BREDERODE

ANNUAL REPORT
2015

Simplicity
is the ultimate form
of sophistication

Leonardo da Vinci

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1. Mission and strategy

Brederode is an international investment company whose shares are listed on the Brussels Euronext and Luxembourg Stock Exchanges.

After a long history stretching back to the year 1804, the company underwent a fundamental change in strategy in 1977 at the instigation of the new reference shareholders. The new approach involved the gradual withdrawal from direct industrial and commercial activities in favour of acquiring, for its own account, positions, generally of a minority nature, in companies with no involvement in their management. Since then, Brederode's aim has been to regularly increase its shareholders' net worth by recurrently generating not only dividends but also (and above all) capital gains. Its portfolio is henceforth made up of two different and complementary sectors; that of investments in unlisted companies ("*Private Equity*") and that of investments in listed securities.

For more than 20 years Brederode has progressively focused on the management of its *Private Equity* portfolio, which has become its main centre of activity. The appeal of *Private Equity* is linked to the opportunity it offers of securing higher returns than those expected from the stock market. The investment style chosen is primarily that of buyout i.e. the purchase of private companies, organised by the best managers, bringing together primarily institutional investors, such as Brederode, within dedicated funds. Success here involves the rigorous selection of an international network of top-level managers, coupled with ongoing monitoring.

The long experience that Brederode has accumulated in this domain has been one of the main contributing factors to the company's overall performance for many years.

Beyond its own return objectives, the listed securities portfolio is increasingly regarded as an ultimate financing reserve in support of *Private Equity*. It continues to be subject to rigorous management, with the aim of achieving a balance between its defensive character and the objectives of profitability, liquidity and growth.

Brederode is today one of the few companies specialised in *Private Equity*, publicly traded and self-managed to the exclusive interest of its shareholders.

Brederode also benefits from the stability of its controlling shareholder from which the executive management emanates. This means the latter can take a long term view, less subject to the influence of disruptive external factors affected by short-term considerations.

Finally, Brederode benefits from an overall level of management costs lower than that of the market and an uncompromising governance structure.

2. Board of directors

- Pierre van der Mersch, Chairman
- Luigi Santambrogio, Managing director
- Axel van der Mersch, Managing director
- Michel Delloye[(1)]
- Bruno Colmant [(1)]

[(1)] Independent director

3. Corporate governance statement

Brederode complies with the « X Principles of Corporate Governance published by the Luxembourg stock exchange, 3rd revised edition ». In addition, Brederode adopted a Governance Charter on 30th May 2014 which came into effect on 19th July 2014. Both this charter and the corporate governance statement 2015 can be consulted on the company website www.brederode.eu, under the item « management ».

4. Managing directors' statement

In the name and on behalf of Brederode we hereby confirm that to our knowledge:

a) The consolidated financial statements drawn up according to the applicable accountancy rule give a true and fair view of the consolidated assets and liabilities, the consolidated financial position and the consolidated profits and loss account pertaining to both Brederode and the companies that are part of the consolidation perimeter; and

b) The management report contains a true account of the business trends, results and financial position of Brederode and the companies included in the consolidation perimeter, and a description of the main risks and uncertainties they are exposed to.

Luxembourg, le 18th March 2016

On behalf of the Board of Directors
Luigi Santambrogio & Axel van der Mersch
Managing Directors

5. Key figures

Key figures (in € million)	2015	2014	2013	2012	2011
Financial assets	1,465.34	1,278.31	1,089.96	1,011.14	936.64
- *Private Equity*	719.28	628.06	517.67	525.45	512.02
- listed securities	746.06	650.26	572.29	485.69	424.62
Shareholders' equity	1,497.80	1,301.95	1,118.97	1,034.81	946.81
Financial liabilities					12.23
Change in fair value of financial assets	212.06	207.51	93.36	100.00	45.74
Dividends and interest received	28.82	30.04	29.63	24.82	25.21
Profit for the year (group share)	224.09	226.45	103.68	116.69	69.38

Adjusted figures per share (in €)	2015	2014	2013	2012	2011
Shareholders' equity	53.21	45.80	38.18	35.22	31.59
Profit for the year (group share)	7.93	7.83	3.54	3.95	2.29
Distributions (gross)	0.70	0.65	0.62	0.60	0.58
Market price					
Highest	40.99	30.00	27.80	24.23	20.80
Lowest	29.10	27.32	24.01	17.93	16.10
On 31st December	40.50	29.10	27.50	23.95	18.21

Numbers of shares used:	2015	2014	2013	2012	2011
For the equity capital	28,150,434	28,424,295	29,304,878	29,377,221	29,966,375
For the basic result [(1)]	28,269,874	28,917,807	29,328,822	29,528,389	30,235,701

Ratios	2015	2014	2013	2012	2011
P/BV (Price[(2)] /book value)	0.76	0.64	0.72	0.68	0.58
P/E (Price[(2)] / profit group share)	5.11	3.72	7.78	6.06	7.94
Return on equity					
(Profit/average shareholders' equity in %)	16.0%	18.7%	9.6%	11.8%	7.5%
Dividend yield (Gross dividend price[(2)] in %)	1.7%	2.2%	2.3%	2.5%	3.2%

[(1)] Weighted average number of shares in circulation in accordance with IAS 33.
[(2)] Stock exchange price at year-end

6. Management report

Ladies and gentlemen,

Brederode's result for 2015 can again be considered exceptional as it was the previous year. The net profit of € 224.27 million represents in fact, including the amount distributed to shareholders during the year, a return on equity of 16%. Both sectors of activity in which the group is specialised have contributed to this success. The net performance of *Private Equity* is 26% and that of the listed portfolio 10%.

The excess cash generated by *Private Equity* has allowed Brederode to again strengthen its listed portfolio, for a total of € 48 million. New purchases have been made of 3M and Intel shares in the USA, Relx (ex Reed Elsevier) and RollsRoyce shares in the UK and Telenor in Norway. The participations in E.ON and Saipem have been sold.

New *Private Equity* commitments for € 179.61 million have been signed, vs € 209.38 million in 2014. The uncalled commitments have increased during the year to € 532.1 million vs € 452.89 million at 31st December 2014.

During 2015, a group subsidiary has purchased 273,861 Brederode's shares representing 0.93% of its capital. The group owned 3.94% of the capital at year end 2015.

There has not been, during 2015, any transaction between related parties that has significantly influenced the financial conditions and the results of the group.

Brederode's vocation to invest in equity capital will continue to subject the company to risks and uncertainties linked to the international macro environment. Even if the volatility of the financial markets can cause valuation changes relatively significant, the quality of the assets and their diversification allow the Board to be confident in the outlook of the company.

The Board of Directors is to favour a steadily growing distribution policy for its Shareholders. It will propose to the annual general meeting to be held on May 11th, 2016 a distribution of € 0.7 per share vs 0.65 per share the previous year, an 8% increase.

In comparison to the particularly positive results of the year in review, such distribution corresponds to a relatively low pay-out ratio (9%), typical of a growth stock. It significantly increases the self-financing capabilities of the company.

6.1. Portfolio management

Over the course of 2015, the group was a net seller in *Private Equity* for an amount of €73 million and a net purchaser of listed securities for an amount of €48 million.

Evolution

(in million €)	*Private Equity*	Listed securities	Total
Fair value at the beginning of the period	**628.06**	**650.26**	**1,278.31**
Investments	143.77	73.06	216.84
Disposals	-216.85	-25.03	-241.87
Change in fair value	164.29	47.77	212.06
Fair value at the end of the period	**719.28**	**746.06**	**1,465.34**

Performance

(in million €)	*Private Equity*	Listed securities	Total
Dividends	**3.68**	**21.75**	**25.43**
Interest	3.39		3.39
Change in fair value	164.29	47.77	212.06
Management fees	-12.25		-12.25
Option premium		0.21	0.21
Other management costs		-0.33	-0.33
Total	**159.10**	**69.40**	**228.50**
IRR (Internal Rate of Return)	**26%**	**11%**	**18%**

6.1.1. Private Equity

Introduction

Brederode's *Private Equity* portfolio comprises mainly of commitments to fixed-term (10-12 years) associations most often referred to as "Limited Partnerships", or simply "Funds". These Funds comprise of a team of managers (the "General Partner") made up of a small group of experienced professionals, on the one hand, and institutional investors (the "Limited Partners"), on the other.

The latter undertake to respond, during a period generally limited to five years (the 'commitment period'), to capital calls from the General Partner up to a maximum amount known as the "Commitment". The General Partner invests the amounts called during the commitment period in various projects and manages them until the time of their exit, generally after 4 to 7 years.

The Brederode group has chosen to participate essentially in Funds pursuing a "buyout"-type strategy, i.e. aimed at acquiring a controlling interest, using an appropriate financial leverage ("leveraged buyout"), in already mature companies with predictable cash-flows and offering expansion or consolidation opportunities.

Brederode also analyses all opportunities of direct co-investments in certain projects deemed to be promising, in parallel with certain Funds.

Every commitment to invest in a new Fund is only decided on after a due diligence process which systematically includes interviews with the managers and an in-depth examination of all ad-hoc documents.

The initial analysis mainly relates to the quality and cohesion of the management teams, the investment strategy and market opportunities, past performance, deal origination, value creation capabilities and future exit options.

Investments are monitored on the basis of detailed quarterly reports, audited annual accounts of the Funds, and through direct and frequent contacts with the managers.

Brederode's involvement in *Private Equity* dates back to 1992. Relying on the strength of its cumulative experience and its network of contacts, the Brederode group is able to focus on the most promising projects led by the best teams of specialised managers.

Through its involvement in *Private Equity*, Brederode provides risk capital to private companies with a view to helping them in their development and growth. In so doing it also allows its own shareholders to take part indirectly in investments offering above-average profitability that are in principle only accessible to institutional players.

Advantages of the Buyout style

Brederode has chosen to privilege the Buyout segment in the range of the different investment styles used in the global *Private Equity* market for the following reasons:

1. Alignment of interests of the parties involved

The interests of each of the parties involved are optimally aligned thanks to incentives put in place aimed at encouraging both the General Partners and the management of the acquired companies to maximise the return on investment for the shareholders over a period of generally four to seven years.

2. Long term value creation

Since the companies remain private or become private further to their acquisition, their management teams are in a position to take strategic initiatives that may generate a temporary reduction in profitability, with a view to significantly improving the company's valuation at the time of its sale. Such actions would be difficult to take for a public company as they could be interpreted as "profit warnings" and not as positive actions aimed at improving the performance of the company over the long term.

3. Optimisation of the financial leverage

Companies backed by PE firms are able to fine tune their capital structure with an appropriate amount of leverage that optimally fits the business plan for the investment period.

4. Discipline

The board of a PE backed company, generally controlled by representatives of the General Partner, is focused on a number of KPIs, Key Performance Indicators. Such KPIs tend to zero in on cash metrics, on the progress of operational improvements, on the speed of execution of the business plan etc. and allow to spot and correct underperformance in the business very quickly. This focus provides significant downside protection to investors and gives comfort to the company lenders. The speed of reactions of companies subject to the discipline of *Private Equity* is a significant competitive advantage.

5. Talent

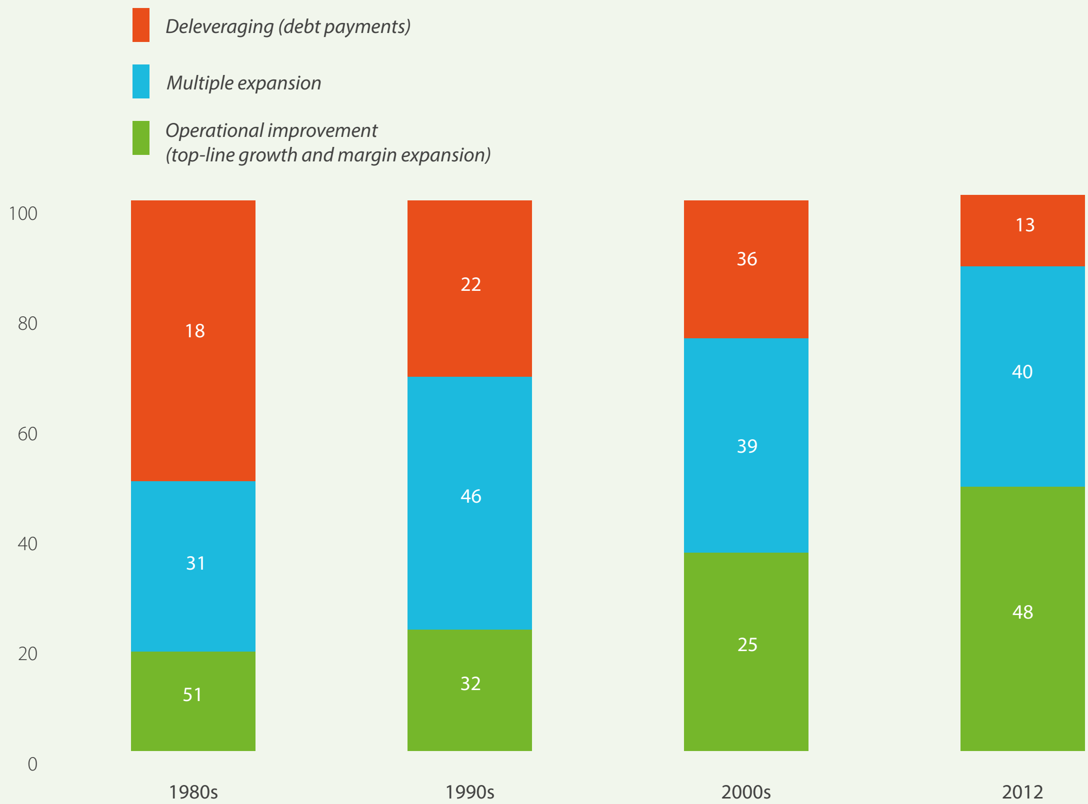
Because of the clear incentives based on tangible performance (IRR), PE firms are able to attract the best talent for both their own business and for the portfolio companies they acquire, for the ultimate benefit of their investors.

Main sources of added value of *Private Equity*.

The graph below shows the evolution, since the 1980s, of the main contributors to *Private Equity* value creation in Europe. Originally it mainly concerned the leverage effect and then expansion of the EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) multiple between the time of the company's purchase and that of its sale. More recently, it is the ability to make real improvements at operational level that contributes most to value creation.

As an institutional investor, Brederode encourages this more recent development, as well as the trend towards taking into account Environmental, Social and Governance (ESG) factors in investment decisions.

Contributions to value creation in PE deals (%)



Sources: data for the 1980s. 1990s. and 2000s was first published in the Advantage of Persistence: How the Best Private Equity Firms «Beat the Fade.» BCG Report. February 2008; data for 2012 is from HHL-BCG research. using a methodology drawn from Olivier Gottschalg. Maurizio Zollo and Nicolaus Loos. «Working Out Where the Value Lies». European Venture Capital Journal 2004,

Note: 2012 n = 121 deals

Performance history of the *Private Equity* portfolio

The indicative performance on the basis of the fair value established according to IFRS, extracted from Brederode's consolidated financial statements, and the annual cash flows is as follows:

(in million €)	10 years	5 years	3 years	1 year
Valuation at the beginning of the period(*)	262.79	463.92	525.45	628.06
Cash flows	192.48	228.23	181.64	64.05
Valuation at the end of the period(*)	719.28	719.28	719.28	719.28
IRR (Internal Rate of Return)	14.1%	17.5%	22.8%	26.0%

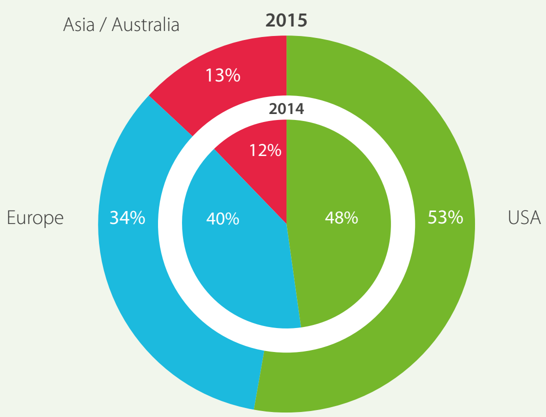
(*)The valuations at the beginning and at the end of the period relate to the NAVs reported in the IFRS-accounts on the basis of preliminary information available at the time of the closing of the accounts. The performance variances with the final valuations are not significant.

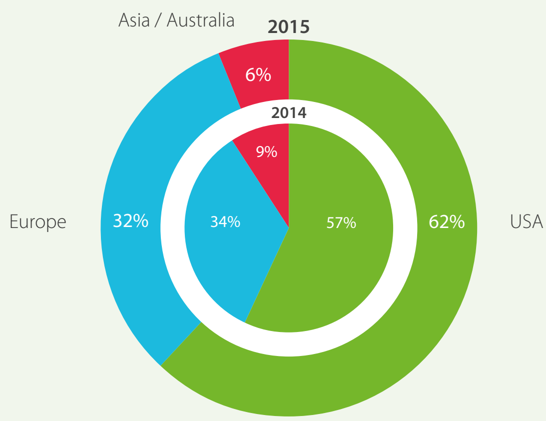
At the end of 2015 the group had invested, through 148 Funds managed by 49 managers, a total amount of €672 million, compared to €590 million a year earlier. In addition to these investments, there were direct co-investments for €46 million at the end of 2015, as opposed to 37 million a year earlier.

In 2015 the undrawn commitments progressed as follows:

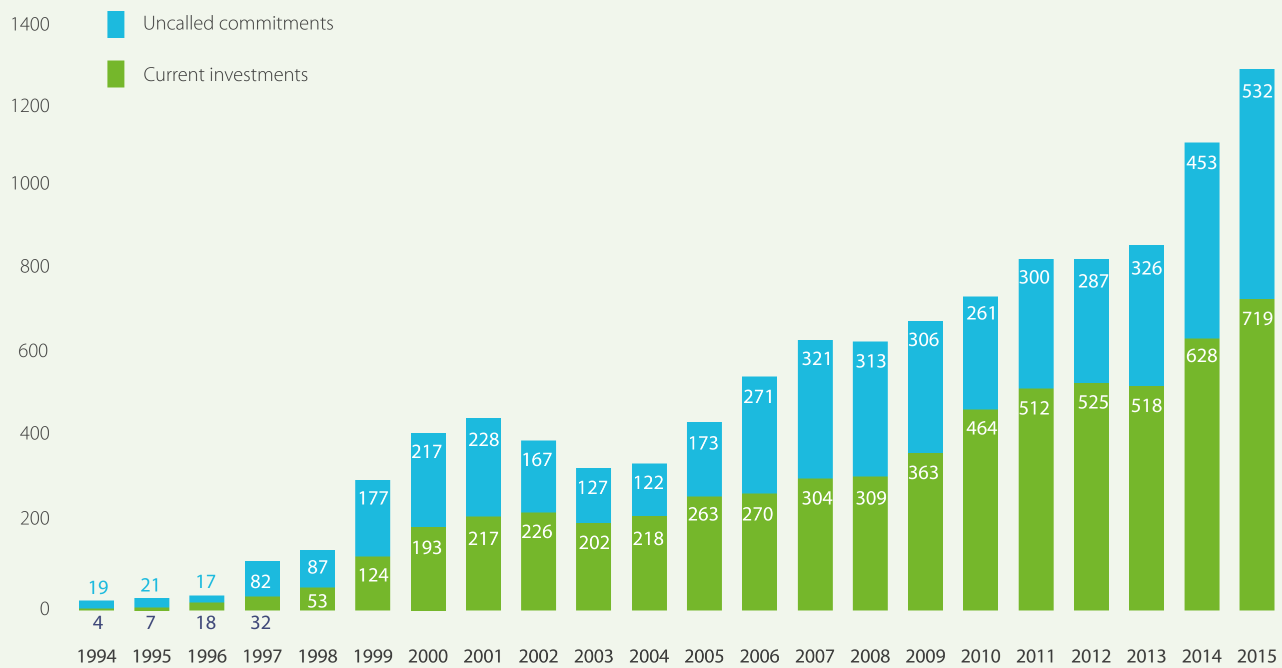
(in million €)	2015	2014
Commitments at the start of the year	**452.89**	**326.38**
Changes in existing commitments	-100.39	-82.87
New commitments	179.61	209.38
Commitments at the year-end	**532.11**	**452.89**

Geographical breakdown of current investments and uncalled commitments in *Private Equity*





Evolution of *Private Equity* commitments (in million €)



The graph above shows that during the period 2004 to 2007 the *Private Equity* portfolio has been self-financing, with cash calls being largely financed by distributions. The years 2008 to 2010 showed an opposite trend. Since 2011 the *Private Equity* portfolio has been again self-financing. Indeed, the positive net cash-flow generated by its activity amounted to €64.1 million in 2015 as opposed to €47.7 million in 2014.

The cash calls are generally spread over time, usually five years, so that the manager can complete the build up of the investment portfolio. In general the financing requirements of *Private Equity* are covered by the following sources:

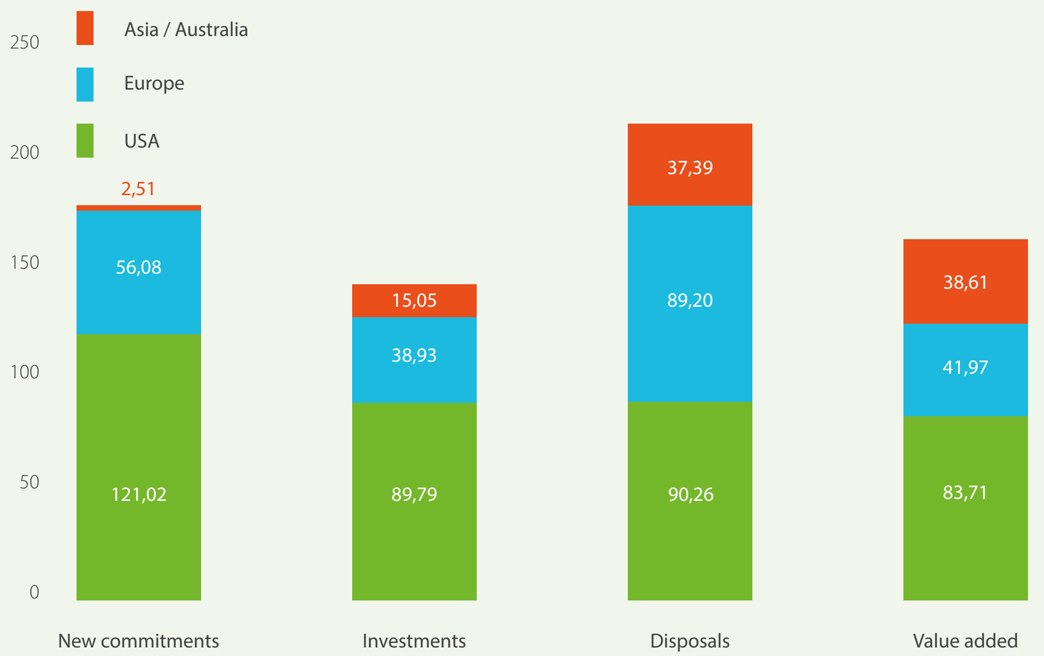
- The use of existing cash resources
- Cash receipts generated by the disposal of investments from within the *Private Equity* portfolio
- Dividends and interest received
- Lines of credit
- Possibly the sale of a part of the listed portfolio can serve as a cash buffer.

Trend in *Private Equity* investments

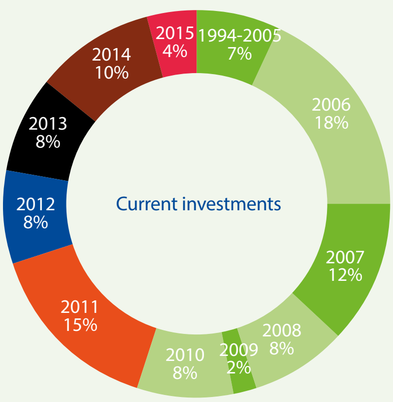
(in € million)	2015	2014
Fair value at the beginning of the year	**628.06**	**517.67**
Additions	143.77	120.70
Disposals	-216.85	-170.02
Change in fair value	164.29	159.70
Fair value at the year-end	**719.28**	**628.06**

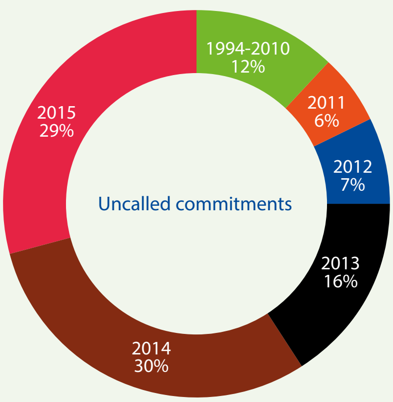

Cash flow trend (in € million)
Distributions
Calls for funds
Net cash flow
250
200
150
100
50
0
-50
-100
-150
-200
-250
1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015

Geographical breakdown of activities in *Private Equity* in 2015 (in € million)



Breakdown of investments in *Private Equity* per year of subscription of each Fund ("vintage year")





List of the main *Private Equity* managers in 2015 (in € million)

Names	Investments at fair value	Uncalled commitments	Total commitments
THE CARLYLE GROUP	49.00	34.98	83.98
ARDIAN	42.37	33.87	76.24
HIG CAPITAL	39.49	35.79	75.28
BAIN CAPITAL PARTNERS	42.21	30.02	72.23
CAPITAL TODAY	60.63	7.46	68.09
CATTERTON PARTNERS	48.14	14.11	62.25
PROVIDENCE EQUITY PARTNERS	34.85	23.41	58.26
EQT	32.19	24.63	56.81
UPFRONT VENTURES	30.50	11.67	42.17
AMERICAN SECURITIES	14.39	23.81	38.19
STONEPOINT CAPITAL	24.08	12.32	36.41
APOLLO MANAGEMENT	16.05	19.57	35.61
SWANCAP	19.61	13.12	32.72
MONTAGU Private Equity	13.87	16.51	30.38
TRITON	15.30	12.41	27.71
HARVEST PARTNERS	11.88	15.74	27.62
RIVERSTONE HOLDINGS	21.27	5.93	27.20
SUN CAPITAL PARTNERS	12.84	14.22	27.06
STIRLING SQUARE CAPITAL PARTNERS	18.79	7.97	26.76
PAI	14.90	11.41	26.31
DOUGHTY HANSON & CO,	20.73	4.84	25.57
CHARTERHOUSE CAPITAL PARTNERS	8.31	16.64	24.95
MADISON DEARBORN PARTNERS	7.16	16.00	23.16
BC PARTNERS	17.64	4.05	21.70
PACIFIC EQUITY PARTNERS	3.51	18.02	21.53
THE CAPSTREET GROUP	4.25	14.33	18.58
JF LEHMAN & COMPANY	7.44	10.96	18.40
TRILANTIC CAPITAL	4.78	13.37	18.14
BELHEALTH INVESTMENT PARTNERS	5.36	11.17	16.53
HGGC	7.79	7.79	15.58
GENSTAR CAPITAL		13.69	13.69
CITIC CAPITAL PARTNERS	9.76	2.24	11.99
MERCATO PARTNERS	2.88	7.90	10.78
CUBERA Private Equity	4.38	4.93	9.31
JLL PARTNERS	2.39	6.69	9.09
ARLINGTON CAPITAL PARTNERS	7.25	1.63	8.88
ABRY PARTNERS	6.57	2.15	8.72
FRONTENAC COMPANY	4.62	4.06	8.68
LBO FRANCE GESTION	8.04	0.11	8.16
GLOBESPAN CAPITAL PARTNERS	5.19	0.87	6.07
OTHERS	18.86	1.75	20.61
TOTAL	**719.28**	**532.11**	**1,251.39**

The list of the main funds managed by the managers above is available on the company's website.

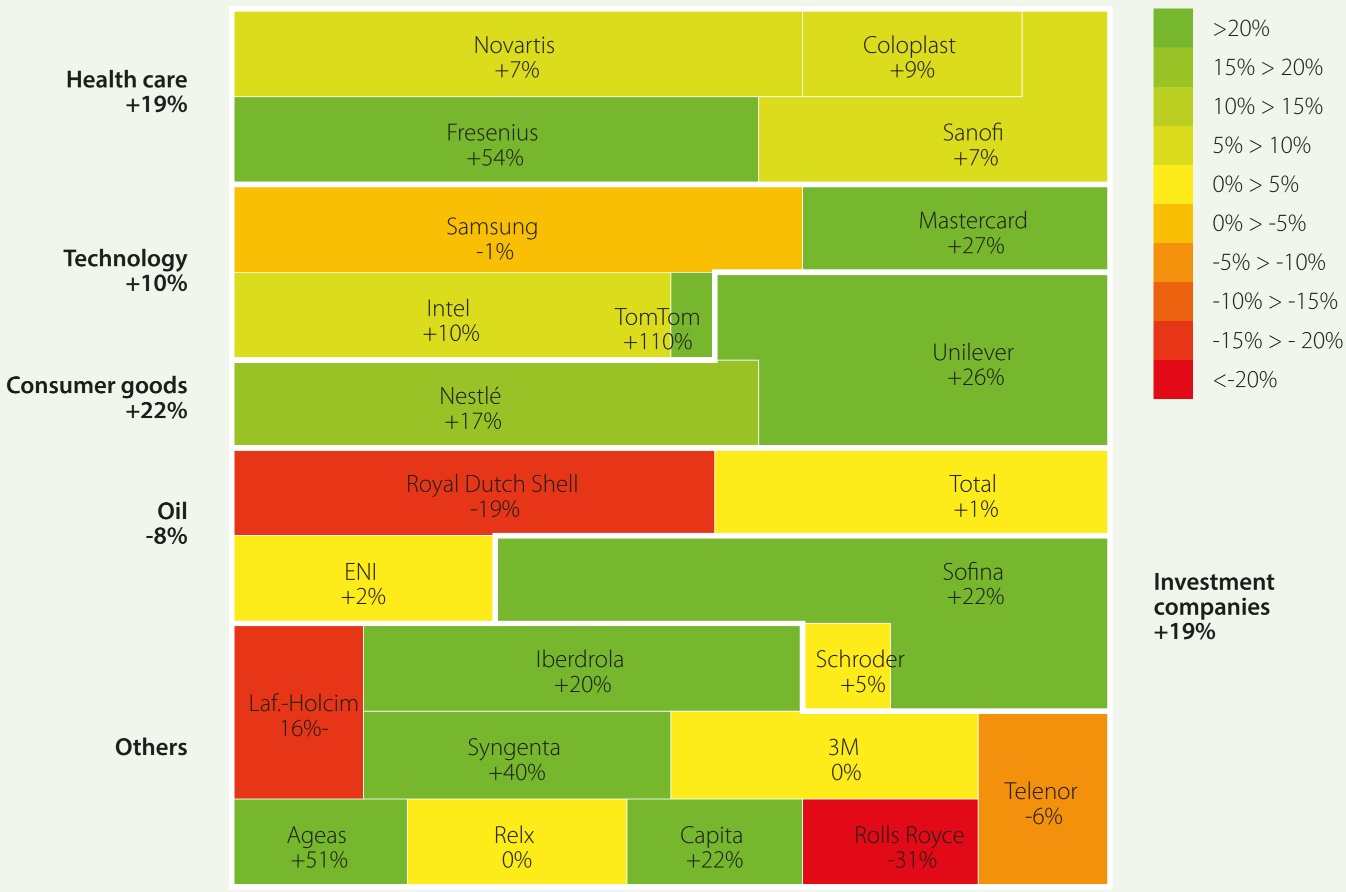
6.1.2. Listed securities portfolio

Brederode actively manages itself a large portfolio of listed shares, its second sector of activity. These are minority positions that generally benefit from ample liquidity and are suitable for the occasional issue of *put* or call *options*.

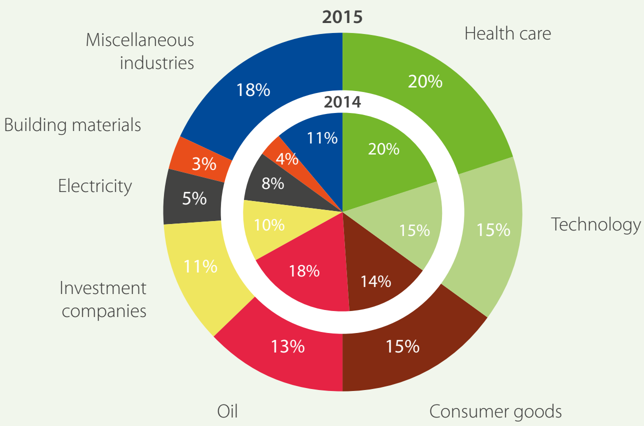
Evolution of the portfolio

(in million €)	2015	2014
Fair value at the beginning of the year	**650.26**	**572.29**
Investments	73.06	30.16
Disposals	-25.03	
Change in fair value	47.77	47.81
Fair value at the end of the year	**746.06**	**650.26**

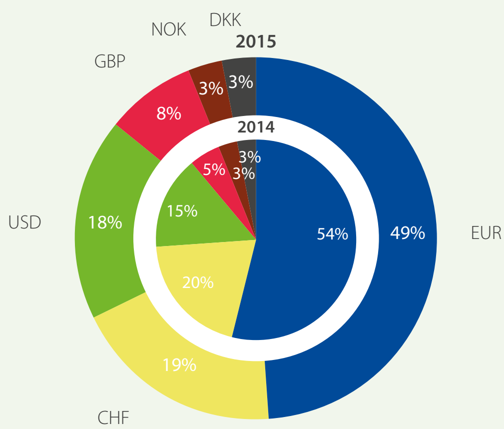
Performance by investment and by industry



Breakdown by sector of the listed securities portfolio



Breakdown by currencies of the listed securities portfolio



Portfolio composition

On 31st December 2015 the group owned the following listed securities, expressed in € million:

Securities	31 Dec. 2014	Purchase (sale)	Change in fair value	31 Dec. 2015	Performance	Number of shares
Health care	**130.27**		**19.52**	**149.79**	**19.5%**	
Novartis	48.00		2.07	50.07	7.1%	625,000
Fresenius SE & Co	27.89		14.74	42.63	54.1%	646,191
Sanofi	35.56		1.38	36.94	7.3%	470,000
Coloplast	18.82		1.33	20.15	9.2%	270,000
Technology	**98.74**	**5.85**	**8.41**	**113.01**	**9.9%**	
Samsung Electronics (GDR)	49.83		-1.01	48.82	-0.6%	100,000
Intel	27.41	5.85	2.40	35.66	10.2%	1,127,000
Mastercard	19.80		5.15	24.95	26.9%	278,950
Tom Tom	1.71		1.88	3.58	110.3%	308,750
Consumer goods	**93.55**		**17.52**	**111.08**	**22.2%**	
Unilever	52.61		12.03	64.64	26.5%	1,611,788
Nestlé	40.94		5.49	46.43	16.7%	674,872
Oil	**114.12**	**-1.94**	**-14.93**	**97.26**	**-8.2%**	
Royal Dutch Shell "A"	48.97	2.28	-11.96	39.29	-18.8%	1,862,341
Total	34.87		-1.03	33.84	0.8%	820,000
ENI	25.38		-1.24	24.14	1.7%	1,749,000
Saipem	4.91	-4.21	-0.70		-21.5%	
Investment companies	**68.25**		**11.73**	**79.98**	**19.5%**	
Sofina	59.45		11.29	70.74	21.7%	684,152
Schroder UK Alpha Plus Fund	4.37		0.37	4.73	8.4%	1,926,782
Schroder Specialist Value UK Eq. Fd	4.43		0.07	4.50	1.6%	1,587,302
Electricity	**49.66**	**-18.42**	**5.28**	**36.52**	**17.3%**	
Iberdrola	30.64	0.62	5.26	36.52	19.9%	5,574,993
E.on	19.02	-19.05	0.02		-	
Building materials	**24.50**	**0.59**	**-4.96**	**20.12**	**-16.2%**	
Lafarge-Holcim	24.50	0.59	-4.96	20.12	-16.2%	433,486
Miscellaneous industries	**71.16**	**61.95**	**5.20**	**138.31**	**7.9%**	
3M		25.87	-1.00	24.87	0.0%	179,722
Syngenta	18.04		6.50	24.55	40.2%	67,800
Relx (ex-Reed Elsevier)		23.19	1.35	24.54	0.0%	1,504,965
Telenor	16.76	7.46	-2.29	21.93	-6.4%	1,420,000
Rolls Royce	15.19	5.43	-5.92	14.71	-31.1%	1,877,207
Ageas	9.97		4.49	14.46	51.2%	337,750
Capita	11.08		2.06	13.14	22.0%	798,364
Other holdings < € 1 MM	0.12		-	0.12	-	22,640
TOTAL	**650.26**	**48.04**	**47.77**	**746.06**	**10.2%**	

Own shares

During the financial year, the group acquired 273,861 own shares (compared to 881,291 in 2014) for a total amount of €10.0 million, i.e. at an average unit price of €36.61 (compared to €28.73 in 2014). All these shares are held by the subsidiary GEYSER. The voting rights associated with them are suspended.

6.1.3. Derivative instruments

Options on listed shares

As an occasional issuer of options on listed shares the group plays a type of insurance role for investors wishing to protect themselves against a significant fall (put) or rise (call) in share prices. The premiums received as remuneration for this role adds to the return of the portfolio.

The positions taken do not generally exceed two months and are not speculative in nature; any issue of call options, for example, is always 100% covered by shares held in the portfolio.

In 2015 the premiums received amounted to € 0.21million compared to € 0.23 million in 2014.

Currency hedging transactions

To manage its policy of covering exchange risks, the group occasionally enters into forward exchange contracts whose duration varies between one and six months. The amount of currency hedging transactions varies in line with the group's view of the currency concerned. No currency hedging transactions took place in 2015.

6.2. Insurance activities at Lloyd's

2015 was another profitable year for our British subsidiary, Athanor Ltd.

It is important to note that the result of our investments in Lloyd's syndicates is influenced by their specific accounting methods, involving closing their accounts with a time-lag of three years. This delay enables a more precise estimate to be made of the impact of claims.

Athanor's results for 2015 are therefore primarily based on its insurance activities in 2013, adjusted for the provisions, if necessary, on the technical results of 2014 and 2015.The contribution of Athanor's activities to the group's results was €1.7 million (compared to €1.2 million the previous year).

Positive technical results are expected for 2014 and 2015.

6.3. Review of consolidated figures

The Brederode group's consolidation perimeter did not change during the financial year.

During the past year the Brederode group generated a consolidated profit of €224.09 million, i.e. €7.93 per share, compared to €226.45 million (i.e. €7.83 per share) in 2014. The growth in profit per share is attributable to the effect of the own shares repurchases and their removal from the accounts in accordance with the IFRS standards.

As at 31 December 2015, consolidated total assets amounted to €1,508.27 million, compared to €1,315.4 million a year earlier. This amount effectively corresponds to the fair value of the group financial assets, which are divided almost equally between *Private Equity* and listed securities.

The table below shows the impact on shareholders' equity of changes in the group's assets between the start and the end of the financial year.

(in € million)	2015	2014
Shareholders' equity at the beginning of the period	**1,301.95**	**1,118.97**
Movements of non-current financial assets	**187.03**	**188.36**
Net purchases and sales	-25.03	-19.15
Change in fair value	212.06	207.51
Other movements relating to portfolio management	**16.44**	**20.77**
Foreign exchange gain/loss		
Dividends and interest	28.82	30.04
Option premiums	0.21	0.23
Private Equity management fees	-12.25	-9.23
Other management-related costs	-0.33	-0.27
Movements of other non-current assets	**0.14**	**-3.23**
Net purchases		0.04
Other variations	0.14	-3.27
Other movements	**-7.76**	**-22.91**
Net financial income (charges)	0.61	0.53
Other net operating income	1.30	3.83
Dividend paid	-18.39	-18.10
Movements in net treasury resources	1.15	-5.23
Acquisition of shares in own capital	-10.03	-25.32
Other	17.59	21.38
Shareholders' equity at the end of the period	**1,497.80**	**1,301.95**

6.4. Law on transparency obligations

On 28 July 2014 Brederode received a joint notification from the Stichting Administratiekantoor (STAK) Holdicam and Holdicam S.A. based on the law and the Grand-Duchy regulation of 11 January 2008 concerning transparency obligations incumbent upon the issuers of securities.

According to the content of this notification and, at its issue date, the final control over Brederode S.A. lies with STAK Holdicam. STAK Holdicam owns 100.00% of Holdicam S.A. which in turn owns 55.67% of Brederode S.A.. The latter owns 100% of Algol S.à R.L. which in turn owns 99.99% of Geyser S.A. The latter owns 0.60% of Brederode S.A.

As at 31 December 2015, Geyser S.A. holds 3.94% of Brederode S.A.

6.5. Activities in the field of research and development Néant

Not applicable

6.6. Events following the reporting period

Not applicable

6.7. Outlook

The company's solid financial structure, the diversification and quality of its portfolios enable the board to look to the future with confidence.

6.8. Main characteristics of internal controls and risk management

Preliminary remarks

There is no management committee or specific internal auditor position. Considering the Brederode Group's size and the targeted nature of its activities, risk management is assigned to the executive directors themselves. No need is felt for the position of internal auditor given the proximity of the executive directors who personally supervise the transactions carried out on the company's behalf.

Internal control functions are discharged firstly by the executive directors, and secondly by the Audit Committee (none of its members holds any executive position). The overall philosophy is based on values of integrity, ethics and competence which are required of each person involved in running the group. These values constitute the foundation on which the group is built and according to which it operates.

6.8.1. Control environment

The control environment is determined mainly by the laws and regulations of the three countries in which the group has subsidiaries (Luxembourg, Great Britain and Belgium) and by the articles of association of each of the companies in question.

The accounts of the various companies are kept by one person. The financial affairs of the company are the responsibility of one of the Managing Directors. The consolidated statements are drawn up using a high-quality software programme. The data are entered and monitored by the managing directors.

6.8.2. Risk management process

The company's strategic and operational objectives, and those concerning the reliability of financial information, both internal and external, are defined by the executive directors and approved by the Board of Directors. The implementation of these objectives is periodically checked by the Audit Committee.

Market risks

a) Currency risk

The currency risk is defined as the risk that the value of a financial instrument may fluctuate due to changes in the exchange rate of foreign currencies.

Exposure to currency risk is directly linked to the amounts invested in financial instruments denominated in currencies other than the euro and is influenced by the hedging policy adopted by the group.

The policy on covering currency risk is guided by a medium-term vision of the trend of exchange rates relative to the euro.

Outstanding forward exchange transactions carried out for the purpose of reducing currency risk are valued at the fair value of these hedging instruments and are mentioned in the balance sheet notes as « derivative instruments » under current financial assets (liabilities).

On both the profit and loss account and the balance sheet the effect of changes in the fair value of hedging instruments is shown separately from changes in the fair value of financial assets.

b) Interest rate risk

For financial assets the risk of changes in fair value directly related to interest rate movements is insignificant, given that almost all financial assets are equity instruments.

For financial liabilities this risk is limited by the short duration of financial debt.

c) Other price risks

Price risk is defined as the risk that the value of a financial instrument may fluctuate due to market price variations.

i. Listed portfolio

For the listed portfolio the risk of price fluctuations related to market price variations is determined by price volatility on the stock exchanges where the group is active (Amsterdam, Brussels, Copenhagen, Frankfurt, London, Madrid, Milan, Oslo, Paris and Zurich).

The group's policy is to maintain diversification on these markets which have a high cash flow ratio and are less volatile than the so-called emerging markets. The price risk relating to listed assets is also reduced by the portfolio's high level of geographical and market diversification. Changes in the breakdown of the listed portfolio by currency and by market are included in the management report of this document.

ii. *Private Equity* Portfolio

For the portfolio of unlisted securities, statistical and theoretical studies reach different conclusions as to whether or not the volatility of such holdings is greater than that of listed markets. Purchase and sale prices are clearly influenced by multiples such as EV/EBITDA that are found on the market for listed securities. To a large extent these similarities in the bases for valuation explain the significant correlation between price fluctuations on these two markets. Recent experience from the financial crisis that started in 2008 has confirmed the greater degree of stability in valuations in the *Private Equity* portfolio compared to that of the listed portfolio. The price risk related to unlisted securities is also reduced by the very high level of diversification maintained in the portfolio. An initial level of diversification results from the large number of General Partners that Brederode works with. A second level of diversification is present within each Partnership which will typically spread its investments among fifteen to twenty separate projects. The trend of the geographical breakdown of the *Private Equity* portfolio is shown above.

iii. Share options

The price risk us reflected directly in the price levels prevailing on the option markets. Greater volatility on stock exchanges will be reflected in higher option premiums. The price risk on this type of transaction is monitored on a daily basis and is limited by the group's policy of issuing only call options (undertakings to sell at a given price and time) on shares it holds in its portfolio.

iv. Sensitivity analysis of other price risks

a. Listed portfolio

The value of this portfolio is based on stock market prices which are by definition difficult to predict.

b. *Private Equity* Portfolio

The value of this portfolio can also be influenced by changes in valuations on listed markets. Nevertheless, this influence is moderated by the following factors:

- The objective to create value relates to a longer term,
- The manager is able to take decisions faster and more effectively in order to turn around a deteriorating situation,
- In our opinion the interests of managers are better aligned in *Private Equity* with those of investors.

It seems pointless to quantify the influence of these factors. For information purposes a 5% change in the valuation of the portfolio would result in a change in fair value of € 35.9 million (€ 31.4 million in 2014).

Credit risk

This is defined as the risk that a counterparty to a financial transaction may default on its obligation, thus causing the other party to incur a financial loss.

As an investor in listed shares the main credit risk we face lies in the ability of our intermediates to ensure the successful outcome of our purchases or sale transactions. This risk is in principle eliminated by the "delivery against payment" system of settlement.

In the case of share options it is up to the Brederode group itself to demonstrate its creditworthiness, thereby enabling it to operate as an issuer in the "Over The Counter" market which is reserved for institutional investors of acknowledged competence and solvency. As an issuer of share options the credit risk on this type of transaction is taken by our counterparties.

Bank deposits actually constitute the main credit risk incurred by our group.

We constantly review the quality of our bankers.

In the context of the management of its listed securities portfolio, Brederode regularly lends a sizeable part of it to leading banks, in return for remuneration. The loan agreements also allow Brederode to gain access to credit facilities at favourable conditions. The credit risk associated with the securities lending activity is covered by a pledge, in favour of Brederode, of a portfolio of financial assets guaranteeing coverage of more than 100%. As at 31 December 2015 the market value of the securities lent by Brederode amounted to €225 million, whilst that of the financial assets portfolio pledged as security in favour of Brederode totalled €230.9 million. The securities lent continue to be accounted for in the balance sheet at their fair value.

Liquidity risk

The liquidity risk or the financing risk is defined as the risk that an entity may experience difficulties raising funds to honour its commitments related to financial instruments. One of the characteristics of a "*Private Equity*" investment is that the investor has no control over the liquidity of the investments. The manager alone decides when to acquire or dispose of an investment. There is a secondary market for holdings in *Private Equity* funds, but this constitutes a niche market and the selling process may prove relatively long and costly. The evolution of the group's uncalled commitments to *Private Equity* funds is monitored closely to ensure optimal management of net cash movements.

The portfolio of listed securities is made up of highly liquid minority positions, so that significant cash movements generated by the unlisted portfolio can be absorbed, if necessary.

Management of the liquidity risk also takes into account the credit lines the group has at its disposal with its bankers. There is currently one confirmed bank credit line, for a maximum amount of €50 million. No drawings were made on this facility during 2015. The group sees to it that it keeps its level of financial indebtedness below the confirmed lines of credit.

Analysis of the residual contractual maturity dates of debts with credit institutions: not applicable.

Cash flow interest rate risk

This is the risk that future cash flows of financial instruments may fluctuate due to variations in market interest rates. Brederode is not affected by this risk.

Control activities

On-going control, on an almost daily basis, is exercised by the executive directors who also sit on the Boards of the main subsidiaries. The executive directors also meet formally each month to conduct a detailed examination of the accounting situation of each group company, a valuation of its assets, general monitoring of its activities, financing requirements and an assessment of risks, new commitments etc. The group's financial assets representing over 96% of the total consolidated balance sheet are held by third party bankers, trustees etc., which significantly reduces the risks of negligence, error and internal fraud.

6.8.3. Information, communication and oversight

The reliability, availability and pertinence of accounting and financial information are overseen directly by the executive directors and subsequently by the Audit Committee. Particular attention is paid to any remarks or requests formulated not only by the supervisory authorities but also by shareholders and financial analysts. The maintenance and updating of computer systems are assigned to external IT service providers. The executive directors oversee the quality of the services thus provided and satisfy themselves that the degree of dependency vis-à-vis these service providers remains within acceptable limits. The security of computer systems is maximised using technical processes available in this field: access right, back-up, anti-virus software, etc. Executive directors prepare, check and disseminate information after it has been submitted for approval to the Board of Directors, an external legal advisor and the Auditor.

6.8.4. Audit

Brederode has appointed a certified company auditor in the person of Mazars Luxembourg, certified auditing firm, with its registered office established at 10A Rue Henri M. Schnadt, 2530 Luxembourg, and listed in the Trade and Companies Register under number B 159.962, appointed for a period of three years, said period coming to an end on 14 May 2017. Mazars Luxembourg and Mr Thierry Salagnac, who represents the firm, are members of the Institute of Company Auditors, created pursuant to the Luxembourg Act on the Auditing Profession of 18 December 2009.

Luxembourg, 18th March 2016

On behalf of the Board of Directors
Luigi Santambrogio & Axel van der Mersch

7. Brederode shares listing

Financial instruments

The Brederode shares are traded on the regulated markets of Euronext Brussels (ticker BREB) and the Luxembourg stock exchange (ticker BREL). All shares can be traded freely. The Brederode shares are ordinary shares and all shares have the same rights. Each share has the same rights to dividends and to the reserves in the event of liquidation or reduction of the shareholders' equity. Each share entitles the holder to the same voting rights during Brederode's general meetings. All shares are required to be dematerialised. Not a single shareholder is permitted to have his/her shares converted into nominal or bearer shares.

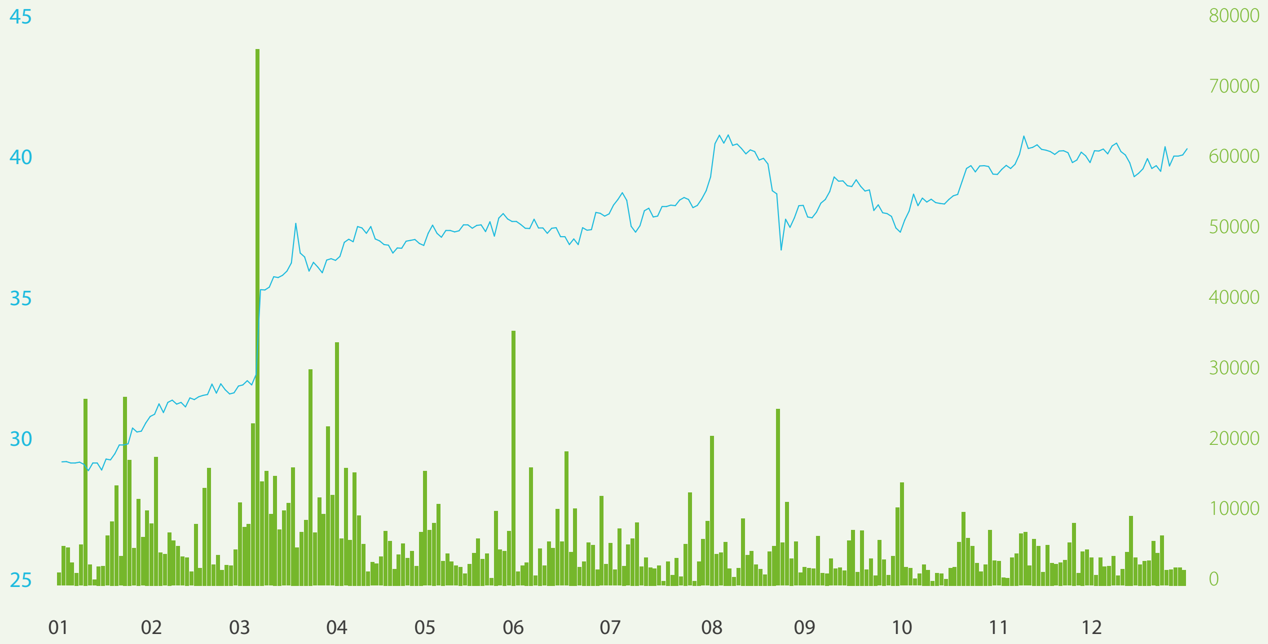
Stock market capitalization

At the end of 2015 Brederode's stock market capitalization amounted to €1.187 million compared to € 853 million a year earlier.

Share price and liquidity

In 2015, Brederode's share price has increased 39% (41% including the partial reimbursement of the share premium account) with a volume traded of 1,678,907 shares (1,523,304 in 2014) i.e. an average daily volume of 6,568 shares (5,974 in 2014).

Evolution of Brederode share price (EUR) and of its daily volume (number of securities)



8. Consolidated financial statements as at 31 December

8.1. Consolidated balance sheet as at 31 December

(in € million)	Notes	31 Dec. 2015	31 Dec. 2014
NON-CURRENT ASSETS		**1,468.63**	**1,281.04**
Intangible fixed assets	1	2.14	1.72
Tangible fixed assets	2	0.54	0.57
Financial assets	3	1,465.34	1,278.31
- Listed securities		746.06	650.26
- *Private Equity*		719.28	628.06
Other fixed assets		0.61	0.44
CURRENT ASSETS		**39.64**	**34.38**
Short term receivables	4	3.89	4.21
Financial assets		-	0.18
Other current assets	5	5.96	1.36
Cash and cash equivalents	6	29.78	28.62
TOTAL ASSETS		**1,508.27**	**1,315.42**
TOTAL SHAREHOLDERS' EQUITY		**1,497.80**	**1,301.95**
Issued share capital and reserves attributable to owners of the parent company		1,497.78	1,301.92
Issued share capital	7	182.71	182.71
Share premiums	8	755.01	774.06
Consolidation reserves	9	560.06	345.15
Minority interests		0.02	0.03
CURRENT LIABILITIES		**10.47**	**13.47**
Other financial liabilities		0.24	0.03
Tax payable	10	2.95	11.70
Other current liabilities	11	7.27	1.74
TOTAL LIABILITIES		**1,508.27**	**1,315.42**

The annexed notes appearing on pages 34 to 44 form an integral part of the consolidated financial statements.

8.2. Consolidated income statement as at 31 December

(in millions €)	Notes	31 Dec. 2015	31 Dec. 2014
Dividends and interest received	12	28.82	30.04
Change in fair value of financial assets	3	212.06	207.51
- Listed securities		47.77	47.81
- *Private Equity*		164.29	159.70
Other income and expenses pertaining to portfolio management	13	-12.38	-9.27
Profit from portfolio management		**228.50**	**228.28**
Other operational income and expenses	14	1.30	3.83
Operating result		**229.81**	**232.11**
Net financial income (expenses)	15	0.61	0.53
Change in deferred tax liabilities		-	0.50
Tax on the net result	16	-6.33	-6.69
Overall result for the period		**224.09**	**226.45**
Result for the period attributable to:			
- the owners of the parent company		224.09	226.44
- minority interests		-	0.01
Result per share attributable to the owners of the parent company			
Weighted number of shares		28,269,874	28,917,807
Net result per share attributable to the owners of the parent company (in €)	17	7.93	7.83
Other elements of comprehensive income (*) :		0.18	-0.31
- movements in revaluation reserves		-	-0.49
- movements in conversion differences		0.18	0.19
Global result for the period		**224.27**	**226.14**
Global result for the period attributable to:			
- the owners of the parent company		224.27	226.13
- minority interests		-	0.01
Global result per share attributable to the owners of the parent company			
Weighted number of shares		28,269,874	28,917,807
Net result per share attributable to the owners of the parent company (in €)		7.93	7.82

The annexed notes appearing on pages 34 to 44 form an integral part of the consolidated financial statements.

8.3. Consolidated cash flows statement

(in € million)	Notes	31 Dec. 2015	31 Dec. 2014
Operating activities			
Pre-tax profit for the year (group share)		230.42	233.14
Taxes for the year	16	-6.33	-6.69
Net result for the fiscal year (group share)		224.09	226.44
Net result for the fiscal year (third party share)		-	-
Depreciation of tangible fixed assets	2	-	-0.35
Impairment reversal of tangible fixed assets	2	-	0.24
Impairment of intangible fixed assets	1	-0.30	0.22
Loss in value on investment property		-	0.31
Capital gains/losses on intangible fixed assets	1	-	-0.09
Capital gains/losses on tangible fixed assets	2	-	0.04
Change in deferred taxes		-	-0.50
Other changes (exchange differences + other current financial liabilities)	11	0.31	0.13
Change in value	3	-212.06	-207.51
Gross cash-flow		**12.04**	**18.94**
Change in working capital requirements		**-7.68**	**-1.96**
Cash flow resulting from operating activities		**4.35**	**16.98**
Investment activities			
Acquisition of tangible assets	2	-	-0.04
Acquisition of intangible assets	1	-	-0.82
Acquisition of financial assets	3	-216.84	-150.87
Total investments		**-216.84**	**-151.72**
Disposal of investment property		-	2.78
Disposal of tangible and intangible fixed assets	1	-	0.13
Disposal of financial assets	3	241.87	170.02
Total disinvestments		**241.87**	**172.93**
Change in other financial assets		0.18	0.01
Cash flow from investment activities		**25.22**	**21.22**
Financing activities			
Distribution to shareholders	8	-18.39	-18.10
Acquisition of own shares	7	-10.03	-25.32
Cash flow resulting from financing activities		**-28.42**	**-43.43**
Net movement in cash in cash and cash equivalents		1.15	-5.23
Cash and cash equivalents on 1st January		28.62	33.85
Cash and cash equivalents on 31st December		**29.78**	**28.62**

The annexed notes appearing on pages 34 to 44 form an integral part of the consolidated financial statements.

8.4. Consolidated statement of movements in shareholders' equity

(in € million €)	Capital	Share premium	Revaluation reserves	Own shares	Consolidated reserves	Exchange differences	Minority interests	Total
Balance on 1st Jan. 2014	**182.68**	**63.29**	**0.54**	**-1.82**	**874.25**	**-**	**0.03**	**1,118.97**
- dividend paid 2013	-	-	-	-	-18.10	-	-	-18.10
- result for the year	-	-	-	-	226.44	-	-	226.45
- movement in other items of the overall	-	-	-	-	-	0.19	-	0.19
- acquisition of own shares	-	-	-	-25.32	-	-	-	-25.32
- cancellation of own shares	-	-	-	1.82	-1.82	-	-	-
- disposals	-	710.77	-0.25		-710.52	-	-	-
- other	0.03		-0.24		-0.02	-	-	-0.23
Balance on 31st Dec. 2014	**182.71**	**774.06**	**0.05**	**-25.32**	**370.24**	**0.19**	**0.03**	**1,301.95**
Balance on 1st Jan. 2015	**182.71**	**774.06**	**0.05**	**-25.32**	**370.24**	**0.19**	**0.03**	**1,301.95**
- distribution paid in 2014	-	-19.05	-	-	0.66	-	-	-18.39
- result for the year	-	-	-	-	224.09	-	-	224.09
- movement in other items	-	-	-	-	-	-	-	-
of the overall result	-	-	-	-	-	0.18	-	0.18
- acquisition of own shares	-	-	-	-10.03	-	-	-	-10.03
- other	-	-	-		-	-	-0.01	-0.01
Balance on 31st Dec. 2015	**182.71**	**755.01**	**0.05**	**-35.35**	**594.98**	**0.37**	**0.02**	**1,497.80**

The annexed notes appearing on pages 34 to 44 form an integral part of the consolidated financial statements.

8.5. Notes

Note 1: Intangible fixed assets

Acquisition costs for our participations in Lloyd's insurance syndicates. The value of these «admission tickets» rose in 2015 following a write back based on the values expressed by the auctions organised every year in the Lloyd's market. Auction prices have increased given the scarcity of supply.

Note 2: Tangible fixed assets

(in € million)	Furniture and rolling stock	Other tangible fixed assets	Total
Acquisition value			
At the end of the previous fiscal year	0.44	0.35	0.79
Purchases	0.04		0.04
Sales	-0.02	-0.01	-0.02
At the end of the fiscal year	0.47	0.35	0.81
Capital gains			
At the end of the previous fiscal year		0.05	0.05
Purchases			
Sales			
At the end of the fiscal year		0.05	0.05
Depreciations			
At the end of the previous fiscal year	0.27		0.27
Purchases	0.06		0.06
Sales	-0.01		-0.01
At the end of the fiscal year	0.32		0.32
Net accounting value at the end of the fiscal year	**0.14**	**0.39**	**0.54**

Note 3: Operational sectors

a. Indicator of total assets and liabilities and reconciliation of balances

i. *Private Equity*

(in € million)	**2015**	**2014**
Fair value at the beginning of the period	**628.06**	**517.67**
Investments	143.77	120.70
Divestments	-216.85	-170.02
Changes in fair value	164.29	159.70
Fair value at the end of the period	**719.28**	**628.06**

ii. Listed securities

(in € million)	**2015**	**2014**
Fair value at the beginning of the period	**650.26**	**572.29**
Investments	73.06	30.16
Divestments	-25.03	
Changes in fair value	47.77	47.81
Fair value at the end of the period	**746.06**	**650.26**

b. Indicator of the result

(in € million)	***Private Equity***	**Listed securities**	**Total**
Dividends	3.68	21.75	25.43
Interest	3.39		3.39
Change in fair value	164.29	47.77	212.06
Management fees	-12.25		-12.25
Options premium		0.21	0.21
Other management-related expenses		-0.33	-0.33
Total	**159.10**	**69.40**	**228.50**

c. Characteristics and risk profile of the operating sectors

i. *Private Equity* sector

Geographical diversification of the investments	**2015**	**2014**
United States	383.44	300.19
Europe	240.93	249.24
Asia / Australia	94.91	78.63
Total	**719.28**	**628.06**

Geographical diversification of the commitments	**2014**	**2015**
United States	328.00	259.07
Europe	171.41	152.19
Asia / Australia	32.70	41.62
Total	**532.11**	**452.89**

Breakdown of commitments in *Private Equity* by year of subscription (vintage)	**Current**	**Uncalled**	**Total**
1994-2005	53.45	12.31	65.76
2006	129.88	17.09	146.98
2007	89.43	13.98	103.41
2008	58.45	7.49	65.94
2009	15.55	2.46	18.01
2010	55.15	9.24	64.39
2011	106.58	34.14	140.72
2012	60.41	38.34	98.75
2013	53.56	83.43	136.99
2014	69.14	156.98	226.12
2015	27.66	156.66	184.32
Total	**719.28**	**532.11**	**1,251.02**

ii. Listed securities sector

Sectoral diversification	2015	2014
Healthcare	149.79	130.27
Technology	113.01	98.74
Consumer goods	111.08	93.55
Oil	97.26	114.12
Investment companies	79.98	68.25
Electricity	36.52	49.66
Building materials	20.12	24.50
Miscellaneous industries	138.31	71.16
Total	**746.06**	**650.26**

Diversification by currency	2015	2014
EUR	366.89	351.09
CHF	141.18	131.49
USD	134.30	97.04
GBP	61.62	35.07
NOK	21.93	16.76
DKK	20.15	18.82
Total	**746.06**	**650.26**

In the context of the management of its listed securities portfolio, Brederode regularly lends a sizeable part of it to leading banks, in return for remuneration. The loan agreements also allow Brederode to gain access to credit facilities at favourable conditions. The credit risk associated with the securities lending is covered by a pledge, in favour of Brederode, of a portfolio of financial assets guaranteeing coverage of more than 100%. As at 31 December 2015 the market value of the securities lent by Brederode amounted to €225 million, whilst that of the portfolio of financial asset pledged as security in favour of Brederode totalled €230.9 million. The securities lent continue to be accounted for in the balance sheet at their fair value.

d. Fair value hierarchy

The valuation of the *Private Equity* portfolio is based on the most recent financial information received from the General Partners. The movements recorded since then together with any changes of circumstances that have occurred pending the receipt of definitive valuations constitute non-observable data within the meaning of the IFRS 13 standard. These facts justify the transfer of the *Private Equity* asset category from level 2 to level 3 of the fair value hierarchy (change effected on the 2014 comparative data). As a rule, in case a transfer of fair value level is necessary, the Group carries out this change of classification (and the consequences in terms of assessment) on the date of the trigger event or change in circumstances originating the transfer.

There has not been any transfer between level 1 and level 2 during the financial year.

(in € million)	2015	2014
Financial assets		
Level 1 (listed securities)	746.06	650.26
Level 2	-	-
Level 3 (*Private Equity*)	719.28	628.06
Total	**1,465.34**	**1,278.31**

Reconciliation between the opening and closing balances of the assets categorised in level 3

(in € million)	2015	2014
At the beginning of the period	**628.06**	**517.67**
Purchases	143.77	120.70
Sales	-216.85	-170.02
Changes in fair value	164.29	159.70
At the end of the period	**719.28**	**628.06**

Total profits or losses during the period for the assets categorised in level 3 booked in net profit.

(in € million)	2015	2014
Changes in fair value	164.29	159.70
Dividends	3.68	5.39
Interest	3.39	3.52
Management fees	-12.25	-9.23
Total net profits and losses in the period	**159.10**	**159.37**

Non-observable data for the assets categorised in level 3

The fair value of the *Private Equity* portfolio according to non-observable data is broken down as follows:

(%)	2015	2014
Definitive valuations at 31 December	26.73	27.72
Provisional valuations at 31 December	44.22	44.14
Adjusted definitive valuations at 30th September	27.71	26.34
Adjusted valuations before September 30th	1.34	1.79
Total	**100.00**	**100.00**

Note 4: Short-term receivables

(in € million)	2015	2014
Trade receivables	0.10	0.10
Withholding tax to be recovered	1.25	1.52
Disputed taxes	1.27	2.16
Receivables on current sales	0.73	0.42
Other accounts receivable	0.55	0.01
Total	**3.89**	**4.21**

In 2014 the Belgian tax authorities abandoned the pursuit of one of the two disputes concerning QFIEs dating back to the years 1990 and 1991. For the second dispute, a credit and a debit of €1.27 million each related to the tax dispute is still recorded in the accounts.

Note 5: Other current assets

These comprise on the one hand of funds called in December but payable in January of the following financial year in the context of the *Private Equity* portfolio (4.5 million in 2015 and nil in 2014) and on the other hand an estimate of the insurance result (€1.43 million in 2015 compared to 1.35 million in 2014) linked to the activity on the Lloyd's market which will be received during the following financial year (products acquired).

Note 6: Cash and cash equivalents

(in € million)	2015	2014
Deposits	12.35	24.06
Other	17.43	4.56
Total	**29.78**	**28.62**

Note 7: Issued share capital

	2015	2014
Number of shares representing capital		-
- dematerialised	29,305,586	29,305,586
Total	**29,305,586**	**29,305,586**

The current capital of €182,713,909.08 is represented by 29,305,586 shares with no-par-value. On 31 December 2015, Brederode's authorised capital amounted to €432,713,909.08 (€250 million not issued).

Own shares

On 31 December 2015 the own shares were held by the subsidiary GEYSER S.A. The accounting par of these shares amounted to €7,202,119.67 (compared to €5,494,656.33 on 31 December 2014).

Note 8: Share premium account - distribution

The general meeting of shareholders of 13 May 2015 approved the partial reimbursement of the share premium account for an amount of €0.65 gross per share. It has been paid on 27 May 2015.

(in € million)	2015	2014
Amount distributed during the financial year	18.39	18.10
Amount proposed as distribution for the current financial year		
and to be distributed during the following financial year	19.71	18.48

The proposal for distribution is subject to the shareholders' approval during the Annual general meeting and is not included under debt in accordance with the provisions of the IFRS standards.

Note 9: Consolidation reserves

See statement of variations of equity capital on page xx.

Note 10: Tax debts due and payable

This liability is linked mainly to the tax dispute with the Belgian tax office concerning QFIEs dating back to the years 1990 and 1991 (€2.16 million in 2015 and 2014). The tax payable related to Brederode 2013 financial year was paid in 2015 (€8.71million).

Note 11: Other current liabilities

(in € million)	2015	2014
Other payables	0.50	0.09
Social security contributions payable	0.02	0.02
Adjustment accounts	0.36	0.19
Amounts payable based on commercial transactions	0.02	0.03
Dividends and interest from previous years	1.39	1.34
Liabilities resulting from the purchase of financial assets	4.97	0.08
Total	**7.27**	**1.74**

Liabilities resulting from financial assets mainly relates to cash calls made by *Private Equity* funds.

Note 12: Dividends and interest received

(in € million)	2015	2014
Gross dividends	25.43	26.52
Listed portfolio	21.75	21.13
Private Equity portfolio	3.68	5.39
Interests	3.39	3.52
Total	**28.82**	**3 0.04**

Note 13: Other portfolio management revenues and expenses

(in € million)	2015	2014
Gross dividends	-0.04	-0.11
Listed portfolio	0.21	0.23
Private Equity portfolio	-12.25	-9.23
Interests	-0.23	-0.13
Total	-0.05	-0.03
Total	**-12.38**	**- 9.27**

Note 14: Other operational revenues and expenses

(in € million)	2015	2014
A. Income	**4.73**	**9.55**
Result from Lloyd's insurance	1.90	1.56
Profits on the sale of tangible fixed assets	-	0.05
Rent received	-	0.22
Write backs	0.30	0.25
Exchange rate result	1.79	1.03
Financial income	0.72	0.95
Other income	0.01	5.48
B. Expenses	**-3.43**	**-5.72**
Directors' remunerations	-0.97	-0.97
Staff costs	-0.36	-0.36
Fees	-0.33	-2.30
Depreciations	-0.06	-0.08

Other financial costs	-0.05	-0.29
Exchange rate result	-0.96	-0.23
Impairment of tangible assets		-0.31
Impairment of intangible assets		-0.22
Other expenses	-0.66	-0.96
Total	**1.30**	**3.83**

Note 15: Net financial income (expenses)

(in € million)	2015	2014
Interest received	0.61	0.60
On short-term investments	0.61	0.60
Late-payment interest		-
Interest paid	-	-0.06
On short-term bank loans	-	-0.05
On commercial paper		-0.01
Net interest received (charges)	**0.61**	**0.53**

Note 16: Tax on net profit

(in € million)	2015	2014
Tax base		
Profit before tax	230.42	232.64
Profit exempt from tax	-212.06	-207.51
Taxable profit	**18.36**	**25.13**
Tax on profits		
Taxes relating to the current year	5.90	4.11
Taxes relating to the previous years	0.43	2.58
Effective tax charge	**6.33**	**6.90**
Effective tax rate	2.75%	2.88%
Deferred tax asset		
At the beginning of the period	-	-
Entered into the year's result	-	-
Deferred tax liability		
At the beginning of the period		0.50
Entered into the year's results		-0.50
At the end of the period	-	-

Tax-exempt profits are changes in fair value. Dividends received are not deemed to be exempt as they are subject to a deduction at source which can only be recovered to differing degrees.

Note 17: Transactions with associated companies

(in € million)	2015	2014
Funds deposited by Holdicam S.A.	0.43	0.04

Note 18: Off-balance sheet rights and obligations

(in € million)	2015	2014
Confirmed lines of credit (used)	50.00	30.00
Purchase and sale commitments		
- *Private Equity* portfolio	532.11	452.89
Put and call options issued	1.44	0
Rights and commitments on the basis of transactions with interest rates, exchange rates and other similar transaction		
State bonds (OLO) covering the repair of mining-related damage		0.18
Guarantees provided to Lloyd's	5.51	4.70

Note 19: Directors' remuneration

Directors' remuneration at the expense of Brederode S.A. and its subsidiaries in 2015 amounted to (€ 000) 924.33 and is divided as follows:

(in 000 €)	Basic Remuneration	Variable Remuneration	Pension	Others	Total
Executive directors					
P. van der Mersch, Chairman	256.22	-	-	8.00	264.71
L. Santambrogio	332.07	-	-	7.17	339.24
A. van der Mersch	267.84	-	5.24	28.29	301.37
Non-executive directors					
B. Colmant	9.00	-	-	-	9.00
M. Delloye	10.50	-	-	-	10.50
Total	**875.63**	**-**	**5.24**	**43.46**	**924.33**

Gross pay excludes social security contributions payable by the company or companies of the group (employer's contributions). The pension plan is of the "defined contribution" type. The other components comprise medical insurance, representation expenses and vehicle costs.

Note 20: Profit per share

	2015	2014
Number of shares issued on 31st December	29,305,586	29,305,586
Held by the company	-1,155,152	-881,291
Held by third parties	28,150,434	28,424,295
Average weighted number of shares in circulation	28,269,874	28,917,807
Result per share (in €)	7.93	7.83

Note 21: Subsidiaries

List with consolidated companies on the basis of the global integration on 31st December 2015:

Names	Addresses	Average number of staff
Athanor Ltd	Tower Bridge House – St Katharine's Way – GB London E1W 1DD	
Brederode S.A.	Boulevard Joseph II, 32 – L 1840 Luxembourg	
Algol S.àr.l.	Boulevard Joseph II, 32 – L 1840 Luxembourg	
Brederode International S.àr.l.	Boulevard Joseph II, 32 – L 1840 Luxembourg	5
Geyser S.A.	Boulevard Joseph II, 32 – L 1840 Luxembourg	1
Greenhill S.A.	Av. de Tervuren, 92 - B-1040 Bruxelles	

The (minority) interest percentage of all companies amounts to 100 % except for Geyser where it amounts to 99.99

Note 22: Audit of financial statements

(in € million)	2015	2014
Audit fees	0.10	0.09
of. inter alia. Brederode S.A.	0.04	0.04
Other audit-related assignments		0.03
Tax consulting		0.01
Total	**0.10**	**0.13**

8.6. Accounting principles and policies

The accounting period is 12 months and these accounts for the period ending 31st December 2015 were approved by the Board of Directors' meeting held on 29th February 2016.

The consolidated financial statement were drawn up in EUR million (the group's operating currency) and rounded up or down to the nearest tenth unless mentioned otherwise. These statements are drawn up on the basis of historical costs except in the case of derivative instruments and financial assets at fair value through the profit and loss account which are valued at fair value.

No offsetting is carried out for assets and liabilities, expenses and income unless required or imposed by an IFRS-standard.

General principles and accounting standards

The consolidated accounts were prepared in accordance with international accounting standards (International Financial Reporting Standards) as published and adopted by the European Union which came into effect on 31st December 2015.

Changes in accounting principles

The accounting principles used are consistent with those of previous years.

Any interpretations that are new or were revised during the year did not have a material effect on the group's financial performance or situation.

Standards and interpretations that came into force for compulsory application in the European Union in 2015:

Standard	Subject
Annual improvements (2010-2012 cycle)	Annual process of improvement of the 2010-2012 cycle standards (published on 12 December 2013)

New or amended standards and interpretations coming into force after 31 December 2015, early application of which is permitted in the European Union.

Standard	Subject
Annual improvements	Processus annuel d'amélioration des normes cycle 2011-2013
(2011-2013 cycle)	Annual process of improvement of the 2011-2013 cycle standards
Amendment to IAS 19	Defined benefits schemes: contributions by members of staff
Annual improvements	Clarification sur les méthodes d'amortissement acceptables
(2012-2014 cycle)	Annual process of improvement of the 2012-2014 cycle standards
Amendments to IAS 16 and IAS 38	Clarification on acceptable depreciation methods
Amendments to IAS 16 and IAS 41	Bearer plants
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment entities: Exemption from preparing consolidated accounts
Amendment to IAS 1	Disclosure initiative - Presentation of financial statements
Amendments to IFRS 10 and IAS 28	Sales or contributions of assets between an investor and its associate/joint venture

Amendments to IFRS 11	Acquisition of an interest in a joint operation
Amendment to IAS 27	Equity method in separate financial statements
IFRS 14	Regulatory deferral accounts
IFRS 9	Financial instruments
IFRS 15	Revenue from contracts with customers (published on 28 May 2014) and amendment of date of application

The standards, amendments and interpretations that came into force after 1 January 2015 have not had any impact on the consolidated financial statements.

The group did not anticipate the application of new standards and interpretations that were issued before the date of authorisation for publication of the consolidated financial statements but whose date of entry into force is after 31 December 2015.

The internal process of determining the potential impacts of these standards and interpretations on the Group's consolidated accounts is under way. The Group considers that at this stage of the analysis, the impact of application of these standards should not be significant, with the exception of the amendments to the IFRS 10 standard which could potentially affect the presentation of the accounts, as detailed below.

Critical judgements put forward in the framework of application of the accounting methods

The following analysis presents the critical judgements exercised in the framework of application of the Group's accounting principles, to the exclusion of those involving estimates, having the most sizeable impact on the amounts entered in the consolidated financial statements.

Impact of the amendments to the IFRS 10 on consolidated financial statements

The consolidated entity BREDERODE meets the definition of investment entity given in paragraph 27 of the IFRS 10 standard, namely an entity which:

(a) obtains funds from one or more investors with a view to providing the latter with investment management services;

(b) undertakes vis-à-vis its investors to ensure that the object of its activity is to invest funds with the sole aim of achieving returns in the form of capital gains and/or investment income; and

(c) appraises and assesses the performance of virtually all its investments on the basis of fair value.

The consolidated entity BREDERODE also presents the characteristics typical of an investment entity referred to in paragraph 28 of the standard, namely:

(a) it has more than one investment;

(b) it has more than one investor;

(c) it has investors that are not parties affiliated to it; and

(d) it holds rights of property in the form of stockholder's equity securities or similar interests.

However, BREDERODE does not apply the exception to consolidation for investment entities pursuant to paragraph 32 of the IFRS 10 standard, which makes provision for an investment entity not having to consolidate its subsidiaries barring those providing services linked to the investment activities performed by the investment entity.

Indeed, BREDERODE considers that all its subsidiaries render investment services to the parent entity:

- Algol S.àr.l., Geyser S.A., and Brederode International S.àr.l.provide services for the management and administration of the investments;
- Geyser S.A. also takes care of the cash and financing management for all the entities of the group;
- Brederode International S.à r.l. takes care of the management and administration of the investment activities in *Private Equity* and derivatives instruments (options on securities);
- Athanor Ltd deals with the administration and management of investments in syndicates operating on the Lloyd's insurance market in London and takes part in the management of the *Private Equity* portfolio;
- Greenhill SA provides management and administration services for a portfolio of real estate (plots of land) located in Belgium and holds a mining concession giving access to certain mineral and gas resources in the Charleroi region.

The parent company is continuing its analysis of the amendments published on 18 December 2014 by the ASB under the title "Investment Entities; application of the consolidation exception", which should be applicable on 1 January 2016.

The subsidiaries are continuing to be subjected to an in-depth analysis based on the same criteria as those applied to the Company, in order to ascertain whether they themselves are to be considered as investment entities. If this is the case, the Company will conform to paragraphs 31 and 32 supplemented and/or modified by the new amendments, and will thereby not consolidate the subsidiaries in question and will value them at fair value by means of net profit in accordance with the IAS 39 standard.

With all the group's assets still being valued at fair value, the impact on equity capital per share would be limited to the accounting treatment of the Company's own shares held by its subsidiaries which would no longer be eliminated as was the case before, and revaluation at fair value of the holdings in the insurance syndicates on the Lloyd's market and of the real estate in Belgium.

Accounting estimates

When preparing the consolidated accounts, the management relies on estimates and assumptions that have an impact on the amounts presented in the accounts. These estimates and assumptions are continuously evaluated and based on historical experience and outside information.

The main items affected by these estimates and assumptions are:

- The valuation of the *Private Equity* portfolio;
- The estimate of recoverable taxes ;
- The estimate of the provision.

Presentation « current » and « non-current »

The consolidated statements pertaining to the financial situation are presented taking into account the differentiation made by the IAS1 standard between « current » and « non-current ».

The current assets and liabilities concern the assets and liabilities the group believes to be collected, utilised or paid in the course of a normal cycle. This period can extend up to 12 months following the closure of the fiscal year. All other assets are non-current.

Consolidation method

The consolidated statements of the group include the financial statements of the company and its subsidiaries (jointly called the « Group ») drawn up as of 31st December 2015.

(a) Subsidiaries

A subsidiary is a company over which the Group has a direct or indirect control. Subsidiaries are consolidated according to the full integration method as from the date on which the Group acquires control and are consolidated as from the date on which the control ends.

Control exists if and only if:

- The Group exercises control over the subsidiaries,
- It is exposed or entitled to variable profits on the basis of the links it has with the subsidiaries, and
- It is able to exercise control over subsidiaries thereby influencing the returns it can achieve

Controlled entities are entities of which the Group is able to determine the financial and operational policy.

The financial statements of subsidiaries are drawn up on the basis of the same reference period as the one used by the Group, thereby using uniform accounting principles.

Any and all intragroup transactions and balances are eliminated during the consolidation phase.

Any profits and losses following the disposal of assets within the group are eliminated entirely.

The net result and any part of other items pertaining to the overall result are allocated to the parent company's shareholders and participations which do not result in a controlling interest (in a other words minority interests), even if this results in a negative balance.

(b) Loss of control over a subsidiary

Whenever the Group relinquishes the control of a subsidiary, any gain or loss will be accounted for in the P&L and calculated as the difference between (i) the total of the return received at fair value and the fair value of every maintained participation, and (ii) the previous accounting value of the assets (including the goodwill) and liabilities of the subsidiary and every participation which does not result in a majority interest. Any sum not previously booked as other elements of the overall result pertaining to this subsidiary will be reclassified in the accounts or transferred to the shareholders' equity, as if the group had have disposed of the assets and liabilities of the subsidiary in question. The fair value of a participation maintained in a former subsidiary at the date of the loss of control must be considered as being the fair value at the time the initial booking in the accounts for the purpose of its following booking according to IAS 39.

A list of companies within the consolidation perimeter can be consulted in note 21.

(c) Associated companies

Associated companies are entities over which the Group exercises a significant influence. The significant influence is based on the power to participate in financial and operating policy decisions of these entities, without having control. This influence is believed to exist either directly or indirectly if the Group holds a percentage equal to or in excess of 20% of the voting rights in an entity except if it is clearly proven that the Group does not have a substantial influence.

Investments in associated companies are initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. That includes the goodwill at the time of acquisition and is presented net of their cumulative loss in value. The companies accounted for with the equity method will be subjected to an impairment test as soon as there is an objective indication of loss in value. If the recoverable value of the participation is lower than the accounting value, an impairment charge will be entered into the profit and loss account pertaining to the fiscal year.

Following acquisition and until the date on which the substantial influence ends the interest the Group has in associated companies will be included in the result of the fiscal year whereas the group's interest in other elements pertaining to the overall result is included under other elements constituting the overall result. The movements accumulated since the acquisition will – following adjustment of the initial cost – be included under the assets of the consolidated statement of the financial situation.

Conversions of transactions and balances in foreign currencies

The consolidated financial statements were prepared in euro, Brederode's functional currency.

1. Transactions in foreign currencies

Transactions denominated in foreign currency are recorded based on the exchange rate at the time of the transaction. At the end of the reporting period, monetary assets and liabilities as well as non-monetary assets valued at their fair value are converted at the closing rate. Any resulting differences on conversion are included in the profit and loss account.

2. Conversion of accounts in foreign currency

For the purpose of consolidation, profit and loss accounts expressed in foreign currencies are converted at the average rate for the fiscal year. Apart from the elements that make up shareholders' equity balance sheet items expressed in foreign currency are converted at the closing rate. Any resulting differences on conversion are shown as part of the shareholders' equity and included under « conversion reserves ».

Intangible fixed assets

The participations of the group in Lloyd's syndicates are accounted for at cost and will be subjected to an impairment test according to the IAS 38 standard. Intangible fixed assets are written off when these assets are disposed of or if no economic advantage is expected from its use or disposal. The profit or loss as a result of the writing off of intangible fixed assets (calculated as the difference between the net income of the disposal of assets and their accounting value) is included in the profit and loss account.

Tangible fixed assets

Tangible fixed assets are valued at the cost of acquisition or production, less accumulated depreciation and other amounts written off.

Depreciation is charged on a straight-line basis over the estimated operational life of the various fixed asset categories. The estimated duration of use is as follows:

- Furniture: 10 years
- Office furniture: 5 years
- Vehicles: 5 years
- Computer equipment: 3 years

Land is not depreciated. A depreciation can be established when the accounting value exceeds the value to be recovered.

The depreciation conditions for tangible fixed assets are reviewed on a yearly basis and may be altered in future depending on circumstances.

A tangible fixed asset is written off in the event of sale or if no economic advantage may be expected from the continued use of assets. The profit or loss resulting from a sale or write off of a tangible fixed assets corresponds to the difference between the income from the sale and the accounting value of the asset and will be included in the profit and loss account.

Fair value

The Group assesses financial instruments such as derivative instruments and financial assets at fair value through the profit and loss account.

The fair value is the price that would have been obtained for the sale of assets or that would have been paid for the disposal of a liability during a normal transaction between market participants on the valuation date. An assessment of fair value implies that the sale of assets or the disposal of liabilities takes place on the primary market for such assets and liabilities or, in the absence of a primary market, on the market that is the most appropriate for such assets or liabilities.

The Group must have access to the main market or the most appropriate market.

The fair value of assets and liabilities is set by making hypotheses market participants would use to determine the price of assets and liabilities, taking into account that market participants act in their own economic interests.

All assets or liabilities for which a fair value is set or which are mentioned in the consolidated financial statements are ranked in the fair value hierarchy (see note 3).

Non-current financial assets

All non-current assets, which may or may not be listed, are accounted for as « financial assets at fair value through the profit and loss account ». The initial value corresponds to the net acquisition cost and the fair value is reassessed each year end based on the closing rate for listed securities and on the latest valuations provided by the general partners for unlisted securities. In the latter case the valuations are based on valuation techniques recommended by international associations operating in the *Private Equity* arena. Changes in the fair value of these investments between one year-end and the next are accounted for through the profit and loss account

This method was selected as it reflects the company's risk management strategy.

Listed portfolio

The listed portfolio is valued on the basis of the closing prices in the final trading day of the year.

Private Equity portfolio

The second category of non-current financial assets comprises investments in non-listed companies known as *Private Equity*. The *Private Equity* portfolio is valued on the basis of the most recent financial information received from the « General Partners ». These are normally the quarterly reports issued as of the 30th of September, adjusted to take into account investments and disposals carried out during the fourth quarter. This valuation may be further adjusted to reflect any changes in circumstances between the date of the last formal valuation provided by the « General Partner » and the date of account closure.

Amounts receivable

Loans made by the group and other amounts receivable are valued at cost, less any reduction in value as a result of depreciation and non-recoverability.

Following the initial drawing up of the accounts the loans and amounts receivable are valued at amortized costs calculated according the effective interest method, less the provisions for depreciations when management believes there is an objective indication of depreciation which will reduce the cash flows that were initially expected. No conversion is planned for loans and amounts receivable as such a conversion only has minor consequences.

The effective interest method is a calculation method for the amortized cost of a financial instrument and the entry of interest returns during the applicable period. The effective interest is the exact interest rate of payments and disbursements in the future during the planned life cycle of a financial instrument or possibly – in the short time – the interest at net accounting value.

Current financial assets

Government bonds

These concern linear bonds issued by the Belgian State which serve as a guarantee for the remaining commitments by a subsidiary insofar as mining-related damage is concerned. These are initially valued at purchasing price and are subsequently restated at their fair value at the end of each financial year. Fluctuations in fair value between one year-end and the next are accounted for in the profit and loss account.

Securities lending

Lent securities continue to be accounted for in the Group's balance sheet in their original portfolio. In return for this activity, a securities portfolio is pledged to the Group, the value of which is at least equal to the amount of the securities lent. The market value of the lent securities is monitored on a daily basis and the pledge is adjusted in accordance with the evolution in market value of the securities lent.

Derivative instruments

Derivative instruments are valued at their fair value on the balance sheet date. Fluctuations in fair value between one year-end and the next are accounted for in the profit and loss account. Price movements may result in a valuation of a derivative instrument that results in the creation of a current financial asset or liability.

Current and deferred taxes

Tax expenses include taxes to payables and deferred taxes.

(a) Taxes payable

Tax payables include the estimated sum of taxes to be paid (or to be recovered) on the taxable profits (or losses) of the company or its subsidiaries as well as any adjustment to the sum of taxes paid in previous fiscal years. These are calculated on the basis of taxation rates in force or about to be adopted at the end of the reporting period.

Management makes an assessment and estimates of the situations in which the fiscal rules are open to interpretation. The views taken in this regard are revised regularly.

(b) Deferred taxes

Deferred taxes are calculated in accordance with the variable carry-over method applied to temporary differences between the book value of assets and liabilities posted on the balance sheet and their tax basis. No deferred taxes are entered into the accounts if these originate following the initial entry of assets and liabilities relating to transactions except in the event of a regrouping of companies that does not have an impact on the accounting results or the fiscal results. Moreover, the liabilities pertaining to deferred taxes are not entered into the accounts if the temporary difference is the result of the initial entry of the goodwill.

Deferred taxes are determined using taxation rates and fiscal rules in force or about to be adopted at the end of the reporting period and which are believed to have an impact on the realisation of assets or the payment of liabilities in connection with deferred taxes.

A deferred tax asset is booked only to the extent that the realisation of future taxable profits is probable, thus enabling the company to enter such temporary differences into the accounts. In order for the Group to assess the possibility of recovering these assets, the following must be taken into account: future taxation forecasts, the portion of non-recurrent expenses which are not expected to be made in the future and which were included in past losses, the history of the fiscal results of the past years and possible fiscal strategies such as the disposal of undervalued assets.

Deferred tax assets are included under temporary differences in connection with participations in subsidiaries except if the conversion calendar pertaining to these temporary differences is controlled by the Group and it is likely that the conversion does not take place in the near future.

Deferred tax assets and liabilities are offset by each tax entity and this from the time the each tax entity is entitled to offset assets and liabilities related to tax payables and on condition that the assets and liabilities relating to deferred taxes are taxed by the same tax authorities.

Cash and cash equivalents

Cash includes bank current accounts.

Cash equivalents include bank deposits and fixed-term investments with a maturity date of three months or less from the acquisition date; those with a maturity date of more than three months following the acquisition date are treated as investments.

Own shares

In the event of acquisition (or disposal) of own shares the amount paid (or received) is accounted for as a reduction of (or increase in) shareholders' equity. Movements in these securities are reported in the table of changes in shareholders' equity. These transactions have no effect on the profit and loss account.

Appropriation of profit

The gross amount – before deduction of withholding taxes – of dividends paid by Brederode to its shareholders is shown as a deduction from shareholders' equity. The financial statements are prepared prior to the appropriation of profits.

Provisions

Provisions are made at year-end and in the event a group company has a legal or implicit obligation resulting from a past event, where it is likely that an amount will have to be paid out to meet this obligation and where the amount of the obligation can be reliably determined. The amount of the provision corresponds to the most accurate estimate of the expenditure required to meet the obligation existing on the last day of the fiscal year.

Long-term financial debt

The Group's financial liabilities include bank loans, debts to suppliers and other suppliers. These will be categorized as other financial liabilities and this in accordance with the provisions imposed by IAS 39. Initially, the financial liabilities will be entered into the accounts at fair value, increased by the transaction costs which can be entered directly. The remaining financial liabilities are later valued at the amortized acquisition cost and this according to the effective interest method.

Short-term financial debt

Commercial paper

The group has several commercial paper programmes providing it with access to finance with various banks. This money can be withdrawn in the short term usually not exceeding a period of 6 months. The interest becomes payable on each maturity date. Short-term financial debts are accounted for a nominal value.

Interest

Interest income and costs consist of interest payable on loans and interest receivable on investments.

Interest received is entered pro-rata temporis in the profit and loss account based on the actual interest rate of the investment.

Dividends

Dividends relating to capital assets are accounted for on the date they become payable. The amount of withholding tax is shown as a deduction from gross dividends.

Insurance activities within Lloyd's syndicates

The accounting for the results of our investments in Lloyd's syndicates is influenced by their specific accounting methods which involves preparing the accounts within a three-year time lag, so that the most accurate estimate possible can be made of the value of the claims, and by the deadlines within which the accounts must be published.

The insurance result for year (N) therefore includes:

- final insurance revenues generated by transactions carried out during year N-2.
- where it is likely that estimates for the other years (N-1 and N) will result in a loss, a provision is made for the amount of the expected loss.

8.7. Policy on risks and uncertainties

Market risks

a) Currency risk

The currency risk is defined as the risk that the value of a financial instrument may fluctuate due to changes in the exchange rate of foreign currencies.

Exposure to currency risk is directly linked to the amounts invested in financial instruments denominated in currencies other than the euro and is influenced by the hedging policy adopted by the group.

The policy on covering currency risk is guided by a medium-term vision of the trend of exchange rates relative to the euro.

Outstanding forward exchange transactions carried out for the purpose of reducing currency risks are valued at the fair value of these hedging instruments and are mentioned in the balance sheet notes as « derivative instruments » under current financial assets (liabilities).

On both the profit and loss account and the balance sheet the effect of changes in the fair value of hedging instruments is shown separately from changes in the fair value of financial assets.

Exchange rate evolution on 31st December

Rate on 31st December	2015	2014	Variation(*)
USD/EUR	1.0887	1.2141	10.3%
GBP/EUR	0.7340	0.7789	5.8%
CHF/EUR	1.0835	1.2024	9.9%
AUD/EUR	1.4897	1.4829	-0.5%
NOK/EUR	9.6030	9.0420	-6.2%
DKK/EUR	7.4626	7.4453	-0.2%

(*) The variation sign reflects the impact of the exchange rate on the counter values of the assets denominated in a foreign currency.

At the end of the fiscal year, exposure to currencies excluding the euro was as follows:

(in % of the total assets)	2015	2014	Variation
US Dollar	32.0%	41.2%	-9.2%
Pound Sterling	4.6%	3.4%	1.1%
Swiss Franc	9.6%	11.6%	-1.9%
Australian Dollar	0.2%	0.7%	-0.4%
Norwegian Krone	1.7%	1.6%	0.1%
Danish Krone	1.4%	1.7%	-0.3%

There were no outstanding hedging instruments (% of the risk) at the end of 2015 and 2014.

Sensitivity analysis: impact on the profit and loss account / shareholders' equity of a 5% movement in various currencies

(in € million)	2015	2014	Variation
US Dollar	23.47	23.47	
Pound Sterling	3.34	1.96	1.38
Swiss Franc	7.06	6.57	0.48
Australian Dollar	0.18	0.38	-0.21
Norwegian Krone	1.23	0.91	0.32
Danish Krone	1.01	0.94	0.07
Total	36.28	34.24	2.04

b) Interest rate risk

For financial assets the risk of changes in fair value directly related to interest rate movements is insignificant, given that almost all financial assets are equity instruments.

For financial liabilities this risk is limited by the short duration of financial debt.

c) Other price risks

Price risk is defined as the risk that the value of a financial instrument may fluctuate due to market price variations.

i. Listed portfolio

For the listed portfolio the risk of price fluctuations related to market price variations is determined by price volatility on the stock exchanges where the group is active (Amsterdam, Brussels, Copenhagen, Frankfurt, London, Madrid, Milan, Oslo, Paris and Zurich).

The group's policy is to maintain diversification on these markets which have a high cash flow ratio and are less volatile than the so-called emerging markets. The price risk relating to listed assets is also reduced by the portfolio's high level of geographical and market sector diversification. Changes in the breakdown of the listed portfolio by currency and by market are included in the management report of this document.

ii. *Private Equity* Portfolio

For the portfolio of unlisted securities, statistical and theoretical studies reach different conclusions as to whether or not the volatility of such holdings is greater than that of listed markets. Purchase and sale prices are clearly influenced by multiples such as EV/EBITDA that are found on the market for listed securities. To a large extent these similarities in the bases for valuation explain the significant correlation between price fluctuations on these two markets. Recent experience from the financial crisis that started in 2008 has confirmed the greater degree of stability in valuations in the *Private Equity* portfolio compared to that of the listed portfolio. The price risk related to unlisted securities is also reduced by the very high level of diversification maintained in the portfolio. An initial level of diversification results from the large number of General Partners that Brederode works with. A second level of diversification is present within each Partnership which will typically spread its investments among fifteen to twenty separate projects. The trend of the geographical breakdown of the *Private Equity* portfolio is shown above.

iii. Share options

The price risk is reflected directly in the price levels prevailing on the option markets. Greater volatility on stock exchanges will be reflected in higher option premiums. The price risk on this type of transaction is monitored on a daily basis and is limited by the group's policy of issuing only call options (undertakings to sell at a given price and time) on shares it holds in its portfolio.

iv. Sensitivity analysis of other price risks

a. Listed portfolio

The value of this portfolio is based on stock market prices which are by definition difficult to predict.

b. *Private Equity* portfolio

The value of this portfolio can also be influenced by changes in valuations on listed markets. Nevertheless, this influence is moderated by the following factors:

- The objective to create value relates to a longer term,
- The manager is able to take decisions faster and more effectively in order to turn around a deteriorating situation,
- In our opinion the interests of managers are better aligned in *Private Equity* with those of investors.

It seems pointless to quantify the influence of these factors. For information purposes a 5% change in the valuation of the portfolio would result in a change in fair value of € 35.96 million (€ 31.4 million in 2014).

Credit risk

This is defined as the risk that a counterparty to a financial transaction may default on its obligation, thus causing the other party to incur a financial loss.

As an investor in listed shares the main credit risk we face lies in the ability of our intermediates to ensure the successful outcome of our purchases or sale transactions. This risk is in principle eliminated by the "delivery against payment" system of settlement.

In the case of share options it is up to the Brederode group itself to demonstrate its creditworthiness, thereby enabling it to operate as an issuer in the "Over The Counter" market which is reserved for institutional investors of acknowledged competence and solvency. As an issuer of share options the credit risk on this type of transaction is taken by our counterparties. Bank deposits actually constitute the main credit risk incurred by our group. We constantly review the quality of our bankers.

Securities accounts are also exposed to credit risks, even if – in principle – these securities are separated from the own assets of the financial institutions we assigned the management of the listed portfolio to.

Exposure to credit risks at year-end:

(in € million)	**2015**	**2014**	**Variation**
Bank deposits	29.78	28.62	1.15
Amounts receivable	3.89	4.21	-0.32
Total	**33.67**	**32.84**	**0.84**

In the context of the management of its listed securities portfolio, Brederode regularly lends a sizeable part of its listed securities to leading banks, in return for remuneration. The loan agreements also enable Brederode to gain access to credit facilities at favourable conditions. The credit risk associated with the securities lending is covered by a portfolio of financial assets pledged in Brederode's favour, guaranteeing coverage in excess of 100%. As at 31 December 2015 the market value of the securities lent by Brederode amounted to €225 million, whilst that of the financial assets portfolio pledged to Brederode as security totalled €230.9 million. The lent securities continue to be accounted for in the balance sheet at their fair value.

Liquidity risk

The liquidity risk or the financing risk is defined as the risk that an entity may experience difficulties raising funds to honour its commitments related to financial instruments. One of the characteristics of a "*Private Equity*" investment is that the investor has no control over the liquidity of the investments. The manager alone decides when to acquire or dispose of an investment. There is a secondary market for holdings in *Private Equity* funds, but this constitutes a niche market and the selling process may prove relatively long and costly. The evolution of the group's uncalled commitments to *Private Equity* funds is monitored closely to ensure optimal management of net cash movements.

The portfolio of listed securities is made up of highly liquid minority positions, so that significant cash movements generated by the unlisted portfolio can be absorbed, if necessary.

The group has the possibility of resorting to its confirmed line of credit for an amount of €50 million.

Analysis of the residual contractual maturity dates of debts with credit institutions:

The group had not contracted any loans as at 31 December 2014 and 2015.

Cash flow interest rate risk

This is the risk that future cash flows of financial instruments may fluctuate due to variations in market interest rates. Our group is not affected by this risk.

9. Report of the *réviseur d'entreprises agréé*

To the shareholders of
BREDERODE S.A.
Société Anonyme

R.C.S. Luxembourg B 174.490

32, boulevard Joseph II
L-1840 LUXEMBOURG

REPORT OF THE REVISEUR D'ENTREPRISES

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of BREDERODE S.A. and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as of

31 December 2015, the consolidated profit and loss account, the consolidated cash flows statement, the consolidated statement of movements in shareholders' equity for the year ended 31 December 2015, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the Board of Directors determines is necessary to enable the preparation and presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the réviseur d'entreprises agréé

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the réviseur d'entreprises agréé, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the réviseur d'entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as of 31 December 2015, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The consolidated Directors' report, which is the responsibility of the Board of Directors, is in accordance with the consolidated financial statements.

Luxembourg, 08 April 2016

For MAZARS LUXEMBOURG, Cabinet de révision agréé
10A, rue Henri M. Schnadt
L-2530 LUXEMBOURG

Thierry SALAGNAC
Réviseur d'entreprises agréé

10. Financial calendar

2016 Ordinary General Meeting	Wednesday 11st May 2016 at 2.30 pm
n° 2 Coupon payment date	Wednesday 25th May 2016

BREDERODE S.A.
32, Boulevard Joseph II L- 1840 Luxembourg
www.brederode.eu

The annual report in French constitutes the original text.

Dutch and English translations of this report are available.

In the event of any divergence of interpretation between the different versions,

the French text shall be deemed authentic.