Ghelamco Invest NV
EUR 250,000,000 Euro Medium Term Note Programme
Guaranteed by Ghelamco Group Comm. VA

Ghelamco Invest NV, a limited liability company (*naamloze vennootschap/société anonyme*) incorporated under Belgian law, having its registered office at Zwaanhofweg 10, 8900 Ieper, Belgium, registered with the Crossroads Bank for Enterprises under number VAT BE0431.572.596, commercial court of Ghent, subdivision Ieper (the "**Issuer**") may from time to time issue Euro Medium Term Notes (the "**Notes**"), subject to compliance with all relevant laws, regulations and directives, under the EUR 250,000,000 Euro Medium Term Note Programme (the "**Programme**") described in this base prospectus dated 11 December 2019 (the "**Base Prospectus**"). The Notes will be unconditionally and irrevocably guaranteed by Ghelamco Group Comm. VA, a partnership limited by shares (*commanditaire vennootschap op aandelen/société en commandite par actions*) incorporated under Belgian law, having its registered office at Zwaanhofweg 10, 8900 Ieper, Belgium, registered with the Crossroads Bank for Enterprises under number VAT BE0879.623.417, commercial court of Ghent, subdivision Ieper (the "**Guarantor**"). The Notes issued under the Programme may be Fixed Rate Notes or Floating Rate Notes (each as defined below) or a combination of any of the foregoing. The Notes will be issued in the Specified Denomination(s) specified in the applicable Final Terms. The minimum Specified Denomination of Notes shall be EUR 100,000 (and integral multiples thereof). The Notes have no maximum Specified Denomination. The aggregate nominal amount of Notes outstanding will not at any time exceed EUR 250,000,000.

The Base Prospectus has been approved on 11 December 2019 by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") in Luxembourg in its capacity as competent authority under the Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). The CSSF has only approved this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such an approval should not be considered as an endorsement of the Issuer that is the subject of this Base Prospectus nor as an endorsement of the quality of any Notes. In accordance with Article 6 (4) of the Luxembourg Law of 16 July 2019 on prospectuses for securities, the CSSF does not make any representation as to the economic or financial opportunity of the issue of the Notes nor as to the quality and solvency of the Issuer or the Guarantor. Investors should make their own assessment as to the suitability of investing in such Notes. **This Base Prospectus is valid for 12 months from its date in relation to Notes which are to be admitted to trading on a regulated market in the European Economic Area (the "EEA") and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 1(4) and/or Article 3(2) of the Prospectus Regulation. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.**

Application has been made to the Luxembourg Stock Exchange for the Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's Regulated Market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's Regulated Market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2014/65/EU, as amended ("**MiFID II**") appearing on the list of regulated markets issued by the European Commission (the "**Regulated Market**"). References in this Base Prospectus to the Luxembourg Stock Exchange (the "**Luxembourg Stock Exchange**") or to the Notes being "**listed**" and all related references shall mean that such Notes are intended to be listed and admitted to trading on the Luxembourg Stock Exchange's regulated market and are intended to be listed on the official list of the Luxembourg Stock Exchange. However, unlisted Notes may be issued pursuant to the Programme.

The Notes will be issued in dematerialised form in accordance with the provisions of the Belgian Companies Code (*Wetboek van Vennootschappen/Code des Sociétés* dated 7 May 1999) (the "**1999 Belgian Companies Code**"), as amended or replaced from time to time, including with effect from its applicable effective date, by the Belgian *Wetboek van vennootschappen en verenigingen/Code des sociétés et des associations* dated 23 March 2019, as amended from time to time (the "**2019 Belgian Companies and Associations Code**")) (the "**Belgian Companies Code**"), and cannot be physically delivered. The Notes will be represented exclusively by book entries in the records of the securities settlement system operated by the National Bank of Belgium (the "**NBB**") or any successor thereto (the "**Securities Settlement System**"). The Notes issued in dematerialised form and settled through the Securities Settlement System may be eligible as ECB collateral, provided that the applicable ECB eligibility requirements are met. The obligations of the Issuer under the Notes shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 3 (*Negative Pledge*), at all times rank at least equally and rateably with all other present and future unsecured and unsubordinated obligations of the Issuer.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and whether the Notes will be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange (or any other stock exchange) and certain other information which is applicable to each Tranche of Notes will be set out in a final terms document (the "**Final Terms**"). Copies of the Final Terms in relation to Notes to be listed on the Luxembourg Stock Exchange will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). Tranches of Notes to be issued under the Programme may be rated or unrated. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Notes may not be suitable for all investors. Investors risk to lose all or part of their investment in the Notes.
Prospective investors should read the Base Prospectus in its entirety and should have regard to the factors described under the section headed "Risk Factors" in this Base Prospectus on page 13. Base Prospectus dated 11 December 2019 for purposes of the listing of the Notes.

Arranger

SOCIÉTÉ GÉNÉRALE CORPORATE & INVESTMENT BANKING

Dealer

SOCIÉTÉ GÉNÉRALE CORPORATE & INVESTMENT BANKING

IMPORTANT INFORMATION

This Base Prospectus comprises a base prospectus for the purposes of Article 8 of the Prospectus Regulation and for the purpose of giving the necessary information which is material to an investor for making an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer, the rights attaching to the Notes and the reasons for the issuance of the Notes and its impact on the Issuer and the Guarantor. Where reference is made to the "Terms and conditions of the Notes" or to the "Conditions", reference is made to the Terms and Conditions of the Notes as set out in Part IV (Terms and conditions of the Notes) of the Base Prospectus and, in relation to any Series of Notes, to the Terms and Conditions of the Notes (as set out in Part IV (Terms and conditions of the Notes) together with the relevant Final Terms of that Series. Where reference is made to the "subsidiaries", reference is made to a subsidiary within the meaning of Article 6 of the 1999 Belgian Companies Code and, with effect from its applicable effective date, Article 1:15 of the 2019 Belgian Companies and Associations Code.

*Each of the Issuer and the Guarantor, having their registered office at Zwaanhofweg 10, 8900 Ieper, Belgium (the "**Responsible Persons**") accepts responsibility for the information contained in this Base Prospectus and any supplements of the Base Prospectus. The Issuer will be responsible for all the information contained therein. The Guarantor will only be responsible for the information relating to itself and the Guarantee. To the best of the knowledge of the Issuer and the Guarantor (the latter however only with respect to the information for which it is responsible), the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.*

This Base Prospectus is to be read in conjunction with all documents which are enclosed in Annex (see Part III "Documents enclosed in Annex" of the Base Prospectus).

No person is or has been authorised to give any information or to make any representation other than those contained in and consistent with this Base Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, the Guarantor or the Dealers or the Arranger. Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Guarantor or their subsidiaries since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, nor any event likely to involve any material change, in the condition (financial or otherwise) of the Issuer or the Guarantor or their subsidiaries, since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information contained in it or supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer, the Guarantor, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state or other jurisdiction of the United States. The Notes will be offered and sold solely outside the United States to non U.S. persons in reliance on Regulation S under the Securities Act ("Regulation S"). Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S). For a description of certain restrictions on offers and sales of Notes and on the distribution of this Base Prospectus, see Part XV (*Subscription and Sale*) of the Base Prospectus.

If the Prohibition of Sales to EEA Retail Investors is specified as applicable in the applicable Final Terms, the Notes are not intended to be offered, sold or otherwise made available to, and should not be offered,

sold or otherwise made available to, any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"), (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

If the Prohibition of Sales to Consumers is specified as applicable in the applicable Final Terms, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any consumer (*consument/consommateur*) within the meaning of the Belgian Code of Economic Law (*Wetboek van economisch recht/Code de droit économique*).

Amounts payable under the Notes may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the "Benchmark Regulation"). If any such reference rate does constitute such a benchmark, the applicable Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("ESMA") pursuant to article 36 of the Benchmark Regulation. Not every reference rate will fall within the scope of the Benchmark Regulation. Transitional provisions in the Benchmark Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the relevant Final Terms (or, if located outside the European Union, recognition, endorsement or equivalence). The registration status of any administrator under the Benchmark Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the Final Terms to reflect any change in the registration status of the administrator. As at the date of this Base Prospectus, details of the administrators EURIBOR, being European Money Markets Institute, appear on the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmarks Regulation.

MiFID II product governance/target market – The Final Terms in respect of any Notes may include a legend entitled "MiFID II product governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the "MiFID Product Governance Rules"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Arranger or the Dealers to subscribe for, or purchase, any Notes.

Neither the Dealers nor the Arranger has separately verified the information contained in this Base Prospectus. Neither the Dealers nor the Arranger makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Base Prospectus. To the fullest extent permitted by law, neither the Dealers nor the Arranger accepts any responsibility for the contents of this Base Prospectus or for any other statement, made or purported to be

made by an Arranger or a Dealer or on its behalf in connection with the Issuer, the Guarantor, or the issue and offering of the Notes. The Arranger and the Dealers accordingly disclaim all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Base Prospectus or any such statement.

Neither this Base Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Guarantor, the Arranger or the Dealers that any recipient of this Base Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. The summaries and descriptions of legal provisions, taxation, accounting principles or comparisons of such principles, legal company forms or contractual relationships reported in the Base Prospectus may in no circumstances be interpreted as investment, legal or tax advice for potential investors. Potential investors are urged to consult their own legal, accounting or other advisors concerning the legal, tax, economic, financial and other aspects associated with the subscription to the Notes. Neither the Dealers nor the Arranger undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Dealers or the Arranger.

In connection with the issue of any Tranche (as defined in the Conditions), the Dealers (if any) named as the stabilising manager(s) (the "Stabilising Manager(s)") (or any person acting on behalf of any Stabilising Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes issued under the Programme must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Base Prospectus or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the Final Terms of the Notes and be familiar with the behaviour of any relevant financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. Investors which investment activities are subject to certain laws and regulations and/or review or regulation by certain authorities may be subject to specific restrictions in connection with their investment in the Notes. Each potential investor should be aware of this restriction risk and consult its advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowings, and (iii) other restrictions apply to the purchase or pledge of any Notes. The investors should consult their advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Each prospective investor in the Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

Certain alternative performance measures ("APMs") as described in the European Securities and Markets Authority Guidelines on Alternative Performance Measures (the "ESMA Guidelines") published on 5 October 2015 by ESMA and which came into force on 3 July 2016 may be included or referred to in this Base Prospectus. APMs are not defined in accordance with IFRS accounting standards and are used by the Issuer within its financial publications to supplement disclosures prepared in accordance with other regulations. These measures may provide useful information to enhance the understanding of financial performance. The APMs should however be viewed as complementary to, rather than a substitute for, the figures determined according to other regulatory measures.

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to "euro" and "€" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

Market data and other statistical information used in the Base Prospectus have been extracted from a number of sources, including independent industry publications, government publications, reports by market research firms or other independent publications. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, it is able to ascertain from information published by the relevant independent source, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Base Prospectus may contain or incorporate by reference certain statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the Issuer and its subsidiaries' (together the "Issuer Group") or the Guarantor and its subsidiaries' (together the "Guarantor Group") business strategies, trends in its business, competition and competitive advantage, regulatory changes, and restructuring plans.

Words such as believes, expects, projects, anticipates, seeks, estimates, intends, plans or similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. The Issuer and the Guarantor do not intend to update these forward-looking statements except as may be required by applicable securities laws.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. A number of important factors could cause actual results, performance or achievements to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include: (i) the ability to maintain sufficient liquidity and access to capital markets; (ii) market and interest rate fluctuations; (iii) the strength of global economy in general and the strength of the economies of the countries in which the

Issuer Group or the Guarantor Group conducts operations; (iv) the potential impact of sovereign risk in certain European Union countries; (v) the ability of counterparties to meet their obligations to the Issuer Group or the Guarantor Group; (vi) the effects of, and changes in, fiscal, monetary, trade and tax policies, financial and company regulation and currency fluctuations; (vii) the possibility of the imposition of foreign exchange controls by government and monetary authorities; (viii) operational factors, such as systems failure, human error, or the failure to implement procedures properly; (ix) actions taken by regulators with respect to the Issuer Group's and/or the Guarantor Group's business and practices in one or more of the countries in which the Issuer Group or the Guarantor Group conducts operations; (x) the Issuer Group's and/or the Guarantor Group's success at managing the risks involved in the foregoing.

The foregoing list of important factors is not exclusive; when evaluating forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties and events, as well as the other risks identified in this Base Prospectus.

This Base Prospectus contains various amounts and percentages which are rounded and, as a result, when these amounts and percentages are added up, they may not total.

PROSPECTUS SUPPLEMENT

If at any time the Issuer shall be required to prepare a Base Prospectus supplement pursuant to Article 23 of the Prospectus Regulation, the Issuer will prepare and make available an appropriate amendment or supplement to this Base Prospectus which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the regulated market of the Luxembourg Stock Exchange, shall constitute a Base Prospectus supplement as required by Article 23 of the Prospectus Regulation.

If at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Base Prospectus which is capable of affecting the assessment of any Notes and which arises or is noted between the date of the Base Prospectus and the time when trading on a regulated market begins, the Issuer shall prepare an amendment or supplement to this Base Prospectus or publish a replacement Base Prospectus and shall supply to the Dealers such number of copies of such supplement hereto as the Dealers may reasonably request.

FURTHER INFORMATION

For more information about the Issuer, please contact:

Ghelamco Invest NV
Zwaanhofweg 10
8900 Ieper
Belgium
Tel.: +32 57 219 114
investor-relations@ghelamco.com
https://www.ghelamco.com/site/w/investor-relations.html

TABLE OF CONTENTS

PART I – OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the Terms and Conditions of any particular Tranche of Notes, the applicable Final Terms. This overview must be read as an introduction in conjunction with the other parts of the Base Prospectus (including any documents incorporated therein). Any decision to invest in the Notes should be based on a consideration by the investor of the Base Prospectus as a whole.

The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Conditions, in which event, if required, a new Base Prospectus or a supplement to the Base Prospectus will be published.

*This overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) No 2019/980 (the "**Delegated Regulation**").*

Issuer:	Ghelamco Invest NV.
Issuer Legal Entity Identifier (LEI) :	549300ZCILDQK9U0LZ22.
Guarantor:	Ghelamco Group Comm. V.A.
Guarantor Legal Entity Identifier (LEI)	5493001B61LZXTEDD235.
Description:	Euro Medium Term Note Programme.
Size:	Up to an aggregate nominal amount of EUR 250,000,000 of Notes outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Arranger:	Société Générale.
Dealer:	Société Générale. The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Prospectus to "**Dealers**" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) or in respect of one or more Tranches.
Agent:	BNP Paribas Securities Services, Brussels branch.
Listing Agent:	Banque Internationale à Luxembourg S.A.

Method of Issue:	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the final terms (the "**Final Terms**").
Issue Price:	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.
Form of Notes:	The Notes will be issued in dematerialised form in accordance with the Belgian Companies Code and cannot be physically delivered. The Notes will be exclusively represented by book entry in the Securities Settlement System. The Notes can be held by their holders through participants in the Securities Settlement System, including Euroclear SA/NV ("**Euroclear**") and Clearstream Banking AG, Frankfurt. ("**Clearstream**") and through other financial intermediaries which in turn hold the Notes through Euroclear and Clearstream, or other participants in the Securities Settlement System. The Notes cannot be exchanged for notes in bearer form (*effecten aan toonder/titres au porteur*). Title to the Notes will pass by account transfer.
Settlement:	The securities settlement system operated by the NBB or such other system as may be agreed between the Issuer, the Agent and the relevant Dealer.
Currency:	EUR
Specified Denomination:	The Notes will be in such denominations as may be specified in the relevant Final Terms save that in any case, the minimum specified denomination shall be at least €100,000 (and integral multiples thereof).
Maturity Date:	The Maturity Date of the Notes will be specified in the relevant Final Terms.
Use of Proceeds:	An amount equal to the net proceeds from the issue of each Tranche of Notes will, as indicated in the applicable Final Terms, be applied: (a) towards the funding of investments focused on projects located in Belgium and France (and possibly also in Luxembourg, Germany, the Netherlands, Cyprus and the UK) and its general corporate purposes, including the repayment of certain debt; or

	(b) to finance or refinance, in whole or in part, the Eligible Project Portfolio (as defined in the section entitled "Green Bond Framework"), each as more particularly described in the section entitled "Use of Proceeds".
Fixed Rate Notes:	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.
Floating Rate Notes:	Floating Rate Notes will bear interest determined separately for each Series as follows: (i) on the same basis as the floating rate under a notional interest rate swap transaction in EUR governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., or (ii) by reference to EURIBOR as adjusted for any applicable margin. Interest periods will be specified in the relevant Final Terms.
Interest Periods and Interest Rates:	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.
Final Redemption:	The relevant Final Terms will specify the basis for calculating the redemption amounts payable. The Notes will be redeemed at an amount at least equal to their nominal amount plus interest accrued until the date fixed for redemption (if any).
Optional Redemption:	The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and if so the terms applicable to such redemption. If the Change of Control Put Option is specified as applicable in the relevant Final Terms, the holders of the Notes may request redemption of their Notes upon the occurrence of a Change of Control (as defined in the Conditions) subject to the terms set out in the Conditions. See "*Terms and Conditions of the Notes – Redemption and purchase*".
Status of Notes:	The obligations of the Issuer under the Notes shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 3 (*Negative Pledge*), at all times rank at least equally and ratably with all other present and future unsecured and unsubordinated obligations of the Issuer. See "*Terms and Conditions of the Notes – Status of the Notes*".

Status of the Guarantee:	The obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and, save for such exceptions as may be provided by applicable legislation, rank and will at all times rank *pari passu*, without any preference among themselves, and equally and rateably with all other existing and future unsubordinated and unsecured obligations of the Guarantor. See "*Terms and Conditions of the Notes – Status of the Guarantee*".
Negative Pledge:	The Conditions contain a negative pledge. See "*Terms and Conditions of the Notes – Negative Pledge*".
Cross Default:	The Conditions contain a cross default. See "*Terms and Conditions of the Notes – Events of Default*".
Rating:	Tranches of Notes will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will be specified in the relevant Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme or the Guarantor's ability to fulfil its obligations under the Guarantee. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and risks relating to the structure of a particular Series of Notes issued under the Programme. All of these are set out under "Risk Factors".
Early Redemption:	Except as provided in "*Optional Redemption*" above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See "*Terms and Conditions of the Notes – Redemption and purchase*".
Withholding Tax:	If both the Tax Call Option and Prohibition of Sales to Consumers are specified as applicable in the applicable Final Terms, all payments of principal and interest in respect of the Notes will be made free and clear of any present or future taxes, duties, assessments or governmental charges of whatever nature (the "**Taxes**") imposed, levied, collected, withheld or assessed by or on behalf of any jurisdiction (including any political subdivision or any authority therein or thereof having power to tax) as a result of any connection existing between the Issuer or the Guarantor and such jurisdiction unless the withholding or deduction of the Taxes is required by law. In such event, the Issuer, failing whom, the Guarantor, shall, subject to customary exceptions (including the ICMA Standard EU Tax exemption Tax Language), pay such additional amounts as shall result in receipt by the Noteholder of such amounts as would have been received by it had no such withholding been required, all as described in "*Terms and Conditions of the Notes – Taxation*".

Governing Law:	Belgian law.
Submission to Jurisdiction:	The courts of Brussels, Belgium have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes.
Listing and Admission to Trading:	Application has been made to admit Notes issued under the Programme to be listed on the Official List of the Luxembourg Stock Exchange and to be traded on the regulated market of the Luxembourg Stock Exchange or as otherwise specified in the relevant Final Terms and references to listing shall be construed accordingly. As specified in the relevant Final Terms, a Series of Notes may be unlisted.
Selling Restrictions:	The Public Offer Selling Restriction under the Prospectus Regulation, The United States, the United Kingdom and restrictions to offer the Notes to consumers (*consumenten/consommateurs*) within the meaning of the Belgian Code of Economic Law (*Wetboek Economisch Recht/Code de droit économique*) and/or to "retail investors" in the European Economic Area as defined below, as may be specified in the Final Terms. See "*Subscription and Sale*". The Issuer is Category 2 for the purposes of Regulation S under the Securities Act.

PART II – RISK FACTORS

The Issuer and the Guarantor believe that the risks described below may affect the Issuer's and the Guarantor's ability to fulfil their respective obligations under the Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer and the Guarantor are not in a position to express a view on the likelihood of any such contingency occurring. Factors which are material for purposes of assessing the market risk associated with the Notes issued under the Programme are described below.

The Issuer and the Guarantor believe that the factors described below represent the material risks inherent in investing in the Notes, but the inability of the Issuer or the Guarantor to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons which may not be considered significant risks by the Issuer or the Guarantor based on information currently available to them or which they may not currently be able to anticipate. The risks set out below in respect of the Issuer could also apply directly or indirectly to the Guarantor, due to the interconnectedness between the Issuer and the Guarantor, the similarity in their respective business models and given that the Issuer is a wholly-owned subsidiary of the Guarantor. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including any documents included in annex to this Base Prospectus) and should reach their own views as to the suitability of investing in the Notes prior to making any investment decision and consult with their own professional advisors if they consider it necessary.

*"**Issuer Group**" should be construed as a reference to the Issuer and its subsidiaries from time to time. "**Guarantor Group**" or "**Group**" should be construed as a reference to the Guarantor and its subsidiaries from time to time, which comprises the Issuer and the Issuer Group.*

Terms defined in the Conditions shall have the same meaning where used below.

RISK FACTORS IN RELATION TO THE ISSUER

Risks related to the Issuer Group's business activities and industries

The Issuer Group is subject to market risk.

The Issuer Group's revenues depend to a large extent on the volume and the exit value of its real estate projects. Investments in real estate are relatively illiquid and are generally more difficult to realise than other investments. Hence, the results of the Issuer Group can fluctuate significantly from year to year depending on the number of projects that can be brought to market for disposal and their ultimate exit value. In this respect, the Issuer Group is exposed to the national and international economic conditions and other events and occurrences that affect the markets in which the Issuer Group's property is located: the office property market in Belgium (mainly in the Brussels region) and the residential (apartments and plots) property market in Belgium. The Issuer Group's strategy is to sell its residential real estate upon completion and to hold its commercial real estate until it can realise the expected yield (see Part VII (*Description of the Issuer*) – "*3.3.2 (v) Lease or Sale*").

Changes in the principal macroeconomic indicators (such as the gross domestic product) or a general economic slowdown in one or more of the Issuer Group's markets, or on a global scale could result in a lower demand for office buildings, residential property or building plots, higher vacancy rates and higher risk of default of service providers, building contractors, tenants and other counterparties.

Due to markets circumstances (political, economic or otherwise) the Issuer Group may not be able to dispose of or liquidate all or parts of its real estate projects in a timely manner and/or at satisfactory prices. Currently, the Issuer Group's projects are mainly located in Belgium, (93% of the Issuer's Group development portfolio as at 30 June 2019), with a limited presence in France and a possible expansion in the future to Luxembourg, Germany, Cyprus, the Netherlands and the United Kingdom. For an overview of the recent developments in the markets in which the Issuer Group is active, please refer to paragraph 3.3.1 in the section "*Description of the Issuer*". If the Issuer were unable to generate positive cash flows from its projects or were to be subject to a significant fluctuation in its cash flow generation capacity, this may affect the Issuer's ability to pay interest on the Notes and its other financial indebtedness and, in the medium term, to repay its debt. Given the Issuer Group's strategy to expand its investments in Belgium and to retain its existing commercial real estate projects in an initial phase, the Issuer Group's net cash flow generation might also fluctuate accordingly. The net cash flow generation was EUR – 10.8 million during the first half of financial year 2019, EUR – 4.1 million in financial year 2018 and EUR 11.1 million in financial year 2017.

Any of such risks could materially adversely affect the value of the Issuer Group's property portfolio and, consequently, its financial position and development prospects.

The Issuer Group's real estate projects may experience delays and other difficulties, especially in relation to permitting.

Even though the Issuer and its subsidiaries typically only acquire plots of land after all feasibility studies and due diligence processes have been carried out, they are nevertheless subject to a variety of risks in connection with the development of the projects. Development projects tend to be subject to a variety of risks, each of which could cause late delivery of a project and, consequently, increase the development period leading up to its contemplated sales, trigger a budget overrun, cause a loss or decrease of expected income from a project or even, in some cases, its actual termination.

In the planning and pre-commercialisation phase of a project, the Issuer Group's projects are subject to the risk of changes in the relevant urban planning requirements and regulations and environmental and, most importantly, construction permits being obtained in a form consistent with the project plan and concept. Furthermore, a permit may be subject to an appeal by an interested party. Any such procedure could further delay the development and, ultimately, the sale of a project and negatively impact the financial condition of the Issuer Group. In addition, the planning authorities in the countries in which the Issuer Group operates may refuse to approve plans or may demand to modify existing plans. Furthermore, pressure groups may intervene during public consultation procedures or other circumstances. The planning and pre-commercialisation process is organised within International Real Estate Services Comm. VA. Accordingly, the purchase price due by the Issuer in relation to any such projects is likely to increase if any of the risks mentioned above were to materialise. Furthermore, the Issuer Group may not be able to obtain financing at favourable terms for a project or no financing at all.

Due to the inconsistency in the interpretation and application of law by the competent authorities and potential lack of compliance with the legal requirements during the acquisition process, some members of the Issuer Group may not have title to some of the land and properties despite being registered as the owners of such land and properties in the relevant real estate registry. In some countries, the real estate registries may not provide conclusive evidence of ownership title to property. In such case, there can be no assurance that the entity registered in the relevant registry is the actual owner of such real estate property. The Issuer Group may also obtain land which was previously categorised as agricultural and face challenges by local authorities in connection with re-zoning or designated use of allocation.

In the construction phase of a project, the Issuer Group risks delays resulting from amongst others adverse errors or omissions in the project planning, budgeting and engineering, weather conditions (in particular, periods of cold weather, snow or sustained rain fall), work disputes, the overall construction process, insolvency of construction contractors, shortages of equipment or construction materials, worksite accidents or unforeseen technical difficulties. These risks are however shifted as much as possible to International Real Estate Services Comm. VA and third party contactors which are required to provide customary guarantees and indemnities. Please also refer to Part VII (*Description of the Issuer*) – 3.3.2. (*Business model of the Issuer Group*). Upon completion of a project, there is a risk that occupancy rates, actual income from sale of properties or fair value is lower than forecasted.

These risks may (i) extend the time until a project can be sold, (ii) lead to a budget overrun, (iii) cause a delay in the cash flow planning, (iv) trigger delay penalties under pre-sale or pre-lease agreements, (v) lead to termination of existing investment agreements or land leases (vi) cause a loss or decrease of expected income for a project or, in some cases, even (vii) lead to the termination of a project, (viii) claims for damages by third parties and (ix) increased debt service expenses. The Issuer Group may not be able to increase its prices to compensate for the increased construction costs.

As at today, a number of projects of the Issuer Group are yet to enter the construction phase. As at 30 June 2019, 58% of the Issuer Group portfolio was not under construction, and 42% was under construction. For an overview of the most important development projects of the Issuer Group, see "Description of the Issuer". In case the Issuer Group does not successfully complete its projects or in case any of the other above risks materialises, this may have a material adverse impact on the Issuer Group's business, results of operations, financial condition and prospects.

The management and investment strategy of the Issuer Group may prove to be inappropriate.

When considering investments for office or residential property development, the Issuer Group may make certain assessments and assumptions as to future economic conditions, market trends and other conditions, including assessments and assumptions relating to the potential return on investment at the time of completion of a project. For example, the Issuer Group aims to acquire and develop interesting real estate projects at prime locations, which may evolve over time. The risks relating to the correctness of the assessments and assumptions are a function of a number of variables. However, the Issuer Group invests at economically viable conditions and aims to commercialise the projects at attractive terms and by the expected deadline.

In addition, the Issuer Group may not take into account all relevant factors to make an informed decision or the Issuer Group's assessments and assumptions may not be verified in practice. If not all factors have been taken into account or if the assessments or assumptions do not prove to have been accurate, this may have an impact on the Issuer's revenues for its projects (through disposals or leases) and the demand for these projects generally. For an overview of the number of projects of the Group which have been pre-sold or pre-leased as at 30 June 2019, mitigating this risk, please refer to risk factor "The Issuer is subject to market risk" above. These estimates or certain decisions may prove to be incorrect. This may result in a failure to achieve projected returns and consequently, negatively impact the Issuer's business, results of operations, financial condition and prospects.

Furthermore, inadequate management of the property portfolio and/or tendencies in the property market may lead to a structural and technical deterioration in the buildings' lifecycle. This may cause obsolescence of the buildings and a reduction of their commercial appeal causing a decreased value and a potential loss of rental income and sales value for the Issuer Group.

The book value and appraisals of the Issuer Group's properties and projects may not accurately reflect their real market value.

The Issuer Group's assets comprise residential projects and commercial projects. The residential projects are dedicated for sale and are valued at the lower of the historical cost and net realisable value under IFRS. The commercial projects are in first instance kept in portfolio for rental purposes and are measured at fair value under IFRS in accordance with IFRS rules, as adopted by the EU, and provided that certain internal (more restrictive) parameters are fulfilled.

The valuation of the Issuer Group's properties and real estate projects is made on the basis of certain assumptions (such as estimated rental value, passing rent, estimated completion costs, yields etc.) and as at specified dates. There can be no assurance that these figures accurately reflect the real market value of such properties and projects. A number of assumptions and valuation models are used to prepare the appraisals, and the use of different assumptions or valuation models would likely produce different valuation results. The valuations and corresponding descriptions of the properties and projects are not always based on the actual or planned use of these properties and projects. If there is a discrepancy between the valuation and the real market value, this may have a material adverse effect on the Issuer Group's results of operations and financial condition.

For more information, please refer to Part VII (*Description of the Issuer*) – 3.3.3 (*Valuation of the real estate assets*) and note 6 of the Issuer's consolidated financial statements for the year ended 31 December 2018.

The Issuer Group may not be able to generate or realise valuation gains.

A significant portion of the Issuer Group's assets consists of property development inventories and investment property. Investment property is carried at fair value and subject to periodical fair value adjustments based on a number of assumptions. For more information see note 6 of the Issuer's consolidated financial statements for the year ending 31 December 2018. Moreover, valuation gains and losses which are not (yet) realised are recognised in the Issuer Group's income statement. The valuation of a property depends in large part on national and regional economic conditions, as well as the level of interest rates. Consequently, a downturn in the property market or a negative change in one of the assumptions used or factors considered in making a property's valuation (such as interest rates, local economic situation, market sentiment, market yield expectation and inflation) could lead to a decrease of the value of the property and could have a material adverse effect on the Issuer's or the Guarantor's operating results and balance sheet. These factors are not under the Issuer's or the Guarantor's control.

The Issuer is subject to interest rate risk.

A variation in the interest rates may have an impact on the demand for real estate as an asset class and for the Issuer's projects in the various segments in which it is active. On the office market, for instance, a variation in the interest rate may also affect the yield used to compute the exit value of office real estate. Furthermore, the Issuer's development projects are in general subject to risks relating to interest rate fluctuations, for example because of the impact thereof on construction costs. Any such changes may have a material impact on the capacity of the Issuer to sell its projects at the expected returns and may also, with a delayed effect, have an impact on the value of the Issuer's property development portfolio. Please also refer to risk factor *"The Issuer is subject to market risk"* above.

About 44 per cent of the Issuer Group's financing agreements are subject to floating interest rates. The Issuer Group does not currently have a general policy in place to hedge such interest rate risk. Accordingly, changes in interest rates could adversely impact the Issuer Group's business, financial condition, results and prospects, which could in turn make access to financing more difficult or expensive than anticipated and could result in greater financial vulnerability. An increase/decrease of 100 basis points in the (average) interest rates on the floating financial debt of the Issuer at 31 December 2018, with all variables held constant, would have resulted in a EUR 2,048,000 lower/higher profit before tax for 2018.

A similar increase/decrease would have resulted in a EUR 2,175,000 lower/higher profit before tax for the first half year of 2019.

For more information, please refer to Section 2.1.2 "*Interest Rate Risk*" of the IFRS consolidated financial statements of the Issuer for the year ended 31 December 2018, enclosed in Annex I of the Base Prospectus.

The Issuer Group is subject to counterparty risk.

The Issuer Group has contractual relations with multiple parties in the context of its development activities, such as suppliers, partners, investors, tenants, contractors and subcontractors, financial institutions and architects. As at 30 June 2019, the Issuer Group had trade receivables outstanding for a total amount of EUR 21,229,000.

The Issuer Group is subject to the risk that a counterparty does not or does not timely honour its contractual obligations. Although the Issuer Group pursues diversification as part of its counterparty selection process and a monitoring of their performance, such inability of a counterparty to honour its contractual obligations could have an impact on the Issuer Group's planning, its capacity to perform its own contractual obligations and, consequently, its operational or financial position. Although contracting agreements typically include legal warranties, failure or bankruptcy of the contractor could make the warranties wholly or partially unenforceable or redundant.

Significant disruptions in the operations of the Issuer Group's suppliers, contractors and other counterparties could materially impact the operations of the Issuer Group, and may result in a delayed sale and/or may impact the value of the building.

As of 30 June 2019 (and 31 December 2018), the Issuer Group does not have any doubtful debtors.

The Issuer may lose key management including the controlling shareholders and key personnel or fail to attract and retain skilled people.

The performance, success and ability to fulfil the strategic objectives of the Issuer Group depends on retaining its current executives and members of the managerial staff of the Guarantor Group who are experienced in the markets and the business in which the Issuer Group operates.

The development, management, coordination and support services are mainly provided by the Guarantor Group and certain other companies under the (direct or indirect) control of Mr Paul Gheysens and the other controlling family shareholders. Moreover, certain controlling family shareholders, in particular, Mr Paul Gheysens, Mr Simon Gheysens and Mr Michael Gheysens currently fulfil key roles in the management of the Issuer.

The unexpected loss of any such family member or other key individuals or personnel may hamper the Issuer Group's ability to successfully execute its business strategy and may give rise to a negative market or industry perception.

Furthermore, the Issuer might find it difficult to recruit suitable employees, both for expanding its operations and for replacing employees who may resign. Recruiting suitable employees may entail substantial costs both in terms of salaries and other incentive schemes.

The Issuer Group is a privately-owned group.

At the date of this Base Prospectus, the shares of the Issuer or the Guarantor are not listed and neither the Issuer nor the Guarantor has any intention to list their shares on a stock exchange. As a result, neither the Issuer nor the Guarantor are subject to extensive governance and transparency obligations applicable to companies with listed shares. The Issuer is nevertheless required to meet certain disclosure and governance obligations (including the obligation to publish its annual IFRS consolidated financial statements and half-yearly IFRS condensed consolidated financial statements and the obligations to set-up an audit committee) for as long as any Notes are listed on a regulated market of the European Economic Area.

The Issuer Group's real estate projects face competition.

The Issuer Group faces competition from other owners, operators and developers of retail, commercial and residential properties. For an overview of the markets in which the Issuer Group operates and the Issuer Group's position, see Part III (*Description of the Guarantor*) – 2 "Business Description". Substantially all of the Issuer Group's real estate projects face competition from similar projects in the same markets. Such competition may affect the Issuer Group's ability to sell completed developments or, in relation to investment properties, attract and retain tenants and may reduce the rent the Issuer Group is able to charge. Any of these circumstances could adversely affect the Issuer Group's business, results of operations, financial condition and prospects.

The Issuer Group is exposed to fluctuations in prices of supplies, labour, transportation and other operational costs.

Raw materials, supplies, labour, energy, fuel and other operating costs directly related to the projects of the Issuer Group constitute a major part of the property development assets of the Issuer Group. As at 30 June 2019, the operating costs of the Issuer Group amounted to 10% of the property development assets of the Issuer Group. Prices may vary significantly as a result of market conditions and other factors beyond the Issuer Group's control. Although the Issuer uses a wide variety of suppliers in different countries and even though it has a long-standing relationship with a number of counterparties, the risk of fluctuations cannot be excluded. Any significant change in prices may have a substantial impact on the business, financial condition, results and prospects of the Issuer Group.

IT system failure may negatively impact the operations of the Issuer Group.

The activities of the Issuer Group are increasingly dependent on the security, availability and capacity of IT systems. Breaches of security in the Issuer Group's information technology systems could negatively impact the Issuer Group's financial results as a result of stolen sensitive business-critical information. The Issuer Group has put in place security measures designed to protect against the misappropriation or corruption of its systems, intentional or unintentional disclosure of confidential information, or disruption of its operations. However, these security measures may prove ineffective. Current employees have, and former employees may have had, access to a significant amount of information regarding the Issuer Group's operations, which could be disclosed to its competitors or otherwise used to harm the business. Any breach of the Issuer Group's security measures could result in unauthorised access to, and misappropriation of, its information, corruption of data or disruption of operations or transactions, any of which could materially adversely affect the Issuer Group's business, financial condition, results of operations and prospects.

Other IT risks include fraud or manipulation within the accounting, financial or cash management services, destruction of sensitive customer or contractual information, or disruption of production facilities.

In spite of the Issuer Group's cyber security measures, a significant cyber-attack, for example on its major enterprise resource planning systems, could negatively affect operations, which could have a negative impact on the Issuer Group's business, financial condition and results of operations. In addition, the Issuer Group could be required to spend significant amounts to respond to unanticipated information technology issues or malfunctions.

Internal controls may not be effective.

The Issuer Group is a large, diversified group comprised of a range of subsidiaries in different jurisdictions with multiple layers of holding companies. For an overview of the Issuer Group structure, please see Part VII (*Description of the Issuer*) – 3.5 "The organisational structure of the Issuer Group". Although the Issuer Group has an integrated management and group-wide procedures, the size, reach and complexity present additional challenges to maintain control and ensure compliance throughout the organisation. A system of internal control of financial reporting has also been set up to prevent fraud and to ensure that the Issuer Group's financial reports are as accurate as possible. The Issuer Group regularly assesses the quality and effectiveness of these internal control procedures. However, it is difficult to ensure that the Issuer Group-wide standards will always be fully and consistently applied throughout the organisation. In addition, internal controls may not prevent or detect all inaccuracies due to the inherent limitations of the system, such as the possibility of human error, circumvention or avoidance of checks, or fraud. Internal controls can provide only a reasonable level of assurance that financial statements have been prepared and presented accurately. Failure to pick up shortcomings or inaccuracies through internal controls may impact the Issuer Group's operations and financial results and may result in the Issuer Group failing to comply with its on-going disclosure obligations.

Risks related to the Issuer's financial situation

The Issuer Group is subject to a liquidity and (re)financing risk.

The Issuer Group is exposed to risk in terms of liquidity and financing. The development of the Issuer Group's projects requires important investments which are primarily financed through equity and credit facilities at the level of the development. Disruptions in the capital and/or credit markets or in the Issuer Group's financial condition or business could adversely affect its ability to draw on its existing bank credit facilities, enter into new bank credit facilities, access other funding sources or refinancing any maturing indebtedness or negotiate refinancing at commercially attractive terms. For an overview of the Issuer and the Guarantor's financial indebtedness, see the Issuer's consolidated condensed financial statements for the period ending 30 June 2019 and the consolidated financial statements of the Issuer for the period ending 31 December 2018, enclosed in annex. In addition, the debt level of the Issuer Group and the covenants stipulated in its bank financing agreements (e.g. loan to value, loan to cost and debt service cover) could have a negative impact on its liquidity position. The non-availability of funding could (i) hinder the Issuer Group in funding its real estate projects, (ii) delay the completion of it projects and (iii) increase the cost of debt due to higher bank margins, having an impact on its results and cash flows.

Since the capacity of the Issuer to honour its debts is dependent on the possibility of its subsidiaries to upstream revenues and dividends or to refinance its debt in the capital or banking market, the Issuer cannot assure that it will have sufficient cash flows to service the Notes. Please also refer to risk factor: "*The Issuer may be dependent on certain other companies in order to realise certain projects*".

Given the nature of its activities and its planned future investments, the Issuer Group has substantial financial debt outstanding.

As at 31 December 2018, the Issuer's total consolidated financial debt amounted to EUR 529.2 million (excluding any subordinated intra-group loans ("**Related Party Loans**")) and the leverage (being the financial debt net of Related Party Loans payable to total assets) amounted to 61 per cent. As at 30 June 2019, the financial debt decreased to EUR 502.7 million while the leverage decreased to 57 per cent. For more information, please refer to Part VII (*Description of the Issuer*) – "4 *Financing*".

In the future, the Issuer or any other member of the Issuer Group could decide to incur additional indebtedness or further increase their indebtedness. This could have an impact on its ability to meet its obligations under the Notes or could cause the value of the Notes to decrease. The Conditions do not prevent the Issuer from incurring further debt.

The financial covenants set out in the Conditions differ, in certain respects, from the financial covenants under previous bond offerings of the Issuer, including the November 2022 Notes and the May 2022 Notes. In particular, the solvency ratio of the Issuer or the Guarantor was in preceding bond offerings of the Issuer defined as the Consolidated Equity of the Issuer or the Guarantor to the Total Assets of the Issuer or the Guarantor, whereas the solvency ratio in the proposed Notes to be issued under the Programme is defined as the Consolidated Equity of the Issuer or the Guarantor to the Total Assets of the Issuer or the Guarantor less the Cash of the Issuer or the Guarantor. This means that the solvency ratio in the proposed Notes is now calculated on a net basis. In addition, the minimum solvency ratio in relation to the Guarantor in the proposed Notes to be issued under the Programme is now set at minimum 35 per cent., whereas the conditions of the preceding bond offerings provided for a 40 per cent. threshold. Finally, it should be noted that the financial covenants of the Notes will be computed on a "frozen GAAP" basis, which means that they will be computed on the basis of the accounting principles and practices consistent with those applied in preparation of the Original Financial Statements.

Furthermore, the vast majority of the Issuer Group's debt is likely to mature prior to the maturity date of the Notes that will be issued under the Programme. The Issuer Group's outstanding debt could adversely impact the Issuer's ability to service the Notes.

The vast majority of the Issuer Group's projects are carried out through separate special purpose vehicles ("**SPVs**"). In order to finance projects, the Issuer Group will typically enter into separate financing arrangements at the level of such subsidiaries (usually in the form of bank loans) and will further be funded through equity or subordinated loans provided by the Issuer or the Guarantor or any of their subsidiaries or affiliates. These financing agreements may require the Issuer Group to maintain certain specified financial ratios and meet specific certain financial tests. Moreover, such arrangements will typically also contain certain other restrictions customarily imposed in the context of such financings. These may for instance include customary restrictions on distributions or upstreaming, each until full repayment of the relevant debt incurred under such arrangements. Failure to comply with these covenants could result in an event of default that could result in the Issuer Group being required to repay a large amount of its debt before the due date, if not cured or waived. Certain of the Issuer Group's financing arrangements include cross-acceleration clauses (pursuant to which the lenders can declare a default and accelerate repayment under their financing agreements in case of a default under other financing arrangements of the Issuer Group).

As at the date of the Base Prospectus, the Issuer Group has not breached any of the covenants included in its financing arrangements. The Issuer further monitors compliance with its financial covenants and publishes in relation to its bond financings compliance certificates to that effect.

The Issuer typically provides guarantees or other forms of comfort in relation to projects and project financings contracted at the level of its subsidiaries. These comprise amongst others cash deficiency guarantees, cost overrun and completion guarantees and corporate guarantees. In case any such guarantee is triggered, the Issuer may be required to pay a substantial amount of money which may impact their ability to comply with their obligations under the Notes.

The Issuer, to a certain extent, may be dependent on certain other companies in order to realise certain projects.

As set out in more detail in Part VII (*Description of the Issuer*) – "*2.3 Overview of the business activities of the Issuer*", the Issuer relies on certain other companies which are controlled, directly or indirectly, by Mr Paul Gheysens and the other controlling family shareholders for the planning, pre-commercialisation, development and construction of the projects, e.g. to perform feasibility studies, to develop the projects, to coordinate the construction process and to identify and attract potential investors for pre-lease and pre-sale arrangements.

In addition, and as set out in more detail in Part VII (*Description of the Issuer*) – "*4. Financing*", the Issuer may, in the absence of sufficient retained earnings or own fund raising, be dependent on the ability of the Guarantor to provide the equity portion of a particular project, be it by way of capital or Related Party Loans.

Furthermore, the Issuer is the holding company of several SPVs which are set up for specific projects. The Issuer is partly dependent on the cash flows generated and the distributions made by those SPVs. As at 30 June 2019, the majority of the projects of the Issuer Group are organised at the level of the SPVs. The business, results of operations and financial condition of the Issuer is therefore in part dependent on the performance of such SPVs and the income generated by their real estate projects. Accordingly, the Issuer's ability to meet its financial obligations under the Notes will partially depend on the cash flows generated and the distributions made by those SPVs (i.e. the members of the Issuer Group).

Legal and regulatory risks

The Issuer Group is subject to a wide range of regulations including in particular environmental rules.

The Issuer Group's operations and properties are subject to a wide range of European, national and local laws and regulations. These include town planning, health and safety, environmental, tax and other laws and regulations.

The Issuer Group's operations and real estate portfolio are subject to various laws and regulations in the countries in which it operates concerning the protection of the environment, including, but not limited to regulation of air, soil and water quality, town planning, controls of hazardous or toxic substances and guidelines regarding health and safety. Although the Issuer Group usually strives to acquire plots of land after feasibility studies have been undertaken and initial permits have been granted, the Issuer Group nevertheless remains subject to a number of risks.

The Issuer Group may be required to pay for soil clean-up costs for contaminated property that it owns or has owned in the past. Historical soil pollution may be discovered after the acquisition of the land plots and/or may appear to be more severe than initially assessed. Contaminated properties may experience a decrease in value. The Issuer Group may also incur fines or other penalties for any deficiencies in environmental compliance and may be held liable for remedial costs.

The Issuer Group is also required to obtain and maintain certain planning, construction and environmental permits or licenses. A delay or failure to retrieve, maintain or renew the necessary permissions could adversely impact the activities of the Issuer Group.

Furthermore, the failure to maintain or renew permits, the expiry of leases or other access rights, could slow down the realisation of projects, impacting the cash flow planning and increasing the compliance cost, and may result in a deterioration of the Issuer Group's financial performance**.**

New laws and regulations could enter into force or changes to existing laws and regulations can be made. The interpretation by agencies or the courts may change. This may require the Issuer Group to incur significant additional costs in respect of one or more of its properties or may reduce the Issuer's profitability and cash generation, which could have a material adverse effect on the Issuer Group's business, results, operations and financial conditions.

The Issuer Group cannot exclude the risk that it will become subject to claims, lawsuits or investigations. Any fines, penalties or judgements could have a negative impact on the image of the Issuer Group as well as on its financial condition and results of operations.

Insurance risks of real estate

The Issuer Group's real estate can be damaged or destroyed by acts of violence, natural disaster, civil unrest or terrorist attacks or accidents, including accidents linked to the goods stored. Although the Issuer Group has put in place insurance contracts to cover such risks, certain types of losses, however, may be either uninsurable or not economically insurable in some countries, such as losses due to floods, riots, acts of war or terrorism. In such circumstances, the Issuer Group would remain liable for any debt or other financial obligation related to that property. Due to inflation, changes in building codes and ordinances, environmental considerations and other factors, the insurance proceeds may be insufficient to cover the cost of restoring or replacing a property after it has been damaged or destroyed. After damage or destruction, the property may potentially not be rebuilt or may not achieve former occupancy and profitability levels within the period of coverage. The Issuer Group's business, financial condition, operating results and cash flows may be adversely affected in such circumstances.

The Issuer may be subject to litigation.

The activity of real estate property investment typically involves a risk of litigation regarding, amongst others the construction, letting and selling of real estate.

In the ordinary course of the Issuer Group's business, legal actions, claims against and by the Issuer Group and arbitration proceedings involving the Issuer Group, may arise. The Issuer Group may be subject to litigation initiated by sellers or purchasers of properties, tenants, contractors and subcontractors, current or former employees, authorities or other third parties.

Although the Issuer Group typically seeks to obtain contractual protection against certain claims and liabilities, there can be no assurance that such contractual protection has always been or will always be successfully obtained or that it would be enforceable or effective, if obtained under contract.

The costs of any such claims, disputes or litigation, to the extent they materialise, could reduce the Issuer's cash flow and could have a material adverse effect on the Issuer Group's business, financial condition, results and prospects.

For more information, please refer to Part VII (*Description of the Issuer*) – "9 *Governmental, legal and arbitration proceedings*" and note 9 of the Issuer's consolidated financial statements for the year ended 31 December 2018.

RISK FACTORS IN RELATION TO THE GUARANTOR

Specific risk factors in relation to the Guarantor.

The risks set out above in relation to the Issuer and the Issuer Group also apply to the Guarantor and the Guarantor Group. In addition, the Guarantor may be subject to the following risk factors due to the nature of its business.

The Guarantor is exposed to the risk of the countries in which it operates.

The Guarantor operates in different countries including Poland, France, Russia and Ukraine, through a number of subsidiaries and may in the future, depending on the final outcome of further analysis, potentially also operate in the UK, Cyprus, Luxembourg and Germany. As at 30 June 2019, the 49 per cent of the development portfolio of the Guarantor is located in Poland and 41 per cent in Belgium. As a result, the operation of business of the Guarantor and the up-streaming of related revenues are subject to certain inherent risks to these countries which may include, but are not limited to unfavourable political, economic, regulatory and tax conditions. Investors should be aware that these markets are subject to greater risk than more developed markets.

The political and economic situation in Russia remains a concern but has further stabilised in 2016, 2017 and 2018. In Russia, the yields remained quite stable. The Russian rouble and the market rental levels for (refrigerated) warehousing are however still under pressure. This has resulted in the recognition of further negative fair value adjustments, mainly on the Dmitrov Logistics Park project. For an overview of the recent developments in the markets in which the Guarantor Group is active, please refer to paragraph 3.3.1 in the section "*Description of the Guarantor*".

Investors should also note that emerging economies, such as Poland and Russia, are subject to rapid change and that the information set out in this Base Prospectus may become outdated relatively quickly.

The Guarantor Group's business, financial condition and results of operations could be adversely affected if any such country risks were to materialise. This could also have a negative impact on the Guarantee.

The Guarantor is exposed to a currency exchange risk which could materially impact its results.

Since the Guarantor is active in markets outside the Eurozone, it sometimes enters into US dollar, Polish zloty, and Russian rouble arrangements.

There is a risk that the settlement of the transaction occurs in a currency other than the functional currency of the Guarantor or its subsidiary. Exchange differences (gains and losses) arising on the settlement of monetary items or on translation monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements will have to be recognised in profit or loss in the period in which they arise.

There is also a risk that the foreign operations of the Guarantor need to be translated into Euro. The assets and liabilities of these foreign operations have to be translated at the closing rate at the date of reporting. The income statement of these foreign operations have to be translated at an average rate of the period. All resulting exchange differences (gains and losses) have to be recognised in a separate component of equity, "currency translation differences". A change in exchange rates or authorities imposing exchange controls could adversely affect the Guarantor's business, financial position, results and prospects.

As the Guarantor has a self-hedging-policy, it mitigates its currency risk exposure by matching as much as possible the currency of the income with that of the expenditure. This policy may however prove not to be sufficient.

For more information, please refer to Section 2.1.1 "*Foreign Exchange Risk*" of the IFRS consolidated financial statements of the Guarantor for the year ended 31 December 2018, enclosed in Annex I of the Base Prospectus.

RISK FACTORS IN RELATION TO THE NOTES

Risks relating to the Conditions of the Notes

Ranking of the Notes and insolvency

The Issuer is a company incorporated under Belgian law and has its registered office in Belgium. The Issuer is therefore, in principle, subject to Belgian insolvency laws. The application of these insolvency laws may substantially affect the ability of the Noteholders to obtain a full or partial repayment of the Notes, e.g. through a suspension of payments, a stay on enforcement measures or an order providing for partial repayment of the Notes only.

The Notes are legally subordinated to the secured obligations of the Issuer and structurally subordinated to the secured and unsecured debt of the Issuer's subsidiaries. The right of the Noteholders to receive payment on the Notes is not secured. Insolvency laws may adversely affect a recovery by the holders of amounts payable under the Notes. Pursuant to such insolvency laws, secured creditors of the Issuer will be paid out of the proceeds of the security they hold in priority to the holders of the Notes. In the event of a liquidation, dissolution, reorganisation or similar procedures affecting a subsidiary of the Issuer, it is likely that in accordance with applicable insolvency laws the creditors of such subsidiary will need to be repaid in full prior to any distribution being possible to the Issuer as shareholder of such subsidiary.

The Issuer and the Guarantor may incur or guarantee substantially more debt in the future

The Notes do not limit the amount of indebtedness which the Issuer, the Guarantor or their subsidiaries may incur, except that if a guarantee or security is provided by the Issuer or its subsidiaries in respect of any Relevant Debt of the Issuer, the Issuer will be required to grant the same or similar guarantees or security for the benefit of the Noteholders pursuant to Condition 3 (*Negative Pledge*). The Issuer is, however, not restricted from granting security for other indebtedness (including bank loans) and it cannot be excluded that the Issuer would enter into secured bank loans in the future, which will then benefit first from the proceeds from the enforcement of such security in the event of liquidation, dissolution, reorganisation, bankruptcy or any other similar procedure affecting the Issuer. If the Issuer's or the Guarantor's financial conditions would deteriorate, the Noteholders could suffer direct or indirect and materially adverse consequences, including loss of interest, and if the Issuer or the Guarantor would be liquidated, the Noteholders could suffer loss of their entire investment.

The value of Fixed Rate Notes may be adversely affected by movements in market rates.

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

While the interest rate of a Fixed Rate Note is fixed, the market interest typically varies on a daily basis. As the market interest rate changes, the price of the Fixed Rate Note tends to evolve in the opposite direction. If the market interest rate increases, the price of the Fixed Rate Note typically decreases, until the yield of such Fixed Rate Note equals approximately the market interest rate.

Noteholders should therefore be aware that movements of the market interest rate can adversely affect the price of the Fixed Rate Note and can lead to losses if they sell the Fixed Rate Notes during the period in which the market interest rate exceeds the fixed rate of such Note.

In addition, the yield of Notes which bear interest at a fixed rate is calculated at the issue date of such Notes on the basis of its issue price. It is not an indication of future yield.

Risks related to the structure of a particular issue of Notes with a floating rate of interest using benchmarks.

The London Inter-Bank Offered Rate ("LIBOR"), the Euro Interbank Offered Rate ("EURIBOR") are, and other types of indices, including (but not limited to) indices comprised of interest rates, equities, commodities, commodity indices, exchange traded products, foreign exchange rates, funds and combinations of any of the preceding types of indices which may be, deemed to be "benchmarks", which have been the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented.

The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the European Union and, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of "benchmarks" and (ii) prevents certain uses by EU supervised entities of "benchmarks" of administrators that are not authorised/registered (or, if non-EU based, deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Floating Rate Notes if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Separate workstreams are underway in Europe to reform EURIBOR using a hybrid methodology and to provide a fallback by reference to a euro risk-free rate (based on a euro overnight risk-free rate as adjusted by a methodology to create a term rate). On 13 September 2018, the working group on euro risk-free rates recommended Euro Short-term Rate ("**€STR**") as the new risk free rate. €STR is expected to be published by the European Central Bank (the "**ECB**") by October 2019. In addition, on 21 January 2019, the euro risk free-rate working group published a set of guiding principles for fallback provisions in new euro denominated cash products (including bonds). The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts may increase the risk to the euro area financial system.

It is not possible to predict with certainty whether, and to what extent, EURIBOR will continue to be supported going forwards. This may cause EURIBOR to perform differently than it has done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Floating Rate Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

Whilst alternatives to certain existing Benchmarks for use in the bond market are being developed, in the absence of any legislative measures, outstanding notes linked to or refinancing an existing benchmark will only transition away from such Benchmark in accordance with their particular terms and conditions.

The Conditions provide for certain fall-back arrangements in the event that a published Benchmark (including any page on which such Benchmark may be published (or any successor service)) becomes unavailable.

Where Screen Rate Determination is specified as applicable in the applicable Final Terms, the Conditions provide for certain fallback arrangements in the event that a Benchmark Event occurs, including if an Original Reference Rate and/or any page on which an Original Reference Rate may be published, becomes unavailable or if an Original Reference Rare has been discontinued. Such fallback arrangements include the possibility that the Rate of Interest could be set by reference to a Successor Rate or an Alternative Rate, with or without the application of an adjustment spread and may include amendments to the Terms and Conditions of the Notes to ensure the proper operation of the successor or replacement benchmark, all as determined by the Independent Adviser (acting in good faith and in consultation with the Issuer). An adjustment spread, if applied could be positive or negative and would be applied with a view to reducing or eliminating, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of an Original Reference Rate. However, it may not be possible to determine or apply an adjustment spread and even if an adjustment is applied, such adjustment spread may not be effective to reduce or eliminate economic prejudice to investors. If no adjustment spread can be determined, a Successor Rate or Alternative Rate may nonetheless be used to determine the Rate of Interest. The use of a Successor Rate or Alternative Rate (including with the application of an adjustment spread) will still result in any Notes linked to or referencing an Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the Original Reference Rate were to continue to apply in its current form.

If, following the occurrence of a Benchmark Event, no Independent Advisor has been appointed or no Successor Rate or Alternative Rate is determined, the ultimate fallback for the purposes of calculation of the Rate of Interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. Due to the uncertainty concerning the availability of Successor Rates and Alternative Rates, the involvement of an Independent Adviser and the potential for further regulatory developments, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

Where ISDA Determination is specified as the manner in which the Rate of Interest in respect of floating rate Notes is to be determined, the Conditions provide that the Rate of Interest in respect of the Notes shall be determined by reference to the relevant Floating Rate Option in the 2006 ISDA Definitions. Where the Floating Rate Option specified is an “IBOR” Floating Rate Option, the Rate of Interest may be determined by reference to the relevant screen rate or the rate determined on the basis of quotations from certain banks. If the relevant IBOR is permanently discontinued and the relevant screen rate or quotations from banks (as applicable) are not available, the operation of these provisions may lead to uncertainty as to the Rate of Interest that would be applicable, and may, adversely affect the value of, and return on, the floating rate Notes.

Any of the consequences set out above, could have a material adverse effect on the value of, and return on, any Notes to which the fall-back arrangements are applicable. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could adversely affect the ability of the Issuer to meet its obligations under the Notes and could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes.

Changes in governing law and practices could impact the Conditions and the Notes.

The Conditions are based on the laws of Belgium and interpretations thereof and the practices in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to the laws, the official application, interpretation or the administrative practice after the date of this Base Prospectus. Any such decision or change may affect the enforceability of the Noteholders’ rights under the Conditions or render the exercise of such rights more difficult, including to claim compensation.

The Notes may be early redeemed.

The Notes may be redeemed prior to maturity at the Early Redemption Amount (which shall be at least equal to the nominal amount together with accrued interest until the date fixed for redemption) in the event of an Event of Default or pursuant to certain changes in tax law or regulations or following a Change of Control, each in accordance with the Conditions.

If both the Issuer Call and Prohibition of Sales to Consumers are specified as applicable in the relevant Final Terms, the Issuer may also redeem all or parts of the Notes of the relevant Series, prior to Maturity, in whole or in part at the Optional Redemption Amount (which shall be at least equal to the nominal amount together with accrued interest until the date fixed for redemption), in accordance with Condition 6 *(Redemption and purchase).*

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes or the market anticipates that such redemption might occur, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

There may be no tax gross-up protection

In case the Final Terms specify that Tax Call Option is not applicable, the Issuer shall not be required to gross up the net payments received by a Noteholder in relation to the Notes with the amounts withheld or deducted for Belgian tax purposes. This would mean that, in case the Belgian tax rules would be amended such that Noteholders holding their Notes in an exempt securities account in the Securities Settlement System are no longer exempt from Belgian withholding tax, such Noteholders will bear the risk that Belgian withholding tax will be applied to, and withheld from, the payments to be received in relation to the Notes. In such case, the Noteholders (and no other person) will be liable for, and be obliged to pay, any tax, duty, charge, withholding or other payment whatsoever as may arise as a result of or in connection with the ownership, transfer or payment in respect of the Notes. This could have a significant impact on the net amounts the investors will receive pursuant to the payments to be made under the Notes and could also materially adversely affect the value of such Notes.

Potential investors should also be aware that, if the Tax Call Option and the Prohibition of Sales to Consumers are specified as applicable in the Final Terms, a tax gross-up requirement applies, but this is subject to certain exceptions, as set out in the Conditions.

The Issuer, the Guarantor and the Notes do not have a credit rating.

The Issuer, the Guarantor and the Notes do not have a credit rating. The Issuer and the Guarantor currently do not intend to request a credit rating for itself or for the Notes at a later date. This may impact the trading price of the Notes. There is no guarantee that the price of the Notes and the other Conditions at the time of an issuance of Notes, or at a later date, will cover the credit risk related to the Notes, the Issuer and the Guarantor.

Credit ratings assigned to any Notes may not reflect all the risks associated with an investment in those Notes.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market and additional factors discussed in this section, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under Regulation (EU) No 462/2013 of the European Parliament and of the Council of 21 May 2013 on credit rating agencies (the "**CRA Regulation**") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). If the status of the rating agency rating the Notes changes, European regulated investors may no longer be able to use the rating for regulatory purposes and the Notes may have a different regulatory treatment. This may result in European regulated investors selling the Notes which may impact the value of the Notes and any secondary market. The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings will be set out in the applicable Final Terms.

The Notes may be redeemed prior to maturity in the event of a Change of Control.

If the Change of Control Put Option is specified as applicable in the relevant Final Terms, each holder of Notes of the relevant Series will have the right to require the Issuer to repurchase all or any part of such holder's Notes at the Put Redemption Amount upon the occurrence of a Change of Control (each term as defined in the Conditions), and in accordance with the Conditions (the **"Change of Control Put"**).

In the event that the Change of Control Put right is exercised by holders of at least 85 per cent of the aggregate principal amount of the Notes of the relevant Series, and provided that the Prohibition of Sales to Consumers is specified as applicable in the applicable Final Terms, the Issuer may, at its option, redeem all (but not less than all) of the Notes of that Series then outstanding pursuant to Condition 6.6 (*Redemption at the Option of Noteholders*). However, Noteholders should be aware that, in the event that (i) holders of 85 per cent or more of the aggregate principal amount of the Notes of a Series exercise their option under Condition 6.6 (*Redemption at the Option of Noteholders*) but the Issuer does not elect to redeem the remaining outstanding Notes of such Series, or (ii) holders of a significant proportion, but less than 85 per cent of the aggregate principal amount of the Notes of a Series exercise their option under Condition 6.6 (*Redemption at the Option of Noteholders*), Notes of a Series in respect of which the Change of Control Put is not exercised may be illiquid and difficult to trade.

Accordingly, the Change of Control Put Option may arise, at times when prevailing interest rates may be relatively low. In such circumstances, an investor may not be able to reinvest the repayment proceeds (if any) at a yield comparable to that of the Notes. Potential investors should be aware that the Change of Control Put can only be exercised upon the occurrence of Change of Control as defined in the Conditions, which may not cover all situations where a change of control may occur or where successive changes of control occur in relation to the Issuer.

In certain instances the Noteholders may be bound by certain amendments to the Notes to which they did not consent

The Conditions contain provisions allowing for the calling of meetings of Noteholders to consider matters affecting their interests generally. See Condition 12 (*Meetings of Noteholders, modifications and waivers*). These provisions permit defined majorities to bind all holders of a Series, including any such Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. Investors might therefore be bound by certain amendments to which they did not consent. Such decisions may include decisions relating to (a reduction of) the interest payable on the Notes and/or the amount paid by the Issuer upon redemption of the Notes.

Notes issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates.

The market value of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Notes issued with a "green" purpose may not be a suitable investment for all investors seeking exposure to green assets.

Notes issued as Green Bonds may not be a suitable investment for all investors seeking exposure to green assets In connection with each issue of Green Bonds (as defined in the section entitled "Green Bond Framework" below) under the Programme, the Issuer and the Guarantor have requested Sustainalytics B.V. ("**Sustainalytics**"), a sustainability rating agency, to issue an independent opinion (the "**Second Party Opinion**") confirming that the use of an amount equivalent to the net proceeds from each issuance of Green Bonds to finance Eligible Projects (as defined in the section entitled "Green Bond Framework" below) is in compliance with the International Capital Market Association ("**ICMA**") Green Bond Principles 2018 (the "**ICMA Green Bond Principles").** The ICMA Green Bond Principles 2018 are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green bond market which may be updated from time to time. The Second Party Opinion dated October 2019 is available on the website of the Guarantor (https://www.ghelamco.com/site/w/investor-relations-group.html). The contents of such website shall not be incorporated into this Base Prospectus.

There is currently no market consensus on what precise attributes are required for a particular project to be defined as 'green', nor can any assurance be given that such a clear definition or consensus will develop over time. Accordingly, no assurance is or can be given to investors that any Eligible Projects will meet any or all investor expectations regarding such 'green' or other equivalently labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any Eligible Projects.

No assurance is given by the Issuer, the Guarantor, the Arranger or the Dealers that the use of the proceeds of each issue of Green Bonds will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Projects. Each prospective investor should have regard to the factors described in "Green Bond Framework" and determine for itself the relevance of the information contained in this Base Prospectus and any applicable Final Terms regarding the use of proceeds and its purchase of each of the Green Bonds, based upon such investigation as it deems necessary.

Although the Eligible Projects will be selected in accordance with the categories recognised by the ICMA Green Bond Principles 2017, the ICMA Green Bond Principles 2018 or later iterations thereof and will be developed in accordance with the relevant legislation and standards, there can be no guarantee that adverse environmental and/or social impacts will not occur during the design, construction, commissioning and operation of the Eligible Projects. In addition, where negative impacts are insufficiently mitigated, the Eligible Projects may become controversial, and/or may be criticised by activist groups or other stakeholders.

The examples of Eligible Projects in "Green Bond Framework" are for illustrative purposes only and no assurance can be provided that disbursements for projects with these specific characteristics will be made by the Issuer and the Guarantor during the term of any Green Bonds. Any failure to use the net proceeds from any Green Bonds on Eligible Projects or to meet or continue to meet the investment requirements of certain environmentally focussed investors with respect to any Green Bonds may affect the value of such Green Bonds and/or may have consequences for certain investors with portfolio mandates to invest in green assets.

While it is the intention of the Issuer and the Guarantor to apply the proceeds of any Green Bonds in the manner described in this Base Prospectus and any applicable Final Terms and the Issuer and the Guarantor may agree at the time of each issue of Green Bonds to certain reporting and use of proceeds (including in the case of certain divestments described under "Green Bond Framework"), it would not be an event of default under the Green Bonds if the Issuer and the Guarantor were to fail to comply with such obligations. Any failure to apply the proceeds of any issue of Green Bonds for Eligible Projects and/or withdrawal of any opinion or certification as described above or any such opinion or certification attesting that the Issuer or the Guarantor is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on and/or the Green Bonds no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of the Green Bonds and their trading market. In addition Pending the allocation of the net proceeds of issued Green Bonds to the portfolio of Eligible Projects, or in case insufficient Eligible Projects are available, the Guarantor Group will manage the unallocated proceeds in line with its regular treasury criteria.

Payment of principal and of interest on each of the Green Bonds will be made from the Group's general funds and will not be directly linked to the performance of any Eligible Projects.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer and the Guarantor) which may be made available in connection with each issue of any Green Bonds and in particular as to whether or not any Eligible Projects fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or certification (including the Second Party Opinion) (i) is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus, (ii) may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed in this section and other factors that may affect the value of any Green Bonds, (iii) is not, nor should be deemed to be, a recommendation by the Issuer, the Guarantor, the Arranger or the Dealers or any other person to buy, sell or hold Green Bonds and (iv) would only be current as of the date that it was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in the Green Bonds. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

If Green Bonds are listed, displayed on or admitted to trading on any dedicated "green", "environmental", "sustainable" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), including without limitation the Luxembourg Green Exchange ("**LGX**"), no representation or assurance is given by the Issuer, the Guarantor, the Arranger or the Dealers or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, for example with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Projects. Additionally, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Furthermore, no representation or assurance is given or made by the Issuer, the Guarantor, the Arranger, the Dealers or any other person that any such listing or admission to trading will be obtained in respect of any Green Bonds or, if obtained, that any such listing or admission to trading will be maintained during the life of such Green Bonds.

Risks relating to the subscription of the Notes, the listing and settlement of the Notes and the market in the Notes

Notes may have no established trading market when issued, and one may never develop, which could adversely affect the value of the Notes.

If the Notes are admitted to trading after their issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. There is no assurance that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes. Illiquidity may have a severely adverse effect on the market value of Notes and illiquid markets may be sensitive to changes in financial markets. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. In the event that the put options are exercised in accordance with Condition 6.6 (*Redemption at the option of the Noteholders*), liquidity will be reduced for the remaining Notes. Furthermore, it cannot be guaranteed that a listing once approved will be maintained.

The Issuer may, but is not obliged to, list an issue of Notes on a stock exchange or regulated market. If Notes are not listed or traded on any stock exchange or regulated market, pricing information for the relevant Notes may be more difficult to obtain and the liquidity of such Notes may be adversely affected, and therefore the price of the Notes could be affected by their limited liquidity.

The Issuer may also issue Notes that are not listed or traded on a stock exchange or regulated market. Such Notes may be traded on trading systems governed by the laws and regulations in force from time to time (e.g. multilateral trading systems or "MTF") or in other trading systems (e.g. bilateral systems, or equivalent trading systems). In the event that trading in such Notes takes place outside any such stock exchange, regulated market or trading systems, the manner in which the price of such Notes is determined may be less transparent and the liquidity of such Notes may be adversely affected. Investors should note that the relevant Issuer does not grant any warranty to Noteholders as to the methodologies used to determine the price of Notes which are traded outside a trading system, however, where the relevant Issuer or any of its affiliates determines the price of such Notes, it will take into account the market parameters applicable at such time in accordance with applicable provisions of law. Even if Notes are listed and/or admitted to trading, this will not necessarily result in greater liquidity.

The Issuer, the Guarantor, the Agent, the Listing Agent, the Arranger and the Dealers may engage in transactions adversely affecting the interests of the Noteholders.

The Issuer and/or the Guarantor may from time to time be engaged in transactions which may affect the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interests of the Noteholders.

Potential investors should be aware that the Issuer and/or the Guarantor is involved in a general business relationship or/and in specific transactions with the Agent, the Listing Agent or/and the Arranger and/or the Dealers and that they might have conflicts of interests which could have an adverse effect to the interests of the Noteholders. Potential investors should also be aware that the Agent, the Listing Agent, the Arranger and the Dealers may hold from time to time debt securities or/and other financial instruments of the Issuer or the Guarantor.

Within the framework of normal business relationship with its banks, the Issuer, the Guarantor or any subsidiary could enter into or has entered into loan agreements and other facilities with the Arranger and/or the Dealers (via bilateral transactions or/and syndicated loans together with other banks). The Agent, the Listing Agent, the Arranger and the Dealers have received, or may in the future receive, customary fees and commissions for these transactions. The terms and conditions of these debt financings may differ from the Final Terms of the Notes and certain terms and conditions of such debt financings could be or are more restrictive than the Final Terms of the Notes. The terms and conditions of such debt financings may contain financial covenants, different from or not included in the Final Terms of the Notes. In addition, as part of these debt financings, the lenders may have or have the benefit of certain guarantees or security, whereas the Noteholders will not have the benefit from similar guarantees. This may result in the Noteholders being subordinated to the lenders under such debt financings.

The Arranger, the Dealers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

As set out under Part XII (*Use of Proceeds*) of the Base Prospectus, the net proceeds from the issue and sale of the Notes may be applied towards the repayment of the existing debt owed to entities which also participate in the offer of the Notes.

The Noteholders should be aware of the fact that the Agent, the Listing Agent, the Arranger and the Dealers, when they act as lenders to the Issuer, the Issuer Group, the Guarantor or the Guarantor Group (or when they act in any other capacity whatsoever), have no fiduciary duties or other duties of any nature whatsoever vis-à-vis the Noteholders and that they are under no obligation to take into account the interests of the Noteholders.

A Noteholder should rely on the procedures of the Securities Settlement System for transfer, payment and communication with the Issuer.

A Noteholder must rely on the procedures of the Securities Settlement System and its participants to receive payment under the Notes and communications from the Issuer. Transfers of the Notes will be effected between the Securities Settlement System participants in accordance with the rules and operating procedures of the Securities Settlement System. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the Securities Settlement System participants through which they hold their Notes. The Issuer will have no responsibility for the proper performance by the Securities Settlement System or the Securities Settlement System participants of their obligations under their respective rules and operating procedures.

All notices and payments to be delivered to the Noteholders will be distributed by the Issuer to such Noteholders in accordance with the terms and conditions of the Notes. In the event that a Noteholder does not receive such notices or payments, its rights may be prejudiced but it may not have a direct claim against the Issuer on such basis.

Market value of the Notes may be affected by the creditworthiness of the Issuer or the Guarantor and other market factors.

The market value of the Notes may be affected by the creditworthiness of the Issuer, the Guarantor and a number of additional factors, such as market interest, the inflation rate, exchange rates and yield rates and the time remaining to the Maturity Date and more generally all economic, financial and political events in any country, including factors affecting capital markets generally and the stock exchanges on which the Notes are traded. The price at which a Noteholder will be able to sell the Notes prior to maturity may be at a discount, which could be substantially lower than the issue price or the purchase price paid by such investor.

The Agent is not required to segregate amounts received by it in respect of the Notes cleared through the clearing systems operated by Euroclear and Clearstream.

The Agency Agreement (as defined in the Conditions) provides that the Agent will debit the relevant account of the Issuer to pay the Noteholders and that the payment obligations of the Issuer under the Notes will be discharged by payment to the Agent in respect of each amount so paid. The Agency Agreement provides that the Agent will, simultaneously upon receipt of the relevant amounts into its account, pay any amounts due and payable in respect of the relevant Notes to the Noteholders directly or through Euroclear and Clearstream. However, the Agent is not required to segregate any such amounts received in respect of the Notes from its other assets. In the event that the Agent would be subject to insolvency or bankruptcy proceedings at any time when it held any such amounts, Noteholders would not have any further claim against the Issuer in respect of such amounts and would be required to claim such amounts from the Agent in accordance with applicable insolvency laws. This may have a negative impact on the Noteholders' ability to obtain full or partial repayment.

The Agent and Listing Agent do not assume any fiduciary or other obligations to the Noteholders and, in particular, is not obliged to make determinations which protect or further the interests of the Noteholders.

BNP Paribas Securities Services, Brussels branch will act as domiciliary, paying and calculation agent (the "**Agent**") and Banque Internationale à Luxembourg S.A. will act as listing agent (the "**Listing Agent**"). In their respective capacities as Agent and Listing Agent, they will act in accordance with the Conditions, the Agency Agreement in good faith and endeavour at all times to make their determinations in a reasonable manner. However, Noteholders should be aware that the Agent and Listing Agent assume no fiduciary or other obligations to the Noteholders

The Agent and Listing Agent may rely on any information to which they should properly have regard that is reasonably believed by it to be genuine and to have been originated by the proper parties. The Agent and Listing Agent shall not be liable for the consequences to any person (including Noteholders) of any errors or omissions in (i) the calculation by the Agent of any amount due in respect of the Notes or (ii) any determination made by the Agent or Listing Agent in relation to the Notes or interests, in each case in the absence of bad faith or wilful default.

Without prejudice to the generality of the foregoing, the Agent and Listing Agent shall not be liable for the consequences to any person (including Noteholders) of any such errors or omissions arising as a result of (i) any information provided to the Agent or Listing Agent proving to have been incorrect or incomplete or (ii) any relevant information not being provided to the Agent or Listing Agent on a timely basis.

A Noteholder's actual yield on the Notes may be reduced from the stated yield by transaction costs.

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Bonds. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or pro rata commissions depending on the order value. To the extent that additional parties – domestic or foreign – are involved in the execution of an order, including, but not limited to, domestic dealers or brokers in foreign markets, Noteholders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (i.e., third party costs).

In addition to such costs directly related to the purchase of securities (direct costs), Noteholders must also take into account any other costs (such as custody fees). Investors should inform themselves about any additional costs which they may incur in connection with the purchase, custody or sale of the Notes before investing in the Notes.

Risks relating to the status of the investor

Taxation

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In addition, payments of interest on the Notes (if any), or profits realised by a Noteholder upon the sale or repayment of its Notes, may be subject to taxation in the home jurisdiction of the potential investor or in other jurisdictions in which it is required to pay taxes.

If the Issuer or any other person is required to make any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatever nature in respect of any payment in respect of the Notes, the Issuer or that other person shall make such payment after such withholding or deduction has been made and will account to the relevant authorities for the amount so required to be withheld or deducted.

Potential investors should be aware that neither the Issuer, the Guarantor, the NBB nor any other person will be liable for or otherwise obliged to pay, and the relevant Noteholders will be liable for and/or pay, any tax, duty, charge, withholding or other payment whatsoever which may arise as a result of, or in connection with, the ownership, any transfer and/or any payment in respect of the Notes, except in case both the Tax Call Option and Prohibition of Sales to Consumers are specified as applicable in the Final Terms as provided for in Condition 8 (*Taxation*).

The Notes may be exposed to exchange rate risks and exchange controls.

The Issuer will pay principal and interest on the Notes in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **"Investor's Currency"**) other than euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the euro would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal at all.

PART III – DOCUMENTS ENCLOSED IN ANNEX I

This Base Prospectus shall be read and construed in conjunction with (i) the audited IFRS financial statements of the Issuer and the Guarantor for the years ended 31 December 2017 and 31 December 2018 consolidated in accordance with IFRS, together with the audit reports thereon as well as (ii) the unaudited IFRS condensed consolidated financial statements of the Issuer and the Guarantor for the first six months ended 30 June 2019 together with the limited review reports thereon. These documents are enclosed in Annex I to this Base Prospectus, and form part of this Base Prospectus.

The Issuer and the Guarantor confirm that they have obtained the approval from their respective auditors to incorporate the IFRS (condensed) consolidated financial statements of the Issuer and the Guarantor and the auditors' reports thereon in this Base Prospectus.

The tables below include references to the relevant pages of (i) the audited IFRS consolidated financial statements of the Issuer and the Guarantor for the financial years ended 31 December 2017 and 31 December 2018 and (ii) the unaudited IFRS condensed consolidated financial statements of the Issuer and the Guarantor for the first six months ended 30 June 2019, as set out in the relevant reports of the Issuer and the Guarantor.

References to page numbers in this Part III (*Documents enclosed in Annex I*) refer to the a page number in the relevant financial statements as enclosed in Annex I to the Base Prospectus (and not to page numbers of the Base Prospectus).

Annex 1.1: audited IFRS consolidated financial statements of the Issuer, audit report and explanatory notes of the Issuer for the financial year ended 31 December 2018.	
Consolidated statement of financial position	p. 13
Consolidated statement of profit or loss and other comprehensive income	p. 14
Consolidation statement of changes in equity	p. 15
Consolidated cash flow statement	p. 16
Explanatory notes	p. 18-72
Auditor's report	p. 73-80

Annex 1.2: audited IFRS consolidated financial statements of the Issuer, audit report and explanatory notes of the Issuer for the financial year ended 31 December 2017.	
Consolidated statement of financial position	p. 15
Consolidated income statement and consolidated statement of comprehensive income	p. 16
Consolidation statement of changes in equity	p. 17
Consolidated cash flow statement	p. 18
Explanatory notes	p. 21-103
Auditor's report	p. 105-112

Annex 1.3: unaudited IFRS condensed consolidated financial statements of the Issuer, report and explanatory notes for the period ending 30 June 2019.	
Condensed consolidated statement of profit or loss	p. 6
Condensed consolidated statement of profit or loss and other comprehensive income	p. 6

Condensed consolidated statement of financial position	p. 7-8
Condensed consolidated cash flow statement	p. 9-10
Condensed consolidated statement of changes in equity	p. 10
Explanatory notes	p. 11-22
Auditor’s report	p. 23-24

Annex 2.1: audited IFRS consolidated financial statements of the Guarantor, report and explanatory notes of the Issuer for financial year ended 31 December 2018.	
Consolidated statement of financial position	p. 12
Consolidated statement of profit or loss and other comprehensive income	p. 13
Consolidation statement of changes in equity	p. 14
Consolidated cash flow statement	p. 15
Explanatory notes	p. 18-91
Auditor’s report	p. 92-95

Annex 2.2: audited IFRS consolidated financial statements of the Guarantor, report and explanatory notes of the Issuer for the financial year ended 31 December 2017.	
Consolidated statement of financial position	p. 19
Consolidated income statement and consolidated statement of comprehensive income	p. 20
Consolidated statement of changes in equity	p. 21
Consolidated cash flow statement	p. 22
Explanatory notes	p. 27-133
Auditor’s report	p. 134-137

Annex 2.3: unaudited IFRS condensed consolidated financial statements of the Guarantor, report and explanatory notes for the period ending 30 June 2019.	
Condensed consolidated statement of profit or loss	p. 9
Condensed consolidated statement of profit or loss and other comprehensive income	p. 9
Condensed consolidated statement of financial position	p. 10-11
Condensed consolidated cash flow statement	p. 12-13
Condensed consolidated statement of changes in equity	p. 14
Explanatory notes	p. 15-30
Auditor’s report	p. 31-32

PART IV – TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion and as supplemented in accordance with the provisions of Part A of the relevant Final Terms, shall be applicable to the Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. References in the Conditions to "**Notes**" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are issued by Ghelamco Invest NV (the "**Issuer**") subject to and with the benefit of an agency agreement dated on or about 11 December 2019 entered into between the Issuer, BNP Paribas Securities Services, Brussels branch acting as domiciliary, calculation and paying agent (the "**Agent**", which expression shall include any successor as Agent under the Agency Agreement) and Banque Internationale à Luxembourg acting S.A. as listing agent (the "**Listing Agent**", which expression shall include any successor as Listing Agent under the Agency Agreement) (such agreement as amended, supplemented and/or restated from time to time, the "**Agency Agreement**").

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement and the service contract concerning the issue of dematerialised Notes entered into on or about 11 December 2019 between the Issuer, the Agent and the National Bank of Belgium (the "**NBB**") (the "**Clearing Services Agreement**").

The obligations of the Issuer under the Notes issued under the Programme will be guaranteed by Ghelamco Group Comm. VA (the "**Guarantor**") pursuant to a guarantee declaration in the form as set out in Part V (*Form of the Guarantee*) (as amended or supplemented from time to time, the "**Guarantee**"). The provision of the Guarantee was authorised by a resolution of the statutory director of the Guarantor on 9 December 2019.

Copies of the Agency Agreement and the Guarantee are available for inspection during normal business hours at the specified office of the Agent. The specified office of the Agent is at Rue de Loxum 25, 1000 Brussels, Belgium. The Noteholders are bound by and deemed to have notice of all the provisions of the Agency Agreement applicable to them.

1 Form, denomination and title

The Notes will be issued in dematerialised form in accordance with the provisions of the Belgian Companies Code (*Wetboek van Vennootschappen/Code des Sociétés* dated 7 May 1999) (the "**1999 Belgian Companies Code**"), as amended or replaced from time to time, including with effect from its applicable effective date, by the Belgian *Wetboek van vennootschappen en verenigingen/Code des sociétés et des associations* dated 23 March 2019, as amended from time to time (the "**2019 Belgian Companies and Associations Code**")) (the "**Belgian Companies Code**") and cannot be physically delivered. The Notes will be exclusively represented by book entry in the records of the securities settlement system operated by NBB or any successor thereto (the "**Securities Settlement System**"). The Notes can be held by their holders through participants in the Securities Settlement System, including Euroclear and Clearstream, and through other financial intermediaries which in turn hold the Notes through Euroclear and Clearstream, or other participants in the Securities Settlement System. The Notes are accepted for settlement through the Securities Settlement System, and are accordingly subject to the applicable Belgian settlement regulations, including the Belgian law of 6 August 1993 on transactions in certain securities, its implementing Belgian Royal Decrees of 26 May 1994 and 14 June 1994 and the rules of the Securities Settlement System and its annexes, as issued or modified by the NBB from time to time (the laws, decrees and rules mentioned in this Condition being referred to herein as the "**Securities Settlement System Regulations**"). Title to the Notes will pass by account transfer. The Notes cannot be exchanged for notes in bearer form (*effecten aan toonder/titres au porteur*).

If at any time the Notes are transferred to another settlement system, not operated or not exclusively operated by the NBB, these provisions shall apply *mutatis mutandis* to such successor settlement system and successor settlement system operator or any additional settlement system and additional settlement system operator (any such settlement system, an “**Alternative Settlement System**”).

The Noteholders are entitled to exercise the rights they have, including voting rights, making requests, giving consents, and other associative rights (as defined for the purposes of the Belgian Companies Code) upon submission of an affidavit drawn up by the NBB, Euroclear, Clearstream or any other participant duly licensed in Belgium to keep dematerialised securities accounts showing such holder's position in the Notes (or the position held by the financial institution through which such holder's Notes are held with the NBB, Euroclear, Clearstream or such other participant, in which case an affidavit drawn up by that financial institution will also be required).

The Notes will be issued in the Specified Denomination(s) specified in the applicable Final Terms. The minimum Specified Denomination of Notes shall be EUR 100,000. The Notes have no maximum Specified Denomination.

If the applicable Final Terms specify, the “X-only Issuance” as applicable, the Notes may be held only by, and transferred only to, entities which are referred to in Article 4 of the Belgian Royal Decree of 26 May 1994 on the deduction of withholding tax (as amended from time to time) and which hold the Notes in an exempt account in the Securities Settlement System.

This Note may be a Fixed Rate Note, a Floating Rate Note or a combination of any of the foregoing, depending upon the Interest and Redemption Payment Basis specified in the applicable Final Terms.

2 Status of the Notes and the Guarantee

2.1 Status of the Notes

The Notes constitute direct, unconditional and, subject to Condition 3 (*Negative Pledge*), unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves.

The obligations of the Issuer under the Notes shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 3 (*Negative Pledge*), at all times rank at least equally and rateably with all other present and future unsecured and unsubordinated obligations of the Issuer.

The obligations of the Issuer under the Notes are guaranteed by the Guarantor pursuant to the Guarantee.

2.2 Status of the Guarantee

The obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and, save for such exceptions as may be provided by applicable legislation, rank and will at all times rank *pari passu*, without any preference among themselves, and equally and rateably with all other existing and future unsubordinated and unsecured obligations of the Guarantor.

3 Negative Pledge

For so long as any Note remains outstanding, the Issuer shall not, and shall ensure that no member of the Issuer Group will:

(a) create or permit to subsist any Security over the whole or any part of its present or future undertakings, assets or revenues to secure any Relevant Debt of the Issuer; or

(b) provide any guarantee or indemnity in respect of Relevant Debt of the Issuer,

unless, at the same time or prior thereto, the Issuer’s obligations under the Notes are secured equally and rateably therewith or benefit from a Security, guarantee or indemnity on substantially the same or similar terms thereto (including, for the avoidance of doubt, any terms providing for the automatic addition and release of any such Security, guarantees or indemnities). The Issuer shall be deemed to have satisfied any such obligation to provide Security, a guarantee or indemnity on substantially the same terms if the benefit of any such Security, guarantee or indemnity is equally and rateably granted to an agent or trustee on behalf of Noteholders or through any other structure which is customary in the debt capital markets (whether by way of a supplement, guarantee agreement, deed or otherwise).

4 Definitions

(a) In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Business Day**" means (a) a day other than a Saturday or a Sunday on which the Securities Settlement System is operating, (b) a day on which banks and forex markets are open for general business in Belgium and (c) (if a payment in euro is to be made on that day) a day on which the TARGET System is operating.

"**Calculation Agent**" means BNP Paribas Securities Services, Brussels branch as calculation agent, or any other calculation agent appointed by the Issuer from time to time.

"**Cash**" means the amount set out under line item " Cash and cash equivalents" for the period covered by and based on the numbers included in the Relevant Financial Statements of the Issuer or the Guarantor (as the case may be) but using accounting principles and practices consistent with those applied in preparation of the Original Financial Statements.

"**Change of Control**" has the meaning given to it in Condition 6.6 (*Redemption at the Option of Noteholders).*

"**Change of Control Notice**" has the meaning given to it in Condition 6.6 (*Redemption at the Option of Noteholders).*

"**Change of Control Put Exercise Notice**" has the meaning given to it in Condition 6.6 (*Redemption at the Option of Noteholders).*

"**Change of Control Put Exercise Period**" has the meaning given to it in Condition 6.6 (*Redemption at the Option of Noteholders).*

"**Compliance Certificate**" means an Issuer's Compliance Certificate or a Guarantor's Compliance Certificate, as the context requires.

"**Connected Group**" means the Guarantor and any other member of the Guarantor Group which is not a member of the Issuer Group.

"**Consolidated Equity**" means (i) in the case of the Issuer, the amount set out under the line item "Total Equity" for the period covered by and based on the numbers included in the Relevant Financial Statements of the Issuer but using accounting principles and practices consistent with those applied in preparation of the Original Financial Statements of the Issuer and (ii) in the case of the Guarantor, the amount set out under the line item "Total Equity" for the period covered by and based on the numbers included in the Relevant Financial Statements of the Guarantor but using accounting principles and practices consistent with those applied in preparation of the Original Financial Statements of the Guarantor.

"**Consolidated Investment Property**" means the amount set out under the line item "Investment Property" for the period covered by and based on the numbers included in the Relevant Financial Statements of the Issuer but using accounting principles and practices consistent with those applied in preparation of the Original Financial Statements the Issuer.

"**Consolidated Property Development Inventories**" means the amount set out under the line item "Property Development Inventories" for the period covered by and based on the numbers included in the Relevant Financial Statements of the Issuer but using accounting principles and practices consistent with those applied in preparation of the Original Financial Statements of the Issuer.

"**Cost of Financial Debt**" means the projected amount for the Forecast Cash Flow Period of (x) interest, commitment fees and other recurring fees relating to the Financial Debt of the Issuer Group plus (y) scheduled repayments of Financial Debt of the Issuer Group falling due during the Forecast Cash Flow Period, excluding however:

(i) Financial Debt of the Issuer Group with a maturity falling during the Forecast Cash Flow Period, incurred in relation to Projects which will be rolled over by the Issuer Group in accordance with the stated terms of such Financial Debt, and

(ii) scheduled repayments of other Financial Debt of the Issuer Group for which the Issuer Group has secured a refinancing (taking into account the amount of such refinancing if such amount of such refinancing is lower than the debt to be refinanced) provided that the Issuer can establish that it has obtained such refinancing pursuant to a legally binding agreement.

"**control**" shall have the meaning given to such term in the Belgian Companies Code.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the "**Calculation Period**"):

(i) if "**Actual/365**" or "**Actual/Actual**" or "**Actual/Actual – ISDA**" is specified in the Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(iii) if "**Actual/365 (Fixed)**" is specified in the Final Terms, the actual number of days in the Calculation Period divided by 365;

(iv) if "**Actual/360**" is specified in the Final Terms, the actual number of days in the Calculation Period divided by 360;

(v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M^2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(vi) if "**30E/360**" or "**Eurobond Basis**" is specified in the Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M**^{2}" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30;

(vii) if "**30E/360 (ISDA)**" is specified in the Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M**^{2}" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30; and

(viii) if "**Actual/Actual ICMA**" is specified in the Final Terms:

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in such Calculation Period divided by the product of:

(x) the number of days in such Determination Period; and

(y) the number of Determination Periods normally ending in any year; or

(B) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (i) the number of days in such Determination Period and (ii) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (i) the number of days in such Determination Period and (ii) the number of Determination Periods normally ending in any year;

where:

"**Determination Period**" means the period from and including a Determination Date (as specified in the Final Terms) in any year to but excluding the next Determination Date; and

"**Determination Date**" means the date specified as such in the Final Terms or, if none is so specified, the Interest Payment Date.

"**Distribution**" means:

(i) the declaration or payment of any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital),

(ii) the repayment or distribution of any share premium reserve, and

(iii) the redemption, repurchase, defeasance or repayment of any of its share capital or resolving to do so,

in each case, by the Issuer or the Guarantor (as applicable).

"**EUR**", "**euro**" or "**€**" means the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

"**Euro-zone**" means the region comprised of member states of the European Union that adopt or have adopted the single currency in accordance with the Treaty establishing the European Community, as amended.

"**Existing Shareholder**" means Mr Paul Gheysens, and/or Mrs Ria Vandoorne, Mr Simon Gheysens, Mr Michael Gheysens and/or Mrs Marie-Julie Gheysens, and/or any entity directly or indirectly controlled by any of the foregoing.

"**Financial Debt**" means the aggregate of the amounts set out under the line items "Interest-bearing loans and borrowings" in both current liabilities and non-current liabilities for the period covered by and based on the numbers included in the Relevant Financial Statements of the Issuer but using accounting principles and practices consistent with those applied in preparation of the Original Financial Statements of the Issuer.

"**Financial Indebtedness**" means any indebtedness for or in respect of:

(i) moneys borrowed and debit balances at banks or other financial institutions;

(ii) any acceptance under any acceptance credit facility or dematerialised equivalent;

(iii) any note purchase facility or the issue of Notes, notes, debentures, loan stock or any similar instrument;

(iv) any liability in respect of any finance lease;

(v) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis and meet any requirement for de-recognition under IFRS);

(vi) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing and which is treated as a borrowing under IFRS;

(vii) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account);

(viii) any amount raised by the issue of shares which are expressed to be redeemable and which are classified as borrowings under IFRS;

(ix) the supply of any assets or services which is more than 60 days past the original due date for payment;

(x) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind entering into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 60 days after the date of supply;

(xi) (without double counting) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

(xii) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (k) above.

"**Financial Ratios**" has the meaning given to such term in Condition 9.2 (*Financial Covenants*).

"**Financial Year**" means the annual accounting period of the Issuer or the Guarantor, as applicable.

"**Fixed Rate Note**" means a Note bearing a fixed interest rate determined in accordance with Condition 5.1 (*Interest on Fixed Rate Notes)* and as specified in the relevant Final Terms.

"**Floating Rate Note**" means a Note bearing a floating interest rate determined in accordance with Condition 5.2 (*Interest on Floating Rate Notes)* and as specified in the relevant Final Terms.

"**Forecast Cash Flow Period**" means the period commencing on the date on which a Distribution is made and ending on the Testing Date at least six months after such Distribution.

"**Free Cash Flow Cover**" means the ratio of Projected Cash Flow to Cost of Financial Debt.

"**Guarantor's Compliance Certificate**" means a certificate from the Guarantor setting out (in reasonable detail) computations indicating that the Guarantor complies with the applicable Financial Ratios as at the relevant Testing Date.

"**Guarantor Group**" means the Guarantor and its Subsidiaries from time to time.

"**IFRS**" means the International Financial Reporting Standards.

"**Interest Accrual Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"**Interest Amount**" means:

(i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified in the Final Terms, shall mean the Fixed Coupon Amount or Broken Amount specified in the Final Terms as being payable on the Interest Payment Date ending on the Interest Period of which such Interest Accrual Period forms part; and

(ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified in the applicable Final Terms.

"**Interest Determination Date**" means, with respect to an applicable Rate of Interest and Interest Accrual Period, the date specified as such in the applicable Final Terms or, if none is so specified, the second day on which the TARGET System is open prior to the start of such Interest Accrual Period.

"**Interest Period**" means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date.

"**Interest Period Date**" means each Interest Payment Date unless otherwise specified in the applicable Final Terms.

"**IPO**" means the listing or admission to trading on a regulated or non-regulated market of the shares of or any equity interest in the Issuer.

"**ISDA Definitions**" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the applicable Final Terms.

"**Issuer Group**" means the Issuer and its Subsidiaries from time to time.

"**Issuer's Compliance Certificate**" means a certificate from the Issuer setting out (in reasonable detail) computations indicating that the Issuer complies with the applicable Financial Ratios as at the relevant Testing Date.

"**Material Adverse Effect**" means any material adverse effect:

(i) affecting the properties, assets, prospects, business or financial condition of the Guarantor or the Guarantor Group taken as a whole;

(ii) on the ability of the Guarantor to perform its obligations under the Guarantee; or

(iii) on the validity, enforceability or effectiveness of the Guarantee,

it being understood that a Material Adverse Effect shall be deemed to have occurred in all cases where isolated events would not have such an effect, but where the aggregate of two or more of such events would have in the aggregate such effect.

"**Material Group Company**" means, at any time:

(i) the Issuer; or

(ii) the Guarantor; or

(iii) a Subsidiary of the Issuer or the Guarantor which has Total Assets representing 5 per cent, or more of the Total Assets of the Issuer Group or, as the case may be, the Guarantor Group (in each case, on a standalone basis excluding intra-group items and otherwise as calculated on the basis of the semi-annual or audited annual IFRS consolidated financial statements of the Issuer or, as the case may be, the Guarantor).

"**month**" means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

(i) subject to paragraph (iii) below if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that Calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;

(ii) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and

(iii) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end;

"**Net Income**" means the consolidated net income of the Issuer in any Financial Year (as calculated on the basis of the semi-annual or audited annual IFRS consolidated financial statements of the Issuer).

"**Original Financial Statements**" means the audited consolidated (IFRS) financial statements of the Issuer or the Guarantor (as the case may be) for the period ending 31 December 2018.

"**Permitted Investment**" means each investment made by any member of the Issuer Group for, in respect of or in view of a Project, but only if the Issuer Group has conducted legal, tax, accounting and business due diligence, if any, which would be reasonably customary for the type and scale of such investment. For the avoidance of doubt, this also includes incorporation of legal entities, subscription of shares issued by legal entities, acquisitions of legal entities or any interest in a legal entity, provided the primary purpose of such acquisition consists of conducting a Project.

"**Permitted Secondary Activities**" means activities other than the activities carried out by the Guarantor Group taken as a whole on the Issue Date, and being of a secondary nature, performed by a Subsidiary of the Guarantor at the time of its acquisition by any member of the Guarantor Group, provided that the primary goal of such Subsidiary is the realisation of Projects.

"**Permitted Share Acquisition**" means the acquisition of any shares in the Issuer by any person other than the Existing Shareholder (whether by way of a disposal, transfer, capital increase, contribution in kind or otherwise) for so long as the Existing Shareholder retains at all times more than 50%+1 of the shares of the Issuer after giving effect the relevant acquisition.

"**Project**" means any existing or future real estate project of any member of the Issuer Group in Belgium, France, Germany, Cyprus, Luxembourg, the Netherlands and the United Kingdom.

"**Projected Cash Flow**" means the projected aggregate amount of cash flow for the Forecast Cash Flow Period as provided for and computed on the same basis as the amount set out under line item "net increase/(decrease) in cash and cash equivalents" for the period covered by and based on the numbers included in the Relevant Financial Statements of the Issuer but using accounting principles and practices consistent with those applied in preparation of the Original Financial Statements.

"**Rate of Interest**" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions of the applicable Final Terms.

"**Reference Banks**" means the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified in the applicable Final Terms.

"**Reference Rate**" means the rate specified as such in the applicable Final Terms.

"**Relevant Date**" means, in respect of any Note, whichever is the later of:

(i) the date on which payment in respect of it first becomes due; and

(ii) if any amount of the money payable is improperly withheld or refused on such date, the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days following the date on which notice is duly given by the Issuer to the Noteholders in accordance with Condition 13 (*Notices)* that such payment will be made, provided that such payment is in fact made as provided in these Conditions.

"**Relevant Debt**" means any present or future indebtedness (whether being principal, premium or other amounts) which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over the counter market).

"**Relevant Financial Statements**" means:

(i) in respect of any Testing Date that is 31 December, the audited consolidated (IFRS) financial statements of the Issuer or the Guarantor (as the case may be); and

(ii) in respect of any Testing Date that is 30 June, the interim condensed consolidated (IFRS) financial statements of the Issuer or the Guarantor (as the case may be).

"**Relevant Period**" means each period of twelve months (or such shorter period commencing on the Issue Date) ending on a Testing Date.

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified in the applicable Final Terms.

"**Secured Financial Indebtedness**" means (i) in the case of the Issuer, the aggregate amount of Financial Indebtedness incurred by the members of the Issuer Group which benefits from a Security, guarantee or indemnity and (ii) in the case of the Guarantor, the aggregate amount of Financial Indebtedness incurred by the members of the Guarantor Group which benefits from a Security, guarantee or indemnity.

"**Security**" means any mortgage, charge, pledge, lien or other security interest securing any obligations of any person or any other agreement or arrangement having a similar effect.

"**Subsidiary**" means, in relation to any company (a "**holding company**"), a company which is directly or indirectly controlled by the holding company (within the meaning of Articles 5 to 9 of the 1999 Belgian Companies Code, and with effect from its applicable effective date, Article 1:15 of the 2019 Belgian Companies and Associations Code).

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

"**Testing Date**" means 30 June and 31 December of every Financial Year.

"**Total Assets**" means (i) in the case of the Issuer, the amount set out under the line item "Total Assets" for the period covered by and based on the numbers included in the Relevant Financial Statements of the Issuer but using accounting principles and practices consistent with those applied in preparation of the Original Financial Statements of the Issuer and (ii) in the case of the Guarantor, the amount set out under the line item "Total Assets" for the period covered by and based on the numbers included in the Relevant Financial Statements of Guarantor but using accounting principles and practices consistent with those applied in preparation of the Original Financial Statements of the Guarantor.

"**Total Unsecured Assets**" means (i) in the case of the Issuer, the Total Assets of the Issuer less the aggregate amount of Secured Financial Indebtedness of the Issuer and (ii) in the case of the Guarantor, the Total Assets of the Guarantor less the aggregate amount of Secured Financial Indebtedness of the Guarantor.

"**Undeveloped Land**" means the carrying value for the period covered by and based on the numbers included in the Relevant Financial Statements of the Issuer but using accounting principles and practices consistent with those applied in preparation of the Original Financial Statements of the Issuer of the land positions in respect of which there is no "*Bijzonder Plan van Aanleg*", "*Ruimtelijk Uitvoeringsplan*" or any other similar urban planning, regardless of the authority which is competent to issue any such planning, "*Verkavelingsvergunning*" or "*Bouwvergunning*" or any similar permit.

(b) Moreover, in these Conditions:

(i) capitalised terms have the meanings given to them in the applicable Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes;

(ii) "**Noteholder**" and "**holder**" mean, in respect of any Note, the holder from time to time of the Notes as determined by reference to the records of the relevant settlement systems or financial intermediaries and the affidavits referred to in this Condition 1 (*Form, denomination and title)*;

(iii) "**Conditions**" are, unless the context otherwise requires, to the numbered paragraphs in this Part IV (*Terms and Conditions of the Notes*);

(iv) any reference to a "person" shall include any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity);

(v) any reference to a law, royal decree, act, statute, regulation, any provision thereof or any agreement referred to in these Conditions shall be deemed to be a reference to any such law, royal decree, act, statute, regulation, provision or agreement as the same may be amended, supplemented, varied, replaced or re-enacted from time to time;

(vi) reference to (i) "principal" shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amounts, Early Redemption Amounts or Optional Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 (Redemption and purchase) or any amendment or supplement to it, (ii) "interest" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 (Interest and other calculations) or any amendment or supplement to it and (iii) "principal" and/or "interest" shall be deemed to include any additional amounts that may be payable under Condition 8 (Taxation); and

(vii) For the purposes of calculating the financial covenants set out in Condition 9.2 (Financial Covenants) and Free Cash Flow Cover set out in Condition 9.6 (*Dividends*), the Issuer and the Guarantor shall compute these covenants in accordance with the definitions set out in these Conditions for the period covered by and based on the data included in Relevant Financial Statements, but using the accounting principles and practices consistent with those applied in preparation of the Original Financial Statements.

5 Interest and other calculations

5.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the applicable Rate of Interest, such interest being payable, subject as provided herein, in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5.6 *(Calculations)*.

5.2 Interest on Floating Rate Notes

(i) *Interest Payment Dates*

Each Floating Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5.6 *(Calculations)*. Such Interest Payment Date(s) is/are either specified in the Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are specified in the Final Terms, "**Interest Payment Date**" shall mean each date which falls the number of months or other period specified in the Final Terms as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention*

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest for Floating Rate Notes*

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the Final Terms and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the Final Terms.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated in the Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified in the Final Terms;

(y) the Designated Maturity is a period specified in the Final Terms; and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the Final Terms.

provided that, if no Rate of Interest can be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined by the Calculation Agent in its sole and absolute discretion (though applying the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest, if any, relating to the Interest Accrual Period).

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

(B) Screen Rate Determination for Floating Rate Notes

(x) Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject to this Condition 5 (*Interest and other calculations*), be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (Brussels time) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations;

(y) if the Relevant Screen Page is not available or, if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page, or, if sub-paragraph (x)(2) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Calculation Agent shall request the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in Euro for a period equal to that which would have been used for the Reference Rate by leading banks in the Euro-zone inter-bank market or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in Euro for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in Euro for a period equal to that which would have been used for the Reference Rate, at which, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in the Euro-zone inter-bank market, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(C) Linear Interpolation

Where Linear Interpolation is specified hereon as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest

Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Applicable Maturity**" means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

5.3 Benchmark Discontinuation

This Condition 5.3 applies only where Screen Rate Determination is specified as applicable in the applicable Final Terms as the manner in which the Rate of Interest is to be determined.

(a) Independent Adviser

Notwithstanding the provisions in Condition 5.2 above, if the Issuer determines that a Benchmark Event has occurred in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to that Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine, following consultation with the Issuer and no later than 10 calendar days prior to the relevant Interest Determination Date relating to the next succeeding Interest Period (the "**IA Determination Cut-off Date**"), a Successor Rate or, failing which, an Alternative Rate (in accordance with paragraph (b) below) and, in either case, an Adjustment Spread (in accordance with paragraph (c) below).

An Independent Adviser appointed pursuant to this Condition 5.3 shall act in good faith and in a commercially reasonable manner as an expert following consultation with the Issuer. In the absence of fraud and wilful misconduct, the Independent Adviser shall have no liability whatsoever to the Noteholders, the Agent or the Calculation Agent for any determination it makes pursuant to this Condition 5.3. No Independent Adviser appointed in connection with the Notes (acting in such capacity), shall have any relationship of agency or trust with the Noteholders.

If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Independent Adviser fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 5.3 prior to the relevant IA Determination Cut-off Date, then the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the immediately preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that immediately preceding Interest Period. For the avoidance of doubt, this sub-paragraph shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 5.3.

(b) Successor Rate or Alternative Rate

If the Independent Adviser, following consultation with the Issuer and acting in good faith and in a commercially reasonable manner, determines that:

(i) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in paragraph (c) below), subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the further operation of this Condition 5.3); or

(ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in paragraph (c) below) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the further operation of this Condition 5.3).

Following any such determination by the Independent Adviser, following consultation with the Issuer, of a Successor Rate or an Alternative Rate, as the case may be, the Issuer shall give notice thereof in accordance with paragraph (f) below.

(c) Adjustment Spread

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

Following any such determination by the Independent Adviser, following consultation with the Issuer, of the Adjustment Spread, the Issuer shall give notice thereof in accordance with paragraph (f) below. The Agent or the Calculation Agent shall apply such Adjustment Spread to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or any component part(s) thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

If the Independent Adviser is unable to determine the Adjustment Spread or the formula or methodology for determining the Adjustment Spread, then the Successor Rate or Alternative Rate (as the case may be) will apply without an Adjustment Spread.

(d) Benchmark Amendments

If any Successor Rate or Alternative Rate (as the case may be) and, in either case, the Adjustment Spread is determined in accordance with this Condition 5.3 and the Independent Adviser, following consultation with the Issuer and acting in good faith and in a commercially reasonable manner, determines (i) that amendments to these Conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate (as the case may be) and, in each case, the application of the Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, following consultation with the Independent Adviser and subject to the Issuer giving notice thereof to the Agent, the Calculation Agent and the Noteholders (in accordance with paragraph (f) below), without any requirement for the consent or approval of the Noteholders, vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Agent or the Calculation Agent of a certificate validly signed by authorised signatory(ies) of the Issuer pursuant to this paragraph (d) below, the Agent or Calculation Agent shall (at the expense and direction of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with such determination by the Independent Adviser (following consultation with the Issuer) in using its reasonable endeavours in effecting any Benchmark Amendments (including, *inter alia*, by the execution of an agreement supplemental to or amending the Agency Agreement) and the Agent or Calculation Agent shall not be liable to any party for any consequences thereof, provided that the Agent or Calculation Agent shall not be obliged so to concur if, in the opinion of the Agent or the Calculation Agent, doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the rights and/or the protective provisions afforded to it in these Conditions and/or any documents to which it is a party (including, for the avoidance of doubt, any supplemental agency agreement) in any way.

In connection with any such modifications in accordance with this paragraph (d), the Issuer and the Independent Adviser shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(e) Survival of Original Reference Rate Provisions

Without prejudice to the obligations of the Issuer or the Independent Adviser under this Condition 5.3, the Original Reference Rate and the fallback provisions provided for in Condition 5.2 will continue to apply unless and until (a) a Benchmark Event has occurred and (b) the Independent Adviser, following consultation with the Issuer, has determined the Successor Rate or the Alternative Rate (as the case may be), the Adjustment Spread and the Benchmark Amendments (if any), in accordance with the relevant provisions of this Condition 5.3 and Condition 5.2 and the Issuer notifies the Agent or the Calculation Agent of such determination.

(f) Notices

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 5.3 will be notified promptly by the Issuer to the Agent or the Calculation Agent and, in accordance with Condition 13, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Agent or the Calculation Agent of the same, the Issuer shall deliver to the Agent or the Calculation Agent a certificate validly signed by authorised signatory(ies) of the Issuer:

(i) confirming (I) that a Benchmark Event has occurred, (II) the Successor Rate or, as the case may be, the Alternative Rate, (III) any Adjustment Spread and (IV) the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 5.3; and

(ii) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and, in each case, the application of the Adjustment Spread.

The Agent or Calculation Agent (as the case may be) shall be entitled to rely on such certificate (without enquiry or liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate, the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error in the determination of the Successor Rate or Alternative Rate, the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the ability of the Agent or Calculation Agent to rely on such certificate as aforesaid) be binding on the Issuer, the Agent, the Calculation Agent and the Noteholders.

(g) Definitions

In this Condition 5.3:

"**Adjustment Spread**" means either a spread (which may be positive, negative or zero), or the formula or methodology for calculating a spread, in either case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);

(B) the Independent Adviser, following consultation with the Issuer and acting in good faith and in a commercially reasonable manner, determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Independent Adviser determines that no such spread is customarily applied)

(C) the Independent Adviser, following consultation with the Issuer and acting in good faith and in a commercially reasonable manner, determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or (if the Independent Adviser, in consultation with the Issuer, determines that no such industry standard is recognised or acknowledged);

(D) the Independent Adviser, in its discretion, following consultation with the Issuer and acting in good faith and in a commercially reasonable manner, determines to be appropriate having regard to the objective, so far as is reasonably practicable in the circumstances and solely for the purpose of this sub-clause (D) only, of reducing or eliminating any economic prejudice or benefit (as the case may be) to the Noteholders;

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser, following consultation with the Issuer and acting in good faith and in a commercially reasonable manner, determines in accordance with paragraph (b) to use in place of the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining floating rates of interest (or the relevant component thereof) in the same Specified Currency as the Notes;

"**Benchmark Event**" means:

(A) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist;

(B) the making of a public statement by the administrator of the Original Reference Rate that it will, on or before a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate);

(C) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that: (i) the Original Reference Rate has been or will, on or before a specified date, be permanently or indefinitely discontinued or (ii) the Original Reference Rate is no longer representative of an underlying market; or

(D) the making of a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will, on or before a specified date, be prohibited from being used either generally or in respect of the Notes; or

(E) it has or will prior to the next Interest Determination Date become unlawful for the Agent, the Calculation Agent or the Issuer to determine any Rate of Interest and/or calculate any Interest Amount using the Original Reference Rate (including, without limitation, under the Benchmarks Regulation (EU) No. 2016/1011, if applicable),

provided that in the case of sub-paragraphs (B), (C) and (D) the Benchmark Event shall occur on the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate or the prohibition of the use of the Original Reference Rate, as the case may be, and not the date of the relevant public statement;

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with experience in the international capital markets appointed by the Issuer at its own expense and notified in writing to the Agent or the Calculation Agent;

"**Original Reference Rate**" means the benchmark or screen rate (as applicable) originally specified in the applicable Final Terms for the purposes of determining the relevant Rate of Interest (or any component part(s) thereof) in respect of the Notes or (if applicable) any other Successor Rate or Alternative Rate (or any component part(s) thereof) determined and applicable to the Notes pursuant to the earlier operation of this Condition 5.3;

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (C) a group of the aforementioned central banks or other supervisory authorities, or (D) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

5.4 Accrual of Interest

Interest (if any) shall cease to accrue on each Note (or in the case of the redemption of part only of a Note, that part only of such Note) on the due date for redemption thereof unless payment of principal is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event, interest shall continue to accrue (both before and after judgment) at the applicable Rate of Interest in the manner provided in this Condition 5 (*Interest and other calculations)* to (but excluding) the Relevant Date.

5.5 Margin, Maximum/Minimum Rates of Interest and Redemption Amounts and Rounding

(i) If any Margin is specified in the applicable Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5.2 (*Interest on Floating Rate Notes)* above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin subject always to the next paragraph.

(ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified in the applicable Final Terms, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up), (y) all figures shall be rounded to seven significant figures (provided that if the eighth significant figure is a 5 or greater, the seventh significant figure shall be rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up). For these purposes "**unit**" means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.

5.6 Calculations

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the applicable Rate of Interest, the Calculation Amount specified in the Final Terms and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods.

In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be applied to the period for which interest is required to be calculated.

5.7 Determination and Publication of Applicable Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts

The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the applicable Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or any Optional Redemption Amount to be notified to the Agent, the Issuer, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of an applicable Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5.2(ii) (*Business Day Convention)*, the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10 (*Events of Default)*, the accrued interest and the applicable Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the applicable Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

5.8 Calculation Agent

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the applicable Final Terms and for so long as any Note is outstanding. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the applicable Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal Brussels office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

6 Redemption and purchase

6.1 Final Redemption

Unless previously redeemed, purchased and cancelled as provided below, each Note shall be redeemed on the Maturity Date specified in the applicable Final Terms at its Final Redemption Amount (which shall be at least equal to the nominal amount of the Notes).

6.2 Early Redemption

The Early Redemption Amount payable in respect of any Note upon redemption of any such Note pursuant to Condition 6.3 (*Redemption for taxation reasons)*, Condition 6.4 (*Redemption at the Option of the Issuer)* or Condition 6.6 (*Redemption at the Option of Noteholders)* or upon it becoming due and payable as provided in Condition 10 (*Events of Default)*, shall be, unless otherwise specified in the applicable Final Terms, the Final Redemption Amount (which shall be at least equal to the nominal amount of the Notes), together with, if applicable, interest accrued to the date fixed for redemption.

6.3 Redemption for taxation reasons

If both the Tax Call Option and Prohibition of Sales to Consumers are specified as applicable in the applicable Final Terms, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if the Note is a Floating Rate Note) or, at any time, (if the Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 6.2 (*Early Redemption)* above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation)* as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Belgium or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 6.3 (*Redemption for taxation reasons)*, the Issuer shall deliver to the Agent a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

6.4 Redemption at the Option of the Issuer

If both the Call Option and Prohibition of Sales to Consumers are specified as applicable in the applicable Final Terms, the Issuer may on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified in the applicable Final Terms) redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount specified in the applicable Final Terms (which may be the Early Redemption Amount (as described in Condition 6.2 (*Early Redemption)* above)), together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the applicable Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the applicable Final Terms.

All Notes in respect of which any such notice is given, shall be redeemed on the date specified in such notice in accordance with this Condition.

6.5 Make Whole Redemption/Three-Month Par Call at the option of the Issuer

If the Make Whole/Three-Month Par Call Option is specified as applicable in the applicable Final Terms, the Issuer may, on giving not less than 15 nor more than 30 days' notice (or such other notice period as may be specified in the applicable Final Terms) to the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) (the "**Make Whole/Three-Month Par Call Optional Redemption Date**"), redeem all, but not some only, of the Notes at a redemption price per Note equal to:

(i) if the Make Whole/Three-Month Par Call Optional Redemption Date falls in the period up to and including the date falling three months prior to the Maturity Date, such amount per Note as is equal to the higher of the amounts in (A) and (B) below, as calculated by the Calculation Agent, in each case together with interest accrued to but excluding the Make Whole/Three-Month Par Call Optional Redemption Date:

(A) the nominal amount of the Note; and

(B) the sum of the then current values of the remaining scheduled payments of principal and interest (not including any interest accrued on the Notes to, but excluding, the Make Whole/Three-Month Par Call Optional Redemption Date) discounted to the Make Whole/Three-Month Par Call Optional Redemption Date on an annual basis (based on the Day Count Fraction specified in the applicable Final Terms) at the Reference Dealer Rate (as defined below) plus any Margin specified in the applicable Final Terms, in each case as determined by the Reference Dealers; and

(ii) if the Make Whole/Three-Month Par Call Optional Redemption Date falls in the period from but excluding the date falling three months prior to the Maturity Date to but excluding the Maturity Date, such amount per Note as is equal to the nominal amount outstanding of the relevant Note together with interest accrued to but excluding the Make Whole/Three-Month Par Call Optional Redemption Date.

Any notice of redemption given under this Condition 6.5 will override any notice of redemption given (whether previously, on the same date or subsequently) under Condition 6.6 (*Redemption at the Option of Noteholders*).

In this Condition:

"**Reference Dealers**" means those Reference Dealers specified in the applicable Final Terms;

"**Reference Dealer Rate**" means with respect to the Reference Dealers and the Make Whole/Three-Month Par Call Optional Redemption Date, the average of the five quotations of the mid-market annual yield to maturity of the Reference Stock or, if the Reference Stock is no longer outstanding, a similar security in the reasonable judgment of the Reference Dealers, at the Determination Time and on the Determination Date in each case specified in the applicable Final Terms, quoted in writing to the Issuer by the Reference Dealers; and

"**Reference Stock**" means the Reference Stock specified in the applicable Final Terms.

6.6 Redemption at the Option of Noteholders

6.6.1 Change of Control Put Option of the Noteholders

(a) Change of control

If the Change of Control Put Option is specified as applicable in the applicable Final Terms, the Issuer shall, within 5 Business Days after becoming aware of the occurrence of a Change of Control, provide notice thereof to the Noteholders in accordance with Condition 13 (*Notices*) with a copy to the Agent (the "**Change of Control Notice**").

The Change of Control Notice shall be irrevocable and shall specify the following information:

(i) the date on which the Notes will be repaid, which shall be a Business Day not less than 60 and not more than 90 days after the giving of the notice regarding the Change of Control (the "**Change of Control Put Date**");

(ii) to the fullest extent permitted by applicable law, all information material to Noteholders concerning the Change of Control;

(iii) the last day of the Change of Control Put Exercise Period; and

(iv) the Early Redemption Amount.

The Agent shall not be required to monitor or take any steps to ascertain whether a Change of Control or any event which could lead to a Change of Control has occurred or may occur and will not be responsible or liable to Noteholders or any other person for any loss arising from any failure by it to do so.

A "**Change of Control**" shall occur if:

(i) the Existing Shareholder ceases to control directly or indirectly the Guarantor or the Issuer; or

(ii) if any person or group of persons acting in concert other than the Existing Shareholder gain(s) direct or indirect control over the Guarantor or the Issuer.

(b) Change of Control Put Option

If the Noteholder gives notice to the Issuer within 30 days following the date on which a Change of Control Notice is given to the Noteholders (the "**Change of Control Put Exercise Period**") after the date of the Change of Control Notice was sent in respect of any or all of its Notes, the Issuer will, subject as provided below, be required to redeem the Notes at their Early Redemption Amount (as described in Condition 6.2 (*Early Redemption)* above) on the Change of Control Put Date together with any interest accrued to the Change of Control Put Date.

To exercise their rights pursuant to this Condition 6.6.1 (*Redemption at the Option of Noteholders*), the relevant Noteholder must (i) deliver or cause to be delivered to the Agent a certificate issued by the relevant accountholder certifying that the relevant Note is blocked by it and (ii) complete and deposit with the financial intermediary through which the Noteholder holds its Notes (the "**Financial Intermediary**") for further delivery to the Issuer (with a copy to the specified office of the Agent) a duly completed and signed notice of exercise in the form customarily used by the relevant Financial Intermediary for the time being obtainable from the Agent (a "**Change of Control Put Exercise Notice**") at any time during the Change of Control Put Exercise Period. The Noteholders must check with their Financial Intermediary when such Financial Intermediary must receive instructions and Change of Control Put Exercise Notices in order to meet the deadlines for such exercise to be effective.

Noteholders exercising their put option by giving notice of such exercise to any paying agent in accordance with the standard procedures of the NBB, Euroclear or Clearstream in lieu of depositing a Change of Control Put Exercise Notice with a Financial Intermediary, are also advised to check by when the relevant securities settlement system would require to receive notices in order to meet the deadlines for such exercise to be effective.

Any fees charged by the Financial Intermediary in relation to the deposit of the Change of Control Put Exercise Notices shall be borne by the relevant Noteholder.

Payment in respect of any such Note shall be made by transfer to a euro account maintained with a bank in a city in which banks have access to TARGET System as specified by the relevant Noteholder in the relevant Change of Control Put Exercise Notice.

6.6.2 Issuer Change of Control Call Option

If, as a result of this Condition 6.6 (*Redemption at the Option of Noteholders*) and provided that Prohibition of Sales to Consumers is specified as applicable in the applicable Final Terms, Noteholders of a Series submit Change of Control Put Exercise Notices in respect of at least 85 per cent of the aggregate principal amount of the Notes of that Series for the time being outstanding, the Issuer may, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption) with a copy to the Agent, redeem all (but not some only) of the Notes of that Series then outstanding at the Early Redemption Amount together with any interest accrued to the date fixed for redemption.

Payment in respect of any such Note shall be made by transfer to a euro account maintained with a bank in a city in which banks have access to the TARGET System as specified by the relevant Noteholder in the relevant Change of Control Put Exercise Notice.

6.7 Purchase

Subject to the requirements (if any) of any stock exchange on which the Notes may be admitted to listing and trading at the relevant time and subject to compliance with applicable laws and regulations, the Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor may at any time purchase any Notes in the open market or otherwise at any price.

6.8 Cancellation

All Notes which are redeemed will be cancelled and may not be reissued or resold. Notes purchased by the Issuer, the Guarantor or any of their Subsidiaries may be held, reissued or resold at the option of the Issuer, the Guarantor or relevant Subsidiary, or surrendered to the Agent for cancellation.

6.9 Multiple Notices

If more than one notice of redemption is given pursuant to this Condition 6 (*Redemption and Purchase*), the first of such notices to be given shall prevail.

7 Payments

7.1 Payment in euro

Without prejudice to Article 474 of the 1999 Belgian Companies Code and, with effect from its applicable effective date, Article 7:41 of the 2019 Belgian Companies and Associations Code, payment of principal in respect of the Notes, payment of accrued interest payable on a redemption of the Notes and payment of any interest due on an Interest Payment Date in respect of the Notes will be made through the Agent and the Securities Settlement System in accordance with the Securities Settlement System Regulations. The payment obligations of the Issuer under the Notes will be discharged by payment to the Agent in respect of each amount so paid.

7.2 Method of payment

Each payment referred to in Condition 7.1 (*Payment in euro*) will be made in euro by transfer to a euro account maintained by the payee with a bank in a city in which banks have access to the TARGET System.

7.3 Payments subject to fiscal and other applicable laws

All payments are subject in all cases (i) to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8 (*Taxation*) and (ii) any withholding or deduction imposed pursuant to an agreement described in Section 1471 (b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders in respect of such payments. The Issuer and the Guarantor will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements.

7.4 Appointment of Agents

The Agent, the Calculation Agent and the Listing Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Agent, the Calculation Agent or the Listing Agent provided that the Issuer shall at all times maintain (i) an Agent, (ii) a Calculation Agent where the Conditions so require, and (iii) such other agents as may be required by any other stock exchange on which the Notes may be listed.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders in accordance with Condition 13 (*Notices*).

7.5 Payment on Business Days

Unless otherwise agreed upon in the applicable Final Terms of a Series of Notes through the application or disapplication of a Business Day Convention,

(i) if any date for payment in respect of the Notes is not a Business Day, the holder shall not be entitled to payment until the next following Business Day, nor to any interest or other sum in respect of such postponed payment; and

(ii) for the purpose of calculating the interest amount payable under the Notes, the Interest Payment Date shall not be adjusted.

8 Taxation

If both the Tax Call Option and Prohibition of Sales to Consumers are specified as applicable in the applicable Final Terms, all payments of principal and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (the "**Taxes**") imposed, levied, collected, withheld or assessed by or on behalf of any jurisdiction (including any political subdivision or any authority therein or thereof having power to tax) as a result of any connection existing between the Issuer or the Guarantor and such jurisdiction (the "**Relevant Jurisdiction**"), unless such withholding or deduction of the Taxes is required by law. In that event the Issuer or the Guarantor shall pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note:

(a) *Other connection*: to, a third party on behalf of, a Noteholder who is liable to such Taxes in respect of such Note by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Note, including but not limited to Belgian resident individuals; or

(b) *Non-Eligible Investor*: to a Noteholder, who at the time of acquisition of the Notes, was not an eligible investor within the meaning of Article 4 of the Belgian Royal Decree of 26 May 1994 on the deduction of withholding tax or to a Noteholder who was such an eligible investor at the time of acquisition of the Notes but, for reasons within the Noteholder's control, either ceased to be an eligible investor or, at any relevant time on or after the acquisition of the Notes, otherwise failed to meet any other condition for the exemption of Belgian withholding tax pursuant to the law of 6 August 1993 relating to certain securities; or

(c) *Lawful avoidance of withholding*: to, or to a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying, or procuring that any third party complies, with any statutory requirements or by making, or procuring that any third party makes, a declaration of non-residence or other similar claim for exemption; or

(d) *Conversion into registered securities*: to a Noteholder who is liable to such Taxes because the Notes were upon his/her request converted into registered Notes and could no longer be cleared through the Securities Settlement System.

9 Undertakings

9.1 Information Undertakings

For so long as any Note remains outstanding, the Issuer shall on the date falling no later than (x) four calendar months after the end of each Financial Year and (y) three calendar months after the end of the first half of the each Financial Year:

(i) publish on its website, (i) the annual and semi-annual IFRS (condensed) consolidated financial statements of the Issuer prepared in accordance with IFRS, and (ii) an up-to-date list of the Issuer's Material Group Companies, in each case together with a duly executed Issuer's Compliance Certificate; and

(ii) ensure that the Guarantor publishes on its website, (i) the annual and semi-annual IFRS (condensed) consolidated financial statements of the Guarantor prepared in accordance with IFRS, and (ii) an up-to-date list of the Guarantor's Material Group Companies, in each case together with a duly executed Guarantor's Compliance Certificate.

9.2 Financial covenants

For so long as any Note remains outstanding, the Issuer shall ensure that it (and shall ensure that the Guarantor) complies on each Testing Date with each of the following financial ratios (each a "**Financial Ratio**"):

(i) the Consolidated Equity of the Issuer shall be at least equal to EUR 80 million;

(ii) the Consolidated Equity of the Guarantor shall be at least equal to EUR 400 million;

(iii) the Total Unsecured Assets of the Issuer shall be at least equal to EUR 100 million;

(iv) the Total Unsecured Asset of the Guarantor shall be at least equal to EUR 400 million;

(v) the ratio of (i) the Consolidated Equity of the Issuer to (ii) the Total Assets of the Issuer less the Cash of the Issuer shall be at least 20 per cent.;

(vi) the ratio of (i) the Consolidated Equity of the Guarantor to (ii) the Total Assets of the Guarantor less the Cash of the Guarantor shall be at least 40 per cent. There shall however be no breach of such ratio if, on a particular Testing Date, such ratio falls below 40 per cent., but not below 35 per cent., provided that, on the following Testing Date, such ratio is at least 40 per cent.; and

(vii) the ratio of (i) Undeveloped Land of the Issuer Group to (ii) the sum of Consolidated Investment Property and Consolidated Property Development Inventories of the Issuer Group shall not exceed 15 per cent.

9.3 Merger

(i) The Issuer shall not (and shall procure that no other member of the Issuer Group will) enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction (a "**Reorganisation**"), except for (i) any Reorganisation among members of the Issuer Group, provided that, in the case of any merger with the Issuer, the Issuer shall be the surviving entity or, if not, the Consolidated Equity of the surviving entity shall be not less than the Consolidated Equity of the Issuer immediately prior to the merger and the Issuer shall publish on its website a Compliance Certificate confirming that as a result of such Reorganisation no Event of Default has occurred or would occur after giving effect to such Reorganisation, and (ii) any Reorganisation between members of the Issuer Group and any member of the Connected Group (other than the Guarantor), subject to a member of the Issuer Group being the surviving entity.

(ii) The Issuer shall procure that the Guarantor shall not enter into any Reorganisation with any member of the Issuer Group unless the Guarantor is the surviving entity, it being understood that, following any such Reorganisation, Condition 9.5 (*Issuer Ownership*) shall no longer be deemed to be part of these Conditions, and, for the avoidance of doubt, the Guarantor shall not, as surviving entity from any such Reorganisation, be entitled to rely on Condition 9.5(ii) (*Issuer Ownership*), which shall only apply to the Issuer prior to any such Reorganisation.

9.4 Change of Business

(i) The Issuer shall not (and shall procure that no other member of the Issuer Group will):

(A) acquire a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them) or incorporate a company;

(B) develop any business activities other than its current business or in any geographical market where it is not active on the Issue Date; or

(C) make any new investments (other than repair and maintenance investments) pertaining to any of the Projects,

other than any Permitted Investments.

(ii) The Issuer shall procure that no substantial change is made to the general nature of its business or that of the Guarantor Group taken as a whole from that carried on by it and by the Guarantor Group taken as a whole on the Issue Date.

(iii) The Issuer shall procure that none of its Subsidiaries shall engage in any other business or activities than those directly associated with the Projects and save for Permitted Secondary Activities.

9.5 Issuer Ownership

The Issuer shall procure that:

(i) prior to any IPO, it remains a wholly-owned Subsidiary of the Guarantor save for (i) up to 5 shares or (ii) any Permitted Share Acquisition; and

(ii) following any IPO, (i) it remains under the direct or indirect control of the Existing Shareholder, and (ii) the Existing Shareholder owns, directly or indirectly, more than 25 per cent of the outstanding shares in the Issuer.

9.6 Dividends

(i) The Issuer shall (i) prior to any IPO or Permitted Share Acquisition, not make any Distribution, and (ii) following any IPO or Permitted Share Acquisition only make Distributions in any Financial Year provided that:

(A) the Distribution is made when no Default is continuing or would occur immediately after making the Distribution; and

(B) the Free Cash Flow Cover is forecasted to be greater than 1.5 to 1 (calculated on a pro forma basis taking into account the Distribution) for the Forecast Cash Flow Period; and

(C) the amount of the Distribution does not exceed 50 per cent of its Net Income of the relevant Financial Year (plus any amount of Net Income of any previous Financial Year which was available for but not previously distributed); and

(D) the payment will not result in a breach of Articles 617 or 618, if applicable, of the 1999 Belgian Companies Code, and, with effect from its applicable effective date, Articles 7:212 and 7:213 of the 2019 Belgian Companies and Associations Code.

(ii) The Issuer shall procure that the Guarantor will not make any Distribution unless it remains in compliance with the Financial Ratios set out item (b) of Condition 9.2 (*Financial Covenants*) after giving pro forma effect to the relevant Distribution.

9.7 Cash Upstreaming

The Issuer shall procure that all members of the Issuer Group upstream the net proceeds arising out of the disposal of any real estate project unless such proceeds are reinvested in Permitted Investments within 12 months of the relevant disposal.

9.8 Loans or Guarantees

The Issuer shall not (and shall procure that no other member of the Issuer Group will) be a creditor in respect of any loan owed by, or incur or allow to remain outstanding any guarantee covering any obligation of, any member of the Guarantor Group which is not a member of the Issuer Group, except for (i) any loans owed by or guarantees covering obligations of members of the Connected Group in an aggregate amount not exceeding at any time EUR 25,000,000, and (ii) any loans which are originally made available by the Guarantor to any member of the Guarantor Group which are subsequently made available by the Issuer immediately following the increase of its capital by the Guarantor in an aggregate amount not exceeding at any time EUR 100,000,000.

9.9 Taxation

The Issuer shall remain domiciled or resident for tax purposes in Belgium, Luxembourg or the Netherlands.

10 Events of default

Each of the events set out in this Condition is an event of default (each an "**Event of Default**"). If an Event of Default occurs, then any Noteholder may, by notice in writing given to the Issuer at its registered office with a copy to the Agent at its specified office, declare that such Note is immediately due and repayable at its nominal amount together with, if applicable, interest accrued until the date fixed for repayment, without further formality unless such event shall have been remedied prior to the receipt of such notice by the Agent.

10.1 Non-payment: The Issuer fails to pay any amount payable in respect of the Notes, unless its failure to pay is caused by an administrative or technical error or payment is made within 3 Business Days from the date on which it is due and payable;

10.2 Breach of Financial Ratios: A breach of the Financial Ratios referred to in paragraphs (a), (b), (e) and (f) of Condition 9.2 (*Financial covenants*) has occurred and the Issuer (or, as the case may be, the Guarantor) fails to remedy such breach within 30 Business Days from the date on which a Compliance Certificate is published on its website from which it appears that the relevant Financial Ratio has not been complied with;

10.3 Breach of other obligations: The Issuer or the Guarantor fails to perform any of its other obligations (other than referred to under 10.1 (*Non-payment*) and 10.2 (*Breach of Financial* Ratios) above) set out in the Conditions, unless the default is capable of remedy and remedied within 10 Business Days of the earlier of (a) a Noteholder giving notice to the Issuer of such default and (b) the Issuer becoming aware of the failure to comply with such obligation;

10.4 Cross Default:

(i) Any Financial Indebtedness of any member of the Guarantor Group is not paid when due nor within any originally applicable grace period.

(ii) Any Financial Indebtedness of any member of the Guarantor Group is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (howsoever described).

(iii) Any commitment for any Financial Indebtedness of any member of the Guarantor Group is cancelled or suspended by a creditor of any member of the Guarantor Group as a result of an event of default (however described).

(iv) Any creditor of any member of the Guarantor Group becomes entitled to declare any Financial Indebtedness of any member of the Guarantor Group due and payable prior to its specified maturity.

(v) No Event of Default will occur under this Condition 10.4 (*Cross* Default) if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (a) to (d) above is:

(A) in respect of any member of the Issuer Group, less than EUR 10,000,000 (or its equivalent in any other currency or currencies); and

(B) in respect of other members of the Guarantor Group, less than EUR 50,000,000 (or its equivalent in any other currency or currencies).

10.5 Insolvency:

(a) A Material Group Company is declared bankrupt (*failliet/faillite* or any analogous procedure or step in any jurisdiction) or is unable or admits inability to pay its debts as they fall due or is deemed to or declared to be unable to pay its debts under applicable law, suspends or threatens to suspend making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness.

(b) a moratorium (*gerechtelijke reorganisatie/réorganisation judiciaire*) or any analogous procedure or step in any jurisdiction) is declared in respect of any indebtedness of any Material Group Company. If a moratorium occurs, the ending of the moratorium will not remedy any Event of Default caused by that moratorium.

10.6 Insolvency proceedings:

(i) Any corporate action, legal proceedings or other procedure or step is taken in relation to:

(A) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any Material Group Company;

(B) a composition, compromise, assignment or arrangement with any creditor of any Material Group Company; or

(C) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of any Material Group Company or any of its assets,

or any analogous procedure or step is taken in any jurisdiction.

(ii) Paragraph (a) shall not apply to any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 14 days of commencement.

(iii) In this Condition 10.6 (*Insolvency proceedings*), a reference to:

(A) a "liquidator", "compulsory manager", "receiver", "administrative receiver", "administrator" or similar officer includes any *curator/curateur, vereffenaar/liquidateur,* *gedelegeerd rechter/juge délégué, gerechtsmandataris/ mandataire de justice, voorlopig bewindvoerder/administrateur judiciaire, gerechtelijk bewindvoerder/administrateur judiciaire, mandataris ad hoc/mandataire ad hoc* and *sekwester/séquestre*;

(B) a "suspension of payments", "moratorium of any indebtedness", "winding-up", "dissolution", "administration" or "reorganisation" includes any *vereffening/liquidation, ontbinding/dissolution, faillissement/faillite or sluiting van een onderneming/fermeture d'entreprise*; and

(C) a "composition" includes any *gerechtelijke reorganisatie/réorganisation judiciaire*.

10.7 Security Enforcement:

Any Security granted by a member of the Guarantor Group becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) provided that no Event of Default will occur under this Condition 10.7 (*Security Enforcement*) if the aggregate amount of Financial Indebtedness in respect of which such Security becomes enforceable and steps are taken to enforce it is:

(i) in respect of any member of the Issuer Group, less than EUR 10,000,000 (or its equivalent in any other currency or currencies); and

(ii) in respect of other members of the Guarantor Group, less than EUR 50,000,000 (or its equivalent in any other currency or currencies).

10.8 Creditors' Process:

Any expropriation (other than an expropriation by a public body that does not have a Material Adverse Effect), attachment, sequestration, distress or execution or any analogous process in any jurisdiction which affects any asset or assets of a member of the Guarantor Group having an aggregate value in excess of:

(i) in respect of any member of the Issuer Group, EUR 10,000,000 (or its equivalent in any other currency or currencies); and

(ii) in respect of other members of the Guarantor Group, EUR 50,000,000 (or its equivalent in any other currency or currencies),

and is in each case not discharged within 30 days.

10.9 Effectiveness of the Notes and the Guarantee:

(i) It is or becomes unlawful for the Issuer or the Guarantor to perform or comply with any of its obligations under or in respect of the Notes or the Guarantee; or

(ii) the Guarantee ceases to be in full force and effect.

11 Prescription

Claims against the Issuer and the Guarantor for payment in respect of the Notes shall be prescribed and become void unless made within ten years (in the case of principal) or 5 years (in the case of interest) from the appropriate Relevant Date in respect of such payment. Claims in respect of any other amounts payable in respect of the Notes shall be prescribed and become void unless made within 10 years following the due date for payment thereof.

12 Meetings of Noteholders, modifications and waivers

12.1 Meetings of Noteholders

(i) Subject to paragraph (ii), all meetings of holders of Notes of a Series will be held in accordance with the provisions on meetings of Noteholders set out in Schedule 1 to these Conditions (the

"**Meeting Provisions**"). Meetings of Noteholders of a Series may be convened to consider matters in relation to the Notes of that Series, including the modification or waiver of the Conditions. For the avoidance of doubt, any modification or waiver of the Conditions shall always be subject to the consent of the Issuer.

A meeting of Noteholders of a Series may be convened by the Issuer and shall be convened by the Issuer upon the request in writing of Noteholders holding not less than one tenth of the aggregate nominal amount of the outstanding Series.

Any modification or waiver of the Conditions of a Series proposed by the Issuer may be made if sanctioned by an Extraordinary Resolution. An "**Extraordinary Resolution**" means a resolution passed at a meeting of Noteholders of a Series duly convened and held in accordance with these Conditions and the Meeting Provisions by a majority of at least 75% of the votes cast, provided, however, that any such proposal (i) to amend the dates of maturity or redemption of the Notes or date for payment of interest or interest amounts, (ii) to assent to an extension of an interest period, a reduction of the applicable interest rate or a modification of the conditions applicable to the payment of interest, (iii) to assent to a reduction of the nominal amount of the Notes or a modification of the conditions under which any redemption, substitution or variation may be made, (iv) to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment in circumstances not provided for in the Conditions, (v) to change the currency of payment of the Notes, (vi) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, or (vii) to amend this proviso, may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which one or more persons holding or representing not less than 75 per cent. or, at an adjourned meeting, 25 per cent. of the aggregate principal amount of the outstanding Notes of that Series form a quorum.

Resolutions duly passed by a meeting of Noteholders of a Series in accordance with these provisions shall be binding on all Noteholders of that Series, whether or not they are present at the meeting and whether or not they vote in favour of such a resolution.

The Meeting Provisions furthermore provide that, for so long as the Notes are in dematerialised form and settled through the Securities Settlement System, in respect of any matters proposed by the Issuer, the Issuer shall be entitled, where the terms of the resolution proposed by the Issuer have been notified to the Noteholders of the relevant Series through the relevant clearing systems as provided in the Meeting Provisions, to rely upon approval of such resolution given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) by or on behalf of the holders of not less than 75% in principal amount of the Notes of that Series outstanding. To the extent such electronic consent is not being sought, the Meeting Provisions provide that, if authorised by the Issuer and to the extent permitted by Belgian law, a resolution in writing signed by or on behalf of holders of Notes of a Series of not less than 75 per cent. of the aggregate nominal amount of the Notes of that Series shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of holders of Notes of that Series duly convened and held, provided that the terms of the proposed resolution shall have been notified in advance to those Noteholders through the relevant settlement system(s). Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more holders of Notes of that Series.

(ii) For so long as the relevant provisions relating to meetings of noteholders of the 1999 Belgian Companies Code cannot be derogated from, where any provision of the Meeting Provisions would conflict with the relevant provisions of the 1999 Belgian Companies Code, the mandatory provisions of the 1999 Belgian Companies Code will apply.

12.2 Modification and Waiver

The Agent may agree, without the consent of the Noteholders, to any modification of the provisions of the Agency Agreement or any agreement supplemental to the Agency Agreement either (i) which in the Agent's opinion is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law, and (ii) any other modification to the provisions of the Agency Agreement or any agreement supplemental to the Agency Agreement, which is, in the opinion of the Agent, not materially prejudicial to the interests of the Noteholders.

13 Notices

Notices to the Noteholders shall be valid if:

(a) delivered by or on behalf of the Issuer to the Securities Settlement System for communication by it to the participants of the Securities Settlement System participants; and

(b) published on the website of the Issuer (https://www.ghelamco.com/site/w/investor-relations.html).

Any such notice shall be deemed to have been given on the latest day of (i) seven days after its delivery to the Securities Settlement System and (ii) the publication of the latest newspaper containing such notice.

The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed and complies with all legal requirements, including the information obligations under Article 10 of the Law of 2 August 2002 on the supervision of the financial sector and on financial services and the Royal Decree of 14 November 2007 on issuer's information obligations. Any such notice shall be deemed to have been given on the date of such publication or, if required to be published in more than one newspaper or in more than one manner, on the date of the first such publication in all the required newspapers or in each required manner.

14 Further Issues

The Issuer may from time to time without the consent of the Noteholders of a Series create and issue further notes having the same terms and conditions as that Series (or the same in all respects save for the issue price) (so that, for the avoidance of doubt, references in the conditions of such notes to "Issue Date" shall be to the first issue date of the Notes of that Series) and so that the same shall be consolidated and form a single series with such Notes of that Series, and references in these Conditions to "Notes" or "Series" shall be construed accordingly.

15 Governing law and jurisdiction

15.1 Governing Law

The Agency Agreement and the Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by, and shall be construed in accordance with, Belgian law.

15.2 Jurisdiction

The courts of Brussels, Belgium are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Agency Agreement and the Notes and accordingly any legal action or proceedings arising out of or in connection with the Agency Agreement or the Notes may be brought in such courts.

Schedule 1
PROVISIONS ON MEETINGS OF NOTEHOLDERS

Interpretation

1 In this Schedule:

1.1 references to a "**meeting**" are to a meeting of Noteholders of a single series of Notes and include, unless the context otherwise requires, any adjournment ;

1.2 references to "**Notes**" and "**Noteholders**" are only to the Notes and in respect of which a meeting has been, or is to be, called and to the holders of those Notes, respectively;

1.3 "**agent**" means a holder of a Voting Certificate or a proxy for, or representative of, a Noteholder;

1.4 "**Block Voting Instruction**" means a document issued by a Recognised Accountholder or the Securities Settlement System in accordance with paragraph 9;

1.5 "**Electronic Consent**" has the meaning set out in paragraph 31;

1.6 "**Extraordinary Resolution**" means a resolution passed (a) at a meeting of Noteholders duly convened and held in accordance with this Schedule 1 (*Provisions on meetings of Noteholders*) by a majority of at least 75 per cent. of the votes cast, (b) by a Written Resolution or (c) by an Electronic Consent;

1.7 "**Ordinary Resolution**" means a resolution with regard to any of the matters listed in paragraph 4 and passed or proposed to be passed by a majority of at least 50 per cent. of the votes cast;

1.8 "**Recognised Accountholder**" means a member (*aangesloten lid/affilié*) referred to in the Belgian Royal Decree n°62, with whom a Noteholder holds Notes on a securities account;

1.9 "**Securities Settlement System**" means the securities settlement system operated by the NBB or any successor thereto;

1.10 "**Voting Certificate**" means a certificate issued by a Recognised Accountholder or the Securities Settlement System in accordance with paragraph 8;

1.11 "**Written Resolution**" means a resolution in writing signed by the holders of not less than 75 per cent. in principal amount of the Notes outstanding; and

1.12 references to persons representing a proportion of the Notes are to Noteholders of a Serie, proxies or representatives of such Noteholders holding or representing in the aggregate at least that proportion in nominal amount of the Notes of that Series for the time being outstanding.

General

2 All meetings of Noteholders will be held in accordance with the provisions set out in this Schedule.

2.1 For so long as the relevant provisions relating to meetings of Noteholders of the 1999 Belgian Companies Code cannot be derogated from, where any provision of this Schedule would conflict with the relevant provisions of the 1999 Belgian Companies Code, the mandatory provisions of the 1999 Belgian Companies Code will apply.

2.2 Where any of the provisions of this Schedule would be illegal, invalid or unenforceable, that will not affect the legality, validity and enforceability of the other provisions of this Schedule.

Extraordinary Resolution

3 A meeting of Noteholders of a Series shall, subject to the Conditions and (except in the case of sub-paragraph 3.5) only with the consent of the Issuer and without prejudice to any powers conferred on other persons by this Schedule, have power by Extraordinary Resolution:

3.1 to sanction any proposal by the Issuer for any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Noteholders of that Series against the Issuer (other than in accordance with the Conditions or pursuant to applicable law);

3.2 to assent to any modification of this Schedule or the Notes of that Series proposed by the Issuer or the Agent;

3.3 to authorise anyone to concur in and do anything necessary to carry out and give effect to an Extraordinary Resolution;

3.4 to give any authority, direction or sanction required to be given by Extraordinary Resolution;

3.5 to appoint any persons (whether Noteholders or not) as a committee or committees to represent the Noteholders' interests and to confer on them any powers (or discretions which the Noteholders could themselves exercise by Extraordinary Resolution;

3.6 to approve the substitution of any entity for the Issuer (or any previous substitute) as principal debtor under the Notes of that Series in circumstances not provided for in the Conditions or in applicable law; and

3.7 to accept any security interests established in favour of the Noteholders of that Series or a modification to the nature or scope of any existing security interest or a modification to the release mechanics of any existing security interests.

provided that the special quorum provisions in paragraph 17 shall apply to any Extraordinary Resolution (a "**special quorum resolution**") for the purpose of sub-paragraph 3.5 or for the purpose of making a modification to the Conditions of the Notes of that Series or this Schedule which would have the effect (other than in accordance with the Conditions or pursuant to applicable law):

(i) to amend the dates of maturity or redemption of the Notes of that Series or date for payment of interest or interest amounts;

(ii) to assent to an extension of an interest period, a reduction of the applicable interest rate or a modification of the conditions applicable to the payment of interest;

(iii) to assent to a reduction of the nominal amount of the Notes of that Series or a modification of the conditions under which any redemption, substitution or variation may be made;

(iv) to alter the method of calculating the amount of any payment in respect of the Notes of that Series or the date for any such payment in circumstances not provided for in the Conditions;

(v) to change the currency of payment of the Notes of that Series;

(vi) to modify the provisions concerning the quorum required at any meeting of Noteholders of that Series or the majority required to pass an Extraordinary Resolution; or

(vii) to amend this provision.

Ordinary Resolution

4 Notwithstanding any of the foregoing and without prejudice to any powers otherwise conferred on other persons by this Schedule, a meeting of Noteholders of a Series shall have power by Ordinary Resolution:

4.1 to assent to any decision to take any conservatory measures in the general interest of the Noteholders of that Series;

4.2 to assent to the appointment of any representative to implement any Ordinary Resolution; or

4.3 to assent to any other decisions which do not require an Extraordinary Resolution to be passed.

Any modification or waiver of any of the Conditions shall always be subject to the consent of the Issuer.

Convening a meeting

5 The Issuer may at any time convene a meeting. A meeting of a Series shall be convened by the Issuer upon the request in writing of Noteholders of a Series holding at least 10 per cent. in principal amount of the Notes of that Series for the time being outstanding. Every meeting shall be held at a time and place approved by the Agent.

6 Convening notices for meetings of Noteholders of a Series shall be given to the Noteholders of that Series in accordance with Condition 13 (*Notices*) not less than fifteen days prior to the relevant meeting. The notice shall specify the day, time and place of the meeting and the nature of the resolutions to be proposed and shall explain how Noteholders of a Series may appoint proxies or representatives obtain Voting Certificates and use Block Voting Instructions and the details of the time limits applicable.

Arrangements for voting

7 A Voting Certificate shall:

7.1 be issued by a Recognised Accountholder or the Securities Settlement System;

7.2 state that on the date thereof (i) the Notes (not being Notes in respect of which a Block Voting Instruction has been issued which is outstanding in respect of the meeting specified in such Voting Certificate and any such adjourned meeting) of a specified principal amount outstanding were (to the satisfaction of such Recognised Accountholder or the Securities Settlement System) held to its order or under its control and blocked by it and (ii) that no such Notes will cease to be so held and blocked until the first to occur of:

7.2.1 the conclusion of the meeting specified in such certificate or, if applicable, any such adjourned meeting; and

7.2.2 the surrender of the Voting Certificate to the Recognised Accountholder or the Securities Settlement System who issued the same; and

7.3 further state that until the release of the Notes represented thereby the bearer of such certificate is entitled to attend and vote at such meeting and any such adjourned meeting in respect of the Notes represented by such certificate.

8 A Block Voting Instruction shall:

8.1 be issued by a Recognised Accountholder or the Securities Settlement System;

8.2 certify that the Notes (not being Notes in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction and any such adjourned meeting) of a specified principal amount outstanding were (to the satisfaction of such Recognised Accountholder or the Securities Settlement System) held to its order or under its control and blocked by it and that no such Notes will cease to be so held and blocked until the first to occur of:

8.2.1 the conclusion of the meeting specified in such document or, if applicable, any such adjourned meeting; and

8.2.2 the giving of notice by the Recognised Accountholder or the Securities Settlement System to the Issuer, stating that certain of such Notes cease to be held with it or under its control and blocked and setting out the necessary amendment to the Block Voting Instruction;

8.3 certify that each holder of such Notes has instructed such Recognised Accountholder or the Securities Settlement System that the vote(s) attributable to the Note(s) so held and blocked should be cast in a particular way in relation to the resolution or resolutions which will be put to such meeting or any such adjourned meeting and that all such instructions cannot be revoked or amended during the period commencing 48 hours prior to the time for which such meeting or any such adjourned meeting is convened and ending at the conclusion or adjournment thereof;

8.4 state the principal amount of the Notes so held and blocked, distinguishing with regard to each resolution between (i) those in respect of which instructions have been given as aforesaid that the votes attributable thereto should be cast in favour of the resolution, (ii) those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution and (iii) those in respect of which instructions have been so given to abstain from voting; and

8.5 naming one or more persons (each hereinafter called a "proxy") as being authorised and instructed to cast the votes attributable to the Notes so listed in accordance with the instructions referred to in 9.4 above as set out in such document.

9 If a holder of Notes wishes the votes attributable to it to be included in a Block Voting Instruction for a meeting, he must block such Notes for that purpose at least 48 hours before the time fixed for the meeting to the order of the Agent with a bank or other depositary nominated by the Agent for the purpose. The Agent shall then issue a Block Voting Instruction in respect of the votes attributable to all Notes so blocked.

10 No votes shall be validly cast at a meeting unless in accordance with a Voting Certificate or Block Voting Instruction.

11 The proxy appointed for purposes of the Block Voting Instruction or Voting Certificate does not need to be a Noteholder.

12 Votes can only be validly cast in accordance with Voting Certificates and Block Voting Instructions in respect of Notes held to the order or under the control and blocked by a Recognised Accountholder or the Securities Settlement System and which have been deposited at the registered office at the Issuer not less than 48 hours before the time for which the meeting to which the relevant voting instructions and Block Voting Instructions relate, has been convened or called. The Voting Certificate and Block Voting Instructions shall be valid for as long as the relevant Notes continue to be so held and blocked. During the validity thereof, the holder of any such Voting Certificate or (as the case may be) the proxies named in any such Block Voting Instruction shall, for all purposes in connection with the relevant meeting, be deemed to be the holder of the Notes to which such Voting Certificate or Block Voting Instruction relates.

13 In default of a deposit, the Block Voting Instruction or the Voting Certificate shall not be treated as valid, unless the chairman of the meeting decides otherwise before the meeting or adjourned meeting proceeds to business.

14 A corporation which holds a Note may by delivering at least 48 hours before the time fixed for a meeting to a bank or other depositary appointed by the Agent for the purpose a certified copy of a resolution of its directors

or other governing body (with, if it is not in English, a certified translation into English) authorising any person to act as its representative (a "representative") in connection with that meeting.

Chairman

15 The chairman of a meeting shall be such person as the Issuer may nominate in writing, but if no such nomination is made or if the person nominated is not present within 15 minutes after the time fixed for the meeting the Noteholders or agents present shall choose one of their number to be chairman, failing which the Issuer may appoint a chairman. The chairman need not be a Noteholder or agent. The chairman of an adjourned meeting need not be the same person as the chairman of the original meeting.

Attendance

16 The following may attend and speak at a meeting of Noteholders:

16.1 Noteholders and their agents;

16.2 the chairman and the secretary of the meeting;

16.3 the Issuer and the Agent (through their respective representatives) and their respective financial and legal advisers.

No one else may attend or speak.

Quorum and Adjournment

17 No business (except choosing a chairman) shall be transacted at a meeting unless a quorum is present at the commencement of business. If a quorum is not present within 15 minutes from the time initially fixed for the meeting, it shall, if convened on the requisition of Noteholders, be dissolved. In any other case it shall be adjourned until such date, not less than 14 nor more than 42 days later, and time and place as the chairman may decide. If a quorum is not present within 15 minutes from the time fixed for a meeting so adjourned, the meeting shall be dissolved.

18 One or more Noteholders of a Series or agents present in person shall be a quorum:

18.1 in the cases marked "No minimum proportion" in the table below, whatever the proportion of the Notes which they represent;

18.2 in any other case, only if they represent the proportion of the Notes shown by the table below.

Purpose of meeting	**Any meeting except for a meeting previously adjourned through want of a quorum**	**Meeting previously adjourned through want of a quorum.**
	Required proportion	*Required proportion*
To pass a special quorum resolution	75 per cent.	25 per cent.
To pass any Extraordinary Resolution	A clear majority.	No minimum proportion
To pass an Ordinary Resolution	10 per cent	No minimum proportion

19 The chairman may with the consent of (and shall if directed by) a meeting of Noteholders of a Series adjourn the meeting from time to time and from place to place. Only business which could have been transacted at the original meeting may be transacted at a meeting adjourned in accordance with this paragraph or paragraph 16.

20 At least ten days' notice of a meeting adjourned due to the quorum not being present shall be given in the same manner as for an original meeting and that notice shall state the quorum required at the adjourned

meeting. Subject as aforesaid, it shall not be necessary to give any other notice of an adjourned general meeting.

Voting

21 Each question submitted to a meeting of a Series shall be decided by a show of hands, unless a poll is (before, or on the declaration of the result of, the show of hands) demanded by the chairman, the Issuer or one or more persons representing 2 per cent. of the Notes of that Series.

22 Unless a poll is demanded, a declaration by the chairman that a resolution has or has not been passed shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour of or against it.

23 If a poll is demanded, it shall be taken in such manner and (subject as provided below) either at once or after such adjournment as the chairman directs. The result of the poll shall be deemed to be the resolution of the meeting of that Series at which it was demanded as at the date it was taken. A demand for a poll shall not prevent the meeting continuing for the transaction of business other than the question on which it has been demanded.

24 A poll demanded on the election of a chairman or on a question of adjournment shall be taken at once.

25 On a show of hands or a poll every person has one vote in respect of each nominal amount equal to the minimum Specified Denomination of the Notes of a Series so produced or represented by the voting certificate so produced or for which he is a proxy or representative. Without prejudice to the obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way.

26 In case of equality of votes the chairman shall both on a show of hands and on a poll have a casting vote in addition to any other votes which he may have.

Effect and Publication of an Extraordinary and an Ordinary Resolution

27 An Extraordinary Resolution and an Ordinary Resolution shall be binding on all the Notes of the relevant Series, whether or not present at the meeting, and each of them shall be bound to give effect to it accordingly. The passing of such a resolution shall be conclusive evidence that the circumstances justify its being passed. The Issuer shall give notice of the passing of an Ordinary Resolution or an Extraordinary Resolution to Noteholders of that Series within fourteen days but failure to do so shall not invalidate the resolution.

Minutes

28 Minutes shall be made of all resolutions and proceedings at every meeting and, if purporting to be signed by the chairman of that meeting or of the next succeeding meeting, shall be conclusive evidence of the matters in them. Until the contrary is proved every meeting for which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

29 The minutes must be published on the website of the Issuer within fifteen (15) days after they have been passed.

Written Resolutions and Electronic Consent

30 For so long as the Notes are in dematerialised form and settled through the Securities Settlement System, then in respect of any matters proposed by the Issuer:

30.1. Where the terms of the resolution proposed by the Issuer have been notified to the Noteholders of a Series through the relevant clearing system(s) as provided in sub-paragraphs 30.1.1 and/or 30.1.2, the Issuer shall be entitled to rely upon approval of such resolution given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) to the Agent or another specified agent in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes of that Series outstanding (the "**Required Proportion**") by close of business on the Relevant Date ("**Electronic Consent**"). Any resolution passed in such manner shall be binding on all Noteholders of that Series, even if the relevant consent or instruction proves to be defective. The Issuer shall not be liable or responsible to anyone for such reliance.

30.1.1 When a proposal for a resolution to be passed as an Electronic Consent has been made, at least fifteen days' notice (exclusive of the day on which the notice is given and of the day on which affirmative consents will be counted) shall be given to the Noteholders of the relevant Series through the relevant clearing system(s). The notice shall specify, in sufficient detail to enable Noteholders of that Series to give their consents in relation to the proposed resolution, the method by which their consents may be given (including, where applicable, blocking of their accounts in the relevant clearing system(s)) and the time and date (the "**Relevant Date**") by which they must be received in order for such consents to be validly given, in each case subject to and in accordance with the operating rules and procedures of the relevant clearing system(s).

30.1.2 If, on the Relevant Date on which the consents in respect of an Electronic Consent are first counted, such consents do not represent the Required Proportion, the resolution shall be deemed to be defeated. Such determination shall be notified in writing to the Agent. Alternatively, the Issuer may give a further notice to Noteholders of the relevant Series that the resolution will be proposed again on such date and for such period as determined by the Issuer. Such notice must inform Noteholders of that Series that insufficient consents were received in relation to the original resolution and the information specified in sub-paragraph 30.1.1 above. For the purpose of such further notice, references to "Relevant Date" shall be construed accordingly.

For the avoidance of doubt, an Electronic Consent may only be used in relation to a resolution proposed by the Issuer which is not then the subject of a meeting that has been validly convened in accordance with paragraph 6 above, unless that meeting is or shall be cancelled or dissolved.

30.2 To the extent Electronic Consent is not being sought in accordance with paragraph 30, a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes of a Series outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution or an Ordinary Resolution passed at a meeting of Noteholders of that Series duly convened and held, provided that the terms of the proposed resolution have been notified in advance to the Noteholders of that Series through the relevant clearing system(s). Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders of that Series. For the purpose of determining whether a resolution in writing has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer (a) by accountholders in the clearing system(s) with entitlements to the Notes or (b) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, the Securities Settlement System, Euroclear, Clearstream or any other relevant alternative clearing system (the "**relevant clearing system**") and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders of that Series, even if the relevant consent or instruction proves to be defective. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

31 A Written Resolution or Electronic Consent shall take effect as an Extraordinary Resolution. A Written Resolution and/or Electronic Consent will be binding on all Noteholders of a Series whether or not they participated in such Written Resolution and/or Electronic Consent.

PART V – FORM OF THE GUARANTEE

FIRST DEMAND GUARANTEE

This first demand guarantee (the "Guarantee") is dated 11 December 2019 and granted by:

GHELAMCO GROUP COMM. VA, a partnership limited by shares (*commanditaire vennootschap op aandelen/société en commandite par actions*) having its registered office at Zwaanhofweg 10, 8900 Ieper, Belgium and registered with the Crossroads Bank of Enterprises under number VAT BE 0879.623.417, commercial court of Ghent, subdivision Ieper (the "**Guarantor**")

for the benefit of each person owning one or more Notes (as defined below) from time to time (the "**Noteholder**")

Whereas:

(A) Ghelamco Invest NV, a limited liability company having its registered office at Zwaanhofweg 10, 8900 Ieper, Belgium and registered with the Crossroads Bank of Enterprises under number VAT BE 0431.572.596, commercial court of Ghent, subdivision Ieper (the "**Issuer**") may issue from time to time notes ("**Notes**") under the EUR 250,000,000 Euro Medium Term Note Programme (the "**Programme**");

(B) The Guarantor agrees to guarantee all obligations owing by the Issuer from time to time to the Noteholders under or pursuant to any of the Notes, in accordance with the terms of this Guarantee.

It is agreed as follows:

1 Definitions

Unless this Guarantee provides otherwise, a term which is defined (or expressed to be subject to a particular construction) in the Conditions of the Notes shall have the same meaning (or be subject to the same construction) in this Guarantee.

2 Guarantee

The Guarantor irrevocably and unconditionally:

(a) guarantees to each of the Noteholders punctual performance by the Issuer of its obligations in respect of the Notes;

(b) undertakes with each of the Noteholders that whenever the Issuer does not pay any amount when due under or in connection with the Notes, the Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and

(c) agrees with each of the Noteholders that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify each of the Noteholders and will immediately on demand pay any cost, loss or liability incurred by a Noteholder as a result of the Issuer not paying any amount, which would, but for such unenforceability, invalidity or illegality, have been due and payable by it under or in connection with the Notes on the date when such amount would have been due and payable. The amount payable by the Guarantor under this indemnity will not exceed the amount that it would have had to pay to the Noteholders under the provisions of the Guarantee if the amount claimed had been recoverable on the basis of the Guarantee.

3 Nature of the Guarantee

(a) The obligations of the Guarantor under Clause 2 (*Guarantee*) constitute, and shall be construed so as to constitute, an independent guarantee on first demand (*abstracte garantie op eerste verzoek/garantie indépendante à première demande*) and not a surety (*borgtocht/caution*). To the extent applicable, the Guarantor hereby waives the application of Articles 2011 through 2039 of the Belgian Civil Code.

(b) This Guarantee is an unconditional, irrevocable and continuing guarantee and will extend to the ultimate balance of sums payable under the Notes, regardless of any intermediate payment or discharge in whole or in part.

(c) This guarantee has no *intuitu personae* character.

4 Waiver of defences

The obligations of the Guarantor under this Guarantee will not be affected by an act, omission, matter or thing which would reduce, release or prejudice any of its obligations under this Guarantee, including without limitation and whether or not known to it or any of the Noteholders:

(a) any time, waiver or consent granted to, or composition with, the Issuer, the Guarantor or any other person;

(b) the release of the Issuer, the Guarantor or any other person under the terms of any composition or arrangement with any creditor of any member of the Guarantor Group;

(c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, the Issuer, the Guarantor or any other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;

(d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of the Issuer, the Guarantor or any other person;

(e) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of any obligation of the Issuer or the Guarantor under the Notes or the Guarantee;

(f) any unenforceability, illegality or invalidity of any obligation of the Issuer or the Guarantor under the Notes or the Conditions; or

(g) any insolvency or similar proceedings.

5 Guarantor Intent

Without prejudice to the generality of Clause 4 (*Waiver of Defences*), the Guarantor expressly confirms that it intends that this Guarantee shall extend from time to time to any variation, increase, extension or addition (however fundamental and whether or not more onerous) of any obligation of the Issuer under the Notes.

6 Immediate recourse

The Guarantor waives any right it may have under Article 2033, 2037 and 2038 of the Belgian Civil Code as well as any right it may have of first requiring any of the Noteholders to proceed against or enforce any other rights or security or claim payment from any person before claiming from the Guarantor under this Guarantee. This waiver applies irrespective of any law or any provision of the Conditions to the contrary.

7 Appropriation

Insofar as necessary, the Guarantor agrees that the Noteholders may refrain, until all amounts which may be or become payable by the Issuer under or in connection with the Notes have been irrevocably paid in full, from applying or enforcing any other moneys, security or rights held or received by the Noteholders in respect of those amounts, or apply and enforce the same in such manner and order as they see fit (whether against those amounts or otherwise) and the Guarantor shall not be entitled to the benefit of the same.

8 No claims on the Issuer

Until all amounts which may be or become payable by the Issuer under or in connection with the Notes have been irrevocably paid in full and unless the Noteholders otherwise direct, the Guarantor waives any right it may have under Article 1251, 3° of the Belgian Civil Code and any other rights which it may have by reason of performance by it of its obligations under this Guarantee:

(a) to be indemnified by the Issuer; and/or

(b) to take the benefit against the Issuer (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Noteholders under the Notes or this Guarantee or of any other guarantee or security taken pursuant to, or in connection with, the Notes by the Noteholders.

9 Reinstatement

If any discharge, release or arrangement (whether in respect of the obligations of the Guarantor under this Guarantee or any security for those obligations or otherwise) is made by any of the Noteholders in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation, administration or otherwise, without limitation, then the liability of the Guarantor under this Guarantee will continue or be reinstated as if the discharge, release or arrangement had not occurred, and the Guarantor waives the benefit of article 2038 of the Belgian Civil Code.

10 Representations

10.1 The Guarantor makes the representations and warranties set out in this Clause 10 to each of the Noteholders.

(a) **Status**

(i) It is a company that is legally incorporated and that is validly existing under the laws of its jurisdiction of incorporation.

(ii) It is authorised to enter into and perform the obligations under the Guarantee.

(iii) It has the power to own its assets and carry on its business as it is being conducted.

(b) **Binding obligations**

The obligations expressed to be assumed by it in this Guarantee are legal, valid, binding and enforceable.

(c) **Non conflict with other obligations**

The entry into and performance of the Guarantee does not violate any legal or contractual commitment binding to it.

(d) **No breach of laws**

It has not breached any law or regulation which breach has or is reasonably likely to have a Material Adverse Effect.

(e) **Ranking**

The obligations of the Guarantor under this Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and rank and will at all times rank *pari passu*, without any preference among themselves, and equally and rateably with all other existing and future unsubordinated and unsecured obligations of the Guarantor, save for such obligations that may be preferred by provisions of law that are both mandatory and of general application.

10.2 All the representations and warranties in this Clause 10 are made by the Guarantor on the date of this Guarantee and are deemed to be made by the Guarantor by reference to the facts and circumstances then existing on each Issue Date and on the first day of each Interest Period.

11 Additional security

This Guarantee is in addition to and is not in any way prejudiced by any other guarantee or Security now or subsequently held by any of the Noteholders.

12 Transferability

This Guarantee shall automatically inure to the benefit of any person who may acquire one or more Notes issued under the Programme from time to time.

13 Notices

All notices or other communication required or permitted to be given in writing by any Noteholder to the Guarantor under this Guarantee must specify name, address and bank account details of the relevant Noteholder and the number of Notes of each Series owned by such Noteholder and must be confirmed by registered mail with a form for acknowledgement of receipt to the following address: Ghelamco Group Comm. VA, Zwaanhofweg 10, 8900 Ieper, Belgium.

14 Severability

The invalidity or unenforceability of any one stipulation or clause of this Agreement shall not result in the invalidity or the unenforceability of any other provision of this Agreement or of the Agreement as a whole. In the event that the validity of the enforceability of this Agreement or any provision thereof is challenged, the parties hereto undertake to do whatever is reasonably necessary or advisable to maintain such provision and this Agreement in full force and effect or to substitute such provisions by other provisions that have economically substantially the same affect for all parties hereto.

15 Governing law

This Guarantee and any disputes in relation hereto shall be governed and resolved in accordance with Belgian law.

16 Jurisdiction

(a) The courts of Brussels, Belgium shall have exclusive jurisdiction in respect of any legal action, suit or proceeding arising out of this Guarantee or any transactions contemplated hereunder and every party hereto hereby, generally and unconditionally, accepts the competence of said courts.

(b) Each party hereto irrevocably (i) waives, to the fullest extent permitted, any objection or immunity to jurisdiction which it may now have or hereafter may acquire to the laying of venue of any such proceeding and (ii) submits to the jurisdiction of such courts in any such suit, action or proceeding.

This Guarantee has been entered into in Brussels, Belgium on the date stated at the beginning of this Agreement in 3 originals.

GHELAMCO GROUP COMM. VA

By: ______________________	By: ______________________
Title: ______________________	Title: ______________________

PART VI – SETTLEMENT

The Notes will be accepted for settlement through the Securities Settlement System and will accordingly be subject to the Securities Settlement System Regulations (as defined in the Conditions).

The number of Notes in circulation at any time will be registered in the register of registered securities of the Issuer in the name of the NBB.

Access to the Securities Settlement System is available through the Securities Settlement System participants whose membership extends to securities such as the Notes.

Securities Settlement System participants include certain banks, stockbrokers (*beursvennootschappen/sociétés de bourse*), and Euroclear and Clearstream. Accordingly, the Notes will be eligible to settle through, and therefore accepted by, Euroclear and Clearstream and investors can hold their Notes within securities accounts in Euroclear and Clearstream.

Transfers of interests in the Notes will be effected between Securities Settlement System participants in accordance with the rules and operating procedures of the Securities Settlement System. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the Securities Settlement System participants through which they hold their Notes.

The Agent will perform the obligations of domiciliary agent included in the Agency Agreement and the Clearing Services Agreement. The Issuer and the Agent will not have any responsibility for the proper performance of the Securities Settlement System or the Securities Settlement System participants of their obligations under their respective rules and operating procedures.

PART VII – DESCRIPTION OF THE ISSUER

1 General information

Legal and commercial name

The legal name of the Issuer is "Ghelamco Invest". The Issuer operates under the commercial name "Ghelamco".

Registered office and contact details

The registered office of the Issuer is located at Zwaanhofweg 10, 8900 Ieper, Belgium. The Issuer can be contacted at the telephone number +32 57 219 114. Additional information on the Issuer and its business can be obtained on the Issuer's website (https://www.ghelamco.com/site/w/investor-relations.html). The information set out on the website of the Issuer does not form part of this Base Prospectus.

Incorporation, amendments to the articles of association and duration

The Issuer was incorporated as "Christax" by deed of incorporation on 24 June 1987, published in the Annexes to the Belgian State Gazette on 31 July 1987 under number 870731-158. The articles of association have been amended several times and most recently on 30 December 2015 (in connection with a capital increase of the Issuer). The Issuer is incorporated for an unlimited duration.

Crossroads Bank of Enterprises

The Issuer is registered with the Crossroads Bank for Enterprises under number 0431.572.596, commercial court of Ghent, subdivision Ieper.

LEI

The Issuer's LEI code is 549300ZCILDQK9U0LZ22.

Legal form

The Issuer was incorporated as a cooperative limited liability company (*coöperatieve vennootschap met beperkte aansprakelijkheid/société cooperative à responsabilité limitée*) under Belgian law. On 18 November 1997, the Issuer changed its legal form into a limited liability company (*naamloze vennootschap/société anonyme*) under Belgian law. The Issuer qualifies as a "listed company" in accordance with Article 4 of the 1999 Belgian Companies Code and a "company that has made a public call on savings" pursuant to Article 438 of the 1999 Belgian Companies Code.

Financial year

The Issuer's financial year begins on 1 January and ends on 31 December.

Corporate purpose

Article 3 of the Issuer's articles of association (available on https://www.ghelamco.com/site/w/investor-relations.html) provides that the Issuer has as its purpose to generally engage in Belgium and abroad, for its own account or the account of third parties, in certain activities including without limitation:

- all movable asset or real estate transactions, such as the acquisition through purchase or otherwise, the sale, exchange, improvement, equipment, encumbering, disposal of, making productive, rent, lease and management of such movable assets or real estate;
- the construction, renovation, development and holding of real estate, as well as real estate investment;
- all commercial and financial activities, such as granting loans, credit facilities or security, issuing debt instruments or leasing;

- promoting the incorporation or organisation of, collaboration with and participating, by means of contribution, subscription or otherwise, in all entities that have a similar, analogue or related purpose, or whose own purpose is to promote the Issuer's purpose;
- representation, administration or management activities in the broadest sense; and
- providing services, consultancy or giving advice of a legal, financial, commercial or administrative nature.

In addition, the Issuer can do everything that is directly or indirectly in relation to its purpose or which can be beneficial to the realisation of it.

2 The Consortium and the Guarantor Group

The Guarantor is part of a consortium consisting of four holding companies, each having a separate function (together, the "**Consortium**"). The holding structure has been established in order to limit cross-border liabilities. Certain current account receivables remain nevertheless outstanding between members of the Consortium and the Guarantor Group, mainly related to the sale of certain assets to Ghelamco European Property Fund. These amounts fluctuate from time to time. See also the IFRS consolidated financial statements of the Issuer and the Guarantor attached to the Base Prospectus in Annex I.

The ultimate beneficial owners of the Consortium are Mr Paul Gheysens, Mrs Ria Vandoorne, Mr Simon Gheysens, Mr Michael Gheysens and Mrs Marie-Julie Gheysens. The four holding companies of the Consortium are as follows:

(i) Ghelamco Group Comm. VA, being the Guarantor, acts as the "investment holding" and comprises resources invested in real estate projects in Belgium, France, Poland and Russia and the intra-group financing vehicles;

(ii) International Real Estate Services Comm. VA acts as the "development holding" and represents international entities that provide construction, engineering and development services to the Guarantor Group; and

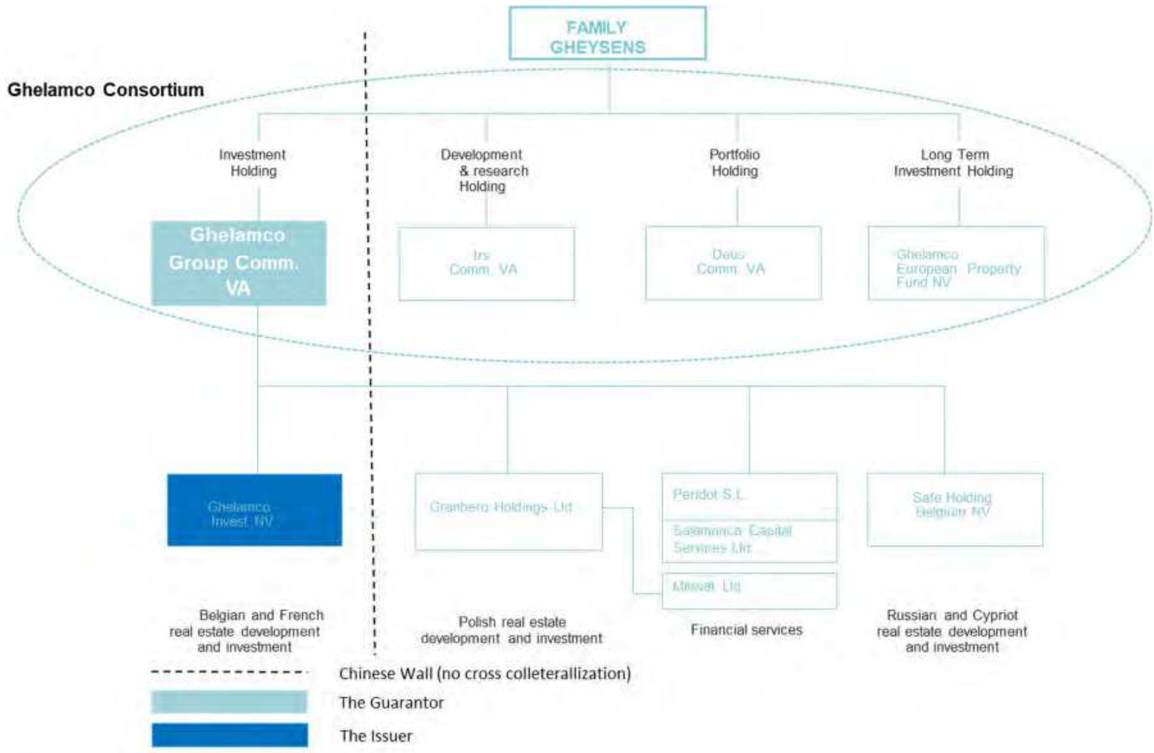
(iii) Deus Comm. VA is the "portfolio holding" which groups the portfolio and certain other activities of the controlling shareholders; and

(iv) Ghelamco European Property Fund ("**GEPF**") holds, since 2016, the real estate projects as income generating products in portfolio for a longer time period and allows the Guarantor Group to realise and sell delivered projects, for which the occupation rate and lease status has been optimised during the past years, at an optimal market value. GEPF is not part of the Issuer Group nor the Guarantor Group. Accordingly, Noteholders will not have any recourse against the assets of the GEPF.

The Guarantor operates through three separate real estate investment holdings, creating a clear distinction between the different jurisdictions in which it performs its investment activities:

- Ghelamco Invest NV, being the Issuer, which, together with its subsidiaries, currently groups the Belgian and French projects;
- Safe Holding Belgium NV, a Belgian holding which, together with its subsidiaries, groups the Russian projects; and
- Granbero Holdings Ltd., a Cypriot holding which, together with its subsidiaries, groups the Polish projects.

Figure 1: Consortium and Guarantor Group structure



Source: Guarantor information

* The Guarantor Group is considering to simplify its financial services structure mainly from an administrative and legal perspective.

3 Business description

3.1 Brief profile of the Issuer

The Issuer is a real estate investor active in the Belgian and French office, retail, leisure, logistics, urban development and residential market.

The Issuer is the holding company of the Belgian and Western European activities of the Guarantor. In addition to its holding activities, the Issuer also holds direct stakes in real estate projects.

3.2 History and development of the Issuer Group

"Ghelamco" was founded in 1985 by Mr Paul Gheysens as a general real estate contractor and investor. As of 2005, "Ghelamco" increased its activity in Belgium and began to expand its Belgian market share. In 2006, the current holding structure was introduced, resulting in the Issuer becoming part of the Guarantor Group as a holding company pooling all Belgian real estate investments. In 2010, the Issuer Group started investing in the French real estate market. As at today, the Issuer Group's core markets are Belgium and France. The Issuer Group is also examining and exploring further investment activities in the UK, Germany, Luxembourg, the Netherlands and Cyprus.

3.3 Overview of the business activities of the Issuer Group

3.3.1 Market description

The Belgian real estate market in general

In the professional real estate market, there are four different actors: land developers, real estate project developers, construction companies and investors.

(i) Land developers

Land developers are constantly on the lookout for opportunities in terms of locations. A successful land developer must have an excellent understanding of the geographical market. In addition, a good relationship with (local) authorities is required since developing (larger) real estate projects has an impact on urban planning and vice versa.

(ii) Real estate project developers

Real estate project developers create real estate projects and determine the specifications according to their assessment of market appetite and the envisaged end buyer. The real estate project developer is responsible for the controlling and management of the construction, the financing and the commercialisation.

Real estate project developers are constantly on the lookout for opportunities in terms of potential lease candidates, buyers, etc. A successful real estate project developer must have an excellent understanding of the different parameters that create value such as construction quality, design and lease/sales contracts.

(iii) Construction companies

The actual construction work on a site is performed by contractors, both general contractors and specialist parties. Contractors are appointed by real estate developers and bear the construction risks. Well-known contractors in Belgium include CFE and CEI De Meyer.

For smaller projects, often residential, developers usually work with smaller local parties, whereas for larger projects, large general contractors are hired which in turn work with specialist (sub-)contractors (steel, glass, heating, ventilation, air conditioning, etc.).

The choice of contractor for a specific project depends on a variety of factors such as price, geographic proximity, competence, previous relationships and contractual flexibility. All these factors must be evaluated per project.

(iv) Real estate investors

Finally, at the end of the value chain, investors buy a (completed and/or leased) real estate project. Residential projects are often sold per unit to individuals, whereas office, retail and logistic projects are mostly sold to professional investors. These professional investors are either Real Estate Investment Trusts ("**REITs**") (including Belgian regulated real estate companies (*Gereglementeerde Vastgoedvennootschappen/Sociétés Immobilières Réglementées*)) or institutional investors, such as pension funds and insurance companies as well as family offices and occasionally high net worth individuals for smaller projects.

REITs and institutional investors typically buy completed, preferably leased, real estate projects, with the aim to hold on to them for a long term. Well-known REITs in Belgium are Cofinimmo, Befimmo and WDP.

The position of the Issuer Group in the real estate market

General

The Issuer Group differentiates itself from other actors in the real estate market by being engaged in the entire process of the real estate investment chain. As further set out in "*3.3.2. - Business model of the Issuer Group*", the Issuer Group is able to rely on the services provided by the Consortium for the initial land and market research, planning, pre-commercialisation, development and construction of projects, while it focusses on the financing, lease and sale of the projects. Thanks to this unique business model, the Issuer has privileged access to technical and commercial knowledge and experience.

The Issuer Group further differentiates itself from the other actors in the real estate sector because it is active in different market segments (offices, residential, retail, leisure and urban development) and always focuses on high-end projects and locations. The Issuer Group has the skills to maximise the use of a project site regardless of whether it concerns office space, residential units, retail projects, leisure or a mix of these segments. The ability of the Issuer Group to develop mixed projects is a strategic advantage that maximises the overall profitability of a project and/or a cluster of projects. Thanks to these multi-disciplinary capabilities, the Issuer Group has a strongly diversified portfolio.

The Belgian market

The Issuer Group's core market is the Belgian real estate market.

The Belgian real estate market can be broken down into several segments: offices, residential, retail, logistics and industrial. Historical market yields for each of these segments are shown in Figure 2 below.

Reference to "yield" in the figure below and elsewhere in Part VII Description of the Issuer and Part VIII Description of the Guarantor, refers to the return generated by the rental income from a real estate project, expressed as a percentage of the market value of a project. The "yield" reflects the return an investor would expect its investment to generate in order for it to buy a property.

Figure 2: Prime yields by type of rental for standard contracts (3/6/9) in Brussels

Prime yields by type of rental for standard contracts (3/6/9) in Brussels				
Class	**2016 (Q4)**	**2017 (Q4)**	**2018 (Q4)**	**2019 (Q2)**
Retail	4.50%	4.25%	3.15%	3.30%
Offices	4.75%	4.50%	4.25%	4.15%
Residential	4.87%	4.56%(Q3)	4.56% (Q3)	ND
Logistics	6.25%	5.75%	5.90%	5.25%

ND = Not disclosed in the available report

Source: JLL Office Market report Brussels Q4 2016, JLL Brussels Office Market Q4 2017, CBRE Brussels office Q4 2017, CBRE Belgium Logistics 1H 2018, Cushman & Wakefield Marketbeat Belgium Retail H1 2018, JLL & EY Invest in Belgium 2016, Global Property Guide, JLL Belgian investment market survey 2017, Brussels Office Market JLL Q2 2019, Belgium Retail Market Snapshot Q2 2019 and Belgium Industrial Market Snapshot Q2 2019 Cushman & Wakefield.

Most of the Issuer Group's Belgian projects are located in Brussels, Ghent, Knokke, Kortrijk and Antwerp. These projects cover a wide range of market segments such as offices, residential, retail and leisure.

(i) The office market[1]

The Brussels market relates to the area covered by the administrative region of Brussels-Capital, along with part of Flemish Brabant and part of Walloon Brabant, which forms the hinterland of Brussels. This area has a population of approx. 1,850,000 people and provides more than a million jobs, and thus is the most important office market for large real estate investors. Throughout the first semester of 2019, the take-up volume has already exceeded approx. 344,000 sqm, which is almost as the take-up volume for the entire year 2018. This was one of the best first semesters ever recorded, mainly thanks to an exceptional first quarter with a take-up of more than 237,000 sqm. 2019 is characterised by large-size transactions. In terms of the number of transactions, performance in 2019 has been better than last year, with 187 transactions, compared to 144 transactions in the first half of 2018. The appetite is still strong as the economic environment is forecasted to stay attractive. Furthermore, the co-working sector is continuing to expand remarkably in the Brussels office market. The co-working market in Brussels currently accounts for approx. 1.4% of the office stock, a proportion that is fully in line with the European average. In response to the increasing traffic congestion in Brussels, new public transport lines are being created (e.g. a new metro line from the centre to the Northern suburbs).

The vacancy rate for offices in Brussels is declining year-on-year, partly related to the fact that vacant office space is being converted into residential or other uses (schools, hotels or retirement homes) or refurbishments of office spaces.[1] During the first half of the year 2019, vacancies continued to fall, from 7.98% at the end of 2018 to 7.6% by mid-2019. The vacancy rate is currently at its lowest level since 2001.

Prime rents for offices in 2019 in Brussels increased to 320 EUR/sqm. The scarcity of available quality space contributed to the price rise. Average rents are much more stable, between 165 EUR and 170 EUR/sqm.

In 2018, the Issuer started construction works on Spectrum and Edition, two state of the art projects in Brussels respectively located at the Boulevard Bischoffsheim and at the Avenue Louise. Spectrum is currently being delivered. The mixed Spectrum project offers 16,300 sqm exceptional office space, 22 apartments and approx. 170 parking spaces. The apartments were pre-sold for 100 per cent. Edition was delivered at the end of 2018 and consists of 59 luxurious apartments, underground parking spaces and retail space on the ground floor, all of which are sold. Furthermore, in 2019, the Issuer started construction works on the Silver Tower project offering 44,471 sqm gross leasable office space, all of which is leased, and on the Focus project offering 30,000 sqm leasable office space, all of which is leased.

Figure 3: Belgian office market parameters 2019

Belgian Office market parameters 2019				
	Brussels (Q2)	**Antwerp (Q2)**	**Ghent (Q2)**	**Leuven (Q2)**
Stock	13,000,000 sqm	2,279,000 sqm	1,076,000 sqm	556,000 sqm
Vacancy Rate	7.60%	ND	ND	ND
Take-Up(*)	347,000 sqm	39,000 sqm	19,000 sqm	4,400 sqm
Prime Yield	4.15%	5.75%	6.00%	ND
Prime Rent	315 EUR/sqm	155 EUR/sqm	155 EUR/sqm	150 EUR/sqm

Source: Cushman & Wakefield Regional Office Market Snapshot Q2 2019, JLL Brussels Office Market Q2 2019, CBRE Regional Office Market H1 2018

(*) Take-Up means the newly leased or bought floorspace, generally expressed in sqm.

(*) ND – Not disclosed in the available report

[1] Source: Cushman & Wakefield databases, analyses and market reports on 30 June 2019 and JLL Brussels Office Market, Q1 and Q2 2019

Ghent[2]

Ghent is the second largest office market in Flanders after Antwerp with a stock of 1.1 million sqm. The take-up volume in the first half of 2019 was already at 19,000 sqm. Demand for new or high quality space, particularly close to good transport infrastructure, continues to be strong. As a result of the office scarcity rental rates remained stable at 155 EUR/sqm.

In 2017 the Issuer Group delivered the 2nd phase (approx. 250 workplaces) of the MeetDistrict, an innovative and high-end business and congress center in the Ghelamco Arena of approximately 10,000 sqm offering a.o. over 500 flexible office workplaces, meeting rooms and a 350 seats auditory. The MeetDistrict concept fully corresponds to the growing worldwide frenzy, co-working space offering flexible lease terms instead of the 3/6/9 traditional terms in a comfortable sustainable state-of-the art environment creating business in an inspiring community.

Antwerp[3]

The Antwerp office market is the most important market outside of Brussels. It counts more than 2 million sqm of stock across the Antwerp periphery, single, city centre and port. During the first 6 months of 2019 a total of 39,000 sqm was transacted. Projects in the best locations, combining with easy access by public transport and road and attractive design, have proven to be successful stories. The remarkable transaction flow confirms the revival of the Antwerp office market.

The Issuer Group recently delivered and sold the The Link project next to the Berchem Railway Station to a third party investor (27,500 sqm office space and approx. 540 underground parking spaces, divided over 2 buildings).

Leuven[4]

Leuven has the third largest office stock in Flanders. During the first 6 months of 2019, there was already a take-up of 4,400 sqm. This is quite impressive for a market which has only recently reached a certain maturity. The Leuven prime rent remained stable at EUR 150/sqm.

(ii) The retail market[5]

The Belgian retail property market contains three segments: high street retail, shopping centres and retail warehousing (out of town). The prime Belgian retail streets are the main shopping streets in the “Big Six”: Brussels, Antwerp, Bruges, Ghent, Liège and Hasselt. E-commerce is a growth market in Belgium and shops are adapting their formats to the evolving retail landscape. Rental levels are stable in prime locations. Vacancy in prime shopping centres and high streets remains low.

Currently, the Belgian retail market continues to undergo a transition into a modern, responsive market shaped by e-commerce and changing consumer habits, urban planning and mobility. Nowadays retailers are focussing on the experience side of shopping to draw customers. Pop-ups and store-within-a-store concepts are becoming more common.

Retail take-up generated strong numbers of 168,000 sqm through the first half of 2019. There is a good demand from local as well as international institutional investors.

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[2] Cushman & Wakefield Regional Office Market Snapshot Q1 and Q2 2019

[3] Cushman & Wakefield Regional Office Market Snapshot Q1 and Q2 2019

[4] Cushman & Wakefield Regional Office Market Snapshot Q1 and Q2 2019

[5] CBRE The Belgian Retail Market 2019

Figure 4: Prime yields in retail market segments[6]

prime yields	2016 (Q4)	2017 (Q4)	2018 (Q4)	2019 (Q2)
High street retail	3.40%	3.25%	3.25%	3.50%
Shopping centres	4.25%	4.25%	4.00%	4.25%
Retail warehouses	5.35%	5.25%	5.25%	5.50%

In 2018, the Issuer Group managed to successfully sell: (i) the Wavre Retail Park project to a third party investor for a transaction value of EUR 8 million, equalling the carrying value per books and (ii) approx. half of its available Tribeca Retail units (2,500 sqm retail space, at the former brownfield site 'Filature de Rabot' in Ghent) and 95 adjacent parkings to a third party investor for a total net sales price of EUR 6.1 million. Both transactions are recorded in the IFRS consolidated financial statements of the Issuer Group as per 31 December 2018.

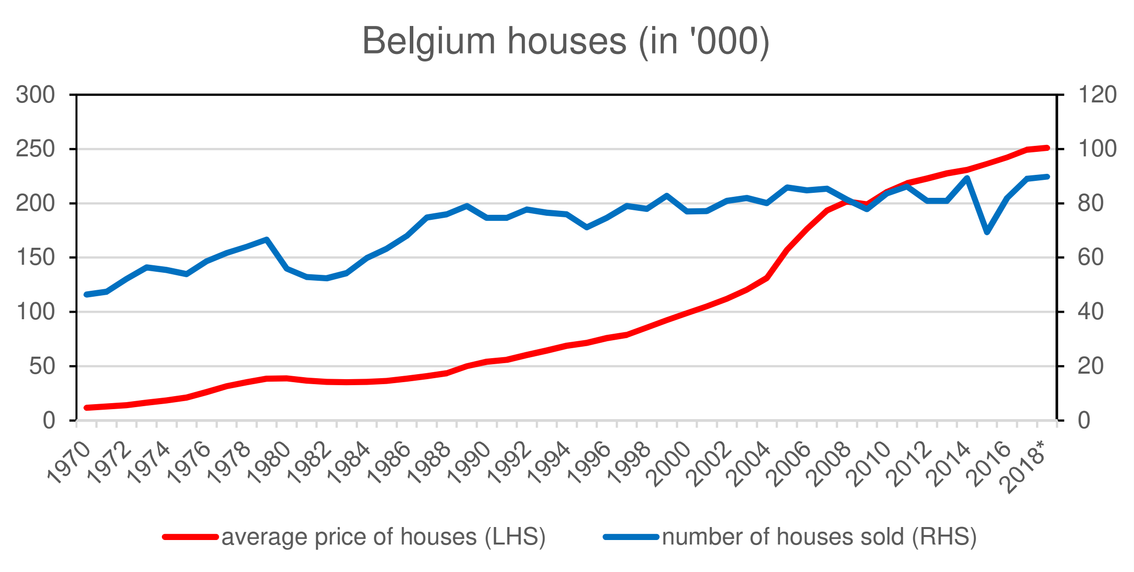
In the first half of 2019, 4 additional commercial units in the Tribeca project in Ghent have been sold to third-party investors for an aggregate amount of EUR 1.3 million. The transaction is recorded in the IFRS condensed consolidated financial statement of the Issuer Group as per 30 June 2019.

6 JLL Retail market Pulse mid-year 2019 and year-end 2018 / 2017 / 2016

(iii) The residential market

Since 1970, the residential real estate market in Belgium has grown significantly both in price and volume. Despite the attractive mortgage interest rates, the amount of transactions has sputtered in 2016 but revived as from 2016 onwards.

Figure 5: Average sales price and sales volume of houses in Belgium



Source: Stadim* figures based on Q1 2019

Following the slowdown in transaction activity in the residential market in 2015, the transaction activity during 2016 of apartments rose with 4.77 per cent and the average price with 0.43 per cent, whilst the transaction activity during 2016 of houses rose with 18.17 per cent and the average price with 2.55 per cent. 2017 showed a further positive transaction growth for the residential market as well as for houses as apartments. The average house prices further increased through 2018 and during the first half of 2019, whereas the number of transactions slightly decreased. In addition, elderly homes have become an attractive investment given the long and steady cash flows, the current shortage of beds and the ageing population.

In 2016, the Issuer Group started the stripping works in the prestigious Edition renovation project at the Louizalaan in Brussels. The project offers 59 luxurious apartments, underground parking space and retail space on the ground floor which had all been sold by end 2018. .The delivery of the project is currently ongoing.

In addition, the Issuer Group commenced construction works on the Spectrum project in 2018. This is a mixed project offering 16,300 sqm office space, 22 apartments and approx. 170 underground parking spaces. 100% of the apartments were pre-sold by end of 2018 and 75% of the leasable space in the offices-part has been pre-leased by June 2019, while advanced lease negotiations for significant parts of the remaining space are ongoing.

Furthermore, the construction works on the new Senzafine project in Kortrijk, which will offer 86 luxurious apartments and 108 parking spaces, have started in 2019 and per mid-2019, the underground structure was being finalised. Approx. 57% of the available apartments and approx. 50% of the parking spaces have been pre-sold. The delivery of the project is expected by end of August 2020.

Furthermore, the construction of the prestigious Edition Zoute project in Knokke – which will offer 49 serviced boutique apartments and 32 parking spaces, combined with some commercial functions on the ground floor – have started in 2019. Per mid-2019, the underground structure was finalised and delivery of the project is expected by end 2020. As at the date of this Base Prospectus, approx. 10% of the apartments have been reserved (as well as part of the available commercial units).

In addition, the construction of the 4-stars business hotel next to the Ghelamco Arena in Ghent was finalised and delivered (casco) Q2 2018. The hotel is covering approx. 25,000 sqm and will offer 220 hotel rooms, 4,000 sqm dining and conference areas and 98 underground parking bays to its guests. A sale purchase agreement has been signed with an operator/investor and the closing of the sale is currently ongoing.

Furthermore, the Issuer Group developed the Tribeca site in Ghent. The former brownfield site known as ‘Filature du Rabot’, covering a total of 2.4 hectares, was transformed into a site combining both city living with a quiet setting and the convenience of a new residential area surrounded by greenery. The site contains a wide range of conventional apartments, duplexes, triplexes, houses, studios and lofts (approx. 35,000 sqm in total) of which approx. 96 per cent has been sold. Some space has been developed for retail outlets and shops. More than half of the retail space, including the Lidl and a Be Post office, was sold to a third party investor as per 30 June 2019.

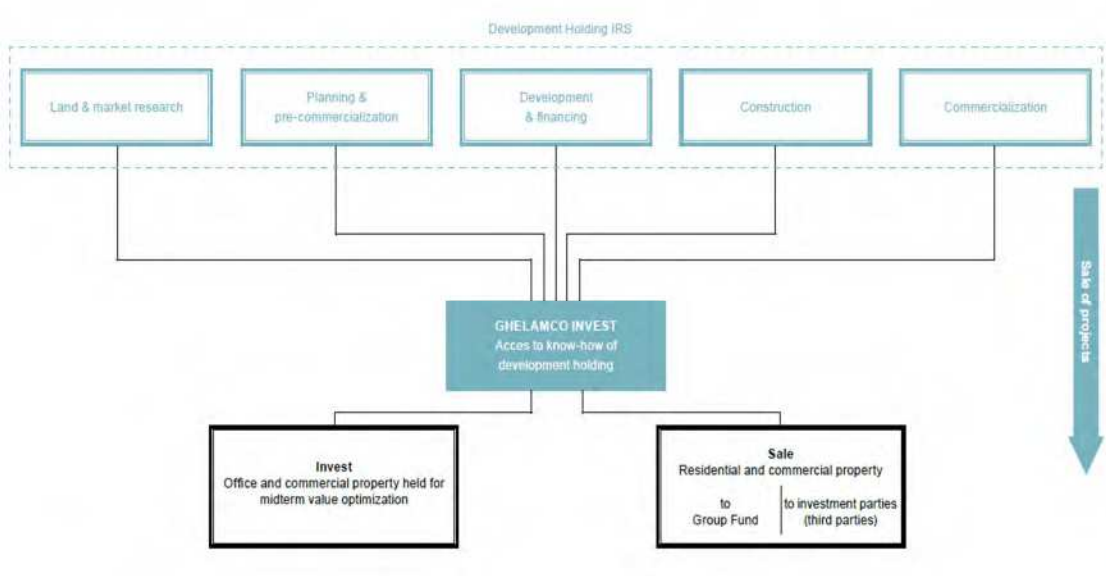
The Issuer Group is also active in the high-end residential segment, a market that continues to perform well. The Issuer Group develops multiple projects in Knokke, a famous high-end coastal resort in Belgium.

3.3.2 Business model of the Issuer Group

The Issuer Group differentiates itself from other actors in the real estate market thanks to its unique business model. The Issuer Group is a leading real estate project developer that focusses on investment in commercial and residential real estate. The Issuer Group has privileged access to the early stage land development knowhow that is present within the Consortium. This allows it to have access to the entire real estate development chain and to maximise return on its investment. The construction, engineering and other related services are mainly provided to the Issuer Group by the Consortium.

The investment real estate chain chart set out below indicates the various stages of the investment chain.

Figure 6: Schematic overview of Issuer Group’s business model



Source: Issuer Group information

The Issuer Group secures positions by acquiring rights on land, timing wise as close as possible to the final permit stage. It relies on the knowhow of the Consortium to screen the market, to identify interesting sites and to bring undeveloped land to permit stage. The Issuer Group further relies on the Consortium for the planning, pre-commercialisation, development and construction of the projects, e.g. to perform feasibility studies, to develop the projects, to coordinate the construction process and to identify and attract potential investors for pre-lease and pre-sale arrangements. The Issuer Group ensures that the necessary financing is in place throughout the project and focuses on the lease and/or sale of the finalised projects.

<u>(i) Land research and purchase</u>

One of the key success factors of the Issuer Group is that it has access to market (segment) knowledge through the Consortium. Extensive research is conducted prior to any investment, pro-actively taking into account parameters such as general market trends, accessibility, timing of a project and political willingness to support certain realisations.

The Issuer Group's presence in the Belgian market for over 25 years has led to a deep understanding of the real estate market trends, the segmental cycles and the relationship between location and timing. For example, the Issuer Group anticipated the increased demand of flexible office work and meeting rooms by developing an innovative and high-end business and congress centre in the Ghelamco Arena, called the "MeetDistrict". The MeetDistrict concept will be further rolled out in new projects in other cities such as Antwerp, Brussels and Mechelen. Furthermore, the Issuer Group built a 4-star business hotel to accommodate the increased demand of extended stay rooms. Both projects are an excellent example of how market knowledge significantly reduces the commercialisation risk. Moreover, the high quality and innovative projects provide the Issuer Group with the possibility to hold on to its completed projects and await the most favourable divestment opportunity with limited risk of having a portfolio that is quickly outdated.

The Issuer Group's policy is, whenever it is possible, not to purchase land before the permit stage (or to purchase under the suspensive condition of obtaining an urban zoning plan or building permit) and to secure positions through acquisition of rights on land (options, leasehold, perpetual usufructs, etc.), rather than purchasing the land itself. As a result, the Issuer Group keeps land bank investments to a minimum. Furthermore, the Issuer Group usually does not enter into land purchase agreements until satisfactory feasibility studies of the project are available. This implies that, in general, the Issuer Group does not purchase land before significant parts of the project have been preleased or presold or before at least the zoning plans have been approved.

<u>(ii) Planning and pre-commercialisation</u>

Careful planning is the cornerstone of every successful real estate development.

The Issuer Group can rely on the in-house knowhow and expertise of the Consortium. This allows for the whole process of design, permitting and engineering to be fully aligned with the commercial expectations and requirements of (future) clients. This results in better levels of pre-lease or forward purchasing. All these factors significantly reduce the execution and commercialisation risks of a project.

The planning stage begins with high-level feasibility studies in which the key elements and financial success factors are listed and discussed.

A detailed advance study of the existing master plan or zoning plans substantially reduces the risk of not obtaining building permits. New construction regulations or aesthetic preferences of the relevant (communal) authorities or administrations are closely monitored.

Over the years, a tradition of close collaboration with communal authorities has been established. As a result, public-private partnerships have been set up with the local authorities, resulting in win-win situations for both parties.

Before investing in project, a thorough market research is being performed. This comprises the examination of the following aspects:

- status of the project’s current zoning;
- attitude of the local government towards a particular project;
- comparable projects being launched (timing and location);
- type of potential buyers/tenants - reasonable delivery date of the project;
- projected sale/lease prices at the date of delivery;
- yield expectations at that time; and
- time frame to achieve 50 to 60 per cent leasing or sale level.

In addition, as mentioned above, the Issuer Group will typically not invest in larger projects until pre-lease levels depending on different parameters, mostly triggered by the project’s (large) scale, market circumstances or project type have been realised, thereby significantly reducing market risk. Smaller projects are, however, often started without pre-leases.

(iii) Development and financing

When land research and planning are completed by the Consortium, the project comes into the real estate development phase of the Issuer. Thanks to the cooperation with the Consortium, the Issuer Group has access to the most modern building techniques and is able to benefit from economies of scale. Significant cost savings can thus be realised, without reducing the quality of projects, but, on the contrary, resulting in increased profitability. At the same time, the Issuer Group also aims to deliver buildings in accordance with the latest environmental standards (the “BREEAM Very Good” certification is the Issuer Group’s minimum standard for green buildings).

Obtaining timely, sufficient and cost efficient funding is another key differentiating factor. Over the years, the Issuer Group has built excellent relationships with a number of key banks in Belgium. Through these relationships, the Issuer Group is able to secure the correct level of financing at every stage of the process. This way the time and effort required to obtain funding when a new project is initiated can be minimised and gives extra comfort to the Issuer Group when setting up a multi-annual plan.

The financing structure of a project typically reflects the major phases of the investment chain (acquisition of permitted land, construction and sale or lease) as follows:

- Land acquisition loans (usually provided for a term of 2 years). The interest is payable at market floating rates (from 1 up to 6 months) increased by a margin.
- Construction loans are provided until the construction is completed and (when applicable) the exploitation permit has been obtained (usually for a term of about 2 years). The interest is calculated at market floating rates (from 1 up to 6 months) increased by a margin and (mostly) capitalised in the global investment financing. The land acquisition loan is at this stage integrated in the construction loan.
- Once the construction phase is completed, the property has been leased and meets all ongoing covenants, the construction financing is swapped into an investment loan, usually for a term of 5 years repayable gradually with rental income or fully upon sale of the property. The banks are usually willing to offer investment loans up to an amount that reflects 65 to 70 per cent of the property‘s market value. Guarantees and other forms of comfort are, in line with market practice, being provided in relation to projects at the level of the Issuer and relevant subsidiaries.

Before starting construction works (or contracting with subcontractors), a (non-)binding term sheet from its banking relations is usually already available.

(iv) Construction

The construction of a project is a critical step in creating value. The Issuer Group is able to benefit from framework agreements between the Consortium and large contractors which substantially reduce contractual and operational risks. By combining market knowledge with construction knowhow, the Issuer Group is able to optimise the construction process and create added value. Furthermore, for every project, fixed pricing or open book contracts are negotiated to minimise the risk of cost overruns.

Unlike some of its competitors, the Issuer Group remains in control of the construction process on every site. In-house engineers and site coordinators of the Consortium are present every day on the construction site and are in direct contact with the business development department, finance department and the future tenants/occupiers. This approach ensures that everyone involved in the project is aware of the project status, which allows for feedback from each level to be integrated in the construction process and offers significant flexibility to its clients (e.g. when newly-signed tenants request a tailor-made approach). This integrated approach throughout the construction process is one of the key differentiators of the Issuer Group and quite unique in the market.

(v) Lease or sale

The commercialisation of the projects is run by the Issuer Group's in-house staff. They have close relationships with renowned agencies and have their own network of professional investors. The Issuer Group also benefits from the international position and international network of the Guarantor, allowing it to lease or sell its project to the same multinational companies.

The Issuer Group is a dynamic real estate investor with a hold (for a limited time) and lease or sale strategy. Residential real estate is always built for immediate sale. Commercial real estate is held until the Issuer Group receives an offer which exceeds the expectations in terms of yield and other conditions. Until now, virtually all completed real estate projects have received more than satisfactory offers. The strategy to hold on to commercial real estate for a short term allows the Issuer Group to maximise the investment potential by selling when the time is right. This way the Issuer Group is able to maintain a modern portfolio of recently built real estate. Real estate projects can also be sold to Ghelamco European Property Fund, which holds certain projects for a longer period of time as income generating product. Further details on a selection of successfully completed and/or commercialised projects can be found in Figure 8 and "*3.4.2 - The Issuer Group's portfolio as at 30 June 2019*". As a result of previous realisations, the Issuer Group nurtures a valuable network of high quality tenants and real estate investors.

Figure 7: Selection of completed and/or commercialised projects in Belgium

name	**location**	**segment**	**commercial status per 30/06/2019**
Brussels One Kanonstraat	Brussels	residential & retail	all apartments sold. 23 out of 32 parking spaces sold. 2 retail areas for lease/sale.
Ghelamco Arena	Ghent	Offices, retail & multifunctional	Ring Multi: 96% leased. MeetDistrict: offices are 100% leased.
Residentie Katelijne	Knokke	residential	all apartments sold.
Sylt	Knokke	residential	all houses sold.
Waterside	Leuven	residential & retail	all apartments sold.

name	location	segment	commercial status per 30/06/2019
			88.66% of parking spaces sold, remaining space for sale. 82.5% of retail space sold, remaining space for sale.
East Dune	Oostduinkerke	residential	30 out of 57 apartments sold, remaining spaces for sale. 48% of parking spaces sold.
Tribeca	Ghent	residential	161 out of 168 lofts/apartments sold, remaining space for sale. Retail part sold for over 50% to third party investor.
Locarno	Knokke	Logistics	Retail part on the ground floor is sold.
Waterview Student Housing	Leuven	Residential	461 student units are 100% sold.
The Link	Antwerpen	Offices	27,500 sqm office space and approx. 540 underground parking spaces: sold to third party investor.
Spectrum	Brussels	Offices/residential	16,300 sqm office space, 22 apartments and approx.170 parking spaces: all apartments are (pre-)sold and office leases under negotiation.
Edition	Brussels	Residential/retail	59 apartments (99% (pre-)sold) and retail: 100% leased.
Silver Tower	Brussels	Offices	44,471 sqm office space and 141 parking spaces: fully pre-leased for a term of 15 year.
Focus	Brussels	Offices	30,000 sqm office space and approx. 700 parking spaces: fully pre-leased for a term of 18 years.
Senzafine	Kortrijk	residential	86 luxurious apartments and 108 parking spaces: approx. 57% of available apartments (pre-)sold.
RAFC stand	Antwerp	Offices/leisure	5,500 seats, 378 sqm retail space and 425 sqm office space: fully leased.
Edition Zoute	Knokke	residential	49 serviced boutique apartments, 32 parking spaces and some commercial functions on the ground floor: 10% of the apartments have been reserved.

Source: Issuer Group information

3.3.3 Valuation of the real estate assets

The Issuer Group's assets comprise residential projects and commercial projects. The residential projects are dedicated for sale and are therefore represented as "property development inventories" and are valued at the lower of historical cost or net realisable value under IFRS.

The commercial projects are in first instance kept in portfolio for rental purposes and are therefore represented as “investment property”, which is measured at fair value under IFRS in accordance with IFRS rules and provided that certain internal (more restrictive) parameters are fulfilled. This means that the value which is created over the realisation period of the projects (which may take several years) is spread over the duration of the project and accounted for over time in the income statement through recognition of periodical fair value adjustments. These fair values depend on a number of market assumptions and are supported by third-party valuation reports. Cumulated fair value adjustments on investment property in the portfolio are part of the “equity” but are not considered realised. They are only considered as realised once the relevant project is sold.

Since 2008, the Issuer has expanded its market share in Belgium. Through the investment in some landmark projects, the asset base of the Issuer has grown from EUR 115 million in 2008 to EUR 322 million in 2018. At 30 June 2019, the asset base of the Issuer has grown to EUR 391 million, representing a growth of ca. 179.13 per cent versus 2008, even taking into consideration a significant disposal of EUR +100 million of assets in 2016 and EUR +90 million of assets in 2019.

Adjustments to fair value through profit and loss for the period ended 31 December 2018 amounted to EUR 36 million (see page 14 et seq. of the Issuer’s IFRS consolidated financial statements for the financial year 2018 for further details). Adjustments to fair value through profit and loss for the half year period ended 30 June 2019 amounted to EUR 45 million (see page 9 et seq. of the condensed consolidated financial statements of the Issuer as per 30 June 2019).

3.4 Strategy of the Issuer Group

3.4.1 Investment strategy

Together with its subsidiaries, the Issuer invests in commercial (retail and offices) and high-end residential real estate in Belgium and in France, and could potentially in the future also invest in Luxembourg, Germany, Cyprus, the Netherlands and the United Kingdom.

In this respect, the Issuer Group invests in top quality projects on AAA-locations using the best materials and with high energy efficiency and even energy positive levels, parking availability, BREEAM, etc. Experience shows that the investment in top quality projects generally results in a higher profitability and, more importantly, in a lower commercialisation risk. This is confirmed (i) on the one hand, by the historical sales prices of the Issuer Group’s projects which were often sold below market yields and (ii) on the other hand, by the young portfolio of projects (oldest building completed in 2011), which proves that the Issuer Group was able to sell all its preceding projects at sufficiently attractive terms.

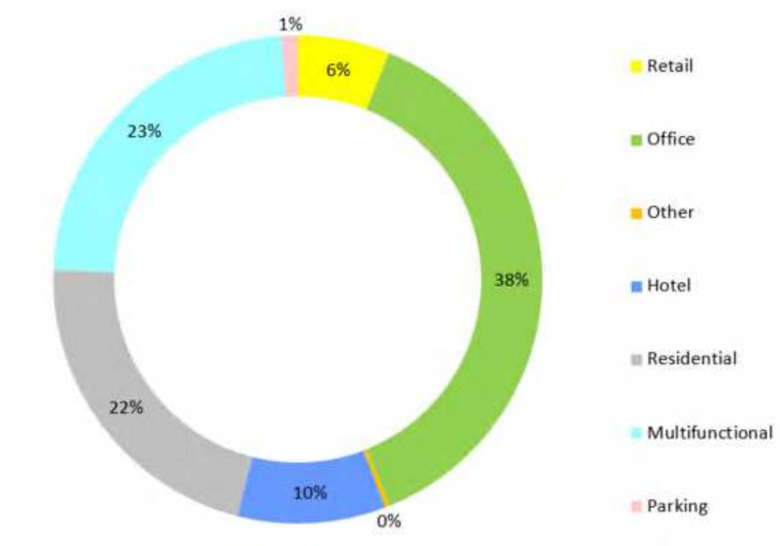
Over the past five years, the Issuer Group has expanded its project development activities in Belgium and currently has a portfolio of more than 40 projects. As a consequence, a significant part of the portfolio has evolved to the delivery or realisation phase. In addition, new office, commercial and residential projects have been approved or are already under construction. In this respect, the Issuer also continues to invest in its relationship and co-operation with local authorities. In France, the Issuer investments are still in an early phase.

The strategy of the Issuer Group is to develop real estate with a view to leasing commercial real estate and selling residential real estate. The (pre-)leased commercial properties are only sold if the transaction offers substantial gains. The Issuer Group has increased its investment activities in Belgium over the last 5 to 7 years resulting in an asset base that has more than tripled over the past 5 years. The further growth of the investment portfolio should result in an increase in recurring rental income from commercial real estate projects.

The Issuer has a diversified portfolio, covering different segments in different locations. The Issuer focuses on the creation of multi-use areas with a view to maximise differentiation.

3.4.2 The Issuer Group's portfolio as at 30 June 2019

Figure 8: Issuer Group's portfolio as at 30 June 2019



Source: Issuer Group information

The Issuer Group's portfolio covers several segments of the real estate market and ensures a geographical spread as well. Currently, the portfolio includes mainly office (38 per cent), multifunctional (23 per cent), residential (22 per cent) and hotel projects (10 per cent) located in Brussels, Leuven, Ghent, Antwerp, Kortrijk, Knokke and France. Thanks to this diversification, the Issuer significantly reduces its portfolio's risk profile. Below is an overview of certain projects in the Issuer's portfolio which are key in terms of size and/or illustrate the different segments in which the Issuer operates.

Brussels - Edition

The Edition project, an exceptionally engineered design, is situated in the Avenue Louise area in Brussels, well known for its Art Deco. The Avenue Louise is situated on the south side of the city Brussels in the most prestigious and vibrant location, between the historic centre of Brussels and the vast 'Cambre' woods. This reconversion project of existing office spaces into the highest quality residential apartments will offer all of the elegance and comfort occupants wish for and knowledgeable investors demand. The project is totally in tune with its time and offers 59 luxurious apartments, underground parking spaces and retail space on the ground floor.

The Issuer Group started stripping and demolishing the old building in 2017. Construction works have been finalised in the meantime. Currently all of the available residential units (except for the penthouse) in the Edition project have been sold.

Brussels - Spectrum

The Spectrum (Boulevard Bischoffsheim) project is located at an outstanding location entry of the Belgian nation's capital in the famous 'pentagon' of Brussels in other words an icon at the gates of Europe. The project will have a mixed use of 16,300 sqm office space and 22 residential apartments accompanied with 170 underground parking spaces. The Issuer Group made a concept that will be energy efficient and has ample natural light through unique glass walls providing floor to ceiling transparency.

The Issuer Group demolished the old building and started the construction works. All of the apartments in the Spectrum project have already been sold. In addition, over 50% of leasable space in the offices-part has been pre-leased, while advanced lease negotiations are also ongoing for significant parts of the remaining spaces.

Brussels - Silver Tower

The Silver Tower project is located in the North District of the capital city Brussels and close to the city centre (Place Rogier, Rue Neuve, City 2 shopping centre), with direct access to the North Railway station. The Silver Tower is set to represent a new landmark in Brussels. The Silver Tower project will contribute to the rehabilitation of this part of Brussels. The Silver Tower is based on the principles of sustainable investment, particularly in terms of saving energy and operating costs.

The Issuer Group has commenced construction works in 2018 to create 44,471 sqm office space to be delivered by Q3 2020. The construction works of the concrete structure have well advanced. In addition, Issuer Group signed an 18-year lease contract with the Brussels Region Government for 37,000 sqm office space and 141 parking spaces in first semester of 2019.

Brussels - Focus project

The Focus project is located in the periphery of Brussels at the Culliganlaan in Diegem. The building will have a surface area of 30,000 sqm, distributed over 4 underground floors and 11 floors above ground level, it will consist of many green terraces and 700 parking spaces and it will be built using eco-friendly materials. Sustainable materials will be used in the construction of the building to reduce the ecological footprint and make it a BEN building.

In the course of the first half of 2019, the Issuer Group has signed a 15-year lease contract with PwC to host the new Belgium PwC Campus. Furthermore, part of the available office space is reserved for MeetDistrict, an innovative co-working environment that is set up as a professional village. The building permit was granted by the end of July 2019. The construction works have been kicked off with an expected delivery date end of April 2021. PwC is expected to actually move into its new premises end of 2021.

Kortrijk - Senzafine

The Senzafine project in Kortrijk is designed as an L-shaped building by Govaert and Vanhoutte, following the Leie. The construction works are carried out with sustainable materials to comply with the current stringent energy consumption obligations. The project offers 86 luxurious apartments and 108 parking spaces.

The construction works were kicked off in 2018 and per mid-2019 the underground structure was being finalised. The delivery is expected by end of August 2020. The commercialisation efforts till mid-2019 led to approx. 57% of the available apartments and approx. 50% of the parking spaces being pre-sold.

Knokke - Edition Zoute

The prestigious Edition Zoute project in Knokke offers 49 serviced boutique apartments and 32 parking spaces, with several common areas like comfortable lobby lounge, a library with bar, a wellness and fitness, a heated English courtyard and terraces combined with some commercial functions on the ground floor. The project is located near the coast, the Golf court and “Het Zwin”, with several boutiques and restaurants in the close vicinity. Edition Zoute offers personalised medical care and a wide range of “luxury living” services like cleaning, dry cleaning, grocery shopping and holding on to the residents’ keys or deliveries.

The construction works have started in the first semester of 2019, per mid-2019 the underground structure was finalised and delivery of the project is expected by the end of 2020. In addition, the initial commercialisation of the project led to approx. 10% of the apartments and part of the available commercial units already being reserved.

Knokke - Knocke Village

Next to the various residential, office and retail projects, the Issuer Group will develop a recreational and leisure project in Knokke named the Knocke Village.

The Knocke Village is a separate project in its own, but forms part of the greater town planning picture, that will include the building of a new hospital, a municipal swimming pool, the planting of woodland and a hotel with congress facilities.

The Knocke Village project will include amongst others 100,000 sqm village giving the possibility to host visitors for tourism or business. People will be able to stroll around along exclusive retail and top restaurants. Additionally, the Wellness, the health centre and Congress facilities will be at the disposal of its visitors. The Knocke Village will consist of approximately 350 rooms, restaurants, boutiques, commercial areas and congress facilities and is set amid undoubtedly the greenest municipality along the Belgian coast, featuring every luxury.

This magnum-project will be a decisive milestone for the successful realisation and exploitation of numerous satellite projects in Knokke, “The Zoute House” boutique hotel being one example.

Ghent - Tribeca

The Tribeca project, consisting out of 3 phases, is currently taking shape in the north of Ghent in Flanders. The development of a former brownfield site known as ‘Filature du Rabot’ is designed to fulfil wishes and needs of the next generation. The Tribeca site combines city living with a quiet setting and the convenience of a new residential area surrounded by greenery.

The construction works of phase 3 of the Tribeca project in Ghent (affordable, contemporary, green project, consisting of 91 apartments and some smaller retail units) has been delivered. The commercialisation of this phase of the project is going well, already 96 per cent of available residential units have been (pre-)sold. Furthermore, construction of phase 2 was finalised and at circa 99 per cent (pre-)sold. Furthermore, the Issuer Group sold approx. 2,500 sqm retail space, leased to Lidl and BE-Post, to a third party investor as per 2018 and additionally sold 4 commercial units per mid-2019.

Ghent - Ring Hotel

The upscale business hotel next to the Ghelamco Arena in Ghent has been delivered casco Q2 2018. The hotel is covering approx. 20,000 sqm hosting 250 hotel rooms, 4,000 sqm dining and conference areas and 98 underground parking bays. The Ring Hotel is currently being sold to an operator/investor.

Ghent - MeetDistrict® Business Center

MeetDistrict is an innovative and high-end business and congress center in the Ghelamco Arena offering approx. 10,000 sqm of flexible working spaces, inspiring meetings rooms and a state of the art auditorium. The site aims to create an architectural entrepreneurial village boosting the entrepreneurial spirit and creating an interconnected community.

In Q3 of 2016, the 2nd phase (approx. 250 workplaces) of the MeetDistrict was delivered and taken into use. As at Q3 2017, the business center was occupied for 100 per cent. The MeetDistrict concept has be further rolled out in the Issuer Group’s projects in Antwerp and will be rolled out in Brussels.

areas in the offices-part of the Spectrum project are currently well advanced.

Brussels - Eurostadium

The Issuer Group holds the lease rights on Parking C of the Heizel site in Brussels (28 ha) for 99 years, on which various different projects can be realised.

The building permit application was rejected. The Issuer appealed against this decision and is now waiting for the outcome. In case the appeal turns out to be negative the Issuer will consult with the city of Brussels on the further development of Parking C.

For more information please refer to pages 48-49 of the IFRS Consolidated Financial Statements of the Issuer for the financial year ended 31 December 2018, as further updated on page 12 of the condensed consolidated financial statements of the Issuer for the half year ended 30 June 2019, as enclosed in Annex I of the Base Prospectus.

Residential status

In H1 2019, residential projects for a total amount of EUR 13,712,0000 were sold. The residential projects sales mainly include invoicing under the Breyne legislation in the Tribeca project in Ghent, land parts and first instalments in the Senzafine project in Kortrijk, villas and apartments at the Belgian coast and instalments in the Edition and Spectrum project in Brussels.

BREEAM

When developing projects, the Issuer Group aims to make effective use of the different resources in order to maximise sustainable value and efficiency. “BREEAM” is the world's leading sustainability assessment method for master-planning projects, infrastructure and buildings. In Leuven, the Issuer Group has received a “BREEAM Very Good” certificate for the Vander Elst Project (containing 17,000 sqm retail and office space). The Vander Elst project was the first multi-tenant building on the local market to receive this accreditation.

The Issuer Group is aiming to be awarded BREEAM Excellent certification for its Spectrum project. The Spectrum project will have excellent energy efficiency combined with an excellent mixture of acoustic and thermal comfort. Furthermore, it will feature sophisticated insulation combined with efficient heat recovery, a high level of airtightness, individual heat controls, LED lighting, automatic sunshades, an energy monitoring system, rainwater recovery and much more to deliver optimal comfort and maximal energy and cost-savings at the same time. Therefore, the Spectrum building will be virtually energy-neutral.

Since 2010, the Issuer Group has been following and supplying the world’s top assessment method of environmental performance and sustainability of buildings developed by BREEAM for all of its portfolio.

The constant focus on sustainable value and efficiency makes the Issuer Group's developments attractive property investments and consequently generates sustainable environments that enhance the well-being of the people who live and work in them.

The application of processes that are environmentally responsible and resource efficient throughout a building’s life cycle are key: from planning to design, construction, operation and maintenance. Therefore, a close cooperation is pursued of the contractor, the architects, the engineers and the client at all commercial project stages.

Furthermore, the Issuer Group's management puts in place sufficient efforts to achieve “Very Good” ratings on future commercial projects.

3.4.3 Recent investments

The Issuer has not made any investments, nor has it resolved to make any future investments (other than the ongoing investments), since the date of its last published IFRS consolidated financial statements. It has thus not entered into significant binding acquisition (pre-)agreements since 30 June 2019, other than the item mentioned under ‘Main Post Balance Sheet events’ in the IFRS condensed consolidated financial statements of the Issuer as per 30 June 2019. The Issuer has continuous negotiations ongoing for future commercial projects that will fill up the Issuer's pipeline for the next years.

3.5 The organisational structure of the Issuer Group

As at 30 June 2019, the Issuer had 38 subsidiaries. All are limited liability companies (*naamloze vennootschappen/sociétés anonymes*), except for one cooperative limited liability company (*coöperatieve vennootschap met beperkte aansprakelijkheid/société cooperative à responsabilité limitée*), incorporated and existing under the laws of Belgium.

As at 30 June 2019, Ghelamco Invest holds the following Ghelamco subsidiaries:

Entity description	Country	30/06/2019 % voting rights
The White House Zoute NV	BE	100
Dock-Site NV	BE	99*
Dianthus NV	BE	99*
Nepeta NV	BE	99*
Eurostadium Events NV (former De Leewe III NV)	BE	99*
Eurostadium Park NV (former Immo Simava 13 NV)	BE	99*
Leisure Property Invest NV***	BE	99*
Waterview NV	BE	99*
Leuven Student Housing NV	BE	99*
Parking Leuven NV (former Ring Congress Centre NV)	BE	99*
RHR-Industries NV	BE	99*
Zeewind NV	BE	99*
Docora NV***	BE	99*
Ring Multi NV (former Ring Retail NV)	BE	99*
MeetDistrict Gent NV	BE	99*
Ring Offices NV	BE	99*
Ring Hotel NV	BE	99*
Forest Parc NV	BE	99*
Belalan Bischoffsheim Leasehold NV	BE	99*
Bischoffsheim Freehold NV	BE	99*
Belalan Louise Leasehold NV	BE	99*
Louise Freehold NV	BE	99*
De Nieuwe Filature NV	BE	99
Pomme de Pin Expansion SAS	FR	100
Société Immobilière de Courchevel SARL	FR	100
Pomme de Pin SAS	FR	100
Le Chalet 1850	FR	100
Brussels Urban Invest NV	BE	99*
Construction Link NV	BE	99*

Entity description	Country	30/06/2019 % voting rights
Kubel NV	BE	99*
Filature Retail NV	BE	99*
Carlton Retail NV	BE	50**
Eneman & Co NV	BE	100
Graminea NV	BE	99*
Citrien NV	BE	99*
Silver Tower NV	BE	99*
Caboli NV	BE	99*
Domein Culligan bvba	BE	100

(*) 99 per cent represents all shares but a few shares, directly owned by Mr Paul Gheysens.

(**) The Issuer acquired 50% of the shares in Carlton Retail NV, holding the land parts in the One Carlton project, in a joint venture structure with a third party developer.

(***) Subsidiaries of the Issuer which are Material Group Companies (as defined in the Conditions) as at 30 June 2019.

3.6 Relationship with the subsidiaries

Most of the subsidiaries of the Issuer are special purpose vehicles ("**SPVs**") incorporated in order to structure different projects in an efficient way.

The Issuer provides downstream guarantees in order to secure the obligations of its subsidiaries.

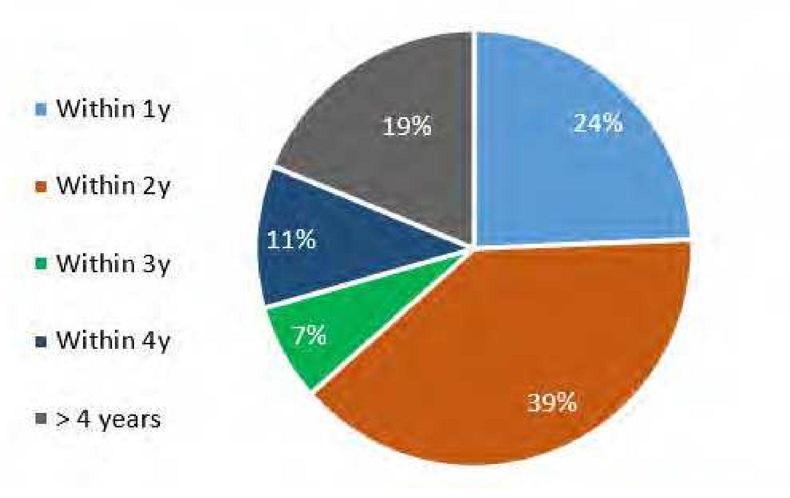
4 Financing

The Issuer Group's funding sources currently consist of (i) share capital and realised retained earnings, (ii) Related Party Loans, (iii) the 4.5 per cent fixed rate notes due 3 July 2020 issued under the EMTN Programme (the "**2020 Notes**"), the 4.125 per cent fixed rate notes due 14 June 2021 (the "**2021 Notes**"), the 4.50% fixed rate notes due 23 May 2022 (the "**May 2022 Notes**"), the 4.30% fixed rate notes due 20 November 2022 (the "**November 2022 Notes**") and the 4.80% fixed rate notes due 20 November 2024 (the "**2024 Notes**") and (iv) bank financings, both at the level of the Issuer and at the level of its subsidiaries in order to finance the relevant projects.

OVERVIEW OF THE FINANCIAL RESOURCES of the Issuer Group (in K EUR)	H1 2019	FY 2018	FY 2017	FY 2016
Bank loans	221,718	248,935	193,535	139,387
Bonds	284,600	284,600	267,370	220,000
Leverage[7]	57%	61%	61%	59%

[7] Interest-bearing loans and Borrowings / Total Equity and Liabilities

Figure 9: Bank and bond maturities of the Issuer Group as at 30 June 2019.



Source: Issuer Group information

The Related Party Loans are subordinated loans that are provided to the relevant SPV subsidiaries of the Issuer by certain subsidiaries of the Guarantor. Given that the Notes are guaranteed, such Related Party Loans are treated as part of the "equity" for internal reporting purposes.

30/06/2019	Amount (in million EUR)	Maturity
2020 Notes	79.10	3 July 2020
2021 Notes	70.90	14 June 2021
May 2022 Notes	33.00	23 May 2022
November 2022 Notes	47.40	20 November 2022
2024 Notes	54.20	20 November 2024
Short term bank financing (3)(4)	123.22	< 1 year
Long term bank financing(5)	98.50	> 1 year

(3) In the course of 2019, part of the short-term bank financing will be repaid in accordance with the agreements and part will be extended or refinanced (e.g. through a swap to investment loan).
(4) As at 30 June 2019 the short-term bank financing consists of EUR 49.7 million bank financing at the level of the Issuer and EUR 73.51 million at the level of the subsidiaries.
(5) As at 30 June 2019 the long-term bank financing consists of EUR 34.93 million bank financing at the level of the Issuer and EUR 63.57 million at the level of the subsidiaries.

The Issuer Group intends to further diversify its funding sources as it expects that its bank financing will not increase proportionally with the growth of its portfolio. An important part of such diversification comes from increased bond financing, such as the 2020 Notes, the 2021 Notes, the May 2022 Notes, the November 2022 Notes and the 2024 Notes and any further Notes issued under this Programme. Such increased bond financing will, *inter alia*, allow the Issuer Group to keep projects longer in portfolio in order to maximise the yield potential of new and existing lease contracts and extend its maturity dates.

For more information, please refer to notes 14 and 23.1 of the IFRS Consolidated Financial Statements of the Issuer for the financial year ended 31 December 2018 as enclosed in Annex I of the Base Prospectus.

5 Recent events and developments

There have not been any recent events relevant to the evaluation of the Issuer's solvency since 30 June 2019, except for those circumstances or events mentioned or referred elsewhere to in this Base Prospectus.

6 Trend information

There has been no material adverse change in the prospects of the Issuer since 31 December 2018.

7 No significant change in financial performance or the financial position

There has been no significant change in the financial performance or the financial position of the Issuer Group since 30 June 2019.

8 Material contracts

The Issuer did not enter into any material contracts that are not in the ordinary course of the Issuer's business, which could result in any member of the Issuer's Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to security holders in respect of the securities being issued.

9 Governmental, legal and arbitration proceedings

The Issuer is not aware of any governmental, legal or arbitration proceedings which are pending or threatened during the period of 12 months preceding the date of the Base Prospectus, which may have, or have had in the recent past, significant effects on the Issuer and or the Issuer Group's financial position or profitability.

PART VIII – DESCRIPTION OF THE GUARANTOR

1 General information

Legal and commercial name

The legal name of the Guarantor is "Ghelamco Group". The Guarantor operates under the commercial name "Ghelamco".

Registered office and contact details

The registered office of the Guarantor is located at Zwaanhofweg 10, 8900 Ieper, Belgium. The Guarantor can be contacted at the telephone number +32 57 219 114. Additional information on the Guarantor and its business can be obtained on its website (https://www.ghelamco.com/site/w/investor-relations-group.html). The information set out on the website of the Issuer does not form part of this Base Prospectus.

Incorporation, amendments to the articles of association and duration

The Guarantor was incorporated as "Ghelamco Group" by deed of incorporation, passed before notary Stefaan Laga, in Izegem on 23 February 2006, published in the Annexes to the Belgian State Gazette on 9 March 2006 under number 06047437. The articles of association have been amended several times and most recently on 12 October 2017 (capital decrease).

The Guarantor is incorporated for an unlimited duration.

Crossroads Bank for Enterprises

The Guarantor is registered with the Crossroads Bank for Enterprises under number 0879.623.417, commercial court of Ghent, subdivision Ieper.

LEI

The Guarantor's LEI code is 5493001B61LZXTEDD235.

Legal form

The Guarantor is incorporated as a partnership limited by shares (*commanditaire vennootschap op aandelen/société en commandite par actions*) under Belgian law.

Financial year

The Guarantor's financial year begins on 1 January and ends on 31 December.

Corporate purpose

Article 3 of the Guarantor's articles of association (https://www.ghelamco.com/site/w/investor-relations-group.html) provides that the Guarantor has as its purpose to generally engage in Belgium and abroad, for its own account or for the account of third parties, in certain activities including without limitation:

- all movable asset or real estate transactions, such as the acquisition through purchase or otherwise, the sale, exchange, improvement, equipment, encumbering, disposal of, making productive, rent, lease and management of such movable assets or real estate, except for those activities that are by law explicitly reserved to real estate agents recognised by the professional institute for real estate agents;
- the construction, renovation, development and holding of real estate, as well as real estate investment;
- all commercial and financial activities, such as granting loans, credit facilities or security, issuing debt instruments or leasing;

- promoting the incorporation or organisation of, collaboration with and participating, by means of contribution, subscription or otherwise, in all entities that have a similar, analogue or related purpose, or whose own purpose is to promote the Guarantor's purpose;
- representation, administration or management activities in the broadest sense; and
- providing services, assistance, consultancy or giving advice in areas of management and engineering.

2 Business description

The Guarantor Group is a leading European real estate investor active in the offices, residential, retail, logistics and urban development markets. Its core markets are Poland and Belgium. In addition, the Guarantor Group also holds smaller, less strategic, positions in Russia and France. Figure 10 shows that 90 per cent of the portfolio is located in Poland, Belgium and France, whereby 49 per cent is located in Poland and 41 per cent in Belgium and France. Approximately 70 per cent of the portfolio consists of projects in the office and residential segments.

Figure 10: Guarantor Group's portfolio carrying amounts per financials, in EUR million (as at 30 June 2019)

Portfolio	Belgium & France	Poland	Russia	Total
per 30 June 2019				
Retail	35	31		66
Offices	218	522		740
Logistics		3	145	148
Other	138	68	2	209
Residential	186	73		259
TOTAL	**578**	**697**	**148**	**1,422**

Source: Guarantor IFRS condensed consolidated financial information for the period ended 30 June 2019

The Belgian and French projects are carried out by the Issuer Group. The Polish projects are grouped in the subsidiaries of Granbero Holdings Ltd. The Russian projects are grouped in the subsidiaries of Safe Holding Belgium NV.

Belgium

The Guarantor Group is one of the largest real estate investors in Belgium (through the Issuer Group). Figure 10 compares the Guarantor Group to some of the largest real estate companies in Belgium. In terms of assets, the Guarantor Group is one of the largest Belgian real estate companies, with EUR 2 billion in assets as at the date of this Base Prospectus.

Figure 11: Selection of Belgian real estate companies, ranked by assets as at 30 June 2019

#	Name	Strategy	Key segments	Total assets	Equity	Solvency	Geography
1	Cofinimmo	GVV	Offices & Healthcare real estate	4,448.30	2,408.40	54%	BEL-FR-NED-GER
2	WDP	GVV	Warehouses	3,838.40	1,729.10	45%	BEL-FR-NED-LUX-RO
3	Befimmo	GVV	Offices	2,805.70	1,515.20	54%	BEL-LUX
4	Aedifica	GVV	Residential	2,386.10	1,429.60	60%	BEL-NED-GER-UK
5	Ghelamco Group	Develop & Hold/Sell	Offices & Residential	1,999.26	828.38	41%	BEL-FR-PO-RUS
6	Retail Estates	GVV	Commercial	1,563.90	707.90	45%	BEL-NED
7	Leasinvest	GVV	Retail & Offices	1,216.90	464.40	38%	BEL-LUX-AUSTRIA
8	Montea	GVV	Warehouses	1,138.90	626.40	54%	BEL-FR-NED
9	Immobel	Develop & Hold/Sell	Offices, Residential & Retail	1,070.40	380.70	36%	BEL-FR-LUX-PO
10	Wereldhave	GVV	Commercial & Retail	980.10	681.50	70%	BEL

GVV: Gereglementeerde Vastgoed Vennootschap

Source: resp. financial reports for the period ended 30 June 2019, except for annual financial report Aedifica (30 June 2019) and Retail Estates (31 March 2019)

For further details on the Belgian real estate market, reference is made to Part VII "*Description of the Issuer*" – "*3.3.1. - Market Description*".

Poland

(i) General economic conditions[8]

Poland, a country in Central and Eastern Europe, is one of the fastest growing economies in Europe, its GDP growth in Q1 2019 was estimated at 4.5%. Moreover, according to the World Bank forecast, the GDP growth in 2019 and 2020 may increase up to 3.3% and 3.6% respectively. Due to its location in the central part of the continent and thanks to the constantly developing road and traffic infrastructure, Poland is an attractive place attracting numerous investments. Poland is recognised for its robust internal consumption, positive trade balance and the well qualified work force constituting the main foundations of the Polish economy. Moreover, Poland is the largest economy in Central Europe with over 38.5 million inhabitants. Within the European Union it ranks as the sixth largest overall in terms of value and population. Poland's membership in the EU provides the country's budget with huge financial support from EU's development funds, channelled mainly towards infrastructure development and enhancement of human capital.

Globalisation, new technologies, demographics and environmental protection will increasingly affect the real estate market in the coming years. Technological development has an impact on all markets: retail (e-commerce, the intermingling of online and offline shopping), warehouse (e-commerce requires new warehouses in the

8 Sources Knight Frank commercial market information H1 2019, JLL City Report Warsaw Q2 2019 and CBRE Poland Outlook 2019

regions), but also on the office market (teleworking) or residential market (environmentally-friendly solutions, smart systems). Other factors of great importance to the real estate market are the ongoing infrastructure development, urbanisation and the growth of the business services sector. Planned changes in legal environment of the real estate market as well as new government programs, along with the planned implementation of new investment tools (such as REITs), will have a bearing on the real estate market in Poland in the coming years.

(ii) The office market

Demand

The real estate market in Poland enjoys undiminishing popularity among investors. Low interest rates, attractive prices compared to those in Western Europe combined with a mature and safe market as well as growing economy attract both Polish and foreign investors. Other factors of great importance are the constant infrastructure development, the impact of new technologies, the growth of e-commerce and shared services centres.

In the first half of 2019, the Warsaw office market remains on a considerable growth path. In the first half of the year financial institutions dominated the demand in office space as a result of relocation to the central parts of Warsaw. Over 406,000 sqm was leased, reflecting a similar year-half leasing activity recorded in the city compared to the first half year 2018. Substantial growth is observed in pre-letting activity. The demand for office space has been rising since 2009 reaching its peak in 2015 when a record high take-up of 843,000 sqm was recorded. Rising demand for co-working space is being observed.

Yields

Besides a small correction in 2008-2009, the yields offered in the office segment of the Polish market, have been evolving in a positive way. Due to a strong demand, the prime office yields in Warsaw edged down from 7 per cent in 2009 to around 4.50 per cent in first half of 2019 and are expected to move downwards by the end of 2019. The large number of new projects that has been completed in the period 2013–2016 pushed prime yields downwards.

Preferred Tenants locations

In the Warsaw office market, two areas exceed the others in terms of interest of (potential) tenants, being Mokotów and the area near Rondo Daszyńskiego. These are the locations where the Guarantor, through Granbero Holdings Ltd., performs most of its projects. Besides those, the Guarantor Group is also active in the most interesting and prestigious locations in the Warsaw city centre.

(iii) Position of the Guarantor Group

Poland

The Guarantor Group has been active in the Polish real estate sector since 1991. In the years 2010-2019, the Guarantor Group has completed commercial projects of a total area of above 590,000 sqm, mainly office space including among others the mBank building, the Warsaw Spire and the Wronia 31 project, located at Europejski square in Warsaw, Senator in Warsaw City Center as well as project Mokotów Nova and Wołoska 24 in Warsaw Mokotów, Przystanek mBank in Łódź. Furthermore, the Guarantor Group sold 22 commercial projects of total value of EUR 1,812.6 million since 2002 till first half year 2019 (including 20 projects sold in 2002-2015, Warsaw Spire (Building A, B and C) June 2017, mBank in December 2017, .big in January 2019 and Wronia 31 in April 2019).

The Guarantor Group concentrates on the performance of office projects, occasionally performing (high standard) housing and commercial projects. All real estate projects of the Guarantor Group are implemented directly by Project Companies controlled by Guarantor Group which participates in the implementation of real estate projects. The Guarantor Group has developed an effective and proven model of execution of development projects.

Warsaw - The Warsaw HUB

The Warsaw Hub will be a technologically advanced multifunctional complex with recognisable architecture, located at the Rondo Daszyńskiego in Warsaw.

The project will measure approx. 117,000 sqm (including Building A with the space of approx. 19,500 sqm, Building B of approx. 39,700 sqm, Building C of approx. 41,500 sqm, office podium of approx. 10,000 sqm and shopping centre of approx. 6,300 sqm).

It is located just next to the second underground line station – Rondo Daszyńskiego and the main circulation hub, which provides for convenient access to the other districts of Warsaw (tram, bus, underground). An additional advantage of the location is the distance of one tram stop from the Warsaw Ochota SKM railway station, which provides transport outside of Warsaw.

In November 2015, slurry works have commenced. As of the date of this Base Prospectus, construction works of the overground part of the building, including installation of the facade, are being carried out.

Buildings A and B are expected to be completed by the end of 2019, whereas building C is expected to be completed in mid-2020.

On 25 October 2017, an agreement was signed with InterContinental Hotels Group (IHG) – the operator of the hotel that will be located in one of the towers and on a part of the podium. The hotel area is approx. 21,000 sqm. Lease agreements with a fitness club operator, agreements for a co-working space (approx. 3.5 thousand sqm), office space, cafeteria, restaurant, supermarket and drugstore. Negotiations with the potential tenants of commercial and office sections are ongoing.

Furthermore, as of 30 June 2019, lease agreements were signed for approx. 60.9 thousand sqm (taking into account extension options signed, the level of rented space is approx. 64.8 thousand sqm).

Warsaw – The Warsaw Unit

The target floorage of the Warsaw Unit building will reach approximately 59,000 sqm. Owing to its location, the project ensures comfortable connection with the other districts of Warsaw. It is located just next to the second underground line station – Rondo Daszyńskiego and the main circulation hub, which provides for convenient access to the other districts of Warsaw (tram, bus, underground).

An additional advantage of the location is the distance of one tram stop from the Warsaw Ochota SKM railway station, which provides transport outside of Warsaw.

On 14 February 2017, the building permit was obtained. Construction of the project is ongoing. Further implementation of the project may be subject to obtaining tenants.

As of the date of this Base Prospectus, lease agreements were signed for approx. 17.5 thousand sqm (taking into account extension options signed, the level of rented space is approx. 20.6 thousand sqm). The project is expected to be completed in Q3 2021.

BREEAM certification - Green Buildings

The Guarantor Group was the first developer to introduce the prestigious BREEAM certificate in Poland which later became a standard.

All of the projects awarded BREEAM certification received a “Very Good” rating.

The Guarantor Group continues to design and construct eco-efficient projects. All of its latest investments are designed to ecological standards.

Russia

Investments in Russia are currently limited to the segment of logistic real estate. The Guarantor Group decided to focus on this segment since office and residential investments in these countries are exposed to very specific local customs and strong competition while the market for top quality logistic premises is still underdeveloped.

The success of the Guarantor Group's projects proves the success of this approach.

In Moscow, the Dmitrov Logistics Park project consists of four buildings totalling approximately 243,000 sqm of leasable area. The first phase (building A, approx. 60,000 sqm), the second phase (building B, approx. 76,000 sqm) and the third phase (building C, approx. 46,000 sqm) of the Dmitrov Logistics Park have in the past years been delivered and are currently leased for resp. 70%, 90% and 60%. The Guarantor Group started construction works for the fourth phase (building D, approx. 7,500 sqm out of 60,000 sqm). The political and economic situation and its effects on markets and (warehouse) tenant activity is closely monitored.

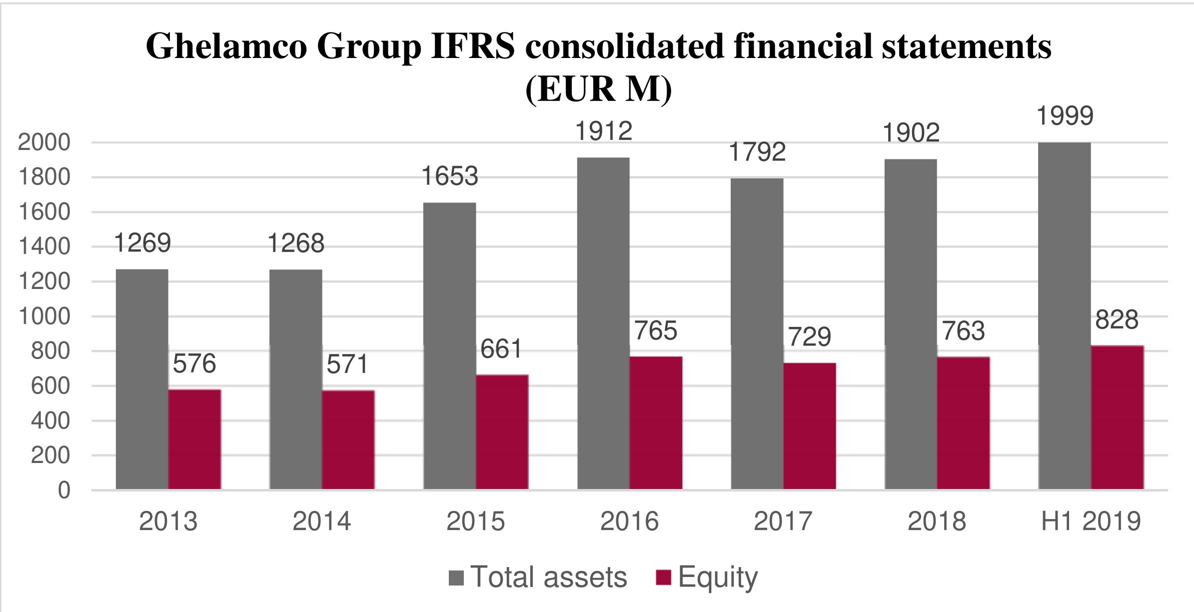
3 Valuation of the real estate assets

The Guarantor Group's assets comprise residential projects and commercial projects. The residential projects are dedicated for sale and are therefore presented as "property development inventories" and are valued at the lower of historical cost and net realisable value under IFRS.

The commercial projects are in first instance kept in portfolio for rental purposes and are therefore represented as "investment property", which is measured at fair value under IFRS in accordance with IFRS rules and provided that certain internal (more restrictive) parameters are fulfilled. This means that the value which is created over the realisation period of the projects (which may take several years) is spread over the duration of the project and accounted for over time in the income statement through recognition of periodical fair value adjustments. These fair values depend on a number of market assumptions and are supported by third-party valuation reports. Cumulated fair value adjustments on investment property in the portfolio are part of the "equity" but are not considered realised. They are only considered as realised once the relevant project is sold.

Since 2015, consolidated assets and equity have grown with 20.93 per cent and 25.26 per cent respectively as a result of the successful value creation from investment efforts and sale and/or divestment of projects. Between 31 December 2018 and 30 June 2019, the total assets of the Guarantor Group increased by 5 per cent.

Figure 12: Guarantor Group consolidated total assets and equity (in EUR million)



Source: Guarantor Group IFRS Consolidated financial statements as at 30 June 2019

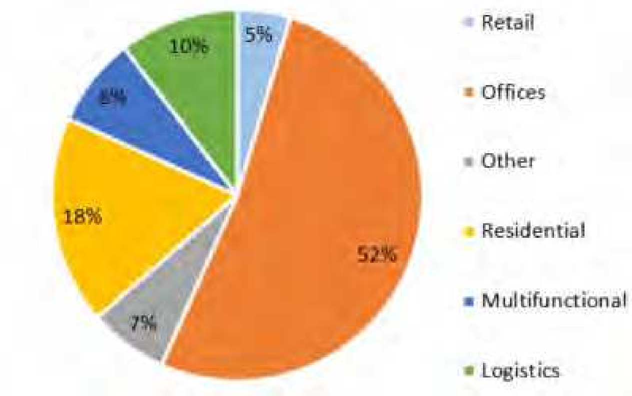
Portfolio of the Guarantor Group as at 30 June 2019

The Guarantor Group has a diversified portfolio representing projects on different locations in different countries and in various segments of the real estate market. The portfolio consists of recently constructed premises with a focus on high quality materials and high energy efficiency levels, leased to quality tenants.

Figure 13: Guarantor Group's portfolio 30 June 2019 (in EUR million)

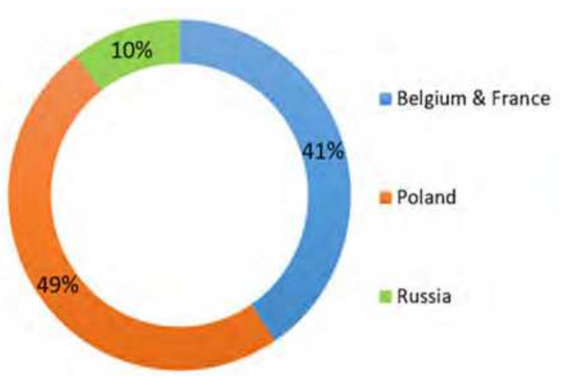
Portfolio	**Belgium & France**	**Poland**	**Russia**	**Total**
per 30 June 2019				
Retail	35	31		66
Offices	218	522		740
Logistics		3	145	148
Other	27	68	2	98
Multifunctional	111			111
Residential	186	73		259
TOTAL	**578**	**697**	**148**	**1,422**

Figure 14: Guarantor Group portfolio 2019 segments



Source: Guarantor Group information

Figure 15: Guarantor Group 2019 geographical spread



Source: Guarantor Group information

In Belgium, the Guarantor Group mainly holds projects in the office (38 per cent) and residential (32 per cent.) segments. The Guarantor's Polish portfolio focuses on modern office space (75 per cent.) but also includes, to a lesser extent, investments in the residential (10 per cent.) segment. The Russian real estate portfolio represents the largest part of the logistics segment.

As at 30 June 2019, the following subsidiaries of the Guarantor qualify as Material Group Companies (as defined in the Conditions): Salamanca Cap Grp, Granbero Holdings Ltd., Milovat Ltd. and The HUB SKA.

Recent investments

The Guarantor Group has not made any investments, nor has it resolved to make any future investments (other than the ongoing investments), since the date of its last published IFRS consolidated financial statements. It has thus not entered into significant binding acquisition (pre-)agreements since 30 June 2019, apart from the item mentioned under 'Main Post Balance Sheet events' in the Guarantor's IFRS condensed consolidated financial statements at 30 June 2019.

4 Recent events and developments

There have not been any recent events relevant to the evaluation of the Guarantor’s solvency since 30 June 2019 except for those circumstances or events mentioned or referred below or elsewhere to in this Base Prospectus.

As at 30 June 2019, the total consolidated equity of the Guarantor amounted to EUR 828.38 million, of which EUR 28.19 million share capital, EUR 787.78 million retained earnings, EUR 4.5 million currency translation adjustment and EUR 7.90 million non-controlling interests.

The Guarantor may proceed with a capital reduction for an amount of EUR 35,000,000 which would then be distributed to its shareholders.

5 Trend information

There has been no material adverse change in the prospects of the Guarantor since 31 December 2018.

6 No significant change in financial performance or the financial position

There has been no significant change in the financial performance or the financial position of the Guarantor Group since 30 June 2019.

7 Material contracts

The Guarantor has not entered into any material contract that are not in the ordinary course of the Guarantor's business, which could result in any member of the Guarantor Group being under an obligation or entitlement that is material to the Guarantor’s ability to meet its obligation to security holders in respect of the securities being issued.

8 Governmental, legal and arbitration proceedings

The Guarantor is not aware of any governmental, legal or arbitration proceedings which are pending or threatened during the period of 12 months preceding the date of the Base Prospectus, which may have, or have had in the recent past, significant effects on the Guarantor and or the Guarantor Group’s financial position or profitability.

PART IX – MANAGEMENT AND CORPORATE GOVERNANCE

1 The Issuer

1.1 Board of directors

As at the date of this Base Prospectus, the board of directors of the Issuer is composed of the following five members:

Name	Position	Type	Expiration of term	Principal board mandates performed outside the Issuer
Opus Terrae BVBA, represented by its permanent representative, Mr Paul Gheysens	Director and Chairman of the board of directors	not independent	General meeting of shareholders of 2024	(i) managing director of various entities within the Consortium; and (ii) statutory manager of Ghelamco Group Comm. V.A..
Mr Michael Gheysens	director	not independent	General meeting of shareholders of 2024	director of various entities within the Consortium.
Mr Simon Gheysens	director	not independent	General meeting of shareholders of 2024	director of various entities within the Consortium.
BVBA Pure F, represented by its permanent representative, Mr Philip Neyt	director	non-executive	General meeting of shareholders of 2024	(i) member of Orientation Council Euronext; (ii) independent chairman of Belgische Vereniging Pensioeninstellingen Pensioplus; (iii) independent director of Curalia onderline verzekering; (iv) independent director of Ethias NV; (v) independent director of Vladubel (Vlaanderen Duurzaam Beleggen); (vi) independent director of BNP Paribas B Invest, BNP Paribas B Strategy and BNP Paribas Fix 2010; and (vii) CEO of Pensioeninvest Comm.V.
Jinvest BVBA represented by its permanent representative, Mr Jürgen Ingels	director	independent	general meeting of shareholders of 2020	(i) director of NV Materialise; (ii) director of NV Itineris; (iii) director of Itiviti (Swedish company); and (iv) director of NV Newtec Cy (v) director of NV Projective; (vi) director of NV The Glue; (vii) director NV Itineris; (viii) director NV Mensura;

Name	Position	Type	Expiration of term	Principal board mandates performed outside the Issuer
				(ix) director NV Scale-ups.eu; (x) director SA UPM; (xi) director NV Pay-Nxt.

For purposes of this Base Prospectus, the postal address of the directors is Zwaanhofweg 10, 8900 Ieper, Belgium.

1.2 Management

The Issuer did not establish a management committee (*directiecomité/comité de direction*) within the meaning of Article 524*bis* of the 1999 Belgian Companies Code.

The Issuer Group's management comprises the following members:

Name	Position	Expiration of term	Principal board mandates performed outside the Issuer
Mr Paul Gheysens*	chief executive officer	n/a	(i) director and permanent representative of Opus Terrae BVBA as managing director of Safe Holding Belgium NV; (ii) permanent representative of Opus Terrae BVBA as statutory manager of Ghelamco Group Comm. V.A.; (iii) various mandates within the Consortium outside of the Guarantor Group including, without limitation a mandate as permanent representative of Kadmos BVBA as statutory manager of International Real Estate Services Comm. V.A.; and (iv) director of various entities within the Consortium.
Mr Michael Gheysens*	chief commercial and business development officer	n/a	director of various entities within the Consortium.
Mr Simon Gheysens*	chief technology officer	n/a	director of various entities within the Consortium.
Mr Philippe Pannier*	chief financial officer	n/a	(i) various mandates within the Consortium; (ii) director of Bischoffsheim Freehold NV, Louise Freehold NV and Safe Invest Sp. z.o.o.; and (iii) director of Luxus Invest Sp. z.o.o..
Mr Chris Heggerick*	chief operating officer	n/a	(i) various mandates within the Consortium;

Name	Position	Expiration of term	Principal board mandates performed outside the Issuer
			(ii) director of Bischoffsheim Freehold NV, Louise Freehold NV and Safe Invest Sp. Z.o.o.; and (iii) independent director of Easypay Group
Ms Barbara De Saedeleer*	chief investments and operations officer	n/a	(i) independent director UTB NV (ii) independent director Beaulieu International Group NV

* in each case, as permanent representative of their respective management companies.

1.3 Audit committee

The Issuer has established an audit committee in accordance with Article 526*bis* of the 1999 Belgian Companies Code.

The audit committee is responsible for monitoring the financial reporting process, the effectiveness of the internal control and risk management systems, the internal audit and its effectiveness, the review of the annual IFRS consolidated financial statements (and to follow-up on the questions and recommendations from the auditor) and the independence of the auditor.

The audit committee is composed of Jinvest BVBA, represented by its permanent representative, Mr Jürgen Ingels, as independent director within the meaning of Article 526*ter* of the 1999 Belgian Companies Code and BVBA Pure F., represented by its permanent representative, Mr Philip Neyt, as non-executive director.

1.4 Auditors

KPMG Bedrijfsrevisoren CVBA, having its registered office at Luchthaven Brussel Nationaal 1K, 1930 Zaventem, Belgium represented by Filip De Bock (member of the *Institut des Réviseurs d'Entreprise / Instituut der Bedrijfsrevisoren*) has been appointed by the Issuer as auditor for the audits of the standalone and the IFRS consolidated financial statements in the shareholders' meeting of 9 June 2018.

1.5 Corporate Governance

The Issuer complies with the corporate governance obligations of the Belgian Companies Code.

The board of directors includes an independent board member and a non-executive board member. The Issuer has also established an audit committee. These structures have been put in place in view of the growing importance the board of directors attaches to corporate governance and the further professional structuring of the Issuer Group.

1.6 Conflicts of interest

The Issuer is not aware of any potential conflicts of interest between the duties that any member of the administrative, management and supervisory bodies owes to the Issuer and such member's private interests or other duties.

The Issuer complies with the conflicts of interest procedure set out in Article 523 of the 1999 Belgian Companies Code and, as with effect from its applicable effective date, Article 7:115 of the 2019 Belgian Companies and Associations Code.

2 The Guarantor

2.1 The statutory director

The Guarantor is managed by a statutory director.

On the date of this Base Prospectus, Opus Terrae BVBA, represented by its permanent representative, Mr Paul Gheysens acts as statutory director of the Guarantor.

In accordance with Article 14 of the articles of association of the Guarantor, the statutory director can validly represent the Guarantor.

For purposes of this Base Prospectus, the postal address of the Directors is Zwaanhofweg 10, 8900 Ieper, Belgium.

2.2 Senior management

The statutory director has delegated a number of management functions in accordance with Article 15 of the articles of association of the Guarantor.

The statutory director did not establish a management committee (*directiecomité/comité de direction*) within the meaning of Article 524*bis* of the 1999 Belgian Companies Code.

For purposes of this Base Prospectus, the postal address of the members of Senior Management is Zwaanhofweg 10, 8900 Ieper, Belgium.

On the date of this Base Prospectus, the "**Senior Management**" comprises:

Name	Position	Expiration of term	Principal activities performed outside the Guarantor
Mr Michael Gheysens*	chief commercial and business development officer	n/a	director of various entities within the Consortium.
Mr Simon Gheysens*	chief technology officer	n/a	director of various entities within the Consortium.
Mr Philippe Pannier*	chief financial officer	n/a	(i) various mandates within the Consortium; (ii) director of Bischoffsheim Freehold NV, Louise Freehold NV and Safe Invest Sp. z.o.o.; (iii) director of Luxus Invest Sp. z.o.o..
Mr Chris Heggerick*	chief operating officer	n/a	(i) director of Bischoffsheim Freehold NV, Louise Freehold NV and Safe Invest Sp. z.o.o.; and (ii) independent director of Easypay Group
Mr Jeroen van der Toolen*	managing director Central and Eastern Europe	n/a	(i) various mandates within the Consortium; (ii) president of the management board of Kama Investment Sp. z.o.o.; (iii) president of the management board of Cordylite Company Sp. z.o.o.;

Name	Position	Expiration of term	Principal activities performed outside the Guarantor
			(iv) president of the management board of Mesolite Company Sp. z.o.o.

* in each case, as permanent representative of their respective management companies.

2.3 Auditors

KPMG Bedrijfsrevisoren burg. CVBA, having its registered office at Luchthaven Brussel Nationaal 1K, 1930 Zaventem, Belgium represented by Filip De Bock (member of the *Institut des Réviseurs d'Entreprise / Instituut der Bedrijfsrevisoren)*, has been appointed in the shareholders' meeting of 28 June 2018 as statutory auditor of the Guarantor and audits the standalone and the IFRS consolidated financial statements of the Guarantor.

2.4 Corporate Governance

The Guarantor is a privately-owned company which is not subject to corporate governance requirements.

2.5 Conflicts of interest

The Guarantor is not aware of any potential conflicts of interest between the duties that any member of the administrative, management and supervisory bodies owes to the Guarantor and such member's private interests or other duties.

PART X – MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

1 Issuer

1.1 Major shareholders

The share capital of the Issuer comprises 313,549 ordinary shares. Currently, the Guarantor directly holds 99.998 per cent of these shares. The balance (5 shares) is held by Mr Paul Gheysens.

1.2 Share capital

As at 30 June 2019, the Issuer's share capital amounts to EUR 146,490,000 (one hundred forty six million four hundred ninety thousand) and is fully paid-up.

The share capital is divided into 313,549 (three hundred thirteen thousand five hundred forty-nine) shares.

2 Guarantor

2.1 Major shareholders

The Guarantor is (indirectly) fully controlled by Mr Paul Gheysens, Mrs Ria Vandoorne, Mr Simon Gheysens, Mr Michael Gheysens and Mrs Marie-Julie Gheysens.

2.2 Share capital

As at 30 June 2019, the Guarantor's share capital amounts to EUR 28,194,223 (twenty eight million one hundred ninety four thousand two hundred twenty-three) and is fully paid-up.

The share capital is divided into 35,908 (thirty-five thousand nine hundred eight) shares.

The Guarantor may proceed with a capital reduction for an aggregate amount of EUR 35,000,000.

PART XI – SELECTED FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFIT AND LOSSES

1 Financial information of the Issuer

Selected financial information for the period ended 31 December 2017 and 31 December 2018 and the period ending 30 June 2018 and 30 June 2019 is included below. The information below is extracted from the IFRS (condensed) consolidated financial statements of the Issuer. In relation to the annual IFRS consolidated financial statements for the periods ended 31 December 2017 and 31 December 2018, an unqualified auditor's opinion has been issued.

1.1 Consolidated statement of financial position ('000 EUR)

	31/12/2017	31/12/2018	30/06/2018	30/06/2019
ASSETS				
Non-current assets				
Investment Property	317,851	321,890	320,228	391,442
Property, plant and equipment	1,004	895	885	997
Equity accounted investees	6,340	14,564	12,699	14,611
Receivables and prepayments	3,064	2,958	2,722	2,092
Deferred tax assets	4,537	6,963	5,633	6,938
Other financial assets	3,961	3,743	4,303	3,743
Restricted cash	0	0	0	0
Total non-current assets	**336,756**	**351,013**	**346,470**	**419,823**
Current assets				
Property Development Inventories	215,187	186,978	194,528	186,203
Trade and other receivables	173,430	209,785	169,404	237,050
Current tax assets	0	0	0	0
Derivatives	0	0	0	0
Assets classified as held for sale	575	97,698	31,075	24,575
Restricted cash	0	0	0	0
Cash and cash equivalents	26,409	22,350	19,915	11,557
Total current assets	**415,600**	**516,811**	**414,922**	**459,385**
TOTAL ASSETS	**752,357**	**867,824**	**761,392**	**879,208**

	31/12/2017	31/12/2018	30/06/2018	30/06/2019
EQUITY AND LIABILITIES				
Capital and reserves attributable to the Group's equity holders				
Share capital	146,490	146,490	146,490	146,490
CTA	0	0	0	0
Retained earnings	85,322	120,289	96,306	146,171
	231,812	266,779	242,796	292,661
Non-controlling interests	300	350	341	275
TOTAL EQUITY	**232,112**	**267,129**	**243,137**	**292,936**
Non-current liabilities				
Interest-bearing loans and borrowings	341,839	384,064	316,878	379,479
Deferred tax liabilities	19,530	26,208	24,864	31,970
Other non-current liabilities	0	0	0	0
Long-term provisions	0	0	0	0
Total non-current liabilities	**361,369**	**410,272**	**341,742**	**411,449**
Current liabilities				
Trade and other payables	44,437	41,802	34,829	42,718
Current tax liabilities	284	3,478	3,462	8,888
Interest-bearing loans and borrowings	114,154	145,143	138,222	123,217
Short-term provisions	0	0	0	0
Total current liabilities	**158,876**	**190,423**	**176,513**	**174,823**
Total liabilities	**520,245**	**600,695**	**518,255**	**586,272**
TOTAL EQUITY AND LIABILITIES	**752,357**	**867,824**	**761,392**	**879,208**

1.2 Consolidated income statement ('000 EUR)

	31/12/2017	31/12/2018	30/06/2018	30/06/2019
Revenue	66,887	47,030	26,129	17,645
Other operating income	7,729	13,978	1,470	799
Cost of Property Development Inventories	-46,201	-27,932	-16,518	-10,398
Employee benefit expense	-333	-312	-180	-161
Depreciation amortisation and impairment charges	-227	-290	-184	-299
Gains from revaluation of Investment Property	27,060	35,910	18,995	44,966
Other operating expense	-16,292	-17,625	-7,305	-7,803
Share of results in equity accounted investees	793	1,827	-39	46
Operating profit	**39,416**	**52,586**	**22,368**	**44,795**
Finance income	3,792	3,692	1,854	3,219
Finance costs	-18,063	-15,097	-7,206	-8,028
Profit before income tax	**25,145**	**41,181**	**17,016**	**39,986**
Income tax expense/income	-3,409	-5,930	-5,989	-13,024
Profit for the year / period	**21,736**	**35,251**	**11,027**	**26,962**
Attributable to:				
Owners of the Company	21,587	35,227	10,992	27,030
Non-controlling interests	149	24	35	-68

1.3 Consolidated cash flow statement ('000 EUR)

	31/12/2017	31/12/2018	30/06/2018	30/06/2019
Cash flow from operating activities				
Result of the year/period before income tax	**25,145**	**41,181**	**17,016**	**39,986**
Adjustments for:				
- Share of results in joint-ventures	-793	-1,827	39	-46
- Change in fair value of investment property	-27,060	-35,910	-18,995	-44,966
- Depreciation, amortization and impairment charges	227	290	184	299
- Result on disposal Investment Property	-432	647	647	287
- Change in provisions	-120	-	-	-
- Net finance costs	12,034	8,300	4,350	3,697
- Movements in working capital:				
- Change in inventory	-23,435	12,484	5,183	775
- Change in trade & other receivables	-11,048	-34,807	4,100	-24,208
- Change in trade & other payables	5,938	16,209	-454	-11,369
- Movement in other non-current liabilities	-	-	-	-
- Other non-cash items	-89	-234	236	97
Income tax paid	-3,919	1,515	1,426	-1,827
Interest paid	-18,234	-12,190	-1,209	-770
Net cash from / (used in) operating activities	**-41,786**	**-4,342**	**12,523**	**-38,045**
Cash flow from investing activities				
Interest received	633	2,144	1,780	162
Purchase / disposal of property, plant & equipment	-589	-181	-303	-401
Purchase of investment property	-48,764	-93,225	-33,624	-16,886
Capitalized interest in investment property	-4,729	-4,648	-2,131	-2,592
Proceeds from disposal of investment property	10,362	20,966	14,466	73,859
Net cash outflow on acquisition of subsidiaries	-5,547	1,689	1,689	-
cash outflow on other non-current financial assets	2,098	324	-	866

Net cash inflow/outflow on NCI transactions				-1,155
Net cash flow from / (used in) investing activities	**-46,536**	**-72,931**	**-18,123**	**53,853**
Cash flow from financing activities				
Proceeds from borrowings	169,835	120,428	30,650	30,954
Repayment of borrowings	-70,378	-47,214	-31,543	-57,555
Net cash inflow from / (used in) financing activities	**99,457**	**73,214**	**-893**	**-26,601**
Net increase / (decrease) in cash and cash equivalents	11,136	-4,059	-6,493	-10,793
Cash and cash equivalents at 1 January	15,273	26,409	26,409	22,350
Cash and cash equivalents per end of the year / period	26,409	22,350	19,915	11,557

2 Financial information of the Guarantor

Selected financial information for the period ended 31 December 2018 and 31 December 2017 and the period ending 30 June 2018 and 30 June 2019 is included below. The information below is extracted from the IFRS (condensed) consolidated financial statements of the Guarantor. In relation to the annual IFRS consolidated financial statements for the periods ended 31 December 2018 and 31 December 2017, an unqualified auditor's opinion has been issued.

2.1 Consolidated statement of the financial position ('000 EUR)

	31/12/2017	31/12/2018	30/06/2018	30/06/2019
ASSETS				
Non-current assets				
Investment Property	910,579	1,034,988	967,570	1,163,722
Property, plant and equipment	527	515	491	625
Intangible assets	3,708	3,651	3,537	3,929
Equity accounted investees	6,340	14,485	12,703	14,529
Receivables and prepayments	250,911	236,239	258,552	243,702
Deferred tax assets	11,845	10,997	13,144	12,923
Other financial assets			4,523	4,003
Restricted cash	4,155	3,961	0	0
Total non-current assets	**1,188,065**	**1,304,836**	**1,260,520**	**1,443,433**
Current assets				
Property Development Inventories	285,581	249,039	265,238	258,715
Trade and other receivables	187,898	162,073	137,977	201,085
Current tax assets	163	31	45	238
Assets classified as held for sale	575	126,867	31,075	24,575
Restricted cash	0	0	0	0
Cash and cash equivalents	129,526	59,072	80,160	71,218
Total current assets	**603,743**	**597,082**	**514,495**	**555,831**
TOTAL ASSETS	**1,791,808**	**1,901,918**	**1,775,015**	**1,999,264**

	31/12/2017	31/12/2018	30/06/2018	30/06/2019
EQUITY AND LIABILITIES				
Capital and reserves attributable to the Group's equity holders				
Share capital	28,194	28,194	28,194	28,194
CTA	7,147	2,749	11,264	4,504
Retained earnings	687,402	724,329	705,183	787,787
	722,743	755,272	744,641	820,485
Non-controlling interests	6,746	7,955	7,320	7,898
TOTAL EQUITY	**729,489**	**763,227**	**751,961**	**828,383**
Non-current liabilities				
Interest-bearing loans and borrowings	694,110	750,274	654,385	778,674
Deferred tax liabilities	29,106	46,617	39,550	52,621
Other non-current liabilities	2,249	7,029	6,333	2,419
Long-term provisions	0	0	0	0
Total non-current liabilities	**725,465**	**803,919**	**700,268**	**833,714**
Current liabilities				
Trade and other payables	133,289	93,802	71,780	88,419
Current tax liabilities	2,947	6,056	6,401	11,599
Interest-bearing loans and borrowings	200,618	234,914	244,605	237,149
Short-term provisions	0	0	0	0
Total current liabilities	**336,854**	**334,772**	**322,786**	**337,167**
Total liabilities	**1,062,319**	**1,138,691**	**1,023,054**	**1,170,881**
TOTAL EQUITY AND LIABILITIES	**1,791,808**	**1,901,918**	**1,775,015**	**1,999,264**

2.2 Consolidated Income Statement ('000 EUR)

	31/12/2017	31/12/2018	30/06/2018	30/06/2019
Revenue	103,506	69,211	39,321	27,094
Other operating income	28,991	28,126	7,216	10,510
Cost of Property Development Inventories	-51,409	-28,431	-18,047	-11,389
Employee benefit expense	-1,339	-1,161	-578	-754
Depreciation amortisation and impairment charges	-805	-817	-447	-569
Gains from revaluation of Investment Property	45,731	56,524	38,771	84,915
Other operating expense	-54,559	-52,842	-22,870	-20,016
Share of results in equity accounted investees	793	1,738	-39	45
Operating profit	**70,909**	**72,348**	**43,327**	**89,836**
Finance income	15,187	17,970	6,956	8,239
Finance costs	-51,542	-29,930	-19,777	-19,610
Profit before income tax	**34,554**	**60,388**	**30,506**	**78,465**
Income tax expense	-11,096	-21,983	-12,129	-13,828
Profit for the year / period	**23,458**	**38,405**	**18,377**	**64,637**
Attributable to:				
Owners of the Company	22,058	37,221	17,808	64,685
Non-controlling interests	1,400	1,184	569	-48

2.3 Cash Flow Statement (‘000 EUR)

	31/12/2017	31/12/2018	30/06/2018	30/06/2019
Cash flow from operating activities				
Result before income tax	**34,554**	**60,388**	**30,506**	**78,465**
- Share of results in equity accounted investees	-793	-1,738	39	-45
- Change in fair value of investment property	-45,731	-56,524	-38,771	-84,915
- Depreciation, amortisation and impairment charges	805	817	447	569
- Result on disposal investment property	-15,710	647	647	-7,765
- Change in provisions	-120,177	0	0	0
- Net finance costs	26,278	11,962	6,674	4,999
- Movements in working capital:				
- Change in inventory	-30,568	7,678	4,867	-6.497
- Change in trade & other receivables	-5,542	20,037	53,187	-30,523
- Change in trade & other payables	51,558	-36,675	-50,439	-3,566
- Movement in other non-current liabilities	333	4,780	4,084	-4,610
- Other non-cash items	92	-118	-121	-299
Income tax paid	-6,592	-384	588	-4,413
Interest paid	-43,344	-26,825	-8,894	-5,732
Net cash from / (used in) operating activities	**-34,780**	**-15,955**	**2,814**	**-64,332**
Cash flow from investing activities				
Interest received	539	18,060	3,690	-1,553
Purchase / disposal of property, plant & equipment and intangibles	-863	-748	-240	-957
Purchase of investment property	-109,227	-176,262	-67,757	-88,841
Capitalized interest in investment property	-13,848	-17,300	-7,481	-11,043
Proceeds from disposal of investment property	625,365	20,966	14,466	183,849
Net cash outflow on acquisition of subsidiaries	-5,547	1,689	1,689	0
Cash outflow on other non-current financial assets	-161,719	14,866	-8,009	-7,505
Net cash inflow/outflow on NCI transactions				-,1.155

Net cash flow from / (used in) investing activities	**334,699**	**-138,729**	**-63,642**	**72,795**
Cash flow from financing activities				
Proceeds from borrowings	252,768	207,495	70,000	164,272
Repayment of borrowings	-415,133	-117,035	-55,876	-159,289
Capital decrease	-45,000			
Exch. rate impact on Po bonds			-9,862	
Net cash inflow from / (used in) financing activities	**-207,365**	**90,460**	**4,262**	**4,983**
Net increase / (decrease) in cash and cash equivalents	**92,554**	**-64,224**	**-56,566**	**13,446**
Cash and cash equivalents at 1 January of the year	**59,001**	**129,526**	**129,526**	**59,072**
Effects of exch. rate changes, in non-EUR countries	-22,030	-6,230	7,200	-1,300
Cash and cash equivalents at the end of the year / period	**129,526**	**59,072**	**80,160**	**71,218**

PART XII – USE OF PROCEEDS

The net proceeds from the issue of each Tranche of Notes will be applied by the Issuer, as indicated in the applicable Final Terms, either:

(a) towards the funding of investments focused on projects located in Belgium and France (and possibly also in Luxembourg, Germany, the Netherlands, Cyprus and the UK) and its general corporate purposes, including the repayment of certain debt. The issue of the Notes under the Programme will further enable the Issuer to implement its strategy in relation to commercial real estate projects, which is to keep such projects longer in portfolio in order to maximise the yield potential of new and existing lease contracts; or

(b) applied exclusively to finance or refinance, in whole or in part, the Eligible Project Portfolio (as defined in the section entitled "Green Bond Framework" below) within the applicable asset portfolio of the Issuer, the Guarantor or any of their affiliates. The Issuer or the Guarantor will strive, as long as such Green Bonds are outstanding, to achieve a level of allocation for the Eligible Project Portfolio which matches the amount of such net proceeds (see the section entitled "Green Bond Framework"). These Eligible Projects are for illustrative purposes only and no assurance can be provided that the proceeds of the Green Bonds will be allocated to fund projects with these specific characteristics during the term of the applicable Green Bonds.

    Pending the allocation of the net proceeds of issued Green Bonds to the portfolio of Eligible Projects, or in case insufficient Eligible Projects are available, the Guarantor Group will manage the unallocated proceeds in line with its regular treasury criteria.

    Only Notes exclusively financing or refinancing the Eligible Project Portfolio will be designated "Green Bonds" and will be identified as such in the relevant Final Terms.

    See the section entitled "Green Bond Framework" for further details.

PART XIII - GREEN BOND FRAMEWORK

1 Introduction

The Guarantor has developed its Ghelamco Group Green Finance Framework ("**the Framework**") with the aim of attracting funding that will be allocated to sustainable and energy efficient real estate projects in its investment and development portfolio. Under this Framework, the Guarantor Group can issue a variety of green finance instruments, including green bonds, green private placements, and (syndicated) green loan facilities.

The Framework provides a clear and transparent set of criteria for green finance instruments issued by the Guarantor Group and is consistent with the guidelines of the ICMA Green Bond Principles 2018 (the "**ICMA Green Bond Principles**") and the LMA/ALPMA Green Loan Principles 2018 (the "**LMA Green Loan Principles**"). These voluntary process guidelines are developed in multi-stakeholder processes involving issuers, investors, financial institutions and NGOs, with a view to promoting the development and integrity of the sustainable finance market.

Under this Framework, the Guarantor Group can issue green finance instruments at the Guarantor level, at the level of the Issuer, or through any of its other subsidiaries. The Framework is intended to accommodate secured and unsecured transactions in various formats and currencies. Further details will be provided in the applicable announcements and transaction documents.

The Guarantor may further update or expand this Framework to align with emerging market standards and best practices, such as the introduction of the EU Taxonomy of sustainable economic activities and the EU Green Bond Standard ("EU GBS") or other relevant standards and guidelines. The Framework is available at https://www.ghelamco.com/site/w/investor-relations-group.html.

2 The Framework

The Framework follows the core components of the voluntary process guidelines of the ICMA Green Bond Principles and LMA Green Loan Principles and includes the following sections:

(i) Use of proceeds

(ii) Process for project evaluation and selection

(iii) Management of proceeds

(iv) Reporting

(v) External review

2.1 Use of Proceeds

If so specified in the applicable Final Terms, the Issuer will apply the net proceeds of Green Bonds issued under the Framework to finance or refinance, in whole or in part, sustainable and energy efficient real estate projects ("**Eligible Projects**" or the "**Eligible Project Portfolio**"). Eligible Projects will mainly be located in Belgium, France and Poland, potentially complemented by Cyprus, Luxembourg, the United Kingdom and the Netherlands as a result of future investments.

Pending the allocation of the net proceeds of issued Green Bonds to the portfolio of Eligible Projects, or in case insufficient Eligible Projects are available, the Guarantor Group will manage the unallocated proceeds in line with its regular treasury criteria.

Eligible Projects are required to meet the eligibility criteria included in the table below. The Eligible Projects are also mapped to the UN Sustainable Development Goals (SDGs) and the EU taxonomy of sustainable economic activities.

Figure 16: Ghelamco SDG contribution

Category & SDG mapping	Eligibility Criteria	EU Taxonomy objective and economic activities
Green Buildings	Newly constructed, existing and refurbished buildings which have received, or are designed to receive, any of the following environmental classifications: ▪ BREEAM ≥ "Excellent" ▪ Nearly Zero Energy Building (NZEB, as defined by local building legislation) ▪ LEED ≥ "Gold" ▪ DGNB ≥ "Gold" ▪ HQE ≥ "Excellent" ▪ EPBD / EPC label: A (or any other indication that the building belongs to the top 15% of the local building stock in terms of energy and greenhouse gas emissions performance)	**EU Environmental objective:** ▪ Climate change mitigation **Economic activities:** ▪ Construction of new buildings ▪ Renovation of existing buildings ▪ Acquisition and ownership of buildings

2.2 Process for Project Evaluation and Selection

The use of proceeds defined in the Framework regard sustainable and energy efficient projects which add value to local communities. Hence, all potential Eligible Projects first and foremost comply with environmental and social laws and regulations as well as with the policies and standards of the Guarantor Group which aim to manage and mitigate ethical and governance risks.

On at least an annual basis, the Ghelamco Treasury department will produce an overview of potential Eligible Projects at the level of the Guarantor Group. The list of potential Eligible Projects is subsequently evaluated by the dedicated Ghelamco Green Finance Committee (which comprises representatives of the Management Board and technical teams), which verifies whether the proposed projects comply with the definition of Eligible Projects as included in paragraph 2.1 of this Framework and subsequently approves the final list of Eligible Projects.

2.3 Management of Proceeds

The Ghelamco Treasury department will manage the net proceeds of issued Green Bonds on a portfolio basis. As long as Green Bonds are outstanding under the Framework, the Guarantor Group aims to allocate an amount equivalent to the net proceeds of the Green Bonds towards a portfolio of Eligible Projects. If a specific project is divested, discontinued or no longer compliant with the definition of Eligible Projects as included in paragraph 2.1 of this Framework, it will be removed from the portfolio of Eligible Projects. In such a scenario, the Guarantor Group will strive to replace the project with another Eligible Project as soon as reasonably practicable. The Guarantor Group aims to ensure that the total volume of issued Green Bonds does not exceed the value of portfolio of Eligible Projects at the level of the Guarantor Group.

The allocation of the net proceeds of issued Green Bonds to Eligible Projects will be reviewed and approved by the dedicated Ghelamco Green Finance Committee on at least an annual basis, until full allocation of the net proceeds of issued Green Bonds.

2.4 Reporting

2.4.1 Allocation of proceeds reporting

On an annual basis, until full allocation, the Guarantor Group will report to investors on the allocation of the net proceeds of issued Green Bonds to its portfolio of Eligible Projects. The report provides the following information:

(i) an overview of the Green Bonds issued under the Framework and the total amount outstanding (in EUR) of issued Green Bonds;

(ii) the allocation of the net proceeds of issued Green Bonds to a portfolio of Eligible Projects, including information on the composition of the portfolio of Eligible Projects and a breakdown by geographical area (country level);

(iii) a breakdown of the allocation of proceeds in terms of new financing and refinancing (i.e. share of allocation to projects under construction and share of allocation to existing projects); and

(iv) the amount of unallocated proceeds, if any.

2.4.2 Impact reporting

On an annual basis, the Guarantor Group will report on the environmental and social impact of the portfolio of Eligible Projects to which the net proceeds of issued Green Bonds have been allocated.

The impact reporting will include an overview of Eligible Projects and their environmental classification (BREEAM, NZEB, LEED, DGNB, HQE, EBPD / EPC), including the specific classification level where applicable (e.g. "Excellent"). The impact reporting may be complemented with selected case studies of Eligible Projects.

2.5 External review

2.5.1 Second Party Opinion

Prior to the inaugural issuance under the Framework, the Guarantor Group has commissioned Sustainalytics to provide a Second Party Opinion for its Framework. Sustainalytics has reviewed the Framework and issued a Second Party Opinion confirming the alignment of the Framework with the ICMA Green Bond Principles.

The Second Party Opinion is available on the "investor relations" section of the Guarantor Group website (https://www.ghelamco.com/site/w/investor-relations-group.html).

2.5.2 Independent verification

The Guarantor will appoint an independent verifier to provide a post-issuance review addressing the allocation of the net proceeds of issued Green Bonds on an annual basis until full allocation, or in case of significant changes in the allocation of proceeds.

PART XIV – TAXATION

The tax legislation in force in the jurisdiction of a potential investor, in the Issuer's and the Guarantor's country of incorporation (i.e., the Kingdom of Belgium) and in any other relevant jurisdiction may have an impact on the income which may be received from the Bonds.

This general description is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date (or with retroactive effect). Investors should appreciate that, as a result of changing law or practice, the tax consequences may be otherwise than as stated below. The following overview is a general description and does not purport to be a complete analysis of tax considerations relating to the Notes whether in Belgium, the Grand Duchy of Luxembourg or elsewhere.

Investors should consult their professional advisors on the possible tax consequences of subscribing for, purchasing, holding or selling the Notes under the laws of their countries of citizenship, residence, ordinary residence or domicile or any other relevant jurisdiction. This description is for general information only and does not purport to be comprehensive.

Belgium

This section provides an overview of certain Belgian tax consequences for investors receiving interest in respect of, or disposing of, the Notes and is of a general nature. It does not purport to be a complete analysis of tax considerations relating to the Notes whether in Belgium or elsewhere.

This overview is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date (or with retroactive effect). Investors should appreciate that, as a result of changing law or practice, the tax consequences may be otherwise than as stated below. Investors should consult their professional advisors on the possible tax consequences of subscribing for, purchasing, holding or selling the Notes under the laws of their countries of citizenship, residence, ordinary residence or domicile. This description is for general information only and does not purport to be comprehensive.

1 Belgian withholding tax

1.1 General

The interest to be paid on the Notes by or on behalf of the Issuer will in principle be subject to a 30 per cent. Belgian withholding tax on the gross amount of interest, subject to such relief as may be available under Belgian domestic law or applicable double tax treaties.

In this regard, "**interest**" means (i) the periodic interest income, (ii) any amount paid by or on behalf of the Issuer in excess of the Issue Price in respect of the relevant Notes (whether or not on the Maturity Date) and, (iii) in case of a disposal of the Notes between two interest payment dates, the pro rata part of accrued interest corresponding to the holding period.

1.2 Securities Settlement System of the National Bank of Belgium

The holding of the Notes in the Securities Settlement System permits most types of investors (the "**Eligible Investors**", as defined below) to collect interest on their Notes free of Belgian withholding tax, if and as long as at the moment of payment or attribution of interest the Notes are held by such Eligible Investors in an exempt securities account ("**X-account**") that has been opened with a financial institution that is a direct or indirect participant in the Securities Settlement System. Certain banks, stockbrokers (*beursvennootschappen/sociétés de bourse*), Euroclear and Clearstream are directly or indirectly participants for this purpose.

Participants in the Securities Settlement System must keep the Notes they hold for the account of Eligible Investors in an X-account, and those they hold for the account of non-Eligible Investors in non-exempt securities accounts ("**N-accounts**"). Payments of interest and principal made in respect of Notes held in X-accounts by or on behalf of the Issuer may be made free of Belgian withholding tax; payments of interest made in respect of Notes held in N-accounts are subject to the Belgian withholding tax, currently at a rate of 30 per cent., which the NBB deducts from the interest payment and pays over to the tax authorities.

Transfers of Notes between an X-account and an N-account may give rise to certain adjustment payments on account of withholding tax:

- A transfer from an N-account to an X-account gives rise to the payment by the transferor "non-Eligible Investor" to the NBB of withholding tax on the pro rata interest accrued since the last interest payment date up to the transfer date.
- A transfer from an X-account to an N-account gives rise to the refund by the NBB to the transferee non-Eligible Investor of withholding tax on the pro rata interest accrued since the last interest payment date up to the transfer date.
- Transfers of Notes between two X-accounts do not give rise to any adjustment on account of withholding tax.
- Transfers of Notes between two N-accounts give rise to the payment by the transferor non-Eligible Investor to the NBB of withholding tax on the pro rata interest accrued since the last interest payment date up to the transfer date, and to the refund by the NBB to the transferee non-Eligible Investor of withholding tax on such amount.

These adjustment mechanics are such that parties trading the Notes on the secondary market, irrespective of whether they are Eligible or non-Eligible Investors, are in a position to quote prices on a gross basis.

The main categories of Eligible Investors are as follows:

(i) Belgian resident companies subject to Belgian corporate income tax, referred to in article 2, §1, 5°, b) of the Belgian Income Tax Code of 1992 (*wetboek van inkomstenbelastingen 1992/code des impôts sur les revenus 1992*) ("**ITC**");

(v) Belgian qualifying investment funds as recognised in the framework of pension savings as referred to in Article 115 Royal Decree implementing the Income Tax Code ("**RD/ITC**");

(vi) institutions, associations and companies within the meaning of Article 2, §3 of the Law of 9 July 1975 on the supervision of insurance companies (other than those referred to in points (i) and (iv) and subject to the applications of Article 262, 1° and 5° ITC;

(vii) semi-public governmental social security institutions (*parastatalen/institutions parastatales*) or institutions similar thereto referred to in article 105, 2° RD/ITC;

(viii) companies, associations and other tax payers provided for in Article 227, 2º ITC, and which have used the income generating capital for the exercise of their professional activities in Belgium and which are subject to non-resident income tax (*belasting van niet inwoners/impôt des non-résidents*) in Belgium pursuant to Article 233 ITC;

(ix) non-resident investors provided for in Article 105, 5º RD/ITC whose holding of the Notes is not connected to a professional activity in Belgium;

(x) foreign collective investment funds (such as investment funds (*beleggingsfondsen/fonds de placement*)) which are an undivided estate managed by a management company for the account of its participants and the units of which are not publicly offered or otherwise marketed in Belgium;

(xi) the Belgian State, in respect of investments which are exempt from withholding tax in accordance with article 265 of the ITC; and,

(xii) Belgian resident companies not referred to under (i), whose activity exclusively or principally exists of granting credits and loans.

The main categories of non-Eligible Investors are as follows:

- Belgian resident individuals; and,
- Belgian non-profit organisations (other than those mentioned under (iii) and (iv) above);

The above categories summarise the detailed definitions set forth in Article 4 of the Royal Decree of 26 May 1994 on the deduction of withholding tax (*koninklijk besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing/arrêté royal du 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier*), to which investors should refer for a precise description of the relevant eligibility rules.

When opening an X-account for the holding of Notes, an Eligible Investor will be required to certify its eligible status on a standard form approved by the Belgian Minister of Finance and send it to the participant to the Securities Settlement System where this account is kept. There are no ongoing certification requirements for Eligible Investors (although these investors must update their certification should their eligible status change). Participants to the Securities Settlement System are however required to report annually to the NBB as to the eligible status of each investor for whom they hold Notes in an X-account during the preceding calendar year.

An X-account may be opened with a participant to the Securities Settlement System by an intermediary (an "**Intermediary**") in respect of Notes that the Intermediary holds for the account of its clients (the "**Beneficial Owners**"), provided that each Beneficial Owner is an Eligible Investor. In such case, the Intermediary must deliver to that participant to the Securities Settlement System a statement on a form approved by the Minister of Finance confirming that (i) the Intermediary is itself an Eligible Investor and (ii) the Beneficial Owners holding their Notes through it are also Eligible Investors. A Beneficial Owner is also required to deliver a statement of its eligible status to the intermediary.

These identification requirements do not apply to central securities depositaries, as defined by Article 2, §1, 1) of Regulation (EU) n° 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012, acting as participants to the Securities Settlement System, provided that (i) they only hold X-accounts, (ii) they are able to identify the holders for whom they hold Notes in such account and (iii) the contractual rules agreed upon by these central securities depositaries acting as participants to the Securities Settlement System include the contractual undertaking that their clients and account owners are all Eligible Investors.

Hence, these identification requirements do not apply to Notes held in Euroclear and Clearstream, or any other central securities depository as participants to the Securities Settlement System, provided that (i) they only hold X-accounts, (ii) they are able to identify the holders for whom they hold Notes in such account and (iii) the contractual rules agreed upon by these central securities depositaries include the contractual undertaking that their clients and account owners are all Eligible Investors.

2 Belgian tax on income and capital gains

2.1 Belgian resident individuals

For individuals who are Belgian residents for tax purposes, i.e. who are subject to the Belgian personal income tax (*Personenbelastingen/Impôt des personnes physiques*) and who hold the Notes as a private investment, the interest will in principle be subject to a 30 per cent. withholding tax, which fully discharges them from their personal income tax liability with respect to these interest payments (*bevrijdende roerende voorheffing/précompte mobilier libératoire*). This means that these Belgian resident individuals do not need to report interest in respect of the Notes in their personal income tax return, provided that the Belgian withholding tax of 30 per cent. has effectively been levied on the interest.

Nevertheless, Belgian resident individuals may opt to report interest in respect of the Notes in their personal income tax return.

If the interest payments are reported in the personal income tax return, they will normally be taxed at the Belgian interest withholding tax rate of 30 per cent. (or at the progressive personal tax rate taking into account the taxpayer's other declared income, whichever is lower). No local surcharges will be due. If the interest payment is reported, the Belgian withholding tax retained by or on behalf of the Issuer may be credited against the income tax liability and any excess amount will in principle be refundable, all in accordance with the applicable legal provisions.

Capital gains realised on the transfer of the Notes are in principle tax exempt, unless the capital gains are realised outside the scope of the normal management of one's private estate (in which case the capital gain will be taxed at 33 per cent. plus local municipality surcharge) or unless the capital gains qualify as interest. Capital losses realised upon the disposal of the Notes held as non-professional investment are in principle not tax deductible.

Specific tax rules apply to Belgian resident individuals who do not hold the Notes as a private investment.

2.2 Belgian resident companies

Interest attributed or paid to corporate Noteholders who are Belgian residents for tax purposes, i.e. who are subject to the Belgian Corporate Income Tax (*Vennootschapsbelasting/Impôt des sociétés*), as well as capital gains realised upon the sale of the Notes are taxable at the ordinary corporate income tax rates of 29.58 per cent. (including the 2 per cent. crisis surcharge) and 25 per cent. as of 2020 (i.e., for financial years starting on or after 1 January 2020). Subject to certain conditions, a reduced corporate income tax rate of 20.4 per cent. (including the 2 per cent. crisis surcharge) and 20 per cent. as of 2020 (i.e., for financial years starting on or after 1 January 2020) applies for small and medium sized enterprises (as defined by Article 1:24, § 1 to § 6 of the 2019 Belgian Companies and Associations Code) on the first EUR 100,000 of taxable profits. Any Belgian withholding tax retained by or on behalf of the Issuer will, subject to certain conditions, be creditable against any corporate income tax due and any excess amount will in principle be refundable, all in accordance with the applicable legal provisions..

Capital losses realised upon the sale of the Notes are in principle tax deductible.

Other tax rules apply to investment companies within the meaning of Article 185bis of the Belgian Income Tax Code.

2.3 Belgian resident legal entities

Belgian legal entities subject to the Belgian legal entities tax (*Rechtspersonenbelasting/Impôt des personnes morales*), which do not qualify as Eligible Investors, are subject to a withholding tax of 30 per cent. on interest payments. The withholding tax is neither creditable nor refundable, and therefore constitutes the final taxation.

Belgian legal entities that qualify as Eligible Investors and which consequently have received gross interest income are still liable themselves to declare and pay the 30 per cent. Belgian withholding tax (art. 262, 1° a) ITC). These legal entities are advised to consult their own tax advisors in this respect.

Belgian legal entities are not liable to income tax on capital gains realised upon the disposal of the Notes (unless the capital gains qualify as interest, as defined in the "Belgian withholding tax" – 1.1 General). Capital losses are in principle not tax deductible.

2.4 Organisms for Financing Pensions

Interest and capital gains derived on the Notes by Organisms for Financing Pensions (*Organismen voor de Financiering van Pensioenen/Organismes de Financement de Pensions*) within the meaning of the Belgian law of 27 October 2006 on the activities and supervision of institutions for occupational retirement provision (*Wet van 27 oktober 2006 betreffende het toezicht op de instellingen voor bedrijfspensioenvoorzieningen/Loi du 27 octobre 2006 relative au contrôle des institutions de retraite professionnelle*) are in principle tax exempt from Belgian Corporate Income Tax. Capital losses realised on the Notes are in principle not tax deductible.

Any Belgian withholding tax levied on the interest will, subject to certain conditions, be creditable against any corporate income tax due and any excess amount will in principle be refundable.

2.5 Non-residents

Noteholders who are non-residents of Belgium for Belgian tax purposes and who are not holding the Notes through a Belgian establishment and do not invest the Notes in the course of their Belgian professional activity will in principle not incur or become liable for any Belgian tax on interest income or capital gains by reason only of the acquisition, ownership or disposal of the Notes, provided that they qualify as Eligible Investors and hold their Notes in an X-account.

If the Notes are not entered into an X-account by the Eligible Investor, Belgian withholding tax on the interest is in principle applicable at the current rate of 30 per cent., possibly reduced pursuant to a tax treaty, on the gross amount of the interest.

3 Tax on stock exchange transactions

A stock exchange tax (*Taxe sur les opérations de bourse/Taks op de beursverrichtingen*) will be levied on the purchase and sale (and any other transaction for consideration) of the Notes on a secondary market, if such transaction is either entered into or carried out in Belgium through a professional intermediary. The rate applicable for secondary sales and purchases in Belgium through a professional intermediary amounts to 0.12 per cent. with a maximum amount of EUR 1,300 per transaction and per party. The tax is due separately by each party to any such transaction, i.e. the seller (transferor) and the purchaser (transferee), both collected by the professional intermediary.

Following the Law of December 25, 2016, the scope of application of the stock exchange tax has been extended as of January 1, 2017 to secondary market transactions of which the order is directly or indirectly made to a professional intermediary established outside of Belgium by (i) a private individual with habitual residence in Belgium or (ii) a legal entity for the account of its seat or establishment in Belgium (both referred to as a "**Belgian Investor**"). In such a scenario, the stock exchange tax is due by the Belgian Investor, unless the Belgian Investor can demonstrate that the stock exchange tax due has already been paid by the professional intermediary established outside of Belgium. In the latter case, the foreign professional intermediary also has to provide each client (which gives such intermediary an order) with a qualifying order statement (*bordereau/borderel*), at the latest on the business day after the day the transaction concerned was realised. The qualifying order statements must be numbered in series and a duplicate must be retained by the financial intermediary. The duplicate can be replaced by a qualifying day-today listing, numbered in series. Alternatively, professional intermediaries established outside of Belgium could appoint a stock exchange tax representative in Belgium, subject to certain conditions and formalities ("**Stock Exchange Tax Representative**"). Such Stock Exchange Tax Representative will then be liable toward the Belgian Treasury for the stock exchange tax due and for complying with the reporting obligations and the obligations relating to the order statement in that respect. If such a Stock Exchange Tax Representative would have paid the stock exchange tax due, the Belgian Investor will, as per the above, no longer be the debtor of the stock exchange tax.

A request for annulment has been introduced with the Constitutional Court in order to annul the application of the tax on stock exchange transactions to transactions carried out with professional intermediaries established outside of Belgium (as described above). The Constitutional Court has asked a preliminary question in that regard to the

Court of Justice of the European Union. If the Constitutional Court were to annul said application of the tax on stock exchange transactions without upholding its effects, restitution could be claimed of the tax already paid.

A tax on repurchase transactions ("*taks op de reportverrichtingen*"/"*taxe sur les reports*") at the rate of 0.085% will (subject to exemptions) be due from each party to any such transaction entered into or settled in Belgium in which a stockbroker acts for either party (with a maximum of EUR 1,300 per transaction and per party).

However, the taxes referred to above will not be payable if no professional intermediary intervenes in the transaction or, even if a professional intermediary intervenes in the transaction, by exempt persons acting for their own account, including investors who are Belgian non-residents provided they deliver an attestation to the financial intermediary in Belgium confirming their non-resident status and certain Belgian institutional investors, as defined in Article 126/1, 2° of the Code of miscellaneous duties and taxes (*Code des droits et taxes divers*/*Wetboek diverse rechten en taksen*).

As stated below, the European Commission adopted on 14 February 2013 a proposal for a Council Directive for a common financial transactions tax (the "**FTT**"). The proposal currently stipulates that once the FTT enters into force, the participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax). For Belgium, the stock exchange tax should thus be abolished once the FTT enters into force. The proposal is still subject to negotiation between the participating Member States and therefore may be changed at any time.

4 Tax on securities accounts

Pursuant to the law of 7 February 2018 introducing a tax on securities accounts, a tax of 0.15 per cent. is levied on Belgian resident and non-resident individuals on their share in the average value of the qualifying financial instruments (including but not limited to shares, notes and units of undertakings for collective investment) held on one or more securities accounts during a reference period of twelve consecutive months starting on 1 October and ending on 30 September of the subsequent year (the "**Tax on Securities Accounts**").

No Tax on Securities Accounts is due provided the holder's share in the average value of the qualifying financial instruments on those accounts amounts to less than EUR 500,000. If, however, the holder's share in the average value of the qualifying financial instruments on those accounts amounts to EUR 500,000 or more, the Tax on Securities Accounts will be due on the entire share of the holder in the average value of the qualifying financial instruments on those accounts (and, hence, not only on the part which exceeds the EUR 500,000 threshold).

Qualifying financial instruments held by non-resident individuals only fall within the scope of the Tax on Securities Accounts provided they are held on securities accounts with a financial intermediary established or located in Belgium. Note that pursuant to certain double tax treaties, Belgium has no right to tax capital. Hence, to the extent the Tax on Securities Accounts is viewed as a tax on capital within the meaning of these double tax treaties, treaty protection may, subject to certain conditions, be claimed.

A financial intermediary is defined as (i) a credit institution or a stockbroking firm as defined by Article 1, §2 and §3 of the Law of 25 April 2014 on the status and supervision of credit institutions and investment companies and (ii) the investment companies as defined by Article 3, §1 of the Law of 25 October 2016 on access to the activity of investment services and on the legal status and supervision of portfolio management and investment advice companies, which are, pursuant to national law, admitted to hold financial instruments for the account of customers.

The Tax on Securities Accounts is in principle due by the financial intermediary established or located in Belgium if (i) the holder's share in the average value of the qualifying financial instruments held on one or more securities accounts with said intermediary amounts to EUR 500,000 or more or (ii) the holder instructed the financial intermediary to levy the Tax on Securities Accounts due (e.g. in case such holder holds qualifying financial instruments on several securities accounts held with multiple intermediaries of which the average value does not amount to EUR 500,000 or more, but of which the holder's share in the total average value of these accounts amounts to at least EUR 500,000). Otherwise, the Tax on Securities Accounts would have to be declared and would be due by the holder itself unless the holder provides evidence that the Tax on Securities Accounts has already been withheld, declared and paid by an intermediary which is not established or located in Belgium. In that respect, intermediaries located or established outside of Belgium could appoint a Tax on the Securities Accounts representative in Belgium, subject to certain conditions and formalities ("**Tax on the Securities Accounts Representative**"). Such a Tax on the Securities Accounts Representative will then be liable towards the Belgian Treasury for the Tax on the Securities Accounts due and for complying with certain reporting obligations in that respect.

Belgian resident individuals have to report in their annual income tax return various securities accounts held with one or more financial intermediaries of which they are considered as a holder within the meaning of the Tax on Securities Accounts. Non-resident individuals have to report in their annual Belgian non-resident income tax return various securities accounts held with one or more financial intermediaries established or located in Belgium of which they are considered as a holder within the meaning of the Tax on Securities Accounts.

Several requests for annulment have been introduced with the Constitutional Court in order to annul the Tax on Securities Accounts. If the Constitutional Court were to annul the Tax on Securities Accounts without upholding its effects, all taxpayers should be authorised to claim restitution of the tax already paid.

Prospective investors are strongly advised to seek their own professional advice in relation to the Tax on Securities Accounts.

Luxembourg

This section provides an overview of certain Luxembourg tax considerations relating to the Notes. It specifically contains information on taxes on the income from the securities withheld at source. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in Luxembourg or elsewhere. Prospective purchasers of the Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of Luxembourg. This overview is based upon the law as in effect on the date of this Base Prospectus. The information contained within this section is limited to withholding taxation issues, and prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Bonds.

Withholding tax

All payments of interest and principal made by the Issuer in the context of the holding, disposal, redemption or repurchase of the Notes can be made free and clear of any withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein, in accordance with the applicable Luxembourg law, subject however to:

(i) The application of the amended Luxembourg law of 23 December 2005 which has introduced a 20 per cent. withholding tax (which is final when Luxembourg resident individuals are acting in the context of the management of their private wealth) on interest or similar income paid or ascribed by a paying agent established in Luxembourg to the immediate benefit of Luxembourg tax resident individuals.

(ii) In addition, pursuant to the amended law of 23 December 2005, Luxembourg resident individuals who are the immediate beneficial owners of interest or similar income paid or ascribed by a paying agent established outside Luxembourg, in a Member State of either the European Union or the European Economic Area, can opt to self-declare and pay a 20 per cent. tax on such income. This 20 per cent. tax is final when Luxembourg resident individuals are acting in the context of the management of their private wealth.

Responsibility for the withholding of tax in application of the above-mentioned Luxembourg law of 23 December 2005, as amended is assumed by the Luxembourg paying agent within the meaning of this law and not by the Issuer.

EEA

1 Common Reporting Standard

The exchange of information is governed by the broader Common Reporting Standard ("**CRS**").

On 25 April 2019, 105 jurisdictions signed the multilateral competent authority agreement ("**MCAA**"), which is a multilateral framework agreement to automatically exchange financial and personal information, with the subsequent bilateral exchanges coming into effect between those signatories that file the subsequent notifications.

More than 50 jurisdictions have committed to a specific and ambitious timetable leading to the first automatic information exchanges in 2017 ("**early adopters**"). More than 50 jurisdictions have committed to exchange information as from 2018.

Under CRS, financial institutions resident in a CRS country are required to report, according to a due diligence standard, financial information with respect to reportable accounts, which includes interest, dividends, account balance or value, income from certain insurance products, sales proceeds from financial assets and other income generated with respect to assets held in the account or payments made with respect to the account.

Reportable accounts include accounts held by individuals and entities (which includes trusts and foundations) with fiscal residence in another CRS country. The standard includes a requirement to look through passive entities to report on the relevant controlling persons.

On 9 December 2014, EU Member States adopted Directive 2014/107/EU on administrative cooperation in direct taxation ("**DAC2**"), which provides for mandatory automatic exchange of financial information as foreseen in CRS. DAC2 amends the previous Directive on administrative cooperation in direct taxation, Directive 2011/16/EU.

The Belgian government has implemented DAC2, respectively the Common Reporting Standard, per the Law of 16 December 2015 regarding the exchange of information on financial accounts by Belgian financial institutions and by the Belgian tax administration, in the context of an automatic exchange of information on an international level and for tax purposes.

As a result of the Law of 16 December 2015, the mandatory automatic exchange of information applies in Belgium (i) as of income year 2016 (first information exchange in 2017) towards the EU Member States (including Austria, irrespective of the fact that the automatic exchange of information by Austria towards other EU Member States is only foreseen as of income year 2017), (ii) as of income year 2014 (first information exchange in 2016) towards the US and (iii), with respect to any other non-EU States that have signed the MCAA, as of the respective date determined by the Royal Decree of 14 June 2017. In this Royal Decree, it was determined that the automatic provision of information has to be provided as from 2017 (for the 2016 financial year) for a first list of eighteen jurisdictions, as from 2018 (for the 2017 financial year) for a second list of 44 jurisdictions and as from 2019 (for the 2018 financial year) for one other jurisdiction.

Investors who are in any doubt as to their position should consult their professional advisers.

2 Financial Transaction Tax ("FTT")

In 2013, the European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia. In December 2015 Estonia withdrew from the group of states willing to introduce the FTT (the "**Participating Member States**").

The proposed FTT had very broad scope, possibly applying to dealings in the Notes (including secondary market transactions) in certain circumstances.

However, the FTT proposal remains subject to negotiation between the (still) Participating Member States; the scope of any such tax and its adoption are uncertain. Additional EU member states may decide to participate.

Until recently, the FTT proposal was at a standstill at the level of the European Council. Following the meeting of the Council of the EU of 14 June 2019, the FTT currently being considered by the Participating Member States would be levied on the acquisition of shares or similar instruments of listed companies which have their head office in a member state of the EU (and market capitalisation in excess of €1 billion on 1 December of the preceding year), rather than on any type of financial instrument. In order to reach a final agreement among the Participating Member States, further work in the Council and its preparatory bodies will be required in order to ensure that the competences, rights and obligations of non-participating EU member states are respected.

If the proposed directive or any similar tax was adopted and depending on the final terms and scope of the FTT, transactions on the Notes could be subject to higher costs, and the liquidity of the market for the Notes may be diminished.

Prospective holders of Notes are strongly advised to seek their own professional advice in relation to the FTT associated with the subscription, purchase, holding or disposal of the Notes.

United States

FATCA Withholding

Pursuant to certain provisions of U.S. law, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer believes that it is not a foreign financial institution for these purposes. A number of jurisdictions (including Belgium) have entered into, or have agreed in substance to, intergovernmental agreements ("**IGAs**") with the United States to implement FATCA, that modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of these rules to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register, and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

PART XV – FORM OF FINAL TERMS

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II") or (ii) a customer within the meaning of Directive (EU) 2016/97 **(as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]**

[PROHIBITION OF SALES TO CONSUMERS - Notes issued under the Programme are not intended to be offered, sold to or otherwise made available to and will not be offered, sold or otherwise made available by any Dealer to any "consumer"(*consument/consommateur*) within the meaning of the Belgian Code of Economic Law (*Wetboek economisch recht/Code de droit economique*).]

[MIFID II product governance / Retail investors, professional investors and ECPs – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients and retail clients, each as defined in [Directive 2014/65/EU (as amended, "MiFID II")][MiFID II]; EITHER [and (ii) all channels for distribution of the Notes are appropriate, including investment advice, portfolio management, non-advised sales and pure execution services] OR [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate - investment advice[,/ and] portfolio management[,/ and][non-advised sales][and pure execution services][, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]]. [Consider any negative target market]. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable].]]

Final Terms dated [●]

Ghelamco Invest NV

Legal entity identifier (LEI): 549300ZCILDQK9U0LZ22
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
Guaranteed by Ghelamco Group Comm. VA.
under the EUR 250,000,000 Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 11 December 2019 [and the supplement(s) to it dated [●] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation] (the "**Base Prospectus**") for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final

Terms and the Base Prospectus. The Base Prospectus has been published on the websites of the Issuer (https://www.ghelamco.com/site/w/investor-relations.html) and of the Luxembourg Stock Exchange (www.bourse.lu). [A copy of the Final Terms will be available on the website of the Luxembourg Stock Exchange at www.bourse.lu and on the website of the Issuer at https://www.ghelamco.com/site/w/investor-relations.html.]

1	(i)	Series Number:	[●]
	(ii)	Tranche Number:	[●]
	(iii)	Date on which the Notes become fungible:	[Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [*insert description of the Series*] on [*insert date*/the Issue Date.]
2	Currency:		EUR
3	Aggregate Nominal Amount:		[●]
	(i)	Series:	[●]
	(ii)	Tranche:	[●]
4	Issue Price:		[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
5	(i)	Specified Denominations:	[●]
	(ii)	Calculation Amount:	[●]
6	(i)	Issue Date:	[●]
	(ii)	Interest Commencement Date	[*Specify*/Issue Date/Not Applicable]
7	Maturity Date:		[*Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*]
8	Interest Basis:		[[●] per cent. Fixed Rate] [[●] month [EURIBOR] +/– [•] per cent. Floating Rate] (See paragraph [13/14] below)
9	Redemption/Payment Basis:		Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [[●]/[100]] per cent. of their nominal amount.
10	Change of Interest Basis:		[*Specify the date when any fixed to floating rate change occurs or refer to paragraphs 12 and 13 below and identify there*/Not Applicable]
11	Put/Call Options:		[Change of Control Put Option] [Issuer Call Option] [Tax Call Option] [Make Whole/Three-Month par Call] See paragraph [15/16/17/18] below)] [Not applicable]
12	(i)	Status of the Notes:	Senior
	(ii)	Status of the Guarantee:	Senior

	(iii)	Date Board approval for issuance of Notes [and Guarantee] obtained:	[●] [and [●], respectively]] (*NB Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee*)]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13	Fixed Rate Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Rate[(s)] of Interest:	[●] per cent. per annum payable in arrear on each Interest Payment Date
	(ii)	Interest Payment Date(s):	[●] in each year
	(iii)	Fixed Coupon Amount(s):	[●] per Calculation Amount
	(iv)	Broken Amount(s):	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●] [Not Applicable]
	(v)	Day Count Fraction:	[Actual/Actual (ICMA)]
	(vi)	Determination Dates:	[●] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. NB only relevant where Day Count Fraction is Actual/Actual (ICMA)*)
14	Floating Rate Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Interest Period(s):	[[●] [, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]]
	(ii)	Specified Interest Payment Dates:	[[●] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]
	(iii)	Interest Period Date:	[Not Applicable]/ [[●] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]
	(iv)	First Interest Payment Date:	[●]
	(v)	Business Day Convention:	[Modified Following Business Day Convention/Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]

(vi)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
(vii)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Agent):	[●]
(viii)	Screen Rate Determination:	
	– Reference Rate:	[[●]month [EURIBOR]]
	– Interest Determination Date(s):	[●]
	– Relevant Screen Page:	[●]
(ix)	ISDA Determination:	
	– Floating Rate Option:	[●]
	– Designated Maturity:	[●]
	– Reset Date:	[●]
	[– ISDA Definitions	2006]
(x)	Linear Interpolation:	Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
(xi)	Margin(s):	[+/-][ ] per cent. per annum
(xii)	Minimum Rate of Interest:	[●] per cent. per annum
(xiii)	Maximum Rate of Interest:	[●] per cent. per annum
(xiv)	Day Count Fraction:	[●]

PROVISIONS RELATING TO REDEMPTION

15	Call Option:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount(s) of each Note:	[●] per Calculation Amount
	(iii)	If redeemable in part:	
		(a) Minimum Redemption Amount:	[●] per Calculation Amount / [Not Applicable]
		(b) Maximum Redemption Amount:	[●] per Calculation Amount / [Not Applicable]
	(iv)	Notice period:	Minimum period: [●] days Maximum period: [●] days
16	Change of Control Put Option		[Applicable/Not Applicable]
	(i)	Optional Redemption Amount(s) of each Note:	[●] per Calculation Amount
17	Tax Call Option:		[Applicable/Not Applicable]

18	Make Whole/Three-Month Par Call Option:	[Applicable]/[Not Applicable] (*If not applicable, delete the remaining subparagraph of this paragraph.*)
	(a) Notice period:	Minimum period: [15] days Maximum period: [30] days
	(b) Margin(s):	[[+/-][●] per cent. per annum]/[Not Applicable]
	(c) Reference Stock:	[●]
	(d) Reference Dealers:	[●]
	(e) Determination Date:	[●]
	(f) Determination Time:	[●] [a.m./p.m. [●] time]
19	Final Redemption Amount of each Note	[●][Par] per Calculation Amount
20	Early Redemption Amount per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption:	[●]/[Par] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

21	Form of Notes:	Dematerialised form
22	Financial Centre(s):	[Not Applicable/*give details. Note that this paragraph relates to the date of payment, and not the end dates of interest periods for the purposes of calculating the amount of interest, to which sub-paragraph 13(v) relates*]

THIRD PARTY INFORMATION

[(*Relevant third party information*) has been extracted from (*specify source*). [Each of the Issuer and the Guarantor confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of Ghelamco Invest NV:

By: ....
Duly authorised

Signed on behalf of Ghelamco Comm. VA.:

By: ……………………………...
Duly authorised

PART B – OTHER INFORMATION

1 LISTING AND ADMISSION TO TRADING

(i) Admission to trading:	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the regulated market of the Luxembourg Stock Exchange and listed on the Official List of the Luxembourg Stock Exchange]/[*specify other relevant regulated market*] with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the regulated market of the Luxembourg Stock Exchange and listed on the Official List of the Luxembourg Stock Exchange]/[*specify relevant regulated market*] with effect from [ ].] [The Issuer has also applied for the Notes to be displayed on the Luxembourg Green Exchange.] [Not Applicable.] (*Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)*
(ii) Estimate of total expenses related to admission to trading:	[●]

2 RATINGS

Ratings:	[[The Notes to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]]: [S & P: [●]] [Moody's: [●]] [[Fitch: [●]] [[Other]: [●]] (*The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.*) [*include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider*]

3 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the statement below:)

[Save for any fees payable to the [Managers/Dealer], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealer] and [their/its] affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer [and the Guarantor] and [its/their] affiliates in the ordinary course of business. (*Amend as appropriate if there are other interests*)]

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.)]

4 REASONS FOR THE ISSUE AND ESTIMATED NET PROCEEDS

(i) Reasons for the issue:	[●]/[to [finance/refinance] Eligible Projects as more specifically described [under "Use of Proceeds" and "Green Bond Framework" in the Base Prospectus][[and] below]. [*Further details to be included if required*]
(ii) Estimated net proceeds:	[●]

5 YIELD

[Indication of yield:	[●] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.][*Include for Fixed Rate Notes only*]
[Maximum yield:]	[●][*Include for Floating Rate Notes only where a maximum rate of interest applies*] [Calculated as [*include details of method of calculation in summary form*] on the Issue Date.] [Not Applicable]
[Minimum yield:]	[●][*Include for Floating Rate Notes only where a minimum rate of interest applies*] [Calculated as [*include details of method of calculation in summary form*] on the Issue Date.] [Not Applicable]]

6 OPERATIONAL INFORMATION

(i) ISIN:	[●]
(ii) CFI	[[See/[[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/[Not Applicable]/[Not Available]
(iii) FISN	[[See/[[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/[Not Applicable]/[Not Available]
(iv) Common Code:	[●]

(v)	Any settlement system(s) other than the Securities Settlement System, Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
(vi)	Delivery:	Delivery [against/free of] payment
(vii)	Names and addresses of additional paying agent(s) (if any):	[●]
(viii)	[Relevant Benchmark[s]:	[Not Applicable]/[[*specify benchmark*] is provided by [*administrator legal name*]. As at the date hereof, [*administrator legal name*][appears]/[does not appear] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the Benchmark Regulation.]/[As far as the Issuer is aware, as at the date hereof, [*specify benchmark*] does not fall within the scope of the Benchmark Regulation.] /[the transitional provisions in Article 51 of the Benchmarks Regulation apply such that [administrator legal name] is not required to be included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority].]]
(ix)	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] / [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, the Notes may then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Note that this does not necessarily mean that the Notes will then be recognised. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

7 DISTRIBUTION

(i)	Method of distribution:	[Syndicated/Non-syndicated]
(ii)	If syndicated:	
	(A) Names of Managers:	[Not Applicable/*give names*]

(B) Stabilisation Manager(s) (if any):	[Not Applicable/*give names*]
(C) Date of [Subscription] Agreement	[●]
(iii) If non-syndicated, name of Dealer:	[Not Applicable/*give name*]
(iv) US Selling Restrictions:	Reg. S Compliance Category 2; [TEFRA C/ TEFRA D/ TEFRA not applicable]
(v) Prohibition of sales to EEA retail investors	[Applicable/Not Applicable]
(vi) Prohibition of Sales to Consumers	[Applicable/Not Applicable]
(vii) Other selling restrictions	[●]
(viii) X-Only Issuance	[Applicable/Not Applicable]

PART XVI – SUBSCRIPTION AND SALE

Summary of the Programme Agreement

Subject to the terms and on the conditions contained in a programme agreement dated on or about 11 December 2019 (the "**Programme Agreement**") and made between the Issuer, the Guarantor and Société Générale as the arranger and dealer, the Notes will be offered on a continuous basis by the Issuer to Société Générale as Dealer. However, the Issuer has reserved the right to sell Notes directly on its own behalf to any other Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Programme Agreement also provides for Notes to be issued in syndicated Tranches in which case the obligations of the Dealers shall be several and not joint.

As set out in the Programme Agreement, the Issuer may from time to time terminate the appointment of any Dealer under the Programme (however, the termination of the appointment of Société Générale as Dealer will lead to the termination of the Programme Agreement, except if another Dealer has been appointed as Arranger under the Programme Agreement prior to such termination) or, subject to the prior written approval of the Arranger, appoint additional Dealer, either in respect of one or more Tranches or in respect of the whole Programme.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arranger for their expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme. The Arranger and Dealers undertake to disclose details with respect to the commissions received at the request of the investors.

Prohibition of sales to EEA Retail Investors

Unless the Final Terms in respect of a Series of Notes specifies that the "Prohibition of Sales to EEA Retail Investors" is not applicable, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

For the purposes of the provision above, the expression "offer" in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe any Notes.

Prohibition of Sales to Consumers

Unless the Final Terms in respect of a Series of Notes specifies that the "Prohibition of Sales to Consumers" is not applicable, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and it will not offer, sell or otherwise make available the Notes to, any consumer *(consument/consommateur*) within the meaning of the Belgian Code of Economic Law *(Wetboek van economisch recht/Code de droit économique*), as amended.

United Kingdom

Each Dealer has represented and agreed that:

(a) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the UK Financial Services and Markets Act 2000 (the "**Financial Services add Markets Act**") by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the Financial Services and Markets Act does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

United States

The Notes and the Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Dealer appointed under the Programme agrees that, except as permitted by the Programme Agreement, it will not offer Notes (i) as part of their distribution at any time or (ii) otherwise until forty days after the completion of the distribution of an identifiable tranche of which such Notes are a part, as determined and certified to the Agent by such Dealer (or, in the case of an identifiable tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable tranche purchased by or through it, in which case the Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

In addition, until forty days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the United States by any Dealer (whether or not participating in the offering of such tranche of Notes) may violate the registration requirements of the Securities Act.

This Base Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States. Distribution of this Base Prospectus by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, is prohibited.

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in a supplement to this Base Prospectus. No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it shall, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms therefore in all cases at its own expense.

PART XVII – GENERAL INFORMATION

1 Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be listed on the Official List and to be admitted to trading on the regulated market of the Luxembourg Stock Exchange (which is a regulated market for the purposes of MiFID II). The Issuer may however decide to list the Notes on another market. The relevant market of the Notes will be specified in the applicable Final Terms.

2 The establishment of the Programme was authorised by a resolution of the board of directors of the Issuer passed on 9 December 2019. The provision of the Guarantee was authorised by the statutory director of the Guarantor on 9 December 2019.

3 The Notes issued under the Programme have been accepted for settlement through the facilities of the Securities Settlement System. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

The address of the Securities Settlement System is Boulevard de Berlaimont 14, 1000 Brussels, Belgium. The address of any alternative settlement system will be specified in the applicable Final Terms.

4 Where information in this Base Prospectus has been sourced from third parties this information has been accurately reproduced and as far as the Issuer and the Guarantor (the latter however only with respect to the information for which it is responsible) are aware and is able to ascertain, to its reasonable knowledge from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

5 The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Final Terms of each Tranche, based on the prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

6 For so long as Notes may be issued pursuant to this Base Prospectus, the following documents will be available on the Issuer’s website (for (a), (b) and (c) below, documents relating to the Issuer are available on the Issuer’s website (https://www.ghelamco.com/site/w/investor-relations.html) and documents relating to the Guarantor are available on the Guarantor’s website (https://www.ghelamco.com/site/w/investor-relations-group.html). The documents mentioned in (d) and (e) are available at https://www.ghelamco.com/site/w/investor-relations.html and the document mentioned in (f) is available at https://www.ghelamco.com/site/w/investor-relations-group.html.):

(a) the articles of association (*statuten/statuts*) of the Issuer and the Guarantor;

(b) the audited IFRS consolidated financial statements of the Issuer and the Guarantor for each of the two financial years ended 31 December 2018 and 31 December 2017, in each case together with the audit reports thereon;

(c) the unaudited IFRS condensed consolidated financial statements of the Issuer and the Guarantor for the period ending 30 June 2019, in each case together with the limited review reports thereon;

(d) each Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Agent as to its holding of Notes and identity); and

(e) a copy of this Base Prospectus together with any Supplement to this Base Prospectus or further Base Prospectus; and

(f) the Green Bond Framework (as defined in the section entitled “Green Bond Framework” above) and the Second Party Opinion.

This Base Prospectus and the Final Terms for Notes that are listed on the Official List and admitted to trading on the regulated market of the Luxembourg Stock Exchange will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

7 Deloitte Bedrijfsrevisoren BV o.v.v.e CVBA, having its registered office at Gateway Building, Luchthaven Nationaal 1 J, 1930 Zaventem, Belgium, represented by Rik Neckebroeck (member of the *Institut des Réviseurs d'Entreprises/Instituut der Bedrijfsrevisoren*), has audited the consolidated financial statements of the Issuer for the year ended 31 December 2017 and the consolidated financial statements of the Guarantor for the year ended 31 December 2017. KPMG Bedrijfsrevisoren CVBA, having its registered office at Luchthaven Brussel Nationaal 1 K, 1930 Zaventem, Belgium, represented by Filip De Bock (member of the *Institut des Réviseurs d'Entreprises/Instituut der Bedrijfsrevisoren*) has audited the consolidated financial statements of the Issuer for the year ended 13 December 2018 and the consolidated financial statements of the Guarantor for the year ended 31 December 2018.

8 The Arranger and Dealers and their affiliates may engage in, or may do so in the future, certain investment banking and/or commercial banking transactions with, and can provide certain services to, the Issuer, the Guarantor and their subsidiaries within the context of a general commercial relationship. Please refer to Part II (*Risk factors in relation to the Issuer – The Issuer, the Agent, the Arranger and the Dealers may engage in transactions adversely affecting the interests of the Noteholders*).

Issuer

Ghelamco Invest NV
Zwaanhofweg 10
8900 Ieper
Belgium

Guarantor

Ghelamco Group Comm. VA
Zwaanhofweg 10
8900 Ieper
Belgium

Arranger

Société Générale
Boulevard Haussmann 29
75009 Paris
France

Dealer

Société Générale
Boulevard Haussmann 29
75009 Paris
France

Agent

BNP Paribas Securities Services, Brussels branch
Rue de Loxum 25
1000 Brussels
Belgium

Listing Agent

Banque Internationale à Luxembourg S.A.
Route d'Esch 69
L-2953 Luxembourg
Grand Duchy of Luxembourg

Legal Advisors

To the Issuer and the Guarantor	*To the Dealer*
Linklaters LLP Brederodestraat 13 1000 Brussels Belgium	**Freshfields Bruckhaus Deringer LLP** Marsveldplein 5 1050 Brussels Belgium

Auditors

To the Issuer	*To the Guarantor*
KPMG Bedrijfsrevisoren CVBA Luchthaven Brussel Nationaal 1K, 1930 Zaventem Belgium	**KPMG Bedrijfsrevisoren CVBA** Luchthaven Brussel Nationaal 1K, 1930 Zaventem Belgium

ANNEX I – FINANCIAL STATEMENTS

1 Issuer

1.1 the audited IFRS consolidated financial statements of the Issuer for the financial year ended 31 December 2018, together with the audit report in connection therewith;

1.2 the audited IFRS consolidated financial statements of the Issuer for the financial year ended 31 December 2017, together with the audit report in connection therewith; and

1.3 the IFRS condensed consolidated financial statements of the Issuer for the half year ended 30 June 2019, together with the limited review report.

2 Guarantor

2.1 the audited IFRS consolidated financial statements of the Guarantor for the financial year ended 31 December 2018, together with the audit report;

2.2 the audited IFRS consolidated financial statements of the Guarantor for the financial year ended 31 December 2017, together with the audit report; and

2.3 the IFRS condensed consolidated financial statements of the Guarantor for the half year ended 30 June 2019, together with a limited review report.

Annex 1.1 The audited IFRS consolidated financial statements of the Issuer for the financial year ended 31 December 2018, together with the audit report in connection therewith

GHELAMCO INVEST NV

IFRS CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2018

Approved by the Board of Directors with the independent Auditor's opinion

CONTENTS

I

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR 2018[1]

[1] This report has been prepared in accordance with article 119 of the Belgian Companies' Code and approved by the Board on 22 March 2019.

1. BUSINESS ACTIVITIES AND PROFILE

Ghelamco Invest NV (as the Belgian legal entity with all its subsidiaries) represents the Belgian and Western European activities of Ghelamco Group Comm. VA, a leading European real estate investor mainly active in the offices, residential, leisure and retail.

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

Ghelamco group's successes are generated by the group's professional and enthusiastic staff that is driven by the vision and passion of its management.

Ghelamco is one of the largest commercial property developers and investors in Belgium and Poland and has realised a steep growth over the last number of years. The group's market position has been recognized by numerous prestigious awards, collected over several years and granted both to the company and to many of its projects.

Ghelamco's business activities are structured in four major holdings under common control of the ultimate beneficial owners (jointly referred to as "Ghelamco"):

- Investment Holding: comprises resources invested in real estate projects in Belgium, France, Poland, Russia and Ukraine and the intra-group Financing Vehicles – hereafter the "Ghelamco Group", the "Investment Group" or the "Group";
- Development Holding: represents international entities that provide construction, engineering and development services to the Investment Holding;
- Portfolio Holding: consists of all other activities and real estate investments controlled by the ultimate shareholders.
- Ghelamco European Property Fund: keeps in first instance real estate projects as income generating products in portfolio for a longer time period. This allows the Investment Holding to realise and sell delivered projects, for which the occupation rate and lease status has been optimized in the past years, at an optimal market value. This longer-term strategy also demands a specific (long-term) financing structure. The fund is not regulated but acts as a separate legal entity within the group.

2. LEGAL STATUS

Ghelamco Invest NV is the holding company of the Belgian and Western European activities of Ghelamco Group Comm. VA, which is in turn the holding company of the **Investment Holding**. Besides its holding activities, Ghelamco Invest also has direct stakes in real estate projects.

Ghelamco Invest, together with its subsidiaries (jointly referred to as the "**Company**") (Note 5), constitute the reporting entity for the purpose of these financial statements.

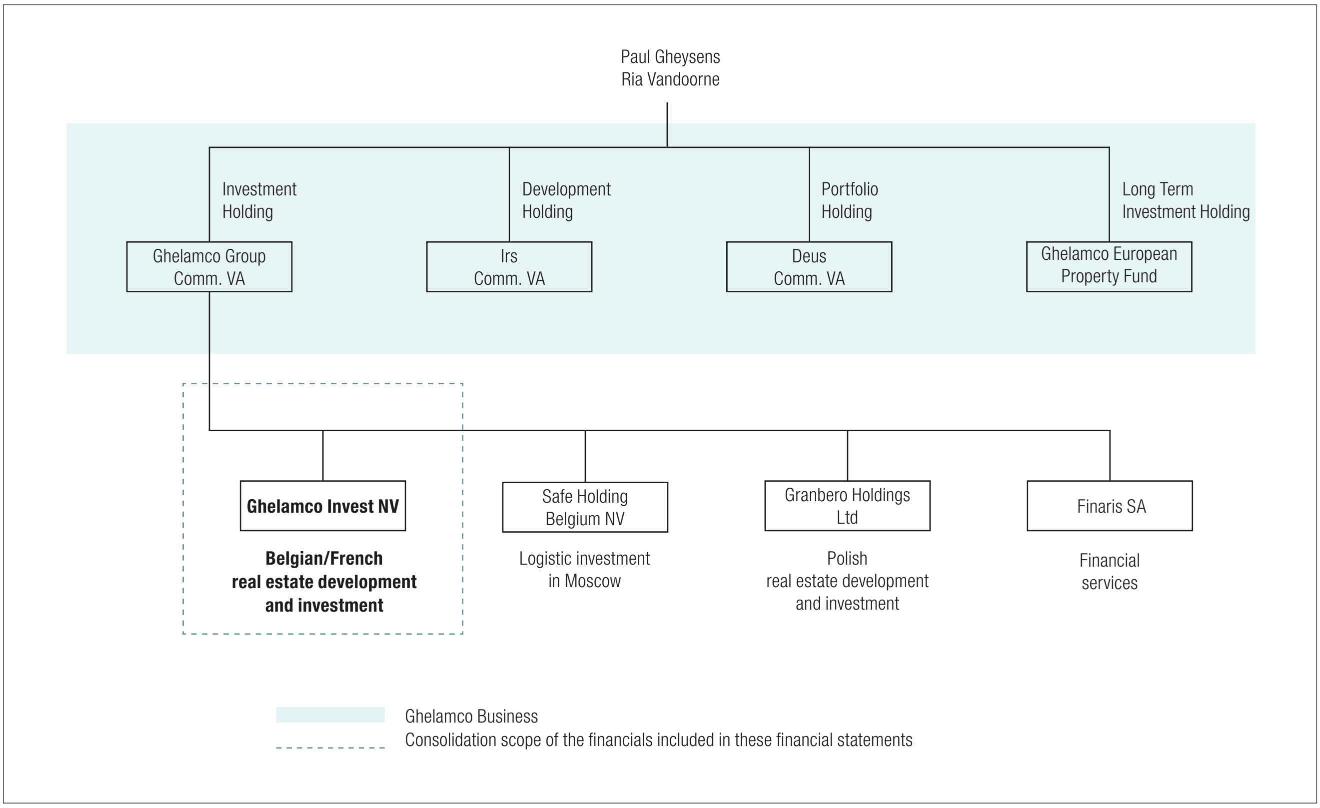
Ghelamco Invest is a limited liability company registered under Belgian law, with its registered office at Zwaanhofweg 10, 8900 Ieper, Belgium. Ghelamco Invest is registered in the Belgian commercial register under the number BE0431.572.596.

3. CONSOLIDATION SCOPE

These consolidated financial statements comprise the resources and activities of Ghelamco Invest and its legal subsidiaries (the Company).

At 31 December 2018 (the reporting date), all the assets and liabilities of the reporting entity (Ghelamco Invest and its direct and indirect legal subsidiaries) are legally linked through a corporate structure that was introduced in 2006 and was accomplished prior to 31 December 2007 (overview in Note 5).

All assets, liabilities, income and expenses that represented an integral part of the Company activities, are included in the accounts of the legal subsidiaries of Ghelamco Invest at 31 December 2018 and at 31 December 2017.



4. STAFFING LEVEL

Given its nature, there is only limited employment in the Company. At 31/12/2018, Ghelamco Invest and subsidiaries employed 8 people. The construction, engineering and other related services are mainly provided to the Company by the Development Holding's legal subsidiaries. Ghelamco as a whole employed 304 people on 31 December 2018 (vs. 294 on 31 December 2017).

5. BOARD AND MANAGEMENT COMMITTEE

In connection with the growing importance which management attaches to corporate governance and the further professional structuring of the Company, the Board of Directors of Ghelamco Invest has been extended with a non-executive member and an independent member. In addition, the Board has formally installed an audit committee, chaired by the independent board member, who complies with the independence and competence criteria in the area of accounting and audit as required by Belgian law.

Members of the board as of 31 December 2018:

- BVBA Opus Terrae, represented by mr. Paul Gheysens
- Mr. Paul Gheysens
- Mr. Simon Gheysens
- Mr. Michael Gheysens
- BVBA Pure F, represented by mr. Philip Neyt (non-executive board member)
- BVBA JINVEST, represented by mr. Jürgen Ingels (independent board member)

The Company's Management as of 31 December 2018 consists of:

- Mr. Paul Gheysens (Chief Executive Officer)
- Mr. Simon Gheysens (Chief Business Intelligence, Technology and Project Design Officer)
- Mr. Michael Gheysens (Chief Commercial and Business Development Officer)
- Mr. Philippe Pannier (Chief Financial Officer)
- Mr. Chris Heggerick (Chief Operational Officer)
- Mrs. Barbara De Saedeleer (Chief Investments and Operations Officer)

The Management actively coordinates and supervises the different teams and supports them in all commercial, legal, financial and technical aspects of their activities. The Belgian teams mainly consist of a technical, commercial, legal & financial department.

The statutory board of Ghelamco Invest's subsidiaries usually consists of 4 directors.

The Management is responsible for the Company's internal control and risk system including those regarding financial reporting. Internal control over financial reporting includes the assessment of the relevant risks, the identification and monitoring of key controls and actions taken to correct deficiencies as identified. The Audit Committee reviews the effectiveness of the internal control and risk management systems. Ghelamco Invest's control environment comprises of central finance functions such as consolidation and reporting, accounting, tax, treasury and investor relations. All finance functions report directly to the Chief Financial Officer. One of the responsibilities of the financial department is to improve the procedures used to prepare and process financial information. Regular reviews are conducted on the key control procedures in the preparation of financial information in the subsidiaries and at Group level in order to ensure proper application of instructions and guidelines with regards to financial reporting. The consolidation process is performed on a semi-annual basis and reviewed by the Management and the Audit Committee. Based on regular meetings, the Management has a process in place to identify, assess and follow-up on risks including those with regard to the financial reporting process on a regular basis. These risks are being discussed with the Audit Committee who might define further actions to the Management.

6. BUSINESS ENVIRONMENT AND RESULTS

2018 results:

The Company closed its 2018 accounts with an operating profit of 52,586 KEUR. While paying thorough and still increasing attention to (amongst others technical and environmental) innovation and sustainability, the Company continued its development, construction and commercial efforts in the past year. As a result, the Company again realized significant residential sales, disposed of some investment property and in addition managed to create significant added value on existing projects. This is reflected in a growing qualitative and green project portfolio and appears from an increased balance sheet total of 867,824 KEUR and an equity of 267,129 KEUR. The solvency ratio slightly increased to 30.8% (vs. 30.5% last year). The Company realized a profit for the year of 35,251 KEUR, an increase of 62% compared to prior year. There is currently no intention to distribute a dividend over 2018.

In Belgium, the Company has over the past years intensified its project development activities (with currently over 40 projects in portfolio). As a consequence, a significant number of Belgian projects have in the course of the last years been delivered and commercialized.

2018 development activities mainly related to:

- The construction works of phase 3 of the Tribeca project in Ghent (offering 91 apartments and some smaller retail units) have been finalized. While this last phase of this affordable, contemporary, green project is being delivered, currently over 90% of total available residential units (163 apartments, 13 houses and 5 lofts) have been sold. Also approx. 50% of the available retail space was sold.
- The construction works in the Brussels Edition and Spectrum projects have continued and are well advanced. Construction progress is for both projects respectively at 90% (and the deliveries are currently ongoing) and 55%. Per end 2018, all available residential units (except for the penthouse) in the Edition project (offering 59 luxurious apartments, underground parking spaces and retail space on the ground floor) have sold, while in the Spectrum project (mixed project offering 15,000 sqm office space, 22 apartments and approx. 170 underground parking spaces) 100% of the apartments have been sold. In addition, over 50% of leasable space in the offices-part of the Spectrum project has been pre-leased, while also well advanced lease negotiations are ongoing for significant parts of the remaining space.
- Also, the construction of the The Link office project in Berchem, Antwerp (27,000 sqm leasable space and approx. 540 underground parking spaces, divided over 2 buildings) has been finalised and the building was per end 2018 in the delivery phase. Parallel marketing efforts have in addition resulted in a lease rate of over 95%.

In addition, the Company has expanded its portfolio through a number of acquisitions:

- On 17 September 2018, the Company signed a share purchase agreement with AG Real Estate for the acquisition of the shares of the company holding the Silver Tower site in Brussels, in view of the future development of an office project offering approx 54,280 sqm gross leasable space. The shares transaction was based on a transaction value of 22.2 MEUR.
- On 19 December 2018, the Company acquired the shares of Domein Culligan bvba, holding a site in Machelen, Culliganlaan, for the future development of an office project offering approx. 30,000 sqm gross leasable space. The transaction value of the site in the share deal amounted to 9.5 MEUR.
- On 29 December 2018, the Company signed a put option contract with the Brussels Region for the acquisition of part (+/- 63,000 sqm) of the Communicatiecentrum Noord building in Schaarbeek. Depending on the realisation of the conditions

precedent as set forth in the contract and the exercising of the put option, the deal will be closed by end of April 2019, with a postponed payment until end of June 2021. The acquisition price amounts to 66.5 MEUR (acte en main).

As to divestures/revenues:

- In June 2018, the Wavre Retail Park (site in Wavre for the realisation of an SME-park (warehousing, showroom and offices) of over 27,000 sqm) has been sold to a third party investor. The sales price amounted to 8.0 MEUR, equalling the carrying value per books. The transaction was structured as a share deal. The preliminary contract was signed in 2017, while the deal was closed in 2018.
- Also in June 2018, approx. half of the available retail units (+/- 2,500 sqm) and 95 adjacent parkings in the Tribeca project in Ghent have been sold to a third party investor, for a net sales price of 6.1 MEUR.
- On 27 August 2018, the City Council of Leuven decided to purchase the Waterview Parkings project (585 parkings tower in the Vaartkom, Leuven) for an amount of 6.5 MEUR. The sales transaction was closed on 7 December 2018.
- Other, residential sales mainly related to apartments and parking spaces in (phase 3 of) the Tribeca project in Ghent and apartments and parking spaces in the Edition and Spectrum projects in Brussels.

Main post balance sheet events

On 17 January 2019, a lease contract has been signed with PWC for the lease of 23,000 sqm office space and 700 parking spaces in the building to be raised on the recently acquired Culligan plot. The project will going forward be referred to as the PWC Offices. The lease agreement will start on 1 May 2021, with a duration of 15 years. Considering fit-out works starting at inception of the lease agreement, it is expected that PWC will actually move in into the premises end of 2021.

On 27 February 2019, the ‘The Link’ project in Antwerp has been sold to Baloise for a total sales value (acte en main) of 89,250 KEUR. The transaction has been realized at a new prime yield for office investments in Flanders of 5.2% and resulted in the realization of previously recognized fair value adjustments of +/- 24 MEUR. At the moment of sale, the related bank financing of 55 MEUR has been reimbursed.

Risk factors

Due to its activities, the Company is exposed to a variety of risks: market risk (including exchange rate risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. We refer to section 2 of the Consolidated Financial Statements for a detailed description of those risk factors. The Company does not use financial instruments to hedge its exposure in connection to those risks. With respect to the status of the Eurostadium project, we refer to note 9 of the Consolidated Financial Statements.

Outlook

It is the Company’s strategy to further diversify its investment portfolio by spreading its investments over different real estate segments.

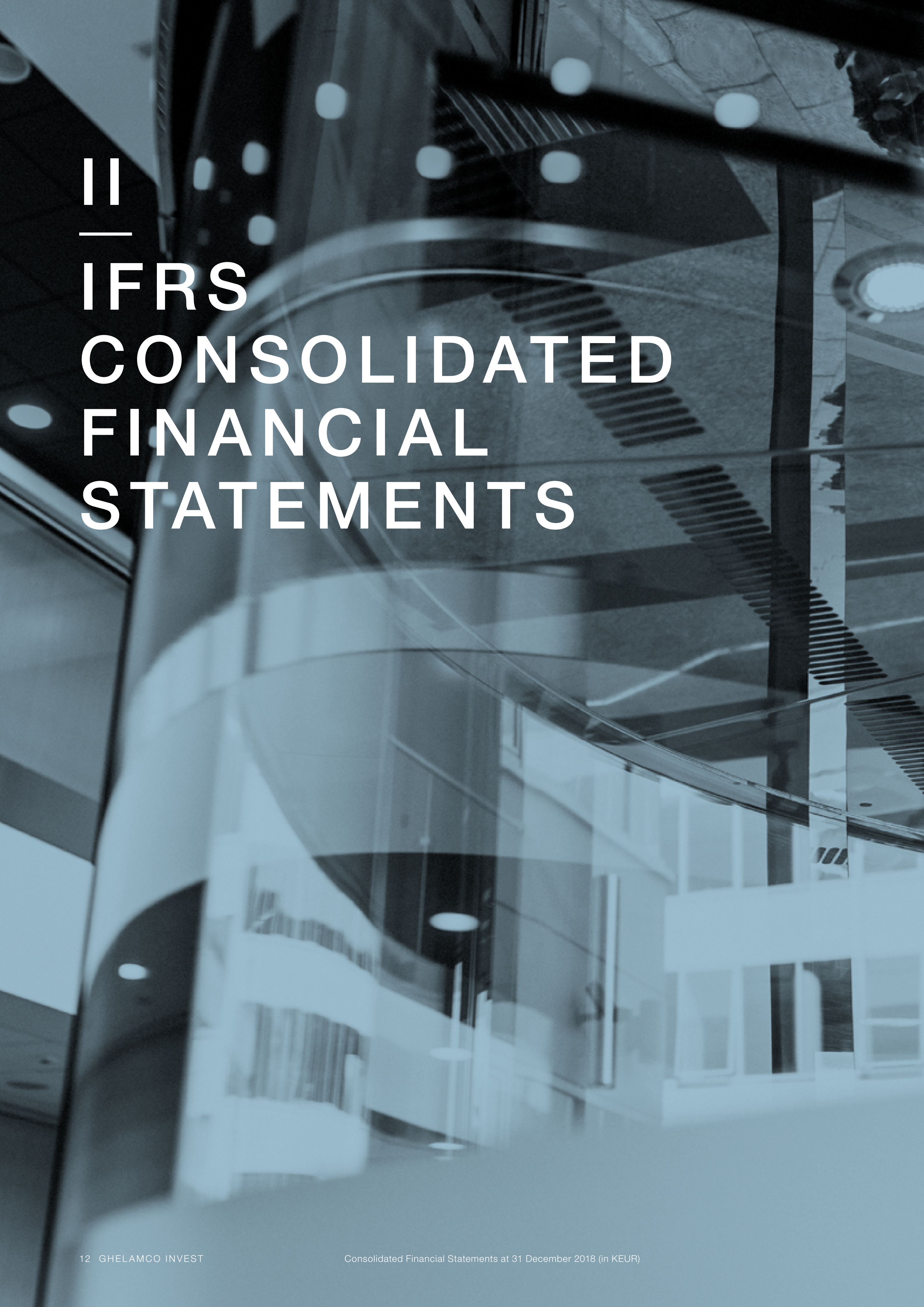
For 2019, the Company will continue this strategy. In addition, it will closely monitor specific evolutions in its active markets and real estate segments and has already secured some important positions for sizable new projects. Considering its sound financial structure and the expected further market evolutions (in terms of tenant activity and evolution in yields), the Company is confident to achieve its goals for 2019 in general.

Ghelamco will also continue to focus on R&D and innovation to monitor and improve the realisation of its development projects.

7. OPINION ON THE FAIR PRESENTATION IN ACCORDANCE WITH THE ROYAL DECREE OF 14 NOVEMBER 2007

The Board of Directors, hereby declares, to the best of their knowledge, that:

- the consolidated financial statements give a true and fair view of the Group's net worth and financial position and of its results in accordance with International Financial Reporting Standards;
- the annual report gives a true and fair view of the developments and results of the Company and its subsidiaries included in the consolidated financial statements, as well as a description of the main risks and uncertainties which the Group is facing.



II

IFRS CONSOLIDATED FINANCIAL STATEMENTS

This document presents the IFRS Consolidated Financial Statements for the year ended on 31 December 2018, assuming the going concern of the consolidated companies and which were approved by the Company's Board of Directors on 22 March 2019. The amounts in this document are expressed in thousands of EUR (KEUR), unless stated otherwise.

A. CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IN KEUR)

ASSETS	Note	31/12/2018	31/12/2017
Non-current assets			
Investment Property	6	321,890	317,851
Property, plant and equipment	7	895	1,004
Equity accounted investees	8	14,564	6,340
Receivables and prepayments	10	2,958	3,064
Deferred tax assets	16	6,963	4,537
Other financial assets	4.3	3,743	3,961
Restricted cash		0	0
Total non-current assets		**351,013**	**336,756**
Current assets			
Property Development Inventories	9	186,978	215,187
Trade and other receivables	10	209,785	173,430
Current tax assets		0	0
Derivatives		0	0
Assets classified as held for sale	6	97,698	575
Restricted cash		0	0
Cash and cash equivalents	11	22,350	26,409
Total current assets		**516,811**	**415,600**
TOTAL ASSETS		**867,824**	**752,357**

Capital and reserves attributable to the Group's equity holders	Note	31/12/2018	31/12/2017
Share capital	12	146,490	146,490
CTA		0	0
Retained earnings	13	120,289	85,322
		266,779	**231,812**
Non-controlling interests	12.2	350	300
TOTAL EQUITY		**267,129**	**232,112**
Non-current liabilities			
Interest-bearing loans and borrowings	14	384,064	341,839
Deferred tax liabilities	16	26,208	19,530
Other non-current liabilities		0	0
Long-term provisions		0	0
Total non-current liabilities		**410,272**	**361,369**
Current liabilities			
Trade and other payables	17	41,802	44,437
Current tax liabilities		3,478	284
Interest-bearing loans and borrowings	14	145,143	114,154
Short-term provisions		0	0
Total current liabilities		**190,423**	**158,876**
Total liabilities		**600,695**	**520,245**
TOTAL EQUITY AND LIABILITIES		**867,824**	**752,357**

B. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	**Note**	**2018**	**2017**
Revenue	18	47,030	66,887
Other operating income	19	13,978	7,729
Cost of Property Development Inventories	20	-27,932	-46,201
Employee benefit expense	19	-312	-333
Depreciation amortisation and impairment charges		-290	-227
Gains from revaluation of Investment Property	6	35,910	27,060
Other operating expense	19	-17,625	-16,292
Share of results of joint-ventures	8	1,827	793
Operating profit - result		**52,586**	**39,416**
Finance income	21	3,692	3,792
Finance costs	21	-15,097	-18,063
Profit before income tax		**41,181**	**25,145**
Income tax expense/income	22	-5,930	-3,409
Profit for the year		**35,251**	**21,736**
Attributable to:			
Owners of the Company		**35,227**	**21,587**
Non-controlling interests		**24**	**149**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	**2018**	**2017**
Profit for the year	**35,251**	**21,736**
Exchange differences on translating foreign operations	0	0
Other	0	0
Other comprehensive income of the period	**0**	**0**
Total Comprehensive income for the year	**35,251**	**21,736**
Attributable to:		
Owners of the Company	35,227	21,587
Non-controlling interests	24	149

14 GHELAMCO INVEST Consolidated Financial Statements at 31 December 2018 (in KEUR)

C. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to the owners of the Company			Non-controlling interests	TOTAL EQUITY
		Share capital	Cumulative translation reserve	Retained earnings		
Balance at 1 January 2017		**146,490**	**0**	**63,733**	**185**	**210,408**
Capital increase						**0**
Profit/(loss) for the year				21,587	149	**21,736**
Dividend distribution						**0**
Change in non-controlling interests						**0**
Change in the consolidation scope					-34	**-34**
Other				2		**2**
Balance at 31 December 2017		**146,490**	**0**	**85,322**	**300**	**232,112**
Capital increase	12					**0**
Profit/(loss) for the year	13			35,227	24	**35,251**
Dividend distribution						**0**
Change in non-controlling interests	12.2				26	**26**
Change in the consolidation scope	13			-252		**-252**
Other				-8		**-8**
Balance at 31 December 2018		**146,490**	**0**	**120,289**	**350**	**267,129**

Consolidated Financial Statements at 31 December 2018 (in KEUR) GHELAMCO INVEST 15

D. CONSOLIDATED CASH FLOW STATEMENT

Consolidated Cash Flow Statement for 2018 and 2017	Note	31/12/2018	31/12/2017
Operating Activities			
Profit / (Loss) before income tax		**41,181**	**25,145**
Adjustments for:			
• Share of results of associates		-1,827	-793
• Change in fair value of investment property	6	-35,910	-27,060
• Depreciation, amortization and impairment charges	7	290	227
• Result on disposal Investment Property		647	-432
• Change in provisions		-	-120
• Net interest charge	21	8,300	12,034
• Movements in working capital:			
- Change in prop. dev. inventories	9	12,484	-23,435
- Change in trade & other receivables	10	-34,807	-11,048
- Change in trade & other payables	17	16,209	5,938
• Movement in other non-current liabilities		-	-
• Other non-cash items		-234	-89
Income tax paid		1,515	-3,919
Interest paid (*)	21	-12,190	-18,234
Net cash from operating activities		**-4,342**	**-41,786**
Investing Activities			
Interest received	21	2,144	633
Purchase of property, plant & equipment		-181	-589
Purchase of investment property	6	-93,225	-48,764
Capitalized interest in investment property (paid)	6	-4,648	-4,729
Proceeds from disposal of investment property	6	20,966	10,362
Net cash outflow on acquisition of subsidiaries		1,689	-5,547
Cash outflow on other non-current financial assets		324	2,098
Net cash flow used in investing activities		**-72,931**	**-46,536**
Financing Activities			
Proceeds from borrowings	14	120,428	169,835
Repayment of borrowings	14	-47,214	-70,378
Capital increase		0	0
Dividends paid			
Net cash inflow from / (used in) financing activities		**73,214**	**99,457**
Net increase in cash and cash equivalents		**-4,059**	**11,136**
Cash and cash equivalents at 1 January		**26,409**	**15,273**
Cash and cash equivalents per end of the year		**22,350**	**26,409**

(*): Interests directly capitalized in IP not included (2018: 4,648 KEUR; 2017: 4,729 KEUR, separately presented under investing activities)

E. SEGMENT INFORMATION

Given the fact that for the time being major part of property is located in Belgium, the board of directors (i.e. “Chief Operating Decision Maker”) does not use any other segmented reporting for its decision taking and resource allocation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1.1. INTRODUCTION

We refer to the section “General Information: business activities” of the Board of Directors’ annual report on the consolidated financial statements and Note 5 “Organizational chart” of these financial statements for more information on the business activities and the structure of the Company and its position within the Ghelamco business.

As per today, the Company’s core business is the investment in commercial and residential properties. The Company’s strategy is to keep commercial property in portfolio for rental purposes while residential properties are dedicated for sale. According to IAS 2, Property Development Inventories have to be measured at the lower of cost and net realizable value. Investment Properties (Under Construction) are carried at fair value.
As such, residential properties are presented as Property Development Inventories. Most of the commercial property is presented as Investment Property. We refer to the Notes 6 and 9 for more details on their presentation.

These financial statements are IFRS consolidated financial statements that include the resources and activities of Ghelamco Invest NV and its legal subsidiaries that are part of the Company at 31 December 2018.

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

1.2. BASIS OF PREPARATION

These consolidated financial statements include those of the Company and its subsidiaries. The consolidated financial statements were approved for issue by the Board of Directors on 22 March 2019. The consolidated financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards (“IFRS”) as adopted by the European Union at 31 December 2018. The Company has adopted all new and revised standards and interpretations relevant for its activities and which became applicable for the financial year starting 1 January 2018.

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

1.3. STANDARDS AND INTERPRETATIONS THAT BECAME APPLICABLE IN 2018

Standards and Interpretations that the Company anticipatively applied in 2017 and 2018:

- None

Standards and Interpretations that became effective in 2018:

- Amendments to IAS 40 Transfers of Investment Property
- Annual improvements to IFRS Standards 2014-2016 Cycle: Amendments to IFRS 1 and IAS 28
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRS 9 Financial Instruments and subsequent amendments
- IFRS 15 Revenue from Contracts with Customers

IFRS 9 Financial Instruments published in July 2014 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new Expected Credit Loss (ECL) model for calculating impairment on financial assets, and the new general hedge accounting requirements, which align hedge accounting more closely with risk management. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

The Company applied this standard as from 1 January 2018. This adoption had no significant impact on the financial statements of 31 December 2018.

IFRS 9 requires the Company to recognize expected credit losses on its financial assets through the application of default impairment percentages on (mainly trade) receivables. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

The Company has encountered no or very limited defaults and has opted for the simplified approach. Loss allowances for trade receivables and contract leases are therefore always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. In determining the amount of credit losses the Company has considered both quantitative and qualitative information and prepared an analysis, based on the Company's historical experience and macro-economic information including forward-looking information.

Based on the analysis performed, the Company did not identify material impairment losses on the date of initial application or at year-end.

The ECL model is not applicable for non-current receivables, as most of the outstanding non-current receivables are linked to related parties, having a low credit risk.

IFRS 15 Revenue from Contracts with Customers, establishes a unique and all-encompassing model of principles that an entity must apply to account for income arising from a contract with a customer. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and their corresponding interpretations. IFRS 15 is effective for the annual reports beginning on or after 1 January 2018, with early adoption permitted, and has been endorsed by the EU, so as its clarifications (issued on 12 April 2016).

The Company has adopted this standard as from 1 January 2018, according to the retrospective method without practical exemptions. This adoption has not created any significant impact on the balance sheet or the income statement of the Company. The various flows of income for the Company mainly relate to rental incomes that are covered by IFRS 16 (in 2018 still IAS 17), and residential sales which are covered by IFRS 15.

Analysis of the new IFRS 15 criteria has indicated that land and construction related to a residential unit both together constitute a single performance obligation. In addition, in accordance with Belgian Breyne legislation (for off-plan apartment sales), it is assessed that sold assets have no alternative use and that right to payment for the Company exists. For that, revenue re. residential sales (which is in the income statement shown on the line item Revenue) is recognized over-time; i.e. through percentage of completion.

Standards and Interpretations which became effective in 2018 but which are not relevant to the Company:

- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions
- Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

1.4. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

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

- Amendments to IAS 1 and IAS 8 Definition of Material (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in the EU)
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- Amendments to IAS 28 Long term interests in Associates and Joint Ventures (applicable for annual periods beginning on or after 1 January 2019, endorsed in the EU in February 2019)
- Amendments to IFRS 3 Business Combinations (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in the EU)
- Amendments to IFRS 9 Prepayment Features with Negative Compensation (applicable for annual periods beginning on or after 1 January 2019)
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (the effective date has been deferred indefinitely, and therefore the endorsement in the EU has been postponed)
- Amendments to references to the Conceptual Framework in IFRS standards (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in the EU)
- Annual improvements to IFRS Standards 2015-2017 Cycle (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- IFRIC 23 Uncertainty over Income Tax Treatments (applicable for annual periods beginning on or after 1 January 2019)
- IFRS 14 Regulatory Deferral Accounts (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU)
- IFRS 16 Leases (applicable for annual periods beginning on or after 1 January 2019)
- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2021, but not yet endorsed in the EU)

At this stage, the Company does not expect the first adoption of these Standards and Interpretations to have any material financial impact on the financial statements at the moment of initial application. Except for what is stated below on IFRS 16.

IFRS 16 introduces significant changes in accounting for leases for the lessee, removing the distinction between operating and finance leases and recognising assets and liabilities for all leases (aside from exemptions for short-term leases or low-value assets). Unlike accounting for leases by the lessee, IFRS 16 keeps almost all provisions from IAS 17 Leases regarding accounting for leases by the lessor. This means that lessors must continue to classify leases as operating and finance leases. The Company will apply the 'modified retrospective approach'. The comparative figures will not be adapted. As the company has currently not entered into significant lease contracts (as a lessee), it is assessed that the impact of IFRS 16 will be limited.

The Company is currently assessing the possible impact, if any, of standards to be applied as from 2020.

1.5. PRINCIPLES OF CONSOLIDATION

1.5.1. CONSOLIDATION SCOPE

The entities included in the consolidation scope are those that are under control of the Company (see Notes 4 and 5). The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Control is achieved when the Company:

- has power over the investee; and
- is exposed or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company re-assesses whether or not it controls an investee if fact and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The transactions, balances and unrealized gains and losses between these legal entities are deemed to be intra-group transactions and are eliminated in full.
The transactions with other entities owned directly or indirectly by the ultimate beneficial owners of the Company are deemed transactions with related parties and are not eliminated, but are presented as balances and transactions with related parties in Note 25.

Investments in joint-ventures are included in the consolidated financial statements in accordance with the equity method. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.5.2. ACQUISITION OF SUBSIDIARIES

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

During the course of 2018 and 2017, there were no acquisitions of subsidiaries that qualified as an acquisition of a business as defined in IFRS 3 “Business Combinations”.

1.5.3. SALE OF SUBSIDIARIES

As was the case in the past, the 2018 and 2017 business of the Company consists of developing commercial and residential real estate projects. Commercial properties are held for rental. Residential properties are held for sale in the ordinary course of business.

General rule:

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

Comments 2018

In June 2018 the Wavre Retail Park was disposed and sold to a third party investor. The transaction was structured as a share deal, in line with the general approach to sell commercial projects. The share deal was based on an underlying fair value of the property and its business potential. The transaction has in the financial statements been presented as a disposal of IP.
On the other hand, also in June 2018, two leased retail units and 95 adjacent parking spaces in the Tribeca project in Ghent were sold to a third party investor, through an asset deal.
In addition, on 7 December 2018, the City Council of Leuven purchased the Waterview Parkings project (585 parkings tower in the Vaartkom, Leuven), also through an asset deal.

In 2018, no residential SPVs have been sold, in line with the general approach to sell residential projects through asset deals.

Comments 2017:

On 28 June 2017, the shares of Retail Leuven NV, holding the delivered and operational Retail Leuven project (5,435 sqm retail space at the Vaartkom in Leuven) were sold to a third party investor. The deal was structured as a share deal, in line with the general approach to sell commercial projects. The share deal was based on an underlying fair value of the property. The transaction has in the financial statements been presented as a disposal of IP.

In 2017, no residential SPVs have been sold, in line with the general approach to sell residential projects through asset deals.

1.5.4. INCREASE IN OWNERSHIP INTERESTS IN SUBSIDIARIES

The Company applies the parent company model to transactions with minority shareholders. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

1.5.5. FOREIGN CURRENCY TRANSLATION

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

Foreign currency transactions

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

Foreign entities

For the purpose of the IFRS consolidated financial statements, the results and financial position of each entity are translated in Euro, which is the functional currency of the Company and the presentation currency for the IFRS consolidated financial statements. In consolidation, the assets and liabilities of the group companies using a different functional currency than the Euro are translated in Euro using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified in equity, within the "Cumulative translation reserve". Such translation differences are recognized as income or as expenses in the period in which the entity is sold, disposed of or liquidated.

As Ghelamco Invest and its subsidiaries are all EU (and Eurozone) companies, with functional currency Euro, and almost exclusively involved in Euro-transactions, foreign currency impact is not material in the Company's financial statements.

1.6. PROPERTY, PLANT AND EQUIPMENT

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

Cost includes the fair value of the consideration given to acquire the asset and any directly attributable cost of bringing the asset to working condition for its intended use (taxes included). The depreciable amount is allocated on a systematic basis over the useful life of the asset, using the straight-line method. The depreciable amount is the acquisition cost.

The applicable useful lives are:

- Tangible fixed assets:
  - Buildings: 20 to 40 years
  - Vehicles: 5 years
  - Equipment: 5 to 10 years

1.7. FINANCE LEASES

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

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

1.8. IMPAIRMENT OF ASSETS

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

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

1.9. INVESTMENT PROPERTY

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

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

Investment Property (Under Construction) is carried at fair value. Fair value is determined by external appraisers or by management. In the former case, renowned external appraisers carry out an external inspection of the property and they are provided with the necessary supporting documentation (regarding property title over the involved property, copies of (building) permits, architectural plans, renderings, copies of (preliminary) lease contracts), based on which they prepare their resp. valuation reports.

Gains or losses as a result of changes in the fair value are included in the Income Statement of the year in which they occur. Gains and losses as a result of an Investment Property disposal are considered into the Income Statement of the year in which the disposal occurs (in other operating income or other operating expense). The Company distinguishes 4 different stages for Investment Property:

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

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

1. INVESTMENT PROPERTIES UNDER CONSTRUCTION (A), (B), (C)

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

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

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

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

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

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

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

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

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

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

2. COMPLETED INVESTMENT PROPERTIES (D)

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

Fair value of IP is determined as follows:

- Projects under (D): fair value of the completed project

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

- Projects under (D): fair value of the completed project minus gross land cost, minus cost of the construction part

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

1.10. (NON)-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

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

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

1.11. PROPERTY DEVELOPMENT INVENTORY

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

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

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

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

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write-down is necessary when the net realizable value at balance sheet date is lower than the carrying value. The Company performs regular reviews of the net realizable value of its Property Development Inventory, based on feasibility studies, recent transaction data and other available information.

The most recent review indicated that the global net realizable value of the Property Development Inventory of the Company exceeded its carrying amount measured on a historical cost basis in these IFRS consolidated financial statements (Note 9).

1.12. TRADE AND OTHER RECEIVABLES

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

Impairment

A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or undergo financial reorganization and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired.

Additionally from 1 January 2018 onwards

The Company recognises loss allowances for ECLs mainly on financial assets measured at amortised cost and contract assets.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for trade receivables and contract leases are therefore always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

In determining the amount of credit losses the Company has considered both quantitative and qualitative information and prepared an analysis, based on the Company's historical experience and macro-economic information including forward-looking information.

The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash shortfalls, discounted at the original effective interest rate. The asset's carrying amount is reduced through the use of an allowance account, and the amount of the loss is recognized in the Income Statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written down are credited in the Income Statement.

1.13. FINANCIAL ASSETS

Before 1 January 2018

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

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

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

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

From 1 January 2018

The Company classifies its financial assets in the following categories: measured at amortised cost, Fair Value through Other Comprehensive Income ('FVOCI') and Fair Value Through Profit and Loss ('FVTPL'). The classification is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

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

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

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

For an overview of financial assets (and liabilities) by category in accordance with IFRS 9 (from 1 January 2018) and IAS39 (before 1 January 2018), reference is made to note 15 below.

1.14. CASH AND CASH EQUIVALENTS

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

1.15. SHARE CAPITAL

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

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

1.16. CURRENT AND DEFERRED INCOME TAXES

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

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

Deferred tax is recognized, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values. Deferred tax is recognized on all temporary differences.

The recognition of deferred tax liabilities on fair value adjustments is based on the assumption that the land and buildings held by the Company will be realized through asset deals. Sales through asset deals mainly apply to the residential projects held by the Company (which are classified as inventory; which is not subject to fair value accounting).

As it is expected that the value of commercial projects will in first instance be realized through use (and not through sale), the recognition of deferred tax liabilities on fair value adjustments is also applied here. Still, the potential capital gain (in the case a commercial project would be sold through a share deal) might be exempted from income tax in some jurisdictions if certain conditions are met. Although the Company is confident that in the case of a share deal these conditions will be complied with, deferred tax liabilities have consistently been recognized, without taking into account those potential tax exemptions. Currently or substantially enacted tax rates are used to determine deferred income tax. Under this method, the Company is also required to make a provision for deferred income tax on the difference between the fair values of the net assets acquired and their tax base as a result of a business combination.

No deferred taxes are accounted for temporary differences arising from the initial recognition of goodwill or the initial recognition of assets or liabilities in a transaction that is not a business combination and that at the time of the transaction affect neither accounting or taxable profit; temporary differences relating to investments in subsidiaries, associates and joint arrangements to the extent that they will probably not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill.

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

1.17. TRADE AND OTHER PAYABLES

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

1.18. BORROWINGS

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

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

1.19. REVENUE RECOGNITION

Revenue mainly includes sales of properties and rental income.

Sale of Property Development Inventory

Before 1 January 2018

Revenue from the sale of property development inventory is recognized when all the following conditions have been satisfied:

(a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
(b) the entity retains neither continuing managerial involvement to the degree usually

associated with ownership nor effective control over the goods sold;
(c) the amount of revenue can be measured reliably;
(d) it is probable that the economic benefits associated with the transaction will flow to the entity;
(e) the costs incurred or to be incurred relating to the transaction can be measured reliably.

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

From 1 January 2018
Revenue is recognised as control is passed to the customer, either over time or at a point in time.
Revenue is recognised in the income statement (on the line-item Revenue) based on the transaction price in the contract, which is the amount to which the Company expects to be entitled in exchange for the transfer of the property.

In accordance with Belgian Breyne legislation, it is assessed that sold properties have no alternative use and that right to payment for the Company exists. For that, revenue from off-plan apartment sales is recognized over-time; i.e. through percentage of completion.

To the extent a contract contains elements of variable or contingent consideration, the Company will estimate the amount of variable consideration to which it will be entitled under the contract. A variable consideration is only included in the transaction price and will only be recognised to the extent it is highly probable that its inclusion will not result in significant revenue reversal in the future, when the underlying uncertainty has been resolved.

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

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

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

Sale of Investment Property
Revenue from the sale of investment property is recognized when all the following conditions have been satisfied:
(a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;

(b) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
(c) the amount of revenue can be measured reliably;
(d) it is probable that the economic benefits associated with the transaction will flow to the entity;
(e) the costs incurred or to be incurred relating to the transaction can be measured reliably.

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

2. FINANCIAL RISK MANAGEMENT

2.1. FINANCIAL RISK FACTORS

Due to its activities, the Company is exposed to a variety of financial risks: market risk (including exchange rate risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. Financial risks relate to the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables and borrowings. The Company may use derivative financial instruments (external or internal) on an ad hoc basis to hedge against the exposures arising from the individual transactions significant to the Company as a whole. However, no derivative financial instruments were used at the balance sheet date.

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

2.1.1. FOREIGN EXCHANGE RISK

To the extent the Company enters in transactions in foreign currencies, other than its functional currency, being the Euro, it is subject to the following currency exchange risks: (i) the foreign currency transaction risk: which occurs when a member of the Company enters into a transaction where the settlement of the transaction occurs in a currency other than the functional currency of that member of the group; and (ii) the foreign currency translation risk: which occurs at the translation of the foreign operations of the group into Euro.

A change in exchange rates or authorities imposing exchange controls could affect the Company's business, financial condition, results and prospects.

However, since Ghelamco Invest and its subsidiaries exclusively operate in Belgium and Western Europe, such currency risk is very limited to not applicable.

The Company concludes all financing, engineering, architectural and construction contracts in Euro; leasing of the properties is in Euro and eventual later disposal of assets or shares are also expressed and negotiated in Euro.

2.1.2. INTEREST RATE RISK

The Company actively uses external and related party borrowings to finance its property projects. A property project's external financing is either in the form of a bank loan or a bond issue denominated in Euro (see Note 14).

The Company did not enter into external interest rate hedging transactions to eliminate exposure arising from the long term investment loans over the last 5 years, except for an interest cap agreement regarding the bank financing on the The Link project (which has been sold in Q1 2019). The Company's management closely monitors the short-term floating rate borrowings and medium term fixed interest rates.

The **bank financing** structure reflects major project development phases (acquisition of land, development and holding of the properties) as follows and usually structured within the involved project entity:

- Land acquisition loans (usually provided for a term of two years). The interest is payable at market floating rates (from 1 up to 6 months) increased by a margin.
- Construction loans provided until completion of construction and obtaining of the exploitation permit (usually for a term of about two years). The interest is payable at market floating rates (from 1 up to 6 months) increased by a margin. The land acquisition loan is at this stage integrated in the construction loan.
- Once the property is completed, leased and meets all ongoing covenants, the construction financing is swapped into an investment loan, usually provided for a period of five years beginning from the signing of the investment loan agreement and repayable gradually with rental income or fully upon sale of the property. The banks are usually willing to offer investment loans up to an amount that reflects 65% to 70% of the property's market value. The interest is usually a mix of floating and fixed rates. In addition, the capital is reimbursed at a level between 4% and 7% per annum (on average), usually payable on a quarterly basis together with the accrued interest.

Bonds for the Belgian and French projects are issued on the Ghelamco Invest NV level;

- 79.1 MEUR EMTN bond issue due 3 July 2020 and bearing an interest of 4.5%,
- 70.9 MEUR EMTN bond issue due 14 June 2021 and bearing an interest of 4.125%,
- 54.2 MEUR EMTN bond issue due 20 November 2024 and bearing an interest of 4.8%,
- 47.4 MEUR EMTN bond issue due 20 November 2022 and bearing an interest of 4.3%,
- 33 MEUR EMTN bond issue due 23 May 2022 and bearing an interest of 4.5%

Proceeds of the bonds can be used over the resp. project investment stages.

The Company may also actively use **related party borrowings** provided by the Investment Holding Financing Vehicles acting as financial intermediaries (mainly Peridot SL at 31 December 2018 and 31 December 2017) to finance the property projects in Belgium and France. These related party loans bear interest at market floating interest rates.
For sensitivity analysis, reference is made to disclosure 14 on interest-bearing loans and borrowings.

2.1.3. OPERATIONAL RISK (PRICE RISK IN FIRST INSTANCE)

Price risk

Raw materials, supplies, labour and other costs directly related to the construction process constitute a major part of the property development assets capitalized in the accounts of the Company's project companies.

Although construction prices may substantially vary during each accounting year, the Company succeeds in reducing its operational risk by either entering into fixed price contracts or into open book contracts with related and unrelated companies.

Most property projects are realized in cooperation with parties related to the Company (see Note 25.2).

Market research

Before starting an investment, the Company's management teams have performed their market research, comprising the following:

- status of the project's current zoning (and in the forthcoming case timing for necessary rezoning)
- attitude of the local government towards a particular project
- are comparable projects being launched (timing and location)
- type of potential buyers/tenants - reasonable delivery date of the project
- projected sale/lease prices at the date of delivery
- yield expectations at that time
- time frame to achieve 50% - 60% leasing level

Permit risk

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

Construction risk

Construction risks are monitored by the Consortium in-house engineers. They define the construction cost as from the date of the feasibility study and take full responsibility for material discrepancies. Therefore, fine-tuning of budgets, choice of materials, construction techniques and construction prices is a constant process within the Consortium. This avoids cost overruns and delivery delays for the Company.

The Company also maintains full control over the building site coordination of (sub) contractors.

Engineering risk

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

Financing risk

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

In the past five years the Company was in addition able to call upon alternative financing through the issue of bonds (in total 284.6 MEUR unsecured bonds are outstanding, see infra).

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

Investment market risk
Each developer or investment fund is influenced by the currently applicable yield expectations. Therefore, good project timing is essential. While securing the construction financing, the Company also negotiates a binding transition from construction loan into investment loan. This allows us to keep the property in portfolio and to wait for attractive offers of investors.

2.1.4. CREDIT RISK

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

For further analysis, reference is made to note 10.

2.1.5 LIQUIDITY RISK

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

The maturity analysis for financial liabilities that shows the remaining contractual maturities is presented in Note 14.
We also refer to note 11 and note 14.3 where the available financing is described.

2.2. CAPITAL RISK AND BALANCE SHEET STRUCTURE MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to support its strategic growth plans.

The management's focus is to a significant extent set on financial support of its expansion plans. In order to maintain or optimize the balance sheet structure, the Company may decide to issue bonds or similar financial instruments in the (inter-)national financial markets. Company management closely monitors solvency, liquidity, return on invested capital and profitability levels.

In the same respect, the Ghelamco European Property Fund was put in place end 2016. This enables the Investment Holding to transfer delivered projects which will be kept in portfolio for a longer period; and which for that purpose require different (long-term, 'loan to value', or even mezzanine (re-) financing).

The Company monitors capital/balance sheet structure primarily on the basis of the solvency ratio. This ratio is calculated as total equity (considering the related party financing, which is subordinated) divided by the balance sheet total.

The solvency ratios at 31 December 2018 and 2017 were as follows:

	2018	2017
Equity	267,129	232,112
Net related party loans payable		-2,767
Total assets	867,824	752,357
Solvency ratio	**30.8%**	**30.5%**

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

Impairment of inventory

The risk of impairment arises from uncertainties typical to the real estate industry.
Limited impairment losses have been recognized in 2018.
Per 31 December 2017, impairment losses and/or write-offs to net realizable value for an amount of 3.0 MEUR were recognized on a limited number of inventory items, related to the adjustment of some commercial parameters.

Income taxes

The Company operates within a thoroughly regulated environment. Deferred tax is determined based on each legal entity's tax position and is reviewed on each balance

sheet date to take account of the impact of changes in the tax laws and the probability of recovery.
Basic Company Income Tax levels (excluding tax exemptions or other incentives):

- Belgium: 29.58% (decreasing to 25% from 2020)
- France: 33.33%

Fair value estimation

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

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

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

4. LIST OF SUBSIDIARIES

Ghelamco Invest subsidiaries included in these IFRS consolidated financial statements are as follows:

Entity description	Country	31/12/2018 % voting rights	31/12/2017 % voting rights	Remarks
GHELAMCO INVEST NV	**BE**	**99**	**99**	*****
The White House Zoute NV	BE	100	100	*
Dock-Site NV	BE	99	99	*
Dianthus NV	BE	99	99	*
Nepeta NV	BE	99	99	*
Eurostadium Events NV (former De Leewe III NV)	BE	99	99	*
Eurostadium Park NV (former Immo Simava 13 NV)	BE	99	99	*
Leisure Property Invest NV	BE	99	99	*
Waterview NV	BE	99	99	*
Leuven Student Housing NV	BE	99	99	*
Parking Leuven NV (former Ring Congress Centre NV)	BE	99	99	*
Wavre Retail Park NV	BE	n/a	99	4.2
RHR-Industries NV	BE	99	99	*
Zeewind NV	BE	99	99	*
Docora NV	BE	99	99	*
Ring Multi NV (former Ring Retail NV)	BE	99	99	*
MeetDistrict Gent NV	BE	99	99	*
Ring Offices NV	BE	99	99	*
Ring Hotel NV	BE	99	99	*
Forest Parc NV	BE	99	99	*
Belalan Bischoffsheim Leasehold NV	BE	99	99	*
Bischoffsheim Freehold NV	BE	99	99	*
Belalan Louise Leasehold NV	BE	99	99	*
Louise Freehold NV	BE	99	99	*
De Nieuwe Filature NV	BE	99	99	*
Pomme de Pin Expansion SAS	FR	100	100	*
Société Immobilière de Courchevel SARL	FR	100	100	*
Pomme de Pin SAS	FR	100	100	*
Le Chalet 1850	FR	100	100	*
Brussels Urban Invest NV	BE	99	99	*
Construction Link NV	BE	99	99	*
Kubel NV	BE	99	99	*
Filature Retail NV	BE	99	99	*
Carlton Beach NV	BE	n/a	50	4.4
Carlton Retail NV	BE	50	50	**
Eneman & Co NV	BE	100	100	
Graminea NV	BE	99	99	*
Citrien NV	BE	99	n/a	*
Silver Tower NV	BE	99	n/a	4.1
Caboli NV	BE	99	n/a	*
Domein Culligan bvba	BE	100	n/a	4.1

(*) the 1% remaining voting rights are owned directly or indirectly by Mr. P. Gheysens, the ultimate beneficial owner
(**) Held in a 50/50 joint venture structure and for that included in the financial statements under the equity method

Real estate acquisitions and disposals (including plots of land) often involve the transfer of a company that holds the property and/or real estate activities.

38 GHELAMCO INVEST Consolidated Financial Statements at 31 December 2018 (in KEUR)

Most subsidiaries are such special purpose real estate entities created to structure real estate transactions (acquisition of land and real estate investment activities).

The summary of incorporations, acquisitions and disposals of subsidiaries (and other business units) realized by the Company during the year ended on 31 December 2018 is presented below. The acquisitions and disposals of real estate subsidiaries are treated in accordance with the accounting policy as described in sections 1.9 and 1.11 (and not in accordance with IFRS 3 on Business Combinations) and section 1.19.

4.1. ACQUISITIONS OF STAKES AND/OR SUBSIDIARIES

On 17 September 2018, the Company acquired the shares of the company holding the Silver Tower project in Brussels, in view of the future realisation of an office project offering approx. 54,280 sqm gross leasable space. The shares transaction was based on a transaction value of 22.2 MEUR.

Furthermore, on 19 December 2018, the Company acquired the shares of Domein Culligan bvba, holding a site in Machelen, Culliganlaan, for the future development of an office project offering approx. 30,000 sqm gross leasable space. The transaction value of the site in the share deal amounted to 9.5 MEUR.

Above acquisitions have, in accordance with what has been stated in section 1.5.2 above, been booked as the purchase of investment property and have been considered as investing cash (out-)flow items. Also in accordance with what has been stated in section 1.5.2, in these acquisition no significant other assets and/or liabilities have been acquired than the items booked in investment property.

4.2. DISPOSAL OF SUBSIDIARIES

In June 2018, the shares of the Wavre Retail Park project have been sold to a third party investor. The transaction was based on a transaction value of 8.0 MEUR, equalling the carrying value per books. The preliminary contract was signed in 2017, while the deal was closed in 2018.

4.3. INCORPORATION OF NEW (SHELF) COMPANIES

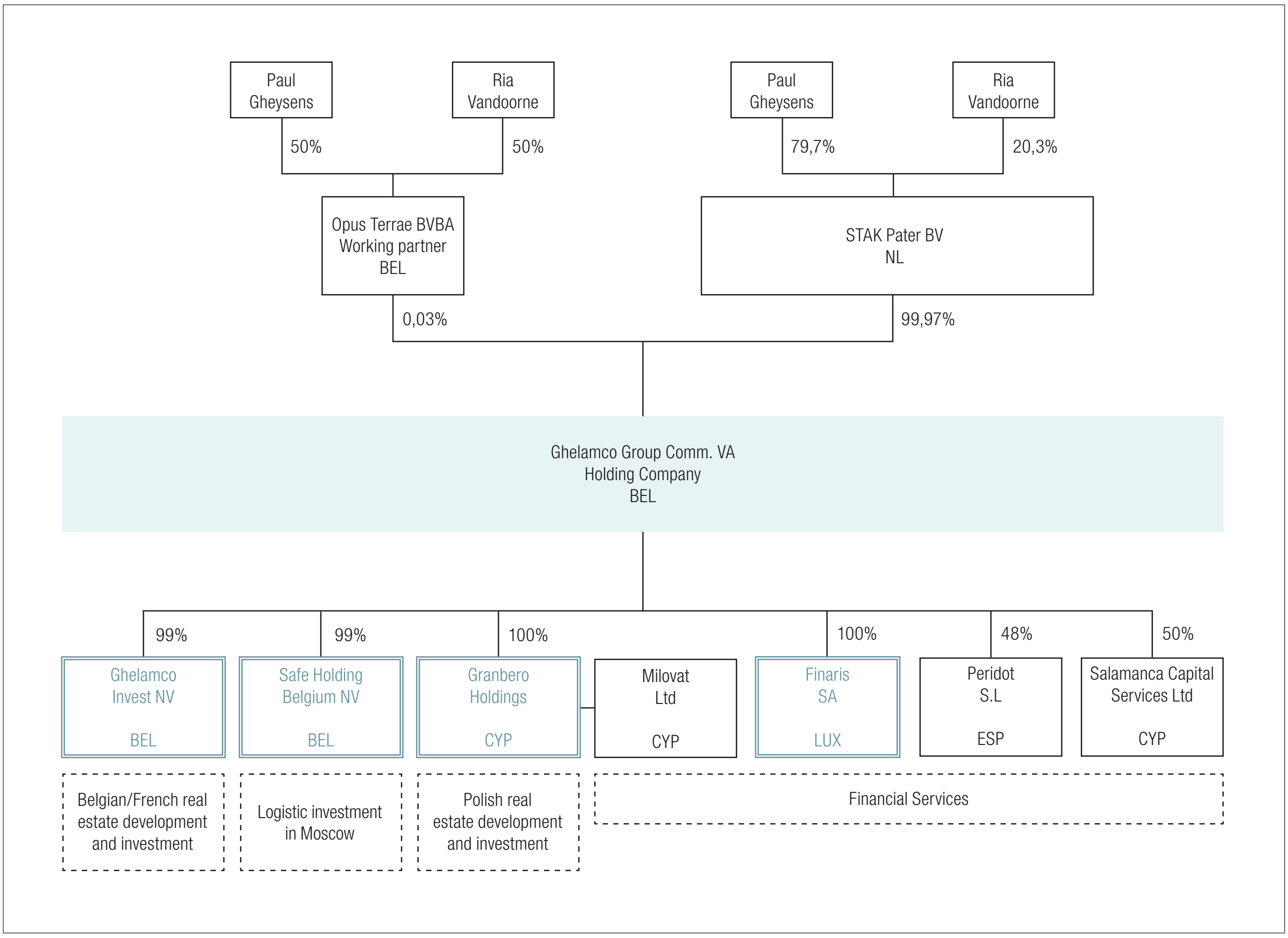
In 2018, no new SPVs have been incorporated.

4.4 MERGERS AND LIQUIDATIONS OF SUBSIDIARIES

In the course of 2018, Carlton Beach has been merged into Carlton Retail. Doing so, land parts of the high-end residential project in Knokke Zoute have been centralised in one entity, which is deemed necessary from a commercial point of view. This merger transaction had no material impact on the consolidated financial statements.

5. GROUP STRUCTURE

5.1. INVESTMENT HOLDING AS PER DECEMBER 31ST, 2018



5.2. BELGIAN AND FRENCH REAL ESTATE DEVELOPMENT AND INVESTMENT AS PER DECEMBER 31ST, 2018

GHELAMCO INVEST NV
BEL

100%	The White House Zoute NV - BEL
99%	Dock-site NV - BEL
99%	Brussels & Regional NV - BEL
99%	Dianthus NV - BEL
99%	Nepeta NV - BEL
99%	Eurostadium Events NV - BEL
99%	Eurostadium Park NV - BEL
99%	Eurostadium Offices NV - BEL
99%	Eurostadium Parking NV - BEL
99%	Eurostadium Storage NV - BEL
99%	Eurostadium Foot & Hospitality NV - BEL
99%	Pavilion NV - BEL
99%	Ghelamco Campus NV - BEL
100%	Pomme de Pin Expansion SAS - FRA

100%	Société Immobilière de Courchevel SARL - FRA
100%	Pomme de Pin SAS - FRA
100%	Le Chalet 1850 - FRA

99%	Leisure Property Invest NV - BEL
99%	Waterview NV - BEL
99%	RHR-Industries - BEL
99%	Zeewind NV- BEL
99%	Ring Offices NV - BEL
99%	Ring Hotel NV - BEL
99%	Parking Leuven - BEL
99%	Docora NV - BEL
11%	Artevelde-Stadion CVBA - BEL
99%	Ring-Multi NV - BEL
99%	Forest Parc NV - BEL
99%	Leuven Student Housing - BEL
99%	Graminea NV- BEL
99%	Citrien NV - BEL

100%	De Nieuwe Filature NV - BEL
99%	Filature Retail NV - BEL
99%	Belalan Bischoffsheim Leasehold NV - BEL
99%	Bischoffsheim Freehold NV - BEL
99%	Belalan Louise Leasehold NV - BEL
99%	Louise Freehold NV - BEL
99%	Meetdistrict Gent NV - BEL
99%	Brussels Urban Invest NV - BEL
99%	Construction Link NV - BEL
99%	Caboli NV - BEL
99%	Kubel NV - BEL
100%	Eneman & Co NV - BEL
50%	Carlton Retail NV - BEL
99%	Silver Tower NV - BEL
100%	Domein Culligan bvba - BEL

6. INVESTMENT PROPERTY

The Company's current strategy is to keep commercial property for rental purposes while residential properties are dedicated for sale.

Plots of land, for which the management determines that the plot will be used in a project generating rental income, are classified as Investment Properties on 31 December 2018 and 31 December 2017.

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

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

Consolidated Financial Statements at 31 December 2018 (in KEUR) GHELAMCO INVEST 41

Country + SPV	Commercial Name	Valuation	Cat	31/12/2018	31/12/2017
				KEUR	KEUR
BELGIUM					
Leisure Property Invest	Knocke Village	Belsq	A	59,000	44,541
WRP	Wavre Retail Park	n/a	n/a	0	8,000
Zeewind	Zeewind	Man	D	1,746	1,746
Ring Hotel	Ring Hotel	n/a	n/a	0	21,200
Ring Multi	Ghelamco Arena Multifunctional space	Cushman	D	22,675	21,720
Meetdistrict Gent	Meetdistrict business center	Cushman	D	33,950	34,750
Ghelamco Invest	Zoute House	Cushman	C	24,101	22,500
Waterview/Parking Leuven	Waterview Parkings	n/a	n/a	0	8,530
Bischoffsheim Leasehold + Freehold	Spectrum	CBRE	C	62,464	49,840
Kubel/Construction Link	The Link	n/a	n/a	0	59,453
DNF/Filature Retail	Filature/Tribeca Retail	Man	D	5,500	10,000
Docora	Rafc Tribunes	Man	D	49,696	35,571
Dianthus	Arval site	Man	B	6,000	0
Silver Tower	Silver Tower	Belsq	C	47,257	0
Domein Culligan	PWC Offices	Man	B	9,500	0
TOTAL				**321,890**	**317,851**

Legend: Belsq = Belsquare, Man = Management valuation, CBRE = CBRE valuation report, Cushman = Cushman & Wakefield valuation report

Balance at 1 January 2017	**225,224**
Acquisition of properties	3,336
Subsequent expenditure	72,564
Transfers	
• Assets classified as held for sale	0
• Other transfers	-1,119
Adjustment to fair value through P/L	27,060
Disposals	-9,214
Other	0
Balance at 31 December 2017	**317,851**
Acquisition of properties	32,137
Subsequent expenditure	47,090
Transfers	
• Assets classified as held for sale	-97,123
• Other transfers	7,638
Adjustment to fair value through P/L	35,910
Disposals	-21,613
Other	0
Balance at 31 December 2018	**321,890**

Categories	A	B	C	D	Total
Balance at 1 January 2017	**52,661**	**41,500**	**55,208**	**75,855**	**225,224**
Acquisition of properties	3,336				3,336
Acquisition through business combinations					0
Subsequent expenditure	2,862		30,348	39,354	72,564
Transfers					0
• Assets classified as held for sale					0
• Other transfers	-6,286	-41,500	41,500	5,167	-1,119
Adjustment to fair value	-32		25,937	1,155	27,060
Disposals				-9,214	-9,214
Other					0
Balance at 31 December 2017	**52,541**	**0**	**152,993**	**112,317**	**317,851**
Acquisition of properties	447	9,500	22,190		32,137
Acquisition through business combinations					0
Subsequent expenditure	2,017	0	28,487	16,585	47,090
Transfers					0
• Assets classified as held for sale			-24,000	-73,123	-97,123
• Other transfers		5,126	-73,123	75,599	7,638
Adjustment to fair value	11,995	838	27,275	-4,198	35,910
Disposals	-8000			-13,613	-21,613
Other					0
Balance at 31 December 2018	**59,000**	**15,500**	**133,822**	**113,567**	**321,890**

As stated above, in June 2018 the shares of Wavre Retail Park have been sold to a third party investor. The deal was based on a net asset value of the property of 8.0 MEUR, equaling the carrying value per books.

In addition, also per mid 2018 approx. half of the available retail units (+/- 2,500 sqm) and 95 adjacent parkings in the Tribeca/ Filature project have been sold to a third party investor, through an asset deal, for a net sales price of 6.1 MEUR.

In December 2018, the Waterview Parkings project (585 parkings tower in the Vaartkom, Leuven) has been sold to the City of Leuven for an amount of 6.5 MEUR.

The Silver Tower site and the PWC Offices site have in the current year been acquired for resp. 22.2 MEUR and 9.5 MEUR, both for the realisation of new office projects.

Current year's transfers relate to the transfer of the parkings in the Tribeca project and the Arval site from inventory to IP on the one hand (7,638 KEUR) and the transfer of Ring Hotel (preliminary agreement signed with a hotel group at a total sales value of 24,000 KEUR – closing expected in the course of 2019) and the 'The Link' project (73,123 KEUR, see also note 26. Events after balance sheet date) from IP to assets held for sale on the other hand.

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

- Rental income 2018: 9,969
- Rental income 2017: 4,194

The 2018 rental income mainly relates to lease agreements in Ring Multi (retail space in the Ghelamco Arena), Filature Retail (retail units in the Tribeca project in Ghent), Meetdistrict Gent, the The Link project in Berchem and the RAFC stand in Antwerp.

SIGNIFICANT ASSUMPTIONS AND SENSITIVITY ANALYSIS

Main part of Belgian IP(UC) relates to office and retail projects, which are valued based on the residual method (for IPUC) and income approach/yield/DCF method (for delivered projects).

For IFRS 13 purposes, IP(UC) projects are categorized in level 3.

The average yields (or capitalization rates) used in the expert valuations on 31 December 2018 are as follows:

- 4.25% to 8.65% for Belgian office (incl. business center) projects (vs. 4.97% to 8.75% last year), depending on the location, specifics and nature of the investment
- 6.00% to 6.50% for Belgian retail projects (vs. 6.25% to 6.85% last year), depending on the location, specifics and nature of the investment.

The average rent rates used in the expert valuations are as follows:

- 150 EUR/sqm/year to 230 EUR/sqm/year for office space (vs. 145 EUR/sqm/year to 230 EUR/sqm/year last year),
- 75 EUR/sqm/year to 155 EUR/sqm/year for retail space (vs. 75 EUR to 140 EUR last year), depending on the location, specifics and nature of the project.

On 31 December 2018, the Company has a number of income producing investment properties (category D) which are valued at 113,567 KEUR (Ring Multi, Zeewind, Meetdistrict Gent, Filature Retail and RAFC). An increase/decrease of 100 basis points in the yield, with all other variables held constant, decreases/increases the value by approx. 7,325 KEUR.

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

7. PROPERTY, PLANT AND EQUIPMENT

in thousands €		Property, plant and equipment
	31/12/2018	31/12/2017
Cost	1,960	1,779
Accumulated depreciation/amortisation and impairment	-1,065	-775
TOTAL	**895**	**1,004**

in thousands €	Property, plant and equipment
COST	
Balance at 1 January 2017	**1,191**
Additions	588
Additions from internal developments	
Acquisitions through business combinations	
Disposals or classified as held for sale	
Revaluation increase	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2017	**1,779**
Additions	181
Additions from internal developments	
Acquisitions through business combinations	
Disposals or classified as held for sale	
Revaluation increase	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2018	**1,960**

in thousands €	
ACCUMULATED DEPRECIATION AND IMPAIRMENT	
Balance at 1 January 2017	**602**
Depreciation/Amortisation expense	226
Disposals or classified as held for sale	-53
Impairment losses recognised in profit or loss	
Reversals of impairment losses recognised in profit or loss	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2017	**775**
Depreciation/Amortisation expense	290
Disposals or classified as held for sale	
Impairment losses recognised in profit or loss	
Reversals of impairment losses recognised in profit or loss	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2018	**1,065**

8. EQUITY ACCOUNTED INVESTEES

Equity accounted investees amount to 14,564 KEUR and relate to the (50%) participating interests in Carlton Retail NV, which is connected with the One Carlton high-end residential project in Knokke Zoute. The increase is mainly explained by the contribution in kind of Carlton land parts by RHR Industries NV, subsidiary of the Company, in Carlton Retail NV early 2018.

Main balance sheet and income statement captions for both entities are the following:

		Carlton Retail
Current assets	27,908	
of which cash and cash equivalents		1,900
Non-current assets	0	
Current liabilities	4,391	
curr. fin. liab. (excl. trade and other payables and provisions)		0
Non-current liabilities	0	
non-curr. fin. liab. (excl. trade and other pay. and provisions)		0
Revenue	16,890	
Profit before income tax	5,706	
income tax expense (-) or income (+)	-2,053	
Profit of the year	3,653	

The share of the Company in the result of equity accounted investees amounts to 1,827 KEUR.

9. PROPERTY DEVELOPMENT INVENTORY

The Property Development Inventories amount to 186,978 KEUR on 31 December 2018 (2017: 215,187 KEUR) and are detailed as follows:

	31/12/2018	31/12/2017
Property Development Inventories	186,925	215,131
Raw materials	53	56
Finished goods	0	0
	186,978	**215,187**

	Carrying value (at cost) at 31 December 2018 - KEUR	Carrying value (at cost) at 31 December 2017 - KEUR
BELGIAN/FRENCH PROJECTS		
East Dune	12,130	13,059
Locarno Knokke	8,209	7,969
Blinckaertlaan Knokke	9,767	8,541
Kanonstraat Brussel	794	794
Bleko Doornstraat / Caboli / Senzafine	4,158	2,593
Dock-site	2,649	2,648
Katelijne parkings	6,195	6,208
Project Waterside	1,057	1,121
Waterview (student houses)	-	2,617
Sylt	-	1,799
Duinenwater	33,076	32,158
Kinder Siska	9,034	8,360
RHR-One Carlton	1,720	8,429
De Nieuwe Filature/ Tribeca	8,989	11,677
Belalan Louise/ Edition	4,719	9,260
Spectrum/ Bischoffsheim	412	4,041
Pomme De Pin - Courchevel	31,400	31,400
Eurostadium Brussels	23,648	23,648
Le Chalet 1850-Courchevel	10,503	10,503
Graminea/ Bleko Meensesteenweg/ Helix Towers	9,021	8,344
Arval site	-	4,797
Eneman	1,500	1,500
Parking Tribeca	-	2,081
Others	7,997	11,640
TOTAL	**186,978**	**215,187**

Main part of current year expenditures have been done on:

- The Tribeca project in Ghent (35,000 sqm mixed residential and retail space project)
- Edition (59 luxurious apartments at the Louizalaan in Brussels)
- Spectrum (22 apartments and approx. 170 underground parking spaces in this mixed project at the Avenue Bischoffsheim in Brussels)

In 2018, there have been no significant acquisitions of plots and/or sites. No material (reversal of) write-downs have been recognised during 2018.

Main divestures/ sales:

- Waterview Leuven: All 36 remaining student homes have been sold in 2018.
- Tribeca: 2 houses, 1 apartment and 2 parking spaces in phase 1 and 2 of this mixed project at the Nieuwevaart in Ghent. Phase 1 and 2 have been delivered and sold units have per end 2018 been fully invoiced. All 72 available apartments have been sold and a limited number of houses and lofts are still being sold.
- Tribeca: invoicing under the Breyne legislation connected to (77 of 91 available apartments and parking spaces in) phase 3 of this project. Per end 2018 phase 3

has been finalized and sold units have been 100% invoiced.

- Sylt, sale of the 2 last units (and 5 garages) in this residential project in Knokke
- Edition: Installments on previous year (39 apartments and 42 parking spaces) and current year (18 apartments, 19 parking spaces and 17 storage rooms) sales. Progress and sales invoicing is at approx. 90%, deliveries are currently ongoing.
- Spectrum: Installments on previous year (17 apartments and 20 parking spaces) and current year (remaining 5 apartments, 1 parking space and 5 storage rooms) sales. Progress and sales invoicing is at 55%.
- One Carlton: In the course of 2018, RHR-Industries NV has contributed its land parts in the project in Carlton Retail NV. Doing so, the land parts have been centralised in one company, which was necessary from a commercial point of view. In the current year, further invoicing has been done under the Breyne legislation connected to 5 (of 9 available) apartments in this high-end residential project in Knokke-Zoute (which is structured as a 50/50 joint-venture).

Eurostadium Brussels:

Ghelamco Invest has in 2014 subscribed to a public call to develop a stadium on Parking C.

The 99-year leasehold right has been granted to the Company through notarial deed on 25 March 2016.

The request for an environmental permit ('Omgevingsvergunning') for constructing a multi-functional stadium has been rejected by the Flemish authorities in January 2018.

An administrative appeal launched against the abolishment of a neighbourhood road impeding progress of the project ('buurtweg') was rejected by the Flemish Government on 7 December 2017.

The Company has based on extensive analysis deemed that sufficient legal means are available to appeal against the refusal of the permit. In this respect, it has submitted an appeal with the Raad van Vergunningsbetwistingen on 15 March 2018.

Given the fact that the decision of the Raad van Vergunningsbetwistingen is not expected to rule before 2020, the Company will in cooperation with the stakeholders look for solutions to the (claimed) objections in the permit decision, within the provisions/boundaries determined by the BAFO (Best and Final Offer) which has resulted in the granting of the leasehold for the development on Parking C.

In addition, the lessor (i.e. the City of Brussels) is obliged, under the leasehold agreement to actively cooperate in the realisation of a stadium, even when the stadium will not be used to host EU2020. As to mobility, the Company strives for sustainable mobility solutions on and around the leasehold area, but of course this assumes and requires an active cooperation from both the side of the Flemish and Brussels authorities regarding mobility connections and public transport around the leasehold area.

Also, the Flemish decree modifying several provisions regarding urban planning and environment, often referred to as 'Codex-trein' dd. 8 December 2017, allows that going forward the project-MER (environmental effects report) procedure is integrated in the building and environmental permit procedure. As a consequence, remarks in connection with the (MER and permit) procedure can be remediated immediately and within the (duration of the combined) procedure. This results in more legal certainty.

On 26 March 2018 the City Council of Brussels has granted the mandate to the College of

Mayor and Aldermen to terminate the Eurostadium project. The scope and consequences of this mandate is not clear to us for the time being. On 27 March 2018, Ghelamco has received an invitation from the side of the City of Brussels and the VZW PEB for a consultation meeting on how to deal with the decision to reject the building and environmental permit. However, the City of Brussels took further legal action on 18 December 2018 with the purpose of annulling or reneging on the leasehold agreement.

The above-mentioned elements bring about some legal uncertainty on the concrete progress of the project. Despite this current uncertainty, the Board of Directors is of the opinion that the currently capitalized expenses w.r.t. the Eurostadium-file (amounting to 23.6 MEUR as of 31 December 2018 and 31 December 2017) can be recovered either in the framework of the latter proceedings, through separate legal action for damages or in execution of the leasehold agreement.

Further reference is also made to section 3.

10. NON-CURRENT RECEIVABLES & PREPAYMENTS AND CURRENT TRADE & OTHER RECEIVABLES

10.1. NON-CURRENT RECEIVABLES & PREPAYMENTS

	Note	31/12/2018	31/12/2017
Non-current			
Receivables from related parties	25.3	2,768	2,767
Trade and other receivables		190	297
Total non-current receivables and prepayments		**2,958**	**3,064**

NON-CURRENT RECEIVABLES FROM RELATED PARTIES

All non-current loans to related parties are granted for a term of 3 to 5 years.
Contractual interest rates on non-current receivables to related parties for 2018 were as follows: Euribor + margins in the range between 1% and 3%.
Further reference is made to Note 25.3.

The 2018 balance mainly consists of receivables vs. related parties which are not consolidated in these financial statements.
The same goes for 2017.

NON-CURRENT TRADE AND OTHER RECEIVABLES

No significant amounts included.

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

10.2. CURRENT TRADE & OTHER RECEIVABLES

	Note	31/12/2018	31/12/2017
Current			
Receivables from related parties	25.3	9,554	2,605
Receivables from third parties		5,463	8,006
Less: allowance doubtful debtors (bad debt provision)			
Net trade receivables		**15,017**	**10,611**
Other receivables		4,636	3,949
Related party current accounts	25.3	173,149	150,507
VAT receivable		9,013	1,358
Prepayments		0	0
Interest receivable		7,970	7,005
Total current trade and other receivables		**209,785**	**173,430**

CURRENT TRADE AND OTHER RECEIVABLES

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

Trade receivables with related parties (and to the extent applicable, prepayments) include invoices for construction, engineering and other services as described in Note 25.2.

Current account receivables from related parties consist of:

- 170,485 KEUR current account which Ghelamco Invest holds vs. Ghelamco Group Comm. VA.
- 2,602 KEUR current account which Ghelamco Invest holds vs. MeetDistrict NV.
- 62 KEUR other.

INTEREST RECEIVABLE

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

VAT RECEIVABLE

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

CREDIT RISK EXPOSURE AND IMPAIRMENT

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

Allowances are determined on a case-by-case basis. An allowance for impairment is booked when there is an identified loss event that, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. In addition and from 1 January 2018 onwards, the Company recognises loss allowances for ECLs on trade and other receivables, in connection with the requirements of IFRS 9.

The maximum exposure to credit risk on the reporting date is the carrying amount of each class of financial assets mentioned above. The Company does not hold any collateral as security over these balances, as a large part of accounts receivable balances are with related parties, controlled by the ultimate beneficial owners of the Consortium.

As of 31 December 2018 and 2017, trade and other receivables disclosed above do not include amounts which are past due at the end of the reporting period and against which the Company has not recognized an allowance for doubtful receivables, as deemed necessary.

Based on the ECL analysis, the Company did not identify material impairment losses on the date of initial application or at year-end.

11. CASH AND CASH EQUIVALENTS

	31/12/2018	31/12/2017
Cash at banks and on hand	22,350	26,409
	22,350	**26,409**

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

The Company also has access to the following additional resources of financing:

- additional capacity on the debt ratio (the Company chooses to keep a substantial margin on the Loan to Value ratio);
- potential to take up further financing on completed projects based on Loan to Value (LTV) instead of Loan to Cost (LTC);
- access to alternative financing in the form of bond issues. In this respect reference is made to the resp. private and EMTN bond issues (for a total outstanding amount of 280.3 MEUR at 31 December 2018).

12. SHARE CAPITAL

	31/12/2018	31/12/2017
Authorized 313,549 ordinary shares without par value	161,490	161,490
part not paid in	-15,000	-15,000
issued and fully paid in	**146,490**	**146,490**

In June 2015 the capital was increased by 50 MEUR (in cash) through the issue of 97,080 new shares.
In December 2015 the capital was increased another time:

- by 25 MEUR (in cash, of which 10 MEUR was paid in) through the issue of 48,540 new shares on the one hand and
- by 25 MEUR (via contribution in kind and) through the issue of another 48,540 new shares on the other hand.

The mentioned capital increases were fully subscribed by Ghelamco Group Comm. VA, parent company of Ghelamco Invest NV.

At 31 December 2018 and 2017, the Company's direct shareholders are:

- Ghelamco Group Comm. VA – 99.998% (313,544 shares)
- Paul Gheysens – 0.002% (5 shares)

12.1. DISTRIBUTION OF DIVIDENDS BY THE COMPANY

During 2018 and 2017, no dividends have been distributed by Ghelamco Invest.

12.2. NON-CONTROLLING INTERESTS

	31/12/2018	31/12/2017
Balance at beginning of year	300	185
Share of profit for the year	24	149
Devidend distribution		
Acquistions/disposals	26	-34
Balance at end of year	**350**	**300**

13. RESERVES AND RETAINED EARNINGS

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

	Cumulative translation reserve	Retained earnings
At 1 January 2017	**0**	**63,733**
Cumulative translation differences (CTA)		
Dividend distribution to the ultimate shareholders		
Change in non-controlling interests		
Change in the consolidation scope		2
Profit for the year		21,587
At 31 December 2017	**0**	**85,322**
At 1 January 2018	0	85,322
Cumulative translation differences (CTA)		
Dividend distribution to the ultimate shareholders		
Change in non-controlling interests		
Change in the consolidation scope		-260
Profit for the year		35,227
At 31 December 2018	**0**	**120,289**

14. INTEREST-BEARING LOANS AND BORROWINGS

		31/12/2018	31/12/2017
Non-current			
Bank borrowings – floating rate	14.1	103,792	95,151
Other borrowings	14.2/3	280,272	246,688
Finance lease liabilities			
		384,064	**341,839**
Current			
Bank borrowings – floating rate	14.1	145,143	98,384
Other borrowings			15,770
Finance lease liabilities			
		145,143	**114,154**
TOTAL		**529,207**	**455,993**

14.1. BANK BORROWINGS (248,935 KEUR)

During the year the Company contracted new bank borrowings and withdrew on existing credit facilities for a total amount of 86.8 MEUR, all of which are Euribor based. On the other hand, reimbursements and re-financings have been done for an amount of 31.4 MEUR; bringing the total outstanding bank borrowings to 248.9 MEUR (compared to 193.5 MEUR at 31/12/2017).

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

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

With respect to the outstanding short-term bank borrowings, it is to be mentioned that a significant part of the balance per books is currently in the advanced process of prolongation and/or refinancing (e.g. through a swap to investment loans). In addition, the bank financing connected to the The Link project in Antwerp has actually been reimbursed at the moment of sale of the project, in February 2019.

Summary of contractual maturities of external bank borrowings, including interest payments:

				31.12.2018				31.12.2017
	<1 y	between 2 and 5 y	>5y	total	<1 y	between 2 and 5 y	>5y	total
Credit institutions withdrawn credits	149,587	74,608	42,007	266,202	101,947	81,645	17,652	201,244
Financial lease	0	0	0	0	0	0	0	0
Total	**149,587**	**74,608**	**42,007**	**266,202**	**101,947**	**81,645**	**17,652**	**201,244**
Percentage	56%	28%	16%	100%	51%	41%	9%	100%

INTERESTS ON BANK BORROWINGS – INTEREST RATE RISK

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

On 31 December 2018, the Company has outstanding investment loans for a total amount of 28,222 KEUR on Meetdistrict Gent and Ring Multi; which are serviced by the actual rental income of the resp. properties. On 31 December 2017, the Company had outstanding investment loans for a total amount of 28,455 KEUR on Meetdistrict Gent and Ring Multi.

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

- Belgium: between 1.50% and 3.0%

INTEREST SENSITIVITY ANALYSIS

An increase/decrease of 100 basis points in the (average) interest rates on the floating rate bank debt at the reporting date, with all variables held constant, would have resulted in a 2,048 KEUR lower/higher profit before tax for 2018.

14.2. OTHER BORROWINGS: BONDS (280,272 KEUR)

The Company has in the second half of 2013 and the first half of 2014 issued private unsecured bonds for a total amount of 70 MEUR, secured by a first demand guarantee from Ghelamco Group Comm. VA, having as maturity date 28/02/2018 and bearing an interest rate of 6.25%. This bond program was coordinated by KBC Securities and Belfius Bank. Per 31 December 2017 only 15,770 KEUR was still outstanding on this program, after early redemption of bonds for an amount of 54,230 KEUR in November 2017. The remainder has been reimbursed on maturity date in February 2018.

The Company has on 24 June 2015 launched a new EMTN program for a maximum amount of 150 MEUR. First tap on this program has resulted in the issue of a first tranche of 79,100 KEUR and in December the remaining amount of 70,900 KEUR has been raised. The bonds, which are listed on Euronext, have as maturity date 3/07/2020 (first tranche) and 14/06/2021 (second tranche), bear an interest rate of 4.5% (first tranche) and 4.125% (second tranche) and are secured by a first demand guarantee from Ghelamco Group Comm. VA. The program has been coordinated by Belfius, BNP and KBC. Both tranches have been underwritten by institutional investors and high-net-worth individuals. Since its bond listing on Euronext, Ghelamco Invest is formally considered as a Public Interest Entity (PIE), with related transparency, governance and reporting requirements to the benefit of the investors.

On 20 November 2017, the Company has again issued bonds for a total amount of 101,600 KEUR, within a new 250 MEUR EMTN program. First tap on this program resulted in the issue of a tranche of 54,200 KEUR with a 7 years term and bearing an interest of 4.8% and of a tranche of 47,400 KEUR with a 5 years term and bearing an interest of 4.3%. The bonds are secured by a first demand guarantee from Ghelamco Group Comm. VA. The transaction has been coordinated by KBC, BNP, Société Générale and ABN Amro as managers and has been subscribed by professionals and institutional investors.

Bond proceeds have partly (i.e. for an amount of 54,230 KEUR) been used for the early redemption of the existing 70 MEUR 2013 bonds (maturing on 28/02/2018), in connection with a tender offer on the latter bonds. In February 2018, the Company redeemed the remainder of the 2013 bonds for an amount of 15,770 KEUR.

In addition, the Company has on 23 October 2018 issued bonds for a total amount of 33,000 KEUR within the existing 250 MEUR EMTN bonds program. The bonds have as maturity date 23/05/2022, bear an interest rate of 4.5% and are secured by a first demand guarantee from Ghelamco Group Comm. VA. The transaction has been coordinated by KBC, BNP Paribas Fortis and Société Générale as managers and has been subscribed by professionals and institutional investors.

Goal of these issues is to diversify financial resources and secure the mid-term funding necessary to secure the realization of the pipeline of Belgian and French projects.

Total balance of outstanding bonds per balance sheet date (280,272 KEUR) represents the amount of issue (284.6 MEUR) less capitalized issue costs (of which mainly the issuing banks' arrangement fees), which are amortized over the term of the bonds.

Summary of contractual maturities of bonds, including interest payments.

				31.12.2018				31.12.2017
	<1 y	between 2 and 5 y	>5y	total	<1 y	between 2 and 5 y	>5y	total
2013 bonds					16,756			16,756
EMTN '15 1st tranche	3,560	80,880		84,440	3,560	86,220		89,780
EMTN '15 2nd tranche	2,925	75,288		78,212	2,925	78,213		81,137
EMTN '17 1st tranche	2,038	53,515		55,553	2,038	55,553		57,591
EMTN '17 2nd tranche	2,602	10,406	56,802	69,810	2,602	10,406	59,403	72,411
EMTN '18 1st tranche	1,485	36,713		38,198				
Total	**12,609**	**256,801**	**56,802**	**326,212**	**27,880**	**230,392**	**59,403**	**317,674**
Percentage	4%	79%	17%	100%	9%	73%	19%	100%

14.3. MISCELLANEOUS INFORMATION

No defaults of payments or breaches of borrowing agreements occurred as of 31 December 2018.

• Bank borrowings are secured by amongst others the property development projects of the Company, including land and in-process construction, pledge on SPV shares, etc. For corporate guarantees (granted by Ghelamco Invest NV) on bank loans, reference is also made to note 23.1.

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

At 31 December 2018, the Company has bank loans available to be drawn for a total amount of 103,140 KEUR.

• The bonds are secured by a first demand guarantee by Ghelamco Group Comm. VA.
Also the terms and conditions of the bond issue have been complied with as of balance sheet date. In this respect, reference is made to the related bi-annual covenant testing which is published on the company's website.

The observed evolution in the above financial debt includes an immaterial amount of non-cash movements, related to capitilized transaction costs which are amortized over the duration of the debts.

15. FINANCIAL INSTRUMENTS

The effect of initially applying IFRS 9 on the Company's financial instruments is described in not 1.3 above. Due to the transition method chosen, comparative information has not been restated to the new requirements.

Financial instruments (x € 1 000)	FVTPL	FVOCI	Measured at amortised cost/ fin. liabilities at amortised cost	Fair value	31/12/2018 Fair value level
Other financial investments					
Other financial assets			3,743	3,743	2
Non-current receivables					
Receivables and prepayments			2,958	2,958	2
Restricted cash					
Current receivables					
Trade and other receivables			199,134	199,134	2
Derivatives					
Cash and cash equivalents			22,350	22,350	2
Total Financial Assets	**0**	**0**	**228,185**	**228,185**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			103,792	103,792	2
Bonds (Alternext)					
Bonds (Euronext)			280,272	280,185	1
Other borrowings					
Interest-bearing borrowings - current					
Bank borrowings			145,143	145,143	2
Bonds (Alternext)					
Other borrowings					
Current payables					
Trade and other payables			39,959	39,959	2
Total Financial Liabilities	**0**	**0**	**569,166**	**569,079**	

Consolidated Financial Statements at 31 December 2018 (in KEUR) GHELAMCO INVEST 57

The table below summarizes all financial instruments by category in accordance with IAS 39 and discloses the fair values of each instrument and the fair value hierarchy:

					31/12/2017
Financial instruments (x € 1 000)	**At fair value through P/L-held for trading**	**Available for sale**	**Loans and receivables/fin. liabilities at amortised cost**	**Fair value**	**Fair value level**
Other financial investments					
Other financial assets			3,961	3,961	2
Non-current receivables					
Receivables and prepayments			3,064	3,064	2
Restricted cash					
Current receivables					
Trade and other receivables			171,377	171,377	2
Derivatives					
Cash and cash equivalents			26,409	26,409	2
Total Financial Assets	**0**	**0**	**204,811**	**204,811**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			95,151	95,151	2
Bonds (Alternext)					
Bonds (Euronext)			246,688	250,491	1
Other borrowings					
Interest-bearing borrowings - current					
Bank borrowings			98,384	98,384	2
Bonds (Alternext)			15,770	15,770	2
Other borrowings					
Current payables					
Trade and other payables			39,270	39,270	2
Total Financial Liabilities	**0**	**0**	**495,263**	**483,296**	

The above tables provide an analysis of financial instruments grouped into Levels 1 to 3 based on the degree to which the fair value (recognized on the statement of financial position or disclosed in the notes) is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.
- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

58 GHELAMCO INVEST Consolidated Financial Statements at 31 December 2018 (in KEUR)

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

The company's interest bearing liabilities are mainly floating interest bearing debts, except for the bonds, which are fixed interest bearing.

16. DEFERRED TAXES

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

in thousands €	31/12/2018	31/12/2017
Deferred tax assets	6,963	4,537
Deferred tax liabilities	-26,208	-19,530
TOTAL	**-19,245**	**-14,993**

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

In thousands €	Temporary differences		Unused tax losses and credits	
	Investment property	Other	Tax losses	Tax credits
Balance at 1 January 2017	**-19,414**	**8**	**5,250**	
Recognised in income statement	-944	106		
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other				
Balance at 31 December 2017	**-20,358**	**115**	**5,250**	
Recognised in income statement	-9,475	-606	5,830	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other		-1		
Balance at 31 December 2018	**-29,832**	**-492**	**11,080**	

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. Current year's increase in recognised unused tax losses is based on updated tax planning, supporting the expected recovery of these losses in the foreseeable future.

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

in thousands €	31/12/2018	31/12/2017
DTA on unused tax losses	8,621	12,999
DTA on unused tax credits		
TOTAL	**8,621**	**12,999**

Tax losses in Belgium can be carried forward for an indefinite period of time.
Further reference is made to note 1.16.

17. TRADE AND OTHER PAYABLES

	31/12/2018	31/12/2017
Trade payables: third parties	15,793	30,983
Trade payables: related parties	157	603
Related parties current accounts payable	7,370	1,350
Misc. current liabilities	18,444	11,449
Deferred income	0	0
Current employee benefits	38	52
Total trade and other payables	**41,802**	**44,437**

Trade payables towards related parties include amongst others the amounts payable to the Development Holding for construction and engineering coordination services received for an amount of 157 KEUR (vs. 603 KEUR per 31/12/2017).

The evolution in third party trade payables is mainly related to construction works on projects carried out in the last months of the year.

The related parties current accounts payable mainly relate to a payable balance (7.3 MEUR) towards Carlton Retail, company which holds the land parts in the One Carlton residential project in Knokke, and which is included in these financial statements following the equity method.

Miscellaneous current liabilities mainly relate to interest payable (to third parties: 3.5 MEUR), VAT payable (1.2 MEUR), accruals (0.6 MEUR), a leasehold payable towards RAFC (6.3 MEUR), other payables towards THV One Carlton (4.0 MEUR) and others.

18. REVENUE

REVENUE IS MAINLY GENERATED FROM THE FOLLOWING SOURCES:

in thousands €	31/12/2018	31/12/2017
Sales of Residential Projects	36,470	61,924
Rental Income	9,969	4,194
Other	591	769
TOTAL REVENUE	**47,030**	**66,887**

Rental income as of 31 December 2018 (and 2017) relates to rent from commercial projects, mainly The Link, Ring Multi, Meetdistrict Gent and the RAFC stand.

The residential projects sales as of 31 December 2018 mainly relate to:

- Waterview Leuven: all 36 remaining student homes (4,271 KEUR)
- Villas and apartments at the Belgian coast (5,092 KEUR, mainly on Neptune and Sylt)
- Tribeca: 2 houses, 1 apartment and 2 parking spaces in phase 1 and 2 of this mixed project at the Nieuwevaart in Ghent (+/- 1,132 KEUR). Phase 1 and 2 have been delivered and sold units have per end 2018 fully been invoiced. All 72 available apartments have been sold and a limited number of houses and lofts are still being sold.
- Tribeca: invoicing under the Breyne legislation connected to (77 of 91 available apartments and parking spaces in) phase 3 of this project (+/- 6,165 KEUR). Per end 2018 phase 3 has been finalized and sold units have been 100% invoiced.
- Edition (16,477 KEUR): Installments on previous year (39 apartments and 42 parking spaces) and current year (18 apartments, 19 parking spaces and 17 storage rooms) sales. Progress and invoicing is at approx. 90%, deliveries are currently ongoing.
- Spectrum (2,959 KEUR): Installments on previous year (17 apartments and 20 parking spaces) and current year (remaining 5 apartments, 1 parking space and 5 storage rooms) sales. Progress and invoicing is at 55%.

OVERVIEW OF FUTURE MINIMUM RENTAL INCOME

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

in thousands €	31/12/2018	31/12/2017
Future minimum rental income:		
Less than 1 year	6,642	7,519
Between 1 and 2 years	6,209	8,291
Between 2 and 3 years	6,012	7,750
Between 3 and 4 years	5,806	7,222
Between 4 and 5 years	5,907	6,814
More than five years	37,302	47,863
TOTAL FUTURE MINIMUM RENTAL INCOME	**67,879**	**85,460**

The decrease compared to last year goes together with the sale of the 'The Link' project in Antwerp shortly after year-end. Related rental income in not included anymore in the 2018 overview.

19. OTHER ITEMS INCLUDED IN OPERATING PROFIT/LOSS

OTHER OPERATING INCOME AND EXPENSES IN 2018 AND 2017 INCLUDE THE FOLLOWING ITEMS:

Other operating income	2018	2017
Net gains on disposal of investment property	-	5,251
Other	13,978	2,478
Net gains on disposals of property, plant and equipment		
TOTAL	**13,978**	**7,729**

Current year's other operating income mainly relates to some related party recharges (9,554 KEUR study and know-how to Apec Ltd. and 2,376 KEUR fit-out to Meetdistrict NV) and the (50%) in the result of the THV One Carlton (which realises the construction part of the high-end residential project in Knokke). For the remaining, mainly re-charges of real estate tax, co-owners expenses and fit-out expense to tenants are included.

Last year's other operating income mainly included a purchase price adjustment on the 2016 sale of the Dacar site (4,935 KEUR) and a gain on disposal of Retail Leuven for an amount of 316 KEUR. Also a settlement fee in connection with the sanitation of a previously acquired plot was included (697 KEUR).

	2018	2017
Gains from revaluation of Investment Property	35,910	27,060

Fair value adjustments over 2018 amount to 35,910 KEUR, which is mainly the result of current year's further investment and leasing efforts (mainly on the Silver Tower in Brussels, Knocke Village and Ring Hotel), in combination with evolution in market conditions (yield and rent level evolution).

	2018	2017
Other operating expenses		
Operating lease/ rental/ housing expenses	2,005	1,694
Taxes and charges	2,400	1,841
Insurance expenses	337	192
Audit, legal and tax expenses	5,291	3,421
Sales expenses	1,139	1,294
Operating expenses with related parties	2,016	2,532
Inventory impairment (reversal)	-207	3,003
Promotion costs	1,236	1,419
Fit-out costs	2,375	
Miscellaneous	1,033	896
Total	**17,625**	**16,292**

Current year's other operating expenses include an amount of 2,375 KEUR related to fit-out expenses (which have through other operating income been re-charged to Meetdistrict NV, a related party being part of the Development Holding).

Last year's operating expenses included some impairment write-downs recognized on a limited number of inventory projects, mainly resulting from the evolution in some commercial parameters.

Other operating expenses with related parties mainly concern the re-invoicing of costs within the framework of Service Level Agreements with Ghelamco Group Comm. VA, IRS Comm. VA and Deus Comm. VA. Also refer to note 25.2.

	2018	2017
Employee benefit expenses		
Wages and salaries	245	270
Social security costs	67	63
Other		
Total	**312**	**333**

20. COST OF PROPERTY DEVELOPMENT INVENTORIES

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

	2018	2017
Movement in inventory	-10,205	16,482
Purchases (*)	-17,727	-62,683
	-27,932	**-46,201**

(*) Purchases (to an extent from related parties) related to Investment Property projects are not included in the above purchases, as those have directly been recorded on IP. It concerns an amount of 74,579 KEUR (vs. 71,171 KEUR in 2017).

21. FINANCE INCOME AND FINANCE COSTS

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

	2018	2017
Foreign exchange gains		
Interest income	3,692	3,792
Other finance income		
Total finance income	**3,692**	**3,792**
Interest expense	-11,997	-15,826
Other interest and finance costs	-3,100	-2,237
Foreign exchange losses		
Total finance costs	**-15,097**	**-18,063**

It is to be noted that interest expenses related to (not yet delivered) Investment Property projects are not included in the above 2018 and 2017 figures, as those have directly been capitalized on IP. It concerns an amount of 4,648 KEUR (vs. 4,729 KEUR last year), at an average capitalisation rate of 3.5%.

Interest expenses mainly relate to interests on bank loans and bonds. Last year's relatively high interest expenses were connected to the fact that in 2017, given the overall (development and construction) status of projects, proportionally more interest was expensed (vs. capitalized) in the income statement. In addition, early redemption of bonds (for an amount of 54,230 KEUR) in connection with the tender offer on the 2013 70 MEUR bonds program resulted in 2 months additional interest expense on the redeemed amount.

Other finance costs mainly relate to the partly release to the profit and loss statement of the capitalized bond issue expenses (which are amortized over the duration of the respective bonds).

The interest income mainly relates to interests on related party current accounts receivable.

22. INCOME TAXES

Income tax expense recognized in the consolidated income statement:

	31.12.2018	31.12.2017
Current income tax	1,679	2,572
Deferred tax	4,251	837
Total	**5,930**	**3,409**

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

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

in thousands €	**31.12.2018**	**31.12.2017**
Result before income taxes	41,181	25,146
Income tax expense calculated at 29.58% (and 33.99% LY)	12,181	8,547
Effect of different tax rates in other jurisdictions	-	-
Effect of non-deductible expenses	482	670
Effect of revenue that is exempt from taxation	-399	-1,945
Effect of use of previously unrecognized tax losses	-912	-497
Effect of current year losses for which no DTA is recognized	2,367	4,901
Effect of tax incentives not recognized in the income statement	-8	5
Effect of under/over-accrued in previous years	16	350
Effect of change in local tax rates	-1,582	-7,826
Effect of reversal DTL re. sale of Retail Leuven	-	-810
Effect of reversal DTA re. sale WRP	146	-
Effect of gain on equity method entities	-540	-
Effect of recognition of previously unrecognized tax losses	-5,830	-
Other	8	14
INCOME TAX EXPENSE RECOGNISED IN INCOME STATEMENT	**5,930**	**3,409**

The theoretical tax rate used for the above reconciliation is the (Belgian) statutory corporate tax rate of 29.58% payable by corporate entities in Belgium on taxable profits under tax law.

In connection with the change of Belgian tax rates (as from 1 January 2018), cumulated deferred tax balances were per end 2018 re-calculated at the rate of 25% (vs. 34% previously). This resulted in a deferred tax gain of approx. 5.5 MEUR in the 2017 income statement. In addition, the deferred tax impact on timing differences is going forward recognized at 25% (with an additional impact in 2017 of approx. 2.3 MEUR and an impact of approx. 1.6 MEUR in 2018).

Tax incentives not recognized in the income statement mainly relate to notional interest deduction.

23. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

23.1. (BANK) GUARANTEES

All external borrowings of the subsidiaries are secured by corporate guarantees and/or suretyship agreements issued by Ghelamco Invest. These guarantees cover cash deficiency risk, cost overrun, completion risk and interest & repayment shortfall risk. No calls on the guarantees were made in 2018 and 2017.

Company	Project name	Amount of bank loan-books (KEUR)		Corporate guarantees as per 31/12/2018 (KEUR)	
BELGIUM					**Guarantee by Ghelamco Invest NV**
Leisure Property Invest	Golf Knokke Zoute	EUR	17,500	5,000	Corporate Guarantee, cash deficiency, cost overrun, subordination declaration Peridot
Zeewind	Zeewind	EUR	278	278	Corporate Guarantee, cash deficiency
Bischoffsheim Freehold	Spectrum	EUR	1,545	1,545	Corporate Guarantee, cash deficiency
Belalan Bischoffsheim Leasehold	Spectrum	EUR	5,804	5,804	Corporate Guarantee, cash deficiency
MeetDistrict Gent	MeetDistrict Gent	EUR	16,775	5,000	Corporate Guarantee, cash deficiency, cost overrun
Ring Multi	part Ghelamco Arena	EUR	11,447	4,000	Corporate Guarantee, cash deficiency
Silver Tower	Silver Tower	EUR	15,400	15,400	Corporate Guarantee, cash deficiency cost overrun, shares pledge
Kubel	The Link	EUR	6,250	6,250	Corporate Guarantee, cash deficiency
Construction Link	The Link	EUR	48,750	48,750	Corporate Guarantee, cash deficiency, shares pledge
Ring Hotel	Ring Hotel	EUR	23,718	23,718	Corporate Guarantee
Dianthus	Arval Site	EUR	2,400	2,400	Corporate Guarantee, cash deficiency, shares pledge
Filature Retail	Tribeca	EUR	6,934	6,934	Corporate Guarantee, cash deficiency, shares pledge
Graminea	Helix Towers	EUR	7,500	7,500	Corporate Guarantee, shares pledge

No corporate guarantees were given by the Company to ensure repayment of the bank loans of the related parties (under the common control of the ultimate beneficial owners) at 31 December 2018 (but not subsidiary of the Company).

The Company does not apply cross liability, meaning that Ghelamco Invest does not guarantee loans of affiliates belonging to other Ghelamco Group Comm. VA holdings.

23.2. REPRESENTATIONS AND WARRANTIES PROVIDED WITH RESPECT TO THE REAL ESTATE PROJECTS SOLD

As a seller of shares of its subsidiaries, the Company acts as a guarantor with respect to the representations and warranties contained in the real estate sales contracts concluded in the past. This mainly concerns representations regarding the title on shares, property, permit matters, technical matters, financial matters, tax matters and contractual matters. The Company's liability for the breach of these representations and warranties generally covers a period of 2 to 3 years from the date of sale (except representations regarding the tax matters covering the period of five to seven years in accordance with local regulations).

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

23.3. GUARANTEES RECEIVED FROM THE CONTRACTORS

The statutory warranty obligations of construction service providers cover the risk of structural and other defects of the properties. Construction service providers (including related parties of the Company) in Belgium have a legal obligation to remediate any structural defects that become apparent within the first 10 years after completion of the construction for structural elements. Shorter guarantee periods apply for other elements, depending on the nature of such elements (each sub-contractor bears similar "back-to-back" obligations).

23.4. SECURITIES ON ASSETS

Special Purpose Vehicles (SPV's) entering into external financing are offering following collaterals:

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

Generally no cross guarantees on assets are granted by the different SPV's, or other types of suretyships, cost overruns or debt service commitments

24. COMMITMENTS

24.1. (CAPITAL) COMMITMENTS

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

	2018	2017
Architectural and Engineering contracts	6,398	2,513
Construction contracts	35,841	45,480
Purchase of land plots		
Acquisition of shares (connected with landbank)	-	-
Total	**42,239**	**47,993**

ACQUISITION CONTRACTS

At 31 December 2018, the Company has entered into a number of contracts with third parties for the acquisition of the following assets (plots) or shares:

Binding contracts

- None significant per end 2018
- None significant per end 2017

Non-binding contracts

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

Consolidated Financial Statements at 31 December 2018 (in KEUR) GHELAMCO INVEST 67

SERVICES AND (SUB)CONTRACTOR AGREEMENTS

As an investor in commercial and residential properties, the Company is committed to continue the realization of properties under the contracts with construction companies, often in cooperation with related parties of the Company.

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

The Company in addition declares sufficient flexibility on the commitments, as significant part of those commitments is contracted with related party entities belonging to the Development Holding.

For the on-going construction contracts the respective SPV's concluded binding construction financing contracts with different banks.

Main contracts in the above overview relate to the following projects:

- Senzafine residential project in Kortrijk: 8.2 MEUR construction contracts in total
- Culligan/ PWC Offices: 3.3 MEUR architecture and engineering contracts in total
- Edition Zoute serviced apartments project in Knokke: 4.9 MEUR construction contracts in total
- Spectrum mixed offices and residential project in Brussels: 6.9 MEUR construction contracts in total
- Silver Tower office project in Brussels: 22.6 MEUR construction contracts in total.

25. RELATED PARTY TRANSACTIONS

The Company is together with the other Investment Holding (sub-)holdings, the Development Holding and the Portfolio Holding – all related parties – under common control of the ultimate beneficial owners, Mr. & Mrs. Gheysens.

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

25.1. RELATIONSHIPS WITH THE DIRECTORS AND MANAGEMENT

For the year ending 31 December 2018, the Consortium (of which the Company is part) paid a total amount of approx. 12,000 KEUR (vs. 10,000 KEUR last year) to the members of the board and management committee. The Company, in turn, paid a total amount of approx. 5,000 KEUR (vs. 2,000 KEUR last year) to the members of the board and management committee. This amount includes management service fees charged by the management committee members to the legal entities included in the scope of these consolidated financial statements.

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

25.2. TRADING TRANSACTIONS: PURCHASE OF CONSTRUCTION, ENGINEERING AND OTHER RELATED SERVICES FROM RELATED PARTIES

CONSTRUCTION AND DEVELOPMENT SERVICES

The Company has entered into property development and construction contracts with property development and construction companies ("Contractors") – the indirect subsidiaries of the Development Holding:

- International Real Estate Services Comm. VA with its registered office in Ypres;
- Ghelamco NV with its registered office in Ypres

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

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

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

Construction service providers (including Contractors) in Belgium have a legal obligation to bear repair costs of any construction defects that become apparent within a warranty period after the construction is completed. The Contractors have an obligation to remedy all structural construction defects that become apparent during the statutory warranty period of 10 years in Belgium.

The price for the construction and other related services is the fixed price agreed at the inception of the contract. The payments are executed based on the invoices issued on a bi-weekly to monthly basis. With regards to completed and handed-over works, the parties sign a works protocol every fortnight to month after approval by an independent project monitor appointed by the external financial party. The prices for the services reflect normal commercial terms and conditions, with average margins of around 10% to 20%.

ENGINEERING AND ARCHITECTURAL DESIGN SERVICES

APEC Architectural Engineering Projects Limited (a limited liability company registered under the laws of Ireland), legal subsidiary of the Development Holding) coordinates engineering and architectural design services provided to the Company's larger projects, in accordance with the terms of the respective contracts.
Apec's services include:

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

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

25.3. ACQUISITIONS AND DISPOSALS OF SHARES AND OTHER RELATED PARTY TRANSACTIONS

In 2018, there have been no share transactions or other significant transactions with related parties, except for the sale of the shares of Meetdistrict NV to IRS Comm. VA, parent company of the Development Holding for a total amount of 62 KEUR.

In 2017 the Cromme Bosch site in Knokke-Zoute was sold to Deus Comm. VA, for a total amount of 12,310 KEUR; an at arm's length transaction closed in the normal course of business. In addition, there was a purchase price adjustment on the sale of the Dacar site to Ghelamco European Property Fund NV for an amount of 4,935 KEUR.

OTHER

The excess cash balances generated by the Company's real estate investing activities can, besides being reinvested in own projects and subsidiaries' projects, to an extent and within the requirements of the terms and conditions of the recent bonds issue, also be invested/deposited in entities belonging to the Investment Holding in form of short and long-term loans. These loans are granted at the arm's length conditions.

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

	31/12/2018	31/12/2017
Purchases of construction, engineering and architectural design:	-7,020	-39,906
related party trade receivable	9,554	2,605
related party trade accounts payable	-157	-603
related party non-current loans receivable	2,768	2,767
related party interests receivable	7,970	7,005
related party C/A receivable	173,149	150,507
related party non-current loans payable		
related party interests payable	-50	-51
related party C/A payable	-7,370	-1,350

Last year's related party purchases were relatively high, in connection with the construction phase and timing of projects under development at that time.
With respect to the increased related party C/A receivable, further reference is made to note 10.2.

26. EVENTS AFTER BALANCE SHEET DATE

On 17 January 2019, a lease contract has been signed with PWC for the lease of 23,000 sqm office space and 700 parking spaces in the building to be raised on the recently acquired Culligan plot. The project will going forward be referred to as the PWC Offices. The lease agreement will start on 1 May 2021, with a duration of 15 years. Considering fit-out works starting at inception of the lease agreement, it is expected that PWC will actually move in into the premises end of 2021.

On 27 February 2019, the 'The Link' project in Antwerp (27,000 sqm office space and approx. 540 underground parking spaces, divided over 2 buildings) has been sold to Baloise for a total sales value (acte en main) of 89,250 KEUR. The transaction has been realized at a new prime yield for office investments in Flanders of 5.2%. At the moment of sale, the related bank financing has for an amount of 55 MEUR been reimbursed.

27. AUDIT FEES

The Statutory Auditor for the Company is KPMG Bedrijfsrevisoren, represented by Mr. Filip De Bock. For the entire Group, the mandates and remuneration can be summarized as follows:

Ghelamco Invest in KEUR	**2018**
Remuneration of the statutory auditor	**112**
Other audit-related services	7
Tax services	
Other	20
Remuneration for other services or assignments performed within the Company and its subsidiaries by the statutory auditor	**27**
Remuneration for persons associated to the statutory auditor for the performance of a mandate as statutory auditor	
Other audit-related services	
Tax services	
Other	
Remuneration for other services or assignments performed within the Company and its subsidiaries by persons associated to the statutory auditor	
Total	**138**

28. AUDITOR'S REPORT

Statutory auditor's report to the general meeting of Ghelamco Invest NV on the consolidated financial statements as of and for the year ended 31 December 2018

In the context of the statutory audit of the consolidated financial statements of Ghelamco Invest NV ("the Company") and its subsidiaries (jointly "the Group"), we provide you with our statutory auditor's report. This includes our report on the consolidated financial statements for the year ended 31 December 2018, as well as other legal and regulatory requirements. Our report is one and indivisible.

We were appointed as statutory auditor by the general meeting of 9 June 2018, in accordance with the proposal of the board of directors issued on the recommendation of the audit committee. Our mandate will expire on the date of the general meeting deliberating on the annual accounts for the year ended 31 December 2020. We have performed the statutory audit of the consolidated financial statements of Ghelamco Invest NV for one financial year.

Report on the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the Group as of and for the year ended 31 December 2018, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to 867.824 (000) EUR and the consolidated statement of profit or loss shows a profit for the year of 35.251(000) EUR.

In our opinion, the consolidated financial statements give a true and fair view of the Group's equity and consolidated financial position as at 31 December 2018 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, and with the legal and regulatory requirements applicable in Belgium.

Basis for our unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") as adopted in Belgium. In addition, we have applied the ISAs as issued by the IAASB applicable for the current accounting year while these have not been adopted in Belgium yet. Our responsibilities under those standards are further described in the "Statutory auditors' responsibility for the audit of the consolidated financial statements" section of our report. We have complied with the ethical requirements that are relevant to our audit of the consolidated financial statements in Belgium, including the independence requirements.

We have obtained from the board of directors and the Company's officials the explanations and information necessary for performing our audit.

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

Emphasis of matter

We draw attention to note 9 of the consolidated financial statements which describes the uncertainty regarding the realization of the Eurostadium project and the Board of Directors' assessment of the recoverability of capitalized expenses related to this project. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment property

We refer to note '1.9 Investment Property' and note '6 Investment property' of the consolidated financial statements.

— Description

The carrying value of investment property amounts to 321.890 (000) EUR as of 31 December 2018 and represents a significant part of the Group's total assets (37 %).

In accordance with IAS 40 'Investment Property' and the accounting policies of the Group, investment properties are measured at fair value. Changes in the fair value of the investment properties during 2018 amount to 35.910 (000) EUR and have a significant impact on the consolidated net result and equity.

The valuation of investment properties is complex and requires significant management judgement. The fair value of investment property is determined by management, and is in most cases supported by valuation reports prepared by external valuation experts. The fair value is dependent on the valuation methodology adopted and on the inputs into the valuation model. Factors such as prevailing market conditions, the individual nature, condition and location of each property have a direct impact on the fair value.

The following assumptions are key in determining fair value:

- Estimated future cash flows
- Projected costs to complete
- Market rent
- Yield factors
- Discount rate

Due to the relative size of the Group's investment property portfolio in the consolidated statement of financial position and the estimation uncertainties around the determination of fair value, we consider this a key audit matter.

— *Our audit procedures*

With the assistance of our property valuation specialists, we performed the following audit procedures:

- We read recent independent property market reports to develop our understanding of the prevailing market conditions in which the Group invests.
- We obtained an understanding of the valuation methodologies applied by the Group and assessed the appropriateness of these valuation methodologies.
- We assessed the competence, objectivity and capabilities of the external experts engaged by management.
- For all significant investment properties, we obtained the valuation report, agreed the fair value to the Group's accounting records and reviewed the accuracy and integrity of the information used in these calculations on a sample basis.
- For a sample of valuations,we reconciled the tenancy schedules and other property related data extracted from the accounting records with the data used as input for the valuations performed by the external experts engaged by management and reconciled a sample of tenancy contracts to the tenancy schedules.
- We evaluated, assessed and challenged the appropriateness of key assumptions used in the valuation reports such as estimated future cash flows, projected cost to complete, market rent levels, yield factors and discount rates. We compared the yield factors and discount rates used to the market data. Where yield factors and discount rates differ significantly from market data, we challenged the rationale supporting the rate applied in the valuation by discussing with management and, if applicable, the external expert, the reasons to support the adopted value.
- We considered the adequacy of the disclosures in the consolidated financial statements relating to investment properties appropriately reflect the exposure to valuation risk, including the valuation methodologies applied and the key assumptions used.

Valuation of property development inventories

We refer to note '1.11 Property Development Inventory' and note '9 Property Development Inventory' of the consolidated financial statements.

— Description

The carrying value of property development inventories amounts to 186.978 (000) EUR as of 31 December 2018 and represents a significant part of the assets of the Group (22%). Property development inventories mainly comprise residential properties and are measured at the lower of cost and net realizable value at the balance sheet date. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write-down is necessary when the net realizable value at balance sheet date is lower than the carrying value. Group management performs regular reviews of the net realizable value of its property development inventories, mainly based on an internal management valuation.

We identified the valuation of property development inventories as a key audit matter, due to the significance of the balance and the management judgement associated with determining net realizable value. We also refer to our emphasis of matter paragraph with regard to the uncertainty regarding the realization of the Eurostadium project and the recoverability of capitalized expenses related to this project.

— *Our audit procedures*

We performed the following audit procedures:

- We obtained an understanding of the development status of the property development inventories, their related risks and basis of estimates of net realizable value used and assessed the appropriateness of the valuation methodologies applied by the Group.
- We obtained the internal valuation for a sample of properties and assessed the reasonableness of key assumptions used and the integrity of the relevant inputs used in these calculations.
- For residential projects where sales are being recognized, we analyzed the realized margins for impairment indicators in the remaining property development inventories.
- For a sample of properties, we assessed the reasonableness of the recognized costs based on the forecasted profit margin.
- We obtained management's assessment with regard to the uncertainty in connection to the Eurostadium project and obtained lawyers letters in this respect. We evaluated, assessed and challenged the judgments and assumptions made by the Board of Directors in this respect.
- Furthermore, we considered the adequacy of the disclosures in the consolidated financial statements in respect of property development inventories.

Compliance with covenants

We refer to note '1.18 Borrowings', note '2.1.2. Interest Rate Risk' and note '14.2 Other borrowings: bonds'.

— Description

The nominal value of the EMTN notes issued by Ghelamco Invest NV amounts to 280.272 (000) MEUR per 31 December 2018 and represents a significant part of the liabilities of the Group. These notes are subject to a number of covenants both at the level of the issuer (being Ghelamco Invest NV) and the Guarantor (being Ghelamco Group Comm. VA). We identified the compliance with covenants as a key audit matter, due to the significance of the balance to the financial statements and the fact that if the Issuer or the Guarantor would not meet their respective covenants, the issuer could be required to repay a large amount of its debt before the contractual due date.

— *Our audit procedures*

We performed the following audit procedures:

- We obtained an understanding of the group's process and controls to ensure compliance with debt covenants.
- We inspected the respective debt agreements to identify restrictive covenants clauses.
- We obtained the Group's calculation of the covenant ratios, tested their mathematical accuracy, assessed compliance with the provisions of the respective debt agreements and considered the appropriateness of the presentation of the EMTN notes in the consolidated financial statements.
- We also considered the adequacy of the disclosures in the consolidated financial statements.

Board of directors' responsibilities for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as board of directors determines, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these consolidated financial statements.

When performing our audit we comply with the legal, regulatory and professional requirements applicable to audits of the consolidated financial statements in Belgium.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also perform the following procedures:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

— Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by board of directors.

— Conclude on the appropriateness of board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on the other legal, regulatory and professional requirements

Responsibilities of the Board of Directors

The board of directors is responsible for the preparation and the content of the board of directors' annual report on the consolidated financial statements.

Statutory auditor's responsibilities

In the context of our mandate and in accordance with the Belgian standard (revised in 2018) which is complementary to the International Standards on Auditing as applicable in Belgium, our responsibility is to verify, in all material respects, the board of directors' annual report on the consolidated financial statements, and to report on these matters.

Aspects concerning the board of directors' annual report on the consolidated financial statements

Based on specific work performed on the board of directors' annual report on the consolidated financial statements, we are of the opinion that this report is consistent with the consolidated financial statements for the same period and has been prepared in accordance with articles 119 of the Companies' Code.

In the context of our audit of the consolidated financial statements, we are also responsible for considering, in particular based on the knowledge gained throughout the audit, whether the board of directors' annual report on the consolidated financial statements contains material misstatements, that is information incorrectly stated or misleading. In the context of the procedures carried out, we did not identify any material misstatements that we have to report to you.

Information about the independence

- Our audit firm and our network have not performed any engagement which is incompatible with the statutory audit of the consolidated financial statements and our audit firm remained independent of the Group during the term of our mandate.
- The fees for the additional engagements which are compatible with the statutory audit referred to in article 134 of the Companies' Code were correctly stated and disclosed in the notes to the consolidated financial statements.

Other aspect

- This report is consistent with our additional report to the audit committee on the basis of Article 11 of Regulation (EU) No 537/2014.

Zaventem, 29 March 2019

KPMG Bedrijfsrevisoren / Réviseurs d'Entreprises
Statutory auditor
represented by

Filip De Bock
Réviseur d'Entreprises / Bedrijfsrevisor

Annex 1.2 The audited IFRS consolidated financial statements of the Issuer for the financial year ended 31 December 2017, together with the audit report in connection therewith

GHELAMCO INVEST NV

IFRS CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

Approved by the Board of Directors with the Independent Auditor's opinion

CONTENTS

I

GENERAL INFORMATION AND PERFORMANCE

1. BUSINESS ACTIVITIES AND PROFILE

Ghelamco Invest NV (as the Belgian legal entity with all its subsidiaries) represents the Belgian and Western European activities of Ghelamco Group Comm. VA, a leading European real estate investor active in the offices, residential, retail and logistics markets.

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

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

Ghelamco is one of the largest commercial property developers and investors in Poland and has, resulting for a steep growth over the last number of years, also become a significant player on the Belgian market. The group’s market position has been recognized by numerous prestigious awards, collected over several years and granted both to the company and to many of its projects.

Since 2007, Ghelamco’s business activities are structured in three major holdings under common control of the ultimate beneficial owners (jointly referred to as “**Ghelamco**”):

- **Investment Holding:** comprises resources invested in the realization of real estate projects in Belgium, France, Poland, Russia and Ukraine and the intra-group Financing Vehicles;
- **Development Holding:** represents international entities that provide construction, engineering and development services to the Investment Holding;
- **Portfolio Holding:** consists of all other activities and real estate investments controlled by the ultimate beneficial owners.

Per end 2016 an additional holding was created, called the **Ghelamco European Property Fund**. The fund is not (yet) regulated but acts as a seperate legal entity within the group. The purpose of this fourth holding company is in first instance be to keep real estate projects as income generating products in portfolio for a longer time period. This allows the Investment Holding to ‘realise’ and sell delivered projects, for which the occupation rate and lease status has been optimized is the past years, at an optimal market value. This longer-term strategy demands a specific (long-term) financing structure.

2. LEGAL STATUS

Ghelamco Invest NV is the holding company of the Belgian and Western European activities of Ghelamco Group Comm. VA, which is in turn the holding company of the **Investment Holding**. Besides its holding activities, Ghelamco Invest also has direct stakes in real estate projects.

Ghelamco Invest, together with its subsidiaries (jointly referred to as the “**Company**”) (Note 5), constitute the reporting entity for the purpose of these financial statements.

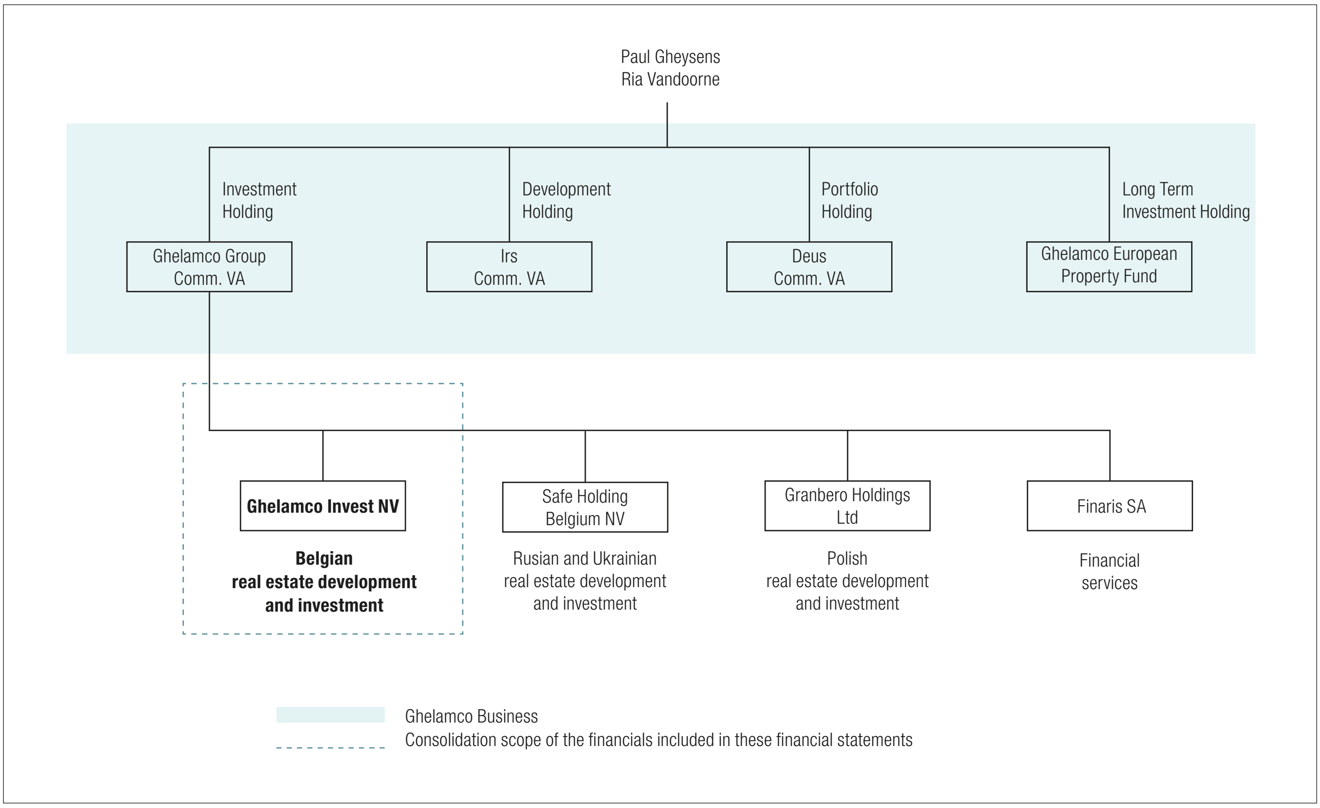
Ghelamco Invest is a limited liability company registered under Belgian law, with its registered office at Zwaanhofweg 10, 8900 Ieper, Belgium. Ghelamco Invest is registered in the Belgian commercial register under the number BE0431.572.596.

3. CONSOLIDATION SCOPE

These consolidated financial statements comprise the resources and activities of Ghelamco Invest and its legal subsidiaries (the Company).

At 31 December 2017 (the reporting date), all the assets and liabilities of the reporting entity (Ghelamco Invest and its direct and indirect legal subsidiaries) are legally linked through a corporate structure that was introduced in 2006 and was accomplished prior to 31 December 2007 (overview in Note 5).

All assets, liabilities, income and expenses that represented an integral part of the Company activities, are included in the accounts of the legal subsidiaries of Ghelamco Invest at 31 December 2017 and at 31 December 2016.



4. STAFFING LEVEL

Given its nature, there is only limited employment in the Company. At 31/12/2017, Ghelamco Invest and subsidiaries employed 12 people. The construction, engineering and other related services are mainly provided to the Company by the Development Holding's legal subsidiaries. Ghelamco as a whole employed 294 people on 31 December 2017 (vs. 299 on 31 December 2016).

Mr. Paul Gheysens
Chief Executive Officer

Mr. Simon Gheysens
Chief Business Intelligence, Technology and Project Design Officer

Mr. Michael Gheysens
Chief Commercial and Business Development Officer

Mr. Philip Neyt
non-executive board member

Mr. Jurgen Ingels
independent board member

Mr. Philippe Pannier
Chief Financial Officer

Mr. Chris Heggerick
Chief Operational Officer

Mrs. Barbara De Saedeleer
Chief Investments and Operations Officer

Mrs. Petra Sobry
General Counsel and Secretary General

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5. BOARD AND MANAGEMENT COMMITTEE

In connection with the growing importance which management attaches to corporate governance and the further professional structuring of the Company, the Board of Directors of Ghelamco Invest has since end May 2015 been extended with a non-executive member and an independent member. In addition, the Board has formally installed an audit committee.

Members of the board as of 31 December 2017:

- BVBA Opus Terrae, represented by mr. Paul Gheysens
- Mr. Paul Gheysens
- Mr. Simon Gheysens
- Mr. Michael Gheysens
- BVBA Pure F, represented by mr. Philip Neyt (non-executive board member)
- BVBA JINVEST, represented by mr. Jurgen Ingels (independent board member)

The Company's Management as of 31 December 2017 consists of:

- Mr. Paul Gheysens (Chief Executive Officer)
- Mr. Simon Gheysens (Chief Business Intelligence, Technology and Project Design Officer)
- Mr. Michael Gheysens (Chief Commercial and Business Development Officer)
- Mr. Philippe Pannier (Chief Financial Officer)
- Mr. Chris Heggerick (Chief Operational Officer)
- Mrs. Barbara De Saedeleer (Chief Investments and Operations Officer)
- Mrs. Petra Sobry (General Counsel and Secretary General)

The Management actively coordinates and supervises the different teams and supports them in all commercial, legal, financial and technical aspects of their activities. The Belgian teams mainly consist of a technical, commercial, legal & financial department.

The statutory board of Ghelamco Invest's subsidiaries usually consists of 4 directors.

6. BUSINESS ENVIRONMENT AND RESULTS

2017 performance and results

The Company closed its 2017 accounts with an operating profit of 39,417 KEUR, resulting from its continued development, construction and commercial efforts. Thanks to these efforts, the Company again realized significant residential sales, disposed of some investment property and in addition managed to achieve further growth, reflected in an increased balance sheet total of 752,357 KEUR and an equity of 232,112 KEUR. The solvency ratio evolved from 34% to 30.5% per 31/12/17.

In Belgium, the Company has over the past years intensified its project development activities (with currently over 40 projects in portfolio). As a consequence, a significant number of Belgian projects have in the course of the last three to four years been delivered and commercialized.

In this respect, the delivered and operational Dacar projects (consisting of the Blue Towers, the Brico Retail hall and Parking Gent) were per end 2016 sold to the Ghelamco European Property Fund; transaction which allowed the Company to divest these projects for which the occupation rate and lease status was optimized during the past years, at an optimal market value. In connection with this sales transaction, formerly recognized gains (through fair value accounting) for an amount of +/- 31 MEUR have actually been realised.

In June 2017, the Retail Leuven project (5,435 sqm retail space at the Vaartkom in Leuven) has been sold to a third party investor. This transaction resulted in a gain on disposal of 1.1 MEUR.

Over the past year, construction works of phase 3 of the Tribeca project in Ghent (affordable, contemporary, green project, consisting of 91 apartments and some smaller retail units) have continued. At the same time, commercialization of this phase of the project has been very successful, as per 31 December 2017 only less than 25% of available residential units is still available. Furthermore, construction of phase 2 (consisting of 72 apartments, 5 lofts, underground parking garages and retail units) has been finalized, while all (72 available) residential units have been sold. Also, approx. 42% of the available retail space (5,150 sqm in total in phase 2) has been leased to Lidl, which opened its new retail shop on 15 February 2017.

In addition, construction works in the Brussels Edition and Spectrum projects have been started and are well advanced in the meantime. Per date of the current report, approx. 95% of the available residential units in the Edition project (offering 59 luxurious apartments, underground parking spaces and retail space on the ground floor) have been pre-sold, while 100% of the apartments in the Spectrum project (mixed project offering 15,000 sqm office space, 22 apartments and approx. 170 underground parking spaces) have been reserved and/or presold.

Moreover, construction works in the 'The Link' project in Antwerp (27,000 sqm office space and approx. 540 underground parking spaces, divided over 2 buildings) are currently in the final stage, while marketing efforts have per date of this report already resulted in a (pre-)lease rate of approx. 85%.

2017 development activities mainly related to:

- Finalization of the construction works of phase 2 of the Tribeca project at the Nieuwevaart in Ghent (mixed project of +/- 35,000 sqm lettable/sellable area in total of which phase 2 offers 72 apartments, 5 lofts, underground parking garages and commercial units). A stated, per date of the current report 72 of 72 available units have been sold and approx. 42% of the retail space has been leased.
- Continuation of the construction works of phase 3 of the Tribeca project (offering 91 apartments and some smaller retail units). Construction progress is approx. at 75%. About 80% of availabe residential units have been (pre-)sold.
- Continuation of the construction works of the business hotel next to the Ghelamco Arena (125 hotel rooms, 83 extended stay rooms and 98 underground parking bays). Commercial negotiations for this hotel, currently in casco status, have per date of the current report well progressed.
- Stripping, demolition and fast progressing construction works in the Brussels Edition (Louizalaan) and Spectrum (Avenue Bischoffsheim) projects. As to status of the works, per date of the current report in Edition concrete works have been finalized, façade is ongoing and for Spectrum concrete works are up till the 2nd underground floor. While already 95% of the apartments in the Edition project have been (pre-)sold and 100% of the apartments in the Spectrum project have been reserved and/or pre-sold. In addition, leasing negotiations for significant areas in the offices-part of the Spectrum project are currently well advanced.
- Start and fast progress of the construction works in the The Link project in Antwerp (27,000 sqm office space and approx. 540 underground parking spaces), while parallel marketing efforts have already resulted in a (pre-)lease rate of approx. 85%. The first tenants moved in in December 2017.

In addition, the company has expanded its portfolio through a number of acquisitions:

- Early February 2017, 2nd part of land plots in the One Carlton site in Knokke-Zoute were acquired through the acquisition of (50% of) the shares of 2 companies holding these land parts. Total share price amounted 5,547 KEUR.
- In Dec 2017, the Company acquired a plot in Kortrijk for the future development of the Helix Towers, mixed residential/offices/retail project, for an amount (costs included) of 7.8 MEUR.
- On 21 Dec 2017, Ghelamco Invest NV acquired a plot of +/- 30,500 sqm in Knokke for the future development of a residential project (24 villas), for an amount of 25,000 KEUR (of which an advance of 2,500 KEUR was paid earlier).
- Land parts in Bruges, via the acquisition of the shares deal of Eneman & Co., for the future development of a mixed real estate project.

As to divestures/revenues:

- In June 2017 the Retail Leuven project at the Vaartkom in Leuven was disposed and sold to a third party investor, for an amount of 9.4 MEUR and resulting in a net gain on disposal of 1.1 MEUR; while also previously recognized gains (through fair value accounting) for an amount of +/- 2.4 MEUR have actually been realized.
- On 15 September a binding put/call agreement has been signed with a third party regarding the commercialization of the remaining 44 units in the Waterview student houses project, for a total sales amount of 4.4 MEUR. Per 31/12/2017, all but 2 units were reserved or pre-sold or sold. And shortly after year-end, the remaining 2 units have also been reserved/sold.
- On 25 Oct 2017, Ghel Invest NV sold (its 99% part in) the Cromme Bosch (high-end residential) site to Deus Comm. VA, related party, for a total amount of 12,310 KEUR.
- In the One Carlton project in Knokke (JV structure with a third party for the realization of a high-end residential project at the coast side – 10 residential units and 2 ground floor commercial units for sale), 3 units have been sold in Q4 2017, for a total sales value of 25.3 MEUR (of which 65% has been invoiced and recognized in the income statement per 31/12/17, in line with the progress of the project). In addition, still before year-end preliminary sales contracts (compromis) have been signed for 2 more residential units and early 2018 an LOI has been signed with an investor for the sale of the 2 ground floor commercial units.
- Other, residential sales mainly related to apartments and parking spaces in (phase 3 of) the Tribeca project in Ghent and apartments and parking spaces in the Edition and Spectrum projects in Brussels.

Main post balance sheet events

Reference is made to the Eurostadium note in section 9 of this report.
For the remainder, no significant events are to be mentioned.

Outlook

It is the Company's strategy to further diversify its investment portfolio by spreading its investments over different real estate segments.

For 2018, the Company will continue this strategy. In addition, it will closely monitor specific evolutions in its active markets and real estate segments. Considering its sound financial structure and the expected further market evolutions (in terms of tenant activity and evolution in yields), the Company is confident to achieve its goals for 2018 in general.

7. NOTICE TO THE READER

This document presents the IFRS Consolidated Financial Statements for the year ended on 31 December 2017, assuming the going concern of the consolidated companies.

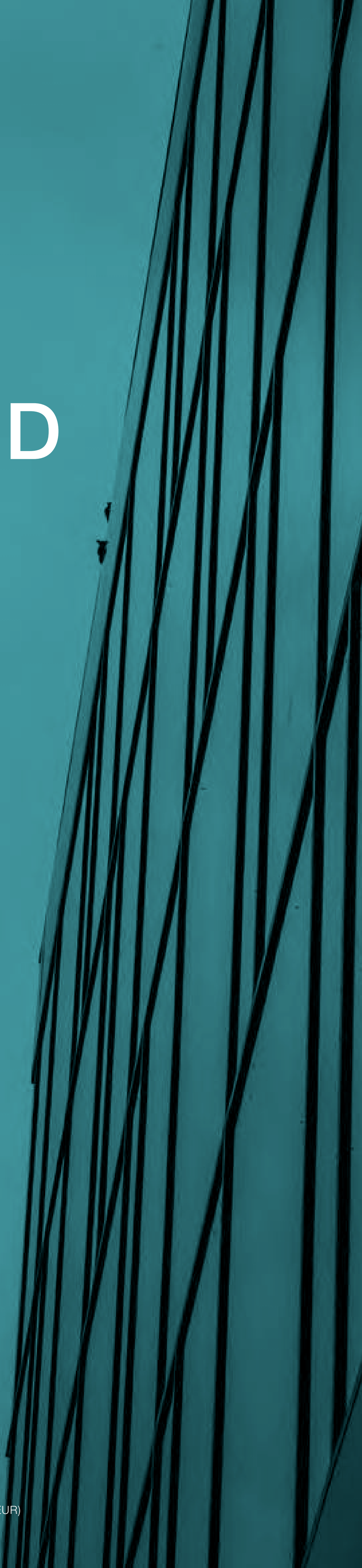
As per today, the Company's core business is the investment in commercial and residential properties. The Company's strategy is to keep commercial property in portfolio for rental purposes while residential properties are dedicated for sale.

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

As such, residential properties are presented as Property Development Inventories. Most of the commercial property is presented as Investment Property. We refer to the Notes 6 and 9 in Part II for more details on their presentation.

II

IFRS CONSOLIDATED FINANCIAL STATEMENTS



These IFRS consolidated financial statements at 31 December 2017 were approved by the Company's Board of Directors on 27 March 2018. The amounts in this document are expressed in thousands of EUR (KEUR), unless stated otherwise.

A. CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IN KEUR)

ASSETS	Note	31/12/2017	31/12/2016
Non-current assets			
Investment Property	6	317,851	225,224
Property, plant and equipment	7	1,004	589
Investments in joint-ventures	8	6,340	0
Receivables and prepayments	10	3,064	4,851
Deferred tax assets	16	4,537	4,892
Non-current assets held for sale		0	0
Other financial assets	4.3	3,961	4,272
Restricted cash		0	0
Total non-current assets		**336,756**	**239,828**
Current assets			
Property Development Inventories	9	215,187	190,634
Trade and other receivables	10	173,430	159,223
Current tax assets		0	14
Derivatives		0	0
Assets classified as held for sale	6	575	575
Restricted cash		0	0
Cash and cash equivalents	11	26,409	15,273
Total current assets		**415,600**	**365,719**
TOTAL ASSETS		**752,357**	**605,547**

Capital and reserves attributable to the Group's equity holders	Note	31/12/2017	31/12/2016
Share capital	12	146,490	146,490
CTA		0	0
Retained earnings	13	85,322	63,733
		231,812	**210,223**
Non-controlling interests	12.2	300	185
TOTAL EQUITY		**232,112**	**210,408**
Non-current liabilities			
Interest-bearing loans and borrowings	14	341,839	277,013
Deferred tax liabilities	16	19,530	19,048
Other non-current liabilities		0	0
Long-term provisions		0	120
Total non-current liabilities		**361,369**	**296,181**
Current liabilities			
Trade and other payables	17	44,437	17,789
Current tax liabilities		284	1,646
Interest-bearing loans and borrowings	14	114,154	79,523
Short-term provisions		0	0
Total current liabilities		**158,876**	**98,958**
Total liabilities		**520,245**	**395,139**
TOTAL EQUITY AND LIABILITIES		**752,357**	**605,547**

B. CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED INCOME STATEMENT	Note	2017	2016
Revenue	18	66,887	72,354
Other operating income	19	7,729	4,930
Cost of Property Development Inventories	20	-46,201	-47,187
Employee benefit expense	19	-333	-525
Depreciation amortisation and impairment charges		-227	-23
Gains from revaluation of Investment Property	6	27,060	32,484
Other operating expense	19	-16,292	-13,165
Share of results of joint-ventures		793	0
Operating profit - result		**39,416**	**48,868**
Finance income	21	3,792	3,055
Finance costs	21	-18,063	-14,006
Profit before income tax		**25,145**	**37,917**
Income tax expense/income	22	-3,409	-12,659
Profit for the year		**21,736**	**25,258**
Attributable to:			
Equity holders of parent		21,587	25,220
Non-controlling interests		149	38

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - ITEMS RECYCLABLE TO THE INCOME STATEMENT	2017	2016
Profit for the year	**21,736**	**25,258**
Exchange differences on translating foreign operations	0	0
Other	0	0
Other comprehensive income of the period	**0**	**0**
Total Comprehensive income for the year	**21,736**	**25,258**
Attributable to:		
Equity holders of the parent	21,587	25,220
Non-controlling interests	149	38

16 GHELAMCO INVEST Consolidated Financial Statements at 31 December 2017 (in KEUR)

C. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to the equity holders			Non-controlling interests	TOTAL EQUITY
		Share capital	Cumulative translation reserve	Retained earnings		
Balance at 1 January 2016		**146,490**	**0**	**38,527**	**176**	**185,193**
Capital increase						**0**
Profit/(loss) for the year				25,220	38	**25,258**
Dividend distribution				-10	-11	**-21**
Change in non-controlling interests						**0**
Change in the consolidation scope				-4	-18	**-22**
Balance at 31 December 2016		**146,490**	**0**	**63,733**	**185**	**210,408**
Capital increase	12					**0**
Profit/(loss) for the year	13			21,587	149	**21,736**
Dividend distribution						**0**
Change in non-controlling interests	12.2					**0**
Change in the consolidation scope	13				-34	**-34**
Other				2		**2**
Balance at 31 December 2017		**146,490**	**0**	**85,322**	**300**	**232,112**

Consolidated Financial Statements at 31 December 2017 (in KEUR) GHELAMCO INVEST 17

D. CONSOLIDATED CASH FLOW STATEMENT

Cash Flow Statement for 2017 and 2016	Note	31/12/2017	31/12/2016
Operating Activities			
Profit / (Loss) before income tax		**25,145**	**37,917**
Adjustments for:			
• Share of results of associates		-793	0
• Change in fair value of investment property	6	-27,060	-32,484
• Depreciation, amortization and impairment charges	7	227	23
• Result on disposal Investment Property		-432	-1,922
• Change in provisions		-120	-20
• Net interest charge	21	12,034	9,216
• Movements in working capital:			
- Change in prop. dev. inventories		-23,435	3,241
- Change in trade & other receivables		-11,048	-56,504
- Change in trade & other payables		5,938	-3,973
- Change in MTM derivatives		0	0
• Movement in other non-current liabilities		0	
• Other non-cash items		-89	25
Income tax paid		-3,919	-12,402
Interest paid (*)		-18,234	-11,943
Net cash from operating activities		**-41,786**	**-68,826**
Investing Activities			
Interest received		633	3,055
Purchase of property, plant & equipment		-589	-532
Purchase of investment property		-48,764	-33,651
Capitalized interest in investment property (paid)	6	-4,729	-3,583
Proceeds from disposal of investment property	6	10,362	124,322
Net cash outflow on acquisition of subsidiaries		-5,547	0
Cash outflow on other non-current financial assets		2,098	-3,323
Net cash inflow/outflow on NCI transactions			
Movement in restricted cash accounts			
Net cash flow used in investing activities		**-46,536**	**86,288**
Financing Activities			
Proceeds from borrowings		169,835	57,173
Repayment of borrowings		-70,378	-94,503
Capital increase		-	0
Dividends paid			
Net cash inflow from / (used in) financing activities		**99,457**	**-37,330**
Net increase in cash and cash equivalents		**11,136**	**-19,868**
Cash and cash equivalents at 1 January		**15,273**	**35,141**
Cash and cash equivalents per end of the year		**26,409**	**15,273**

(*): Interests directly capitalized in IP not included (2017: 4,729 KEUR; 2016: 3,583 KEUR, separately presented under investing activities)

E. SEGMENT INFORMATION

Given the fact that for the time being major part of property is located in Belgium, we believe another split up into segments is not relevant. The board of directors does not use any other segment for its decision taking.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1.1. INTRODUCTION

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

These financial statements are IFRS consolidated financial statements that include the resources and activities of Ghelamco Invest NV and its legal subsidiaries that are part of the Company at 31 December 2017.

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

1.2. BASIS OF PREPARATION

These consolidated financial statements include those of the Company and its subsidiaries. The consolidated financial statements were approved for issue by the Board of Directors on 27 March 2018. The consolidated financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards (“IFRS”) as adopted by the European Union at 31 December 2017. The Company has adopted all new and revised standards and interpretations relevant for its activities and which became applicable for the financial year starting 1 January 2017.

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

1.3. STANDARDS AND INTERPRETATIONS THAT BECAME APPLICABLE IN 2017

Standards and Interpretations that the Company anticipatively applied in 2016 and 2017:
- None

Standards and Interpretations that became effective in 2017:
- Annual improvements to IFRS Standards 2014-2016 Cycle: Amendments to IFRS 12 (applicable for annual periods beginning on or after 1 January 2017)
- Amendments to IAS 7 Statement of Cash Flows - Disclosure Initiative (applicable for annual periods beginning on or after 1 January 2017)

Standards and Interpretations which became effective in 2017 but which are not relevant to the Company:
- Amendments to IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses (applicable for annual periods beginning on or after 1 January 2017)

1.4. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

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

- Annual improvements to IFRS Standards 2014-2016 Cycle: Amendments to IFRS 1 and IAS 28 (applicable for annual periods beginning on or after 1 January 2018)
- Annual improvements to IFRS Standards 2015-2017 Cycle (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- IFRS 9 Financial Instruments and subsequent amendments (applicable for annual periods beginning on or after 1 January 2018)
- IFRS 14 Regulatory Deferral Accounts (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU)
- IFRS 15 Revenue from Contracts with Customers (applicable for annual periods beginning on or after 1 January 2018)
- IFRS 16 Leases (applicable for annual periods beginning on or after 1 January 2019)
- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2021, but not yet endorsed in the EU)
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions (applicable for annual periods beginning on or after 1 January 2018)
- Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2018)
- Amendments to IFRS 9 Prepayment Features with Negative Compensation (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (the effective date has been deferred indefinitely, and therefore the endorsement in the EU has been postponed)
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- Amendments to IAS 28 Long term interests in Associates and Joint Ventures (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- Amendments to IAS 40 Transfers of Investment Property (applicable for annual periods beginning on or after 1 January 2018)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)
- IFRIC 23 Uncertainty over Income Tax Treatments (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)

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

Based on an analysis of Ghelamco Invest's situation at 31 December 2017, IFRS 9 is not expected to have any significant impact on the consolidated financial statements. With regard to the special impairments on financial assets valuated at amortised cost, including trade receivables and the nature of the other receivables, the initial application of the expected credit loss model under IFRS 9 will result in early recognition of credit losses compared to the incurred loss model applied under IAS 39. Taking into account the relatively small amount of outstanding trade receivables, combined with the associated low credit risk, the Company deems the impact on the consolidated financial statements to be minor.

IFRS 15 Revenue from contracts with customers (applicable to financial years beginning on or after 1 January 2018): IFRS 15 provides a unique and all-encompassing model of principles that an entity must apply to account for income arising from a contract with a customer. On entry into force, this new standard will replace both IAS 18 on revenue from the sale of goods and the rendering of services and IAS 11 on current construction contracts and their corresponding interpretations. Leases, which are a substantial part of the Company's revenue, do not fall under IFRS 15. However, the principles of IFRS 15 also apply to non-lease components of revenue, being residential sales. Taking into account the fact that revenue from residential sales is material, management is still assessing the possible impact of IFRS 15. Taking into account the fact that revenue from residential sales is material, management is still assessing the possible impact of IFRS 15. Based on a tentative analysis, the company does not expect the first adoption of IFRS 15 to have any material financial impact on the financial statements, but in order to ensure alignment with the industry and as this topic is still under discussion at the level of the IFRS Interpretations Committee, no final conclusion has been reached yet.

The Company is currently assessing the possible impact, if any, of IFRS 16 to be applied as from 2019.

1.5. PRINCIPLES OF CONSOLIDATION

1.5.1. CONSOLIDATION SCOPE

The entities included in the consolidation scope are those that are under control of the Company on 31 December 2017 and on 31 December 2016 (see Notes 4 and 5). Control is achieved when the Company:

- has power over the investee;
- is exposed or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company re-assesses whether or not it controls an investee if fact and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The transactions, balances and unrealized gains and losses between these legal entities are deemed to be intra-group transactions and are eliminated in full.
The transactions with other entities owned directly or indirectly by the ultimate beneficial owners of the Company are deemed transactions with related parties and are not eliminated, but are presented as balances and transactions with related parties in Note 25.

Investments in joint-ventures are included in the consolidated financial statements in accordance with the equity method. Transactions with joint-ventures are not eliminated proportionally with the share of the company in these joint-ventures.

1.5.2. ACQUISITION OF SUBSIDIARIES

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

During the course of 2017 and 2016, there were no acquisitions of subsidiaries that qualified as an acquisition of a business as defined in IFRS 3 “Business Combinations”.

1.5.3. SALE OF SUBSIDIARIES

As was the case in the past, the 2017 and 2016 business of the Company consists of developing commercial and residential real estate projects. Commercial properties are held for lease. Residential properties are offered for sale.

General rule:

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

Comments 2017:

On 28 June 2017, the shares of Retail Leuven NV, holding the delivered and operational Retail Leuven project (5,435 sqm retail space at the Vaartkom in Leuven) has been sold to a third party investor. The deal was structured as a share deal, in line with the general approach to sell commercial projects. The share deal was based on an underlying fair value of the property. The transaction has in the financial statements been presented as a disposal of IP.

In 2017, no residential SPVs have been sold, in line with the general approach to sell residential projects through asset deals.

Comments 2016:

In December 2016, following subsidiaries have been sold to Ghelamco European Property Fund, newly established and fourth holding of the Ghelamco consortium:

- Schelde Offices NV (holding one of the Blue Towers, offering ± 13.5 Ksqm of office space on the Dacar site in Ghent)
- Arte Offices NV (holding the other of the Blue Towers, offering ± 14.6 Ksqm of office space on the Dacar site in Ghent)
- Parking Gent and Parking Estates (holding the full property and rights in rem of over 2,000 above and underground parking spaces on the Dacar site, around the Ghelamco Arena and under the new business hotel in Ghent)
- Retail Gent (holding the ± 12 Ksqm retail hall on the Dacar site, which is rented to Brico-Plan It)

The (combined) transaction was structured as a share deal (i.e. 100% of the shares of the respective SPVs), in line with the general approach to sell commercial projects. The share deal was based on the underlying fair values of the resp. real estate projects as of 31 December 2016. The (combined) transaction has in the financial statements been presented as disposals of IP.

In 2016, no residential SPVs were sold, in line with the general approach to sell residential projects through asset deals.

1.5.4. INCREASE IN OWNERSHIP INTERESTS IN SUBSIDIARIES

The Company applies the parent company model to transactions with minority shareholders. To the extent applicable, the goodwill or badwill resulting from the acquisition of the additional interest (from minority shareholders) in subsidiaries is allocated to the group retained earnings.

1.5.5. FOREIGN CURRENCY TRANSLATION

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

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

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

As Ghelamco Invest and its subsidiaries are all EU (and Eurozone) companies, with functional currency Euro, and almost exclusively involved in Euro-transactions, foreign currency impact is not applicable in the Company's financial statements.

1.5.6. HYPERINFLATIONARY ECONOMIES

None of the Company entities operated in a hyperinflationary economy in 2017 and 2016.

1.6. PROPERTY, PLANT AND EQUIPMENT

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

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

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

The applicable useful lives are:

- Tangible fixed assets:
    - Buildings: 20 to 40 years
    - Vehicles: 5 years
    - Equipment: 5 to 10 years

1.7. FINANCE LEASES

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

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

1.8. IMPAIRMENT OF ASSETS

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

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

1.9. INVESTMENT PROPERTY

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

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



Investment Property (Under Construction) is carried at fair value. Fair value is determined by external appraisers or by management. In the former case, renowned external appraisers carry out an external inspection of the property and they are provided with the necessary supporting documentation (regarding property title over the involved property, copies of (building) permits, architectural plans, renderings, copies of (preliminary) lease contracts), based on which they prepare their resp. valuation reports.

Gains or losses as a result of changes in the fair value are included in the Income Statement of the year in which they occur. Gains and losses as a result of an Investment Property disposal are considered into the Income Statement of the year in which the disposal occurs. The Company distinguishes 4 different stages for Investment Property:

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

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

1. INVESTMENT PROPERTIES UNDER CONSTRUCTION (A), (B), (C)

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

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

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

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

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

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

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

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

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

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

2. COMPLETED INVESTMENT PROPERTIES (D)

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

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

1.10. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

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

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

1.11. PROPERTY DEVELOPMENT INVENTORY

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

Inventories are measured at the lower of cost and net realizable value at the balance sheet date. The cost of in-process development projects comprises architectural design, engineering studies, geodesic studies, raw materials, other production materials, direct labour, other direct and external borrowing costs directly attributable to the acquisition or construction of the qualifying inventories.

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

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

The most recent review indicated that the global net realizable value of the Property Development Inventory of the Company exceeded its carrying amount measured on a historical cost basis in these IFRS consolidated financial statements (Note 9).

1.12. TRADE AND OTHER RECEIVABLES

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

A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or undergo financial reorganization and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The asset's carrying amount is reduced through the use of an allowance account, and the amount of the loss is recognized in the Income Statement. When a trade receivable is uncollectible, it is written down against the allowance account for trade receivables. Subsequent recoveries of amounts previously written down are credited in the Income Statement.

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

1.13. FINANCIAL ASSETS

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

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

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

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

For an overview of financial assets (and liabilities) by category in accordance with IAS39, reference is made to note 15 below.

1.14. CASH AND CASH EQUIVALENTS

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

1.15. SHARE CAPITAL

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

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

1.16. CURRENT AND DEFERRED INCOME TAXES

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

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


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

The recognition of deferred tax liabilities on fair value adjustments is based on the assumption that the land and buildings held by the Company will be realized through asset deals. Sales through asset deals mainly apply to the residential projects held by the Company (which are classified as inventory; which is not subject to fair value accounting).

As it is expected that the value of commercial projects will in first instance be realized through use (and not through sale), the recognition of deferred tax liabilities on fair value adjustments is also applied here. Still, the potential capital gain (in the case a commercial project would be sold through a share deal) might be exempted from income tax in some jurisdictions if certain conditions are met. Although the Company is confident that in the case of a share deal these conditions will be complied with, deferred tax liabilities have consistently been recognized, without taking into account those potential tax exemptions. Currently or substantially enacted tax rates are used to determine deferred income tax. Under this method, the Company is also required to make a provision for deferred income tax on the difference between the fair values of the net assets acquired and their tax base as a result of a business combination.

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

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

In connection with the recently enacted change of Belgian tax rates (as from 1 January 2018 onwards) cumulated deferred tax balances have been re-calculated at the rate of 25% (vs. 34% previously). Belgian income tax rate will gradually decrease from 29.5% in 2018 to 25% from 2019 onwards. This has resulted in a (deferred) tax gain of approx. 5.5 MEUR in the 2017 income statement (note 22).

1.17. TRADE AND OTHER PAYABLES

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

1.18. BORROWINGS

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the


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proceeds (net of transaction costs) and the redemption value is recognized in the Income Statement over the period of the borrowings using the effective interest method.

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

1.19. REVENUE RECOGNITION

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

Sale of Property Development Inventory

Revenue from the sale of property development inventory is recognized when all the following conditions have been satisfied:

- (a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the entity;
- (e) the costs incurred or to be incurred relating to the transaction can be measured reliably.

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

Rental income

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

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

Sale of Investment Property

Revenue from the sale of investment property is recognized when all the following conditions have been satisfied:

(a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
(b) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
(c) the amount of revenue can be measured reliably;
(d) it is probable that the economic benefits associated with the transaction will flow to the entity;
(e) the costs incurred or to be incurred relating to the transaction can be measured reliably.

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

2. FINANCIAL RISK MANAGEMENT

2.1. FINANCIAL RISK FACTORS

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

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

2.1.1. FOREIGN EXCHANGE RISK

To the extent the Company enters in transactions in foreign currencies, other than its functional currency, being the Euro, it is subject to the following currency exchange risks: (i) the foreign currency transaction risk: which occurs when a member of the Company enters into a transaction where the settlement of the transaction occurs in a currency other than the functional currency of that member of the group; and (ii) the foreign currency translation risk: which occurs at the translation of the foreign operations of the group into Euro.

A change in exchange rates or authorities imposing exchange controls could affect the Company's business, financial condition, results and prospects.

However, since Ghelamco Invest and its subsidiaries exclusively operate in Belgium and Western Europe, such currency risk is very limited to not applicable.

The Company concludes all financing, engineering, architectural and construction contracts in Euro; leasing of the properties is in Euro and eventual later disposal of assets or shares are also expressed and negotiated in Euro.

2.1.2. INTEREST RATE RISK

The Company actively uses external and related party borrowings to finance its property projects. A property project's external financing is either in the form of a bank loan or a bond issue denominated in Euro (see Note 14).

The Company did not enter into external interest rate hedging transactions to eliminate exposure arising from the long term investment loans over the last 5 years. The Company's management closely monitors the short-term floating rate borrowings and medium term fixed interest rates.

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

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

acquisition loan is at this stage integrated in the construction loan.

- Once the property is completed, leased and meets all ongoing covenants, the construction financing is swapped into an investment loan, usually provided for a period of five years beginning from the signing of the investment loan agreement and repayable gradually with rental income or fully upon sale of the property. The banks are usually willing to offer investment loans up to an amount that reflects 65% to 70% of the property's market value. The interest is usually a mix of floating and fixed rates. In addition, the capital is amortized at a level between 4% and 7% per annum (on average), usually payable on a quarterly basis together with the accrued interest.
- For the Belgian and French projects;
    - 70 MEUR private bond issue due 28 February 2018, bearing an interest of 6.25% (however partly early reimbursed in November 2017 for an amount of 54.2 MEUR and the remaining amount reimbursed on maturity date);
    - 79.1 MEUR EMTN bond issue due 3 July 2020 and bearing an interest of 4.50%, 70.9 MEUR EMTN bond issue due 14 June 2021 and bearing an interest of 4.125% and
    - 54.2 MEUR EMTN bond issue due 20 November 2024 and bearing an interest of 4.8% and 47.4 MEUR EMTN bond issue due 20 November 2022 and bearing an interest of 4.3%;

Proceeds of the bonds can be used over the resp. project investment stages.

The Company may also actively use related party borrowings provided by the Investment Holding Financing Vehicles acting as financial intermediaries (mainly Peridot SL at 31 December 2017 and 31 December 2016) to finance the property projects in Belgium and France. These related party loans bear interest at market floating interest rates.

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

2.1.3. OPERATIONAL RISK (PRICE RISK IN FIRST INSTANCE)

Price risk

Raw materials, supplies, labour and other costs directly related to the construction process constitute a major part of the property development assets capitalized in the accounts of the Company's project companies.
Although construction prices may substantially vary during each accounting year, the Company succeeds in reducing its operational risk by either entering into fixed price contracts or into open book contracts with related and unrelated companies.
Most property projects are realized in cooperation with parties related to the Company (see Note 25.2).

Market research

Before starting an investment, the Company's management teams have performed their market research, comprising the following:

- status of the project's current zoning (eventual timing for rezoning necessary)
- attitude of the local government towards a particular project
- are comparable projects being launched (timing and location)
- type of potential buyers/tenants - reasonable delivery date of the project
- projected sale/lease prices at the date of delivery
- yield expectations at that time
- time frame to achieve 50% - 60% leasing level

Permit risk

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

Construction risk

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

Engineering risk

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

Financing risk

The Company relies since years on framework agreements with the majority of its banking partners. The parameters of the framework can vary due to economic circumstances, but the framework remains workable as a whole. Before starting up the construction works (or contracting with subcontractors), the Company expects to have received already a (non-) binding term sheet from its banking relations.
In the past five years the Company was in addition able to call upon alternative financing through the issue of bonds (in total 267.4 MEUR unsecured bonds are outstanding, ut infra).

Commercial risk

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

Investment market risk

Each developer or investment fund is influenced by the currently applicable yield expectations. Therefore, good project timing is essential. While securing the construction financing, the Company also negotiates a binding transition from construction loan into investment loan. This allows us to keep the property in portfolio and to wait for attractive offers of investors.

2.1.4. CREDIT RISK

Some limited credit risk may arise from credit exposures with respect to rental customers/ tenants (to a significant extent renowned international companies) and outstanding balances with related parties. The Company's entities are setting credit limits based on financial information and business knowledge, which are duly approved by management. No major allowances for non-payment were necessary in the current or previous year. The

credit risks on residential buyers are limited by the conditions in the notary deeds.

For further analysis, reference is made to note 10.

2.1.5 LIQUIDITY RISK

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

The maturity analysis for financial liabilities that shows the remaining contractual maturities is presented in Note 14.
We also refer to note 11 and note 14.4 where the available financing is described.

2.2. CAPITAL RISK AND BALANCE SHEET STRUCTURE MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to support its strategic growth plans.

During the past years, all profits have been re-invested. In addition, in 2014 and 2015 the capital of the Company has been increased by resp. 60 MEUR and 85 MEUR (more information in this respect in note 12).

The management's focus is to a significant extent set on financial support of its expansion plans. In order to maintain or optimize the balance sheet structure, the Company may decide to issue bonds or similar financial instruments in the (inter-)national financial markets. Company management closely monitors solvency, liquidity, return on invested capital and profitability levels.

In the same respect, the Ghelamco European Property Fund was put in place end 2016. This enables the Investment Holding to transfer delivered projects which will be kept in portfolio for a longer period; and which for that purpose require different (long-term, 'loan to value', or even mezzanine (re-) financing).

The Company monitors capital/balance sheet structure primarily on the basis of the solvency ratio. This ratio is calculated as total equity (considering the related party financing, which is subordinated) divided by the balance sheet total. The solvency ratios at 31 December 2017 and 2016 were as follows:

	2017	2016
Equity	232,112	210,408
Net related party loans payable	-2,767	-3,122
Total assets	752,357	605,547
Solvency ratio	**30.5%**	**34%**

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

Impairment of inventory

The risk of impairment arises from uncertainties typical to the real estate industry. At the balance sheet date impairment losses and/or write-offs to net realizable value for an amount of 3.0 MEUR have been recognized on a limited number of the inventory items related to the adjustment of some commercial parameters. No impairment losses were recognized in 2016.

Income taxes

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

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

- Belgium: 33.99% (decreasing in the coming two years to 25%)
- France: 33.33%

Fair value estimation

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

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

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

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


BOGGI
BOGGI

4. LIST OF SUBSIDIARIES

Ghelamco Invest subsidiaries included in these IFRS consolidated financial statements are as follows:

Entity description	Country	31/12/2017 % voting rights	31/12/2016 % voting rights	Remarks
GHELAMCO INVEST NV	**BE**	**99**	**99**	*****
The White House Zoute NV	BE	100	99	*
Dock-Site NV	BE	99	99	*
Dianthus NV	BE	99	99	*
Nepeta NV	BE	99	99	*
Eurostadium Events NV (former De Leewe III NV)	BE	99	99	*
Eurostadium Park NV (former Immo Simava 13 NV)	BE	99	99	*
Leisure Property Invest NV	BE	99	99	*
Waterview NV	BE	99	99	*
Retail Leuven NV (former Estate of the Art NV)	BE	0	99	4.2
Leuven Student Housing NV	BE	99	99	*
Parking Leuven NV (former Ring Congress Centre NV)	BE	99	99	*
Wavre Retail Park NV	BE	99	99	*
RHR-Industries NV	BE	99	99	*
Zeewind NV	BE	99	99	*
Docora NV	BE	99	99	*
Ring Multi NV (former Ring Retail NV)	BE	99	99	*
MeetDistrict Gent NV	BE	99	99	*
Ring Offices NV	BE	99	99	*
Ring Hotel NV	BE	99	99	*
Forest Parc NV	BE	99	99	*
Belalan Bischoffsheim Leasehold NV	BE	99	99	*
Bischoffsheim Freehold NV	BE	99	99	*
Belalan Louise Leasehold NV	BE	99	99	*
Louise Freehold NV	BE	99	99	*
De Nieuwe Filature NV	BE	100	100	*
Pomme de Pin Expansion SAS	FR	100	100	*
Société Immobilière de Courchevel SARL	FR	100	100	*
Pomme de Pin SAS	FR	100	100	*
Le Chalet 1850	FR	100	100	*
Brussels Urban Invest NV	BE	99	99	*
Construction Link NV	BE	99	99	*
Kubel NV	BE	99	99	*
Filature Retail NV	BE	99	99	*
Carlton Beach NV	BE	50	0	4.1
Carlton Retail NV	BE	50	0	4.1
Eneman & Co NV	BE	100	0	4.1
Graminea NV	BE	99	n/a	*

(*) the 1% remaining voting rights are owned directly or indirectly by Mr. P. Gheysens, the ultimate beneficial owner

Real estate acquisitions and disposals (including plots of land) often involve the transfer of a company that holds the property.

Most subsidiaries are such special purpose real estate entities created to structure real estate transactions (acquisition of land and real estate investment activities).

Summary of incorporations, acquisitions and disposals of subsidiaries (and other business units) realized by the Company during the year ended on 31 December 2017. The acquisitions and disposals of real estate subsidiaries are treated in accordance with the accounting policy as described in sections 1.9 and 1.11 (and not in accordance with

Consolidated Financial Statements at 31 December 2017 (in KEUR) GHELAMCO INVEST 49

IFRS 3 on Business Combinations) and section 1.19.

4.1. ACQUISITIONS OF STAKES AND/OR SUBSIDIARIES

In February 2017, the Company acquired 50% of the shares of 2 companies (Carlton Beach NV and Carlton Retail NV), holding land parts in the One Carlton site in Knokke-Zoute. The acquisition is connected with the currently ongoing realisation of the high-end residential One Carlton project, in a joint venture structure with a third party developer. Total share price amounted to 5,547 KEUR.

Above participation has in the financial statements been recognized under the equity method.

On 5 April 2017, the Company formalised the acquisition of all shares of Eneman & Co NV, owner of a site in Bruges. The transaction value of the plot in the share deal amounted to 1.5 MEUR.

Above acquisition has, in accordance with what has been stated in section 1.5.2 above, been booked as the purchase of property development inventories and has been considered as an operating cash (out-)flow item. Also in accordance with what has been stated in section 1.5.2, in this acquisition no significant other assets and/or liabilities have been acquired than the items booked in inventory.

4.2. DISPOSAL OF SUBSIDIARIES

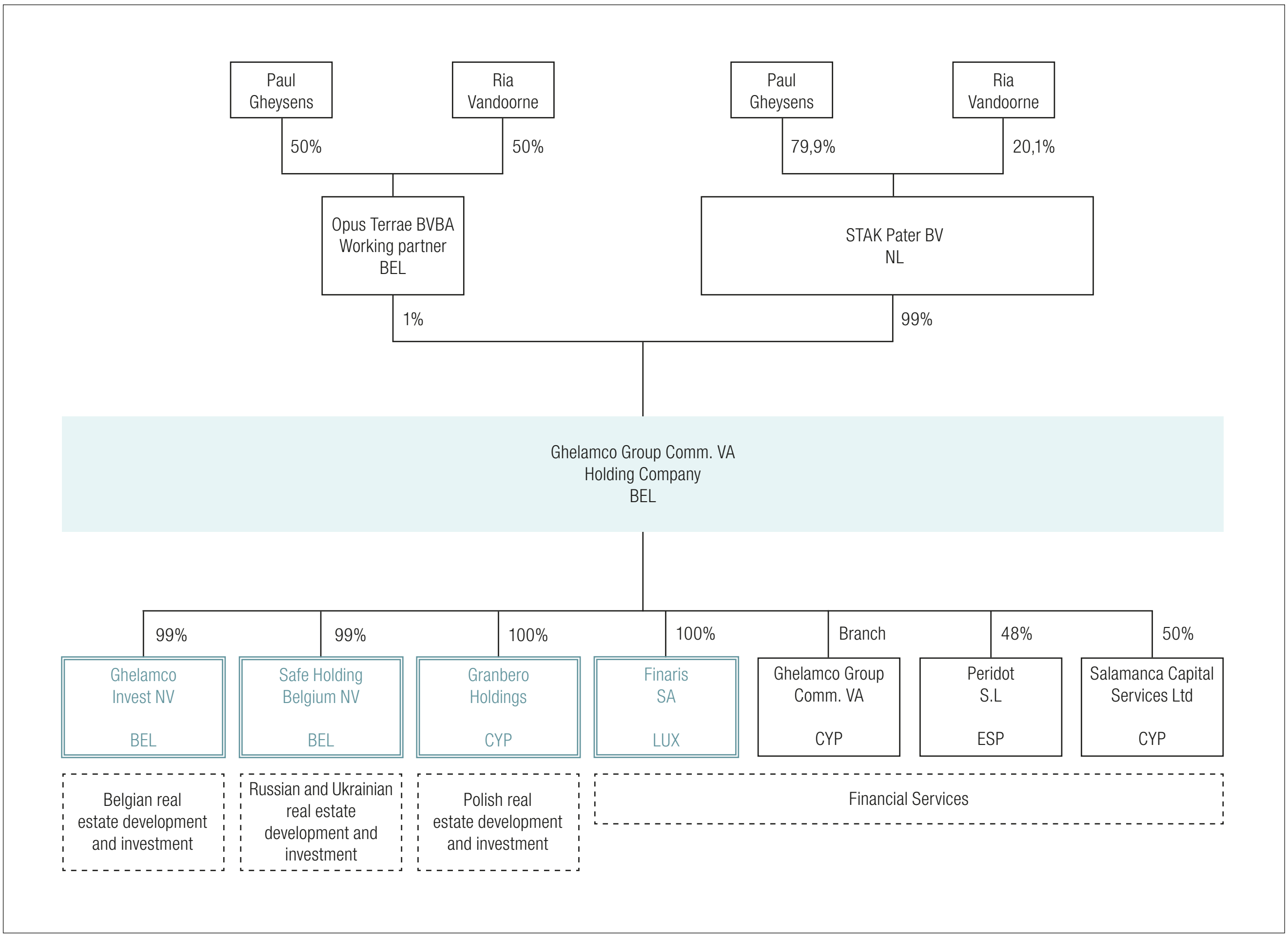
On 28 June 2017, the shares of Retail Leuven NV, holding the delivered and operational Retail Leuven project (5,435 sqm retail space at the Vaartkom in Leuven) has been sold to a third party investor for a share price of 3.1 MEUR. The deal was structured as a share deal. The share deal was based on an underlying fair value of the property and resulted in a gain on disposal of 1.1 MEUR.

4.3. INCORPORATION OF NEW (SHELF) COMPANIES

In 2017, no new SPVs have been incorporated.

5.
GROUP STRUCTURE

5.1. INVESTMENT HOLDING AS PER DECEMBER 31ST, 2017




STORE
STORE


STORE
STORE

5.2. BELGIAN REAL ESTATE DEVELOPMENT AND INVESTMENT AS PER DECEMBER 31ST, 2017

GHELAMCO INVEST NV
BEL

100%	The White House Zoute NV - BEL
99%	Dock-site NV - BEL
99%	Brussels & Regional NV - BEL
99%	Dianthus NV - BEL
99%	Nepeta NV - BEL
99%	Eurostadium Events NV - BEL
99%	Eurostadium Park NV - BEL
99%	Eurostadium Offices NV - BEL
99%	Eurostadium Parking NV - BEL
99%	Eurostadium Storage NV - BEL
99%	Eurostadium Foot & Hospitality NV - BEL
99%	Pavilion NV - BEL
99%	Ghelamco Campus NV - BEL
100%	Pomme de Pin Expansion SAS - FRA

100%	Société Immobilière de Courchevel SARL - FRA
100%	Pomme de Pin SAS - FRA
100%	Le Chalet 1850 - FRA

99%	Leisure Property Invest NV - BEL
99%	Waterview NV - BEL
99%	Wavre Retail Park NV - BEL
99%	RHR-Industries - BEL
99%	Zeewind NV- BEL
99%	Ring Offices NV - BEL
99%	Ring Hotel NV - BEL
99%	Parking Leuven - BEL
99%	Docora NV - BEL
11%	Artevelde-Stadion CVBA - BEL
99%	Ring-Multi NV - BEL
99%	Forest Parc NV - BEL
99%	Leuven Student Housing - BEL
99%	Graminea NV- BEL
99%	Citrien NV - BEL

100%	De Nieuwe Filature NV - BEL
99%	Filature Parking NV - BEL
99%	Filature Retail NV - BEL
99%	Belalan Bischoffsheim Leasehold NV - BEL
99%	Bischoffsheim Freehold NV - BEL
99%	Belalan Louise Leasehold NV - BEL
99%	Louise Freehold NV - BEL
99%	Meetdistrict Gent NV - BEL
99%	Brussels Urban Invest NV - BEL
99%	Construction Link NV - BEL
99%	Caboli NV - BEL
99%	Kubel NV - BEL
100%	Eneman & Co NV - BEL
50%	Carlton Beach NV - BEL
50%	Carlton Retail NV - BEL

Consolidated Financial Statements at 31 December 2017 (in KEUR) GHELAMCO INVEST 53


THE
GREAT
OLD


DIAMONDBAR

6. INVESTMENT PROPERTY

The Company's current strategy is to keep commercial property for rental purposes while residential properties are dedicated for sale.

All plots of land held for undetermined use, or where the management determines that the plot will be used in a project where the building will be rented, are classified as Investment Properties on 31 December 2017 and 31 December 2016.

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

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

Country + SPV	Commercial Name	Valuation	Cat	31/12/2017	31/12/2016
				KEUR	KEUR
BELGIUM					
Leisure Property Invest	Golf Knokke Zoute	Man	A	44,541	44,661
WRP	Wavre Retail Park	Man	A	8,000	8,000
Zeewind	Zeewind	Man	D	1,746	1,746
Ring Hotel	Ring Hotel	Man	C	21,200	13,512
Ring Multi	Ghelamco Arena Multifunctional space	Cushman	D	21,720	22,625
Meetdistrict	Meetdistrict business center	Cushman	D	34,750	34,400
Ghelamco Invest	Zoute House	Cushman	C	22,500	22,580
Waterview/Parking Leuven	Waterview Parkings	Man	D	8,530	8,434
Waterview/Retail Leuven	Waterview Retail Space	Cushman	D		8,650
Bischoffsheim Leasehold + Freehold	Spectrum	CBRE	C	49,840	41,500
Kubel/Construction Link	The Link	JLL	C	59,453	19,116
DNF/Filature Retail	Filature Retail	Man	D	10,000	
Docora	Rafc Tribune 1	Man	D	35,571	
TOTAL				**317,851**	**225,224**

Legend : Man = Management valuation, CBRE = CBRE valuation report, Cushman = Cushman & Wakefield valuation report, JLL = Jones Lang LaSalle valuation report

Balance at 1 January 2016	**265,150**
Acquisition of properties	16,640
Subsequent expenditure	20,594
Transfers	
• Assets classified as held for sale	
• Other transfers	12,756
Adjustment to fair value through P/L	32,484
Disposals	-122,400
CTA	
other	
Balance at 31 December 2016	**225,224**
Acquisition of properties	3,336
Subsequent expenditure	72,564
Transfers	
• Assets classified as held for sale	
• Other transfers	-1,119
Adjustment to fair value through P/L	27,060
Disposals	-9,214
other	
Balance at 31 December 2017	
	317,851

Categories	A	B	C	D	Total
Balance at 1 January 2016	**49,428**	**0**	**90,617**	**125,105**	**265,150**
Acquisition of properties	6,021		10,619		16,640
Acquisition through business combinations					
Subsequent expenditure	1,826	543	11,436	6,789	20,594
Transfers					
• Assets classified as held for sale					
• Other transfers		12,756	-31,000	31,000	12,756
Adjustment to fair value	-4,614	28,201	6,236	2,661	32,484
Disposals			-32,700	-89,700	-122,400
Other					
Balance at 31 December 2016	**52,661**	**41,500**	**55,208**	**75,855**	**225,224**
Acquisition of properties	3,336				3,336
Acquisition through business combinations					
Subsequent expenditure	2,862		30,348	39,354	72,564
Transfers					
• Assets classified as held for sale					
• Other transfers	-6,286	-41,500	41,500	5,167	-1,119
Adjustment to fair value	-32		25,937	1,155	27,060
Disposals				-9,214	-9,214
Other					
Balance at 31 December 2017	**52,541**	**0**	**152,993**	**112,317**	**317,851**

As stated above, on 28 June, the delivered and operational Retail Leuven project (5,435 sqm retail space at the Vaartkom in Leuven) has been sold to a third party investor. The deal was structured as a share deal based on an net asset value of the property of 9.4 MEUR. This sale resulted in a gain on disposal of investment property of 1.1 MEUR (of which 810 KEUR release of cumulated DTL).

In addition, 2 commercial unites in the Tribeca been been sold to third party investors for a total amount of 740 KEUR.

The Royal Antwerp Football Club Tribune 1 - modern stand offering 5,600 seats, 18 business boxes and catering facilities - has been constructed in the current year and has been taken into use from November 2017 onwards. The project has been leased to the football club for a period of 15 years.


ROYAL ANTWERP
FOOTBALL CLUB

Current year's transfers relate to the Filature Retail project from inventory to IP on the one hand (5,167 KEUR) and the transfer of the Golf Knokke Zoute project from IP to inventory on the other hand (6,286 KEUR).

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

- Rental income 2017: 4,194
- Rental income 2016: 9,511

The 2017 rental income mainly relates to lease agreements in Ring Multi (retail space in the Ghelamco Arena), Filature Retail (Tribeca project in Ghent) and Meetdistrict.

SIGNIFICANT ASSUMPTIONS AND SENSITIVITY ANALYSIS

Main part of Belgian IP(UC) relates to office and retail projects, which are valued based on the residual method (for IPUC) and income approach/yield/DCF method (for delivered projects).

For IFRS 13 purposes, IP(UC) projects are categorized in level 3.

The average yields (or capitalization rates) used in the expert valuations on 31 December 2017 are as follows:

- 4.97% to 8.75% for Belgian office (incl. business center) projects (vs. 5.25% to 7.25% last year), depending on the location, specifics and nature of the investment
- 6.25% to 6.85% for Belgian retail projects (vs. 6.00% to 7.00% last year), depending on the location, specifics and nature of the investment.

The average rent rates used in the expert valuations are as follows:

- 145 EUR/sqm/year to 230 EUR/sqm/year for office space (vs. 145 EUR/sqm/year to 230 EUR/sqm/year last year),
- 75 EUR/sqm/year to 140 EUR/sqm/year for retail space (vs. 68 EUR to 130 EUR last year), depending on the location, specifics and nature of the project.

On 31 December 2017, the Company has a number of income producing investment properties (category D) which are valued at 112,317 KEUR (Ring Multi, Zeewind, Parking Leuven, Meetdistrict, Filature Retail and Rafc Tribune 1). An increase/decrease of 100 basis points in the yield, with all other variables held constant, decreases/increases the value by approx. 8,050 KEUR.

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


Nº 308


MEETDISTRICT
STAY

7. PROPERTY, PLANT AND EQUIPMENT

in thousands €	Property, plant and equipment	
	31/12/2017	31/12/2016
Cost	1,779	1,191
Accumulated depreciation/amortisation and impairment	-775	-602
TOTAL	**1,004**	**589**

in thousands €	Property, plant and equipment
COST	
Balance at 1 January 2016	**702**
Additions	542
Additions from internal developments	
Acquisitions through business combinations	
Disposals or classified as held for sale	-53
Revaluation increase	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2016	**1,191**
Additions	588
Additions from internal developments	
Acquisitions through business combinations	
Disposals or classified as held for sale	
Revaluation increase	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2017	**1,779**

in thousands €	
ACCUMULATED DEPRECIATION AND IMPAIRMENT	
Balance at 1 January 2016	**577**
Depreciation/Amortisation expense	57
Disposals or classified as held for sale	-32
Impairment losses recognised in profit or loss	
Reversals of impairment losses recognised in profit or loss	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2016	**602**
Depreciation/Amortisation expense	226
Disposals or classified as held for sale	-53
Impairment losses recognised in profit or loss	
Reversals of impairment losses recognised in profit or loss	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2017	**775**

8. INVESTMENTS IN JOINT-VENTURES

Investments in joint-ventures amount to 6,340 KEUR and relate to the (50%) participating interests in Carlton Beach NV and Carlton Retail NV, which are connected with the One Carlton high-end residential project in Knokke Zoute.

Main balance sheet and income statement captions for both entities are the following:

	Carlton Beach		Carlton Retail	
Current assets	3,652		18,519	
of which cash and cash equivalents		1,574		5,388
Non-current assets	0		0	
Current liabilities	489		4,024	
curr. fin. liab. (excl. trade and other payables and provisions)		0		0
Non-current liabilities	2,260		2,700	
non-curr. fin. liab. (excl. trade and other pay. and provisions)		2,260		2,700
Revenue	1,869		5,880	
Profit before income tax	1,108		5,241	
income tax expense (-) or income (+)	-364		-1,820	
Profit of the year	743		3,420	

9. PROPERTY DEVELOPMENT INVENTORY

The Property Development Inventories amount to 215,187 KEUR on 31 December 2017 (2016: 190,634 KEUR) and are detailed as follows:

	31/12/2017	31/12/2016
Property Development Inventories	215,131	190,570
Raw materials	56	64
Finished goods	0	0
	215,187	**190,634**

	Carrying value (at cost) at 31 December 2017 - KEUR	Carrying value (at cost) at 31 December 2016 - KEUR
BELGIAN/FRENCH PROJECTS		
Others	11,640	8,672
Le Valeureux Liégeois - East Dune	13,059	20,514
Locarno Knokke	7,969	7,695
Blinckaertlaan Knokke	8,541	6,750
Kanonstraat Brussel	794	794
Bleko Doornstraat Kortrijk	2,593	2,547
Dock-site	2,648	2,648
Residentie Katelijne	6,208	6,376
Project Waterside	1,121	1,206
Waterview	2,617	3,479
Sylt	1,799	7,308
Cromme Bosh		14,114
Duinenwater	32,158	
Kinder Siska	8,360	8,017
RHR – One Carlton	8,429	9,911
De Nieuwe Filature/ Tribeca	11,677	18,455
Blaisantpark Gent		59
Belalan Louise/ Edition	9,260	10,253
Spectrum/ Bischoffsheim	4,041	3,765
Pomme De Pin - Courchevel	31,400	31,400
Eurostadium Brussel	23,648	11,678
Le Chalet 1850-Courchevel	10,503	10,473
Graminea/ Oude Bleekerij	8,344	
Arval site	4,797	4,520
Eneman	1,500	
Parking Tribeca	2,081	
TOTAL	**215,187**	190,634

Main part of current year expenditures have been done on:

- The Tribeca project in Ghent (35,000 sqm mixed residential and retail space project)
- Edition (59 luxurious apartments at the Louizalaan in Brussels)
- Spectrum (22 apartments and approx. 170 underground parking spaces in this mixed project at the Avenue Bischoffsheim in Brussels)
- Capitalized Eurostadium study costs and expenditures related to the acquired leasehold.

In addition, there have been some acquisitions of plots and/or sites:

- A plot in Kortrijk for the future development of the Helix Towers (SPV Graminea NV);
- Land parts in Bruges, through the acquisition of the shares of Eneman & Co., for the future development of a mixed real estate project;
- A plot of +/- 30,500 sqm in Knokke for the future development of a residential project (24 villas on the Duinenwater site);

Main divestures/ sales:

- Sale of the Cromme Bosch project for an amount of 12,310 KEUR
- Waterview Leuven: 18 student homes have been sold in 2017. Per date of the current report, 100% of the total (461) available student units have been sold.
- Tribeca: invoicing under the Breyne legislation connected to (71 apartments, 2 lofts and parking spaces in) phase 2 of this mixed project at the Nieuwevaart in Ghent. Phase 2 has per end 2017 fully been invoiced. Per date of the current report, 100% of the available apartments have been sold.
- Tribeca: invoicing under the Breyne legislation connected to (67 apartments and parking spaces in) phase 3 of this project. Phase 3 is per end 2017 (on average) 75% progressed and invoiced.
- Sylt, sale of 3 units (and 19 parking spaces) in this residential project in Knokke
- East Dune, sale of 10 apartments (and 13 parking spaces) in this residential project in Oostduinkerke
- Land parts related to 39 apartments (and 42 parking spaces) in the Edition project in Brussels
- Land parts related to 17 apartments (and 20 parking spaces) in the Spectrum project in Brussels
- Carlton One: invoicing under the Breyne legislation connected to 3 (of 10 available) apartments in this high-end residential project in Knokke-Zoute, which is structured as a 50/50 joint-venture.

Eurostadium Brussel:

Ghelamco Invest has in 2014 subscribed to the public tender to build a stadium on Parking C.

The 99-year leasehold right has been granted to the Company through notarial deed on 25 March 2016.

The submitted building and environmental permit ('Omgevingsvergunning') has been rejected by the Flemish authorities in January 2018.

The Raad van State also went into appeal against the abolishment of the neighbourhood road ('buurtweg').

The Company has based on extensive analysis deemed that sufficient legal means are available to appeal against the refusal of the permit. In this respect, it has submitted a request at the Raad van Vergunningsbetwistingen on 15 March 2018.

Given the fact that the decision of the Raad van Vergunningsbetwistingen is not expected before 2020, the Company will in cooperation with the stakeholders look for solutions to the (claimed) objections in the permit decision, within the provisions/bounderies as determined in the BAFO (Best and Final Offer) which has resulted in the granting of the leasehold for the development on Parking C.

In addition, the lessor (i.e. the City of Brussels) has within the framework of the leasehold agreement the obligation to actively cooperate in the realisation of a stadium, also without (participation to) the EK2020. As to mobility, the Company strives for sustainable mobility solutions on and around the leasehold area, but of course this assumes and requires an active cooperation from both the side of the Flemish and Brussels authorities regarding mobility connections and public transport around the leasehold area.

Also, the Flemish decree on the change of several provisions regarding urban planning and environment, often referred to as 'Codex-trein' dd. 8 December 2017, allows that going forward the project-MER (environmental effects report) procedure is integrated in the building and environmental permit procedure. As a consequence, remarks in connection with the (MER and permit) procedure can be remediated immediately and within the (duration of the combined) procedure. This results in more legal certainty.

On 26 March 2018 the City Council of Brussels has granted the mandate to the College of Mayor and Aldermen to terminate the Eurostadium project. The scope and consequences of this mandate is not clear to us for the time being. On 27 March 2018, Ghelamco has received an invitation from the side of the City of Brussels and the VZW PEB for a consultation meeting on how to deal with the decision to reject the building and environmental permit.

The above-mentioned elements constitute an uncertainty. Notwithstanding this situation, the Board of Directors is of the opinion that the currently capitalized expenses w.r.t. the Eurostadium-file (amounting to 23.6 MEUR as of 31 December 2017) will be recovered either through a new permit request or through a claim or through a decision of the Council of Permit Disputes.

Further reference is also made to section 3.

10. NON-CURRENT RECEIVABLES & PREPAYMENTS AND CURRENT TRADE & OTHER RECEIVABLES

10.1. NON-CURRENT RECEIVABLES & PREPAYMENTS

	Note	31/12/2016	31/12/2016
Non-current			
Receivables from related parties	25.3	2,767	4,512
Trade and other receivables		297	339
Total non-current receivables and prepayments		**3,064**	**4,851**

NON-CURRENT RECEIVABLES FROM RELATED PARTIES

All non-current loans to related parties are granted for a term of 3 to 5 years.
Contractual interest rates on non-current receivables to related parties for 2017 were as follows: Euribor/ Libor + margins in the range between 1% and 3%.
Further reference is made to Note 25.3.

The 2017 balance mainly consists of receivables vs. group companies which are not (yet) consolidated in these financial statements.
The same goes for 2016.

NON-CURRENT TRADE AND OTHER RECEIVABLES

No significant amounts included.

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

10.2. CURRENT TRADE & OTHER RECEIVABLES

	Note	31/12/2017	31/12/2016
Current			
Receivables from related parties		2,605	6,655
Receivables from third parties	25,3	8,006	5,692
Less: allowance doubtful debtors (bad debt provision)			
Net trade receivables		**10,611**	**12,347**
Other receivables		3,949	2,392
Related party current accounts	25,3	150,507	139,253
VAT receivable		1,358	1,385
Prepayments		0	0
Interest receivable		7,005	3,846
Total current trade and other receivables		**173,430**	**159,223**

CURRENT TRADE AND OTHER RECEIVABLES

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

Trade receivables with related parties (and to the extent applicable, prepayments) include invoices for construction, engineering and other services as described in Note 25.2.

Current account receivables from related parties consist of:

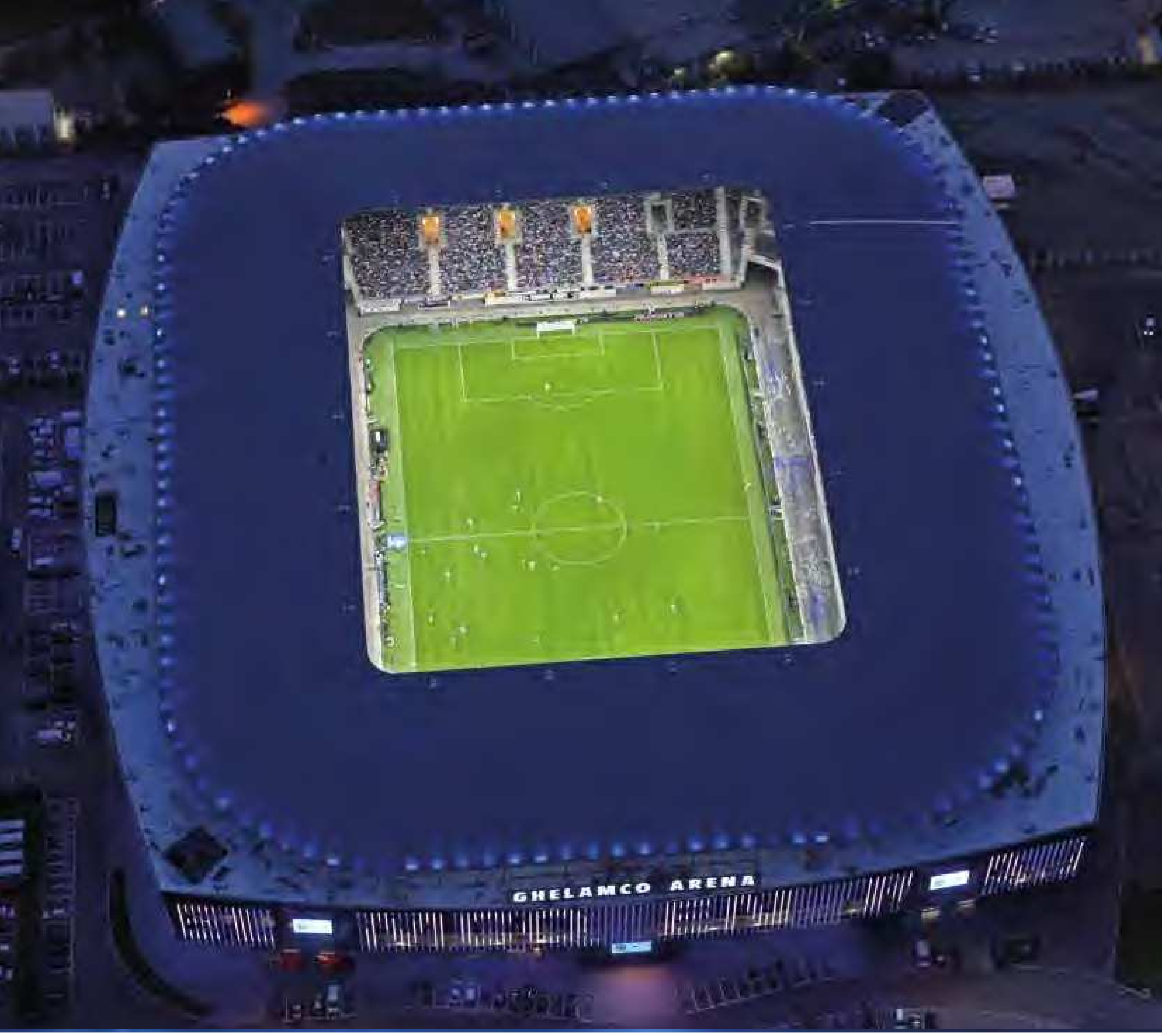
- 105,358 KEUR current account which Ghelamco Invest holds vs. Ghelamco Group Comm. VA.
- 7,219 KEUR current account which Ghelamco Invest holds vs. Deus Comm. VA.
- 24,061 KEUR current account which Ghelamco Invest holds vs. Ghelamco European Property Fund, after the sale of the Dacar site; ut supra
- 12,829 KEUR current account which Ghelamco Invest holds vs. Parking Gent (part of the above Dacar sale)
- 1,040 KEUR other

INTEREST RECEIVABLE

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

VAT RECEIVABLE

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


GHELAMCO ARENA


GHELAMCO ARENA

CREDIT RISK EXPOSURE AND IMPAIRMENT

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

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

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

Movement in the allowance for doubtful debts:

in thousands €	31/12/2017	31/12/2016
Balance at beginning of the year	**0**	**31**
Impairment losses recognised on receivables		
Amounts written off during the year as uncollectible		
Amounts recovered during the year		
Impairment losses reversed		-31
Balance at end of the year	**0**	**0**

As of 31 December 2017 and 2016, trade and other receivables disclosed above do not include amounts which are past due at the end of the reporting period and against which the Company has not recognized an allowance for doubtful receivables, as deemed necessary.

11. CASH AND CASH EQUIVALENTS

	31/12/2017	31/12/2016
Cash at banks and on hand	26,409	15,273
Short-term deposits		
	26,409	**15,273**

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

The Company also has access to the following additional resources of financing:

- additional capacity on the debt ratio (the Company chooses to keep a substantial margin on the Loan to Value ratio);
- potential to take up further financing on completed projects based on Loan to Value (LTV) instead of Loan to Cost (LTC);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- access to alternative financing under the form of bond issuance and mezzanine equity financing. In this respect refer to the resp. private and EMTN bond issues (for a total outstanding amount of 267.4 MEUR at 31 December 2017).

	31/12/2017	31/12/2016
Authorized 313,549 ordinary shares without par value	161,490	161,490
part not paid in	-15,000	-15,000
issued and fully paid in	146,490	146,490

12. SHARE CAPITAL

In June 2015 the capital was increased by 50 MEUR (in cash) through the issue of 97,080 new shares.

In December 2015 the capital was increased another time:

- by 25 MEUR (in cash, of which 10 MEUR was paid in) through the issue of 48,540 new shares on the one hand and
- by 25 MEUR (via contribution in kind and) through the issue of another 48,540 new shares on the other hand.

The mentioned capital increases were fully subscribed by Ghelamco Group Comm. VA, parent company of Ghelamco Invest NV.

At 31 December 2017 and 2016, the Company's direct shareholders are:

- Ghelamco Group Comm. VA – 99.998% (313,544 shares)
- Paul Gheysens – 0.002% (5 shares)

12.1. DISTRIBUTION OF DIVIDENDS WITHIN THE COMPANY

During 2017 and 2016, no dividends have been distributed by Ghelamco Invest.

12.2. NON-CONTROLLING INTERESTS

	31/12/2017	31/12/2016
Balance at beginning of year	185	176
Share of profit for the year	149	38
Devidend distribution		-11
Acquistions/disposals	-34	-18
Balance at end of year	**300**	**185**

13. RESERVES AND RETAINED EARNINGS

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

	Cumulative translation reserve	Retained earnings
At 1 January 2016	0	38,527
Cumulative translation differences (CTA)		
Dividend distribution to the ultimate shareholders		-10
Change in non-controlling interests		
Change in the consolidation scope		-4
Profit for the year		25,220
At 31 December 2016	**0**	**63,733**
At 1 January 2017	0	63,733
Cumulative translation differences (CTA)		
Dividend distribution to the ultimate shareholders		
Change in non-controlling interests		
Change in the consolidation scope		2
Profit for the year		21,587
At 31 December 2017	**0**	**85,322**

14. INTEREST-BEARING LOANS AND BORROWINGS

		31/12/2017	31/12/2016
Non-current			
Bank borrowings – floating rate	14.1	95,151	59,864
Other borrowings	14.2/3	246,688	217,149
Finance lease liabilities			
		341,839	**277,013**
Current			
Bank borrowings – floating rate	14.1	98,384	79,523
Other borrowings		15,770	0
Finance lease liabilities			
		114,154	**79,523**
TOTAL		**455,993**	**356,536**

14.1. BANK BORROWINGS (193,535 KEUR)

During the year the Company contracted new bank borrowings and withdrew on existing credit facilities for a total amount of 70.3 MEUR, all of which are Euribor based. On the other hand, reimbursements and re-financings have been done for an amount of 16.1 MEUR; bringing the total outstanding bank borrowings to 193.5 MEUR (compared to 139.4 MEUR at 31/12/2016).

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

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

With respect to the outstanding short-term bank borrowings, it is to be mentioned that a significant part of the balance per books is currently in the advanced process of prolongation and/or refinancing (e.g. through a swap to investment loans).

Summary of contractual maturities of external bank borrowings, including interest payments:

				31.12.2017				31.12.2016
	<1 y	between 2 and 5 y	>5y	total	<1 y	between 2 and 5 y	>5y	total
Credit institutions withdrawn credits	101,947	81,645	17,652	201,244	82,477	54,019	10,277	146,773
Financial lease	0	0	0	0	0	0	0	0
Total	**101,947**	**81,645**	**17,652**	**201,244**	**82,477**	**54,019**	**10,277**	**146,773**
Percentage	51%	41%	9%	100%	56%	37%	7%	100%

INTERESTS ON BANK BORROWINGS – INTEREST RATE RISK

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

On 31 December 2017, the Company has outstanding investment loans for a total amount of (28,455 KEUR) on Meetdistrict and Ring Multi; which are serviced by the actual rental income of resp. the properties. On 31 December 2016, the Company had outstanding investment loans for a total amount of 30,593 KEUR on Retail Leuven, Meetdistrict and Ring Multi.

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

- Belgium: between 1.30% and 3.0%

INTEREST SENSITIVITY ANALYSIS

An increase/decrease of 100 basis points in the (average) interest rates on the floating rate bank debt at the reporting date, with all variables held constant, would have resulted in a 2,084 KEUR lower/higher profit before tax for 2017.

14.2. OTHER BORROWINGS: BONDS (262,458 KEUR)

The Company has in the second half of 2013 and the first half of 2014 issued private unsecured bonds for a total amount of 70 MEUR, secured by a first demand guarantee from Ghelamco Group Comm. VA, having as maturity date 28/02/2018 and bearing an interest rate of 6.25%. This bond program was coordinated by KBC Securities and Belfius Bank. Per 31 December 2017 only 15,770 KEUR is still outstanding on this program, after carly redemption of bonds for an amount of 54,230 KEUR in November 2017.

In addition, the Company has on 24 June 2015 launched a new EMTN bonds program

for a maximum amount of 150 MEUR. First tap on this program has resulted in the issue of a first tranche of 79,100 KEUR and in December the remaining amount of 70,900 KEUR has been raised. The bonds, which are listed on Euronext, have as maturity date 3/07/2020 (first tranche) and 14/06/2021 (second tranche), bear an interest rate of 4.5% (first tranche) and 4.125% (second tranche) and are secured by a first demand guarantee from Ghelamco Group Comm. VA. The program has been coordinated by Belfius, BNP and KBC. Both tranches have been underwritten by institutional investors and high-net-worth individuals. Since its bond listing on Euronext, Ghelamco Invest is formally considered as a Public Interest Entity (PIE), with related transparancy, governance and reporting requirements to the benefit of the investors.

Goal of these issues is to diversify financial resources and secure the mid-term funding necessary to secure the realization of the pipeline of Belgian and French projects.

On 20 November 2017, the Company has again issued bonds for a total amount of 101,600 KEUR, within a new 250 MEUR EMTN bonds program. First tap on this program resulted in the issue of a tranche of 54,200 KEUR with a 7years term and bearing an interest of 4.8% and of a tranche of 47,400 KEUR with a 5 years term and bearing an interest of 4.3%. The bonds are secured by a first demand guarantee from Ghelamco Group Comm. VA. The transaction has been arranged by BNP, KBC and Société Générale and ABN Amro as managers and has been underwritten by institutional investors.

Bond proceeds have partly (i.e. for an amount of 54,230 KEUR) been used for the early redemption of the existing 70 MEUR 2013 bonds (maturing on 28/02/2018), in connection with a tender offer on the latter bonds. The remainder of the proceeds will be used for further investments in the Company's core markets.

Total balance of outstanding bonds per balance sheet date (262,458 KEUR) represents the amount of issue (267.4 MEUR) less capitalized issue costs (of which mainly the issuing banks' arrangement fees), which are amortized over the term of the bonds.

Summary of contractual maturities of bonds, including interest payments.

				31.12.2017				**31.12.2016**
	<1 y	**between 2 and 5 y**	**>5y**	**total**	**<1 y**	**between 2 and 5 y**	**>5y**	**total**
2013 bonds	16,756			16,756	4,375	74,375		78,750
EMTN bonds '15 1st tranche	3,560	86,220		89,780	3,560	89,780		93,340
EMTN bonds '15 2nd tranche	2,925	78,213		81,137	2,925	81,138		84,063
EMTN bonds '17 1st tranche	2,038	55,553		57,591				
EMTN bonds '17 2nd tranche	2,602	10,406	59,403	72,411				
Total	**27,880**	**230,392**	**59,403**	**317,674**	**10,860**	**245,293**	**0**	**256,153**
Percentage	9%	73%	19%	100%	4%	96%	0%	100%

14.3. OTHER BORROWINGS: OTHER

31/12/2017 and 31/12/16: 0 KEUR

After above mentioned, recent capital increases, the remaining related party loans have been settled. As a result, there are no ‘other’ balances outstanding as of 31 December 2017 (and 31 December 2016).

14.4. MISCELLANEOUS INFORMATION

No defaults of payments or breaches of borrowing agreements occurred as of 31 December 2017.

Bank borrowings are secured by amongst others the property development projects of the Company, including land and in-process construction, pledge on SPV shares, etc. The bonds are secured by a first demand guarantee by Ghelamco Group Comm. VA.

The loan agreements granted by the banks are sometimes subject to a number of covenants (Loan to Value, Loan to Cost, Debt Service Cover). During the year and per end of the year, there were no events of default in respect of these borrowings.
Also the terms and conditions of the bond issue have been complied with as of balance sheet date. In this respect, reference is made to the related bi-annual covenant testing which is published on the company's website.

At 31 December 2017, the Company has bank loans available to be drawn for a total amount of 72,848 KEUR.

The observed evolution in the above financial debt includes an immaterial amount of non-cash movements, related to capitilized transaction costs which are amortized over the duration of the debts.

15. FINANCIAL INSTRUMENTS

The table below summarizes all financial instruments by category in accordance with IAS 39 and discloses the fair values of each instrument and the fair value hierarchy:

Financial instruments (x € 1 000)	At fair value through P/L-held for trading	Available for sale	Loans and receivables/fin. liabilities at amortised cost	Fair value	31/12/2017 Fair value level
Other financial investments					
Other financial assets		0	3,961	3,961	2
Non-current receivables					
Receivables and prepayments			3,064	3,064	2
Restricted cash					
Current receivables					
Trade and other receivables			171,377	171,377	2
Derivatives	0				
Cash and cash equivalents			26,409	26,409	2
Total Financial Assets	**0**	**0**	**204,811**	**204,811**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			95,151	95,151	2
Bonds (Alternext)				-	2
Bonds (Euronext)			246,688	250,491	1
Other borrowings					2
Interest-bearing borrowings - current					
Bank borrowings			98,384	98,384	2
Bonds (Alternext)			15,770	15,770	2
Other borrowings					2
Current payables					
Trade and other payables			39,270	39,270	2
Total Financial Liabilities	**0**	**0**	**495,263**	**483,296**	

Financial instruments (x € 1 000)	At fair value through P/L-held for trading	Available for sale	Loans and receivables/fin. liabilities at amortised cost	Fair value	31/12/2016 Fair value level
Other financial investments					
Other financial assets		0	4,272	4,272	2
Non-current receivables					
Receivables and prepayments			4,851	4,851	2
Restricted cash			0	0	
Current receivables					
Trade and other receivables			157,482	157,482	2
Derivatives	0			0	
Cash and cash equivalents			15,273	15,273	2
Total Financial Assets	**0**	**0**	181,878	181,878	
Interest-bearing borrowings - non-curr.					
Bank borrowings			59,864	59,864	2
Bonds			69,504	74,964	2
Bonds (Euronext)			147,645	146,572	1
Other borrowings			0	0	2
Interest-bearing borrowings - current					
Bank borrowings			79,523	79,523	2
Bonds			0	0	2
Other borrowings			0	0	2
Current payables					
Trade and other payables			15,144	15,144	2
Total Financial Liabilities	**0**	**0**	**371,680**	**389,937**	

Consolidated Financial Statements at 31 December 2017 (in KEUR) GHELAMCO INVEST 81


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The above table provides an analysis of financial instruments grouped into Levels 1 to 3 based on the degree to which the fair value (recognized on the statement of financial position or disclosed in the notes) is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.
- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

The company's interest bearing liabilities are mainly floating interest bearing debts, except for the Belgian bonds, which are fixed interest bearing.

16. DEFERRED TAXES

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

in thousands €	**31/12/2017**	**31/12/2016**
Deferred tax assets	4,537	4,892
Deferred tax liabilities	-19,530	-19,048
TOTAL	**-14,993**	**-14,156**

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

In thousands €	Temporary differences		Unused tax losses and credits	
	Investment property	Other	Tax losses	Tax credits
Balance at 1 January 2016	**-19,263**	**269**	**5,107**	
Recognised in income statement	-11,644	-261	1,150	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals	11,325		-840	
Other	168		-167	
Balance at 31 December 2016	**-19,414**	**8**	**5,250**	
Recognised in income statement	-944	106		
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other				
Balance at 31 December 2017	**-20,358**	**115**	**5,250**	

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The following deferred tax assets have not been recognized at the reporting date:

in thousands €	31/12/2017	31/12/2016
DTA on unused tax losses	12,999	5,802
DTA on unused tax credits		
TOTAL	**12,999**	**5,802**

Tax losses in Belgium can be carried forward for an indefinite period of time.
No deferred tax liability has been recognized on undistributed profits in the subsidiaries. Further reference is made to note 1.16.

17. TRADE AND OTHER PAYABLES

	31/12/2017	31/12/2016
Trade payables: third parties	30,983	7,793
Trade payables: related parties	603	0
Related parties current accounts payable	1,350	0
Misc. current liabilities	11,449	9,954
Deferred income	0	0
Current employee benefits	52	42
Total trade and other payables	**44,437**	**17,789**

Trade payables towards related parties include amongst others the amounts payable to the Development Holding for construction and engineering coordination services received for an amount of 603 KEUR (on 31/12/2016, no such trade payables were outstanding). The significant increase in third party trade payables is mainly related to construction

works on projects carries out in the last months of the year. Miscellaneous current liabilities mainly relate to interest payable (to third parties: 3.7 MEUR), VAT payable (2.5 MEUR), accruals (2.7 MEUR) and others.

18. REVENUE

REVENUE IS MAINLY GENERATED FROM THE FOLLOWING SOURCES:

in thousands €	31/12/2017	31/12/2016
Sales of Residential Projects	61,924	61,986
Rental Income	4,194	9,511
Other	769	857
TOTAL REVENUE	**66,887**	**72,354**

Rental income as of 31 December 2017 (and 2016) relates to rent from commercial projects. The decrease compared to last year is mainly connected to the disposal of some income generating properties.

The residential projects sales as of 31 December 2017 mainly relate to:

- Sale of the Cromme Bosch project in Knokke (12,310 KEUR)
- Waterview Leuven: 18 student homes (2,343 KEUR)
- Villas and apartments at the Belgian coast (12,895 KEUR mainly on East Dune and Sylt), including invoicing under the Breyne legislation connected to 3 apartments in the high-end residential project Carlton One
- Tribeca: invoicing under the Breyne legislation connected to (71 apartments, 2 lofts and parking spaces in) phase 2 of this mixed project at the Nieuwevaart in Ghent (7,180 KEUR). Phase 2 has per end 2017 been fully invoiced.
- Tribeca: invoicing under the Breyne legislation connected to (67 apartments and parking spaces in) phase 3 of this project (16,145 KEUR). Phase 3 is per end 2017 (on average) 75% progressed and invoiced.
- Edition: Land parts related to 39 apartments and 42 parking spaces (7,258 KEUR)
- Spectrum: Land parts related to 17 apartments and 20 parking spaces (1,730 KEUR);

OVERVIEW OF FUTURE MINIMUM RENTAL INCOME

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

in thousands €	31/12/2017	31/12/2016
Future minimum rental income:		
Less than 1 year	7,519	3,036
Between 1 and 2 years	8,291	3,074
Between 2 and 3 years	7,750	2,847
Between 3 and 4 years	7,222	2,422
Between 4 and 5 years	6,814	2,124
More than five years	47,863	5,849
TOTAL FUTURE MINIMUM RENTAL INCOME	**85,460**	**19,352**


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The increase compared to last year goes together with the delivery and significant (pre-) lease of the The Link project in Antwerp and the new Royal Antwerp Football Club Tribune 1, which has been leased to the football club for a period of 15 years.

19. OTHER ITEMS INCLUDED IN OPERATING PROFIT/LOSS

OTHER OPERATING INCOME AND EXPENSES IN 2017 AND 2016 INCLUDE THE FOLLOWING ITEMS:

Other operating income	2017	2016
Net gains on disposal of investment property	5,251	1,922
Other	2,478	3,008
Net gains on disposals of property, plant and equipment		
TOTAL	**7,729**	**4,930**

Current year's other operating income mainly includes a purchase price adjustment on last year's sale of the Dacar site (4,935 KEUR) and a gain on disposal of Retail Leuven for an amount of 316 KEUR. Also a settlement fee in connection with the sanitation of a previously acquired plot is included (697 KEUR). For the remaining mainly re-charges of real estate tax, co-owners expenses and fit-out expense to tenants are included.

Last year's other operating income included the gain on the disposal of the Dacar site to the Ghelamco European Property Fund for an amount of 1,992 KEUR.

	2017	2016
Gains from revaluation of Investment Property	27,060	32,484

Fair value adjustments over 2017 amount to 27,060 KEUR, which is mainly the result of current year's further investment and leasing efforts (mainly on The Link in Antwerp and the commercial part of Spectrum in Brussels), in combination with evolution in market conditions (yield and rent level evolution).

	2017	2016
Other operating expenses		
Operating lease/ rental/ housing expenses	1,694	1,997
Taxes and charges	1,841	1,041
Insurance expenses	192	162
Audit, legal and tax expenses	3,421	2,275
Sales expenses	1,294	4,247
Operating expenses with related parties	2,532	2,287
Inventory impairment	3,003	
Miscellaneous	2,314	1,155
Total	**16,291**	**13,164**

The decrease in sales expenses is related to the decreased commission expenses in connection with the Waterview (student houses) project, which is per date of the current report fully (pre-) sold.

The overall increase in operating expenses is related to some impairment reserves recognized on a limited number of inventory projects, mainly resulting from the evolution in some commercial parameters.

Other operating expenses with related parties mainly concern the re-invoicing of costs within the framework of Service Level Agreements with Ghelamco Group Comm. VA, IRS Comm. VA and Deus Comm. VA. Also refer to note 25.2.

	2017	2016
Employee benefit expenses		
Wages and salaries	270	437
Social security costs	63	88
Other		
Total	**333**	**525**

20. COST OF PROPERTY DEVELOPMENT INVENTORIES

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

	2017	2016
Movement in inventory	16,482	-9,490
Purchases (*)	-62,683	-37,697
	-46,201	**-47,187**

(*) Purchases (to an extent from related parties) related to Investment Property projects are not included in the above purchases, as those have directly been recorded on IP. It concerns an amount of 71,171 KEUR (vs. 33,651 KEUR in 2016).

21. FINANCE INCOME AND FINANCE COSTS

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

	2017	2016
Foreign exchange gains	0	0
Interest income	3,792	3,055
Other finance income		
Total finance income	**3,792**	**3,055**
Interest expense	-15,826	-12,271
Other interest and finance costs	-2,237	-1,735
Foreign exchange losses		
Total finance costs	**-18,063**	**-14,006**


SPECTRUM

It is to be noted that interest expenses related to (not yet delivered) Investment Property projects are not included in the above 2017 and 2016 figures, as those have directly been capitalized on IP. It concerns an amount of 4,729 KEUR (vs. 3,583 KEUR last year).

Interest expenses mainly relate to interests on bank loans and bonds. The increase in interest expenses is related to the fact that in the current year and in connection with the overall (development and construction) status of projects, more interest has been expensed (vs. capitalized) in the income statement. In addition, early redemption of bonds (for an amount of 54,230 KEUR) in connection with the tender offer on the 2013 70 MEUR bonds program has resulted in 2 months additional interest expense on the redeemed amount.

Other finance costs mainly relate to the partly release to the profit and loss statement of the capitalized bond issue expenses (which are amortized over the duration of the respective bonds).

22. INCOME TAXES

Income tax expense recognized in the consolidated income statement:

	31.12.2017	31.12.2016
Current income tax	2,572	1,904
Deferred tax	837	10,755
Total	**3,409**	**12,659**

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

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

in thousands €	**31.12.2017**	**31.12.2016**
Result before income taxes	25,146	37,917
Income tax expense calculated at 33.99%	8,547	12,888
Effect of different tax rates in other jurisdictions	0	-
Effect of non-deductible expenses	670	494
Effect of revenue that is exempt from taxation	-1,945	-840
Effect of use of previously unrecognized tax losses	-497	-235
Effect of current year losses for which no DTA is recognized	4,901	540
Effect of tax incentives not recognized in the income statement	5	-291
Effect of under/over-accrued in previous years	350	30
Effect of change in local tax rates	-7,826	-
Effect of reversal DTL re. sale of Retail Leuven	-810	
Other	14	73
INCOME TAX EXPENSE RECOGNISED IN INCOME STATEMENT	**3,409**	**12,659**

The theoretical tax rate used for the above reconciliation is the (Belgian) statutory corporate tax rate of 33.99% payable by corporate entities in Belgium on taxable profits under tax law.

In connection with the recently enacted change of Belgian tax rates (as from 1 January 2018 onwards) cumulated deferred tax balances have been re-calculated at the rate of 25% (vs. 34% previously). This has resulted in a (deferred) tax gain of approx. 5.5 MEUR in the 2017 income statement. In addition, deferred tax impact on current year's timing differences has been recognized at 25% (with an additional impact of 2.3 MEUR)

Tax incentives not recognized in the income statement mainly relate to notional interest deduction.

23. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

23.1. (BANK) GUARANTEES

All external borrowings of the subsidiaries are secured by corporate guarantees and/ or surety ship agreements issued by Ghelamco Invest. These guarantees cover cash deficiency risk, cost overrun, completion risk and interest & repayment shortfall risk. No calls on the guarantees were made in 2017 and 2016.

Company	Project name	Amount of bank loan-books (KEUR)		Corporate guarantees as per 31/12/2017 (KEUR)	
BELGIUM					**Guarantee by Ghelamco Invest NV**
Waterview	Waterview	EUR	1,049	1,049	Cash deficiency guarantee, subordination declaration
Leuven Student Housing					
WRP	Wavre Retail Park	EUR	5,906	5,906	Cash deficiency guarantee
Leisure Property Invest	Golf Knokke Zoute	EUR	17,500	5,000	Corporate Guarantee, cash deficiency, cost overrun, subordination declaration Peridot
Zeewind	Zeewind	EUR	327	327	Corporate Guarantee, cash deficiency
Bischoffsheim Freehold	Spectrum	EUR	1,620	1,620	Corporate Guarantee, cash deficiency
Belalan Bischoffsheim Leasehold	Spectrum	EUR	9,318	9,318	Corporate Guarantee, cash deficiency
Louise Freehold	Edition	EUR	79	79	Corporate Guarantee, cash deficiency
Belalan Louise Leasehold	Edition	EUR	5,283	5,283	Corporate Guarantee, cash deficiency
MeetDistrict Gent	MeetDistrict Gent	EUR	17,940	5,000	Corporate Guarantee, cash deficiency, cost overrun
Ring Multi	part Ghelamco Arena	EUR	10,515	4,000	Corporate Guarantee, cash deficiency
R.H.R.- Industries	Carlton	EUR	10,270	10,270	Corporate Guarantee, cash deficiency, cost overrun
Kubel	The Link	EUR	4,500	4,500	Corporate Guarantee, cash deficiency
Construction Link	City Link	EUR	18,960	18,960	Corporate Guarantee, cash deficiency, shares pledge
Ring Hotel	Ring Hotel	EUR	16,718	16,718	Corporate Guarantee
Dianthus	Arval Site	EUR	2,400	2,400	Corporate Guarantee, cash deficiency, shares pledge
Filature Retail	Tribeca	EUR	3,412	3,412	Corporate Guarantee, cash deficiency, shares pledge
Graminea	Helix Towers	EUR	7,500	7,500	Corporate Guarantee, shares pledge

No corporate guarantees were given by the Company to ensure repayment of the bank loans of the related parties (under the common control of the ultimate beneficial owners) at 31 December 2017 (but not subsidiary of the Company).

The Company does not apply cross liability, meaning that Ghelamco Invest does not guarantee loans of affiliates belonging to other Investment Holding holdings.

23.2. REPRESENTATIONS AND WARRANTIES PROVIDED WITH RESPECT TO THE REAL ESTATE PROJECTS SOLD

As a seller of shares of its subsidiaries, the Company acts as a guarantor with respect to the representations and warranties contained in the real estate sales contracts concluded in the past. This mainly concerns representations regarding the title on shares, property, financial matters, tax matters and contractual matters. The Company's liability for the breach of these representations and warranties generally covers a period of 2 to 3 years from the date of sale (except representations regarding the tax matters covering the period of five to seven years in accordance with local statutory requirements).

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


MeetBox
№ 354

23.3. GUARANTEES RECEIVED FROM THE CONTRACTORS

The statutory warranty obligations born by construction service providers cover the risk of structural and other defects of the properties. Construction service providers (including related parties of the Company) in Belgium have a legal obligation to remediate any construction defects that become apparent within the first 10 years after completion of the construction for structural elements. Shorter guarantee periods apply for other elements, depending on the nature of such elements (each sub-contractor bears similar “back-to-back” obligations).

23.4. SECURITIES ON ASSETS

Special Purpose Vehicles (SPV's) entering into external financing are offering following collaterals:

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

Generally no cross guarantees on assets are granted by the different SPV’s, or other types of surety-ships, cost overruns or debt service commitments

24. COMMITMENTS

24.1. (CAPITAL) COMMITMENTS

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

	2017	2016
Architectural and Engineering contracts	2,513	6,637
Construction contracts	45,480	69,370
Purchase of land plots		
Purchase of shares (connected with landbank)	-	5,547
Total	**47,993**	**81,554**

At 31 December 2017, the Company has entered into a number of contracts with <u>third parties</u> for the acquisition of the following assets (plots) or shares:

BINDING CONTRACTS

- None significant per end 2017
- Per end 2016 a framework agreement was outstanding for the acquisition of land parts in the Carlton site in Knokke-Zoute, for the future development the high-end residential project Carlton One in a joint-venture structure with a third party. Shortly before year-end, first part of land parts was acquired through an asset deal for an amount of 8,742 KEUR. And early February 2017, 2nd part was acquired

through the acquisition of (50% of) the shares of 2 companies holding the remaining land parts. Total share price amounted to 5,547 KEUR.

NON-BINDING CONTRACTS

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

As an investor in commercial and residential properties, the Company is committed to continue the realization of properties under the contracts with construction companies, often in cooperation with related parties of the Company.

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

The Company in addition declares sufficient flexibility on the commitments, as significant part of those commitments is contracted with related party entities belonging to the Development Holding.

Related party architecture and engineering contracts in the above overview amount to 0.1 MEUR; related party construction contracts to 24.1 MEUR.

For the on-going construction contracts the respective SPV's concluded binding construction financing contracts with different banks.

Main contracts in the above overview relate to the following projects:
- Tribeca mixed project in Ghent: 6.5 MEUR construction contracts in total (related party agreements)
- Ring Hotel project in Gent: 17.5 MEUR construction contracts in total (related party agreements)

25. RELATED PARTY TRANSACTIONS

The Company is together with the other Investment Holding (sub-)holdings, the Development Holding and the Portfolio Holding – all related parties – under common control of the ultimate beneficial owners, Mr. & Mrs. Gheysens.

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

25.1. RELATIONSHIPS WITH THE DIRECTORS AND MANAGEMENT

For the year ending 31 December 2017, the Consortium (of which the Company is part) paid a total amount of approx. 10,000 KEUR (vs. 10,000 KEUR last year) to the members of the board and management committee. The Company, in turn, paid a total amount of approx. 2,000 KEUR (vs. 2,000 KEUR last year) to the members of the board and management committee. This amount includes management service fees charged by the

management committee members to the legal entities included in the scope of these consolidated financial statements.

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

25.2. TRADING TRANSACTIONS: PURCHASE OF CONSTRUCTION, ENGINEERING AND OTHER RELATED SERVICES FROM RELATED PARTIES

CONSTRUCTION AND DEVELOPMENT SERVICES

The Company has entered into property development and construction contracts with property development and construction companies ("Contractors") – the indirect subsidiaries of the Development Holding:

- Ghelamco NV with its registered office in Ypres;

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

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

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

Construction service providers (including Contractors) in Belgium have a legal obligation to bear repair costs of any construction defects that become apparent within a warranty period after the construction is completed. The Contractors have an obligation to remedy all structural construction defects that become apparent during the statutory warranty period of 10 years in Belgium.

The price for the construction and other related services is the fixed price agreed at the inception of the contract. The payments are executed based on the invoices issued on a bi-weekly to monthly basis. With regards to completed and handed-over works, the parties sign a works protocol every fortnight to month after approval by an independent project monitor appointed by the external financial party. The prices for the services reflect normal commercial terms and conditions, with average margins of around 10% to 20%.

ENGINEERING AND ARCHITECTURAL DESIGN SERVICES

APEC Architectural Engineering Projects Limited (a limited liability company registered under the laws of Ireland), legal subsidiary of the Development Holding) coordinates engineering and architectural design services provided to the Company's larger projects, in accordance with the terms of the respective contracts.
Apec's services include:

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

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

25.3. ACQUISITIONS AND DISPOSALS OF SHARES AND OTHER RELATED PARTY TRANSACTIONS

There have been no share transactions or other significant transactions with related parties in 2017, except for the sale of Cromme Bosch (high-end residential site in Knokke-Zoute) to Deus Comm. VA, for a total amount of 12,310 KEUR; an at arm's lenght transaction closed in the normal course of the business. In addition, there has been a purchase price adjustment on the sale of the Dacar site to Ghelamco European Property Fund NV for an amount of 4,935 KEUR.

In 2016, the projects on the Dacar site in Ghent were sold to Ghelamco European Property Fund. The share price was based on the underlying fair values of the resp. real estate projects as of 31 December 2016 (i.e. 124.3 MEUR in total).

OTHER

The excess cash balances generated by the Company's real estate investing activities can, besides being reinvested in own projects and subsidiaries' projects, to an extent and within the requirements of the terms and conditions of the recent bonds issue, also be invested/deposited in entities belonging to the Investment Holding in form of short and long-term loans. These loans are granted at the arm's length conditions.

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

	31/12/2017	31/12/2016
Purchases of construction, engineering and architectural design:	-39,906	-21,800
related party trade receivable	2,605	6,655
related party trade accounts payable	-603	0
related party non-current loans receivable	2,767	3,122
related party interests receivable	7,005	3,846
related party C/A receivable	150,507	139,253
related party non-current loans payable	-	0
related party interests payable	-51	0
related party C/A payable	-1,350	0

26. EVENTS AFTER BALANCE SHEET DATE

Reference is made to the Eurostadium note in section 9 of this report.
For the remainder, no significant events are to be mentioned.

Consolidated Financial Statements at 31 December 2017 (in KEUR) GHELAMCO INVEST 103

27.
AUDITOR'S
REPORT

Deloitte.

Ghelamco Invest NV

Statutory auditor's report to the shareholders' meeting for the year ended 31 December 2017 - Consolidated financial statements

Statutory auditor's report to the shareholders' meeting of Ghelamco Invest NV for the year ended 31 December 2017

In the context of the statutory audit of the consolidated financial statements of Ghelamco Invest NV ("the company") and its subsidiaries (jointly "the group"), we hereby submit our statutory audit report to you. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These reports are one and indivisible.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 13 June 2015, in accordance with the proposal of the board of directors. Our mandate will expire on the date of the shareholders' meeting approving the consolidated financial statements for the year ending 31 December 2017. We have performed the statutory audit of the consolidated financial statements of Ghelamco Invest NV for 3 subsequent years.

Report on the audit of the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the group, which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated statement of financial position shows total assets of 752,357 (000) EUR and the consolidated income statement shows a consolidated profit for the year then ended (part of the group) of 21,587 (000) EUR.

In our opinion, the consolidated financial statements of Ghelamco Invest NV give a true and fair view of the group's net equity and financial position as of 31 December 2017 and of its consolidated results and its consolidated cash flow for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the consolidated financial statements" section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

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

Emphasis of matter

Without modifying the unqualified opinion expressed above, we draw your attention to note 9 of the financial statements which describes the uncertainty regarding the realization of the Eurostadium and/or the recoverability of the related capitalized amounts.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Valuation of investment property	
The carrying value of investment property amounts to 317,851 (000) EUR per 31 December 2017 and represents a significant part of the assets of the Group (42 %). In accordance with IAS 40 'Investment Property' and the accounting rules of the Group, investment properties are valued at fair value. The result from revaluation of investment property amounts to 27,060 (000) EUR this year. Changes in the fair values of the investment properties have a significant impact on the consolidated net result and equity. The fair value of investment property is determined by management, and is in most cases supported by valuation reports prepared by external valuators. However, since the determination of fair value involves significant judgement and assumptions, for example concerning estimates of future cash flows, the individual nature of each property and related risks, the projected cost to complete and ability to let if no pre-let agreement is yet in place, the calculation is inherently subjective. We identified the valuation of investment property as a key audit matter, due to the significance of the balance to the financial statements as a whole and the level of judgement associated with determining the fair value, coupled with the fact that only a small percentage difference in individual property valuations could result in material misstatement when aggregated. The Group disclosed the accounting rules applicable for investment property in portfolio and the valuation of the various projects in note 1.9 and note 6 of the consolidated financial statements.	As the valuation of the projects are based on valuation reports prepared by external valuers, we have assessed their competence and qualifications, as well as whether there were any matters that might have affected their objectivity and independence or may have imposed scope limitations upon their work. We also considered fee and other contractual arrangements that might exist between the Group and the valuers. We reviewed the design and implementation of internal controls related to the valuation of investment property. Additionally, we performed a review and challenged the judgement on the significant assumptions used (such as yields, discount rates, void periods,..) and the integrity of the information used for the calculations (rent agreements, m^2,..). For a limited number of projects, the valuation is performed by management without an external valuation report supporting the calculation. For these projects, we have discussed the calculation with management and assessed the appropriateness of the calculation method used. Similar to the other projects, we also assessed the reasonableness of the assumptions used and reviewed the integrity of the information used in these calculations. We also considered the adequacy of the Group's disclosures concerning these topics (note 1.9 and note 6).

Valuation of property development inventories

The carrying value of property development inventories amounts to 215,187 (000) EUR per 31 December 2017 and represents 29 % of the consolidated balance sheet total of the Group as at 31 December 2017. Property development inventories mainly comprise residential properties. Inventories are measured at the lower of cost and net realizable value at the balance sheet date. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write-down is necessary when the net realizable value at balance sheet date is lower than the carrying value. Management of the company performs regular reviews of the net realizable value of its property development inventories.

We identified the valuation of property development inventories as a key audit matter, due to the significance of the balance to the financial statements as a whole and the judgement associated with determining the net realizable value, coupled with the fact that impairment indicators in individual properties could result in material misstatement when aggregated.

The Group disclosed the accounting rules applicable for property development inventories in portfolio and the valuation of the various projects in note 1.11 and note 9 of the consolidated financial statements.

Management performs the determination of the net realizable value, mostly without an external valuation report supporting the calculation. For these balances, we have discussed the calculation or feasibility study with management and assessed and challenged the appropriateness of the assumptions used. Similar to the investment properties, we also assessed the reasonableness of the assumptions used and reviewed the integrity of the information used in these calculations. For residential projects where sales are being recognized, we review the realized margins for impairment indicators in the remaining property development inventories.

We also considered the adequacy of the Group's disclosures concerning these topics (note 1.11 and note 9).

Specific significant transactions

The group entered over the past years in a number of transactions which warranted particular additional audit focus due to the magnitude of the transactions and/or the potential for contractual terms that introduce judgement into how they were accounted for. Key transactions subject to additional audit focus were:

- Raising 101.6 MEUR of bonds in an EMTN Program.
- Disposal of investment property (Retail Leuven) assets for a gross value of 9.4 MEUR.
- Acquisition and establishment of joint ventures for the One Carlton project.

For each significant transaction, we held discussion with management and obtained supporting documentation to ensure that we understood the nature of the transaction. We assessed if the proposed accounting treatment in relation to the Group's accounting policies and relevant IFRS standards. We also challenged management on the judgement and assumptions involved in these transactions.

<u>Bond loans</u>

For the bond loan issuance and compliance with the bond conditions, we examined the placing documents, resolutions passed by the Board of Directors, the Financial Ratio Testing and cash receipts for the new bonds that were issued during the year under review.

<u>Acquisitions and disposals</u>

For acquisitions and disposals of investment property, we obtained and reviewed key supporting documentation such as Sales and Purchases Agreements and completion statements. Considerations received or paid were agreed to bank statements. We reviewed and challenged the need for contingent liabilities (if applicable). We assessed the accounting treatment adopted by management in view of the group's accounting policies and relevant IFRS standards.

Compliance with covenants

The nominal value of the EMTN notes issued by Ghelamco Invest NV amounts to 251.6 MEUR (150 MEUR of the 2015 program and 101.6 of the 2017 program) per 31 December 2017 and represents a significant part of the liabilities of the Group. These notes are subject to a number of covenants on both the level of the Issuer (being Ghelamco Invest NV) and the Guarantor (being Ghelamco Group Comm. VA). We identified the compliance with covenants as a key audit matter, due to the significance of the balance to the financial statements and the fact that if the Issuer or the Guarantor would not meet their respective covenants, the Issuer could be required to repay a large amount of its debt before the due date.

We examined the placing documents in view of restrictive clauses. We reviewed the resolutions passed by the Board of Directors. The Financial Ratio Testing have been reviewed and we tested cash receipts for the new bonds that were issued during the year under review.

We also considered the adequacy of the Group's disclosures concerning this topic (note 1.18, note 2.1.2 and note 14.2).

Responsibilities of the board of directors for the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements the board of directors is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the group or to cease operations, or has no other realistic alternative but to do so.

Responsibilities of the statutory auditor for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear our independence, and where applicable, related safeguards.

From the matters communicated the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes any public disclosure about the matter.

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Report on other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements.

Responsibilities of the statutory auditor

As part of our mandate and in accordance with the Belgian standard complementary (Revised in 2018) to the International Standards on Auditing (ISA), our responsibility is to verify, in all material respects, the director's report on the consolidated financial statements.

Aspects regarding the directors' report on the consolidated financial statements

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for the period ended 31 December 2017 and it has been established in accordance with the requirements of article 119 of the Companies Code.

In the context of our statutory audit of the consolidated financial statements we are also responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the consolidated financial statements is free of material misstatement, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such material misstatement. We do not express and will not express any kind of assurance on the directors' report on the consolidated financial statements.

Statements regarding independence

- No prohibited non-audit services, as referred to by the law, have been performed and our audit firm and, if applicable, our network of audit firms, remained independent from the company during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit of the consolidated financial statements, as defined in article 134 of the Companies Code, have been properly disclosed and disaggregated in the notes to the consolidated financial statements.

Other statements

This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) No 537/2014.

Zaventem, 28 March 2018

The statutory auditor

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

Annex 1.3 The IFRS condensed consolidated financial statements of the Issuer for the half year ended 30 June 2019, together with the limited review report

Ghelamco Invest NV
Half year results 30.06.2019

Commercial successes and chrystallizing development efforts resulting in excellent results and optimized balance sheet structure

- **Net profit for the period of 26,962 KEUR (compared to 11,027 KEUR as per 30.06.18)**
- **Solvency ratio at 33.3% (compared to 30.8% as per 31.12.18)**
- **Sale of the Link project in Antwerp (27,000 sqm office space and approx. 540 underground parking spaces, divided over 2 buildings) to Baloise in February 2019, for a gross transaction value of 89.3 MEUR.**
- **Signing of a (23,000 sqm + 700 parking spaces) 15-year lease contract with PWC in January 2019 in the Focus project to be raised at the Culliganlaan in Diegem**
- **Signing of a (+ 37,000 sqm + 141 parking spaces) 18-year lease contract with the Brussels Region on 16/05/2019 in the Silver Tower project in Brussels**
- **Start of the construction works in the residential Senzafine project in Kortrijk; while per date of the current report approx. 57% of the available apartements have been (pre-)sold or reserved.**

Preliminary remark

Ghelamco Invest NV (with all of its subsidiaries) represents the Belgian and French activities of the Ghelamco Group, a leading European real estate investor and developer active in the offices, residential, retail and logistics markets.

Ghelamco Invest NV is hereafter referrred to as “Ghelamco Invest” or the “Company”.

Summary

The Company closed its 2019 half-year accounts with a net profit of 26,962 KEUR. While paying thorough and still increasing attention to (amongst others technical and environmental) innovation and sustainability, the Company continued its development and commercial efforts in the past half year. As a result, the Company successfully disposed of some investment property and in addition managed to create significant added value on existing projects. This is reflected in a relatively stable balance sheet total of 879,208 KEUR and an increased equity of 292,936 KEUR. The solvency ratio[1] increased from 30.8% per 31/12/18 to 33.3% per 30/6/19 .

In Belgium, the Company has been intensifying its development activities over the last years (with on average over 40 projects in portfolio). As a consequence, a significant number of Belgian projects have been delivered, commercialised and sold in the course of the last years.

In February 2019, the 'The Link' project in Antwerp (27,000 sqm leasable office space and approx. 540 underground parking spaces, divided over 2 buildings) has been sold to Baloise for a total gross sales value of 89.3 MEUR. The transaction has been realized at a new prime yield for office investments in Flanders of 5.2% and resulted in the realization of previously recognized fair value adjustments of +/- 24 MEUR.

In the course of the first half year of 2019 the company also succeeded in the signing of two significant, mile-stone leasing contracts. In January a (23,000 sqm + 700 parking spaces) 15-year lease contract has been signed with PWC for the Focus project (offering +/- 30,000 sqm leasable office space in total) at the Culliganlaan in Diegem. The building permit has been received end of July. Per date of the current report, the construction works have been kicked off with an expected delivery date of end of April 2021. PWC is expected to actually move into its new premises end of 2021.

On 16/05/2019 a (+ 37,000 sqm + 141 parking spaces) 18-year lease contract has been signed with the Brussels Region for the Silver Tower project (offering +/- 43,900 sqm leasable office space in total) at the Boulevard St. Lazare in Brussels. The concrete structure construction works have per date of the current report well advanced, considering the expected delivery date of end of October 2020, which is also the inception date of the lease contract.

Construction works of the new Senzafine project in Kortrijk – offering 86 luxurious apartments and 108 parking spaces – have started and per mid-year the underground structure was being finalized. Delivery is expected by end of August 2020, while per date of the current report, approx. 57% of the available apartments have been pre-sold (as well as approx. 50% of the parking spaces).

Also the construction works of the prestigious Edition Zoute project in Knokke – offering 49 serviced boutique apartments and 32 parking spaces, combined with some commercial functions on the ground floor – have started. Per mid-year the underground structure was finalized and delivery of the project is expected by end 2020. Per date of the current report already approx. 10% of the apartments have been reserved (as well as part of the available commercial units).

[1] Calculated as follows: equity/total assets

Key figures

Results	30.06.2019	30.06.2018
Operating result	44,795	22,368
Profit for the period	26,962	11,027
Share of the Company in the profit for the period	27,030	10,992
Balance sheet	**30.06.2019**	**31.12.2018**
Total assets	879,208	867,824
Cash and cash equivalents	11,557	22,350
Net financial debt (-)[2]	491,139	506,857
Total equity	292,936	267,129

Revenue for the first semester of 2019 amounts to 17,645 KEUR and mainly relates to rental income (3,481 KEUR) and sales of residential projects (13,712 KEUR).

The investment property (under construction) portfolio evolved from 321,890 KEUR per end 2018 to 391,442 KEUR per end of June 2019; evolution which is the combined result of current period's expenditures (25,617 KEUR), disposals (-1,031 KEUR) and fair value adjustments (44,966 KEUR). The current period's favorable fair value adjustment is mainly the consequence of the Group's sustained investment and leasing efforts, in combination with market evolution (in terms of yields and rent levels).

The operating result for the first half-year of 2019 totals to 44,795 KEUR; net profit for the period closes with 26,962 KEUR.

Property development inventories balance remained stable at 186,203 KEUR; evolution which is the combined effect of further expenditures on Belgian residential projects (mainly connected with the construction of the Edition and Spectrum projects in Brussels and the Senzafine project in Kortrijk), the sale of some residential projects (mainly units in the Tribeca project in Ghent) and invoicing of installments under the Breyne legislation in the Edition, Spectrum and Senzafine projects.

During the period the Company was able to obtain new bank borrowings and withdraw on existing credit facilities for a total amount of 30.3 MEUR. On the other hand, reimbursements and refinancings have been done for an amount of 57.6 MEUR, bringing the total outstanding amount of bank borrowings to 221.7 MEUR (compared to 248.9 MEUR at 31/12/2018).

[2] Calculated as follows: Non current liabilities: Interest-bearing loans and borrowings + Current liabilities: Interest-bearing loans and liabilities - Cash and cash equivalents

Overview

The Company's main development activities during the first half of 2019 related to:
- Start of the construction works in the Senzafine project (86 high-end apartments in Kortrijk)
- Start of the construction works in the Edition Zoute project (49 serviced boutique apartments in Knokke)
- Continuation of construction works (which were started in Q4 2018) in the Silver Tower office project in Brussels and signing of a long-term lease contract with the Brussels region
- Continuation of the construction works in the Brussels Spectrum (Avenue Bischoffsheim) projects. Construction progress is per date of the current report above 85%.
- Signing of a long-term lease contract with PWC in the Focus project; submitting of the building permit in March and obtaining of the building permit end of July 2019.

As to divestures and/or revenues:
- In February 2019 the 'The Link' project in Antwerp has been sold to Baloise for a total sales value (asset deal, acte en main) of 89,250 KEUR. The deal resulted in the realization of previously recognized fair value adjustments of +/- 24 MEUR. At the moment of sale, the related bank financing has been reimbursed for an amount of 55 MEUR.
- In the course of the first half year of 2019 also 4 commercial units in the Tribeca project in Ghent have been sold to third-party investors. Total sales value amounted to 1,300 KEUR.
- Current period's residential revenues mainly related to the sale of the remaining units in the Tribeca project at the Nieuwevaart in Ghent and installment invoicing (under the Breyne legislation) connected to the sale of apartments in the Edition and Spectrum projects in Brussels and the in the new high-end Senzafine project in Kortrijk.

Outlook

It is the Company's strategy to further diversify its development portfolio by spreading its developments over different real estate segments and/or mixed projects.
For the second half of 2019, the Company will continue its sustained growth. In addition, it will closely monitor specific evolutions in its active markets and real estate segments and is currently securing some important positions for sizable new projects. Considering its sound financial structure and the expected further market evolutions (in terms of tenant activity and evolution in yields), the Company is confident to achieve this growth and its goals for 2019 in general.

Risks

Due to its activities, the Company is exposed to a variety of financial and operational risks: including interest rate risk, price risk, credit risk and liquidity risk. Financial risks relate to the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables and borrowings.
These risks, which are described in detail in the Ghelamco Invest NV IFRS Consolidated Financial Statements at 31 December 2018, remain applicable for 2019 and are closely managed and monitored by the Company's management.

Declaration in accordance with Art. 13 of the Belgian Royal Decree of 14 November 2007

The Management, acting in the name of and on behalf of GHELAMCO INVEST NV, attest that to the best of their knowledge,

- the interim condensed financial statements are prepared in accordance with applicable accounting standards and give, in all material respect, a true and fair view of the consolidated assets and liabilities, financial position and consolidated results of the Group and of its subsidiaries included in the consolidation for the six month period;
- the interim financial management report, in all material respect, gives a true and fair view of all important events and significant transactions with related parties that have occurred in the first six month period and their effects on the interim financial statements, as well as an overview of the most significant risks and uncertainties we are confronted with for the remaining six months of the financial year.

Paul Gheysens
CEO & Managing Director
Ieper
24/09/2019

Philippe Pannier
CFO
Ieper
24/09/2019

About Ghelamco
Ghelamco Group is a leading European real estate investor and developer active in the offices, residential, retail and logistics markets. It maintains a high quality internal control with respect for agreed milestones over all its project development phases: land purchase, planning, coordinating the construction phase and sale or lease. Its projects combine prime and strategic locations with efficient and aesthetically inspiring designs and correct timing. Its successes on the Belgian, French, Polish and Russian markets are generated by the group's professional and enthusiastic staff that is driven by the vision and passion of its management.

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Condensed interim financial statements Ghelamco Invest NV per June 30, 2019

Condensed consolidated statement of profit or loss (in KEUR)

	Note	30/06/2019	30/06/2018
Revenue	7	17,645	26,129
Other operating income	8	799	1,470
Cost of Property Development Inventories	7	-10,398	-16,518
Employee benefit expense		-161	-180
Depreciation amortisation and impairment charges		-299	-184
Gains from revaluation of Investment Property	4	44,966	18,995
Other operating expense	8	-7,803	-7,305
Share of results of equity accounted investees		46	-39
Operating result		**44,795**	**22,368**
Finance income	9	3,219	1,854
Finance costs	9	-8,028	-7,206
Result before income tax		**39,986**	**17,016**
Income tax expense	10	-13,024	-5,989
Profit for the period		**26,962**	**11,027**
Attributable to			
Owners of the Company		27,030	10,992
Non-controlling interests		-68	35

Condensed consolidated statement of profit or loss and other comprehensive income (in KEUR)

	30/06/2019	30/06/2018
Profit for the period	26,962	11,027
Exchange differences on translating foreign operations		
Other		
Other recyclable comprehensive income of the period		
Total Comprehensive income for the period	**26,962**	**11,027**
Attributable to		
Owners of the Company	27,030	10,992
Non-controlling interests	-68	35

Condensed consolidated statement of financial position (in KEUR)

	Note	30/06/2019	31/12/2018
ASSETS			
Non-current assets			
Investment Property	4	391,442	321,890
Property, plant and equipment		997	895
Equity accounted investees	5	14,611	14,564
Receivables and prepayments		2,092	2,958
Deferred tax assets		6,938	6,963
Other financial assets	11	3,743	3,743
Restricted cash			
		419,823	**351,013**
Current assets			
Property Development Inventories	3	186,203	186,978
Trade and other receivables	11	237,050	209,785
Current tax assets		0	0
Derivatives		0	0
Assets classified as held for sale	4	24,575	97,698
Restricted cash			
Cash and cash equivalents	11	11,557	22,350
Total current assets		**459,385**	**516,811**
TOTAL ASSETS		**879,208**	**867,824**

Condensed consolidated statement of financial position (in KEUR) (cont'd)

	Note	30/06/2019	31/12/2018
EQUITY AND LIABILITIES			
Capital and reserves attributable to the Company's equity holders			
Share capital		146,490	146,490
CTA		0	0
Retained earnings		146,171	120,289
		292,661	266,779
Non-controlling interests		275	350
TOTAL EQUITY		**292,936**	**267,129**
Non-current liabilities			
Interest-bearing loans and borrowings	6	379,479	384,064
Deferred tax liabilities	11	31,970	26,208
Other non-current liabilities			0
Long-term provisions		0	0
Total non-current liabilities		**411,449**	**410,272**
Current liabilities			
Trade and other payables	11	42,718	41,802
Current tax liabilities		8,888	3,478
Interest-bearing loans and borrowings	6	123,217	145,143
Short-term provisions		0	0
Total current liabilities		**174,823**	**190,423**
Total liabilities		**586,272**	**600,695**
TOTAL EQUITY AND LIABILITIES		**879,208**	**867,824**

GHELAMCO

Condensed consolidated cash flow statement (in KEUR)

	Note	30/06/2019	30/06/2018
Cash flow from operating activities			
Result of the period before income tax		**39,986**	**17,016**
Adjustments for:			
- Share of results of associates		-46	39
- Change in fair value of investment property	4	-44,966	-18,995
- Depreciation, amortization and impairment charges		299	184
- Result on disposal investment property	8	287	647
- Change in provisions		0	0
- Net finance costs	9	3,697	4,350
- Movements in working capital:			
- change in inventory		775	5,183
- change in trade & other receivables		-24,208	4,100
- change in trade & other payables		-11,369	-454
- Movement in other non-current liabilities		0	0
- Other non-cash items		97	236
Income tax paid	10	-1,827	1,426
Interest paid	9	-770	-1,209
Net cash from / (used in) operating activities		**-38,045**	**12,523**
Cash flow from investing activities			
Interest received	9	162	1,780
Purchase of property, plant & equipment		-401	-303
Purchase of investment property	4	-16,886	-33,624
Capitalized interest in investment property	4	-2,592	-2,131
Proceeds from disposal of investment property/ AHS	4	73,859	14,466
Net cash outflow on acquisition of subsidiaries		0	1,689
Net cash outflow on other non-current financial assets		866	
Net cash inflow/outflow on scope changes		-1,155	
Net cash flow used in investing activities		**53,853**	**-18,123**
Cash flow from financing activities			
Proceeds from borrowings	6	30,954	30,650
Repayment of borrowings	6	-57,555	-31,543
Capital increase			
Dividends paid			

Net cash inflow from / (used in) financing activities		**-26,601**	**-893**
Net increase in cash and cash equivalents		**-10,793**	**-6,493**
Cash and cash equivalents at 1 January		**22,350**	**26,409**
Cash and cash equivalents at the end of the period		**11,557**	**19,915**

Condensed consolidated statement of changes in equity (in KEUR)

	Attributable to the owners of the Company			Non-controlling interests	Total equity
	Share capital	Cumulative translation reserve	Retained earnings		
Balance at 1 January 2018	**146,490**	**0**	**85,322**	**300**	**232,112**
Capital increase					
Profit/(loss) for the period			10,992	35	**11,027**
Dividend distribution					
Change in non-controlling interests				6	**6**
Change in the consolidation scope					
Other			-8		**-8**
Balance at 30 June 2018	**146,490**	**0**	**96,306**	**341**	**243,137**
Balance at 1 January 2019	**146,490**	**0**	**120,289**	**350**	**267,129**
Capital increase					
Profit/(loss) for the period			27,030	-68	**26,962**
Dividend distribution					
Change in non-controlling interests			7	-7	**0**
Change in the consolidation scope			-1,155		**-1,155**
Other					
Balance at 30 June 2019	**146,490**	**0**	**146,171**	**275**	**292,936**

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Segment reporting

A segment is a distinguishable component of the Company which is engaged either in providing products or services (business segment), or in providing products or services within a particular economic area (geographic segment) and which is subject to risks and rewards that are different to those of other segments.
As the vast majority of the assets (and resulting income) of the Company is geographically located in Belgium, and Management has a regional approach in decision taking, no segmenting has been included in this financial reporting.

Notes to the condensed consolidated interim financial statements at 30 June 2019

1. Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2018 ('last annual financial statements'). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The condensed consolidated financial statements for the 6-monhts period ended June 30, 2019, were approved by the Board of Directors on 25 September 2019.

The new interpretations and standards that are applicable from 2019 did not have any significant impact on the Company's financial statements.

IFRS 16 introduces significant changes in accounting for leases for the lessee, removing the distinction between operating and finance leases and recognising assets and liabilities for all leases (aside from exemptions for short-term leases or low-value assets). Unlike accounting for leases by the lessee, IFRS 16 keeps almost all provisions from IAS 17 Leases regarding accounting for leases by the lessor. This means that lessors must continue to classify leases as operating or finance leases. The Company has adopted this standard as from 1 January 2019 and applied the 'modified retrospective approach'. The comparative figures have not been adapted. However as the Company has currently not entered into significant lease contracts (as a lessee), this adoption has not generated any significant impact on the financial statements as of 30 June 2019.

2. Significant accounting policies

The condensed consolidated interim financial statements are prepared on a historic cost basis, with the exception of investment property (under construction) and derivative financials instruments, which are stated at fair value.

All figures are in thousands of EUR (KEUR), unless stated otherwise.

The accounting policies adopted are consistent with those followed for the preparation of the Company's consolidated financial statements for the year ended 31 December 2018.

GHELAMCO

3. Property development inventories

Property development inventories contain mainly plots of land held for development of residential purposes and residential buildings either finished or still under construction.

	30/06/2019	31/12/2018
Property Development Inventories	186,155	186,925
Raw materials	48	53
Finished goods	0	0
	186,203	**186,978**

The inventory mainly relates to:

- Residential projects at the Belgian coast (both finalized and under construction), mainly in Knokke and Oostduinkerke
- The new Edition Zoute project (49 serviced boutique apartments with commercial functions on the ground floor, in Knokke); under construction
- The new high-end Senzafine project in Kortrijk (86 high-end apartments); under construction
- The last remaining, delivered units in the Tribeca project in Ghent (approx. 35,000 sqm mixed residential and retail space project on a 24,000 sqm former industrial site)
- Some plots in Courchevel for the development of (combined) residential/hotel projects
- Capitalized Eurostadium IP rights on the design, study costs and expenditures related to the acquired leasehold

Eurostadium Brussels

The board of the directors confirms its statement mentioned in the Consolidated Financial Statements as at December 31, 2018 (p. 44/45). Since that date the situation has not significantly changed, except for the fact that the Council of Permit Disputes has rejected the Company's appeal on 5 September 2019. As a matter of cautious governance the company has registered any additional costs related to the Eurostadium project in its P&L. As to the capitalised Eurostadium expenditures which still amount to 23.6 MEUR, the board of directors acknowledges that the current status of the file constitutes an uncertainty but remains of the opinion that the capitalized expenses will be recovered in the future either through a new permit request or, if necessary, a claim.

4. Investment property (under construction)

Balance at 31 December 2018	**321,890**
Acquisition of properties	226
Acquisition through business combinations	
Subsequent expenditure	25,391
Transfers	
- Assets classified as held for sale	
- Other transfers	
Adjustment to fair value through P/L	44,966
Disposals	-1,031
other	
Balance at 30 June 2019	**391,442**

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

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

Country + SPV	Commercial Name	Valuation	Cat	30/06/2019	31/12/2018
				KEUR	**KEUR**
BELGIUM					
Leisure Property Invest	Knocke Village	Man	B	60,708	59,000
Zeewind	Zeewind	Man	D	1,746	1,746
Ring Multi	Ghelamco Arena Multifunctional space	Cushman	D	22,775	22,675
Meetdistrict	Meetdistrict business center	Cushman	D	34,550	33,950
Ghelamco Invest	Zoute House	Man	C	25,189	24,101
Dianthus	Arval site	Man	C	7,733	6,000
Bischoffsheim Leasehold + Freehold	Spectrum	CBRE	C	80,578	62,464
DNF/Filature Retail	Tribeca/ Filature Retail	Man	D	4,675	5,500
Docora	Rafc Stands	Man	D	50,352	49,696
Silver Tower	Silver Tower	Belsq	C	63,372	47,257
Domein Culligan	Focus/ PWC Offices	JLL	B	39,764	9,500
TOTAL :				**391,442**	**321,890**

Legend : Man = Management valuation, CBRE = CBRE valuaton report, Cushman = Cushman & Wakefield valuation report, JLL = Jones Lang Lasalle, Belsq = Belsquare valuation report.

The average yields used in the expert valuations (applying residual method) on 30 June 2019 are as follows:
- 3.60% to 8.65% for Belgian office projects, depending on the location, specifics and nature of the investment (vs. 4.25% to 8.65% per 31/12/2018);
- 5.47% to 6.35% for other Belgian (mainly retail) projects, depending on the specifics, nature and location of the investment (vs. 6.00% to 6.50% per 31/12/2018).

In the course of the first half year of 2019 4 commercial units in the Tribeca project in Ghent have been sold to third-party investors. Total sales value amounted to 1,300 KEUR.

And as stated above, in February 2019, the 'The Link' project (27,000 sqm office space and approx. 540 underground parking spaces) has been sold to Baloise. The net transaction value approximated the carrying value per 31/12/2018 plus the expenditures still incurred. The sales transaction was structured as an asset deal. In connection with the anticipated sale, this project was per end 2018 already transferred from Investment property to assets held for sale.

Commitments

Ghelamco Invest NV has signed a share purchase agreement on April 26th 2019 concerning the acquisition of 100% of the shares in DEREIF Brüssel Lloyd George S.à.r.l, owner of a property located at 1000 Brussels, 6-7 Avenue Lloyd George and 36 Boulevard de la Cambre. Closing (and transfer of ownership) will take place on August 26th 2020.

The purchase price will be calculated on closing date on the basis of the underlying value of the property, which is determined at EUR 46.325.000,00. Ghelamco Invest NV provided the seller with a first demand bank guarantee covering an amount of EUR 4.650.000,00 on the date of the signing of the share purchase agreement to secure the payment of the purchase price on closing.

5. Equity accounted investees

Equity accounted investees amount to 14,611 KEUR and relate to the (50%) participating interest in Carlton Retail NV, which is connected with the One Carlton high-end residential project in Knokke Zoute.

6. Interest bearing loans and borrowings

	30/06/2019	31/12/2018
Non-current		
Bank borrowings – floating rate	98,501	103,792
Other borrowings	280,978	280,272
Finance lease liabilities		
	379,479	**384,064**
Current		
Bank borrowings – floating rate	123,217	145,143
Other borrowings – floating rate		
Finance lease liabilities		
	123,217	**145,143**
TOTAL	**502,696**	**529,207**

6.1 Bank borrowings

During the period, the Company obtained new secured bank loans expressed in EUR and withdrew on existing credit facilities for a total amount of 30.3 MEUR, all of which are Euribor based. On the other hand, reimbursements (and/or refinancings) have been done for a total amount of 57.6 MEUR, net of prolongation of a number of bank borrowings. Significant part of the reimbursements (55 MEUR) is related to the disposal of the 'The Link' project, as mentioned above.

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

52% of the outstanding non-current bank borrowings is maturing within a 3 years-period, 48% is maturing after more than 3 years.

With respect to the outstanding short-term bank borrowings, it is to be mentioned that in the second half of 2019 part will be reimbursed following the contractual terms, but significant parts will also be repaid upon sale/disposal of the related projects (mainly Ring Hotel) and parts will be prolonged or refinanced (e.g. through resp. swap to development or investment loan).

6.2 Bonds (280,978 KEUR non-current)

The Company has on 24 June 2015 launched an EMTN bonds program for a maximum amount of 150 MEUR. First tap on this program has resulted in the issue of a first tranche of 79,100 KEUR and in December the remaining amount of 70,900 KEUR has been raised. The bonds, which are listed on Euronext, have as maturity date 3/07/2020 (first tranche) and 14/06/2021 (second tranche), bear an interest rate of 4.5% (first tranche) and 4.125% (second tranche) and are secured by a first demand guarantee from Ghelamco Group Comm. VA. The program has been coordinated by Belfius, BNP and KBC. Both tranches have been underwritten by institutional investors and high-net-worth individuals. Since its bond listing on Euronext, Ghelamco Invest is formally considered as a Public Interest Entity (PIE), with related transparency, governance and reporting requirements to the benefit of the investors.

On 20 November 2017, the Company has again issued bonds for a total amount of 101,600 KEUR, within a new 250 MEUR EMTN bonds program. First tap on this program resulted in the issue of a tranche of 54,200 KEUR with a 7 years term and bearing an interest of 4.8% and of a tranche of 47,400 KEUR with a 5 years term and bearing an interest of 4.3%. The bonds are secured by a first demand guarantee from Ghelamco Group Comm. VA. The transaction has been coordinated by KBC, BNP, Société Générale and ABN Amro as managers and has been underwritten by institutional investors.

Bond proceeds have partly (i.e. for an amount of 54,230 KEUR) been used for the early redemption of the 70 MEUR 2013 bonds, in connection with a tender offer on the latter bonds. The remainder of the proceeds has been used for further investments in the Company's core markets.

In addition, the Company has on 23 October 2018 issued bonds for a total amount of 33,000 KEUR within the existing 250 MEUR EMTN bonds program. The bonds have as maturity date 23/05/2022, bear an interest rate of 4.5% and are secured by a first demand guarantee from Ghelamco Group Comm. VA. The transaction has been coordinated by KBC, BNP Paribas Fortis and Société Générale as managers and has been subscribed by professionals and institutional investors.

Goal of these issues is to diversify financial resources and secure the mid-term funding necessary to secure the realization of the pipeline of Belgian and French projects.

Total balance of outstanding bonds per balance sheet date (280,978 KEUR) represents the amount of issue (284,600 KEUR) less capitalized issue costs (of which mainly the issuing banks' arrangement fees), which are amortized over the term of the bonds.

6.3 Other loans

There are no other loans outstanding as of 30 June 2019.

No defaults of payments or breaches of borrowing agreements occurred as of 30 June 2019.
Bank borrowings are secured by amongst others the property development projects of the Company, including land and in-process construction, pledge on SPV shares, etc.
The bonds are secured by a first demand guarantee by Ghelamco Group Comm. VA.
The loan agreements granted by the bank are sometimes subject to a number of covenants (Loan to Value, Loan to Cost, Debt Service Cover). During the period and per end of the period, there were no events of default in respect of these borrowings.
Also the terms and conditions of the resp. bond issues have been complied with as of balance sheet date.

7. Revenue

Revenue can be detailed as follows:

	30/06/2019	**30/06/2018**
Sales of Residential Projects	13,712	23,519
Rental Income	3,482	2,322
Other	451	288
TOTAL REVENUE	**17,645**	**26,129**

The rental income as of 30 June 2019 relates to rent from commercial projects (mainly Ring Multi and Meetdistrict in the Ghelamco Arena and the RAFC stand 1).

The residential projects sales as of 30 June 2019 mainly relate to:

- Sale of the last remaining units in the delivered Tribeca project in Ghent (4,134 KEUR). In the course of the first half year of 2019, 10 apartments, 1 loft and 14 parking spaces have been sold. Sales rate for the whole project (phase 1 to 3) is per date of the current report at over 95%.
- Land parts and first 15% construction installment invoicing re. 31 apartments and garages and 5 parking spots in the new high-end Senzafine project in Kortrijk (5,548 KEUR). Combined reservation and sales rate is per date of the current report already at 57%.
- Edition (1,499 KEUR): Installments on previous year (57 apartments, 61 parking spaces and 17 storage rooms) and current year (1 apartment, parking and storage room) sales. Progress and sales invoicing is at approx. 95%. Deliveries are ongoing.
- Spectrum (1,677 KEUR): Installments on all 22 apartments (and 21 parking spaces), which were sold in previous year(s). Progress and sales invoicing is at 90%.
- Villas and apartments at the Belgain coast (854 KEUR)

The evolution in the cost of property development inventories goes together and is in line with the evolution in sales. The gross margin is dependent on the type of projects sold and the market.

8. Other items included in operating profit/loss

Other operating income

The current period's other operating income (799 KEUR) includes the gain on disposal of 4 retail units in the Tribeca project (269 KEUR). The remainder amongst others relates to some re-charges of real estate tax, co-owners expenses and fit-out expenses to tenants.

	30/06/2019	30/06/2018
Gains from revaluation of Investment Property	44,966	18,995

Fair value adjustments over the first half of 2019 amount to 44,966 KEUR, which is mainly the result of current period's further investment and leasing efforts, in combination with evolution in market conditions (yield and rent level evolution).
Main fair value adjustments have been recognized on the Spectrum, Silver Tower and Focus/PWC Offices projects.

Other operating expenses	30/06/2019	30/06/2018
Taxes and charges	652	622
Insurance expenses	243	246
Audit, legal and tax expenses	2,226	2,302
Traveling	-	-
Promotional expenses	465	570
Sales expenses	1,238	930
Rental guarantee expenses	403	125
Housing costs (incl. maintenance)	744	568
Operating expenses with related parties	1,291	912
Impairment on inventory	-	53
Miscellaneous	541	977
Total:	**7,803**	**7,305**

The relative increase is to an extent connected with the sales expenses related to the disposal of the The Link project in Antwerp which took place in February 2019.

9. Finance income and finance costs

	30/06/2019	30/06/2018
Foreign exchange gains		
Interest income	3,219	1,854
Other finance income		
Total finance income	**3,219**	**1,854**
Interest expense	-6,910	-6,204
Other finance costs	-1,113	-1,002
Foreign exchange losses		
Total finance costs	**-8,023**	**-7,206**

The increase in interest income is mainly related to the increased related party current receivables.
Other finance costs mainly relate to the amortisation of capitalized bond issue expenses.

10. Income taxes

	30/06/2019	30/06/2018
Current income tax	-7,237	-4,626
Deferred tax	-5,787	-1,363
Total income tax	**-13,024**	**-5,989**

The increase in current income taxes is mainly related to the sale of the 'The Link' project in Antwerp, which was structured as an asset deal.

The deferred tax expenses are mainly related to the recognition of deferred tax liabilities on the fair value accounting of investment property. The increase compared to last year's comparable period is mainly related to current period's higher recognized fair value adjustments.

11. Financial instruments

The table below summarizes all financial instruments by category and discloses the fair values of each instrument and the fair value hierarchy.

Financial instruments (x € 1 000)	30/06/2019				
	FVTPL	**FVOCI**	**Measured at amortised cost/fin. liabilities at amortised cost**	**Fair value**	**Fair value level**
Other financial investments					
Other financial assets		-	3,743	3,743	2
Non-current receivables					
Receivables and prepayments			2,092	2,092	2
Restricted cash					
Current receivables					
Trade and other receivables			234,283	234,283	2
Derivatives					
Cash and cash equivalents			11,557	11,557	2
Total Financial Assets	**0**	**0**	**251,675**	**251,675**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			98,501	98,501	2
Bonds (Alternext)					
Bonds (Euronext)			280,978	277,822	1
Other borrowings					
Interest-bearing borrowings - current					
Bank borrowings			123,217	123,217	2
Bonds (Alternext)					
Other borrowings					
Current payables					
Trade and other payables			40,640	40,640	2
Total Financial Liabilities	**0**	**0**	**543,336**	**540,180**	

Financial instruments (x € 1 000)	31/12/2018				
	FVTPL	FVOCI	Measured at amortised cost/fin. liabilities at amortised cost	Fair value	Fair value level
Other financial investments					
Other financial assets			3,743	3,743	2
Non-current receivables					
Receivables and prepayments			2,958	2,958	2
Restricted cash					
Current receivables					
Trade and other receivables			199,134	199,134	2
Derivatives					
Cash and cash equivalents			22,350	22,350	2
Total Financial Assets	**0**	**0**	**228,185**	**228,185**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			103,792	103,792	2
Bonds (Alternext)					
Bonds (Euronext)			280,272	280,185	1
Other borrowings					
Interest-bearing borrowings - current					
Bank borrowings			145,143	145,143	2
Bonds (Alternext)					
Other borrowings					
Current payables					
Trade and other payables			39,959	39,959	2
Total Financial Liabilities	**0**	**0**	**569,166**	**569,079**	

The above table provides an analysis of financial instruments grouped into Levels 1 to 3 based on the degree to which the fair value (recognized on the statement of financial position or disclosed in the notes) is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

12. Transactions with related parties

Ghelamco (Consortium)'s business activities are structured in four major holdings under common control of the ultimate shareholders (jointly referred to as "Ghelamco"):

- Investment Holding: comprises resources invested in the development of real estate projects in Belgium, Poland, Russia and Ukraine and the intra-group Financing Vehicles – referred to as "Investment Group" or the "Group";

- Development Holding: represents international entities that provide construction, engineering and development services to the Investment Group;

- Portfolio Holding: consists of all other activities and real estate investments controlled by the ultimate shareholders.

- Ghelamco European Property Fund: comprises since 2016 the real estate projects kept as income generating products for a longer time.

Ghelamco Invest NV (the "Company") is the holding company of the Belgian and French activities of Ghelamco Group Comm. VA, which is in turn the holding company of the Investment Group. Ghelamco Invest NV, together with its subsidiaries, constitute the reporting entity for the purpose of these interim condensed financial statements.

Balances and transactions between the Company and related parties (belonging to the Development Holding and the Portfolio Holding) mainly relate to construction and development services on the one hand and financial related party transactions on the other hand.

Trading transactions: purchase of construction, engineering and other related services from related parties

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

- Ghelamco Belgium with its registered office in Ypres.

Engineering and architectural design services
APEC Architectural Engineering Projects Limited (a limited liability company registered under the laws of Ireland), legal subsidiary of International Real Estate Services Comm. VA (the parent company of Ghelamco's "Development Holding") coordinates engineering and architectural design services provided to the Company's larger projects, in accordance with terms of the respective contracts.

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

	30/06/2019	30/06/2018
Purchases of construction, engineering and architectural design:	-2,034	-5,391
related party trade receivable	12,057	2,681
related party trade accounts payable	-2,364	-2,274
related party non-current loans receivable	1,617	-
related party non-current trade and other receivable	-	-
related party interests receivable	10,818	6,492
related party C/A receivable	198,836	138,401
related party non-current loans payable	-	-
related party interests payable	-118	-66
related party C/A payable	-7,074	-67

13. Post balance sheet events

- None significant to be mentioned.

KPMG

Statutory auditor's report to the board of directors of Ghelamco Invest NV on the review of the condensed consolidated interim financial information as at June 30, 2019 and for the six-month period then ended

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Ghelamco Invest NV as at June 30, 2019, the condensed consolidated statements of profit or loss and other comprehensive income, cash flows and changes in equity, for the six-month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). The management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on the condensed consolidated interim financial information.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at June 30 2019 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Statutory auditor's report to the board of directors of Ghelamco Invest NV on the review of the condensed consolidated interim financial information as at June 30, 2019 and for the six-month period then ended

Emphasis of matter

We draw attention to note 3 of the condensed consolidated interim financial information which describes the uncertainty regarding the realization of the Eurostadium project and the Board of Directors' assessment of the recoverability of capitalized expenses related to this project. Our opinion is not modified in respect of this matter.

Antwerp, September 30, 2019

KPMG Réviseurs d'Entreprises / Bedrijfsrevisoren
Statutory Auditor
represented by

Filip De Bock
Réviseur d'Entreprises / Bedrijfsrevisor

Annex 2.1 The audited IFRS consolidated financial statements of the Guarantor for the financial year ended 31 December 2018, together with the audit report

GHELAMCO GROUP COMM. VA

IFRS CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2018

Approved by Management with the independent Auditor's opinion

CONTENTS

I

ANNUAL REPORT OF THE MANAGER[1]

[1] This report has been prepared in accordance with article 119 of the Belgian Companies' Code and approved by the Manager on 28 March 2019.

1. BUSINESS ACTIVITIES AND PROFILE

Ghelamco Group Comm. VA is a leading European real estate investor mainly active in the offices, residential, retail, leisure and logistics markets. It maintains a high quality internal control with respect for agreed milestones over all its project development phases: land purchase, planning, coordinating the construction phase and sale or lease. Its projects combine prime and strategic locations with efficient and aesthetically inspiring designs and correct timing. Its successes generated by the group's professional and enthusiastic staff that is driven by the vision and passion of its management.

Ghelamco is one of the largest commercial property developers and investors in Belgium and Poland and has realised a steep growth over the last number of years. The group's market position has been recognized by numerous prestigious awards, collected over several years and granted both to the company and to many of its projects.

In Poland, Ghelamco received three awards at CIJ Awards 2018. Wronia 31 office project was chosen as 'Leading Green Building Development'. The sale of Warsaw Spire, the tallest tower in CEE, was chosen as the 'Best Investment Transaction' of the year. The jury also recognised Ghelamco's social activity on Plac Europejski, which has – thanks to the developer's efforts – become an important cultural and entertainment centre of Warsaw's Wola district.

In addition, the Warsaw HUB, multifunctional project of 117,000 sqm, has been awarded as the 'Best commercial High-Rise Development' together with a 'Five Star Award' at the prestigious European Property Awards.

And in Russia, the Dmitrov Logistic park received the award as "Most Stable Development in Logistics 2018".

Ghelamco's business activities are structured in four major holdings under common control of the ultimate beneficial owners (jointly referred to as **"Ghelamco"**):

- **Investment Holding**: comprises resources invested in the realization of real estate projects in Belgium, France, Poland, Russia and Ukraine and the intra-group Financing Vehicles – hereafter the "Ghelamco Group", the "Investment Group" or the "Group";
- **Development Holding**: represents international entities that provide construction, engineering and development services to the Investment Holding;
- **Portfolio Holding**: consists of all other activities and real estate investments controlled by the ultimate beneficial owners.
- **Ghelamco European Property Fund**: keeps in first instance real estate projects as income generating products in portfolio for a longer time period. This allows the Investment Holding to realise and sell delivered projects, for which the occupation rate and lease status has been optimized in the past years, at an optimal market value. This longer-term strategy also demands a specific (long-term) financing structure. The fund is not regulated but acts as a separate legal entity within the group.

2. LEGAL STATUS

Ghelamco Group Comm. VA (the "Company") is the holding company of the **Investment Holding** that, together with its direct and indirect legal subsidiaries (Note 5), constitutes the reporting entity for the purpose of these financial statements.

Ghelamco Group Comm. VA is a limited partnership ("commanditaire vennootschap op aandelen") registered under Belgian law, with its registered office at Zwaanhofweg 10, 8900 Ypres, Belgium.

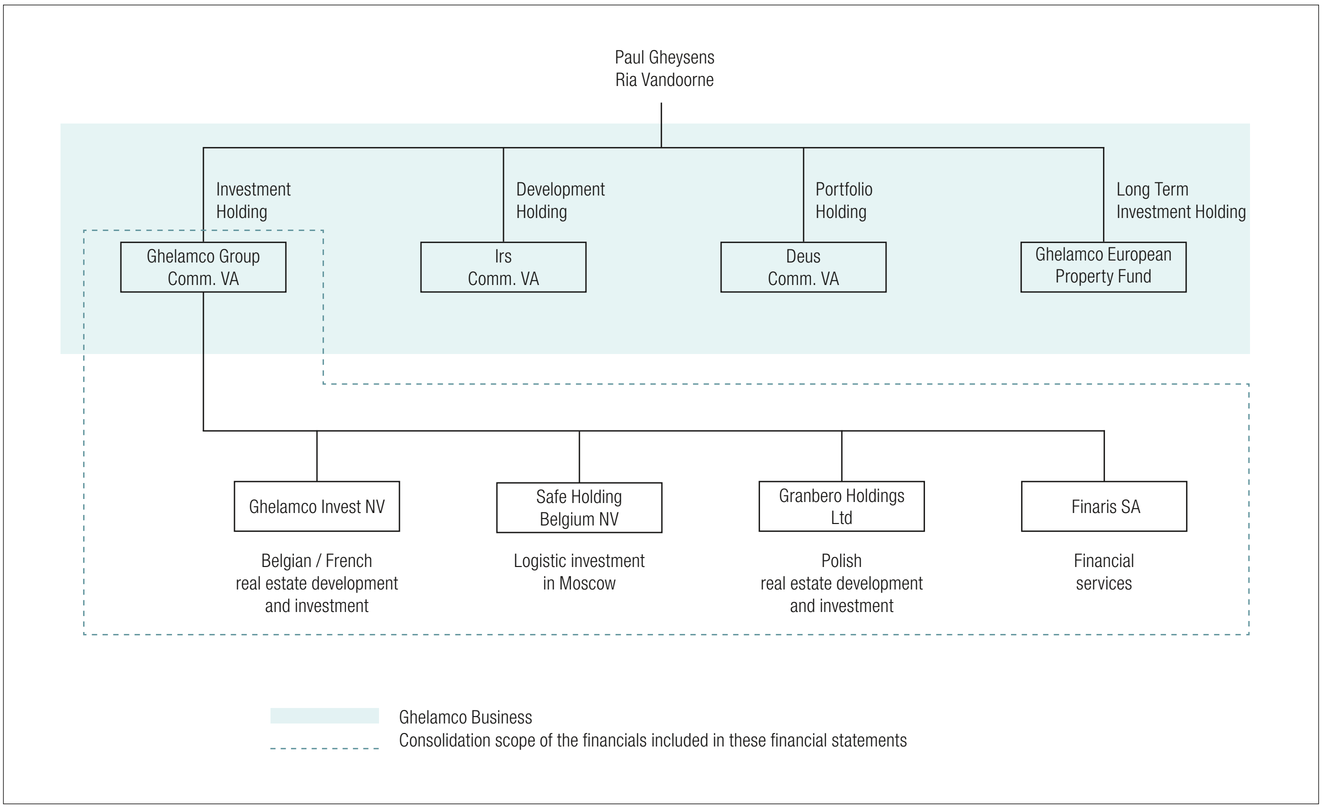
The Company is registered in the Belgian commercial register under the number BE 0879.623.417.

3. CONSOLIDATION SCOPE

These consolidated financial statements comprise the resources and activities of the Investment Holding (i.e. of the Company and its direct and indirect legal subsidiaries).

At 31 December 2018 (the reporting date), all the assets and liabilities of the reporting entity (the Company and its direct and indirect legal subsidiaries) are legally linked through a corporate structure that was introduced in 2006 and was accomplished prior to 31 December 2007 (overview in Note 5).

All assets, liabilities, income and expenses that represented an integral part of the Investment Holding activities, are included in the accounts of the legal subsidiaries of the Company at 31 December 2018 and at 31 December 2017.



4. STAFFING LEVEL

Given its nature, there is only limited employment in the Company. At 31 December 2018, Ghelamco Group Comm. VA and its subsidiaries employed 56 people (56 on 31 December 2017). The construction, engineering and other related services are mainly provided to the Investment Holding by the Development Holding's legal subsidiaries. Ghelamco as a whole employed 304 people on 31 December 2018 (vs. 294 on 31 December 2017).

5. MANAGEMENT AND BOARD

Ghelamco's Management consists of:

- Mr. Paul Gheysens (Chief Executive Officer)
- Mr. Simon Gheysens (Chief Business Intelligence, Technology and Project Design Officer)
- Mr. Michael Gheysens (Chief Commercial and Business Development Officer)
- Mr. Philippe Pannier (Chief Financial Officer)
- Mr. Chris Heggerick (Chief Operational Officer)
- Mrs. Barbara De Saedeleer (Chief Investments and Operations Officer)
- Mr. Jeroen van der Toolen (Managing Director CEE)

The Management actively coordinates and supervises the different (group country) management teams and supports them in all commercial, legal, financial and technical aspects of their activities. The local teams mainly consist of a technical, commercial, legal & financial department.

The statutory board consists of 4 directors (of which the CEO is part) for most of the Belgian entities, the Managing Director Eastern Europe and 4 local Polish directors for the Polish entities and the CFO with the local general manager for the other countries. The reason lies mostly in local regulations and practical solutions.

6. BUSINESS ENVIRONMENT AND RESULTS

6.1.2018 PERFORMANCE AND RESULTS

The Group closed its 2018 accounts with a net profit of 38,405 KEUR. While paying thorough and still increasing attention to (amongst others technical and environmental) innovation and sustainability, the Group continued its development, investment and commercial efforts. As a result, the Group again realised significant residential sales, disposed of some investment property projects and in addition managed to create significant added value on existing projects. This is reflected in a growing qualitative and green project portfolio and appears from an increased balance sheet total of 1,901,918 KEUR and an equity of 763,227 KEUR. The solvency ratio evolved from 41% end of last year to 40.1% per 31 December 2018. The Group realised a profit for the year of 38,405 KEUR, an increase of 64% compared to prior year. There is currently no intention to distribute a dividend over 2018.

BELGIUM

In Belgium, the Group has over the past years intensified its project development activities (with currently over 40 projects in portfolio). As a consequence, a significant number of Belgian projects have in the course of the last years been delivered and commercialised.

2018 development activities mainly related to:

- The construction works of phase 3 of the Tribeca project in Ghent (offering 91 apartments and some smaller retail units) have been finalized. While this last phase of this affordable, contemporary, green project is being delivered, currently over 90% of total available residential units (163 apartments, 13 houses and 5 lofts) have been sold. Also approx. 50% of the available retail space was sold.

- The construction works in the Brussels Edition and Spectrum projects have continued and are well advanced. Construction progress is for both projects respectively at 90% (and the deliveries are currently ongoing) and 55%. Per end 2018, all available residential units (except for the penthouse) in the Edition project (offering 59 luxurious apartments, underground parking spaces and retail space on the ground floor) have been sold, while in the Spectrum project (mixed project offering 15,000 sqm office space, 22 apartments and approx. 170 underground parking spaces) 100% of the apartments have been sold. In addition, over 50% of leasable space in the offices-part of the Spectrum project has been pre-leased, while also well advanced lease negotiations are ongoing for significant parts of the remaining space.
- Also, the construction of the The Link office project in Berchem, Antwerp (27,000 sqm leasable space and approx. 540 underground parking spaces, divided over 2 buildings) has been finalised and the building was per end 2018 in the delivery phase. Parallel marketing efforts have in addition resulted in a lease rate of over 95%.

In addition, the Group has expanded its portfolio through a number of acquisitions:

- On 17 September 2018, the Group signed a share purchase agreement with AG Real Estate for the acquisition of the shares of the company holding the Silver Tower site in Brussels, in view of the future development of an office project offering approx 54,280 sqm gross leasable space. The shares transaction was based on a transaction value of 22.2 MEUR.
- On 19 December 2018, the Group acquired the shares of Domein Culligan bvba, holding a site in Machelen, Culliganlaan, for the future development of an office project offering approx. 30,000 sqm gross leasable space. The transaction value of the site in the share deal amounted to 9.5 MEUR.
- On 29 December 2018, the Group signed a put option contract with the Brussels Region for the acquisition of part (+/- 63,000 sqm) of the Communicatiecentrum Noord building in Schaarbeek. Depending on the realisation of the conditions precedent as set forth in the contract and the exercising of the put option, the deal will be closed by end of April 2019, with a postponed payment until end of June 2021. The acquisition price amounts to 66.5 MEUR (acte en main).

As to divestures/revenues:

- In June 2018, the Wavre Retail Park (site in Wavre for the realisation of an SME-park (warehousing, showroom and offices) of over 27,000 sqm) has been sold to a third party investor. The sales price amounted to 8.0 MEUR, equalling the carrying value per books. The transaction was structured as a share deal. The preliminary contract was signed in 2017, while the deal was closed in 2018.
- Also in June 2018, approx. half of the available retail units (+/- 2,500 sqm) and 95 adjacent parkings in the Tribeca project in Ghent have been sold to a third party investor, for a net sales price of 6.1 MEUR.
- On 27 August 2018, the City Council of Leuven decided to purchase the Waterview Parkings project (585 parkings tower in the Vaartkom, Leuven) for an amount of 6.5 MEUR. The sales transaction was closed on 7 December 2018.
- Other, residential sales related mainly to apartments and parking spaces in (phase 3 of) the Tribeca project in Ghent and apartments and parking spaces in the Edition and Spectrum projects in Brussels.

POLAND

In Poland, the Group has in the current period mainly invested in a number of existing projects (mainly the Warsaw HUB, Big in Krakow and the Warsaw Unit) and was able to create considerable added value on its projects portfolio.

Land bank

The Group in first instance maintained its existing land bank but also took advantage of some expansion opportunities. In this respect, on 5 July 2018 Ghelamco GP 1 Azalia signed a preliminary purchase agreement for the acquisition of a land plot in Warsaw CBD. Closing of the acquisition is expected in the coming months.

Development and construction

The investing activities in Poland during 2018 have mainly been focused on:

- The continued design activities, engineering and construction of the Warsaw HUB project at Rondo Daszynskiego, comprising 3 towers on a podium with retail function of approx. 117,000 sqm in Warsaw CBD. The delivery is expected by end of Q1 2020.
- The further construction works and finalisation of the Big project (Krakow), totalling approx. 10,200 sqm of office space and two levels of underground parking lots (141 parking spaces). In September 2018, the building occupation permit has been received. Per end 2018, over 90% of the available office space has been leased and shortly after year-end the project has been sold to a third party investor.
- The progressed construction works on the Foksal project, including the renovation of the historic buildings, located in the historic heart of Warsaw. The project comprises the realisation of 55 high-class apartments (approx. 6,424 sqm in total) and commercial space of approx. 595 sqm. Per date of the current report, approx. 30% of available residential units have already been pre-sold.
- Finalisation of the underground works and start of the above ground construction works of the Warsaw Unit, 59,000 sqm offices project at Rondo Daszynskiego in Warsaw. The project is expected to be delivered in Q1 2021.
- In the course of 2018, building permit(s) have been received for the construction of Nowe Soho previously called Nowe Centrum Łodzi, approx. 78,400 sqm phased project which will offer office, hotel, retail and residential space in Lodz.

(Pre-)leasing and occupation of projects:

Continued leasing efforts have resulted in an occupation rate of approx. 89% (signed expansion options included) for the recently delivered Wronia project in the close vincity of the Warsaw Spire and Plac Europejski Square and a lease rate of approx. 90% for the delivered Woloska 24 project located in the Mokotow district of Warsaw.

In addition the Big project in Krakow has per end December 2018 been leased for over 91% and the Vogla (retail project) is leased at approx. 88%.

In the Warsaw HUB project, in addition to the hotel contract, lease agreements with a fitness club operator, agreements for a co-working space, office space, cafeteria and restaurant have been signed, while negotiations with potential tenants of commercial and office sections are pending. In total, lease agreements were signed for approx. 37,300 sqm (and taking into account extension options signed, the level of rented space is approx. 41,200 sqm).

Divestures

There have been no divestures of investment property projects in Poland during 2018.

Current period's residential sales revenues mainly related to the further commercialisation of the Woronicza Qbik project (355 residential soft lofts and 16 ground floor commercial units, in the Mokotow District of Warsaw). Per end December 2018 over 98% of available units have been sold.

RUSSIA

In Russia, the first (building A, approx. 60,000 sqm) and second phase (building B, approx. 76,000 sqm) of the Dmitrov Logistics Park – class A warehouse complex of four buildings totalling approx. 240,000 sqm of lettable area (including ancillary office accomodations) in the northern part of the Moscow Region – have in the past years been delivered and are currently leased for resp. 70% and 90%. The occupation permit of building C1 (20,000 sqm) was received early 2017 and buildings C2 and C3 (26,000 sqm) were delivered in September 2017. The C buildings are currently leased for approx. 60%. Finally, construction works for (first 7,500 sqm part of) building D have been kicked off near year-end.

The political and economic situation and its effects on markets and (warehouse) tenant activity is further closely monitored. In Russia, the yields remained quite stable; the RUB and the market rental levels for (refrigerated) warehousing are however still under pressure. This has resulted in the recognition of further negative fair value adjustments on mainly the Dmitrov project in portfolio.

Main post balance sheet events

On 17 January 2019, a lease contract has been signed with PWC for the lease of 23,000 sqm office space and 700 parking spaces in the building to be raised on the recently acquired Culligan site in the Brussels region. The project will going forward be referred to as the PWC Offices. The lease agreement will start on 1 May 2021, with a duration of 15 years. Considering fit-out works starting at inception of the lease agreement, it is expected that PWC will actually move in into the premises end of 2021.

On 27 February 2019, the 'The Link' project in Antwerp has been sold to Baloise for a total sales value (acte en main) of 89,250 KEUR. The transaction has been realized at a new prime yield for office investments in Flanders of 5.2% and resulted in the realization of previously recognized fair value adjustments of +/- 24 MEUR. At the moment of sale, the related bank financing of 55 MEUR has been reimbursed.

The Big project (10,200 sqm office space in Krakow) has on 17 January 2019 been sold to Crédit Suisse. The sale was structured as an enterprise deal (assets and related liabilities), based on a transaction value of the project of 32.9 MEUR and a yield of 5.59%. At moment of sale, the related bank financing (16.6 MEUR) has been reimbursed.

In Q1 2018 early redemption of Polish bonds has been done for a total amount of 6,370 KPLN.

On the other hand, end February 2019 Ghelamco Invest Sp. z. o o. issued bonds to institutional investors (series PK) for a total amount of 138,188 KPLN. Additionally in March 2019, bonds to institutional investors (series PL) were issued for a total amount of 49,350 KPLN. These bonds have a 3-year maturity and bear an interest rate of wibor 6m + 4.5%. Also early March 2019, the decision was taken to issue 60 MPLN retail bonds under the Company's current prospectus. Per date of the current report, these bonds were fully subscribed (PPM series of 34,878 KPLN and PPN series of 24,924 KPLN, both with a 3-year maturity and a wibor 6m + 4.25% interest). Issue date is on 29 March 2019.

Risk factors

Due to its activities, the Group is exposed to a variety of risks: market risk (including exchange rate risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. We refer to section 2 of the Consolidated Financial Statements for a detailed description of those risk factors. With respect to the status of the Eurostadium project, we refer to note 10 of the Consolidated Financial Statements.

Outlook

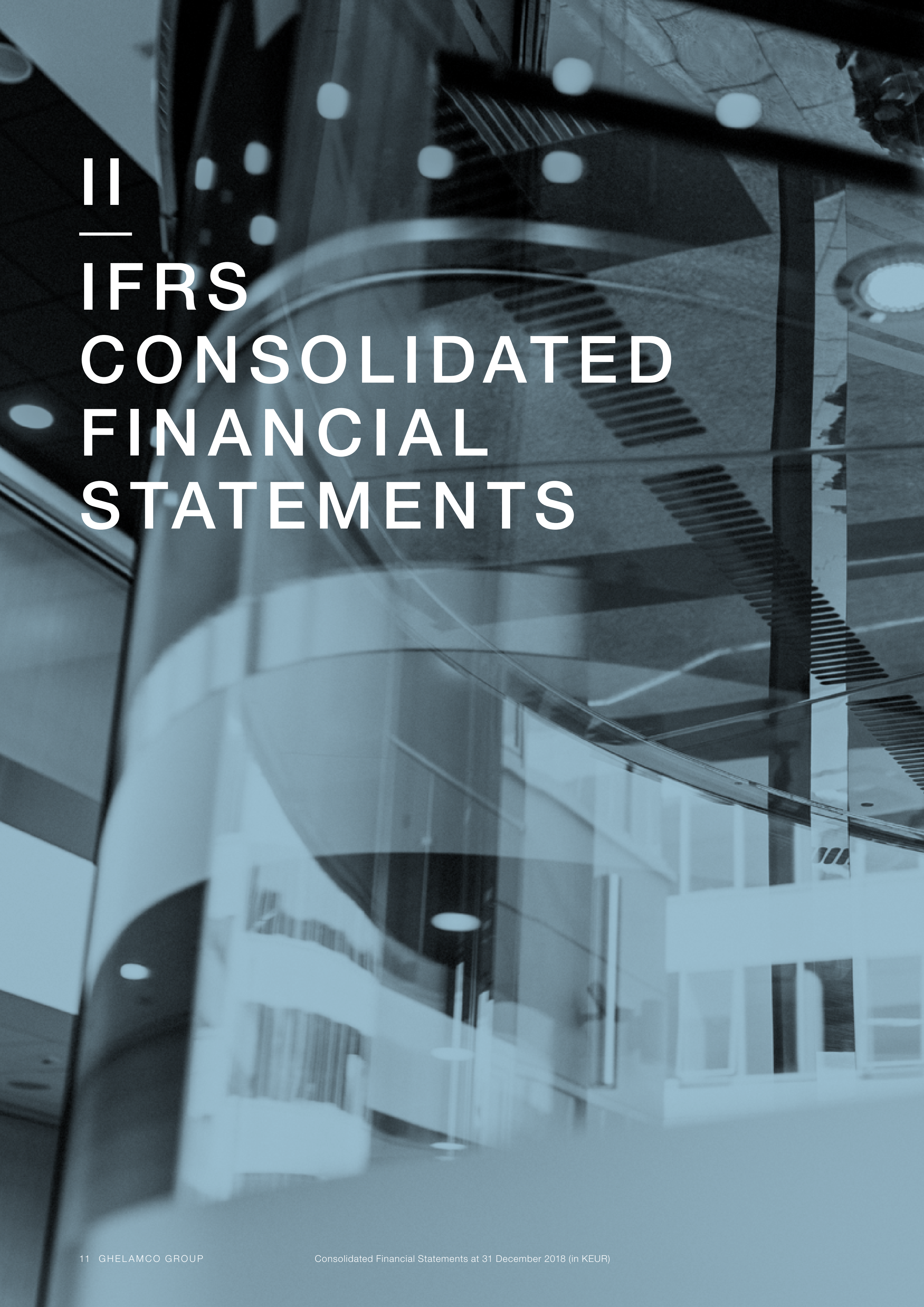
It is the Investment Group's strategy to further diversify its investment portfolio in mainly Belgium and Poland by spreading its investments over different real estate segments.
For 2019, the Group will continue this strategy. In addition, it will closely monitor specific evolutions in its active markets and real estate segments and has already secured some important positions for sizable new projects. Considering its sound financial structure and the expected further market evolutions (in terms of tenant activity and evolution in yields), the Investment Holding is confident to achieve its goals for 2019 in general.

Ghelamco will also continue to focus on R&D and innovation to monitor and improve the realisation of its development projects.

7. OPINION ON THE FAIR PRESENTATION IN ACCORDANCE WITH THE ROYAL DECREE OF 14 NOVEMBER 2007

The Manager, hereby declares, to the best of his knowledge, that:

- the consolidated financial statements give a true and fair view of the Group's net worth and financial position and of its results in accordance with International Financial Reporting Standards;
- the annual report gives a true and fair view of the developments and results of the Group and its subsidiaries included in the consolidated financial statements, as well as a description of the main risks and uncertainties which the Group is facing.



II

IFRS CONSOLIDATED FINANCIAL STATEMENTS

This document presents the IFRS Consolidated Financial Statements for the year ended on 31 December 2018, assuming the going concern of the consolidated companies and which were approved by the Investment Holding Management on 28 March 2019. The amounts in this document are expressed in thousands of EUR (KEUR), unless stated otherwise.

A. CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IN KEUR)

ASSETS	**Note**	**31/12/2018**	**31/12/2017**
Non-current assets			
Investment Property	6	1,034,988	910,579
Property, plant and equipment	7	515	527
Intangible assets	8	3,651	3,708
Equity accounted investees	9	14,485	6,340
Receivables and prepayments	11	236,239	250,911
Deferred tax assets	18	10,997	11,845
Non-current assets held for sale		0	0
Other financial assets	4	3,961	4,155
Restricted cash		0	0
Total non-current assets		**1,304,836**	**1,188,065**
Current assets			
Property Development Inventories	10	249,039	285,581
Trade and other receivables	11	162,073	187,898
Current tax assets		31	163
Derivatives	12	0	0
Assets classified as held for sale	6	126,867	575
Restricted cash		0	0
Cash and cash equivalents	13	59,072	129,526
Total current assets		**597,082**	**603,743**
TOTAL ASSETS		**1,901,918**	**1,791,808**

EQUITY AND LIABILITIES	**Note**	**31/12/2018**	**31/12/2017**
Capital and reserves attributable to the Group's equity holders			
Share capital	14	28,194	28,194
CTA	15	2,749	7,147
Retained earnings	15	724,329	687,402
		755,272	722,743
Non-controlling interests	14.2	7,955	6,746
TOTAL EQUITY		**763,227**	**729,489**
Non-current liabilities			
Interest-bearing loans and borrowings	16	750,274	694,110
Deferred tax liabilities	18	46,617	29,106
Other non-current liabilities		7,029	2,249
Long-term provisions		0	0
Total non-current liabilities		**803,919**	**725,465**
Current liabilities			
Trade and other payables	19	93,802	133,289
Current tax liabilities	20	6,056	2,947
Interest-bearing loans and borrowings	16	234,914	200,618
Short-term provisions		0	0
Total current liabilities		**334,772**	**336,854**
TOTAL LIABILITIES		**1,138,691**	**1,062,319**
TOTAL EQUITY AND LIABILITIES		**1,901,918**	**1,791,808**

B. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	Note	2018	2017
Revenue	21	69,211	103,506
Other operating income	22	28,126	28,991
Cost of Property Development Inventories	23	-28,431	-51,409
Employee benefit expense	22	-1,161	-1,339
Depreciation amortisation and impairment charges	7	-817	-805
Gains from revaluation of Investment Property	6	56,524	45,731
Other operating expense	22	-52,842	-54,559
Share of results of associates		1,738	793
Operating profit - result		**72,348**	**70,909**
Finance income	24	17,970	15,187
Finance costs	24	-29,930	-51,542
Profit before income tax		**60,388**	**34,554**
Income tax expense	25	-21,983	-11,096
Profit for the year		**38,405**	**23,458**
Attributable to:			
Owners of the Company		37,221	22,058
Non-controlling interests		1,184	1,400

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Note	2018	2017
Profit for the year		**38,405**	**23,458**
Exchange differences on translating foreign operations	15	-4,398	-14,144
Other		-31	-74
Other comprehensive income of the period		**-4,429**	**-14,218**
Total Comprehensive income for the year		**33,976**	**9,240**
Attributable to:			
Owners of the Company		32,792	7,840
Non-controlling interests		1,184	1,400

Consolidated Financial Statements at 31 December 2018 (in KEUR) GHELAMCO GROUP 13

C. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to the Owners of the Company			Non-controlling interests	TOTAL EQUITY
		Share capital	Cumulative translation reserve	Retained earnings		
Balance at 1 January 2017		**73,194**	**21,291**	**665,418**	**5,379**	**765,282**
Foreign currency translation (CTA)						
Profit/(loss) for the year			-14,144			**-14,144**
Capital decrease				22,058	1,400	**23,458**
Dividend distribution		-45,000				**-45,000**
Change in non-controlling interests						
Change in the consolidation scope				-74	-33	**-107**
Other						
Balance at 31 December 2017		**28,194**	**7,147**	**687,402**	**6,746**	**729,489**
Foreign currency translation (CTA)	15		-4,398			**-4,398**
Profit/(loss) for the year	15			37,221	1,184	**38,405**
Capital decrease						**0**
Dividend distribution						
Change in non-controlling interests	14.2				25	**25**
Change in the consolidation scope	15			-252		**-252**
Other				-42		**-42**
Balance at 31 December 2018		**28,194**	**2,749**	**724,329**	**7,955**	**763,227**

14 GHELAMCO GROUP Consolidated Financial Statements at 31 December 2018 (in KEUR)

D. CONSOLIDATED CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT FOR 2018 AND 2017	Note	2018	2017
Operating Activities			
Profit / (Loss) before income tax		**60,388**	**34,554**
Adjustments for:			
• Share of results of associates		-1,738	-793
• Change in fair value of investment property	6	-56,524	-45,731
• Depreciation, amortization and impairment charges	7	817	805
• Result on disposal investment property	22	647	-15,710
• Change in provisions			-120,177
• Net interest charge	24	11,962	26,278
• Movements in working capital:			
- Change in prop. dev. inventories		7,678	-30,568
- Change in trade & other receivables		20,037	-5,542
- Change in trade & other payables		-36,675	51,558
• Movement in other non-current liabilities		4,780	333
• Other non-cash items		-118	92
Income tax paid		-384	-6,592
Interest paid (*)		-26,825	-43,344
Net cash from operating activities		**-15,955**	**-34,780**
Investing Activities			
Interest received	24	18,060	539
Purchase of property, plant & equipment and intangibles	7-8	-748	-863
Purchase of investment property	6	-176,262	-109,227
Capitalized interest in investment property paid		-17,300	-13,848
Proceeds from disposal of investment property	6	20,966	625,365
Net cash inflow/outflow on acquisition of subsidiaries		1,689	-5,547
Net cash inflow on disposal of subsidiary			
Cash inflow/outflow on other non-current financial assets		14,866	-161,719
Net cash flow used in investing activities		**-138,729**	**334,699**
Financing Activities			
Proceeds from borrowings	16	207,495	252,768
Repayment of borrowings	16	-117,035	-415,133
Capital decrease			-45,000
Net cash inflow from / (used in) financing activities		**90,460**	**-207,365**
Net increase/decrease in cash and cash equivalents		**-64,224**	**92,554**
Cash and cash equivalents at 1 January of the year		**129,526**	**59,001**
Effects of exch. rate changes, mainly on EUR/USD balances in non-EUR countries (**)		-6,230	-22,030
Cash and cash equivalents at 31 December of the year		**59,072**	**129,526**

(*): Interests directly capitalized in IP not included (2018: 17,300 KEUR; 2017: 13,848 KEUR) – separately presented under investing activities

(**): In 2017 to a significant extent related to realized FX gains in connection with the disposal of the Warsaw Spire project.

E. SEGMENT REPORTING

A segment is a distinguishable component of the Group which is engaged either in providing products or services (business segment), or in providing products or services within a particular economic area (geographic segment) and which is subject to risks and rewards that are different to those of other segments.

As the majority of the assets (and resulting income) of the Group is geographically located in Europe (Belgium and Poland) and considering the specifics of the assets located in Russia and Ukraine and the economic and political risks and circumstances in those regions, a distinction between Europe and Russia & Ukraine has been made.

The segment assets, liabilities and income statement components include all items directly attributable to the segments, as well as those elements which can reasonably be allocated to a segment. Unallocated amounts (mainly related to (non-)current receivables and prepayments, loans and borrowings and trade & other payables on the balance sheet level and financial result and taxes on the income statement level) are shown separately.

ASSETS				**2018**				**2017**
	Europe	**Russia/ Ukraine**	**unallocated**	**TOTAL**	**Europe**	**Russia/ Ukraine**	**unallocated**	**TOTAL**
Non-current assets								
Investment Property	888,526	146,462		1,034,988	754,190	156,389		910,579
Property, plant and equipment	515			515	527			527
Intangible assets	3,651			3,651	3,708			3,708
Equity accounted investees	14,485			14,485	6,340			6,340
Receivables and prepayments			236,239	236,239			250,911	250,911
Deferred tax assets	6,634	4,363		10,997	10,139	1,706		11,845
Non-current assets held for sale				-				-
Other financial assets	3,961			3,961	4,155			4,155
Restricted cash				-				
Total non-current assets	**917,772**	**150,825**	**236,239**	**1,304,836**	**779,059**	**158,095**	**250,911**	**1,188,065**
Current assets								
Property Development Inventories	249,036	3		249,039	285,577	4		285,581
Trade and other receivables			162,073	162,073			187,898	187,898
Current tax assets	26	5		31	148	15		163
Derivatives				-				-
Assets classified as held for sale	126,867			126,867	575			575
Restricted cash				-				-
Cash and cash equivalents	56,022	3,050		59,072	117,690	11,836		129,526
Total current assets	**431,951**	**3,058**	**162,073**	**597,082**	**403,990**	**11,855**	**187,898**	**603,743**
TOTAL ASSETS	**1,349,723**	**153,883**	**398,312**	**1,901,918**	**1,183,049**	**169,950**	**438,809**	**1,791,808**

16 GHELAMCO GROUP Consolidated Financial Statements at 31 December 2018 (in KEUR)

EQUITY AND LIABILITIES				2018				2017
	Europe	Russia/ Ukraine	unallocated	TOTAL	Europe	Russia/ Ukraine	unallocated	TOTAL
Capital and reserves attributable to the Group's equity holders								
Share capital			28,194	28,194			28,194	28,194
CTA	866	1,883		2,749	-2,573	9,720		7,147
Retained earnings	763,876	-39,547		724,329	718,764	-31,362		687,402
	764,742	**-37,664**	**28,194**	**755,272**	**716,171**	**-21,622**	**28,194**	**722,743**
Non-controlling interests	7,961	-6		7,955	6,752	-6		6,746
Total equity	**772,703**	**-37,670**	**28,194**	**763,227**	**722,923**	**-21,628**	**28,194**	**729,489**
Non-current liabilities								
Interest-bearing loans and borrowings			750,274	750,274			694,110	694,110
Deferred tax liabilities	46,617			46,617	29,106	0		29,106
Other non-current liabilities	7,029			7,029	2,249			2,249
Long-term provisions								
Total non-current liabilities	**53,645**	**0**	**750,274**	**803,919**	**31,355**	**0**	**694,110**	**725,465**
Current liabilities								
Trade and other payables			93,802	93,802			133,289	133,289
Current tax liabilities	6,056			6,056	2,947			2,947
Interest-bearing loans and borrowings			234,914	234,914			200,618	200,618
Short-term provisions								0
Total current liabilities	**6,056**	**0**	**328,716**	**334,772**	**2,947**	**0**	**333,907**	**336,854**
Total liabilities	**59,701**	**0**	**1,078,990**	**1,138,691**	**34,302**	**0**	**1,028,017**	**1,062,319**
TOTAL EQUITY AND LIABILITIES	**832,404**	**-37,670**	**1,107,184**	**1,901,918**	**757,225**	**-21,628**	**1,056,211**	**1,791,808**

INCOME STATEMENT				2018				2017
	Europe	Russia/ Ukraine	unallocated	TOTAL	Europe	Russia/ Ukraine	unallocated	TOTAL
Revenue	59,527	9,684		69,211	89,213	14,293		103,506
Other operating income	27,075	1,051		28,126	21,732	7,259		28,991
Cost of Property Development Inventories	-28,431			-28,431	-51,393	-16		-51,409
Employee benefit expense	-1,157	-4		-1,161	-1,288	-51		-1,339
Depreciation amortisation and impairment charges	-817			-817	-805			-805
Gains/losses from revaluation of Investment Property	74,323	-17,799		56,524	57,487	-11,756		45,731
Other operating expense	-47,559	-5,283		-52,842	-53,441	-1,118		-54,559
Share of results of joint-ventures	1,738			1,738	793			793
Operating profit - result	**84,699**	**-12,351**	**0**	**72,348**	**62,298**	**8,611**	**0**	**70,909**
Finance income			17,970	17,970			15,187	15,187
Finance costs			-29,930	-29,930			-51,542	-51,542
Profit before income tax				**60,388**				**34,554**
Income tax expense	-24,519	2,536		-21,983	-12,246	1,150		-11,096
Profit for the year				**38,405**				**23,458**
Attributable to:								
Owners of the Company				37,221		0		22,058
Non-controlling interests	1,184			1,184	1,400	0		1,400

Consolidated Financial Statements at 31 December 2018 (in KEUR) GHELAMCO GROUP 17

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1.1. INTRODUCTION

We refer to the section "General Information: business activities" of the Managers' annual report on the consolidated financial statements and Note 5 "Organizational chart" of these financial statements for more information on the business activities and the structure of the Investment Holding and its position within the Ghelamco business.

As per today, the Group's core business is the investment in commercial and residential properties. The Group's strategy is to keep commercial property in portfolio for rental purposes while residential properties are dedicated for sale. According to IAS 2, Property Development Inventories have to be measured at the lower of cost and net realizable value. Investment Properties (Under Construction) are carried at fair value.
As such, residential properties are presented as Property Development Inventories. Most of the commercial property is presented as Investment Property. We refer to the Notes 6 and 10 for more details on their presentation.

These financial statements are IFRS consolidated financial statements that include the resources and activities of Ghelamco Group Comm. VA and its legal subsidiaries that are part of the Investment Holding at 31 December 2018.

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

1.2. BASIS OF PREPARATION

The Investment Holding's consolidated financial statements include those of the Ghelamco Group Comm. VA and its subsidiaries (together referred to as the "Investment Holding"). The consolidated financial statements were approved for issue by Management on March 28, 2019. The consolidated financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards ("IFRS") as adopted by the European Union at 31 December 2018. The Investment Holding has adopted all new and revised standards and interpretations relevant for its activities and which became applicable for the financial year starting 1 January 2018.

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

1.3. STANDARDS AND INTERPRETATIONS THAT BECAME APPLICABLE IN 2018

Standards and Interpretations that the Company anticipatively applied in 2017 and 2018:

- None

Standards and Interpretations that became effective in 2018:

- Amendments to IAS 40 Transfers of Investment Property
- Annual improvements to IFRS Standards 2014-2016 Cycle: Amendments to IFRS 1 and IAS 28
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRS 9 Financial Instruments and subsequent amendments
- IFRS 15 Revenue from Contracts with Customers

IFRS 9 Financial Instruments published in July 2014 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new Expected Credit Loss (ECL) model for calculating impairment on financial assets, and the new general hedge accounting requirements, which align hedge accounting more closely with risk management. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

The Company applied this standard as from 1 January 2018. This adoption had no significant impact on the financial statements of 31 December 2018.

IFRS 9 requires the Company to recognize expected credit losses on its financial assets through the application of default impairment percentages on (mainly trade) receivables. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

The Company has encountered no or very limited defaults and has opted for the simplified approach. Loss allowances for trade receivables and contract leases are therefore always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. In determining the amount of credit losses the Company has considered both quantitative and qualitative information and prepared an analysis, based on the Company's historical experience and macro-economic information including forward-looking information. Based on the analysis performed, the Company did not identify material impairment losses on the date of initial application or at year-end.

The ECL model is not applicable for non-current receivables, as most of the outstanding non-current receivables are linked to related parties, having a low credit risk.

IFRS 15 Revenue from Contracts with Customers, establishes a unique and all-encompassing model of principles that an entity must apply to account for income arising from a contract with a customer. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and their corresponding interpretations. IFRS 15 is effective for the annual reports beginning on or after 1 January 2018, with early adoption permitted, and has been endorsed by the EU, so as its clarifications (issued on 12 April 2016).

The Company has adopted this standard as from 1 January 2018, according to the retrospective method without practical exemptions. This adoption has not created any significant impact on the balance sheet or the income statement of the Company. The various flows of income for the Company mainly relate to rental incomes that are covered by IFRS 16 (in 2018 still IAS 17), and residential sales which are covered by IFRS 15.

Belgium: Analysis of the new IFRS 15 criteria has indicated that land and construction related to a residential unit both together constitute a single performance obligation. In addition, in accordance with Belgian Breyne legislation (for off-plan apartment sales), it is assessed that sold assets have no alternative use and that right to payment for the Company exists. For that, revenue re. residential sales (which is in the income statement shown on the line item Revenue) is recognized over-time; i.e. through percentage of completion.

Poland: Analysis of the new IFRS 15 criteria has indicated that land and construction related to a residential unit both together constitute a single performance obligation. In addition, in accordance with relevant local laws and regulations, transfer of control for residential units is at delivery; for that revenue is recognized at delivery or completion of contract.

Standards and Interpretations which became effective in 2018 but which are not relevant to the Company:

- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions
- Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

1.4. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

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

- Amendments to IAS 1 and IAS 8 Definition of Material (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in the EU)
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- Amendments to IAS 28 Long term interests in Associates and Joint Ventures (applicable for annual periods beginning on or after 1 January 2019, endorsed in the EU in February 2019)
- Amendments to IFRS 3 Business Combinations (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in the EU)
- Amendments to IFRS 9 Prepayment Features with Negative Compensation (applicable for annual periods beginning on or after 1 January 2019)
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (the effective date has been deferred indefinitely, and therefore the endorsement in the EU has been postponed)
- Amendments to references to the Conceptual Framework in IFRS standards (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in the EU)
- Annual improvements to IFRS Standards 2015-2017 Cycle (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- IFRIC 23 Uncertainty over Income Tax Treatments (applicable for annual periods beginning on or after 1 January 2019)
- IFRS 14 Regulatory Deferral Accounts (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU)
- IFRS 16 Leases (applicable for annual periods beginning on or after 1 January 2019)

- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2021, but not yet endorsed in the EU)

At this stage, the Company does not expect the first adoption of these Standards and Interpretations to have any material financial impact on the financial statements at the moment of initial application. Except for what is stated below on IFRS 16.

IFRS 16 introduces significant changes in accounting for leases for the lessee, removing the distinction between operating and finance leases and recognising assets and liabilities for all leases (aside from exemptions for short-term leases or low-value assets). Unlike accounting for leases by the lessee, IFRS 16 keeps almost all provisions from IAS 17 Leases regarding accounting for leases by the lessor. This means that lessors must continue to classify leases as operating or finance leases. The Company will apply the 'modified retrospective approach'. The comparative figures will not be adapted.

As the Group is mainly property owner en thus acting as a lessor, no changes are triggered and the Company will continue to value its investment property portfolio at fair value in accordance with IAS 40.
Still, in Poland and Russia, the Group holds significant part of its land positions through long-term leaseholds (i.e. 'perpetual usufructs') and not full property. For these contracts, a right of use and related liability will have to be recognised by the Company in the consolidated 2019 financial statements. The total impact will be processed as an increase of assets and liabilities, which is estimated within a range of 25 MEUR and 28 MEUR. The impact on the 2019 income statement is expected to be limited.

The Company is currently assessing the possible impact, if any, of standards to be applied as from 2020.

1.5. PRINCIPLES OF CONSOLIDATION

1.5.1. CONSOLIDATION SCOPE

The entities included in the consolidation scope are those that are under control of the Company (see Notes 4 and 5). The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Control is achieved when the Company:

- has power over the investee; and
- is exposed or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company re-assesses whether or not it controls an investee if fact and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

The transactions with other entities owned directly or indirectly by the ultimate beneficial owners of the Investment Holding are deemed transactions with related parties and are not eliminated, but are presented as balances and transactions with related parties in Note 28.

Investments in joint-ventures are included in the consolidated financial statements in accordance with the equity method. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.5.2. ACQUISITION OF SUBSIDIARIES

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

During the course of 2018 and 2017, there were no acquisitions of subsidiaries that qualified as an acquisition of a business as defined in IFRS 3 "Business Combinations".

1.5.3. SALE OF SUBSIDIARIES

As was the case in the past, the 2018 and 2017 business of the Investment Holding consists of investing in commercial and the creation of residential real estate projects. Commercial properties are held for rental. Residential properties are held for sale in the ordinary course of business.

General rule:

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

Comments 2018

In June 2018 the Wavre Retail Park was disposed and sold to a third party investor. The transaction was structured as a share deal, in line with the general approach to sell commercial projects. The share deal was based on an underlying fair value of the property and its business potential. The transaction has in the financial statements been presented as a disposal of IP.

On the other hand, also in June 2018, two leased retail units and 95 adjacent parking spaces in the Tribeca project in Ghent were sold to a third party investor, through an asset deal.

In addition, on 7 December 2018, the City Council of Leuven purchased the Waterview Parkings project (585 parkings tower in the Vaartkom, Leuven), also through an asset deal.

In 2018, no residential SPVs have been sold, in line with the general approach to sell residential projects through asset deals.

Comments 2017

On 28 June 2017, the shares of Retail Leuven NV, holding the delivered and operational Retail Leuven project (5,435 sqm retail space at the Vaartkom in Leuven) were sold to a third party investor. The deal was structured as a share deal, in line with the general approach to sell commercial projects. The share deal was based on an underlying fair value of the property. The transaction has in the financial statements been presented as a disposal of IP.

On 19 December 2017, the shares of Ghelamco Nowa Formiernia Sp. z o.o., project company holding the Przystanek mBank project (offering 25,619 sqm office space in Lodz) were sold to LCN Euro Master Dutch Holdings II BV. The share deal was based on the underlying value of the property (amounting to 58.2 MEUR). The transaction has in the financial statements been presented as a disposal of IP.

On 29 June 2017, the Warsaw Spire project was sold to Ghelamco European Property Fund NV at a transaction value of 540 MEUR in total. For this purpose, Granbero Holdings Ltd entered into an agreement with Ghelamco European Property Fund NV to sell 100% of the shares in Stareti Holdings Ltd (in turn parent company of the SPVs holding the (3 parts of the) Warsaw Spire project).

In 2017, no residential SPVs were sold, in line with the general approach to sell residential projects through asset deals.

1.5.4. INCREASE IN OWNERSHIP INTERESTS IN SUBSIDIARIES

The Company applies the parent company model to transactions with minority shareholders. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

1.5.5. FOREIGN CURRENCY TRANSLATION

The individual financial statements of each Group’s entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

Foreign currency transactions

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

Foreign entities

For the purpose of the IFRS consolidated financial statements, the results and financial position of each entity are expressed in Euro, which is the functional currency of the Investment Holding and the presentation currency for the IFRS consolidated financial statements. In consolidation, the assets and liabilities of the Investment Holding companies using a different functional currency than the Euro are translated in Euro using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified in equity, within the Investment Holding's "Cumulative translation reserve". Such translation differences are recognized as income or as expenses in the period in which the entity is sold, disposed of or liquidated.The principal exchange rates versus EUR that have been used are as follows:

		2018		2017
	Closing rate at 31 December	Average rate for 12 months	Closing rate at 31 December	Average rate for 12 months
Polish Zloty (PLN)	4.3000	4.2617	4.1709	4.2583
Russian Rouble (RUB)	79.4605	74.1330	68.8668	66.0305
United States Dollar (USD)	1.1450	1.1810	1.1993	1.1297
Ukrainian Hryvnia (UAH)	31.7141	32.1429	33.4954	30.0042

1.5.6. HYPERINFLATIONARY ECONOMIES

None of the Investment Holding entities operated in a hyperinflationary economy in 2018 and 2017.

1.6. PROPERTY, PLANT AND EQUIPMENT

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

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

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

The applicable useful lives are:

- Tangible fixed assets:
  - Buildings: 20 to 40 years
  - Vehicles: 5 years
  - Equipment: 5 to 10 years

1.7. FINANCE LEASES

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

24 GHELAMCO GROUP Consolidated Financial Statements at 31 December 2018 (in KEUR)

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

1.8. IMPAIRMENT OF ASSETS

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

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

1.9. INVESTMENT PROPERTY

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

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

Investment Property (Under Construction) is carried at fair value. Fair value is determined by external appraisers or by management. In the former case, renowned external appraisers carry out an external inspection of the property and they are provided with the necessary supporting documentation (regarding property title over the involved property, copies of (building) permits, architectural plans, renderings, copies of (preliminary) lease contracts), based on which they prepare their resp. valuation reports.

Gains or losses as a result of changes in the fair value are included in the Income Statement of the year in which they occur. Gains and losses as a result of an Investment Property disposal are considered into the Income Statement of the year in which the disposal occurs (in other operating income or other operating expense).

The Investment Holding distinguishes 4 different stages for Investment Property:

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

The above stages can again be divided in 2 main categories:
1. INVESTMENT PROPERTIES UNDER CONSTRUCTION (A), (B), (C)

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

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

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

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

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

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

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

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

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

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

2. COMPLETED INVESTMENT PROPERTIES (D)

Investment Properties are considered completed:

- In Ukraine, Russia and Poland as from the moment the project received its exploitation permit;
- In Belgium and France as from the signature of the delivery protocol between investor and general contractor.

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

Fair value of IP is determined as follows

- Projects under (D): fair value of the completed project

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

- Projects under (D): fair value of the completed project minus gross land cost, minus cost of the construction part

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

1.10. (NON)-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

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

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

1.11. PROPERTY DEVELOPMENT INVENTORY

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

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

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

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

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write-down is necessary when the net realizable value at balance sheet date is lower than the carrying value. The Investment Holding performs regular reviews of the net realizable value of its Property Development Inventory, based on feasibility studies, recent transaction data and other available information.

The most recent review indicated that the global net realizable value of the Property Development Inventory of the Investment Holding exceeded its carrying amount measured on a historical cost basis in these IFRS consolidated financial statements (Note 10).

Perpetual usufruct and operating lease contracts of land

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

The Investment Holding holds land in Russia and Ukraine under operating lease contracts covering a 49-year period. These contracts are quite similar in substance to the perpetual usufruct contracts in Poland.

Payments, including prepayments, made under the perpetual usufruct contracts are capitalized to the Property Development Inventories.
Reference is made to the impact of IFRS 16 from 2019 onwards, as described in section 1.4 above.

1.12. TRADE AND OTHER RECEIVABLES

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

Impairment

A provision for impairment of trade and other receivables is established when there is objective evidence that the Investment Holding will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or undergo financial reorganization and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired.

Additionally from 1 January 2018 onwards

The Company recognises loss allowances for ECLs mainly on financial assets measured at amortised cost and contract assets.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for trade receivables and contract leases are therefore always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

In determining the amount of credit losses the Company has considered both quantitative and qualitative information and prepared an analysis, based on the Company's historical experience and macro-economic information including forward-looking information.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The asset's carrying amount is reduced through the use of an allowance account, and the amount of the loss is recognized in the Income Statement. When a trade receivable is uncollectible, it is written down against the allowance account for trade receivables. Subsequent recoveries of amounts previously written down are credited in the Income Statement.

1.13. FINANCIAL ASSETS

Before 1 January 2018

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

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

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

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

From 1 January 2018

The Company classifies its financial assets in the following categories: measured at amortised cost, Fair Value through Other Comprehensive Income ('FVOCI') and Fair Value Through Profit and Loss ('FVTPL'). The classification is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

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

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

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

For an overview of financial assets (and liabilities) by category in accordance with IFRS 9 (from 1 January 2018) and IAS39 (before 1 January 2018), reference is made to note 15 below.

1.14. CASH AND CASH EQUIVALENTS

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

1.15. SHARE CAPITAL

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

Dividends are recognized as a liability only in the period in which they are approved by the Investment Holding’s shareholders.

1.16. CURRENT AND DEFERRED INCOME TAXES

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

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

Deferred tax is recognized, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values. Deferred tax is recognized on all temporary differences.

The recognition of deferred tax liabilities on fair value adjustments is based on the assumption that the land and buildings held by the Investment Holding will be realized through asset deals. Sales through asset deals however mainly apply to the residential projects held by the Investment Holding (which are classified as inventory; which is not subject to fair value accounting).

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

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

No deferred taxes are accounted for temporary differences arising from the initial recognition of goodwill or the initial recognition of assets or liabilities in a transaction that is not a business combination and that at the time of the transaction affect neither accounting or taxable profit; temporary differences relating to investments in subsidiaries, associates and joint arrangements to the extent that they will probably not reverse in the foreseeable future; and taxable temporary differences arinsing on the initial recoginition of goodwill.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. A deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized (Note 18).

1.17. TRADE AND OTHER PAYABLES

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

1.18. BORROWINGS

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

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

1.19. REVENUE RECOGNITION

Revenue mainly includes sales of properties and rental income.

Sale of Property Development Inventory

Before 1 January 2018

Revenue from the sale of property development inventory is recognized when all the following conditions have been satisfied:

(a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
(b) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
(c) the amount of revenue can be measured reliably;
(d) it is probable that the economic benefits associated with the transaction will flow to the entity;
(e) the costs incurred or to be incurred relating to the transaction can be measured reliably.

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

From 1 January 2018

Revenue is recognised as control is passed to the customer, either over time or at a point in time.
Revenue is recognised in the income statement (on the line-item Revenue) based on the transaction price in the contract, which is the amount to which the Company expects to be entitled in exchange for the transfer of the property.

In accordance with Belgian Breyne legislation, it is assessed that sold properties have no alternative use and that right to payment for the Company exists. For that, revenue from off-plan apartment sales is recognized over-time; i.e. through percentage of completion.

To the extent a contract contains elements of variable or contingent consideration, the Company will estimate the amount of variable consideration to which it will be entitled under the contract. A variable consideration is only included in the transaction price and will only be recognised to the extent it is highly probable that its inclusion will not result in significant revenue reversal in the future, when the underlying uncertainty has been resolved.

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

Rental income

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

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

Sale of Investment Property

Revenue from the sale of investment property is recognized when all the following conditions have been satisfied:

(a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
(b) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
(c) the amount of revenue can be measured reliably;
(d) it is probable that the economic benefits associated with the transaction will flow to the entity;
(e) the costs incurred or to be incurred relating to the transaction can be measured reliably.

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

2. FINANCIAL RISK MANAGEMENT

2.1. FINANCIAL RISK FACTORS

Due to its activities, the Investment Holding is exposed to a variety of financial risks: market risk (including exchange rate risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. Financial risks relate to the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables and borrowings. The Investment Holding uses derivative financial instruments (external or internal) on an ad hoc basis to hedge against the exposures arising from the individual transactions significant to the Investment Holding as a whole. However, no derivative financial instruments were used at the balance sheet date.

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

2.1.1 FOREIGN EXCHANGE RISK

The Investment Holding operates internationally and enters into transactions in currencies (US Dollar, Polish Zloty, Russian Rouble and Ukrainian Hryvnia) other than the Investment Holding’s functional currency being Euro. The major part of the Investment Holding’s financial assets and financial liabilities are however denominated in Euro.

Within the Eurozone, the Investment Holding concludes all engineering and architectural contracts, main construction contracts and main part of (project) financing contracts in Euro. On the other hand, the Investment Holding has over the past four years and via its financial vehicle Ghelamco Invest SP. z o.o., issued significant amounts of Polish bearer bonds (with an outstanding amount of 813.9 MPLN as of 31/12/18). Leasing of the properties is Euro-based and eventual later disposal of assets or shares is usually expressed or negotiated in Euro. The Polish Zloty's risk is for that mainly related to the mentioned PLN bond issues, some local construction contracts and the sale amounts of residential projects.

For Ukraine, external financing is organized in US Dollar as well as engineering, architectural, construction and leasing contracts. The Investment Holding manages the US Dollar versus Euro risk internally.

Up until end 2011, Russian projects have mostly been financed through semi equity expressed in Euro. Bank financing for the construction of the Dmitrov Logistics Park Project is however since 2012 expressed in USD. The same risk mitigation as for Ukraine applies.

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

As stated, main net foreign currency position which the Company holds at the reporting date relates to the:

- Polish bearer bonds in PLN for a (net) amount of 804,337 KPLN
  A 10% strengthening/weakening of the EUR against the PLN rate at 31 December 2018 would resp. have increased/decreased the EBT by approx. 18.9 MEUR. This analysis assumes that all other variables (e.g. interest rates) remain constant.
- USD bank loans in Russia for a net amount of 86,942 KUSD.
  A 10% strengthening/weakening of the EUR against the USD rate at 31 December 2018 would resp. have increased/decreased the profit before tax and equity by approx. 7.7 MEUR. This analysis assumes that all other variables (e.g. interest rates) remain constant.

When a member of the Development Holding is exposed to eventual currency risks, the Investment Holding may choose to enter into an intra-group hedging. Over 2018, there have been no such hedging transactions. Per end of December 2018, there were no outstanding amounts to be covered by hedging contracts. The same goes for 2017.

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

2.1.2 INTEREST RATE RISK

The Investment Holding actively uses external and internal borrowings to finance its property projects in Belgium, France, Poland, Russia and Ukraine. A property project's external financing is usually in the form of a bank loan denominated in Euro or US Dollars (see Note 16). Since Ghelamco Invest Sp. z o.o. is issuing bearer bonds (of which 813.9 MPLN actually still outstanding per balance sheet date), Polish projects can also be partly financed through the proceeds of these bonds. The same goes for Belgium since the bond issues (of which 280.3 MEUR actually still outstanding per balance sheet date).

Except for some ad-hoc past interest hedging and an interest cap agreement regarding the bank financing on the The Link project (which has been sold in Q1 2019), the Investment Holding did not enter into significant external interest rate hedging transactions to eliminate exposure arising from the long-term investment loans over the last 5 years. The Investment Holding's management closely monitors the short-term floating rate borrowings and medium term fixed interest rates.

The **bank financing** structure reflects major project investment phases (acquisition of land, construction and holding of the properties) as follows, and usually structured within the involved project entity:

- Land acquisition loans (usually provided for a term of two years). The interest is payable at market floating rates (from 1 up to 6 months) increased by a margin.
- Construction loans provided until completion of construction and obtaining of the exploitation permit (usually for a term of about two years). The interest is calculated at market floating rates (from 1 up to 6 months) increased by a margin and mostly capitalized in the construction loan. The land acquisition loan is at this stage integrated in the construction loan.
- Once the property is completed, leased and meets all ongoing covenants, the construction financing is swapped into an investment loan, usually provided for a period of five years beginning from the signing of the investment loan agreement and repayable gradually with rental income or fully upon sale of the property. The banks are usually willing to offer investment loans up to an amount that reflects 65% to 70% of the property's market value. The interest is usually a mix of floating and fixed rates. In addition, the capital is reimbursed at a level between 4% and 7% per annum (on average), usually payable on a quarterly basis together with the accrued interest.

Bonds for the Polish projects (issued on the Ghelamco Invest Sp. z o.o. level): 813.9 MPLN proceeds from bond issues with a term of 3 to 5 years and bearing an interest of Wibor 6 months + 3.5%-5.0%; proceeds of which can be used over the resp. project development stages.

Bonds for the Belgian and French projects (issued on the Ghelamco Invest NV level);

- 79.1 MEUR EMTN bond issue due 3 July 2020 and bearing an interest of 4.5%,
- 70.9 MEUR EMTN bond issue due 14 June 2021 and bearing an interest of 4.125%,
- 54.2 MEUR EMTN bond issue due 20 November 2024 and bearing an interest of 4.8%,
- 47.4 MEUR EMTN bond issue due 20 November 2022 and bearing an interest of 4.3%,
- 33 MEUR EMTN bond issue due 23 May 2022 and bearing an interest of 4.5%.

Proceeds of the bonds can be used over the resp. project investment stages.

The Investment Holding actively uses **intra-group borrowings** provided by the Financing Vehicles acting as financial intermediaries (mainly Milovat, Peridot SL and Salamanca Capital Services Ltd at 31 December 2018 and Peridot and Salamanca Capital Services per 31 December 2017) to finance the property projects in Poland, France, Belgium, Russia and Ukraine. These intra-group loans bear interest at market floating interest rates and are fully eliminated from these IFRS consolidated financial statements.

For sensitivity analysis, reference is made to disclosure 16 on interest-bearing loans and borrowings.

2.1.3 OPERATIONAL RISK (PRICE RISK IN FIRST INSTANCE)

Price risk

Raw materials, supplies, labour and other costs directly related to the construction process constitute a major part of the property development assets capitalized in the accounts of the Investment Holding's project companies.

Although construction prices may substantially vary during each accounting year, the

Investment Holding succeeds in reducing its operational risk by either entering into fixed price contracts or into open book contracts with related and unrelated companies. Most property projects are realized in cooperation with parties related to the Investment Holding (see Note 29.2).

Market research

Before starting an investment, the Investment Holding's management teams have performed their market research, comprising the following:

- status of the project's current zoning (and in the forthcoming case timing for necessary rezoning)
- attitude of the local government towards a particular project
- are comparable projects being launched (timing and location)
- type of potential buyers/tenants - reasonable delivery date of the project
- projected sale/lease prices at the date of delivery
- yield expectations at that time
- time frame to achieve 50%-60% leasing level

Permit risk

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

Construction risk

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

Engineering risk

The Investment Holding has to remain in control for the design, layout and structural or finishing elements of the building. Any change in engineering automatically leads to cost increases or decreases. That is why the Investment Holding hardly ever outsources these tasks.

Financing risk

The Company relies since more than 10 years on framework agreements with the majority of its banking partners. The parameters of the framework can vary due to economic circumstances, but remains workable as a whole. Before starting up the construction works (or contracting with subcontractors), the Company expects to have received already a (non-)binding term sheet from its banking relations.
In the past five-six years, the Company in addition proved to be able to call upon alternative financing through the issue of bonds in Belgium (284.6 MEUR unsecured bonds outstanding as of 31 December 2018) and Poland (813.9 MPLN bearer bonds outstanding as of 31 December 2018).

Commercial risk

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

Investment market risk

Each developer or investment fund is influenced by the currently applicable yield expectations. Therefore, good project timing is essential. While securing the construction financing, the Investment Holding also negotiates a binding transition from construction loan into investment loan. This allows us to keep the property in portfolio and to wait for attractive offers of investors.

2.1.4 CREDIT RISK

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

For further analysis, reference is made to note 11.

2.1.5 LIQUIDITY RISK

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

The maturity analysis for financial liabilities that shows the remaining contractual maturities is presented in Note 16.

We also refer to note 13 and 16 where the available financing is described.

2.1.6 FOREIGN POLITICAL AND ECONOMIC RISK

Significant part of projects operated through subsidiaries of the Investment Holding are located and operated in Poland, Russia and Ukraine and are held through Belgian and Cypriot holding structures. As a result, the operation of these projects and the upstreaming of related revenues are subject to certain inherent risks to these countries which may include, but are not limited to unfavourable political, regulatory and tax conditions.

In this respect, e.g. reference is made to the changes to the Polish tax law related to fund structures, as described in section 1.16 above.

2.2. CAPITAL RISK MANAGEMENT

The Investment Holding's objectives when managing capital are to safeguard its ability to continue as a going concern and to support its strategic growth plans.

The management's focus is to a significant extent set on financial support of its expansion plans. In order to maintain or optimize the capital structure, the Investment Holding may decide to issue bonds or similar financial instruments in the international financial markets. Group management closely monitors solvency, liquidity, return on invested capital and profitability levels.
In the same respect, the Ghelamco European Property Fund was put in place end 2016. This enables the Investment Holding to transfer delivered projects which will be kept in portfolio for a longer period; and which for that purpose require different (long-term, 'loan to value', or even mezzanine (re-) financing).

The Investment Holding monitors capital/balance sheet structure primarily based on the solvency ratio. This ratio is calculated as total equity divided by the balance sheet total. The solvency ratios at 31 December 2018 and 2017 were as follows:

	2018	2017
Equity	763,227	729,489
Total assets	1,901,918	1,791,808
Solvency ratio	**40.13%**	**40.7%**

When also considering the cash balance of 59,072 KEUR as of 31 December 2018 (129,526 KEUR as of 31 December 2017), the (adjusted) solvency ratio would be at 41.4% (43.9% % as of 31 December 2017).

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

Impairment of assets
The risk of impairment arises from uncertainties typical to the real estate development

industry.
Limited impairment losses have been recognized in 2018.
Per 31 December 2017, impairment losses and/or write-offs to net realizable value for an amount of 3.0 MEUR were recognized on a limited number of inventory items, related to the adjustment of some commercial parameters.

Income taxes

Given the diversity of its geographical locations, the Investment Holding operates within a thoroughly regulated environment. Deferred tax is determined based on each legal entity's tax position and is reviewed on each balance sheet date to take account of the impact of changes in the tax laws and the probability of recovery.

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

- Belgium: 29.58 % (decreasing to 25% from 2020)
- France: 33.33%
- Poland: 19% (to 15% if some conditions are met)
- Russia: 20%
- Ukraine: 18%
- Cyprus: 12.5%
- Luxemburg: 26.01% (exceptions for financial rulings, at least until 30 November 2017, date of closing the Granbero Capital, Luxemburg branch of Granbero Holdings Ltd)
- Spain: 25%

Fair value estimation

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

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

Derivatives are recognized at fair value in the balance sheet.

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

4. LIST OF SUBSIDIARIES

Ghelamco Group Comm. VA subsidiaries included in these IFRS consolidated financial statements are as follows:

Entity description	Country	31/12/2018 % voting rights	31/12/2017 % voting rights	Remarks
GHELAMCO INVEST NV	**BE**	**99**	**99**	*****
The White House Zoute NV	BE	100	100	*
Dock-Site NV	BE	99	99	*
Dianthus NV	BE	99	99	*
Nepeta NV	BE	99	99	*
Eurostadium Events NV (former De Leewe III NV)	BE	99	99	*
Eurostadium Park NV (former Immo Simava 13 NV)	BE	99	99	*
Leisure Property Invest NV	BE	99	99	*
Waterview NV	BE	99	99	*
Leuven Student Housing NV	BE	99	99	*
Parking Leuven NV (former Ring Congress Centre NV)	BE	99	99	*
Wavre Retail Park NV	BE	n/a	99	4.2
RHR-Industries NV	BE	99	99	*
Zeewind NV	BE	99	99	*
Docora NV	BE	99	99	*
Ring Multi NV (former Ring Retail NV)	BE	99	99	*
MeetDistrict Gent NV	BE	99	99	*
Ring Offices NV	BE	99	99	*
Ring Hotel NV	BE	99	99	*
Forest Parc NV	BE	99	99	*
Belalan Bischoffsheim Leasehold NV	BE	99	99	*
Bischoffsheim Freehold NV	BE	99	99	*
Belalan Louise Leasehold NV	BE	99	99	*
Louise Freehold NV	BE	99	99	*
De Nieuwe Filature NV	BE	99	99	*
Pomme de Pin Expansion SAS	FR	100	100	*
Société Immobilière de Courchevel SARL	FR	100	100	*
Pomme de Pin SAS	FR	100	100	*
Le Chalet 1850	FR	100	100	*
Brussels Urban Invest NV	BE	99	99	*
Construction Link NV	BE	99	99	*
Kubel NV	BE	99	99	*
Filature Retail NV	BE	99	99	*
Carlton Beach NV	BE	n/a	50	4.4
Carlton Retail NV	BE	50	50	**
Eneman & Co NV	BE	100	100	
Graminea NV	BE	99	99	*
Citrien NV	BE	99	n/a	*
Silver Tower NV	BE	99	n/a	4.1
Caboli NV	BE	99	n/a	*
Domein Culligan bvba	BE	100	n/a	4.1

40 GHELAMCO GROUP Consolidated Financial Statements at 31 December 2018 (in KEUR)

Entity description	Country	31/12/2018 % voting rights	31/12/2017 % voting rights	Remarks
GRANBERO HOLDINGS Ltd.	CY	100	100	
Apollo Invest Sp. z o.o	PL	100	100	
Prima Bud Sp. z o.o.	PL	70	70	
Ghelamco Invest Sp. z o.o	PL	100	100	
Ghelamco GP 1 Sp z o.o	PL	100	100	
Ghelamco GP 1 Sp. z.o.o. Konstancin SKA	PL	100	100	
Ghelamco GP 1 Sp. z.o.o. Port Żerański SKA	PL	100	100	
Ghelamco GP 8 Sp. z.o.o. Dahlia SKA	PL	100	100	
Tilia BIS Sp. z o.o (former Ghelamco GP 1 SP. z.o.o. Tilia SKA)	PL	100	100	
Innovation Bud Bis Sp. z o.o. (former Innovation SKA)	PL	100	100	
Ghelamco GP 9 Sp. z.o.o. Sobieski Towers Sp.k.	PL	100	100	
Ollay Sp. z.o.o. Market SKA	PL	100	100	
Erato Sp. z.o.o. (former Ghelamco GP 1 Sp. z.o.o. Erato SKA)	PL	100	100	
Oaken Sp.z.o.o. Pattina SKA	PL	100	100	
Ghelamco GP 1 Sp. z.o.o. Unique SKA	PL	70	70	
Octon Sp.z.o.o. PIB SKA	PL	100	100	
Ghelamco GP 1 Sp. z.o.o. Vogla SKA	PL	100	100	
Ghelamco GP 5 Sp. z o.o. (former Fusion Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 11 Sp. z.o.o. the HUB SKA (former Ghelamco GP 5 Sp. z.o.o. Sienna Towers SKA)	PL	100	100	
Ghelamco GP 4 Sp. z.o.o. SBP SKA	PL	100	100	
Ghelamco GP 5 Sp. z.o.o. Foksal SKA	PL	100	100	
Ghelamco GP 3 Sp. z o.o. (former Belle Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 3 Sp. z.o.o. Wronia SKA	PL	100	100	
Ghelamco GP 7 Sp. z o.o. (former Power Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 7 Sp. z.o.o. Postępu SKA	PL	100	100	
Ghelamco GP 2 Sp z o.o	PL	100	100	
Ghelamco GP 4 Sp. z o.o. (former Betula Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 2 Sp. z.o.o. M12 SKA	PL	100	100	
WUZA1 Sp. z o.o. (former Immediate Investment Sp.z.o.o.)	PL	0	100	4.4
Ghelamco GP 6 Sp. z o.o. (former Opportunity Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 6 Sp. z.o.o. HQ SKA	PL	100	100	
Ghelamco GP 3 Sp. z.o.o. Isola SKA	PL	100	100	
Ghelamco GP 8 Sp.z o.o.	PL	100	100	
Ghelamco GP 2 Sp. z.o.o. Sigma SKA	PL	100	100	
Ghelamco Garden Station Sp.z o.o.	PL	99	99	
Creditero Holdings Ltd.	CY	100	100	
Ghelamco Gdanska PI Sp. z o.o.	PL	100	100	
Warsaw Spire Management Sp. z o.o.	PL	100	100	
Warsaw Spire Sp. z o.o.	PL	0	100	4.4
Ghelamco GP 10 SP. z o.o. (former Chopin Project sp. z o.o.)	PL	100	100	
Ghelamco GP 2 Sp. z.o.o. Synergy SKA	PL	100	100	
Ghelamco GP 16 Sp. z.o.o. Canna SKA	PL	100	100	
Ghelamco GP 10 Sp. z.o.o. Azira SKA	PL	100	100	
Laboka Holdings Ltd	CY	100	100	
Esperola Ltd	CY	100	100	
Woronicza Sp. z.o.o.	PL	100	100	
Milovat Ltd	CY	100	100	
P22 Lódz Sp. z.o.o.	PL	50	50	**
Ghelamco GP 1 Sp. z.o.o. Azalia SKA	PL	100	n/a	

Consolidated Financial Statements at 31 December 2018 (in KEUR) GHELAMCO GROUP 41

Entity description	Country	31/12/2018 % voting rights	31/12/2017 % voting rights	Remarks
SAFE HOLDING BELGIUM NV	**BE**	**99**	**99**	
Motaro Holdings Ltd.	CY	99	99	
Challenge Invest Ltd.	UA	99	99	
Vision Invest Ltd.	UA	99	99	
Algowood Investments Ltd.	CY	99	99	
Instant Invest Ltd.	UA	99	99	
Urban Invest Ltd.	UA	99	99	
Goronin Holdings Ltd.	CY	0	99	4.4
Farota Trading Ltd.	CY	99	99	
Corporate Invest Ltd.	UA	0	99	4.2
Success Invest Ltd.	UA	0	0.1	4.2
Creletine Ltd.	CY	99	99	
Logistic Park Ermolino Ltd.	RU	99	99	
Millor Enterprises Ltd.	CY	99	99	
Belyrast Logistics Ltd.	RU	99	99	
Finaris SA	LU	100	100	
Salamanca Capital Services Ltd.	CY	100	100	
Peridot SL	ES	48	48	
Succes Invest Ltd.	UA	0	99.9	4.2

(*) the 1% remaining voting rights are owned directly or indirectly by Mr. P. Gheysens, the ultimate beneficial owner
(**): Held in a 50/50 joint venture structure and for that included in the financial statements under the equity method

A brief description of the main subsidiaries' business activities is given below:

- **Ghelamco Invest NV**, is an investment holding in **Belgian and French** real estate entities and also directly has a number of real estate projects on its own balance sheet.
- **Granbero Holdings Ltd** is an investment holding company that directly and indirectly owns equity interests in **Polish** real estate entities of the Investment Holding.
- **Safe Holding Belgium NV** is an investment holding company with (indirect) equity interests in **Russian and Ukrainian** real estate entities (via a number of intermediate holding entities incorporated in Cyprus).
- Finaris SA, Peridot SL, Salamanca Capital Services Ltd, Milovat Ltd are all Financing Vehicles used in the Consortium's financial activities.

Real estate acquisitions and disposals (including plots of land) often involve the transfer of a company that holds the property and/or real estate activities.
Most Investment Holding entities (except for the Holdings, Sub-holdings and Financing Vehicles) are such special purpose real estate entities created to structure real estate transactions (acquisition of land and real estate investment activities).

The summary of incorporations, acquisitions and disposals of subsidiaries (and other business units) realized by the Investment Holding during the year ended on 31 December 2018 is presented below. These acquisitions and disposals of subsidiaries are treated in accordance with the accounting policy as described in section 1.5.2 and 1.5.3 (and not in accordance with IFRS 3 on Business Combinations).

42 GHELAMCO GROUP Consolidated Financial Statements at 31 December 2018 (in KEUR)

4.1. ACQUISITIONS OF SUBSIDIARIES

On 17 September 2018, the Company acquired the shares of the company holding the Silver Tower project in Brussels, in view of the future realisation of an office project offering approx. 54,280 sqm gross leasable space. The shares transaction was based on a transaction value of 22.2 MEUR.

Furthermore, on 19 December 2018, the Company acquired the shares of Domein Culligan bvba, holding a site in Machelen, Culliganlaan, for the future development of an office project offering approx. 30,000 sqm gross leasable space. The transaction value of the site in the share deal amounted to 9.5 MEUR.

Above acquisitions have, in accordance with what has been stated in section 1.5.2 above, been booked as the purchase of investment property and have been considered as investing cash (out-)flow items. Also in accordance with what has been stated in section 1.5.2, in these acquisition no significant other assets and/or liabilities have been acquired than the items booked in investment property.

4.2. DISPOSAL OF SUBSIDIARIES

In June 2018, the shares of the Wavre Retail Park project have been sold to a third party investor. The transaction was based on a transaction value of 8.0 MEUR, equalling the carrying value per books. The preliminary contract was signed in 2017, while the deal was closed in 2018.

Empty shelf companies Corporate Invest Ltd (UA) and Success Invest Ltd (UA) have in the current year been sold for subsequently being liquidated. These (sales) transactions has no material impact on the consolidated financial statements.

4.3. INCORPORATION OF NEW SHELF COMPANIES

In 2018, no new SPVs have been incorporated.

4.4. MERGERS AND LIQUIDATIONS OF SUBSIDIARIES

In the course of 2018, Carlton Beach has been merged into Carlton Retail. Doing so, land parts of the high-end residential project in Knokke Zoute have been centralised in one entity, which is deemed necessary from a commercial point of view. This merger transaction had no material impact on the consolidated financial statements.

In Poland, Wuza 1 Sp. z o.o. and Warsaw Spire Sp. z o.o have been liquidated. These liquidations had limited to no impact on the Company’s 2018 financial statements.

Also, Cypriot (empty shelf) company Goronin Holdings Ltd has been liquidated. This liquidation had no material impact on the Company’s 2018 financial statements.

4.5. TRANSFER OF SUBSIDIARIES

<u>2018</u>
No share transactions with related parties took place in 2018.

<u>2017</u>
On 29 June 2017 and as stated above, the Warsaw Spire project was sold to Ghelamco European Property Fund NV at a transaction value of 540 MEUR in total. For this purpose, Granbero Holdings Ltd entered into an agreement with Ghelamco European Property Fund NV to sell 100% of the shares in Stareti Holdings Ltd (in turn parent company of the SPVs holding the (3 parts of the) Warsaw Spire project).

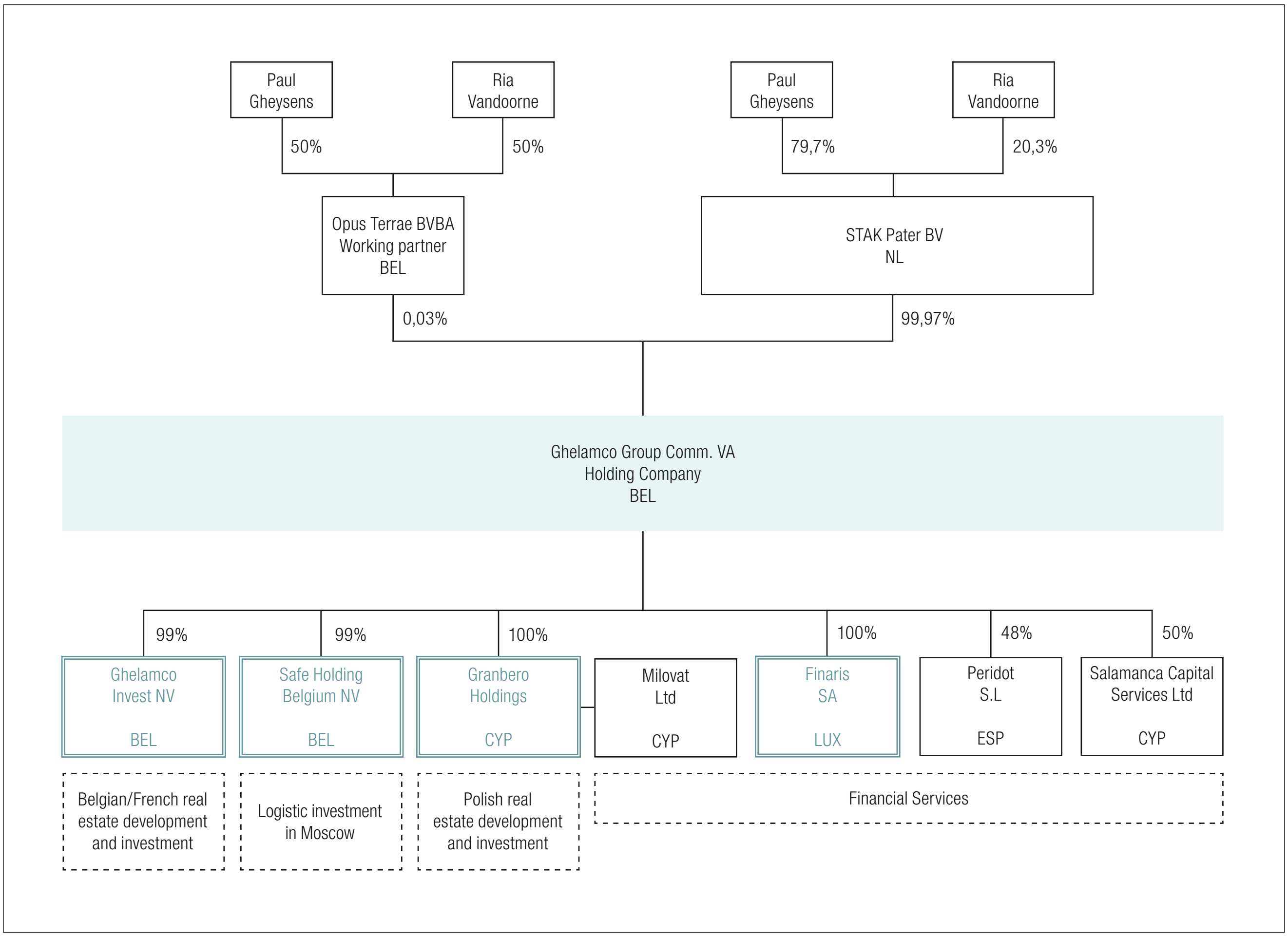
In the course of 2017 (100% of) the shares of Milovat Ltd (empty shelf company) was acquired by the Company for an amount of 1 KEUR. As of end November 2017, the capital of Milovat Ltd was increased through contribution in kind by Granbero Capital SA (Luxemburg branch of Granbero Ltd) of its portfolio of intercompany loans receivables (and related outstanding interest receivables) by an amount of 480 MEUR. Subsequently, Granbero Capital SA was closed, resulting in the fact that Granbero Capital's participation in Milovat was allocated to the Company and that from 30 November 2017 onwards the former (interco) financing activities of Granbero Capital SA have been taken over by Milovat Ltd.

Also, in the course of the year, 99.9% of the shares of Success Invest Ltd. were sold by Corporate Invest Ltd. to Salamanca Ltd. (for the nominal amount of 11 KEUR).

For the remainder, no other share transactions or with related parties took place in 2017.

5.1. INVESTMENT HOLDING AS PER DECEMBER 31ST, 2018

5. GROUP STRUCTURE



5.2. BELGIAN AND FRENCH REAL ESTATE DEVELOPMENT AND INVESTMENT AS PER DECEMBER 31ST, 2018

GHELAMCO INVEST NV
BEL

100%	The White House Zoute NV - BEL
99%	Dock-site NV - BEL
99%	Brussels & Regional NV - BEL
99%	Dianthus NV - BEL
99%	Nepeta NV - BEL
99%	Eurostadium Events NV - BEL
99%	Eurostadium Park NV - BEL
99%	Eurostadium Offices NV - BEL
99%	Eurostadium Parking NV - BEL
99%	Eurostadium Storage NV - BEL
99%	Eurostadium Foot & Hospitality NV - BEL
99%	Pavilion NV - BEL
99%	Ghelamco Campus NV - BEL
100%	Pomme de Pin Expansion SAS - FRA

100%	Société Immobilière de Courchevel SARL - FRA
100%	Pomme de Pin SAS - FRA
100%	Le Chalet 1850 - FRA

99%	Leisure Property Invest NV - BEL
99%	Waterview NV - BEL
99%	RHR-Industries - BEL
99%	Zeewind NV- BEL
99%	Ring Offices NV - BEL
99%	Ring Hotel NV - BEL
99%	Parking Leuven - BEL
99%	Docora NV - BEL
11%	Artevelde-Stadion CVBA - BEL
99%	Ring-Multi NV - BEL
99%	Forest Parc NV - BEL
99%	Leuven Student Housing - BEL
99%	Graminea NV- BEL
99%	Citrien NV - BEL

100%	De Nieuwe Filature NV - BEL
99%	Filature Retail NV - BEL
99%	Belalan Bischoffsheim Leasehold NV - BEL
99%	Bischoffsheim Freehold NV - BEL
99%	Belalan Louise Leasehold NV - BEL
99%	Louise Freehold NV - BEL
99%	Meetdistrict Gent NV - BEL
99%	Brussels Urban Invest NV - BEL
99%	Construction Link NV - BEL
99%	Caboli NV - BEL
99%	Kubel NV - BEL
100%	Eneman & Co NV - BEL
50%	Carlton Retail NV - BEL
99%	Silver Tower NV - BEL
100%	Domein Culligan bvba - BEL

46 GHELAMCO GROUP Consolidated Financial Statements at 31 December 2018 (in KEUR)

5.2. POLISH REAL ESTATE DEVELOPMENT AND INVESTMENT AS PER DECEMBER 31ST, 2018

GRANBERO HOLDINGS LTD
CYP

100%	Milovat Ltd - CYP
100%	Ghelamco Invest Spzoo - POL
70%	Prima Bud Sp. z.o.o. - POL
100%	Apollo Invest Sp. z.o.o. - POL
100%	Innovation Bud Bis Sp. z.o.o. - POL
100%	Warsaw Spire Management Sp. z.o.o. - POL
100%	Oscroft Sp. z.o.o. - POL
100%	Orrin Sp. z.o.o. - POL
100%	Oaken Sp. z.o.o. - POL
100%	Pianissima Sp. z.o.o. - POL
100%	Woronicza Sp. z.o.o. - POL
100%	Quanta Sp. z.o.o. - POL
100%	Erato Sp. z.o.o. - POL
100%	Ghelamco GP 1 Sp. z.o.o. - POL

100%	Ollay Sp. z.o.o. Market S.K.A. - POL
9%	Kemberton Sp. z.o.o. - POL

100%	Oaken Sp. z.o.o. Pattina S.K.A. - POL
9%	Kemberton Sp. z.o.o. -POL

9%	Kemberton Sp. z.o.o. - POL

9%	Kemberton Sp. z.o.o. - POL

100%	Octon Sp. z.o.o. - POL
100%	Ollay Sp. z.o.o. - POL

100%	Creditero Holdings - CYP
100%	Esperola Ltd - CYP
100%	Ilderim Sp. z.o.o. - POL
51%	P22 Lódz Sp. z.o.o. - POL[12]
100%	Ghelamco GP 5 Sp. z.o.o. - POL
100%	Ghelamco GP 3 Sp. z.o.o. - POL
100%	Ghelamco GP 4 Sp. z.o.o. - POL
100%	Ghelamco GP 10 Sp. z.o.o. - POL
100%	Ghelamco GP 7 Sp. z.o.o. - POL
100%	Ghelamco GP 2 Sp. z.o.o. - POL
100%	Ghelamco GP 6 Sp. z.o.o. - POL
100%	Ghelamco GP 8 Sp. z.o.o. - POL
100%	Ghelamco GP 9 Sp. z.o.o. - POL
100%	Ghelamco GP 11 Sp. z.o.o. - POL
100%	Orston Sp. z.o.o. - POL
100%	Ghelamco GP 16 Sp. z.o.o.
100%	Halewood Sp. z.o.o. - POL

9%	Kemberton Sp. z.o.o. - POL

	P22 Lódz Sp. z.o.o. Sp.k. - POL

100%	Octon Sp. z.o.o. PIB S.K.A. - POL
9%	Kemberton Sp. z.o.o. - POL

100%	Laboka Holdings Ltd - CYP

99%	Ghelamco GP 1 Sp. z.o.o. Port Zeranski S.K.A. - POL[1]
99%	Ghelamco GP 1 Sp. z.o.o. Azalia S.K.A. - POL[1]
99%	Ghelamco GP 1 Sp. z.o.o. Beta S.K.A. - POL[1]
99%	Ghelamco GP 1 Sp. z.o.o. Vogla S.K.A. - POL[1]
99%	Ghelamco GP 10 Sp. z.o.o. Azira S.K.A. - POL[10]
99%	Tilia Bis Sp. z.o.o. - POL[1]
99%	Ghelamco GP 3 Sp. z.o.o. Isola S.K.A. - POL[3]
99%	Ghelamco GP 4 Sp. z.o.o. SBP S.K.A. - POL[4]
99%	Ghelamco GP 7 Sp. z.o.o. Postępu S.K.A. - POL[7]
99%	Ghelamco GP 2 Sp. z.o.o. Synergy S.K.A. - POL[2]
99%	Ghelamco GP 2 Sp. z.o.o. Zafina S.K.A. - POL[2]
99%	Ghelamco GP 8 Sp. z.o.o. Dahlia S.K.A. - POL[8]
99%	Ghelamco GP 11 Sp. z.o.o. Hotel S.K.A. - POL[11]
100%	MeetDistrict Sp. z.o.o. - POL
99%	Ghelamco GP 16 Sp. z.o.o. Canna S.K.A. - POL[16]
99%	Ghelamco GP 1 Sp. z.o.o. Epona S.K.A. - POL[1]
70%	Ghelamco GP 1 Sp. z.o.o. UNIQUE S.K.A. - POL
99%	Ghelamco GP 1 Sp. z.o.o. Konstancin S.K.A. - POL[1]
70%	Ghelamco GP 1 Sp. z.o.o. Tarima S.K.A. - POL[1]
99%	Ghelamco GP 5 Sp. z.o.o. Foksal S.K.A. - POL[5]
99%	Ghelamco GP 3 Sp. z.o.o. Wronia S.K.A. - POL[3]
99%	Ghelamco GP 2 Sp. z.o.o. Sigma S.K.A. - POL[2]
99%	Ghelamco GP 2 Sp. z.o.o. M12 S.K.A. - POL[2]
99%	Ghelamco GP 2 Sp. z.o.o. Eurema S.K.A. - POL[2]
99%	Ghelamco GP 6 Sp. z.o.o. HQ S.K.A. - POL[6]
99%	Ghelamco GP 9 Sp. z.o.o. Altona S.K.A. - POL[9]
99%	Ghelamco GP 11 Sp. z.o.o. the HUB S.K.A. - POL[11]
100%	Estima Sp. z.o.o. - POL

100%	NCL Hotel Sp. z.o.o. - POL

100%	Ghelamco Gdanska PI Sp. z.o.o. - POL

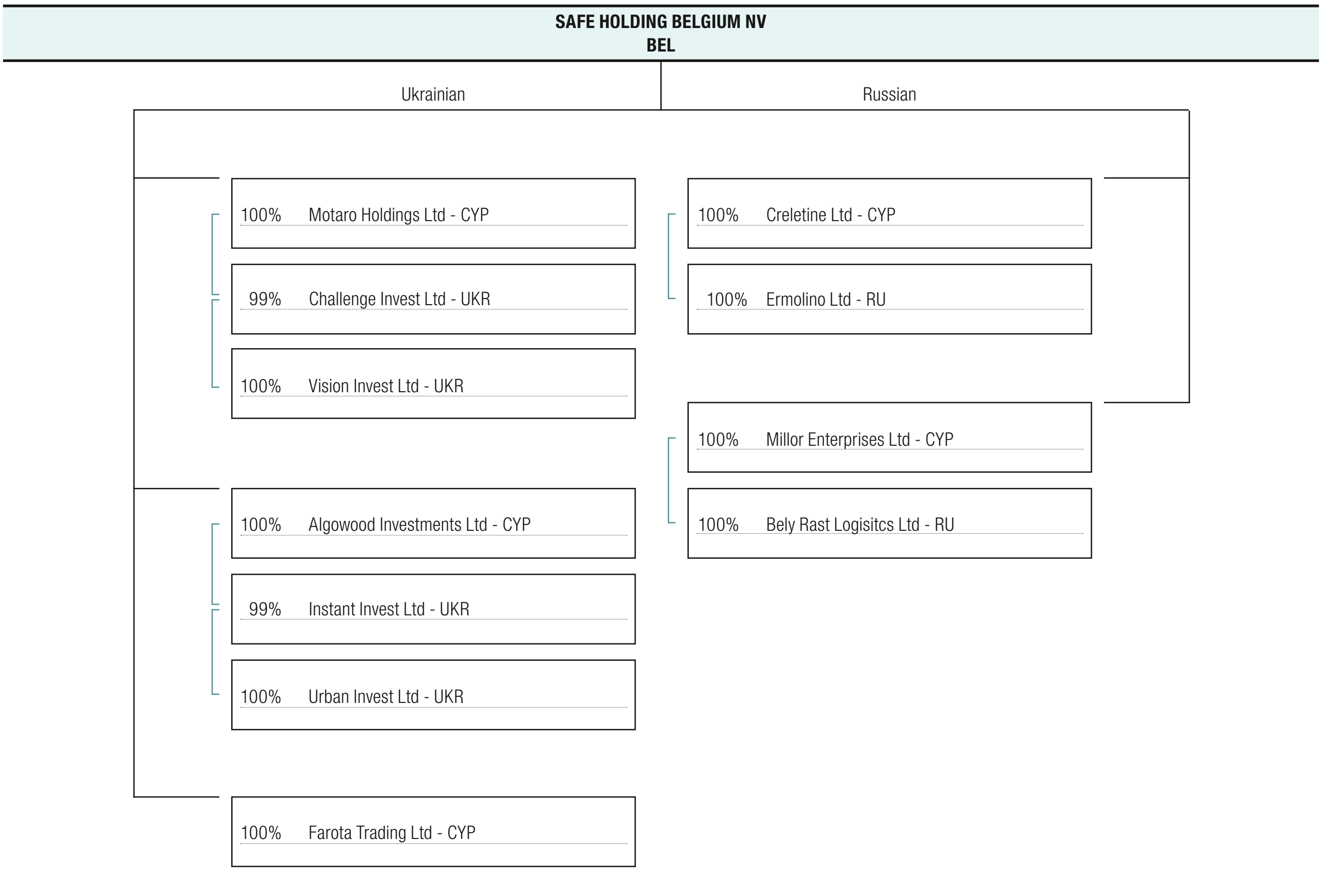
99%	Ghelamco Garden Station Sp. z.o.o. - POL

100%	Ghelamco GP 9 Sp. z.o.o. Sobieski Towers Sp. k. - POL

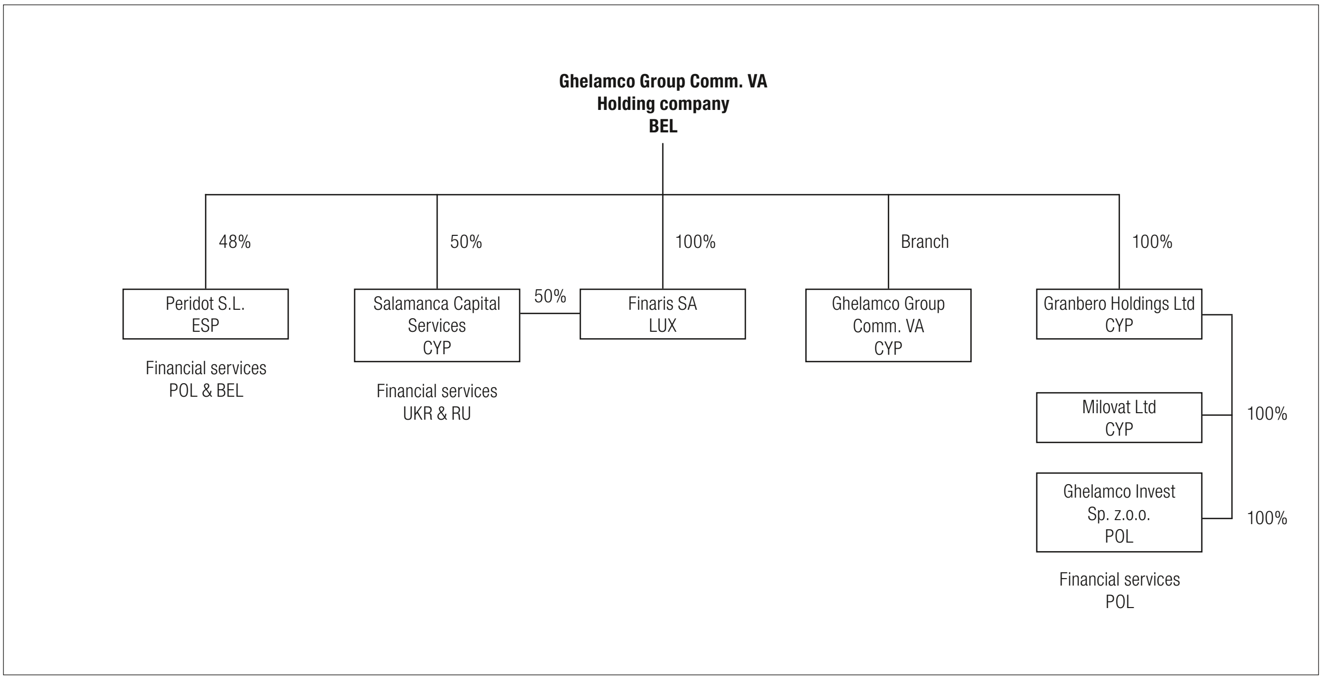
(1) remaining participation at general partner Ghelamco GP 1 Spzoo, (2) remaining participation at general partner Ghelamco GP 2 Spzoo, (3) remaining participation at general partner Ghelamco GP 3 Spzoo, (4) remaining participation at general partner Ghelamco GP 4 Spzoo, (5) remaining participation at general partner Ghelamco GP 5 Spzoo, (6) remaining participation at general partner Ghelamco GP 6 Spzoo, (7) remaining participation at general partner Ghelamco GP 7 Spzoo, (8) remaining participation at general partner Ghelamco GP 8 Spzoo, (9) remaining participation at general partner Ghelamco GP 9 Spzoo, (10) remaining participation at general partner Ghelamco GP 10 Spzoo, (11) remaining participation at general partner Ghelamco GP 11 Spzoo, (12) remaining participation at Budomal Estate (not a Ghelamco company)

Consolidated Financial Statements at 31 December 2018 (in KEUR) GHELAMCO GROUP 47

5.4. UKRAINIAN AND RUSSIAN REAL ESTATE DEVELOPMENT AND INVESTMENT AS PER DECEMBER 31ST, 2018



5.5. FINANCIAL SERVICES AS PER DECEMBER 31ST, 2017



6. INVESTMENT PROPERTY

The Investment Holding's current strategy is to keep commercial property for rental purposes while residential properties are dedicated for sale.
Plots of land, for which the management determines that the plot will be used in a project generating rental income, are classified as Investment Properties on 31 December 2018 and 31 December 2017.

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

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

Country + SPV	Commercial Name	Valuation	Cat	31/12/2018 KEUR	31/12/2017 KEUR
BELGIUM					
Leisure Property Invest	Knocke Village	Belsq	A	59,000	44,541
WRP	Wavre Retail Park	n/a	n/a	0	8,000
Zeewind	Zeewind	Man	D	1,746	1,746
Ring Hotel	Ring Hotel	n/a	n/a	0	21,200
Ring Multi	Ghelamco Arena Multifunctional space	Cushman	D	22,675	21,720
Meetdistrict Gent	Meetdistrict business center	Cushman	D	33,950	34,750
Ghelamco Invest	Zoute House	Cushman	C	24,101	22,500
Waterview/Parking Leuven	Waterview Parkings	n/a	n/a	0	8,530
Bischoffsheim Leasehold + Freehold	Spectrum	CBRE	C	62,464	49,840
Kubel/Construction Link	The Link	n/a	n/a	0	59,453
DNF/Filature Retail	Filature/Tribeca Retail	Man	D	5,500	10,000
Docora	Rafc Tribunes	Man	D	49,696	35,571
Dianthus	Arval site	Man	B	6,000	0
Silver Tower	Silver Tower	Belsq	C	47,257	0
Domein Culligan	PWC Offices	Man	B	9,500	0
Subtotal Belgium				**321,890**	**317,851**
POLAND					
Apollo Invest Spzoo	The Warsaw UNIT	Savills	C	69,719	57,857
Postepu SKA	Postepu Business Park	KNF	B	7,246	7,120
Sienna Towers SKA/ HUB SKA	The HUB	KNF	C	199,334	101,479
Sobieski SKA	Sobieski Tower	BNP	B	33,429	31,077
Market SKA	Mszczonow Logistics	ASB	A	2,824	2,849
SBP SKA	Synergy Business Park Wroclaw	JLL	B	25,138	25,294
Grzybowska 77 Sp.k. + Isola SKA	Grzybowska	KNF	D/A	25,023	23,920
Wronia SKA	Wronia 31	KNF	D	64,386	59,265
Sigma SKA	Chopin + Stixx	KNF	B/D	41,896	40,766
Vogla SKA	Wilanow Retail	KNF	D/A	16,300	11,260
Tillia BIS Spzoo	Powisle	n/a	n/a	0	7,690
Dahlia SKA	Woloska 24	Cresa	D	56,222	56,553
Synergy SKA	Katowice	JLL	A	3,700	0
Canna SKA	.BIG, Kapelanka, Krakow	n/a	n/a	0	4,000
Azira SKA	NCL (Lodz)	BNP	B	21,419	7,209
Subtotal Poland				**566,636**	**436,339**
RUSSIA					
Bely Rast e.a.	Dmitrov Logistic Park	JLL	C/D	135,500	144,500
Ermolino	Logistic Park Ermolino	JLL	A	7,094	7,722
Subtotal Russia				**142,094**	**152,222**
UKRAINE					
Urban Invest	Kopylov Logistics Park 2	UKR	A	772	730
Vision Invest	Warsaw Road Dev.	UKR	B	3,596	3,437
Subtotal Ukraine				**4,368**	**4,167**
TOTAL				**1,034,988**	**910,579**

Legend : Belsq = Belsquare, Man = Management valuation, KNF = Knight Frank, JLL = Jones Lang Lasalle, UKR = Ukrexprombud, CBRE = CBRE, Cushman = Cushman & Wakefield, ASB = Asbud, Cresa = Cresa, BNP = BNP Paribas Real Estate, Savills = Savills

Balance at 1 January 2017	**1,317,666**
Acquisition of properties	3,336
Acquisition through business combinations	
Subsequent expenditure	131,138
Transfers	
• Assets classified as held for sale	
• Other transfers	4,491
Adjustment to fair value through P/L	45,731
Disposals	-602,244
CTA	10,461
other	
Balance at 31 December 2017	**910,579**
Acquisition of properties	32,137
Acquisition through business combinations	
Subsequent expenditure	165,426
Transfers	
• Assets classified as held for sale	-126,292
• Other transfers	20,777
Adjustment to fair value through P/L	56,524
Disposals	-21,613
CTA	-2,550
other	
Balance at 31 December 2018	**1,034,988**

Categories	A	B	C	D	Total
Balance at 1 January 2017	**96,329**	**193,782**	**196,009**	**831,547**	**1,317,666**
Acquisition of properties	3,336				3,336
Acquisition through business combinations					0
Subsequent expenditure (*)	8,950	11,271	74,472	46,906	141,599
Transfers					
• Assets classified as held for sale					0
• Other transfers	-676	-41,500	11,009	35,658	4,491
Adjustment to fair value	-1,277	1,999	29,664	15,345	45,731
Disposals			-56,682	-545,562	-602,244
Other					0
Balance at 31 December 2017	**106,662**	**165,552**	**254,472**	**383,894**	**910,579**
Acquisition of properties	447	9,500	22,190	0	32,137
Acquisition through business combinations					
Subsequent expenditure (*)	1,914	4,652	113,114	43,195	162,876
Transfers					
• Assets classified as held for sale	0	0	-24,000	-102,292	-126,292
• Other transfers	-14,899	-31,866	-15,266	82,808	20,777
Adjustment to fair value	12,290	387	52,365	-8,518	56,524
Disposals	-8,000	0	0	-13,613	-21,613
Other					0
Balance at 31 December 2018	**98,414**	**148,225**	**402,875**	**385,474**	**1,034,988**

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

As stated above, in June 2018 the shares of Wavre Retail Park have been sold to a third party investor. The deal was based on a net asset value of the property of 8.0 MEUR, equaling the carrying value per books.

In addition, also per mid 2018 approx. half of the available retail units (+/- 2,500 sqm) and 95 adjacent parkings in the Tribeca/ Filature project have been sold to a third party investor, through an asset deal, for a net sales price of 6.1 MEUR.

In December 2018, the Waterview Parkings project (585 parkings tower in the Vaartkom, Leuven) has been sold to the City of Leuven for an amount of 6.5 MEUR.

The Silver Tower site and the PWC Offices site have in the current year been acquired for resp. 22.2 MEUR and 9.5 MEUR, both for the realisation of new office projects.

The transfers to assets classified as held for sale are related to Ring Hotel (preliminary agreement signed with a hotel group at a total sales value of 24,000 KEUR – closing expected in the course of 2019) and the 'The Link' project (73,123 KEUR, see also note 29. Events after balance sheet date) in Belgium (97,123 KEUR in total) and the Big project (10,200 sqm office space, see also note 29. Evenst after balance sheet date) in Poland (29,169 KEUR), all in connection with the (anticipated) sale of the involved projects after year-end. The carrying value per 31 December 2018 reflects the sales value.

Current year's other transfers relate to the transfer of the parkings in the Tribeca project, the Arval site and the Polish Nowe Centrum Lodzi plot from inventory to Investment Property on the one hand (28,467 KEUR) and the transfer of the Powisle project from Investment Property to Inventories (7,690 KEUR) on the other hand.

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

- Rental income 2018: 28,610
- Rental income 2017: 35,202

Rental income mainly relates to rent agreements in Belgium (Ring Multi (retail space in the Ghelamco Arena), Filature Retail (retail units in the Tribeca project in Ghent), Meetdistrict Gent, the The Link project in Berchem and the RAFC stand in Antwerp), Poland (Woloska 24, Wronia and Vogla Retail) and Russia (Dmitrov Logistics Park).

SIGNIFICANT ASSUMPTIONS AND SENSITIVITY ANALYSIS

Main part of Polish IP(UC) relates to office projects (with often ground floor retail space), which are valued based on the residual method (for IPUC) and income approach/yield/DCF method (for delivered projects).
Main part of Belgian IP(UC) relates to office and retail projects, which are valued based on the residual method (for IPUC) and income approach/yield/DCF method (for delivered projects).
Main part of Russian and Ukrainian IP(UC) relates to logistics projects, which are valued based on the comparative method (for plots/projects in the A/B category), the residual method (for IPUC) and yield/DCF method (for delivered projects).

For IFRS 13 purposes, IP(UC) projects are categorized in level 3.

The average yields (or capitalization rates) used in the expert valuations on 31 December 2018 are as follows:

- 5.25% to 7.50% for Polish projects, depending on the location, specifics and nature of the project (vs. 5.25% to 8.00% last year).
- 4.25% to 8.65% for Belgian office (incl. business center) projects (vs. 4.97% to 8.75% last year), depending on the location, specifics and nature of the investment.
- 6.00% to 6.50% for Belgian retail projects (vs. 6.25% to 6.85% last year), depending on the location, specifics and nature of the investment.
- 11.25% to 15.00% DCF discount rates and 10.50% on terminal value for Russian projects (vs. 11.25% to 15.00% DCF discount rates and 10.25% on terminal value last year).

The average rent rates used in the expert valuations are as follows:

- 150 EUR/sqm/year to 230 EUR/sqm/year for Belgian office space (vs. 145 EUR/sqm/year to 230 EUR/sqm/year last year).
- 75 EUR/sqm/year to 155 EUR/sqm/year for Belgian retail space (vs. 75 EUR to 140 EUR last year), depending on the location, specifics and nature of the project.
- 12.5 EUR/sqm/month to 23.0 EUR/sqm/month for Polish office space (vs. 10.5 EUR to 21.5 EUR last year).
- 8.26 EUR/sqm/month to 24.21 EUR/sqm/month for Polish retail space (vs. 8.75 EUR to 32 EUR last year).
- 53 USD/sqm/year for Russian warehouse space and 108 USD/sqm/year for office space (part of the logistics projects) (vs. resp. 66 USD and 132 USD last year). These concern the average market rates which are applied to the void space, while contractual rates for the existing leases are to an extent higher.

On 31 December 2018, the Investment Holding has a number of income producing investment properties (category D) which are valued at 385,474 KEUR (Ring Multi, Zeewind, Meetdistrict Gent, Filature Retail, RAFC stand, Woloska 24, Wronia, Wilanow Retail and Dmitrov Logistic Park Building A, B and C). An increase/decrease of 100 basis points in the yield, with all other variables held constant, decreases/increases the value by approx. 38,100 KEUR.

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

We also refer to note 1.9 for a description of the valuation process and methodology.

7. PROPERTY, PLANT AND EQUIPMENT

in thousands €	Property, plant and equipment	
	31/12/2018	31/12/2017
Cost	1,459	1,418
Accumulated depreciation/amortisation and impairment	-944	-891
TOTAL	**515**	**527**

in thousands €	Property, plant and equipment
COST	
Balance at 1 January 2017	**1,233**
Additions	159
Additions from internal developments	
Acquisitions through business combinations	
Disposals or classified as held for sale	
Revaluation increase	
Effect of foreign currency exchange differences	26
Other	
Balance at 31 December 2017	**1,418**
Additions	54
Additions from internal developments	
Acquisitions through business combinations	
Disposals or classified as held for sale	-4
Revaluation increase	
Effect of foreign currency exchange differences	-9
Other	
Balance at 31 December 2018	**1,459**

in thousands €	
ACCUMULATED DEPRECIATION AND IMPAIRMENT	
Balance at 1 January 2017	**834**
Depreciation/Amortisation expense	114
Disposals or classified as held for sale	-57
Impairment losses recognised in profit or loss	
Reversals of impairment losses recognised in profit or loss	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2017	**891**
Depreciation/Amortisation expense	53
Disposals or classified as held for sale	
Impairment losses recognised in profit or loss	
Reversals of impairment losses recognised in profit or loss	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2018	**944**

8. INTANGIBLE ASSETS

in thousands €		Intangible assets
	31/12/2018	31/12/2017
Cost	6,824	6,118
Accumulated depreciation/amortisation and impairment	-3,173	-2,410
Total	**3,651**	**3,708**

The intangible assets balance mainly relates to the naming rights which the Investment Holding has since mid-2013 on the Ghelamco Arena in Gent. Balance is amortized over the duration of the contract; i.e. 10 years. In accordance with the contractual terms, first instalment of 2.5 MEUR has been paid in Q1 2014 and second instalment has been paid per mid-2016.

Furthermore, the Company is currently implementing ERP system, which explains current year's significant additions.

in thousands €	Intangible assets
COST	
Balance at 1 January 2017	**5,541**
Additions	573
Additions from internal developments	
Acquisitions through business combinations	
Disposals or classified as held for sale	
Revaluation increase	
Effect of foreign currency exchange differences	4
Other	
Balance at 31 December 2017	**6,118**
Additions	709
Additions from internal developments	
Acquisitions through business combinations	
Disposals or classified as held for sale	
Revaluation increase	
Effect of foreign currency exchange differences	-3
Other	
Balance at 31 December 2018	**6,824**

in thousands €	Intangible assets
ACCUMULATED DEPRECIATION AND IMPAIRMENT	
Balance at 1 January 2017	**1,763**
Depreciation/Amortisation expense	647
Disposals or classified as held for sale	
Impairment losses recognised in profit or loss	
Reversals of impairment losses recognised in profit or loss	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2017	**2,410**
Depreciation/Amortisation expense	763
Disposals or classified as held for sale	
Impairment losses recognised in profit or loss	
Reversals of impairment losses recognised in profit or loss	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2018	**3,173**

9. EQUITY ACCOUNTED INVESTEES

Investments in equity accounted investees amount to 14,485 KEUR and relate to the (50%) participating interests in Carlton Retail NV, which is connected with the One Carlton high-end residential project in Knokke Zoute, and the (50%) participating interest in P22 Lódz Spzoo, which is connected to a plot for the future development of an office project

Main balance sheet and income statement captions as of 31 December 2018 for both entities are the following:

		Carlton Retail
Current assets	27,908	
of which cash and cash equivalents		1,900
Non-current assets	0	
Current liabilities	4,391	
curr. fin. liab. (excl. trade and other payables and provisions)		0
Non-current liabilities	0	
non-curr. fin. liab. (excl. trade and other pay. and provisions)		0
Revenue	16,890	
Profit before income tax	5,706	
Income tax expense (-) or income (+)	-2,053	
Profit of the year	3,653	

The share of the Group in the result of the equity accounted investees amounts to 1,827 KEUR.

		P22 Lódz
Current assets	3,102	
of which cash and cash equivalents		110
Non-current assets		
Current liabilities	492	
curr. fin. liab. (excl. trade and other payables and provisions)		492
Non-current liabilities	2,785	
non-curr. fin. liab. (excl. trade and other pay. and provisions)		2,785
Revenue	8	
Profit before income tax	-175	
Income tax expense (-) or income (+)	-1	
Profit of the year	-176	

The share of the Group in the result of the equity accounted investees amounts to -88 KEUR.

10. PROPERTY DEVELOPMENT INVENTORY

The Property Development Inventories amount to 249,039 KEUR on 31 December 2018 (2017: 285,581 KEUR) and are detailed as follows:

	31/12/2018	31/12/2017
Property Development Inventories	285,982	285,521
Raw materials	53	56
Finished goods	4	4
	249,039	**285,581**

Property Development Inventories contain mainly land plots held for development of residential purposes and residential buildings either finished or still under construction.

	31/12/2018	31/12/2017
Inventories – Poland	62,058	70,390
Inventories – Belgium	186,978	215,187
Inventories – Other countries	3	4
	249,039	**285,581**

Major part of inventories of the Investment Holding are located in Belgium and Poland. The main assets located in Russia and Ukraine are reported under Investment Properties as they are held for investment purposes.

	Carrying value (at cost) at 31 December 2018 - KEUR	**Carrying value (at cost) at 31 December 2017 - KEUR**
BELGIAN/FRENCH PROJECTS		
East Dune	12,130	13,059
Locarno Knokke	8,209	7,969
Blinckaertlaan Knokke	9,767	8,541
Kanonstraat Brussel	794	794
Bleko Doornstraat / Caboli / Senzafine	4,158	2,593
Dock-site	2,649	2,648
Katelijne parkings	6,195	6,208
Project Waterside	1,057	1,121
Waterview (student houses)	-	2,617
Sylt	-	1,799
Duinenwater	33,076	32,158
Kinder Siska	9,034	8,360
RHR-One Carlton	1,720	8,429
De Nieuwe Filature/ Tribeca	8,989	11,677
Belalan Louise/ Edition	4,719	9,260
Spectrum/ Bischoffsheim	412	4,041
Pomme De Pin - Courchevel	31,400	31,400
Eurostadium Brussels	23,648	23,648
Le Chalet 1850-Courchevel	10,503	10,503
Graminea/ Bleko Meensesteenweg/ Helix Towers	9,021	8,344
Arval site	-	4,797
Eneman	1,500	1,500
Parking Tribeca	-	2,081
Others	7,997	11,640
TOTAL BELGIUM	**186,978**	**215,187**

	Carrying value (at cost) at 31 December 2018 - KEUR	Carrying value (at cost) at 31 December 2017 - KEUR
POLISH PROJECTS		
Axiom/Konstancin	5,585	5,443
Foksal	26,403	19,532
Port Zeranski	3,427	3,334
Erato Invest	3,583	3,495
M12 SKA	-	1,391
Pattina Invest	1,720	1,642
P.I.B.	3,033	2,992
Q-Bik soft lofts	1,096	2,975
Innovation Bud Bis (former Signal)	24	24
Unique SKA (Pl Grzybowski)	7,629	7,332
Garden Station SP. z o.o.	1,375	1,382
Azira SKA – Nowe Centrum Lodzi	-	20,829
Tillia	8,134	-
Other	49	19
TOTAL POLAND	**62,058**	**70,390**

	Carrying value (at cost) at 31 December 2018 - KEUR	Carrying value (at cost) at 31 December 2017 - KEUR
RUSSIAN PROJECTS		
Subtotal Russia	-	-
UKRANIAN PROJECTS		
Subtotal Ukraine	3	4
GRAND TOTAL	**249,039**	**285,581**

In Belgium (and France), main part of current year expenditures have been done on the Tribeca project in Ghent (realisation of an approx. 35,000 sqm mixed residential and retail space project in Ghent) and the Edition and Spectrum projects in Brussels.

Main divestures/sales in Belgium:

- Waterview sales Leuven: All 36 remaining student homes have been sold in 2018.
- Tribeca: 2 houses, 1 apartment and 2 parking spaces in phase 1 and 2 of this mixed project at the Nieuwevaart in Ghent. Phase 1 and 2 have been delivered and sold units have per end 2018 been fully invoiced. All 72 available apartments have been sold and a limited number of houses and lofts are still being sold.
- Tribeca: invoicing under the Breyne legislation connected to (77 of 91 available apartments and parking spaces in) phase 3 of this project. Per end 2018 phase 3 has been finalized and sold units have been 100% invoiced.
- Sylt, sale of the 2 last units (and 5 garages) in this residential project in Knokke
- Edition: Installments on previous year (39 apartments and 42 parking spaces) and current year (18 apartments, 19 parking spaces and 17 storage rooms) sales. Progress and sales invoicing is at approx. 90%, deliveries are currently ongoing.
- Spectrum: Installments on previous year (17 apartments and 20 parking spaces) and current year (remaining 5 apartments, 1 parking space and 5 storage rooms) sales. Progress and sales invoicing is at 55%.
- One Carlton: In the course of 2018, RHR-Industries NV has contributed its land parts in the project in Carlton Retail NV. Doing so, the land parts have been centralised in one company, which was necessary from a commercial point of view.

In the current year, further invoicing has been done under the Breyne legislation connected to 5 (of 9 available) apartments in this high-end residential project in Knokke-Zoute (which is structured as a 50/50 joint-venture).

In Poland, the property development inventories decreased by 8,332 KEUR compared to prior year. The main movements are noted in the Woronicza Qbik balance (-1,879 KEUR to 1,096 KEUR) in line with current year's sales of remaining units and the Foksal balance (+6,871 KEUR to 26,403 KEUR) in connection with the progress of the construction works of this high-end residential project.

In addition and as stated above, the Powisle project has in the current year been transferred from Investment Property to Inventories and the Nowe Centrum Lodzi plot has been transferred from Inventories to Investment Property.

Also, the M12 plot has in the course of the year been sold to a third party (for an amount of 1,123 KEUR).

Eurostadium Brussels

Ghelamco Invest has in 2014 subscribed to a public call to develop a stadium on Parking C.

The 99-year leasehold right has been granted to the Company through notarial deed on 25 March 2016.

The request for an environmental permit ('Omgevingsvergunning') for constructing a multifunctional stadium has been rejected by the Flemish authorities in January 2018.

An administrative appeal launched against the abolishment of a neighbourhood road impeding progress of the project ('buurtweg') was rejected by the Flemish Government on 7 December 2017.

The Company has based on extensive analysis deemed that sufficient legal means are available to appeal against the refusal of the permit. In this respect, it has submitted an appeal with the Raad van Vergunningsbetwistingen on 15 March 2018.

Given the fact that the decision of the Raad van Vergunningsbetwistingen is not expected to rule before 2020, the Company will in cooperation with the stakeholders look for solutions to the (claimed) objections in the permit decision, within the provisions/boundaries determined by the BAFO (Best and Final Offer) which has resulted in the granting of the leasehold for the development on Parking C.

In addition, the lessor (i.e. the City of Brussels) is obliged, under the leasehold agreement to actively cooperate in the realisation of a stadium, even when the stadium will not be used to host EU2020. As to mobility, the Company strives for sustainable mobility solutions on and around the leasehold area, but of course this assumes and requires an active cooperation from both the side of the Flemish and Brussels authorities regarding mobility connections and public transport around the leasehold area.

Also, the Flemish decree modifying several provisions regarding urban planning and environment, often referred to as 'Codex-trein' dd. 8 December 2017, allows that going forward the project-MER (environmental effects report) procedure is integrated in the building and environmental permit procedure. As a consequence, remarks in connection with the (MER and permit) procedure can be remediated immediately and within the (duration of the combined) procedure. This results in more legal certainty.

On 26 March 2018 the City Council of Brussels has granted the mandate to the College of Mayor and Aldermen to terminate the Eurostadium project. The scope and consequences of this mandate is not clear to us for the time being. On 27 March 2018, Ghelamco has received an invitation from the side of the City of Brussels and the VZW PEB for a consultation meeting on how to deal with the decision to reject the building and environmental permit. However, the City of Brussels took further legal action on 18 December 2018 with the purpose of annulling or reneging on the leasehold agreement.

The above-mentioned elements bring about some legal uncertainty on the concrete progress of the project. Despite this current uncertainty, the Board of Directors of Ghelamco Invest NV is of the opinion that the currently capitalized expenses w.r.t. the Eurostadium-file (amounting to 23.6 MEUR as of 31 December 2018 and 31 December 2017) can be recovered either in the framework of the latter proceedings, through separate legal action for damages or in execution of the leasehold agreement.

Further reference is also made to section 3 and 4.4.

11. NON-CURRENT RECEIVABLES & PREPAYMENTS AND CURRENT TRADE & OTHER RECEIVABLES

11.1. NON-CURRENT RECEIVABLES & PREPAYMENTS

	Note	31/12/2018	31/12/2017
Non-current			
Receivables from related parties	28.3	172,187	197,647
Trade and other receivables		64,052	53,264
Total non-current receivables and prepayments		**236,239**	**250,911**

NON-CURRENT RECEIVABLES FROM RELATED PARTIES

All non-current loans to related parties are granted for a term of 3 to 5 years.
Contractual interest rates on non-current receivables to related parties for 2018 were as follows: Euribor + margins in the range between 1% and 4%.
Further reference is made to Note 28.3.

The decrease compared to last year is mainly connected to the loans receivable towards Pl. Europejski 2 SKA (related party company holding the Warsaw Spire Building C), which amounted to 28 MEUR last year and which have been reimbursed in the current year, at the moment of sale of Building C to a third party investor.

NON-CURRENT TRADE AND OTHER RECEIVABLES

Non-current trade and other receivables as of 31 December 2018 mainly consist of:

- Rental guarantee retentions at the level of (formerly Espressivio Sp. z o.o. which has in 2017 been merged into) Woronicza Sp. z.o.o. in connection with the sale of the Mokotow Nova and Lopuszanska Business Park projects: 98 KEUR
- Master lease and rental guarantee retentions in connection with the disposal of Marynarska 12/T-Mobile Office Park: 285 KEUR
- Capitalised rent free and agency fees at the level of Dahlia SKA, in connection with

the leasing of the Woloska 24 project: 872 KEUR

- Capitalised rent free and agency fees at the level of Wronia SKA, in connection with the leasing of the Wronia project (which was delivered in 2017): 3,019 KEUR
- Capitalised agency fees at the level of Canna SKA, related to the leasing of the Big project in Krakow: 530 KEUR
- Other Peridot loans receivable: 55,452 KEUR. It mainly concerns loans to related parties which are not consolidated in these financial statements and loans to affiliated parties which are not defined as related parties under IFRS.
- Other Milovat loans receivable: 2,534 KEUR. It mainly concerns loans to related parties which are not consolidated in these financial statements and loans to affiliated parties which are not defined as related parties under IFRS.

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

11.2. CURRENT TRADE & OTHER RECEIVABLES

	Note	31/12/2018	31/12/2017
Current			
Receivables from related parties		11,797	5,060
Receivables from third parties		9,294	11,573
Less: allowance doubtful debtors (bad debt provision)		-	-
Net trade receivables		**21,091**	**16,633**
Other receivables		7,613	4,962
Related party current accounts	28.3	76,147	111,888
VAT receivable		21,930	7,782
Prepayments		1,920	7,473
Interest receivable		33,372	39,160
Total current trade and other receivables		**162,073**	**187,898**

CURRENT TRADE AND OTHER RECEIVABLES

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

Trade receivables from related parties (and prepayments, see below) include invoices for construction, engineering and other services as described in Note 28.2.

Current Accounts receivable from related parties mainly consist of:

- 57.0 MEUR vs. IRS Comm. VA
- 2.6 MEUR vs. MeetDistrict NV
- 2.5 MEUR vs. Tallink Investments Ltd.
- 14.0 MEUR vs. Ghelamco European Property Fund

PREPAYMENTS

Outstanding prepayments as of 31 December 2018 mainly represent down payments (and related costs) for an amount of 1,620 KEUR (vs. 1,206 KEUR last year) at SPV Prima Bud for the acquisition of a land plot (Lomianki), for the development of a trade and service centre.

Last year also advance payments for an amount of 6,117 KEUR were included regarding construction services to be delivered at the Warsaw Hub.

INTEREST RECEIVABLE

The interest receivable consists of an amount of 27,051 KEUR from related parties (33,783 KEUR last year).

VAT RECEIVABLE

The outstanding balance as of 31 December 2018 mainly relates to VAT receivables in the following countries:

- Belgium: 9,013 KEUR.
- Poland: 11,875 KEUR (mainly on the Warsaw UNIT, the Warsaw Hub and Woloska 24).

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

CREDIT RISK EXPOSURE AND IMPAIRMENT

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

Allowances are determined on a case-by-case basis. An allowance for impairment is booked when there is an identified loss event that, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. In addition and from 1 January 2018 onwards, the Company recognises loss allowances for ECLs on trade and other receivables, in connection with the requirements of IFRS 9.

The maximum exposure to credit risk on the reporting date is the carrying amount of each class of financial assets mentioned above. The Company does not hold any collateral as security over these balances, as a large part of accounts receivable balances are with related parties, controlled by the ultimate beneficial owners of the Consortium.

As of 31 December 2018 and 2017, trade and other receivables disclosed above do not include significant amounts which are past due at the end of the reporting period and against which the Company has not recognized an allowance for doubtful receivables, as deemed necessary.

Based on the ECL analysis, the Company did not identify material impairment losses on the date of initial application or at year-end.

12. DERIVATIVES

There are no outstanding balances related to the market value of derivatives as of 31 December 2018 and 2017.

Also refer to section 2.1.1 above.

13. CASH AND CASH EQUIVALENTS

	31/12/2018	31/12/2017
Cash at banks and on hand	59,072	129,526
	59,072	**129,526**

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

The Investment Holding also has access to the following additional resources of financing:

- additional capacity on the debt ratio (the Investment Holding chooses to keep a substantial margin on the Loan to Value ratio);
- potential to take up further financing on completed projects based on Loan to Value (LTV) instead of Loan to Cost (LTC);
- access to alternative financing under the form of bond issuance. In this respect reference is made to the recent bonds issues in Poland (813.9 MPLN total outstanding bonds at 31 December 2018) and Belgium (280.3 MEUR total outstanding bonds at 31 December 2018).

14. SHARE CAPITAL

	31/12/2018	31/12/2017
Authorized 35,908 ordinary shares without par value	28,194	28,194
issued and fully paid	28,194	28,194

On 12 October 2017, the capital of Ghelamco Group Comm. VA has been decreased by 45,000 KEUR through notarial deed. Payment has been done in kind in Q1 2018, through transfer of (part of) a related-party current account to the shareholders.

At 31 December 2018 and 2017, the Company's direct shareholders are:

- **Stak Pater** (the Netherlands) - 99.97% (35,898 shares) (Dutch company).
- **Opus Terrae BVBA** (Belgium) - 0.03% (10 shares) (Belgian Ltd, acting as the working partner).

Mr. Paul Gheysens and Mrs. Ria Vandoorne are the ultimate beneficial owners of Pater BV and Opus Terrae BVBA.

14.1. DISTRIBUTION OF DIVIDENDS BY THE INVESTMENT HOLDING

No dividends have been distributed in the course of 2018 (and 2017).

14.2. NON-CONTROLLING INTERESTS

	31/12/2018	31/12/2017
Balance at beginning of year	6,746	5,379
Share of profit for the year	1,184	1,400
Acquistions/disposals	25	-33
Balance at end of year	**7,955**	**6,746**

15. RESERVES AND RETAINED EARNINGS

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

	Cumulative translation reserve	Retained earnings
At 1 January 2017	21,291	665,418
Cumulative translation differences (CTA)	-14,144	
Dividend distribution to the ultimate shareholders		
Change in non-controlling interests		
Change in the consolidation scope		-74
Other		
Profit for the year		22,058
At 31 December 2017	**7,147**	**687,402**
At 1 January 2018	7,147	687,402
Cumulative translation differences (CTA)	-4,398	
Dividend distribution to the ultimate shareholders		
Change in non-controlling interests		
Change in the consolidation scope		-252
Other		-42
Profit for the year		37,221
At 31 December 2018	**2,749**	**724,329**

64 GHELAMCO GROUP Consolidated Financial Statements at 31 December 2018 (in KEUR)

16. INTEREST-BEARING LOANS AND BORROWINGS

		31/12/2018	31/12/2017
Non-current			
Bank borrowings – floating rate	16.1	318,042	255,712
Other borrowings	16.2/16.3	432,149	438,349
Finance lease liabilities		83	49
		750,274	**694,110**
Current			
Bank borrowings – floating rate	16.1	181,398	114,807
Other borrowings	16.2/16.3	53,516	85,811
Finance lease liabilities		0	0
		234,914	**200,618**
TOTAL		**985,188**	**894,728**

16.1. BANK BORROWINGS

During the year the Group obtained new secured bank borrowings mainly expressed in EUR and USD and withdraw on existing credit facilities for a total amount of 172.2 MEUR, large part of which are Euribor based. On the other hand, reimbursements and refinancings have been done for a total amount of 43.3 MEUR (mainly 31.4 MEUR in Belgium, 8.3 MEUR in Poland, 4.0 MUSD in Russia). This brings the total outstanding amount of bank borrowings to 499.4 MEUR (compared to 370.5 MEUR at 31/12/2017). The effect of the evolution in the USD/EUR exchange rate on the net movement amounts to 3.7 MEUR (positive, above included in the amount of new borrowings).

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

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

With respect to the outstanding short-term borrowings, it is to be mentioned that in the course of 2019, part will actually be reimbursed following the contractual terms and part will be prolonged or refinanced (e.g. through a swap to investment loan). In this respect, a significant part of the short-term balance per books is currently in the advanced process of prolongation and/or refinancing. In addition, the bank loans connected to the The Link project in Antwerp (55 MEUR) and the Big project in Krakow (16.6 MEUR) have actually been reimbursed at the moment of sale of these projects, shortly after year-end.

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

				31.12.2018				31.12.2017
	<1 y	between 2 and 5 y	>5y	total	<1 y	between 2 and 5 y	>5y	total
Credit institutions withdrawn credits	197,035	238,566	124,850	560,451	128,324	164,743	134,437	427,503
Financial lease				0			49	49
Total	**197,035**	**238,566**	**124,850**	**560,451**	**128,324**	**164,743**	**134,486**	**427,552**
Percentage	35%	43%	22%	100%	30%	39%	31%	100%

EXTERNAL BANK BORROWINGS BY CURRENCY

Large parts of external bank borrowings are Euro denominated, except for mainly Belyrast in Russia (USD loan) and Postepu (and some VAT financing) in Poland (PLN loan).

INTERESTS ON BANK BORROWINGS – INTEREST RATE RISK

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

On 31 December 2018, the Investment Holding had the following investment loan(s):

- 28,222 KEUR in total on Belgian projects Meetdistrict Gent and Ring Multi; loans which are serviced by the actual rental income of the resp. properties.
- 74,433 KEUR in total on Polish projects Woloska 24, Wronia 31 and Willanow Retail; loans which is serviced by the the rental income of the property.
- Belyrast Ltd (Russia) 86.9 MUSD in total, bearing a Libor 3M based (+ 6.5% margin) interest rate. The debt is fully serviced by the actual rental income of phase 1 (building A), 2 (building B) and 3 (building C) of the Dmitrov Logistic Park project.

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

- Belgium: between 1.5% and 3,00%.
- Poland: between 2.25% and 4.6%.
- Ukraine: currently not applicable.
- Russia : 6.5% (on Libor 3 months).

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

INTEREST SENSITIVITY ANALYSIS

An increase/decrease of 100 basis points in the (average) interest rates on the floating rate bank debt at the reporting date, with all variables held constant, would have resulted in a 4,165 KEUR lower/higher profit before tax for 2018.

16.2. OTHER BORROWINGS BONDS (426,314 KEUR LONG-TERM – 41,013 KEUR SHORT-TERM)

BELGIUM

Ghelamco Invest NV has in the second half of 2013 and the first half of 2014 issued private unsecured bonds for a total amount of 70 MEUR, secured by a first demand guarantee from Ghelamco Group Comm. VA, having as maturity date 28/02/2018 and bearing an interest rate of 6.25%. This bond program was coordinated by KBC Securities and Belfius Bank. Per 31 December 2017 only 15,770 KEUR was still outstanding on this program, after early redemption of bonds for an amount of 54,230 KEUR in November 2017. The remainder has been reimbursed on maturity date in February 2018.

Ghelamco Invest NV has on 24 June 2015 launched a new EMTN program for a maximum amount of 150 MEUR. First tap on this program has resulted in the issue of a first tranche of 79,100 KEUR and in December the remaining amount of 70,900 KEUR has been raised. The bonds, which are listed on Euronext, have as maturity date 3/07/2020 (first tranche) and 14/06/2021 (second tranche), bear an interest rate of 4.5% (first tranche) and 4.125% (second tranche) and are secured by a first demand guarantee from Ghelamco Group Comm. VA. The program has been coordinated by Belfius, BNP and KBC. Both tranches have been underwritten by institutional investors and high-net-worth individuals. Since its bond listing on Euronext, Ghelamco Invest is formally considered as a Public Interest Entity (PIE), with related transparency, governance and reporting requirements to the benefit of the investors.

On 20 November 2017, Ghelamco Invest NV has again issued bonds for a total amount of 101,600 KEUR, within a new 250 MEUR EMTN program. First tap on this program resulted in the issue of a tranche of 54,200 KEUR with a 7 years term and bearing an interest of 4.8% and of a tranche of 47,400 KEUR with a 5 years term and bearing an interest of 4.3%. The bonds are secured by a first demand guarantee from Ghelamco Group Comm. VA. The transaction has been coordinated by KBC, BNP, Société Générale and ABN Amro as managers and has been subscribed by professionals and institutional investors.

Bond proceeds have partly (i.e. for an amount of 54,230 KEUR) been used for the early redemption of the existing 70 MEUR 2013 bonds (maturing on 28/02/2018), in connection with a tender offer on the latter bonds. In February 2018, the Company redeemed the remainder of the 2013 bonds for an amount of 15,770 KEUR.

In addition, Ghelamco Invest NV has on 23 October 2018 issued bonds for a total amount of 33,000 KEUR within the existing 250 MEUR EMTN bonds program. The bonds have as maturity date 23/05/2022, bear an interest rate of 4.5% and are secured by a first demand guarantee from Ghelamco Group Comm. VA. The transaction has been coordinated by KBC, BNP Paribas Fortis and Société Générale as managers and has been subscribed by professionals and institutional investors.

Goal of these issues is to diversify financial resources and secure the mid-term funding necessary to secure the realization of the pipeline of Belgian and French projects.

Total balance of outstanding bonds per balance sheet date (280,272 KEUR) represents the amount of issue (284.6 MEUR) less capitalized issue costs (of which mainly the issuing banks' arrangement fees), which are amortized over the term of the bonds.

POLAND

Ghelamco Invest Sp. z o.o. has in the current period (on 16 June 2018, via Ghelamco Invest Sp. z o.o.) within its pending programmes issued public retail bonds (tranche PJ) for a total amount of 9,080 KPLN. These bonds have a term of 3 years and bear an interest of Wibor 6 months + 3.65%. The bonds series is secured by a guaranty granted by Granbero Holdings Ltd.

The proceeds of the above bond issues have been applied to redeem other/existing outstanding bonds, to service the (interests on) the resp. bond programs and for the financing of the Company's further investment projects within the Warsaw metropolitan area, in Wroclaw or Katowice.

Ghelamco Invest Sp. z o.o. has in the current period redeemed outstanding bonds (partly through early redemption, partly on maturity date) for an amount of 222,260 KPLN and 6,320 KEUR.

The effect of the evolution in the PLN/EUR exchange rate on the net movement in outstanding bonds amounts to 7.4 MEUR (negative).

Total bonds balance outstanding per balance sheet date (187,055 KEUR) represents the amount of issue (813.9 MPLN) less capitalized issue costs, which are amortised over the term of the bonds.

INTEREST SENSITIVITY ANALYSIS

An increase/decrease of 100 basis points in the (average) interest rates on the floating rate bonds debt at the reporting date, with all variables held constant, would have resulted in a 2,209 KEUR lower/higher profit before tax for 2018.

Summary of contractual maturities of (Belgian and Polish) bonds, including interest payments.

				31.12.2018				31.12.2017
	<1 y	between 2 and 5 y	>5y	total	<1 y	between 2 and 5 y	>5y	total
Belgian 2013 bonds	0			0	16,756			16,756
Belgian EMTN '15 1st tranche	3,560	80,880		84,440	3,560	86,220		89,780
Belgian EMTN '15 2nd tranche	2,925	75,288		78,212	2,925	78,213		81,137
Belgian EMTN '17 1st tranche	2,038	53,515		55,553	2,038	55,553		57,591
Belgian EMTN '17 2nd tranche	2,602	10,406	56,802	69,810	2,602	10,406	59,403	72,411
Belgian EMTN '18 1st tranche	1,485	36,713		38,198	0	0		0
Polish bonds	51,703	156,846		208,550	72,750	212,458		285,208
	64,312	**413,647**	**56,802**	**534,761**	**100,630**	**442,850**	**59,403**	**602,882**
	12%	77%	11%	100%	17%	73%	10%	100%

16.3. OTHER BORROWINGS: OTHER

31/12/2018 - 18,421 KEUR

Other borrowings in EUR at 31 December 2018 include:
- Tallink Investments Ltd.: 897 KEUR.

- Ghelamco Poland Sp. z o.o.: 4,890 KEUR.
- 9 MEUR short-term loan from a third party investor, related to a specific Polish project, maturing on 30/06/2019 and bearing an interest rate of 5.50%.
- 3,488 KEUR short-term loan from a third party investor, related to a specific Polish project.

31/12/2017 - 13,086 KEUR

Other borrowings in EUR at 31 December 2017 include:
- Tallink Investments Ltd.: 897 KEUR
- Wuza 3 (formerly Ghelamco Warsaw Spire WS spk): 1,020 KEUR
- 7 MEUR short-term loan from a third party investor, related to a specific Polish project, maturing on 30/06/2018 and bearing an interest rate of 5%.
- 3,586 KEUR short-term loan from a third party investor, related to a specific Polish project.

16.4. MISCELLANEOUS INFORMATION

No defaults of payments or breaches of borrowing agreements occurred as of 31 December 2018.

- Bank borrowings are secured by amongst others the respective property development projects, including land and in-process construction, pledge on the respective SPV shares, etc. For corporate guarantees on bank loans, reference is also made to note 26.1.

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

  At 31 December 2018, the Group has bank loans available to be drawn for a total amount of 218.4 MEUR in Poland and 103.1 MEUR in Belgium.

- The Polish bonds are secured by a redemption surety granted by Granbero Holdings Ltd.
  The Belgian bonds are secured by a first demand guarantee by Ghelamco Group Comm. VA.

  Also, the terms and conditions of the resp. bond issues have been complied with as of balance sheet date. For the Belgian bonds, reference is made to the related bi-annual covenant testing which is published on the Company's website.

  The observed evolution in the above financial debt includes (except for the above mentioned foreign exchange movements) an immaterial amount of other non-cash movements, related to capitalized transaction costs which are amortized over the duration of the debts.

17. FINANCIAL INSTRUMENTS

The effect of initially applying IFRS 9 on the Company's financial instruments is described in note 1.3 above. Due to the transition method chosen, comparative information has not been restated to the new requirements.

					31/12/2018
Financial instruments (x € 1,000)	**FVTPL**	**FVOCI**	**Measured at amortised cost/fin. liabilities measured at amortised cost**	**Fair value**	**Fair value level**
Other financial investments					
Other financial assets			3,961	3,961	2
Non-current receivables					
Receivables and prepayments					
Restricted cash			236,239	236,239	2
Current receivables					
Trade and other receivables			138,141	138,141	2
Derivatives					
Cash and cash equivalents			59,072	59,072	2
Total Financial Assets	**0**	**0**	**437,413**	**437,413**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			318,042	318,042	2
Bonds Poland			146,042	147,031	1
Bonds Belgium					
Bonds Belgium (Euronext)			280,272	280,185	1
Other borrowings			5,835	5,835	2
Finance lease liabilities			83	83	2
Interest-bearing borrowings - current					
Bank borrowings			181,398	181,398	2
Bonds Poland			41,013	42,388	1
Bonds Belgium					
Other borrowings			12,503	12,503	2
Finance lease liabilities					
Current payables					
Trade and other payables			88,003	88,003	2
Total Financial Liabilities	**0**	**0**	**1,073,191**	**1,075,468**	

The table below summarizes all financial instruments by category in accordance with IAS 39 and discloses the fair values of each instrument and the fair value hierarchy:

					31/12/2017
Financial instruments (x € 1,000)	**At fair value through P/L held for trading**	**Available for sale**	**Loans and receivables/fin. liabilities at amortised cost**	**Fair value**	**Fair value level**
Other financial investments					
Other financial assets			4,155	4,155	2
Non-current receivables					
Receivables and prepayments			250,911	250,911	2
Restricted cash					
Current receivables					
Trade and other receivables	-		179,260	179,260	2
Derivatives					
Cash and cash equivalents			129,526	129,526	2
Total Financial Assets	**0**	**0**	**563,852**	**563,852**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			255,712	255,712	2
Bonds Poland			189,210	193,694	1
Bonds Belgium					
Bonds Belgium (Euronext)			246,688	250,491	1
Other borrowings			2,450	2,450	2
Finance lease liabilities			49	49	2
Interest-bearing borrowings - current					
Bank borrowings			114,807	114,807	2
Bonds Poland			59,455	60,228	1
Bonds Belgium			15,770	15,770	2
Other borrowings			10,586	10,586	2
Finance lease liabilities					
Current payables					
Trade and other payables			125,728	125,728	2
Total Financial Liabilities	**0**	**0**	**1,020,456**	**1,029,515**	

The above table provides an analysis of financial instruments grouped into Levels 1 to 3 based on the degree to which the fair value (recognized on the statement of financial position or disclosed in the notes) is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.
- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing

models based on discounted cash flow analysis.
- Other financial assets AFS are participations at cost. The fair value of these assets cannot be measured reliably as these concern unlisted entities

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

Largest part of the Investment Holding's interest bearing liabilities are floating interest bearing debts. Mainly Belgian bonds are fixed interest bearing debts.

We also refer to note 11.1 for the description of the fair value determination.

18. DEFERRED TAXES

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

in thousands €	31/12/2018	31/12/2017
Deferred tax assets	10,997	11,845
Deferred tax liabilities	-46,617	-29,106
TOTAL	**-35,620**	**-17,261**

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

In thousands €	Temporary differences		Unused tax losses and credits	
	Investment property	Other	Tax losses	Tax credits
Balance at 1 January 2017	**-38,428**	**-1,196**	**14,538**	
Recognised in income statement	10,362	-2,258	310	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other		-589		
Balance at 31 December 2017	**-28,066**	**-4,043**	**14,848**	
Recognised in income statement	-12,328	-10,622	4,375	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other		216		
Balance at 31 December 2018	**-40,394**	**-14,449**	**19,223**	**-**

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. Current year's increase in recognised unused tax losses is based on updated tax planning, supporting the expected recovery of these losses in the foreseeable future.

It is to be noted that the investment property related amount as recognised in the income statement consists of:

- a deferred tax expense of 3,557 KEUR on the one hand, and
- a gain of 13,919 KEUR which relates to the reversal of deferred tax liabilities in connection with the sale of the Warsaw Spire (12,494 KEUR) and the Przystanek mBank project (1,425 KEUR) and which has been presented in other income (as part of the net result on the sale of both projects).

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

in thousands €	31/12/2018	31/12/2017
DTA on unused tax losses	20,401	13,129
DTA on unused tax credits	-	-
TOTAL	**20,401**	**13,129**

Tax losses in the Polish SPVs can be carried forward for a period of 5 years. In this respect, no deferred tax assets have been recognized on tax losses carried forward in these SPVs to the extent it is deemed not probable that sufficient taxable profit will be available to allow the benefit of part of these tax losses. The increase in not recognized deferred tax assets goes together with new and more stringent thin cap regulations which have become effective in Poland as from 1 January 2018 onwards.

Tax losses in the Ukrainian SPVs can be carried forward for a period of 4 years. Tax losses in the other countries can be carried forward for an indefinite period of time.

No deferred tax liability has been recognized on undistributed profits in the subsidiaries as the Investment Holding is able to control the distribution of profits and as such, distribution to the Investment Holding is not probable in the foreseeable future. It should in addition be noted that the distribution of dividends by Polish subsidiaries to the (Cypriot) Parent and by Belgian subsidiaries to the (Belgian) Parent would generate no tax charge.

Further reference is made to note 1.16.

19. TRADE AND OTHER PAYABLES

Trade and other payables are analysed as follows:

	31/12/2018	31/12/2017
Trade payables: third parties	19,559	36,666
Trade payables: related parties	36,863	20,140
Related parties current accounts payable	7,410	5,376
Misc. current liabilities	29,163	69,833
Deferred income	669	1,126
Current employee benefits	138	148
Total trade and other payables	**93,802**	**133,289**

Trade payables towards related parties include amongst others the amounts payable to the Development Holding for construction and engineering coordination services received. On 31/12/2018, the trade payables include 36,863 KEUR towards related parties (vs. 20,140 KEUR last year), as follows:

- CLD: 536 KEUR (562 KEUR last year)
- Ghelamco Russia: 2,352 KEUR (5,476 KEUR last year)
- Apec Ltd: 0 KEUR (260 KEUR last year)
- Ghelamco Poland Sp. z o.o: 33,485 KEUR (11,756 KEUR last year)
- Others: 490 KEUR (2,086 KEUR last year)

The increase in related parties trade payables is mainly observed in the outstanding balance with Ghelamco Poland and is mainly connected with significant construction works on projects carried out during the last months of the year (which is, in turn, related to the construction stage of the projects). Main projects under construction per year-end are The Hub and the Warsaw Unit.

Outstanding balance on related parties C/A payable is mainly towards Carlton Retail (7.3 MEUR), company which holds the land parts in the One Carlton residential project in Knokke, and which is included in these financial statements following the equity method.

Miscellaneous current liabilities mainly relate to interest payable (6.7 MEUR in total, of which 1.0 MEUR to related and 5.7 MEUR to third parties), rental guarantee provisions (1.0 MEUR in total), VAT payable (3.0 MEUR), accruals, rent deposits and others. The decrease compared to prior year is mainly related with the fact that per end 2017 an amount of 45,000 KEUR was outstanding towards the shareholders of the Group in connection with the capital decrease of October 2017. This amount has in Q1 2019 actually been paid.

As was also the case last year, the outstanding deferred income balance mainly relates to deferred income from sales in the Woronicza QBik residential project (184 KEUR) and some deferred rent income on commercial projects.

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

20. CURRENT TAX LIABILITIES

Current tax payables can be allocated to the following countries (in KEUR):
- Belgium: 3,467 KEUR
- Luxembourg: 443 KEUR
- Spain: 350 KEUR
- Cyprus: 1,793 KEUR
- Poland: 3 KEUR

Total for 2018: **6,056 KEUR** (vs. 2,947 KEUR in 2017).

21. REVENUE

REVENUE IS MAINLY GENERATED FROM THE FOLLOWING SOURCES:

in thousands €	31/12/2018	31/12/2017
Sales of Residential Projects		
Projects Belgium	36,470	61,924
Projects Poland	3,145	5,138
Rental Income	28,610	35,202
Other	986	1,242
TOTAL REVENUE	**69,211**	**103,506**

Rental income as of 31 December 2018 relates to rent from commercial projects in Belgium (9,696 KEUR), Poland (8,957 KEUR) and Russia (9,684 KEUR).

The residential projects sales as of 31 December 2018 mainly relate to:
- Waterview Leuven: all 36 remaining student homes (4,271 KEUR).
- Villas and apartments at the Belgian coast (5,092 KEUR, mainly on Neptune and Sylt).
- Tribeca: 2 houses, 1 apartment and 2 parking spaces in phase 1 and 2 of this mixed project at the Nieuwevaart in Ghent (+/- 1,132 KEUR). Phase 1 and 2 have been delivered and sold units have per end 2018 fully been invoiced. All 72 available apartments have been sold and a limited number of houses and lofts are still being sold.
- Tribeca: invoicing under the Breyne legislation connected to (77 of 91 available apartments and parking spaces in) phase 3 of this project (+/- 6,165 KEUR). Per end 2018 phase 3 has been finalized and sold units have been 100% invoiced.
- Edition (16,477 KEUR): Installments on previous year (39 apartments and 42 parking spaces) and current year (18 apartments, 19 parking spaces and 17 storage rooms) sales. Progress and invoicing is at approx. 90%, deliveries are currently ongoing.
- Spectrum (2,959 KEUR): Installments on previous year (17 apartments and 20 parking spaces) and current year (remaining 5 apartments, 1 parking space and 5 storage rooms) sales. Progress and invoicing is at 55%.
- the sale of residential (and some commercial) units in the Woronicza Qbik project, Warsaw (with a sales rate of over 98%) for 1,973 KEUR (vs 3,981 KEUR in prior year) and
- the sale of a plot at Marynarska 12, Warsaw for 1,172 KEUR.

OVERVIEW OF FUTURE MINIMUM RENTAL INCOME

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

in thousands €	31/12/2018	31/12/2017
Future minimum rental income:		
Less than 1 year	23,740	23,270
Between 1 and 2 years	22,962	26,044
Between 2 and 3 years	19,436	23,156
Between 3 and 4 years	17,457	19,598
Between 4 and 5 years	11,271	16,857
More than five years	49,738	52,769
TOTAL FUTURE MINIMUM RENTAL INCOME	**144,604**	**161,694**

The decrease compared to last year is to an extent connected with the sale of the 'The Link' project in Antwerp shortly after year-end. Related rental income in not included anymore in the 2018 overview.

22. OTHER ITEMS INCLUDED IN OPERATING PROFIT/LOSS

OTHER OPERATING INCOME AND EXPENSES IN 2018 AND 2017 INCLUDE THE FOLLOWING ITEMS:

Other operating income	2018	2017
Net gains on disposal of investment property	-	20,529
Other	28,126	8,462
Net gains on disposals of property, plant and equipment		
TOTAL	**28,126**	**28,991**

Current year's other operating income mainly relates to related party recharges (9,554 KEUR study and know-how to Apec Ltd. and 2,376 KEUR fit-out to Meetdistrict NV), fit-out re-charges to tenants (7.9 MEUR, mainly on Big and Wronia), the release to the profit and loss statement of the previously booked provision for rental guarantees connected to the Warsaw Spire sale of last year (3.3 MEUR) and some re-charges to related parties (2.3 MEUR). Also included is the result of the equity accounted investees (Carlton Retail NV and P22 Lodz Sp. z o.o.) and some re-charges of real estate tax and other co-owners expenses to tenants.

Last year's other operating income mainly related to the gain on disposal of the Warsaw Spire (6.5 MEUR), the gain on disposal of the Przystanek mBank project (1.5 MEUR), a purchase price adjustment on last year's sale of the Dacar site (4.9 MEUR), the gain on disposal of Retail Leuven for an amount of 0.3 MEUR and the gain on disposal of the Kopylov Logistics Park in Kyiv (7.2 MEUR). In addition, re-charges of real estate tax and fit-out expenses to tenants were included (for +/- 4.8 MEUR in total).

	2018	2017
Gains from revaluation of Investment Property	56,524	45,731

Fair value adjustments over 2018 amount to 56,524 KEUR, which is mainly the result of current year's further investment and leasing efforts in Poland (mainly on the HUB, Wronia, the .Big project and the Plac Vogla retail park) and Belgium (mainly on the Silver Tower in Brussels, Knocke Village and Ring Hotel), in combination with evolution in market conditions (yield and rent level evolution).

The Russian political and economic situation and its effects on markets and (warehouse) tenant activity is further closely monitored. In Russia, the yields remained quite stable; the RUB and the market rental levels for (refrigerated) warehousing are however still under pressure. This has resulted in the recognition of further negative fair value adjustments on the Dmitrov project in portfolio.

It is however to be noted that main part of the Group's investments in Russia consists of the largely delivered Dmitrov project, which is to a significant extent leased to mainlty renowned multinational companies. In addition, Group management expects that the above difficult situation is of a temporary nature.

A detail of current year's total fair value adjustment can be given as follows:

BELGIUM	35,910
POLAND	38,413
RUSSIA	-18,000
UKRAINE	201
	56,524

	2018	2017
Other operating expenses		
Operating lease/rental/housing expenses	2,801	1,729
Taxes and charges	4,536	4,959
Insurance expenses	1,523	1,491
Audit, legal and tax expenses	7,848	5,878
Traveling	1,234	1,040
Promotion	4,103	2,713
Bank fees	101	135
Sales/agency expenses	5,413	5,661
Rental guarantee expenses	477	3,073
Fit-out costs	2,375	-
Operating expenses with related parties	16,224	16,297
Inventory impairment (reversal)	-207	3,003
W/o remaining Sentor earn-out	-	223
W/o VAT receivable	-	2,337
Merger losses	-	247
Maintenance & management	828	1,896
PPA mBank sale	1,493	-
Liquidation losses	1,023	-
Miscellaneous	3,070	3,877
Total	**52,842**	**54,559**

Other operating expenses with related parties both concern the re-invoicing of costs within the framework of Service Level Agreements with IRS Comm. VA and Deus Comm. VA. and fit-out expenses charged by Ghelamco Poland (and afterwards further re-charged to tenants) (also refer to note 28.3).

Current year's other operating expenses include an amount of 2,375 KEUR related to fit-out expenses (which have through other operating income been re-charged to Meetdistrict NV, a related party being part of the Development Holding).

Current year's maintenance expenses and taxes and charges have decreased in connection with the sale of the Warsaw Spire mid 2017, having a full impact on the current year's other operating expenses.

Current period's other operating expenses also include the impact of a purchase price adjustment on the sale of mBank realised end of 2017 (1,493 KEUR).

Last year's operating expenses included some impairment write-downs recognized on a limited number of inventory projects, mainly resulting from the evolution in some commercial parameters.

Last year's relatively high rental guarantee expenses mainly related to the recognition of a rental guarantee provision for an amount of 2.3 MEUR in connection with the Warsaw Spire project, which was sold mid 2017.

	2018	**2017**
Employee benefit expenses		
Wages and salaries	970	1,142
Social security costs	191	197
Other		
Total	**1,161**	**1,339**

23. COST OF PROPERTY DEVELOPMENT INVENTORIES

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

	2018	2017
Movement in inventory	-1,190	29,642
Purchases	-27,241	-81,051
	-28,431	**-51,409**

(*) See Note 28.2

Purchases (mainly from related parties) related to Investment Property projects are not included in the above purchases, as those have directly been recorded on IP. It concerns an amount of 197,563 KEUR (transfers of 20,777 KEUR not included) (vs. 134,474 KEUR last year, transfers of 4,491 KEUR not included).

24. FINANCE INCOME AND FINANCE COSTS

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

	2018	2017
Foreign exchange gains	5,698	
Interest income	12,272	15,187
Other finance income		
Total finance income	**17,970**	**15,187**
Interest expense	-24,234	-41,465
Other finance costs	-5,696	-5,591
Foreign exchange losses		-4,486
Total finance costs	**-29,930**	**-51,542**

It is to be noted that interest expenses related to Investment Property projects are not included in the above 2018 and 2017 figures, as those have directly been capitalized on IP. It concerns an amount of 17,300 KEUR (vs. 13,848 KEUR last year).

Interest expenses mainly relate to interests on bank loans and bonds.

Interest income mainly includes interests on loans to related parties.

It is to be mentioned that a significant part of the exchange differences is unrealized (and connected with the conversion of outstanding loans). It concerns a snapshot per year-end, impact of which mainly depends on the evolution of the EUR/PLN-RUB exchange rate.

The interest expenses decreased significantly compared to last year, mainly due to the sale of the (delivered and operational) Warsaw Spire project as per mid 2017.

Other finance costs mainly relate to the partly release to the profit and loss statement of the capitalized bond issue and bank (re-)financing expenses (which are amortized over the duration of the respective bonds and/or bank loans).

All financial income and expenses mentioned in the table above are related to financial instruments measured at amortized cost.

25. INCOME TAXES

Income tax expense recognized in the consolidated income statement:

	31.12.2018	31.12.2017
Current income tax	3,408	5,591
Deferred tax	18,575	5,505
Total	**21,983**	**11,096**

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

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

in thousands €	**31.12.2018**	**31.12.2017**
Result before income taxes	60,388	34,554
Income tax expense/gain calculated at 29,58% (and 33,99% in '17)	17,863	11,745
Effect of different tax rates in other jurisdictions	-4,300	-850
Effect of non-deductible expenses	6,718	4,813
Effect of revenue that is exempt from taxation	-3,528	-7,383
Effect of use/recognition of previously unrecognized tax losses	-888	-972
Effect of current year losses for which no DTA is recognized	12,116	9,187
Effect of tax incentives not recognized in the income statement	-1,961	-715
Effect of under/over-accrued in previous years	190	4,458
Effect of change in local tax rates	-1,582	-7,826
Effect of reversal DTA re. sale WRP	146	
Effect of gain on equity method entities	-540	
Effect of reversal DTL re. sale of Retail Leuven		-1,150
Effect of recognition of previously unrecognized tax losses	-2,080	
Other	-171	-211
INCOME TAX EXPENSE RECOGNISED IN INCOME STATEMENT	**21,983**	**11,096**

The theoretical tax rate used for the above reconciliation is the statutory corporate tax rate of 29.58% payable by corporate entities in Belgium on taxable profits under tax law.

Tax incentives not recognized in the income statement mainly relate to notional interest deduction.

In connection with the change of Belgian tax rates (as from 1 January 2018 onwards) cumulated deferred tax balances have been re-calculated at the rate of 25% (vs. 34% previously). This resulted in a (deferred) tax gain of approx. 5.5 MEUR in the 2017 income statement. In addition, deferred tax impact on current year's (Belgian) timing differences is going forward recognized at 25% (with an additional impact in 2017 of 2.3 MEUR and an impact of approx. 1.6 MEUR in 2018).

The increase in effect of not recognized deferred tax assets goes together with new and more stringent thin cap regulations which have become effective in Poland as from 1 January 2018 onwards.

26. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

26.1. (BANK) GUARANTEES

All external borrowings of the Investment Holding are secured by corporate guarantees and/or suretyship agreements issued by the respective sub-holding (Ghelamco Invest NV, Safe Holding Belgium NV or Granbero Holdings Ltd.). These guarantees cover mostly cash deficiency risk, cost overrun, completion risk and interest & repayment shortfall risk. No calls on the guarantees were made in 2018 and 2017.

Company	Project name	Amount of bank loan-books (KEUR/KUSD)		Corporate guarantees as per 31/12/2018 (KEUR/KUSD)	
BELGIUM					**Guarantee by Ghelamco Invest NV**
Leisure Property Invest	Knocke Village	EUR	17,500	5,000	Corporate Guarantee, cash deficiency, cost overrun, subordination declaration Peridot
Zeewind	Zeewind	EUR	278	278	Corporate Guarantee, cash deficiency
Bischoffsheim Freehold	Spectrum	EUR	1,545	1,545	Corporate Guarantee, cash deficiency
Belalan Bischoffsheim Leasehold	Spectrum	EUR	5,804	5,804	Corporate Guarantee, cash deficiency
MeetDistrict Gent	MeetDistrict Gent	EUR	16,775	5,000	Corporate Guarantee, cash deficiency, cost overrun
Ring Multi	part Ghelamco Arena	EUR	11,447	4,000	Corporate Guarantee, cash deficiency
Silver Tower	Silver Tower	EUR	15,400	15,400	Corporate Guarantee, cash deficiency, cost overrun, shares pledge
Kubel	The Link	EUR	6,250	6,250	Corporate Guarantee, cash deficiency
Construction Link	The Link	EUR	48,750	48,750	Corporate Guarantee, cash deficiency, shares pledge
Ring Hotel	Ring Hotel	EUR	23,718	23,718	Corporate Guarantee
Dianthus	Arval Site	EUR	2,400	2,400	Corporate Guarantee, cash deficiency, shares pledge
Filature Retail	Tribeca	EUR	6,934	6,934	Corporate Guarantee, cash deficiency, shares pledge
Graminea	Helix Towers	EUR	7,500	7,500	Corporate Guarantee, shares pledge
POLAND					**Guarantee by Granbero Holdings Ltd.**
The HUB SKA	HUB	EUR	46,896	46,896	Corporate guarantee
Wronia SKA	Wronia	EUR	40,726		Suretyship, cash deficiency
SBP SKA	Wroclaw Business Park	EUR	5,850	5,850	Corporate guarantee, cash deficiency
Isola SKA	Grzybowska 77	EUR	5,700	5,700	Suretyship agreement
Vogla SKA	Plac Vogla	EUR	2,382	2,382	Corporate Guarantee
Dahlia SKA	Woloska 24	EUR	31,337		Suretyship and cash deficiency
Postepu SKA (*)	Postepu	EUR	3,256	3,256	Suretyship agreement
Azira SKA	Nowe Centrum Lodzi	EUR	8,100	8,100	Suretyship agreement
Canna SKA	.BIG	EUR	16,048	5,934	Suretyship agreement
RUSSIA					**Guarantee by Safe Holding Belgiuim**
BelyRast	Dmitrov Logistics Park	USD	86,942	4,000	support deed re. cash deficiency guarantee (and in the event of default by Safe Holding Belgium, by Ghelamco Group)

(*): Bank loan itself is denominated in PLN

No corporate guarantees were given by the Investment Holding to ensure repayment of the bank loans of the related parties under the common control of the ultimate beneficial owners at 31 December 2018 (but not part of the Investment Group).

The Investment Holding does not apply cross liability, meaning that Ghelamco Invest NV, Safe Holding Belgium NV and Granbero Holdings Ltd do not guarantee loans of affiliates belonging to other internal holdings.

26.2. REPRESENTATIONS AND WARRANTIES PROVIDED WITH RESPECT TO THE REAL ESTATE PROJECTS SOLD

Each seller of shares in the Investment Holding acts as a guarantor with respect to the representations and warranties contained in the real estate sales contracts concluded in the past. This mainly concerns representations regarding the title on shares, property, permit matters, technical matters, financial matters, tax matters and contractual matters. The resp. sellers' liability for the breach of these representations and warranties generally covers a period of 2 to 3 years from the date of sale (except representations regarding the tax matters covering the period of five to seven years in accordance with local regulations).

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

26.3. GUARANTEES RECEIVED FROM THE CONTRACTORS

The statutory warranty obligations born by construction service providers cover the risk of structural and other defects of the properties. Construction service providers (including related parties of the Investment Holding) have a legal obligation to remediate any construction defects that become apparent within the first five years (in Poland; and up to ten years in Belgium and Ukraine) after completion of the construction for structural elements. Shorter guarantee periods apply for other elements, depending on the nature of such elements (each sub-contractor bears similar "back-to-back" obligations).

26.4. SECURITIES ON ASSETS

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

- first ranking ceiling mortgage on the property belonging to the SPV (land + buildings) (limited mortgage amount in Belgium, combined with a power of attorney to establish further mortgages);
- registered pledge on the borrower's shares;
- assignment of most receivables (inter alia leases, rents, sales, performance bonds, insurance income, …);
- cash deficiency/cost overrun (letter of comfort) by the shareholder (if applicable);
- submission to execution (only for Polish projects).

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

27. COMMITMENTS

27.1. (CAPITAL) COMMITMENTS

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

	2018	2017
Architectural and Engineering contracts	20,396	16,133
Construction contracts	244,433	208,872
Purchase of land plots	-	-
Purchase of shares (connected with landbank)	-	-
Total	**264,829**	**225,005**

ACQUISITION CONTRACTS

At 31 December 2018, the Investment Holding has entered into a number of contracts with third parties for the acquisition of the following assets (land plots) or shares:

Binding contracts

- Poland: None for plots of land for residential/commercial property development
- Belgium: None significant per end 2018

Non-binding contracts

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

SERVICES AND (SUB)CONTRACTOR AGREEMENTS

As an investor in commercial and residential properties, the Investment Holding is committed to continue investment in properties in different countries under the contracts with construction companies, often in cooperation with related parties of the Investment Holding.

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

The Investment Holding in addition declares sufficient flexibility on the commitments, as significant part of those commitments are contracted with related party entities belonging to the Development Holding.

For the on-going construction contracts the respective SPV's concluded binding construction financing contracts with different banks.

Main construction contracts in the above overview relate to the following projects:

- Senzafine residential project in Kortrijk: 8.2 MEUR construction contracts in total
- Culligan/ PWC Offices: 3.3 MEUR architecture and engineering contracts in total
- Edition Zoute serviced apartments project in Knokke: 4.9 MEUR construction contracts in total
- Spectrum mixed offices and residential project in Brussels: 6.9 MEUR construction contracts in total

- Silver Tower office project in Brussels: 22.6 MEUR construction contracts in total.
- The Warsaw HUB (approx. 117,000 sqm mixed project): 114.9 MEUR
- Warsaw UNIT (approx. 60,0000 sqm office space): 84.9 MEUR
- Foksal (residential project of high-end appartments): 7.3 MEUR

27.2. OPERATING LEASE COMMITMENTS (LAND LEASE RIGHTS)

		Poland		Russia
	2018	2017	2018	2017
Within 1 year	1,609	1,102	210	236
After 1 year but not more than 5 years	7,089	4,481	840	943
More than 5 years	123,578	74,381	6,465	7,494
	132,276	**79,964**	**7,515**	**8,673**

The Investment Holding has entered into non-cancellable operating leases for the land rights with basic lease terms usually ranging from 49 years (Russia) to 99 years (Poland). All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The above table includes all non-cancellable lease payments, undiscounted.
No such leases occur in Belgium or in Ukraine, where land is held under freehold.

The increase compared to last year mainly goes together with some upward revisions related to a number of sizable projects in Poland (mainly Wronia, Warsaw Unit and the HUB).

Reference is also made to the impact of IFRS 16 as from 1 January 2019 onwards, as described in section 1.4. above.

27.3 RENTAL GUARANTEES

POLAND

In connection with the sale of two office projects in 2014 (Marynarska 12/T-Mobile Office Park and Lopuszanska Business Park) and the sale of the mBank project in Krakow in 2017, rental guarantee and master lease agreements have been closed for resp. the (at the time of the sale) not leased office and parking space. Rental guarantee agreements have a period of 60 months, master lease agreements have a 84 months period.

In this respect, a rental guarantee provision of 1,000 KEUR in total has been recognized in the consolidated financial statements at 31/12/18 (vs. 4,300 KEUR at 31/12/2017).

28. RELATED PARTY TRANSACTIONS

The Investment Holding is together with the Development Holding and the Portfolio Holding – related parties – under common control of the ultimate beneficial owners, Mr. & Mrs. Gheysens.

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

28.1. RELATIONSHIPS WITH THE DIRECTORS AND MANAGEMENT

For the year ending 31 December 2018, the Consortium (of which the Group is part) paid a total amount of approx. 12,000 KEUR (vs. 10,000 KEUR last year) to the members of the board and management committee. This amount includes management service fees charged by the Management Committee members to the legal entities included in the scope of these consolidated financial statements.

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

28.2. TRADING TRANSACTIONS: PURCHASE OF CONSTRUCTION, ENGINEERING AND OTHER RELATED SERVICES FROM RELATED PARTIES

CONSTRUCTION AND DEVELOPMENT SERVICES

The Investment Holding has entered into property development and construction contracts with property development and construction companies (“Contractors”) – the indirect subsidiaries of the Development Holding:

- International Real Estate Services Comm.VA with its registered office in Ypres;
- Ghelamco NV with its registered office in Ypres

Each of these entities provide services to the real estate companies of the Investment Holding in their respective geographical areas, in accordance with the terms of the property development contracts, including but not limited to:

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

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

Construction service providers (including Contractors) in Belgium, Poland and other countries have a legal obligation to bear repair costs of any construction defects that become apparent within a warranty period after the construction is completed. The Contractors have an obligation to remedy all structural construction defects that become apparent during the statutory warranty period of 10 years in Belgium and Ukraine and 5 years in Poland and Russia.

The price for the construction and other related services is the fixed price agreed at the inception of the contract. The payments are executed based on the invoices issued on a bi-weekly to monthly basis. With regards to completed and handed-over works, the parties sign a works protocol every fortnight to month after approval by an independent project monitor appointed by the external financial party. The prices for the services reflect normal commercial terms and conditions in each territory, with average margins of around 10% to 20%.

ENGINEERING AND ARCHITECTURAL DESIGN SERVICES

APEC Architectural Engineering Projects Limited (a limited liability company registered under the laws of Ireland) and Safe Invest Sp. z o.o (a limited liability company registered under the laws of Poland), both direct and indirect legal subsidiaries of the Developm ent Holding) coordinate engineering and architectural design services provided to the Investment Holding in accordance with terms of the respective contracts. Purchases of services from Apec Ltd and Safe Invest Sp. z o.o comprise a significant part of all engineering, architectural design and other related services acquired by the Investment Holding. These services include:

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

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

28.3. ACQUISITIONS AND DISPOSALS OF SHARES AND OTHER RELATED PARTY TRANSACTIONS

2018

In 2018, there have been no share transactions or other significant transactions with related parties, except for the sale of the shares of Meetdistrict NV to IRS Comm. VA, parent company of the Development Holding for a total amount of 62 KEUR.

End December 2018, a significant amount of related party loans receivable (and related accrued interests, for a total combined amount of 280 MEUR) which Perdidot SL (Spain) held towards Polish SPVs, have been transferred to Milovat Ltd, Cypriot cash pool and financing entity of the Granbero group. And subsequently the resulting Peridot receivable towards Milovat has been compensated with the existsing Peridot loans payable balance towards Milovat. These transactions have been executed in connection with a reorganisation process which is in first instance meant to increase interco financing efficiency and to further simplify the group structure.

2017

On 29 June 2017, the Warsaw Spire project was sold to Ghelamco European Property Fund NV at a transaction value of 540 MEUR in total. For this purpose, Granbero Holdings Ltd entered into an agreement with Ghelamco European Property Fund NV to sell 100% of the shares in Stareti Holdings Ltd (in turn parent company of the SPVs holding the (3 parts of the) Warsaw Spire project).

In the course of 2017 (100% of) the shares of Milovat Ltd (empty shelf company) were acquired by the Company for an amount of 1 KEUR. As of end November 2017, the capital of Milovat Ltd has been increased through contribution in kind by Granbero Capital SA (Luxemburg branch of Granbero Ltd) of its portfolio of intercompany loans receivables (and related outstanding interest receivables) by an amount of 480 MEUR. Subsequently, Granbero Capital SA has been closed, resulting in the fact that Granbero Capital's participation in Milovat has been allocated to the Company and that from 30 November 2017 onwards the former (interco) financing activities of Granbero Capital SA have been taken over by Milovat Ltd.

Also in 2017, the Cromme Bosch site (high-end residential site in Knokke-Zoute) was sold to Deus Comm. VA, for a total amount of 12,310 KEUR; an at arm's length transaction closed in the normal course of business. In addition, there was a purchase price adjustment on the sale of the Dacar site to Ghelamco European Property Fund NV for an amount of 4,935 KEUR.

For the remainder, no other significant transactions with related parties took place in 2017.

OTHER

The excess cash balances generated by the Investment Holding's real estate investing activities can, besides being reinvested in the entities belonging to the Investment Holding, to an extent and within the requirements of the terms and conditions of the recent bond issues, also be invested/deposited in entities belonging to the Development Holding and Portfolio Holding in form of short and long-term loans. These loans are granted at the arm's length conditions.

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

	31/12/2018	31/12/2017
Purchases of construction, engineering and architectural design:	-104,347	-129,596
related party trade receivable	11,797	5,060
related party trade accounts payable	-36,863	-19,465
related party non-current loans receivable	168,094	220,374
related party interests receivable	27,051	33,783
related party C/A receivable	76,148	111,888
related party non-current other receivable	-	-
related party non-current loans payable	-5,787	-3,094
related party interests payable	-987	-1,775
related party C/A payable	-7,410	-5,376

Last year's related party purchases were relatively high, in connection with the construction phase and timing of projects under development at that time.
With respect to the evolution non-current loans and C/A receivable balances, further reference is made to note 11.

Consolidated Financial Statements at 31 December 2018 (in KEUR) GHELAMCO GROUP 89

29. EVENTS AFTER BALANCE SHEET DATE

On 17 January 2019, a lease contract has been signed with PWC for the lease of 23,000 sqm office space and 700 parking spaces in the building to be raised on the recently acquired Culligan plot. The project will going forward be referred to as the PWC Offices. The lease agreement will start on 1 May 2021, with a duration of 15 years. Considering fit-out works starting at inception of the lease agreement, it is expected that PWC will actually move in into the premises end of 2021.

On 27 February 2019, the 'The Link' project in Antwerp (27,000 sqm office space and approx. 540 underground parking spaces, divided over 2 buildings) has been sold to Baloise for a total sales value (acte en main) of 89,250 KEUR. The transaction has been realized at a new prime yield for office investments in Flanders of 5.2%. At the moment of sale, the related bank loan (55 MEUR) has been reimbursed.

The Big project (10,200 sqm office space in Krakow) has on 17 January 2019 been sold to Crédit Suisse. The sale was structured as an enterprise deal (assets and related liabilities), based on a transaction value of the project of 32.9 MEUR and a yield of 5.59%. At the moment of sale, the related bank financing (16.6 MEUR) has been reimbursed.

In Q1 2019 early redemption of Polish bonds has been done for a total amount of 6,370 KPLN.

On the other hand, end February 2019 Ghelamco Invest Sp. z. o o. issued bonds to institutional investors (series PK) for a total amount of 138,188 KPLN. Additionally in March 2019, bonds to institutional investors (series PL) were issued for a total amount of 49,350 KPLN. These bonds have a 3-year maturity and bear an interest rate of wibor 6m + 4.5%. Also early March 2019, the decision was taken to issue 60 MPLN retail bonds under the Company's current prospectus. Per date of the current report, these bonds were fully subscribed (PPM series of 34,878 KPLN and PPN series of 24,924 KPLN, both with a 3-year maturity and a wibor 6m + 4.25% interest). Issue date is on 29 March 2019.

30. AUDIT FEES

The Statutory Auditor for the Company is KPMG Bedrijfsrevisoren, represented by Mr. Filip De Bock. For the entire Group, the mandates and remuneration can be summarized as follows:

Ghelamco Group in KEUR	**2018**
Remuneration of the statutory auditor	**180**
Other audit-related services	7
Tax services	-
Other	20
Remuneration for other services or assignments performed within the Company and its subsidiaries by the statutory auditor	**27**
Remuneration for persons associated to the statutory auditor for the performance of a mandate as statutory auditor	-
Other audit-related services	-
Tax services	-
Other	-
Remuneration for other services or assignments performed within the Company and its subsidiaries by persons associated to the statutory auditor	-
TOTAL	**207**

31. AUDITOR'S REPORT

Statutory auditor's report to the general meeting of Ghelamco Group Comm. VA on the consolidated financial statements as of and for the year ended 31 December 2018

In the context of the statutory audit of the consolidated financial statements of Ghelamco Group Comm. VA ("the Company") and its subsidiaries (jointly "the Group"), we provide you with our statutory auditor's report. This includes our report on the consolidated financial statements for the year ended 31 December 2018, as well as other legal and regulatory requirements. Our report is one and indivisible.

We were appointed as statutory auditor by the general meeting of 9 June 2018, in accordance with the proposal of the manager. Our mandate will expire on the date of the general meeting deliberating on the annual accounts for the year ended 31 December 2020. We have performed the statutory audit of the consolidated financial statements of Ghelamco Group Comm. VA for one financial year.

Report on the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements the Group as of and for the year ended 31 December 2018, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to 1.901.918 (000) EUR and the consolidated statement of profit or loss shows a profit for the year of 38.405 (000) EUR.

In our opinion, the consolidated financial statements give a true and fair view of the Group's equity and consolidated financial position as at 31 December 2018 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, and with the legal and regulatory requirements applicable in Belgium.

Basis for our unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") as adopted in Belgium. In addition, we have applied the ISAs as issued by the IAASB applicable for the current accounting year while these have not been adopted in Belgium yet. Our responsibilities under those standards are further described in the "Statutory auditors' responsibility for the audit of the consolidated financial statements" section of our report.

We have complied with the ethical requirements that are relevant to our audit of the consolidated financial statements in Belgium, including the independence requirements.

We have obtained from the manager and the Company's officials the explanations and information necessary for performing our audit.

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

Emphasis of matter

We draw attention to note 10 of the consolidated financial statements which describes the uncertainty regarding the realization of the Eurostadium project and the manager's assessment of the recoverability of capitalized expenses related to this project. Our opinion is not modified in respect of this matter.

Manager's responsibilities for the preparation of the consolidated financial statements

The manager is responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as manager determines, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the manager either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these consolidated financial statements.

When performing our audit we comply with the legal, regulatory and professional requirements applicable to audits of the consolidated financial statements in Belgium.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also perform the following procedures:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

— Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by manager;

— Conclude on the appropriateness of manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the other legal and regulatory requirements

Responsibilities of the manager

The manager is responsible for the preparation and the content of the manager's annual report on the consolidated financial statements.

Statutory auditor's responsibilities

In the context of our mandate and in accordance with the Belgian standard (revised in 2018) which is complementary to the International Standards on Auditing as applicable in Belgium, our responsibility is to verify, in all material respects, the manager's annual report on the consolidated financial statements, and to report on these matters.

Aspects concerning the manager's annual report on the consolidated financial statements

Based on specific work performed on the manager's annual report on the consolidated financial statements, we are of the opinion that this report is consistent with the consolidated financial statements for the same period and has been prepared in accordance with article 119 of the Companies' Code.

In the context of our audit of the consolidated financial statements, we are also responsible for considering, in particular based on the knowledge gained throughout the audit, whether the manager's annual report on the consolidated financial statements contains material misstatements, that is information incorrectly stated or misleading. In the context of the procedures carried out, we did not identify any material misstatements that we have to report to you.

Information about the independence

— Our audit firm and our network have not performed any engagement which is incompatible with the statutory audit of the consolidated financial statements and our audit firm remained independent of the Group during the term of our mandate.

— The fees for the additional engagements which are compatible with the statutory audit referred to in article 134 of the Companies' Code were correctly stated and disclosed in the notes to the consolidated financial statements.

Zaventem, 29 March 2019

KPMG Réviseurs d'Entreprises / Bedrijfsrevisoren
Statutory auditor
represented by

Filip De Bock
Réviseur d'Entreprises / Bedrijfsrevisor

Annex 2.2 The audited IFRS consolidated financial statements of the Guarantor for the financial year ended 31 December 2017, together with the audit report

GHELAMCO GROUP COMM. VA

IFRS CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2017

Approved by Management with the
independent Auditor's opinion

CONTENTS

I

GENERAL INFORMATION AND PERFORMANCE

1. BUSINESS ACTIVITIES AND PROFILE

Ghelamco Group Comm. VA is a leading European real estate investor active in the offices, residential, retail, leisure and logistics markets. It maintains a high quality internal control with respect for agreed milestones over all its project development phases: land purchase, planning, coordinating the construction phase and sale or lease. Its projects combine prime and strategic locations with efficient and aesthetically inspiring designs and correct timing. Its successes on the Belgian, French, Polish, Ukrainian and Russian markets are generated by the group's professional and enthusiastic staff that is driven by the vision and passion of its management.

Ghelamco is one of the largest commercial property developers and investors in Poland and has, resulting from a steep growth over the last number of years, also become a significant player on the Belgian market. The group's market position has been recognized by numerous prestigious awards, collected over several years and granted both to the company and to many of its projects.

In Poland, Ghelamco's founder, president and CEO Paul Gheysens received in 2016 an award for Lifetime Achievement in Real Estate and the Vector Award from the Polish Employer Organisation. This honour was not only conferred due to Ghelamco's exemplary track record and the unflagging investments in Poland over the past 25 years. But also the added value that Ghelamco's innovative solutions are providing in the spatial development of Warsaw as the leading business heart of Central Eastern Europe was highlighted.

Warsaw Spire, the tallest tower in CEE, was awarded by CEEQA for Building of the year CEE and Green Leadership Building of the year. And at the MIPIM Awards 2017, the world's most prestigious competition in the real estate industry, the Spire received the main award in Best Office & Business Development.
In addition, Plac Europejski received the Architectural Prize of the Mayor of Warsaw by the Audience.

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

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

Per end 2016 an additional holding was created, called the **Ghelamco European Property Fund**. The fund is not (yet) regulated but acts as a separate legal entity within the group. The purpose of this fourth holding company is in first instance to keep real estate projects as income generating products in portfolio for a longer time period. This allows the Investment Holding to realise and sell delivered projects, for which the occupation rate and lease status has been optimized in the past years, at an optimal market value. This longer-term strategy demands a specific (long-term) financing structure.

Warsaw Spire, Warsaw

2. LEGAL STATUS

Ghelamco Group Comm. VA (the "Company") is the holding company of the **Investment Holding** that, together with its direct and indirect legal subsidiaries (Note 5), constitutes the reporting entity for the purpose of these financial statements.

Ghelamco Group Comm. VA is a limited partnership ("commanditaire vennootschap op aandelen") registered under Belgian law, with its registered office at Zwaanhofweg 10, 8900 Ypres, Belgium.

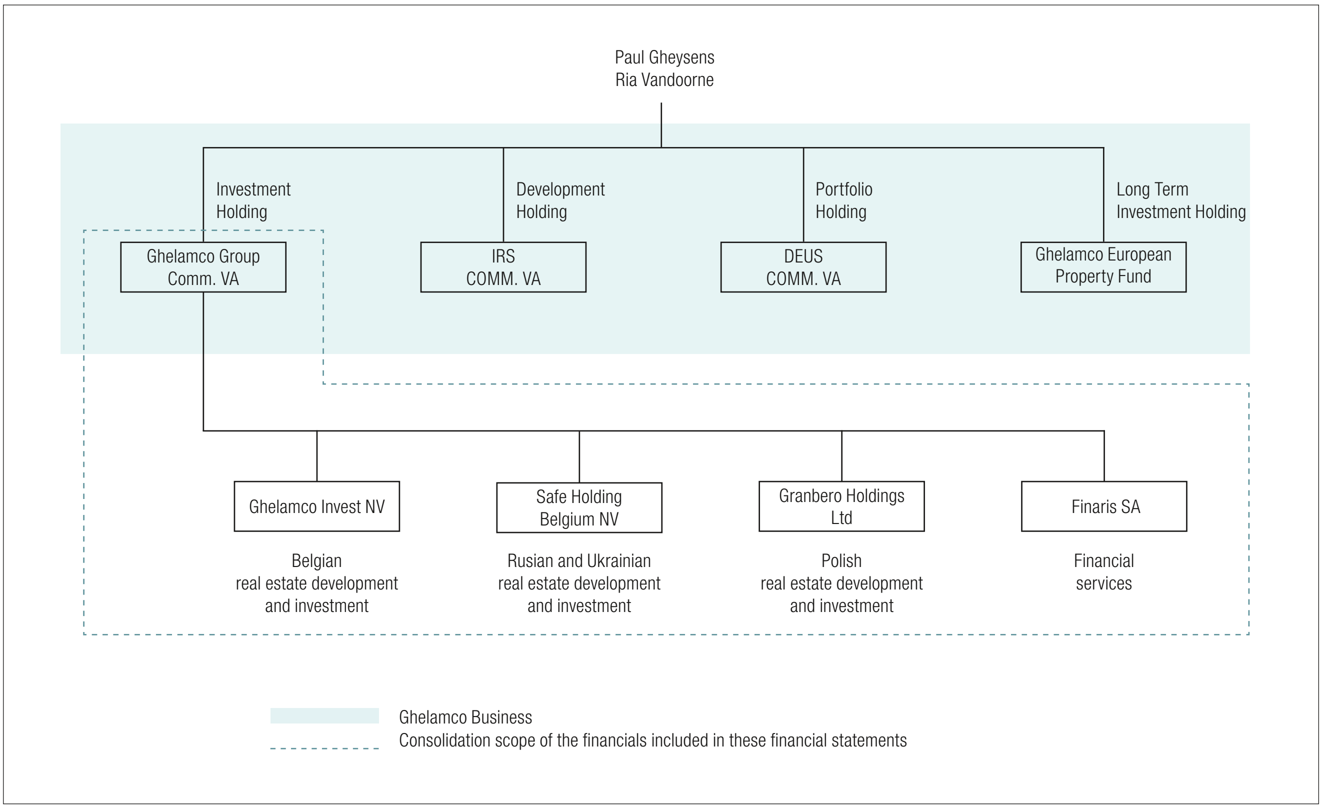
The Company is registered in the Belgian commercial register under the number BE 0879.623.417.

3. CONSOLIDATION SCOPE

These consolidated financial statements comprise the resources and activities of the Investment Holding (i.e. of the Company and its direct and indirect legal subsidiaries).

At 31 December 2017 (the reporting date), all the assets and liabilities of the reporting entity (the Company and its direct and indirect legal subsidiaries) are legally linked through a corporate structure that was introduced in 2006 and was accomplished prior to 31 December 2007 (overview in Note 5).

All assets, liabilities, income and expenses that represented an integral part of the Investment Holding activities, are included in the accounts of the legal subsidiaries of the Company at 31 December 2017 and at 31 December 2016.



Mr. Paul Gheysens
Chief Executive Officer

Mr. Simon Gheysens
Chief Business Intelligence, Technology and Project Design Officer

Mr. Michael Gheysens
Chief Commercial and Business Development Officer

Mr. Philippe Pannier
Chief Financial Officer

Mr. Chris Heggerick
Chief Operational Officer

Mrs. Barbara De Saedeleer
Chief Investments and Operations Officer

Mr. Jeroen van der Toolen
Managing Director CEE

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FUTURE
TODAY

4. STAFFING LEVEL

Given its nature, there is only limited employment in the Company. At 31 December 2017, Ghelamco Group Comm. VA and its subsidiaries employed 56 people (57 on 31 December 2016). The construction, engineering and other related services are mainly provided to the Investment Holding by the Development Holding's legal subsidiaries. Ghelamco as a whole employed 294 people on 31 December 2017 (vs. 299 on 31 December 2016).

5. MANAGEMENT AND BOARD

The Company's Management as of 31 December 2017 consists of:

- Mr. Paul Gheysens (Chief Executive Officer)
- Mr. Simon Gheysens (Chief Business Intelligence, Technology and Project Design Officer)
- Mr. Michael Gheysens (Chief Commercial and Business Development Officer)
- Mr. Philippe Pannier (Chief Financial Officer)
- Mr. Chris Heggerick (Chief Operational Officer)
- Mrs. Barbara De Saedeleer (Chief Investments and Operations Officer)
- Mr. Jeroen van der Toolen (Managing Director CEE)

The Management actively coordinates and supervises the different (group country) management teams and supports them in all commercial, legal, financial and technical aspects of their activities. The local teams mainly consist of a technical, commercial, legal & financial department.

The statutory board consists of 4 directors (of which the CEO is part) for most of the Belgian entities, the Managing Director Eastern Europe and 4 local Polish directors for the Polish entities and the CFO with the local general manager for the other countries. The reason lies mostly in local regulations and practical solutions.

6. BUSINESS ENVIRONMENT AND RESULTS

6.1. 2017 PERFORMANCE AND RESULTS

The Group closed its 2017 accounts with a net profit of 23,458 KEUR, after continued development, investment and commercial efforts. The Group again realised significant residential sales, disposed of some larger investment property projects, while it further invested in a number of other commercial projects.

The above is reflected in a balance sheet total of 1,791,808 KEUR and an equity of 729,489 KEUR. The solvency ratio evolved from 40% to 41% per 31/12/17.

BELGIUM

In Belgium, the Group has over the past years intensified its project development activities (with currently over 40 projects in portfolio). As a consequence, a significant number of Belgian projects have in the course of the last two to three years been delivered and commercialised.

In this respect, the delivered and operational Dacar projects (consisting of the Blue Towers, the Brico Retail hall and Parking Gent) were per end 2016 sold to the Ghelamco European Property Fund; transaction which allowed the Company to divest these projects for which the occupation rate and lease status was optimized during the past

Spectrum, Brussels

years, at an optimal market value. In connection with this sales transaction, formerly recognized gains (through fair value accounting) for an amount of +/- 31 MEUR have actually been realised.

In June 2017, the Retail Leuven project (5,435 sqm retail space at the Vaartkom in Leuven) has been sold to a third party investor. This transaction resulted in a gain on disposal of 1.1 MEUR.

Over the past year, construction works of phase 3 of the Tribeca project in Ghent (affordable, contemporary, green project, consisting of 91 apartments and some smaller retail units) have continued. At the same time, commercialization of this phase of the project has been very successful, as per 31 December 2017 only less than 20% of available residential units is still available on the market. Furthermore, construction of phase 2 (consisting of 72 apartments, 5 lofts, underground parking garages and retail units) has been finalized, while all (72 available) residential units have been sold. Also, approx. 42% of the available retail space (5,150 sqm in total in phase 2) has been leased to Lidl, which opened its new retail shop on 15 February 2017.

In addition, construction works in the Brussels Edition and Spectrum projects have been started and are well advanced in the meantime. Per date of the current report, approx. 95% of the available residential units in the Edition project (offering 59 luxurious apartments, underground parking spaces and retail space on the ground floor) have been pre-sold, while 100% of the apartments in the Spectrum project (mixed project offering 15,000 sqm office space, 22 apartments and approx. 170 underground parking spaces) have been reserved and/or presold.

Moreover, construction works in the 'The Link' project in Antwerp (27,000 sqm office space and approx. 540 underground parking spaces, divided over 2 buildings) are currently in the final stage, while marketing efforts have per date of this report already resulted in a (pre-)lease rate of approx. 85%.

One Carlton, Knokke

2017 expansion and investment activities mainly related to:

- Finalization of the construction works of phase 2 of the Tribeca project at the Nieuwevaart in Ghent (mixed project of +/- 35,000 sqm lettable/sellable area in total of which phase 2 offers 72 apartments, 5 lofts, underground parking garages and commercial units). A stated, per date of the current report 72 of 72 available units have been sold and approx. 50% of the retail space has been leased.
- Continuation of the construction works of phase 3 of the Tribeca project (offering 91 apartments and some smaller retail units). Construction progress is approx. at 75%. About 80% of availabe residential units have been (pre-)sold.
- Continuation of the construction works of the business hotel next to the Ghelamco Arena (125 hotel rooms, 83 extended stay rooms and 98 underground parking bays). Commercial negotiations for this hotel, currently in casco status, have per date of the current report well progressed.
- Stripping, demolition and fast progressing construction works in the Brussels Edition (Louizalaan) and Spectrum (Avenue Bischoffsheim) projects. As to status of the works, per date of the current report in Edition concrete works have been finalized, façade is ongoing and for Spectrum concrete works are up till the 2nd underground floor. While already 95% of the apartments in the Edition project have been (pre-)sold and 100% of the apartments in the Spectrum project have been reserved and/or pre-sold. In addition, leasing negotiations for significant areas in the offices-part of the Spectrum project are currently well advanced.
- Start and fast progress of the construction works in the The Link project in Berchem (27,000 sqm office space and approx. 540 underground parking spaces), while parallel marketing efforts have already resulted in a (pre-)lease rate of approx. 85%. The first tenants were welcomed and moved in in December 2017.
- In addition, the company has expanded its portfolio through a number of acquisitions:
  - Early February 2017, 2nd part of land plots in the One Carlton site in Knokke-Zoute were acquired through the acquisition of (50% of) the shares of 2 companies holding these land parts. Total share price amounted 5,547 KEUR;
  - In Dec 2017, the Company acquired a plot in Kortrijk for the future development of the Helix Towers, mixed residential/offices/retail project, for an amount (costs included) of 7.8 MEUR;
  - On 21 Dec 2017, Ghelamco Invest NV acquired a plot of +/- 30,500 sqm in Knokke for the future development of a residential project (24 villas), for an amount of 25,000 KEUR (of which an advance of 2,500 KEUR was paid earlier); and
  - Land parts in Bruges, via the acquisition of the shares deal of Eneman & Co., for the future development of a mixed real estate project.

As to divestures/revenues:

- In June 2017 the Retail Leuven project at the Vaartkom in Leuven was disposed and sold to a third party investor, for an amount of 9.4 MEUR and resulting in a net gain on disposal of 1.1 MEUR; while also previously recognized gains (through fair value accounting) for an amount of +/- 2.4 MEUR have actually been realised.
- On 15 September a binding put/call agreement has been signed with a 3rd party regarding the commercialization of the remaining 44 units in the Waterview student houses project, for a total sales amount of 4.4 MEUR. Per 31 December 2017, all but 2 units were reserved or pre-sold or sold. And shortly after year-end, the remaining 2 units have also been reserved/sold.
- On 25 October 2017, Ghelamco Invest NV sold (its 99% part in) the Cromme Bosch (high-end residential) site to Deus Comm. VA, related party, for a total amount of 12,310 KEUR.
- In the One Carlton project in Knokke (joint-venture structure with a third party for the realization of a high-end residential project at the coast side – 10 residential

units and 2 ground floor commercial units for sale), 3 units have been sold in Q4 2017, for a total sales value of 25.3 MEUR (of which 65% has been invoiced and recognized in income statement per 31 December 17, in line with the progress of the project). In addition, still before year-end preliminary sales contracts (compromis) have been signed for 2 more residential units and early 2018 a Letter Of Intent ('LOI') has been signed with an investor for the sale of the 2 ground floor commercial units.

- (Other) residential sales mainly related to apartments and parking spaces in (phase 3 of) the Tribeca project in Ghent and apartments and parking spaces in the Edition and Spectrum projects in Brussels.

POLAND

In Poland, the Group in first instance maintained its existing land bank, but also took advantage of some expansion opportunities. Main 2017 land bank transactions were the acquisition in the first half of the year of a plot in Lodz (for an amount of approx. 8 MPLN) for the future development of an office project, in a 50/50 joint-venture structure with a third party and the acquisition on 6 October of 50% of the shares of a company holding the perpetual usufruct right on a plot at ul. Towarowa in Warsaw. In addition, end September a preliminary agreement was signed (via its project company Ghelamco GP1 Sp. z o.o. Tarima SKA) to acquire first part of a land plot at Al. Wilanowski in Warsaw, for the future development of an approx. 23,000 sqm office project.

The investing activities in Poland during 2017 have mainly been been focused on:

- The further construction of the Wronia project (approx. 16,000-sqm office project in the Warsaw Wola District). Construction works have been finalized mid-2017 and the occupation permit has been obtained on 21 July 2017.
- The finalisation of the construction works on the Przystanek mBank project (approx. 25,600 sqm office space) in Lodz, which has been leased to mBank (for approx. 95% of the lettable area). The occupation permit has been received end Q3 2017.
- The start of the construction works of the Warsaw Hub (actually kicked off end 2016), 3 towers (on a podium) multifunctional project of approx. 113,000 sqm in Warsaw CBD. Construction status at 31 December 2017: finalisation of basement works and ongoing construction of first above ground levels. Delivery is expected in Q1 2020.
- The start of the foundation works of the Spinnaker Tower, 55,000 sqm offices project at Rondo Daszynskiego in Warsaw.
- Finally, also construction works on the Foksal project (55 exclusive apartments at 13/15 Foksal Street located in the historic heart of Warsaw).

(Pre-)leasing and occupation of projects:
Continued leasing efforts have resulted in the fact that the Woloska 24 project in the Warsaw Mokotow district has per date of the current report an occupation rate of approx. 94% and that the Wronia project is leased for over 85% (signed expansion options included). In addition, in the HUB a lease agreement has been signed with a hotel operator (21,000 sqm) and another with a fitness club.

Divestures
On 29 June 2017, the Warsaw Spire project (leased and/or reserved for over 90%) was sold to Ghelamco European Property Fund NV at a transaction value of 540 MEUR in total. For this purpose, Granbero Holdings Ltd entered into an agreement with Ghelamco European Property Fund NV to sell 100% of the shares in Stareti Holdings Ltd (in turn

parent company of the SPVs holding the (3 parts of the) Warsaw Spire project). The sale resulted in the current period in a net result on disposal of investment property of 6.5 MEUR. The share price amounted to 2 MEUR (PPA of end November included). In addition, in connection with this transaction, formerly recognized gains (through fair value accounting) for an amount of +/- 245 MEUR have actually been realised. The resulting receivable balances on the Ghelamco European Property fund are currently being cashed. On 27 September 2017 Ghelamco European Property Fund NV disposed the shares of Warsaw Spire Pl. Europejski 6 SKA (company holding building B of the Warsaw Spire complex) to an external investor.

On 19 December 2017, the shares of Ghelamco Nowa Formiernia Sp. z o.o., project company holding the Przystanek mBank project (offering 25,619 sqm office space in Lodz) were sold to LCN Euro Master Dutch Holdings II BV. The share deal was based on the underlying value of the property (amounting to 58.2 MEUR). The sale resulted in a net gain on disposal of investment property of 1.5 MEUR. Share price amounted to 20.8 MEUR.

Current period's residential sales revenues related to the further commercialisation of the Woronicza Qbik project (355 residential soft lofts and 16 ground floor commercial units, in the Mokotow District of Warsaw). Per end December 2017, approx. 98% of units have been sold.

RUSSIA

In Russia, the first (building A, approx. 60,000 sqm) and second phase (building B, approx. 76,000 sqm) of the Dmitrov Logistics Park – class A warehouse complex of four buildings totalling approx. 243,000 sqm of lettable area (including ancillary office accomodations) in the northern part of the Moscow Region – have in the past years been delivered and are currently leased for resp. 70% and 100%. The occupation permit of building C1 (20,000 sqm) has been received early 2017 and buildings C2 and C3 (26,000 sqm) have been delivered in September 2017.

The political and economic situation and its effects on markets and (warehouse) tenant activity is further closely monitored. In Russia, the yields remained quite stable; the RUB and the market rental levels for (refrigerated) warehousing are however still under pressure. This has resulted in the recognition of further negative fair value adjustments on mainly the Dmitrov project in portfolio.

UKRAINE

In Ukraine, the Kopylov Logistics Park (+/- 30,000 sqm warehousing in the Makariv District of the Kyiv Region) has in the first half of 2017 been sold to a third party for an amount of 18.8 MUSD. This sales transaction has resulted in a gain on disposal of 7.2 MEUR.

Main post balance sheet events

Reference is made to the Eurostadium note in section 10 of this report.
For the remainder, no significant events are to be mentioned.

Outlook

It is the Investment Holding's strategy to further diversify its investment portfolio in mainly Belgium and Poland by spreading its investments over different real estate segments.


We create the future today

For 2018, the Investment Holding will continue this strategy. In addition, it will closely monitor specific evolutions in its active markets and real estate segments. Considering its sound financial structure and the expected further market evolutions (in terms of tenant activity and evolution in yields), the Investment Holding is confident to achieve its goals for 2018 in general.

7. NOTICE TO THE READER

This document presents the IFRS Consolidated Financial Statements for the year ended on 31 December 2017, assuming the going concern of the Investment Holding companies.

As per today, the Investment Holding's core business is the investment in commercial and residential properties. The Investment Holding's strategy is to keep commercial property in portfolio (at least until the occupation rate and lease status have been optimized to an optimal market value) while residential properties are dedicated for sale.

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

As such, residential properties are presented as Property Development Inventories. Most of the commercial property is presented as Investment Property. We refer to the Notes 6 and 10 in Part II for more details on their presentation.

II

IFRS CONSOLIDATED FINANCIAL STATEMENTS

These IFRS consolidated financial statements at 31 December 2017 were approved by Investment Holding Management on 29 March 2018. The amounts in this document are expressed in thousands of EUR (KEUR), unless stated otherwise.

A. CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IN KEUR)

ASSETS	Note	31/12/2017	31/12/2016
Non-current assets			
Investment Property	6	910,579	1,317,666
Property, plant and equipment	7	527	399
Intangible assets	8	3,708	3,778
Investments in joint-ventures	4, 9	6,340	0
Receivables and prepayments	11	250,911	88,966
Deferred tax assets	19	11,845	9,819
Non-current assets held for sale		0	
Other financial assets	4	4,155	4,380
Restricted cash		0	0
Total non-current assets		**1,188,065**	**1,425,008**
Current assets			
Property Development Inventories	10	285,581	259,505
Trade and other receivables	11	187,898	167,708
Current tax assets		163	231
Derivatives	12	0	0
Assets classified as held for sale	6	575	575
Restricted cash		0	0
Cash and cash equivalents	13	129,526	59,001
Total current assets		**603,743**	**487,020**
TOTAL ASSETS		**1,791,808**	**1,912,028**

EQUITY AND LIABILITIES	Note	31/12/2017	31/12/2016
Capital and reserves attributable to the Group's equity holders			
Share capital	14	28,194	73,194
CTA	15	7,147	21,291
Retained earnings	15	687,402	665,418
		722,743	759,903
Non-controlling interests	14.2	6,746	5,379
TOTAL EQUITY		**729,489**	**765,282**
Non-current liabilities			
Interest-bearing loans and borrowings	16	694,110	906,949
Deferred tax liabilities	19	29,106	34,905
Other non-current liabilities		2,249	1,916
Long-term provisions	18	0	120
Total non-current liabilities		**725,465**	**943,890**
Current liabilities			
Trade and other payables	20	133,289	48,108
Current tax liabilities	21	2,947	4,604
Interest-bearing loans and borrowings	16	200,618	150,144
Short-term provisions		0	0
Total current liabilities		**336,854**	**202,856**
TOTAL LIABILITIES		**1,062,319**	**1,146,746**
TOTAL EQUITY AND LIABILITIES		**1,791,808**	**1,912,028**

B. CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED INCOME STATEMENT	**Note**	**2017**	**2016**
Revenue	22	103,506	110,512
Other operating income	23	28,991	11,481
Cost of Property Development Inventories	24	-51,409	-54,280
Employee benefit expense	23	-1,339	-1,280
Depreciation amortisation and impairment charges	7	-805	-571
Gains from revaluation of Investment Property	6	45,731	139,396
Other operating expense	23	-54,559	-44,733
Share of results of associates		793	0
Operating profit - result		**70,909**	**160,525**
Finance income	25	15,187	6,548
Finance costs	25	-51,542	-62,727
Profit before income tax		**34,554**	**104,346**
Income tax expense	26	-11,096	-7,597
Profit for the year		**23,458**	**96,749**
Attributable to:			
Equity holders of parent		22,058	95,694
Non-controlling interests		1,400	1,055

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - ITEMS RECYCLABLE TO THE INCOME STATEMENT	**Note**	**2017**	**2016**
Profit for the year		**23,458**	**96,749**
Exchange differences on translating foreign operations	15	-14,144	9,160
Other		-74	-78
Other comprehensive income of the period		**-14,218**	**9,082**
Total Comprehensive income for the year		**9,240**	**105,831**
Attributable to:			
Equity holders of the parent		7,840	104,776
Non-controlling interests		1,400	1,055

20 GHELAMCO GROUP Consolidated Financial Statements at 31 December 2017 (in KEUR)

C. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to the equity holders			Non-controlling interests	TOTAL EQUITY
		Share capital	Cumulative translation reserve	Retained earnings		
Balance at 1 January 2016		**73,194**	**12,131**	**569,802**	**6,247**	**661,374**
Foreign currency translation (CTA)			9,160			**9,160**
Profit/(loss) for the year				95,694	1055	**96,749**
Capital decrease						
Dividend distribution						
Change in non-controlling interests					-1,923	**-1,923**
Change in the consolidation scope				-78		**-78**
Other						
Balance at 31 December 2016		**73,194**	**21,291**	**665,418**	**5,379**	**765,282**
Foreign currency translation (CTA)	15		-14,144			**-14,144**
Profit/(loss) for the year	15			22,058	1,400	**23,458**
Capital decrease		-45,000				
Dividend distribution						**-45,000**
Change in non-controlling interests						
Change in the consolidation scope				-74	-33	**-107**
Other						
Balance at 31 December 2017		**28,194**	**7,147**	**687,402**	**6,746**	**729,489**

Consolidated Financial Statements at 31 December 2017 (in KEUR) GHELAMCO GROUP 21

D. CONSOLIDATED CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT	Note	2017	2016
Operating Activities		**34,554**	**104,346**
Profit / (Loss) before income tax			
Adjustments for:			
• Share of results of associates		-793	
• Change in fair value of investment property	6	-45,731	-139,396
• Gain on disposal of subsidiary			
• Gain on disposal of interest in former associates			
• Depreciation, amortization and impairment charges	7	805	571
• Result on disposal investment property	23	-15,710	-1,922
• Change in provisions		-120	-20
• Net interest charge	25	26,278	34,404
• Movements in working capital:			
- Change in prop. dev. inventories		-30,568	-21,443
- Change in trade & other receivables		-5,542	-63,815
- Change in trade & other payables		51,558	16,815
- Change in MTM derivatives	12	0	0
• Movement in other non-current liabilities		333	1,916
• Other non-cash items		92	-19
Income tax paid		-6,592	-13,740
Interest paid (*)		-43,344	-34,664
Net cash from operating activities		**-34,780**	**-116,967**
Investing Activities			
Interest received	25	539	2,199
Purchase of property, plant & equipment and intangibles	7-8	-863	-784
Purchase of investment property	6	-109,227	-170,868
Capitalized interest in investment property (paid)		-13,848	-12,755
Proceeds from disposal of investment property	6	625,365	124,322
Net cash outflow on acquisition of subsidiaries		-5,547	
Net cash inflow on disposal of subsidiary			
Net cash inflow on disposal of associate			
Cash inflow/outflow on other non-current financial assets		-161,719	-16,040
Net cash inflow/outflow on NCI transactions			
Change in trade & other payables	13		
Movement in restricted cash accounts		0	0
Net cash flow used in investing activities		**334,699**	**-73,926**
Financing Activities			
Proceeds from borrowings	16	252,768	296,526
Repayment of borrowings	16	-415,133	-145,966
Capital decrease			
Dividends paid		-45,000	
Other non-cash items, realized CTA			
Net cash inflow from / (used in) financing activities		**-207,365**	**150,560**
Net increase/decrease in cash and cash equivalents		**92,554**	**-40,332**
Cash and cash equivalents at 1 January of the year		**59,001**	**84,587**
Effects of exch. rate changes, mainly on EUR/USD balances in non-EUR countries (**)		-22,030	14,747
Cash and cash equivalents at 31 December of the year		**129,526**	**59,002**

(*): Interests directly capitalized in IP not included (2017: 13,848 KEUR; 2016: 12,755 KEUR) – separately presented under investing activities

(**): To a significant extent related to realized FX gains in connection with the disposal of the Warsaw Spire project.

E. SEGMENT REPORTING

A segment is a distinguishable component of the Group which is engaged either in providing products or services (business segment), or in providing products or services within a particular economic area (geographic segment) and which is subject to risks and rewards that are different to those of other segments.

As the majority of the assets (and resulting income) of the Group is geographically located in Europe (Belgium and Poland) and considering the specifics of the assets located in Russia and Ukraine and the economic and political risks and circumstances in those regions, a distinction between Europe and Russia & Ukraine has been made.

The segment assets, liabilities and income statement components include all items directly attributable to the segments, as well as those elements which can reasonably be allocated to a segment. Unallocated amounts (mainly related to (non-)current receivables and prepayments, loans and borrowings and trade & other payables on the balance sheet level and financial result and taxes on the income statement level) are shown separately.

ASSETS				**2017**				**2016**
	Europe	**Russia/ Ukraine**	**unallocated**	**TOTAL**	**Europe**	**Russia/ Ukraine**	**unallocated**	**TOTAL**
Non-current assets								
Investment Property	754,190	156,389		910,579	1,132,396	185,271		1,317,666
Property, plant and equipment	527			527	396	2		399
Intangible assets	3,708			3,708	3,778			3,778
Investments in joint-ventures	6,340			6,340				-
Receivables and prepayments			250,911	250,911			88,966	88,966
Deferred tax assets	10,139	1,706		11,845	8,283	1,536		9,819
Non-current assets held for sale				-				-
Other financial assets	4,155			4,155	4,380			4,380
Restricted cash								-
Total non-current assets	**779,059**	**158,095**	**250,911**	**1,188,065**	**1,149,234**	**186,809**	**88,966**	**1,425,008**
Current assets								
Property Development Inventories	285,577	4		285,581	259,493	11		259,505
Trade and other receivables			187,898	187,898			167,708	167,708
Current tax assets	148	15		163	218	12		231
Derivatives				-				-
Assets classified as held for sale	575			575	575			575
Restricted cash				-				-
Cash and cash equivalents	117,690	11,836		129,526	54,456	4,546		59,001
Total current assets	**403,990**	**11,855**	**187,898**	**603,743**	**314,743**	**4,569**	**167,708**	**487,020**
TOTAL ASSETS	**1,183,049**	**169,950**	**438,809**	**1,791,808**	**1,463,976**	**191,378**	**256,674**	**1,912,028**

Consolidated Financial Statements at 31 December 2017 (in KEUR) GHELAMCO GROUP 23

Blue Towers, Ghent

EQUITY AND LIABILITIES				2017				2016
	Europe	Russia/ Ukraine	unallocated	TOTAL	Europe	Russia/ Ukraine	unallocated	TOTAL
Capital and reserves attributable to the Group's equity holders								
Share capital			28,194	28,194			73,194	73,194
CTA	-2,573	9,720		7,147	12,518	8,773		21,291
Retained earnings	718,764	-31,362		687,402	687,964	-22,546		665,418
	716,171	**-21,622**	**28,194**	**722,743**	**700,482**	**-13,773**	**73,194**	**759,903**
Non-controlling interests	6,752	-6		6,746	5,385	-6		5,379
Total equity	**722,923**	**-21,628**	**28,194**	**729,489**	**705,867**	**-13,779**	**73,194**	**765,282**
Non-current liabilities								
Interest-bearing loans and borrowings			694,110	694,110			906,949	906,949
Deferred tax liabilities	29,106	0		29,106	33,997	908		34,905
Other non-current liabilities	2,249			2,249	1,916			1,916
Long-term provisions					120			120
Total non-current liabilities	**31,355**	**0**	**694,110**	**725,465**	**36,033**	**908**	**906,949**	**943,890**
Current liabilities								
Trade and other payables			133,289	133,289			48,108	48,108
Current tax liabilities	2,947			2,947	4,604			4,604
Interest-bearing loans and borrowings			200,618	200,618			150,144	150,144
Short-term provisions				0				0
Total current liabilities	**2,947**	**0**	**333,907**	**336,854**	**4,604**	**0**	**198,252**	**202,856**
Total liabilities	**34,302**	**0**	**1,028,017**	**1,062,319**	**40,637**	**908**	**1,105,201**	**1,146,746**
TOTAL EQUITY AND LIABILITIES	**757,225**	**-21,628**	**1,056,211**	**1,791,808**	**746,505**	**-12,871**	**1,178,395**	**1,912,028**

INCOME STATEMENT				2017				2016
	Europe	Russia/ Ukraine	unallocated	TOTAL	Europe	Russia/ Ukraine	unallocated	TOTAL
Revenue	89,213	14,293		103,506	93,559	16,953		110,512
Other operating income	21,732	7,259		28,991	11,455	25		11,481
Cost of Property Development Inventories	-51,393	-16		-51,409	-54,238	-43		-54,280
Employee benefit expense	-1,288	-51		-1,339	-1,247	-32		-1,280
Depreciation amortisation and impairment charges	-805			-805	-570	-1		-571
Gains/losses from revaluation of Investment Property	57,487	-11,756		45,731	163,534	-24,138		139,396
Other operating expense	-53,441	-1,118		-54,559	-41,351	-3,382		-44,733
Share of results of joint-ventures	793			793	0	0		0
Operating profit - result	**62,298**	**8,611**	**0**	**70,909**	**171,142**	**-10,617**	**0**	**160,525**
Finance income			15,187	15,187			6,548	6,548
Finance costs			-51,542	-51,542			-62,727	-62,727
Profit before income tax				**34,554**				**104,346**
Income tax expense	-12,246	1,150		-11,096	-12,027	4,430		-7,597
Profit for the year				**23,458**				**96,749**
Attributable to:								
Equity holders of parent	1,400	0		22,058		0		95,694
Non-controlling interests		0		1,400	1,055	0		1055

Consolidated Financial Statements at 31 December 2017 (in KEUR) GHELAMCO GROUP 25

Ghelamco Arena, Ghent

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1.1. INTRODUCTION

We refer to the section "General Information: business activities" and Note 5 "Organizational chart" of these financial statements for more information on the business activities and the structure of the Investment Holding and its position within the Ghelamco business.

These financial statements are IFRS consolidated financial statements that include the resources and activities of Ghelamco Group Comm. VA and its legal subsidiaries that are part of the Investment Holding at 31 December 2017.

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

1.2. BASIS OF PREPARATION

The Investment Holding's consolidated financial statements include those of the Ghelamco Group Comm. VA and its subsidiaries (together referred to as the "Investment Holding"). The consolidated financial statements were approved for issue by Management on March 29, 2018. The consolidated financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards ("IFRS") as adopted by the European Union at 31 December 2017. The Investment Holding has adopted all new and revised standards and interpretations relevant for its activities and which became applicable for the financial year starting 1 January 2017.

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

1.3. STANDARDS AND INTERPRETATIONS THAT BECAME APPLICABLE IN 2017

Standards and Interpretations that the Company anticipatively applied in 2016 and 2017:

- None

Standards and Interpretations that became effective in 2017:

- Annual improvements to IFRS Standards 2014-2016 Cycle: Amendments to IFRS 12 (applicable for annual periods beginning on or after 1 January 2017)
- Amendments to IAS 7 Statement of Cash Flows - Disclosure Initiative (applicable for annual periods beginning on or after 1 January 2017)

Standards and Interpretations which became effective in 2017 but which are not relevant to the Company:
• Amendments to IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses (applicable for annual periods beginning on or after 1 January 2017)

1.4. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

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

- Annual improvements to IFRS Standards 2014-2016 Cycle: Amendments to IFRS 1 and IAS 28 (applicable for annual periods beginning on or after 1 January 2018)
- Annual improvements to IFRS Standards 2015-2017 Cycle (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- IFRS 9 Financial Instruments and subsequent amendments (applicable for annual periods beginning on or after 1 January 2018)
- IFRS 14 Regulatory Deferral Accounts (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU)
- IFRS 15 Revenue from Contracts with Customers (applicable for annual periods beginning on or after 1 January 2018)
- IFRS 16 Leases (applicable for annual periods beginning on or after 1 January 2019)
- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2021, but not yet endorsed in the EU)
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions (applicable for annual periods beginning on or after 1 January 2018)
- Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2018)
- Amendments to IFRS 9 Prepayment Features with Negative Compensation (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (the effective date has been deferred indefinitely, and therefore the endorsement in the EU has been postponed)
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- Amendments to IAS 28 Long term interests in Associates and Joint Ventures (applicable for annual periods beginning on or after 1 January 2019)
- Amendments to IAS 40 Transfers of Investment Property (applicable for annual periods beginning on or after 1 January 2018)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)
- IFRIC 23 Uncertainty over Income Tax Treatments (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)

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

Based on an analysis of the Company's situation at 31 December 2017, IFRS 9 is not expected to have any significant impact on the consolidated financial statements. With regard to the special impairments on financial assets valuated at amortised cost, including trade receivables, the initial application of the expected credit loss model under IFRS 9 will result in early recognition of credit losses compared to the incurred loss model applied under IAS 39. Taking into account the relatively small amount of outstanding trade receivables, combined with the associated low credit risk, the Company deems the impact on the consolidated financial statements to be minor.

IFRS 15 Revenue from contracts with customers (applicable to financial years beginning on or after 1 January 2018): IFRS 15 provides a unique and all-encompassing model of principles that an entity must apply to account for income arising from a contract with a customer. On entry into force, this new standard will replace both IAS 18 on revenue from the sale of goods and the rendering of services and IAS 11 on current construction contracts and their corresponding interpretations. Leases, which are a substantial part of the Company's revenue, do not fall under IFRS 15. However, the principles of IFRS 15 also apply to non-lease components of revenue, being residential sales. Taking into account the fact that revenue from residential sales is material, management is still assessing the possible impact of IFRS 15. Based on a tentative analysis, the Company does not expect the first adoption of IFRS 15 to have any material financial impact on the financial statements, but in order to ensure alignment with the industry and as this topic is still under discussion at the level of the IFRS Interpretations Committee, no final conclusion has been reached yet.

The Company is currently assessing the possible impact, if any, of IFRS 16 to be applied as from 2019.

1.5. PRINCIPLES OF CONSOLIDATION

1.5.1. CONSOLIDATION SCOPE

The entities included in the consolidation scope are those that are under control of the Company on 31 December 2017 and on 31 December 2016 (see Notes 4 and 5). Control is achieved when the Company

- Has power over the investee;
- is exposed or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company re-assesses whether or not it controls an investee if fact and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

The transactions with other entities owned directly or indirectly by the ultimate beneficial owners of the Investment Holding are deemed transactions with related parties and are not eliminated, but are presented as balances and transactions with related parties in Note 29.

Investments in joint-ventures are included in the consolidated financial statements in accordance with the equity method. Transactions with joint-ventures are not eliminated proportionally with the share of the Company in these joint-ventures.

The Hub, Warsaw

1.5.2. ACQUISITION OF SUBSIDIARIES

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

During the course of 2017 and 2016, there were no acquisitions of subsidiaries that qualified as an acquisition of a business as defined in IFRS 3 “Business Combinations”.

1.5.3. SALE OF SUBSIDIARIES

As was the case in the past, the 2017 and 2016 business of the Investment Holding consists of investing in commercial and the creation of residential real estate projects. Commercial properties are held for lease. Residential properties are offered for sale.

General rule:

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

Comments 2017

On 28 June 2017, the shares of Retail Leuven NV, holding the delivered and operational Retail Leuven project (5,435 sqm retail space at the Vaartkom in Leuven) has been sold to a third party investor. The deal was structured as a share deal, in line with the general approach to sell commercial projects. The share deal was based on an underlying fair value of the property. The transaction has in the financial statements been presented as a disposal of IP.

On 19 December 2017, the shares of Ghelamco Nowa Formiernia Sp. z o.o., project company holding the Przystanek mBank project (offering 25,619 sqm office space in Lodz) were sold to LCN Euro Master Dutch Holdings II BV. The share deal was based on the underlying value of the property (amounting to 58.2 MEUR). The transaction has in the financial statements been presented as a disposal of IP.

In 2017, no residential SPVs have been sold, in line with the general approach to sell residential projects through asset deals.

Comments 2016

In December 2016, following subsidiaries were sold to Ghelamco European Property Fund, newly established and fourth holding of the Ghelamco consortium:
• Schelde Offices NV (holding one of the Blue Towers, offering +/- 13.5 Ksqm of office space on the Dacar site in Ghent)
• Arte Offices NV (holding the other of the Blue Towers, offering +/- 14.6 Ksqm of office

space on the Dacar site in Ghent)
• Parking Gent and Parking Estates (holding full property and the rights in rem of over 2,000 above and underground parking spaces on the Dacar site, around the Ghelamco Arena and under the new business hotel in Ghent)
• Retail Gent (holding the +/- 12 Ksqm retail hall on the Dacar site, which is rented to Brico-Plan It).

The (combined) transaction was structured as a share deal (i.c. 100% of the shares of the respective SPVs), in line with the general approach to sell commercial projects. The share deal was based on the underlying fair values of the resp. real estate projects as of 31 December 2016. The (combined) transaction has in the financial statements been presented as disposals of IP.

In 2016, no residential SPVs were sold, in line with the general approach to sell residential projects through asset deals.

1.5.4. INCREASE IN OWNERSHIP INTERESTS IN SUBSIDIARIES

The Investment Holding applies the parent company model to transactions with minority shareholders. To the extent applicable, the goodwill or badwill resulting from the acquisition of the additional interest (from minority shareholders) in subsidiaries is allocated to the group retained earnings.

1.5.5. FOREIGN CURRENCY TRANSLATION

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

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

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

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

	2017		2016	
	Closing rate at 31 December	Average rate for 12 months	Closing rate at 31 December	Average rate for 12 months
Polish Zloty (PLN)	4.1709	4.2583	4.4240	4.3625
Russian Rouble (RUB)	68.8668	66.0305	63.8111	73.9924
United States Dollar (USD)	1.1993	1.1297	1.0541	1.1069
Ukrainian Hryvnia (UAH)	33.4954	30.0042	28.4226	28.2919

1.5.6. HYPERINFLATIONARY ECONOMIES

None of the Investment Holding entities operated in a hyperinflationary economy in 2017 and 2016.

1.6. PROPERTY, PLANT AND EQUIPMENT

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

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

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

The applicable useful lives are:

- Tangible fixed assets:
  - Buildings: 20 to 40 years
  - Vehicles: 5 years
  - Equipment: 5 to 10 years

1.7. FINANCE LEASES

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

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

Consolidated Financial Statements at 31 December 2017 (in KEUR) GHELAMCO GROUP 33

European Square, Warsaw

1.8. IMPAIRMENT OF ASSETS

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

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

1.9. INVESTMENT PROPERTY

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

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

Investment Property (Under Construction) is carried at fair value. Fair value is determined by external appraisers or by management. In the former case, renowned external appraisers carry out an external inspection of the property and they are provided with the necessary supporting documentation (regarding property title over the involved property, copies of (building) permits, architectural plans, renderings, copies of (preliminary) lease contracts), based on which they prepare their resp. valuation reports.

Gains or losses as a result of changes in the fair value are included in the Income Statement of the year in which they occur. Gains and losses as a result of an Investment Property disposal are considered into the Income Statement of the year in which the disposal occurs. The Investment Holding distinguishes 4 different stages for Investment Property:

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

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

1. INVESTMENT PROPERTIES UNDER CONSTRUCTION (A), (B), (C)

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

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

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

Warsaw Spire, Warsaw

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

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

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

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

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

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

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

2. COMPLETED INVESTMENT PROPERTIES (D)

Investment Properties are considered completed:

- In Ukraine, Russia and Poland as from the moment the project received its exploitation permit;
- In Belgium and France as from the signature of the delivery protocol between investor and general contractor.

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

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

1.10. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

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

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

1.11. PROPERTY DEVELOPMENT INVENTORY

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

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

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

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

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

The most recent review indicated that the global net realizable value of the Property Development Inventory of the Investment Holding exceeded its carrying amount measured on a historical cost basis in these IFRS consolidated financial statements (Note 10).

Perpetual usufruct and operating lease contracts of land

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

The Investment Holding holds land in Russia and Ukraine under operating lease contracts covering a 49-year period. These contracts are quite similar in substance to the perpetual usufruct contracts in Poland.

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

1.12. TRADE AND OTHER RECEIVABLES

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

A provision for impairment of trade and other receivables is established when there is objective evidence that the Investment Holding will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or undergo financial reorganization and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The asset's carrying amount is reduced through the use of an allowance account, and the amount of the loss is recognized in the Income Statement. When a trade receivable is uncollectible, it is written down against the allowance account for trade receivables. Subsequent recoveries of amounts previously written down are credited in the Income Statement.

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

1.13. FINANCIAL ASSETS

The Investment Holding classifies its financial investments in the following categories: financial assets at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the intention of the investment's acquisition.

Mokotów Nova, Warsaw

Management determines the investments' classification at initial recognition and re-evaluates this designation on every reporting date.

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

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

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

For an overview of financial assets (and liabilities) by category in accordance with IAS39, reference is made to section 17 below.

1.14. CASH AND CASH EQUIVALENTS

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

1.15. SHARE CAPITAL

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

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

1.16. CURRENT AND DEFERRED INCOME TAXES

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

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

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

Warsaw Spire, Warsaw

The recognition of deferred tax liabilities on fair value adjustments is based on the assumption that the land and buildings held by the Investment Holding will be realized through asset deals. Sales through asset deals however mainly apply to the residential projects held by the Investment Holding (which are classified as inventory; which is not subject to fair value accounting).

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

In view of the anticipated restructuring of the Polish activities, which was deemed necessary by Management for reasons of (cost) optimization, efficiency improvement and simplifying the legal of the legal structure, early 2016, the shares of the project companies holding the Warsaw Spire and Grzybowska 77 projects were contributed by the closed-end fund to Ghelamco Polish Project 1 SCSp (end 2015 established Luxemburg special limited partnership between the closed-end investment CC28 and Finaris SA), at market value and in exchange for partnership certificates. Subsequently, these SPVs have been transformed into sp.k.-entities. Afterwards, the involved SPVs sold there real estate projects to newly incorporated/acquired SPVs under the Lux. limited partnership, at market value. This resulted in the release to the income statement of accumulated deferred tax liabilities (on the fair values of the involved projects) for an amount of 18.7 MEUR in 2016. Going forward and accordance with the changed fiscal legislation (Amendment to the CIT Law ending the beneficial tax treatment of FIZAN structures, effective 1 January 2017), deferred tax liabilities are again recognized on fair value adjustments for all Polish projects.

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

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

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. A deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized (Note 19).

In connection with the recently enacted change of Belgian tax rates (as from 1 January 2018 onwards) cumulated deferred tax balances have been re-calculated at the rate of 25% (vs. 34% previously). Belgian income tax rate will gradually decrease from 29.5% in 2018 to 25% from 2019 onwards. This has resulted in a (deferred) tax gain of approx. 5.5 MEUR in the 2017 income statement (Note 26).

1.17. TRADE AND OTHER PAYABLES

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

1.18. BORROWINGS

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

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

1.19. REVENUE RECOGNITION

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

Sale of Property Development Inventory

Revenue from the sale of property development inventory is recognized when all the following conditions have been satisfied:

- (a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the entity;
- (e) the costs incurred or to be incurred relating to the transaction can be measured reliably.

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

Rental income

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

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

Sale of Investment Property

Revenue from the sale of investment property is recognized when all the following conditions have been satisfied:

(a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
(b) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
(c) the amount of revenue can be measured reliably;
(d) it is probable that the economic benefits associated with the transaction will flow to the entity;
(e) the costs incurred or to be incurred relating to the transaction can be measured reliably.

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


GHELAMCO

2. FINANCIAL RISK MANAGEMENT

2.1. FINANCIAL RISK FACTORS

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

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

2.1.1 FOREIGN EXCHANGE RISK

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

Within the Eurozone, the Investment Holding concludes all engineering and architectural contracts, main construction contracts and main part of (project) financing contracts in Euro. On the other hand, the Investment Holding has over the past four years and via its financial vehicle Ghelamco Invest SP. z o.o., issued significant amounts of Polish bearer bonds (with an outstanding amount of 1,027.1 MPLN as of 31/12/17). Leasing of the properties is Euro-based and eventual later disposal of assets or shares is usually expressed or negotiated in Euro. The Polish Zloty's risk is for that mainly related to the mentioned PLN bond issues, some local construction contracts and the sale amounts of residential projects.

For Ukraine, external financing is organized in US Dollar as well as engineering, architectural, construction and leasing contracts. The Investment Holding manages the US Dollar versus Euro risk internally.

Up until end 2011, Russian projects have mostly been financed through semi equity expressed in Euro. Bank financing for the construction of the Dmitrov Logistics Park Project is however since 2012 expressed in USD. The same risk mitigation as for Ukraine applies.

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

As stated, main net foreign currency position which the Company holds at the reporting date relates to the:

- Polish bearer bonds in PLN for a (net) amount of 1,011,182 KPLN.
  A 10% strengthening/weakening of the EUR against the PLN rate at 31 December 2017 would resp. have increased/decreased the EBT by approx. 24.5 MEUR. This analysis assumes that all other variables (e.g. interest rates) remain constant.
- USD bank loans in Russia for a net amount of 90,942 KUSD.
  A 10% strengthening/weakening of the EUR against the USD rate at 31 December 2017 would resp. have increased/decreased the profit before tax and equity by approx. 7.7 MEUR. This analysis assumes that all other variables (e.g. interest rates) remain constant.


Katowice Business Point, Warsaw

When a member of the Development Holding is exposed to eventual currency risks, the Investment Holding may choose to enter into an intra-group hedging. Over 2017, there have been no such hedging transactions. Per end of December 2017, there were no outstanding amounts to be covered by hedging contracts. The same goes for 2016.

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

2.1.2 INTEREST RATE RISK

The Investment Holding actively uses external and internal borrowings to finance its property projects in Belgium, France, Poland, Russia and Ukraine. A property project's external financing is usually in the form of a bank loan denominated in Euro or US Dollars (see Note 16). Since Ghelamco Invest Sp. z o.o. is issuing bearer bonds (of which 1,027.1 MPLN + 6.3 MEUR actually still outstanding per balance sheet date), Polish projects can also be partly financed through the proceeds of these bonds. The same goes for Belgium since the bond issues (of which 267.4 MEUR actually still outstanding per balance sheet date).

Except for some ad-hoc past interest hedging, the Investment Holding did not enter into significant external interest rate hedging transactions to eliminate exposure arising from the long-term investment loans over the last 5 years. The Investment Holding's management closely monitors the short-term floating rate borrowings and medium term fixed interest rates.

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

- Land acquisition loans (usually provided for a term of two years). The interest is payable at market floating rates (from 1 up to 6 months) increased by a margin.
- Construction loans provided until completion of construction and obtaining of the exploitation permit (usually for a term of about two years). The interest is calculated at market floating rates (from 1 up to 6 months) increased by a margin and mostly capitalized in the construction loan. The land acquisition loan is at this stage integrated in the construction loan.
- Once the property is completed, leased and meets all ongoing covenants, the construction financing is swapped into an investment loan, usually provided for a period of five years beginning from the signing of the investment loan agreement and repayable gradually with rental income or fully upon sale of the property. The banks are usually willing to offer investment loans up to an amount that reflects 65% to 70% of the property's market value. The interest is usually a mix of floating and fixed rates. In addition, the capital is amortized at a level between 4% and 7% per annum (on average), usually payable on a quarterly basis together with the accrued interest.
- For the Polish projects: 1,027.1 MPLN + 6.3 MEUR proceeds from bond issues with a term of 3 to 5 years and bearing an interest of Wibor 6 months + 3.5%-5.0% and Euribor 6 months + 4.3% resp.; proceeds of which can be used over the resp. project development stages.
- For the Belgian and French projects;
    - 70 MEUR private bond issue due 28 February 2018, bearing an interest of 6.25% (however partly early reimbursed in November 2017 for an amount of 54.2 MEUR and the remaining amount reimbursed on maturity date);
    - 79.1 MEUR EMTN bond issue due 3 July 2020 and bearing an interest of 4.50%, 70.9 MEUR EMTN bond issue due 14 June 2021 and bearing an

Senator, Warsaw

interest of 4.125% and

- 54.2 MEUR EMTN bond issue due 20 November 2024 and bearing an interest of 4.8% and 47.4 MEUR EMTN bond issue due 20 November 2022 and bearing an interest of 4.3%;

Proceeds of the bonds can be used over the resp. project investment stages.

The Investment Holding actively uses intra-group borrowings provided by the Financing Vehicles acting as financial intermediaries (mainly Peridot SL and Salamanca Capital Services Ltd at 31 December 2017 and 31 December 2016) to finance the property projects in Poland, France, Belgium, Russia and Ukraine. These intra-group loans bear interest at market floating interest rates and are fully eliminated from these IFRS consolidated financial statements.

For sensitivity analysis, reference is made to disclosure 16 on interest-bearing loans and borrowings.

2.1.3 OPERATIONAL RISK (PRICE RISK IN FIRST INSTANCE)

Price risk

Raw materials, supplies, labour and other costs directly related to the construction process constitute a major part of the property development assets capitalized in the accounts of the Investment Holding's project companies.
Although construction prices may substantially vary during each accounting year, the Investment Holding succeeds in reducing its operational risk by either entering into fixed price contracts or into open book contracts with related and unrelated companies.
Most property projects are realized in cooperation with parties related to the Investment Holding (see Note 29.2).

Market research

Before starting an investment, the Investment Holding's management teams have performed their market research, comprising the following:

- status of the project's current zoning (eventual timing for rezoning necessary)
- attitude of the local government towards a particular project
- are comparable projects being launched (timing and location)
- type of potential buyers/tenants - reasonable delivery date of the project
- projected sale/lease prices at the date of delivery
- yield expectations at that time
- time frame to achieve 50%-60% leasing level

Permit risk

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

Construction risk

Construction risks are monitored by the Consortium in-house engineers. They define the construction cost as from the date of the feasibility study and take full responsibility for material discrepancies. Therefore, fine-tuning of budgets, choice of materials, construction techniques and construction prices is a constant process within the

Consortium. This avoids cost overruns and delivery delays for the Investment Holding. The Investment Holding also maintains full control over the building site coordination of (sub) contractors.

Engineering risk

The Investment Holding has to remain in control for the design, layout and structural or finishing elements of the building. Any change in engineering automatically leads to cost increases or decreases. That is why the Investment Holding hardly ever outsources these tasks.

Financing risk

The Company relies since more than 10 years on framework agreements with the majority of its banking partners. The parameters of the framework can vary due to economic circumstances, but remains workable as a whole. Before starting up the construction works (or contracting with subcontractors), the Company expects to have received already a (non-)binding term sheet from its banking relations.
In the past five-six years, the Company in addition proved to be able to call upon alternative financing through the issue of bonds in Belgium (267.4 MEUR unsecured bonds outstanding as of 31 December 2017) and Poland (1,027 MPLN + 6.3 MEUR bearer bonds outstanding as of 31 December 2017).

Commercial risk

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

Investment market risk

Each developer or investment fund is influenced by the currently applicable yield expectations. Therefore, good project timing is essential. While securing the construction financing, the Investment Holding also negotiates a binding transition from construction loan into investment loan. This allows us to keep the property in portfolio and to wait for attractive offers of investors.

2.1.4 CREDIT RISK

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

For further analysis, reference is made to note 11.

2.1.5 LIQUIDITY RISK

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

The maturity analysis for financial liabilities that shows the remaining contractual maturities is presented in Note 16.

We also refer to note 13 and 16 where the available financing is described.

2.1.6 FOREIGN POLITICAL AND ECONOMIC RISK

Significant part of projects operated through subsidiaries of the Investment Holding are located and operated in Poland, Russia and Ukraine and are held through Belgian and Cypriot holding structures. As a result, the operation of these projects and the upstreaming of related revenues are subject to certain inherent risks to these countries which may include, but are not limited to unfavourable political, regulatory and tax conditions.

In this respect, e.g. reference is made to the changes to the Polish tax law related to fund structures, as described in section 1.16 above.

2.2. CAPITAL RISK MANAGEMENT

The Investment Holding's objectives when managing capital are to safeguard its ability to continue as a going concern and to support its strategic growth plans.

During the past years, all profits of the last years have been re-invested. The management's focus is to a significant extent set on financial support of its expansion plans. In order to maintain or optimize the capital structure, the Investment Holding may decide to issue bonds or similar financial instruments in the international financial markets. Group management closely monitors solvency, liquidity, return on invested capital and profitability levels.

The Investment Holding monitors capital/balance sheet structure primarily based on the solvency ratio. This ratio is calculated as total equity divided by the balance sheet total. The solvency ratios at 31 December 2017 and 2016 were as follows:

	2017	2016
Equity	729,489	765,282
Total assets	1,791,808	1,912,028
Solvency ratio	**40.7%**	**40.0%**

When also considering the cash balance of 129,526 KEUR as of 31 December 2017 (59,001 KEUR as of 31 December 2016), the (adjusted) solvency ratio would be at 43.9% (41.3 % as of 31 December 2016).

Foksal, Warsaw

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

Impairment of assets

The risk of impairment arises from uncertainties typical to the real estate development industry. At the balance sheet date impairment losses and/or write-offs to net realizable value for an amount of 3.0 MEUR have been recognized on a limited number of inventory items related to the adjustment of some commercial parameters.

No impairment losses were recognized in 2016.

Income taxes

Given the diversity of its geographical locations, the Investment Holding operates within a complex international legal and regulatory environment. Deferred tax is determined based on each legal entity's tax position and is reviewed on each balance sheet date to take account of the impact of changes in the tax laws and the probability of recovery.

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

- Belgium: 33.99% (decreasing in the coming two years to 25%)
- France: 33.33%
- Poland: 19% (to 15% if some conditions are met)
- Russia: 20%
- Ukraine: 18%
- Cyprus: 12.5%
- Luxemburg: 21.84% (vs. 21.84 % last year) (exceptions for financial rulings, at least until 30 November 2017, date of closing of Granbero Capital and Ghelamco Capital, Luxemburg branches of resp. Granbero Holdings Ltd and Ghelamco Group Comm. VA)
- Spain: 25%

Fair value estimation

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

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

Vander Elst, Leuven

In conformity with IAS 39, all derivatives are recognized at fair value in the balance sheet.

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

4. LIST OF SUBSIDIARIES

Ghelamco Group Comm. VA subsidiaries included in these IFRS consolidated financial statements are as follows:

Entity description	Country	31/12/2017 % voting rights	31/12/2016 % voting rights	Remarks
GHELAMCO INVEST NV	**BE**	**99**	**99**	*
The White House Zoute NV	BE	100	99	*
Dock-Site NV	BE	99	99	*
Dianthus NV	BE	99	99	*
Nepeta NV	BE	99	99	*
Eurostadium Events NV (former De Leewe III NV)	BE	99	99	*
Eurostadium Park NV (former Immo Simava 13 NV)	BE	99	99	*
Leisure Property Invest NV	BE	99	99	*
Waterview NV	BE	99	99	*
Retail Leuven NV (former Estate of the Art NV)	BE	n/a	99	4.2
Leuven Student Housing NV	BE	99	99	*
Parking Leuven NV (former Ring Congress Centre NV)	BE	99	99	*
Wavre Retail Park NV	BE	99	99	*
RHR-Industries NV	BE	99	99	*
Zeewind NV	BE	99	99	*
Docora NV	BE	99	99	*
Ring Multi NV (former Ring Retail NV)	BE	99	99	*
MeetDistrict Gent NV	BE	99	99	*
Ring Offices NV	BE	99	99	*
Ring Hotel NV	BE	99	99	*
Forest Parc NV	BE	99	99	*
Belalan Bischoffsheim Leasehold NV	BE	99	99	*
Bischoffsheim Freehold NV	BE	99	99	*
Belalan Louise Leasehold NV	BE	99	99	*
Louise Freehold NV	BE	99	99	*
De Nieuwe Filature NV	BE	100	99	*
Pomme de Pin Expansion SAS	FR	100	100	*
Société Immobilière de Courchevel SARL	FR	100	100	*
Pomme de Pin SAS	FR	100	100	*
Le Chalet 1850	FR	100	100	*
Brussels Urban Invest NV	BE	99	99	*
Construction Link NV	BE	99	99	*
Kubel NV	BE	99	99	*
Filature Retail NV	BE	99	99	*
Carlton Beach NV	BE	50	0	4.1
Carlton Retail NV	BE	50	0	4.1
Eneman & Co NV	BE	100	0	4.1
Graminea NV	BE	99	n/a0	*

Consolidated Financial Statements at 31 December 2017 (in KEUR) GHELAMCO GROUP 57

Łopuszanska Business Park, Warsaw

Entity description	Country	31/12/2017 % voting rights	31/12/2016 % voting rights	Remarks
GRANBERO CAPITAL Ltd.	**CY**	100	100	
Apollo Invest Sp. z o.o	PL	100	100	
Prima Bud Sp. z o.o.	PL	70	70	
Ghelamco Invest Sp. z o.o	PL	100	100	
Ghelamco GP 1 Sp z o.o	PL	100	100	
Ghelamco GP 1 Sp. z.o.o. Konstancin SKA	PL	100	100	
Ghelamco GP 1 Sp. z.o.o. Port Zeranski SKA	PL	100	100	
Ghelamco GP 8 Sp. z.o.o. Dahlia SKA	PL	100	100	
Tilia BIS Sp. z o.o (former Ghelamco GP 1 SP. z.o.o. Tilia SKA)	PL	100	100	
Innovation Bud Bis Sp. z o.o. (former Innovation SKA)	PL	100	100	
Ghelamco GP 9 Sp. z.o.o. Sobieski Towers Sp.k.	PL	100	100	
Ghelamco GP 1 Sp. z.o.o. Matejki SKA	PL	0	100	4.4
Ollay Sp. z.o.o. Market SKA	PL	100	100	
Erato Sp. z.o.o. (former Ghelamco GP 1 Sp. z.o.o. Erato SKA)	PL	100	100	
Oaken Sp.z.o.o. Pattina SKA	PL	100	100	
Ghelamco GP 1 Sp. z.o.o. UNIQUE SKA	PL	70	70	
Octon Sp.z.o.o. PIB SKA	PL	100	100	
Ghelamco GP 1 Sp. z.o.o. Vogla SKA	PL	100	100	
Ghelamco GP 5 Sp. z o.o. (former Fusion Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 11 Sp. z.o.o. the HUB SKA (former Ghelamco GP 5 Sp. z.o.o. Sienna Towers SKA)	PL	100	100	
Ghelamco GP 4 Sp. z.o.o. SBP SKA	PL	100	100	
Ghelamco GP 5 Sp. z.o.o. Foksal SKA	PL	100	100	
Ghelamco GP 3 Sp. z o.o. (former Belle Invest Sp. z o.o)	PL	100	100	
WUZA4 Sp.z.o.o. (former Ghelamco GP 3 Sp. z.o.o. Grzybowska 77 Sp.k.)	PL	0	100	4.2
Ghelamco GP 3 Sp. z.o.o. Wronia SKA	PL	100	100	
Ghelamco GP 7 Sp. z o.o. (former Power Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 7 Sp. z.o.o. Postepu SKA	PL	100	100	
Ghelamco GP 2 Sp z o.o	PL	100	100	
Ghelamco GP 2 Sp. z.o.o. Proof SKA	PL	0	100	4.4
Ghelamco GP 4 Sp. z o.o. (former Betula Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 2 Sp. z.o.o. M12 SKA	PL	100	100	
WUZA1 Sp. z o.o. (former Immediate Investment Sp.z.o.o.)	PL	100	100	
WUZA2 Sp.z.o.o. Sp.k. (former Eastern Europe Bud Sp. z o.o)	PL	0	100	4.2
WUZA3 Sp.z.o.o. (former Ghelamco Warsaw Spire WS sp.k.)	PL	0	100	4.2
Ghelamco GP 6 Sp. z o.o. (former Opportunity Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 6 Sp. z.o.o. HQ SKA	PL	100	100	
Ghelamco GP 3 Sp. z.o.o. Isola SKA	PL	100	100	
Ghelamco GP 8 Sp.z o.o.	PL	100	100	
Espressivio Sp. z o.o.	PL	0	100	4.4
Ghelamco GP 10 Sp. z.o.o. Sigma SKA	PL	100	100	
Ghelamco Garden Station Sp.z o.o.	PL	99	99	
Ghelamco Nowa Formiernia Sp. z o.o. (former Budomal)	PL	0	100	4.2
Creditero Holdings Ltd.	CY	100	100	
Bellona Bema 87 Sp. z o.o.	PL	0	100	4.4
Ghelamco Gdanska Pl Sp. z o.o.	PL	100	100	
Warsaw Spire Management Sp. z o.o.	PL	100	100	
Warsaw Spire Sp. z.o.o. Sp.k.	PL	0	100	4.4
Warsaw Spire Sp. z o.o.	PL	100	100	
Ghelamco GP 10 SP. Z o.o. (former Chopin Project sp. z o.o.)	PL	100	100	
Ghelamco GP2 Sp. z.o.o. Synergy SKA	PL	100	100	
Ghelamco GP1 Sp. z.o.o. Canna SKA	PL	100	100	
Ghelamco GP1 Sp. z.o.o. Azira SKA	PL	100	100	
Laboka Holdings Ltd	CY	100	100	
Esperola Ltd	CY	100	100	
Stareti Holdings Ltd	CY	0	100	4.2
Ghelamco Polish Project 1 SCSp	LU	0	100	4.4
Woronicza Sp. z.o.o.	PL	100	0	
Milovat Ltd	CY	100	0	4.1
P22 Lódz Sp. z.o.o.	PL	50	0	*

Consolidated Financial Statements at 31 December 2017 (in KEUR) GHELAMCO GROUP 59

Warsaw Spire, Warsaw

Entity description	Country	31/12/2017 % voting rights	31/12/2016 % voting rights	Remarks
SAFE HOLDING BELGIUM NV	**BE**	**99**	**99**	
Motaro Holdings Ltd.	CY	99	99	
Challenge Invest Ltd.	UA	99	99	
Vision Invest Ltd.	UA	99	99	
Algowood Investments Ltd.	CY	99	99	
Instant Invest Ltd.	UA	99	99	
Urban Invest Ltd.	UA	99	99	
Goronin Holdings Ltd.	CY	99	99	
Hybrid Invest Ltd.	UA	0	99	4.4
Field Invest Ltd.	UA	0	99	4.4
Farota Trading Ltd.	CY	99	99	
Corporate Invest Ltd.	UA	99	99	
Success Invest Ltd.	UA	0.1	99	4.5
Creletine Ltd.	CY	99	99	
Logistic Park Ermolino Ltd.	RU	99	99	
Millor Enterprises Ltd.	CY	99	99	
Belyrast Logistics Ltd.	RU	99	99	
Finaris SA	LU	100	100	
Salamanca Capital Services Ltd.	CY	100	100	
Peridot SL	ES	48	48	
Succes Invest Ltd.	UA	99.9	0	4.5

(*) the 1% remaining voting rights are owned directly or indirectly by Mr. P. Gheysens, the ultimate beneficial owner
(**): Subsidiary was already controlled in 2016 but only have been consolidated for the first time in 2017.
P22 Lódz Sp. z.o.o. is held in a 50/50 joint venture structure and is for that included in the financial statements under the equity method.
(***): In the course of the year, 99.9% of the shares of Success Invest Ltd. have been sold by Corporate Invest Ltd. to Salamanca Ltd. (for the nominal amount of 11 KEUR); transaction which had no impact on the Group's financial statements as of 31 December 2017.

A brief description of the main subsidiaries' business activities is given below:

- **Ghelamco Invest NV**, is an investment holding in **Belgian and French** real estate entities and also directly has a number of real estate projects on its own balance sheet.
- **Granbero Holdings Ltd** is an investment holding company that directly and indirectly owns equity interests in **Polish** real estate entities of the Investment Holding.
- **Safe Holding Belgium NV** is an investment holding company with (indirect) equity interests in **Russian and Ukrainian** real estate entities (via a number of intermediate holding entities incorporated in Cyprus).
- Finaris SA, Peridot SL, Salamanca Capital Services Ltd, Ghelamco Capital (branch of Ghelamco Group Comm. VA) and Granbero Capital (branch of Granbero Holdings Ltd) are all Financing Vehicles used in the Consortium's financial activities.

Real estate acquisitions and disposals (including plots of land) often involve the transfer of a company that holds the property.
Most Investment Holding entities (except for the Holdings, Sub-holdings and Financing Vehicles) are such special purpose real estate entities created to structure real estate transactions (acquisition of land and real estate investment activities).

Summary of incorporations, acquisitions and disposals of subsidiaries (and other business units) realized by the Investment Holding during the year ended on 31 December 2017. These acquisitions and disposals of subsidiaries are treated in accordance with the accounting policy as described in section 1.5.2 and 1.5.3 (and not in accordance with IFRS 3 on Business Combinations).

Helix Towers, Kortrijk

4.1. ACQUISITIONS OF SUBSIDIARIES

In February 2017, the Group acquired 50% of the shares of 2 companies (Carlton Beach NV and Carlton Retail NV), holding land parts in the One Carlton site in Knokke-Zoute. The acquisition is connected with the (currently ongoing) realisation of the high-end residential One Carlton project, in a joint venture structure with a third party developer. Total share price amounted to 5,547 KEUR.

Above participation has in the financial statements been recognized under the equity method.

On 5 April 2017, the Group formalised the acquisition of all shares of Eneman & Co NV, owner of a site in Bruges. The transaction value of the plot in the share deal amounted to 1.5 MEUR.

Above acquisition has, in accordance with what has been stated in section 1.5.2 above, been booked as the purchase of property development inventories and has been considered as an operating cash (out-)flow item. Also in accordance with what has been stated in section 1.5.2, in this acquisition no significant other assets and/or liabilities have been acquired than the items booked in inventory.

In the course of 2017 (100% of) the shares of Milovat Ltd (empty shelf company) have been acquired by the Group for an amount of 1 KEUR. As of end November 2017, the capital of Milovat Ltd has been increased through contribution in kind by Granbero Capital SA (Luxemburg branch of Granbero Ltd) of its portfolio of intercompany loans receivables (and related outstanding interest receivables) by an amount of 480 MEUR. Subsequently, Granbero Capital SA has been closed, resulting in the fact that Granbero Capital's participation in Milovat has been allocated to the Company and that from 30 November 2017 onwards the former (interco) financing activities of Granbero Capital SA have been taken over by Milovat Ltd.

Above (flow of) transactions have had limited to no impact on the Group's 2017 consolidated financial statements.

4.2. DISPOSAL OF SUBSIDIARIES

On 28 June 2017, the shares of Retail Leuven NV, holding the delivered and operational Retail Leuven project (5.435 sqm retail space at the Vaartkom in Leuven) have been sold to a third party investor for a share price of 3.1 MEUR. The deal was structured as a share deal. The share deal was based on an underlying fair value of the property and resulted in a gain on disposal of 1.1 MEUR (of which 0.8 MEUR reversal of previous year deferred tax liabilities).

On 29 June 2017, the Warsaw Spire project was sold to Ghelamco European Property Fund NV at a transaction value of 540 MEUR in total. For this purpose, Granbero Holdings Ltd entered into an agreement with Ghelamco European Property Fund NV to sell 100% of the shares in Stareti Holdings Ltd (in turn parent company of the SPVs holding the (3 parts of the) Warsaw Spire project).

Subsidiaries of Stareti which were transferred to GEPF NV in the same deal:

- WUZA2 Sp.z.o.o. Sp.k. (former Eastern Europe Bud Sp. z o.o)

- WUZA3 Sp.z.o.o. (former Ghelamco Warsaw Spire WS sp.k.)
- Warsaw Spire Sp. z.o.o. Sp.k.
- WUZA4 Sp.z.o.o. (former Ghelamco GP 3 Sp. z.o.o. Grzybowska 77 Sp.k.)

On 27 September 2017 Ghelamco European Property Fund NV disposed the shares of Warsaw Spire Pl.Europejski 6 SKA (company holding building B of the Warsaw Spire complex) to an external investor.

On 19 December 2017, the shares of Ghelamco Nowa Formiernia Sp. z o.o., project company holding the Przystanek mBank project (offering 25,619 sqm office space in Lodz) were sold to LCN Euro Master Dutch Holdings II BV. The share deal was based on the underlying value of the property (amounting to 58.2 MEUR).

4.3. INCORPORATION OF NEW SHELF COMPANIES

In 2017, no new SPVs have been incorporated.

4.4. MERGERS AND LIQUIDATIONS OF SUBSIDIARIES

As stated above in section 4.1, Granbero Capital SA, Luxemburg branch of Granbero Holdings Ltd, has been closed (liquidated) as of 30 November 2017. At the same time, Ghelamco Capital SA, Luxemburg branch of Ghelamco Group Comm. VA has also been closed (and liquidated), resulting in the fact that from 30 November 2017 onwards the former (interco) financing activities of Ghelamco Capital SA have been taken over by Ghelamco Group Comm. VA.

As a follow-up on last year's restructuring of the Polish activities, the Luxemburg limited partnership (SCSp), which was in 2016 (together with its main participating interest: Warsaw Spire Sp. z o.o. Sp.k., owner of the Warsaw Spire project) sold by the closed-end investment fund CC28 to Stareti Ltd, has been liquidated on 15 May 2017. Doing so, the SCSp's former participating interests (mainly Warsaw Spire Sp. z o.o. Sp.k.) came directly under Stareti Ltd. In June 2017, Warsaw Spire Sp. z o.o. Sp.k. has been de-merged (through contribution in kind of organized parts of entity) into:

- Pl. Europejski 1 SKA (holding Warsaw Spire building A = the tower)
- Pl. Europejski 2 SKA (holding Warsaw Spire building C)
- Pl. Europejski 6 SKA (holding Warsaw Spire building B)

Above demerger was done at market value.
Above transactions have had limited to no impact on the Group's 2017 financial statements.

And as stated earlier, 100% of the shares of Stareti have on 29 June 2017 been sold to Ghelamco European Property Fund.

In the course of 2017 Matejki SKA and Bellona Bema 87 Sp. z o.o. have been merged into Erato Sp. z.o.o. In addition, Proof SKA and Espressivio Sp. z.o.o. have been merged into Woronicza Sp. z.o.o. As a result of these mergers, the involved SPVs have been liquidated and their rights and obligations have to the extent applicable been transferred to the merged entities.
Above merger (and liquidation) operations have had limited to no impact on the

Company's 2017 consolidated financial statements.
Finally, in the course of 2017 the Group has sold its (as good as empty) Ukrainian subsidiary Hybrid Invest Ltd (in turn holding 100% of the shares of its Ukrainian shelf-subsidiary Field Invest Ltd) to a third party, for being liquidated. This transaction has had limited to no impact on the Group's 2017 financial statements.

4.5. TRANSFER OF SUBSIDIARIES

2017

On 29 June 2017 and as stated above, the Warsaw Spire project was sold to Ghelamco European Property Fund NV at a transaction value of 540 MEUR in total. For this purpose, Granbero Holdings Ltd entered into an agreement with Ghelamco European Property Fund NV to sell 100% of the shares in Stareti Holdings Ltd (in turn parent company of the SPVs holding the (3 parts of the) Warsaw Spire project).

In the course of 2017 (100% of) the shares of Milovat Ltd (empty shelf company) have been acquired by the Company for an amount of 1 KEUR. As of end November 2017, the capital of Milovat Ltd has been increased through contribution in kind by Granbero Capital SA (Luxemburg branch of Granbero Ltd) of its portfolio of intercompany loans receivables (and related outstanding interest receivables) by an amount of 480 MEUR. Subsequently, Granbero Capital SA has been closed, resulting in the fact that Granbero Capital's participation in Milovat has been allocated to the Company and that from 30 November 2017 onwards the former (interco) financing activities of Granbero Capital SA have been taken over by Milovat Ltd.

Also, in the course of the year, 99.9% of the shares of Success Invest Ltd. have been sold by Corporate Invest Ltd. to Salamanca Ltd. (for the nominal amount of 11 KEUR).

For the remainder, no other share transactions or with related parties took place in 2017.

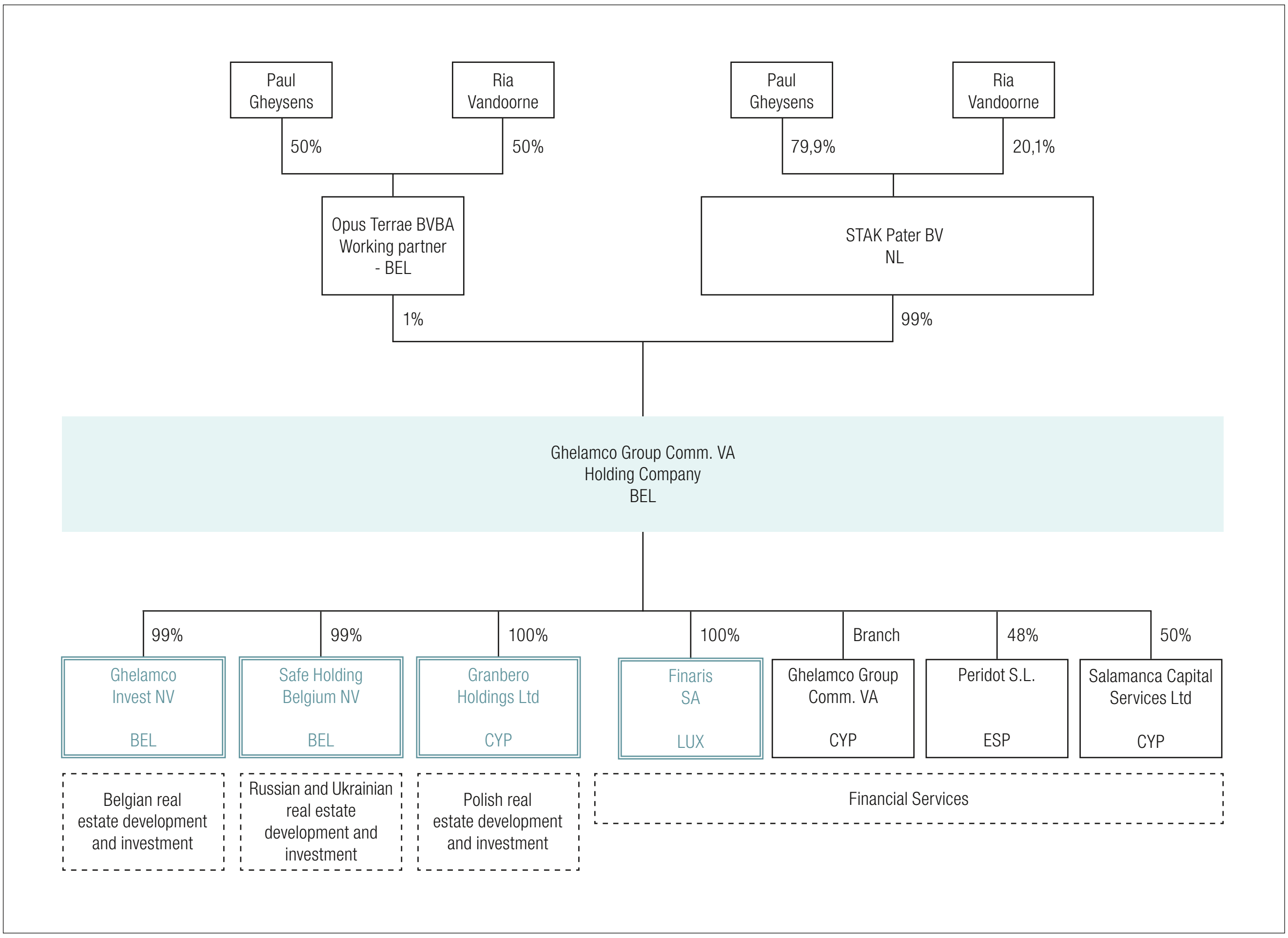
2016

Except for the acquisition of the remaining 60% of Apollo shares through contribution in kind by Elzenwalle and the restructuring transactions as described in section 4.1 of this report, and except for the the liquidations of Expert Invest and Industrial Invest and the merger of ACG1 Sp. z o.o. into Tilia SKA as described in section 4.3 of this report, there have been no other share transactions or other significant transactions with related parties in 2016.

Meetdistrict, Ghent

5.
GROUP STRUCTURE

5.1. INVESTMENT HOLDING AS PER DECEMBER 31ST, 2017



5.2. BELGIAN REAL ESTATE DEVELOPMENT AND INVESTMENT AS PER DECEMBER 31ST, 2017

GHELAMCO INVEST NV
BEL

100%	The White House Zoute NV - BEL
99%	Dock-site NV - BEL
99%	Brussels & Regional NV - BEL
99%	Dianthus NV - BEL
99%	Nepeta NV - BEL
99%	Eurostadium Events NV - BEL
99%	Eurostadium Park NV - BEL
99%	Eurostadium Offices NV - BEL
99%	Eurostadium Parking NV - BEL
99%	Eurostadium Storage NV - BEL
99%	Eurostadium Foot & Hospitality NV - BEL
99%	Pavilion NV - BEL
99%	Ghelamco Campus NV - BEL
100%	Pomme de Pin Expansion SAS - FRA

100%	Société Immobilière de Courchevel SARL - FRA
100%	Pomme de Pin SAS - FRA
100%	Le Chalet 1850 - FRA

99%	Leisure Property Invest NV - BEL
99%	Waterview NV - BEL
99%	Wavre Retail Park NV - BEL
99%	RHR-Industries - BEL
99%	Zeewind NV- BEL
99%	Ring Offices NV - BEL
99%	Ring Hotel NV - BEL
99%	Parking Leuven - BEL
99%	Docora NV - BEL
11%	Artevelde-Stadion CVBA - BEL
99%	Ring-Multi NV - BEL
99%	Forest Parc NV - BEL
99%	Leuven Student Housing - BEL
99%	Graminea NV- BEL
99%	Citrien NV - BEL

100%	De Nieuwe Filature NV - BEL
99%	Filature Parking NV - BEL
99%	Filature Retail NV - BEL
99%	Belalan Bischoffsheim Leasehold NV - BEL
99%	Bischoffsheim Freehold NV - BEL
99%	Belalan Louise Leasehold NV - BEL
99%	Louise Freehold NV - BEL
99%	Meetdistrict Gent NV - BEL
99%	Brussels Urban Invest NV - BEL
99%	Construction Link NV - BEL
99%	Caboli NV - BEL
99%	Kubel NV - BEL
100%	Eneman & Co NV - BEL
50%	Carlton Beach NV - BEL
50%	Carlton Retail NV - BEL

68 GHELAMCO GROUP Consolidated Financial Statements at 31 December 2017 (in KEUR)

5.2. POLISH REAL ESTATE DEVELOPMENT AND INVESTMENT AS PER DECEMBER 31ST, 2017

GRANBERO HOLDINGS LTD
CYP

100% Milovat Ltd - CYP
100% Ghelamco Invest Spzoo - POL
70% Prima Bud Sp. z.o.o. - POL
100% Apollo Invest Sp. z.o.o. - POL
100% Warsaw Spire Sp. z.o.o. - POL
100% Innovation Bud Bis Sp. z.o.o.
100% Warsaw Spire Management Sp. z.o.o. - POL
100% Oscroft Sp. z.o.o. - POL
100% Orrin Sp. z.o.o. - POL
100% Oaken Sp. z.o.o. - POL
100% Pianissima Sp. z.o.o. - POL
100% Woronicza Sp. z.o.o. - POL
100% Quanta Sp. z.o.o. - POL
100% Erato Sp. z.o.o. - POL
100% Ghelamco GP 1 Sp. z.o.o. - POL

100% Ollay Sp. z.o.o. Market S.K.A. - POL

100% Oaken Sp. z.o.o. Pattina S.K.A. - POL

100% Octon Sp. z.o.o. - POL
100% Ollay Sp. z.o.o. - POL

100% Wuza 1 Sp. z.o.o. - POL
100% Creditero Holdings - CYP
100% Esperola Ltd - CYP
100% Ilderim Sp. z.o.o. - POL
51% P22 Lódz Sp. z.o.o. - POL[12]
100% Ghelamco GP 5 Sp. z.o.o. - POL
100% Ghelamco GP 3 Sp. z.o.o. - POL
100% Ghelamco GP 4 Sp. z.o.o. - POL
100% Ghelamco GP 10 Sp. z.o.o. - POL
100% Ghelamco GP 7 Sp. z.o.o. - POL
100% Ghelamco GP 2 Sp. z.o.o. - POL
100% Ghelamco GP 6 Sp. z.o.o. - POL
100% Ghelamco GP 8 Sp. z.o.o. - POL
100% Ghelamco GP 9 Sp. z.o.o. - POL
100% Ghelamco GP 11 Sp. z.o.o. - POL
100% Orston Sp. z.o.o. - POL

51% P22 Lódz Sp. z.o.o. Sp.k. - POL[12]

100% Octon Sp. z.o.o. PIB S.K.A. - POL

100% Ghelamco GP 9 Sp. z.o.o. Sobieski Towers Sp. k. - POL

100% Laboka Holdings Ltd - CYP

99% Ghelamco GP 1 Sp. z.o.o. Port Zeranski S.K.A. - POL[1]
99% Ghelamco GP 1 Sp. z.o.o. Azalia S.K.A. - POL[1]
99% Ghelamco GP 1 Sp. z.o.o. Beta S.K.A. - POL[1]
99% Ghelamco GP 1 Sp. z.o.o. Vogla S.K.A. - POL[1]
99% Ghelamco GP 1 Sp. z.o.o. Azira S.K.A. - POL[1]
99% Tilia Bis Sp. z.o.o. - POL[1]
99% Ghelamco GP 3 Sp. z.o.o. Isola S.K.A. - POL[3]
99% Ghelamco GP 4 Sp. z.o.o. SBP S.K.A. - POL[4]
99% Ghelamco GP 7 Sp. z.o.o. Postępu S.K.A. - POL[7]
99% Ghelamco GP 2 Sp. z.o.o. Synergy S.K.A. - POL[2]
99% Ghelamco GP 2 Sp. z.o.o. Zafina S.K.A. - POL[2]
99% Ghelamco GP 8 Sp. z.o.o. Dahlia S.K.A. - POL[8]
99% Ghelamco GP 11 Sp. z.o.o. Hotel S.K.A. - POL
100% MeetDistrict Sp. z.o.o. - POL
100% Halesworth Sp. z.o.o. - POL
99% Ghelamco GP 1 Sp. z.o.o. Canna S.K.A. - POL[1]
99% Ghelamco GP 1 Sp. z.o.o. Epona S.K.A. - POL[1]
70% Ghelamco GP 1 Sp. z.o.o. UNIQUE S.K.A. - POL
99% Ghelamco GP 1 Sp. z.o.o. Konstancin S.K.A. - POL[1]
70% Ghelamco GP 1 Sp. z.o.o. Tarima S.K.A. - POL[1]
99% Ghelamco GP 5 Sp. z.o.o. Foksal S.K.A. - POL[5]
99% Ghelamco GP 3 Sp. z.o.o. Wronia S.K.A. - POL[3]
99% Ghelamco GP 10 Sp. z.o.o. Sigma S.K.A. - POL[10]
99% Ghelamco GP 2 Sp. z.o.o. M12 S.K.A. - POL[2]
99% Ghelamco GP 2 Sp. z.o.o. Eurema S.K.A. - POL[2]
99% Ghelamco GP 6 Sp. z.o.o. HQ S.K.A. - POL[6]
99% Ghelamco GP 9 Sp. z.o.o. Altona S.K.A. - POL[9]
99% Ghelamco GP 11 Sp. z.o.o. the HUB S.K.A. - POL[11]
100% Estima Sp. z.o.o. - POL

100% Halewood Sp. z.o.o. - POL

100% Ghelamco Gdanska PI Sp. z.o.o. - POL

99% Ghelamco Garden Station Sp. z.o.o. - POL

([1]) remaining participation at general partner Ghelamco GP 1 Spzoo, ([2]) remaining participation at general partner Ghelamco GP 2 Spzoo, ([3]) remaining participation at general partner Ghelamco GP 3 Spzoo, ([4]) remaining participation at general partner Ghelamco GP 4 Spzoo, ([5]) remaining participation at general partner Ghelamco GP 5 Spzoo, ([6]) remaining participation at general partner Ghelamco GP 6 Spzoo, ([7]) remaining participation at general partner Ghelamco GP 7 Spzoo, ([8]) remaining participation at general partner Ghelamco GP 8 Spzoo, ([9]) remaining participation at general partner Ghelamco GP 9 Spzoo, ([10]) remaining participation at general partner Ghelamco GP 10 Spzoo, ([11]) remaining participation at general partner Ghelamco GP 11 Spzoo, ([12]) remaining participation at Budomal Estate (not a Ghelamco company)

Dmitrov Logistics Park, Moscow

5.4. UKRAINIAN AND RUSSIAN REAL ESTATE DEVELOPMENT AND INVESTMENT AS PER DECEMBER 31ST, 2017

SAFE HOLDING BELGIUM NV
BEL

Ukrainian

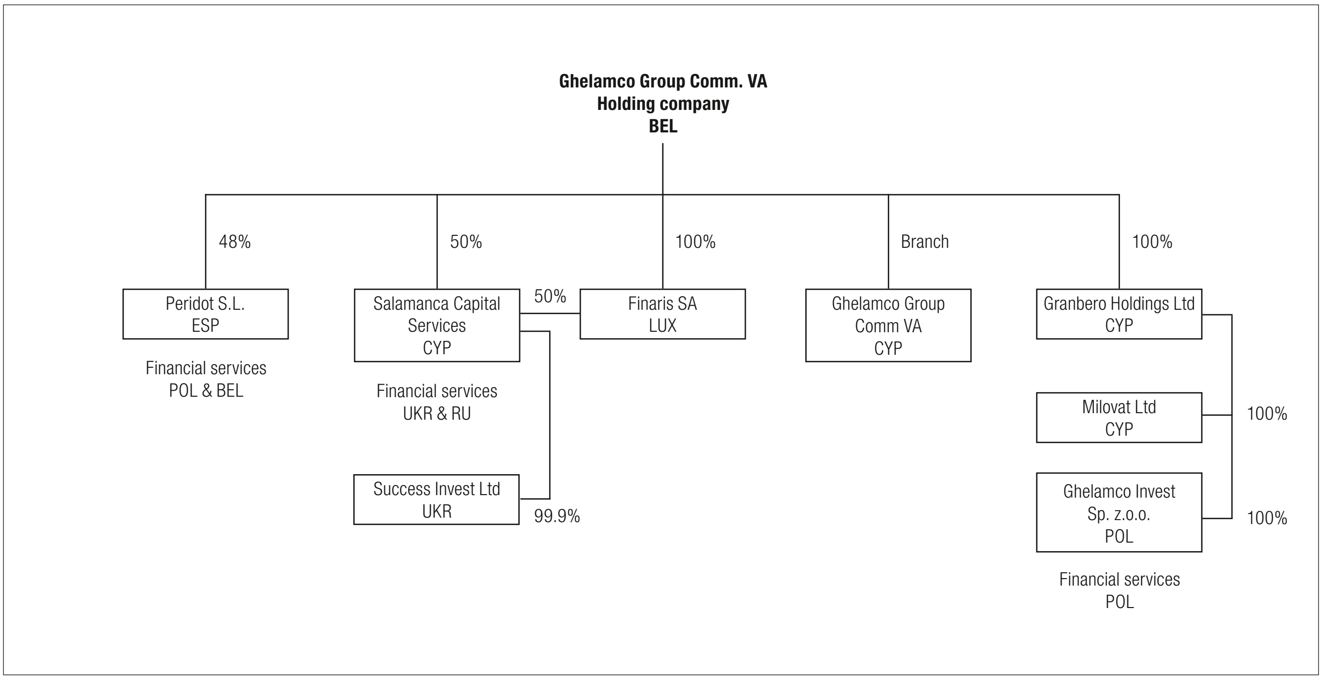
- 100% Motaro Holdings Ltd - CYP
  - 99% Challenge Invest Ltd - UKR
  - 100% Vision Invest Ltd - UKR
- 100% Algowood Investments Ltd - CYP
  - 99% Instant Invest Ltd - UKR
  - 100% Urban Invest Ltd - UKR
- 100% Goronin Holdings Ltd - CYP
- 100% Farota Trading Ltd - CYP
  - 99% Corporate Invest Ltd - UKR
  - 0.1% Success Invest Ltd - UKR

Russian

- 100% Creletine Ltd - CYP
  - 100% Ermolino Ltd - RU
- 100% Millor Enterprises Ltd - CYP
  - 100% Bely Rast Logisitcs Ltd - RU


Wronia 31, Warsaw

5.5. FINANCIAL SERVICES AS PER DECEMBER 31ST, 2017



6. INVESTMENT PROPERTY

The Investment Holding's current strategy is to keep commercial property for rental purposes while residential properties are dedicated for sale.

All plots of land held for undetermined use, or where the management determines that the plot will be used in a project where the building will be rented, are classified as Investment Properties on 31 December 2017 and 31 December 2016.

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

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

Edition, Brussels

Country + SPV	Commercial Name	Valuation	Cat	31/12/2017 KEUR	31/12/2016 KEUR
BELGIUM					
Leisure Property Invest	Golf Knokke Zoute	Man	A	44,541	44,661
WRP	Wavre Retail Park	Man	A	8,000	8,000
Zeewind	Zeewind	Man	D	1,746	1,746
Ring Hotel	Ring Hotel	Man	C	21,200	13,512
Ring Multi	Ghelamco Arena Multifunctional space	Cushman	D	21,720	22,625
Meetdistrict	Meetdistrict business center	Cushman	D	34,750	34,400
Ghelamco Invest	Zoute House	Man	C	22,500	22,580
Waterview/Parking Leuven	Waterview Parkings	Cushman	D	8,530	8,434
Waterview/Retail Leuven	Waterview Retail	Cushman	D	0	8,650
Bischoffsheim Leasehold + Freehold	Spectrum	CBRE	C	49,840	41,500
Kubel/Construction Link	The Link	JLL	C	59,453	19,116
DNF/Filature Retail	Filature Retail	Man	D	10,000	0
Docora	RAFC Tribune 1	Man	D	35,571	0
Subtotal Belgium				**317,851**	**225,224**
POLAND					
Apollo Invest	Spinnaker	JLL	B	57,857	49,937
Postepu SKA	Postepu Business Park	KNF	B	7,120	8,110
Sienna Towers SKA	Sienna Towers	KNF	C	101,479	74,897
WS SKA	Spire and Chopin Tower		n/a	0	526,780
Sobieski SKA	Sobieski Tower	BNP	B	31,077	29,595
Market SKA	Mszczonow Logistics	ASB	A	2,849	2,802
SBP SKA	Synergy Business Park Wroclaw	JLL	B	25,294	21,898
Grzybowska 77 SKA + Isola	Grzybowska	KNF	D/A	23,920	25,480
Wronia SKA	Logistyka	KNF	D	59,265	30,491
Sigma	Chopin + Stixx	KNF	B/D	40,766	38,529
Vogla SKA	Wilanow Retail	KNF	D/A	11,260	12,360
Tillia SKA/ACG1 SKA	Powisle	KNF	A	7,690	5,930
Dahlia SKA	Woloska 24	BNP	D	56,553	44,950
Budomal / Nowa Formiernia	Przystanek, Lodz		n/a	0	35,413
Synergy SKA	Katowice	JLL	A	4,000	0
Canna SKA	Krakow	Cresa	A	7,209	0
Subtotal Poland				**436,339**	**907,172**
RUSSIA					
Bely Rast e.a.	Dmitrov Logistic Park	JLL	C/D	144,500	162,035
Ermolino	Logistic Park Ermolino	JLL	A	7,722	8,538
Subtotal Russia				**152,222**	**170,573**
UKRAINE					
Success Invest	Kopylov Logistics Park		n/a	0	9,567
Urban Invest	Kopylov Logistics Park 2	UKR	A	730	918
Vision Invest	Warsaw Road Dev.	UKR	B	3,437	4,213
Subtotal Ukraine				**4,167**	**14,697**
TOTAL				**910,579**	**1,317,666**

Legend: Man = Management valuation, KNF = Knight Frank, JLL = Jones Lang Lasalle, DTZ= DTZadelhof, CLL = Colliers, UKR = Ukrexprombud, CBRE = CBRE, Cushman = Cushman & Wakefield, ASB = Asbud, Cresa = Cresa

Edition, Brussels

Balance at 31 December 2015	**1,117,224**
Acquisition of properties	18,122
Subsequent expenditure	154,258
Transfers	
• Assets classified as held for sale	
• Other transfers	22,238
Adjustment to fair value through income statement	139,396
Disposals	-122,400
CTA	-11,172
Other	
Balance at 31 December 2016	**1,317,666**
Acquisition of properties	3,336
Subsequent expenditure	131,138
Transfers	
• Assets classified as held for sale	
• Other transfers	4,491
Adjustment to fair value through income statement	45,731
Disposals	-602,244
CTA	10,461
Other	
Balance at 31 December 2017	**910,579**

Categories	A	B	C	D	Total
Balance at 1 January 2016	**100,966**	**125,297**	**419,243**	**471,718**	**1,117,224**
Acquisition of properties	7,503		10,619		18,122
Acquisition through business combinations					0
Subsequent expenditure (*)	3,497	35,059	50,470	54,062	143,087
Transfers					0
• Assets classified as held for sale					0
• Other transfers	-10,030	-784	-273,366	306,418	22,238
Adjustment to fair value	-5,607	34,210	21,743	89,049	139,396
Disposals			-32,700	-89,700	-122,400
Other					0
Balance at 31 December 2016	**96,329**	**193,782**	**196,009**	**831,547**	**1,317,666**
Acquisition of properties	3,336				3,336
Acquisition through business combinations					0
Subsequent expenditure (*)	8,950	11,271	74,472	46,906	141,599
Transfers					
• Assets classified as held for sale					0
• Other transfers	-676	-41,500	11,009	35,658	4,491
Adjustment to fair value	-1,277	1,999	29,664	15,345	45,731
Disposals			-56,682	-545,562	-602,244
Other					0
Balance at 31 December 2017	**106,662**	**165,552**	**254,472**	**383,894**	**910,579**

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

As stated above, on 28 June, the delivered and operational Retail Leuven project (5,435 sqm retail space at the Vaartkom in Leuven) has been sold to a third party investor. The deal was structured as a share deal based on a net asset value of the property of 9.4 MEUR. This sale resulted in a gain on disposal of investment property of 1.1 MEUR (of which 810 KEUR release of cumulated DTL).

In addition, 2 commercial unites in the Tribeca been been sold to third party investors for a total amount of 740 KEUR.

The Royal Antwerp Football Club Tribune 1 – modern stand offering 5,600 seats, 18 business boxes and catering facilities – has been constructed in the current year and has been taken into use from November 2017 onwards. The project has been leased to the football club for a period of 15 years.

In Poland, on 29 June 2017, the Warsaw Spire project (leased and/or reserved for over 90%) was sold to Ghelamco European Property Fund NV at a transaction value of 540 MEUR in total. The sale, structured as a share deal, resulted in the current period in a net result on disposal of investment property of 6.5 MEUR. In addition, in connection with this transaction, formerly recognized gains (through fair value accounting) for an amount of +/- 245 MEUR have actually been realised.

On 19 December 2017, the shares of Ghelamco Nowa Formiernia Sp. z o.o., project company holding the Przystanek mBank project (offering 25,619 sqm office space in Lodz) were sold to LCN Euro Master Dutch Holdings II BV. The share deal was based on the underlying value of the property (amounting to 58.2 MEUR). The sale resulted in a net gain on disposal of investment property of 1.5 MEUR.

In Ukraine, the Kopylov Logistics Park (+/- 30,000 sqm warehousing in the Makariv District of the Kyiv Region) has in the first half of 2017 been sold to a third party for an amount of 18.8 MUSD. This sales transaction has resulted in a gain on disposal of 7.2 MEUR.

Current year's transfers relate to the Filature Retail project from inventory to IP (5,167 KEUR) and the transfer of the Golf Knokke Zoute project from IP to inventory (6,286 KEUR), In addition, two plots (one located in Katowice and one in Krakow for resp. carrying values of 2,599 KEUR and 3,010 KEUR) have been transferred from inventories to investment property, as both will be developed as office projects.

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

- Rental income 2017: 35,202
- Rental income 2016: 41,669

Rental income mainly relates to rent agreements in Belgium (Ring Multi: retail space in the Ghelamco Arena, Filature Retail: Tribeca project in Ghent and Meetdistrict), Poland (Warsaw Spire, for the first semester of 2017 and other rental income generating projects such as Woloska 24, Przystanek mBank and Wronia), Russia (Dmitrov Logistics Park) and Ukraine (Kopylov Logistics Park for the first semester of 2017).

SIGNIFICANT ASSUMPTIONS AND SENSITIVITY ANALYSIS

Main part of Polish IP(UC) relates to office projects (with often ground floor retail space), which are valued based on the residual method (for IPUC) and income approach/yield/DCF method (for delivered projects).
Main part of Belgian IP(UC) relates to office and retail projects, which are valued based on the residual method (for IPUC) and income approach/DCF method (for delivered projects).
Main part of Russian and Ukrainian IP(UC) relates to logistics projects, which are valued based on the comparative method (for plots/projects in the A/B category), the residual method (for IPUC) and yield/DCF method (for delivered projects).

For IFRS 13 purposes, IP(UC) projects are categorized in level 3.

The average yields (or capitalization rates) used in the expert valuations on 31 December

2017 are as follows:

- 5.25% to 8.00% for Polish projects, depending on the location, specifics and nature of the project (vs. 5.50% to 8.00% last year).
- 4.97% to 8.75% for Belgian office (incl. business center) projects (vs. 5.25% to 7.25% last year), depending on the location, specifics and nature of the investment.
- 6.25% to 6.85% for Belgian retail projects (vs. 6.00% to 7.00% last year), depending on the location, specifics and nature of the investment.
- 11.25%-15.00% DCF discount rates and 10.25% on terminal value for Russian projects (vs. 12.00% last year).

The average rent rates used in the expert valuations are as follows:

- 145 EUR/sqm/year to 230 EUR/sqm/year for office space in Belgium (vs. 145 EUR/sqm/year to 230 EUR/sqm/year last year),
- 75 EUR/sqm/year to 140 EUR/sqm/year for retail space in Belgium (vs. 68 EUR to 130 EUR last year), depending on the location, specifics and nature of the project,
- 10.5 EUR/sqm/month to 21.5 EUR/sqm/month for office space in Poland (vs. 10.5 EUR to 21.5 EUR last year),
- 8.75 EUR/sqm/month to 32 EUR/sqm/month for retail space in Poland (vs. 8.5 EUR to 32 EUR last year), depending on the location, specifics and nature of the project.
- 66 USD/sqm/year for Russian warehouse space and 132 USD/sqm/year for office space (part of the logistics projects) (vs. resp. 66-90 USD and 132-180 USD last year). These concern the average market rates which are applied to the void space, while contractual rates for the existing leases are to an extent higher.

On 31 December 2017, the Investment Holding has a number of income producing investment properties (category D) which are valued at 383,894 KEUR (Ring Multi, Zeewind, Parking Leuven, Meetdistrict, Filature Retail, Rafc Tribune 1, Woloska 24, Wronia, Wilanow Retail and Dmitrov Logistic Park Building A, B and C). An increase/decrease of 100 basis points in the yield, with all other variables held constant, decreases/increases the value by approx. 38,490 KEUR.

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

We also refer to note 1.9 for a description of the valuation process and methodology.

7. PROPERTY, PLANT AND EQUIPMENT

in thousands €	Property, plant and equipment 31/12/2017	31/12/2016
Cost	1,418	1,233
Accumulated depreciation/amortisation and impairment	-891	-834
TOTAL	**527**	**399**

One Carlton, Knokke

in thousands €	Property, plant and equipment
COST	
Balance at 1 January 2016	1,036
Additions	306
Additions from internal developments	
Acquisitions through business combinations	
Disposals or classified as held for sale	-106
Revaluation increase	
Effect of foreign currency exchange differences	-3
Other	
Balance at 31 December 2016	1,233
Additions	159
Additions from internal developments	
Acquisitions through business combinations	
Disposals or classified as held for sale	
Revaluation increase	
Effect of foreign currency exchange differences	26
Other	
Balance at 31 December 2017	**1,418**

in thousands €	
ACCUMULATED DEPRECIATION AND IMPAIRMENT	
Balance at 1 January 2016	815
Depreciation/Amortisation expense	51
Disposals or classified as held for sale	-32
Impairment losses recognised in profit or loss	
Reversals of impairment losses recognised in profit or loss	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2016	834
Depreciation/Amortisation expense	114
Disposals or classified as held for sale	-57
Impairment losses recognised in profit or loss	
Reversals of impairment losses recognised in profit or loss	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2017	**891**

Meetdistrict, Ghent

8. INTANGIBLE ASSETS

The intangible assets balance mainly relates to the naming rights which the Investment Holding has since mid-2013 on the Ghelamco Arena in Gent. Balance is amortized over the duration of the contract; i.e. 10 years. In accordance with the contractual terms, first instalment of 2.5 MEUR has been paid in Q1 2014 and second instalment has been paid per mid-2016.

9. INVESTMENTS IN JOINT-VENTURES

Investments in joint-ventures amount to 6,340 KEUR and relate to the (50%) participating interests in Belgium for Carlton Beach NV and Carlton Retail NV, which are connected with the One Carlton high-end residential project in Knokke Zoute, and in Poland to the (50%) participating interests in P22 Lódz Spzoo, which is connected to a plot for the future development of an office project.

Main balance sheet and income statement captions for both entities are the following:

	Carlton Beach		Carlton Retail		P22 Lódz	
Current assets	3,652		18,519		3,382	
of which cash and cash equivalents		1,574		5,388		672
Non-current assets	0		0		23	
Current liabilities	489		4,024		152	
curr. fin. liab. (excl. trade and other payables and provisions)		0		0		152
Non-current liabilities	2,260		2,700		3,254	
non-curr. fin. liab. (excl. trade and other pay. and provisions)		2,260		2,700		3,231
Revenue	1,869		5,880		6	
Profit before income tax	1,108		5,241		-3	
income tax expense (-) or income (+)	-364		-1,820		0	
Profit of the year	743		3,420		-3	

10. PROPERTY DEVELOPMENT INVENTORY

The Property Development Inventories amount to 285,581 KEUR on 31 December 2017 (2016: 259,505 KEUR) and are detailed as follows:

	31/12/2017	31/12/2016
Property Development Inventories	285,521	259,436
Raw materials	56	64
Finished goods	4	6
	285,581	**259,505**

Property Development Inventories contain mainly land plots held for development of residential purposes and residential buildings either finished or still under construction.

	31/12/2017	31/12/2016
Inventories – Poland	70,390	68,860
Inventories – Belgium	215,187	190,634
Inventories – Other countries	4	11
	285,581	**259,505**

Katowice Business Point, Warsaw

Major part of inventories of the Investment Holding are located in Belgium and Poland. The main assets located in Russia and Ukraine are reported under Investment Properties as they are held for investment purposes.

	Carrying value (at cost) at 31 December 2017 - KEUR	Carrying value (at cost) at 31 December 2016 - KEUR
BELGIAN/FRENCH PROJECTS		
Others	11,640	8,672
Le Valeureux Liégeois - East Dune	13,059	20,514
Locarno Knokke	7,969	7,695
Blinckaertlaan Knokke	8,541	6,750
Kanonstraat Brussel	794	794
Bleko Doornstraat Kortrijk	2,593	2,547
Dock-site	2,648	2,648
Residentie Katelijne	6,208	6,376
Project Waterside	1,121	1,206
Waterview	2,617	3,479
Sylt	1,799	7,308
Cromme Bosh	-	14,114
Duinenwater	32,158	-
Kinder Siska	8,360	8,017
RHR	8,429	9,911
De Nieuwe Filature/ Tribeca	11,677	18,455
Blaisantpark Gent	-	59
Belalan Louise/ Edition	9,260	10,253
Spectrum/ Bischoffsheim	4,041	3,765
Pomme De Pin - Courchevel	31,400	31,400
Eurostadium Brussel	23,648	11,678
Le Chalet 1850-Courchevel	10,503	10,473
Graminea/ Oude Bleekerij	8,344	-
Arval site	4,797	4,520
Eneman	1,500	-
Parking Tribeca	2,081	-
TOTAL	**215,187**	**190,634**
POLISH PROJECTS		
Axiom/Konstancin	5,443	4,895
Bellona- Bema	-	1,835
Foksal	19,532	13,189
Port Zeranski	3,334	3,067
Erato Invest	3,495	1,921
M12 SKA	1,391	1,311
Matejki - Office Investment	-	1,197
Pattina	1,642	1,502
P.I.B.	2,992	3,061
Primula Invest	-	-
Q-Bik soft lofts	2,975	6,514
Innovation Bud Bis (former Signal)	24	23
Unique SKA (Pl Grzybowski)	7,332	4,340
Garden Station SP. z o.o.	1,382	1,148
Synergy SKA (Katowice)	-	2,599
Canna SKA (Krakow)	-	3,010
Azira SKA	20,829	19,263
Other	19	-15
TOTAL POLAND	**70,390**	**68,860**
RUSSIAN PROJECTS		
SUBTOTAL RUSSIA	**-**	**-**
UKRAINIAN PROJECTS		
SUBTOTAL UKRAINE	**4**	**11**
GRAND TOTAL	**285,581**	**259,505**

Vaartkom, Leuven

In Belgium (and France), main part of current year expenditures have been done on the Tribeca project in Ghent (realisation of an approx. 35,000 sqm mixed residential and retail space project in Ghent), Edition and Spectrum projects in Brussels and the Eurostadium project. Eurostadium inventory relates to capitalized expenses related to the acquired leasehold and study costs.
In addition, there have been some acquisitions of plots/sites:
• A plot in Kortrijk for the future development of the Helix Towers (via SPV Graminea NV);
• Land parts in Bruges, through the acquisition of the shares of Eneman & Co., for the future development of a mixed real estate project;
• A plot of +/- 30,500 sqm in Knokke for the future development of a residential project (24 villas on the Duinenwater site).

In Poland, property development inventories remained stable compared to prior year. Main movements are observed in the Woronicza Qbik balance (-3,539 KEUR to 2,975 KEUR) in line with current year's sales of remaining units and the Foksal balance (+6,343 KEUR to 19,532 KEUR) in connection with the start of the construction works of this high-end residential project.
In addition, two plots (one located in Katowice and one in Krakow for resp. carrying values of 2,599 KEUR and 3,010 KEUR) have been transferred from inventories to investment property, as both will be developed as office projects.
On the other hand, the Matejki plot has in the current year been sold to a third party.

Main divestures in Belgium:

- Sale of the Cromme Bosch project for an amount of 12,310 KEUR.
- Waterview Leuven: 18 student homes have been sold in 2017. Per date of the current report, 100% of the total (461) available student units have been sold.
- Tribeca: invoicing under the Breyne legislation connected to (71 apartments, 2 lofts and parking spaces in) phase 2 of this mixed project at the Nieuwevaart in Ghent. Phase 2 has per end 2017 fully been invoiced. Per date of the current report, 100% of the available apartments have been sold.
- Tribeca: invoicing under the Breyne legislation connected to (67 apartments and parking spaces in phase 3 of this project. Phase 3 is per end 2017 (on average) 75% progressed and invoiced.
- Sylt, sale of 3 units (and 19 parking spaces) in this residential project in Knokke.
- East Dune, sale of 10 apartments (and 13 parking spaces) in this residential project in Oostduinkerke.
- Land parts related to 39 apartments (and 42 parking spaces) in the Edition project in Brussels.
- Land parts related to 17 apartments (and 20 parking spaces) in the Spectrum project in Brussels.
- Carlton One: invoicing under the Breyne legislation connected to 3 (of 10 available) apartments in this high-end residential project in Knokke-Zoute, which is structured as a 50/50 joint-venture.

Inventory sales in Poland mainly related to the further commercialization of apartments in the Woronicza Q-Bik project (355 residential soft lofts and 16 ground floor commercial units, in the Mokotow District of Warsaw, of which per end 2016 approx. 98% have been sold). In addition, the Matejki plot has in the current year been sold to a third party.

In the current year, two plots in Poland and the retail part of Tribeca project in Belgium have been transferred from inventories to investment property.

Eurostadium, Brussels

Eurostadium Brussel

Ghelamco Invest has in 2014 subscribed to the public tender to build a stadium on Parking C.
The 99-year leasehold right has been granted to the Company through notarial deed on 25 March 2016.

The submitted building and environmental permit ('Omgevingsvergunning') has been rejected by the Flemish authorities in January 2018.

The Raad van State also went into appeal against the abolishment of the neighbourhood road ('buurtweg').

The Company has based on extensive analysis deemed that sufficient legal means are available to appeal against the refusal of the permit. In this respect, it has submitted a request at the Raad van Vergunningsbetwistingen on 15 March 2018.
Given the fact that the decision of the Raad van Vergunningsbetwistingen is not expected before 2020, the Company will in cooperation with the stakeholders look for solutions to the (claimed) objections in the permit decision, within the provisions/bounderies as determined in the BAFO (Best and Final Offer) which has resulted in the granting of the leasehold for the development on Parking C.

In addition, the lessor (i.e. the City of Brussels) has within the framework of the leasehold agreement the obligation to actively cooperate in the realisation of a stadium, also without (participation to) the EK2020. As to mobility, the Company strives for sustainable mobility solutions on and around the leasehold area, but of course this assumes and requires an active cooperation from both the side of the Flemish and Brussels authorities regarding mobility connections and public transport around the leasehold area.

Also, the Flemish decree on the change of several provisions regarding urban planning and environment, often referred to as 'Codex-trein' dd. 8 December 2017, allows that going forward the project-MER (environmental effects report) procedure is integrated in the building and environmental permit procedure. As a consequence, remarks in connection with the (MER and permit) procedure can be remediated immediately and within the (duration of the combined) procedure. This results in more legal certainty.

On 26 March 2018 the City Council of Brussels has granted the mandate to the College of Mayor and Aldermen to terminate the Eurostadium project. The scope and consequences of this mandate is not clear to us for the time being. On 27 March 2018, Ghelamco has received an invitation from the side of the City of Brussels and the VZW PEB for a consultation meeting on how to deal with the decision to reject the building and environmental permit.

The above-mentioned elements constitute an uncertainty. Notwithstanding this situation, the Board of Directors is of the opinion that the currently capitalized expenses w.r.t. the Eurostadium-file (amounting to 23.6 MEUR as of 31 December 2017) will be recovered either through a new permit request or through a claim or through a decision of the Council of Permit Disputes.

Further reference is also made to section 3 and 4.4.

Marynarska Business Park, Warsaw

11. NON-CURRENT RECEIVABLES & PREPAYMENTS AND CURRENT TRADE & OTHER RECEIVABLES

11.1. NON-CURRENT RECEIVABLES & PREPAYMENTS

	Note	31/12/2017	31/12/2016
Non-current			
Receivables from related parties	29.3	197,647	46,073
Trade and other receivables		53,264	42,893
Total non-current receivables and prepayments		**250,911**	**88,966**

NON-CURRENT RECEIVABLES FROM RELATED PARTIES

All non-current loans to related parties are granted for a term of 3 to 5 years.
Contractual interest rates on non-current receivables to related parties for 2017 were as follows: Euribor/ Libor + margins in the range between 1% and 4%.
Further reference is made to Note 29.3.

The increase compared to last year is mainly related to loans receivable towards Pl. Europejski 1 SKA (holding Warsaw Spire building A: 91 MEUR), Pl. Europejski 2 SKA (holding Warsaw Spire building C: 28 MEUR) and Stareti Holdings Ltd (33 MEUR), all connected with the sale of the Stareti shares to Ghelamco European Property Fund.

NON-CURRENT TRADE AND OTHER RECEIVABLES

Non-current trade and other receivables as of 31 December 2017 mainly consist of:

- Rental guarantee receivables at the level of (formerly Espressivio Sp. z o.o. which has in the current year been merged into) Woronicza Sp. z.o.o. in connection with the sale of the Mokotow Nova and Lopuszanska Business Park projects: 561 KEUR.
- Master lease and rental guarantee retentions in connection with the disposal of Marynarska 12/T-Mobile Office Park: 285 KEUR.
- Capitalised rent free and agency fees at the level of Dahlia SKA, in connection with the leasing of the Woloska 24 project: 1,350 KEUR.
- Capitalised rent free and agency fees at the level of Wronia SKA, in connection with the leasing of the Wronia project (which has in the current year been delivered): 1,237 KEUR.
- Other Peridot loans: 48,354 KEUR. It mainly concerns loans to affiliated parties which are not defined as related parties under IFRS.

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

T-Mobile Office Park, Warsaw

11.2. CURRENT TRADE & OTHER RECEIVABLES

	Note	31/12/2017	31/12/2016
Current			
Receivables from related parties	29.3	5,060	6,850
Receivables from third parties		11,573	10,536
Less: allowance doubtful debtors (bad debt provision)		-	-
Net trade receivables		**16,633**	**17,386**
Other receivables		4,962	4,175
Related party current accounts	29.3	111,888	107,717
VAT receivable		7,782	12,455
Prepayments		7,473	1,462
Interest receivable		39,160	24,513
Total current trade and other receivables		**187,898**	**167,708**

CURRENT TRADE AND OTHER RECEIVABLES

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

Trade receivables from related parties (and prepayments, see below) include invoices for construction, engineering and other services as described in Note 29.2.

Current Accounts receivable from related parties mainly consist of:

- 61.2 MEUR vs. IRS Comm. VA
- 7.2 MEUR vs. DEUS Comm. VA
- 2.5 MEUR vs. Tallink Investments Ltd.
- 25.7 MEUR current account which the Group holds vs. Ghelamco European Property Fund, after the sale of the Dacar site and current year's purchase price adjustment in this respect
- 12.9 MEUR current account which Ghelamco Invest holds vs. Parking Gent (part of the above Dacar sale);
- 1.0 MEUR current account which Ghelamco Invest holds vs. Parking Estates (part of the above Dacar sale).

PREPAYMENTS

Outstanding prepayments as of 31 December 2017 mainly represent:

- 1,206 KEUR (vs. 882 KEUR last year) down payments (and related costs) at SPV Prima Bud for the acquisition of a land plot (Lomianki), for the development of a trade and services centre.
- 6,117 KEUR (vs. 189 KEUR last year) at the HUB SKA: advance payments for construction services to be delivered.

The Hub, Warsaw

INTEREST RECEIVABLE

The interest receivable consists of an amount of 33,783 KEUR from related parties (21,455 KEUR last year).

VAT RECEIVABLE

The outstanding balance as of 31 December 2017 mainly relates to VAT receivables in the following countries:

- Belgium: 1,358 KEUR (main originating project: RAFC Tribune 1).
- Poland: 6,075 KEUR (main originating projects: Spinaker, Warsaw Hub, Wronia, Kapelanka Krakow and Nowe Centre Lodz).

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

CREDIT RISK EXPOSURE AND IMPAIRMENT

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

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

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

Movement in the allowance for doubtful debts:

in thousands €	**31/12/2017**	**31/12/2016**
Balance at beginning of the year	**0**	**31**
Impairment losses recognised on receivables		
Amounts written off during the year as uncollectible		
Amounts recovered during the year		
Impairment losses reversed		-31
Foreign exchange translation gains and losses		
Balance at end of the year	**0**	**0**

As of 31 December 2017 and 2016, trade and other receivables disclosed above do not include significant amounts which are past due at the end of the reporting period and against which the Investment Holding has not recognized an allowance for doubtful receivables, as deemed necessary.

12. DERIVATIVES

There are no outstanding balances related to the market value of derivatives as of 31 December 2017 and 2016.

Also refer to section 2.1.1 above.

13. CASH AND CASH EQUIVALENTS

	31/12/2017	31/12/2016
Cash at banks and on hand	129,526	59,001
Short-term deposits		
	129,526	**59,001**

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

The Investment Holding also has access to the following additional resources of financing:

- additional capacity on the debt ratio (the Investment Holding chooses to keep a substantial margin on the Loan to Value ratio);
- potential to take up further financing on completed projects based on Loan to Value (LTV) instead of Loan to Cost (LTC);
- access to alternative financing under the form of bond issuance and mezzanine equity financing. In this respect refer to the recent bonds issues in Poland (1,027 MPLN + 6.3 MEUR total outstanding bonds at 31 December 2017) and Belgium (267.4 MEUR total outstanding bonds at 31 December 2017).

14. SHARE CAPITAL

	31/12/2017	31/12/2016
Authorized 35,908 ordinary shares without par value	28,194	73,194
issued and fully paid	28,194	73,194

On 12 October 2017, the capital of Ghelamco Group Comm. VA has been decreased by 45,000 KEUR through notarial deed. Payment will be done in kind, through transfer of (part of) a related-party current account to the shareholders.

At 31 December 2017 and 2016, the Company's direct shareholders are:

- **Stak Pater** (the Netherlands) - 99.97% (35,898 shares) (Dutch company).
- **Opus Terrae BVBA** (Belgium) - 0.03% (10 shares) (Belgian Ltd, acting as the working partner).

Mr. Paul Gheysens and Mrs. Ria Vandoorne are the ultimate beneficial owners of Pater BV and Opus Terrae BVBA.

14.1. DISTRIBUTION OF DIVIDENDS WITHIN THE INVESTMENT HOLDING

No dividends have been distributed in the course of 2017 (and 2016).

14.2. NON-CONTROLLING INTERESTS

	31/12/2017	31/12/2016
Balance at beginning of year	5,379	6,247
Share of profit for the year	1,400	1,055
Acquistions/disposals	-33	-1,923
Balance at end of year	**6,746**	**5,379**

15. RESERVES AND RETAINED EARNINGS

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

	Cumulative translation reserve	Retained earnings
At 1 January 2016	12,131	569,802
Cumulative translation differences (CTA)	9,160	
Dividend distribution to the ultimate shareholders		
Change in non-controlling interests		
Change in the consolidation scope		-78
Other		
Profit for the year		95,694
At 31 December 2016	**21,291**	**665,418**
At 1 January 2017	21,291	665,418
Cumulative translation differences (CTA)	-14,144	
Dividend distribution to the ultimate shareholders		
Change in non-controlling interests		
Change in the consolidation scope		-74
Other		
Profit for the year		22,058
At 31 December 2017	**7,147**	**687,402**

Consolidated Financial Statements at 31 December 2017 (in KEUR) GHELAMCO GROUP 97

Mokotów Nova, Warsaw

16. INTEREST-BEARING LOANS AND BORROWINGS

		31/12/2017	31/12/2016
Non-current			
Bank borrowings – floating rate	16.1	255,712	491,352
Other borrowings	16.2/16.3	438,349	415,597
Finance lease liabilities		49	0
		694,110	**906,949**
Current			
Bank borrowings – floating rate	16.1	114,807	135,778
Other borrowings	16.2/16.3	85,811	14,365
Finance lease liabilities		0	1
		200,618	**150,144**
TOTAL		**894,728**	**1,057,093**

16.1. BANK BORROWINGS

During the year the Group obtained new secured bank borrowings mainly expressed in EUR and USD and withdraw on existing credit facilities for a total amount of 82.8 MEUR, large part of which are Euribor based. On the other hand, reimbursements and refinancings have been done for a total amount of 339.4 MEUR (mainly 16.1 MEUR in Belgium, 318.9 MEUR in Poland, 5.2 MUSD in Russia). Reimbursements include the disposal of the 300 MEUR bank loan on Warsaw Spire and 13 MEUR Przystanek mBank. This brings the total outstanding amount of bank borrowings to 370.5 MEUR (compared to 627.1 MEUR at 31/12/2016). The effect of the evolution in the USD/EUR exchange rate on the net movement amounts to 10.8 MEUR (negative, above included in the amount of new borrowings).

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

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

With respect to the outstanding short-term borrowings, it is to be mentioned that, in the course of 2018, part will actually be reimbursed following the contractual terms and part will be prolonged or refinanced (e.g. through a swap to investment loan). In this respect, a significant part of the short-term balance per books is currently in the advanced process of prolongation and/or refinancing.

Tribeca, Ghent

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

				31.12.2017				31.12.2016
	<1 y	between 2 and 5 y	>5y	total	<1 y	between 2 and 5 y	>5y	total
Credit institutions withdrawn credits	128,324	164,743	134,437	427,503	159,219	216,681	349,662	725,561
Financial lease			49	49				0
Total	**128,324**	**164,743**	**134,486**	**427,552**	**159,219**	**216,681**	**349,662**	**725,561**
Percentage	30%	39%	31%	100%	22%	30%	48%	100%

EXTERNAL BANK BORROWINGS BY CURRENCY

Large parts of external bank borrowings are Euro denominated, except for mainly Belyrast in Russia (USD loan) and Postepu (and some VAT financing) in Poland (PLN loan).

INTERESTS ON BANK BORROWINGS – INTEREST RATE RISK

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

On 31 December 2017, the Investment Holding had the following investment loan(s):

- 28,455 KEUR in total on Belgian projects Meetdistrict and Ring Multi; loans which are serviced by the actual rental income of the resp. properties.
- 37,386 KEUR in total on Polish projects Woloska 24 and Plac Vogla; loans which is serviced by the the rental income of the property.
- Belyrast Ltd (Russia) 90.9 MUSD in total, bearing a Libor 3M based (+ 6.5% margin) interest rate. The debt is fully serviced by the actual rental income of phase 1 (building A), 2 (building B) and 3 (building C) of the Dmitrov Logistic Park project.

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

- Belgium: between 1.3% and 3,00%.
- Poland: between 2.0% and 4.6%.
- Ukraine: currently not applicable.
- Russia : 6.5% (on Libor 3 months).

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

INTEREST SENSITIVITY ANALYSIS

An increase/decrease of 100 basis points in the (average) interest rates on the floating rate bank debt at the reporting date, with all variables held constant, would have resulted in a 5,390 KEUR lower/higher profit before tax for 2017.

16.2. OTHER BORROWINGS BONDS (435,898 KEUR LONG-TERM – 75,225 KEUR SHORT-TERM)

BELGIUM

Ghelamco Invest NV has in the second half of 2013 and the first half of 2014 issued private unsecured bonds for a total amount of 70 MEUR, secured by a first demand guarantee from Ghelamco Group Comm. VA, having as maturity date 28/02/2018 and bearing an interest rate of 6.25%. This bond program was coordinated by KBC Securities and Belfius Bank. Per 31 December 2017 only 15,770 KEUR is still outstanding on this program, after early redemption of bonds for an amount of 54,230 KEUR in November 2017.
In addition, Ghelamco Invest has on 24 June 2015 launched a new EMTN bonds program for a maximum amount of 150 MEUR. First tap on this program has resulted in the issue of a first tranche of 79,100 KEUR and in December the remaining amount of 70,900 KEUR has been raised. The bonds, which are listed on Euronext, have as maturity date 3/07/2020 (first tranche) and 14/06/2021 (second tranche), bear an interest rate of 4.5% (first tranche) and 4.125% (second tranche) and are secured by a first demand guarantee from Ghelamco Group Comm. VA. The program has been coordinated by Belfius, BNP and KBC. Both tranches have been underwritten by institutional investors and high-net-worth individuals. Since its bond listing on Euronext, Ghelamco Invest is formally considered as a Public Interest Entity (PIE), with related transparancy, governance and reporting requirements to the benefit of the investors.

Goal of the issues is to diversify financial resources and secure the mid-term funding necessary to secure the realization of the pipeline of Belgian and French projects.

On 20 November 2017, Ghelamco Invest NV has again issued bonds for a total amount of 101,600 KEUR, within a new 250 MEUR EMTN bonds program. First tap on this program resulted in the issue of a tranche of 54,200 KEUR with a 7years term and bearing an interest of 4.8% and of a tranche of 47,400 KEUR with a 5 years term and bearing an interest of 4.3%. The bonds are secured by a first demand guarantee from Ghelamco Group Comm. VA. The transaction has been coordinated by KBC, BNP, Société Générale and ABN Amro as managers and has been underwritten by institutional investors.

Bond proceeds have partly (i.e. for an amount of 54,230 KEUR) been used for the early redemption of the existing 70 MEUR 2013 bonds (maturing on 28/02/2018), in connection with a tender offer on the latter bonds. The remainder of the proceeds will be used for further investments in Ghelamco Invest NV's core markets.

Total balance of outstanding bonds per balance sheet date (262,458 KEUR) represents the amount of issue (267.4 MEUR) less capitalized issue costs (of which mainly the issuing banks' arrangement fees), which are amortized over the term of the bonds.

POLAND

On 29 January 2016, the Financial Supervision Commission (Komisja Nadzoru Finansowego) approved Ghelamco Invest Sp. z o.o.'s base prospectus for the issue of a total amount of 350 MPLN public retail bonds in connection with its Bond Issue Programme IV.

Ghelamco Invest Sp. z o.o. has in 2017 within this programme issued public retail bonds (tranche PG, PH and PI) for a total amount of 217.9 MPLN. These bonds have a term of respectively 5 years, 3 years and 4 years and bear an interest of Wibor 6 months + respectively 4.30%, 3.50% and 3.60%. The bonds series is secured by a guaranty granted by Granbero Holdings Ltd.

The proceeds of the above bond issues have been applied to redeem other/existing outstanding bonds, to service the (interests on) the resp. bond programs and for the financing of the Group's further investment projects within the Warsaw metropolitan area, in Wroclaw or Katowice.

Ghelamco Invest Sp. z o.o. has redeemed bonds in 2017 (partly through early redemption for an amount of 56,920 KPLN and partly on maturity date for an amount of 32,780 KPLN) for a total amount of 89,700 KPLN.
The effect of the evolution in the PLN/EUR exchange rate on the net movement in outstanding bonds amounts to 12.3 MEUR (positive).

Total bonds balance outstanding per balance sheet date (248,666 KEUR) represents the amount of issue (1,027 MPLN + 6.3 MEUR) less capitalized issue costs, which are amortised over the term of the bonds.

INTEREST SENSITIVITY ANALYSIS

An increase/decrease of 100 basis points in the (average) interest rates on the floating rate bonds debt at the reporting date, with all variables held constant, would have resulted in a 2,310 KEUR lower/higher profit before tax for 2017.

Summary of contractual maturities of (Belgian and Polish) bonds, including interest payments.

				31.12.2017				31.12.2016
	<1 y	between 2 and 5 y	>5y	total	<1 y	between 2 and 5 y	>5y	total
Belgian2013 bonds	16,756			16,756	4,375	74,375		78,750
Belgian EMTN bonds '15 1st tranche	3,560	86,220		89,780	3,560	89,780		93,340
Belgian EMTN bonds '15 2nd tranche	2,925	78,213		81,137	2,925	81,138		84,063
Belgian EMTN bonds '17 1st tranche	2,038	55,553		57,591				0
Belgian EMTN bonds '17 2nd tranche	2,602	10,406	59,403	72,411				0
Polish bonds	72,750	212,458		285,208	19,922	223,637		243,559
	100,629	**442,850**	**59,403**	**602,882**	**30,782**	**468,930**	**0**	**499,712**
	17%	73%	10%	100%	40%	55%	5%	100%

16.3. OTHER BORROWINGS: OTHER

31/12/2017 - 13,086 KEUR

Other borrowings in EUR at 31 December 2017 include:
- Tallink Investments Ltd.: 897 KEUR
- Wuza 3 (formerly Ghelamco Warsaw Spire WS spk): 1,020 KEUR
- 7 MEUR short-term loan from a third party investor, related to a specific Polish project, maturing on 30/06/2018 and bearing an interest rate of 5%.
- 3,586 KEUR short-term loan from a third party investor, related to a specific Polish project.

The Link, Antwerp

31/12/2016 - 8,161 KEUR

Other borrowings in EUR at 31 December 2016 include:

- Tallink Investments Ltd.: 897 KEUR.
- Ghelamco Poland Sp. z o. o: 102 KEUR.
- 7 MEUR short-term loan from a third party investor, related to a specific Polish project, maturing on 30/06/2017 and bearing an interest rate of 4.5%.

16.4. MISCELLANEOUS INFORMATION

No defaults of payments or breaches of borrowing agreements occurred as of 31 December 2017.

Bank borrowings are secured by amongst others the respective property development projects, including land and in-process construction, pledge on the respective SPV shares, etc.
The Polish bonds are secured by a redemption surety granted by Granbero Holdings Ltd.
The Belgian bonds are secured by a first demand guarantee by Ghelamco Group Comm. VA.

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

Also, the terms and conditions of the resp. bond issues have been complied with as of balance sheet date. For the Belgian bonds, reference is made to the related bi-annual covenant testing which is published on the Company's website.

At 31 December 2017, the Group has bank loans available to be drawn for a total amount of 242.3 MEUR in Poland and 72.8 MEUR in Belgium.

The observed evolution in the above financial debt includes (except for the above mentioned foreign exchange movements) an immaterial amount of other non-cash movements, related to capitalized transaction costs which are amortized over the duration of the debts.

17. FINANCIAL INSTRUMENTS

The table below summarizes all financial instruments by category in accordance with IAS 39 and discloses the fair values of each instrument and the fair value hierarchy:

Zaułek Piekna, Warsaw

					31/12/2017
Financial instruments (x € 1,000)	**At fair value through income statement- held for trading**	**Available for sale**	**Loans and receiva- bles/fin. liabilities at amortised cost**	**Fair value**	**Fair value level**
Other financial investments					
Other financial assets			4,155	4,155	2
Non-current receivables					
Receivables and prepayments			250,911	250,911	2
Restricted cash					
Current receivables					
Trade and other receivables			179,260	179,260	2
Derivatives	-				
Cash and cash equivalents			129,526	129,526	2
Total Financial Assets	**0**	**0**	**563,852**	**563,852**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			255,712	255,712	2
Bonds Poland			189,210	193,694	1
Bonds Belgium					
Bonds Belgium (Euronext)			246,688	250,491	1
Other borrowings			2,450	2,450	2
Finance lease liabilities			49	49	2
Interest-bearing borrowings - current					
Bank borrowings			114,807	114,807	2
Bonds Poland			59,455	60,228	1
Bonds Belgium			15,770	15,770	2
Other borrowings			10,586	10,586	2
Finance lease liabilities					
Current payables					
Trade and other payables			125,728	125,728	2
Total Financial Liabilities	**0**	**0**	**1,020,456**	**1,029,515**	

					31/12/2016
Financial instruments (x € 1,000)	**At fair value through income statement- held for trading**	**Available for sale**	**Loans and receiva- bles/fin. liabilities at amortised cost**	**Fair value**	**Fair value level**
Other financial investments					
Other financial assets			4,380	4,380	2
Non-current receivables					
Receivables and prepayments			88,966	88,966	2
Restricted cash			-	-	2
Current receivables					
Trade and other receivables	-		154,797	154,797	2
Derivatives				-	2
Cash and cash equivalents	-		59,001	59,001	2
Total Financial Assets		**-**	**307,144**	**307,144**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			491,352	491,352	2
Bonds Poland			197,288	202,791	1
Bonds Belgium			69,504	74,964	2
Bonds Belgium (Euronext)			147,645	146,572	1
Other borrowings			1,060	1,060	2
Finance lease liabilities					
Interest-bearing borrowings - current					
Bank borrowings			135,778	135,778	2
Bonds Poland			7,365	7,484	1
Bonds Belgium			-	-	2
Other borrowings			7,000	7,000	2
Finance lease liabilities			11	11	2
Current payables					
Trade and other payables	-		44,208	44,208	2
Total Financial Liabilities		**-**	**1,101,201**	**1,111,210**	

The above table provides an analysis of financial instruments grouped into Levels 1 to 3 based on the degree to which the fair value (recognized on the statement of financial position or disclosed in the notes) is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.
- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.
- Other financial assets AFS are participations at cost. The fair value of these assets cannot be measured reliably as these concern unlisted entities

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

Largest part of the Investment Holding's interest bearing liabilities are floating interest bearing debts. Mainly Belgian bonds are fixed interest bearing debts.

We also refer to note 11.1 for the description of the fair value determination.

18. PROVISIONS

Balance at 1 January 2017		**120**
Additional provisions recognised		
Reductions		
Reversals		-120
Unwinding of discount		
Other		
Balance at 31 December 2017		**0**
	Non current	0
	Current	0

19. DEFERRED TAXES

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

in thousands €	31/12/2017	31/12/2016
Deferred tax assets	11,845	9,819
Deferred tax liabilities	-29,106	-34,905
TOTAL	**-17,261**	**-25,086**

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

In thousands €	Temporary differences		Unused tax losses and credits	
	Investment property	Other	Tax losses	Tax credits
Balance at 1 January 2016	**-46,864**	**-672**	**15,795**	
Recognised in income statement	-2,889	-524	-291	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals	11,325		-840	
Other			-126	
Balance at 31 December 2016	**-38,428**	**-1,196**	**14,538**	
Recognised in income statement	10,362	-2,258	310	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other		-589		
Balance at 31 December 2017	**-28,066**	**-4,043**	**14,848**	**-**

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

It is to be noted that the investment property related amount as recognised in the income statement consists of:

- a deferred tax expense of 3,557 KEUR on the one hand, and
- a gain of 13,919 KEUR which relates to the reversal of deferred tax liabilities in connection with the sale of the Warsaw Spire (12,494 KEUR) and the Przystanek mBank project (1,425 KEUR) and which has been presented in other income (as part of the net result on the sale of both projects).

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

in thousands €	31/12/2017	31/12/2016
DTA on unused tax losses	13,129	3,318
DTA on unused tax credits	-	1,090
TOTAL	**13,129**	**4,408**

Spinnaker, Warsaw

Tax losses in the Polish SPVs can be carried forward for a period of 5 years. In this respect, no deferred tax assets have been recognized on tax losses carried forward in these SPVs to the extent it is deemed not probable that sufficient taxable profit will be available to allow the benefit of part of these tax losses. Tax losses in the Ukrainian SPVs can be carried forward for a period of 4 years.

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

No deferred tax liability has been recognized on undistributed profits in the subsidiaries as the Investment Holding is able to control the distribution of profits and as such, distribution to the Investment Holding is not probable in the foreseeable future.

Further reference is made to note 1.16.

20. TRADE AND OTHER PAYABLES

Trade and other payables are analysed as follows:

	31/12/2017	31/12/2016
Trade payables: third parties	36,666	13,237
Trade payables: related parties	20,140	7,193
Related parties current accounts payable	5,376	4,030
Misc. current liabilities	69,833	20,716
Deferred income	1,126	2,811
Current employee benefits	148	120
Total trade and other payables	**133,289**	**48,108**

Trade payables towards related parties include amongst others the amounts payable to the Development Holding for construction and engineering coordination services received. On 31/12/2017, the trade payables include 20,140 KEUR towards related parties (vs. 7,193 KEUR last year), as follows:

- CLD: 562 KEUR (188 KEUR last year)
- Ghelamco Russia: 5,476 KEUR (5,859 KEUR last year)
- Apec Ltd: 260 KEUR (195 KEUR last year)
- Ghelamco Poland Sp. z o.o: 11,756 KEUR (887 KEUR last year)
- Others: 2,086 KEUR (64 KEUR last year)

Outstanding balance on related parties C/A payable is mainly towards Ghelamco Poland Spzoo (3,935 KEUR).

The significant increase in third party trade payables is mainly related to construction works on projects carried out in the last months of the year.

Miscellaneous current liabilities mainly relate to interest payable (9.3 MEUR in total, of which 1.8 MEUR to related and 7.5 MEUR to third parties), rental guarantee provisions (4.6 MEUR in total), VAT payable (3.3 MEUR), accruals, rent deposits and others. In addition balance per end 2017 also includes an amount of 45,000 KEUR payable towards the shareholders of the Group in connection with the above mentioned capital decrease of October 2017.

As was also the case last year, the outstanding deferred income balance to a significant extent relates to deferred income from pre-sales in the QBik residential project. Also

Grandstand Royal Antwerp FC, Antwerp

some deferred rental income is included (0.9 MEUR).
Trade payables are non-interest bearing and are settled in accordance with the contractual terms. The carrying amounts of trade and other payables approximate their fair value, as those balances are short-term.

21. CURRENT TAX LIABILITIES

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

- Belgium: 284 KEUR
- Luxembourg: 217 KEUR
- Spain: 501 KEUR
- Cyprus: 1,920 KEUR
- Poland: 25 KEUR

Total for 2017: **2,947 KEUR** (vs. 4,604 KEUR in 2016).

22. REVENUE

REVENUE IS MAINLY GENERATED FROM THE FOLLOWING SOURCES:

in thousands €	31/12/2017	31/12/2016
Sales of Commercial Projects		
Projects Belgium		
Projects Poland		
Sales of Residential Projects		
Projects Belgium	61,924	61,986
Projects Poland	5,138	5,498
Rental Income	35,202	41,669
Other	1,242	1,359
TOTAL REVENUE	**103,506**	**110,512**

Rental income as of 31 December 2017 relates to rent from commercial projects in Belgium (4,194 KEUR), Poland (16,563 KEUR), Russia (13,249 KEUR) and Ukraine (1,196 KEUR).

The residential projects sales as of 31 December 2017 mainly relate to:

- Sale of the Cromme Bosch project in Knokke (12,310 KEUR)
- Waterview Leuven: 18 student homes (2,343 KEUR)
- Villas and apartments at the Belgian coast (12,895 KEUR mainly on East Dune and Sylt), including invoicing under the Breyne legislation connected to 3 apartments in the high-end residential project Carlton One
- Tribeca: invoicing under the Breyne legislation connected to (71 apartments, 2 lofts and parking spaces in) phase 2 of this mixed project at the Nieuwevaart in Ghent (7,180 KEUR). Phase 2 has per end 2017 been fully invoiced
- Tribeca: invoicing under the Breyne legislation connected to (67 apartments and parking spaces in) phase 3 of this project (16,145 KEUR). Phase 3 is per end 2017 (on average) 75% progressed and invoiced
- Edition: Land parts related to 39 apartments and 42 parking spaces (7,258 KEUR)
- Spectrum: Land parts related to 17 apartments and 20 parking spaces (1,730 KEUR)
- Soft loft apartments in the Woronicza QBik project, Warsaw (3,981 KEUR)
- The Matejki plot (1,157 KEUR) in Warsaw.

Spectrum, Brussels

OVERVIEW OF FUTURE MINIMUM RENTAL INCOME

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

in thousands €	31/12/2017	31/12/2016
Future minimum rental income:		
Less than 1 year	23,270	37,654
Between 1 and 2 years	26,044	41,155
Between 2 and 3 years	23,156	38,402
Between 3 and 4 years	19,598	34,329
Between 4 and 5 years	16,857	32,025
More than five years	52,769	87,136
TOTAL FUTURE MINIMUM RENTAL INCOME	**161,694**	**270,701**

The decrease compared to last year is mainly related to the disposal of the the Warsaw Spire project per end of June 2017.

23. OTHER ITEMS INCLUDED IN OPERATING PROFIT/LOSS

OTHER OPERATING INCOME AND EXPENSES IN 2017 AND 2016 INCLUDE THE FOLLOWING ITEMS:

Other operating income	2017	2016
Net gains on disposal of investment property	20,529	1,922
Other	8,462	9,559
Net gains on disposals of property, plant and equipment		
TOTAL	**28,991**	**11,481**

Current year's other operating income mainly relates to the gain on disposal of the Warsaw Spire (6.5 MEUR), the gain on disposal of the Przystanek mBank project (1.5 MEUR), a purchase price adjustment on last year's sale of the Dacar site (4,935 KEUR), the gain on disposal of Retail Leuven for an amount of 316 KEUR and the gain on disposal of the Kopylov Logistics Park in the Makariv District of the Kyiv Region (7.2 MEUR).

In addition re-charges of real estate tax and fit-out expenses to tenants are included (mainly on Belgian (+/- 1.8 MEUR) and Polish (+/- 3.0 MEUR) delivered projects).

Other operating income also to an extent relates to income from related parties (1,262 KEUR). It concerns re-invoicing of costs within the framework of Service Level Agreements with (mainly) Ghelamco NV, Apec Ltd and IRS NV and/or some other re-charges. Also refer to note 29.3.

Last year's other operating income included the net gain on the disposal of the Dacar site to the Ghelamco European Property Fund for an amount of 1,992 KEUR.

Mokotów Nova, Warsaw

	2017	2016
Gains from revaluation of Investment Property	45,731	139,396

Fair value adjustments over 2017 amount to 45,731 KEUR, which is mainly the result of current year's further investment and leasing efforts in Poland (mainly on the Wronia, the Woloska 24 and the HUB (Sienna Towers) projects) and Belgium (mainly on The Link in Antwerp and the commercial part of Spectrum in Brussels), in combination with evolution in market conditions (yield and rent level evolution).

The political and economic situation and its effects on markets and (warehouse) tenant activity is further closely monitored. In Russia, the yields remained quite stable; the RUB and the market rental levels for (refrigerated) warehousing are however still under pressure. This has resulted in the recognition of further negative fair value adjustments on mainly the Dmitrov project in portfolio.

It is however to be noted that main part of the Group's investments in Russia consists of delivered projects which are to a significant extent leased to renowned multinational companies. In addition, Group management expects that the above difficult situation is of a temporary nature.

A detail of current year's total fair value adjustment can be given as follows:

BELGIUM	27,060
POLAND	30,427
RUSSIA	-10,793
UKRAINE	-963
	45,731

	2017	2016
Other operating expenses		
Operating lease/ rental/housing expenses	1,729	2,114
Taxes and charges	4,959	3,041
Insurance expenses	1,491	1,165
Audit, legal and tax expenses	5,878	4,448
Traveling	1,040	1,099
Promotion	2,713	1,926
Bank fees	135	184
Sales/agency expenses	5,661	11,789
Rental guarantee expenses	3,073	1,079
Operating expenses with related parties	16,297	13,116
Inventory impairment	3,003	
W/o remaining Sentor earn-out	223	
W/o VAT receivable	2,337	
Merger losses	247	
Maintenance & management	1,896	1,026
Miscellaneous	3,877	3,746
Total	**54,559**	**44,733**

Ghelamco Arena, Ghent

Other operating expenses with related parties both concern the re-invoicing of costs within the framework of Service Level Agreements with IRS Comm. VA and Deus Comm. VA. and fit-out expenses charged by Ghelamco Poland (and afterwards further re-charged to tenants) (also refer to note 29.3). In addition, rental guarantee expenses towards to SPVs holding the Warsaw Spire (building A and C) are included for an amount of 3.8 MEUR.
The overall increase in operating expenses is partly related to some impairment reserves recognized on a limited number of inventory projects, mainly resulting from the evolution in some commercial parameters.

Current year's maintenance expenses and taxes and charges have increased, mainly in connection with the delivery and opening of the Warsaw Spire (building A, in May 2016).

Current year's rental guarantee expenses mainly relate to the recognition of a rental guarantee provision for an amount of 2.3 MEUR in connection with the Warsaw Spire project, which has per mid year been sold to the Ghelamco European Property Fund.

Current period's other operating expenses also include the write-off of a doubtful VAT receivable.

Last year's proportional high sales expenses included the release to the income statement of capitalized agency fees on the Warsaw Spire, in connection with the internal sales transaction which took place (in view of the separation the Warsaw Spire project and the Chopin project) and to commission expenses in the Waterview (student houses) project in Belgium, which is per date of the current report fully (pre-)sold.

	2017	2016
Employee benefit expenses		
Wages and salaries	1,142	1,093
Social security costs	197	187
Other		
Total	**1,339**	**1,280**

24. COST OF PROPERTY DEVELOPMENT INVENTORIES

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

	2017	2016
Movement in inventory	29,642	8,079
Purchases	-81,051	-62,359
	-51,409	**-54,280**

(*) See Note 29.2

Purchases (mainly from related parties) related to Investment Property projects are not included in the above purchases, as those have directly been recorded on IP. It concerns an amount of 134,474 KEUR (transfers of 4,491 KEUR not included) (vs. 172,380 KEUR last year, transfers of 22,238 KEUR not included).

25. FINANCE INCOME AND FINANCE COSTS

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

	2017	2016
Foreign exchange gains		
Interest income	15,187	6,468
Other finance income		80
Total finance income	**15,187**	**6,548**
Interest expense	-41,465	-40,872
Other finance costs	-5,591	-7,435
Foreign exchange losses	-4,486	-14,420
Total finance costs	**-51,542**	**-62,727**

It is to be noted that interest expenses related to Investment Property projects are not included in the above 2017 and 2016 figures, as those have directly been capitalized on IP. It concerns an amount of 13,848 KEUR (vs. 12,755 KEUR last year).

Interest expenses mainly relate to interests on bank loans and bonds.

Interest income mainly includes interests on loans to related parties.

It is to be mentioned that a significant part of the exchange differences is unrealized (and connected with the conversion of outstanding loans). It concerns a snapshot per year-end, impact of which mainly depends on the evolution of the EUR/PLN-RUB-UAH exchange rate. Relatively significant exchange loss in the previous year was connected with the relatively weakened PLN spot rate vs. the EUR.

Other finance costs mainly relate to the partly release to the profit and loss statement of the capitalized bond issue and bank (re-)financing expenses (which are amortized over the duration of the respective bonds and/or bank loans).

All financial income and expenses mentioned in the table above are related to financial instruments measured at amortized cost.

26. INCOME TAXES

Income tax expense recognized in the consolidated income statement:

	31.12.2017	31.12.2016
Current income tax	5,591	3,892
Deferred tax	5,505	3,704
Total	**11,096**	**7,597**

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

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

in thousands €	**31.12.2017**	**31.12.2016**
Result before income taxes	34,554	104,346
Income tax expense/gain calculated at 33.99%	11,745	35,467
Effect of different tax rates in other jurisdictions	-850	-11,000
Effect of non-deductible expenses	4,813	1,720
Effect of revenue that is exempt from taxation	-7,383	-2,497
Effect of use/recognition of previously unrecognized tax losses	-972	-410
Effect of current year losses for which no DTA is recognized	9,187	3,547
Effect of tax incentives not recognized in the income statement	-715	-865
Effect of under/over-accrued in previous years	4,458	70
Effect of change in local tax rates	-7,826	176
Release of cumulated DTL balance re. step-up operation H1 2016		-18,753
Effect of reversal DTL re. sale of Retail Leuven	-1,150	
Other	-211	142
INCOME TAX EXPENSE RECOGNISED IN INCOME STATEMENT	**11,096**	**7,597**

The theoretical tax rate used for the above reconciliation is the statutory corporate tax rate of 33.99% payable by corporate entities in Belgium on taxable profits under tax law.

Tax incentives not recognized in the income statement mainly relate to notional interest deduction and 'DBI'.

In connection with the recently enacted change of Belgian tax rates (as from 1 January 2018 onwards) cumulated deferred tax balances have been re-calculated at the rate of 25% (vs. 34% previously). This has resulted in a (deferred) tax gain of approx. 5.5 MEUR in the 2017 income statement. In addition, deferred tax impact on current year's (Belgian) timing differences has been recognized at 25% (with an additional impact of 2.3 MEUR).

Last year's release of DTL balances to the P&L related to the step-up operation (see also note 1.16) which took place during the first half of 2016. Released balances related to the accumulated deferred tax liabilities which were formerly recognized on the fair values of the Warsaw Spire and Grzybowska 77 projects at the moment of the step-up operation.


The Hub, Warsaw

27. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

27.1. (BANK) GUARANTEES

All external borrowings of the Investment Holding are secured by corporate guarantees and/or surety ship agreements issued by the respective sub-holding (Ghelamco Invest NV, Safe Holding Belgium NV or Granbero Holdings Ltd.). These guarantees cover mostly cash deficiency risk, cost overrun, completion risk and interest & repayment shortfall risk. No calls on the guarantees were made in 2017 and 2016.

Company	Project name	Amount of bank loan-books (KEUR/KUSD)		Corporate guarantees as per 31/12/2017 (KEUR)	
BELGIUM					**Guarantee by Ghelamco Invest NV**
Waterview	Waterview	EUR	1,049	1,049	Cash deficiency guarantee, subordination declaration
Leuven Student Housing					
WRP	Wavre Retail Park	EUR	5,906	5,906	Cash deficiency guarantee
Leisure Property Invest	Golf Knokke Zoute	EUR	17,500	5,000	Corporate Guarantee, cash deficiency, cost overrun
Zeewind	Zeewind	EUR	327	327	Corporate Guarantee, cash deficiency
Bischoffsheim Freehold	Spectrum	EUR	1,620	1,620	Corporate Guarantee, cash deficiency
Belalan Bischoffsheim Leasehold	Spectrum	EUR	9,318	9,318	Corporate Guarantee, cash deficiency
Louise Freehold	Edition	EUR	79	79	Corporate Guarantee, cash deficiency
Belalan Louise Leasehold	Edition	EUR	5,283	5,283	Corporate Guarantee, cash deficiency
MeetDistrict Gent	MeetDistrict Gent	EUR	17,940	5,000	Corporate Guarantee, cash deficiency, cost overrun
Ring Multi	part Ghelamco Arena	EUR	10,515	4,000	Corporate Guarantee, cash deficiency
R.H.R.- Industries	Carlton	EUR	10,270	10,270	Corporate Guarantee, cash deficiency, cost overrun
Kubel	The Link	EUR	4,500	4,500	Corporate Guarantee, cash deficiency
Construction Link	City Link	EUR	18,960	18,960	Corporate Guarantee, cash deficiency, shares pledge
Ring Hotel	Ring Hotel	EUR	16,718	16,718	Corporate Guarantee
Dianthus	Arval Site	EUR	2,400	2,400	Corporate Guarantee, cash deficiency, shares pledge
Filature Retail	Tribeca	EUR	3,412	3,412	Corporate Guarantee, cash deficiency, shares pledge
Graminea	Helix Towers	EUR	7,500	7,500	Corporate Guarantee, shares pledge
POLAND					**Guarantee by Granbero Holdings Ltd.**
The HUB SKA	HUB	EUR	9,241	65,000	Corporate guarantee
Wronia SKA	Wronia	EUR	24,400		Suretyship, cash deficiency
SBP SKA	Wroclaw Business Park	EUR	5,850	5,850	Corporate guarantee, cash deficiency
Foksal SKA	Foksal	EUR	4,276	4,276	Corporate guarantee, cash deficiency
Sobieski Sp.k.	Sobieski Towers	EUR	1,914		Suretyship, cash deficiency
Isola SKA	Grzybowska 77	EUR	4,210		Suretyship agreement
Vogla SKA	Plac Vogla	EUR	4,706	4,706	Corporate Guarantee
Dahlia SKA	Woloska 24	EUR	32,680		Suretyship and cash deficiency
Postepu SKA	Postepu	EUR	3,357		Suretyship agreement
RUSSIA					**Guarantee by Safe Holding Belgiuim**
BelyRast	Dmitrov Logistics Park	USD	90,942	4,000	support deed re. cash deficiency guarantee (and in the event of default by Safe Holding Belgium, by Ghelamco Group)

No corporate guarantees were given by the Investment Holding to ensure repayment of the bank loans of the related parties under the common control of the ultimate beneficial owners at 31 December 2017 (but not part of the Investment Group).

The Investment Holding does not apply cross liability, meaning that Ghelamco Invest NV, Safe Holding Belgium NV and Granbero Holdings Ltd do not guarantee loans of affiliates belonging to other internal holdings.

Senator, Warsaw

27.2. REPRESENTATIONS AND WARRANTIES PROVIDED WITH RESPECT TO THE REAL ESTATE PROJECTS SOLD

Each and every respective seller of shares in the Investment Holding acts as a guarantor with respect to the representations and warranties contained in the real estate sales contracts concluded in the past. This mainly concerns representations regarding the title on shares, property, financial matters, tax matters and contractual matters. The resp. sellers' liability for the breach of these representations and warranties generally covers a period of 2 to 3 years from the date of sale (except representations regarding the tax matters covering the period of five to seven years in accordance with local statutory requirements).

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

27.3. GUARANTEES RECEIVED FROM THE CONTRACTORS

The statutory warranty obligations born by construction service providers cover the risk of structural and other defects of the properties. Construction service providers (including related parties of the Investment Holding) have a legal obligation to remediate any construction defects that become apparent within the first five years (in Poland; and up to ten years in Belgium and Ukraine) after completion of the construction for structural elements. Shorter guarantee periods apply for other elements, depending on the nature of such elements (each sub-contractor bears similar "back-to-back" obligations).

27.4. SECURITIES ON ASSETS

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

- first ranking ceiling mortgage on the property belonging to the SPV (land + buildings) (limited mortgage amount in Belgium, combined with a power of attorney to establish further mortgages);
- registered pledge on the borrower's shares;
- assignment of most receivables (inter alia leases, rents, sales, performance bonds, insurance income, …);
- cash deficiency/cost overrun (letter of comfort) by the shareholder (if applicable);
- submission to execution (only for Polish projects).

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

28. COMMITMENTS

28.1. (CAPITAL) COMMITMENTS

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

	2017	2016
Architectural and Engineering contracts	16,133	10,697
Construction contracts	208,872	294,796
Purchase of land plots		1,062
Purchase of shares (connected with landbank)		5,547
Total	**225,005**	**312,102**

At 31 December 2017, the Investment Holding has entered into a number of contracts with third parties for the acquisition of the following assets (land plots) or shares:

BINDING CONTRACTS

- Poland: None for plots of land for residential/commercial property development
- Belgium: None significant per end 2017

NON-BINDING CONTRACTS

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

As an investor in commercial and residential properties, the Investment Holding is committed to continue investment in properties in different countries under the contracts with construction companies, often in cooperation with related parties of the Investment Holding.

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

The Investment Holding in addition declares sufficient flexibility on the commitments, as significant part of those commitments are contracted with related party entities belonging to the Development Holding.

For the on-going construction contracts the respective SPV's concluded binding construction financing contracts with different banks.

Main construction contracts in the above overview relate to the following projects:

- Wronia (approx. 15,400 sqm office space): 1,516 KEUR
- The Warsaw Hub (approx. 113,000 sqm mixed project): 161,026 KEUR
- Tribeca mixed project in Ghent: 6.5 MEUR construction contracts in total (related party agreements)
- Ring Hotel project in Gent: 17.5 MEUR construction contracts in total (related party agreements)

28.2. OPERATING LEASE COMMITMENTS (LAND LEASE RIGHTS)

		Poland		Russia
	2017	2016	2017	2016
Within 1 year	1,102	904	236	210
After 1 year but not more than 5 years	4,481	3,687	943	841
More than 5 years	74,381	62,871	7,494	7,075
	79,964	**67,462**	**8,673**	**8,127**

The Investment Holding has entered into non-cancellable operating leases for the land rights with basic lease terms ranging from 49 years (Russia) to 99 years (Poland). All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.
No such leases occur in Belgium or in Ukraine, where land is held under freehold.

28.3 RENTAL GUARANTEES

POLAND

In connection with the sale of the Warsaw Spire in June 2017, rental guarantee agreements have been closed with the SPVs holding the A and C building for a period of 60 months.

In connection with the sale of two office projects in 2014 (Marynarska 12/T-Mobile Office Park and Lopuszanska Business Park), rental guarantee and master lease agreements have been closed for resp. the (at the time of the sale) not leased office and parking space. Rental guarantee agreements have a period of 60 months, master lease agreements have a 84 months period.

In this respect, a rental guarantee provision of 4,300 KEUR in total has been recognized in the consolidated financial statements at 31/12/17 (vs. 2,000 KEUR at 31/12/2016).

BELGIUM

In connection with the sale of the L-Park project in 2014 to AXA Belgium, a master lease agreement has been closed for the (at the time of the sale) not leased office space. The master lease agreement has a period of 9 years.
In connection with the sale of the Retail Leuven project in June 2017 to a third party investor, a master lease agreement has been closed for the not leased space. The master lease agreement has a period of 2 years.

In this respect, a (total) rental guarantee provision of 250 KEUR has been recognized in the consolidated financial statements at 31/12/17.

29. RELATED PARTY TRANSACTIONS

The Investment Holding is together with the Development Holding and the Portfolio Holding – related parties – under common control of the ultimate beneficial owners, Mr. & Mrs. Gheysens.

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

29.1. RELATIONSHIPS WITH THE DIRECTORS AND MANAGEMENT

For the year ending 31 December 2017, the Consortium (of which the Group is part) paid a total amount of approx. 10,000 KEUR (vs. 10,000 KEUR last year) to the members of the board and management committee. This amount includes management service fees charged by the Management Committee members to the legal entities included in the scope of these consolidated financial statements.

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

29.2. TRADING TRANSACTIONS: PURCHASE OF CONSTRUCTION, ENGINEERING AND OTHER RELATED SERVICES FROM RELATED PARTIES

CONSTRUCTION AND DEVELOPMENT SERVICES

The Investment Holding has entered into property development and construction contracts with property development and construction companies ("Contractors") – the indirect subsidiaries of the Development Holding:

- Ghelamco Belgium with its registered office in Ypres;
- Ghelamco Poland with its registered office in Warsaw;
- Ghelamco Russia with its registered office in Moscow and
- Ghelamco Ukraine with its registered office in Kiev.

Each of these entities provide services to the real estate companies of the Investment Holding in their respective geographical areas, in accordance with the terms of the property development contracts, including but not limited to:

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

Doornstraat, Kortrijk

- maintaining insurance in relation to the construction works throughout the entire construction period.

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

Construction service providers (including Contractors) in Belgium, Poland and other countries have a legal obligation to bear repair costs of any construction defects that become apparent within a warranty period after the construction is completed. The Contractors have an obligation to remedy all structural construction defects that become apparent during the statutory warranty period of 10 years in Belgium and Ukraine and 5 years in Poland and Russia.

The price for the construction and other related services is the fixed price agreed at the inception of the contract. The payments are executed based on the invoices issued on a bi-weekly to monthly basis. With regards to completed and handed-over works, the parties sign a works protocol every fortnight to month after approval by an independent project monitor appointed by the external financial party. The prices for the services reflect normal commercial terms and conditions in each territory, with average margins of around 10% to 20%.

ENGINEERING AND ARCHITECTURAL DESIGN SERVICES

APEC Architectural Engineering Projects Limited (a limited liability company registered under the laws of Ireland) and Safe Invest Sp. z o.o (a limited liability company registered under the laws of Poland), both direct and indirect legal subsidiaries of the Developm ent Holding) coordinate engineering and architectural design services provided to the Investment Holding in accordance with terms of the respective contracts. Purchases of services from Apec Ltd and Safe Invest Sp. z o.o comprise a significant part of all engineering, architectural design and other related services acquired by the Investment Holding. These services include:

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

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

29.3. ACQUISITIONS AND DISPOSALS OF SHARES AND OTHER RELATED PARTY TRANSACTIONS

2017

On 29 June 2017, the Warsaw Spire project was sold to Ghelamco European Property Fund NV at a transaction value of 540 MEUR in total. For this purpose, Granbero Holdings Ltd entered into an agreement with Ghelamco European Property Fund NV to sell 100% of the shares in Stareti Holdings Ltd (in turn parent company of the SPVs holding the (3 parts of the) Warsaw Spire project).

In the course of 2017 (100% of) the shares of Milovat Ltd (empty shelf company) have been acquired by the Company for an amount of 1 KEUR. As of end November 2017, the capital of Milovat Ltd has been increased through contribution in kind by Granbero Capital SA (Luxemburg branch of Granbero Ltd) of its portfolio of intercompany loans receivables (and related outstanding interest receivables) by an amount of 480 MEUR. Subsequently, Granbero Capital SA has been closed, resulting in the fact that Granbero Capital's participation in Milovat has been allocated to the Company and that from 30 November 2017 onwards the former (interco) financing activities of Granbero Capital SA have been taken over by Milovat Ltd.

Also in 2017, the Cromme Bosch site (high-end residential site in Knokke-Zoute) has been sold to Deus Comm. VA, for a total amount of 12,310 KEUR; an at arm's length transaction closed in the normal course of business. In addition, there has been a purchase price adjustment on the sale of the Dacar site to Ghelamco European Property Fund NV for an amount of 4,935 KEUR.

For the remainder, no other significant transactions with related parties took place in 2017.

2016

Except for:

- the acquisition of the remaining 60% of Apollo shares through contribution in kind by Elzenwalle and the restructuring transactions as described in section 4.1 of this report,
- the liquidations of Expert Invest and Industrial Invest and the merger of ACG1 Sp. z o.o. into Tilia SKA as described in section 4.3 of this report,
- the disposal of the projects on the Dacar site in Ghent, which have been sold to Ghelamco European Property Fund. The share price was based on the underlying fair values of the resp. real estate projects as of 31 December 2016 (i.e. 124.3 MEUR in total),

there were no other share transactions or other significant transactions with related parties in 2016.

OTHER

The excess cash balances generated by the Investment Holding's real estate investing activities can, besides being reinvested in the entities belonging to the Investment Holding, to an extent and within the requirements of the terms and conditions of the recent bond issues, also be invested/deposited in entities belonging to the Development Holding and Portfolio Holding in form of short and long-term loans. These loans are granted at the arm's length conditions.

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

	31/12/2017	31/12/2016
Purchases of construction, engineering and architectural design:	-129,596	-106,140
related party trade receivable	5,060	6,850
related party trade accounts payable	-19,465	-7,193
related party non-current loans receivable	220,374	40,912
related party interests receivable	33,783	21,455
related party C/A receivable	111,888	107,717
related party non-current other receivable	-	2
related party non-current loans payable	-3,094	-998
related party interests payable	-1,775	-1,619
related party C/A payable	-5,376	-4,030

Current year's increased related party purchases (and related party payables) mainly relate to construction works on the projects under development.
With respect to the increased related party C/A receivable, further reference is made to note 11.1.

30. EVENTS AFTER BALANCE SHEET DATE

Reference is made to the Eurostadium note in section 10 of this report.
For the remainder, no significant events are to be mentioned.

Consolidated Financial Statements at 31 December 2017 (in KEUR) GHELAMCO GROUP 133

31.
AUDITOR'S
REPORT

Deloitte.

Ghelamco Group Comm. VA

Statutory auditor's report to the shareholders' meeting for the year ended 31 December 2017 – Consolidated financial statements

Statutory auditor's report to the shareholders' meeting of Ghelamco Group Comm. VA for the year ended 31 December 2017 – Consolidated financial statements.

In the context of the statutory audit of the consolidated financial statements of Ghelamco Group Comm. VA ("the company") and its subsidiaries (jointly "the group"), we hereby submit our statutory audit report to you. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These reports are one and indivisible.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 28 June 2017, in accordance with the proposal of the board of directors. Our mandate will expire on the date of the shareholders' meeting approving the consolidated financial statements for the year ending 31 December 2019. We have performed the statutory audit of the consolidated financial statements of Ghelamco Group Comm. VA for 10 subsequent years.

Report on the audit of the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the group, which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated statement of financial position shows total assets of 1 791 808 (000) EUR and the consolidated income statement shows a consolidated net profit (part of the group) for the year then ended of 22 058 (000) EUR.

In our opinion, the consolidated financial statements of Ghelamco Group Comm. VA give a true and fair view of the group's net equity and financial position as of 31 December 2017 and of its consolidated results and its consolidated cash flow for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the consolidated financial statements" section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

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

Emphasis of matter

Without modifying the unqualified opinion expressed above, we draw your attention to note 10 of the financial statements which describes the uncertainty regarding the realization of the Eurostadium and/or the recoverability of the related capitalized amounts.

Responsibilities of the board of directors for the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements the board of directors is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the group or to cease operations, or has no other realistic alternative but to do so.

Responsibilities of the statutory auditor for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*

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Report on other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements.

Responsibilities of the statutory auditor

As part of our mandate and in accordance with the Belgian standard complementary (Revised in 2018) to the International Standards on Auditing (ISA), our responsibility is to verify, in all material respects, the director's report on the consolidated financial statements, as well as to report on this matter.

Aspects regarding the directors' report on the consolidated financial statements

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for the period ended 31 December 2017 and it has been established in accordance with the requirements of article 119 of the Companies Code.

In the context of our statutory audit of the consolidated financial statements we are also responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the consolidated financial statements is free of material misstatement, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such material misstatement. We do not express and will not express any kind of assurance on the directors' report on the consolidated financial statements.

Statements regarding independence

- No prohibited non-audit services, as referred to by the law, have been performed and our audit firm and, if applicable, our network of audit firms, remained independent from the company during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit of the consolidated financial statements, as defined in article 134 of the Companies Code, will be disclosed and disaggregated in the notes to the consolidated financial statements of the consortium Ghelamco Group Comm. VA.

Zaventem, 30 March 2018

The statutory auditor

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

Annex 2.3 The IFRS condensed consolidated financial statements of the Guarantor for the half year ended 30 June 2019, together with the limited review report

Ghelamco Group Comm. VA
Half year results 30.06.2019

Commercial successes and chrystallizing development efforts resulting in excellent results and sound balance sheet structure

- **Net profit for the period of 64,637 KEUR (vs. 18,377 KEUR as per 30.06.18)**
- **Solvency ratio of 41.4% (40.1% as per 31.12.18)**
- **Sale of the .BIG project in Krakow (approx. 10,200 sqm office space and 141 underground parking spaces) to Crédit Suisse in January 2019 for a gross transaction value of 32.9 MEUR**
- **Sale of the Wronia project in close vincity of Plac Europejski Square in Warsaw (approx. 16,000 sqm office space) in April 2019 to LaSalle Investment Management for a gross transaction value of 74.0 MEUR**
- **Well advanced progress in construction works on the Warsaw HUB (117,000 sqm leasable space comprising 3 towers on a podium with retail function in Warsaw CBD), the residential Foksal project (55 high-end apartments in Warsaw) and the Warsaw UNIT (59,000 sqm office space in the Warsaw CBD)**
- **Continued commercialisation efforts resulting in increased lease rates for the Warsaw HUB project (approx. 65.000 sqm pre-leased, taking into account extension options signed) and the Warsaw UNIT project (approx. 20,600 sqm pre-leased, taking into account extension options signed)**
- **Sale of the Link project in Antwerp (27,000 sqm office space and approx. 540 underground parking spaces, divided over 2 buildings) to Baloise in February 2019, for a gross transaction value of 89.3 MEUR.**
- **Signing of a (23,000 sqm + 700 parking spaces) 15-year lease contract with PwC in January 2019 in the Focus project to be raised at the Culliganlaan in Diegem**
- **Signing of a (+ 37,000 sqm + 141 parking spaces) 18-year lease contract with the Brussels Region on 16 May 2019 in the Silver Tower project in Brussels**
- **Start of the construction works in the residential Senzafine project in Kortrijk; while per date of the current report approx. 57% of the available apartements have been (pre-)sold or reserved.**

Preliminary remark

Ghelamco (Consortium)'s business activities are structured in four major holdings under common control of the ultimate shareholders (jointly referred to as "Ghelamco"):

- Investment Holding: comprises resources invested in the development of real estate projects in Belgium, Poland, Russia and the intra-group Financing Vehicles – referred to as "Investment Group" or the "Group";
- Development Holding: represents international entities that provide construction, engineering and development services to the Investment Group;
- Portfolio Holding: consists of all other activities and real estate investments controlled by the ultimate shareholders.
- Ghelamco European Property Fund: comprises since 2016 the real estate projects kept as income generating products for a longer time.

Ghelamco Group Comm. VA (the "Group") is the holding company of the Investment Group that, together with its direct and indirect legal subsidiaries, constitute the reporting entity for the purpose of these interim condensed financial statements.

Summary

The Group closed its 2019 half-year accounts with a net profit of 64,637 KEUR, after continued investment and commercialisation efforts. The Group has in the current period considerably invested in a number of existing projects and was able to create considerable added value on its current projects portfolio. But furthermore, the Group was successful in the disposal of several of its delivered projects (.BIG in Krakow, Wronia in Warsaw, The Link in Antwerp) to third party investors in the first half year of 2019. This is reflected in a balance sheet total of 1,999,264 KEUR and an increased equity of 828,383 KEUR. The solvency ratio is per 30 June 2019 at 41.4%[1].

In Poland, the investing activities have during the first half of 2019 mainly been focused on:

- The continued construction of the Warsaw HUB project at Rondo Daszynskiego, comprising 3 towers on a podium with retail function of approx. 117,000 sqm in Warsaw CBD. The completion and delivery is expected by mid 2020.
- The continuation of the construction works of the Warsaw UNIT (formerly named Spinnaker), 59,000 sqm offices project at Rondo Daszynskiego in Warsaw. The project is expected to be completed and delivered in Q3 2021.
- The progressed construction works of the Foksal project, including the renovation of the historic buildings, located in the historic heart of Warsaw. Currently, the construction works of the underground park and the above-ground part of the building have been completed. The project comprises the realisation of 55 high-class apartments (approx. 6,424 sqm in total) and commercial space of approx. 595 sqm. Per date of the current report, approx. 44% of available sqms have already been pre-sold.
- Receipt of the building permit and start of the construction works of the Flisac project (5,700 sqm of residential space and approx. 980 sqm of retail space on the ground floor, including two-storey underground parking) in the Powisle district in Warsaw. Per date of the current report, approx. 52% of available sqms have been already pre-sold.
- Acquisition of a land plot at Wadowicka Street in Krakow for the development of a 24,100 sqm office project (with retail functions on the ground floor and 325 parking spaces). The building permit has been received in January 2019 and commencement of the construction works is expected for Q4 2019.

[1] Calculated as follows: equity / total assets

Continued leasing efforts have resulted in a lease rate of over 94% for the delivered Woloska 24 project located in the Mokotow district of Warsaw and a lease rate of approx. 96% in the Vogla retail project.

For the Warsaw HUB, the Company is in advance negotiations with potential tenants for still available commercial and office spaces. Currently lease agreements have been signed for approx. 67,800 sqm (taking into account extension options signed, the level of rented space is approx. 72,400 sqm). Furthermore, the commercialisation process resulted in the signing of lease agreements for already 17,500 sqm in the Warsaw UNIT (and taking into account extension options signed, the lease level is approx. 20,600 sqm).
Regarding divestures, the Company has succesfully sold two of its delivered and leased projects in the first half of 2019:

- The .BIG project (10,200 sqm office space in Krakow) was sold as per January 17th to a third party investor Credit Suisse. The sale was structured as an enterprise deal (sale of assets plus linked obligation for the buyer), based on a transaction value of 32.9 MEUR and a yield of 5.59%. At the moment of the sale the related construction loan was repaid for an amount of 16.6 MEUR;
- The Wronia project (16,600 sqm office space in Warsaw CBD) was sold as per end of April 2019 to a third party investor. The sharedeal was based on a transaction value of 74 MEUR. At the moment of the sale the related construction loan was repaid for an amount of 40.7 MEUR.

In Belgium, the Company has over the past years intensified its project development activities (with currently over 40 projects in portfolio). As a consequence, a significant number of Belgian projects have been delivered, commercialised and sold in the course of the last years.

In February 2019, the 'The Link' project in Antwerp (27,000 sqm leasable office space and approx. 540 underground parking spaces, divided over 2 buildings) has been sold to Baloise for a total sales value (acte en main) of 89.3 MEUR. The transaction has been realized at a new prime yield for office investments in Flanders of 5.2% and resulted in the realization of previously recognized fair value adjustments of +/- 24 MEUR.

In the course of the first half year of 2019 the company also succeeded in the signing of two significant, mile-stone leasing contracts. In January a (23,000 sqm + 700 parking spaces) 15-year lease contract has been signed with PwC for the Focus project (offering +/- 30,000 sqm leasable office space in total) at the Culliganlaan in Diegem. The building permit has been received end of July. Per date of the current report, the construction works have been kicked off with an expected delivery date of end of April 2021. PwC is expected to actually move into its new premises end of 2021.

On 16 May 2019 a (+ 37,000 sqm + 141 parking spaces) 18-year lease contract has been signed with the Brussels Region for the Silver Tower project (offering +/- 43,900 sqm leasable office space in total) at the Boulevard St. Lazare in Brussels. The concrete structure construction works have per date of the current report well advanced, considering the expected delivery date of end of October 2020, which is also the inception date of the lease contract.

Construction works of the new Senzafine project in Kortrijk – offering 86 luxurious apartments and 108 parking spaces – have started and per mid-year the underground structure was being finalized. Delivery is expected by end of August 2020, while per date of the current report, approx. 57% of the available apartments have been pre-sold (as well as approx. 50% of the parking spaces).

Also the construction works of the prestigious Edition Zoute project in Knokke – offering 49 serviced boutique apartments and 32 parking spaces, combined with some commercial functions on the ground floor – have started. Per mid-year the underground structure was finalized and delivery of the project is expected by end

2020. Per date of the current report already approx. 10% of the apartments have been reserved (as well as part of the available commercial units).

Key figures

Results	**30/06/2019**	**30/06/2018**
Operating result	89,836	43,327
Profit for the period	64,637	18,377
Share of the group in the profit for the period	64,685	17,808
Balance sheet	**30/06/2019**	**31/12/2018**
Total assets	1,999,264	1,901,918
Cash and cash equivalents	71,218	59,072
Net financial debt (-)[2]	944,605	926,116
Total equity	828,383	763,227

Revenue for the first semester of 2019 amounts to 27,094 KEUR and relates to rental income (12,688 KEUR) and sales of (residential) projects (13,765 KEUR).

The investment property (under construction) portfolio evolved from 1,034,988 KEUR per end 2018 to 1,163,722 KEUR per end of June 2019; evolution which is the combined result of current period's expenditures (87,161 KEUR), disposals (-69,784 KEUR), fair value adjustments (84,915 KEUR), currency translation impact (3,968 KEUR) and the impact of the first time adoption of IFRS 16 "Leases" for an amount of 22,474 KEUR. The current period's net favorable fair value adjustment is mainly the consequence of the Group's sustained investment and leasing efforts, in combination with market evolution (in terms of yields and rent levels).

The operating result for the first half-year of 2019 totals to 89,836 KEUR; net profit for the period closes with 64,637 KEUR.

Property development inventories balance increased by 9,676 KEUR to 258,715 KEUR; evolution which is mainly the combined effect of :

- Further expenditures on Belgian (residential) projects: mainly connected with the construction of the Edition and Spectrum projects in Brussels and the Senzafine project in Kortrijk;
- The sale of some Belgian residential projects: mainly units in the Tribeca project in Ghent and invoicing of installments under the Breyne legislation in the Edition, Spectrum and Senzafine projects;
- The progressed construction of apartments in the Foksal project in Warsaw (55 high-class apartments of which 39% is (pre-) sold per mid 2019);
- The commencement of the construction works of the Flisac residential project in Warsaw;
- The first time adoption of IFRS 16 "Leases" (for an amount of 3,179 KEUR).

During the period the Group was able to obtain new bank borrowings and withdraw on existing credit facilities for a total amount of 102.4 MEUR. On the other hand, reimbursements and refinancings have been done for an amount of 127.8 MEUR, bringing the total outstanding amount of bank borrowings to 474.4 MEUR (i.e. a net decrease by 25.0 MEUR compared to the outstanding balance of 499.4 MEUR at year-end 2018). Also considering the outstanding bonds (214.9 MEUR net outstanding private and public bonds in Poland and 281.0 MEUR net

[2] Calculated as follows: Non current liabilities: Interest-bearing loans and borrowings + Current liabilities: Interest-bearing loans and liabilities - Cash and cash equivalents

outstanding private and public bonds in Belgium), the first time adoption of IFRS 16 impact on the outstanding lease liabilities for an amount of 25.7 MEUR and some other loans (19.9 MEUR), leverage[3] amounts to 50.8%.

Overview by country

Belgium

In Belgium the Group's main development activities during the first half of 2019 related to:
- Start of the construction works in the Senzafine project (86 high-end apartments in Kortrijk);
- Start of the construction works in the Edition Zoute project (49 serviced boutique apartments in Knokke);
- Continuation of construction works (which were started in Q4 2018) in the Silver Tower office project in Brussels and signing of a long-term lease contract with the Brussels region;
- Continuation of the construction works in the Brussels Spectrum (Avenue Bischoffsheim) projects. Construction progress is per date of the current report above 85%; and
- Signing of a long-term lease contract with PwC in the Focus project; submitting of the building permit in March and obtaining of the building permit end of July 2019.

As to divestures and/or revenues:
- In February 2019 the 'The Link' project in Antwerp has been sold to Baloise for a total sales value (asset deal, "acte en main") of 89,250 KEUR. The deal resulted in the realization of previously recognized fair value adjustments of +/- 24 MEUR. At the moment of sale, the related bank financing has been reimbursed for an amount of 55 MEUR;
- In the course of the first half year of 2019 also 4 commercial units in the Tribeca project in Ghent have been sold to third-party investors. Total sales value amounted to 1,300 KEUR; and
- Current period's residential revenues mainly related to the sale of the remaining units in the Tribeca project at the Nieuwevaart in Ghent and installment invoicing (under the Breyne legislation) connected to the sale of apartments in the Edition and Spectrum projects in Brussels and the in the new high-end Senzafine project in Kortrijk.

Poland

In Poland, the Company in first instance maintained its existing land bank, except for the acquisition of a plot in Krakow at Wadowicka street for the development of a 24,100 sqm office (and 325 parking spaces) project.

As stated, the Company further invested in the construction of mainly the Warsaw HUB project, for which construction works were kicked off end 2016. The construction status at 30 June 2019: construction works of the overground part of the buildings, including installation of the façade, are being carried out. Lease agreements have already been signed for approx. 60,900 sqm. The delivery of the project is expected by mid 2020.

Additionally, the Warsaw UNIT project construction works were continued as planned and in view of the delivery by Q3 2021.

Furthermore the construction works of the Foksal high-end residential project in Warsaw are well advanced. The underground car park and the above ground part of the building have been completed, while renovation works of the historic buildings will start shortly.

And also the construction of the residential Flisac project in the Warsaw Powisle district has been started.

[3] Calculated as follows: interest-bearing loans and borrowings/ total assets

As to (pre-)leasing and occupation of projects:

- The delivered Woloska 24 office project located in the Warsaw Mokotow District (+/- 23,200 sqm) has been leased for over 94%; while the lease rate of the delivered Plac Vogla retail project is at approx. 96%;
- In the Warsaw HUB project, in addition to the hotel contract signed in October 2017, lease agreements with a fitness club operator, agreements for a co-working space, office space, cafetaria and restaurant have been signed in the course of 2018 and 2019 and negotations with potential tenants of commercial and office sections are currently pending. In total, lease agreements were signed for approx. 60,900 sqm (and taking into account extension options signed, the level of rented space is approx. 64,800 sqm); and
- In the Warsaw UNIT project at Rondo Daszynskiego in Warsaw, a lease agreement has already been signed with an anchor tenant for 17,500 sqm (or 20,600 sqm taking into account extension options signed).

As to divestures and/or revenues:

- Current period's (residential) revenues mainly related to rental income (from mainly Wronia and Woloska 24);
- In January 2019 the .BIG office project in Krakow has been sold to Credit Suisse, as an asset deal and based on a transaction value of 32.9 MEUR; and
- In April 2019 the Wronia office project in Warsaw CBD has been sold to LaSalle, as a share deal and based on transaction value of 74 MEUR.

Russia

In Russia, the first (building A, approx. 60,000 sqm) and second phase (building B, approx. 76,000 sqm) of the Dmitrov Logistics Park – class A warehouse complex of four buildings totalling approx. 243,000 sqm of lettable area (including ancillary office accomodations) in the northern part of the Moscow Region – have in the past years been delivered and are currently leased for resp. 87% and 90%. The occupation permit of building C1 (20,000 sqm) has been received early 2017 and building C2 and C3 (26,000 sqm) have been delivered in September 2017. The C buildings are currently leased for approx. 78%. Construction works for the first (8,250 sqm) part of building D were started end 2018.

The political and economic situation and its effects on markets and (warehouse) tenant activity is further closely monitored. In Russia, the yields remained quite stable, the RUB has however recovered to an extent, while the market rental levels for (refrigerated) warehousing are however still under pressure.

Ukraine

In Ukraine, the delivered and operational Kopylov Logistics Park (+/- 30,000 sqm warehousing in the Makariv District of the Kyiv Region) was sold to a third party in the course of 2017. In the first half of 2019 the (shares of the companies indirectly holding the) 2 remaining plots in the same region have been sold to International Real Estate Services Comm. VA, related party and Service Holding of the Ghelamco Consortium. This sales transaction resulted in a gain on disposal of 3.8 MEUR.

Outlook

It is the Group's strategy to further diversify its development portfolio in the countries where it is currently active by spreading its developments over different real estate segments.
For the second half of 2019, the Group will continue its sustained growth. In addition, it will closely monitor specific evolutions in its active markets and real estate segments and is currently securing some important positions for sizable new projects. Considering its sound financial structure and the expected further market evolutions (in terms of tenant activity and evolution in yields), the Group is confident to achieve this growth and its goals for 2019 in general.

Risks

Due to its activities, the Group is exposed to a variety of financial and operational risks: including exchange rate risk, interest rate risk, price risk, credit risk and liquidity risk. Financial risks relate to the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables and borrowings.

These risks, which are described in detail in the Ghelamco Group Comm. VA Consolidated IFRS Financial Statements at 31 December 2018, remain applicable for 2019 and are closely managed and monitored by the Group's management. As from 2015 the Group insured its capital risk on Russia, against expropriation and/or nationalisation.

Declaration in accordance with Art. 13 of the Belgian Royal Decree of 14 November 2007

The Management, acting in the name of and on behalf of GHELAMCO GROUP CVA, attest that to the best of their knowledge,

- the interim condensed financial statements are prepared in accordance with applicable accounting standards and give, in all material respect, a true and fair view of the consolidated assets and liabilities, financial position and consolidated results of the Group and of its subsidiaries included in the consolidation for the six month period;
- the interim financial management report, in all material respect, gives a true and fair view of all important events and significant transactions with related parties that have occurred in the first six month period and their effects on the interim financial statements, as well as an overview of the most significant risks and uncertainties we are confronted with for the remaining six months of the financial year.

Paul Gheysens
CEO & Managing Director
Ieper
24/09/2019

Philippe Pannier
CFO
Ieper
24/09/2019

About Ghelamco

Ghelamco Group is a leading European real estate investor and developer active in the offices, residential, retail and logistics markets. It maintains a high quality internal control with respect for agreed milestones over all its project development phases: land purchase, planning, coordinating the construction phase and sale or lease. Its projects combine prime and strategic locations with efficient and aesthetically inspiring designs and correct timing. Its successes on the Belgian, French, Polish and Russian markets are generated by the group's professional and enthusiastic staff that is driven by the vision and passion of its management.

Condensed consolidated statement of profit or loss (in KEUR)

	Note	30/06/2019	30/06/2018
Revenue	7	27,094	39,321
Other operating income	8	10,510	7,216
Cost of Property Development Inventories		-11,389	-18,047
Employee benefit expense		-754	-578
Depreciation amortisation and impairment charges		-569	-447
Gains from revaluation of Investment Property	4	84,915	38,771
Other operating expense	8	-20,016	-22,870
Share of results of equity accounted investees		45	-39
Operating profit		**89,836**	**43,327**
Finance income	9	8,239	6,956
Finance costs	9	-19,610	-19,777
Profit before income tax		**78,465**	**30,506**
Income tax expense	10	-13,828	-12,129
Profit for the period		**64,637**	**18,377**
Attributable to			
Owners of the Company		64,685	17,808
Non-controlling interests		-48	569

Condensed consolidated statement of profit or loss and other comprehensive income (in KEUR)

	30/06/2019	30/06/2018
Profit for the period	64,637	18,377
Exchange differences on translating foreign operations	1,755	4,117
Other		-27
Other comprehensive income of the period	1,755	4,090
Total Comprehensive income for the period	**66,392**	**22,467**
Attributable to		
Owners of the Company	66,440	21,898
Non-controlling interests	-48	569

GHELAMCO

Condensed consolidated statement of financial position (in KEUR)

	Note	30/06/2019	31/12/2018
ASSETS			
Non-current assets			
Investment Property	4	1,163,722	1,034,988
Property, plant and equipment		625	515
Intangible assets		3,929	3,651
Equity accounted investees	5	14,529	14,485
Receivables and prepayments		243,702	236,239
Deferred tax assets		12,923	10,997
Other financial assets	11	4,003	3,961
Restricted cash		0	0
		1,443,433	**1,304,836**
Current assets			
Property Development Inventories	3	258,715	249,039
Trade and other receivables	11	201,085	162,073
Current tax assets		238	31
Derivatives		0	0
Assets classified as held for sale	4	24,575	126,867
Restricted cash		0	0
Cash and cash equivalents	11	71,218	59,072
Total current assets		**555,831**	**597,082**
TOTAL ASSETS		**1,999,264**	**1,901,918**

Condensed consolidated statement of financial position (in KEUR) (cont'd)

	Note	30/06/2019	31/12/2018
EQUITY AND LIABILITIES			
Capital and reserves attributable to the Group's equity holders			
Share capital		28,194	28,194
Cumulative Translation Reserve		4,504	2,749
Retained earnings		787,787	724,329
		820,485	755,272
Non-controlling interests		7,898	7,955
TOTAL EQUITY		**828,383**	**763,227**
Non-current liabilities			
Interest-bearing loans and borrowings	6	778,674	750,274
Deferred tax liabilities	11	52,621	46,617
Other non-current liabilities		2,419	7,029
Long-term provisions		0	0
Total non-current liabilities		**833,714**	**803,919**
Current liabilities			
Trade and other payables	11	88,419	93,802
Current tax liabilities		11,599	6,056
Interest-bearing loans and borrowings	6	237,149	234,914
Short-term provisions		0	0
Total current liabilities		**337,167**	**334,772**
Total liabilities		**1,170,881**	**1,138,691**
TOTAL EQUITY AND LIABILITIES		**1,999,264**	**1,901,918**

GHELAMCO

Condensed consolidated cash flow statement (in KEUR)

	Note	30/06/2019	30/06/2018
Cash flow from operating activities			
Result of the year before income tax		**78,465**	**30,506**
Adjustments for:			
- Share of results of associates		-45	39
- Change in fair value of investment property	4	-84,915	-38,771
- Depreciation, amortization and impairment charges		569	447
- Result on disposal investment property	8	-7,765	647
- Change in provisions		0	0
- Net finance costs	9	4,999	6,674
- Movements in working capital:			
- change in inventory		-6,497	4,867
- change in trade & other receivables		-30,523	53,187
- change in trade & other payables		-3,566	-50,439
- change in fair value of derivatives			0
- Movement in other non-current liabilities		-4,610	4,084
- Other non-cash items		-299	-121
Income tax paid	10	-4,413	588
Interest paid	9	-5,732	-8,894
Net cash from operating activities		**-64,332**	**2,814**
Cash flow from investing activities			
Interest received	9	-1,553	3,690
Purchase of property, plant & equipment		-957	-240
Purchase of investment property	4	-88,841	-67,757
Capitalized interest in investment property	4	-11,043	-7,481
Proceeds from disposal of investment property/ AHS	4	183,849	14,466
Net cash outflow on acquisition of subsidiaries		0	1,689
Cash in/outflow on other non-current financial assets		-7,505	-8,009
Net cash inflow/outflow on scope changes		-1,155	
Movement in restricted cash accounts		0	0
Net cash flow used in investing activities		**72,795**	**-63,642**
Financing Activities			
Proceeds from borrowings	6	164,272	70,000
Repayment of borrowings	6	-159,289	-55,876

Exch. rate impact on Po bonds			-9,862
Net cash inflow from / (used in) financing activities		**4,983**	**4,262**
Net increase in cash and cash equivalents		**13,446**	**-56,566**
Cash and cash equivalents at 1 January		**59,072**	**129,526**
Effects of exch. rate changes in non-EUR countries		-1,300	7,200
Cash and cash equivalents at the end of the period		**71,218**	**80,160**

Condensed consolidated statement of changes in equity (in KEUR)

	Attributable to the owners of the Company			Non-controlling interests	Total equity
	Share capital	Cumulative translation reserve	Retained earnings		
Balance at 1 January 2018	**28,194**	**7,147**	**687,402**	**6,746**	**729,489**
Foreign currency translation (CTA)		4,117			**4,117**
Profit/(loss) for the period			17,808	569	**18,377**
Dividend distribution					**0**
Change in non-controlling interests					**0**
Change in the consolidation scope				5	**5**
Other			-27		**-27**
Balance at 30 June 2018	**28,194**	**11,264**	**705,183**	**7,320**	**751,961**
Balance at 1 January 2019	**28,194**	**2,749**	**724,329**	**7,955**	**763,227**
Foreign currency translation (CTA)		1,755			**1,755**
Profit/(loss) for the period			64,685	-48	**64,637**
Dividend distribution					**0**
Change in non-controlling interests					**0**
Change in the consolidation scope			-1,227	-9	**-1,236**
Other					**0**
Balance at 30 June 2019	**28,194**	**4,504**	**787,787**	**7,898**	**828,383**

Notes to the condensed consolidated interim financial statements at 30 June 2019

1. Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2018 ('last annual financial statements'). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The condensed consolidated financial statements for the 6-months period ended June 30, 2019, were approved by the Manager on 25 September 2019.

The Company has adopted all new and revised standards and interpretations relevant for its activities and which became applicable for the financial year starting 1 January 2019. The following new IFRS standard has been implemented since 1 January 2019:

IFRS 16 "Leases"
This standard has been published on 13 January 2016 and replaces existing prescriptions related to the accounting treatment of lease contracts, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the substance of transaction involving the legal form of a lease. This standard is applicable on or as from 1st January 2019.

IFRS 16 introduces significant changes in accounting for leases for the lessee, removing the distinction between operating and finance leases and recognising Right-of-Use assets and lease liabilities for all leases (aside from exemptions for short-term leases or low-value assets). Unlike accounting for leases by the lessee, IFRS 16 keeps almost all provisions from IAS 17 Leases regarding accounting for leases by the lessor. This means that lessors must continue to classify leases as operating or finance leases. As the Company is mainly property owner en thus acting as a lessor, no changes are triggered and the Company will continue to value its investment property portfolio at fair value in accordance with IAS 40.

Still, in Poland and Russia, the Company holds significant part of its land positions through long-term leaseholds (i.e. 'perpetual usufructs') and not full property. In the past, these lease contracts were classified as operating or finance leases based on the criteria defined by IAS 17 Leases. As a result of the adoption of IFRS 16, the Company has recognized a right-of-use asset and a lease liability for all qualifying contracts; except for low value contracts/assets.

All right-of-use assets complying with the definition of Investment property will be presented as Investment property. The other right-of-use assets will be presented in the most appropriate caption, taking into account the nature of the assets on which the right-of-use has been granted. The right-of-use assets presented as Investment property are recognized at fair value (while those were previously recorded at cost according to IAS 17). The lease liabilities are initially recognized at their discounted value and will going forward be updated, considering the incremental interest rate on the one hand and the actual lease payments on the other hand.

The Company has adopted IFRS 16 as from 1st January 2019 and applied the 'modified retrospective' approach. The comparative figures (and the opening equity) have not been adapted.

The impact of the adoption of IFRS 16 on the statement of profit or loss and on the statement of financial position is as follows. The impact on the 2019 statement of profit or loss is limited.

Roll forward Right of use asset IFRS 16					
	Investment Property			Prop. Dev. Inventories	**Total Right of Use Asset**
Country	Poland	Russia	**Total**	Poland	
31/12/2018	**0**	**0**	**0**	**0**	**0**
Initial recognition	20,169	2,478	22,647	3,166	**25,813**
1/01/2019	**20,169**	**2,478**	**22,647**	**3,166**	**25,813**
Addition (new)	69	0	69	0	**69**
Revaluation	-239	-3	-242	13	**-229**
30/06/2019	**19,999**	**2,475**	**22,474**	**3,179**	**25,653**

Roll forward lease liability IFRS 16							
	Non-current lease liability			Current lease liability			**Total lease liability**
	Poland	Russia	**Total**	Poland	Russia	**Total**	
31/12/2018	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Initial recognition	21,776	2,210	23,986	1,559	268	1,827	**25,813**
1/01/2019	**21,776**	**2,210**	**23,986**	**1,559**	**268**	**1,827**	**25,813**
Addition (new)	64	0	64	5	0	5	**69**
Payment 1st semester 2019	0	0	0	-1,082	-145	-1,227	**-1,227**
Interest charges on lease liabilities (*)	855	142	997	0	0	0	**997**
Classification non-curr. to curr. lease liabilities	-1,641	-268	-1,909	1,641	268	1,909	**0**
30/06/2019	**21,054**	**2,084**	**23,138**	**2,123**	**391**	**2,514**	**25,652**

(*): included in other finance costs. Reference is made to note 8 Finance income and finance costs below.

2. Significant accounting policies

The condensed consolidated interim financial statements are prepared on a historic cost basis, with the exception of investment property (under construction) and derivative financials instruments, which are stated at fair value.

All figures are in thousands of EUR (KEUR), unless stated otherwise.

The accounting policies adopted are consistent with those followed for the preparation of the Group's consolidated financial statements for the year ended 31 December 2018 and the new interpretations and standards that are applicable from 2019, to the extent applicable.

3. Property development inventories

Property development inventories contain mainly plots of land held for development of residential purposes and residential buildings either finished or still under construction.

	30/06/2019	31/12/2018
Property Development Inventories	258,663	248,982
Raw materials	48	53
Finished goods	4	4
	258,715	**249,039**

A large part of inventories of the Group are located in Belgium and Poland. All assets located in Russia are reported under Investment Properties as they are held for investment purposes.

	30/06/2019		31/12/2018	
Inventories – Poland	72,512	28%	62,058	25%
Inventories – Belgium	186,203	72%	186,978	75%
Inventories – Other countries	0		3	
	258,715	**100%**	**249,039**	**100%**

In Poland, the main movements were noted in the Woronicza Qbik balance (-115 KEUR to 981 KEUR) in line with current period's sales of remaining units, the Foksal balance (+5,240 KEUR to 31,643 KEUR) in connection with the progress of the construction works of this high-end residential project and the first time adoption of IFRS 16 (+ 3,179 KEUR). Regarding the first time adoption of IFRS 16, reference is also made to section 1 above.

In Belgium, the inventory mainly relates to:
- Residential projects at the Belgian coast (both finalized and under construction), mainly in Knokke and Oostduinkerke;
- The new Edition Zoute project (49 serviced boutique apartments with commercial functions on the ground floor, in Knokke); under construction;
- The new high-end Senzafine project in Kortrijk (86 high-end apartments); under construction;
- The last remaining, delivered units in the Tribeca project in Ghent (approx, 35,000 sqm mixed residential and retail space project on a 24,000 sqm former industrial site);
- Some plots in Courchevel for the development of (combined) residential/hotel projects; and
- Capitalized Eurostadium IP rights on the design, study costs and expenditures related to the acquired leasehold.

GHELAMCO

<u>Eurostadium Brussels</u>

The board of the directors of Ghelamco Invest NV confirms its statement mentioned in the Consolidated Financial Statements as at December 31, 2018 (p. 59-60). Since that date the situation has not significantly changed, except for the fact that the Council of Permit Disputes has rejected the Company's appeal on 5 September 2019. As a matter of cautious governance the company has registered any additional costs related to the Eurostadium project in its P&L. As to the capitalised Eurostadium expenditures which still amount to 23.6 MEUR, the board of directors acknowledges that the current status of the file constitutes an uncertainty but remains of the opinion that the capitalized expenses will be recovered in the future either through a new permit request or, if necessary, a claim.

4. Investment property (under construction)

Balance at 31 December 2018	**1,034,988**
Acquisition of properties	226
Acquisition through business combinations	
Subsequent expenditure	86,935
Transfers	
- Assets classified as held for sale	
- Other transfers	
Adjustment to fair value through P/L	84,915
Disposals	-69,784
Currency translation effect	3,968
other	22,474
Balance at 30 June 2019	**1,163,722**

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

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

Country + SPV	Commercial Name	Valuation	Cat	30/06/2019	31/12/2018
				KEUR	KEUR
BELGIUM					
Leisure Property Invest	Knocke Village	Man	B	60,708	59,000
Zeewind	Zeewind	Man	D	1,746	1,746
Ring Multi	Ghelamco Arena Multifunctional space	Cushman	D	22,775	22,675
Meetdistrict	Meetdistrict business center	Cushman	D	34,550	33,950
Ghelamco Invest	Zoute House	Man	C	25,189	24,101
Dianthus	Arval site	Man	C	7,733	6,000
Bischoffsheim Leasehold + Freehold	Spectrum	CBRE	C	80,578	62,464
DNF/Filature Retail	Filature/ Tribeca Retail	Man	D	4,675	5,500
Docora	Rafc Stands	Man	D	50,352	49,696
Silver Tower	Silver Tower	Belsq	C	63,372	47,257
Domein Culligan	Focus/ PwC Offices	JLL	B	39,764	9,500
POLAND					
Apollo Invest Spzoo	The Warsaw UNIT	JLL	C	77,620	69,719
Postępu SKA	Postępu Business Park	KNF	B	7,970	7,246
Sienna Towers SKA/ HUB SKA	The HUB	KNF	C	271,233	199,334
Sobieski SKA	Sobieski Tower	BNP	B	33,633	33,429
Market SKA	Mszczonow Logistics	ASB/Man	A	2,834	2,824
SBP SKA	Synergy Business Park Wroclaw	JLL	B	25,805	25,138
Grzybowska 77 Sp, K, + Isola SKA	Grzybowska	KNF	D/A	30,343	25,023
Wronia SKA	Wronia 31	KNF	D	0	64,386
Sigma SKA	Chopin + Stixx	KNF	B/D	43,618	41,896
Vogla SKA	Wilanow Retail	Savills	D/A	16,500	16,300
Dahlia SKA	Woloska 24	Cresa	D	56,420	56,222
Synergy SKA	Katowice	JLL	A	4,100	3,700
Azira SKA	NCL (Lodz)	Savills	C	26,172	21,419
Estima SKA	Kreo (Wadowicka Krakow)	Cresa	C	8,129	0
Right of use		Man	n/a	19,999	0
RUSSIA					
Bely Rast e,a,	Dmitrov Logistic Park	JLL	D/C	138,135	135,000
Ermolino	Logistic Park Ermolino	JLL	A	7,294	7,094
Right of use		Man		2,475	0
UKRAINE					
Urban Invest	Kopylov Logistics Park 2	UKR	n/a	0	772
Vision Invest	Warsaw Road Dev.	UKR	n/a	0	3,596
TOTAL :				**1,163,722**	**1,034,988**

Legend : Man = Management valuation, Belsq = Belsquare, CBRE = CBRE valuation report, Cushman = Cushman & Wakefield valuation report, KNF = Knight Frank, JLL = Jones Lang Lasalle, UKR = Ukrexprombud, ASB = Asbud, CRS = Colliers, BNP = BNP Paribas, Savills = Savills, Cresa = Cresa

The average yields used in the expert valuations (applying residual method) on 30 June are as follows:

- 3.60% to 8.65% for Belgian office projects, depending on the location, specifics and nature of the investment (vs. 4.25% to 8.65% per 31/12/2018);
- 5.47% to 6.35% for other Belgian (mainly retail) projects, depending on the specifics, nature and location of the investment (vs. 6.00% to 6.50% per 31/12/2018);
- 5.00% to 7.50% for the Polish projects depending on the specifics, nature and location of the developments (vs. 5.25% to 7.50% per 31/12/2018);
- 11.25% to 15.00% DCF discount rates and 10.50% on terminal value for Russian projects (vs. 11.25% to 15.00% and 10.50% per 31/12/2018).

The net increase in investment property (+ 128,734 KEUR) is mainly related to the further investments in projects (87,161 KEUR), fair value adjustments (84,915 KEUR), CTA impact (3,968 KEUR), compensated by disposals (-69,784 KEUR). The remainder of the net increase can be attributed to the impact of the first time adoption of IFRS 16 "Leases" for an amount of 22,474 KEUR.

In the course of the first half year of 2019 4 commercial units in the Tribeca project in Ghent have been sold to third-party investors. Total sales value amounted to 1,300 KEUR.

As stated above, in February 2019, the 'The Link' project (27,000 sqm office space and approx, 540 underground parking spaces) has been sold to Baloise. The net transaction value approximated the carrying value per year-end 2018 plus the expenditures still incurred. The sales transaction was structured as an asset deal. In connection with the anticipated sale, this project was per end 2018 already transferred from Investment property to assets held for sale.

The .BIG project (10,200 sqm office space in Krakow) has on 17 January been sold to Credit Suisse. The sale was structured as an enterprise deal (sale of assets plus linked obligation for the buyer), based on a transaction value of 32.9 MEUR and a yield of 5.59%. The sale resulted in a gain on disposal of investment property of 2,2 MEUR. In connection with the anticipated sale, this project was per end 2018 already transferred from Investment property to assets held for sale.

Furthermore, the Wronia project (16,600 sqm office space in Warsaw CBD) was sold on 26 April 2019 to a LaSalle Investment Management. The share deal was based on a transaction value of 74 MEUR and resulted in a gain on disposal of investment property of 2.0 MEUR.

For the right of use balance which was recognized in connection with the first-time adoption of IFRS 16, reference is made to section 1 above.

5. Equity accounted investees

Investments in equity accounted investees amount to 14,529 KEUR and mainly relate to the (50%) participating interest in Carlton Retail NV, which is connected with the One Carlton high-end residential project in Knokke Zoute.

6. Interest bearing loans and borrowings

	30/06/2019	31/12/2018
Non-current		
Bank borrowings – floating rate	295,977	318,042
Other borrowings	459,554	432,149
Lease liabilities	23,143	83
	778,674	**750,274**
Current		
Bank borrowings – floating rate	178,458	181,398
Other borrowings	56,177	53,516
Lease liabilities	2,514	0
	237,149	**234,914**
TOTAL	**1,015,823**	**985,188**

6.1 Bank borrowings

During the period, the Group obtained new secured bank loans expressed in EUR and PLN and withdrew on existing credit facilities for a total amount of 102.4 MEUR. On the other hand, reimbursements (and/or refinancings) have been done for a total amount of 127.8 MEUR, net of prolongation of a number of borrowings. This resulted in a net increase by 25.0 MEUR compared to the outstanding bank loans balance of 499.4 MEUR at year-end 2018.

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

With respect to the outstanding short-term bank borrowings, it is to be mentioned that in the second half of 2019 part will be reimbursed following the contractual terms, but significant parts will also be repaid upon sale/disposal of the related projects and parts will be prolonged or refinanced (e,g, through resp, swap to development or investment loan).

25% of the outstanding non-current bank borrowings is maturing within a 3 years-period, 8% is maturing between 3 and 5 years and 67% is maturing after more than 5 years.

6.2 Bonds

Belgium
The Group has (via Ghelamco Invest, parent company of the Belgian activities) on 24 June 2015 launched an EMTN bonds program for a maximum amount of 150 MEUR. First tap on this program has resulted in the issue of a first tranche of 79,100 KEUR and in December the remaining amount of 70,900 KEUR has been raised. The bonds, which are listed on Euronext, have as maturity date 3/07/2020 (first tranche) and 14/06/2021 (second tranche), bear an interest rate of 4.5% (first tranche) and 4.125% (second tranche) and are secured by a first demand guarantee from Ghelamco Group Comm. VA. The program has been coordinated by Belfius, BNP and KBC. Both tranches have been underwritten by institutional investors and high-net-worth individuals. Since its bond listing on Euronext, Ghelamco Invest is formally considered as a Public Interest Entity (PIE), with related transparency, governance and reporting requirements to the benefit of the investors.

On 20 November 2017, the Group has again issued bonds for a total amount of 101,600 KEUR, within a new 250 MEUR EMTN bonds program. First tap on this program resulted in the issue of a tranche of 54,200 KEUR with a 7years term and bearing an interest of 4.8% and of a tranche of 47,400 KEUR with a 5 years term and bearing an interest of 4,3%. The bonds are secured by a first demand guarantee from Ghelamco Group Comm. VA. The transaction has been coordinated by KBC, BNP, Société Générale and ABN Amro as managers and has been underwritten by institutional investors.

Bond proceeds have partly (i.e. for an amount of 54,230 KEUR) been used for the early redemption of the 70 MEUR 2013 bonds, in connection with a tender offer on the latter bonds. The remainder of the proceeds is used for further investments in the Company's core markets,

In addition, the Group has on 23 October 2018 issued bonds for a total amount of 33,000 KEUR within the existing 250 MEUR EMTN bonds program. The bonds have as maturity date 23/05/2022, bear an interest rate of 4.5% and are secured by a first demand guarantee from Ghelamco Group Comm. VA. The transaction has been coordinated by KBC, BNP Paribas Fortis and Société Générale as managers and has been subscribed by professionals and institutional investors.

Goal of these issues is to diversify financial resources and secure the mid-term funding necessary to secure the realization of the pipeline of Belgian and French projects.

Total balance of outstanding bonds per balance sheet date (280,978 KEUR) represents the amount of issue (284,600 KEUR) less capitalized issue costs (of which mainly the issuing banks' arrangement fees), which are amortized over the term of the bonds.

Poland
The Group has in the current period (on 26 February, 28 March and 29 March 2019), via Ghelamco Invest Sp. z o.o.) within its pending programmes issued (private and retail) bonds (tranche PK, PL, PPM and PPN) for a total amount of 250,000 KPLN. These bonds have a term of 3 years and bear an interest of Wibor 6 months + 4.25% to 4.50%. The bonds series are secured by a guaranty granted by Granbero Holdings Ltd.

The proceeds of the above bond issues have been applied to redeem other/existing outstanding bonds, to service the (interests on) the resp, bond programs and for the financing of the Company's further investment projects within the Warsaw metropolitan area, in Wroclaw or Katowice.

The Company has in the current period redeemed outstanding bonds (partly through early redemption, partly on maturity date) for a total amount of 133,892 KPLN.

Total bonds balance outstanding per balance sheet date (214,894 KEUR) represents the amount of issue (929,996 KPLN) less capitalized issue costs, which are amortised over the term of the bonds.

Shortly after period-end, on 25 July and 5 August 2019, new bonds have been issued for an amount of resp. 30,000 KPLN (series PM) and 24,756 KPLN (series PN). These bonds hae a term of 3 years and bear an interest of Wibor 6 months +4.25%. The proceeds of these bonds will be applied for the (early) redemption of outstanding bonds (series PPE, PPF and PPG) for a total amount of 60,000 KPLN.

6.3 Lease liabilities (25,657 KEUR)

The lease liabilities balance increased significantly as a result of the first time adoption of IFRS 16 “Leases”. Per mid 2019 outstanding IFRS 16 lease liabilities amount to resp. 23,138 KEUR long-term and 2,514 KEUR short-term. In this respect, further reference is made to section 1 above.

6.4 Other loans (19,859 KEUR)

Remaining outstanding loans mainly relate to related party loans (5,076 KEUR) and some short-term loans from other third parties (14,732 KEUR).

7. Revenue

Revenue can be detailed as follows:

	30/06/2019	**30/06/2018**
Sales of Residential Projects		
Projects Belgium	13,712	23,519
Projects Poland	53	2,993
Rental Income	12,688	12,331
Other	641	478
TOTAL REVENUE	**27,094**	**39,321**

Rental income as of 30 June 2019 relates to rent from commercial projects in Belgium (3,482 KEUR), Poland (4,028 KEUR), Russia (5,178 KEUR).

The rental income mainly relates to:
- Belgium: rent from commercial projects (mainly Ring Multi and Meetdistrict in the Ghelamco Arena and the RAFC stand in Antwerp); and
- Poland: rent from commercial projects (mainly Wronia 31, Woloska 24 and Plac Vogla).

The residential projects sales as of 30 June 2019 mainly relate to:
- Sale of the last remaining units in the delivered Tribeca project in Ghent (4,134 KEUR), In the course of the first half year of 2019, 10 apartments, 1 loft and 14 parking spaces have been sold. Sales rate for the whole project (phase 1 to 3) is per date of the current report at over 95%;

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- Land parts and first 15% construction installment invoicing re. 31 apartments and garages and 5 parking spots in the new high-end Senzafine project in Kortrijk (5,548 KEUR). Combined reservation and sales rate is per date of the current report already at 57%;
- Edition (1,499 KEUR): Installments on previous year (57 apartments, 61 parking spaces and 17 storage rooms) and current year (1 apartment, parking and storage room) sales. Progress and sales invoicing is at approx. 95%. Deliveries are ongoing;
- Spectrum (1,677 KEUR): Installments on all 22 apartments (and 21 parking spaces), which were sold in previous year(s). Progress and sales invoicing is at 90%; and
- Villas and apartments at the Belgain coast (854 KEUR).

The decrease in the Polish revenue from residential sales is in first instance connected with the fact that the Woronicza Qbik project was per end of 2018 as good as fully sold out. In addition, last year's revenue included the sale of a plot at Marynarska 12, Warsaw for an amount of 1.2 MEUR.

8. Other items included in operating profit/loss

	30/06/2019	30/06/2018
Other operating income	10,510	7,216

The current period's other operating income (10,510 KEUR) mainly relates to the gains on disposal of the .BIG and the Wronia projects in Poland for resp. amounts of 2,236 KEUR and 2,035 KEUR, the gain on disposal of the remaining Ukrainian land positions for an amount of 3,782 KEUR. Also included is some income or re-charges to related parties (828 KEUR) and a purchase price adjustment (193 KEUR) on the disposal of the Przystanek mBank project of 2017. For the remainder, some re-charges of real estate tax, co-owners expenses and fit-out expenses to tenants are included.

Last year's other operating income, to a significant extent, related to fit-out re-charges to tenants (1,384 KEUR, mainly on Wronia) and the release to income statement of the previously booked provision for rental guarantees connected to the Warsaw Spire sale of 2017 (3,300 KEUR).

	30/06/2019	30/06/2018
Gains from revaluation of Investment Property	84,915	38,771

Fair value adjustments over the first half of 2019 amount to 84,915 KEUR, which is mainly the result of current period's further engineering, development, construction and leasing efforts, in combination with evolution in market conditions (in terms of yields and rent rate levels).

In Poland, main fair value adjustments have been recognized on the HUB, Grzybowska 77 and the Nowe Centrum Lodzi.

In Belgium, main fair value adjustments have been recognized on the Spectrum, Silver Tower and Focus/PwC Offices projects.

In Russia, the political and econcomic situation and its effects on markets and (warehouse) tenant activity is further closely monitored. The yields remained stable, the RUB recovered to an axtent, while the market rental levels for (refigerated) warehousing are however still under pressure. As a result, per mid 2019 no fair value adjustments have been recognized on the Russian projects.

A detail of current period's fair value adjustment can be given as follows:

Belgium	44,966
Poland	39,949
Russia	-
	84,915

	30/06/2019	30/06/2018
Other operating expenses		
Housing costs	1,157	717
Taxes and charges	1,447	2,272
Insurance expenses	397	344
Audit, legal and tax expenses	3,320	3,332
Traveling	750	773
Promotion	1,146	1,036
Sales/agency expenses	4,803	3,525
Maintenance & management	201	172
Rental guarantee expenses	2,564	1,512
Operating expenses with related parties	3,211	5,058
PPA mBank sale	-	1,493
Impairment on inventory	-	53
Miscellaneous	1,020	2,583
Total:	**20,016**	**22,870**

Current period's sales/agency expenses and rental guarantee expenses have increased, mainly in connection with the sale of the .BIG and Wronia projects in Poland and the The Link project in Belgium in the course of the first half of 2019.

Last year's relatively high operating expenses with related parties mainly related to fit-out expenses, which were in turn re-charged to tenants (through other operating income). In addition, also the impact of a purchase price adjustment on the sale of mBank realised end of 2017 was included.

9. Finance income and finance costs

	30/06/2019	30/06/2018
Foreign exchange gains	1,303	
Interest income	6,936	6,956
Other finance income		
Total finance income	**8,239**	**6,956**
Interest expense	-11,935	-13,630
Other finance costs	-3,652	-2,101
Foreign exchange losses	-4,023	-4,046
Total finance costs	**-19,610**	**-19,777**

The interest expenses dropped to an extent compared to last year's comparable period, mainly due to the sale of the (delivered and operational) Wronia and .BIG projects in the first half of 2019. Furthermore, financing costs on not yet delivered projects (major part of the current project portfolio) are capitalized while financing costs on delivered/income generating projects are expensed.

Apart from some realized exchange losses (4,023 KEUR), current period's financial result includes an amount of (mainly unrealized) FX gains, connected with the relative strengthening of the PLN vs. the EUR; while last year's financial result was significantly impacted by FX losses (mainly related to the conversion at spot rate of the outstanding (EUR) bank loans).

The other finance costs to a significant extent relate to the amortisation of capitalized bond issue expenses (which are amortized over the duration of the respective bonds series).

10. Income taxes

	30/06/2019	30/06/2018
Current income tax	-10,092	-2,842
Deferred tax	-3,736	-9,287
Total income tax	**-13,828**	**-12,129**

The increase in income taxes is mainly related to the sale of the The Link project in Antwerp, which was structured as an asset deal, and the sale of the .BIG project, which was structured as an enterprise deal.

The deferred tax expenses are mainly related to the recognition of deferred tax liabilities on the fair value accounting of investment property. The significant decrease compared to last year is explained by the reversal of previously recognized cumulated deferred tax balances, in connection with the sale of the The Link project (5,814 KEUR), the sale of the .BIG project (1,492 KEUR) and the sale of the Wronia project (3,391 KEUR).

11. Financial instruments

The table below summarizes all financial instruments by category and discloses the fair values of each instrument and the fair value hierarchy.

Financial instruments (x € 1 000)	30/06/2019				
	FVTPL	**FVOCI**	**Measured at amortised cost/fin. liabilities measured at amortised cost**	**Fair value**	**Fair value level**
Other financial investments					
Other financial assets			4,003	4,003	2
Non-current receivables					
Receivables and prepayments			243,702	243,702	2
Restricted cash					
Current receivables					
Trade and other receivables			185,822	185,822	2
Derivatives					
Cash and cash equivalents			71,218	71,218	2
Total Financial Assets	**0**	**0**	**504,745**	**504,745**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			295,977	295,977	2
Bonds Poland			173,449	177,838	1
Bonds Belgium (Euronext)			280,978	277,822	1
Other borrowings			5,127	5,127	2
Lease liabilities			23,143	23,143	2
Interest-bearing borrowings - current					
Bank borrowings			178,458	178,458	2
Bonds Poland			41,445	42,039	1
Bonds Belgium (Euronext)					
Other borrowings			14,732	14,732	2
Lease liabilities			2,514	2,514	2
Current payables					
Trade and other payables			84,826	84,826	2
Total Financial Liabilities	**0**	**0**	**1,100,649**	**1,102,476**	

Financial instruments (x € 1 000)	31/12/2018				
	FVTPL	FVOCI	Measured at amortised cost/fin. liabilities measured at amortised cost	Fair value	Fair value level
Other financial investments					
Other financial assets			3,961	3,961	2
Non-current receivables					
Receivables and prepayments			236,239	236,239	2
Restricted cash					
Current receivables					
Trade and other receivables			138,141	138,141	2
Derivatives					
Cash and cash equivalents			59,072	59,072	2
Total Financial Assets	**0**	**0**	**437,413**	**437,413**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			318,042	318,042	2
Bonds Poland			146,042	147,031	1
Bonds Belgium (Euronext)			280,272	280,185	1
Other borrowings			5,835	5,835	2
Lease liabilities			83	83	
Interest-bearing borrowings - current					
Bank borrowings			181,398	181,398	2
Bonds Poland			41,013	42,388	1
Bonds Belgium (Euronext)					
Other borrowings			12,503	12,503	2
Lease liabilities					
Current payables					
Trade and other payables			88,003	88,003	2
Total Financial Liabilities	**0**	**0**	**1,073,191**	**1,075,468**	

The above table provides an analysis of financial instruments grouped into Levels 1 to 3 based on the degree to which the fair value (recognized on the statement of financial position or disclosed in the notes) is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i,e, as prices) or indirectly (i,e, derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

12. Transactions with related parties

Balances and transactions between the Group and related parties (belonging to the Development Holding, the Portfolio Holding and the Ghelamco European Property Fund) mainly relate to construction and development services on the one hand and other (financial) related party transactions on the other hand.

Trading transactions: purchase of construction, engineering and other related services from related parties

Construction and development services
The Group has entered into property development and construction contracts with property development and construction companies ("Contractors"), the direct and indirect subsidiaries of International Real Estate Services Comm, VA, parent company of Ghelamco's "Development Holding":

- Ghelamco Belgium with its registered office in Ypres;
- Ghelamco Poland with its registered office in Warsaw;
- Ghelamco Russia with its registered office in Moscow.

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

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

	30/06/2019	30/06/2018
Purchases of construction, engineering and architectural design:	-58,196	-36,306
related party trade receivable	12,839	3,368
related party trade accounts payable	-23,905	-22,518
related party non-current loans receivable	162,646	189,663
related party non-current trade and other receivable		
related party interests receivable	33,843	29,098
related party C/A receivable	94,470	66,131
related party non-current loans payable	-4,890	-897
related party interests payable	-188	-1,878
related party C/A payable	-7,230	-4,048

13. Post balance sheet events

Shortly after period-end, on 25 July and 5 August 2019, new bonds have been issued for an amount of resp. 30,000 KPLN (series PM) and 24,756 KPLN (series PN). These bonds have a term of 3 years and bear an interest of Wibor 6 months +4.25%. The proceeds of these bonds will be applied for the (early) redemption of outstanding bonds (series PPE, PPF and PPG) for a total amount of 60,000 KPLN bonds on 30 September 2019.

Also, on 1 August 2019 a bank loan agreement has been signed for the financing of the construction of the residential Flisac project for an amount of 71,208 KPLN (plus 3,000 KPLN VAT financing). Furthermore, on 2 August 2019 a bank loan agreement has been signed with a syndicate of banks for the financing of the construction of the Warsaw Unit project for an amount of 135,932 KEUR (plus 25,000 KPLN VAT financing).

Statutory auditor's report to the management of Ghelamco Group Comm. VA on the review of the condensed consolidated interim financial information as at June 30, 2019 and for the six-month period then ended

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Ghelamco Group Comm. VA as at June 30, 2019, the condensed consolidated statements of profit or loss and other comprehensive income, cash flows and changes in equity, for the six-month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). The management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on the condensed consolidated interim financial information.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at June 30, 2019 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Emphasis of matter

We draw attention to note 3 of the condensed consolidated interim financial information which describes the uncertainty regarding the realization of the Eurostadium project and the managements' assessment of the recoverability of capitalized expenses related to this project. Our opinion is not modified in respect of this matter.

Antwerp, September 30, 2019

KPMG Réviseurs d'Entreprises / Bedrijfsrevisoren
Statutory Auditor
represented by

Filip De Bock
Réviseur d'Entreprises / Bedrijfsrevisor