GHELAMCO

Ghelamco Invest NV

EUR 150,000,000 Euro Medium Term Note Programme
Due from one month from the date of original issue

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 Crossroad 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 150,000,000 Euro Medium Term Note Programme (the "**Programme**") described in this base prospectus dated 5 June 2015 (the "**Base Prospectus**"). The Notes will be unconditionally and irrevocably guaranteed by Ghelamco Group Comm. V.A., 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 Crossroad 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. The Notes have no maximum Specified Denomination. The aggregate nominal amount of Notes outstanding will not at any time exceed EUR 150,000,000.

The English version of this Base Prospectus has been approved on 5 June 2015 by the Belgian Financial Services and Markets Authority (the "**FSMA**") in its capacity as competent authority under the Belgian Law of 16 June 2006 on public offerings of investment instruments and the admission of investment instruments to trading on a regulated market (as amended from time to time, the " **Prospectus Law**"), as a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC, as amended by Directive 2010/73/EU (the "**Prospectus Directive**"). The approval by the FSMA does not imply any appraisal of the appropriateness or the merits of any issue under the Programme, nor of the situation of the Issuer and the Guarantor.

Application has been made to Euronext Brussels ("**Euronext Brussels**") for the Notes issued under the Programme to be listed on Euronext Brussels and to be admitted to trading on Euronext Brussels' regulated market. References in this Base Prospectus to Notes being "**listed**" (and all related references) shall mean that such Notes have been listed and admitted to trading on Euronext Brussels' regulated market. However, unlisted Notes may be issued pursuant to the Programme.

The Notes will be issued in dematerialised form under the Belgian Companies Code (*Wetboek van Vennootschappen/Code des Sociétés*) (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.

For as long as the 2012 Bonds (as defined below) remain outstanding, the obligations of the Issuer under the Notes shall be subordinated to the 2012 Bonds.

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 and admitted to trading on Euronext Brussels' regulated market (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 Euronext Brussels will be published on the website of Euronext Brussels (www.euronext.com).

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.

Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Base Prospectus on page 11 to 27.

This Base Prospectus will be valid for a period of 12 months from the date of the approval by the FSMA.

Arrangers

BELFIUS BANK **KBC BANK**

Dealers

BELFIUS BANK **BNP PARIBAS FORTIS** **KBC BANK**

Base Prospectus dated 5 June 2015 for purposes of the listing of the Notes.

IMPORTANT INFORMATION

*This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive and for the purpose of giving information with regard to the Issuer (together with its subsidiaries, the "**Issuer Group**"), the Guarantor (together with its subsidiaries, the "**Guarantor Group**") and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer. 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 Belgian Companies 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), each having taken all reasonable care to ensure that such is the case, 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 has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a Base Prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by final terms in relation to the offer of those Notes, may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a Base Prospectus pursuant to Article 3 of the Prospectus Directive or supplement a Base Prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer, nor the Guarantor nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a Base Prospectus for such offer. The expression " **Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto), and includes any relevant implementing measure in the Relevant Member State.*

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 any of the Dealers or the Arrangers. 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 Arrangers 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.

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

None of the Dealers or the Arrangers has separately verified the information contained in this Base Prospectus. None of the Dealers or the Arrangers 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, none of the Dealers or the Arrangers accept 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. Each Arranger and each Dealer accordingly disclaims 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 any of the Issuer, the Guarantor, the Arrangers 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. None of the Dealers or the Arrangers 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 any of the Dealers or the Arrangers.

In connection with the issue of any Tranche (as defined in the Conditions), the Dealer or 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.

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 Group's or the Guarantor Group's 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 34 of the Prospectus Law, 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 and admitted to trading on the Euronext Brussels' regulated market, shall constitute a Base Prospectus supplement as required by Article 34 of the Prospectus Law.

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 whose inclusion in or removal from this Base Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, and the rights attaching to the Notes, the Issuer shall prepare an amendment or supplement to this Base Prospectus or publish a replacement Base Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

FURTHER INFORMATION

For more information about the Issuer, please contact:

Ghelamco Invest NV
Zwaanhofweg 10
B-8900 Ieper
Tel.: +32 57 219 114
investor-relations@ghelamco.com
www.ghelamco.com

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PART I – OVERVIEW OF THE PROGRAMME

The following overview is qualified in its entirety by the remainder of this Base Prospectus.

Issuer:	Ghelamco Invest NV.
Guarantor:	Ghelamco Group Comm. V.A.
Description:	Euro Medium Term Note Programme.
Size:	Up to an aggregate nominal amount of EUR 150,000,000 of Notes outstanding at any time.
Arrangers:	Belfius Bank SA/NV and KBC Bank NV.
Dealers:	Belfius Bank SA/NV, BNP Paribas Fortis SA/NV and KBC Bank NV. 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 "Permanent 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) and references to "Dealers" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
Agent:	Belfius Bank SA/NV.
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 Article 468 of 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 the 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, Luxembourg and through

	other financial intermediaries which in turn hold the Notes through Euroclear and Clearstream, Luxembourg, 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 the case of any Notes, the specified denomination shall be €100,000.
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.
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. 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 with all other present and future unsecured and unsubordinated obligations of the Issuer, other than the 2012 Bonds for so long as any of the 2012 Bonds remains outstanding (each term as defined in the Conditions). 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 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:	See "*Terms and Conditions of the Notes – Negative Pledge*".
Cross Default:	See "*Terms and Conditions of the Notes – Events of Default*".
Ratings:	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 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.
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:	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 or 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.
Listing and Admission to Trading:	Application has been made to admit Notes issued under the Programme to trading on the regulated market of Euronext Brussels 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 United States, the Public Offer Selling Restriction under the Prospectus Directive and the United Kingdom. See "*Subscription and Sale*". The Issuer is Category 2 for the purposes of Regulation S under the Securities Act.

PART II – RISK FACTORS

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.

In addition, 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 principal 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. The sequence in which the risk factors are listed is not an indication of their likelihood to occur or of the extent of their commercial consequences. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus or incorporated by reference in this Base Prospectus and reach their own views 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**" 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

The Issuer is subject to changes in general economic conditions.

The Issuer Group is exposed to the local, regional, national and international economic conditions and other events and occurrences that affect the markets in which the Issuer Group's real estate portfolio is located. Currently, the Issuer Group's projects are located in Belgium, with a limited presence in France and a possible expansion in the future to Luxembourg, Germany, the Netherlands and the United Kingdom.

Changes in the principal macroeconomic indicators or a general economic slowdown in the Issuer Group's markets, or on a global scale in general, could result in (i) a lower demand for office, leisure, retail, warehouse or residential property space, (ii) higher vacancy rates and (iii) a higher risk of default of service providers, building contractors, tenants and other counterparties, any of which could materially adversely affect the value of the real estate portfolio, its investment policy and consequently, its business, financial condition, results and prospects.

Construction, development and investment risks

As part of its business, the Issuer Group develops real estate projects, which makes it subject to the general risks associated with the construction, development and investment, as further set out in this Part II (*Risk Factors*). In general, the Issuer Group's development, construction and investment activities may involve the following risks:

(i) the Issuer Group may be unable to proceed with the development of real estate projects because it cannot obtain financing upon favourable terms or no financing at all;

(ii) the Issuer Group may incur construction costs for a project which exceed its original estimates due to increased material, labour or other costs, which could make completion of the project uneconomical because it may not be able to increase prices to compensate for the increased construction costs;

(iii) the Issuer Group may be unable to obtain, or face delays in obtaining required zoning, land use, building, occupancy and other governmental permits and authorisations, which could result in increased costs and could require it to quit its activities and terminate a project;

(iv) the Issuer Group may face challenges by local authorities in connection with re-zoning or designated use allocation. The Issuer Group has obtained or may obtain in the future land that was previously categorised as agricultural land;

(v) the Issuer Group may be unable to complete construction and leasing of a property on schedule, resulting in increased debt service expenses, construction or renovation costs and potential fines, and may result in termination of existing investment agreements, in claims for damages by third parties, or termination of the respective land leases;

(vi) the Issuer Group may sell or lease developed properties below the expected rates;

(vii) the Issuer Group may not be able to find suitable locations for the construction of retail, commercial and residential developments, which is an important factor in the success of individual projects; and

(viii) occupancy rates and rent of at newly completed properties may fluctuate depending on a number of factors, including market and economic conditions, and may result in the investment not being profitable.

Any negative change in one or more of the above factors could adversely affect the Issuer Group's business, results of operations, financial condition and prospects.

The Issuer Group may not be able to dispose of its real estate projects and therefore generate sufficient cash flow.

The Issuer Group's revenues are in large part determined by its ability to sell its real estate projects at the most favourable time. Investments in real estate are relatively illiquid and are generally more difficult to realise than other investments. Such illiquidity may affect the Issuer Group's ability to dispose of or liquidate all or parts of its real estate projects in a timely manner and at satisfactory prices in response to changes in the economic or political environment, the real estate market or other conditions.

To a smaller extent, the Issuer Group's revenues also depend on its ability to sign new lease contracts and generate rental income. For example, in financial year 2013, the Issuer Group generated rental income of EUR 2.78 million, compared to sales of residential real estate of EUR 6.76 million and disposals of investment property (commercial real estate) of EUR 10.7 million. In financial year 2014, these amounted to, respectively, EUR 5.5 million of rental income, EUR 32.2 million of sales of residential real estate and EUR 42.5 million of disposals of investment property (commercial real estate). 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"*). Accordingly, the cash flow of the Issuer Group can fluctuate significantly from year to year depending on the value creation through investment and the number of projects that can be sold in any given year.

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 19.1 million in financial year 2014; EUR -7.6 million in financial year 2013 and EUR -24.1 million in financial year 2012).

If the Issuer were unable to generate positive cash flows from its projects or were to be subject to a significant fluctuations 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.

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. 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 operating results and balance sheet. These factors are not under the Issuer's control.

The management and investment strategy of the Issuer Group may not materialise.

The results and the outlook of the Issuer Group depend amongst others on the ability of the management to identify and acquire interesting real estate projects, to invest at economically viable conditions and to commercialise the projects at attractive terms.

When considering investments, the management of the Issuer Group makes certain estimates as to economic, market and other conditions, including estimates relating to the value or potential value of a property and the potential return on investment. 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.

The Issuer Group's real estate projects may experience delays and other difficulties.

Even though the Issuer and its subsidiaries typically only acquire plots of lands after all feasibility studies have been carried out, they are nevertheless subject to various risks in connection with the development of the projects.

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.

In the planning and pre-commercialisation phase of a project, it may be difficult to acquire permits or other approvals required to develop the project. 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 (before projects are sold on to the Issuer). 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.

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, work disputes, the overall construction process, insolvency of construction contractors, shortages of equipment or construction materials, worksite accidents or unforeseen technical difficulties. 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) cause a loss or decrease of expected income for a project or, in some cases, even (vi) lead to the termination of a project.

As at today, a number of projects of the Issuer Group are yet to enter the construction phase. 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 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 market value under IFRS. The commercial projects are in first instance kept in portfolio for rental purposes and are measured at fair value or market value under IFRS.

The valuation of the Issuer Group's properties and real estate projects is made on the basis of certain assumptions 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's Group 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*).

The Issuer Group has substantial debt outstanding and may incur additional financial indebtedness.

Given the nature of its activities and its planned future investments, the Issuer Group has substantial financial debt outstanding. As at 31 December 2014, the Issuer's total consolidated financial debt amounted to EUR 263,023,000 (excluding any subordinated intra-group loans ("**Related Party Loans**")) and the leverage (being the financial debt less net of Related Party Loans payable to total assets) amounted to 62 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.

Furthermore, the vast majority of such 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 Issuer is subject to interest rate risk.

The bulk of the Issuer Group's financing agreements are subject to floating interest rates. The Issuer Group does not currently have a 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.

For more information, please refer to Section 2.1.2 "*Interest Rate Risk*" of the consolidated financial statements of the Issuer for the year ended 31 December 2014, enclosed in Annex I of the Base Prospectus.

The Issuer Group is subject to a liquidity and refinancing risk.

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.

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 highly dependent on the possibility of its subsidiaries to upstream revenues and dividends, the Issuer cannot assure that it will have sufficient cash flows to service the Notes.

The Issuer Group is subject to certain restrictions under its financing arrangements.

The vast majority of the Issuer Group's projects are carried out through separate special purpose vehicles. 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 include 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).

In the past, the Issuer has not breached 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.

The Issuer 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 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 special purpose vehicles ("**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. 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).

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. 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.

The Issuer Group is subject to counterparty risk.

The Issuer Group has contractual relations with multiple parties, such as suppliers, partners, investors, tenants, contractors and subcontractors, financial institutions and architects.

The counterparties of the Issuer Group can experience credit or other financial difficulties that could result in their overall inability or a delay in their ability to supply the necessary goods and services.

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.

The Issuer may be impacted by a change in the regulatory and legal framework in which it operates.

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.

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 must comply with environmental rules regarding its real estate portfolio.

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 acquires 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, amendments to the environmental laws, 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.

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 production, management, coordination and support services are mainly provided by the Guarantor Group and certain other companies under the control of Mr Paul Gheysens and the other controlling family shareholders, through certain service level agreements concluded with the Issuer. 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 does have 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 will nevertheless be required to meet certain disclosure and governance obligations (including the obligation to publish its annual consolidated financial statements and half-yearly consolidated financial reports and the obligations to set-up an audit committee) as soon as Notes are issued that are listed on a regulated market of the European Economic Area.

The Issuer Group's operations are subject to seasonal and weather conditions.

The building activity decreases during periods of cold weather, snow or sustained rainfall. Consequently, the operations of the Issuer Group are seasonal and adverse weather conditions could have an adverse effect on the Issuer Group's business, financial condition, results and prospects.

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. 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.

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. 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 Group's real estate is insured against such risks in the same way as reputable companies operational in the same geographical and engaged in the same or a similar business are insured.

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*".

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, Russia and Ukraine, through a number of subsidiaries. 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 difficult political and economic situation in Ukraine and Russia resulted in pressure on the rent levels and unfavourable evolution in the applied yields in those regions and resulted in 2014 in a negative fair value correction on both Ukrainian and Russian projects in the Guarantor Group's portfolio.

Investors should also note that emerging economies, such as Poland, Russia and Ukraine, 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, Russian Rouble and Ukrainian Hryvnia 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.

For more information, please refer to Section 2.1.1 "*Foreign Exchange Risk*" of the consolidated financial statements of the Guarantor for the year ended 31 December 2014, enclosed in Annex I of the Base Prospectus.

RISK FACTORS IN RELATION TO THE NOTES

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 or incorporated by reference 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.

Independent review and advice

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.

The repayment of the Notes by the Issuer is subordinated to the repayment of the 2012 Bonds.

Pursuant to Condition 2, the repayment of the principal amount of the Notes by the Issuer is subordinated to the repayment of the principal amount of the 7 per cent. fixed rate bonds due 13 December 2015 ("**Series A**") and the 77/8 per cent. fixed rate bonds due 13 December 2017 ("**Series B**", and together with Series A, the "**2012 Bonds**"). The subordination requirement of the 2012 Bonds does not, however, prevent the Issuer from paying interest on the Notes in a going concern. Nevertheless, prior to the redemption in full of the 2012 Bonds, the Issuer will not be entitled to redeem the Notes voluntarily. In addition, if an Event of Default or a Change of Control were to occur under the Notes while the 2012 Bonds are still outstanding, the Issuer will not be entitled to redeem the Notes unless and until the 2012 Bonds are redeemed in full.

It should, however, be noted that the subordination and, as a consequence, the restrictions mentioned above will only apply for so long as the Series A and Series B 2012 Bonds remain outstanding. As the Series A 2012 Bonds mature on 13 December 2015, they are to be redeemed in full on such date. Moreover, the Issuer has confirmed that it will call and redeem the Series B 2012 Bonds in full on the next interest payment date, which is also 13 December 2015, subject to market conditions. This may be done by way of a bank or bond financing or other means available in the market at that time. Furthermore, the above restrictions will not have any impact on the ability of a holder of Notes (a "**Noteholder**") to seek repayment from the Guarantor. The payment by the Guarantor of its obligations under the Guarantee ranks *pari passu* with all other unsecured financial indebtedness of the Guarantor, save for any obligations that may be preferred by law.

The Notes are unsecured obligations of the Issuer and the Issuer may incur additional financial indebtedness.

The right of the Noteholders to receive payment on the Notes is unsecured. In the event of liquidation, dissolution, reorganisation, bankruptcy or similar procedure affecting the Issuer, the holders of secured indebtedness will be repaid first with the proceeds from the enforcement of such security.

The Notes do not limit the amount of indebtedness which the Issuer or its 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*).

RISKS RELATED TO THE STRUCTURE OF A PARTICULAR ISSUE OF NOTES

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

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. 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. Investors need to be aware that in the event of a redemption prior to maturity, they might receive a redemption amount which is lower than the Issue Price.

If an Issuer Call is specified in the relevant Final Terms as being applicable, 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.

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, 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.

Any such redemption shall not occur until after or concurrently with the redemption of the 2012 Bonds.

Notes issued at a substantial discount or premium

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 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.

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

Subject to the 2012 Bonds being redeemed, 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, the Issuer may, at its option, redeem all (but not less than all) of the Notes of that Series then outstanding pursuant to Condition 6.5. 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 6.5 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 6.5, 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.

Noteholders must exercise the Change of Control Put through the bank or other financial intermediary through which the Noteholder holds the Notes (the **"Financial Intermediary"**) and are advised to check when such Financial Intermediary would require to receive instructions and Change of Control Put Exercise Notices from Noteholders in order to meet the deadlines for such exercise to be effective. The fees and/or costs, if any, of the relevant Financial Intermediary shall be borne by the relevant Noteholder.

Noteholders who are direct participants of the Securities Settlement System, Euroclear or Clearstream, Luxembourg may also exercise their put option by giving notice thereof in accordance with the standard procedures of the Securities Settlement System, Euroclear or Clearstream, Luxembourg. In such case, Noteholders must confirm the deadlines for timely submission with the relevant Securities Settlement System.

RISKS RELATED TO NOTES GENERALLY

The Conditions may be modified and defaults may be waived by the defined majorities of the meetings of Noteholders.

The Conditions contain provisions for calling meetings of Noteholders of a Series to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders of a Series who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Issuer and the Guarantor may not be able to repay the Notes.

The Issuer and the Guarantor may not be able to repay the Notes at their maturity. The Issuer or alternatively the Guarantor, may also be required to repay all or part of the Notes upon the occurrence of an Event of Default (as defined in Condition 10 (*Events of Default*)). If the Noteholders were to request repayment of their Notes upon the occurrence of an Event of Default (as defined in Condition 10 (*Events of Default*)), the Issuer and the Guarantor cannot assure that they will be able to pay the required amount in full. The Issuer and the Guarantor's ability to repay the Notes will depend on their respective financial condition (including their cash position resulting from their ability to receive income and dividends from their subsidiaries) at the time of the requested repayment, and may be limited by law, by the terms of its indebtedness and by the agreements that they may have entered into on or before such date, which may replace, supplement or amend its existing or future indebtedness. The Issuer and the Guarantor's failure to repay the Notes may result in an event of default under the terms of other outstanding indebtedness.

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.

The transfer of the Notes, any payments made in respect of the Notes and all communications with the Issuer will occur through the Securities Settlement System.

The Notes will be issued in dematerialised form under 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. Access to the Securities Settlement System is available through its 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, Luxembourg. 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.

A Noteholder must rely on the procedures of the Securities Settlement System to receive payment under the Notes. The Issuer will have no responsibility or liability for the records relating to, or payments made in respect of, the Notes within the Securities Settlement System.

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, Luxembourg.

The Agency Agreement (as defined in the Conditions) provides that the Agent will debit the relevant account of the Issuer to pay the Noteholders. 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 Luxembourg. 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 proceedings at any time when it held any such amounts, Noteholders would no longer have a claim against the Issuer because the Conditions provide that the payment obligations of the Issuer will be discharged by payment of the amount due and payable to the Agent. The Noteholders would be required to claim such amounts from the Agent in accordance with applicable Belgian insolvency laws.

The Agent does not assume any fiduciary or other obligations to the Noteholders.

Belfius Bank SA/NV will act as domiciliary, paying, calculation and listing agent. The Agent will act in its respective capacity in accordance with the Conditions and the Agency Agreement in good faith. However, Noteholders should be aware that the Agent assumes no 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.

The Agent may rely on any information to which it should properly have regard that is reasonably believed by it to be genuine and to have been originated by the proper parties. The 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 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 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 proving to have been incorrect or incomplete or (ii) any relevant information not being provided to the Agent on a timely basis.

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

The Agent, the Arrangers and the Dealers may have conflicts of interests which could have an adverse effect on 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, or/and each of the Arrangers and/or each of 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, each of the Arrangers and each of 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 any of the Arrangers and/or the Dealers (via bilateral transactions or/and syndicated loans together with other banks). 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.

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 Arrangers 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.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to certain laws and regulations and/or review or regulation by certain authorities. Each potential investor should 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 to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

There may be no active trading market for the Notes.

The only manner for the holder of the Notes to convert his or her investment in the Notes into cash before their maturity date is to sell them at the applicable market price at that moment. The price can be less than the nominal value of the Notes. The Notes are new securities that may not be widely traded and for which there is currently no active trading market. The Issuer has filed an application to have the Notes issued under the Programme listed on the regulated market of Euronext Brussels. 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. Therefore, investors may not be able to sell their Notes easily or at all, or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

Illiquidity may have a severely adverse effect on the market value of Notes. In the event that the put options are exercised in accordance with Condition 6.5 (*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 relevant 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 Notes are exposed to market interest rate risk.

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes. The longer the maturity of Notes issued under the Programme, the more exposed the Notes are to fluctuations in market interest rates. An increase in the market interest rates can result in the Notes trading at prices lower than their nominal amount.

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, 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 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. Exchange rates may significantly change (including changes due to devaluation of the euro or revaluation of the Investor's Currency) and 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. As a result, investors may receive less interest or principal than expected, or no interest or principal at all.

The Notes are exposed to an inflation risk.

The inflation risk is the risk of future value of money. The actual yield of an investment in the Notes will be reduced by inflation. The higher the rate of inflation, the lower the actual yield of a Note will be. If the rate of inflation is equal to or higher than the nominal rate of the Notes, then the actual output is equal to zero, or the actual yield could even be negative.

Changes in governing law and practices could modify certain Conditions.

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.

The implementation of the EU savings directive may impact payments made under the Notes.

The EU has adopted a directive (European Council Directive 2003/48/EC) regarding the taxation of savings income (hereinafter **"Savings Directive"**). Under the Savings Directive, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or other similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Austria instead is required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the end of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a paying agent established in any other state which applies the withholding tax system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor the paying agent nor any other person would be obliged to pay additional amounts to the Noteholders or to otherwise compensate Noteholders for the reductions in the amounts that they will receive as a result of the imposition of such withholding tax.

The payments made under the Notes may be subject to withholding tax.

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 as provided for in Condition 8 (*Taxation*).

FATCA withholding

Whilst the Notes are held within the Securities Settlement System, in all but the most remote circumstances, it is not expected that the foreign account tax compliance tax provisions of the Hiring Incentives to Restore Employment Act of 2010, commonly referred to as "**FATCA**", will affect the amount of any payment received by the Securities Settlement System (see Part XIII (*Taxation*) - FATCA Withholding). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has paid to or to the order of the Securities Settlement System and the Issuer has therefore no responsibility for any amount thereafter transmitted through the hands of the Securities Settlement System and custodians or intermediaries. Further, foreign financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the Unites States (an "**IGA**") are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make on securities such as the Notes. Please see Part XIII (*Taxation*) – "*FATCA Withholding*" for more information on this legislation.

Belgian insolvency laws may adversely affect a recovery by the holders of amounts payable under the Notes

Belgian insolvency laws, which should be applicable because the main residence and corporate seat of the Issuer are located in Belgium, may adversely affect a recovery by the holders of amounts payable under the Notes. There are two types of insolvency procedures under Belgian law: (i) the judicial reorganisation (*reorganisation judiciaire/gerechtelijke reorganisatie*) procedure and (ii) bankruptcy (*faillite/faillissement*), each of which is described below.

The main purpose of a **judicial restructuring** procedure under Belgian law is to preserve the continuity of the business. This procedure initiated by the debtor will grant the debtor a suspension of payments for a specific period of time and will then impose a stay on unsecured creditors and certain secured creditors. Moreover, the debtor cannot be dissolved or declared bankrupt during the judicial restructuring procedure and any provision providing that an agreement would be terminated because the debtor entered into a judicial restructuring procedure will be ineffective, subject to certain limited exceptions set out in the Belgian Act of 15 December 2004 on financial collateral. A judicial restructuring procedure will be opened if the continuation of the debtor's business is, either immediately or in the future, at risk. The continuation of the debtor's business is in any event deemed to be at risk if, as a result of losses, the debtor's net assets have declined to less than 50 per cent. of the debtor's share capital. At the beginning of a judicial restructuring procedure, the court will set the duration of the initial suspension period. The initial suspension period has a maximum duration of six months. Upon the debtor's request, the initial suspension period can be extended. However, the total duration of the suspension period cannot exceed twelve months as from the court's ruling to open the judicial restructuring procedure. In exceptional circumstances (size of the company, complexity, maintenance of employment) and if it is in the creditors' interest, an additional extension of six months will be granted. The judicial restructuring procedure can be terminated if it becomes manifestly clear that the debtor will not be able to assure the continuity of a part or the whole of its business. Following early termination of the procedure, the debtor can be dissolved or declared bankrupt. During the suspension of payments, the debtor has three options: (i) agree a restructuring with some of its creditors; (ii) present a reorganisation plan to its creditors, which must subsequently be approved by these creditors with a double majority of 50% in number of creditors and 50% in value of the claims; and (iii) a court supervised transfer of (parts of) its business.

The reorganisation plan may involve the rescheduling or the reduction of certain claims. This may impact the recovery of Noteholders. The reduction may however not exceed 85% of the claim. In case of a court supervised transfer of (part of) the business of the Issuer the rights of the Noteholders will extent to the proceeds of the transfer. In certain circumstances, this may impact the recovery of the Noteholders.

As a rule, creditors cannot enforce their rights against the debtor's assets during the period of preliminary suspension of payments, except in the following circumstances: (i) right of set-off in certain circumstances, (ii) failure by the debtor to pay any new debts (e.g. debts which have arisen after the date of the opening of a judicial restructuring procedure), or (iii) enforcement by a creditor of a pledge over receivables (other than cash and bank accounts except in case of default) or over financial instruments (or certain contractual set-off arrangements) pursuant to the Belgian Act of 15 December 2004 on financial collateral.

A company which, on a sustained basis, has ceased to make payments and whose credit is impaired will be deemed to be in a **state of bankruptcy**. The company must file for bankruptcy within one month after the cessation of payments. Following the court's decision to declare the company bankrupt, all the debt of the company that has not yet become due, will become immediately due. In general, the date on which the company sustainably ceased to make payments will coincide with the date of the court's decision to declare the company bankrupt. However, under certain conditions, the bankruptcy judgment can determine that the date on which the company ceased to make payments occurred already prior to the judgement. The court can in principle fix the date maximum six months prior to its bankruptcy judgment (the "suspect period") (*période suspecte/verdachte periode*), unless a decision to dissolve the company was made more than six months before the date of the bankruptcy judgment, in which case the date could be set on the date of the company's decision for dissolution. Payments made or other transactions executed (as listed below) by the company during the suspect period can be voided for the benefit of the bankrupt estate. The transactions which can or must be voided are (i) any transaction entered into by a bankrupt company during the suspect period if the value of the assets given by the company significantly exceeded the value of the assets that the company received in consideration, (ii) any payment made of due debt or any transaction entered into by a company during the suspect period if the counterparty to the payment or transaction was aware of the suspension of payments, (iii) security interests granted during the suspect period if they intend to secure a debt incurred prior to the suspect period, (iv) any payments (in whatever form), of any debt which was not yet due, as well as all payments other than money or monetary instruments (i.e. checks, promissory notes, etc.) of any due debt, and (v) any transaction or payment effected with fraudulent intent irrespective of its date. Following a judgment commencing a bankruptcy proceeding, enforcement rights of individual creditors are suspended (subject to exceptions set forth in the Belgian Act of 15 December 2004 on financial collateral). Creditors secured by rights in rem over movable assets, such as share pledges, will regain their ability to enforce their rights in rem only after the bankruptcy trustee has verified the creditors' claims.

PART III – DOCUMENTS ENCLOSED IN ANNEX I

This Base Prospectus shall be read and construed in conjunction with the audited financial statements of the Issuer and the Guarantor for the years ended 31 December 2014 and 31 December 2013 consolidated in accordance with IFRS, together with the audit 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 auditors to incorporate the consolidated audited financial statements of the Issuer and the Guarantor and the auditors' reports thereon for the financial years ended 31 December 2014 and 31 December 2013 in this Base Prospectus.

The tables below include references to the relevant pages of the audited consolidated financial statements of the Issuer and the Guarantor for the financial years ended 31 December 2014 and 31 December 2013, as set out in the relevant reports of the Issuer and the Guarantor.

Audited IFRS consolidated financial statements of the Issuer, audit report and explanatory notes of the Issuer for the financial year ended 31 December 2013.	
Consolidated balance sheet	p. 9-10
Consolidated income statement	p. 11-12
List of consolidated subsidiaries and companies included based on the equity method	p. 36
Consolidation principles and consolidation scope	p. 19-31 and p. 37
Explanatory notes	p. 40-65
Annual report	p. 7-8
Auditor's report	p. 66-68

Audited IFRS consolidated financial statements of the Guarantor, audit report and explanatory notes of the Issuer for the financial year ended 31 December 2013.	
Consolidated balance sheet	p. 10-11
Consolidated income statement	p. 12
List of consolidated subsidiaries and companies included based on the equity method	p. 37-39
Consolidation principles and consolidation scope	p. 19-31
Explanatory notes	p. 40-81
Annual report	p. 7-8
Auditor's report	p. 82-84

Audited IFRS consolidated financial statements of the Issuer, report and explanatory notes of the Issuer for financial year ended 31 December 2014.	
Consolidated balance sheet	p. 9-10
Consolidated income statement	p. 11-12
List of consolidated subsidiaries and companies included based on the equity method	p. 33
Consolidation principles and consolidation scope	p. 19-27 and p. 34
Explanatory notes	p. 37-64

Report	p. 6-7
Auditor’s report	p. 65-67

Audited IFRS consolidated financial statements of the Guarantor, report and explanatory notes of the Issuer for the financial year ended 31 December 2014.	
Consolidated balance sheet	p. 9-10
Consolidated income statement	p. 11-12
List of consolidated subsidiaries and companies included based on the equity method	p. 37-39
Consolidation principles and consolidation scope	p. 19-30
Explanatory notes	p. 47-82
Report	p. 6-8
Auditor’s report	p. 83-85

PART IV – TERMS AND CONDITIONS OF THE NOTES

*The following (excluding italicised paragraphs) 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 5 June 2015 entered into between the Issuer and Belfius Bank SA/NV acting as domiciliary, calculation, listing and paying agent (the "**Agent**", which expression shall include any successor as 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 "*overeenkomst van dienstverlening met betrekking tot de uitgifte van gedematerialiseerde obligaties*" entered into on or about 5 June 2015 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 the 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 22 May 2015.

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 Pachecolaan 44, 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 Article 468 of the Belgian Companies Code (*Wetboek van Vennootschappen/Code des Sociétés*) (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, Luxembourg and through other financial intermediaries which in turn hold the Notes through Euroclear and Clearstream, Luxembourg, 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 Article 474 of the Belgian Companies Code) upon submission of an affidavit drawn up by the NBB, Euroclear, Clearstream, Luxembourg 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, Luxembourg 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.

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.

For so long as any of the EUR 25,050,000 7 per cent. fixed rate notes due 13 December 2015 and the EUR 16,950,000 $7^{7/8}$ per cent. fixed rate notes due 13 December 2017 (together, the "**2012 Bonds**") remain outstanding, the obligations of the Issuer under the Notes shall be subordinated to the 2012 Bonds.

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 with all other present and future unsecured and unsubordinated obligations of the Issuer, other than the 2012 Bonds for so long as any of the 2012 Bonds remains outstanding.

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 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:

"**Applicable Rate of Interest**" has the meaning given to it in Condition 5.1.

"**Business Day**" means a day on which the TARGET System is operating.

"**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" in the consolidated financial statements of the Issuer.

"**Change of Control**" has the meaning given to it in Condition 6.5.

"**Change of Control Notice**" has the meaning given to it in Condition 6.5.

"**Change of Control Put Exercise Notice**" has the meaning given to it in Condition 6.5.

"**Change of Control Put Exercise Period**" has the meaning given to it in Condition 6.5.

"**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 and which is established for the purposes of developing real estate activities in Belgium, France, Germany, Luxembourg, the Netherlands or the United Kingdom or the holding of any shares or equity interest in any such entity.

"**Consolidated Equity**" means (i) in the case of the Issuer, the amount set out under the line item "Total Equity" in the semi-annual or audited annual consolidated financial statements of the Issuer and (ii) in the case of the Guarantor, the amount set out under the line item "Total Equity" in the semi-annual or audited annual consolidated financial statements of the Guarantor.

"**Consolidated Investment Property**" means the amount set out under the line item "Investment Property" in the semi-annual or audited annual consolidated financial statements of the Issuer.

"**Consolidated Property Development Inventories**" means the amount set out under the line item "Property Development Inventories" in the semi-annual or audited annual consolidated 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);

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

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

(iv) 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;

"**M2**" 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;

(v) 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;

"**M2**" 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;

(vi) 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;

"**M2**" 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

(vii) 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, ceases to control directly or indirectly the Guarantor or the Issuer.

"**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 in the semi-annual or audited annual consolidated financial statements of the Issuer.

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

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

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

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

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

(e) 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);

(f) 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;

(g) 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);

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

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

(j) 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;

(k) (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

(l) (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 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 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 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%, 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 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 consolidated financial statements of the Issuer).

"**Permitted Disposal**" means any sale, lease, licence, transfer of other disposal on arm's length terms:

(i) of Investment Property (as defined under IFRS):

   (A) by any member of the Issuer Group to another member of the Issuer Group;

   (B) by any member of the Guarantor Group that is not a member of the Issuer Group to another member of the Guarantor Group that is not a member of the Issuer Group; or

   (C) by any member of the Guarantor Group to any transferee, in the ordinary course of business of the Guarantor Group;

(ii) of Property Development Inventories (as defined under IFRS) or cash made:

   (A) by any member of the Issuer Group to another member of the Issuer Group;

   (B) by any member of the Guarantor Group that is not a member of the Issuer Group to another member of the Guarantor Group that is not a member of the Issuer Group; or

   (C) by any member of the Guarantor Group to any transferee, in the ordinary course of business of the Guarantor Group;

(iii) of shares or interests in a legal entity (including Subsidiaries) made by any member of the Guarantor Group in the ordinary course of business of the Guarantor Group (other than shares or interests in the Issuer); or

(iv) of obsolete or redundant vehicles, plant and equipment for cash.

“**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 75% 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, Luxembourg, the Netherlands and the United Kingdom.

"**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 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 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.

"**Service Level Agreements**" means each of

(i) the management agreement dated 31 December 2008 and entered into between the Issuer and International Real Estate Services Comm.VA in respect of the provision of production, management, coordination and support services by International Real Estate Services Comm.VA to the Issuer and its Subsidiaries; and

(ii) the technical support agreement dated 31 December 2008 and entered into between the Issuer, International Real Estate Services Comm.VA and Ghelamco NV in respect of the provision technical assistance with regard to site management, project management and budget control services by International Real Estate Services Comm.VA to the Issuer and its Subsidiaries.

"**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 Belgian Companies 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" in the semi-annual or audited annual consolidated financial statements of the Issuer and (ii) in the case of the Guarantor, the amount set out under the line item "Total Assets" in the semi-annual or audited annual consolidated 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 in the semi-annual or audited annual consolidated 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;

(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; and

(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 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 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.

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 5.5.

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 5.5. 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 Floating Rate 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 as provided below, 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 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 to (but excluding) the Relevant Date.

5.4 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 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.

5.5 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.

5.6 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), 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, 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.

5.7 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, Condition 6.4 or Condition 6.5 or upon it becoming due and payable as provided in Condition 10, 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

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 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 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, 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 a Call Option is specified 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 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 Redemption at the Option of Noteholders

6.5.1 Change of Control Put Option of the Noteholders

(a) Change of control

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 above) on the Change of Control Put Date.

To exercise their rights pursuant to this Condition 6.5.1 (*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, Luxembourg 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.

6.5.2 Issuer Change of Control Call Option

If, as a result of this Condition 6.5 (*Redemption at the Option of Noteholders*), 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.

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.

6.6 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.

6.7 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.

6.8 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 Belgian Companies 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 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 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) 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 and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed in the applicable Final Terms. The Agent and the Calculation 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 or the Calculation 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,

(a) 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

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

8 Taxation

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) *Payment to individuals*: where such withholding or deduction is imposed and is required to be made pursuant to European Council Directive 2003/48/EC (as amended from time to time) or any other Directive implementing the conclusions of the ECOFIN Council meeting on 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive or any agreement between the EU and any other country or territory providing for similar measures; or

(c) *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

(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:

(a) publish on its website, (i) the annual and semi-annual 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

(b) ensure that the Guarantor publishes on its website, (i) the annual and semi-annual 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**"):

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

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

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

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

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

(f) the ratio of (i) the Consolidated Equity of the Guarantor to (ii) the Total Assets of the Guarantor shall be at least 40 per cent.; and

(g) 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

(a) 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 and (ii) reconstruction 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.

(b) 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 (b) (*Issuer Ownership*), which shall only apply to the Issuer prior to any such Reorganisation.

9.4 Change of Business

(a) 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.

(b) 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.

(c) 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

(a) 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

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

9.6 Dividends

(a) 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 Belgian Companies Code.

(b) 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 (and shall procure that the Guarantor will) remain domiciled or resident for tax purposes in Belgium, Luxembourg or the Netherlands.

9.10 Service Level Agreements

The Issuer shall not amend, supplement, waive, replace or terminate any terms of the Service Level Agreements (a "**SLA Change**") except for any SLA Change which is on arm's length terms and which is not materially adverse to the interests of the Noteholders.

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 payments 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 and 10.2 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:

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

(b) 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).

(c) 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).

(d) 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.

(e) No Event of Default will occur under this Condition 10.4 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:

(a) 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.

(b) 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.

(c) In this Condition 10.6, 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 if the aggregate amount of Financial Indebtedness in respect of which such Security becomes enforceable and steps are taken to enforce it 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).

10.8 **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:

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

(b) 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:

(a) 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

(b) 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

The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of the Conditions applicable to a Series. For the avoidance of doubt, any such modification shall always be subject to the consent of the Issuer. 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 Belgian Companies Code by a majority of at least 75 per cent. of the votes cast of the Noteholders of the relevant Series in accordance with Article 574 of the Belgian Companies Code. For the avoidance of doubt, voting rights attached to the Notes held by any member of the Guarantor Group cannot be exercised at a meeting of Noteholders.

All meetings of holders of a Series will be held in accordance with the Belgian Companies Code with respect to noteholders meetings. Such a meeting may be convened by the board of directors of the Issuer or its auditors and shall be convened by the Issuer upon the request in writing of Noteholders of a Series holding not less than one fifth of the aggregate nominal amount of the outstanding Notes of that Series. A meeting of Noteholders will be entitled to exercise the powers set out in Article 568 of the Belgian Companies Code and generally (subject to the consent of the Issuer) to modify or waive any provision of the Conditions applicable to that Series (including any proposal (i) to modify the maturity of that Series or the dates on which interest is payable in respect of that Series, (ii) to reduce or cancel the nominal amount of, or interest on, that Series or (iii) to change the currency of payment of that Series or (iv) to modify the provisions concerning the quorum required) in accordance with the quorum and majority requirements set out in Article 574 of the Belgian Companies Code, and if required thereunder subject to validation by the court of appeal.

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.

Convening notices for meetings of Noteholders of a Series shall be made in accordance with Article 570 of the Belgian Companies Code, which currently requires an announcement to be published not less than fifteen days prior to the meeting in the Belgian Official Gazette (*Belgisch Staatsblad/Moniteur belge*) and in a newspaper of national distribution in Belgium. Convening notices shall also be made in accordance with Condition 13 (*Notices*).

The Agency Agreement provides 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 the Noteholders of that Series 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.

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.

12.3 Meetings of Shareholders and Information Right

The Noteholders shall be entitled to attend all general meetings of shareholders of the Issuer, in accordance with Article 537 of the Belgian Companies Code, and they shall be entitled to receive or examine any documents that are to be remitted or disclosed to them in accordance with the Belgian Companies Code. The Noteholders who attend any general meeting of shareholders shall be entitled only to a consultative vote.

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 (www.ghelamco.com); and

(c) in respect of the Change of Control Notice and any change of Agent (in accordance with Condition 7.4 (*Appointment of Agents*)) in one of the leading newspapers having general circulation in Belgium (which is expected to be *De Tijd*).

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.

In addition to the above communications and publications, with respect to notices for a meeting of Noteholders, any convening notice for such meeting shall be made in accordance with Article 570 of the Belgian Companies Code, by an announcement to be inserted at least fifteen days prior to the meeting, in the Belgian Official Gazette (*Belgisch Staatsblad/Moniteur belge*) and in one leading newspaper with national coverage (which is expected to be *De Tijd*). Resolutions to be submitted to the meeting must be described in the convening notice.

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 amount and date of the first payment of interest thereon) (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 Dutch-speaking 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.

PART V – FORM OF THE GUARANTEE

FIRST DEMAND GUARANTEE

This first demand guarantee (the "Guarantee") is dated 5 June 2015 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 RLP 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 RLP Ghent, subdivision Ieper (the "**Issuer**") may issue from time to time notes ("**Notes**") under the EUR 150,000,000 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 1 (*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:

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

(e) 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;

(f) 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;

(g) 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;

(h) 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;

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

(j) 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**

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

b. It is authorised to enter into and perform the obligations under the Guarantee.

c. 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 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 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 competent courts of Brussels (the *Nederlandstalige Rechtbank van Koophandel Brussel* or the *Franstalige Rechtbank van Koophandel Brussel*, as the case may be) 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, Luxembourg. Accordingly, the Notes will be eligible to settle through, and therefore accepted by, Euroclear and Clearstream, Luxembourg and investors can hold their Notes within securities accounts in Euroclear and Clearstream, Luxembourg.

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 that will be entered into on or about 5 June 2015 by the NBB, the Issuer and the Agent (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 (www.ghelamco.com).

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 27 November 2014 (in connection with a capital increase of the Issuer). The Issuer is incorporated for an unlimited duration.

On 23 May 2015, the Issuer announced that its shareholder had decided to further increase its capital by EUR 50 million and that it has convened a shareholders' meeting to that effect which is scheduled to take place on 10 June 2015. The Issuer will also amend its articles of association to reflect that it is a company that has made a public call on savings.

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.

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. As a result of the admission to trading on Euronext Brussels of the Notes issued under the Programme, the Issuer will qualify as a "listed company" in accordance with Article 4 of the Belgian Companies Code and a "company that has made a public call on savings" pursuant to Article 438 of the 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 www.ghelamco.com) 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 three holding companies, each having a separate function:

(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, Russia and Ukraine 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; and

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

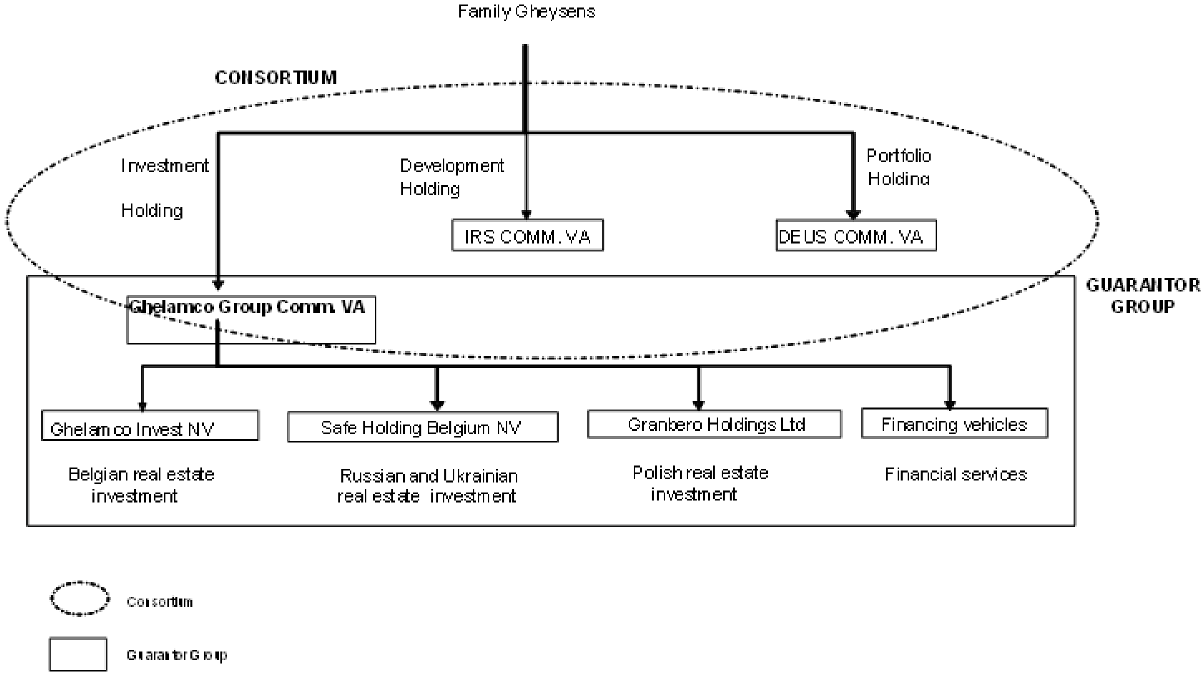
The ultimate beneficial owners of the Consortium are Mr Paul Gheysens, Mrs Ria Vandoorne, Mr Simon Gheysens, Mr Michael Gheysens and Mrs Marie-Julie Gheysens.

The holding structure has been established in order to limit cross-border liabilities.

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 groups the Belgian and French projects;
- Safe Holding Belgium NV, a Belgian holding which, together with its subsidiaries, groups the Russian and Ukrainian 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

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 targeting the French real estate market. As at today, the Issuer Group's core market is Belgium. The projects in France amount to less than 5 per cent. of the Issuer Group's portfolio.

3.3 Overview of the business activities of the Issuer Group

3.3.1 Market description

The real estate market in general

In the professional real estate market, there are three different actors: developers, construction firms and investors.

(i) Developers

Developers create real estate projects and determine the specifications according to their assessment of market appetite and the envisaged end buyer. Developers are constantly on the lookout for opportunities in terms of locations, potential lease candidates, buyers, etc. A successful developer must have an excellent understanding of the geographical market and an in-depth knowledge of the different parameters that create value such as construction quality, design and lease/sales contracts. 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) Construction firms

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 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.

(iii) 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	**2012**	**2013**	**2014 (Q4)**
Retail	5.00%	5.00%	4.35%
Offices	6.25%	6.15%	6.12%
Residential	5%	5%	5.15%
Logistics	7.50%	7.50%	7.00%

Source: KF 2012, PwC database, CBRE 2013, Cushman & Wakefield Marketbeat Retail Snapshot Q4 2014, JLL Office Market report Brussels Q4 2014, JLL Logistics in Belgium, Pulse winter 2014-2015, Numbeo.com

Most of the Issuer Group's Belgian projects are located in Brussels, Leuven, Ghent, Knokke and, to a lesser extent, Kortrijk. These projects cover a wide range of market segments such as offices, residential (including student housing), retail and leisure.

(i) The office market

The Brussels market is the most important office market for large real estate investors housing approximately 80 per cent. of the office stock in Belgium. Even though the vacancy rate for offices in Brussels is declining year-on-year, it still remains relatively high at approximately 10.3 per cent., with the older buildings showing the highest vacancy rates. As a result, the Brussels office development market is currently predominately renovating existing office stock whereas other cities such as Antwerp, Ghent, Leuven and Liège are in full expansion, developing new buildings and attracting new clients. One of the drivers for the evolution towards other cities is the ever increasing traffic congestion in Brussels, resulting in an increase in demand for employment outside Brussels.

Figure 3: Belgian office market parameters 2014

Belgian Office market parameters 2014				
	Brussels (Q4)	**Antwerp (Q3)**	**Ghent (Q3)**	**Leuven (Q3)**
Stock	13,200,000 m²	1,987,000 m²	1,270,000 m²	465,000 m²
Vacancy Rate	10.30%	11.25%	4.90%	10.90%
Take-Up(*)	419,000 m²	47,287 m²	29,183 m²	30,276 m²
Prime Yield	6.12%	6.25%	6.75%	7.50%
Prime Rent	275 EUR/m²	145 EUR/m²	150 EUR/m²	145 EUR/m²

Source: JLL Office market report Brussels Q4 2014, JLL Office market report Flanders winter 2014

(*)Take-Up means the newly leased or bought floorspace, generally expressed in m².

Ghent[1]

1 Source: JLL Flanders Office Market Report, Winter 2013

Ghent is the second largest office market in Flanders after Antwerp with a stock of 1.3 million m². For a couple of years, it has been developing at a fast pace given high demand. Despite the weaker economic climate, the take-up in Ghent amounted to 29,183 m^2 in the first nine months of 2014 (after a record year in 2013). As at 31 October 2014, 61,700 m^2 of office space was immediately available in Ghent. This corresponds to a vacancy rate of 4.9%, which is amongst the lowest vacancy rates in Flanders.

The very low vacancy rate and the attractiveness of the sites resulted in an increased rental rate of EUR 150/m² per year, thereby exceeding the rental rates of Antwerp.

In 2013, the Issuer Group completed the construction of the Ghelamco Arena (containing ±14,000 m² of office space) and its adjacent Blue Towers (which comprises ± 28,000 m² of office space), constituting major office realisations in Ghent.

Leuven

Leuven has the third largest office stock in Flanders and its take-up volume represents just over 10 per cent. of the total take-up volume in Flanders. The prime rent amounts to EUR 145/m² and has been stable since Q3 2012. The prime rent rates in Leuven are the same as in Antwerp.[2]

The Issuer Group takes part in the urban redevelopment of Leuven in different segments. The Issuer Group is currently constructing a brand new residential quarter along the Vaartkom. The Issuer Group recently completed an integrated project of retail and office space on the previous Vander Elst/Wintermans cigars site.

(ii) The retail market

Retail floor area per inhabitant is relatively low in Belgium in comparison to other European countries. However, after having lagged behind in terms of retail space per inhabitant, Belgium is catching up with up to 1,000,000 m² of retail space to be developed over the next years.

The Belgian retail property market contains three segments: high street retail, shopping centres and retail warehousing. 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.[3]

Figure 4: Prime yields in retail market segments

prime yields	**2010**	**2011**	**2012**	**2013**	**2014 (Q4)**
High street retail	4.75%	4.50%	4.25%	4.25%	4.25%
Shopping centres	5.50%	5.00%	5.00%	5.00%	5.00%
Retail warehouses	6.50%	6.25%	6.00%	6.00%	6.00%

Source: JLL Belgian Retail Market, Pulse Summer 2014; Cushman & Wakefield Marketbeat Retail Snapshot Q4 2014

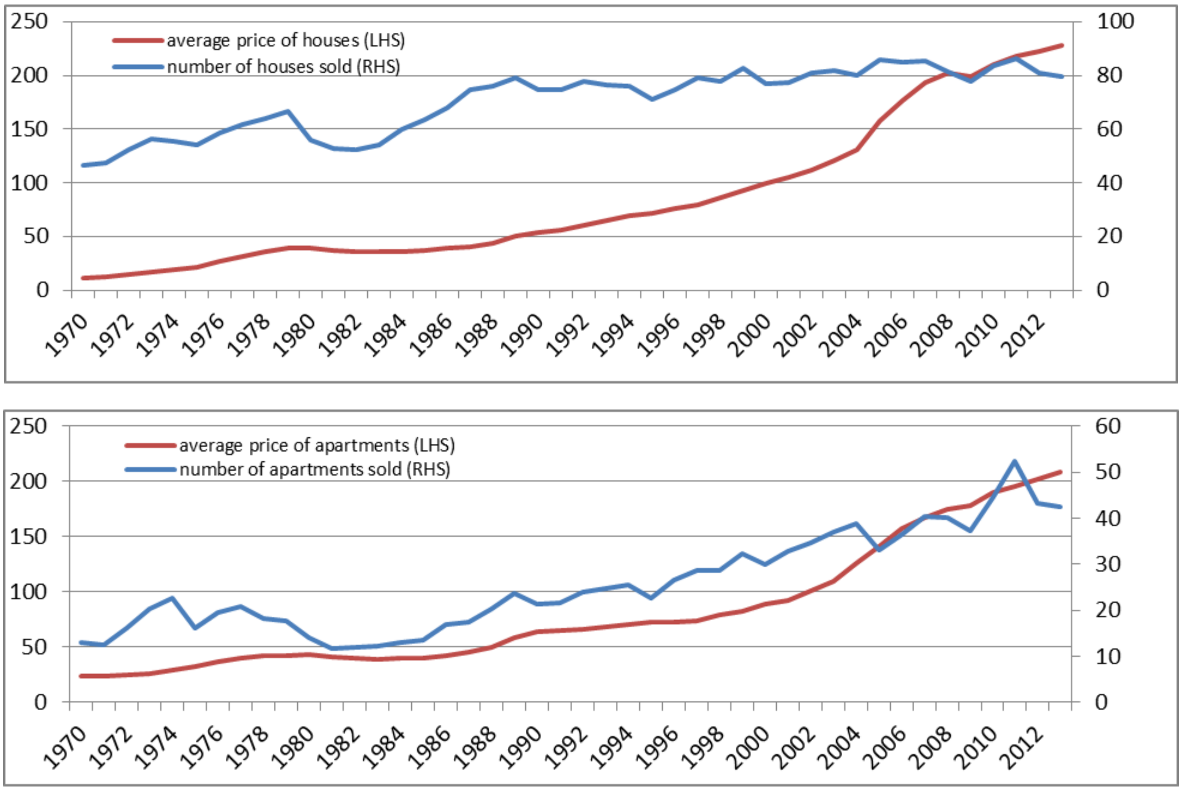
(iii) The residential market

Since 1970, the residential real estate market in Belgium has grown significantly both in price and volume. Residential mortgage lending for residential acquisitions continues to grow in Belgium, albeit at a slower pace.

Figure 5:Average sales price and sales volume of houses and apartments in Belgium (in '000)

[2] Source: JLL Office Market Report, Winter 2014

[3] JLL Belgian Retail Market, Pulse Summer 2014



Source: Stadim

Despite the slowdown in transaction activity in the residential market, acquisition prices for apartments and houses are still rising. Between 2010 and 2013, average housing prices rose with 8 per cent. and apartment prices increased with 9.5 per cent. in that same period.

Figure 6: Prime yields in the residential market

Prime yields by type of rental for standard contracts (3/6/9) in Brussels			
Class	**2012**	**2013**	**2014**
Residential	5%	5%	5.15%

Source: KF 2012, PwC database, Global Property Guide May 2014, Numbeo.com

Elderly homes have become an attractive investment given the long and steady cash flows, the current shortage of beds and the ageing population.

Another sub-segment of particular interest, given the current scarcity, is student flats, especially in the city of Leuven. This scarcity has three main causes, namely (i) the growing population of young people, (ii) the growing amount of people willing to invest in higher education, and (iii) the prolongation of some master studies from 1 to 2 years. As a result, student flats yields of close to 4 per cent. are being observed in the market.

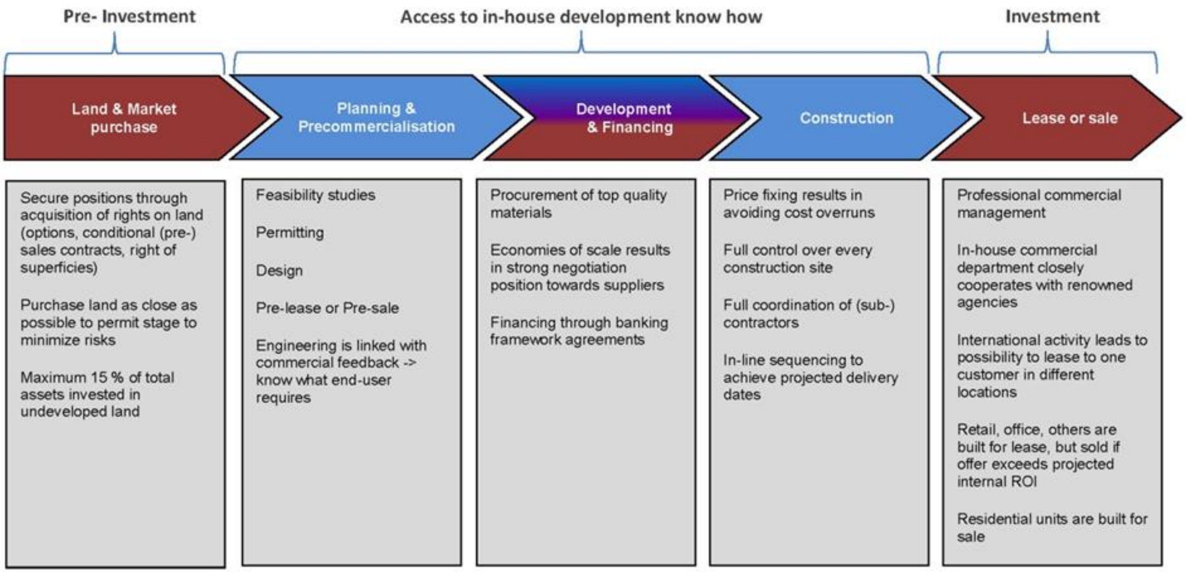
The Issuer Group is also active in the high-end residential segment, a market that continues to perform well. The Issuer Group develops multiple projects in Knokke, a famous high-end coastal resort in Belgium.

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 investor that focusses on early stage investment in commercial and residential real estate. The Issuer Group has privileged access to the development knowhow that is present within the Consortium. This allows it to be present in the entire real estate development chain and to maximise return on 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. The stages marked in brown comprise the investment activity of the Issuer Group.

Figure 7: Schematic overview of Issuer Group's business model



Source: Issuer Group information

The Issuer Group secures positions by acquiring rights on land as close as possible to 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.

(i) Land research and purchase

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 extension of the university's master programs in Leuven by converting a planned office development into a student housing program. Around the same time, the Issuer Group decided to pursue an office project "Artevelde Park" in Ghent to accommodate the increased demand of decentralised high-quality office space. 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 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.

(ii) Planning and pre-commercialisation

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 (potential timing for rezoning necessary);
- 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 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, the project comes into the actual development phase. 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.

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 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 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. 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 per 31 December 2014*". As a result of previous realisations, the Issuer Group nurtures a valuable network of high quality tenants and real estate investors.

Figure 8: Selection of completed and/or commercialised projects in Belgium

name	location	segment	commercial status per 31/12/2014
Brussels One / Kanonstraat	Brussels	residential & retail	all apartments sold 23 out of 32 parking spaces sold 2 retail areas for lease/sale
Hoekstraat	Brussels	residential	all apartments sold 85% parking spaces sold, remaining spaces for sale
Beau Site	De Panne	residential & retail	5 out of 7 apartments sold, remaining apartments for sale retail area 100% sold
Ghelamco Arena	Ghent	Offices, retail & multifunctional	Ring Offices: 50% leased and 50% sold for EUR 2.5 million Ring Multi: 60% leased and (pre-)sales of EUR 2.3 million Docora: sales of EUR 6.4 million and lease of remaining area under negotiation Ring Congress Centre: fully sold for EUR 3million
Blue Towers	Ghent	offices	Schelde Offices ca 75% (pre-)leased Arte Offices ca 72% leased
Brico Plan-it Gent	Ghent	retail	100% leased
The White House	Knokke	residential & retail	5 out of 6 apartments sold, remaining apartment for sale retail area 100% sold
Residentie Katelijne	Knokke	residential	5 out of 6 high end apartments sold, remaining apartment for sale
Sylt	Knokke	residential	5 out of 12 apartments sold, remaining apartments for sale
Zegemeer	Knokke	residential	100% sold (6 apartments)
L-Park	Leuven	office & retail	retail area 100% leased offices 70% leased, remaining area for lease project sold
Waterside	Leuven	residential & retail	all apartments sold 80% of parking spaces sold, remaining spaces for sale 70% of retail area sale, remaining area for sale
Airport Retail Park (Klippan Cabs)	Wevelgem	retail	100% leased and sold

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 cost or market 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 or market value under IFRS. 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 2005-2006, the Issuer has expanded its market share in Belgium. Through the investment in some landmark projects, such as the Artevelde Park and Leuven Vaartkom site, the asset base of the Issuer has grown from EUR 115 million in 2008 to EUR 424 million in 2014, representing a growth of ca. 269 per cent. Between 31 December 2013 and 31 December 2014, the total assets of the Issuer Group grew from EUR 370.2 million to EUR 424.4 million. Approximately EUR 8.6 million of such growth in assets was due to an increase in the investment property (from EUR 214.8 million as at 31 December 2013 to EUR 223.4 million as at 31 December 2014). Adjustments to fair value through profit and loss for the period ended 31 December 2014 amounted to EUR 7.5 million (see page 56 et seq. of the Issuer's consolidated financial statements for the financial year 2014 for further details.)

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, to a lesser extent, in France, and could potentially in the future also invest in Luxembourg, Germany, 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 levels, parking availability 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.

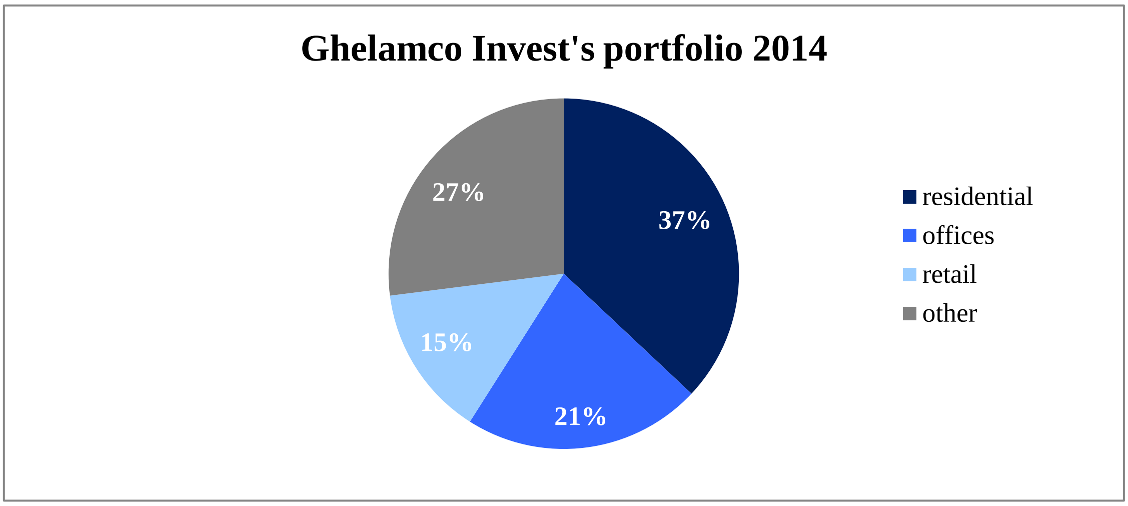
Over the past five years, the Issuer Group has expanded its project development activities in Belgium and currently has a portfolio of more than 40 projects. As a consequence, a significant part of the portfolio has evolved to the delivery or realisation phase. In addition, new office, commercial and 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 invest in 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 per 31 December 2014

Figure 13: Issuer Group's portfolio as at 31 December 2014



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 residential (37 per cent.), office space (22 per cent.) and retail (14 per cent.) located in Brussels, Leuven, Ghent and Knokke. Thanks to this diversification, the Issuer significantly reduces its portfolio's risk profile.

The young and dynamic portfolio of the Issuer includes the projects "Leuven Vaartkom Urban Development" in Leuven and "Artevelde Park" (including the "Ghelamco Arena") in Ghent.

Leuven Vaartkom Urban Development

The "Vaartkom" area in Leuven, a former industrial site in decay, is being transformed by the Issuer into a vibrant setting to work, live and shop. The Issuer implements its diversified high-end urban investment strategy through three separate projects in this area:

(i) "Waterside", a top class residential and retail project creating 113 apartments, 2,740 m² retail space and 179 parking spaces, which is successfully commercialised.

(ii) "L-Park", a mixed office (approximately 14,000 m²) and retail (approximately 3,300 m²) complex. Upon completion of the project, the entire retail area and over 70 per cent. of the office spaces was already leased (long-term). Modern building techniques and high-quality design transformed this old cigar factory into a beautiful and comfortable working environment. The project was sold in the fourth quarter of 2014 at a value above carrying value, to AXA Belgium at a (share) price of approximately EUR 9.9 million (i.e. reflecting a yield of +/- 6% and a gross project sales value of EUR 40 million). At the time of the sale, L-Park (with a leasable offices and retail area of resp. 13.7 km² and 3.4 km² and approx. 275 parking spaces) was leased for approx. 80%.

(iii) "Waterview", a project creating about 460 (pre-commercialised) student flats, 1,000 parking spaces and 5,000 m² of retail space.

Artevelde Park Ghent

In Ghent, the second largest city of Flanders, the Issuer currently invests in a new site at the crossroads of the important E40 and E17 motorways. The "Artevelde Park" is a brand new multi-functional site where the Issuer successfully combines the various segments of the retail and commercial market through the following projects:

(i) "Ghelamco Arena", a multifunctional football stadium, housing football club KAA Ghent and accommodating 20,000 seats and about 50,000 m² of modern office and retail spaces, of which approximately 33,000 m² has been commercialised by the Issuer. The stadium brings sports and business together and is appreciated by consumers as well, thanks to the shopping facilities in and around the stadium. Some (office space) parts of the Ghelamco Arena have been sold in 2014 for a total sales value of EUR 2.5 million.

(ii) "Brico Plan-It Gent", over 14,000 m² state of the art retail space which is leased for 100 per cent. to Brico Plan-It.

(iii) "Blue Towers", two towers offering approximately 14,800 m² and 13,600 m² of modern office space. Already 75 per cent. of the Schelde Offices tower and 72 per cent. of the Arte Offices tower is (pre-) leased.

(iv) "Parking Gent", a large car park offering over 2,200 parking lots to football fans, consumers and office users.

(v) "Long Stay Apartments Ghent South", a hotel accommodating over 220 long-stay apartments with hotel service.

Other notable expansion and investment activities in 2014 are:

(i) the further realisation and commercialisation of the residential project Blaisantpark in Gent (comprising 67 apartments, 46 student units, 135 parking spaces and some retail space). As at 31 December 2014, approx. 85% of the residential units were sold.

(ii) the further realisation of high-end residential/leisure projects at the Belgian coast side (mainly "Le 8300", aluxurious wellness hotel in Knokke-Zoute and the residential/retail project Locarno in Knokke).

(iii) the signing of a right to build and put/call contract in February 2014 with a third party on a 30,580 m² plot on the Duinenwater site in Knokke, for the realisation of a residential project (24 plots of land).

In 2014, residential projects for a total amount of EUR 31,455,000 were sold. The sold projects mainly include the ground floor of the Locarno project in Knokke, apartments and student units in Blaisant Park in Gent, student units in the Waterview project in Leuven, Vaartkom, land positions in Wezenbeek-Oppem (in connection with the senior homes project which the Company is realising in a joint venture structure) and residential projects at the Belgian coast.

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 financial statements. It has thus not entered into significant binding acquisition (pre-)agreements since 31 December 2014, other than the item mentioned under 'Main Post Balance Sheet events' in the Issuer's IFRS Consolidated Financial Statements at 31 December 2014.

The Issuer's main investments since 31 December 2014 include the acquisition at the end of February 2015 of a building in the Louizalaan and one in the Boulevard Bischoffsheim, Brussels for a total amount of EUR 24.5 million, for the future development and realisation of a combined retail-residential project (52 luxurious apartments and approx. 500 m^2 of shopping space in the centre of Brussels) and an office-residential project (approx. 16,615 m^2 office space and 174 parkings).

On 19 March 2015 the City of Brussels has retained the BAM/Ghelamco Consortium as preferred bidder for the construction of the Euro-stadium on parking C of the Heizel site. This new national stadium will amongst others comprise 60,000 seats, over 6,000 VIP places and over 14,000 parking spaces. The project is expected to be realised in 2018.

3.5 The organisational structure of the Issuer Group

As at 31 December 2014, the Issuer had 31 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 31 December 2014, Ghelamco Invest holds the following Ghelamco subsidiaries:

Entity description	Country	31/12/2014 voting rights
The White House Zoute NV	BE	99*
Dock-Site NV	BE	99*
Brussels & Regional NV	BE	99*
Dianthus NV	BE	99*
Nepeta NV	BE	99*
De Leewe III NV	BE	99*
Immo Simava 13 NV	BE	99*
Leisure Property Invest NV	BE	99*
Waterview NV	BE	99*
Ring Multi NV	BE	99*
Artevelde - Stadion CVBA	BE	57
Wavre Retail Park NV	BE	99*
Docora NV	BE	99*
RHR-Industries NV	BE	99*
Zeewind NV	BE	99*
Retail Gent NV	BE	99*
Parking Estates NV	BE	99*
Parking Gent NV	BE	99*
Arte Offices NV	BE	99*
Schelde Offices NV	BE	99*
Ring Hotel NV	BE	99*
Ring Offices NV	BE	99*
Parking Leuven NV	BE	99*
Forest Parc NV	BE	99*
Valbeto NV	BE	99*
Graminea NV	BE	99*
Retail Leuven NV	BE	99*
Citrien NV	BE	99*
Amethist Vastgoed NV	BE	99*
Leuven Student Housing NV	BE	99*
De Nieuwe Filature NV	BE	99*

(*) 99 per cent. represents all shares but a few shares, directly owned by Mr Paul Gheysens.

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 7 per cent. fixed rate bonds due 13 December 2015 ("**Series A**") and the $7^{7/8}$ per cent. fixed rate bonds due 13 December 2017 bonds issued by the Issuer in 2012 ("**Series B**", and together with Series A, the "**2012 Bonds**") and the 6.25 per cent. fixed rate bonds due 28 February 2018 (the "**2013 Bonds**") 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.

The Series A 2012 Bonds will be redeemed on 13 December 2015. Moreover, the Issuer has decided that it will call and redeem the Series B 2012 Bonds on 13 December 2015, subject to market conditions at the relevant time. This may be done by way of a bank or bond financing or other means available in the market at that time. The Related Party Loans are subordinated loans that are currently provided to the relevant SPV subsidiaries of the Issuer by certain subsidiaries of the Guarantor. Given that the Notes are guaranteed, the Related Party Loans are treated as part of the "equity" for internal reporting purposes and for purposes of computation of the financial ratios (in particular for determining the minimum consolidated equity ratio at Issuer level where such Related Party Loans are included in the consolidated equity).

31/12/2014	**Amount (in million EUR)**	**Maturity**
Series A (1)	25.05	13 December 2015
Series B (1)	16.95	13 December 2017
2013 Bonds(2)	70.00	28 February 2018
Intra-group loans	34.74	**
Short term bank financing (3)(4)	104.65	< 1 year
Long term bank financing(5)	44. 6	> 1 year

(1): The total balance of the bonds outstanding set out in the Issuer Group's consolidated financial statements per 31 December 2014 (EUR 110,119,000) is equal to the total issue amount (EUR 112,000,000) less the capitalised issue costs (mainly the arrangement fees), amortised over the term of the bonds.
(2): The tenor is usually 5 years or longer depending on the specific situation and/or needs.
(3): In the course of 2015, 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) The short-term bank financing consists of EUR 21.751 million bank financing at the level of the Issuer and EUR 82.899 million at the level of the subsidiaries.
(5) The long-term bank financing consists of EUR 8.886 million bank financing at the level of the Issuer and EUR 35.869 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 is anticipated to come from increased bond financing, such as the 2012 Bonds and the 2013 Bonds and the 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.

5 Recent events and developments

On 23 May 2015, the Issuer announced that its shareholder had decided to further increase its capital by EUR 50 million and that it has convened a shareholders' meeting to that effect which is scheduled to take place on 10 June 2015.

There have not been any other recent events relevant to the evaluation of the Issuer's solvency since 31 December 2014.

6 Trend information

There has been no material adverse change in the prospects of the Issuer or the Issuer Group since 31 December 2014, except for those circumstances or events mentioned or referred elsewhere to in this Base Prospectus.

In addition, the Issuer is not aware of any known trends, uncertainties, demands, commitments or events, except for those mentioned or referred to elsewhere in this Base Prospectus, that are reasonably likely to have a material effect on the Issuer's or the Issuer Group's prospects for the current financial year.

7 No significant change in financial or trading position

There has been no significant change in the financial or trading position of the Issuer or the Issuer Group since 31 December 2014, except for those circumstances or events mentioned or referred elsewhere in this Base Prospectus.

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, except for those contracts mentioned elsewhere in the Base Prospectus.

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 (www.ghelamco.com).

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 6 November 2012 (extension of the managing director’s powers).

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.

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 (available on www.ghelamco.com) 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, Ukraine and France. Figure 9 shows that 82 per cent. of the portfolio is located in Poland, Belgium and France, whereby 46 per cent. is located in Poland and 36 per cent. in Belgium and France. Approximately 65 per cent. of the portfolio consists of projects in the office and residential segments.

Figure 9: Guarantor Group's portfolio carrying amounts per financials, in EUR million (as at 31 December 2014)

Portfolio	Poland	Belgium & France	Russia	Ukraine	Total
per 31 December 2014					
Residential	50	133	0	0	**183**
Retail	19	54	0	0	**73**
Logistics	3	0	161	18	**182**
Offices	396	73	0	0	**469**
Other	0	97	0	0	**97**
TOTAL	**468**	**357**	**161**	**18**	**1,004**

Source: Guarantor IFRS consolidated financial information for the period ended 31 December 2014

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 and Ukrainian 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 over EUR 1.2 billion in assets.

Figure 10: Selection of Belgian real estate companies, ranked by assets as at 31 December 2014 (except for the Retail Estates assets, which are based on the financial statements as at 30 September 2014)

#	Name	Strategy	Key segments	Total assets	Equity	Solvency	Geography
1	Cofinimmo	REIT	Offices	3,499	1,609	46%	BEL-FR-NED-GER
2	Befimmo	REIT	Offices	2,354	1,195	51%	BEL-LUX
3	WDP	REIT	Warehouses	1,570	682	43%	BEL-FR-NED-RO
4	Ghelamco Group	Develop & Hold/Sell	Offices & Residential	1,269	571	45%	BEL-FR-PO-UKR-RUS
5	Aedifica	REIT	Residential	985	422	43%	BEL-LUX
6	Retail Estate	REIT	Commercial	782	347	44%	BEL
7	Intervest Offices	REIT	Offices & Warehouses	619	314	51%	BEL
8	Immobel	Develop & Hold/Sell	Offices & Residential	444	197	44%	BEL-LUX-PO
9	Atenor	Develop & Hold/Sell	Offices & Residential	449	112	25%	BEL-HUN-RO-LUX
10	Banimmo	Develop & Hold	Offices & Commercial	357	116	32%	BEL-FR

Source: resp. interim financial reports for the year ended 31 December 2014, except for Retail Estates (30 September 2014)

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

According to Cushman and Wakefield's "*Polish Real Estate Market Report Autumn 2014*", Poland remains an attractive investment location for investors in Europe. Poland managed to avoid recession as one of the few countries in Europe and Poland's economy expanded in 2013 with higher industrial output and retail sales. In 2014, Poland had a GDP growth of 3.8 per cent on an annual basis.

(ii) The office market

Demand

The demand for modern office space mainly stems from the following observations:

- Polish and foreign companies have benefited from the rapid economic growth of Poland since the 90's;
- new parties have entered the Polish market, which observed a boom in 2004, just after Poland's accession to the European Union, and again during 2007 and 2008;
- organisations have changing needs as a result of mergers and acquisitions in various sectors of the economy, resulting in a higher demand for office space in class A-buildings;
- tenants, usually Polish companies, occupy office space in class B- or C- buildings and are searching for modern office space in class A-buildings; and
- former state companies or organisations, currently partially or entirely privatised, are searching for more comfortable offices in order to improve their image and quality of management.

Take-up in Warsaw's occupational sector amounted to approximately 290,000 m² in the first three quarters of 2014 (constituting a decline compared to the corresponding period in 2013). The decline in take-up largely results from the five-year cycle that started in 2009, following the collapse of Lehman Brothers in 2008, which resulted in occupiers losing their appetite to lease office space. Cushman & Wakefield expects a revival in the leasing activity in 2015.[4]

Supply

At 31 December 2014 more than 40 new office schemes are under construction totalling over 660,000 m².

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 6.5 per cent. in 2014. The large number of new projects that has been and will be completed in the period 2013–2015 pushed prime yields in Warsaw's less central locations up to around 7.5–7.75 per cent.[5]

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 performs most of its projects. Besides those, the Guarantor is also active in the most interesting and prestigious locations in the Warsaw city centre (e.g. the Senator project).

(iii) Position of the Guarantor Group

The Guarantor Group has been active in the Polish real estate sector since 1991. Between 2000 and 2014, the Guarantor developed over 450,000 m² of modern office and warehouse space. Some of the most recent projects are the office buildings T-Mobile Office Park, Lopuszanska Business Park and Katowice Business Point, which have been sold in August 2014. At the moment of the sale 96 per cent. of the leasable space of the three projects were occupied with top tenant comprising national and international blue-chip companies including T-Mobile, Citibank, Allianz, Alior Bank and PwC. T-Mobile Office Park in Warsaw was the first building in Poland to achieve the BREEAM Excellent certification for its ecological standard.

Russia and Ukraine

Investments in Russia and Ukraine 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 recent projects proves the success of this approach.

In Moscow, the Dimitrov Logistics Park project will consist of four buildings totalling approximately 233,000 m² of leasable area. Phase A of Dimitrov Logistics Park has been completed in September 2012, offering 60,000 m² of space. 95 per cent. was leased within six months. Phase A is currently nearly fully leased. Phase B covers approximately 75,000 m² and has been completed in June 2014. Approximately 70 per cent. of the space is already leased. Construction of the next phases of the project will start as soon as sufficient pre-lease is in place. The lease income of the first buildings, together with bank financing, should be sufficient to realise the entire project without additional (equity) funding. Despite the political crisis in Russia, Dimitrov Logistics Park has experienced quite a substantial demand for lease of warehouse space.

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[4] Cushman & Wakefield, marketbeat, Polish real estate market report, autumn 2014.

[5] Cushman & Wakefield "Valuation & Advisory July 2013"

Kopylov Logistics Park is located very close to the E40 at about 30km of Ukraine's capital, Kiev. The property comprises two large single story logistics warehouses with internal offices covering a total surface of about 30,000 m² of which approximately 90 per cent. of the surface is already leased.

Although the project can count on a stable rental income denominated in USD instead of local currencies, the applied rent and yield rates have been negatively impacted by the difficult political and economic situation in Russia and Ukraine, which has resulted in negative fair value corrections that amount to EUR 19,501,000 and EUR 822,000 on the Guarantor Group's Ukrainian and Russian investments.

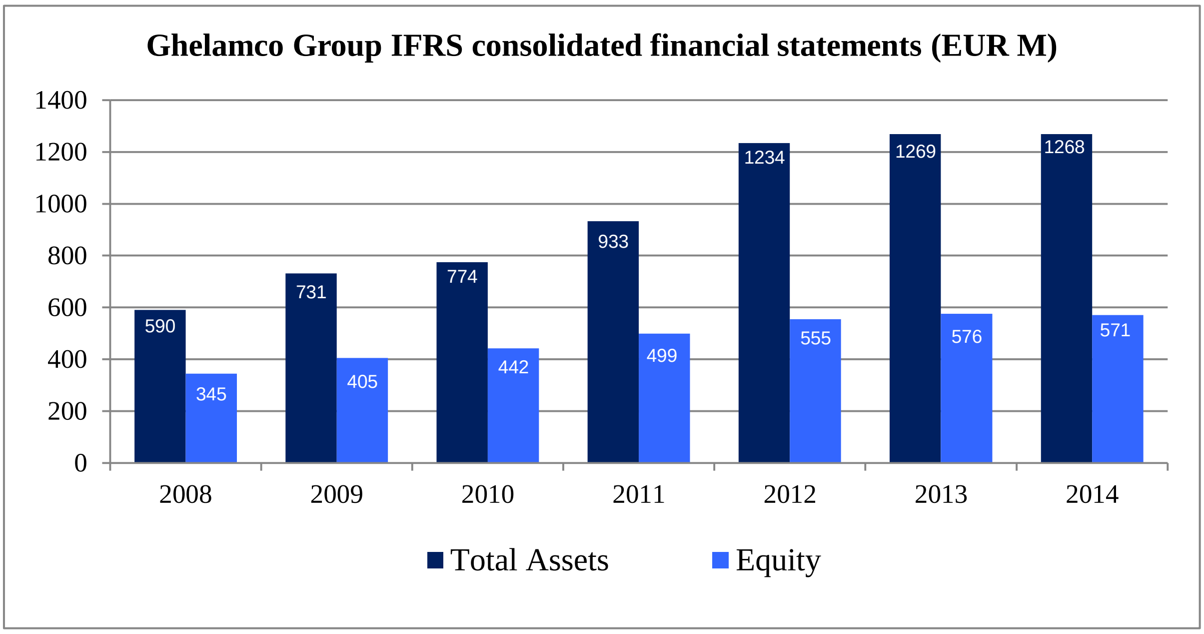
3 Valuation of the real estate assets

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 market 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 or market value under IFRS. 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 2010, consolidated assets and equity have grown with 64.0 per cent. and 29.2 per cent. respectively as a result of the successful value creation from investment efforts and sale and/or divestment of projects. Between 31 December 2013 and 31 December 2014, the Guarantor managed to keep the total assets of the Guarantor Group stable at ca. EUR 1,268 million, while selling the Katowice Business Point (+/- 17,000 net m² office project in Katowice), the T-Mobile Office Park (+/- 41,000 net m² office project in Warsaw) and the Lopuszanska Business Park (+/- 16,500 net m² office project in Warsaw) projects for a net sales price of approx. EUR 189 million. Adjustments to fair value through profit and loss in 2014 amounted to EUR 11.3 million (see page 44 et seq. of the Guarantor's IFRS consolidated financial statements for the period ended 31 December 2014 for further details.)

Figure 11: Guarantor Group consolidated total assets and equity (in EUR million)



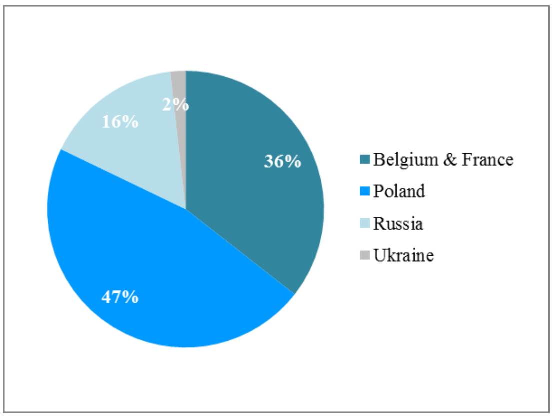
Source: Guarantor Group IFRS Consolidated financial statements

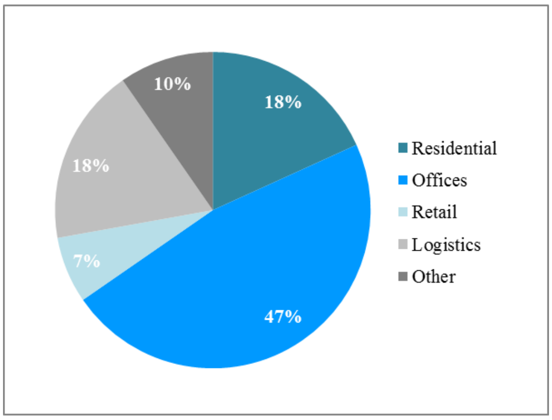
Portfolio of the Guarantor Group per 31 December 2014

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 12: Guarantor Group's portfolio 31 December 2014

Portfolio per 31/12/2014	Poland	Belgium & France	Russia	Ukraine	Total
residential	50	133	0	0	**183**
retail	19	54	0	0	**73**
logistics	3	0	161	18	**182**
offices	396	73	0	0	**469**
other	0	97	0	0	**97**
Total	**468**	**357**	**161**	**18**	**1,004**





Source: Guarantor Group information

In Belgium, the Guarantor Group mainly holds projects in the retail (14 per cent.), offices (22 per cent.), residential (37 per cent.) segments. The Guarantor's Polish portfolio focuses on modern office space (85 per cent.) but also includes, to a lesser extent, investments in the residential (11 per cent.), logistics (2.8 per cent.) and retail (4 per cent.) segment. Both the Russian and Ukrainian real estate portfolio of the Guarantor are currently limited to the logistics segment.

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 consolidated financial statements. It has thus not entered into significant binding acquisition (pre-)agreements since 31 December 2014, apart from the item mentioned under 'Main Post Balance Sheet events' in the Guarantor's IFRS Consolidated Financial Statements at 31 December 2014.

4 Recent events and developments

There have not been any recent events relevant to the evaluation of the Guarantor's solvency since 31 December 2014.

5 Trend information

There has been no material adverse change in the prospects of the Guarantor or the Guarantor Group since 31 December 2014, except for those circumstances or events mentioned or referred to elsewhere in this Base Prospectus.

In addition, the Guarantor is not aware of any known trends, uncertainties, demands, commitments or events, except for those mentioned or referred to elsewhere in this Base Prospectus, that are reasonably likely to have a material effect on the Guarantor's or the Guarantor Group's prospects for the current financial year.

6 No significant change in financial or trading position

There has been no significant change in the financial or trading position of the Guarantor or the Guarantor Group since 31 December 2014, except for those circumstances or events mentioned or referred to elsewhere in this Base Prospectus.

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, except for those contracts mentioned or referred to elsewhere in the Base Prospectus.

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 four members:

Name	Position	Type	Expiration of term	Principal activities performed outside the Issuer
Opus Terrae BVBA, represented by Mr Paul Gheysens	director	not independent	General meeting of shareholders of 2018	(i) managing director of Safe Holding Belgium NV; (ii) statutory manager of Ghelamco Group Comm. V.A.; (iii) managing director of Amethist Vastgoed NV; (iv) managing director of Secure Realty NV
Mr Paul Gheysens	director and chairman of the board of directors	not independent	General meeting of shareholders of 2018	(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

Name	Position	Type	Expiration of term	Principal activities performed outside the Issuer
				representative of Kadmos BVBA as statutory manager of International Real Estate Services Comm. V.A.; (iv) director of Noordduinen vzw; (v) manager of Opus Terrae BVBA; (vi) manager of Passionata BVBA; (vii) managing director of Ypfinance NV; (viii) director of Luxus Invest sp. z.o.o.; (ix) manager of Kadmos BVBA
Mr Michael Gheysens	director	not independent	General meeting of shareholders of 2018	(i) director of Safe Holding Belgium NV; (ii) director of Amethist Vastgoed NV; (iii) director of Immobilière North Sea Properties NV; (iv) director of Secure Realty NV; (v) director of Noordduinen vzw; (vi) director of Tridem Development NV; (vii) manager of Ghemic BVBA
Mr Simon Gheysens	director	not independent	General meeting of shareholders of 2018	(i) director of Safe Holding Belgium NV; (ii) director of

Name	Position	Type	Expiration of term	Principal activities performed outside the Issuer
				Amethist Vastgoed NV; (iii) director of Immobilière North Sea Properties NV; (iv) director of Secure Realty NV; (v) managing director of Noordduinen vzw; (vi) director of Tridem Development NV; (vii) manager of Sidlabz BVBA
BVBA Pure F., represented by Mr. Philip Neyt	director	non-executive	General meeting of shareholders of 2018	(the below activities are performed by Mr. Philip Neyt) (i) member of the Corporate Governance Commission; (ii) member of Orientation Council Euronext; (iii) independent chairman of Belgische Vereniging Pensioeninstellingen; (iv) independent director of Curalia onderline verzekering; (v) director of Ethias NV; (vi) independent director of Beursvennootschap Stevens&Cie; (vii) independent director of Vladubel (Vlaanderen

Name	Position	Type	Expiration of term	Principal activities performed outside the Issuer
				Duurzaam Beleggen); (viii) independent director of BNP Paribas B Fund I, BNP Paribas B Global, BNP Paribas B Institutional, BNP Paribas Fix 2010; (ix) CEO of Pensioeninvest Comm.V.
Thijs Johnny BVBA, represented by Mr. Johnny Thijs	director	Independent Non-executive	General meeting of shareholders of 2018	(i) director of Delhaize Groep NV; (ii) manager of Henri Essers en Zonen – Internationaal Transport NV; (iii) chairman of the board of directors of Spadel SA; (iv) chairman of the board of directors of Betafence NV; (v) chairman of the board of directos of Recticel NV; (vi) member of the supervisory board of USG People N.V.; (vii) director of Rode Kruis Vlaanderen ; (viii) member of the advisory board of CVC Benelux NV; (ix) member of the advisory board of Lazard Frères Benelux.

For purposes of this Base Prospectus, the postal address of the directors is Zwaanhofweg 10, 8900 Ieper, Belgium.

1.2 Management

The Issuer has not established a separate management committee (*directiecomité/comité de direction*) within the meaning of Article 524*bis* of the Belgian Companies Code.

1.3 Audit committee

The Issuer has established an audit committee in accordance with Article 526*bis* of the 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 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 Thijs Johnny BVBA, represented by Mr. Johnny Thijs, as independent director within the meaning of Article 526*ter* of the Belgian Companies Code and BVBA Pure F., represented by Mr. Philip Neyt, as non-executive director.

1.4 Auditors

Finvision Bedrijfsrevisoren BV o.v.v.e. BVBA, having its registered office at Evolis 102, 8530 Harelbeke Belgium, represented by Didier Engelen (member of the *Institut des Réviseurs d'Entreprises*/*Instituut der Bedrijfsrevisoren*), has been appointed in the shareholders' meeting of 30 November 2012 as statutory auditor of the Issuer and audits the Issuer's standalone financial statements. Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA, having its registered office at Berkenlaan 8b, 1831 Diegem, Belgium, represented by Rik Neckebroeck (member of the *Institut des Réviseurs d'Entreprises/Instituut der Bedrijfsrevisoren*), has been appointed by the Issuer as auditor for the audit of the consolidated financial statements.

1.5 Corporate Governance

The Issuer complies with the corporate governance obligations of the Belgian Companies Code.

The Issuer has recently expanded its board of directors with an independent board member and a non-executive board member. The Issuer has also established an audit committee. These decisions and evolutions are connected with the growing importance which 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 director's private interests or duties.

The Issuer complies with the conflicts of interest procedure set out in Article 523 of the Belgian Companies 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 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 senior management comprises the chief executive officer, the chief financial officer, the chief operational officer and the managing director of Central and Eastern Europe (the "**Senior Management**").

The statutory director did not establish a management committee (*directiecomité*/*comité de direction*) within the meaning of Article 524*bis* of the 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**
Opus Terrae BVBA, represented by Paul Gheysens	chief executive officer	n/a	(i) managing director of Safe Holding Belgium NV; (ii) managing director of Amethist Vastgoed NV; (iii) managing director of Secure Realty NV
Mr Philippe Pannier	chief financial officer	n/a	(i) various mandates within the Consortium including, without limitation a mandate as director of Ghelamco Poland Sp. z.o.o.; (ii) director of Luxus Invest Sp. z.o.o.; (iii) manager of FMP BVBA
Mr Chris Heggerick	chief operating officer	n/a	(i) director of Safe Invest Sp. z.o.o.; (ii) manager of Heggerick Chris Consulting GCV; (iii) independent director of Easypay Group
Mr Jeroen van der Toolen	managing director Central and Eastern Europe	n/a	(i) director of Apollo Invest Sp. z.o.o.; (ii) director of

Name	Position	Expiration of term	Principal activities performed outside the Guarantor
			Ghelamco Poland Sp. z.o.o.; (iii) president of the management board of Kama Investment Sp. z.o.o.; (iv) president of the management board of Cordylite Company Sp. z.o.o.; (v) president of the management board of Mesolite Company Sp. z.o.o.

2.3 Auditors

Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA, having its registered office at Berkenlaan 8b, 1831 Diegem, Belgium, represented by Rik Neckebroeck (member of the *Institut des Réviseurs d'Entreprises*/*Instituut der Bedrijfsrevisoren*), has been appointed in the shareholders' meeting of 27 June 2014 as statutory auditor of the Guarantor and audits the standalone and the 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 director's private interests or duties.

PART X – MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

1 Issuer

1.1 Major shareholders

The share capital of the Issuer comprises 119,389 ordinary shares. Currently, the Guarantor directly holds 99.99 per cent. of these shares. The balance (5 shares) is held by Mr Paul Gheysens.

1.2 Share capital

On the date of the Base Prospectus the Issuer's share capital amounts to EUR 61,490,000 (sixty-one million four hundred ninety thousand) and is fully paid-up.

The share capital is divided into 119,389 (hundred nineteen thousand three hundred eighty-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

On the date of the Base Prospectus, the Guarantor's share capital amounts to EUR 73,194,223 (seventy three 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.

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 2014 and 31 December 2013 is included below. The information below is extracted from the IFRS consolidated financial statements of the Issuer. In relation to the annual consolidated financial statements for the periods ended 31 December 2014 and 31 December 2013, an unqualified auditor's opinion has been issued.

1.1.1 Consolidated balance sheet (million EUR)

	31/12/2014	31/12/2013
ASSETS		
Non-current assets		
Investment Property	223,360	214,859
Property, plant and equipment	277	321
Investments in associates	590	1,380
Receivables and prepayments	2,580	2,457
Deferred tax assets	2,985	2,530
Other financial assets	561	500
Restricted cash	0	0
Total non-current assets	**230,353**	**222,047**
Current assets		
Property Development Inventories	132,720	111,503
Trade and other receivables	20,512	12,423
Current tax assets	0	9
Derivatives	0	0
Assets classified as held for sale	975	3,475
Restricted cash	0	0
Cash and cash equivalents	39,837	20,752
Total current assets	**194,044**	**148,162**
TOTAL ASSETS	**424,397**	**370,209**

	31/12/2014	31/12/2013
Capital and reserves attributable to the Group's equity holders		
Share capital	61,490	1,490
Retained earnings	28,278	23,710
	89,768	25,200
Non-controlling interests	67	90
TOTAL EQUITY	**89,835**	**25,290**
Non-current liabilities		
Interest-bearing loans and borrowings	165,346	230,471
Deferred tax liabilities	12,190	13,121
Long-term provisions	178	178
Total non-current liabilities	**177,714**	**243,770**
Current liabilities		
Trade and other payables	23,605	26,566
Current tax liabilities	829	1,437
Interest-bearing loans and borrowings	132,414	73,146
Total current liabilities	**156,848**	**101,149**
Total liabilities	**334,562**	**344,919**
TOTAL EQUITY AND LIABILITIES	**424,397**	**370,209**

1.1.2 Consolidated income statement (million EUR)

	31/12/2014	2013
Revenue	37,747	9,868
Other operating income	4,288	946

Cost of Property Development Inventories	-19,348	-6,230
Employee benefit expense	-402	-389
Depreciation amortisation and impairment charges	-70	-368
Gains from revaluation of Investment Property	7,538	21,012
Other operating expense	-8,955	-4,844
Share of results of associates	-790	0
Operating profit - result	**20,008**	**19,995**
Finance income	607	350
Finance costs	-13,205	-9,465
Profit before income tax	**7,410**	**10,880**
Income tax expense/income	-2,853	-4,778
Profit for the year	**4,557**	**6,102**
Attributable to:		
Equity holders of parent	4,544	6,081
Non-controlling interests	13	21

1.1.3 Consolidated cash flow statement (million EUR)

	2014	**2013**
Operating Activities		
Profit / (Loss) before income tax	**7,410**	**10,880**
Adjustments for:		
- Share of results of associates	790	0
- Change in fair value of investment property	-7,538	-21,012
- Depreciation, amortisation and impairment charges	70	68
- Result on disposal Investment Property	-1,659	-16
- Change in provisions	0	111
- Net interest charge	11,320	8,152

- Movements in working capital:		
- Change in inventory	-22,547	-12,358
- Change in trade & other receivables	-8,089	5,124
- Change in trade & other payables	-203	561
- Change in MTM derivatives	0	0
- Movement in other non-current liabilities		-
- Other non-cash items	29	-134
Income tax paid	-1,482	-210
Interest paid	-14,301	-6,324
Net cash from operating activities	**-36,200**	**-15,158**
Investing Activities		
Interest received	607	350
Purchase of property, plant & equipment	-24	-13
Purchase of investment property	-37,608	-83,124
Capitalized interest in investment property	-2,324	-1,285
Proceeds from disposal of investment property	40,675	17,385
Net cash outflow on acquisition of subsidiaries	0	0-
Net cash outflow on other non-current financial assets	-184	-399
Net cash inflow/outflow on NCI transactions	0	0
Movement in restricted cash accounts		-
Net cash flow used in investing activities	**1,142**	**-67,086**
Financing Activities		
Proceeds from borrowings	36,139	84,656
Repayment of borrowings	-41,996	-10,002
Capital decrease	60,000	-
Dividends paid	0	-13
Net cash inflow from / (used in) financing activities	**54,143**	**74,641**

Net increase in cash and cash equivalents	**19,085**	**-7,603**
Cash and cash equivalents at 1 January	**20,752**	**28,355**
Cash and cash equivalents per end of the year	**39,837**	**20,752**

2 Financial information of the Guarantor

Selected financial information for the period ended 31 December 2014 and 31 December 2013 is included below. The information below is extracted from the IFRS consolidated financial statements of the Guarantor. In relation to the annual consolidated financial statements for the periods ended 31 December 2014 and 31 December 2013, an unqualified auditor's opinion has been issued.

2.1.1 Consolidated balance sheet ('000 EUR)

	31/12/2014	**31/12/2013**
ASSETS		
Non-current assets		
Investment Property	820,414	854,311
Property, plant and equipment	391	457
Intangible assets	4,299	4,788
Investments in associates	590	1,380
Receivables and prepayments	58,896	65,665
Deferred tax assets	6,432	2,840
Other financial assets	1,582	2,951
Restricted cash	256	471
Total non-current assets	**892,860**	**932,863**
Current assets		
Property Development Inventories	182,917	178,071
Trade and other receivables	91,810	82,701
Current tax assets	19	41
Derivatives	290	1,842
Assets classified as held for sale	975	3,475
Cash and cash equivalents	98,955	70,182

	31/12/2014	31/12/2013
Total current assets	**374,966**	**336,312**
TOTAL ASSETS	**1,267,826**	**1,269,175**
	31/12/2014	**31/12/2013**
Capital and reserves attributable to the Group's equity holders		
Share capital	73,194	73,194
CTA	12,198	8,214
Retained earnings	480,283	489,941
	565,675	571,349
Non-controlling interests	5,508	4,954
TOTAL EQUITY	**571,183**	**576,303**
Non-current liabilities		
Interest-bearing loans and borrowings	440,187	431,687
Deferred tax liabilities	23,770	23,925
Other non-current liabilities	2,500	2,500
Long-term provisions	178	178
Total non-current liabilities	**466,635**	**458,290**
Current liabilities		
Trade and other payables	46,458	53,377
Current tax liabilities	2,307	2,353
Interest-bearing loans and borrowings	181,243	178,852
Short-term provisions	0	0
Total current liabilities	**230,008**	**234,582**
Total liabilities	**696,643**	**692,872**

TOTAL EQUITY AND LIABILITIES	**1,267,826**	**1,269,175**

2.1.2 Income Statement (million EUR)

	31/12/2014	2013
Revenue	69,579	50,062
Other operating income	13,951	5,312
Cost of Property Development Inventories	-36,151	-20,986
Employee benefit expense	-1,190	-1,161
Depreciation amortisation and impairment charges	-588	-621
Gains from revaluation of Investment Property	11,335	52,137
Other operating expense	-36,502	-29,463
Share of results of associates	-790	
Operating profit - result	**19,644**	**55,280**
Finance income	4,298	3,563
Finance costs	-31,536	-34,228
Profit before income tax	**-7,594**	**24,615**
Income tax expense	-1,468	-9,206
Profit for the year	**-9,062**	**15,409**
Attributable to:		
Equity holders of parent	-9,693	15,017
Non-controlling interests	631	392

2.1.3 Cash Flow Statement ('000 EUR)

	2014	2013
Profit / (Loss) before income tax	**-7,594**	**24,615**

Adjustments for:		
- Share of results of associates	790	
- Change in fair value of investment property	-11,335	-52,137
- Gain on disposal of subsidiary		
- Gain on disposal of interest in former associates		
- Depreciation, amortisation and impairment charges	588	321
- Result on disposal investment property	-8,160	-1,849
- Change in provisions	0	111
- Net interest charge	21,105	20,414
- Movements in working capital:		
- Change in inventory	-7,691	-1,351
- Change in trade & other receivables	-9,109	-28,316
- Change in trade & other payables	-5,422	-20,495
- Change in MTM derivatives	1,552	80
- Movement in other non-current liabilities	0	2,500
- Other non-cash items	-122	217
Income tax paid	-5,239	-1,821
Interest paid (**)	-24,281	-23,977
Net cash from operating activities	**-54,918**	**-81,688**
Investing Activities		
Interest received	4,298	3,563
Purchase of property, plant & equipment and intangibles	-25	-5,034
Purchase of investment property	-141,643	-170,675
Capitalized interest in investment property	-14,323	-10,582
Proceeds from disposal of investment property	229,759	253,178
Net cash outflow on acquisition of subsidiaries	0	0
Net cash inflow on disposal of subsidiary	0	0
Net cash inflow on disposal of associate	0	0
Net cash outflow on other non-current financial assets	8,138	-21,318
Net cash inflow/outflow on NCI transactions	0	0
Change in trade & other payables	0	0
Movement in restricted cash accounts	215	234

Net cash flow used in investing activities	**86,419**	**49,366**
Financing Activities		
Proceeds from borrowings	259,350	177,237
Repayment of borrowings	-248,459	-151,575
Dividends paid		-13
Net cash inflow from / (used in) financing activities	**10,891**	**25,649**
Net increase/decrease in cash and cash equivalents	**42,392**	**-6,673**
Cash and cash equivalents at 1 January of the year	**70,182**	**65,098**
effects of exch. rate changes on EUR/USD balances in non-EUR countries	-13,619	11,757
Cash and cash equivalents at 31 December of the year	**98,955**	**70,182**

PART XII – USE OF PROCEEDS

The net proceeds from the issue of each Tranche of Notes will be applied by the Issuer towards the funding of investments focused on projects located in Belgium and France (and possibly also in Luxembourg, Germany, the Netherlands and the UK) and its general corporate purposes, including 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.

PART XIII – TAXATION

The following is a general description of the principal 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 general description is based upon the law as in effect on the date of this Information Memorandum 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 25 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.

Participants in the Securities Settlement System must keep the Notes they hold for the account of Eligible Investors in an exempt securities account (an "**X-account**"), and those they hold for the account of non-Eligible Investors in non-exempt securities accounts ("**N-accounts**"). Payments of interest made in respect of Notes held in X-accounts may be made free of Belgian withholding tax; payments of interest made in respect of Notes held in N-accounts are subject to a withholding tax, currently at a rate of 25 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 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;

(ii) 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**");

(iii) 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 1° and 3° and subject to the applications of Article 262, 1° and 5° of the Belgian Income Tax Code 1992 ("**ITC**"));

(iv) semi-public governmental social security institutions or institutions similar thereto;

(v) companies, associations and other tax payers provided for in Article 227, 2º ITC, whose Notes are held for the exercise of their professional activities in Belgium and which are subject to non-resident income tax in Belgium pursuant to Article 233 ITC;

(vi) non-resident investors provided for in Article 105, 5º RD/ITC;

(vii) 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.

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, 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.

These identification requirements do not apply to Notes held with Euroclear or Clearstream, Luxembourg acting as participants to the Securities Settlement System, provided that they only hold X-Accounts and that they are able to identify the holders for whom they hold Notes in such account.

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 25 per cent withholding tax. 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 25 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 interest withholding tax rate of 25 per cent. (or at the progressive personal tax rate taking into account the taxpayer's other declared income, whichever is lower). If the interest payment is reported, the withholding tax retained by or on behalf of the Issuer may be credited against the income tax liability and may even be refundable.

Capital gains realised on the sale 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 (generally 33.99 per cent). The 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.

Capital losses realised upon the sale of the Notes are in principle tax deductible.

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 25 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 account for the applicable withholding tax (art. 262, 1° a) ITC) which is applicable to them. 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 (except as the case may be in the form of withholding tax, as defined in the "Belgian withholding tax" – 1.1 General). Capital losses are in principle not tax deductible.

2.4 Organisations for Financing Pensions

Interest derived by OFP (*Organismen voor de Financiering van Pensioenen/Organismes de Financement de Pensions*) Noteholders on the Notes and capital gains realised on the Notes will be 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 – save as the case may be, in the form of a withholding tax – by reason only of the acquisition, ownership or disposal of the Notes.

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 in Belgium of the Notes on a secondary market through a professional intermediary. The rate applicable for secondary sales and purchases in Belgium through a professional intermediary amounts to 0.09 per cent with a maximum amount of EUR 650 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.

However, the tax 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 affidavit to the financial intermediary in Belgium confirming their non-resident status and certain Belgian institutional investors, as defined in Article 126/1, 2º of the Code of various duties and taxes (*Code des droits et taxes divers*/*Wetboek diverse rechten en taksen*).

4 European Directive on taxation of savings income in the form of interest payments

EC Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**") requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual resident or certain other types of entity established, in that other EU Member State (hereinafter "**Disclosure of Information Method**"), except that Austria and Luxembourg will instead impose a withholding system ("**Source Tax System**") for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise.

Following a law dated 27 November 2014, Luxembourg elected out of the Source Tax System in favour of the Disclosure of Information Method with effect as of 1 January 2015. The Austrian Government has announced its intention to abolish the withholding system but no effective date has been announced. A number of non-EU countries and territories including Switzerland have adopted similar measures (in the case of Switzerland a withholding system or exchange of information if the individual resident in the Member State agrees to such exchange or information).

On 24 March 2014, the Council of the European Union adopted a Directive amending the Savings Directive (the "**Amending Directive**"), which, when implemented, will amend and broaden the scope of the requirements described above. In particular, the Amending Directive will broaden the circumstances in which information must be provided or tax withheld pursuant to the Savings Directive, and will require additional steps to be taken in certain circumstances to identify the beneficial owner of interest (and other income) payments. EU Member States have until 1 January 2016 to adopt national legislation necessary to comply with this Amending Directive, which legislation must apply from 1 January 2017.

On 18 March 2015, the European Commission has however proposed the repeal of the EU Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the EU Savings Directive and the new automatic exchange of information under the Common Reporting Standard. The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

Individuals not resident in Belgium

Interest paid or collected through Belgium on the Notes and falling under the scope of application of the Savings Directive will be subject to the Disclosure of Information Method.

Individuals resident in Belgium

An individual resident in Belgium will be subject to the provisions of the Savings Directive, if he receives interest payments from a paying agent (within the meaning of the Savings Directive) established in another EU Member State, Switzerland, Liechtenstein, Andorra, Monaco, San Marino, Curaçao, Bonaire, Saba, Sint Maarten, Sint Eustatius (formerly the Netherlands Antilles), Aruba, Guernsey, Jersey, the Isle of Man, Montserrat, the British Virgin Islands, Anguilla, the Cayman Islands or the Turks and Caicos Islands.

If the interest received by an individual resident in Belgium has been subject to a Source Tax, such Source Tax does not liberate the Belgian individual from declaring the interest income in the personal income tax declaration. The Source Tax will be credited against the personal income tax. If the Source Tax withheld exceeds the personal income tax due, the excessive amount will be reimbursed, provided it reaches a minimum of EUR 2.5.

5 Common Reporting Standard

The exchange of information is, in the near future, expected to be governed by the broader Common Reporting Standard ("**CRS**").

On 29 October 2014, 51 jurisdictions[6] 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 40 jurisdictions have committed to a specific and ambitious timetable leading to the first automatic information exchanges in 2017 ("**early adopters**").

Under CRS, financial institutions resident in a CRS country would be 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.

Investors who are in any doubt as to their position should consult their professional advisers.

6 Financial Transaction Tax

The EU Commission adopted on 14 February 2013 a Draft Directive implementing enhanced cooperation in the area of financial transactions tax. The Draft Directive 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 above mentioned tax on stock exchange transactions should thus be abolished once the FTT enters into force.

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[6] Albania, Anguilla, Argentina, Aruba, Austria, Belgium, Bermuda, British Virgin Islands, Cayman Islands, Colombia, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Estonia, Faroe Islands, Finland, France, Germany, Gibraltar, Greece, Guernsey, Hungary, Iceland, Ireland, Isle of Man, Italy, Jersey, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Mauritius, Mexico, Montserrat, Netherlands, Norway, Poland, Portugal, Romania, San Marino, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Turks & Caicos Islands, United Kingdom.

Notwithstanding the European Commission proposals, a statement dated 6 May 2014 made by the participating Member States (other than Slovenia) indicates that a progressive implementation of the FTT is being considered, and that the FTT may initially apply only to transactions involving shares and certain derivatives, with implementation occurring by 1 January 2016. However, full details are not available.

The FTT proposal remains subject to negotiation between the participating Member States and its timing remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Notes are strongly advised to seek their own professional advice in relation to the FTT.

7 FATCA Witholding

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("FATCA") impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "**foreign financial institution**", or "**FFI**" (as defined by FATCA)) that does not become a "**Participating FFI**" by entering into an agreement with the U.S. Internal Revenue Service ("IRS") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States account" of the Issuer (a "**Recalcitrant Holder**").

The new withholding regime is now in effect for payments from sources within the United States and will apply to "foreign passthru payments" (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued after the "grandfathering date", which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued on or before the grandfathering date, and additional Notes of the same series are issued after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions (including Belgium) have entered into intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to FATCA and the IGAs currently entered into by the United States, an FFI in an IGA signatory country may be treated as a "Reporting FI" not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction generally is not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "FATCA Withholding") from payments it makes on securities such as the Notes. Under each IGA, a Reporting FI is still required to report certain information in respect of its account holders and investors to its home government or to the IRS.

If the Issuer is treated as a Reporting FI pursuant to the IGA between the United States and Belgium it does not anticipate that it will be obliged to deduct any FATCA Withholding on payments it makes on securities such as the Notes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. The Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Notes are cleared through the NBB System, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer and any paying agent, given that each of the entities in the payment chain between the Issuer and the participants in the NBB System is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on existing and proposed regulations, official guidance and IGAs as of the date hereof, all of which are subject to change at any time, possibly with retroactive effect. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

PART XIV – FORM OF FINAL TERMS

Final Terms dated [●]

Ghelamco Invest NV
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
Guaranteed by Ghelamco Group Comm. VA.
under the EUR 150,00000 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 5 June 2015 [and the supplement(s) to it dated [●] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive] (the "**Base Prospectus**") for the purposes of Directive 2003/71/EC, as amended (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive 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 www.ghelamco.be and on www.fsma.be.

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] [Issuer Call] See paragraph [13/14] below)]
12	(i)	Status of the Notes:	Senior, but subordinated to the 2012 Bonds
	(ii)	Status of the Guarantee:	Senior
	(iii)	Date Board approval for issuance of Notes [and Guarantee] obtained:	[●] [and [●], respectively]] (*N.B 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:	[30/360 / 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. N.B. 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:	[Floating Rate 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

	(b) Maximum Redemption Amount:	[●] per Calculation Amount
	(iv) Notice period:	[●] days
16	Change of Control Put Option	[Applicable/Not Applicable]
	(i) Optional Redemption Amount(s) of each Note:	[●] per Calculation Amount
17	Final Redemption Amount of each Note	[●][Par] per Calculation Amount
18	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

19	Form of Notes:	Dematerialised form
20	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 [*specify 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 [*specify relevant regulated market*] with effect from [ ].] [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.*)

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 [Arrangers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Arrangers/Dealers] and their 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 16 of the Prospectus Directive.)]

4 [*Fixed Rate Notes only* – 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.]

5 OPERATIONAL INFORMATION

ISIN:	[●]
Common Code:	[●]
Any settlement system(s) other than the Securities Settlement System, Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
Delivery:	Delivery [against/free of] payment
Names and addresses of additional Paying Agent(s) (if any):	[●]

6 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*]
(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

PART XV – SUBSCRIPTION AND SALE

Summary of the Programme Agreement

Subject to the terms and on the conditions contained in a programme agreement dated 5 June 2015 (the "**Programme Agreement**") and made between the Issuer, the Guarantor, Belfius Bank SA/NV and KBC Bank NV as the Arrangers and Belfius Bank SA/NV, BNP Paribas Fortis SA/NV and KBC Bank NV as the Initial Dealers (each as defined in the Programme Agreement), the Notes will be offered on a continuous basis by the Issuer to the Initial Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Initial 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 an Initial Dealer who is also an Arranger will lead to the termination of its appointment as Arranger) or appoint additional Dealers, subject to the prior written approval of the Arrangers, 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 Arrangers 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 commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Final Terms.

Selling restriction in the EEA

The Issuer has not authorised any offer to the public of Notes in any Member State of the European Economic Area. In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which is subject of the offering contemplated by this Base Prospectus as completed by relevant Final Terms in relation thereto to the public in that Relevant Member State, except that an offer to the public in that Relevant Member State of any Notes may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive; or

(b) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer referred to in paragraphs (a) and (b) above shall result in a requirement for the Issuer or the Dealers to publish a Base Prospectus pursuant to Article 3 of the Prospectus Directive or supplement a Base Prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of the provisions above, the expression an "**offer to the public**" in relation to any Notes issued under the Programme in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be issued under the Programme so as to enable an investor to decide to purchase or subscribe to any Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto), and includes any relevant implementing measure in each Relevant Member State.

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 has agreed and each further Dealer appointed under the Programme will be required to agree 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 Arrangers 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 XVI – GENERAL INFORMATION

1 Application has been made to Euronext Brussels for Notes issued under the Programme to be listed and to be admitted to trading on Euronext Brussels' regulated market.

2 The establishment of the Programme was authorised by a resolution of the board of directors of the Issuer passed on 22 May 2015. The provision of the Guarantee was authorised by the statutory director of the Guarantor on 22 May 2015.

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, BE-1000 Brussels. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. 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 in any material respect. 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, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the registered office of the Issuer (Zwaanhofweg 10, 8900 Ieper, Belgium), as well as on the Issuer’s website (www.ghelamco.com):

(a) the Agency Agreement and the Clearing Services Agreement;

(b) the articles of association (*statuten/statuts*) of the Issuer and the Guarantor;

(c) the audited consolidated financial statements of the Issuer and the Guarantor for each of the two financial years ended 31 December 2014 and 31 December 2013, in each case together with the audit reports in connection therewith;

(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);

(e) a copy of this Base Prospectus together with any Supplement to this Base Prospectus or further Base Prospectus; and

(f) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Base Prospectus.

This Base Prospectus, the Final Terms for Notes that are listed and admitted to trading on Euronext Brussels' regulated market and each document incorporated by reference will be published on the website of Euronext Brussels (www. euronext.com).

7 Copies of the latest annual report and audited consolidated annual financial statements of the Issuer and the Guarantor may be obtained, and copies of the Agency Agreement and the Clearing Services Agreement will be available for inspection, at the specified offices of the Agent during normal business hours, so long as any of the Notes is outstanding.

8 Deloitte Bedrijfsrevisoren BV o.v.v.e CVBA, having its registered office at Berkenlaan 8b, 1831 Diegem (Brussels), 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 2014 and 31 December 2013 and the consolidated financial statements of the Guarantor for the year ended 31 December 2014 and 31 December 2013.

9 Some Arrangers and Dealers and their affiliates 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 Arrangers 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

Arrangers

Belfius Bank SA/NV
Pachecolaan 44
1000 Brussels
Belgium

KBC Bank NV
Havenlaan 2
1080 Brussels
Belgium

Dealers

Belfius Bank SA/NV
Pachecolaan 44
1000 Brussels
Belgium

BNP Paribas Fortis SA/NV
Warandeberg 3
1000 Brussels
Belgium

KBC Bank NV
Havenlaan 2
1080 Brussels
Belgium

Agent

Belfius Bank SA/NV

Pachecolaan 44

1000 Brussels

Belgium

Legal Advisors

To the Issuer and the Guarantor

Linklaters LLP
Brederodestraat 13
1000 Brussels
Belgium

To the Joint Lead Managers

White & Case LLP
Wetstraat 62
1040 Brussels
Belgium

ANNEX I – FINANCIAL STATEMENTS

1 Issuer

1.1 the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2014, together with the audit report in connection therewith;

1.2 the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2013, together with the audit report in connection therewith.

2 Guarantor

2.1 the audited consolidated financial statements of the Guarantor for the financial year ended 31 December 2014, together with the audit report in connection therewith;

2.2 the audited consolidated financial statements of the Guarantor for the financial year ended 31 December 2013, together with the audit report in connection therewith.

Ghelamco Invest (Previously International Real Estate Construction) NV

IFRS Consolidated Financial Statements at 31 December 2014

Approved by the Board of Directors

with the Independent Auditor's opinion

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I. General information and performance

1. Business activities & 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 in Poland and has aspirations to become one of the major players in 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 Belgium, during the month of February 2014, the Ghelamco Arena was voted 'Stadium of the year' by voters spread over many different countries through stadiumDB.com, one of the world's largest websites for football lovers. Ghelamco was confronted with strong competition: 6 Brazilian stadiums, built in view of the FIFA 2014 world championships, were found among the 18 nominated new stadiums of 2013. The Ghelamco Arena is a multifunctional football stadium, housing football club KAA Gent and accommodating 20,000 seats and about 50,000 m² of modern office and retail space.

In Poland, Ghelamco's founder, president and CEO Paul Gheysens received a CEEQA award for Lifetime Achievement in Real Estate, in recognition of his services to the real estate sector, his company's extensive and award winning achievements in the Central & Eastern European market place and the kick-off of the construction of the Spire, tallest tower in CEE.

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.

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.

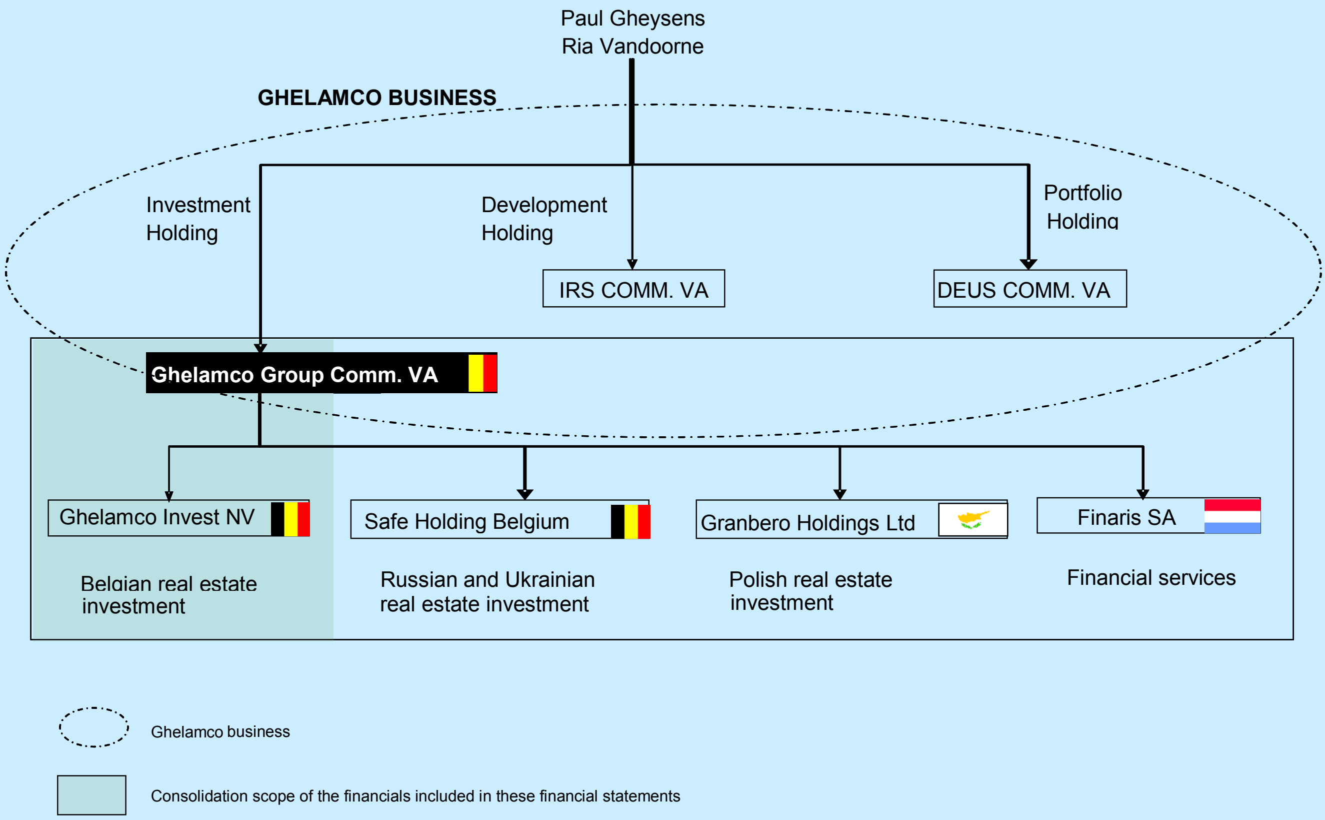
Ghelamco Invest is a limited liability company registered under Belgian law, with its registered office at Zwaanhofweg 10, 8900 Ieper, Belgium.

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).

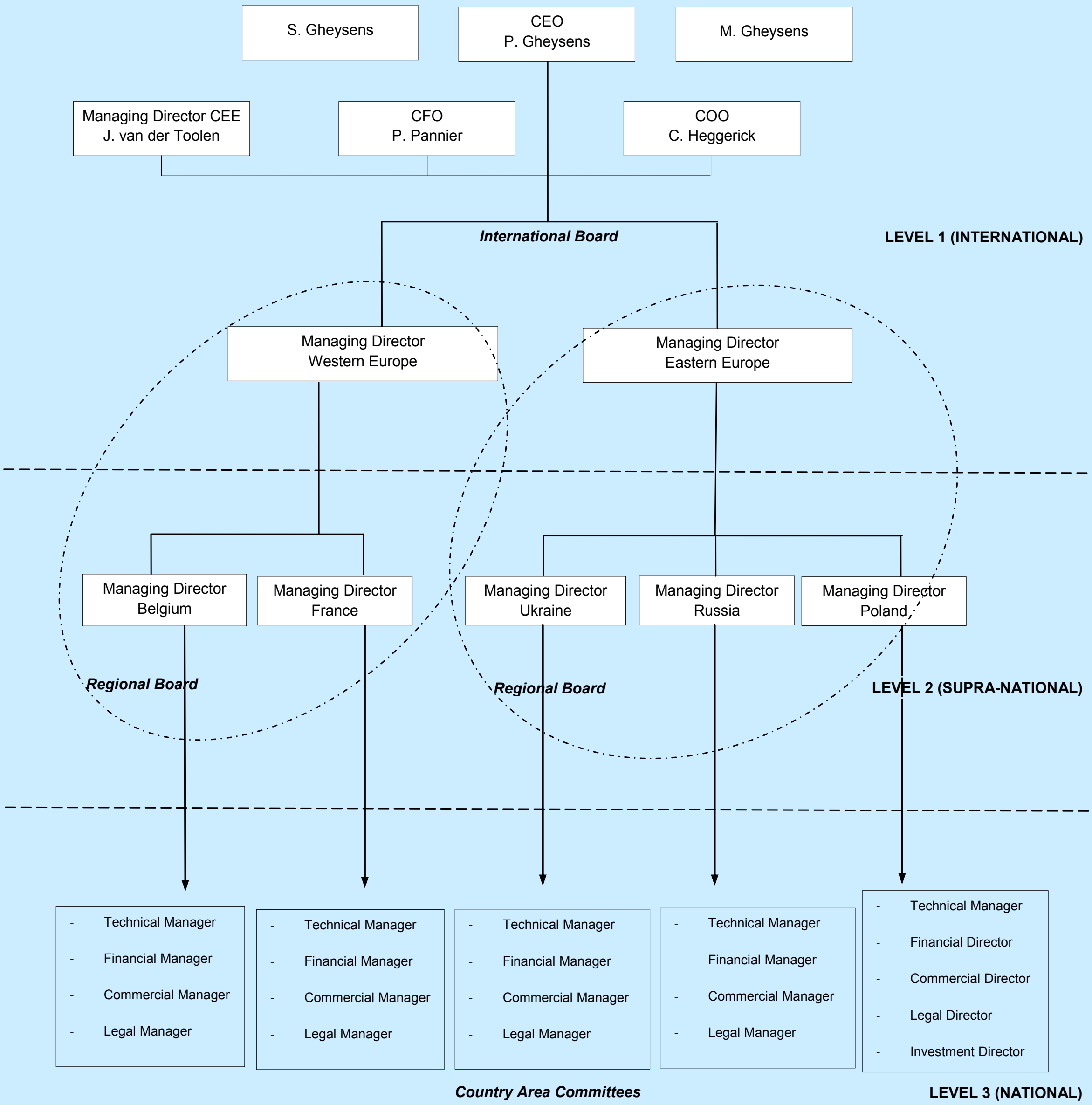
At 31 December 2014 (the reporting date), all the assets and liabilities of the reporting entity (Ghelamco Invest and its direct and indirect legal subsidiaries) are legally linked through a corporate structure that was introduced in 2006 and was accomplished prior to 31 December 2007 (overview in Note 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 2014 and at 31 December 2013.



4. Staffing level

Given its nature, there is only limited employment in the Company. At 31/12/2014, Ghelamco Invest employed 8 people. The construction, engineering and other related services are mainly provided to the Company by the Development Holding's legal subsidiaries. The parent company of the Development Holding (International Real Estate Services Comm. VA – abbreviated IRS Comm. VA), together with all its direct and indirect legal subsidiaries, employed 227 people on 31 December 2014 (226 on 31 December 2013).

5. Management committee



Ghelamco's Management consists of:

Mr. Paul Gheysens (Chief Executive Officer)
Mr. Simon Gheysens (board member)
Mr. Michael Gheysens (board member)
Mr. Philippe Pannier (Chief Financial Officer)
Mr. Chris Heggerick (Chief Operational Officer)
Mr. Jeroen Van Der Toolen (Managing Director CEE)

The Management actively coordinates and supervises the different management teams and supports them in all commercial, legal, financial and technical aspects of their activities.

The Belgian teams consist of a technical, commercial, legal & financial department. The Managing Directors are granted a large degree of autonomy to support their area/country strategy and development.

The statutory board consists of 4 directors (of which the CEO) for most of the Belgian entities.

At end of 2014, it has been decided to expand the international board and add an independent board member. Formal appointment of the independent board member, together with the installation of an audit committee will take place in the first half of 2015. These decisions and evolutions are connected with the growing importance which the Management attaches to corporate governance and the further professionally structuring of the Group.

6. Business environment and results

2014 performance and results

The Company closed its 2014 accounts with an operating profit of 20,008 KEUR, resulting from its continued development, construction and commercial efforts. In 2014 the Company realised a significant part of previously created value (i.c. through the disposal of the mixed offices-retail project L-Park in Leuven,Vaartkom), while further investing in existing and new developments. This results in an increased balance sheet total of 424,397 KEUR and an equity of 89,835 KEUR. The solvency ratio – including related party financing, which is subordinated – amounts to 30% (vs. 30% per 31/12/13).

Over the past 5 years, the Company intensified its project development activities in Belgium (with currently 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 this respect, significant further realisation efforts were done a.o. for the Blue Towers (Artevelde Park, Gent). The office buildings were delivered and welcomed their first tenants during the first half of 2014. Further realisation efforts were also done in Leuven, in the Waterview project (third phase - mixed retail, student housing and parking space project in the Vaartkom). At the date of the current report, a significant part of the project has already been (pre-)sold/leased.

2014 expansion and investment activities mainly related to:

- Completion, delivery and welcoming of the first tenants in the Blue Towers in Gent (28,600 sqm office space in total in the Artevelde Park). Per date of the current report, over 70% of the project has been leased.

- Continuation of the construction works of the Waterview project in Leuven Vaartkom (mixed project of +/- 460 student homes, +/- 5,000 sqm retail and +/- 1,000 parking spaces). Per date of the current report approx. 240 student units have already been (pre-)sold and approx. 1,800 sqm of the available retail space has been leased to Albert Heijn for its new retail shop, to be opened early Q2 2015.

- Further realisation and commercialisation of the residential project Blaisantpark in Gent (comprising 67 apartments, 46 student units, 135 parkings and some retail space). Per date of the current report approx. 85% of the residential units have been sold.

- Further realisation of high-end residential/leisure projects at the Belgian coast side (mainly “Le 8300”, luxurious wellness hotel in Knokke-Zoute and residential/retail project Locarno in Knokke).

- Signing of a right to build and put/call contract in February 2014 with a third party on a 30,580 sqm plot on the Duinenwater site in Knokke, for the realization of a residential project (24 plots of land).

As to divestures/revenues:

- At end of November the L-Park mixed office and retail project in Leuven, Vaartkom has been sold to AXA Belgium at a (share) price of approx. 9.9 MEUR (i.e. reflecting a yield of +/- 6% and a gross project sales value of 40 MEUR). At the moment of the sale the L-Park (with a leasable offices and retail area of resp. 13.7 Ksqm and 3.4 Ksqm and approx. 275 parking spaces) was leased for aprox. 80%.

- In addition, some (office space) parts of the Ghelamco Arena have been sold for a total sales value of 2,500 KEUR.

- Sale of residential projects (31,455 KEUR): mainly the ground floor of the Locarno project in Knokke, apartments and student units in Blaisant Park in Gent, student units in the Waterview project in Leuven, Vaartkom, land positions in Wezenbeek-Oppem (in connection with the senior homes project which the Company is realising in a joint venture structure) and residential projects at the Belgian coast.

Main post balance sheet events

- Acquisition at end of February 2015 of 2 buildings located at the Louizalaan and the Boulevard Bischoffsheim, Brussels for a total amount of 24,5 MEUR, for the future development and realisation of resp. a combined retail-residential project (52 luxurious apartments and approx. 500 sqm of shopping space, in the centre of Brussels) and an offices-residential project (approx. 16,615 sqm office space and 174 parkings).

- On 19 March 2015 the City of Brussels has retained the BAM/Ghelamco Consortium as preferred bidder for the construction of the Euro-stadium on parking C of the Heizel site. This new national stadium will amongst others comprise 60.000 seats, over 6.000 VIP places and over 14.000 parking spaces. The project is expected to be realized in 2018.

Outlook

It is the Company's strategy to further diversify its investment portfolio by spreading its investments over different real estate segments.
For 2015, 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 2015 in general.

7. Notice to the reader

This document presents the IFRS Consolidated Financial Statements for the year ended on 31 December 2014, 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 8 in Part II for more details on their presentation.

II. IFRS Consolidated Financial Statements

These IFRS consolidated financial statements at 31 December 2014 were approved by the Company's Board of Directors on 19 March 2015. The amounts in this document are expressed in thousands of EUR (KEUR), unless stated otherwise.

A. Consolidated statement of financial position (in KEUR)

	Note	31/12/2014	31/12/2013
ASSETS			
Non-current assets			
Investment Property	6	223,360	214,859
Property, plant and equipment	7	277	321
Investments in associates	4	590	1,380
Receivables and prepayments	9	2,580	2,457
Deferred tax assets	15	2,985	2,530
Other financial assets	4.3	561	500
Total non-current assets		**230,353**	**222,047**
Current assets			
Property Development Inventories	8	132,720	111,503
Trade and other receivables	9	20,512	12,423
Current tax assets		0	9
Assets classified as held for sale	6	975	3,475
Cash and cash equivalents	10	39,837	20,752
Total current assets		**194,044**	**148,162**
TOTAL ASSETS		**424,397**	**370,209**

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Consolidated statement of financial position (cont'd)

	Note	31/12/2014	31/12/2013
Capital and reserves attributable to the Group's equity holders			
Share capital	11	61,490	1,490
Retained earnings	12	28,278	23,710
		89,768	25,200
Non-controlling interests	11.2	67	90
TOTAL EQUITY		**89,835**	**25,290**
Non-current liabilities			
Interest-bearing loans and borrowings	13	165,346	230,471
Deferred tax liabilities	15	12,190	13,121
Long-term provisions		178	178
Total non-current liabilities		**177,714**	**243,770**
Current liabilities			
Trade and other payables	16	23,605	26,566
Current tax liabilities		829	1,437
Interest-bearing loans and borrowings	13	132,414	73,146
Total current liabilities		**156,848**	**101,149**
Total liabilities		**334,562**	**344,919**
TOTAL EQUITY AND LIABILITIES		**424,397**	**370,209**

Ghelamco Invest – Consolidated Financial Statements at 31 December 2014 (in KEUR) 11

B. Consolidated income statement and consolidated statement of comprehensive Income

	Note	2014	2013
Revenue	17	37,747	9,868
Other operating income	18	4,288	946
Cost of Property Development Inventories	19	-19,348	-6,230
Employee benefit expense	18	-402	-389
Depreciation amortisation and impairment charges		-70	-368
Gains from revaluation of Investment Property	6	7,538	21,012
Other operating expense	18	-8,955	-4,844
Share of results of associates		-790	0
Operating profit - result		**20,008**	**19,995**
Finance income	20	607	350
Finance costs	20	-13,205	-9,465
Profit before income tax		**7,410**	**10,880**
Income tax expense/income	21	-2,853	-4,778
Profit for the year		**4,557**	**6,102**
Attributable to:			
Equity holders of parent		4,544	6,081
Non-controlling interests		13	21

Ghelamco Invest – Consolidated Financial Statements at 31 December 2014 (in KEUR) 12

Consolidated statement of comprehensive income – items recyclable to the income statement

	2014	2013
Profit for the year	**4,557**	**6,102**
Exchange differences on translating foreign operations	0	0
Other	25	-141
Other comprehensive income of the period	**25**	**-141**
Total Comprehensive income for the year	**4,582**	**5,961**
Attributable to:		
Equity holders of the parent	4,569	5,940
Non-controlling interests	13	21

Ghelamco Invest – Consolidated Financial Statements at 31 December 2014 (in KEUR) 13

C. Consolidated statement of changes in equity

Consolidated statement of changes in equity per 2014

	Note	Attributable to the equity holders			Non-controlling interests	Total Equity
		Share capital	Cumulative translation reserve	Retained earnings		
Balance at 1 January 2013		**1,490**	**0**	**17,783**	**73**	**19,346**
Profit/(loss) for the year				6,081	21	**6,102**
Dividend distribution				-13		**-13**
Change in non-controlling interests				5	-4	**1**
Change in the consolidation scope				-146		**-146**
Balance at 31 December 2013		**1,490**	**0**	**23,710**	**90**	**25,290**
Capital increase	11	60,000				**60,000**
Profit/(loss) for the year	12			4,544	13	**4,557**
Dividend distribution						**0**
Change in non-controlling interests	11.2			36	-36	**0**
Change in the consolidation scope	12			-12		**-12**
Other						**0**
Balance at 31 December 2014		**61,490**	**0**	**28,278**	**67**	**89,835**

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D. Consolidated cash flow statement

Consolidated cash flow statement for 2014 and 2013

Cash Flow Statement		31/12/2014	31/12/2013
Operating Activities			
Profit / (Loss) before income tax		**7,410**	**10,880**
Adjustments for:			
- Share of results of associates		790	-
- Change in fair value of investment property	6	-7,538	-21,012
- Depreciation, amortization and impairment charges	7	70	68
- Result on disposal Investment Property		-1,659	-16
- Change in provisions		-	111
- Net interest charge	20	11,320	8,152
- Movements in working capital:			
- Change in inventory		-22,547	-12,358
- Change in trade & other receivables		-8,089	5,124
- Change in trade & other payables		-203	561
- Change in MTM derivatives		-	
- Movement in other non-current liabilities			
- Other non-cash items		29	-134
Income tax paid		-1,482	-210
Interest paid (*)		-14,301	-6,324
Net cash from operating activities		**-36,200**	**-15,158**
Investing Activities			
Interest received		607	350
Purchase of property, plant & equipment		-24	-13
Purchase of investment property		-37,608	-83,124
Capitalized interest in investment property	6	-2,324	-1,285
Proceeds from disposal of investment property	6	40,675	17,385
Net cash outflow on acquisition of subsidiaries		-	-
Cash outflow on other non-current financial assets		-184	-399
Net cash inflow/outflow on NCI transactions			
Movement in restricted cash accounts			-
Net cash flow used in investing activities		**1,142**	**-67,086**
Financing Activities			
Proceeds from borrowings		36,139	84,656
Repayment of borrowings		-41,996	-10,002
Capital increase		60,000	-
Dividends paid			-13

Net cash inflow from / (used in) financing activities	**54,143**	**74,641**
Net increase/(decrease) in cash and cash equivalents	**19,085**	**-7,603**
Cash and cash equivalents at 1 January	**20,752**	**28,355**
Cash and cash equivalents per end of the year	**39,837**	**20,752**

(*): Interests directly capitalized in IP not included (2014: 2,324 KEUR; 2013: 1,285 KEUR, separately presented under investing activities)

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 International Real Estate Construction NV and its legal subsidiaries that are part of the Company at 31 December 2014.

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 March 19, 2015. 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 2014. 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 2014.

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 2014

Standards and Interpretations that the Company anticipatively applied in 2013 and 2014:

- None

Standards and Interpretations that became effective in 2014

- IFRS 10 Consolidated Financial Statements (applicable for annual periods beginning on or after 1 January 2014)
- IAS 28 Investments in Associates and Joint Ventures (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IFRS 10, IFRS 12 and IAS 27 Consolidated Financial Statements and Disclosure of Interests in Other Entities: Investment Entities (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Asset (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 39 Financial Instruments – Novation of Derivatives and Continuation of Hedge Accounting (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 12 Disclosures of Interests in Other Entities (applicable for annual periods beginning on or after 1 January 2014)

Standards and Interpretations which became effective in 2014 but which are not relevant to the Company:

- IFRS 11 Joint Arrangements (applicable for annual periods beginning on or after 1 January 2014)
- IAS 27 Separate Financial Statements (applicable for annual periods beginning on or after 1 January 2014)

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 Company:

- IFRS 9 Financial Instruments and subsequent amendments (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in EU)
- IFRS 14 Regulatory Deferral Accounts (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- IFRS 15 Revenue from Contracts with Customers (applicable for annual periods beginning on or after 1 January 2017, but not yet endorsed in EU)

- Improvements to IFRS (2010-2012) (applicable for annual periods beginning on or after 1 February 2015)

- Improvements to IFRS (2011-2013) (applicable for annual periods beginning on or after 1 January 2015)

- Improvements to IFRS (2012-2014) (applicable for annual periods beginning on or after 1 July 2014, but not yet endorsed in EU)

- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)

- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)

- Amendments to IFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)

- Amendments to IAS 1 Presentation of Financial Statements – Disclosure Initiative (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)

- Amendments to IAS 16 and IAS 38 Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)

- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)

- Amendments to IAS 19 Employee Benefits – Employee Contributions (applicable for annual periods beginning on or after 1 February 2015)

- Amendments to IAS 27 Separate Financial Statements – Equity Method (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)

- IFRIC 21 – Levies (applicable for annual periods beginning on or after 17 June 2014)

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. With respect to the changes in IFRIC 21 and IFRS 15, the company is still evaluating the potential impact.

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 2014 and on 31 December 2013 (see Notes 4 and 5).

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 24.

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 2014 and 2013, 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 2014 and 2013 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 2014
In November 2014 and upon an attractive bid by an investor, the L-Park mixed office and retail project in Leuven has been sold. The sales transaction was structured as a share deal (i.c. 100% of the shares of the project SPV L-Park NV), in line with the general approach to sell commercial projects. The transaction has in the financial statements been presented as a disposal of IP.

On the other hand, (office space) parts of the Ghelamco Arena (for a total sales value of 2.5 MEUR) have been sold through asset deals.

In October and November 2014 the subsidiaries Rubia NV (holding an exploitation licence for 115 senior home (bed-)places) and RPI NV (holding land positions) have been sold to resp. a third party operator and a third party investor. Both sales transactions are connected with the Wezembeek-Oppem senior homes project the Company is realising in a joint venture structure. These sales transactions were structured as share deals, while they have in the financial statements been presented on a gross basis (i.e. revenue and cost of sales).

No other residential SPVs have been sold, in line with the general approach to sell residential projects through asset deals.

Comments 2013
In March 2013 and upon an attractive bid by an investor, the Wevelgem Retail Park was sold. The sale of the project was structured as a share deal (i.c. sale of 100% of the shares of project SPV Klippan Cabs NV), in line with the general approach to sell commercial projects. The transaction has in the financial statements been presented as a disposal of IP.
On the other hand, first parts of the Ghelamco Arena project (for a total sales value of 10.7 MEUR) have been sold through asset deals.

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. The difference between the cost of additional interest in the subsidiary and the carrying amount of the minority interest reflected in the consolidated balance sheet is allocated to the Property Development Inventories or Investment Properties.

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 2014 and 2013.

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	Years
Buildings	20 to 40
Vehicles	5
Equipment	5 to 10

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:

<u>Investment Properties under construction (A), (B), (C)</u>

The fair value of the land is determined based on the following methods:
1. Based on comparative method;
2. Based on realizable m²;
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) ;
- 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

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 8).

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 14 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.

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 15).

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.
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 13).

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; 42 MEUR bond issue due 13 December 2015 (60%) and due 13 December 2017 (40%) and bearing an interest of resp. 7% and 7.875%; 70 MEUR bond issues due 28 February 2018, bearing an interest of 6.25%; proceeds of which can be used over the resp. project investment stages.

The Company actively uses related party borrowings provided by the Investment Holding Financing Vehicles acting as financial intermediaries (mainly Peridot SL at 31 December 2014 and 31 December 2013) 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 13 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 23.2).

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 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 2012, 2013 and 2014 the Company in addition was able to call upon alternative financing through the issue of bonds (in total 112 MEUR unsecured bonds, 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 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 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 (mostly 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 9.

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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 13.

We also refer to note 10 and note 13.4 where the available financing is described.

2.2 Capital risk 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.
As all profits of the last years have been re-invested, the management's focus is mainly set on financial support of its expansion plans. In order to maintain or optimize the capital 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.

The Company monitors capital 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 2014 and 2013 were as follows:

	2014	**2013**
Equity	89,835	25,290
Net related party loans payable	35,838	87,125
Total assets	424,397	370,209
Solvency ratio	**30%**	**30%**

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 no impairment losses and/or write-offs to net realizable value have been recognized on the inventory.

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%
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.

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4. List of subsidiaries

Ghelamco Invest subsidiaries included in these IFRS consolidated financial statements are as follows:

Entity description	Country	31/12/2014 % voting rights	31/12/2013 % voting rights	Remarks
Ghelamco Invest NV	**BE**	**99**	**99**	*
The White House Zoute NV	BE	99	99	*
Dock-Site NV	BE	99	99	*
Dianthus NV	BE	99	99	*
Nepeta NV	BE	99	99	*
Rubia NV	BE	n/a	99	4.2
De Leewe III NV	BE	99	99	*
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)	BE	99	99	***
Leuven Student Housing NV	BE	99	99	***
Ring Multi NV (former Ring Retail NV)	BE	99	99	*
Artevelde Stadion CVBA	BE	57	57	**
Wavre Retail Park NV	BE	99	99	*
L-Park NV	BE	n/a	99	4.2
Docora NV	BE	99	99	*
RHR-Industries NV	BE	99	99	*
Zeewind NV	BE	99	99	*
Retail Gent NV	BE	99	99	*
Parking Estates NV	BE	99	99	*
Parking Gent NV	BE	99	99	*
Arte Offices NV	BE	99	99	*
Schelde Offices NV	BE	99	99	*
Ring Offices NV	BE	99	99	*
Ring Hotel NV	BE	99	99	*
Parking Leuven NV (former Ring Congress Centre NV)	BE	99	99	*
Forest Parc NV	BE	99	99	*
De Nieuwe Filature NV	BE	99	99	*

(*) the 1% remaining voting rights are owned directly or indirectly by Mr. P. Gheysens, the ultimate beneficial owner

(**): included in the Ghelamco Invest consolidated financial statements under the equity method. Balance sheet of this entity mainly relates to the land position re. the football-related part of the Ghelamco Arena.

(***): Subsidiaries were (as shelf entities) already controlled in 2013 but only have been consolidated for the first time in 2014.

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 2014. The acquisitions and disposals of real estate subsidiaries are treated in accordance with the accounting policy as described in section 1.19 (and not in accordance with IFRS 3 on Business Combinations).

4.1 Acquisition of subsidiaries

None in 2014.

4.2 Disposal of subsidiaries

In November 2014 the L-Park mixed office and retail project in Leuven (with a leasable offices and retail area of resp. 13.7 Ksqm and 3.4 Ksqm and approx. 275 parking spaces) has been sold to AXA Belgium. The sales transaction was structured as a share deal (i.c. 100% of the shares of the project SPV L-Park NV). The share price amounted to +/- 9.9 MEUR.

In October and November 2014 the subsidiaries Rubia NV (holding an exploitation licence for 115 senior home (bed-)places) and RPI NV (holding land positions) have been sold to resp. a third party operator and a third party investor. Both sales transactions are connected with the Wezembeek-Oppem senior homes project which the Company is realising in a joint venture structure. The share prices amounted to resp. 0.2 MEUR and 1.1 MEUR.

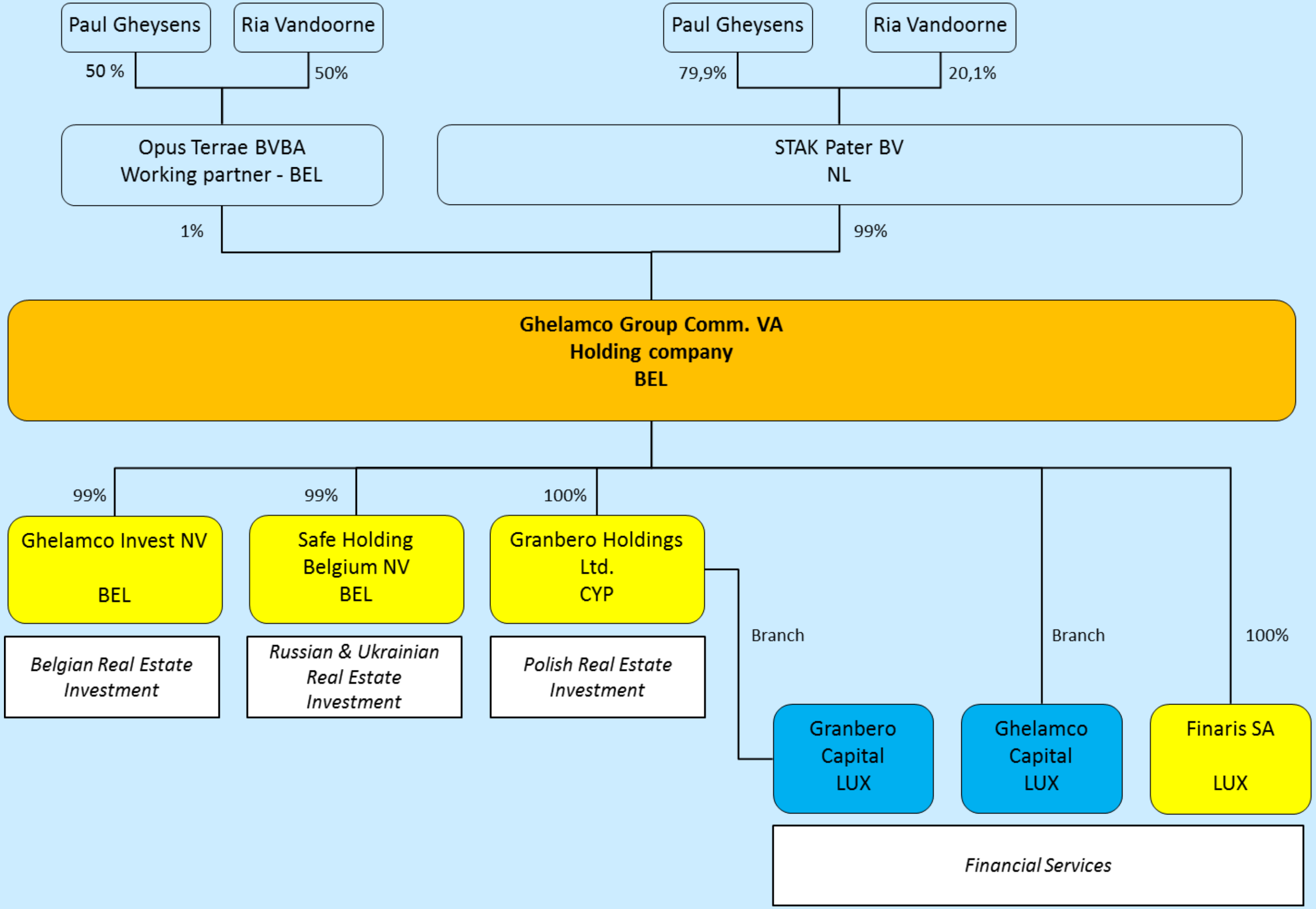
4.3 Incorporation of new shelf companies

In May 2014, 1 new SPV (Brussels & Regional NV) has been incorporated for the development of future real estate projects. In this entity, all shares (250) but one have been subscribed by Ghelamco Invest and one by Mr. P. Gheysens. The entity has a share capital of 250 KEUR, of which 63.5 KEUR has been paid in.

Given its limited size as of 31 December 2014, the concerned entities have not yet been consolidated in these consolidated financial statements. The participating interests which Ghelamco Invest holds in these entities have been kept at cost.

5. Group structure

5.1. Investment Holding as per December 31st, 2014



5.2. Belgian and French Real Estate Investment as per December 31st, 2014

Ghelamco Invest NV
BEL

- 99% The White House Zoute NV - BEL
- 99% Dock-site NV - BEL
- 99% De Nieuwe Filature NV - BEL
- 99% Wavre Retail Park NV - BEL
- 99% Dianthus NV - BEL
- 99% Nepeta NV - BEL
- 99% Waterview NV - BEL
- 99% RHR-Industries NV - BEL
- 99% Zeewind NV - BEL
- 99% Forest Parc NV - BEL

- De Leewe III NV - BEL 99%
- Artevelde-Stadion CVBA - BEL 57%
- Parking Leuven NV - BEL 99%
- Retail Leuven NV – BEL 99%
- Brussels & Regional NV – BEL * 99%
- Leuven Student Housing NV – BEL 99%
- Graminea NV – BEL * 99%
- Citrien NV – BEL * 99%
- Valbeto NV NV – BEL * 99%
- Amethist Vastgoed NV – BEL * 99%

- Docora NV - BEL 99%
- Immo Simava 13 NV - BEL 99%
- Leisure Property Invest NV - BEL 99%
- Ring Hotel NV - BEL 99%
- Ring Multi NV - BEL 99%
- Ring Offices NV - BEL 99%
- Schelde Offices NV - BEL 99%
- Retail Gent NV - BEL 99%
- Parking Estates NV - BEL 99%
- Parking Gent NV - BEL 99%
- Arte Offices NV - BEL 99%

*: not included in the IFRS consolidated financial statements because of immateriality

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 2014 and 31 December 2013.

Investment Properties are stated at fair value 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 m²);
C. Land + Construction ongoing (fair value based on the residual method);
D. Completed Projects held for investment.

SPV	**Commercial Name**	**Valuation**	**Cat**	**31/12/2014**	**31/12/2013**
				KEUR	**KEUR**
BELGIUM					
Leisure Property Invest	Golf Knokke Zoute	Man	A	31,700	26,159
WRP	Wavre Retail Park	Man	A	12,600	12,600
L-Park	L-Park	CBRE	n/a	-	35,200
Retail Gent	Retail Gent	CBRE	D	17,250	17,450
Parking Gent	Parking Gent	CBRE	C/D	29,729	28,848
Parking Estates	Parking Estates	CBRE	C/D	2,371	2,371
Zeewind	Zeewind	Man	D	1,737	1,737
Schelde Offices	Schelde Offices	Cushman	D	27,450	20,478
Arte Offices	Arte Offices	Cushman	D	29,350	19,107
Ring Hotel	Ring Hotel	Man	B	5,473	1,155
Ring Multi	Ghelamco Arena Multifunctional space	Cushman	D	19,275	17,935
Docora	Ghelamco Arena Offices	Cushman	C/D	13,926	13,300
Ring Offices	Ghelamco Arena Offices	Cushman	D	2,410	2,350
Ghelamco Invest	Le 8300	Man	C	19,566	16,169
Waterview/Parking Leuven	Waterview Parkings	Man	C	5,691	-
Waterview/Retail Leuven	Waterview Retail space	Man	C	4,832	-
TOTAL :				**223,360**	**214,859**

Legend : Man = Management valuation, CBRE = CBRE valuation report, Cushman = Cushman & Wakefield valuation report

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Balance at 1 January 2013	**107,382**
Acquisition of properties	**3,051**
Subsequent expenditure	**81,358**
Transfers	
- Assets classified as held for sale	**-3,475**
- Other transfers	**16,200**
Adjustment to fair value through P/L	**21,012**
Disposals	**-10,669**
other	
Balance at 31 December 2013	**214,859**
Acquisition of properties	**3,024**
Subsequent expenditure	**36,524**
Transfers	
- Assets classified as held for sale	
- Other transfers	**1,330**
Adjustment to fair value through P/L	**7,538**
Disposals	**-39,915**
other	
Balance at 31 December 2014	**223,360**

Categories	**A**	**B**	**C**	**D**	**Total**
Balance at 1 January 2013	**35,708**	**979**	**52,747**	**17,948**	**107,382**
Acquisition of properties	3,051				3,051
Acquisition through business combinations					
Subsequent expenditure	-190	176	77,634	3,738	81,358
Transfers					
- Assets classified as held for sale			-3,475		-3,475
- Other transfers			-14,141	30,341	16,200
Adjustment to fair value	190		18,462	2,360	21,012
Disposals			-10,669		-10,669
Other					
Balance at 31 December 2013	**38,759**	**1,155**	**120,558**	**54,387**	**214,859**
Acquisition of properties	3,024				3,024
Acquisition through business combinations					
Subsequent expenditure	1,516	1,283	28,985	4,740	36,524
Transfers			-75,569	75,569	0
- Assets classified as held for sale					
- Other transfers			1,330		1,330
Adjustment to fair value	1,001	3,035	811	2,691	7,538
Disposals				-39,915	-39,915
Other					
Balance at 31 December 2014	**44,300**	**5,473**	**76,115**	**97,472**	**223,360**

At end of November the L-Park mixed office and retail project in Leuven, Vaartkom has been sold to AXA Belgium at a (share) price of approx. 9.9 MEUR (i.e. reflecting a yield of +/- 6% and a gross project sales value of 40 MEUR). At the moment of the sale the L-Park (with a leasable offices and retail area of resp. 13.7 Ksqm and 3.4 Ksqm and approx. 275 parking spaces) was leased for aprox. 80%.

In addition, some (office space) parts of the Ghelamco Arena have been sold for a total sales value of 2,500 KEUR. These items were classified as assets held for sale in the Company's 2013 financial statements.

Amounts that have been recognized in the Income Statement include the following:

	2014	2013
rental income	5,509	2,778

The 2014 rental income mainly relates to rent agreements in Retail Gent, Parking Gent, L-Park, Blue Towers Gent, Ring Multi (retail in the Ghelamco Arena).

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 2014 are as follows:

- 6.00% to 7.00% for Belgian office projects (vs. 6.00% to 6.65% last year), depending on the location, specifics and nature of the investment
- 6.00% to 7.0% for Belgian retail projects (vs. 6.25% to 6.5% last year), depending on the location, specifics and nature of the investment.

The average rent rates used in the expert valuations are as follows:

- 100 EUR/sqm/year to 165 EUR/sqm/year for office space,
- 77 EUR/sqm/year to 120 EUR/sqm/year for retail space,

depending on the location, specifics and nature of the project.

On 31 December 2014, the Company has a number of income producing investment properties (category D) which are valued at 97,472 KEUR (Retail Gent, Blue Towers Gent, Ring Multi, Ring Offices and Zeewind). An increase/decrease of 100 basis points in the yield, with all other variables held constant, decreases/increases the value by approx. 13,780 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	
	31.12.2014	**31.12.2013**
Cost	918	989
Accumulated depreciation/amortisation and impairment	-641	-668
TOTAL	**277**	**321**

in thousands €	**Property, plant and equipment**
Cost	
Balance at 1 January 2013	1,003
Additions	13
Additions from internal developments	
Acquisitions through business combinations	
Disposals or classified as held for sale	-27
Revaluation increase	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2013	989
Additions	24
Additions from internal developments	
Acquisitions through business combinations	
Disposals or classified as held for sale	-95
Revaluation increase	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2014	**918**

Accumulated depreciation and impairment	
Balance at 1 January 2013	616
Depreciation/Amortisation expense	68
Disposals or classified as held for sale	-16
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 2013	668
Depreciation/Amortisation expense	60
Disposals or classified as held for sale	-87
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 2014	**641**

8. Property Development Inventory

The Property Development Inventories amount to 132,720 KEUR on 31 December 2014 (2013: 111,503 KEUR) and are detailed as follows:

	31/12/2014	31/12/2013
Property Development Inventories	132,671	111,386
Raw materials	49	77
Finished goods	0	40
	132,720	**111,503**

	Carrying value (at cost) at 31 December 2014 - KEUR	Carrying value (at cost) at 31 December 2013 - KEUR
BELGIAN PROJECTS		
I.R.C. - others	7,012	7.484
Le Valeureux Liégeois - East Dune	25.536	22,815
The White House Zoute	840	2.171
Locarno Knokke	5,713	6.835
Residentie Zegemeer Knokke	-	1,324
Blinckaertlaan Knokke	5,979	5.739
Kanonstraat Brussel	793	815
Bleko Doornstraat Kortrijk	2,281	2.036
Dock-site	2.648	2.648
"Residentie Katelijne"	9,094	9.091
"Project Waterside"'	1,485	1.618
Waterview	23.201	5.253
Sylt	10.285	10.939
Cromme Bosh	12,984	12.497
Kinder Siska	7,471	7.164
RHR	1.545	1.737
Farida-Knokke	-	494
De Nieuwe Filature	10,338	10.079
Blaisantpark Gent	5,515	764
TOTAL Belgium	**132.720**	**111,503**

Main part of current year expenditures have been done on the (residential part of the) Waterview project in Leuven, consisting of 461 student units, of which per date of the current report approx. 50% have been (pre-)sold.

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Main divestures:

- Locarno, sale of the retail ground floor of the mixed retail-residential project in Knokke
- Blaisantpark, mixed project in Gent: Per end of 2014, 47 apartments (of 67 in total) and 51 parkings have been sold (70% invoiced under the Breyne legislation); in addition 19 student homes have been sold in 2014 (100% invoiced).
- Waterview: sale of 43 student homes (of 461 in total) in 2014 (70% invoiced under the Breyne legislation)
- Farida, sale of remaining 3 apartments (of 12 in total) in the residential project in Knokke
- Beau Site, sale of 1 apartment in the residential project in De Panne
- Zegemeer, sale of 1 villa-apartment in the residential project in Knokke
- East Dune, sale of 3 apartments in the residential project in Oostduinkerke
- Sylt, sale of 1 unit in the residential project in Knokke
- White House: sale of the last apartment in the residential project in Knokke
- Bahia: sale of an apartment in Knokke

Further reference is also made to section 3.

9. Non-current receivables & prepayments and current trade & other receivables

9.1 Non-current receivables & prepayments

	Note	31/12/2014	31/12/2013
Non-current			
Receivables from related parties	24.3	2,255	2,455
Trade and other receivables		325	2
Total non-current receivables and prepayments		**2,580**	**2,457**

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 2014 were as follows: Euribor/ Libor + margins in the range between 1% and 3%.
Further reference is made to Note 24.3.

The 2014 (and 2013) balance mainly consists of a receivable which Ghelamco Invest holds vs. Artevelde Stadion CVBA (1,960KEUR); associated company which is in these financial statements included under the equity method).

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.

9.2 Current trade & other receivables

	Note	31/12/2014	31/12/2013
Current			
Receivables from related parties	24.3	0	15
Receivables from third parties		5,736	1,406
Less: allowance doubtful debtors (bad debt provision)		-31	-33
Net trade receivables		5,705	1,388
Other receivables		1,831	2,353
Related party current accounts	24.3	10,976	7,143
VAT receivable		1,398	1,463
Prepayments		0	0
Interest receivable		602	76
Total current trade and other receivables		**20,512**	**12,423**

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 24.2.

Current Account receivables from related parties consist of:
-10,976 KEUR current account which Ghelamco Invest holds vs. Ghelamco Group Comm. VA.

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 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 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 of €	31.12.2014	31.12.2013
Balance at beginning of the year	**33**	**33**
Impairment losses recognised on receivables		
Amounts written off during the year as uncollectible		
Amounts recovered during the year		
Impairment losses reversed	-2	
Foreign exchange translation gains and losses		
Balance at end of the year	**31**	**33**

As of 31 December 2014 and 2013, 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.

10. Cash and cash equivalents

	31/12/2014	31/12/2013
Cash at banks and on hand	39,837	20,752
Short-term deposits		
	39,837	**20,752**

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 under the form of bond issuance and mezzanine equity financing. In this respect refer to previous and current year's private bonds issues for a total amount of 112 MEUR.

11. Share capital

	31/12/2014	31/12/2013
Authorised		
119,389 ordinary shares without par value	61,490	1,490
issued and fully paid	61,490	1,490

In November 2014 the Company's capital has been increased by 60,000 KEUR through the issue of 116,496 new shares. The capital increase, paid in cash, has been fully subscribed by Ghelamco Group Comm. VA, parent company of Ghelamco Invest NV. Purpose of the capital increase is to strengthen the capital structure of the Company and this way confirming and further supporting its Belgian growth strategy for the future.

At 31 December 2014, the Company's direct shareholders are:

- Ghelamco Group Comm. VA – 99,996% (119,384 shares)
- Paul Gheysens – 0,004% (5 shares)

11.1 Distribution of dividends within the Company

No dividends have been distributed in the course of 2014.

End 2013, Ghelamco Invest received an interim dividend for an amount of 996 KEUR from Rubia NV.

11.2 Non-Controlling Interests

	31/12/2014	31/12/2013
balance at beginning of year	90	73
share of profit for the year	13	21
acquistions/disposals	-36	-4
Balance at end of year	**67**	**90**

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12. Reserves and retained earnings

Reserves and retained earnings on the balance sheet date are as follows:

	Cumulative translation reserve	Retained earnings
At 1 January 2013	0	17,783
Cumulative translation differences (CTA)		
Dividend distribution to the ultimate shareholders		-13
Change in non-controlling interests		5
Change in the consolidation scope		-146
Profit for the year		6,081
3At 31 December 2013	**0**	**23,710**

	Cumulative translation reserve	Retained earnings
At 1 January 2014	0	23,710
Cumulative translation differences (CTA)		
Dividend distribution to the ultimate shareholders		
Change in non-controlling interests		36
Change in the consolidation scope		-12
Profit for the year		4,544
At 31 December 2014	**0**	**28,278**

13. Interest-bearing loans and borrowings

		31/12/2014	31/12/2013
Non-current			
Bank borrowings – floating rate	13.1	44,755	73,581
Other borrowings	13.2/3	120,591	156,890
		165,346	**230,471**
Current			
Bank borrowings – floating rate	13.1	104,650	73,146
Other borrowings	13.2/3	27,764	0
		132,414	**73,146**
TOTAL		**297,759**	**303,617**

13.1 Bank Borrowings

During the year, the Company contracted new bank borrowings and withdrew on existing credit facilities for a total amount of 44.7 MEUR, all of which are Euribor based. On the other hand, reimbursements and re-financings have been done for an amount of 42.0 MEUR, bringing the total outstanding bank borrowings to 149.4 MEUR (compared to 146.7 MEUR at 31/12/2013).

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 currently approx. 50% of the balance per books is 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.

	31.12.2014				31.12.2013			
	<1 y	**between 2 and 5 y**	**>5y**	**total**	**<1 y**	**between 2 and 5 y**	**>5y**	**total**
Credit institutions withdrawn credits	106,941	44,410	1,000	152,351	76,757	74,119	1,000	151,876
Financial lease				0	0	0		0
Total	**106,941**	**44,410**	**1,000**	**152,351**	**76,757**	**74,119**	**1,000**	**151,876**
Percentage	70%	29%	1%	100%	51%	49%	1%	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 formula will always be fixed for a period not superseding one year.

Depending on a project's potential debt service, interest rates on investment loans are sometimes partially fixed and the remainder is floating.

On 31 December 2014, the Company has an outstanding investment loan (12,820 KEUR) on Retail Gent, serviced by the actual rental income of the property (Brico Plan-It).

Depending on the project and the securities required by the bank, following margins on floating rates are applicable in:

- Belgium: between 1.80% and 3.5%

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 1,500 KEUR lower/higher profit before tax for 2014.

13.2 Other borrowings: Bonds (110,119 KEUR)

The Company has in 2012 issued private unsecured bonds for a total amount of 42 MEUR (25.05 MEUR bond serie A, 16.95 MEUR bond serie B). These bonds, which are secured by a first demand guarantee from Ghelamco Group Comm. VA and of which the issuance has been coordinated by KBC Securities and Belfius Bank, have been underwritten by a select group of institutional investors and high-net-worth individuals.
Bonds serie A has as maturity date 13/12/15 and bears a fixed interest of 7.0%. Bonds serie B has as maturity date 13/12/17 and bears a fixed interest of 7.875%.
Goal of the issue is to diversify financial resources and secure the mid-term funding necessary to secure the realization of the pipeline of Belgian and French projects.

In addition, the Company has in the second half of 2013 and the first half of 2014 again 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 intersest rate of 6.25%. The above bond program has again been coordinated by KBC Securities and Belfius Bank.

Total balance of outstanding bonds per balance sheet date (110.119 KEUR) represents the amount of issue (112 MEUR) less capitalized issue costs (of which mainly the issuing banks' arrangement fees), which are amortized over the term of the bonds.

13.3 Other borrowings: Other

31/12/2014 38,236 KEUR

Other borrowings in EUR at 31 December 2014 are mainly connected to following related party balances:

- Peridot SL: 34,736 KEUR

31/12/2013 79,381 KEUR

Other borrowings in EUR at 31 December 2013 related to following related party balances:

- Peridot SL: 79,381 KEUR

Interest sensitivity analysis

An increase/decrease of 100 basis points in the (average) interest rates on the floating rate interco debt at the reporting date, with all variables held constant, would have resulted in a 770 KEUR lower/higher profit before tax for 2014.

13.4 Miscellaneous information

No defaults of payments or breaches of borrowing agreements occurred as of 31 December 2014.

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.

At 31 December 2014, the Company has bank loans available to be drawn for a total amount of 12,717 KEUR.

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14. 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)	**31.12.2014**				
	At fair value through P/L-held for trading	**Available for sale**	**Loans and receivables/HTM at amortised cost**	**Fair value**	**Fair value level**
Other financial investments					
Other financial assets			561	561	2
Non-current receivables					
Receivables and prepayments			2,580	2,580	2
Restricted cash			-	-	
Current receivables					
Trade and other receivables			17,634	17,634	2
Derivatives				-	
Cash and cash equivalents			39,837	39,837	2
Total Financial Assets			**60,612**	**60,612**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			44,755	44,755	2
Bonds			85,355	93,046	2
Other borrowings			35,236	35,236	2
Interest-bearing borrowings - current					
Bank borrowings			104,650	104,650	2
Bonds			24,764	25,212	
Other borrowings			3,000	3,000	
Current payables					
Trade and other payables			21,247	21,247	2
Total Financial Liabilities			**319,007**	**327,146**	

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Financial instruments (x € 1 000)	31.12.2013				
	At fair value through P/L-held for trading	**Available for sale**	**Loans and receivables/HTM at amortised cost**	**Fair value**	**Fair value level**
Other financial investments					
Other financial assets			500	500	2
Non-current receivables					
Receivables and prepayments			2,457	2,457	2
Restricted cash			-	-	
Current receivables					
Trade and other receivables			9,380	9,380	2
Derivatives				-	
Cash and cash equivalents			20,752	20,752	2
Total Financial Assets			**33,089**	**33,089**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			73,581	73,581	2
Bonds			77,509	77,509	2
Other borrowings			79,381	79,381	2
Interest-bearing borrowings - current					
Bank borrowings			73,146	73,146	2
Bonds			-	-	
Other borrowings			-	-	
Current payables					
Trade and other payables			22,913	22,913	2
Total Financial Liabilities			**326,530**	**326,530**	

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, since largest parts of them 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.

Largest parts of the Company's interest bearing liabilities are floating interest bearing debts.

15. 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 €	**31/12/2014**	**31/12/2013**
Deferred tax assets	2,985	2,530
Deferred tax liabilities	-12,190	-13,121
TOTAL	**-9,205**	**-10,591**

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 2013	**-6,770**	**-591**	**1,150**	
Recognised in income statement	-6,015	522	1,007	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other		106		
Balance at 31 December 2013	**-12,785**	**37**	**2,157**	
Recognised in income statement	961	-25	450	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other				
Balance at 31 December 2014	**-11,824**	**12**	**2,607**	

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 €	**31/12/2014**	**31/12/2013**
DTA on unused tax losses	6,111	4,025
DTA on unused tax credits		
TOTAL	6,111	4,025

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.

16. Trade and other payables

Trade and other payables are analysed as follows:

	31/12/2014
Trade payables: third parties	12,263
Trade payables: related parties	605
Related parties current accounts payable	-
Misc. current liabilities	10,724
Deferred income	-
Current employee benefits	13
Total trade and other payables	**23,605**

	31/12/2013
Trade payables: third parties	8,875
Trade payables: related parties	782
Related parties current accounts payable	-
Misc. current liabilities	16,895
Deferred income	-
Current employee benefits	14
Total trade and other payables	**26,566**

Trade payables towards related parties include amongst others the amounts payable to the Development Holding for construction and engineering coordination services received. On 31/12/2014, the trade payables include 605 KEUR towards related parties (vs. 782 KEUR last year), as follows

- Ghelamco NV: 406 KEUR
- Keybus: 199 KEUR

Miscellaneous current liabilities mainly relate to interest payable (to related and third parties), VAT payable, accruals and others.

17. Revenue

Revenue is mainly generated from the following sources:

in thousands €	31.12.2014	31.12.2013
Sales of Residential Projects	32,238	6,756
Rental Income	5,509	2,778
Other		334
TOTAL REVENUE	**37,747**	**9,868**

Rental income as of 31 December 2014 (and 2013) relates to rent from commercial projects.

The residential projects sales as of 31 December 2014 mainly relate to:

- Villas and apartments at the Belgian coast (7.788 KEUR)
- (Retail) ground floor of the Locarno project in Knokke (6,300 KEUR)
- Blaisantpark Gent: invoicing in accordance with the Breyne legislation re. 47 apartments (of 67 in total) and 51 parkings; sale of 19 student units (8,718 KEUR in total)
- 43 student homes (of 461 in total) and parkings to resp. third parties and the City of Leuven in the Waterview project (5,785 KEUR in total)
- Exploitation licence for 115 senior home (bed-)places and land positions in Wezembeek-Oppem in connection with the senior homes project which the Company is further realising in a joint venture structure (2,676 KEUR in total).

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 €	31.12.2014	31.12.2013
Future minimum rental income:		
Less than 1 year	5,184	4,666
Between 1 and 2 years	5,637	5,888
Between 2 and 3 years	5,746	6,105
Between 3 and 4 years	5,860	6,227
Between 4 and 5 years	5,978	6,351
More than five years	49,197	56,955
TOTAL FUTURE MINIMUM RENTAL INCOME	**77,601**	**86,192**

18. Other items included in operating profit/loss

Other operating income and expenses in 2014 and 2013 include the following items:

	2014	2013
Other operating income		
Net gains on disposal of investment property	1,659	16
Other	2,629	930
Net gains on disposals of property, plant and equipment		-
total:	**4,288**	**946**

Current year's other operating income includes the net gain on the disposal of the L-Park project in Leuven for an amount of 1,659 KEUR.
Also re-charges of fit-out expenses to tenants (in mainly the Blue Towers in Gent) are included (for an amount of approx. 1,6 MEUR.

Last year's 'other' items mainly related to the charge-through to tenants of fit-out and real estate tax.

	2014	2013
Gains from revaluation of Investment Property	7,538	21,012

Fair value adjustments over 2014 amount to 7,538 KEUR, which is mainly the result of current year's further investment and leasing efforts (mainly on the Artevelde Park/Ghelamco Arena and the Waterview project), in combination with evolution in market conditions (yield and rent level evolution).

	2014	2013
Other operating expenses		
Operating lease/ rental/housing expenses	805	219
Taxes and charges	639	374
Insurance expenses	175	215
Audit, legal and tax expenses	1,676	1,097
Sales expenses	2,642	685
operating expenses with related parties	1,989	2,436
Miscellaneous	1,029	-182
Total:	**8,955**	**4,844**

The increased sales expenses are to a significant extent related to the disposal of the L-Park project and to commission expenses in the Waterview (student houses) project.

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 24.2.

	2014	2013
Employee benefit expenses		
Wages and salaries	308	285
Social security costs	94	105
Other		-
Total:	**402**	**389**

19. Cost of Property Development Inventories

The various items comprising the costs of Property Development Inventories are as follows:

	2014	2013
Movement in inventory	15,546	1,492
Purchases (*)	-34,894	-7,722
	-19,348	**-6,230**

(*)
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 39,548 KEUR.

20. Finance income and finance costs

The various items comprising the financial income and financial costs are as follows:

	2014	2013
Interest income	607	350
Other finance income	-	-
Total finance income	**607**	**350**
Interest expense	-11,927	-8,502
Other interest and finance costs	-1,278	-963
Total finance costs	**-13,205**	**-9,465**

It is to be noted that interest expenses related to Investment Property projects are not included in the above 2014 and 2013 figures, as those have directly been capitalized on IP. It concerns an amount of 2,324 KEUR (vs. 1,285 KEUR last year).

Interest expenses mainly relate to interests on bank loans, bonds and on other (Peridot, related party) loans.

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 resp. bonds).

21. Income taxes

Income tax expense recognized in the consolidated income statement:

	31.12.2014	31.12.2013
current income tax	883	292
deferred tax	1,970	4,486
Total	**2,853**	**4,778**

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 €	31.12.2014	31.12.2013
Result before income taxes	7,410	10,880
Income tax expense calculated at 33.99%	2,519	3,698
Effect of different tax rates in other jurisdictions	-	-
Effect of non-deductible expenses	283	585
Effect of revenue that is exempt from taxation	-	-
Effect of use of previously unrecognized tax losses	-107	-533
Effect of current year losses for which no DTA is recognized	1,290	1,730
Effect of tax incentives not recognized in the income statement	-264	-62
Effect of under/over-accrued in previous years	8	-
Effect of change in local tax rates	-	-
Effect of share deal Rubia	-13	-
Effect of share deal RPI	-321	-
Effect of share deal L-Park	-571	-
Release of 31/12/12 DTL re. Wevelgem Retail Park sale	-	-705
Other	29	65
INCOME TAX EXPENSE RECOGNISED IN INCOME STATEMENT	**2,853**	**4,778**

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.

Tax incentives not recognized in the income statement mainly relate to notional interest deduction (and DBI).

22. Contingent liabilities and contingent assets

22.1 (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 2014 and 2013.

Company	Project name	Amount of bank loan-books (KEUR)		Corporate guarantees as per 31/12/2014 (KEUR)	
BELGIUM					**Guarantee by IRC NV**
Dianthus	Katelijne	EUR	778	778	Corporate Guarantee
Retail Leuven Waterview Parking Leuven	Waterview	EUR	16,464	13,650	Cash deficiency guarantee, subordination declaration
WRP	Wavre Retail Park	EUR	5,906	5,906	Cash deficiency guarantee
Leisure Property Invest	Golf Knokke Zoute	EUR	13,500	5,000	Corporate Guarantee, cash deficiency, cost overrun, subordination declaration Peridot
Docora	kantoren Artevelde stadion	EUR	7,923	5,000	Corporate Guarantee, cash deficiency, cost overrun
Nepeta	East Dune	EUR	1,399	1,399	Corporate Guarantee, cash deficiency, cost overrun subordination declaration Peridot
Zeewind	Zeewind	EUR	570	570	Corporate Guarantee, cash deficiency
Retail Gent	Retail Gent	EUR	12,820	12,820	Corporate Guarantee, cash deficiency, subordination declaration Peridot, minimal rent guarantee
Parking Estates	Parking Estates Gent	EUR	775	14,500	Corporate Guarantee, cash deficiency, cost overrun
Schelde Offices	Blue Towers	EUR	16,051	16,051	Corporate Guarantee, cash deficiency, cost overrun, subordination declaration Peridot
Arte Offices	Blue Towers	EUR	14,431	14,431	Corporate Guarantee, cash deficiency, cost overrun, subordination declaration Peridot
De Nieuwe Filature	De Nieuwe Filature	EUR	4,300	4,300	Corporate Guarantee, cash deficiency

Ghelamco Invest - Consolidated Financial Statements at 31 December 2014 (in KEUR) 60

Parking Gent	Parking Gent	EUR	13,725	14,500	Corporate Guarantee, cash deficiency, cost overrun, subordination declaration Peridot
Ring Multi Ring Offices	deel Ghelamco Arena	EUR	10,125	4,000	Corporate Guarantee, cash deficiency

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 2014 (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.

22.2 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.

22.3 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).

22.4 Securities on assets

Special Purpose Vehicles (SPV) 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.

23. Commitments

23.1 (Capital) Commitments

(Capital and other) expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	2014	**2013**
Architectural and Engineering contracts	8,262	5,087
Construction contracts	33,361	12,118
Purchase of land plots	2,117	281
Purchase of shares (connected with landbank)	-	-
Total	**43,740**	**17,486**

At 31 December 2014, the Company has entered into a number of contracts with third parties for the acquisition of the following assets (plots) or shares:

Binding contracts

- Per end 2014 preliminary contracts for the acquisition of some smaller plots in the Brussels periphery and in Knokke were outstanding for a total amount of 2,117 KEUR. The related deeds have actually been signed in the course of Q1 2015.
- None per end 2013

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 3.0 MEUR; related party construction contracts to 33 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:

- Waterview project in Leuven: 14.8 MEUR construction contracts in total (related party agreements)
- Ring Hotel project in Gent: 8.5 MEUR construction contracts in total (related party agreements)

24. 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. & Ms. 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.

24.1. Relationships with the directors and management

For the year ending 31 December 2014, the Consortium (of which the Company is part) paid a total amount of approx. 7,500 KEUR to the members of the 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 Management Committee.

24.2. 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 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 15% 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.

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.

24.3. Acquisitions and disposals of shares and other related party transactions

There have been no share transactions or other significant transactions with related parties in 2014 and 2013.

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:

	31/12/2014	31/12/2013
Purchases of construction, engineering and architectural design:	-34,840	-34,613
related party trade receivable	-	15
related party trade accounts payable	-605	-782
	-	
related party non-current loans receivable	2,255	2,455
related party interests receivable	602	76
related party C/A receivable	10,976	7,143
related party non-current loans payable	-34,736	-79,381
related party interests payable	-3,959	-10,275
related party C/A payable	-	-

25. Events after balance sheet date

- Acquisition at end of February 2015 of 2 buildings located at the Louizalaan and the Boulevard Bischoffsheim, Brussels for a total amount of 24,5 MEUR, for the future development and realisation of resp. a combined retail-residential project (52 luxurious apartments and approx. 500 sqm of shopping space, in the centre of Brussels) and an office project (approx. 16,615 sqm office space and 174 parkings).

- On 19 March 2015 the City of Brussels has retained the BAM/Ghelamco Consortium as preferred bidder for the construction of the Euro-stadium on parking C of the Heizel site. This new national stadium will amongst others comprise 60.000 seats, over 6.000 VIP places and over 14.000 parking spaces. The project is expected to be realized in 2018.

26. Auditor's Report

Deloitte Bedrijfsrevisoren /
Reviseurs d'Entreprises
Berkenlaan 8b
1831 Diegem
Belgium
Tel. + 32 2 800 20 00
Fax + 32 2 800 20 01
www.deloitte.be

Ghelamco Invest NV
(Previously International
Real Estate Construction NV)

Independent auditor's report on the consolidated financial statements for the year ended 31 December 2014

Deloitte.

Deloitte Bedrijfsrevisoren / Reviseurs d'Entreprises
Berkenlaan 8b
1831 Diegem
Belgium
Tel. + 32 2 800 20 00
Fax + 32 2 800 20 01
www.deloitte.be

Ghelamco Invest NV
(Previously International Real Estate Construction NV)
Independent auditor's report on the consolidated financial statements for the year ended 31 December 2014

We are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the consolidated financial statements. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes.

Report on the consolidated financial statements – Unqualified opinion

We have audited the consolidated financial statements of Ghelamco Invest NV (Previously International Real Estate Construction NV) ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. The consolidated statement of financial position shows total assets of 424,397 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 4,544 (000) EUR.

Board of directors' responsibility for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of 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.

Independent auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

Deloitte.

Unqualified opinion

In our opinion, the consolidated financial statements of Ghelamco Invest NV (Previously International Real Estate Construction NV) give a true and fair view of the group's net equity and financial position as of 31 December 2014, and of its results and its 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.

Diegem, 19 March 2015

The independent auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Rik Neckebroeck

International Real Estate Construction

NV

IFRS Consolidated Financial Statements at 31 December 2013

Approved by the Board of Directors

with the Independent Auditor's opinion

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I. General information and performance

1. Business activities & profile

International Real Estate Construction (IRC) 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'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.

Over the last decade, Ghelamco has become one of the largest commercial property developers in Poland. The group's market position has been recognized by numerous prestigious awards. In 2013, Ghelamco was granted the following awards:

° Office Developer of the year in Poland (Construction and Investment Journal - for the seventh time in the past eight years)

° Essa Award for T-Mobile Office Park, in recognition of the project's sustainability performance (Construction and Investment Journal)

° Office Lease Award of the Year 2013 in Poland for Frontex in Warsaw Spire (Construction and Investment Journal)

° Office Investment Transaction of the Year in Poland for the sale of the Senator Project (Construction and Investment Journal)

° Business Achievement of the Year for obtaining financing for Warsaw Spire (Eurobuild)

° Green Office Building of the Year in CEE for T-Mobile Office Park (EUROPA Property magazine)

° BREEAM Post Construction Assessment for the Senator Project (EUROPA Property magazine)

° Most green building in Poland for T-Mobile Office Park (Prime Property Price by PTWP)

° Men of the year for Jeroen van der Toolen, MD Central and Eastern Europe of Ghelamco (Prime Property Price by PTWP)

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 realisation 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.

2. Legal status

International Real Estate Construction NV (referred to as **"IRC")** 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, IRC also has direct stakes in real estate projects.

IRC, together with its subsidiaries (jointly referred to as the **"Company"**) (Note 5), constitute the reporting entity for the purpose of these financial statements.

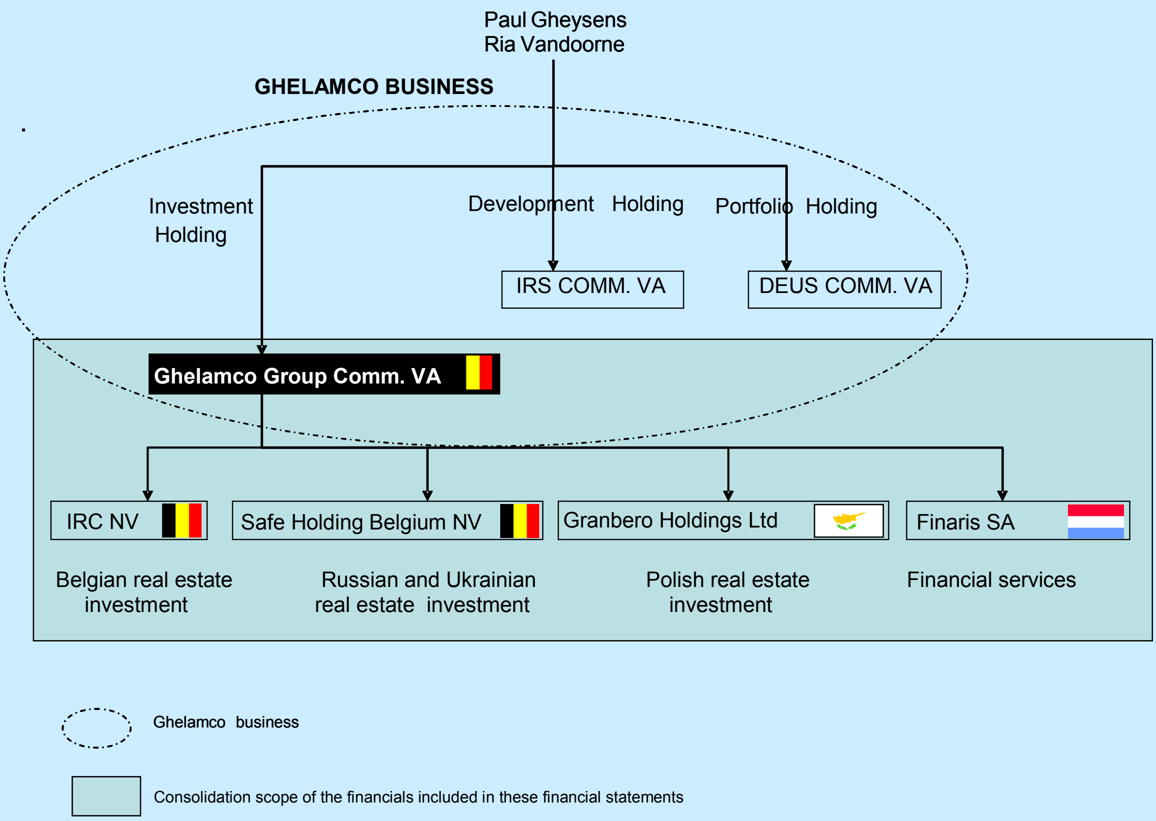
IRC is a limited liability company registered under Belgian law, with its registered office at Zwaanhofweg 10, 8900 Ieper, Belgium.

IRC 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 IRC and its legal subsidiaries (the Company).

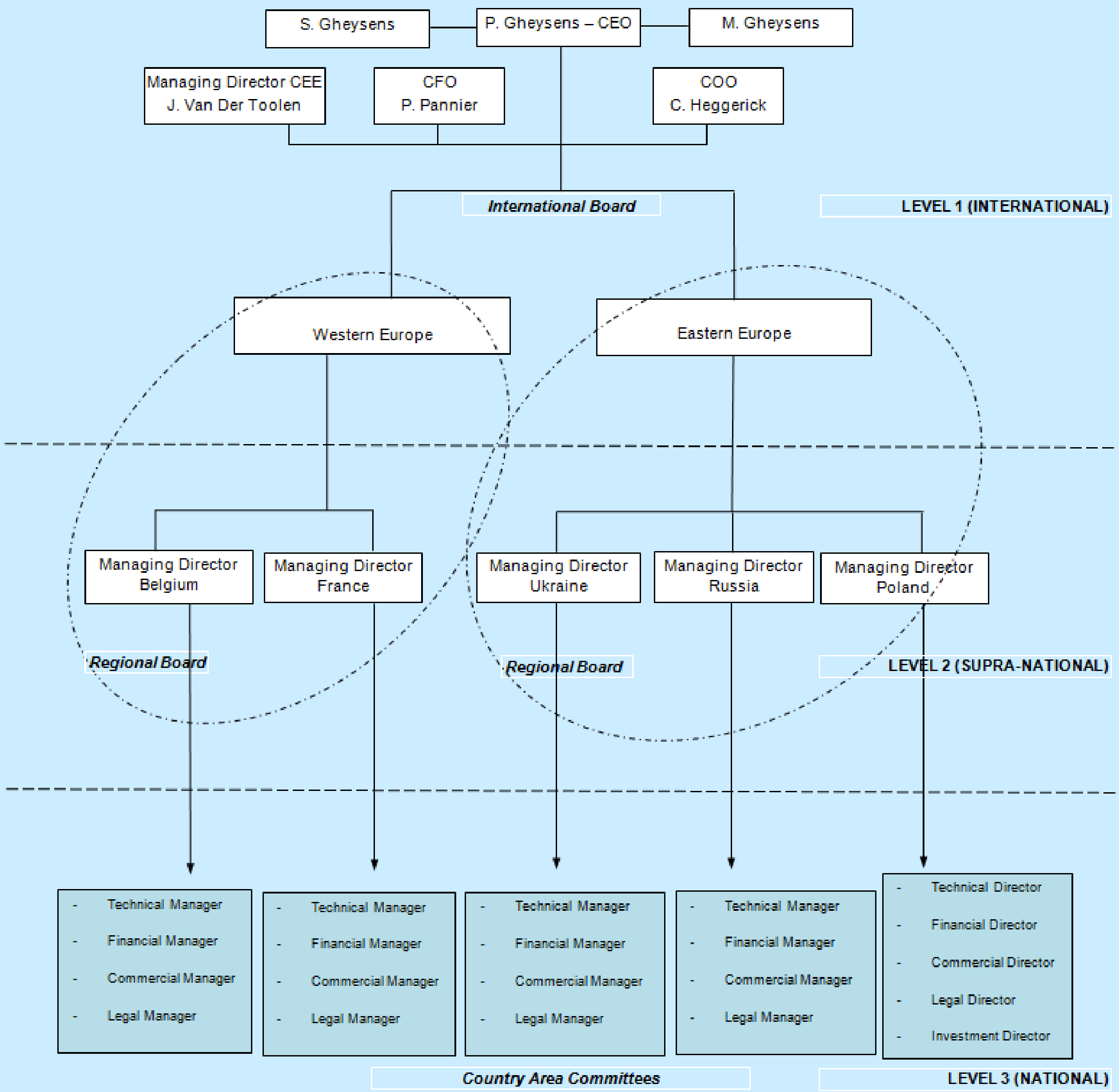
At 31 December 2013 (the reporting date), all the assets and liabilities of the reporting entity (IRC and its direct and indirect legal subsidiaries) are legally linked through a corporate structure that was introduced in 2006 and was accomplished prior to 31 December 2007 (overview in Note 5).
All assets, liabilities, income and expenses that represented an integral part of the Company activities, are included in the accounts of the legal subsidiaries of IRC at 31 December 2013 and at 31 December 2012.



4. Staffing level

Given its nature, there is only limited employment in the Company. At 31/12/2013, IRC employed 9 people. The construction, engineering and other related services are mainly provided to the Company by the Development Holding's legal subsidiaries. The parent company of the Development Holding (International Real Estate Services Comm. VA – abbreviated IRS Comm. VA), together with all its direct and indirect legal subsidiaries, employed 226 people on 31 December 2013 (223 on 31 December 2012).

5. Management committee



Ghelamco's Management Committee consists of:

Mr. Paul Gheysens (Chief Executive Officer)
Simon Gheysens (board member)
Michael Gheysens (board member)
Mr. Philippe Pannier (Chief Financial Officer)
Mr. Chris Heggerick (Chief Operational Officer)
Mr. Jeroen Van Der Toolen (Managing Director CEE)

The Committee actively coordinates and supervises the different management teams and supports them in all commercial, legal, financial and technical aspects of their activities.

The Belgian teams consist of a technical, commercial, legal & financial department. The Managing Directors are granted a large degree of autonomy to support their area/country strategy and development.

The statutory board consists of 4 directors (of which the CEO) for most of the Belgian entities.

6. Business environment and results

2013 performance and results

During the year 2013 and mainly resulting from its continued and intensified investment and commercialization efforts, the Company has been able to confirm and further strengthen its position in its core markets in Belgium. The Company closed its 2013 accounts with a net profit of 6,102 KEUR, a balance sheet total of 370,209 KEUR and an equity of 25,290 KEUR. The solvency ratio – considering the related party financing, which is subordinated – amounted at 30% (against 32% at 31 Dec. 2012).

The Company has over the past years intensified its investment activities (with currently over 40 projects in portfolio). As a consequence, significant part of the Belgian portfolio has recently (in the course of last year and during the current year) evolved to the realization and/or completion phase. In this respect, significant further construction efforts have been done on the Artevelde Park/Ghelamco Arena project in Gent, resulting in the successful completion and opening of the Ghelamco Arena mid July and the advanced construction status of the Blue Towers per year-end (28,600 sqm office space in total, of which per date of the current report significant parts have already been pre-leased).

2013 expansion and investment activities mainly related to:

- Completion, delivery and further commercialization of the mixed L-Park project at Leuven Vaartkom (3,335 m² retail, 13,806 m² office space and approx. 300 parkings). In the first half of 2013, first office tenants actually moved in and per date of this report, over 80% of the project has been leased.

- Continuation of construction works on the Artevelde Park/Ghelamco Arena project in Gent; project which comprises besides the pre-sold football accomodation approx. 13,500 sqm office space, 3,000 sqm congress space, 16,000 sqm multifunctional space, 250 parkings, and – on the adjacent plots – a 14,000 sqm retail hall, approx. 1,500 parking spaces, 2 office buildings (28,600 sqm office space in total) and a hotel project. This resulted in the completion and formal opening on 17 July 2013 of the Ghelamco Arena and the advanced construction status of the Blue Towers per year-end.

- Further realisation of high-end residential/leisure projects at the Belgian coast side (mainly “Le 8300”, luxurious wellness hotel in Knokke-Zoute and residential project Farida in Knokke)

- As of 31/05/13 the Company acquired 100% of the shares of De Nieuwe Filature NV (total share price of 8.5 MEUR, 2.1 MEUR advance payments already done in 2012); company which holds title to a 24,000 sqm brownfield site, in view of the development of a mixed project (approx. 35,000 sqm gross leasable/sellable residential, student flat and retail space).

-Signing of a preliminary leasehold right/right to build contract and a put/call contract mid 2013 with a third party on a 30,580 sqm plot on the Duinenwater site in Knokke, for the realisation of a residential project (24 plots of land). Final deed has been signed in February 2014.

-Signing of a leasehold right/right to build contract in Q4 2013 with the City of Leuven on a 8,526 sqm plot in the Vaartkom, in view of the realisation of the Waterview Project (+/- 460 student homes, +/- 5,000 sqm retail space and +/- 1,000 parking spaces; i.e. third phase of the Vaartkom project). Construction works have actually started in Q4 2013.

As to divestures/revenues:

- The Wevelgem Retail Park has per end March 2013 been sold to an investor at a (share) price of approx. 5 MEUR.
- First parts of the Artevelde Park/Ghelamco Arena project have been sold for a total sales value of 10.7 MEUR. Also, and per date of the current report, further parts have been pre-sold for a total sales value of 3.5 MEUR. In addition, (preliminary) rent agreements and/or letters of intent have been signed for a significant part of the still remaining space in the Artevelde Park/Ghelamco Arena.
- Sale of some residential projects at the Belgian coast (5.1 MEUR, mainly Farida and Zegemeer, Knokke)

Main post balance sheet events

No significant events 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 2014, the Company will continue its sustained growth. 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 this growth and its goals for 2014 in general.

7. Notice to the reader

This document presents the IFRS Consolidated Financial Statements for the year ended on 31 December 2013, 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 8 in Part II for more details on their presentation.

II. IFRS Consolidated Financial Statements

These IFRS consolidated financial statements at 31 December 2013 were approved by the Company's Board of Directors on 20 March 2014. The amounts in this document are expressed in thousands of EUR (KEUR), unless stated otherwise.

A. Consolidated statement of financial position (in KEUR)

	Note	31/12/2013	31/12/2012
ASSETS			
Non-current assets			
Investment Property	6	214,859	107,382
Property, plant and equipment	7	321	387
Investments in associates	4	1,380	1,380
Receivables and prepayments	9	2,457	2,146
Deferred tax assets	14	2,530	2,201
Other financial assets	4.3	500	412
Restricted cash		0	0
Total non-current assets		**222,047**	**113,908**
Current assets			
Property Development Inventories	8	111,503	115,345
Trade and other receivables	9	12,423	17,547
Current tax assets		9	2
Derivatives		0	0
Assets classified as held for sale	6	3,475	6,700
Restricted cash		0	0
Cash and cash equivalents	10	20,752	28,355
Total current assets		**148,162**	**167,949**
TOTAL ASSETS		**370,209**	**281,857**

IRC – Consolidated Financial Statements at 31 December 2013 (in KEUR) 10

Consolidated statement of financial position (cont'd)

	Note	31/12/2013	31/12/2012
Capital and reserves attributable to the Company's equity holders			
Share capital	11	1,490	1,490
Retained earnings	12	23,710	17,783
		25,200	19,273
Non-controlling interests	11.2	90	73
TOTAL EQUITY		**25,290**	**19,346**
Non-current liabilities			
Interest-bearing loans and borrowings	13	230,471	141,093
Deferred tax liabilities	14	13,121	8,412
Long-term provisions		178	67
Total non-current liabilities		**243,770**	**149,572**
Current liabilities			
Trade and other payables	15	26,566	23,827
Current tax liabilities		1,437	1,242
Interest-bearing loans and borrowings	13	73,146	87,870
Total current liabilities		**101,149**	**112,939**
Total liabilities		**344,919**	**262,511**
TOTAL EQUITY AND LIABILITIES		**370,209**	**281,857**

IRC – Consolidated Financial Statements at 31 December 2013 (in KEUR) 11

B. Consolidated income statement and consolidated statement of comprehensive Income

	Note	2013	2012
Revenue	16	9,868	16,868
Other operating income	17	946	1,389
Cost of Property Development Inventories	18	-6,230	-9,904
Employee benefit expense	17	-389	-504
Depreciation amortisation and impairment charges		-368	-90
Gains from revaluation of Investment Property	6	21,012	6,807
Other operating expense	17	-4,844	-5,838
Operating profit - result		**19,995**	**8,728**
Finance income	19	350	197
Finance costs	19	-9,465	-5,606
Profit before income tax		**10,880**	**3,319**
Income tax expense/income	20	-4,778	-2,924
Profit for the year		**6,102**	**395**
Attributable to:			
Equity holders of parent		6,081	369
Non-controlling interests		21	26

IRC – Consolidated Financial Statements at 31 December 2013 (in KEUR) 12

Consolidated statement of comprehensive income – items recyclable to the income statement

	2013	2012
Profit for the year	**6,102**	**395**
Exchange differences on translating foreign operations	0	0
Other	-141	0
Other comprehensive income of the period	**-141**	**0**
Total Comprehensive income for the year	**5,961**	**395**
Attributable to:		
Equity holders of the parent	5,940	369
Non-controlling interests	21	26

IRC – Consolidated Financial Statements at 31 December 2013 (in KEUR) 13

C. Consolidated statement of changes in equity

Consolidated statement of changes in equity per 2013

	Note	Attributable to the equity holders			Non-controlling interests	Total Equity
		Share capital	Cumulative translation reserve	Retained earnings		
Balance at 1 January 2012		**1,490**	**0**	**17,414**	**47**	**18,951**
Profit/(loss) for the year				369	26	**395**
Dividend distribution						**0**
Change in non-controlling interests						**0**
Change in the consolidation scope						**0**
Balance at 31 December 2012		**1,490**	**0**	**17,783**	**73**	**19,346**
Profit/(loss) for the year	12			6,081	21	**6,102**
Dividend distribution				-13		**-13**
Change in non-controlling interests	11.2			5	-4	**1**
Change in the consolidation scope	12			-146		**-146**
Balance at 31 December 2013		**1,490**	**0**	**23,710**	**90**	**25,290**

IRC – Consolidated Financial Statements at 31 December 2013 (in KEUR) 14

D. Consolidated cash flow statement

Consolidated cash flow statement for 2013 and 2012

Cash Flow Statement		**31/12/2013**	**31/12/2012**
Operating Activities			
Profit / (Loss) before income tax		**10,880**	**3,319**
Adjustments for:			
- Change in fair value of investment property	6	-21,012	-6,807
- Depreciation, amortization and impairment charges	7	68	73
- Result on disposal Investment Property		-16	-
- Change in provisions		111	11
- Net interest charge	19	8,152	5,409
- Movements in working capital:			
- Change in inventory		-12,358	-6.750
- Change in trade & other receivables		5,124	-14.584
- Change in trade & other payables		561	3.402
- Change in MTM derivatives			-
- Movement in other non-current liabilities		-	-
- Other non-cash items		-134	-10
Income tax paid		-210	-1.771
Interest paid		-6,324	-5.606
Net cash from operating activities		**-15,158**	**-23,314**
Investing Activities			
Interest received		350	197
Purchase of property, plant & equipment		-13	-
Purchase of investment property (*)	6	-84,409	-46,265
Proceeds from disposal of investment property	6	17,385	4,469
Net cash outflow on acquisition of subsidiaries		-	-
Net cash outflow on other non-current financial assets		-399	2,780
Net cash inflow/outflow on NCI transactions			
Movement in restricted cash accounts		-	-
Net cash flow from/(used in) investing activities		**-67,086**	**-38,819**
Financing Activities			
Proceeds from borrowings		84,656	98,738
Repayment of borrowings		-10,002	-12,463
Capital decrease		-	-
Dividends paid		-13	-
		-	-

Net cash inflow from/(used in) financing activities	**74,641**	**86,275**
Net increase/decrease in cash and cash equivalents	**-7,603**	**24,142**
Cash and cash equivalents at 1 January	**28,355**	**4,213**
Cash and cash equivalents per end of the year	**20,752**	**28,355**

(*): Purchase and expenditure re. investment property includes capitalized borrowing costs.

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 “Organisational 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 International Real Estate Construction NV and its legal subsidiaries that are part of the Company at 31 December 2013.

A list of legal entities included in these IFRS consolidated financial statements and major changes in the organisational 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 March 20, 2014. 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 2013. 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 2013.

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 2013

Standards and Interpretations that the Company anticipatively applied in 2012 and 2013:

- None

Standards and Interpretations that became effective in 2013

- IFRS 13 Fair Value Measurement (applicable for annual periods beginning on or after 1 January 2013)
- Improvements to IFRS (2009-2011) (normally applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 1 Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income (applicable for annual periods beginning on or after 1 July 2012)
- Amendments to IAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets (applicable for annual periods beginning on or after 1 January 2013)

Standards and Interpretations which became effective in 2013 but which are not relevant to the Company:

- Amendments to IFRS 1 First Time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IFRS 1 First Time Adoption of International Financial Reporting Standards – Government Loans (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 19 Employee Benefits (applicable for annual periods beginning on or after 1 January 2013)
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (applicable for annual periods beginning on or after 1 January 2013)

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 authorised for issue but not yet mandatory and have not been early adopted by the Company:

- IFRS 9 Financial Instruments and subsequent amendments (not yet endorsed in EU)
- IFRS 10 Consolidated Financial Statements (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 11 Joint Arrangements (applicable for annual periods beginning on or after 1 January 2014)

- IFRS 12 Disclosures of Interests in Other Entities (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 14 Regulatory Deferral Accounts (applicable for annual periods beginning on or after 1 January 2016)
- IAS 27 Separate Financial Statements (applicable for annual periods beginning on or after 1 January 2014)
- IAS 28 Investments in Associates and Joint Ventures (applicable for annual periods beginning on or after 1 January 2014)
- Improvements to IFRS (2010-2012) (normally applicable for annual periods beginning on or after 1 January 2014, but not yet endorsed in EU)
- Improvements to IFRS (2011-2013) (normally applicable for annual periods beginning on or after 1 January 2014, but not yet endorsed in EU)
- Amendments to IFRS 10, IFRS 12 and IAS 27 – Consolidated Financial Statements and Disclosure of Interests in Other Entities: Investment Entities (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 19 Employee Benefits – Employee Contributions (applicable for annual periods beginning on or after 1 July 2014, but not yet endorsed in EU)
- Amendments to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 36 – Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Asset (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 39 – Financial Instruments – Novation of Derivatives and Continuation of Hedge Accounting (applicable for annual periods beginning on or after 1 January 2014)
- IFRIC 21 – Levies (applicable for annual periods beginning on or after 1 January 2014, but not yet endorsed in 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. With respect to the changes in IFRIC 21, the Company is still evaluating the potential impact.

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 2013 and on 31 December 2012 (see Notes 4 and 5).

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 23.

1.5.2. Acquisition of subsidiaries

Although the Company obtained control over several subsidiaries over the past years, these transactions are not considered to be 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 2013 and 2012, 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 2013 and 2012 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 2013
In March 2013 and upon an attractive bid by an investor, the Wevelgem Retail Park has been sold. The sale of this project was structured as a share deal (i.c. sale of 100% of the shares of project SPV Klippan Cabs NV), in line with the general approach to sell commercial projects. The transaction has in the financial statements been presented as a disposal of IP.
On the other hand, first parts of the Ghelamco Arena project (for a total sales value of 10.7 MEUR) have been sold through asset deals.

No residential SPVs have been sold, in line with the general approach to sell residential projects through asset deals.

Comments 2012
In August 2012 and upon an attractive bid by an investor, the Docora (Gucci-shop) retail project in Knokke-Zoute was sold. While generally the sale of a commercial project is structured as a share deal, this one was structured as an asset deal (and the transaction has in the financial statements been presented as a disposal of IP).

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. The difference between the cost of additional interest in the subsidiary and the carrying amount of the minority interest reflected in the consolidated balance sheet is allocated to the Property Development Inventories or Investment Properties.

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 IRC 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 2013 and 2012.

1.6. Property, plant and equipment

Property, plant and equipment is 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	Years
Buildings	20 to 40
Vehicles	5
Equipment	5 to 10

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:

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 m²;
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) ;
- 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

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 recognised 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 recognised 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 realisable 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 capitalised. A qualifying asset is an asset that takes a substantial period of time to get ready for its intended use or sale. Capitalisation 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 capitalisation 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 realisable 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 realisable value at balance sheet date is lower than the carrying value. The Company performs regular reviews of the net realisable value of its Property Development Inventory.

The most recent review indicated that the global net realisable 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 8).

1.12. Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortised 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 reorganisation 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 amortised 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 section 1.20 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.

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 utilised. A deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized (Note 14).

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.
Revenue is recognised 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 recognised 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.

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1.20. Financial instruments

The table below summarises 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)	**31.12.2013**				
	At fair value through P/L- held for trading	**Available for sale**	**Loans and receivables at amortised cost**	**Fair value**	**Fair value level**
Other financial investments					
Other financial assets			500	500	2
Non-current receivables					
Receivables and prepayments			2,457	2,457	2
Restricted cash			-	-	
Current receivables					
Trade and other receivables			12,423	12,423	2
Derivatives	-			-	
Cash and cash equivalents			20,752	20,752	2
Total Financial Assets	**-**		**36,132**	**36,132**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			73,581	73,581	2
Bonds			77,509	77,509	2
Other borrowings			79,381	79,381	2
Interest-bearing borrowings - current					
Bank borrowings			73,146	73,146	2
Bonds			-	-	
Other borrowings			-	-	
Current payables					
Trade and other payables			26,566	26,566	2
Total Financial Liabilities	**-**	**-**	**330,183**	**330,183**	

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Financial instruments (x € 1 000)	**31.12.2012**				
	At fair value through P/L-held for trading	**Available for sale**	**Loans and receivables at amortised cost**	**Fair value**	**Fair value level**
Other financial investments					
Other financial assets			412	412	2
Non-current receivables					
Receivables and prepayments			2,146	2,146	2
Restricted cash	-			-	
Current receivables					
Trade and other receivables			17,547	17,547	2
Derivatives	-			-	
Cash and cash equivalents			28,355	28,355	2
Total Financial Assets	**-**		**48,460**	**48,460**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			31,536	31,536	2
Bonds			40,486	40,486	2
Other borrowings			69,071	69,071	2
Interest-bearing borrowings - current					
Bank borrowings			87,601	87,601	2
Other borrowings			269	269	2
Current payables					
Trade and other payables			23,827	23,827	2
Total Financial Liabilities	-	-	**252,790**	**252,790**	

The above table provides an analysis of financial instruments grouped into Levels 1 to 3 based on the degree to which the fair value (recognised 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.

We also refer to note 13.4 and 9.1 for the description of the fair value determination

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 IRC 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 13).

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; 42 MEUR bond issue due 13 December 2015 (60%) and due 13 December 2017 (40%) and bearing an interest of resp. 7% and 7.875%; 37.8 MEUR bond issues due 28 February 2018, bearing an interest of 6.25%; proceeds of which can be used over the resp. project investment stages.

The Company actively uses related party borrowings provided by the Investment Holding Financing Vehicles acting as financial intermediaries (mainly Peridot SL at 31 December 2013 and 31 December 2012) 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 13 on interest-bearing loans and borrowings.

2.1.3 Operational risk (price risk in first instance)

Price risk

Raw materials, supplies, labor and other costs directly related to the construction proces 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 23.2).

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 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 previous and the current year, the Company in addition proved to be able to call upon alternative financing through the issue of bonds (in total 79.8 MEUR unsecured bonds, 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 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 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 (mostly renown 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 9.

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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 13.

We also refer to note 10 and note 13.4 where the available financing is described.

2.2 Capital risk 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.
As all profits of the last years have been re-invested, the management's focus is mainly set on financial support of its expansion plans. In order to maintain or optimize the capital 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 .

The Company monitors capital 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 2013 and 2012 were as follows:

	2013	**2012**
Equity	25,290	19,346
Net related party loans payable	87,125	71,854
Total assets	370,209	281,857
Solvency ratio	**30%**	**32%**

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 no impairment losses and/or write-offs to net realisable value have been recognized on the inventory, except for an amount of 300 KEUR on a residential project; project which has in Q1 2014 actually been sold.

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%
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.

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4. List of subsidiaries

IRC subsidiaries included in these IFRS consolidated financial statements are as follows:

Entity description	Country	31/12/13 % voting rights	31/12/12 % voting rights	Remarks
I.R.C. NV	**BE**	**99**	**99**	*
The White House Zoute NV	BE	99	99	*
Dock-Site NV	BE	99	99	*
Klippan Cabs NV	BE	n/a	99	4.2
Dianthus NV	BE	99	99	*
Nepeta NV	BE	99	99	*
Rubia NV	BE	99	99	*
De Leewe III NV	BE	99	99	*
Immo Simava 13 NV	BE	99	99	*
Leisure Property Invest NV	BE	99	99	*
Waterview NV	BE	99	99	*
Ring Multi NV (former Ring Retail NV)	BE	99	99	*
Artevelde Stadion CVBA	BE	57	57	**
Wavre Retail Park NV	BE	99	99	*
L-Park NV	BE	99	99	*
Docora NV	BE	99	99	*
RHR-Industries NV	BE	99	99	*
Zeewind NV	BE	99	99	*
Retail Gent NV	BE	99	99	*
Parking Estates NV	BE	99	99	*
Parking Gent NV	BE	99	99	*
Arte Offices NV	BE	99	99	*
Schelde Offices NV	BE	99	99	*
Ring Offices NV	BE	99	99	*
Ring Hotel NV	BE	99	99	*
Parking Leuven NV (former Ring Congress Centre NV)	BE	99	99	*
Forest Parc NV	BE	99	99	*
De Nieuwe Filature NV	BE	99	n/a	4.1

(*) the 1% remaining voting rights are owned directly or indirectly by Mr. P. Gheysens, the ultimate beneficial owner

(**): included in the IRC consolidated 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.
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) realised by the Company during the year ended on 31 December 2013. The acquisitions and disposals of real estate subsidiaries are treated in accordance with the accounting policy as described in section 1.19 (and not in accordance with IFRS 3 on Business Combinations).

4.1 Acquisition of subsidiaries

As of 31/05/13 the Company acquired 100% of the shares of De Nieuwe Filature NV (total share price of 8,5 MEUR, 2.1 MEUR advance payments already done in 2012); company which holds title to a 24,000 sqm brownfield site, in view of the development of a mixed project (approx. 35,000 sqm gross leasable/sellable residential, student flat and retail space).

4.2 Disposal of subsidiaries

In March 2013 the Wevelgem Retail Park, retail project with a leasable area of +/- 4,600 sqm, has been sold to an investor. The sale of this project was structured as a share deal (i.c. sale of 100% of the shares of project SPV Klippan Cabs NV). The share price amounted to 5 MEUR.

4.3 Incorporation of new shelf companies

In October 2013, 3 new SPVs have been incorporated for the development of future real estate development projects.
For the respective (limited liability) entities, all shares (250) but one have been subscribed by IRC and one by mr. P. Gheysens. Each of the entities has a share capital of 250 KEUR, of which 63,5 KEUR has been paid in.

Given their limited size as of 31 December 2013, the concerned entities have not yet been consolidated in these consolidated financial statements. The participating interests which IRC holds in these entities have been kept at cost.

4.4 Asset Acquisitions and disposals of IRC (and subsidiaries)

Main acquisitions:

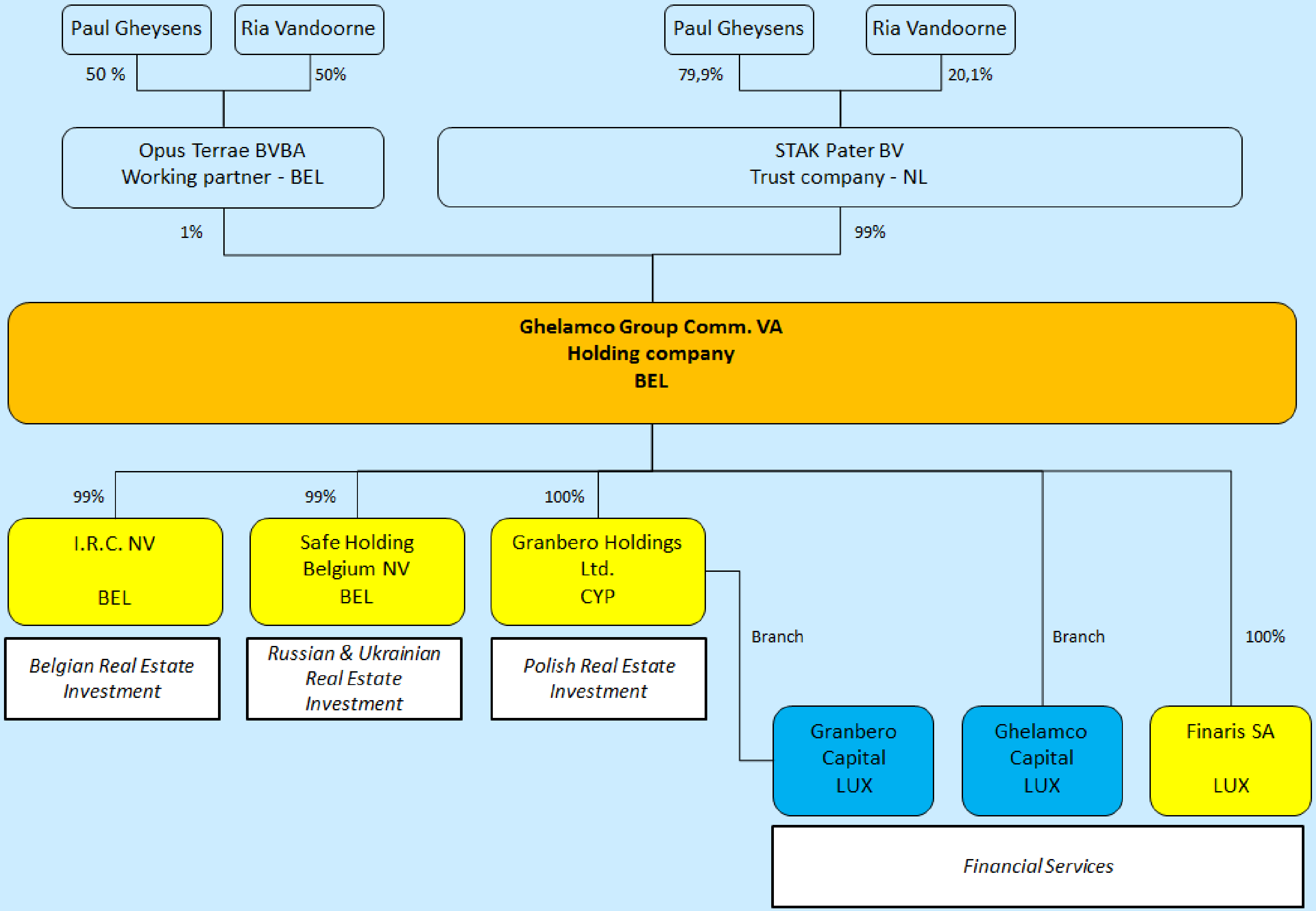
- Acquisition of land plots (by SPV Leisure Property Invest NV) in Knokke for a total amount of 3 MEUR, for the future development of the Golf Village project.

Main divestures:

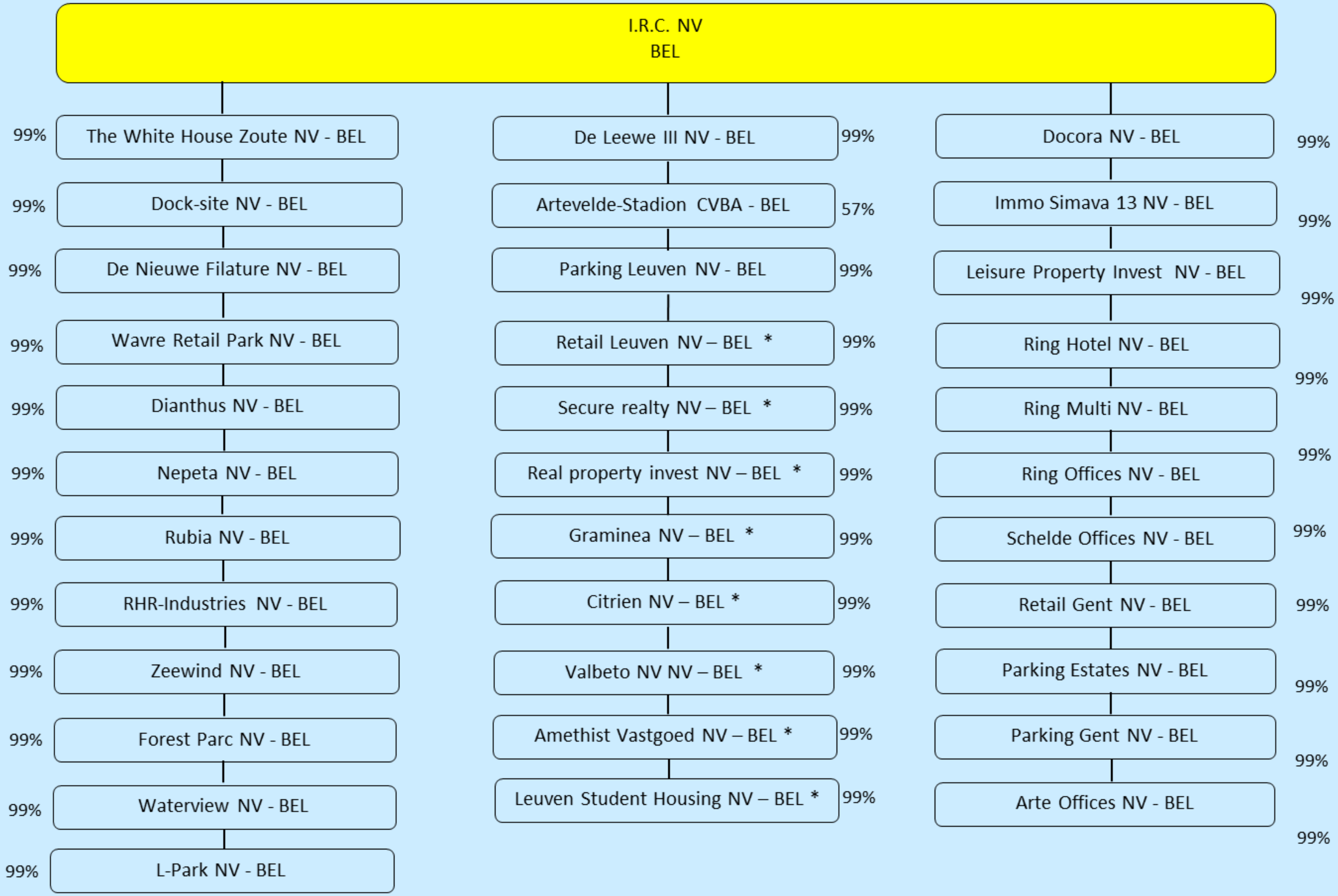
- Blaisantpark, sale of 30 apartments (of 67 in total) and 32 parkings (per 31/12/13 15% invoiced, under Breyne legislation) in the mixed project in Gent
- Farida, sale of 9 apartments (of 12 in total) in the residential project in Knokke
- Waterside Leuven, sale of 2 commercial units (over 65% of commercial units sold) and 22 parkings (over 80% of parking spaces sold)
- Beau Site, sale of 1 apartment in the residential project in De Panne
- Zegemeer, sale of 1 villa-apartment in the residential project in Knokke
- East Dune, sale of 1 apartment in the residential project in Oostduinkerke

5. Group structure

5.1. Investment Holding as per December 31st, 2013



5.2. Belgian and French Real Estate Investment as per December 31st, 2013



*: not included in the IFRS consolidated financial statements because of immateriality

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 2013 and 31 December 2012.

Investment Properties are stated at fair value 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 m²);
C. Land + Construction ongoing (fair value based on the residual method);
D. Completed Projects held for investment.

Country + SPV	**Commercial Name**	**Valuation**	**Cat**	**31/12/2013**	**31/12/2012**
				KEUR	**KEUR**
BELGIUM					
Leisure Property Invest	Golf Knokke Zoute	Man	A	26,159	23,108
WRP	Wavre Retail Park	Man	A	12,600	12,600
L-Park	L-Park	CBRE	D	35,200	30,341
Retail Gent	Retail Gent	CBRE	D	17,450	16,211
Parking Gent	Parking Gent	CBRE	C/D	28,848	15,503
Parking Estates	Parking Estates	CBRE	C/D	2,371	2,371
Zeewind	Zeewind	Man	D	1,737	1,737
Schelde Offices	Schelde Offices	Cushman	C	20,478	2,512
Arte Offices	Arte Offices	Cushman	C	19,107	2,020
Ring Hotel	Ring Hotel	Man	B	1,155	979
Ring Multi	Ghelamco Arena Multifunctional space	Cushman	C/D	17,935	n/a
Docora	Ghelamco Arena Offices	Cushman	C/D	13,300	n/a
Ring Offices	Ghelamco Arena Offices	Cushman	C	2,350	n/a
IRC	Le 8300	Man	C	16,169	n/a
TOTAL :				**214,859**	**107,382**

Legend : Man = Management valuation, CBRE = CBRE valuation report, Cushman = Cushman & Wakefield valuation report

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Balance at 1 January 2012	**65,479**
Acquisition of properties	8,303
Subsequent expenditure	36,691
Transfers	
- Assets classified as held for sale	-6,700
- Other transfers	1,271
Adjustment to fair value through P/L	6,807
Disposals	-4,469
other	
Balance at 31 December 2012	**107,382**
Acquisition of properties	3,051
Subsequent expenditure	81,358
Transfers	
- Assets classified as held for sale	-3,475
- Other transfers	16,200
Adjustment to fair value through P/L	21,012
Disposals	-10,669
other	
Balance at 31 December 2013	**214,859**

Categories	**A**	**B**	**C**	**D**	**Total**
Balance at 1 January 2012	**35,708**	**0**	**18,499**	**11,272**	**65,479**
Acquisition of properties			4,443	3,860	8,303
Acquisition through business combinations					0
Subsequent expenditure	427	902	26,338	9,024	36,691
Transfers					
- Assets classified as held for sale				-6,700	-6,700
- Other transfers		77	567	627	1,271
Adjustment to fair value	-427		2,900	4,334	6,807
Disposals				-4,469	-4,469
Other					0
Balance at 31 December 2012	**35,708**	**979**	**52,747**	**17,948**	**107,382**
Acquisition of properties	3,051				3,051
Acquisition through business combinations					
Subsequent expenditure	-190	176	77,634	3,738	81,358
Transfers					
- Assets classified as held for sale			-3,475		-3,475
- Other transfers			-14,141	30,341	16,200
Adjustment to fair value	190		18,462	2,360	21,012
Disposals			-10,669		-10,669
Other					
Balance at 31 December 2013	**38,759**	**1,155**	**120,558**	**54,387**	**214,859**

First parts of the Artevelde Park/Ghelamco Arena project have in 2013 been sold for a total sales value of 10.7 MEUR. In addition, and per date of the current report, further parts have been pre-sold for a total sales value of 3.5 MEUR, and have for that as of 31/12/2013 been reclassified to assets held for sale.

Current year's transfers from inventory to investment property (under construction) mainly relate to the "Le 8300" project (luxurious wellness hotel in Knokke Zoute with +/- 40 rooms, currently under construction) and the office, congress and multifunctional spaces in the Ghelamco Arena.

Amounts that have been recognized in the Income Statement include the following:

	2013	2012
Rental income	2,778	1,663

2013 Rental income mainly relates to rent agreements in Retail Gent, Parking Gent, L-Park and Wavre Retail Park.

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 categorised in level 3.
The average yields (or capitalization rates) used in the expert valuations on 31 December 2013 are as follows:

- 6.00% to 6.65% for Belgian office projects, depending on the location, specifics and nature of the investment
- 6.25% to 6.5% for Belgian retail projects, depending on the location, specifics and nature of the investment

The average rent rates used in the expert valuations are as follows:

- 135 EUR/sqm/year to 150 EUR/sqm/year for office space,
- 78 EUR/sqm/year to 105 EUR/sqm/year for retail space,

depending on the location, specifics and nature of the project.

On 31 December 2013, the Company has a limited number of income producing investment properties (category D) which are valued at 54,387 KEUR (L-Park, Retail Gent and Zeewind). An increase/decrease of 100 basis points in the yield, with all other variables held constant, decreases/increases the value by approx. 7,630 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	
	31.12.2013	**31.12.2012**
Cost	989	1,003
Accumulated depreciation/amortisation and impairment	-668	-616
TOTAL	**321**	**387**

in thousands €	**Property, plant and equipment**
Cost	
Balance at 1 January 2012	993
Additions	10
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 2012	1,003
Additions	13
Additions from internal developments	
Acquisitions through business combinations	
Disposals or classified as held for sale	-27
Revaluation increase	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2013	**989**

Accumulated depreciation and impairment	
Balance at 1 January 2012	543
Depreciation/Amortisation expense	73
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 2012	616
Depreciation/Amortisation expense	68
Disposals or classified as held for sale	-16
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 2013	**668**

8. Property Development Inventory

The Property Development Inventories amount to 111,503 KEUR on 31 December 2013 (2012: 115,345 KEUR) and are detailed as follows:

	31/12/2013	31/12/2012
Property Development Inventories	111,386	115,185
Raw materials	77	73
Finished goods	40	87
	111,503	**115,345**

	Carrying value (at cost) at 31 December 2013 - KEUR	Carrying value (at cost) at 31 December 2012 - KEUR
BELGIAN PROJECTS		
I.R.C. - others	8,248	7,793
Le Valeureux Liégeois - East Dune	22,815	19,968
The White House Zoute	2,171	1,848
Locarno Knokke	6,835	7,034
Residentie Zegemeer Knokke	1,324	3,783
Blinckaertlaan Knokke	5,739	5,575
"Le 8300"	n/a	13,244
Kanonstraat Brussel	815	804
Bleko Doornstraat Kortrijk	2,036	1,802
Dock-site	2,648	2,648
"Residentie Katelijne"	9,091	8.810
"Project Waterside"'	1,618	2.933
Waterview	5,253	4,710
Sylt	10,939	10,646
Cromme Bosh	12,497	12.194
Kinder Siska	7,164	6.860
RHR	1,737	1,737
Farida-Knokke	494	
Artevelde Multifunctional related	n/a	2,956
De Nieuwe Filature	10,079	
SUBTOTAL Belgium	**111,503**	**115,345**

Further reference is also made to section 3.

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9. Non-current receivables & prepayments and current trade & other receivables

9.1 Non-current receivables & prepayments

	Note	31/12/2013	31/12/2012
Non-current			
Receivables from related parties	23.3	2,455	1,940
Trade and other receivables		2	206
Total non-current receivables and prepayments		**2,457**	**2,146**

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 2013 were as follows: Euribor/ Libor + margins in the range between 1% and 3%.
Further reference is made to Note 23.3.

The 2013 (and 2012) balance mainly consists of a receivable which IRC holds vs. Artevelde Stadion CVBA (1,960KEUR); associated company which is in these financial statements included under the equity method).

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.

9.2 Current trade & other receivables

	Note	31/12/2013	31/12/2012
Current			
Receivables from related parties	23.3	15	0
Receivables from third parties		1,406	2,312
Less: allowance doubtful debtors (bad debt provision)		-33	-33
Net trade receivables		1,388	2,279
Other receivables		2,353	1,925
Related party current accounts	23.3	7,143	11,748
VAT receivable		1,463	1,244
Prepayments		0	0
Interest receivable		76	351
Total current trade and other receivables		**12,423**	**17,547**

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 23.2.

Current other receivables from related parties mainly consist of:
-7,413 KEUR current account which IRC holds vs. Ghelamco Group Comm. VA.

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 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 amortised 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 of €	31.12.2013	31.12.2012
Balance at beginning of the year	**33**	**33**
Impairment losses recognised on receivables		
Amounts written off during the year as uncollectible		
Amounts recovered during the year		
Impairment losses reversed		
Foreign exchange translation gains and losses		
Balance at end of the year	**33**	**33**

As of 31 December 2013 and 2012, 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.

10. Cash and cash equivalents

	31/12/2013	31/12/2012
Cash at banks and on hand	20,752	28,355
Short-term deposits		
	20,752	**28,355**

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 under the form of bond issuance and mezzanine equity financing. In this respect refer to previous and current year's private bonds issues for a total amount of 79.8 MEUR.

11. Share capital

	31/12/2013	31/12/2012
Authorised		
2,893 ordinary shares without par value	1,490	1,490
issued and fully paid	1,490	1,490

At 31 December 2013, the Company's direct shareholders are:

- Ghelamco Group Comm. VA – 99,8% (2,888 shares)
- Paul Gheysens – 0,2% (5 shares)

11.1 Distribution of dividends within the Company

End 2013, IRC received an interim dividend for an amount of 996 KEUR from Rubia NV.

In the course of 2012, IRC received dividends (from available 2011 reserves) for a total amount of 3 MEUR from subsidiaries.

11.2 Non-Controlling Interests

	31/12/2013	31/12/2012
balance at beginning of year	73	47
share of profit for the year	21	26
acquistions/disposals	-4	
Balance at end of year	**90**	**73**

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12. Reserves and retained earnings

Reserves and retained earnings on the balance sheet date are as follows:

	Cumulative translation reserve	Retained earnings
At 1 January 2012	0	17,414
Cumulative translation differences (CTA)		
Dividend distribution to the ultimate beneficial owners		
Change in the consolidation scope		
Profit for the year		369
At 31 December 2012	**0**	**17,783**

	Cumulative translation reserve	Retained earnings
At 1 January 2013	0	17,783
Cumulative translation differences (CTA)		
Dividend distribution to the ultimate beneficial owners		-13
Change in non-controlling interests		5
Change in the consolidation scope		-146
Profit for the year		6,081
At 31 December 2013	**0**	**23,710**

13. Interest-bearing loans and borrowings

		31/12/2013	31/12/2012
Non-current			
Bank borrowings – floating rate	13.1	73,581	31,536
Other borrowings	13.2/13.3	156,890	109,557
Finance lease liabilities			
		230,471	**141,093**
Current			
Bank borrowings – floating rate	13.1	73,146	87,601
Other borrowings	13.3	0	269
Finance lease liabilities			
		73,146	**87,870**
TOTAL		**303,617**	**228,963**

13.1 Bank Borrowings

During the period, the Company obtained new secured bank loans expressed in EUR and drew on existing credit facilities for a total amount of 36.7 MEUR, all of which are Euribor based. On the other hand, reimbursements (and/or refinancing) have been done for a total amount of 10.0 MEUR, net of prolongation of a number of borrowings.

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 borrowings, it is to be mentioned that, in the course of 2014, part will actually be reimbursed following the contractual terms, part will be repaid upon sale of the related project and part will be prolonged or refinanced (e.g. through a swap to investment loan).

Summary of contractual maturities of external bank borrowings, including interest payments.

	31.12.2013				**31.12.2012**			
	<1 y	**between 2 and 5 y**	**>5y**	**total**	**<1 y**	**between 2 and 5 y**	**>5y**	**total**
Credit institutions withdrawn credits	76.757	74.119	1.000	151.876	85.954	29.632	1.000	116.586
Total	**76.757**	**74.119**	**1.000**	**151.876**	**85.954**	**29.632**	**1.000**	**116.586**
Percentage	51%	49%	1%	100%	74%	25%	1%	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 formula will always be fixed for a period not superseding one year.

Depending on a project's potential debt service, interest rates on investment loans are sometimes partially fixed and the remainder is floating.

On 31 December 2013, the Company has an outstanding investment loan (13,503 KEUR) on Retail Gent, serviced by the actual rental income of the property (Brico Plan-It).

Depending on the project and the securities required by the bank, following margins on floating rates are applicable in:

- Belgium: between 1.25% and 4.0%

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 1,200 KEUR lower/higher profit before tax for 2013.

13.2 Other borrowings: Bonds (77,509 KEUR)

The Company has in December 2012 issued private unsecured bonds for a total amount of 42 MEUR (25.05 MEUR bond serie A, 16.95 MEUR bond serie B). These bonds, which are secured by a first demand guarantee from Ghelamco Group Comm. VA and issue of which was coordinated by KBC Securities and Belfius Bank, have been underwritten by a select group of institutional investors and high-net-worth individuals.
Bonds serie A has as maturity date 13/12/15 and bears a fixed interest of 7.0%. Bonds serie B has as maturity date 13/12/17 and bears a fixed interest of 7.875%.
Goal of the issue is to diversify financial resources and secure the mid-term funding necessary to secure the realization of the pipeline of Belgian and French projects.

In addition, the Company has in the second half of 2013 again issued private unsecured bonds for a total amount of 37,8 MEUR, secured by a first demand guarantee from Ghelamco Group Comm. VA., having as maturity date 28/02/2018 and bearing a fixed interest rate of 6.25%. 2013 bond issues have again been coordinated by KBC Securities and Belfius Bank.

Total balance of outstanding bonds per balance sheet date (77,509 KEUR) represents the amount of issue (79.8 MEUR) less capitalized issue costs (of which mainly the issuing banks' arrangement fees), which are amortized over the term of the bonds.

13.3 Other borrowings: Other

31/12/2013 79,381 KEUR

Other borrowings in EUR at 31 December 2012 related to following related party balances:

- Peridot SL: 79,381 KEUR

31/12/2012 69,071 KEUR

Other borrowings in EUR at 31 December 2012 related to following related party balances:

- Peridot SL: 69,071 KEUR

13.4 Miscellaneous information

The fair value of interest bearing liabilities does not materially differ from the carrying amount, since largest part of them 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.

Largest part of the Company's interest bearing liabilities are floating interest bearing debts.

No defaults of payments or breaches of borrowing agreements occurred as of 31 December 2013.

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.

At 31 December 2013, the Company has bank loans available to be drawn for a total amount of 36.221 KEUR and bonds which can still be tapped on its 70 MEUR bond program for an amount of 32.2 MEUR.

14. 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 €	31/12/2013	31/12/2012
Deferred tax assets	2,530	2,201
Deferred tax liabilities	-13,121	-8,412
TOTAL	**-10,591**	**-6,211**

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 2012	**-5,648**	**633**	**500**	
Recognised in income statement	-1,122	-1,224	650	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other				
Balance at 31 December 2012	**-6,770**	**-591**	**1,150**	
Recognised in income statement	-6,015	522	1,007	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other		106		
Balance at 31 December 2013	**-12,785**	**37**	**2,157**	

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realisation 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 €	31/12/2013	31/12/2012
DTA on unused tax losses	4,025	3,750
DTA on unused tax credits		
TOTAL	4,025	3,750

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.

15. Trade and other payables

Trade and other payables are analysed as follows:

	31/12/2013
Trade payables: third parties	8,875
Trade payables: related parties	782
Related parties current accounts payable	-
Misc. current liabilities	16,895
Deferred income	-
Current employee benefits	14
Total trade and other payables	**26,566**

	31/12/2012
Trade payables: third parties	9,348
Trade payables: related parties	1,811
Related parties current accounts payable	1,299
Misc. current liabilities	11,347
Deferred income	-
Current employee benefits	22
Total trade and other payables	**23,827**

Trade payables towards related parties include amongst others the amounts payable to the Development Holding for construction and engineering coordination services received. On 31/12/2013, the trade payables include 782 KEUR towards related parties (vs. 1,811 KEUR last year), as follows

- Ghelamco Group: 226 KEUR
- IRS (Development Holding): 279 KEUR
- Others: 277 KEUR

Miscellaneous current liabilities mainly relate to interest payable (to related and third parties), VAT payable, accruals and others.

16. Revenue

Revenue is mainly generated from the following sources :

in thousands €	31.12.2013	31.12.2012
Sales of Residential Projects	6,756	15,205
Rental Income	2,778	1,663
Other	334	
TOTAL REVENUE	**9,868**	**16,868**

Rental income as of 31 December 2013 (and 2012) relates to rent from commercial projects.

The residential projects sales as of 31 December 2013 mainly relate to:

- Villas and apartments at the Belgian coast (5.064 KEUR)
- (mainly) commercial units and parkings in the Waterside project in Leuven (836 KEUR)
- Blaisantpark Gent, 30 apartments (of 67 in total) and 32 parkings (per 31/12/13 15% invoiced under Breyne legislation; 703 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 €	31.12.2013	31.12.2012
Future minimum rental income:		
Less than 1 year	4,666	1,676
Between 1 and 2 years	5,888	2,660
Between 2 and 3 years	6,105	2,784
Between 3 and 4 years	6,227	2,840
Between 4 and 5 years	6,351	2,896
More than five years	56,955	32,870
TOTAL FUTURE MINIMUM RENTAL INCOME	**86,192**	**45,726**

17. Other items included in operating profit/loss

Other operating income and expenses in 2013 and 2012 include the following items:

	2013	2012
Other operating income		
Net gains on disposal of investment property	16	347
Other	930	1,042
Net gains on disposals of property, plant and equipment	-	-
total:	**946**	**1,389**

Last year's other operating income included gains on the disposals of the Gucci shop in Knokke (235 KEUR) and the sale of a plot at the level of Klippan Cabs (112 KEUR). Current year's 'other' items mainly relate to the charge-through to tenants of fit-out and real estate tax.

	2013	2012
Gains from revaluation of Investment Property	21,012	6,807

Fair value adjustments over 2013 amount to 21,012 KEUR, which is mainly the result of current year's further investment and leasing efforts (mainly on the Artevelde Park/Ghelamco Arena), in combination with evolution in market conditions (yield and rent level evolution).

As stated, the favorable fair value adjustment as recognized on Belgian projects is mainly related to the additional value created on the Artevelde Park/Ghelamco Arena multifunctional project, in which the composing parts have per year-end been delivered or are in an advanced stage of completion and/or have been partly (pre-)leased.

	2013	2012
Other operating expenses		
Operating lease/ rental/housing expenses	219	155
Taxes and charges	374	420
Insurance expenses	215	196
Audit, legal and tax expenses	1,097	2,251
Sales expenses	685	743
Operating expenses with related parties	2,436	2,199
Miscellaneous	-182	-126
Total:	**4,844**	**5,838**

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 23.2.

	2013	2012
Employee benefit expenses		
Wages and salaries	285	372
Social security costs	105	132
Total:	**390**	**504**

18. Cost of Property Development Inventories

The various items comprising the costs of Property Development Inventories are as follows:

	2013	2012
Movement in inventory	1,492	9,571
Purchases (*)	-7,722	-19,475
	-6,230	**-9,904**

(*)
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 84,409 KEUR.

19. Finance income and finance costs

The various items comprising the financial income and financial costs are as follows:

	2013	2012
Interest income	350	197
Other finance income	-	-
Total finance income	**350**	**197**
Interest expense	-8,502	-5,606
Other interest and finance costs	-963	
Total finance costs	**-9,465**	**-5,606**

It is to be noted that interest expenses related to Investment Property projects are not included in the above 2013 and 2012 figures, as those have directly been capitalized on IP. It concerns an amount of 1,285 KEUR (vs. 752 KEUR last year).

Interest expenses mainly relate to interests on bank loans, bonds and on other (Peridot, related party) loans.

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 resp. bonds).

20. Income taxes

Income tax expense recognized in the consolidated income statement:

	31.12.2013	31.12.2012
Current income tax	292	1,229
Deferred tax	4,486	1,695
Total	**4,778**	**2,924**

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 €	31.12.2013	31.12.2012
Result before income taxes	10,880	3,319
Income tax expense calculated at 33.99%	3,698	1,128
Effect of different tax rates in other jurisdictions	-	-
Effect of non-deductible expenses	585	620
Effect of revenue that is exempt from taxation	-	-
Effect of use of previously unrecognized tax losses	-533	-14
Effect of current year losses for which no DTA is recognized	1,730	237
Effect of tax incentives not recognized in the income statement	-62	-81
Effect of under/over-accrued in previous years	-	-14
Effect of change in local tax rates	-	-
Release of 31/12/12 DTL re. Wevelgem Retail park sale (shares)	-705	
Release GW re Zeewind apartment sale: 2.253 KEUR		780
Release GW re sales White House and Waterside: 690 KEUR		235
Other	65	33
INCOME TAX EXPENSE RECOGNISED IN INCOME STATEMENT	**4,778**	**2,924**

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.

Tax incentives not recognized in the income statement mainly relate to notional interest deduction (and DBI).

21. Contingent liabilities and contingent assets

21.1 (Bank) guarantees

All external borrowings of the subsidiaries are secured by corporate guarantees and/or suretyship agreements issued by IRC. These guarantees cover cash deficiency risk, cost overrun, completion risk and interest & repayment shortfall risk. No calls on the guarantees were made in 2013 and 2012.

Company	Project name	Amount of bank loan-books (KEUR)		Corporate guarantees as per 31/12/2013 (KEUR)	
BELGIUM					**Guarantee by IRC**
Dianthus	Katelijne	EUR	950	950	Corporate Guarantee
Waterview	Waterview	EUR	5,000	5,000	Cash deficiency guarantee
WRP	Wavre Retail Park	EUR	5,906	5,906	Cash deficiency guarantee
L-Park	Wintermans Leuven	EUR	19,985	5,000	Corporate Guarantee
Leisure Property Invest	Golf Knokke Zoute	EUR	13,500	5,000	Corporate Guarantee, cash deficiency, cost overrun, subordination declaration Peridot
Docora	kantoren Artevelde stadion	EUR	7,923	5,000	Corporate Guarantee, cash deficiency, cost overrun
Nepeta	East Dune	EUR	1,865	1,865	Corporate Guarantee, cash deficiency + subordination declaration Peridot
Zeewind	Zeewind	EUR	760	760	Corporate Guarantee, cash deficiency
Retail Gent	Retail Gent	EUR	13,503	13,503	Corporate Guarantee, cash deficiency, subordination declaration Peridot, minimal rent guarantee
Parking Estates	Parking Estates Gent	EUR	774	7,026	Corporate Guarantee, cash deficiency, cost overrun
Schelde Offices	Blue Towers	EUR	9,066	9,066	Corporate Guarantee, cash deficiency, cost overrun, subordination declaration Peridot
Arte Offices	Blue Towers	EUR	8,636	8,636	Corporate Guarantee, cash deficiency, cost overrun, subordination declaration Peridot
Parking Gent	Parking Gent	EUR	6,252	7,026	Corporate Guarantee, cash deficiency, cost overrun

Ring Multi Ring Congress Centre Ring Offices	Ghelamco Arena	EUR	10,656	10,656	Corporate Guarantee, cash deficiency

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 2013 (but not subsidiary of the Company).

The Company does not apply cross liability, meaning that IRC does not guarantee loans of affiliates belonging to other Investment Holding holdings.

21.2 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.

21.3 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).

21.4 Securities on assets

Special Purpose Vehicles (SPV) 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.

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21.5 Other – Besix litigation

Proceedings were commenced by Besix NV and Vanhout NV against Artevelde Stadion CVBA, IRC and Ring Multi NV (subsidiary of IRC), for a purported breach of a so-called “Bouwteamovereenkomst”. The claim is strongly contested by Artevelde-Stadion CVBA and IRC and IRC is confident that this litigation will not materially impact IRC. In December 2013 Artevelde Stadion CVBA and IRC appealed against the interlocutory judgment that was taken by the Commercial Court of Gent in October 2013. The Court of Appeal in Gent has scheduled the pleadings on 25 November 2016.

22. Commitments

22.1 (Capital) Commitments

(Capital and other) expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	2013	**2012**
Architectural and Engineering contracts	5,087	2,170
Construction contracts	12,118	28,271
Purchase of land plots	281	-
Purchase of shares (connected with landbank)	-	6,992
Total	**17,486**	**37,432**

At 31 December 2013, 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 per end 2013
- Last year’s commitment related to the acquisition of shares of De Nieuwe Filature NV, company holding title to a 24,000 sqm brownfield site, in view of the development of a 35,000 sqm mixed project. Acquisition actually took place in May 2013; ut supra.

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 are contracted with related party entities belonging to the Development Holding.

Related party architecture and engineering contracts in the above overview amount to 3.0 MEUR; related party construction contracts to 3.6 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 :

- Blue Towers Gent (Arte Offices NV and Schelde Offices NV): 6.4 MEUR construction contracts in total (all third party agreements)

23. 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. & Ms. 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.

23.1. Relationships with the directors and management

For the year ending 31 December 2013, the Consortium (of which the Company is part) paid a total amount of approx. 5,000 KEUR to the members of the 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 Management Committee.

23.2. 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, labor 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 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 15% 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.

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.

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23.3. Acquisitions and disposals of shares and other related party transactions

There have been no share transactions or other significant transactions with related parties in 2013 and 2012.

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:

	31/12/2013	31/12/2012
Purchases of construction, engineering and architectural design:	-34,613	-4,205
related party trade receivable	15	-
related party trade accounts payable	-782	-1,811
related party non-current loans receivable	2,455	1,940
related party interests receivable	76	351
related party C/A receivable	7,143	11,748
related party non-current loans payable	-79,381	-69,071
related party interests payable	-10,275	-7,923
related party C/A payable	-	-1,299

24. Events after balance sheet date

No significant events to be mentioned.

25. Auditor's Report

Deloitte.

Deloitte Bedrijfsrevisoren /
Reviseurs d'Entreprises
Berkenlaan 8b
Belgium
Tel. + 32 2 800 20 00
Fax + 32 2 800 20 01
www.deloitte.be

International Real Estate Construction NV and subsidiaries

Independent auditor's report on the consolidated financial statements for the year ended 31 December 2013

Deloitte.

Deloitte Bedrijfsrevisoren /
Reviseurs d'Entreprises
Berkenlaan 8b
Belgium
Tel. + 32 2 800 20 00
Fax + 32 2 800 20 01
www.deloitte.be

International Real Estate Construction NV and subsidiaries

Independent auditor's report on the consolidated financial statements for the year ended 31 December 2013

We are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the consolidated financial statements. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2013, 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.

Report on the consolidated financial statements – Unqualified opinion

We have audited the accompanying consolidated financial statements of International Real Estate Construction NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

The consolidated statement of financial position shows total assets of 370.209 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 6.081 (000) EUR.

Responsibility of the board of directors for the preparation of the consolidated financial statements

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

Independent auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the independent auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We have obtained from the company's officials and the board of directors 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.

Deloitte Bedrijfsrevisoren / Reviseurs d'Entreprises
Burgerlijke vennootschap onder de vorm van een coöperatieve vennootschap met beperkte aansprakelijkheid /
Société civile sous forme d'une société coopérative à responsabilité limitée
Registered Office: Berkenlaan 8b, B-1831 Diegem
VAT BE 0429.053.863 - RPR Brussel/RPM Bruxelles - IBAN BE 17 2300 0465 6121 - BIC GEBABEBB

Member of Deloitte Touche Tohmatsu Limited

Deloitte.

Unqualified opinion

In our opinion, the consolidated financial statements of International Real Estate Construction NV give a true and fair view of the group's net equity and financial position as of 31 December 2013, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

Diegem, 21 March 2014

The independent auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Rik Neckebroeck

Ghelamco Group

Comm. VA

IFRS Consolidated Financial Statements at 31 December 2014

Approved by Management
with the Independent Auditor's opinion

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I. General information and performance

1. Business activities & 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 in Poland and has aspirations to become one of the major players in 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 Belgium, during the month of February 2014, the Ghelamco Arena was voted 'Stadium of the year' by voters spread over many different countries through stadiumDB.com, one of the world's largest websites for football lovers. Ghelamco was confronted with strong competition: 6 Brazilian stadiums, built in view of the FIFA 2014 world championships, were found among the 18 nominated new stadiums of 2013. The Ghelamco Arena is a multifunctional football stadium, housing football club KAA Gent and accommodating 20,000 seats and about 50,000 m² of modern office and retail space.

In Poland, Ghelamco's founder, president and CEO Paul Gheysens received a CEEQA award for Lifetime Achievement in Real Estate, in recognition of his services to the real estate sector, his company's extensive and award winning achievements in the Central & Eastern European market place and the kick-off of the construction of the Spire, tallest tower in CEE.

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.

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 Ieper, Belgium.

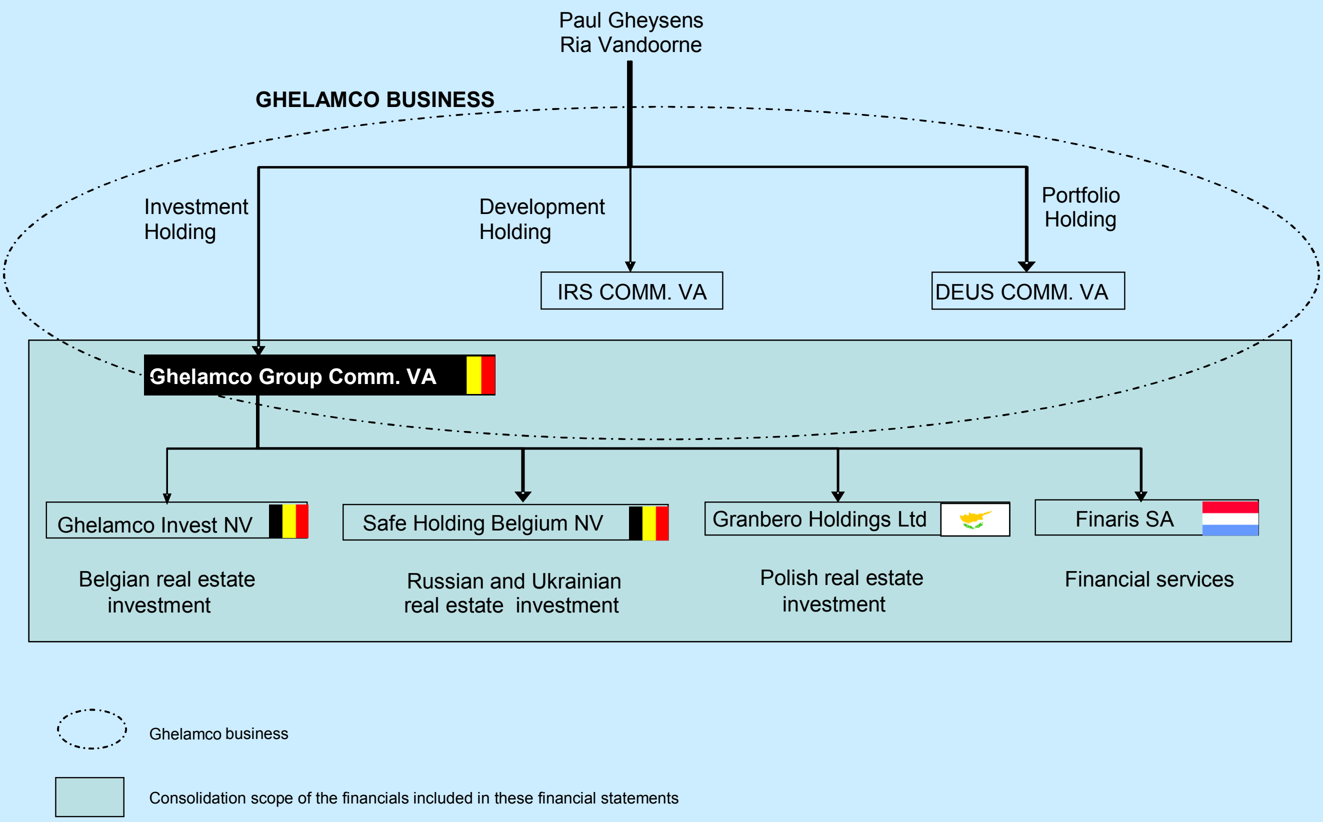
The Company is registered in the Belgian commercial register under the number BE 0879.623.417.

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 2014 (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).

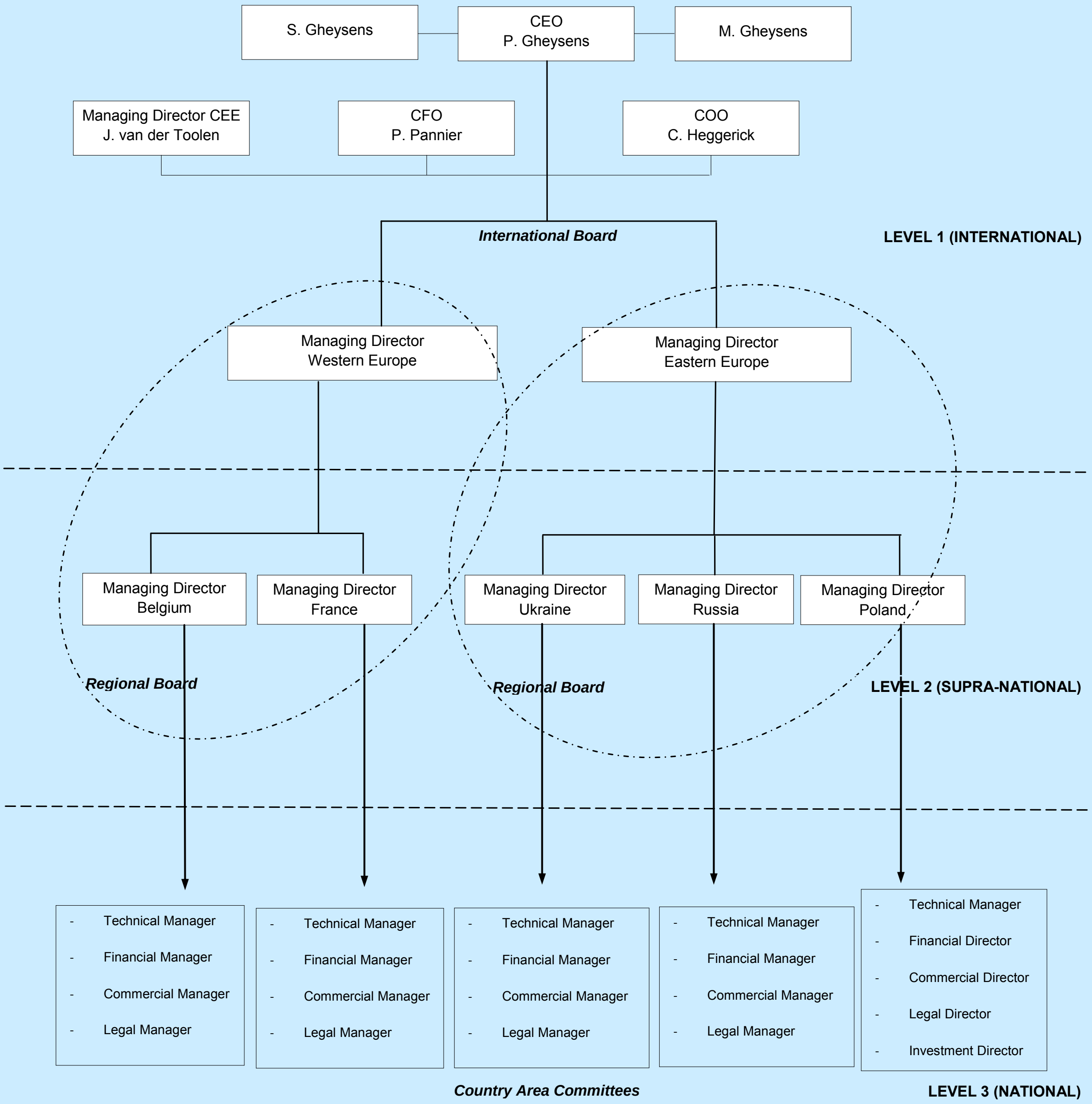
All assets, liabilities, income and expenses that represented an integral part of the Investment Holding activities, are included in the accounts of the legal subsidiaries of the Company at 31 December 2014 and at 31 December 2013.



4. Staffing level

The Investment Holding employed 46 people on 31 December 2014 (43 on 31 December 2013). The construction, engineering and other related services are mainly provided to the Investment Holding by the Development Holding's legal subsidiaries. The parent company of the Development Holding (International Real Estate Services Comm. VA – abbreviated IRS Comm. VA), together with all its direct and indirect legal subsidiaries, employed 227 people on 31 December 2014 (226 on 31 December 2013).

5. Management and Board



Ghelamco's Management consists of:

Mr. Paul Gheysens (Chief Executive Officer)
Mr. Simon Gheysens (board member)
Mr. Michael Gheysens (board member)
Mr. Philippe Pannier (Chief Financial Officer)
Mr. Chris Heggerick (Chief Operational 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.

All local teams consist of a technical, commercial, legal & financial department. The Managing Directors are granted a large degree of autonomy to support their area/country strategy and development.

The statutory board consists of 4 directors (of which the CEO) 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.

At end of 2014, it has been decided to expand the international board and add an independent board member. Formal appointment of the independent board member, together with the installation of an audit committee will take place in the first half of 2015. These decisions and evolutions are connected with the growing importance which the Management attaches to corporate governance and the further professionally structuring of the Group.

6. Business environment and results

2014 performance and results

The Group closed its 2014 accounts with an operational profit of 20,434 KEUR, resulting from its continued investment and commercial efforts. The Group managed to realise a significant part of previously created value (i.c. through the disposal of the mixed offices-retail project L-Park in Leuven and the disposal of 3 Polish office projects to Starwood Capital Group), while further investing in existing and new developments.

On the other hand, the difficult political and economic situation in Ukraine and Russia resulted in pressure on the rent levels and unfavourable evolution in the applied yields in those regions. This in turn resulted in a negative fair value correction on both Ukrainian and Russian projects in portfolio.

This is reflected in a balance sheet total of 1,267,826 KEUR and an equity of 571,183 KEUR. The solvency ratio remained **stable at 45%**.

In Belgium, the Investment Holding has over the past 5 years intensified its project development activities in Belgium (with currently 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 this respect, significant further realisation efforts were done a.o. for the Blue Towers (Artevelde Park, Gent). The office buildings were delivered and welcomed their first tenants during the first half of 2014. Further realisation efforts were also done in Leuven, in the Waterview project (third phase - mixed retail, student housing and parking space project in the Vaartkom). At the date of the current report, a significant part of the project has already been (pre-)sold/leased.

2014 expansion and investment activities mainly related to:
- Completion, delivery and welcoming of the first tenants in the Blue Towers in Gent (28,600 sqm office space in total in the Artevelde Park). Per date of the current report, over 70% of the project has been leased.

- Continuation of the construction works of the Waterview project in Leuven Vaartkom (mixed project of +/- 460 student homes, +/- 5,000 sqm retail and +/- 1,000 parking spaces). Per date of the current report approx. 240 student units have already been (pre-)sold and approx. 1,800 sqm of the available retail space has been leased to Albert Heijn for its new retail shop, to be opened early Q2 2015.

- Further realisation and commercialisation of the residential project Blaisantpark in Gent (comprising 67 apartments, 46 student units, 135 parkings and some retail space). Per date of the current report approx. 85% of the residential units have been sold.

- Further realisation of high-end residential/leisure projects at the Belgian coast side (mainly “Le 8300”, luxurious wellness hotel in Knokke-Zoute and residential/retail project Locarno in Knokke).

- Signing of a right to build and put/call contract in February 2014 with a third party on a 30,580 sqm plot on the Duinenwater site in Knokke, for the realization of a residential project (24 plots of land).

As to divestures/revenues:

- At end of November the L-Park mixed office and retail project in Leuven, Vaartkom has been sold to AXA Belgium at a (share) price of approx. 9.9 MEUR (i.e. reflecting a yield of +/- 6% and a gross project sales value of 40 MEUR). At the moment of the sale the L-Park (with a leasable offices and retail area of resp. 13.7 Ksqm and 3.4 Ksqm and approx. 275 parking spaces) was leased for aprox. 80%.
- In addition, some (office space) parts of the Ghelamco Arena have been sold for a total sales value of 2,500 KEUR.

- Sale of residential projects (31,455 KEUR): mainly the ground floor of the Locarno project in Knokke, apartments and student units in Blaisant Park in Gent, student units in the Waterview project in Leuven, Vaartkom, land positions in Wezenbeek-Oppem (in connection with the senior homes project which the Company is realising in a joint venture structure) and residential projects at the Belgian coast.

In Poland, the Investment Holding in first instance maintained its existing land bank but also took advantage of some expansion opportunities. Main 2014 land bank transactions were the acquisition of a plot in Powisle (for the future development of a +/- 7 Ksqm office project), a land plot at Woloska Street 24 (6.6 Ksqm plot for the development of an office project with a GLA of approx. 20 Ksqm) and a site at Grzybowska Street 73, all in Warsaw.

Development and construction
The Investment Holding focused on the continuation of construction works of the Warsaw Spire project, 220-meter, 49-storey development in the Warsaw Wola District which is to offer 108,000 sqm office space in total. During the first half of 2014, satellite building B has been delivered, exploitation permit has been received and the first tenant (Frontex, leasing 14,000 sqm of the available 20,000 sqm in total) has been welcomed. Per date of the current report, satellite building C is being finalized and exploitation permit is expected to be received in Q1 2015; while for the tower building A the concrete structure has been finalized.

(Pre-)leasing and occupation of projects:
-Per date of the current report, the Warsaw Spire project has been (pre-)leased for approx. 32% and firm and well advanced negotiations are currently ongoing for other parts of the project.

Divestures
As to divestures, at end of August the Katowice Business Point (+/- 17,000 net sqm office project in Katowice), the Marynarska 12/T-Mobile Office Park (+/- 41,000 net sqm office project in Warsaw) and the Lopuszanska Business Park (+/- 16,500 net sqm office project in Warsaw) projects have been sold to Starwood Capital Group. This record sales deal for a net sales price of approx. 189 MEUR resulted in a net cash inflow for the Group of approx. 80 MEUR. At the moment of sale, the 3 projects together were leased for over 90% and are occupied by renowned tenants

In Russia, the second phase (building B, approx. 68,000 sqm) of the Dmitrov Logistics Park project, class A warehouse complex of four buildings totalling approx. 227,000 m² of lettable area in the northern part of the Moscow Region, has per end Q2 2014 been delivered and is per date of the current report leased for over 70%.

In Ukraine, the Kopylov Logistics Park project (in the Makariv District of the Kyiv Region) has an occupation rate of over 90% (with an internationally renowned company). The investment is kept in portfolio.

Main post balance sheet events

- Acquisition at end of February 2015 of 2 buildings located at the Louizalaan and the Boulevard Bischoffsheim, Brussels for a total amount of 24,5 MEUR, for the future development and realisation of resp. a combined retail-residential project (52 luxurious apartments and approx. 500 sqm of shopping space, in the centre of Brussels) and an offices-residential project (approx. 16,615 sqm office space and 174 parkings).

- On 19 March 2015 the City of Brussels has retained the BAM/Ghelamco Consortium as preferred bidder for the construction of the Euro-stadium on parking C of the Heizel site. This new national stadium will amongst others comprise 60.000 seats, over 6.000 VIP places and over 14.000 parking spaces. The multi-functional project is expected to be realized in 2018.

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.
For 2015, 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 2015 in general.

7. Notice to the reader

This document presents the IFRS Consolidated Financial Statements for the year ended on 31 December 2014, 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 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), 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 9 in Part II for more details on their presentation.

II. IFRS Consolidated Financial Statements

These IFRS consolidated financial statements at 31 December 2014 were approved by Investment Holding Management on 24 March 2015. The amounts in this document are expressed in thousands of EUR (KEUR), unless stated otherwise.

A. Consolidated statement of financial position (inKEUR)

	Note	31/12/2014	31/12/2013
ASSETS			
Non-current assets			
Investment Property	6	820,414	854,311
Property, plant and equipment	7	391	457
Intangible assets	8	4,299	4,788
Investments in associates	4	590	1,380
Receivables and prepayments	10	58,896	65,665
Deferred tax assets	19	6,432	2,840
Other financial assets	4	1,582	2,951
Restricted cash	11	256	471
Total non-current assets		**892,860**	**932,863**
Current assets			
Property Development Inventories	9	182,917	178,071
Trade and other receivables	10	91,810	82,701
Current tax assets		19	41
Derivatives	11	290	1,842
Assets classified as held for sale	6	975	3,475
Cash and cash equivalents	13	98,955	70,182
Total current assets		**374,966**	**336,312**
TOTAL ASSETS		**1,267,826**	**1,269,175**

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Consolidated statement of financial position (cont'd)

	Note	31/12/2014	31/12/2013
Capital and reserves attributable to the Group's equity holders			
Share capital	14	73,194	73,194
CTA	15	12,198	8,214
Retained earnings	15	480,283	489,941
		565,675	571,349
Non-controlling interests	14.2	5,508	4,954
TOTAL EQUITY		**571,183**	**576,303**
Non-current liabilities			
Interest-bearing loans and borrowings	16	440,187	431,687
Deferred tax liabilities	19	23,770	23,925
Other non-current liabilities		2,500	2,500
Long-term provisions	18	178	178
Total non-current liabilities		**466,635**	**458,290**
Current liabilities			
Trade and other payables	20	46,458	53,377
Current tax liabilities	21	2,307	2,353
Interest-bearing loans and borrowings	16	181,243	178,852
Total current liabilities		**230,008**	**234,582**
Total liabilities		**696,643**	**692,872**
TOTAL EQUITY AND LIABILITIES		**1,267,826**	**1,269,175**

Ghelamco Group – Consolidated Financial Statements at 31 December 2014 (in KEUR) 11

B. Consolidated income statement and consolidated statement of comprehensive income

Consolidated Income Statement

	Note	2014	2013
Revenue	22	69.579	50.062
Other operating income	23	13.951	5.312
Cost of Property Development Inventories	24	-36.151	-20.986
Employee benefit expense	23	-1.190	-1.161
Depreciation amortisation and impairment charges	7	-588	-621
Gains from revaluation of Investment Property	6	11.335	52.137
Other operating expense	23	-36.502	-29.463
Share of results of associates		-790	
Operating profit - result		**19.644**	**55.280**
Finance income	25	4.298	3.563
Finance costs	25	-31.536	-34.228
Profit/loss before income tax		**-7.594**	**24.615**
Income tax expense	26	-1.468	-9.206
Profit/loss for the year		**-9.062**	**15.409**
Attributable to:			
Equity holders of parent		-9.693	15.017
Non-controlling interests		631	392

Ghelamco Group – Consolidated Financial Statements at 31 December 2014 (in KEUR) 12

<u>Consolidated statement of comprehensive income - items recyclable to the income statement</u>

		2014	2013
Profit/loss for the year		**-9,062**	**15,409**
Exchange differences on translating foreign operations	14	3,984	6,278
Other		35	-186
Other comprehensive income of the period		**4,019**	**6,092**
Total Comprehensive income/loss for the year		**-5,043**	**21,501**
Attributable to:			
Equity holders of the parent		-5,674	21,109
Non-controlling interests		631	392

Ghelamco Group – Consolidated Financial Statements at 31 December 2014 (in KEUR) 13

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 2013		**73,194**	**1,937**	**475,122**	**4,567**	**554,820**
Foreign currency translation (CTA)			6,277			**6,277**
Profit/(loss) for the year				15,017	392	**15,409**
Capital decrease						**0**
Dividend distribution				-13		**-13**
Change in non-controlling interests				5	-5	**0**
Change in the consolidation scope				-181		**-181**
Other				-9		**-9**
Balance at 31 December 2013		**73,194**	**8,214**	**489,941**	**4,954**	**576,303**
Foreign currency translation (CTA)	15		3,984			**3,984**
Profit/(loss) for the year	15			-9,693	631	**-9,062**
Capital decrease						
Dividend distribution						
Change in non-controlling interests				77	-77	**0**
Change in the consolidation scope				-33		**-33**
Other				-9		**-9**
Balance at 31 December 2014		**73,194**	**12,198**	**480,283**	**5,508**	**571,183**

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D. Consolidated cash flow statement

Consolidated cash flow statement for 2014 and 2013

		2014	2013
Operating Activities			
Profit / (Loss) before income tax		**-7,594**	**24,615**
Adjustments for:			
- Share of results of associates		790	
- Change in fair value of investment property	6	-11,335	-52,137
- Gain on disposal of subsidiary			
- Gain on disposal of interest in former associates			
- Depreciation, amortization and impairment charges	7	588	321
- Result on disposal investment property	23	-8,160	-1,849
- Change in provisions		0	111
- Net interest charge	25	21,105	20,414
- Movements in working capital:			
- Change in inventory		-7,691	-1.351
- Change in trade & other receivables		-9,109	-28.316
- Change in trade & other payables		-5,422	-20.495
- Change in MTM derivatives	11	1,552	80
- Movement in other non-current liabilities		0	2,500
- Other non-cash items		-122	217
Income tax paid		-5,239	-1.821
Interest paid (*)		-24,281	-23.977
Net cash from operating activities		**-54,918**	**-81,688**
Investing Activities			
Interest received	25	4,298	3.563
Purchase of property, plant & equipment and intangibles	7-8	-25	-5,034
Purchase of investment property	6	-141,643	-170,675
Capitalized interest in investment property		-14,323	-10.582
Proceeds from disposal of investment property	6	229,759	253,178
Net cash outflow on acquisition of subsidiaries			
Net cash inflow on disposal of subsidiary			
Net cash inflow on disposal of associate			
Cash inflow/outflow on other non-current financial assets		8,138	-21,318
Net cash inflow/outflow on NCI transactions			
Change in trade & other payables			
Movement in restricted cash accounts	12	215	234
Net cash flow used in investing activities		**86,419**	**49,366**

Financing Activities			
Proceeds from borrowings	16	259,350	177,237
Repayment of borrowings	16	-248,459	-151,575
Capital decrease			
Dividends paid			-13
Net cash inflow from / (used in) financing activities		**10,891**	**25,649**
Net increase/(decrease) in cash and cash equivalents		**42,392**	**-6,673**
Cash and cash equivalents at 1 January of the year		**70,182**	**65,098**
Effects of exch. rate changes, mainly on EUR/USD balances in non-EUR countries		-13.619	11,757
Cash and cash equivalents at 31 December of the year		**98,955**	**70,182**

(*): Interests directly capitalized in IP not included (2014: 14,323 KEUR; 2013: 10,582 KEUR) – separately presented under investing activities

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.

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	2014				2013			
	Europe	Russia/ Ukraine	unallo-cated	TOTAL	Europe	Russia/ Ukraine	unallo-cated	TOTAL
ASSETS								
Non-current assets								
Investment Property	640,913	179,501		820,414	695,624	158,687		854,311
Property, plant and equipment	388	3		391	451	6		457
Intangible assets	4,299			4,299	4,788			4,788
Investments in associates	590			590	1,380			1,380
Receivables and prepayments			58,896	58,896			65,665	65,665
Deferred tax assets	5,806	626		6,432	2,603	237		2,840
Other financial assets	1,582			1,582	2,951			2,951
Restricted cash	256			256	471			471
Total non-current assets	**653,834**	**180,130**	**58,896**	**892,860**	**708,268**	**158,930**	**65,665**	**932,863**
Current assets								
Property Development Inventories	182,903	14		182,917	178,050	21		178,071
Trade and other receivables			91,810	91,810			82,701	82,701
Current tax assets	1	18		19	9	32		41
Derivatives	290	0		290	1,842	0		1,842
Assets classified as held for sale	975	0		975	3,475	0		3,475
Cash and cash equivalents	93,430	5,525		98,955	65,628	4,554		70,182
Total current assets	**277,599**	**5,557**	**91,810**	**374,966**	**249,004**	**4,607**	**82,701**	**336,312**
TOTAL ASSETS	**931,433**	**185,687**	**150,706**	**1,267,826**	**957,272**	**163,537**	**148,366**	**1,269,175**

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	2014				2013			
	Europe	**Russia/ Ukraine**	**unallo-cated**	**TOTAL**	**Europe**	**Russia/ Ukraine**	**unallo-cated**	**TOTAL**
EQUITY AND LIABILITIES								
Capital and reserves attributable to the Group's equity holders								
Share capital			73,194	73,194			73,194	73,194
CTA	6,705	5,493		12,198	7,211	1,003		8,214
Retained earnings	481,920	-1,637		480,283	471,588	18,353		489,941
	488,625	3,856	73,194	565,675	478,799	19,356	73,194	571,349
Non-controlling interests	5,514	-6		5,508	4,960	-6		4,954
Total equity	**494,139**	**3,850**	**73,194**	**571,183**	**483,759**	**19,350**	**73,194**	**576,303**
Non-current liabilities								
Interest-bearing loans and borrowings			440,187	440,187			431,687	431,687
Deferred tax liabilities	19,151	4,619		23,770	15,860	8,065		23,925
Other non-current liabilities	2,500			2,500	2,500			2,500
Long-term provisions	178			178	178			178
Total non-current liabilities	**21,829**	**4,619**	**440,187**	**466,635**	**18,538**	**8,065**	**431,687**	**458,290**
Current liabilities								
Trade and other payables			46,458	46,458			53,377	53,377
Current tax liabilities	2,307			2,307	2,353			2,353
Interest-bearing loans and borrowings			181,243	181,243			178,852	178,852
Total current liabilities	**2,307**		**227,701**	**230,008**	**2,353**		**232,229**	**234,582**
Total liabilities	**24,136**	**4,619**	**667,888**	**696,643**	**20,891**	**8,065**	**663,916**	**692,872**
TOTAL EQUITY AND LIABILITIES	**518,275**	**8,469**	**741,082**	**1,267,826**	**504,650**	**27,415**	**737,110**	**1,269,175**

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INCOME STATEMENT	2014 Europe	2014 Russia/ Ukraine	2014 unallo-cated	2014 Total	2013 Europe	2013 Russia/ Ukraine	2013 unallo-cated	2013 Total
Revenue	54,552	15,027		69,579	36,993	13,069		50,062
Other operating income	13,904	47		13,951	5,005	307		5,312
Cost of Property Development Inventories	-36,028	-123		-36,151	-20,806	-180		-20,986
Employee benefit expense	-1,156	-34		-1,190	-1,121	-40		-1,161
Depreciation amortisation and impairment charges	-587	-1		-588	-619	-2		-621
Gains from revaluation of Investment Property	31,657	-20,322		11,335	51,348	789		52,137
Other operating expense	-31,784	-4,718		-36,502	-24,139	-5,324		-29,463
Share of results of associates	-790			-790				0
Operating profit - result	**29,768**	**-10,124**	**0**	**19,644**	**46,661**	**8,619**	**0**	**55,280**
Finance income			4,298	4,298			3,563	3,563
Finance costs			-31,536	-31,536			-34,228	-34,228
Profit before income tax				**-7,594**				**24,615**
Income tax expense	-5,702	4,234		-1,468	-8,262	-944		-9,206
Profit for the year				**-9,062**				**15,409**

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 2014.

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 24, 2015. 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 2014. 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 2014.

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 2014

Standards and Interpretations that the Investment Holding anticipatively applied in 2013 and 2014:

- None

Standards and Interpretations that became effective in 2014

- IFRS 10 Consolidated Financial Statements (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IFRS 10, IFRS 12 and IAS 27 Consolidated Financial Statements and Disclosure of Interests in Other Entities: Investment Entities (applicable for annual periods beginning on or after 1 January 2014)
- IAS 28 Investments in Associates and Joint Ventures (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Asset (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 39 Financial Instruments – Novation of Derivatives and Continuation of Hedge Accounting (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 12 Disclosures of Interests in Other Entities (applicable for annual periods beginning on or after 1 January 2014)

Standards and Interpretations which became effective in 2014 but which are not relevant to the Company:

- IFRS 11 Joint Arrangements (applicable for annual periods beginning on or after 1 January 2014)
- IAS 27 Separate Financial Statements (applicable for annual periods beginning on or after 1 January 2014)

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:

- IFRS 9 Financial Instruments and subsequent amendments (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in EU)
- IFRS 14 Regulatory Deferral Accounts (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- IFRS 15 Revenue from Contracts with Customers (applicable for annual periods beginning on or after 1 January 2017, but not yet endorsed in EU)
- Improvements to IFRS (2010-2012) (applicable for annual periods beginning on or after 1 February 2015)

- Improvements to IFRS (2011-2013) (applicable for annual periods beginning on or after 1 January 2015)
- Improvements to IFRS (2012-2014) (applicable for annual periods beginning on or after 1 July 2014, but not yet endorsed in EU)
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- Amendments to IFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- Amendments to IAS 1 Presentation of Financial Statements – Disclosure Initiative (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- Amendments to IAS 16 and IAS 38 Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- Amendments to IAS 19 Employee Benefits – Employee Contributions (applicable for annual periods beginning on or after 1 February 2015)
- Amendments to IAS 27 Separate Financial Statements – Equity Method (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- IFRIC 21 – Levies (applicable for annual periods beginning on or after 17 June 2014)

At this stage, the Investment Holding 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. With respect to the changes in IFRIC 21 and IFRS 15, the Investment Holding is still evaluating the potential impact.

1.5. Principles of consolidation

1.5.1. Consolidation scope

The entities included in the consolidation scope are those that are part of Ghelamco's Investment Holding on 31 December 2014 and on 31 December 2013 (see Notes 4 and 5).

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.

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 2014 and 2013, there were no acquisitions of subsidiaries that qualified as an acquisition of a business as defined in IFRS 3 "Business Combinations", except for the following in 2013:
Acquisition by Signal Bud Sp. z o.o of shares of 9 entities (of which 6 belonging to the Development Holding), which have early 2014 been liquidated through merger into Signal Bud. These transactions had no impact on the Group's 2014 a,d 2013 consolidated financial statements.

However, all of those transactions qualify as 'transactions under common control' (as all combined entities are controlled ultimately by the same party before and after the transaction, cfr Ghelamco Group description in general information above), and are therefore outside the scope of IFRS 3. The Investment Holding has elected not to apply IFRS 3, but to recognize assets and liabilities acquired based on their carrying amounts in the IFRS consolidated financial statements of the previous shareholder as of acquisition date (a method often described as 'predecessor accounting').

1.5.3. Sale of subsidiaries

As was the case in the past, the 2014 and 2013 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 2014
In November 2014 and upon an attractive bid by an investor, the L-Park mixed office and retail project in Leuven has been sold. The sales transaction was structured as a share deal (i.c. 100% of the shares of the project SPV L-Park NV), in line with the general approach to sell commercial projects. The transaction has in the financial statements been presented as a disposal of IP.

In October and November 2014 the subsidiaries Rubia NV (holding an exploitation licence for 115 senior home (bed-)places) and RPI NV (holding land positions) have been sold to resp. a third party operator and a third party investor. Both sales transactions are connected with the Wezembeek-Oppem senior homes project the Company is realising in a joint venture structure. These sales transactions were structured as share deals, while they have in the financial statements been presented on a gross basis (i.e. revenue and cost of sales).

No other residential SPVs have been sold, in line with the general approach to sell residential projects through asset deals.

Comments 2013
In March 2013 and upon an attractive bid by an investor, the Wevelgem Retail Park was sold. The sale of this project was structured as a share deal (i.c. sale of 100% of the shares of project SPV Klippan Cabs NV), in line with the general approach to sell commercial projects. The transaction was in the financial statements presented as a disposal of IP.
On the other hand, first parts of the Ghelamco Arena project (for a total sales value of 10.7 MEUR) were sold through asset deals.

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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. The difference between the cost of additional interest in the subsidiary and the carrying amount of the minority interest reflected in the consolidated balance sheet is allocated to the Property Development Inventories or Investment Properties.

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:

	2014		2013	
	Closing rate at 31 December	Average rate for 12 months	Closing rate at 31 December	Average rate for 12 months
Polish Zloty (PLN)	4.2623	4.1845	4.1472	4.1976
Russian Rouble (RUB)	68.3427	50.9928	44.9699	42.4001
United States Dollar (USD)	1.2141	1.3285	1.3791	1.3281
Ukrainian Hryvnia (UAH)	19.2329	15.7159	11.0415	10.6122

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1.5.6. Hyperinflationary economies

None of the Investment Holding entities operated in a hyperinflationary economy in 2014 and 2013.

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	Years
Buildings	20 to 40
Vehicles	5
Equipment	5 to 10

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 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 building 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:

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 m²;
3. Based on residual method.

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.

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

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 9).

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. 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.

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 connection with the acquisition in Poland of closed-end funds in 2011 and the related transfer process of SPVs to those funds, outstanding deferred tax balances of entities which were transferred to the funds were released (9.3 MEUR per end 2011 and 21.9 MEUR per end 2012) (and no further deferred taxes were set up in 2011, 2012 and 2013), as the funds-structure was under the Polish tax regulations exempt from tax. Within the framework of a change in Polish tax legislation and the resulting abolishment from 1 January 2014 onwards of tax transparency of the Polish project companies (SKAs) under the above closed-end funds, a fiscal step-up operation was organized and accomplished before year-end 2013. In this respect, the Company acquired in the course of 2013 new shelf companies (SKAs), to which the existing project companies sold their real estate projects in December 2013, at market value. In total, 15 projects were subject to this step-up exercise. This way, market value per 31/12/2013 of the involved projects was definitively fiscally exempted. And from 2014 onwards, deferred tax liabilities are again recognized on (new) fair value adjustments.

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).

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.

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 Polish bearer bonds for a total amount of 824.7 MPLN. 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 issue, 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 534.687 KPLN.

A 10% strengthening/weakening of the EUR against the PLN rate at 31 December 2014 would resp. have increased/decreased the profit before tax and equity by approx. 12,7 MEUR. This analysis assumes that all othe variables (e.g. interest rates) remain constant.
- USD bank loans in Russia for a net amount of 113,785 KUSD.

A 10% strengthening/weakening of the EUR against the USD rate at 31 December 2014 would resp. have increased/decreased the profit before tax and equity by approx. 9,5 MEUR. This analysis assumes that all othe 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 2013, Ghelamco Poland Sp. z o.o (belonging to the Development Holding) hedged the sale of an amount of EUR into PLN with its counterpart Granbero Capital. In practice, Granbero Capital covered the currency exposure for Ghelamco Poland Sp. z o.o for an amount of 420 KEUR on the Mokotow Nova project (Kalea SKA) at a fixed rate of 3.95 PLN/EUR, for an amount of 576 KEUR on the Senator project

(HQ SKA) at a fixed rate of 3.90 PLN/EUR, for an amount of 9,790 KEUR on the M12 project (Kappa SKA) at a fixed rate of 3.8 PLN/EUR, for an amount of 8,324 KEUR on the Lopuszanska project (Focus SKA) at a fixed rate of 3.9 PLN/EUR and for an amount of 38,435 KEUR on the Warsaw Spire project (Ghelamco Warsaw Spire SKA) at a fixed rate of 3,9 PLN/EUR. These hedging transactions resulted in a gain for Granbero Capital for an amount of 4,754 KEUR.
The remaining amounts covered by the above contracts for 2013 consisted of 777 KEUR on the M12 project, 3,949 KEUR on the Lopuszanska project and 23,644 KEUR on the Warsaw Spire project. The market value of these contracts amounted to 1,445 KEUR as of balance sheet date; value which was recognized through the profit and loss statement.

Over 2014, Ghelamco Poland Sp. z o.o again hedged the sale of an amount of EUR into PLN with its counterpart Granbero Capital. In practice, Granbero Capital covered the currency exposure for Ghelamco Poland Sp. z o.o for an amount of 41,387 KEUR on the Warsaw Spire project (Ghelamco Warsaw Spire SKA) at a fixed rate of 3,9 PLN/EUR. These hedging transactions resulted in a gain for Granbero Capital for an amount of 2,748 KEUR.
The remaining amounts covered by the above contract for 2014 consist of 3,400 KEUR on the Warsaw Spire project. The market value of these contracts amounted to 290 KEUR as of balance sheet date; value which has been recognized through the profit and loss statement. These derivatives were classified as held for trading under IFRS.

A weakening/strengthening of the PLN (average and 31/12/14 spot) exchange rates versus the EUR by 5% would, as a consequence of the above hedging, have resulted in a 1,803 KEUR higher/lower profit before tax for 2014.

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 the 824.7 MPLN + 6.3 MEUR total amount of bearer bond issues (of which 546.6 MPLN + 6.3 MEUR actually still outstanding per balance sheet date) by Ghelamco Invest Sp. z o.o., Polish projects can also be partly financed through the proceeds of these bonds. The same goes for Belgium since the private bond issues for a total amount of 112 MEUR.

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: 546.6 MPLN + 6.3 MEUR proceeds from bond issues with a term of 3 years and bearing an interest of Wibor 6 months + 3.5%-6% 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; 42 MEUR bond issue due 13 December 2015 (60%) and due 13 December 2017 (40%) and bearing an interest of resp. 7% and 7.875%; 70 MEUR bond issues due 28 February 2018, bearing an interest of 6.25%; proceeds of which 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 2014 and 31 December 2013) 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 Investment Holding relies since 10 years on framework agreements with the majority of its banking partners. The parameters of the framework can vary due to economic circumstances, but remain workable as a whole. Before starting up the construction works (or contracting with subcontractors), the Investment Holding expects to have received already a (non-)binding term sheet from its banking relations.
In the past three years, the Investment Holding in addition proved to be able to call upon alternative financing through the issue of bonds in Belgium (112 MEUR unsecured bonds in total as of 31 December 2014; ut infra) and Poland (546.6 KPLN + 6.3 MEUR bearer bonds in total as of 31 December 2014).

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 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 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.
As all profits of the last years are being re-invested into the Investment Holding, the management's focus is mainly 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 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 2014 and 2013 were as follows:

	2014	**2013**
Equity	571,183	576,303
Total assets	1,267,826	1,269,175
Solvency ratio	**45,1%**	**45,4%**

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/write-offs to net realizable value have been recognized on the inventory in the following SPVs:

- Signal Bud Sp. z o.o: 141 KEUR
- Expert Invest Sp. z o.o: 220 KEUR
- Others (immaterial impairments): 85 KEUR

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No additional impairments were deemed necessary in 2014.

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 %
Poland:	19 %
Russia:	20 %
Ukraine:	18 %
Cyprus:	12,5 %
Luxemburg:	21.84 % (exceptions for financial rulings)
Spain:	30%

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.

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.

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4. List of subsidiaries

Ghelamco Group Comm. VA subsidiaries included in these IFRS consolidated financial statements are as follows:

Entity description	Country	31/12/2014 % voting rights	31/12/2013 % voting rights	Remarks
Ghelamco Capital (Branch)	LU	n/a	n/a	
Ghelamco Invest (former I.R.C.)	**BE**	**99**	**99**	*
The White House Zoute NV	BE	99	99	*
Dock-Site NV	BE	99	99	*
Dianthus NV	BE	99	99	*
Nepeta NV	BE	99	99	*
Rubia NV	BE	n/a	99	4.2
De Leewe III NV	BE	99	99	*
Immo Simava 13 NV	BE	99	99	*
Leisure Property Invest NV	BE	99	99	*
Waterview NV	BE	99	99	*
Retail Leuven NV (ex Estate of the Art NV)	BE	99	99	****
Leuven Student Housing NV	BE	99	99	****
Ring Multi NV (former Ring Retail NV)	BE	99	99	*
Artevelde Stadion CVBA	BE	57	57	**
Wavre Retail Park NV	BE	99	99	*
L-Park NV	BE	n/a	99	4.2
Docora NV	BE	99	99	*
RHR-Industries NV	BE	99	99	*
Zeewind NV	BE	99	99	*
Retail Gent NV	BE	99	99	*
Parking Estates NV	BE	99	99	*
Parking Gent NV	BE	99	99	*
Arte Offices NV	BE	99	99	*
Schelde Offices NV	BE	99	99	*
Ring Offices NV	BE	99	99	*
Ring Hotel NV	BE	99	99	*
Parking Leuven NV (former Ring Congress Centre NV)	BE	99	99	*
Forest Parc NV	BE	99	99	*
De Nieuwe Filature NV	BE	99	99	*
GRANBERO HOLDINGS Ltd.	**CY**	**100**	**100**	
Granbero Capital (branch)	LU	n/a	n/a	
Apollo Invest Sp. z o.o	PL	40	40	***
Expert Invest Sp. z o.o	PL	100	100	
Industrial Invest Sp. z o.o	PL	100	100	
Prima Bud Sp. z o.o.	PL	100	100	
Signal Bud Sp. z o.o	PL	100	100	
Leader Invest Sp. z o.o.	PL	n/a	100	4.4
Proud Invest Sp. z o.o	PL	n/a	100	4.4
Quality Invest Sp. z o.o	PL	n/a	100	4.4
Expansion Invest Sp. z o.o	PL	n/a	100	4.4
Ghelamco Invest Sp. z o.o	PL	100	100	
CC 26 F.I.Z.	PL	100	100	
Ghelamco GP 1 Sp z o.o	PL	100	100	
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia Axiom SKA	PL	100	100	
Ghelamco GP 1 spółka z ograniczoną odpowiedzialnością Konstancin SKA	PL	100	100	

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Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia Dystryvest SKA	PL	100	100	
Ghelamco GP 1 spółka z ograniczoną odpowiedzialnością Port Żerański SKA	PL	100	100	
Ghelamco GP 8 Spolka z ograniczona odpowiedzialnoscia Dahlia SKA	PL	100	100	
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia Tillia SKA	PL	100	100	
Ghelamco GP 2 Spolka z ograniczona odpowiedzialnoscia Innovation SKA	PL	100	100	
Ghelamco GP 1 spółka z ograniczoną odpowiedzialnością Sobieski Towers SKA	PL	100	100	
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia Office SKA	PL	100	100	
Ghelamco GP 1 spółka z ograniczoną odpowiedzialnością Matejki SKA	PL	100	100	
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia Market SKA	PL	100	100	
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia Erato SKA	PL	100	100	
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia Pattina SKA	PL	100	100	
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia UNIQUE SKA	PL	100	100	
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia PIB SKA	PL	100	100	
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia Callista SKA	PL	100	100	
Ghelamco GP 1 spółka z ograniczoną odpowiedzialnością Vogla SKA	PL	100	100	
Ghelamco GP 5 Sp. z o.o. (former Fusion Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 5 Spolka z ograniczona odpowiedzialnoscia Capital SKA	PL	100	100	
Ghelamco GP 5 spółka z ograniczoną odpowiedzialnością Sienna Towers SKA	PL	100	100	
Ghelamco GP 5 Spolka z ograniczona odpowiedzialnoscia Pro Business SKA	PL	100	100	
Ghelamco GP 5 spółka z ograniczoną odpowiedzialnością SBP SKA	PL	100	100	
Ghelamco GP 5 Spolka z ograniczona odpowiedzialnoscia Creative SKA	PL	100	100	
Ghelamco GP 5 spółka z ograniczoną odpowiedzialnością 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 spółka z ograniczoną odpowiedzialnością Bellona Grzybowska 77 SKA	PL	100	100	
Ghelamco GP 3 spółka z ograniczoną odpowiedzialnością Grzybowska 77 SKA	PL	100	100	
Ghelamco GP 3 spółka z ograniczoną odpowiedzialnością Logistyka SKA	PL	100	100	
Ghelamco GP 3 spółka z ograniczoną odpowiedzialnością 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 spółka z ograniczoną odpowiedzialnością Business Bud SKA	PL	100	100	
Ghelamco GP 7 spółka z ograniczoną odpowiedzialnością Postępu SKA	PL	100	100	
CC 28 F.I.Z.	PL	100	100	
Ghelamco GP 2 Sp z o.o	PL	100	100	
Ghelamco GP 2 Spolka z ograniczona odpowiedzialnoscia Excellent SKA	PL	100	100	
Ghelamco GP 2 spółka z ograniczoną odpowiedzialnością KBP SKA	PL	100	100	
Ghelamco GP 2 Spolka z ograniczona odpowiedzialnoscia Primula SKA	PL	100	100	
Ghelamco GP 2 Spolka z ograniczona odpowiedzialnoscia Kalea SKA	PL	100	100	
Ghelamco GP 2 Spolka z ograniczona odpowiedzialnoscia Proof SKA	PL	100	100	
Ghelamco GP 4 Sp. z o.o. (former Betula Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 2 Spolka z ograniczona odpowiedzialnoscia Kappa SKA	PL	100	100	
Ghelamco GP 2 spółka z ograniczoną odpowiedzialnością M12 SKA	PL	100	100	
Ghelamco GP 3 Spolka z ograniczona odpowiedzialnoscia Focus SKA	PL	100	100	
Ghelamco GP 3 spółka z ograniczoną odpowiedzialnością ŁBP SKA	PL	100	100	
Ghelamco Warsaw Spire Sp. z o.o. (former Immediate Investment Sp. z o.o)	PL	100	100	
Ghelamco Warsaw Spire Spolka z ograniczona odpowiedzialnoscia SKA (former Eastern Europe Bud Sp. z o.o)	PL	100	100	
Ghelamco Warsaw Spire spółka z ograniczoną odpowiedzialnością WS SKA	PL	100	100	
Ghelamco GP 6 Sp. z o.o. (former Opportunity Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 6 Spolka z ograniczona odpowiedzialnoscia HQ SKA	PL	100	100	
Ghelamco GP 2 Spolka z ograniczona odpowiedzialnoscia Isola SKA	PL	100	n/a	****
Ghelamco GP 8 Sp.z o.o.	PL	100	n/a	
ACG1 Sp. z o.o.	PL	100	n/a	****
Creditero Holdings Ltd.	CY	100	100	
Bellona Bema 87 Sp. z o.o.	PL	100	100	
Portfolio Invest Ltd.	UA	n/a	99	4.2
Preferent Invest Ltd.	UA	n/a	99	4.2

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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	99	99	*
Field Invest Ltd.	UA	99	99	*
Farota Trading Ltd.	CY	99	99	*
Corporate Invest Ltd.	UA	99	99	*
Success Invest Ltd.	UA	99	99	*
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	*****

(*): the 1% remaining voting rights are owned directly or indirectly by Mr. P. Gheysens, the ultimate beneficial owner

(**): included in the Ghelamco Group consolidated financial statements under the equity method. Balance sheet of this entity mainly relates to the land position re. the football-related part of the Ghelamco Arena.

(***): Although the Investment Holding does not dispose of the majority of the SPV's voting rights, in practice it does have control over the SPV. Therefore, the SPV has been included in the consolidated financial statements applying the full consolidation method.

(****): Subsidiaries were (as shelf entities) already controlled in 2013 but only have been consolidated for the first time in 2014.

(*****): On 10 July 2009, the Investment Holding transferred 52% of its shares in Peridot SL, Spain based entity and financing vehicle of the Consortium, to the Development Holding (26%) and the Portfolio Holding (26%), related parties and holding companies of the Development Holding and the Portfolio Holding respectively. Although as a result of this transfer, the Investment Holding no longer disposes of the majority of the voting rights of Peridot, in practice it still does have control over the subsidiary. Therefore, the subsidiary has been included in the consolidated financial statements applying the full consolidation method.

A brief description of the main subsidiaries' business activities is given below:

- **Ghelamco Invest** NV, formerly known as International Real Estate Construction NV (IRC) is an investment holding in ***Belgian*** 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 2014. 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).

4.1 Acquisitions of subsidiaries

None in 2014.

4.2 Disposal of subsidiaries

In November 2014 the L-Park mixed office and retail project in Leuven (with a leasable offices and retail area of resp. 13.7 Ksqm and 3.4 Ksqm and approx. 275 parking spaces) has been sold to AXA Belgium. The sales transaction was structured as a share deal (i.c. 100% of the shares of the project SPV L-Park NV). The share price amounted to +/- 9.9 MEUR.

In October and November 2014 the subsidiaries Rubia NV (holding an exploitation licence for 115 senior home (bed-)places) and RPI NV (holding land positions) have been sold to resp. a third party operator and a third party investor. Both sales transactions are connected with the Wezembeek-Oppem senior homes project which the Company is realising in a joint venture structure. The share prices amounted to resp. 0.2 MEUR and 1.1 MEUR.

There have been no other disposals of subsidiaries during the year ended on 31 December 2014, except for Portfolio Invest Ltd. (and its subsidiary Preferent Invest ltd.) which have been sold and transferred to Impetira Holdings Ltd., related party which makes part of the Development Holding. The share sale has been done at arm’s length and had no impact on the Group’s 2014 financial statements.

4.3 Incorporation of new shelf companies

In May 2014, 1 new SPV (Brussels & Regional NV) has been incorporated for the development of future real estate projects. In this entity, all shares (250) but one have been subscribed by Ghelamco Invest and one by Mr. P. Gheysens. The entity has a share capital of 250 KEUR, of which 63.5 KEUR has been paid in.

Given its limited size as of 31 December 2014, the concerned entities have not yet been consolidated in these consolidated financial statements. The participating interests which Ghelamco Invest holds in these entities have been kept at cost.

4.4 Mergers and liquidations of subsidiaries

In the course of 2013, 100% of the shares of four related party entities (Leader Invest, Proud Invest, Quality Invest, Expansion Invest) have been transferred from Granbero Holdings to Signal Bud. Purchase price amounted to 50 KPLN each. In January 2014, involved entities have been liquidated through merger into Signal Bud. This operation had no impact on the Group’s 2013 and 2014 consolidated financial statements.

4.5 Transfer of Subsidiaries

2014

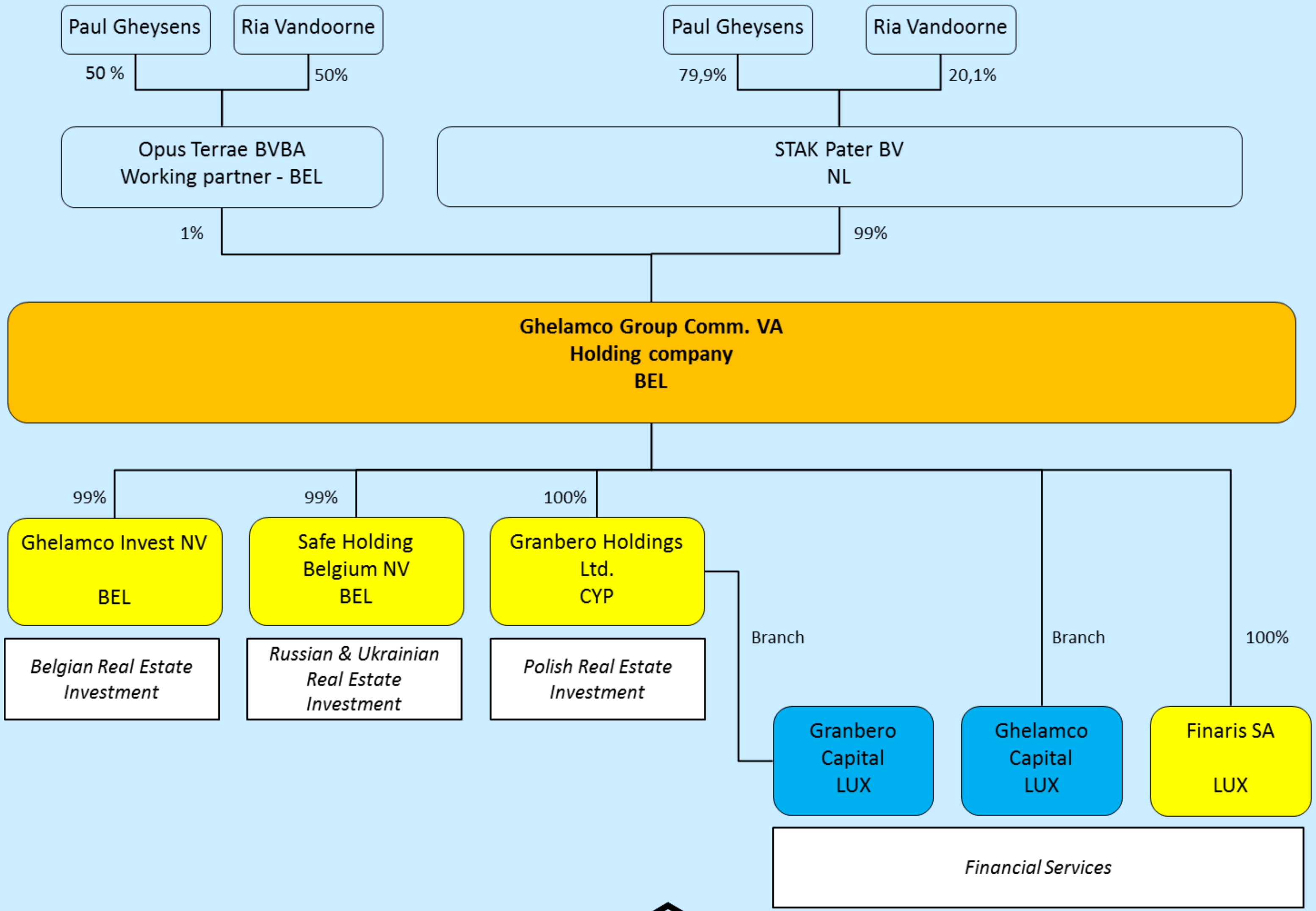
During 2014 – and except for Portfolio Invest Ltd. (and its subsidiary Preferent Invest ltd.) which have been sold and transferred to Impetira Holdings Ltd., related party which makes part of the Development Holding – there were no subsidiary transfers within the Investment Holding or between the Investment Holding and IRS Comm. VA or Deus Comm. VA, related parties and holding companies of the Development Holding and the Portfolio Holding respectively.

2013

During 2013, there were no subsidiary transfers within the Investment Holding or between the Investment Holding and IRS Comm. VA or Deus Comm. VA, related parties and holding companies of the Development Holding and the Portfolio Holding respectively.

5. Group structure

5.1. Investment Holding as per December 31st, 2014



5.2. Belgian Real Estate Investment as per December 31st, 2014

Ghelamco Invest NV
BEL

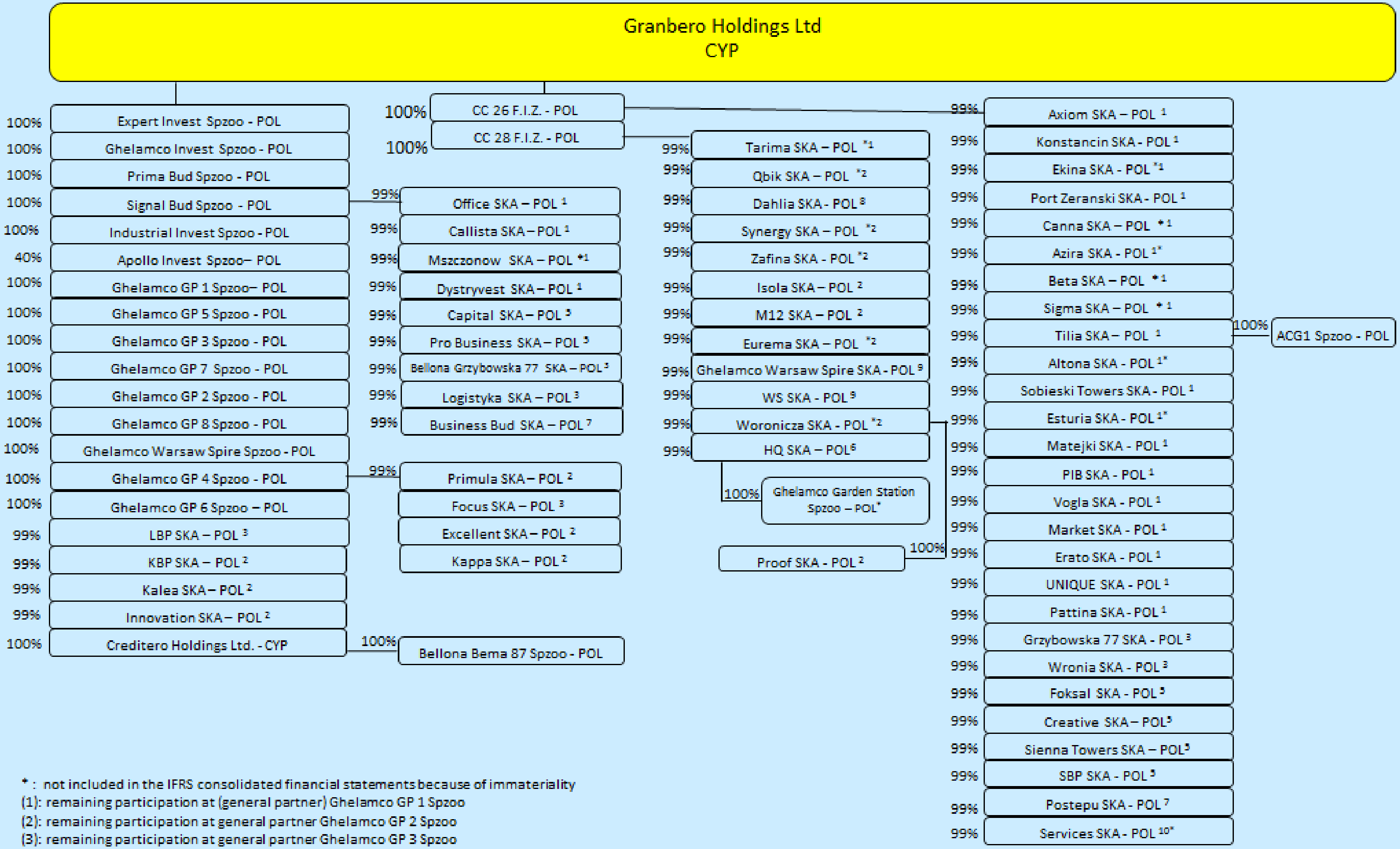
- 99% The White House Zoute NV - BEL
- 99% Dock-site NV - BEL
- 99% De Nieuwe Filature NV - BEL
- 99% Wavre Retail Park NV - BEL
- 99% Dianthus NV - BEL
- 99% Nepeta NV - BEL
- 99% Waterview NV - BEL
- 99% RHR-Industries NV - BEL
- 99% Zeewind NV - BEL
- 99% Forest Parc NV - BEL

- De Leewe III NV - BEL 99%
- Artevelde-Stadion CVBA - BEL 57%
- Parking Leuven NV - BEL 99%
- Retail Leuven NV – BEL 99%
- Brussels & Regional NV – BEL * 99%
- Leuven Student Housing NV – BEL 99%
- Graminea NV – BEL * 99%
- Citrien NV – BEL * 99%
- Valbeto NV NV – BEL * 99%
- Amethist Vastgoed NV – BEL * 99%

- Docora NV - BEL 99%
- Immo Simava 13 NV - BEL 99%
- Leisure Property Invest NV - BEL 99%
- Ring Hotel NV - BEL 99%
- Ring Multi NV - BEL 99%
- Ring Offices NV - BEL 99%
- Schelde Offices NV - BEL 99%
- Retail Gent NV - BEL 99%
- Parking Estates NV - BEL 99%
- Parking Gent NV - BEL 99%
- Arte Offices NV - BEL 99%

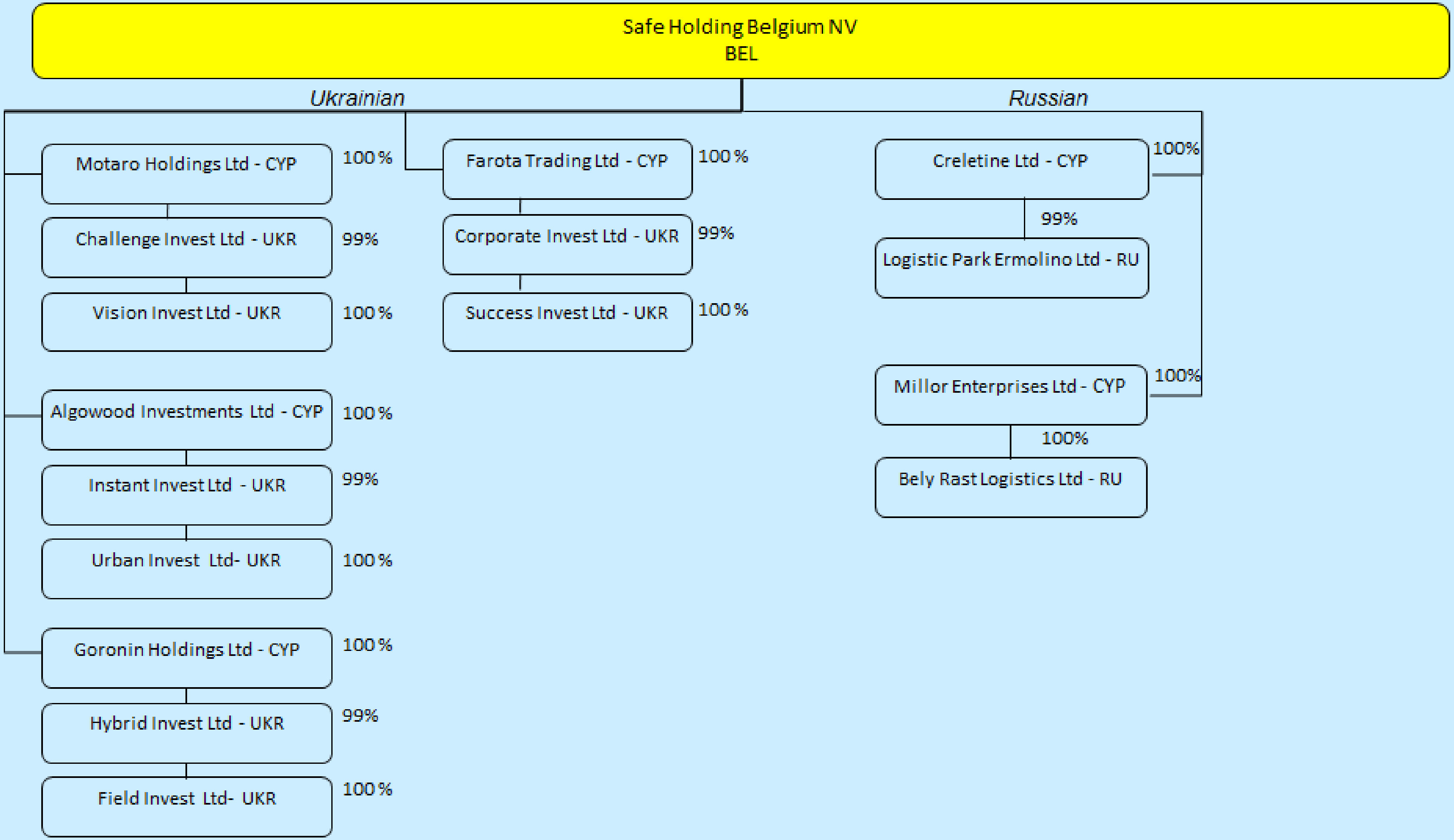
*: not included in the IFRS consolidated financial statements because of immateriality

5.3. Polish Real Estate Investment as per December 31st, 2014

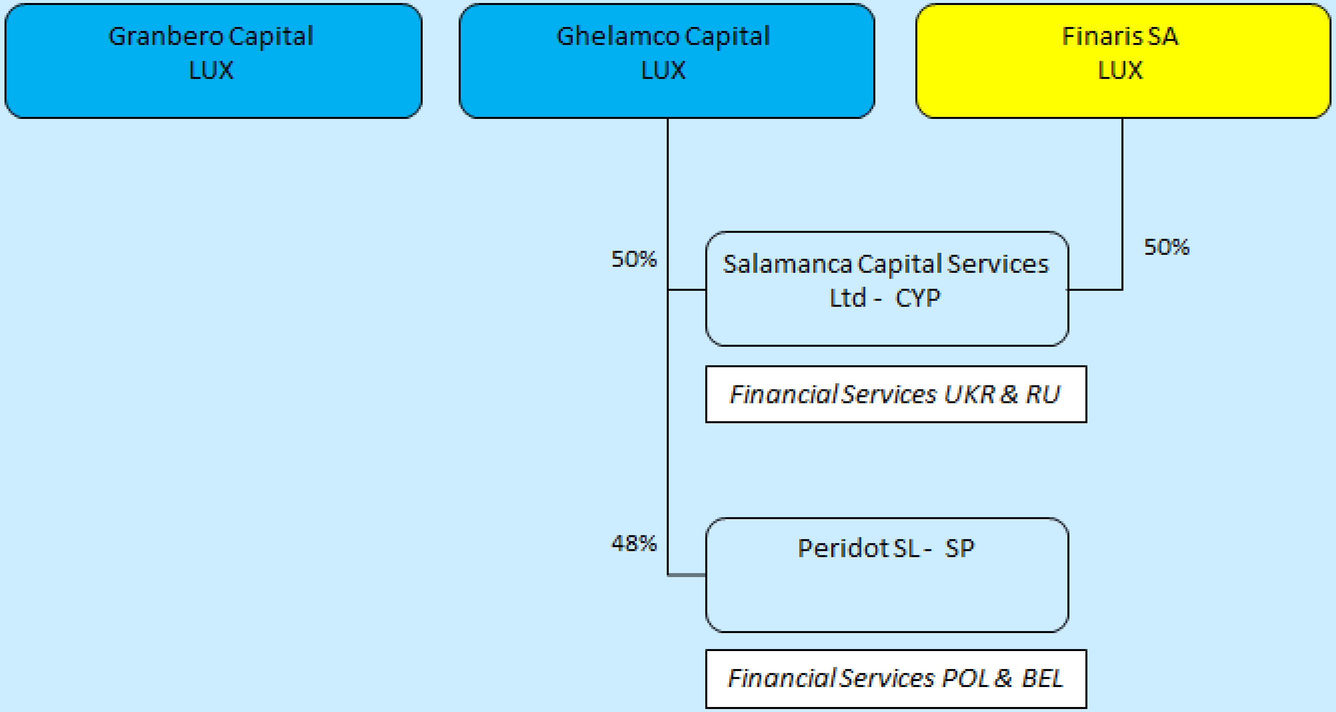


* : not included in the IFRS consolidated financial statements because of immateriality
(1): remaining participation at (general partner) Ghelamco GP 1 Spzoo
(2): remaining participation at general partner Ghelamco GP 2 Spzoo
(3): remaining participation at general partner Ghelamco GP 3 Spzoo
(4): remaining 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 Warsaw Spire Spzoo
(10): remaining participation at general partner Ghelamco Poland Spzoo

5.4. Ukrainian and Russian Real Estate Investment as per December 31st, 2014



5.5. Financial Services as per December 31st, 2014



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 2014 and 31 December 2013.

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 m²);
C. Land + Construction ongoing (fair value based on the residual method);
D. Completed Projects held for investment.

Country + SPV	Commercial Name	Valuation	Cat	31/12/2014	31/12/2013
				KEUR	KEUR
BELGIUM					
Leisure Property Invest	Golf Knokke Zoute	Man	A	31,700	26,159
WRP	Wavre Retail Park	Man	A	12,600	12,600
L-Park	L-Park	CBRE	n/a	0	35,200
Retail Gent	Retail Gent	CBRE	D	17,250	17,450
Parking Gent	Parking Gent	CBRE	C/D	29,729	28,848
Parking Estates	Parking Estates	CBRE	C/D	2,371	2,371
Zeewind	Zeewind	Man	D	1,737	1,737
Schelde Offices	Schelde Offices	Cushman	D	27,450	20,478
Arte Offices	Arte Offices	Cushman	D	29,350	19,107
Ring Hotel	Ring Hotel	Man	B	5,473	1,155
Ring Multi	Ghelamco Arena Multifunctional space	Cushman	D	19,275	17,935
Docora	Ghelamco Arena Offices	Cushman	C/D	13,926	13,300
Ring Offices	Ghelamco Arena Offices	Cushman	D	2,410	2,350
Ghelamco Invest	Le 8300	Man	C	19,566	16,169
Waterview/Parking Leuven	Waterview Parkings	Man	C	5,691	0
Waterview/Retail Leuven	Waterview Retail space	Man	C	4,832	0
POLAND					
Apollo Invest	Spinnaker Tower	KNF	B	17,259	15728
Postepu SKA/Business Bud SKA	Postepu Business Park	KNF	A	10,043	10,516
Sienna Towers SKA/Capital SKA	Sienna Towers	KNF	B	52,897	45,607
WS/Warsaw Spire	Spire and Chopin Tower	KNF	C	178,443	160,555
			D	65,740	
KBP SKA/Excellent SKA	Katowice Business Point	,n/a	n/a	0	36,599
LBP SKA/Focus SKA	Lopuszanska Bus. Park	n/a	n/a	0	34,835
Sobieski SKA/Innovation SKA	Sobieski Tower	DTZ	B	17,748	14,360

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Market SKA	Mszczonow Logistics	ASB	A	2,832	2,910
Kappa SKA	Marynarska12/ T-Mobile Office Park	n/a	n/a	0	105,308
SBP SKA/Pro Business SKA	Synergy Business Park Wroclaw	KNF	B	20,002	19,339
Grzybowska 77 SKA	Grzybowska	KNF	A	9,700	10,570
Wronia SKA/Logistyka SKA	Logistyka	KNF	A	16,650	16,555
Vogla SKA/Callista SKA	Wilanow Retail	KNF	A	6,927	7,883
Tillia SKA/ACG1 SKA	Powisle	KNF	A	6,120	0
Dahlia SKA	Woloska 24	KNF	C	13,192	0

RUSSIA

Bely Rast e.a.	Dmitrov Logistic Park	CBRE	C/D	153,500	129,500
Ermolino	Logistic Park Ermolino	JLL	A	7,960	9,988

UKRAINE

Success Invest	Kopylov Logistics Park	COLL	D	13,474	14,296
Urban Invest	Kopylov Logistics Park 2	UKR	A	956	979
Vision Invest	Warsaw Road Dev.	UKR	B	3,611	3,924

TOTAL:	**820,414**	**854,311**

Legend : Man = Management valuation, KNF = Knight Frank, JLL = Jones Lang Lasalle, DTZ= DTZadelhof, CLL = Colliers, UKR = Ukrexprombud, CBRE = CBRE, Cushman = Cushman & Wakefield, ASB = Asbud

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Balance at 1 January 2013	**858,699**
Acquisition of properties	12,755
Subsequent expenditure	176,249
Transfers	
- Assets classified as held for sale	-3,475
- Other transfers	16,200
Adjustment to fair value through P/L	52,137
Disposals	-244,629
CTA	-13,625
other	
Balance at 31 December 2013	**854,311**
Acquisition of properties	11,575
Subsequent expenditure	165,640
Transfers	
- Assets classified as held for sale	
- Other transfers	2,845
Adjustment to fair value through P/L	11,335
Disposals	-216,657
CTA	-8,635
other	
Balance at 31 December 2014	**820,414**

Categories	**A**	**B**	**C**	**D**	**Total**
Balance at 1 January 2013	**84,052**	**88,755**	**265,090**	**420,802**	**858,699**
Acquisition of properties	7,333	4,958		464	12,755
Subsequent expenditure (*)	297	4,032	115,647	42,648	162,624
Transfers					
- Assets classified as held for sale			-3,475		-3,475
- Other transfers			-104,996	121,196	16,200
Adjustment to fair value	6,478	2,368	19,516	23,775	52,137
Disposals			-10,669	-233,960	-244,629
Other					
Balance at 31 December 2013	**98,160**	**100,113**	**281,113**	**374,925**	**854,311**
Acquisition of properties	5,145				5,145
Subsequent expenditure (*)	3,659	6,358	106,667	46,751	163,435
Transfers					
- Assets classified as held for sale					
- Other transfers	1,515		-122,882	124,212	2,845
Adjustment to fair value	-2,991	10,519	2,852	955	11,335
Disposals				-216,657	-216,657
Other					
Balance at 31 December 2014	**105,488**	**116,990**	**267,750**	**330,186**	**820,414**

(*) in this detailed overview net of CTAs (and other)

In Belgium, at end of November the L-Park mixed office and retail project in Leuven, Vaartkom has been sold to AXA Belgium at a (share) price of approx. 9.9 MEUR (i.e. reflecting a yield of +/- 6% and a gross project sales value of 40 MEUR). L-Park comprises a leasable offices and retail area of resp. 13.7 Ksqm and 3.4 Ksqm and approx. 275 parking spaces.

In addition, some (office space) parts of the Ghelamco Arena have been sold for a total sales value of 2,500 KEUR. These items were classified as assets held for sale in the Company's 2013 financial statements.

In Poland, on 20 August 2014 the office projects Katowice Business Point, Lopuszanska Business Park and Marynarska 12/T-Mobile Office Park have been sold upon an attractive bid by an investor (Starwood Capital Group, with its headquarters in Connecticut, USA). All three properties (with a total net leasable area of approx. 75,000 sqm) are occupied by renowned tenants such as T-Mobile, Citibank International, Allianz, Allior Bank, PWC and Northgate Arinso. The sales transaction (considering a net sales price of approx. 189 MEUR and the reimbursement of the related bank loans) resulted in a net cash-inflow for the Company of +/- 80 MEUR and in the realisation of previously recognized fair value adjustments for an amount of 44.98 MEUR.

Amounts that have been recognized in the Income Statement include the following:

	2014	2013
Rental income	22,156	26,884

Rental income mainly relates to rent agreements in Belgium (Retail Gent, Parking Gent, L-Park, Blue Towers Gent, Ring Multi-retail in the Ghelamco Arena), Poland (Katowice Business Point, Lopuszanska Business Parkf and T-Mobile Office Park), Russia (Dmitrov Logistics Park) and Ukraine (Kopylov 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/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 2014 are as follows:

- 6.50% to 8.25% for Polish projects, depending on the location, specifics and nature of the project (vs. 6.25% to 8.50% last year).
- 6.00% to 7.00% for Belgian office projects (vs. 6.00% to 6.65% last year), depending on the location, specifics and nature of the investment
- 6.00% to 7.0% for Belgian retail projects (vs. 6.25% to 6.5% last year), depending on the location, specifics and nature of the investment.
- 11.75% for Russian projects (vs. 11.00 last year)
- 16.00% for Ukrainian projects (vs. 14.00% last year).

The average rent rates used in the expert valuations are as follows:

- 11 EUR/sqm/month to 18.5 EUR/sqm/month for Polish office space (vs. 12 EUR to 20 EUR last year),

- 11 EUR/sqm/month to 27.5 EUR/sqm/month for Polish retail space (vs. 20 EUR to 28 EUR last year), depending on the location, specifics and nature of the project.
- 100 EUR/sqm/year to 165 EUR/sqm/year for Belgian office space (vs. 135 EUR to 150 EUR last year),
- 77 EUR/sqm/year to 120 EUR/sqm/year for Belgian retail space (vs. 78 EUR to 105 EUR last year), depending on the location, specifics and nature of the project.
- 120 USD/sqm/year for Russian warehouse space and 250 USD/sqm/year for office space (part of the logistics projects) (vs. resp. 135 USD and 275 USD last year).
- 5.00 to 8.0 USD/sqm/month for Ukrainian warehouse space and 10.00 to 17.5 USD/sqm/month for office space (part of the logistics projects) (vs. resp. 8.0 USD and 17.5 USD last year).

On 31 December 2014, the Investment Holding has a number of income producing investment properties (category D) which are valued at 330,186 KEUR (Retail Gent, Blue Towers Gent, Ring Multi, Ring Offices Zeewind, Warsaw Spire Building C, Kopylov Logistics Park, Dmitrov Logistic Park Building A and B). An increase/decrease of 100 basis points in the yield, with all other variables held constant, decreases/increases the value by approx. 35,100 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.

7. Property, plant and equipment

	Property, plant and equipment	
in thousands €	**31.12.2014**	**31.12.2013**
Cost	1,256	1,331
Accumulated depreciation/amortisation and impairment	-865	-874
TOTAL	**391**	**457**

in thousands €	**Property, plant and equipment**
Cost	
Balance at 1 January 2013	1,343
Additions	34
Additions from internal developments	
Disposals or classified as held for sale	-46
Revaluation increase	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2013	1,331
Additions	25
Additions from internal developments	
Disposals or classified as held for sale	-95
Revaluation increase	
Effect of foreign currency exchange differences	-5
Other	
Balance at 31 December 2014	**1,256**

Accumulated depreciation and impairment	
Balance at 1 January 2013	802
Depreciation/Amortisation expense	109
Disposals or classified as held for sale	-37
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 2013	874
Depreciation/Amortisation expense	78
Disposals or classified as held for sale	-87
Impairment losses recognised in profit or loss	
Reversals of impairment losses recognised in profit or loss	
Effect of foreign currency exchange differences	
Other [describe]	
Balance at 31 December 2014	**865**

8. Intangible assets

The intangible assets balance 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; second instalment is to be paid per mid-2016.

9. Property Development Inventory

The Property Development Inventories amount to 182,917 KEUR on 31 December 2014 (2013: 178,071 KEUR) and are detailed as follows:

	31/12/2014	**31/12/2013**
Property Development Inventories	182,811	177,911
Raw materials	58	92
Finished goods	48	68
	182,917	**178,071**

Property Development Inventories contain mainly land plots held for development of residential purposes and residential buildings either finished or still under construction.

	31/12/2014		**31/12/2013**	
Inventories – Poland	50,183	27%	66,547	37%
Inventories – Belgium	132,720	73%	111,503	63%
Inventories – Other countries	14		21	
	182,917	**100%**	**178,071**	**100%**

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 2014 - KEUR	Carrying value (at cost) at 31 December 2013 - KEUR
BELGIAN PROJECTS		
I.R.C. - others	7,012	7,484
Le Valeureux Liégeois - East Dune	25,536	22,815
The White House Zoute	840	2,171
Locarno Knokke	5,713	6,835
Residentie Zegemeer Knokke	-	1,324
Blinckaertlaan Knokke	5,979	5,739
Kanonstraat Brussel	793	815
Bleko Doornstraat Kortrijk	2,281	2,036
Dock-site	2,648	2,648
"Residentie Katelijne"	9,094	9,091
"Project Waterside"'	1,485	1,618
Waterview	23,201	5,253
Sylt	10,285	10,939
Cromme Bosh	12,984	12,497
Kinder Siska	7,471	7,164
RHR	1,545	1,737
Farida-Knokke	-	494
De Nieuwe Filature	10,338	10,079
Blaisantpark Gent	5,515	764
TOTAL Belgium	**132,720**	**111,503**
POLISH PROJECTS		
Axiom-Constancin	4,128	6,103
Bellona-Bema	1,841	1,848
Creative Invest - Foksal	8,963	12,230
Dystryvest-Port Zeranski	2,725	1,211
Erato Invest	1,646	1,513
Isola SKA	1,571	
Leader Invest	-	16
M12 SKA	1,361	-
Office Investment-Matejki	1,256	1,341
Pattina Ivest	7	7
P.I.B.	3,017	2,994
Primula Invest	18	19
Proof Invest - Q-Bik soft lofts	23,022	36,990
Signal Bud	603	734
Tilia	-	1,515
Unique Invest	25	26
TOTAL POLAND	**50,183**	**66,547**
RUSSIAN PROJECTS		
SUBTOTAL RUSSIA	**-**	**-**
UKRAINIAN PROJECTS		
SUBTOTAL UKRAINE	**14**	**21**
GRAND TOTAL	**182.917**	**178,071**

Main part of current year expenditures have been done on the (residential part of the) Waterview project in Leuven, consisting of 461 student units, of which per date of the current report approx. 50% have been (pre-)sold.

Main divestures in Belgium:
- Locarno, sale of the retail ground floor of the mixed retail-residential project in Knokke
- Blaisantpark, mixed project in Gent: Per end of 2014, 47 apartments (of 67 in total) and 51 parkings have been sold (70% invoiced under the Breyne legislation); in addition 19 student homes have been sold in 2014 (100% invoiced).
- Waterview: sale of 43 student homes (of 461 in total) in 2014 (70% invoiced under the Breyne legislation)
- Farida, sale of remaining 3 apartments (of 12 in total) in the residential project in Knokke
- Beau Site, sale of 1 apartment in the residential project in De Panne
- Zegemeer, sale of 1 villa-apartment in the residential project in Knokke
- East Dune, sale of 3 apartments in the residential project in Oostduinkerke
- Sylt, sale of 1 unit in the residential project in Knokke
- White House: sale of the last apartment in the residential project in Knokke
- Bahia: sale of an apartment in Knokke

Inventory sales in Poland mainly related to the further commercialization of apartments in the Q-Bik project (350 residential soft lofts in Warsaw, for which per end 2014 over 75% of sales have been realized).

10. Non-current receivables & prepayments and current trade & other receivables

10.1 Non-current receivables & prepayments

	Note	31/12/2014	31/12/2013
Non-current			
Receivables from related parties	29.3	43,168	41,132
Trade and other receivables		15,728	24,533
Total non-current receivables and prepayments		**58,896**	**65,665**

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 2014 were as follows: Euribor/ Libor + margins in the range between 1% and 4%.
Further reference is made to Note 29.3.

Non-current trade and other receivables

Non-current trade and other receivables as of 31 December 2014 mainly consist of:
- Balance still to be received from SEB after the TP III sale: 256 KEUR
- Degi: 649 KEUR
- Earn-out and rental guarantee receivables in connection with the sale in 2013 of the Senator project: 6.1 MEUR
- Rental guarantee receivables (and other retentions) in connection with the sale in 2013 of the Mokotow Nova project: 0.6 MEUR
- Master lease and rental guarantee retentions in connection with the disposal of Lopuszanska Business Park: 0.2 MEUR
- Master lease and rental guarantee retentions in connection with the disposal of Marynarska 12/T-Mobile Office Park: 0.35MEUR

- Receivable which Granbero has on Tallink, related to the restructuring and merger end 2013 at the level of Signal Bud for an amount of 3 MEUR
- Other Peridot loans: 3,841 KEUR

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	31/12/2014	31/12/2013
Current			
Receivables from related parties		3,253	5,369
Receivables from third parties		7,612	4,686
Less: allowance doubtful debtors (bad debt provision)		-31	-33
Net trade receivables		10,834	10,022
Other receivables		2,352	3,343
Related party current accounts	29.3	51,791	42,991
VAT receivable		7,462	9,047
Prepayments		3,071	4,315
Interest receivable		16,300	12,983
Total current trade and other receivables		**91,810**	**82,701**

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 prepayments, see below) include invoices for construction, engineering and other services as described in Note 29.2.

Prepayments

Outstanding prepayments as of 31 December 2014 mainly represent:
- 190 KEUR down-payment at SPV Expert Invest for the acquisition of a land plot
- 1,128 KEUR option on a land plot at Industrial Invest
- 524 KEUR (vs. 528 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.
- 812 KEUR (vs. 702 KEUR last year) down payments (and related costs) for the acquisition of a land plot (Plac Grzybowski, near the Palace of Culture in Warsaw) at SPV Unique S.K.A.
- 367 KEUR (vs. 365 KEUR last year) down-payment (and related costs) at SPV Pattina Invest for the acquisition of a land plot in Piaseczno, suburbs of Warsaw, for the development of a trade and services centre

Interest receivable

The interest receivable consists of an amount of 15,816 KEUR from related parties (12,457 KEUR last year).

VAT receivable

The outstanding balance as of 31 December 2014 mainly relates to VAT receivables in the following countries:

- Belgium: 1,398 KEUR (main originating projects: Docora-offices in the Ghelamco Arena)
- Poland: 5,674 KEUR (main originating projects: Woloska 24, Warsaw Spire
- Russia: 260 KEUR (main originator project Dmitrov Logistic Park)

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 of €	**31.12.2014**	**31.12.2013**
Balance at beginning of the year	**33**	**33**
Impairment losses recognized on receivables		
Amounts written off during the year as uncollectible		
Amounts recovered during the year		
Impairment losses reversed	-2	
Foreign exchange translation gains and losses		
Balance at end of the year	**31**	**33**

As of 31 December 2014 and 2013, 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 Investment Holding has not recognized an allowance for doubtful receivables, as deemed necessary.

11. Derivatives

Balance as of balance sheet date of 290 KEUR relates to the market value of outstanding (currency and – to the extent applicable – interest) hedging contracts. Marking to market of these level 2 derivatives has been recognized through the profit and loss statement.

Also refer to section 2.1.1 above.

12. Restricted Cash

	31/12/2014	31/12/2013
Restricted cash non-current	256	471
Restricted cash current	-	-
	256	**471**

Outstanding balance as of 31 December 2014 (and 31 December 2013) relates to the amount on escrow and still to be released after the Trinity Park III sale (2010).

13. Cash and cash equivalents

	31/12/2014	31/12/2013
Cash at banks and on hand	98,955	70,182
Short-term deposits		
	98,955	**70,182**

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 (546.6 MPLN + 6.3 MEUR total outstanding bonds at 31 December 2014) and Belgium (112 MEUR total outstanding bonds at 31 December 2014).

14. Share capital

	31/12/2014	31/12/2013
Authorized		
35,908 ordinary shares without par value	73,194	73,194
issued and fully paid	73,194	73,194

At 31 December 2014, 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 2014

End 2013, Ghelamco Invest received an interim dividend for an amount of 996 KEUR from Rubia NV.

14.2 Non-Controlling Interests

	31/12/2014	31/12/2013
balance at beginning of year	4,954	4,567
share of profit for the year	631	392
acquisitions/disposals	-77	-5
Balance at end of year	**5,508**	**4,954**

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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 2013	1,937	475,122
Cumulative translation differences (CTA)	6,277	
Dividend distribution to the ultimate shareholders		-13
Change in non-controlling interests		5
Change in the consolidation scope		-181
Other		-9
Profit for the year		15,017
At 31 December 2013	**8,214**	**489,941**

	Cumulative translation reserve	Retained earnings
At 1 January 2014	8,214	489,941
Cumulative translation differences (CTA)	3,984	
Dividend distribution to the ultimate shareholders		
Change in non-controlling interests		77
Change in the consolidation scope		-33
Other		-9
Profit for the year		-9,693
At 31 December 2014	**12,198**	**480,283**

16. Interest-bearing loans and borrowings

		31/12/2014	31/12/2013
Non-current			
Bank borrowings – floating rate	16.1	234,828	311,198
Other borrowings	16.2/16.3	205,348	120,467
Finance lease liabilities		11	22
		440,187	**431,687**
Current			
Bank borrowings – floating rate	16.1	132,651	123,616
Other borrowings	16.2	48,581	55,225
Finance lease liabilities		11	10
		181,243	**178,851**
TOTAL		**621,429**	**610,538**

16.1 Bank Borrowings

During the year the Investment Holding obtained new secured bank borrowings mainly expressed in EUR and USD and withdraw on existing credit facilities for a total amount of 115.9 MEUR (44.7 MEUR in Belgium, 36.3 MEUR in Poland, 34.9 MEUR in Russia), large part of which are Euribor based. On the other hand, reimbursements and refinancings have been done for a total amount of 183.2 MEUR, bringing the total outstanding amount of bank borrowings to 367.5 MEUR (compared to 434.8 MEUR at 31/12/2013).

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 2015, 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 recpect, a significant part of the short-term balance per books is actually in the advanced process of prolongation and/or refinancing.

Summary of contractual maturities of external bank borrowings and future finance lease payments, including interest payments:

	31.12.2014				31.12.2013			
	<1 y	**between 2 and 5 y**	**>5y**	**total**	**<1 y**	**between 2 and 5 y**	**>5y**	**total**
Credit institutions withdrawn credits	146,707	143,577	139,834	430,118	141,941	263,591	89,162	494,694
Financial lease	11	11		22	11	22		33
Total	**146,718**	**143,588**	**139,834**	**430,140**	**141,952**	**263,613**	**89,162**	**494,727**
Percentage	34%	33%	33%	100%	29%	53%	18%	100%

External bank borrowings by currency

Large part of external bank borrowings are Euro denominated, except for mainly Belyrast in Russia (USD loan) and Proof 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.

Depending on a project's potential debt service, interest rates on investment loans are sometimes partially fixed and the remainder is floating.

On 31 December 2014, the Investment Holding had the following investment loan(s):

- Retail Gent 12.8 MEUR loan outstanding, serviced by the actual rental income of the property (Brico Plan-It)
- Belyrast Ltd (Russia) 58,7 MUSD loan outstanding, bearing a Libor 3M based (+ 8.15% margin until 01/06/2014 and + 7.15% margin from 02/06/2014 onwards) interest rate. The debt is fully serviced by the actual rental income of phase 1 (building A) 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 1.8% and 3,5%
- Poland: between 3.0% and 5.5%
- Ukraine: currently not applicable
- Russia : 8.15% (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 4,460 KEUR lower/higher profit before tax for 2014.

16.2 Other borrowings Bonds (203,314 KEUR long-term – 38,570 KEUR short-term)

Belgium
Ghelamco Invest has in 2012 issued private unsecured bonds for a total amount of 42 MEUR (25.05 MEUR bond serie A, 16.95 MEUR bond serie B). These bonds, which are secured by a first demand guarantee from Ghelamco Group Comm. VA and of which the issuance has been coordinated by KBC Securities and Belfius Bank, have been underwritten by a select group of institutional investors and high-net-worth individuals.
Bonds serie A has as maturity date 13/12/15 and bears a fixed interest of 7.0%. Bonds serie B has as maturity date 13/12/17 and bears a fixed interest of 7.875%.
Goal of the issue is to diversify financial resources and secure the mid-term funding necessary to secure the realization of the pipeline of Belgian and French projects.

In addition, Ghelamco Invest has in the second half of 2013 and the first half of 2014 again 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 intersest rate of 6.25%. The above bond program has again been coordinated by KBC Securities and Belfius Bank.

Total balance of outstanding bonds per balance sheet date (110.119 KEUR) represents the amount of issue (112 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 year issued the remaining series H, I, J, K within its 200 MPLN Catalyst bearer bonds program for an amount of 98.4 MPLN. These bonds have as earliest maturity date 25/04/2018 and bear an interest rate of Wibor 6 months + 4.5%-5.0%.

In addition, Ghelamco Invest Sp. z o.o. in 2014 issued public bonds (tranche PA and PB) to qualified investors within a new 250 MPLN program for a total amount of 234.88 MPLN. These bonds have a term of 4 years and bear an interest of Wibor 6 months +5.0%.

In addition, Ghelamco Invest Sp. z o.o. in 2014 issued public bonds (tranche PC and PD) to qualified investors within a new 200 MPLN program for a total amount of 68.6 MPLN. These bonds have a term of 3 to 4 years and bear an interest of Wibor 6 months +5.0%.

Also, Ghelamco Invest Sp. z o.o. in 2014 issued private euro-bonds for a total amount of 6.3 MEUR. These bonds have as maturity date end September 2018 and bear an interest rate of Euribor 6 months + 4.3%.

And finally, Ghelamco Invest Sp. z o.o. has end 2014 issued public retail bonds for an amount of 50.0 MPLN within a new 250 MPLN program. These bonds have as maturity date mid June 2019 and bear an interest rate of Wibor 6 months + 3.5%.

The proceeds of the above bond issues have to an extent (278,100 KPLN) been applied to redeem and/or roll-over other/existing outstanding bonds and to service the (interests on) the resp. bond programs. The remainder of the bond proceeds is to be applied for the financing of the Group's further investment projects within the Warsaw metropolitan area, in Wroclaw or Katowice.

Total bonds balance outstanding per balance sheet date (131,766 KEUR) represents the amount of issue (546.6 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 1,120 KEUR lower/higher profit before tax for 2014.

16.3 Other borrowings: Other

31/12/2014 12,046 KEUR

Other borrowings in EUR at 31 December 2014 include:
- Tallink Investments Ltd.: 1,344 KEUR
- Ghelamco Poland Sp. z o. o: 176 KEUR
- Rent deposits: 14 KEUR (non-current)
- 7 MEUR short-term loan from a third party investor, related to a specific Polish project, maturing on 30/09/2015 and bearing an interest rate of 7%
- 3,500 KEUR debt (3,000 KEUR short, 500 KEUR long) regarding the take-over of rights&obligations on space in the Ghelamco Arena for the realization of offices
- Others 10 KEUR

31/12/2013 8,914 KEUR

Other borrowings in EUR at 31 December 2013 include:
- Tallink Investments Ltd.: 1,436 KEUR (non-current)
- Ghelamco Poland Sp. z o. o: 205 KEUR (non-current)
- Rent deposits: 215 KEUR (non-current)
- 7 MEUR short-term loan from a third party investor, related to a specific Polish project, maturing on 31/05/2014 and bearing an interest rate of 10%
- Others : 58 KEUR (58 KEUR non-current)

16.4 Miscellaneous information

No defaults of payments or breaches of borrowing agreements occurred as of 31 December 2014.

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.

At 31 December 2014, the Investment Holding has bank loans available to be drawn for a total amount of 166,600 KEUR in Poland, 12,717 KEUR in Belgium and 52,695 KUSD in Russia and has bonds, which can still be tapped on its Polish bond programs for an amount of 305 MPLN.

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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:

Financial instruments (x € 1 000)	**31.12.2014**				
	At fair value through P/L-held for trading	**Available for sale**	**Loans and receivables/HTM at amortised cost**	**Fair value**	**Fair value level**
Other financial investments					
Other financial assets			1,582	1,582	2
Non-current receivables					
Receivables and prepayments			58,896	58,896	2
Restricted cash			256	256	2
Current receivables					
Trade and other receivables			82,804	82,804	2
Derivatives	290			290	2
Cash and cash equivalents			98,955	98,955	2
Total Financial Assets	**290**	**0**	**242,493**	**242,783**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			234,828	234,828	2
Bonds Poland			117,959	117,959	2
Bonds Belgium			85,355	93,046	2
Other borrowings			2,035	2,035	2
Finance lease liabilities			10	10	2
Interest-bearing borrowings - current					
Bank borrowings			132,651	132,651	2
Bonds Poland			13,806	13,806	2
Bonds Belgium			24,764	25,212	2
Other borrowings			10,011	10,011	2
Finance lease liabilities			11	11	2
Current payables					
Trade and other payables			42,949	42,949	2
Total Financial Liabilities	**-**	**-**	**664,379**	**672,518**	

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Financial instruments (x € 1 000)	31.12.2013				
	At fair value through P/L- held for trading	**Available for sale**	**Loans and receivables/HTM at amortised cost**	**Fair value**	**Fair value level**
Other financial investments					
Other financial assets		2,451	500	2,951	2
Non-current receivables					
Receivables and prepayments			65,665	65,665	2
Restricted cash			471	471	2
Current receivables					
Trade and other receivables			72,028	72,028	2
Derivatives	1,842			1,842	2
Cash and cash equivalents			70,182	70,182	2
Total Financial Assets	**1,842**	**2,451**	**208,846**	**213,139**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			311,198	311,198	2
Bonds Poland			41,044	41,044	2
Bonds Belgium			77,509	77,509	2
Other borrowings			1,914	1,914	2
Finance lease liabilities			22	22	2
Interest-bearing borrowings - current					
Bank borrowings			123,616	123,616	2
Bonds Poland			48,225	48,225	2
Other borrowings			7,000	7,000	2
Finance lease liabilities			10	10	2
Current payables					
Trade and other payables			47,383	47,383	2
Total Financial Liabilities	**-**	**-**	**657,921**	**657,921**	

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.

18. Provisions

Balance at 1 January 2013		**178**
Additional provisions recognized		
Reductions		
Reversals		
Unwinding of discount		
Other		
Balance at 31 December 2014		**178**
	Non-current	***178***
	Current	***0***

The long-term provisions mainly relate to minor (immaterial) trade disputes.

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 €	**31/12/2014**	**31/12/2013**
Deferred tax assets	6,432	2,840
Deferred tax liabilities	-23,770	-23,925
TOTAL	**-17,338**	**-21,085**

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 2013	**-17,431**	**-956**	**4,853**	
Recognised in income statement	-7,556	-1,179	1,360	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other		-176		
Balance at 31 December 2013	**-24,987**	**-2,311**	**6,213**	
Recognised in income statement	3,372	-229	1,012	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other		-408		
Balance at 31 December 2014	**-21,615**	**-2,948**	**7,225**	**-**

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 €	**31/12/2014**	**31/12/2013**
DTA on unused tax losses	11,937	8,082
DTA on unused tax credits	3,402	3,387
TOTAL	15,339	11,469

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.

20. Trade and other payables

Trade and other payables are analysed as follows:

	31/12/2014
Trade payables: third parties	11,783
Trade payables: related parties	5,663
Related parties current accounts payable	5,254
Misc. current liabilities	20,776
Deferred income	2,901
Current employee benefits	81
Total trade and other payables	**46,458**

	31/12/2013
Trade payables: third parties	16,477
Trade payables: related parties	6,806
Related parties current accounts payable	9,585
Misc. current liabilities	15,604
Deferred income	4,812
Current employee benefits	93
Total trade and other payables	**53,377**

Trade payables towards related parties include amongst others the amounts payable to the Development Holding for construction and engineering coordination services received. On 31/12/2014, the trade payables include 5,663 KEUR towards related parties (vs. 6,806 KEUR last year), as follows:

- Ghelamco NV: 406 KEUR (zero last year)
- Apec Ltd: 891 KEUR (795 KEUR last year)
- Ghelamco Poland Sp. z o.o: 668 KEUR (3,835 KEUR last year)
- Ghelamco Russia: 2,926 KEUR (zero last year)
- Others: 772 KEUR (2,176 KEUR last year)

Outstanding balance on related parties C/A payable (5,254 KEUR) is mainly towards Ghelamco Poland Spzoo (5,175 KEUR).

Miscellaneous current liabilities mainly relate to interest payable, VAT payable, accruals, rent deposits and others.

As was also the case last year, the outstanding deferred income balance mainly relates to deferred income from pre-sales in the QBik residential project.

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: 829 KEUR
- Luxembourg: 629 KEUR
- Spain: 335 KEUR
- Cyprus: 436 KEUR
- Poland: 78 KEUR

Total for 2014: **2,307 KEUR** (vs. 2,353 KEUR in 2013)

22. Revenue

Revenue is mainly generated from the following sources:

in thousands €	31.12.2014	31.12.2013
Sales of Residential Projects		
Projects Belgium	32,238	6,756
Projects Poland	14,835	15,822
Rental Income	22,156	26,884
Other	350	600
TOTAL REVENUE	**69,579**	**50,062**

Rental income as of 31 December 2014 relates to rent from commercial projects in Belgium (5,509 KEUR), Poland (1,620 KEUR), Russia (12,665 KEUR) and Ukraine (2,362 KEUR).

The residential projects sales as of 31 December 2014 mainly relate to:

- Villas and apartments at the Belgian coast (7.788 KEUR)
- (Retail) ground floor of the Locarno project in Knokke (6,300 KEUR)
- Blaisantpark Gent: invoicing in accordance with the Breyne legislation re. 47 apartments (of 67 in total) and 51 parkings; sale of 19 student units (8,718 KEUR in total)
- 43 student homes (of 461 in total) and parkings to resp. third parties and the City of Leuven in the Waterview project (5,785 KEUR in total)
- Exploitation licence for 115 senior home (bed-)places and land positions in Wezembeek-Oppem in connection with the senior homes project which the Company is further realising in a joint venture structure (2,676 KEUR in total).
- Soft loft apartments in the QBik project, Warsaw (14,835 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 €	31.12.2014	31.12.2013
Future minimum rental income:		
Less than 1 year	25,348	21,960
Between 1 and 2 years	29,585	26,393
Between 2 and 3 years	29,854	26,984
Between 3 and 4 years	26,943	26,720
Between 4 and 5 years	23,400	23,359
More than five years	77,297	109,901
TOTAL FUTURE MINIMUM RENTAL INCOME	**212,427**	**235,317**

The decrease compared with last year is related to the sale of the L-Park project in Belgium and the Katowice Business Point, Marynarska 12/T-Mobile Office Park and Lopuszanska Business Park projects in Poland in the course of 2014.

23. Other items included in operating profit/loss

Other operating income and expenses in 2014 and 2013 include the following items:

	2014	2013
Other operating income		
Net gains on disposal of investment property	9,416	1,849
Other	4,535	3,463
Net gains on disposals of property, plant and equipment	-	-
total:	**13,951**	**5,312**

Current year's other operating income includes the net gain on disposal of the Katowice Business Point, Marynarska 12/T-Mobile Office Park and Lopuszanska Business Park projects in Poland (7,757 KEUR) and the L-Park project in Leuven (1,659 KEUR).

In addition re-charges of fit-out expenses to tenants (in mainly the Blue Towers in Gent) are included (for an amount of approx. 1.6 MEUR).

Other operating income also to an extent relates to income from related parties. It concerns re-invoicing of costs within the framework of Service Level Agreements with (mainly) Ghelamco NV, Apec Ltd and IRS NV. Also refer to note 29.3.

	2014	2013
Gains from revaluation of Investment Property	11,335	52,137

Fair value adjustments over 2014 amount to 11,335 KEUR, which is mainly the result of current year's further investment and leasing efforts in Poland (mainly on the Warsaw Spire) and Belgium (mainly on the Artevelde Park/Ghelamco Arena and the Waterview project), in combination with evolution in market conditions (yield and rent level evolution).

On the other hand, the current political and economic situation in Russia and Ukraine and its resulting effects (mainly the devaluation of the UAH and the RUB; adverse evolution in consumer confidence and spending; investors and tenants delaying decisions, causing significant decrease in investment and leasing volumes; even capital flight) has caused a significant disruption of the markets in those regions. This has in turn a significant downward impact on the yields and rent levels and thus on the market value of the Group's projects in both countries and has by consequence resulted in the recognition of negative fair value adjustments of resp. 19,501 KEUR and 822 KEUR on the Russian and Ukrainian real estate investments.

It is however to be noted that main part of the Group's investments in both regions consists of delivered projects which are (if not fully) 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	7,538
Poland	24,120
Russia	-19,501
Ukraine	-822
	11,335

	2014	2013
Other operating expenses		
Operating lease/ rental/housing expenses	854	278
Taxes and charges	2,881	2,680
Insurance expenses	285	688
Audit, legal and tax expenses	4,368	3,232
Traveling	1,188	1,259
Promotion	1,167	1,344
Bank fees	480	271
Sales/agency expenses	8,849	7,192
Rental guarantee expenses	4,226	1,838
Correction earn-out Trinity Park III	-	560
Operating expenses with related parties	4,236	4,864
Maintenance & management	1,834	2,140
Fit-out expenses Senator	530	-
Miscellaneous	5,604	3,117
Total:	**36,502**	**29,463**

Other operating expenses with related parties mainly concern the re-invoicing of costs within the framework of Service Level Agreements with IRS Comm. VA and Deus Comm. VA. Also refer to note 29.3.

In general, the overall increase of other operating expenses goes to a significant extent together with the disposal in 2014 of three large Polish projects to Starwood Capital (Katowice Business Point, Marynarska 12/T-Mobile Office Park and Lopuszanska Business Park), the disposal of the L-Park project and commission expenses paid in the Waterview (student houses) project in Belgium.

	2014	2013
Employee benefit expenses		
Wages and salaries	942	914
Social security costs	248	247
Other		-
Total:	**1,190**	**1,161**

24. Cost of Property Development Inventories

The various items comprising the costs of Property Development Inventories are as follows:

	2014	2013
Movement in inventory	26,647	5,917
Purchases (*)	-62,798	-26,903
	-36,151	**-20,986**

(*) 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 177,215 KEUR (transfers of 2,845 KEUR not included).

25. Finance income and finance costs

The various items comprising the financial income and financial costs are as follows:

	2014	2013
Foreign exchange gains	-	-
Interest income	4,298	3,563
Other finance income		-
Total finance income	**4,298**	**3,563**
Interest expense	-25,403	-23,977
Other interest and finance costs	-5,411	-2,446
Foreign exchange losses	-722	-7,805
Total finance costs	**-31,536**	**-34,228**

It is to be noted that interest expenses related to Investment Property projects are not included in the above 2014 and 2013 figures, as those have directly been capitalized on IP. It concerns an amount of 14,323 KEUR (vs. 10,582 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 in addition to be mentioned that current year's finance costs include an amount of 0.7 MEUR foreign exchange losses (while last year's finance costs included an amount of 7.8 MEUR foreign exchange losses). Main part of these 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.

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 resp. bonds) and hedge results (mainly re. the marking to market of the as of balance sheet date outstanding (currency and interest) hedging contracts: 1,552 KEUR unfavourable vs. 80 KEUR unfavourable last year). Except for this last item, 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:

	31.12.2014	31.12.2013
current income tax	2,267	1,831
deferred tax	-799	7,375
Total	**1,468**	**9,206**

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 €	31.12.2014	31.12.2013
Result before income taxes	-7,594	24,615
Income tax expense/gain calculated at 33,99%	-2,581	8,367
Effect of different tax rates in other jurisdictions	2,000	-1,970
Effect of non-deductible expenses	655	1,356
Effect of revenue that is exempt from taxation	-605	-2,264
Effect of use of previously unrecognized tax losses	-341	-534
Effect of current year losses for which no DTA is recognized	3,204	3,860
Effect of tax incentives not recognized in the income statement	-264	-62
Effect of under/over-accrued in previous years	-58	200
Effect of change in local tax rates	450	817
Release of 31/12/12 DTL re. Wevelgem Retail Park sale (shares)		-705
Effect of share deal Rubia	-13	
Effect of share deal RPI	-321	
Effect of share deal L-Park	-571	
Other	-87	141
INCOME TAX EXPENSE RECOGNISED IN INCOME STATEMENT	**1,468**	**9,206**

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’.

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 2014 and 2013.

Company	Project name	Amount of bank loan-books (KEUR)		Corporate guarantees as per 31/12/2014 (KEUR)	
BELGIUM					**Guarantee by Ghelamco Invest NV**
Dianthus	Katelijne	EUR	778	778	Corporate Guarantee
Retail Leuven					
Waterview	Waterview	EUR	16.464	13.650	Cash deficiency guarantee, subordination declaration
Parking Leuven					
WRP	Wavre Retail Park	EUR	5.906	5.906	Cash deficiency guarantee
Leisure Property Invest	Golf Knokke Zoute	EUR	13.500	5.000	Corporate Guarantee, cash deficiency, cost overrun, subordination declaration Peridot
Docora	offices Artevelde stadion	EUR	7.923	5.000	Corporate Guarantee, cash deficiency, cost overrun
Nepeta	East Dune	EUR	1.399	1.399	Corporate Guarantee, cash deficiency, cost overrun subordination declaration Peridot
Zeewind	Zeewind	EUR	570	570	Corporate Guarantee, cash deficiency
Retail Gent	Retail Gent	EUR	12.820	12.820	Corporate Guarantee, cash deficiency, subordination declaration Peridot, minimal rent guarantee
Parking Estates	Parking Estates Gent	EUR	775	14.500	Corporate Guarantee, cash deficiency, cost overrun
Schelde Offices	Blue Towers	EUR	16.051	16.051	Corporate Guarantee, cash deficiency, cost overrun, subordination declaration Peridot
Arte Offices	Blue Towers	EUR	14.431	14.431	Corporate Guarantee, cash deficiency, cost overrun, subordination declaration Peridot
De Nieuwe Filature	De Nieuwe Filature	EUR	4.300	4.300	Corporate Guarantee, cash deficiency
Parking Gent	Parking Gent	EUR	13.725	14.500	Corporate Guarantee, cash deficiency, cost overrun, subordination declaration Peridot

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Ring Multi Ring Offices	deel Ghelamco Arena	EUR	10.125	4.000	Corporate Guarantee, cash deficiency

POLAND					**Guarantee by Granbero Holdings Ltd.**
Warsaw Spire SKA	Warsaw Spire	EUR	77.963	77.963	Corporate Guarantee, cash deficiency
Sienna Towers SKA	Sienna Towers	EUR	7.707	7.707	Corporate Guarantee, cash deficiency
Proof SKA	Woronicza QBIK	EUR (*)	1.043		Suretyship agreement
SBP SKA	Wroclaw Business Park	EUR	7.000	7.000	Corporate Guarantee, Cash deficiency
Foksal SKA	Foksal	EUR	3.982	3.982	Corporate Guarantee, Cash deficiency
Sobieski SKA	Sobieski Towers	EUR	3.429		Suretyship and cash deficiency
Postepu SKA	Prostepu 2	EUR(*)	2.018		Suretyship and cash deficiency
Grzybowska77 SKA	Grzybowska 77	EUR(*)	7.239		Suretyship agreement
Dahlia SKA	Woloska 24	EUR	3.966		Suretyship and cash deficiency

RUSSIA					**Guarantee by Safe Holding Belgiuim**
BelyRast	Dmitrov Logistics Park Building C	USD	6.333	5.432	support deed re. cash deficiency guarantee (and in the event of default by Safe Holding Belgium, by Ghelamco Group)
BelyRast	Dmitrov Logistics Park Building B	USD	48.793	7.895	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.
(**): Cost overrun guarantee not applicable anymore given finalization of the project

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 2014 (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.

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) 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:

	2014	2013
Architectural and Engineering contracts	24,541	27,196
Construction contracts	162,591	154,831
Purchase of land plots	2,117	3,136
Purchase of shares (connected with landbank)	-	
Total	**189,250**	**185,162**

At 31 December 2014, 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 per end 2014. Last year's commitment related to plots of land for commercial property development for 2,855 KEUR.
- Belgium: Per end 2014 preliminary contracts for the acquisition of some smaller plots in the Brussels periphery and in Knokke were outstanding for a total amount of 2,117 KEUR. The related deeds have actually been signed in the course of Q1 2015.

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:

- Warsaw Spire: 102,214 KEUR
- Woloska 24: 27,116 KEUR
- Waterview project in Leuven: 14.8 MEUR construction contracts in total
- Ring Hotel project in Gent: 8.5 MEUR construction contracts in total

28.2 Operating lease commitments (land lease rights)

	Poland		**Russia**	
	2014	**2013**	**2014**	**2013**
Within 1 year	688	1,210	313	197
After 1 year but not more than 5 years	2,752	2,009	1,182	790
More than 5 years	50,248	37,742	10,110	6,995
	53,688	**40,961**	**11,605**	**7,982**

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 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 1,600 KEUR has been recognized in the consolidated financial statements at 31/12/14.

In connection with the sale of two office projects in 2013, master lease agreements were closed for the (at the time of the sale) not leased space, for a period of 60 months. In this respect, no liabilities have been recognized in the consolidated financial statements at 31 December 2014.

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.

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. & Ms. 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 and the Portfolio Holding) are described below.

29.1. Relationships with the directors and management

For the year ending 31 December 2014, a total amount of approx. 7,500 KEUR was paid to the members of the 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 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 Ieper;
- 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;
- 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 15% 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 Development 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.

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

2014
Except for the finalisation of the merger operation as described in section 4.4 of this report and the sale of the shares of Portfolio Invest Ltd. to the Development Holding as described in section 4.5 of this report, there have been no share transactions or other significant transactions with related parties in 2014.

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2013
Except for the finalization of the contribution process of Polish SPV shares in closed-end investment fundst, the step-up operation connected to the change in Polish tax law and the merger operation connected with a simplification exercise on Ghelamco Consortium level, there were no share transactions or other significant transactions with related parties in 2013. In this respect, reference is made to the more detailed description in last year’s report.

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:

	31/12/2014	31/12/2013
Purchases of construction, engineering and architectural design:	-128,826	-113,105
related party trade receivable	3,253	5,369
related party trade accounts payable	-5,663	-6,806
related party non-current loans receivable	41,209	39,172
related party interests receivable	15,161	11,890
related party C/A receivable	51,791	42,991
related party non-current other receivable	1,960	1,960
related party non-current loans payable	-1,572	-1,665
related party interests payable	-1,772	-1,489
related party C/A payable	-5,254	-9,585

30. Events after balance sheet date

- Acquisition at end of February 2015 of 2 buildings located at the Louizalaan and the Boulevard Bischoffsheim, Brussels for a total amount of 24,5 MEUR, for the future development and realisation of resp. a combined retail-residential project (52 luxurious apartments and approx. 500 sqm of shopping space, in the centre of Brussels) and an office project (approx. 16,615 sqm office space and 174 parkings).

- On 19 March 2015 the City of Brussels has retained the BAM/Ghelamco Consortium as preferred bidder for the construction of the Euro-stadium on parking C of the Heizel site. This new national stadium will amongst others comprise 60.000 seats, over 6.000 VIP places and over 14.000 parking spaces. The project is expected to be realized in 2018.

31. Auditor's Report

Deloitte.

Deloitte Bedrijfsrevisoren /
Reviseurs d'Entreprises
Berkenlaan 8b
1831 Diegem
Belgium
Tel. + 32 2 800 20 00
Fax + 32 2 800 20 01
www.deloitte.be

Ghelamco Group
Comm. VA

Independent auditor's report on the consolidated financial statements for the year ended 31 December 2014

Deloitte.

Deloitte Bedrijfsrevisoren /
Reviseurs d'Entreprises
Berkenlaan 8b
1831 Diegem
Belgium
Tel. + 32 2 800 20 00
Fax + 32 2 800 20 01
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Ghelamco Group Comm. VA

Independent auditor's report on the consolidated financial statements for the year ended 31 December 2014

We are pleased to report to you on the audit assignment which you have entrusted us. This report includes our opinion on the consolidated financial statements. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes.

Report on the consolidated financial statements – Unqualified opinion

We have audited the consolidated financial statements of Ghelamco Group Comm. VA ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. The consolidated statement of financial position shows total assets of 1,267,826 (000) EUR and the consolidated income statement shows a consolidated loss (group share) for the year then ended of 9,693 (000) EUR.

Responsibility of the management for the preparation of the consolidated financial statements

The management is responsible for the preparation and fair presentation of 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 management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

Deloitte Bedrijfsrevisoren / Reviseurs d'Entreprises
Burgerlijke vennootschap onder de vorm van een coöperatieve vennootschap met beperkte aansprakelijkheid /
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VAT BE 0429.053.863 - RPR Brussel/RPM Bruxelles - IBAN BE 17 2300 0465 6121 - BIC GEBABEBB

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Unqualified opinion

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 2014, and of its results and its 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.

Diegem, 25 March 2015

The independent auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Rik Neckebroeck

Ghelamco Group
Comm. VA

IFRS Consolidated Financial Statements at 31 December 2013

Approved by Management
with the Independent Auditor's opinion

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I. General information and performance

1. Business activities & 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.

Over the last decade, Ghelamco has become one of the largest commercial property developers in Poland. The group's market position has been recognized by numerous prestigious awards. In 2013, Ghelamco was granted the following awards:

° Office Developer of the year in Poland (Construction and Investment Journal - for the seventh time in the past eight years)

° Essa Award for T-Mobile Office Park, in recognition of the project's sustainability performance (Construction and Investment Journal)

° Office Lease Award of the Year 2013 in Poland for Frontex in Warsaw Spire (Construction and Investment Journal)

° Office Investment Transaction of the Year in Poland for the sale of the Senator Project (Construction and Investment Journal)

° Business Achievement of the Year for obtaining financing for Warsaw Spire (Eurobuild)

° Green Office Building of the Year in CEE for T-Mobile Office Park (EUROPA Property magazine)

° BREEAM Post Construction Assessment for the Senator Project (EUROPA Property magazine)

° Most green building in Poland for T-Mobile Office Park (Prime Property Price by PTWP)

° Men of the year for Jeroen van der Toolen, MD Central and Eastern Europe of Ghelamco (Prime Property Price by PTWP)

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 realisation 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.

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), constitute 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 Ieper, Belgium.

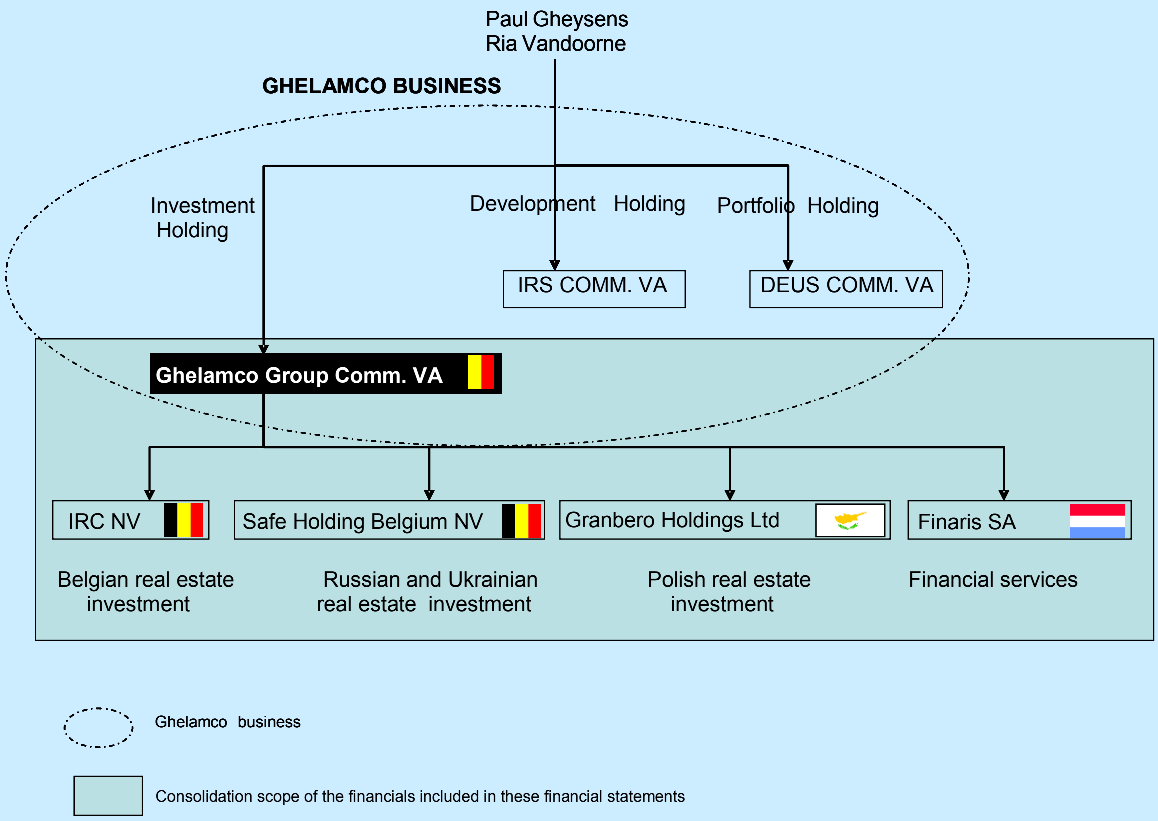
The Company is registered in the Belgian commercial register under the number BE 0879.623.417.

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 2013 (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).

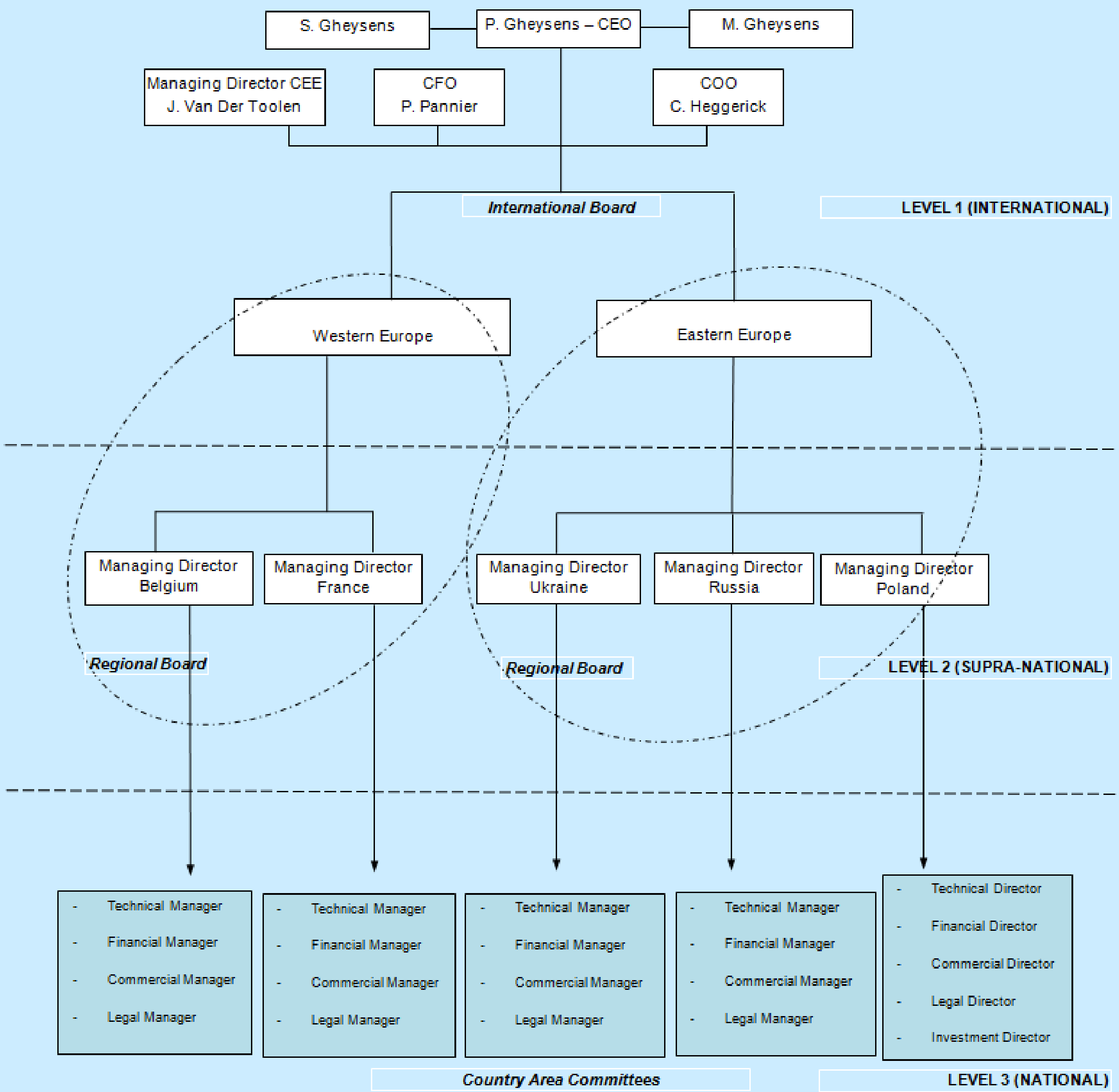
All assets, liabilities, income and expenses that represented an integral part of the Investment Holding activities, are included in the accounts of the legal subsidiaries of the Company at 31 December 2013 and at 31 December 2012.



4. Staffing level

The Investment Holding employed 43 people on 31 December 2013 (41 on 31 December 2012). The construction, engineering and other related services are mainly provided to the Investment Holding by the Development Holding's legal subsidiaries. The parent company of the Development Holding (International Real Estate Services Comm. VA – abbreviated IRS Comm. VA), together with all its direct and indirect legal subsidiaries, employed 226 people on 31 December 2013 (223 on 31 December 2012).

5. Management committee



Ghelamco's Management Committee consists of:

Mr. Paul Gheysens (Chief Executive Officer)
Simon Gheysens (board member)
Michael Gheysens (board member)
Mr. Philippe Pannier (Chief Financial Officer)
Mr. Chris Heggerick (Chief Operational Officer)
Mr. Jeroen Van Der Toolen (Managing Director CEE)

The Committee actively coordinates and supervises the different group country management teams and supports them in all commercial, legal, financial and technical aspects of their activities.

All local teams consist of a technical, commercial, legal & financial department. The Managing Directors are granted a large degree of autonomy to support their area/country strategy and development.

The statutory board consists of 4 directors (of which the CEO) for most of the Belgian entities, the Managing Director Eastern Europe and 5 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

2013 performance and results

The Investment Holding closed its 2013 accounts with an operational profit of 55,280 KEUR, resulting from its continued investment efforts. Thanks to these efforts the Investment Holding managed to partly realize previously created value while further investing in existing and new projects. This is reflected in a balance sheet total of 1,269,175 KEUR and an equity of 567,303 KEUR. The solvency ratio remained stable at 45%.

In Belgium, The Investment Holding has over the past years intensified its investment activities (with currently over 40 projects in portfolio). As a consequence, significant part of the Belgian portfolio has recently (in the course of last year and during the current year) evolved to the realization and/or completion phase. In this respect, significant further construction efforts have been done on the Artevelde Park/Ghelamco Arena project in Gent, resulting in the successful completion and opening of the Ghelamco Arena mid July and the advanced construction status of the Blue Towers per year-end (28,600 sqm office space in total, of which per date of the current report significant parts have already been pre-leased).

2013 expansion and investment activities mainly related to:
- Completion, delivery and further commercialization of the mixed L-Park project at Leuven Vaartkom (3,335 m² retail, 13,806 m² office space and approx. 300 parkings). In the first half of 2013, first office tenants actually moved in and per date of this report, over 80% of the project has been leased.

- Continuation of construction works on the Artevelde Park/Ghelamco Arena project in Gent; project which comprises besides the pre-sold football accomodation approx. 13,500 sqm office space, 3,000 sqm congress space, 16,000 sqm multifunctional space, 250 parkings, and – on the adjacent plots – a 14,000 sqm retail hall, approx. 1,500 parking spaces, 2 office buildings (28,600 sqm office space in total) and a hotel project. This resulted in the completion and formal opening on 17 July 2013 of the Ghelamco Arena and the advanced construction status of the Blue Towers per year-end.

- Further realisation of high-end residential/leisure projects at the Belgian coast side (mainly “Le 8300”, luxurious wellness hotel in Knokke-Zoute and residential project Farida in Knokke)

- As of 31/05/13 the Investment Holding acquired 100% of the shares of De Nieuwe Filature NV (total share price of 8.5 MEUR, 2.1 MEUR advance payments already done in 2012); company which holds title to a 24,000 sqm brownfield site, in view of the development of a mixed project (approx. 35,000 sqm gross leasable/sellable residential, student flat and retail space).

-Signing of a leasehold right/right to build contract and a put/call contract mid 2013 with a third party on a 30,580 sqm plot on the Duinenwater site in Knokke, for the realisation of a residential project (24 plots of land). Final deed has been signed in February 2014.

-Signing of a preliminary leasehold right/right to build contract in Q4 2013 with the City of Leuven on a 8,526 sqm plot in the Vaartkom, in view of the realisation of the Waterview Project (+/- 460 student homes, +/- 5,000 sqm retail space and +/- 1,000 parking spaces; i.e. third phase of the Vaartkom project). Construction works have actually started in Q4 2013.

As to divestures/revenues:

- The Wevelgem Retail Park has per end March 2013 been sold to an investor at a (share) price of approx. 5 MEUR.
- First parts of the Artevelde Park/Ghelamco Arena project have been sold for a total sales value of 10.7 MEUR. Also, and per date of the current report, further parts have been pre-sold for a total sales value of 3.5 MEUR. In addition, (preliminary) rent agreements and/or letters of intent have been signed for a significant part of the still remaining space in the Artevelde Park/Ghelamco Arena.
- Sale of some residential projects at the Belgian coast (5.1 MEUR, mainly Farida and Zegemeer, Knokke)

In Poland, the Investment Holding in first instance invested its existing land bank but also took advantage of some expansion opportunities.

Development and construction
The investing activities in Poland during 2013 have to a significant extent been focused on the further construction (until delivery in Q2 2013) of the Marynarska 12 office project (+/- 41,000 sqm) and the Lopuszanska office project (+/- 16,500 sqm) and the kick-off of the construction works (after already some limited underground works in 2012) of the Warsaw Spire (+/- 108,000 sqm of office space).

(Pre-)leasing and occupation of projects:
-Per date of the current report, the Marynarska 12 office project and the Lopuszanska office project (both delivered in 2013) have already been leased for resp. 78% (+/- 32,000 m^2) and 93% (+/- 15,600 m^2).

Divestures
As to divestures, the Senator project, office project in the CBD of Warsaw with a total net leasable area of approx. 25,000 sqm, has in May 2013 been sold to an investor (Union Investment Real Estate Gmbh), resulting in a net cash-inflow of about 60 MEUR. In addition, also the Mokotow Nova office project in the Mokotow Business Region of Warsaw with a total net leasable area of approx. 42,000 sqm, has in September 2013 been sold to an investor (Tristan Capital Partners, with headquarters in London), again resulting in a net cash-inflow of approx. 60 MEUR.

In Russia, the construction works of the second phase (building B, approx. 68,000 m²) of the Dmitrov Logistics Park project, class A warehouse complex of four buildings totalling approx. 227,000 m² of lettable area in the northern part of the Moscow Region, has started and well progressed. Per date of the current report, significant part of the lettable space has been pre-leased.

In Ukraine, the Kopylov Logistics Park project (in the Makariv District of the Kyiv Region) has an occupation rate of over 90%. The investment is kept in portfolio.

Main post balance sheet events

No significant events 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.
For 2014, the Investment Holding will continue its sustained growth. 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 this growth and its goals for 2014 in general.

7. Notice to the reader

This document presents the IFRS Consolidated Financial Statements for the year ended on 31 December 2013, 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 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), 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 9 in Part II for more details on their presentation.

II. IFRS Consolidated Financial Statements

These IFRS consolidated financial statements at 31 December 2013 were approved by Investment Holding Management on 24 March 2013. The amounts in this document are expressed in thousands of EUR (KEUR), unless stated otherwise.

A. Consolidated statement of financial position (in KEUR)

	Note	31/12/2013	31/12/2012
ASSETS			
Non-current assets			
Investment Property	6	854,311	858,699
Property, plant and equipment	7	457	541
Intangible assets	8	4,788	
Investments in associates	4	1,380	1,380
Receivables and prepayments	10	65,665	46,456
Deferred tax assets	18	2,840	4,005
Other financial assets	4.4-4.7	2,951	842
Restricted cash	12	471	705
Total non-current assets		**932,863**	**912,628**
Current assets			
Property Development Inventories	9	178,071	192,920
Trade and other receivables	10	82,701	54,385
Current tax assets		41	52
Derivatives	11	1,842	1,922
Assets classified as held for sale	6	3,475	6,700
Restricted cash		0	0
Cash and cash equivalents	13	70,182	65,098
Total current assets		**336,312**	**321,077**
TOTAL ASSETS		**1,269,175**	**1,233,705**

Ghelamco Group – Consolidated Financial Statements at 31 December 2013 (in KEUR) 11

Consolidated statement of financial position (cont'd)

	Note	31/12/2013	31/12/2012
Capital and reserves attributable to the Investment Holding's equity holders			
Share capital	14	73,194	73,194
CTA	15	8,214	1,937
Retained earnings	15	489,941	475,122
		571,349	550,253
Non-controlling interests	14.2	4,954	4,567
TOTAL EQUITY		**576,303**	**554,820**
Non-current liabilities			
Interest-bearing loans and borrowings	16	431,687	433,942
Deferred tax liabilities	18	23,925	17,539
Other non-current liabilities	8	2,500	0
Long-term provisions	17	178	67
Total non-current liabilities		**458,290**	**451,548**
Current liabilities			
Trade and other payables	19	53,377	73,872
Current tax liabilities	20	2,353	2,530
Interest-bearing loans and borrowings	16	178,852	150,935
Short-term provisions		0	0
Total current liabilities		**234,582**	**227,337**
Total liabilities		**692,872**	**678,885**
TOTAL EQUITY AND LIABILITIES		**1,269,175**	**1,233,705**

Ghelamco Group – Consolidated Financial Statements at 31 December 2013 (in KEUR) 12

B. Consolidated income statement and consolidated statement of comprehensive income

Consolidated Income Statement

	Note	2013	2012
Revenue	21	50,062	42,110
Other operating income	22	5,312	3,199
Cost of Property Development Inventories	23	-20,986	-18,263
Employee benefit expense	22	-1,161	-1,268
Depreciation amortisation and impairment charges	7	-621	-114
Gains from revaluation of Investment Property	6	52,137	38,546
Other operating expense	22	-29,463	-18,502
Share of results of associates			
Operating profit - result		**55,280**	**45,708**
Finance income	24	3,563	13,182
Finance costs	24	-34,228	-19,181
Profit before income tax		**24,615**	**39,709**
Income tax expense	25	-9,206	17,460
Profit for the year		**15,409**	**57,169**
Attributable to:			
Equity holders of parent		15,017	56,642
Non-controlling interests		392	527

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Consolidated statement of comprehensive income - items recyclable to the income statement

		2013	2012
Profit for the year		**15,409**	**57,169**
Exchange differences on translating foreign operations	15	6,277	-987
Other		-186	
Other comprehensive income of the period		**6,092**	**-987**
Total Comprehensive income for the year		**21,501**	**56,182**
Attributable to:			
Equity holders of the parent		21,109	55,655
Non-controlling interests		392	527

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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 2012		**73,194**	**2,924**	**418,480**	**4,040**	**498,638**
Other comprehensive income			-987			**-987**
Profit/(loss) for the year				56,642	527	**57,169**
Capital decrease						
Change in non-controlling interests						
Change in the consolidation scope						
Other						
Balance at 31 December 2012		**73,194**	**1,937**	**475,122**	**4,567**	**554,820**
Other comprehensive income	15		6,277			**6,277**
Profit/(loss) for the year	15			15,017	392	**15,409**
Capital decrease						
Dividend distribution				-13		**-13**
Change in non-controlling interests				5	-5	**0**
Change in the consolidation scope				-181		**-181**
Other				-9		**-9**
Balance at 31 December 2013		**73,194**	**8,214**	**489,941**	**4,954**	**576,303**

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D. Consolidated cash flow statement

Consolidated cash flow statement for 2013 and 2012

		2013	2012
Operating Activities			
Profit / (Loss) before income tax		**24,615**	**39,709**
Adjustments for:			
- Share of results of associates			
- Change in fair value of investment property	6	-52,137	-38,546
- Gain on disposal of subsidiary			
- Gain on disposal of interest in former associates			
- Depreciation, amortization and impairment charges	7	321	97
- Result on disposal investment property	22	-1,849	-997
- Change in provisions		111	10
- Net interest charge	24	20,414	14,203
- Movements in working capital:			
- Change in inventory		-1,351	-7.881
- Change in trade & other receivables		-28,316	-24.034
- Change in trade & other payables		-19,180	30.442
- Change in MTM derivatives	11	80	878
- Movement in other non-current liabilities		2,500	0
- Other non-cash items		217	22
Income tax paid		-1,821	-2.467
Interest paid (**)	24	-25,292	-17.158
Net cash from/(used in) operating activities		**-81,688**	**-5,722**
Investing Activities			
Interest received	24	3,563	2.955
Purchase of property, plant & equipment and intangibles	7-8	-5,034	-10
Purchase of investment property (*)	6	-181,257	-197,477
Proceeds from disposal of investment property	6	253,178	6,375
Net cash outflow on acquisition of subsidiaries			
Net cash inflow on disposal of subsidiary			
Net cash inflow on disposal of associate			
Net cash outflow on other non-current financial assets		-21,318	5,652
Net cash inflow/outflow on NCI transactions			
Change in trade & other payables			
Movement in restricted cash accounts	12	234	575
Net cash flow used in investing activities		**49,366**	**-181,930**

Financing Activities			
Proceeds from borrowings	16	177,237	255,531
Repayment of borrowings	16	-151,575	-22,187
Dividends paid		-13	
Net cash inflow from / (used in) financing activities		**25,649**	**233,344**
Net increase/decrease in cash and cash equivalents		**-6,673**	**45,692**
Cash and cash equivalents at 1 January of the year		**65,098**	**29,146**
Effects of exch. rate changes, mainly on EUR/USD balances in non-EUR countries		11.757	-9,740
Cash and cash equivalents at 31 December of the year		**70,182**	**65,098**

(*): Purchase and expenditure re. investment property includes capitalized borrowing costs
(**): Interests directly capitalised in IP not included (2013: 10,572 KEUR; 2012: 9,407 KEUR)

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 “Organisational 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 2013.

A list of legal entities included in these IFRS consolidated financial statements and major changes in the organisational 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 24, 2014. 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 2013. 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 2013.

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 2013

Standards and Interpretations that the Investment Holding anticipatively applied in 2012 and 2013:

- None

Standards and Interpretations that became effective in 2013

- IFRS 13 Fair Value Measurement (applicable for annual periods beginning on or after 1 January 2013)
- Improvements to IFRS (2009-2011) (normally applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 1 Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income (applicable for annual periods beginning on or after 1 July 2012)
- Amendments to IAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets (applicable for annual periods beginning on or after 1 January 2013)

Standards and Interpretations which became effective in 2013 but which are not relevant to the Investment Holding:

- Amendments to IFRS 1 First Time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IFRS 1 First Time Adoption of International Financial Reporting Standards – Government Loans (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 19 Employee Benefits (applicable for annual periods beginning on or after 1 January 2013)
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (applicable for annual periods beginning on or after 1 January 2013)

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 authorised for issue but not yet mandatory and have not been early adopted by the Investment Holding:

- IFRS 9 Financial Instruments and subsequent amendments (not yet endorsed in EU)
- IFRS 10 Consolidated Financial Statements (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 11 Joint Arrangements (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 12 Disclosures of Interests in Other Entities (applicable for annual periods beginning on or after 1 January 2014)

- IFRS 14 Regulatory Deferral Accounts (applicable for annual periods beginning on or after 1 January 2016)
- IAS 27 Separate Financial Statements (applicable for annual periods beginning on or after 1 January 2014)
- IAS 28 Investments in Associates and Joint Ventures (applicable for annual periods beginning on or after 1 January 2014)
- Improvements to IFRS (2010-2012) (normally applicable for annual periods beginning on or after 1 January 2014, but not yet endorsed in EU)
- Improvements to IFRS (2011-2013) (normally applicable for annual periods beginning on or after 1 January 2014, but not yet endorsed in EU)
- Amendments to IFRS 10, IFRS 12 and IAS 27 – Consolidated Financial Statements and Disclosure of Interests in Other Entities: Investment Entities (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 19 Employee Benefits – Employee Contributions (applicable for annual periods beginning on or after 1 July 2014, but not yet endorsed in EU)
- Amendments to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 36 – Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Asset (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 39 – Financial Instruments – Novation of Derivatives and Continuation of Hedge Accounting (applicable for annual periods beginning on or after 1 January 2014)
- IFRIC 21 – Levies (applicable for annual periods beginning on or after 1 January 2014, but not yet endorsed in EU)

At this stage, the Investment Holding 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. With respect to the changes in IFRIC 21, the Investment Holding is still evaluating the potential impact.

1.5. Principles of consolidation

1.5.1. Consolidation scope

The entities included in the consolidation scope are those that are part of Ghelamco's Investment Holding on 31 December 2013 and on 31 December 2012 (see Notes 4 and 5).

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.

1.5.2. Acquisition of subsidiaries

Although the Investment Holding obtained control over several subsidiaries over the past years, these transactions are not considered to be 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 2013 and 2012, there were no acquisitions of subsidiaries that qualified as an acquisition of a business as defined in IFRS 3 "Business Combinations", except for the following in 2013:
Acquisition by Signal Bud Sp. z o.o of shares of 9 entities (of which 6 belonging to the Development Holding), and subsequent merger, resulting in a receivable towards the Development Holding of +/- 3 MEUR. In this respect, further reference is made to section 4.6 below.

However, all of those transactions qualify as 'transactions under common control' (as all combined entities are controlled ultimately by the same party before and after the transaction, cfr Ghelamco Group description in general information above), and are therefore outside the scope of IFRS 3. The Investment Holding has elected not to apply IFRS 3, but to recognise assets and liabilities acquired based on their carrying amounts in the IFRS consolidated financial statements of the previous shareholder as of acquisition date (a method often described as 'predecessor accounting').

1.5.3. Sale of subsidiaries

As was the case in the past, the 2013 and 2012 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 2013
In March 2013 and upon an attractive bid by an investor, the Wevelgem Retail Park has been sold. The sale of this project was structured as a share deal (i.e. sale of 100% of the shares of project SPV Klippan Cabs NV), in line with the general approach to sell commercial projects. The transaction has in the financial statements been presented as a disposal of IP.
On the other hand, first parts of the Ghelamco Arena project (for a total sales value of 10.7 MEUR) have been sold through asset deals.

No residential SPVs have been sold, in line with the general approach to sell residential projects through asset deals.

Comments 2012
In August 2012 and upon an attractive bid by an investor, the Docora (Gucci-shop) retail project in Knokke-Zoute was sold. While generally the sale of a commercial project is structured as a share deal, this one was structured as an asset deal (and the transaction has in the financial statements been presented as a disposal of IP).

No residential SPVs were sold, in line with the general approach to sell residential projects through asset deals.

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1.5.4. Increase in ownership interests in subsidiaries

The Investment Holding applies the parent company model to transactions with minority shareholders. The difference between the cost of additional interest in the subsidiary and the carrying amount of the minority interest reflected in the consolidated balance sheet is allocated to the Property Development Inventories or Investment Properties.

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 recognised 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:

	2013		2012	
	Closing rate at 31 December	Average rate for 12 months	Closing rate at 31 December	Average rate for 12 months
Polish Zloty (PLN)	4.1472	4.1976	4.0882	4.1850
Russian Rouble (RUB)	44.9699	42.4001	40.2286	39.9333
United States Dollar (USD)	1.3791	1.3281	1.3194	1.2848
Ukrainian Hryvnia (UAH)	11.0415	10.6122	10.5372	10.2706

1.5.6. Hyperinflationary economies

None of the Investment Holding entities operated in a hyperinflationary economy in 2013 and 2012.

1.6. Property, plant and equipment

Property, plant and equipment is 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	Years
Buildings	20 to 40
Vehicles	5
Equipment	5 to 10

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 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 building 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:

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 m²;
3. Based on residual method.

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.

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

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 recognised 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 recognised 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 realisable 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 capitalised. A qualifying asset is an asset that takes a substantial period of time to get ready for its intended use or sale. Capitalisation 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 capitalisation 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 realisable 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 realisable value at balance sheet date is lower than the carrying value. The Investment Holding performs regular reviews of the net realisable value of its Property Development Inventory.

The most recent review indicated that the global net realisable 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 9).

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 capitalised 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 amortised 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 reorganisation 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. 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 amortised 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 1.20 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.

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 connection with the acquisition in Poland of closed-end funds in 2011 and the related transfer process of SPVs to those funds, outstanding deferred tax balances of entities which were transferred to the funds were released (9.3 MEUR per end 2011 and 21.9 MEUR per end 2012) (and no further deferred taxes were set up in 2011, 2012 and 2013), as the funds-structure was under the Polish tax regulations exempt from tax. Also refer to section 4.7.

Within the framework of a change in Polish tax legislation and the resulting abolishment from 1 January 2014 onwards of tax transparency of the Polish project companies (SKAs) under the above closed-end funds, a fiscal step-up operation has been organized and accomplished before year-end 2013. In this respect, the Company has in the course of 2013 acquired new shelf companies (SKAs), to which the existing project companies have in December 2013 sold their real estate projects, at market value. In total, 15 projects have been subject to this step-up exercise. This way, market value per 31/12/2013 of the involved projects has been definitively fiscally exempted.
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 utilised. 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.
Revenue is recognised 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 recognised 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.

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1.20. Financial instruments

The table below summarises 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)	**31.12.2013**				
	At fair value through P/L-held for trading	**Available for sale**	**Loans and receivables at amortised cost**	**Fair value**	**Fair value level**
Other financial investments					
Other financial assets		2,451	500	2,951	2
Non-current receivables					
Receivables and prepayments			65,665	65,665	2
Restricted cash			471	471	2
Current receivables					
Trade and other receivables			82,701	82,701	2
Derivatives	1,842			1,842	2
Cash and cash equivalents			70,182	70,182	2
Total Financial Assets	**1,842**	**2,451**	**219,519**	**223,812**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			311,198	311,198	2
Bonds Poland			41,044	41,044	2
Bonds Belgium			77,509	77,509	2
Other borrowings			1,914	1,914	2
Finance lease liabilities			22	22	2
Interest-bearing borrowings - current					
Bank borrowings			123,616	123,616	2
Bonds Poland			48,225	48,225	2
Other borrowings			7,000	7,000	2
Finance lease liabilities			10	10	2
Current payables					
Trade and other payables			53,377	53,377	2
Total Financial Liabilities	**-**	**-**	**663,915**	**663,915**	

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Financial instruments (x € 1 000)	31.12.2012				
	At fair value through P/L-held for trading	**Available for sale**	**Loans and receivables at amortised cost**	**Fair value**	**Fair value level**
Other financial investments					
Other financial assets		429	413	842	2
Non-current receivables					
Receivables and prepayments			46,456	46,456	2
Restricted cash	705			705	2
Current receivables					
Trade and other receivables			54,385	54,385	2
Derivatives	1,922			1,922	2
Cash and cash equivalents			65,098	65,098	2
Total Financial Assets	**2,627**	**429**	**166,352**	**169,408**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			307,895	307,895	2
Bonds Poland			81,448	81,448	2
Bonds Belgium			40,486	40,486	2
Other borrowings			4,081	4,081	2
Finance lease liabilities			32	32	2
Interest-bearing borrowings - current					
Bank borrowings			141,656	141,656	2
Other borrowings			9,269	9,269	2
Finance lease liabilities			10	10	2
Current payables					
Trade and other payables			72,328	72,328	2
Total Financial Liabilities	-	-	**657,205**	**657,205**	

The above table provides an analysis of financial instruments grouped into Levels 1 to 3 based on the degree to which the fair value (recognised 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

We also refer to note 16.4 and 10 for the description of the fair value determination

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 in the period July-August 2011 and via its financial vehicle Ghelamco Invest Sp. z o.o., issued Polish bearer bonds for a total amount of 200 MPLN. And additional tranches for a total amount of 137.1 MPLN have been issued in 2012 and 2013 (ut infra). 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 issue, 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 till end 2011, Russian projects have mostly been financed through semi equity expressed in Euro. Bank financing for the construction of the first phase of the Dmitrov Logistics Park Project, which was formalised early 2012, is 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.

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 2012, Ghelamco Poland Sp. z o.o (belonging to the Development Holding) hedged the sale of an amount of EUR into PLN with its counterpart Granbero Capital. In practice, Granbero Capital covered the currency exposure for Ghelamco Poland Sp. z o.o for an amount of 1,088 KEUR on the Mokotow Nova project (Kalea SKA) at a fixed rate of 3.95 PLN/EUR, for an amount of 19,720 KEUR on the Senator project (HQ SKA) at a fixed rate of 3.90 PLN/EUR, for an amount of 44,443 KEUR on the M12 project (Kappa SKA) at a fixed rate of 3.8 PLN/EUR and for an amount of 11,624 KEUR on the Lopuszanska project (Focus SKA) at a fixed rate of 3.9 PLN/EUR. These hedging transactions resulted in a gain for Granbero Capital for an amount of 6,308 KEUR.
The remaining amounts covered by the above contracts for 2013 consisted of 420 KEUR on the Mokotow Nova project, 576 KEUR on the Senator project, 10,566 KEUR on the M12 project and 9,254 KEUR on the Lopuszanska project. The market value of these contracts amounted to 1,525 KEUR as of balance sheet date; value which has been recognised through the profit and loss statement.

Over 2013, Ghelamco Poland Sp. z o.o again hedged the sale of an amount of EUR into PLN with its counterpart Granbero Capital. In practice, Granbero Capital covered the currency exposure for Ghelamco Poland Sp. z o.o for an amount of 420 KEUR on the Mokotow Nova project (Kalea SKA) at a fixed rate of 3.95 PLN/EUR, for an amount of 576 KEUR on the Senator project (HQ SKA) at a fixed rate of 3.90 PLN/EUR, for an amount of 9,790 KEUR on the M12 project (Kappa SKA) at a fixed rate of 3.8 PLN/EUR, for an amount of 8,324 KEUR on the Lopuszanska project (Focus SKA) at a fixed rate of 3.9 PLN/EUR and for an amount of 38,435 KEUR on the Warsaw Spire project (Ghelamco Warsaw Spire SKA) at a fixed rate of 3.9 PLN/EUR. These hedging transactions resulted in a gain for Granbero Capital for an amount of 4,754 KEUR.
The remaining amounts covered by the above contracts for 2014 consist of 777 KEUR on the M12 project, 3,949 KEUR on the Lopuszanska project and 23,644 KEUR on the Warsaw Spire project. The market value of these contracts amounted to 1,445 KEUR as of balance sheet date; value which has been recognised through the profit and loss statement. These derivatives were classified as held for trading under IFRS.

A weakening/strengthening of the PLN (average and 31/12/13 spot) exchange rates versus the EUR by 5% would, as a consequence of the above hedging, have resulted in a 1,731 KEUR higher/lower profit before tax for 2013.

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 the 337.1 MPLN bearer bond issue by Ghelamco Invest Sp. z o.o., Polish projects can also be partly financed through the proceeds of these bonds. The same goes for Belgium since the private bond issues for a total amount of 79.8 MEUR

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 capitalised 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: 372.8 MPLN bond issues with a term of 3 years and bearing an interest of Wibor 6 months + 5% to 6% (depending on the tranches); proceeds of which can be used over the resp. project investment stages.

- For the Belgian and French projects: 42 MEUR bond issue due 13 December 2015 (60%) and due 13 December 2017 (40%) and bearing an interest of resp. 7% and 7.875%; 37.8 MEUR bond issues due 28 February 2018, bearing an interest of 6.25%; proceeds of which 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 2013 and 31 December 2012) 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 proces 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 28.2).

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, 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 Investment Holding hardly ever outsources these tasks.

Financing risk
The Investment Holding relies since 10 years on framework agreements with the majority of its banking partners. The parameters of the framework can vary due to economic circumstances, but remain workable as a whole. Before starting up the construction works (or contracting with subcontractors), the Investment Holding expects to have received already a (non-)binding term sheet from its banking relations.
In the past three years, the Investment Holding in addition proved to be able to call upon alternative financing through the issue of bonds in Belgium (79.8 MEUR unsecured bonds in total as of 31 December 2013; ut infra) and Poland (372.8 KPLN bearer bonds in total as of 31 December 2013).

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 renown 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 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 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.

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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 the strategic growth plans.
As all profits of the last years are being re-invested into the Investment Holding, the management's focus is mainly 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 primarily on the basis of the solvency ratio. This ratio is calculated as total equity divided by the balance sheet total. The solvency ratios at 31 December 2013 and 2012 were as follows:

	2013	**2012**
Equity	576,303	554,820
Total assets	1,269,175	1,233,705
Solvency ratio	**45%**	**45%**

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/write-offs to net realisable value have been recognized on the inventory in the following SPVs:

- Signal Bud Sp. z o.o: 141 KEUR
- Expert Invest Sp. z o.o: 220 KEUR
- IRC NV (Zegemeer project): 300 KEUR (project which has in Q1 2014 actually been sold
- Others (immaterial impairments): 85 KEUR

Last year's Key Office Invest write-off has (after the merger of the company with Signal Bud; refer to section 4.6 below) been transferred to Signal Bud and has in 2013 partly been released (by 154 KEUR to 141 KEUR). Remaining outstanding impairment loss balance has remained stable compared to last year. No additional impairments were deemed necessary in 2013

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 %
Poland:	19 %
Russia:	20 %
Ukraine:	18 % (i.e. from 2013 onwards; 2012: 19%)
Cyprus:	12,5 % (i.e. from 2013 onwards; 2012: 10%)
Luxemburg:	21.84 % (exceptions for financial rulings)
Spain:	30%

In connection with the transfer of SPVs to closed-end investment funds, deferred tax balances for a total amount of 21.9 MEUR have in 2012 (and 9,3 MEUR in 2011) been released through the profit and loss statement, as the investment funds were under the Polish tax regulations tax exempted. Also refer to section 1.16 and note 18.

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.

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.

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4. List of subsidiaries

Ghelamco Group Comm. VA subsidiaries included in these IFRS consolidated financial statements are as follows:

Entity description	Country	31/12/2013 % voting rights	31/12/2012 % voting rights	Remarks
Ghelamco Capital (Branch)	LU	n/a	n/a	
I.R.C. NV	**BE**	**99**	**99**	*
The White House Zoute NV	BE	99	99	*
Dock-Site NV	BE	99	99	*
Klippan Cabs NV	BE	n/a	99	4.3
Dianthus NV	BE	99	99	*
Nepeta NV	BE	99	99	*
Rubia NV	BE	99	99	*
De Leewe III NV	BE	99	99	*
Immo Simava 13 NV	BE	99	99	*
Leisure Property Invest NV	BE	99	99	*
Waterview NV	BE	99	99	*
Ring Multi NV (former Ring Retail NV)	BE	99	99	*
Artevelde Stadion CVBA	BE	57	57	**
Wavre Retail Park NV	BE	99	99	*
L-Park NV	BE	99	99	*
Docora NV	BE	99	99	*
RHR-Industries NV	BE	99	99	*
Zeewind NV	BE	99	99	*
Retail Gent NV	BE	99	99	*
Parking Estates NV	BE	99	99	*
Parking Gent NV	BE	99	99	*
Arte Offices NV	BE	99	99	*
Schelde Offices NV	BE	99	99	*
Ring Offices NV	BE	99	99	*
Ring Hotel NV	BE	99	99	*
Parking Leuven NV (former Ring Congress Centre NV)	BE	99	99	*
Forest Parc NV	BE	99	99	*
De Nieuwe Filature NV	BE	99	n/a	4.1
GRANBERO HOLDINGS Ltd.	**CY**	**100**	**100**	
Granbero Capital (branch)	LU	n/a	n/a	
Apollo Invest Sp. z o.o	PL	40	40	***
Expert Invest Sp. z o.o	PL	100	100	
Industrial Invest Sp. z o.o	PL	100	100	
Prima Bud Sp. z o.o.	PL	100	100	
Signal Bud Sp. z o.o	PL	100	100	
Key Office Invest Sp. z o.o (merged with Signal Bud Sp. z o.o.)	PL	n/a	100	4.6
Prime Invest Sp. z o.o (merged with Signal Bud Sp. z o.o.)	PL	n/a	100	4.6
Leader Invest Sp. z o.o.	PL	100	100	4.6
Proud Invest Sp. z o.o	PL	100	100	4.6
Quality Invest Sp. z o.o	PL	100	100	4.6
Expansion Invest Sp. z o.o	PL	100	100	4.6

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Ghelamco Invest Sp. z o.o	PL	100	100	
CC 26 F.I.Z.	PL	100	100	
Ghelamco GP 1 Sp z o.o	PL	100	100	
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia Axiom SKA	PL	100	100	
Ghelamco GP 1 spółka z ograniczoną odpowiedzialnością Konstancin SKA	PL	100	n/a	4.2
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia Dystryvest SKA	PL	100	100	
Ghelamco GP 1 spółka z ograniczoną odpowiedzialnością Port Żerański SKA	PL	100	n/a	4.2
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia Dahlia SKA	PL	100	100	****
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia Tillia SKA	PL	100	100	****
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia Innovation SKA	PL	100	100	
Ghelamco GP 1 spółka z ograniczoną odpowiedzialnością Sobieski Towers SKA	PL	100	n/a	4.2
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia Office SKA	PL	100	100	
Ghelamco GP 1 spółka z ograniczoną odpowiedzialnością Matejki SKA	PL	100	n/a	4.2
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia Market SKA	PL	100	100	
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia Erato SKA	PL	100	100	
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia Pattina SKA	PL	100	100	
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia UNIQUE SKA	PL	100	100	
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia PIB SKA	PL	100	100	
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia Callista SKA	PL	100	100	
Ghelamco GP 1 spółka z ograniczoną odpowiedzialnością Vogla SKA	PL	100	n/a	4.2
Ghelamco GP 5 Sp. z o.o. (former Fusion Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 5 Spolka z ograniczona odpowiedzialnoscia Capital SKA	PL	100	100	
Ghelamco GP 5 spółka z ograniczoną odpowiedzialnością Sienna Towers SKA	PL	100	n/a	4.2
Ghelamco GP 5 Spolka z ograniczona odpowiedzialnoscia Pro Business SKA	PL	100	100	
Ghelamco GP 5 spółka z ograniczoną odpowiedzialnością SBP SKA	PL	100	n/a	4.2
Ghelamco GP 5 Spolka z ograniczona odpowiedzialnoscia Creative SKA	PL	100	100	
Ghelamco GP 5 spółka z ograniczoną odpowiedzialnością Foksal SKA	PL	100	n/a	4.2
Ghelamco GP 3 Sp. z o.o. (former Belle Invest Sp. z o.o)	PL	100	100	
Bellona Grzybowska 77 Sp. z o.o.	PL	100	100	
Ghelamco GP 3 spółka z ograniczoną odpowiedzialnością Grzybowska 77 SKA	PL	100	n/a	4.2
Bellona Logistyka Sp. z o.o.	PL	100	100	
Ghelamco GP 3 spółka z ograniczoną odpowiedzialnością Wronia SKA	PL	100	n/a	4.2
Ghelamco GP 7 Sp. z o.o. (former Power Invest Sp. z o.o)	PL	100	100	
Business Bud Sp. z o.o	PL	100	100	
Ghelamco GP 7 spółka z ograniczoną odpowiedzialnością Postępu SKA	PL	100	n/a	4.2
CC 28 F.I.Z.	PL	100	100	
Ghelamco GP 2 Sp z o.o	PL	100	100	
Ghelamco GP 2 Spolka z ograniczona odpowiedzialnoscia Excellent SKA	PL	100	100	
Ghelamco GP 2 spółka z ograniczoną odpowiedzialnością KBP SKA	PL	100	n/a	4.2
Ghelamco GP 2 Spolka z ograniczona odpowiedzialnoscia Primula SKA	PL	100	100	
Ghelamco GP 2 Spolka z ograniczona odpowiedzialnoscia Kalea SKA	PL	100	100	
Ghelamco GP 2 Spolka z ograniczona odpowiedzialnoscia Proof	PL	100	100	

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SKA				
Ghelamco GP 4 Sp. z o.o. (former Betula Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 4 Spolka z ograniczona odpowiedzialnoscia Kappa SKA	PL	100	100	
Ghelamco GP 4 spółka z ograniczoną odpowiedzialnością M12 SKA	PL	100	n/a	4.2
Ghelamco GP 3 Spolka z ograniczona odpowiedzialnoscia Focus SKA	PL	100	100	
Ghelamco GP 3 spółka z ograniczoną odpowiedzialnością ŁBP SKA	PL	100	n/a	4.2
Ghelamco Warsaw Spire Sp. z o.o. (former Immediate Investment Sp. z o.o)	PL	100	100	
Ghelamco Warsaw Spire Spolka z ograniczona odpowiedzialnoscia SKA (former Eastern Europe Bud Sp. z o.o)	PL	100	100	
Ghelamco Warsaw Spire spółka z ograniczoną odpowiedzialnością WS SKA	PL	100	n/a	4.2
Ghelamco GP 6 Sp. z o.o. (former Opportunity Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 2 Spolka z ograniczona odpowiedzialnoscia HQ SKA	PL	100	100	
Creditero Holdings Ltd.	CY	100	100	
Bellona Bema 87 Sp. z o.o.	PL	100	100	
Portfolio Invest Ltd.	UA	99	99	*
Preferent Invest Ltd.	UA	99	99	*
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	99	99	*
Field Invest Ltd.	UA	99	99	*
Farota Trading Ltd.	CY	99	99	*
Corporate Invest Ltd.	UA	99	99	*
Success Invest Ltd.	UA	99	99	*
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	*****

(*): the 1% remaining voting rights are owned directly or indirectly by Mr. P. Gheysens, the ultimate beneficial owner

(**): included in the Ghelamco Group consolidated financial statements under the equity method

(***): Although the Investment Holding does not dispose of the majority of the SPV's voting rights, in practice it does have control over the SPV. Therefore, the SPV has been included in the consolidated financial statements applying the full consolidation method.

(****): Subsidiaries were (as shelf entities) already controlled in 2012 but only have been consolidated for the first time in 2013.

(*****): On 10 July 2009, the Investment Holding transferred 52% of its shares in Peridot SL, Spain based entity and financing vehicle of the Consortium, to the Development Holding (26%) and the Portfolio Holding (26%), related parties and holding companies of the Development Holding and the Portfolio Holding respectively. Although as a result of this transfer, the Investment Holding no longer disposes of the majority of the voting rights of Peridot, in practice it still does have control over the subsidiary. Therefore, the subsidiary has been included in the consolidated financial statements applying the full consolidation method.

A brief description of the main subsidiaries' business activities is given below:

- **International Real Estate Construction NV** (IRC) is an investment holding in ***Belgian*** real estate entities and directly has a number of own real estate projects on its 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 2013. 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).

4.1 Acquisitions of De Nieuwe Filature NV

As of 31/05/13 IRC acquired 100% of the shares of De Nieuwe Filature NV (total share price of 8.5 MEUR, 2.1 MEUR advance payments already done in 2012); company which holds title to a 24,000 sqm brownfield site, in view of the realisation of a mixed project (approx. 35,000 sqm gross leasable/sellable residential, student flat and retail space). This acquisition has been recognized as an acquisition of assets and not as a business combination.

4.2 Other acquisitions of subsidiaries

- Within the framework of a change in Polish tax legislation and the resulting abolishment from 1 January 2014 onwards of the tax transparency of the Polish project companies (SKAs = joint stock partnerships) under the closed-end investment funds of the Investment Holding, a fiscal step-up operation has been organized and accomplished before year-end 2013.

In this respect and in the course of 2013, new shelf companies (SKAs) have been acquired, to which the existing project companies have in December 2013 sold their real estate projects. In total, 15 projects have been subject to this step-up exercise. As stated above, market values as determined per 31/12/2013 have this way been definitively tax-exempted.

Involved newly acquired shelf entities, all with a share capital of 50 KPLN, are the following:

Ghelamco GP 1 spółka z ograniczoną odpowiedzialnością Konstancin SKA
Ghelamco GP 1 spółka z ograniczoną odpowiedzialnością Port Żerański SKA
Ghelamco GP 1 spółka z ograniczoną odpowiedzialnością Sobieski Towers SKA
Ghelamco GP 1 spółka z ograniczoną odpowiedzialnością Matejki SKA

Ghelamco GP 1 spółka z ograniczoną odpowiedzialnością Vogla SKA
Ghelamco GP 5 spółka z ograniczoną odpowiedzialnością Sienna Towers SKA
Ghelamco GP 5 spółka z ograniczoną odpowiedzialnością SBP SKA
Ghelamco GP 5 spółka z ograniczoną odpowiedzialnością Foksal SKA
Ghelamco GP 3 spółka z ograniczoną odpowiedzialnością Grzybowska 77 SKA
Ghelamco GP 3 spółka z ograniczoną odpowiedzialnością Wronia SKA
Ghelamco GP 7 spółka z ograniczoną odpowiedzialnością Postępu SKA
Ghelamco GP 2 spółka z ograniczoną odpowiedzialnością KBP SKA
Ghelamco GP 4 spółka z ograniczoną odpowiedzialnością M12 SKA
Ghelamco GP 3 spółka z ograniczoną odpowiedzialnością ŁBP SKA
Ghelamco Warsaw Spire spółka z ograniczoną odpowiedzialnością WS SKA

4.3 Disposal of subsidiaries

In March 2013 the Wevelgem Retail Park, retail project with a leasable area of +/- 4,600 sqm, has been sold to an investor. The sale of this project was structured as a share deal (i.c. sale of 100% of the shares of project SPV Klippan Cabs NV). The share price amounted to 5 MEUR.

4.4 Incorporation of new Belgian shelf companies

In October 2013, 3 new Belgian SPVs have been incorporated for the development of future real estate development projects.
For the respective (limited liability) entities, all shares (250) but one have been subscribed by IRC and one by mr. P. Gheysens. Each of the entities has a share capital of 250 KEUR, of which 63.5 KEUR has been paid in.

Given their limited size as of 31 December 2013, the concerned entities have not yet been consolidated in these consolidated financial statements. The participating interests which IRC holds in these entities have been kept at cost.

4.5 Asset Acquisitions and disposals of IRC NV (and subsidiaries)

Main acquisitions:

- Acquisition of land plots (by SPV Leisure Property Invest NV) in Knokke for a total amount of 3 MEUR, for the future development of the Golf Village project.

Main divestures:

- Blaisantpark, sale of 30 apartments (of 67 in total) and 32 parkings (per 31/12/13 15% invoiced, under Breyne legislation) in the mixed project in Gent
- Farida, sale of 9 apartments (of 12 in total) in the residential project in Knokke
- Waterside Leuven, sale of 2 commercial units (over 65% of commercial units sold) and 22 parkings (over 80% of parking spaces sold)
- Beau Site, sale of 1 apartment in the residential project in De Panne
- Zegemeer, sale of 1 villa-apartment in the residential project in Knokke
- East Dune, sale of 1 apartment in the residential project in Oostduinkerke

4.6 Mergers and liquidations of subsidiaries

- In the course of 2013, Signal Bud Sp. z o.o has acquired related party entities Key Office Invest Sp. z o.o and Prime invest Sp. z o.o (for 12 KEUR each). Subsequently, the latter 2 entities have been liquidated through merger with Signal Bud. This merger operation had no impact on the Investment Holding's 2013 consolidated financial statements.

- In addition, and in connection with a clean-up and simplification exercise on the Consortium level, Signal Bud Sp. z o.o has in the course of 2013 acquired 9 entities (of which 6 belonging to the Development Holding), for a total amount of approx. 550 KPLN (135 KEUR). Subsequently (i.e. on 30 October 2013) involved entities have been liquidated through merger into Signal Bud; operation which has resulted in a receivable on Signal Bud level of approx. 3 MEUR towards the Development Holding.

- Also, 100% of the shares of 4 related party entities (Leader Invest, Proud Invest, Quality Invest, Expansion Invest) have in 2013 been transferred from Granbero Holdings to Signal Bud. Purchase price amounted to 50 KPLN each. Involved entities have in January 2014 been liquidated through merger into Signal Bud. This operation had no impact on the Investment Holding's 2013 consolidated financial statements.

4.7 Polish SPVs: transfer to closed-end investment funds and legal transformation

In connection with the decision to restructure Polish operations for fiscal optimization and potential future financing transactions, 2 Polish closed-end investment funds were acquired in 2011 (CC 26 F.I.Z. and CC 28 F.I.Z.).

In the same respect, 20 Polish SPVs were in the course of 2012 transferred to the funds and afterwards transformed from limited liability companies (LLCs) to joint-stock partnerships (JSPs or SKAs).

In the course of 2013 the last 3 Polish SPVs have been transferred from Granbero Holdings Ltd. to the funds.

Under Polish tax law, JSPs were income tax transparent entities and any profits derived (from e.g. divestment by means of an asset deal) by them were allocated mainly to the funds, being exempt from income tax. As stated above, tax transparent nature of the JSPs has come to an end from 1 January 2014 onwards. For that, per end 2013 a fiscal step-up operation was organized in order to safeguard the contemplated fiscal position by the Investment Holding.

The activities of investment funds and management companies in Poland are regulated by the Investment Fund Law and are subject to public supervision by the Financial Supervision Committee.

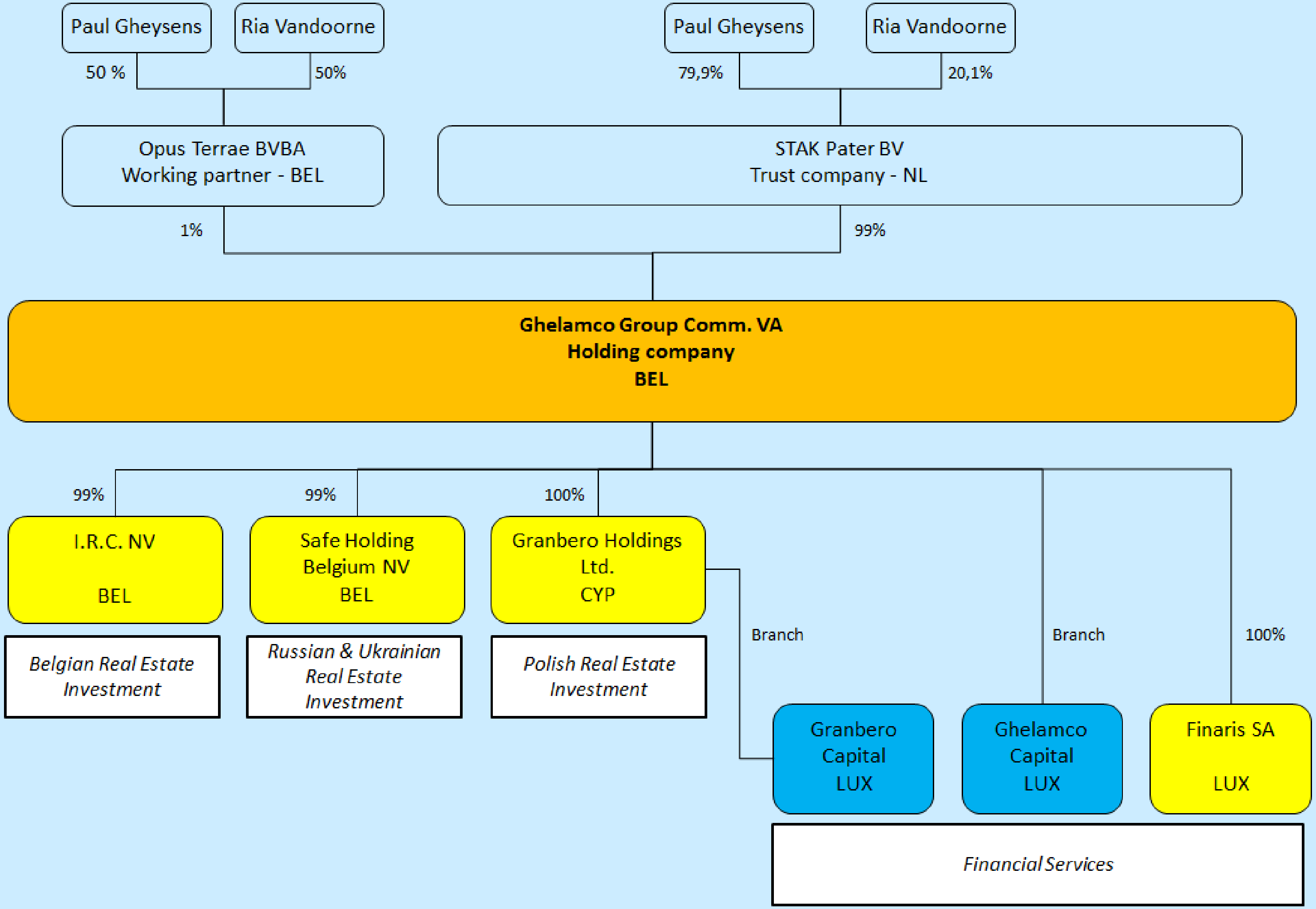
4.8 Transfer of Subsidiaries

2012
During 2012 – and except for the transfer of 50% participating interest in Focus Invest as described in the 2012 Financial Statements – there were no subsidiary transfers within the Investment Holding or between the Investment Holding and IRS Comm. VA or Deus Comm. VA, related parties and holding companies of the Development Holding and the Portfolio Holding respectively.

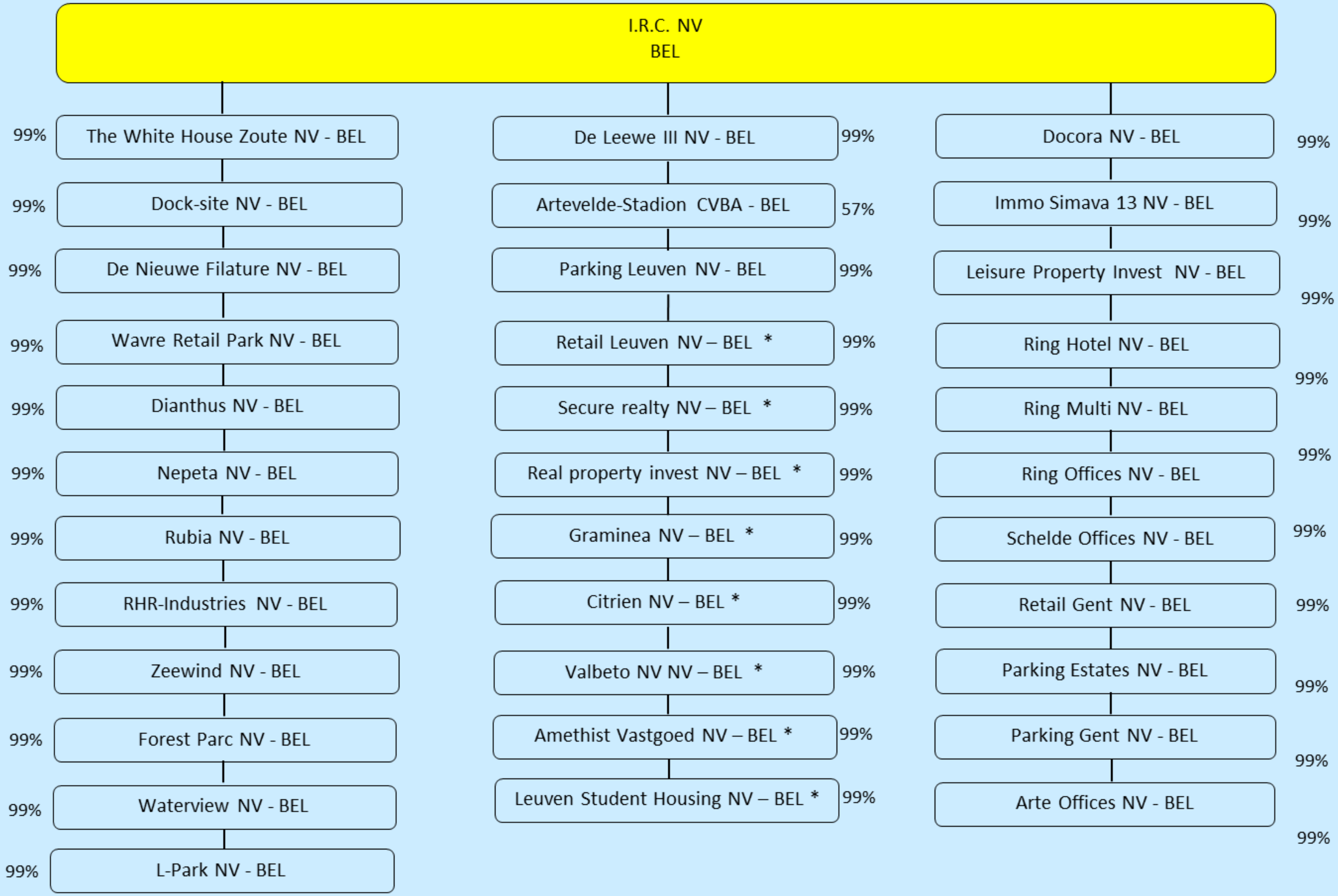
2013
During 2013 there were no subsidiary transfers within the Investment Holding or between the Investment Holding and IRS Comm. VA or Deus Comm. VA, related parties and holding companies of the Development Holding and the Portfolio Holding respectively.

5. Group structure

5.1. Investment Holding as per December 31st, 2013

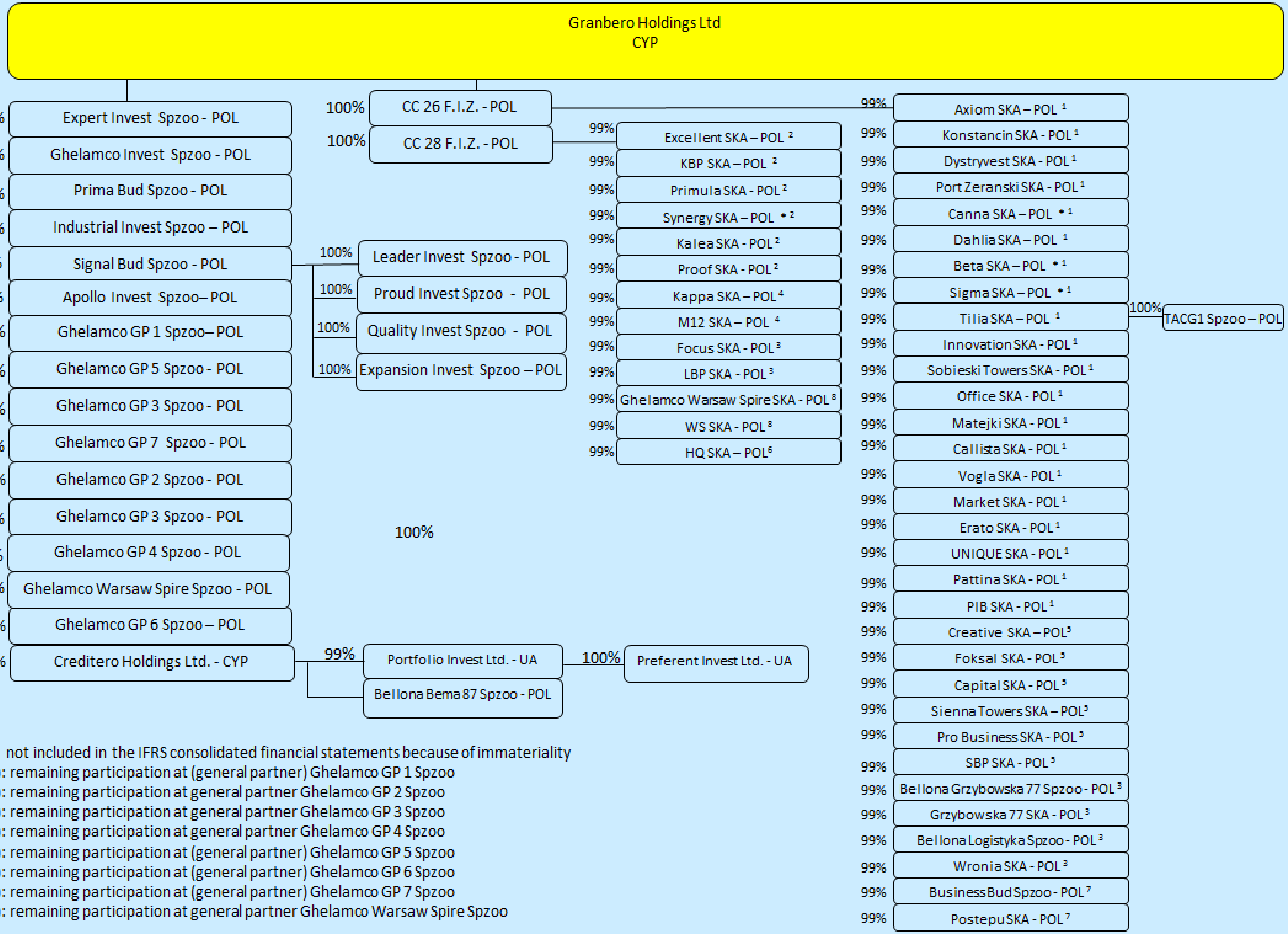


5.2. Belgian Real Estate Investment as per December 31st, 2013



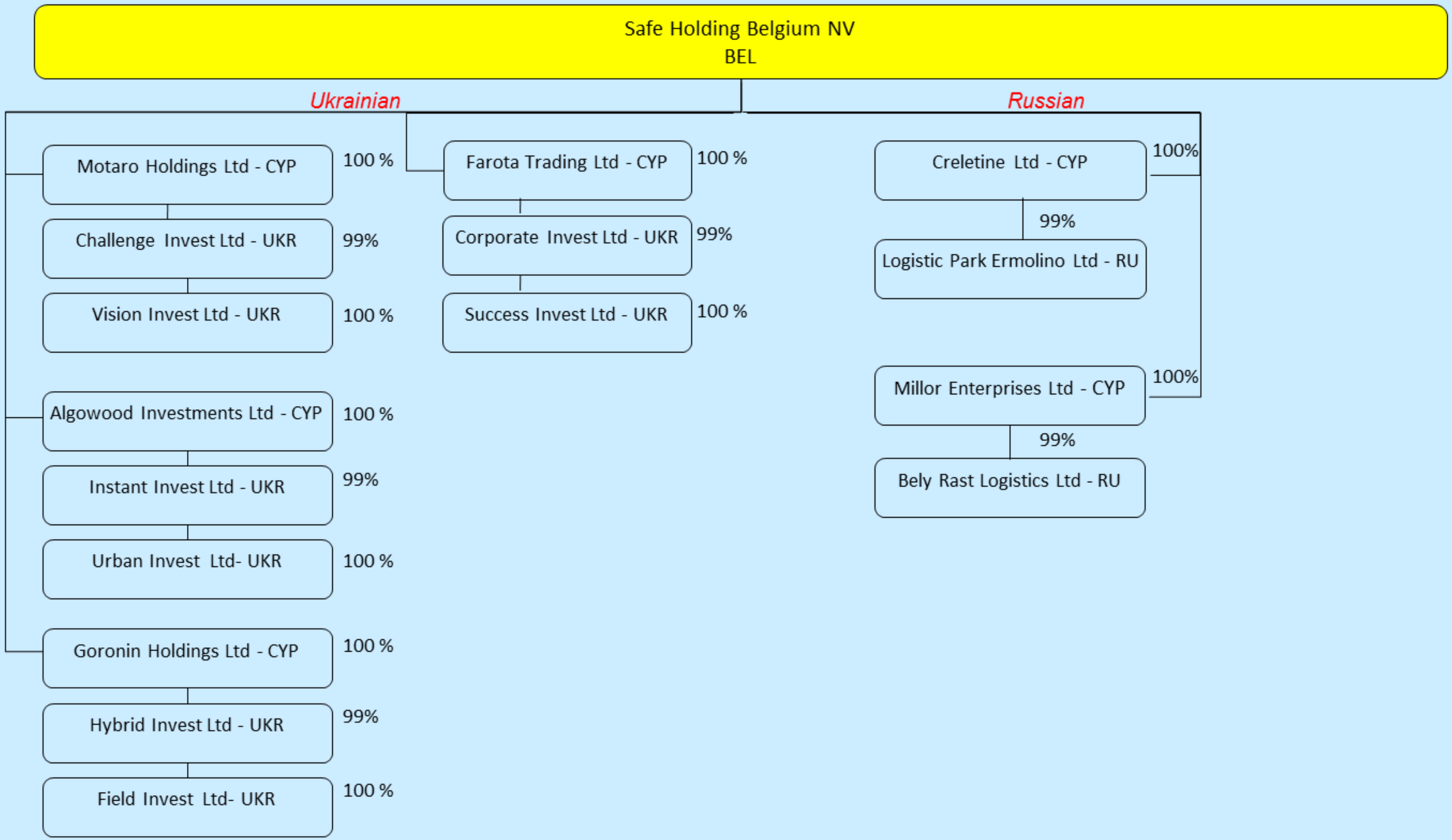
*: not included in the IFRS consolidated financial statements because of immateriality

5.3. Polish Real Estate Investment as per December 31st, 2013

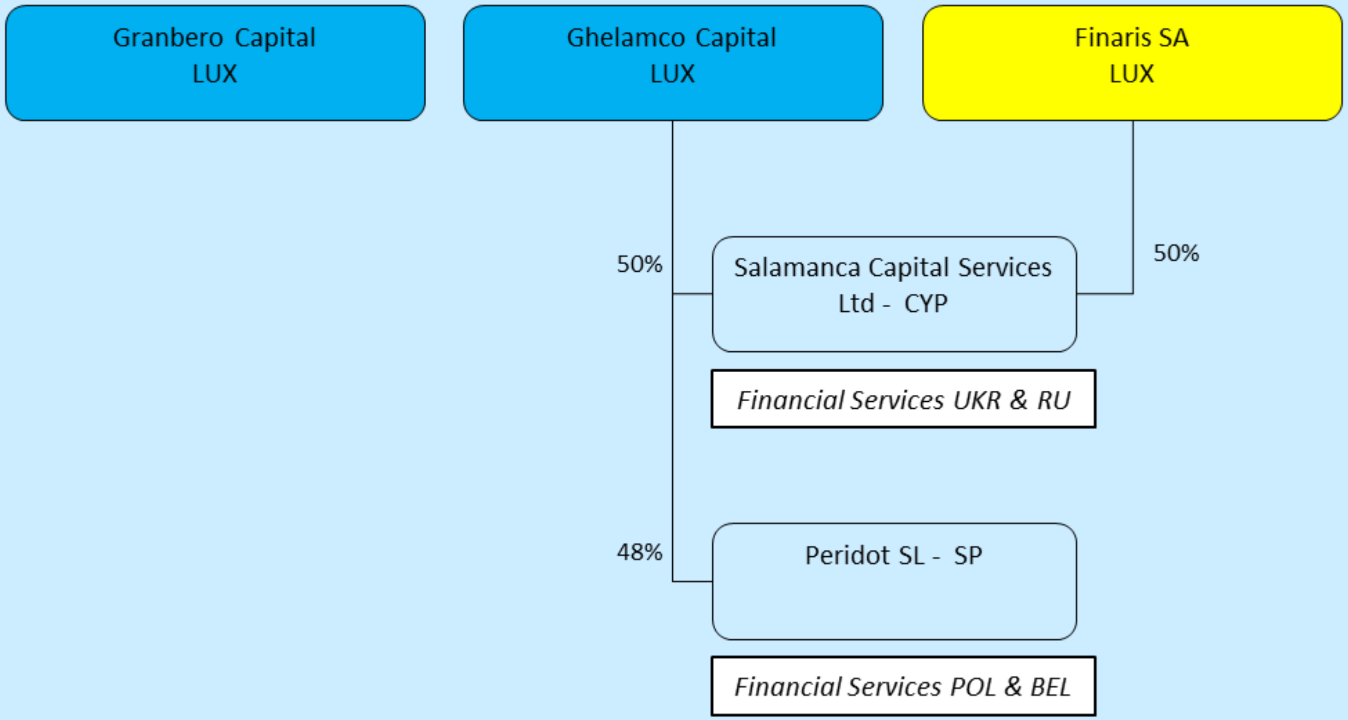


* : not included in the IFRS consolidated financial statements because of immateriality
(1): remaining participation at (general partner) Ghelamco GP 1 Spzoo
(2): remaining participation at general partner Ghelamco GP 2 Spzoo
(3): remaining participation at general partner Ghelamco GP 3 Spzoo
(4): remaining 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 Warsaw Spire Spzoo

5.4. Ukrainian and Russian Real Estate Investment as per December 31st, 2013



5.5. Financial Services as per December 31st, 2013



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 2013 and 31 December 2012.

Investment Properties are stated at fair value 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 held for development and investment (fair value based on the potential of constructing leasable m²);
C. Land + Construction ongoing (fair value based on the residual method);
D. Completed Projects held for investment.

Country + SPV	**Commercial Name**	**Valuation**	**Cat**	**31/12/2013**	**31/12/2012**
				KEUR	**KEUR**
BELGIUM					
Leisure Property Invest	Golf Knokke Zoute	Man	A	26,159	23,108
WRP	Wavre Retail Park	Man	A	12,600	12,600
L-Park	L-Park	CBRE	D	35,200	30,341
Retail Gent	Retail Gent	CBRE	D	17,450	16,211
Parking Gent	Parking Gent	CBRE	C/D	28,848	15,503
Parking Estates	Parking Estates	CBRE	C/D	2,371	2,371
Zeewind	Zeewind	Man	D	1,737	1,737
Schelde Offices	Schelde Offices	Cushman	C	20,478	2,512
Arte Offices	Arte Offices	Cushman	C	19,107	2,020
Ring Hotel	Ring Hotel	Man	B	1,155	979
Ring Multi	Ghelamco Arena Multifunctional space	Cushman	C/D	17,935	n/a
Docora	Ghelamco Arena Offices	Cushman	C/D	13,300	n/a
Ring Offices	Ghelamco Arena Offices	Cushman	C	2,350	n/a
IRC	Le 8300	Man	C	16,169	n/a
POLAND					
Apollo Invest	Spinnaker Tower	KNF	B	15,728	9,556
Business Bud	Postepu Business Park	KNF	A	10,516	10,220
Capital SKA	Sienna Towers	KNF	B	45,607	41,230
Warsaw Spire SKA	Spire and Chopin Tower	KNF	C	160,555	121,488
Excellent SKA	Katowice Business Point	KNF	D	36,599	35,100
Focus SKA	Lopuszanska Bus. Park	DTZ	D	34,835	19,970
HQ SKA	Senator	n/a	n/a	0	115,000
Innovation SKA	Sobieski Tower	DTZ	B	14,360	11,560
Kalea SKA	Mokotow Nova	n/a	n/a	0	118,960

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Market SKA	Mszczonow Logistics	ASB	A	2,910	2,981
Kappa SKA	Marynarska 12/T-Mobile Office Park	KNF	D	105,308	70,885
Pro Business SKA	Wroclaw Business Park	KNF	B	19,339	21,318
Bellona	Grzybowska	KNF	A	10,570	10,710
Bellona	Logistyka	KNF	A	16,555	14,070
Callista SKA	Wilanow Retail	KNF	A	7,883	0

RUSSIA

Bely Rast e.a.	Dmitrov Logistic Park	CBRE	D	129,500	117,000
Ermolino	Logistic Park Ermolino	JLL	A	9,988	9,337

UKRAINE

Success Invest	Kopylov Logistics Park	COLL	D	14,296	16,794
Urban Invest	Kopylov Logistics Park 2	UKR	A	979	1,026
Vision Invest	Warsaw Road Dev.	UKR	B	3,924	4,112

TOTAL: **854,311** **858,699**

Legend : Man = Management valuation, KNF = Knight Frank, JLL = Jones Lang Lasalle, DTZ= DTZadelhof, CLL = Colliers, UKR = Ukrexprombud, CBRE = CBRE, Cushman = Cushman & Wakefield, ASB = Asbud

Balance at 1 January 2012	**626,004**
Acquisition of properties	9,528
Subsequent expenditure	174,538
Transfers	
- Assets classified as held for sale	-6,700
- Other transfers	1,271
Adjustment to fair value through P/L	38,546
Disposals	-5,378
CTA	20,890
other	
Balance at 31 December 2012	**858,699**
Acquisition of properties	12,755
Subsequent expenditure	176,249
Transfers	
- Assets classified as held for sale	-3,475
- Other transfers	16,200
Adjustment to fair value through P/L	52,137
Disposals	-244,629
CTA	-13,625
other	
Balance at 31 December 2013	**854,311**

Categories	**A**	**B**	**C**	**D**	**Total**
Balance at 1 January 2012	**85,524**	**89,398**	**308,518**	**142,564**	**626,004**
Acquisition of properties			5,668	3,860	9,528
Acquisition through business combinations					
Subsequent expenditure (*)	3,852	4,238	97,681	89,657	195,428
Transfers					
- Assets classified as held for sale				-6,700	-6,700
- Other transfers	-13,350	-4,231	-149,100	167,952	1,271
Adjustment to fair value	8,935	-650	2,323	27,938	38,546
Disposals	-909			-4,469	-5,378
Other					
Balance at 31 December 2012	**84,052**	**88,755**	**265,090**	**420,802**	**858,699**
Acquisition of properties	7,333	4,958		464	12,755
Acquisition through business combinations					
Subsequent expenditure (*)	297	4,032	115,647	42,648	162,624
Transfers					
- Assets classified as held for sale			-3,475		-3,475
- Other transfers			-104,996	121,196	16,200
Adjustment to fair value	6,478	2,368	19,516	23,775	52,137
Disposals			-10,669	-233,960	-244,629
Other					
Balance at 31 December 2013	**98,160**	**100,113**	**281,113**	**374,925**	**854,311**

(*) in this detailed overview net of CTAs (and other)

In Belgium, first parts of the Artevelde Park/Ghelamco Arena project have in 2013 been sold for a total sales value of 10.7 MEUR. In addition, and per date of the current report, further parts have been pre-sold for a total sales value of 3.5 MEUR, and have for that as of 31/12/2013 been reclassified to assets held for sale.

In Poland, the Senator project, office project in the Central Business District of Warsaw with a total net leasable area of approx 25,000 sqm, has on 22 May 2013 been sold upon an attractive bid by an investor (Union Investment Real Estate GmbH). The property was at the moment of sale leased for 80% and is occupied by renowned tenants such as Orlen, Rabobank and Bre Bank. The sale (considering a sales price of approx, 116 MEUR and the reimbursement of the related bank loan) resulted in a net cash-inflow for the Company of +/- 60 MEUR.

Also in Poland, the Mokotow Nova project, approx, 42,000 sqm office project in the Mokotow Business District of Warsaw, has on 12 September 2013 been sold upon an attractive bid by an investor (Tristan Capital Partners, with headquarters in London). The property was at the moment of sale leased for over 90% and is occupied by tenants such as Gothaer, BMW Group and LG Electronics. The sales transaction (structured as an asset deal) was closed for a (net) sales price of 118,497 KEUR and generated a (net) cash inflow of approx, 60 MEUR (after reimbursement of the related bank loan).

Current year’s (net) transfers from inventory to investment property (under construction) mainly relate to the “Le 8300” project (luxurious wellness hotel in Knokke Zoute with +/- 40 rooms, currently under construction) and the office, congress and multifunctional spaces in the Ghelamco Arena.

Amounts that have been recognized in the Income Statement include the following:

	2013	**2012**
Rental income	26,884	13,708

Rental income mainly relates to rent agreements in Belgium (Retail Gent, Parking Gent, L-Park and Wavre Retail Park), Poland (Katowice Business Point, Lopuszanska Business Park, T-Mobile Office Park, Mokotow Nova and Senator), Russia (Dmitrov Logistics Park) and Ukraine (Kopylov 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/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 categorised in level 3.

The average yields (or capitalisation rates) used in the expert valuations on 31 December 2013 are as follows:

- 6.25% to 8.50% for Polish office projects, depending on the locaction, specifics and nature of the project (vs. 6.25% to 8.50% last year)
- 6.00% to 6.65% for Belgian office projects, depending on the location, specifics and nature of the investment
- 6.25% to 6.5% for Belgian retail projects, depending on the location, specifics and nature of the investment
- 11.00% for Russian projects (vs. 11.00 last year)
- 14.00% for Ukrainian projects (vs. 13.80% last year).

The average rent rates used in the expert valuations are as follows:

- 12 EUR/sqm/mnth to 20 EUR/sqm/mnth for Polish office space, depending on the location, specifics and nature of the project
- 20 EUR/sqm/mnth to 28 EUR/sqm/mnth for Polish retail space,depending on the location, specifics and nature of the project.
- 135 EUR/sqm/year to 150 EUR/sqm/year for Belgian office space, depending on the location, specifics and nature of the project
- 78 EUR/sqm/year to 105 EUR/sqm/year for Belgian retail space, depending on the location, specifics and nature of the project
- 135 USD/sqm/year for Russian warehouse space and 275 USD/sqm/year for office space (part of the logistics projects)
- 8.0 USD/sqm/mnth for Ukrainian warehouse space and 17.5 USD/sqm/mnth for office space (part of the logistics projects)

On 31 December 2013, the Investment Holding has a number of income producing investment properties (category D) which are valued at 374,925 KEUR (Retail Gent, L-Park, Zeewind, Katowice Business Point, Lopuszanska Business Park, Marynarska 12/T-Mobile Office Park, Kopylov Logistics Park, Dmitrov Logistic Park Building A). An increase/decrease of 100 basis points in the yield, with all other variables held constant, decreases/increases the value by approx. 35,538 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	
	31.12.2013	**31.12.2012**
Cost	1,331	1,343
Accumulated depreciation/amortisation and impairment	-874	-802
TOTAL	**457**	**541**

in thousands €	**Property, plant and equipment**
Cost	
Balance at 1 January 2012	1,422
Additions	10
Additions from internal developments	
Acquisitions through business combinations	
Disposals or classified as held for sale	-89
Revaluation increase	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2012	1,343
Additions	34
Additions from internal developments	
Acquisitions through business combinations	
Disposals or classified as held for sale	-46
Revaluation increase	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2013	**1,331**

Accumulated depreciation and impairment	
Balance at 1 January 2012	775
Depreciation/Amortisation expense	97
Disposals or classified as held for sale	-70
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 2012	802
Depreciation/Amortisation expense	109
Disposals or classified as held for sale	-37
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 2013	**874**

8. Intangible assets

The intangible assets balance 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; 2nd instalment is to be paid per mid 2016.

9. Property Development Inventory

The Property Development Inventories amount to 178,071 KEUR on 31 December 2013 (2012: 192,920 KEUR) and are detailed as follows:

	31/12/2013	31/12/2012
Property Development Inventories	177,911	192,740
Raw materials	92	93
Finished goods	68	87
	178,071	**192,920**

Property Development Inventories contain mainly land plots held for development of residential purposes and residential buildings either finished or still under construction.

	31/12/2013		31/12/2012	
Inventories – Poland	66,547	37%	77,550	40%
Inventories – Belgium	111,503	63%	115,345	60%
Inventories – Other countries	21		25	
	178,071	**100%**	**192,920**	**100%**

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 2013 - KEUR	Carrying value (at cost) at 31 December 2012 - KEUR
BELGIAN PROJECTS		
I.R.C. - others	8,248	7,793
Le Valeureux Liégeois - East Dune	22,815	19,968
The White House Zoute	2,171	1,848
Locarno Knokke	6,835	7,034
Residentie Zegemeer Knokke	1,324	3,783
Blinckaertlaan Knokke	5,739	5,575
"Le 8300"	n/a	13,244
Kanonstraat Brussel	815	804
Bleko Doornstraat Kortrijk	2,036	1,802
Dock-site	2,648	2,648
"Residentie Katelijne"	9,091	8,810
"Project Waterside"'	1,618	2,933
Waterview	5,253	4,710
Sylt	10,939	-
Cromme Bosh	12,497	10,646

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Kinder Siska	7,164	12,194
RHR	1,737	6,860
Farida-Knokke	494	-
Artevelde Multifunctional related	n/a	1,737
De Nieuwe Filature	10,079	2,956
SUBTOTAL Belgium	**111,503**	**115,345**

With respect to current year's acquisitions and sales, reference is made to section 4.

POLISH PROJECTS

Axiom	6,103	5,530
Bellona-Bema	1,848	1,851
Callista	-	39
Creative Invest - Foksal	12,230	11,581
Dystryvest	1,211	
Erato Invest	1,513	1,423
Key Office Invest - Wroclaw apartments	-	50
Leader Invest	16	16
Office Investment	1,341	1,376
Pattina Ivest	7	7
P.I.B.	2,994	2,986
Prima Bud	-	26
Prime Invest	-	495
Primula Invest	19	19
Proof Invest - Q-Bik soft lofts	36,990	52,143
Signal Bud	734	
Tilia	1,515	
Unique Invest	26	8
TOTAL POLAND	**66,547**	**77,550**

RUSSIAN PROJECTS

SUBTOTAL RUSSIA	**-**	**-**

UKRAINIAN PROJECTS

SUBTOTAL UKRAINE	**21**	**25**

GRAND TOTAL	**178,071**	**192,920**

Further reference is made to section 3.

10. Non-current receivables & prepayments and current trade & other receivables

10.1 Non-current receivables & prepayments

	Note	31/12/2013	31/12/2012
Non-current			
Receivables from related parties	28.3	41,132	36,010
Trade and other receivables		24,533	10,446
Total non-current receivables and prepayments		**65,665**	**46,456**

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 2013 were as follows: Euribor/ Libor + margins in the range between 1% and 4%.
Further reference is made to Note 28.3.

Non-current trade and other receivables

Non-current trade and other receivables as of 31 December 2013 mainly consist of:

- Balance still to be received from SEB after the TP III sale: 348 KEUR
- Degi: 649 KEUR
- Earn-out and rental guarantee receivables in connection with the sale in 2013 of the Senator project: 6.2 MEUR
- Rental guarantee receivables (and other retentions) in connection with the sale in 2013 of the Mokotow Nova project: 1.5 MEUR
- Rent free and capitalized agency fees at the level of Focus S.K.A. (Lopuszanska Business Park): 2.6 MEUR
- Rent free and Capitalized agency fees at the level of Kappa S.K.A. (T-Mobile Office Park): 6.3 MEUR
- Rent free and capitalized agency fees at the level of Excellent S.K.A. (Katowice Business Point): 0.7 MEUR
- Receivable resulting from the above mentioned mergers at the level of Signal Bud for an amount of 3 MEUR; which will be recovered by the Company from the Development Holding
- Other Peridot loans: 2,107 KEUR

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	31/12/2013	31/12/2012
Current			
Receivables from related parties		5,369	1,537
Receivables from third parties		4,686	7,026
Less: allowance doubtful debtors (bad debt provision)		-33	-33
Net trade receivables		10,022	8,530
Other receivables		3,343	3,621
Related party current accounts	28.3	42,991	13,001
VAT receivable		9,047	13,098
Prepayments		4,315	3,527
Interest receivable		12,983	12,608
Total current trade and other receivables		**82,701**	**54,385**

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 prepayments, see below) include invoices for construction, engineering and other services as described in Note 28.2.

Prepayments

Outstanding prepayments as of 31 December 2013 mainly represent:

- 196 KEUR down-payment at SPV Expert Invest for the acquisition of a land plot
- 1,176 KEUR option on a land plot at Industrial Invest
- 528 KEUR (vs. 222 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.
- 702 KEUR down-payments (and related costs) for the acquisition of a land plot (Plac Grzybowski, near the Palace of Culture in Warsaw) at SPV Unique S.K.A.
- 365 KEUR down-payment (and related costs) at SPV Pattina Invest for the acquisition of a land plot in Piaseczno, suburbs of Warsaw, for the development of a trade and services centre
- 1,428 KEUR down-payment (and related costs) at SPV Dahlia for the acquisition of a land plot (Atlantic Plot, Woloska Street), for the development of an office project (approx. 16,000 sqm GLA) located next to the recently sold Mokotow Nova project.

Interest receivable

The interest receivable consists of an amount of 12,457 KEUR from related parties (11,917 KEUR last year).

VAT receivable

The outstanding balance as of 31 December 2013 relates to VAT receivables in the following countries:

- Belgium: 1,714 KEUR (main originating projects: Blue Towers Gent)

- Poland: 5,561 KEUR (main originating projects: Warsaw Spire, Lopuszanska Business Park and Marynarska 12/T-Mobile Office Park
- Ukraine: 340 KEUR (main originating project Kopylov Logistics Park)
- Russia: 1,433 KEUR (main originator project Dmitrov Logistic Park)

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 amortised 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 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 of €	**31.12.2013**	**31.12.2012**
Balance at beginning of the year	**33**	**33**
Impairment losses recognised on receivables		
Amounts written off during the year as uncollectible		
Amounts recovered during the year		
Impairment losses reversed		
Foreign exchange translation gains and losses		
Balance at end of the year	**33**	**33**

As of 31 December 2013 and 2012, 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 Investment Holding has not recognized an allowance for doubtful receivables, as deemed necessary.

11. Derivatives

Balance as of balance sheet date of 1,842 KEUR relates to the market value of outstanding (currency and – to the extent applicable – interest) hedging contracts. Marking to market of these level 2 derivatives has been recognized through the profit and loss statement.

Also refer to section 2.1.1 above.

12. Restricted Cash

	31/12/2013	31/12/2012
Restricted cash non-current	471	705
Restricted cash current	-	-
	471	**705**

Outstanding balance as of 31 December 2013 (and 31 December 2012) relates to the amount on escrow and still to be released after the Trinity Park III sale (2010).

13. Cash and cash equivalents

	31/12/2013	31/12/2012
Cash at banks and on hand	70,182	65,098
Short-term deposits		
	70,182	**65,098**

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 (372.8 MPLN total outstanding bonds at 31 December 2013) and Belgium (79.8 MEUR total outstanding bonds at 31 December 2013).

14. Share capital

	31/12/2013	31/12/2012
Authorised		
35.908 ordinary shares without par value	73,194	73,194
issued and fully paid	73,194	73,194

At 31 December 2013, the Company's direct shareholders are:

- **Pater BV** (the Netherlands) - 99.97% (35,898 shares) (Dutch trust 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

End 2013, IRC received an interim dividend for an amount of 996 KEUR from Rubia NV.

In the course of 2012, IRC received dividends (from available 2011 reserves) for a total amount of 3 MEUR from subsidiaries.

14.2 Non-Controlling Interests

	31/12/2013	31/12/2012
balance at beginning of year	4,567	4,040
share of profit for the year	392	527
acquistions/disposals	-5	
Balance at end of year	**4,954**	**4,567**

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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 2012	2,924	418,480
Cumulative translation differences (CTA)	-987	
Dividend distribution to the ultimate beneficial owners		
Other		
Profit for the year		56,642
At 31 December 2012	**1,937**	**475,122**

	Cumulative translation reserve	Retained earnings
At 1 January 2013	1,937	475,122
Cumulative translation differences (CTA)	6,277	
Dividend distribution to the ultimate beneficial owners		-13
Change in non-controlling interests		5
Change in the consolidation scope		-181
Other		-9
Profit for the year		15,017
At 31 December 2013	**8,214**	**489,941**

16. Interest-bearing loans and borrowings

		31/12/2013	31/12/2012
Non-current			
Bank borrowings – floating rate	16.1	311,198	307,895
Other borrowings	16.2/16.3	120,467	126,015
Finance lease liabilities		22	32
		431,687	**433,942**
Current			
Bank borrowings – floating rate	16.1	123,616	141,656
Other borrowings	16.2	55,225	9,269
Finance lease liabilities		10	10
		178,852	**150,935**
TOTAL		**610,538**	**584,877**

16.1 Bank Borrowings

During the period, the Investment Holding obtained new secured bank loans mainly expressed in EUR and in USD and drew on existing credit facilities for a total amount of 136.8 MEUR (36.7 MEUR in Belgium, 84.8 MEUR in Poland, 15.3 MEUR in Russia), large part of which are Euribor based. On the other hand, reimbursements (and/or refinancing) have been done for a total amount of 151.6 MEUR (10.0 MEUR in Belgium, 138.9 MEUR in Poland, 1.5 MEUR in Russia and 1.2 MEUR in Ukraine), net of prolongation of a number of 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 2014, part will actually be reimbursed following the contractual terms, part will be repaid upon sale of the related project and part will be prolonged or refinanced (e.g. through a swap to investment loan).

Summary of contractual maturities of external bank borrowings and future finance lease payments, including interest payments:

	31.12.2013				31.12.2012			
	<1 y	**between 2 and 5 y**	**>5y**	**total**	**<1 y**	**between 2 and 5 y**	**>5y**	**total**
Credit institutions withdrawn credits	141,941	263,591	89,162	494,694	157,573	184,773	166,060	508,406
Financial lease	11	22		33	11	34		45
Total	**141,952**	**263,613**	**89,162**	**494,727**	**157,584**	**184,807**	**166,060**	**508,451**
Percentage	29%	53%	18%	100%	31%	36%	33%	100%

External bank borrowings by currency

Large part of external bank borrowings are Euro denominated, except for mainly Success Invest in Ukraine (USD loan), Belyrast in Russia (USD loan), Proof and Focus in Poland (PLN loan) and Creditero Holdings in Cyprus (PLN loan, however swapped to EUR).

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.

Depending on a project's potential debt service, interest rates on investment loans are sometimes partially fixed and the remainder is floating.

On 31 December 2013, the Investment Holding had the following investment loan(s):

- Success Invest Ltd (Ukraine) USD loan (9,580 KEUR equivalent) granted by Erste Bank, bearing a fixed interest rate of 5.5%. The debt is fully serviced by the actual rental income of the property.
- Excellent S.K.A. 23.3 MEUR loan granted by Pekao SA, bearing an Euribor 1M based (+ 3.5% margin) interest rate. The debt is fully serviced by the actual rental income of the property (Katowice Business Park).
- Focus S.K.A. 23.9 MEUR (equivalent) loan granted by Alior Bank SA, bearing a Wibor 1M based (+3.05% margin) interest rate. The debt is fully serviced by the actual rental income of the Property (Lopuszanska Business Park).
- Retail Gent 13.5 MEUR loan, serviced by the actual rental income of the property (Brico Plan-It)
- Belyrast Ltd (Russia) 63 MUSD loan, bearing a Libor 3M based (+ 8.15% margin) interest rate. The debt is fully serviced by the actual rental income of phase 1 (building A) 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 1.25% and 4%
- Poland: between 2.7% and 5.5%
- Ukraine: currently not applicable
- Russia : 8.15% (on Libor 3 mnths)

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 4,155 KEUR lower/higher profit before tax for 2013.

16.2 Other borrowings Bonds (118,553 KEUR long-term – 48,225 KEUR short-term)

Belgium
IRC has in December 2012 issued private unsecured bonds for a total amount of 42 MEUR (25.05 MEUR bond serie A, 16.95 MEUR bond serie B). These bonds, which are secured by a first demand guarantee from Ghelamco Group Comm. VA and issue of which was coordinated by KBC Securities and Belfius Bank, have been underwritten by a select group of institutional investors and high-net-worth individuals.
Bonds serie A has as maturity date 13/12/15 and bears a fixed interest of 7.0%. Bonds serie B has as maturity date 13/12/17 and bears a fixed interest of 7.875%.
Goal of the issue is to diversify financial resources and secure the mid-term funding necessary to secure the realization of the pipeline of Belgian and French projects.

In addition, IRC has in the second half of 2013 again issued private unsecured bonds for a total amount of 37.8 MEUR, secured by a first demand guarantee from Ghelamco Group Comm. VA., having as maturity date 28/02/2018 and bearing a fixed interest rate of 6.25%. 2013 bond issues have again been coordinated by KBC Securities and Belfius Bank. These 2013 bonds have from January 2014 onwards been listed on Alternext.

Total balance of outstanding bonds per balance sheet date (77,509 KEUR) represents the amount of issue (79.8 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 period July-August 2011, issued Polish bearer bonds for a total amount of 200 MPLN. These bonds, which are secured by a redemption surety granted by Granbero Holdings Ltd., parent company of the Polish activities, have been underwritten by a select group of investors and have been listed for trading on the alternative trading system Catalyst run by BondSpot S.A. Goal of the issue is to finance the Investment Holding's further investment projects within Warsaw metropolitan area, in Wrocław or Katowice. The bonds have a term of 3 years and bear an interest of Wibor 6 months + 5%.

Above 200 MPLN 2011 bonds, which mature per end July 2014, have in these financial statements been classified as short-term (for an amount of 48,225 KEUR). Nonetheless it is to be mentioned that end of January 2014 part of these bonds (i.e. 66.7 MPLN) have been redeemed and rolled-over for a new 3-year term. In addition, the roll-over process for (part of the) remaining balance is currently still ongoing.

Also, Ghelamco Invest Sp. z o.o. issued in 2012 next Katalyst bearer bond tranches (tranche C and D, bearing an interest of Wibor 6 months + 6%) for an amount of 137.1 MPLN and in 2013 next tranches (tranche E, F and G, bearing an interest of Wibor 6 months + 5%) for an amount of 35.6 MPLN; bringing the total amount of outstanding Polish bonds per 31 December 2013 to 372.8 MPLN (or 89,270 KEUR, taking into account capitalized issue costs, which are amortised over the term of the bonds).

16.3 Other borrowings: Other

31/12/2013 8,914 KEUR

Other borrowings in EUR at 31 December 2013 include:

- Tallink Investments Ltd.: 1,436 KEUR (non-current)
- Ghelamco Poland Sp. z o. o: 205 KEUR (non-current)
- Rent deposits: 215 KEUR (non-current)
- 7 MEUR short-term loan from a third party investor, related to a specific Polish project, maturing on 31/05/2014 and bearing an interest rate of 10%
- Others : 58 KEUR (58 KEUR non-current)

31/12/2012 13,350 KEUR

Other borrowings in EUR at 31 December 2012 include:

- Tallink Investments Ltd.: 1,436 KEUR (non-current)
- Ghelamco Poland Sp. z o. o: 207 KEUR (non-current)
- Rent deposits : 963 KEUR (non-current)
- 9 MEUR short-term loan from a third party investor, related to a specific Polish project, maturing on 13/09/2013 and bearing an interest rate of 12%
- Others : 1,743 KEUR (1,474 KEUR non-current, 269 KEUR current)

16.4 Miscellaneous information

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 to be equivalent to their carrying amount.

Largest part of the Investment Holding’s interest bearing liabilities are floating interest bearing debts.

No defaults of payments or breaches of borrowing agreements occurred as of 31 December 2013.

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.

At 31 December 2013, the Investment Holding has bank loans available to be drawn for a total amount of 172,230 KEUR in Poland, 36,221 KEUR in Belgium and 37,223 KUSD in Russia and has bonds which can still be tapped on its 70 MEUR Belgian bond program for an amount of 32.2 MEUR.

17. Provisions

Balance at 1 January 2012		**67**
Additional provisions recognised		111
Reductions		
Reversals		
Unwinding of discount		
Other		
Balance at 31 December 2013		**178**
	Non current	***178***
	Current	***0***

The long term provisions mainly relate to minor (immaterial) trade disputes.

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 €	**31/12/2013**	**31/12/2012**
Deferred tax assets	2,840	4,005
Deferred tax liabilities	-23,925	-17,539
TOTAL	**-21,085**	**-13,534**

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 2012	**-34,809**	**-2,834**	**4,334**	
Recognised in income statement	17,378	1,980	519	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other		-102		
Balance at 31 December 2012	**-17,431**	**-956**	**4,853**	
Recognised in income statement	-7,556	-1,179	1,360	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other		-176		
Balance at 31 December 2013	**-24,987**	**-2,311**	**6,213**	**-**

In 2012, significant deferred tax liabilities were released to the profit and loss statement: -21.9 MEUR in connection with the transfer number of Polish SPVs to the (in 2011 acquired) closed-end investment funds, which are tax exempt (ut supra, note 1.16 and 4.7).

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realisation 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 €	**31/12/2013**	**31/12/2012**
DTA on unused tax losses	8,082	1,450
DTA on unused tax credits	3,387	9,180
TOTAL	11,469	10,630

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.

19. Trade and other payables

Trade and other payables are analysed as follows:

	31/12/2013
Trade payables: third parties	16,477
Trade payables: related parties	6,806
Related parties current accounts payable	9,585
Misc. current liabilities	15,604
Deferred income	4,812
Current employee benefits	93
Total trade and other payables	**53,377**

	31/12/2012
Trade payables: third parties	12,697
Trade payables: related parties	21,048
Related parties current accounts payable	12,967
Misc. current liabilities	16,436
Deferred income	10,665
Current employee benefits	59
Total trade and other payables	**73,872**

Trade payables towards related parties include amongst others the amounts payable to the Development Holding for construction and engineering coordination services received. On 31/12/2013, the trade payables include 6,806 KEUR towards related parties (vs. 21,048 KEUR last year), as follows:

- Apec Ltd: 795 KEUR (2,402 KEUR last year)
- Ghelamco Poland Sp. z o.o: 3,835 KEUR (14,397 KEUR last year)
- Ghelamco Russia: zero (3,580 KEUR last year)
- Others: 2,176 KEUR (669 KEUR last year)

Outstanding balance on related parties C/A payable (9,585 KEUR) is mainly towards Ghelamco Poland Spzoo (5,175 KEUR) and Elzenwalle NV (4,314 KEUR).

Miscellaneous current liabilities mainly relate to interest payable, VAT payable, accruals, rent deposits and others.

As was also the case last year, the outstanding deferred income balance mainly relates to deferred income from pre-sales in the QBik residential project.

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.

20. Current tax liabilities

Current tax payables can be allocated to the following countries (in KEUR):

- Belgium: 1,437 KEUR
- Luxembourg: 828 KEUR
- Spain: 88 KEUR
- Cyprus: 0 KEUR

Total for 2013: **2,353 KEUR** (vs. 2,530 KEUR in 2012)

21. Revenue

Revenue is mainly generated from the following sources :

in thousands €	31.12.2013	31.12.2012
Sales of Residential Projects		
Projects Belgium	6,756	15,205
Projects Poland	15,822	12,943
Rental Income	26,884	13,708
Other	600	254
TOTAL REVENUE	**50,062**	**42,110**

Rental income as of 31 December 2013 relates to rent from commercial projects in Belgium (2,778 KEUR), Poland (11,038 KEUR), Russia (10,285 KEUR) and Ukraine (2,783 KEUR).

The residential projects sales as of 31 December 2013 mainly relate to:

- Villas and apartments at the Belgian coast (5,064 KEUR)
- (mainly) commercial units and parkings in the Waterside project in Leuven (836 KEUR)
- Blaisantpark Gent, 30 apartments (of 67 in total) and 32 parkings (per 31/12/13 15% invoiced under Breyne legislation; 703 KEUR)
- Soft loft apartments in the QBik project, Warsaw (15,799 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 €	31.12.2013	31.12.2012
Future minimum rental income:		
Less than 1 year	21,960	29,051
Between 1 and 2 years	26,393	33,858
Between 2 and 3 years	26,984	34,040
Between 3 and 4 years	26,720	34,097
Between 4 and 5 years	23,359	28,870
More than five years	109,901	80,214
TOTAL FUTURE MINIMUM RENTAL INCOME	**235,316**	**240,130**

The decrease compared with last year is mainly related to the sale of the Senator and the Mokotow Nova projects in 2013 on the one hand and the full impact of the 100% leased building A in Dmitrov Logistics Park on the other hand.

22. Other items included in operating profit/loss

Other operating income and expenses in 2013 and 2012 include the following items:

	2013	2012
Other operating income		
Net gains on disposal of investment property	1,849	997
Other	3,463	2,202
Net gains on disposals of property, plant and equipment		-
total:	**5,312**	**3,199**

Current year's other operating income includes gains on the sale of the Senator (1,376 KEUR) and the Mokotow Nova (457 KEUR) projects.

Other operating income to an extent relates to income from related parties. It concerns re-invoicing of costs within the framework of Service Level Agreements with (mainly) Ghelamco NV, Apec Ltd and IRS NV (1,932 KEUR). Also refer to note 28.3.

	2013	2012
Gains from revaluation of Investment Property	52,137	38,546

Fair value adjustments over 2013 amount to 52,137 KEUR, which is mainly the result of current year's further investment and leasing efforts in Poland (mainly on the Marynarska 12/T-Mobile Office Park project) and Belgium (mainly on the Artevelde Park/Ghelamco Arena), in combination with evolution in market conditions (yield and rent level evolution).

A detail of current year's total fair value adjustment can be given as follows:

Belgium	21,012
Poland	30,336
Russia	2,758
Ukraine	-1,969
	52,137

As stated, the favorable fair value adjustment as recognized on Belgian projects is mainly related to the additional value created on the Artevelde Park/Ghelamco Arena multifunctional project, in which the composing parts have per year-end been delivered or are in an advanced stage of completion and/or have been partly (pre-)leased.

The positive net fair value adjustment as recognized on Polish projects is merely the result of significant value creation upon further construction and leasing efforts on mainly the Marynarska 12/T-Mobile Office Park, which has been delivered in 2013 and has been leased to a significant extent.

Fair value of projects in Ukraine has decreased to an extent, mainly because of evolutions in the economic environment and the resulting decrease of rent rate of the anchor tenant (still, this is to an extent compensated by the extension by 2 years of the lease term).

	2013	2012
Other operating expenses		
Operating lease/ rental/housing expenses	278	183
Taxes and charges	2,680	1,562
Insurance expenses	688	491
Audit, legal and tax expenses	3,232	4,005
Traveling	1,259	808
Promotion	1,344	719
Bank fees	271	529
Sales/agency expenses	7,192	1,676
Rental guarantee expenses	1,838	429
Correction earn-out Trinity Park III	560	-
Termination indemnification tenant Dmitrov Log. Park		985
Operating expenses with related parties	4,864	4,251
Maintenance & management	2,140	
Miscellaneous	3,117	2,864
Total:	**29,463**	**18,502**

Other operating expenses with related parties mainly concerns the re-invoicing of costs within the framework of Service Level Agreements with IRS Comm. VA and Deus Comm. VA. Also refer to note 28.3.

In general, the overall increase of other operating expenses goes to a significant extent together with the disposal of 2 large projects (Senator and Mokotow Nova) in 2013.

	2013	2012
Employee benefit expenses		
Wages and salaries	914	992
Social security costs	247	276
Other		-
Total:	**1,161**	**1,268**

23. Cost of Property Development Inventories

The various items comprising the costs of Property Development Inventories are as follows:

	2013	2012
Movement in inventory	5,917	7,485
Purchases (*)	-26,903	-25,748
	-20,986	**-18,263**

(*) 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 189,004 KEUR (transfers of 16,200 KEUR not included).

24. Finance income and finance costs

The various items comprising the financial income and financial costs are as follows:

	2013	2012
Foreign exchange gains	-	10,227
Interest income	3,563	2,955
Other finance income	-	-
Total finance income	**3,563**	**13,182**
Interest expense	-23,977	-17,158
Other interest and finance costs	-2,446	-2,023
Foreign exchange losses	-7,805	-
Total finance costs	**-34,228**	**-19,181**

It is to be noted that interest expenses related to Investment Property projects are not included in the above 2013 and 2012 figures, as those have directly been capitalized on IP. It concerns an amount of 10,582 KEUR (vs. 9,407 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 in addition to be mentioned that current year's finance costs include an amount of 7.8 MEUR foreign exchange losses (while last year's finance income included an amount of 10.2 MEUR foreign exchange gains). Main part of these exchange differences are unrealised (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 exchange rate.

Current year's other finance costs include hedge results and mainly include the marking to market of the as of balance sheet date outstanding (currency and interest) hedging contracts (80 KEUR unfavourable vs. 878 KEUR unfavourable last year). Except for this last item, all financial income and expenses mentioned in the table above are related to financial instruments measured at amortised cost.

25. Income taxes

Income tax expense recognized in the consolidated income statement:

	31.12.2013	31.12.2012
current income tax	1,831	2,417
deferred tax	7,375	-19,877
Total	**9,206**	**-17,460**

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 €	31.12.2013	31.12.2012
Result before income taxes	24,615	39,709
Income tax expense calculated at 33,99%	8,367	13,497
Effect of different tax rates in other jurisdictions	-1,970	-7,380
Effect of non-deductible expenses	1,356	2,017
Effect of revenue that is exempt from taxation	-2,264	-6,274
Effect of use of previously unrecognized tax losses	-534	-39
Effect of current year losses for which no DTA is recognized	3,860	1,251
Effect of tax incentives not recognized in the income statement	-62	-85
Effect of under/over-accrued in previous years	200	404
Effect of change in local tax rates	817	-50
Release of 31/12/12 DTL re. Wevelgem Retail Park sale (shares)	-705	
Release GW re Zeewind apartment sale: 2.253 KEUR		780
Release GW re. sales White House and Waterside: 690 KEUR		235
Release of 31/12/11 DTL balance re. SPVs transferred to funds		-21,900
Other	141	84
INCOME TAX EXPENSE RECOGNISED IN INCOME STATEMENT	**9,206**	**-17,460**

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’.

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 (IRC 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 2013 and 2012.

Company	Project name	Amount of bank loan-books (KEUR)		Corporate guarantees as per 31/12/2013 (KEUR)	
BELGIUM					**Guarantee by IRC NV**
Dianthus	Katelijne	EUR	950	950	Corporate Guarantee
Waterview	Waterview	EUR	5,000	5,000	Cash deficiency guarantee
WRP	Wavre Retail Park	EUR	5,906	5,906	Cash deficiency guarantee
L-Park	Wintermans Leuven	EUR	19,985	5,000	Corporate Guarantee

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Leisure Property Invest	Golf Knokke Zoute	EUR	13,500	5,000	Corporate Guarantee, cash deficiency, cost overrun, subordination declaration Peridot
Docora	kantoren Artevelde stadion	EUR	7,923	5,000	Corporate Guarantee, cash deficiency, cost overrun
Nepeta	East Dune	EUR	1,865	1,865	Corporate Guarantee, cash deficiency + subordination declaration Peridot
Zeewind	Zeewind	EUR	760	760	Corporate Guarantee, cash deficiency
Retail Gent	Retail Gent	EUR	13,503	13,503	Corporate Guarantee, cash deficiency, subordination declaration Peridot, minimal rent guarantee
Parking Estates	Parking Estates Gent	EUR	774	7,026	Corporate Guarantee, cash deficiency, cost overrun
Schelde Offices	Blue Towers	EUR	9,066	9,066	Corporate Guarantee, cash deficiency, cost overrun, subordination declaration Peridot
Arte Offices	Blue Towers	EUR	8,636	8,636	Corporate Guarantee, cash deficiency, cost overrun, subordination declaration Peridot
Parking Gent	Parking Gent	EUR	6,252	7,026	Corporate Guarantee, cash deficiency, cost overrun
Ring Multi Ring Congress Centre Ring Offices	Ghelamco Arena	EUR	10,656	10,656	Corporate Guarantee, cash deficiency

POLAND					**Guarantee by Granbero Holdings Ltd.**
Warsaw Spire SKA	Warsaw Spire	EUR	52,763	52,763	Corporate Guarantee, cash deficiency
Capital Bud	Sienna Towers	EUR	7,672	7,672	Corporate Guarantee, cash deficiency
Proof SKA	Woronicza QBIK	EUR (*)	14,917		Suretyship agreement
Pro Business Investment	Wroclaw Business Park	EUR	7,018	7,018	Corporate Guarantee, Cash deficiency
Creative Invest	Foksal	EUR	3,982	3,982	Corporate Guarantee, Cash deficiency

Excellent SKA	Katowice	EUR	23,336		Suretyship agreement and Suretyship for the interest
Innovation SKA	Sobieski Tower	EUR	3,530		Suretyship and cash deficiency
Business Bud	Prostepu 2	EUR(*)	2,078		Suretyship and cash deficiency
Kappa SKA	Marynarska 12	EUR	58,106		Suretyship agreement interest repayment, cash deficiency, cost overrun (**)
Focus SKA	Lopuszanska BP	EUR(*)	23,851		Equity and DSCR agreement
CYPRUS					
Creditero Holdings Ltd	Bellona	EUR (*)	7,607		Suretyship agreement

UKRAINE					**Guarantee by Safe Holding Belgiuim**
Success Invest	Kopylov Logistics Park	USD	13,250	13,250	Completion, cost overrun (**) and shortfall guarantee
					(subsequent Deficiency Guarantee by Ghelamco Group CVA, only upon default of Safe Holding Belgium NV)

RUSSIA					**Guarantee by Safe Holding Belgiuim**
Belyrast	Dmitrov Logistics Park	USD	23.777	7.895	cash deficiency guarantee by Safe Holding of max. 2,151 KUSD
					support deed re. cash deficiency guarantee of max. 7,895 by Safe Holding (and in the event of default by the latter, by Ghel Group)

(*): Bank loan itself is denominated in PLN.
(**):Cost overrun guarantee not applicable anymore given finalization of the project

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 2013 (but not part of the Investment Group).

The Investment Holding does not apply cross liability, meaning that IRC NV, Safe Holding Belgium NV and Granbero Holdings Ltd do not guarantee loans of affiliates belonging to other internal holdings.

The Investment Holding did back up the guarantee granted by Safe Holding Belgium NV for the benefit of Success Invest.

26.2 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.

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) 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 suretyships, 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:

	2013	2012
Architectural and Engineering contracts	27,196	33,414
Construction contracts	154,831	50,268
Purchase of land plots	3,136	9,420
Purchase of shares (connected with landbank)		6,992
Total	**185,163**	**100,093**

At 31 December 2013, 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: plots of land for commercial property development of 2,855 KEUR, to be financed in accordance with the framework at 50%-60%.
- Belgium: none significant per end 2013. Last year's commitment related to the acquisition of shares of De Nieuwe Filature NV, company holding title to a 24,000 sqm brownfield site, in view of the development of a 35,000 sqm mixed project. Acquisition actually took place in May 2013; ut supra.

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:

- Warsaw Spire: 136,000 KEUR
- Blue Towers Gent (Arte Offices NV and Schelde Offices NV): 6.4 MEUR construction contracts in total (all third party agreements)

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27.2 Operating lease commitments (land lease rights)

	Poland		Russia	
	2013	**2012**	**2013**	**2012**
Within 1 year	1,210	522	197	202
After 1 year but not more than 5 years	2,009	2,088	790	809
More than 5 years	37,742	39,399	6,995	7,365
	40,961	**42,009**	**7,982**	**8,376**

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. 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. & Ms. 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 and the Portfolio Holding) are described below.

28.1. Relationships with the directors and management

For the year ending 31 December 2013, a total amount of approx. 5,000 KEUR was paid to the members of the 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 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:

- Ghelamco Belgium with its registered office in Ieper;
- 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;
- 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 15% 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 Development 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.

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.

28.3. Acquisitions and disposals of shares and other related party transactions

2013

Except for the finalisation of the contribution process of Polish SPV shares in closed-end investment funds as described in section 4.7 of this report, the step-up operation connected to the change in Polish tax law as described in section 4.2 of this report and the (still ongoing) merger operation connected with a simplification exercise on the Consortium level as described in section 4.6 of this report, there have been no share transactions or other significant transactions with related parties in 2013.

2012

Except for the contribution process of Polish SPV shares in close-ended investment funds and the transfer of 50% participating interest in Focus Invest, as described in detail in the 2012 report, there were no share transactions or other significant transactions with related parties in 2012.

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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:

	31/12/2013	31/12/2012
Purchases of construction, engineering and architectural design:	-113,105	-103,100
related party trade receivable	5,369	1,537
related party trade accounts payable	-6,806	-21,048
related party non-current loans receivable	39,172	35,017
related party interests receivable	11,890	11,436
related party C/A receivable	42,991	10,156
related party non-current other receivable	1,960	1,940
related party non-current loans payable	-1,665	-1,644
related party interests payable	-1,489	-1,198
related party C/A payable	-9,585	-12,967

29. Events after balance sheet date

No significant events to be mentioned.

30. Auditor's Report

Deloitte.

Deloitte Bedrijfsrevisoren /
Reviseurs d'Entreprises
Berkenlaan 8b
Belgium
Tel. + 32 2 800 20 00
Fax + 32 2 800 20 01
www.deloitte.be

Ghelamco Group Comm. VA and subsidiaries

Independent auditor's report on the consolidated financial statements for the year ended 31 December 2013

Deloitte Bedrijfsrevisoren / Reviseurs d'Entreprises
Burgerlijke vennootschap onder de vorm van een coöperatieve vennootschap met beperkte aansprakelijkheid /
Société civile sous forme d'une société coopérative à responsabilité limitée
Registered Office: Berkenlaan 8b, B-1831 Diegem
VAT BE 0429 053 863 - RPR Brussel/RPM Bruxelles - IBAN BE 17 2300 0465 6121 - BIC GEBABEBB

Member of Deloitte Touche Tohmatsu Limited

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Deloitte Bedrijfsrevisoren /
Reviseurs d'Entreprises
Berkenlaan 8b
Belgium
Tel. + 32 2 800 20 00
Fax + 32 2 800 20 01
www.deloitte.be

Ghelamco Group Comm. VA and subsidiaries

Independent auditor's report on the consolidated financial statements for the year ended 31 December 2013

We are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the consolidated financial statements. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2013, 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.

Report on the consolidated financial statements – Unqualified opinion

We have audited the accompanying consolidated financial statements of Ghelamco Group Comm. VA ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

The consolidated statement of financial position shows total assets of 1,269,175 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 15,017 (000) EUR.

Responsibility of the management for the preparation of the consolidated financial statements

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

Independent auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

Deloitte.

Unqualified opinion

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 2013, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

Diegem, 25 March 2014

The independent auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Rik Neckebroeck