV") for which HII sold the business to Geneba was within the creditor approved bandwidth. Thereby the Core Business was in fact contributed to Geneba by its shareholders (HII's creditors) to pay-up their shares in Geneba as part of the debt-for-equity swap.

Fair Market Value of Core Business at Start of Business

Geneba acquired the Core Business on 27 March 2014 at the Initial NAV of € 152,738,000. The Purchase Price was subject to a consideration of Geneba as per 27 March 2014. In order to determine the fair market value of the acquired assets and liabilities, the properties were valued based on external valuation reports procured by Geneba's management. The fair value of the debt and a related interest rate swap was also assessed by management. As a result, the net asset value was adjusted to € 95,063 million as per 27 March 2014 ("the Purchase Price Allocation"), which represents a decrease of 37.8% compared to the Initial NAV.

The following table shows the balance sheets at different times: (1) Opening Balance per 1 January 2014, (2) the Initial NAV, (3) the Purchase Price Allocation by Geneba as per 27 March 2014, and (4) the consolidated Geneba financial statements per 30 June 2014:

Balance Sheet

(In Thousands of Euros)	**Opening Balance (1)**	**Initial NAV (2)**	**Purchase Price Allocation (3)**	**Consolidated FS (4)**
	01-01-2014	27-03-2014	27-03-2014	30-06-2014
Assets				
Investment properties	-	596,805	519,384	514,900
Other (in) tangible assets	66			64
Cash and cash equivalents	400	9,080	11,721	12,126
Receivables and other	336	876	912	545
Total assets	802	606,761	532,017	527,635
Liabilities				
Long term debt	254	416,602	405,921	399,924
Deferred tax liabilities		11,398	5,000	5,821
Accounts payable and other liabilities	248	5,843	7,076	5,060
Income taxes payable		2,213	2,246	3,082
Derivative financial instruments		9,083	9,335	12,118
Total liabilities	502	445,139	429,578	426,004
Non controlling interest*	-	8,884	7,376	7,479
Total equity in net assets	300	152,738	95,063	94,150
Total equity	300	161,622	102,439	101,630
Total equity and liabilities	802	606,761	532,0171	527,635

**Reflects the share in a German property holding company Geneba does not control*

Net Adjustments to Fair Values

The schedules below show the difference in valuation between the initial valuation underlying the Initial NAV and the Fair Market Value attributed to the acquisition of the Core Business as determined by Geneba on 27 March 2014 for the purpose of the Purchase Price Allocation. The changes mainly relate to the re-valuations of the investment properties and to a lower degree to the re-valuation of the loans and derivative financial instruments.

As per Initial NAV the investment properties were valued at € 596.8 million compared to Geneba's calculation of € 519.4 million as per 27 March 2014 as part of the Purchase Price Allocation, which represents a decrease of 13%.

(In Thousands of Euros)	**Initial NAV**	**Purchase Price Allocation Geneba**	**Fair value adjustment (%)**	**Consolidated FS**
	27-03-2014	27-03-2014		30-06-2014
Germany	429,635	394,310	-8.2%	391,526
The Netherlands	32,800	32,800	0%	31,100
Baltic States	134,370	92,274	-31.3%	92,274
Total	596,805	519,384	-13.0%	514,900

The fair market valuations are based on valuation reports obtained from external appraisers DTZ, JLL (Jones Lang LaSalle) and Colliers. All external valuations are performed with valuation date 30 June 2014, in compliance with the valuation standards RICS and the IVSC. These valuations have been finalized by management in accordance with Geneba's Policies & Procedures.

The external valuations of the Consolidated Financial Statements as per 30 June 2014 resulted in a negative revaluation of investment properties of 0.9% compared to the fair value from the Purchase Price Allocation which relates mainly to one German asset.

Long term debt and derivative financial instruments

(In Thousands of Euros)	**Initial NAV**	**FMV Purchase Price Allocation**	**Consolidated FS**
	27-03-2014	27-03-2014	30-06-2014
Long term debt	416,602	405,921	399,924
Derivative financial instruments	9,083	9,335	12,118

- The long term debt was valued at € 416.6 million to arrive at the Initial NAV and € 405.9 million according to Geneba as per 27 March 2014. The difference is explained by:
  - A € 0.6 million effectively lower repayment of mortgage loan in Germany
  - Fair market valuations of the long term debt and derivative financial instruments were updated based on interest rates, future repayments and the valuation of the underlying mortgages

Start of Business - 27 March 2014

On 27 March 2014 Geneba took over control of the Core Business. Since then Geneba:

- repaid a loan as it fell due because of a change of control over the tenant with a new bridge loan provided by Catalyst at favourable market terms
- instructed external valuers to value the portfolio in Germany, the Netherlands and the Baltic States as of 30 June 2014
- received technical and environmental reports from a previously instructed engineering firm, which disclosed asbestos in one of the German properties
- received termination notice of a lease agreement for a German property
- actively worked together with its service provider to prepare a strategy for the Baltic States portfolio

Cancellation of Shares and Adjustment of NAV per share

The Monitor initially held 7,117,482 shares to be attributed to claim holders in case the claims are successful. In case claims are ultimately rejected the respective portion of shares will be cancelled. Consequently the NAV per share will increase. On 12 June 2014 569,518 shares were distributed to claim holders. On 13 August 2014 783,543 shares were cancelled as respective claims were ultimately rejected. This lead to a pro-forma upward adjustment of the NAV per share of 2.6% (€ 3.16/per share) based on the 30 June 2014 NAV. The Monitor continues to hold 5,764,781 shares, which can either be cancelled or assigned to claimholders.

Amsterdam, 29 August 2014

W. Meinel, CEO
M. van Deursen, Managing Director

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CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

Condensed interim balance sheet

(In Thousands of Euros)	Note	30 June 2014	31 December 2013
Assets			
Non-current assets			
Investment properties	6	514,900	
Intangible assets		56	46
Other tangible assets		8	20
		514,964	66
Current assets			
Trade and other receivables		545	336
Cash and cash equivalents		12,126	400
		12,670	736
Total Assets		527,635	802
Equity and liabilities			
Equity			
Share capital	7	611	45
Share premium	7	94,452	255
Reserves		-913	
		94,150	300
Non-controlling interests		7,479	
Total equity		101,629	300
Non-current liabilities			
Long term debt	8	348,021	254
Deferred income tax liabilities	9	5,821	
		353,842	254
Current liabilities			
Trade and other payables		5,060	248
Current portion of long term debt	8	51,904	
Income tax payable	9	3,082	
Derivative financial instruments	10	12,118	
		72,164	248
Total liabilities		426,006	502
Total equity and liabilities		527,635	802

Notes are an integral part of the condensed interim financial information.

GENEBA
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Condensed interim statement of comprehensive income

(In Thousands of Euros)	**Note**	**Six month ended 30 June 2014**
Gross rental income	13	14,338
Property operating expenses		-985
Net rental income		**13,353**
Net adjustment to fair value of:		
Investment properties	6	-4,613
Derivative financial instruments	10	-943
General and administrative expense		-2,388
Other income		1,034
Operational result		**6,443**
Finance costs		-5,783
Net finance costs		-5,783
Net result before income tax		**660**
Income tax	9	-1,214
Net result for the period		**-553**
Total comprehensive income (loss) for the period		**-553**
Net result attributable to:		
Equity holders of the Company		-913
Non-controlling interest		360
		-553
Total comprehensive income (loss) attributable to:		
Equity holders of the Company		-913
Non-controlling interest		360
		-553
Per share information (in €)		
Basic and diluted net result per share attributable to the equity holders of the Company		-0,03

Notes are an integral part of the condensed interim financial information.

Condensed interim statement of changes in equity

(In Thousands of Euros)	**Share capital**	**Share premium**	**Retained Earnings**	**Attributable to shareholders**	**Non-Controlling interest**	**Total Equity**
As at 1 January 2014	45	255		300		300
Share premium contribution		62		62		62
Share capital and share premium distribution	-45	-317		-362		-362
Impact of business combination	611	94,452		95,063	7,376	102,439
Dividend payments					-257	-257
Earnings for the period			-913	-913	360	-553
Total Comprehensive income			-913	-913	360	-553
As at 30 June 2014	**611**	**94,452**	**-913**	**94,150**	**7,479**	**101,630**

Notes are an integral part of the condensed interim financial information.

GENEBA
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Condensed interim statement of cash flows

(In Thousands of Euros)	**Note**	**Six month ended 30 June 2014**
Cash flows from operating activities		
Net result for the period		-913
Adjustments for:		
- Fair value change on investment properties		4,613
- (Gain) / Loss on derivative instruments		943
- Amortization of long term debt		
- Deferred rent	6	-59
- Deferred taxes		-821
- Financing expenses		5,783
Interest paid		-4,532
Interest received		4
Income taxes paid		-937
		4,081
Change in non-cash working capital and other		2,415
Cash generated from operations		6,496
Investing activities		
Investment in investment properties	6	-70
Cash obtained from business combination		11,721
Net cash used in investing activities		11,791
Financing activities		
Share issue	7	62
Repayment of long term debts	8	-20,391
Proceeds from new long term debts	8	14,025
Dividend to non-controlling interest		-257
Net cash used in financing activities		-6,561
Net (decrease)/increase in cash and cash equivalents		11,726
Cash, beginning of period		400
Cash, end of period		12,126

Notes are an integral part of the condensed interim financial information.

Notes to the Condensed consolidated interim financial information

1. General information

Geneba Properties N.V. ('Geneba' or 'the Company') was incorporated in the Netherlands by Stichting Oprichting Geneba Properties under the laws of the Netherlands on 11 July 2013.
The corporate seat of the Company is in Amsterdam, the Netherlands and its registered office is at Wamberg 37, 1083 CW in Amsterdam, the Netherlands

Geneba operates and leases, office, industrial and retail properties located in the Netherlands, Germany and the Baltic states. As per 27 March 2014, the Company acquired business from Homburg Invest Inc.

The Company is a closed-end investment institution licensed under the Dutch Financial Markets Supervision Act and domiciled in Amsterdam, the Netherlands.

This condensed consolidated interim financial information has been prepared by the Management Board and was authorised for publication on 29 August 2014. These condensed consolidated interim financial statements have been reviewed, not audited.

Going concern analysis
The loan agreement for Valbonne Real Estate 2 B.V. (€€ 24.7 million) expired as per 1 June 2014. Since the value for the asset is revaluated to a level below the nominal outstanding amount of the loan, management started discussions with the lender. The discussions between the lender and the borrower are focussed on two issues: (a) an extension of the loan in order to allow for sufficient time to negotiate a new lease agreement with the current tenant and (b) measures to be taken in view of the recent findings of asbestos in parts of the building structure. The loan facility is in first instance extended from 1 June 2014 until 1 September 2014. Based on the discussions with the lender, management expects a further extension of the loan term. If further extension or refinancing cannot be arranged prior to the maturity date of 1 September 2014 and the lender decides to claim the mortgage loan due at this date, this will in principle only affect the operations of Valbonne Real Estate 2 B.V. and, on that basis, not impact Geneba's ability as a whole to continue as a going concern.

Regarding the loan for Homco Realty Fund 86 B.V. and Homco Realty Fund 87 B.V. which was due 30 June 2014 for an amount of € 14 million, management has a full refinancing in place as per 30 June 2014, facilitated by Catalyst RE Coöperatief UA. This refinancing by Catalyst RE Coöperatief UA constitutes a short term loan facility with a maximum term of 8 weeks (until 1 September 2014) against an interest rate equal to 1 month Euribor +3% margin, upon which third party refinancing should be obtained. Management already instructed a capital markets advisor to refinance this loan. Management is also negotiating with Catalyst RE Coöperatief UA for a short term extension until new financing is in place. If further extension or refinancing cannot be arranged prior to the maturity date of 1 September

2014 and the lender decides to claim the mortgage loan due at this date, this will in principle only affect the operations of Homco Realty Fund 86 B.V. and Homco Realty Fund 87 B.V. and on that basis not impact Geneba's ability as a whole to continue as a going concern.

In view of the considerations outlined above, accounting policies applied in this financial information are based on the expectation that Geneba will be able to continue as a going concern.

2. Basis of preparation

STATEMENT OF COMPLIANCE

The condensed consolidated interim financial statements for the six months ended 30 June 2014 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2013 which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRS").

BASIS OF MEASUREMENT

The condensed consolidated interim financial information has been prepared on the basis of historical cost except for investment property, financial assets at fair value through income statement and derivatives, which are recognised at fair value. Unless otherwise stated, the figures are presented in thousands euros rounded to one decimal place.

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 condensed consolidated interim financial information is presented in euros, which is the Company's functional currency and the Group's presentation currency.
Only one other functional currency used in the operations is the Lithuanian Litas. The exchange rate is fixed to the Euro (1 Euro = 3,4528 Litas), therefor no exchange gain or loss shows up in statement of comprehensive income.

USE OF ESTIMATES AND ASSUMPTIONS

The preparation of the condensed consolidated interim financial information in accordance with EU IFRS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors considered appropriate. Actual results may differ from these estimates. The estimates and underlying assumptions are constantly reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates, assumptions and management judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period relate to

- The fair value of the investment property
- The fair value of derivatives
- The fair value of acquired business for the purpose of the purchase price allocation

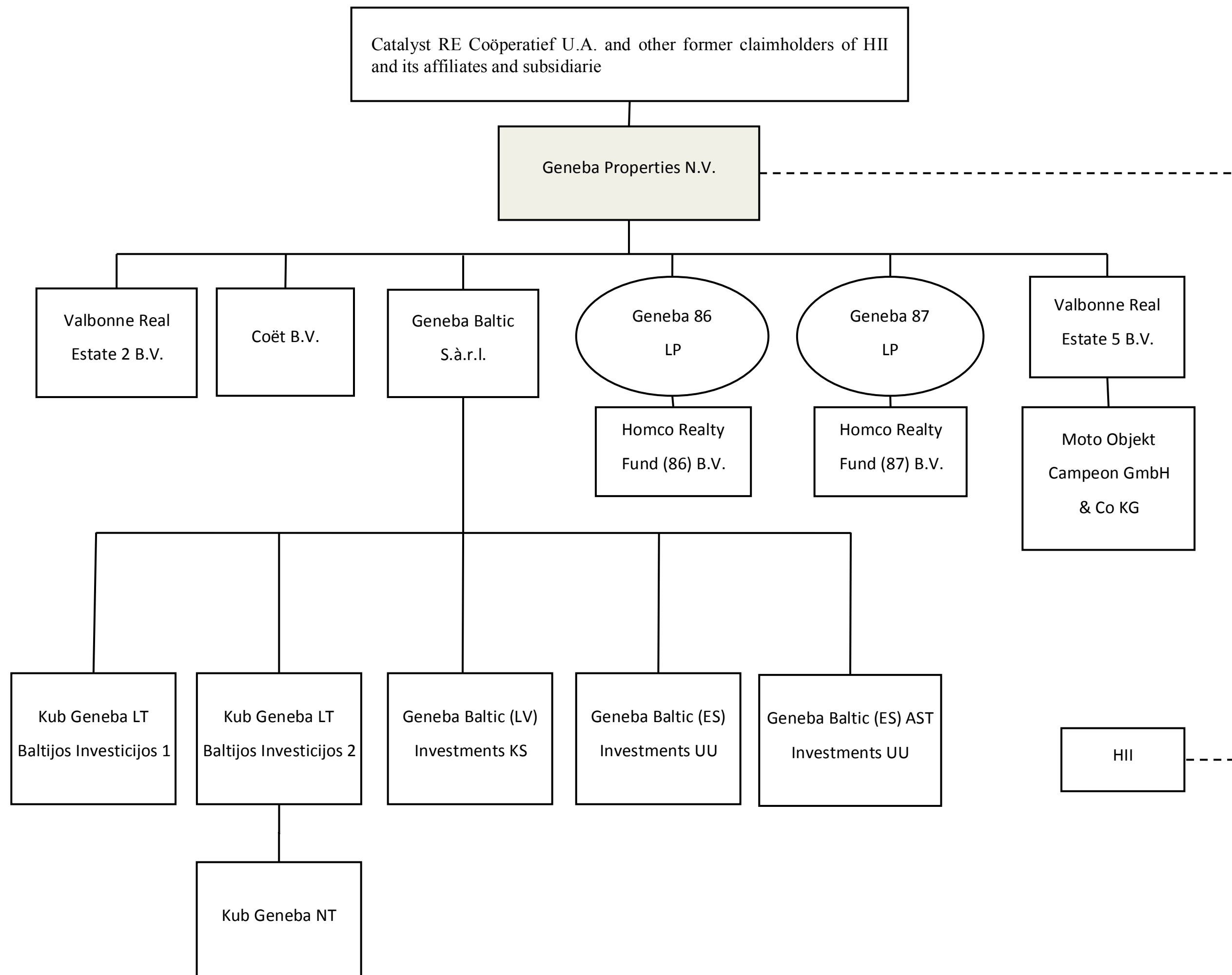
3. Summary of Significant Accounting Policies

Due to the business combination the following accounting policies, as described below, were adopted and not previously applicable:

Consolidation:

SUBSIDIARIES

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date of which control is gained.



The list of subsidiaries is as follows:

Name	Country of incorporation	Ownership
Coët B.V.	The Netherlands	94,89%***
Valbonne Real Estate 2 B.V.	The Netherlands	94,89%***
Geneba Baltic S.à.r.l	Luxembourgh	100,00%***
Kub Geneba LT Baltijos Investicijos 1	Lithuania	100,00%***
Kub Geneba LT Baltijos Investicijos 2*	Lithuania	100,00%***
Kub Geneba NT	Lithuania	100,00%***
Geneba Baltic (LV) Investments KS	Latvia	100,00%***
Geneba Baltic (ES) AST Investments UU	Estonia	100,00%***
Geneba 86 LP*	Canada	99,98%***
Homco Realty Fund (86) B.V.	The Netherlands	99,98%***
Geneba 87 LP*	Canada	99,98%***

Homco Realty Fund (87) B.V	The Netherlands	99,98%***
Valbonne Real Estate 5 B.V*	The Netherlands	100,00%***
Moto Objekt Campeon GmbH & Co KG	Germany	93,27%***
Homburg Invest Inc**	Canada	100,00%***

* Sub holding company

** Following its emergence from CCAA protection, HII will remain a distinct entity from Geneba and will be controlled by the Plan Administrator (Deloitte) for the sole purpose of selling off remaining assets in order to repay creditors. Despite owning the shares of HII, Geneba has no control of HII and no entitlement to any proceeds from the disposition of its assets. Therefore HII is not consolidated, nor included as an investment entity.

*** acquired on 27 March 2014

TRANSACTIONS ELIMINATED ON CONSOLIDATION
Intragroup balances and any unrealised gains and losses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

FOREIGN CURRENCY TRANSACTIONS AND BALANCES
Transactions in foreign currencies are translated into the functional currency at the spot exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate prevailing at that date. Exchange differences arising on translation are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

BUSINESS COMBINATIONS
Geneba applies the acquisition method to account for business combinations. The consideration for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred from the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at each new acquisition date through income statement. Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed.

INVESTMENT PROPERTY

Investment property covers investments in property held for the purpose of generating rental income, for capital appreciation or for a combination of both. Investment property is carried at fair value. Gains and losses arising from changes in fair value are recognised in income statement. The portfolio is appraised every six months (30 June and 31 December) by external valuers who hold a recognised and relevant professional qualification and have experience relating to the location and category of the property being appraised. The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market values have been determined on the evidence of recent market transactions for similar properties in similar locations to Geneba's investment property. Appraisals require the use of both the conventional method and the net present value method. The conventional method involves valuation based on capitalisation at net initial yields for similar transactions. The net present value method gives an amount derived from the projected cash flows for at least the next ten years and end after ten years an exit value based on a yield. Estimated costs a purchaser will necessarily incur to acquire the property are deducted from the property value. Investment properties that are expected to be sold and that are in very advanced stage of negotiation are valued at the expected selling price. A number of inputs to the valuation process are not directly observable in the market and significantly impact the valuation. Therefore valuations are considered to be Level 3 in the fair value hierarchy.

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. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to Geneba and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.
An investment property shall be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

INTANGIBLE FIXED ASSETS

Intangible assets relate to software, which have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses. Software is generally amortised over a period of three years. Amortisation is recognised within the administrative expenses.

TANGIBLE FIXED ASSETS

Tangible fixed assets consist of office equipment, computer equipment and software. Valuation is made at cost, after application of depreciation and any impairment losses. Depreciation is applied on a linear

basis to profit and loss on the basis of expected length of use and the residual value of the asset concerned. Depreciation is provided from the date the asset come into use.
The applied methodology of depreciation, length of use and the residual value is assessed at the end of every book year and adapted if necessary.
Depreciation percentages: 20-33%

IMPAIRMENT OF NON-FINANCIAL ASSETS
Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.
An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of nonfinancial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

DERIVATIVE FINANCIAL INSTRUMENTS
The sole purpose of the derivative financial instruments contracted by the Company is to cover interest rate risks arising from operating, financing and investing activities. Geneba does not hold any derivatives for trading purposes. Derivative financial instruments are carried at fair value. Transaction expenses related to derivative financial instruments are accounted for in the income statement. No hedge accounting has been applied. Changes in the fair value of derivatives are recognised in the income statement as they arise.

DEFERRED TAX / INCOME TAX
Income taxes
Geneba follows the tax liability method for determining income taxes. Under this method, deferred tax assets and liabilities are determined based on temporary differences between the carrying amounts and tax bases of specific balance sheet items.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable

that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured based on enacted or substantively enacted tax rates and laws at the date of the financial statements for the years in which these temporary differences are expected to reverse, and adjustments are recognized in earnings as they occur.

FINANCIAL ASSETS

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Geneba determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the income statement. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs for loans and in cost of sales or other operating expenses for receivables.

For financial assets carried at amortised cost, Geneba first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for

financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR. The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to Geneba. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the income statement.

IMPAIRMENT OF FINANCIAL ASSETS

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, 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 credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate

for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market.
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 (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

TRADE AND OTHER RECEIVABLES

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdrafts with a right of offset, and highly liquid temporary money market instruments with original maturities of three months or less. Bank borrowings are considered to be financing activities.

EQUITY

Share capital is classified as equity. External costs directly attributable to the issue of new shares are deducted from the proceeds. Dividends are recognised as a liability in the period in which they are declared.

The Company measures the non-controlling interest at the non-controlling interest's proportionate share of the acquiree's identifiable assets and liabilities.

LONG TERM DEBTS

Long term debt is initially recognized at fair value less directly attributable transaction costs. After initial recognition, long term debt is subsequently measured at amortized cost using the effective interest rate ("EIR") method. Gains and losses are recognized in the consolidated statement of earnings and comprehensive earnings when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR calculation. The amortization is included in interest expense in the combined statement of earnings and comprehensive earnings.

EMPLOYEE BENEFITS

DEFINED CONTRIBUTION PLANS

Obligations to pay contributions under defined contribution plans are charged to income statement as incurred.

TRADE AND OTHER PAYABLES

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

REVENUE RECOGNITION

Management has determined that all leases with its various tenants are operating leases. Minimum rents are recognized on a straight-line basis over the terms of the related leases. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income. Incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such a basis. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option. Amounts received from tenants to terminate leases or to compensate for overdue maintenance are recognised in the statement of comprehensive income when the right to receive them arises.

4. Changes in accounting policies

The following new standards, amendments to standards and interpretations relevant to Geneba are applied for the first time for the financial year beginning 1 January 2014. As the company did not previously had any activities these accounting policies did not have any impact on the company financial information.

(A)CHANGES IN ACCOUNTING POLICIES

Geneba did not changed its accounting policies.

(B) NEW AND AMENDED STANDARDS ADOPTED BY GENEBA

Geneba did not adopt any new or amended standards as the company did not previously had any activities.

(C) NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE FOR THE FINANCIAL YEAR BEGINNING 1 JANUARY 2014 AND EARLY ADOPTED

Geneba has not early adopted new and amended standards.

(D) NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE FOR THE FINANCIAL YEAR BEGINNING 1 JANUARY 2014 AND NOT EARLY ADOPTED

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in July 2014. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. Geneba intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2018.

IFRIC 21, 'Levies' provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. The interpretation clarifies that an entity recognises a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. IFRIC 21 is endorsed for financial periods starting after 17 June 2014. Geneba intends to adopt IFRIC 21 no later than the accounting period beginning on or after starting 1 January 2015. Geneba is currently analysing the impact of IFRIC 21 on the financial position and performance of Geneba.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group.

5. Business combinations

On 27 March 2014 Geneba Properties N.V. acquired subsidiaries that own real estate of Homburg Invest Inc. consisting of commercial real estate located in Germany, the Netherlands and The Baltic states (Estonia, Latvia and Lithuania). This acquisition is the result of the execution of the restructuring plan of Homburg Invest Inc. Control is obtained by acquiring the majority of the shares resulting in control over the real estate portfolio.

Summary of recognised amounts

(In Thousands of Euros)

Description	Acquisition date	Ownership %	Consideration
Core Business	27 March 2014	100.0%	95.063

The consideration disclosed above comprises shares issued for a total fair value of € 95.1 million. The consideration consists of the receivables on Homburg Invest Inc. that were given up in exchange for the acquired business. The fair value of these receivables at the date of the transaction has been determined by reference to the fair value of the Geneba Properties N.V. shares that bondholders have received in exchange for their receivables on Homburg Invest Inc. This fair value was derived from an an offer made by Catalyst at a price of € 95 million for all shares.

Summary of the rental income and net income for the half year ended as at 30 June 2014
(In Thousands of Euros)

Description	Rental income	Net income
Core Business	29,246	12,438

Summary of the rental income and net income as from date of acquisition
(In Thousands of Euros)

Description	Rental income	Net income
Core Business	14,338	6,612

Purchase Price Allocation at 27 March 2014
The amounts of the assets, liabilities recognised on the acquisition date concern the estimated fair value on the basis of the accounting policies applied.

Net assets and liabilities of the business combination on date of acquisition
(In Thousands of Euros)

Investment property	**519,384**
Trade and other receivables (including an allowance for doubtful debt of 66)	912
Cash and cash equivalents	11,721
Total assets	532,017
Long term debts	-405,921
Deferred income tax liabilities	-5,000
Trade and other payables	-7,076
Income tax payable	-2,246
Deferred financial instruments	-9,335
Net assets and Liabilities (Equity)	102,439
Non-controlling interest	-7,376
Consideration Equity instruments	95,063

The valuation of investment properties was performed by external valuers, with experience of the relevant market. Fair value of cash and cash equivalents, trade and other receivables was considered to be the carrying value. The fair value of long term debts and trade and other payables was calculated based on discounted cash flow models.
The non-controlling interest has been recognized as a proportion of net assets acquired.

The fair values were determined by using Level 3 (“L3”) – techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data. The fair value of the consideration was determined by using Level 1 techniques.
Further description of fair value determination techniques can be found in note 11.

6. Investment Properties

(In Thousands of Euros)

Balance, as at 1 January 2014	-
Acquired through business combination	519,384
Capital expenditures	70
Deferred rental receipts	59
Fair value adjustment	-4,613
Balance, as at 30 June 2014	514,900

The Investment Properties were financed by mortgages with a current outstanding debt balance € 420 million. Under these mortgage agreements, Investment Properties serve as collateral to financiers. Investment properties are stated at fair value. All properties are valued by external valuers.

Geneba utilized the following weighted average capitalization rates and has determined that an increase (decrease) in the applied discount rate of 0.10% in any geographical segments would result in an increase or decrease in the fair value of the investment properties as follows:

(In Thousands of Euros)

		June 30 2014	
	Average Discount Rate	**Impact of 0.1% change**	
		Increase	Decrease
Germany	5.27%	7,287	7,568
The Netherlands	6.59%	468	482
The Baltic States	7.88%	1,156	1,186
Total	5.93%	8,911	9,237

Geneba has assessed, based on the average discount rates in the table above that an increase (decrease) in these rates of 0.1% in any geographic segment would result in an increase (decrease) in the fair value for that segment ranging between € 8,911 and € 9,237.

Specific circumstances

Investment properties include one property with a fair value of € 348 million, where there is a purchase option exercisable by the tenant in 2020 for € 274 million. Based upon management's current assessment, it is possible that the tenant will exercise the option. In the DCF valuation model for the property, the purchase option amount (including a fee payable) is included as the terminal cash flow.

In April 2014 the tenant of the subsidiary Valbonne Real Estate 2 B.V. formally terminated the lease agreement as of 2018.

7. Share capital

(In Thousands of Euros)	**Number of shares (thousands)**	**Ordinary shares (Euros)**	**Share Premium (Euros)**	**Total (Euros)**
As at 1 January 2014	2,250	45	255	300
Share premium contribution			62	62
Share capital and share premium distribution	-2,250	-45	-317	-362
Impact of acquisition of business combination	30,542	611	94,452	95,063
As at 30 June 2014	**30,542**	**611**	**94,452**	**95,063**

The authorised capital comprises 30.542.639 ordinary shares each with a nominal value of € 0.02 per share (total: € 611,000).

As at 30 June 2014, 30.542.639 shares were issued. As per 31 December 2013: 2.250.000 preference shares were outstanding which have been withdrawn prior to 30 June 2014. The shareholders are entitled to cast one vote per share at meetings of the Company.

8. Long term debt

(In Thousands of Euros)	**30 June 2014**
Balance, beginning of period	-
Acquired through business combination	405,921
Amortization	377
Repayments	-20,399
New loans	14,025
	399,924
Less: current portion	51,903
Balance, end of period	348,021

The current portion of long term debts falling due within one year is € 51.9 million. This amount is due within one year due to both financial covenant breaches and principal maturities on mortgages.
The nominal value of the loans as per 30 June 2014 is € 420 million.

On 30 June 2014 the mortgage loan held by Valbonne Real Estate 2 B.V. is in breach of financial covenants. This mortgage was due in full on 1 June 2014. The lender has given Geneba an extension period until 1 September 2014. Based on the discussions management expects a further extension of the loan until at least the end of 2014.

Geneba has paid down the mortgage loan on the two properties held in Homco Realty Fund (86) B.V. and Homco Realty Fund (87) B.V. on 30 June 2014 through refinancing of the loan by a company controlled by the major shareholder.

This refinancing is a short term loan facility with a maximum term of 8 weeks (until 1 September 2014) against an interest rate equal to 1-month Euribor + 3% margin, upon which third party re-financing should be obtained. Management instructed a capital markets advisor to refinance this loan. Management is also negotiating with Catalyst RE Coöperatief UA for a short term extension until new financing is in place.

The loan covenants of the existing agreement with SEB for the Baltic States have been met as per 30 June 2014.

9. Income Taxes

Corporate income tax is calculated at the applicable rate of the country on the result for the financial year, taking into account permanent and temporary differences between profit calculated according to the financial statements and profit calculated for taxation purposes. Deferred income tax assets (liabilities) represent these temporary differences between the tax basis of assets and liabilities and the carrying amount of assets and liabilities for financial reporting purposes. As a result of the decrease in property value the differences between the value for tax basis and the carrying amount became smaller or negative, which also decreased the deferred tax amount

10. Financial Instruments and financial risk management

Geneba does not acquire, hold or issue derivative financial instruments for trading purposes. The following table presents the classification, subsequent measurement, carrying values and fair values (where available) of financial assets and liabilities.

(In Thousands of Euros)

Classification	Subsequent Measurement	Carrying Value	Fair Value
		Jun. 30, 2014	Jun. 30, 2014
Held for trading			
Cash and equivalents (a)	Fair value	12,126	12,126
Derivative instrument liability (a)	Fair value (L2)	-12,118	-12,118
Loans and receivables			
Receivables and others (b)	Amortized cost (L2)	545	545
Other financial liabilities			
Trade and other payables (b)	Amortized cost (L2)	4,931	4,931
Long term debt	Amortized cost (L2)	420,113	399,924

Geneba uses the following hierarchy for determining the fair value of financial instruments: Level 1 (“L1”) – quoted (unadjusted) prices in active markets for identical assets or liabilities; Level 2 (“L2”) – other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly; and Level 3 (“L3”) – techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data. There were no transfers in or out of financial instruments classified as L3 in H1 2014 or 2013.

(a) Cash and cash equivalents and derivative instrument liabilities are classified as held for trading and carried at their fair values. Geneba recorded a loss of € 2.2 million related to the derivatives during the half year ended June 30, 2014. Geneba enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are interest rate swaps. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties and interest rate curves. As at 30 June 2014, the marked to market value of derivative positions is net of a valuation adjustment attributable to own credit risk.

(b) Geneba’s short term financial instruments, comprising restricted cash, trade receivables, trade payables, and security deposits are carried at amortized cost. The carrying value of short term financial assets, due to their short term nature, approximates their fair value.

(c) Long term financial instruments include mortgages and long term payables. The fair values of these financial instruments were based upon discounted future cash flows using discount rates, adjusted for Geneba’s own credit risk, that reflected current market conditions for instruments with similar terms and risks. Such fair value estimates were not necessarily indicative of the amounts Geneba might pay or receive in actual market transactions.

Financial Risk management

Geneba’s principal financial liabilities, other than derivatives, are loans and borrowings. The main purpose of Geneba’s loans and borrowings is to finance the acquisition and development of the property portfolio. Geneba has rent and other receivables, trade and other payables and cash and short-term deposits that arise directly from its operations. In the normal course of its business, Geneba is exposed to a number of risks that can affect its operating performance. Geneba is exposed to liquidity risk, interest rate risk, credit risk and real estate risk.
These risks, and the actions taken to minimize them, are discussed below.

a) Liquidity risk

Liquidity risk relates to the possibility of insufficient debt and equity financing available to fund the desired growth and to refinance the current and long term debts as they come due. As a result of global

capital market conditions, lenders have tightened their lending standards, and may continue to do so. Some of Geneba's debt agreements have covenants including maximum loan to value ratio, net worth, interest coverage ratio, and/or reserve account balance requirements.
Geneba will monitor its liquidity risk in accordance with its risk management framework, as a part of which, the risk manager will perform regular stress tests under normal and exceptional liquidity conditions and will monitor short and long term cash flow projections. At least once every year the Management Board will, in close consultation with the risk manager, review and approve the limits which are applied and implement mitigating measures as recommended by the risk manager.
The following table presents Geneba's contractual obligations at June 30, 2014.

Contractual Obligations *(In Thousands of Euros)*	**Within 1 year**	**1-2 Years**	**2-3 Years**	**3-4 Years**	**4-5 Years**	**Later**
Mortgages:						
Normal principal instalments	13,303	17,959	17,930	17,930	14,181	25,944
Interest	18,825	17,087	16,311	11,774	11,000	15,132
Principal maturities	38,600	22,500				251,766
Derivative financial instrument	12,118					
Current liabilities	7,791					
	90,637	57,546	34,241	29,704	25,181	292,842

Normal principal maturities (i.e. annual principal payments as per the debt agreements) are the scheduled amortization amounts payable under the various loan agreements, Principal maturities reflect the (amortized) loan balances that become payable in full in any given year (i.e. the payments at final maturity of the loans).

b) Interest rate risk
The borrowings of Geneba have fixed and floating interest rate components resulting in an exposure to interest rate movements. Geneba's debt consists of € 237.4 million in fixed rate debt and € 182.7 million in floating rate debt (before deferred financing charges). Geneba has entered into interest rate swaps in order to manage the impact of fluctuating interest rates on € 82,400 of its long term debt.

c) Credit risk
Geneba's principal assets are commercial properties. Credit risk on tenant receivables of € 0.6 million at June 30, 2014 arises from the possibility that tenants may not fulfil their lease obligations. Management mitigates this credit risk by performing credit checks on prospective tenants, having a large diverse tenant base with varying lease expirations, requiring security deposits on high risk tenants and ensuring

that a considerable portion of its rental income is earned from international, national and large anchor tenants.

d) Real estate risk

Geneba has identified the following risk related to its property portfolio:

- The exposure of the fair values of the portfolio to market and occupier fundamentals (note 6)
- Concentration risk (note 13)

As indicated above, these risks are further described in other notes.

e) Concentration risk

Certain of the Geneba's larger investment properties are leased to single tenants, and the recovery of the carried value of these investments is dependent upon the continuation of rental income on these properties from existing or new tenants. Geneba's largest single tenant represented approximately 63% of rental income for the year, the property is included in the Germany segment above. The risk relates to the ability of management to replace this revenue stream on a timely basis while maintaining the related property costs. Geneba mitigates this risk by entering into long term leases; reviewing the financial stability of the tenant and obtaining security or guarantees where appropriate; and seeking geographic and industry diversity of tenants. Geneba's largest tenant has issued a letter of guarantee to the primary lender on the specific property, in an amount representing in excess of 2 years rental income from this tenant. The property leased to this tenant has a fair market value of € 348.3 million at 30 June 2014.

11. Related party transactions

- Included in long term debts is a short term loan facility of € 14 million for refinancing of the property in Homco Realty Fund (86) B.V. and Homco Realty Fund (87) B.V. provided by a company controlled by the major shareholder.
- Includes expenses Geneba Properties N.V. recharged to Homburg Invest Inc. Geneba can recharge all expenses related to the period until Plan implementation Date.

12. Rental income under operating leases

Geneba's operations include leasing commercial real estate. The following is a schedule of minimum future gross rental income on non-cancellable operating leases having initial terms in excess of one year: *(In Thousands of Euros*)

	H2 2014	2015	2016	2017	2018
Future minimum rental	€ 28,056	€ 60,227	€ 59,416	€ 58,910	€58,569

13. Segmented information

Geneba is predominately organized and managed on a geographical basis.
The Operating performance is evaluated by the Management Board primarily based on the net operating income of completed investment properties, which is defined as rental incomes less property operating expenses, aggregated into operating segments with similar economic characteristics represented by the following geographical areas – Germany, The Netherlands and the Baltic States. Centrally managed expenses such as interest, amortization, and general and administrative costs are not included or allocated to operating segment results.

The Management Board also regularly reviews the carrying value of investment properties, on a property by property basis and also on an aggregated basis by geographical operating segment. Operating segment liabilities regularly reviewed by the Management Board on an aggregated basis by geographical operating segment include mortgages and mortgage bonds payable to the extent these can be allocated to specific geographical operating segments.

Geographical segment information

(In Thousands of Euros)	Germany	Netherlands	Baltic States	Total
Period ended June 30, 2014				
Rental income	10,505	715	3,118	14,338
Property operating expenses	-65	-79	-841	-985
	10,440	636	2,277	13,353
Fair value changes	-3,150	-1,700	€ 237	-4,613
Net property result	7,290	-1,064	2,514	8,740

Reconciliation to the net result before the period is provided as follows:

(In Thousands of Euros)

Net property result according to segments	**8,740**
Net adjustment for fair value of derivative Financial instruments	-943
General and administrative expense	-2,388
Other income	1,034
Finance cost	-5,783
Net result before income tax	660
Income tax	-1,214
Net result for the period	-553

Geographical segment Balance sheet information:
(In Thousands of Euros)

	Germany	**Netherlands**	**Baltic States**	**Total**
Investment properties	391,326	31,300	92,274	514,900
Other segment assets	6,650	2,925	3,096	12.671
Mortgages payable	300,877	18,891	80,156	399,924
Total other liabilities	7,885	2,262	15,805	25,952

14. Environmental risk

As an owner and manager of real estate properties, Geneba is subject to various European federal, provincial, state and municipal laws relating to environmental matters. These laws could hold Geneba liable for the costs of removal and remediation of certain hazardous substances or wastes released or deposited on or in its properties or disposed of at other locations. Failure to remove or remediate such substances, if any, could adversely affect the ability to sell its real estate or to borrow using real estate

as collateral, and could potentially result in claims or other proceedings. Except for the case described below management is not aware of any material non-compliance with environmental laws at any of its properties. Management is also not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of its properties or any material pending or threatened claims relating to environmental conditions at its properties. Management has policies and procedures to review and monitor environmental exposure, and has made, and will continue to make, the necessary capital expenditures for compliance with environmental laws and regulations. Environmental laws and regulations can change rapidly and the entity may become subject to more stringent environmental laws and regulations in the future. Compliance with more stringent environmental laws and regulations could have an adverse effect on its business, financial condition or results of operation.

From a property survey held in March 2014 it appeared that in parts of the Bochum building asbestos had been used during construction. Management considered the implications for the fair value and concluded that the fair value should be reduced compared to previous valuations presented by Geneba to reflect expected removal and renovation costs.

15. Contingencies and commitments

Geneba holds two properties in Rotterdam which are subject to leasehold. The ground lease of Benthemstraat is a perpetual right (end date 29-01-2097) which has been bought off until 2047 and will be extended at that time. The ground lease of Energieweg is a perpetual right (end date 13-11-2100, which will be extended at that time) with a fixed annual payment of € 56,135 (CPI indexation). In the Baltic Portfolio 19 properties are subject to leaseholds with a fixed annual payment of € 120,860.

16. Subsequent events

The agreement with one of the tenants of the subsidiary Coët B.V. to extend the existing leases, signed on 30 July 2014 and engaging in the construction of an additional warehouse construction with 3,100m² will lead to a higher rental income for the new premise and to a longer stable income period.

The Monitor initially held 7,117,482 shares to be attributed to claim holders in case the claims are successful. In case claims are ultimately rejected the respective portion of shares will be cancelled. Consequently the NAV per share will increase. On 12 June 2014 569,518 shares were distributed to claim holders. On 13 August 2014 783,543 shares were cancelled as respective claims were ultimately rejected.
The Monitor continues to hold 5,764,781 shares, which can either be cancelled or assigned to claimholders.

Review report

To: the Management Board and Supervisory Board of Geneba Properties N.V.

Introduction

We have reviewed the condensed consolidated interim financial information for the six-month period ended 30 June 2014 as set out on pages 12 to 39 of Geneba Properties N.V., Amsterdam, which comprises the condensed balance sheet as at 30 June 2014, the condensed statement of comprehensive income, the condensed statement of changes in equity, the condensed statement of cash flows and the selected explanatory notes for the six-month period then ended. The Management Board is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, Review of Interim Financial Information Performed by the Independent Auditor of the company. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2014 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Rotterdam, 29 August 2014
PricewaterhouseCoopers Accountants N.V.

W.J.J. Verdegaal – Ong RA

GENEBA
REAL ESTATE INVESTMENTS

Note to the editor, not for publication:

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