GHELAMCO

INTERNATIONAL REAL ESTATE INVESTOR & DEVELOPER

Ghelamco Invest NV

EUR 250,000,000 Euro Medium Term Note Programme

Guaranteed by Ghelamco Group Comm. VA

Ghelamco Invest NV, a limited liability company (*naamloze vennootschap/société anonyme*) incorporated under Belgian law, having its registered office at Zwaanhofweg 10, 8900 Ieper, Belgium, registered with the Crossroads Bank for Enterprises under number VAT BE0431.572.596, commercial court of Ghent, subdivision Ieper (the "**Issuer**") may from time to time issue Euro Medium Term Notes (the "**Notes**"), subject to compliance with all relevant laws, regulations and directives, under the EUR 250,000,000 Euro Medium Term Note Programme (the "**Programme**") described in this base prospectus dated 24 October 2017 (the "**Base Prospectus**"). The Notes will be unconditionally and irrevocably guaranteed by Ghelamco Group Comm. VA, a partnership limited by shares (*commanditaire vennootschap op aandelen/société en commandite par actions*) incorporated under Belgian law, having its registered office at Zwaanhofweg 10, 8900 Ieper, Belgium, registered with the Crossroads Bank for Enterprises under number VAT BE0879.623.417, commercial court of Ghent, subdivision Ieper (the "**Guarantor**").

The Notes issued under the Programme may be Fixed Rate Notes or Floating Rate Notes (each as defined below) or a combination of any of the foregoing. The Notes will be issued in the Specified Denomination(s) specified in the applicable Final Terms. The minimum Specified Denomination of Notes shall be EUR 100,000 (and integral multiples thereof). The Notes have no maximum Specified Denomination. The aggregate nominal amount of Notes outstanding will not at any time exceed EUR 250,000,000.

The English version of this Base Prospectus has been approved on 24 October 2017 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**") and Article 23 of the Prospectus Law and is in accordance with the Annexes IV, VI and XIII of the Commission regulation (EC) No 809/2004 (as amended from time to time). 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. The obligations of the Issuer under the Notes shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 3 (*Negative Pledge*), at all times rank at least equally and rateably with all other present and future unsecured and unsubordinated obligations of the Issuer.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and whether the Notes will be listed 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 26.

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

Arrangers

BNP PARIBAS FORTIS **KBC BANK**

Dealers

ABN AMRO **BNP PARIBAS FORTIS** **KBC BANK** **SOCIÉTÉ GÉNÉRALE CORPORATE & INVESTMENT BANKING**

Base Prospectus dated 24 October 2017 for purposes of the listing of the Notes.

Philippe Pannier
Duly authorised

Barbara De Saedeleer
Duly authorised

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 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.

If the Prohibition of Sales to EEA Retail Investors is specified as applicable in the applicable Final Terms, the Notes are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("MiFID II") or (b) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

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

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:

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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 250,000,000 of Notes outstanding at any time.
Arrangers:	BNP Paribas Fortis SA/NV and KBC Bank NV.
Dealers:	ABN AMRO Bank N.V., BNP Paribas Fortis SA/NV, KBC Bank NV and Société Générale. The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Prospectus to "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:	KBC Bank 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 SA/NV ("**Euroclear**") and Clearstream

	Banking, S.A. ("**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 any case, the minimum specified denomination shall be at least €100,000 (and integral multiples thereof).
Maturity Date	The Maturity Date of the Notes will be specified in the relevant Final Terms.
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 and ratably with all other present and future unsecured and unsubordinated obligations of the Issuer. See "*Terms and Conditions of the Notes – Status of the Notes*".
Status of the Guarantee:	The obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and, save for such exceptions as may be provided by applicable legislation, rank and will at all times rank *pari passu*, without any preference among themselves, and equally and rateably with all other existing and future unsubordinated and unsecured obligations of the Guarantor. See "*Terms and Conditions of the Notes – Status of the Guarantee*".
Negative Pledge:	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:	If both the Tax Call Option and Prohibition of Sales to Consumers are specified as applicable in the applicable Final Terms, all payments of principal and interest in respect of the Notes will be made free and clear of any present or future taxes, duties, assessments or governmental charges of whatever nature (the "**Taxes**") imposed, levied, collected, withheld or assessed by or on behalf of any jurisdiction (including any political subdivision or any authority therein or thereof having power to tax) as a result of any connection existing between the Issuer or the Guarantor and such jurisdiction unless the withholding or deduction of the Taxes is required by law. In such event, the Issuer, failing whom, the Guarantor, shall, subject to customary exceptions (including the ICMA Standard EU Tax exemption Tax Language), pay such additional amounts as shall result in receipt by the Noteholder of such amounts as would have been received by it had no such withholding been required, all as described in "*Terms and Conditions of the Notes – Taxation*".
Governing Law:	Belgian law.
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 Public Offer Selling Restriction under the Prospectus Directive, The United States, the United Kingdom and restrictions to offer the Notes to consumers (*consumenten/consommateurs*) within the meaning of the Belgian Code of Economic Law (*Wetboek Economisch Recht/Code de droit économique*) and/or to "retail investerors" in the European Economic Area as defined below, as may be specified in the Final Terms. See "*Subscription and Sale*". The Issuer is Category 2 for the purposes of Regulation S under the Securities Act.

PART II – RISK FACTORS

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, Cyprus, 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 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.

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 2.0 million during the first half of financial year 2017, EUR -19.9 million in financial year 2016; EUR -4.7 million in financial year 2015 and 19.1 million in financial year 2014.

If the Issuer were unable to generate positive cash flows from its projects or were to be subject to a significant fluctuation in its cash flow generation capacity, this may affect the Issuer's ability to pay interest on the Notes and its other financial indebtedness and, in the medium term, to repay its debt.

In order to minimize this risk, the Issuer only develops high quality projects, both in construction as in design standards.

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 and due diligence processes 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. 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. These risks are however shifted as much as possible to International Real Estate Services Comm. VA and third party contactors which are required to provide customary guarantees and indemnities. Please also refer to Part VII (*Description of the Issuer*) – 3.3.2. (*Business model of* *the Issuer Group*). Upon completion of a project, there is a risk that occupancy rates, actual income from sale of properties or fair value is lower than forecasted.

These risks may (i) extend the time until a project can be sold, (ii) lead to a budget overrun, (iii) cause a delay in the cash flow planning, (iv) trigger delay penalties under pre-sale or pre-lease agreements, (v) 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 in accordance with IFRS rules and provided that certain internal (more restrictive) parameters are fulfilled.

The valuation of the Issuer Group's properties and real estate projects is made on the basis of certain assumptions 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 2016, the Issuer's total consolidated financial debt amounted to EUR 356,536,000 (excluding any subordinated intra-group loans ("**Related Party Loans**")) and the leverage (being the financial debt net of Related Party Loans payable to total assets) amounted to 58.9 per cent. As at 30 June 2017, the financial debt increased to EUR 377,686,000 while the leverage remained stable at 58.9 per cent. In case the Issuer would take up the first tranche of EUR 125 million under the Programme, the theoretical leverage (i.e. considering a net financial debt increase by EUR 55 million after repayment of EUR 70,000,000 of 6.25 per cent fixed rate bonds due 28 February 2018, all other parameters kept stable) would amount 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.

About 42 per cent 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.

An increase/decrease of 100 basis points in the (average) interest rates on the floating financial debt at 31 December 2016, with all variables held constant, would have resulted in a EUR 1,985,000 lower/higher profit before tax for 2016.

A similar increase/decrease would have resulted in a EUR 700,000 lower/higher profit before tax for the first half year of 2017.

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 2016, 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, directly or indirectly, by Mr Paul Gheysens and the other controlling family shareholders for the planning, pre-commercialisation, development and construction of the projects, e.g. to perform feasibility studies, to develop the projects, to coordinate the construction process and to identify and attract potential investors for pre-lease and pre-sale arrangements.

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

Furthermore, the Issuer is the holding company of several 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.

In order to minimize this counterparty risk, the Issuer Group always makes an analysis of the financial health of the counterparties.

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

As of 30 June 2017 (and 31 December 2016), the Issuer Group does not have any doubtful debtors.

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 strives to acquire plots of land after feasibility studies have been undertaken and initial permits have been granted, the Issuer Group nevertheless remains subject to a number of risks.

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

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

Furthermore, 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 (direct or indirect) control of Mr Paul Gheysens and the other controlling family shareholders. Moreover, certain controlling family shareholders, in particular, Mr Paul Gheysens, Mr Simon Gheysens and Mr Michael Gheysens currently fulfil key roles in the management of the Issuer.

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

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

The Issuer Group is a privately-owned group.

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

The Issuer Group's 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*".

Internal controls may not be effective.

A system of internal control of financial reporting has been set up to prevent fraud and to ensure that the Issuer's financial reports are as accurate as possible. The Issuer Group regularly assesses the quality and effectiveness of these internal control procedures. However, internal controls may not prevent or detect all inaccuracies due to the inherent limitations of the system, such as the possibility of human error, circumvention or avoidance of checks, or fraud. Internal controls can provide only a reasonable level of assurance that financial statements have been prepared and presented accurately. Failure to pick up shortcomings or inaccuracies through internal controls may impact the Issuer Group's operations and financial results and may result in the Issuer Group failing to comply with its on-going disclosure obligations.

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

The activities of the Issuer Group are increasingly dependent on the availability of IT systems. IT systems may suffer failures caused by events beyond the Issuer Group's control. The Issuer Group has taken measures to gear the availability and security of its IT systems. Despite all measures taken, it is impossible to rule out all eventualities. Disruptions or breakdowns may be caused by operational hazard or unforeseen events for which the Issuer Group could be held responsible. This may in turn affect the Issuer Group's operations and results.

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 political and economic situation in Ukraine and Russia remains a concern but has further stabilised in 2016 and 2017. In Russia, the Russian rouble has to a certain extent recovered versus the euro (and the US dollar) and the yields remained quite stable, but the market rental levels for (refrigerated) warehousing are still under pressure. This has resulted in the recognition of further negative fair value adjustments, mainly on the Dmitrov Logistics Park project.

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.

As the Guarantor has a self-hedging-policy, it mitigates its currency risk exposure by matching as much as possible the currency of the income with that of the expenditure.

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 2016, 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.

Risk of inflation

The inflation risk is the risk of future value of money. 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 Note, then the actual output is equal to zero, or the actual yield could even be negative.

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

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.

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.

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

In the event that the Change of Control Put right is exercised by holders of at least 85 per cent of the aggregate principal amount of the Notes of the relevant Series, and provided that the Prohibition of Sales to Consumers is specified as applicable in the applicable Final Terms, the Issuer may, at its option, redeem all (but not less than all) of the Notes of that Series then outstanding pursuant to Condition 6.5. 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.

There may be no tax gross-up protection

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

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.

KBC Bank 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 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.

Fixed Rate Notes.

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

While the nominal interest rate of a Note is determined during the term of such Note or within a given period of time, the market interest typically varies on a daily basis. As the market interest rate changes, the price of the Fixed Rate Note varies in the opposite direction. If the market interest rate increases, the price of the Fixed Rate Note typically decreases, until the yield of such Fixed Rate Note equals approximately the market interest rate. If the market interest rate decreases, the price of the Fixed Rate Note typically increases, until the yield of such Fixed Rate Note equals approximately the market interest rate.

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

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

Market Value of the Notes.

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.

Floating Rate Notes.

Investment in Notes which bear interest at a floating rate comprise (i) a reference rate and (ii) a margin to be added or subtracted, as the case may be, from such base rate. Typically, the relevant margin will not change throughout the life of the Notes but there will be a periodic adjustment (as specified in the relevant Final Terms) of the reference rate (e.g., every three (3) months or six (6) months) which itself will change in accordance with general market conditions. Accordingly, the market value of Floating Rate Notes may be volatile if changes, particularly short term changes, to market interest rates evidenced by the relevant reference rate can only be reflected in the interest rate of these Notes upon the next periodic adjustment of the relevant reference rate.

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 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*).

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

Insolvency laws may impact claims in respect of the Issuer. The Issuer is subject to applicable insolvency laws. In the event of an insolvency of the Issuer, the application of these insolvency laws may substantially affect the claims of the holders of Notes to obtain repayment in full of the Notes, e.g. through a suspension of payments, a stay on enforcement measures or an order providing for partial repayment of the Notes only.

PART III – DOCUMENTS ENCLOSED IN ANNEX I

This Base Prospectus shall be read and construed in conjunction with (i) the audited financial statements of the Issuer and the Guarantor for the years ended 31 December 2016 and 31 December 2015 consolidated in accordance with IFRS, together with the audit reports thereon as well as (ii) the unaudited consolidated financial statements of the Issuer and the Guarantor for the first six months ended 30 June 2017 together with the limited review reports thereon. These documents are enclosed in Annex I to this Base Prospectus, and form part of this Base Prospectus.

The Issuer and the Guarantor confirm that they have obtained the approval from their auditors to incorporate the consolidated financial statements of the Issuer and the Guarantor and the auditors' reports thereon for the financial years ended 31 December 2016 and 31 December 2015 and for the first six months ended June 2017 in this Base Prospectus.

The tables below include references to the relevant pages of (i) the audited consolidated financial statements of the Issuer and the Guarantor for the financial years ended 31 December 2016 and 31 December 2015 and (ii) the unaudited consolidated financial statements of the Issuer and the Guarantor for the first six months ended 30 June 2017, 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 2015.	
Consolidated balance sheet	p. 8-9
Consolidated income statement	p. 10-11
Consolidation statements of equity	p. 12
Consolidated cash flow statements	p. 13-14
Explanatory notes	p. 15-65
Auditor's report	p. 66-68

Audited IFRS consolidated financial statements of the Issuer, audit report and explanatory notes of the Issuer for the financial year ended 31 December 2016.	
Consolidated balance sheet	p. 9-10
Consolidated income statement	p. 11-12
Consolidation statements of equity	p. 13
Consolidated cash flow statements	p. 14-15
Explanatory notes	p. 16-65
Auditor's report	p. 66-68

Audited IFRS consolidated financial statements of the Guarantor, report and explanatory notes of the Issuer for financial year ended 31 December 2015.	
Consolidated balance sheet	p. 9-10
Consolidated income statement	p. 11-12
Consolidation statements of equity	p. 13
Consolidated cash flow statements	p. 14-15
Explanatory notes	p. 19-82

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 on or about 24 October 2017 entered into between the Issuer and KBC Bank 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 service contract concerning the issue of dematerialised bonds entered into on or about 24 October 2017 between the Issuer, the Agent and the National Bank of Belgium (the "**NBB**") (the "**Clearing Services Agreement**").

The obligations of the Issuer under the Notes issued under the Programme will be guaranteed by Ghelamco Group Comm. VA (the "**Guarantor**") pursuant to a guarantee declaration in the form as set out in Part V (*Form of the Guarantee*) (as amended or supplemented from time to time, the "**Guarantee**"). The provision of the Guarantee was authorised by a resolution of the statutory director of the Guarantor on 19 September 2017.

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 Havenlaan 2, 1080 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.

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

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

2.2 Status of the Guarantee

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

3 Negative Pledge

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

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

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

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

4 Definitions

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

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

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

"**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.

"**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;

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

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

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

(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;

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

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

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

(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;

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

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

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

(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 per cent, or more of the Total Assets of the Issuer Group or, as the case may be, the Guarantor Group (in each case, on a standalone basis excluding intra-group items and otherwise as calculated on the basis of the semi-annual or audited annual 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 Investment**" means each investment made by any member of the Issuer Group for, in respect of or in view of a Project, but only if the Issuer Group has conducted legal, tax, accounting and business due diligence, if any, which would be reasonably customary for the type and scale of such investment. For the avoidance of doubt, this also includes incorporation of legal entities, subscription of shares issued by legal entities, acquisitions of legal entities or any interest in a legal entity, provided the primary purpose of such acquisition consists of conducting a Project.

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

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

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

"**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.

"**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 Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

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

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

(A) ISDA Determination for Floating Rate Notes

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

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

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

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

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

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

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

(B) Screen Rate Determination for Floating Rate Notes

(x) Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject 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

If both the Tax Call Option and Prohibition of Sales to Consumers are specified as applicable in the applicable Final Terms, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if the Note is a Floating Rate Note) or, at any time, (if the Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 6.2 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 both the Call Option and Prohibition of Sales to Consumers are specified as applicable in the applicable Final Terms, the Issuer may on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified in the applicable Final Terms) redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount specified in the applicable Final Terms (which may be the Early Redemption Amount (as described in Condition 6.2 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*) and provided that Prohibition of Sales to Consumers is specified as applicable in the applicable Final Terms, Noteholders of a Series submit Change of Control Put Exercise Notices in respect of at least 85 per cent of the aggregate principal amount of the Notes of that Series for the time being outstanding, the Issuer may, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption) with a copy to the Agent, redeem all (but not some only) of the Notes of that Series then outstanding at the Early Redemption Amount.

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

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

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

(b) *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 or, if not, the Consolidated Equity of the surviving entity shall be not less than the Consolidated Equity of the Issuer immediately prior to the merger and the Issuer shall publish on its website a Compliance Certificate confirming that as a result of such Reorganisation no Event of Default has occurred or would occur after giving effect to such Reorganisation, and (ii) any Reorganisation between members of the Issuer Group and any member of the Connected Group (other than the Guarantor), subject to a member of the Issuer Group being the surviving entity.

(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, directly or indirectly, more than 25 per cent 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 remain domiciled or resident for tax purposes in Belgium, Luxembourg or the Netherlands.

10 Events of default

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

10.1 Non-payment: The Issuer fails to pay any amount payable in respect of the Notes, unless its failure to pay is caused by an administrative or technical error or 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).

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 issue price) (so that, for the avoidance of doubt, references in the conditions of such notes to "Issue Date" shall be to the first issue date of the Notes of that Series) and so that the same shall be consolidated and form a single series with such Notes of that Series, and references in these Conditions to "Notes" or "Series" shall be construed accordingly.

15 Governing law and jurisdiction

15.1 Governing Law

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

15.2 Jurisdiction

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

PART V – FORM OF THE GUARANTEE

FIRST DEMAND GUARANTEE

This first demand guarantee (the "Guarantee") is dated _____2017 and granted by:

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

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

Whereas:

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

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

It is agreed as follows:

1 Definitions

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

2 Guarantee

The Guarantor irrevocably and unconditionally:

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

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

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

3 Nature of the Guarantee

(a) The obligations of the Guarantor under Clause 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:

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

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

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

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

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

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

(g) any insolvency or similar proceedings.

5 Guarantor Intent

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

6 Immediate recourse

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

7 Appropriation

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

8 No claims on the Issuer

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

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

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

9 Reinstatement

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

10 Representations

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

(a) **Status**

(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 and rateably with all other existing and future unsubordinated and unsecured obligations of the Guarantor, save for such obligations that may be preferred by provisions of law that are both mandatory and of general application.

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

11 Additional security

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

12 Transferability

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

13 Notices

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

14 Severability

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

15 Governing law

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

16 Jurisdiction

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

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

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

GHELAMCO GROUP COMM. VA

By: ________________________________ By: ________________________________

Title: ______________________________ Title: ______________________________

PART VI – SETTLEMENT

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

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

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

Securities Settlement System participants include certain banks, stockbrokers (*beursvennootschappen/sociétés de bourse*), and Euroclear and Clearstream, 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 service contract concerning the issue of dematerialised bonds agreement that will be entered into on or about 24 October 2017 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 30 December 2015 (in connection with a capital increase of the Issuer). The Issuer is incorporated for an unlimited duration.

Crossroads Bank of Enterprises

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

Legal form

The Issuer was incorporated as a cooperative limited liability company (*coöperatieve vennootschap met beperkte aansprakelijkheid/société cooperative à responsabilité limitée*) under Belgian law. On 18 November 1997, the Issuer changed its legal form into a limited liability company (*naamloze vennootschap/société anonyme*) under Belgian law. The Issuer qualifies as a "listed company" in accordance with Article 4 of the 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 four holding companies, each having a separate function (together, the "**Consortium**"). The holding structure has been established in order to limit cross-border liabilities. Certain current account receivables remain nevertheless outstanding between various members of the Consortium and the Guarantor Group, including as a result of the sale of certain assets to Ghelamco European Property Fund. These amounts may fluctuate from time to time. See also the consolidated financial statements of the Issuer and the Guarantor attached to the Base Prospectus in Annex I.

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

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

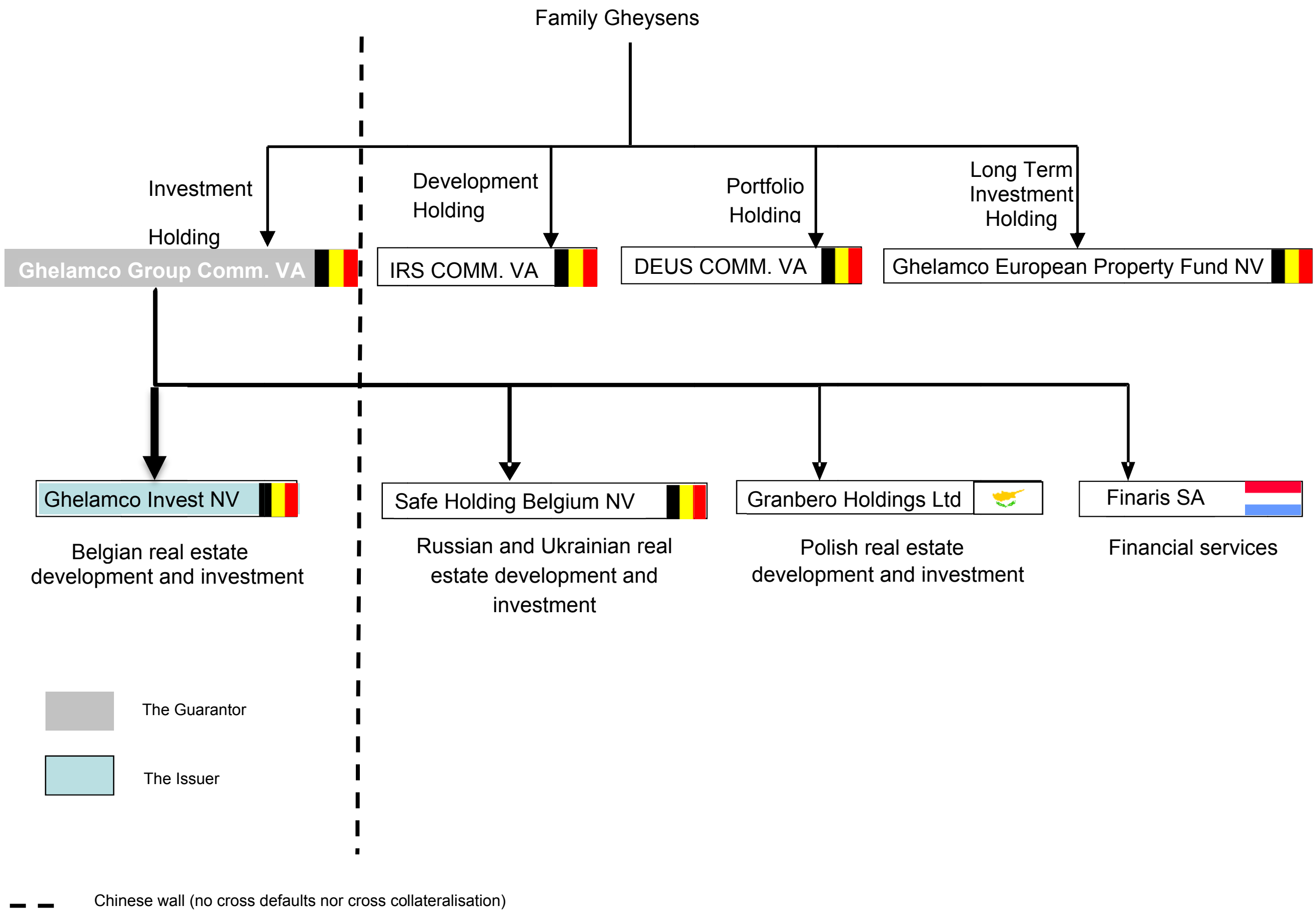
(iii) Deus Comm. VA is the "portfolio holding" which groups the portfolio and certain other activities of the controlling shareholders; and

(iv) Ghelamco European Property Fund ("**GEPF**") holds the real estate projects as income generating products in portfolio for a longer time period. GEPF has been set up as at the end of 2016 to allow the Guarantor Group to realise and sell delivered projects, for which the occupation rate and lease status has been optimised during the past years, at an optimal market value. In addition, the longer-term strategy demands a different financing structure and therefore does no longer fit in the Guarantor's or the Issuer's core activity. To date, two main transactions relate to the purchase of the Blue Towers and certain other assets on the same Dacar site in Ghent and the main building of the Spire project in Warsaw. GEPF is not part of the Issuer Group nor the Guarantor Group. Accordingly, Noteholders will not have any recourse against the assets of the GEPF.

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

- Ghelamco Invest NV, being the Issuer, which, together with its subsidiaries, currently groups the Belgian and French projects;
- Safe Holding Belgium NV, a Belgian holding which, together with its subsidiaries, groups the Russian 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 investing in the French real estate market. As at today, the Issuer Group's core markets are Belgium and France. The Issuer Group is also targeting the UK, Germany, the Netherlands and Cyprus.

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 four different actors: land developers, real estate project developers, construction companies and investors.

(i) Land developers

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

(ii) Real estate project developers

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

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

(iii) Construction companies

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

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

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

(iv) Real estate investors

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

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

The position of the Issuer Group in the real estate market

General

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

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

The Belgian market

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

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

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

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

Prime yields by type of rental for standard contracts (3/6/9) in Brussels				
Class	**2014 (Q4)**	**2015 (Q4)**	**2016 (Q4)**	**2017 (Q2)**
Retail	4.35%	ND	4.50%	4.42%
Offices	6.12%	5.70%	4.75%	4.50%
Residential	5.15%	4.98%	4.87%	ND
Logistics	7.00%	6.50%	6.25%	6.25%

ND = Not disclosed in the available report

Source: Cushman & Wakefield Investment market update Q4 2015, JLL Office Market report Brussels Q4 2016, JLL & EY Invest in Belgium 2016, Global Property Guide, JLL Lights on Offices Brussels Q2 2017, JLL Belgian investment market survey 2017

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

(i) The office market[1]

[1] Source: JLL & EY Invest in Belgium – A guide for property investment 2016

The Brussels market is the most important office market for large real estate investors. 2016 was the best performing year of the last five years with a take-up of 438,000 sqm. Office investment volumes witnessed a slow start in 2017, but appetite is still strong as the economic environment is forecasted to stay attractive. In response to the increasing traffic congestion in Brussels, new public transport lines are being created (e.g. a new metro line from the centre to the Northern suburbs).

The vacancy rate for offices in Brussels is declining year-on-year, partly related to the fact that vacant office space is being converted into residential or other uses (schools, hotels or retirement homes).[2] Prime rents for offices in 2017 in Brussels increased to 300 EUR/sqm.

The Issuer finalised the demolition works on Spectrum, the state of the art project in Brussels at the Boulevard Bischoffsheim by 1 September 2017. The mixed Spectrum project will offer 15,000 sqm exceptional office space, 22 apartments and approx. 170 parking spaces. The apartments have already been pre-sold for 95 per cent.

Figure 3: Belgian office market parameters 2017

Belgian Office market parameters 2017				
	Brussels (Q2)	**Antwerp (Q2)**	**Ghent (Q2)**	**Leuven (Q2)**
Stock	13,200,000 sqm	2,115,000 sqm	1,300,000 sqm	450,000 sqm
Vacancy Rate	8.80%	10.90%	5.55%	12.10%
Take-Up(*)	225,000 sqm	41,000 sqm	21,327 sqm	1,999 sqm
Prime Yield	4.50%	6.85%(Q1)	5.75%	ND
Prime Rent	300 EUR/sqm	150 EUR/sqm	155 EUR/sqm	150 EUR/sqm

Source: JLL Lights on Offices Brussels Q2 2017, JLL Flanders Office Market Summer 2017, JLL Brussels Office Market Q2 2017 ; Cushman & Wakefield – The DNA of real estate Q2 2017

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

(*)ND – Not disclosed in the available report?

Ghent[3]

Ghent is the second largest office market in Flanders after Antwerp with a stock of 1.3 million sqm. Transaction volume is however decreasing following the delivery of the Blue Towers. As at 31 October 2016, 70,658 sqm of office space was immediately available in Ghent. This corresponds to a vacancy rate of 5.55 per cent, which is amongst the lowest vacancy rates in Flanders. Rental rates remained stable at 155 EUR/sqm.

The Issuer Group recently delivered the 2nd phase (approx. 250 workplaces) of the MeetDistrict, an innovative and high-end business and congress center in the Ghelamco Arena offering a.o. over 500 flexible office workplaces, meeting rooms and a 350 seats auditory.

Furthermore, the Issuer Group has per end of 2016 sold the delivered and operational Dacar projects (consisting of the Blue Towers, the Brico Retail hall and Parking Gent) to the Ghelamco European Property Fund. In connection with this sales transaction, formerly recognized gains (through fair value accounting) for an amount of +/- EUR 31 million have actually been realised.

Antwerp

2

3 Source: JLL Flanders Office Market Report, Winter 2016

Antwerp has the largest stock of office space in Flanders. 2016 was remarkable in terms of take-up with 114,355 sqm transacted. During the first 6 months of 2017 a total of 41,000 sqm was transacted. Projects in the best locations, combining with easy access by public transport and road and attractive design, have proven to be successful stories. The remarkable transaction flow confirms the revival of Antwerp office market.[4]

The Issuer Group started construction works in the 'The Link' project in Berchem (27,000 sqm office space and approx. 540 underground parking spaces, divided over 2 buildings) next to the Berchem Station. Marketing efforts have already resulted in a (pre-)lease rate of approx. 70 per cent as per 30 June 2017.

Leuven[5]

Leuven has the third largest office stock in Flanders. During the first 9 months of 2016, there was already a take-up of 17,110 sqm. This is quite impressive for a market which has only recently reached a certain maturity. The Leuven prime rent remained stable at EUR 150/sqm.

(ii) The retail market[6]

Despite the volatile environment (terrorist attacks, the Brexit, etc.) the market reached the second best result in the ten-year history with a total investment in retail of EUR 1,179 million. Furthermore, in 2016 an additional 368,138 sqm of retail space will be developed over the next two 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.

Figure 4: Prime yields in retail market segments

prime yields	**2014 (Q4)**	**2015 (Q4)**	**2016 (Q4)**	**2017 (Q2)**
High street retail	4.25%	3.75%	3.40%	3.50%
Shopping centres	5.00%	4.25%	4.25%	4.25%
Retail warehouses	6.00%	5.75%	5.35%	5.50%

In June 2017, the Issuer Group managed to successfully sell its Retail Leuven project (5,435 sqm retail space at the Vaartkom in Leuven) to a third party investor. This transaction resulted in a gain on disposal of EUR 1.1 million recorded in the condensed consolidated financial statements of the Issuer Group as per 30 June 2017.

(iii) The residential market

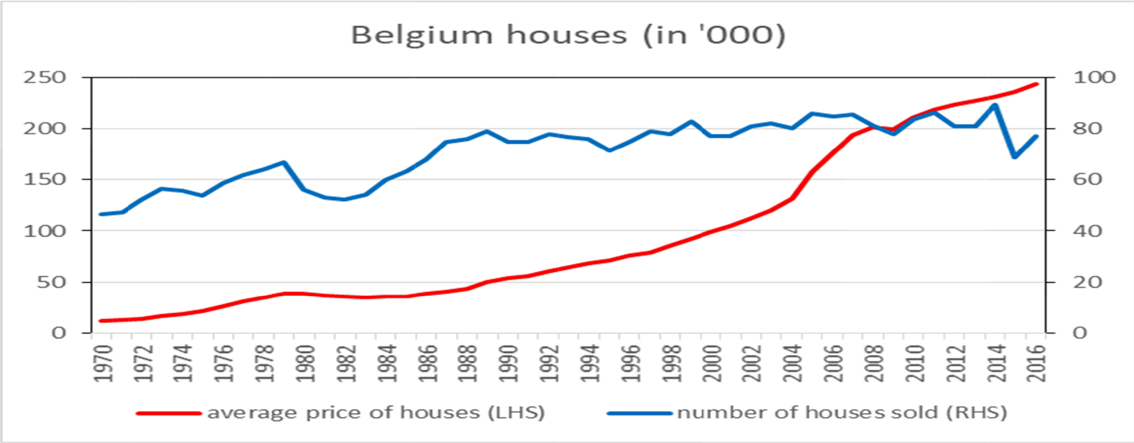
Since 1970, the residential real estate market in Belgium has grown significantly both in price and volume. Despite the attractive mortgage interest rates, the amount of transactions has sputtered in 2016.

[4] Source: JLL Flanders Office Market Report, Summer 2017

[5] Source: JLL Flanders Office Market Report, Winter 2016

[6] Cushman & Wakefield Marketbeat Belgium Retail Q4 2016

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



Source: Stadim

Following the slowdown in transaction activity in the residential market in 2015, the transaction activity during 2016 of apartments rose with 0.65 per cent and the average price with 0.43 per cent, whilst the transaction activity during 2016 of houses rose with 12.48 per cent and the average price with 3.26 per cent. Elderly homes have become an attractive investment given the long and steady cash flows, the current shortage of beds and the ageing population.

In 2016, the Issuer Group started the stripping works in the prestigious Edition renovation project at the Louizalaan in Brussels. The project will offer 59 luxurious apartments, underground parking space and retail space on the ground floor. By Q3 2017, 80 per cent of the apartments were already (pre-)sold.

In addition, the construction of the 4-stars business hotel next to the Ghelamco Arena in Ghent is progressing at a fast pace, in view of the expected (casco) delivery by the end of 2017. The hotel is covering approx. 25,000 sqm and will offer 125 hotels rooms, 83 extended stay rooms and 95 underground parking bays to its guests.

Furthermore, the Issuer Group is also developing the Tribeca site in Ghent. The former brownfield site known as 'Filature du Rabot', covering a total of 2.4 hectares, will be transformed into a site combining both city living with a quiet setting and the convenience of a new residential area surrounded by greenery. The site will contain a wide range of conventional apartments, duplexes, triplexes, houses, studios and lofts (approx. 35,000 sqm in total) of which 90 per cent has been sold. Space has also been set aside for a range of retail outlets and shops. In addition, the Lidl supermarket chain opened a 1,500 sqm store beginning 2017.

Additionally, further sales efforts by the Issuer Group in the delivered Waterview student housing project in Leuven (461 student units in total), resulted in a sales rate of approx. 90 per cent as at 30 June 2017. The remaining 10 per cent has been sold to an investor in September 2017.

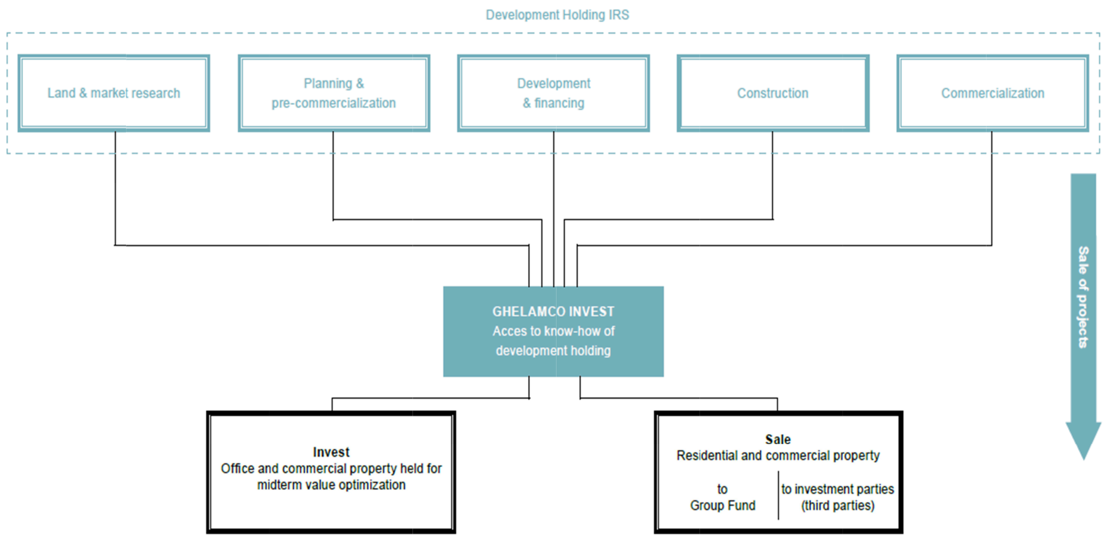
The Issuer Group is also active in the high-end residential segment, a market that continues to perform well. The Issuer Group develops multiple projects in Knokke, a famous high-end coastal resort in Belgium.

3.3.2 Business model of the Issuer Group

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

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

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



Source: Issuer Group information

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

(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 increased demand of flexible office work and meeting rooms by developing an innovative and high-end business and congress center in the Ghelamco Arena, called the "MeetDistrict". Furthermore, the Issuer Group decided to build a 4-stars business hotel to accommodate the increased demand of extended stay rooms. Both projects are an excellent example of how market knowledge significantly reduces the commercialisation risk. Moreover, the high quality and innovative projects provide the Issuer Group with the possibility to hold on to its completed projects and await the most favourable divestment opportunity with limited risk of having a portfolio that is quickly outdated.

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

(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;
- attitude of the local government towards a particular project;
- comparable projects being launched (timing and location);
- type of potential buyers/tenants - reasonable delivery date of the project;
- projected sale/lease prices at the date of delivery;
- yield expectations at that time; and
- time frame to achieve 50 to 60 per cent leasing or sale level.

In addition, as mentioned above, the Issuer Group will typically not invest in larger projects until pre-lease levels depending on different parameters, mostly triggered by the project’s (large) scale, market circumstances or project type have been realised, thereby significantly reducing market risk. Smaller projects are, however, often started without pre-leases.

(iii) Development and financing

When land research and planning are completed by the Consortium, the project comes into the real estate development phase of the Issuer. Thanks to the cooperation with the Consortium, the Issuer Group has access to the most modern building techniques and is able to benefit from economies of scale. Significant cost savings can thus be realised, without reducing the quality of projects, but, on the contrary, resulting in increased profitability. At the same time, the Issuer Group also aims to deliver buildings in accordance with the latest environmental standards (the "BREEAM Very Good" certification is the Issuer Group’s minimum standard for green buildings.

Obtaining timely, sufficient and cost efficient funding is another key differentiating factor. Over the years, the Issuer Group has built excellent relationships with a number of key banks in Belgium. Through these relationships, the Issuer Group is able to secure the correct level of financing at every stage of the process. This way the time and effort required to obtain funding when a new project is initiated can be minimised and gives extra comfort to the Issuer Group when setting up a multi-annual plan.

The financing structure of a project typically reflects the major phases of the investment chain (acquisition of permitted land, construction and sale or lease) as follows:

- Land acquisition loans (usually provided for a term of 2 years). The interest is payable at market floating rates (from 1 up to 6 months) increased by a margin.
- Construction loans are provided until the construction is completed and (when applicable) the exploitation permit has been obtained (usually for a term of about 2 years). The interest is calculated at market floating rates (from 1 up to 6 months) increased by a margin and (mostly) capitalised in the global investment financing. The land acquisition loan is at this stage integrated in the construction loan.
- Once the construction phase is completed, the property has been leased and meets all ongoing covenants, the construction financing is swapped into an investment loan, usually for a term of 5 years repayable gradually with rental income or fully upon sale of the property. The banks are usually willing to offer investment loans up to an amount that reflects 65 to 70 per cent of the property‘s market value. Guarantees and other forms of comfort are, in line with market practice, being provided in relation to projects at the level of the Issuer and relevant subsidiaries.

Before starting construction works (or contracting with subcontractors), a (non-)binding term sheet from its banking relations is usually already available.

(iv) Construction

The construction of a project is a critical step in creating value. The Issuer Group is able to benefit from framework agreements between the Consortium and large contractors which substantially reduce contractual and operational risks. By combining market knowledge with construction knowhow, the Issuer Group is able to optimise the construction process and create added value. Furthermore, for every project, fixed pricing or open book contracts are negotiated to minimise the risk of cost overruns.

Unlike some of its competitors, the Issuer Group remains in control of the construction process on every site. In-house engineers and site coordinators of the Consortium are present every day on the construction site and are in direct contact with the business development department, finance department and the future tenants/occupiers. This approach ensures that everyone involved in the project is aware of the project status, which allows for feedback from each level to be integrated in the construction process and offers significant flexibility to its clients (e.g. when newly-signed tenants request a tailor-made approach). This integrated approach throughout the construction process is one of the key differentiators of the Issuer Group and quite unique in the market.

(v) Lease or sale

The commercialisation of the projects is run by the Issuer Group’s in-house staff. They have close relationships with renowned agencies and have their own network of professional investors. The Issuer Group also benefits from the international position and international network of the Guarantor, allowing it to lease or sell its project to the same multinational companies.

The Issuer Group is a dynamic real estate investor with a hold (for a limited time) and lease or sale strategy. Residential real estate is always built for immediate sale. Commercial real estate is held until the Issuer Group receives an offer which exceeds the expectations in terms of yield and other conditions.

Until now, virtually all completed real estate projects have received more than satisfactory offers. The strategy to hold on to commercial real estate for a short term allows the Issuer Group to maximise the investment potential by selling when the time is right. This way the Issuer Group is able to maintain a modern portfolio of recently built real estate. Real estate projects can also be sold to Ghelamco European Property Fund, which holds certain projects for a longer period of time as income generating product. Further details on a selection of successfully completed and/or commercialised projects can be found in Figure 8 and "*3.4.2 - The Issuer Group's portfolio as at 30 June 2017*". 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 30/06/2017**
Brussels One Kanonstraat	Brussels	residential & retail	all apartments sold 23 out of 32 parking spaces sold 2 retail areas for lease/sale
Ghelamco Arena	Ghent	Offices, retail & multifunctional	Ring Multi: 68% leased MeetDistrict: offices are 100% leased
Residentie Katelijne	Knokke	residential	all apartments sold
Sylt	Knokke	residential	9 out of 12 houses sold, remaining apartments for sale 95% of parking spaces sold, remaining space for sale
Waterside	Leuven	residential & retail	all apartments sold 84.5% of parking spaces sold, remaining space for sale 82.5% of retail space sold, remaining space for sale
East Dune	Oostduinkerke	residential	25 out of 57 apartments sold, remaining spaces for sale 37% of parking spaces sold
Tribeca	Ghent	residential	145 out of 168 lofts/apartments sold, remaining space for sale
Locarno	Knokke	Logistics	Retail part on the ground floor is sold.
Waterview Student Housing	Leuven	Residential	461 student units are 100% sold
The Link	Antwerpen	Offices	27,000 sqm office space and approx. 540 underground parking spaces: (pre-)lease of 70%
Spectrum	Brussels	Offices/residential	15,000 sqm office space, 22 apartments and approx.170 parking spaces: 95% of the apartments (pre-)sold
Edition	Brussels	Residential/retail	59 apartments (78% (pre-)sold) and retail: 50% leased

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 in accordance with IFRS rules and provided that certain internal (more restrictive) parameters are fulfilled. This means that the value which is created over the realisation period of the projects (which may take several years) is spread over the duration of the project and accounted for over time in the income statement through recognition of periodical fair value adjustments. These fair values depend on a number of market assumptions and are supported by third-party valuation reports. Cumulated fair value adjustments on investment property in the portfolio are part of the "equity" but are not considered realised. They are only considered as realised once the relevant project is sold.

Since 2008, the Issuer has expanded its market share in Belgium. Through the investment in some landmark projects, the asset base of the Issuer has grown from EUR 115 million in 2008 to EUR 606 million in 2016. At 30 June 2017, the asset base of the Issuer has grown to EUR 641 million, representing a growth of ca. 457 per cent versus 2008, even taking into consideration a significant disposal of EUR +100 million of assets in 2016.

Adjustments to fair value through profit and loss for the period ended 31 December 2016 amounted to EUR 32.5 million (see page 57 et seq. of the Issuer's consolidated financial statements for the financial year 2016 for further details). Adjustments to fair value through profit and loss for the half year period ended 30 June 2017 amounted to EUR 7.8 million (see page 6 et seq. of the Issuer's Half Year Results 30 June 2017).

3.4 Strategy of the Issuer Group

3.4.1 Investment strategy

Together with its subsidiaries, the Issuer invests in commercial (retail and offices) and high-end residential real estate in Belgium and in France, and could potentially in the future also invest in Luxembourg, Germany, Cyprus, the Netherlands and the United Kingdom.

In this respect, the Issuer Group invests in top quality projects on AAA-locations using the best materials and with high energy efficiency and even energy positive levels, parking availability, BREEAM, etc. Experience shows that the investment in top quality projects generally results in a higher profitability and, more importantly, in a lower commercialisation risk. This is confirmed (i) on the one hand, by the historical sales prices of the Issuer Group's projects which were often sold below market yields and (ii) on the other hand, by the young portfolio of projects (oldest building completed in 2011), which proves that the Issuer Group was able to sell all its preceding projects at sufficiently attractive terms.

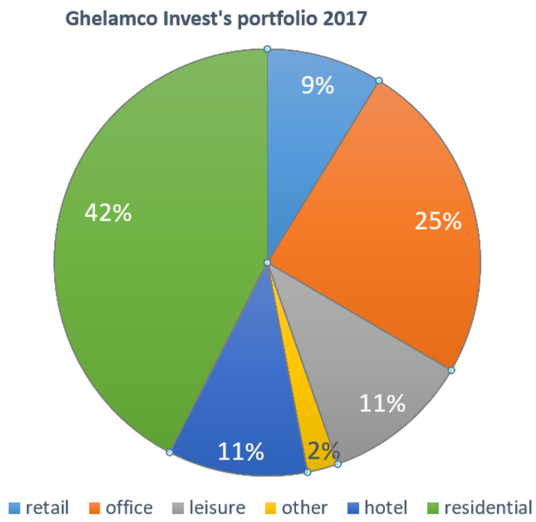
Over the past five years, the Issuer Group has expanded its project development activities in Belgium and currently has a portfolio of more than 40 projects. As a consequence, a significant part of the portfolio has evolved to the delivery or realisation phase. In addition, new office, commercial and residential projects have been approved or are already under construction. In this respect, the Issuer also continues to invest in its relationship and co-operation with local authorities. In France, the Issuer investments are still in an early phase.

The strategy of the Issuer Group is to develop real estate with a view to leasing commercial real estate and selling residential real estate. The (pre-)leased commercial properties are only sold if the transaction offers substantial gains. The Issuer Group has increased its investment activities in Belgium over the last 5 to 7 years resulting in an asset base that has more than tripled over the past 5 years. The further growth of the investment portfolio should result in an increase in recurring rental income from commercial real estate projects.

The Issuer has a diversified portfolio, covering different segments in different locations. The Issuer focuses on the creation of multi-use areas with a view to maximise differentiation.

3.4.2 The Issuer Group's portfolio per 30 June 2017

Figure 13: Issuer Group's portfolio as at 30 June 2017



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 (42 per cent), office (25 per cent), leisure (11 per cent) and retail projects (9 per cent) located in Brussels, Leuven, Ghent, Antwerp, Kortrijk, Knokke and France. Thanks to this diversification, the Issuer significantly reduces its portfolio's risk profile.

The young and dynamic portfolio of the Issuer includes the projects "Knokke - Golf Village", the "MeetDistrict Business Center" in Ghent and "Spectrum" in Brussels.

Knokke - Golf Village

Next to the various residential, office and retail projects, the Issuer Group will develop a recreational and leisure project in Knokke to anticipate the growing demand for sport accommodation, in particular golf.

The Golf Village will consist of approximately 350 rooms, restaurants, boutiques, commercial areas and congress facilities and will be located in the center of the golf course.

The project is part of a larger urban development project, including the construction of a new hospital, an urban swimming pool, the construction of a forest and a golf hotel with conference facilities. This magnum-project will be a decisive milestone for the successful realisation and exploitation of numerous satellite projects in Knokke, "Le 8300" boutique hotel being one example.

Ghent - MeetDistrict® Business Center

MeetDistrict is an innovative and high-end business and congress center in the Ghelamco Arena offering approx. 10,000 sqm of flexible working spaces, inspiring meetings rooms and a state of the art auditorium. The site aims to create an architectural entrepreneurial village boosting the entrepreneurial spirit and creating an interconnected community.

In Q3 of 2016, the 2nd phase (approx. 250 workplaces) of the MeetDistrict was delivered and taken into use. As at Q3 2017, the business center was occupied for 100 per cent.

Brussels - Spectrum

The Spectrum project will offer 15,000 sqm exceptional office space, 22 apartments and approx.170 parking spaces. It will be a zero energy building with solid, semi-closed parts in the façade which will create a genuine symbiosis between working and living in the city.

By 1 September 2017, the demolition works on this mixed project in Brussels were finalised. As at Q3 2017, 95 per cent of the apartments have already been reserved and/or pre-sold.

Brussels - Eurostadium

The Issuer Group holds the lease rights on Parking C of the Heizel site in Brussels (28 ha) for 99 years, on which various different projects can be realised.

Mid-March 2015, the City of Brussels has retained "Eurostadium Brussels" as preferred bidder for the construction of the Eurostadium on parking C of the Heizel site.

The Issuer has lodged the new permit application for the Eurostadium on 14 September 2017. The Issuer expects to receive a response on the permit application by Q1 2018.

In case the permit is not obtained, the Issuer will consult with the city of Brussels on the further development of Parking C.

Other notable expansion and investment activities in 2017 were:

(i) the construction works of phase 3 of the Tribeca project in Ghent (affordable, contemporary, green project, consisting of 91 apartments and some smaller retail units) have continued. At the same time, commercialisation of this phase of the project is going well, as per date of the current report already 80 per cent of available residential units have been (pre-)sold. Furthermore, construction of phase 2 (consisting of 72 apartments, 5 lofts, underground parking garages and retail units) is currently being finalised (and at c. 95 per cent (pre-)sold), while 71 (of 72 available) residential units have been sold. Also, approx. 42 per cent of the available retail space (5,150 sqm in total in phase 2) has been leased to Lidl, which opened its new retail shop on 15 February 2017.

(ii) Continuation of the construction works on the business hotel next to the Ghelamco Arena. The casco delivery is expected for Q4 2017.

(iii) stripping, demolition and start of construction works in the Brussels Edition (Louizalaan) project. Per date of the current report, approx. 78 per cent of the apartments in the Edition project have been (pre-)sold.

(iv) stripping, demolition and start of construction works in the Brussels Spectrum (Avenue Bischoffsheim) project. Per date of the current report, approx. 95 per cent of the apartments in the Spectrum project have been reserved and/or pre-sold. In addition, leasing negotiations for significant areas in the offices-part of the Spectrum project are currently well advanced.

(v) construction works in the ‘The Link’ project in Berchem (27,000 sqm office space and approx. 540 underground parking spaces, divided over 2 buildings) have started, while marketing efforts have per date of this report already resulted in a (pre-)lease rate of approx. 70 per cent.

In 2017, residential projects for a total amount of EUR 27,202,000 were sold. The residential projects sales mainly include invoicing under the Breyne legislation in the Tribeca project in Ghent, villas and apartments at the Belgian coast and instalments in the Edition project at the Louizalaan in Brussels (offering 59 apartments in total).

BREEAM

When developing projects, the Issuer Group aims to make effective use of the different resources in order to maximise sustainable value and efficiency. "BREEAM" is the world's leading sustainability assessment method for master-planning projects, infrastructure and buildings. In Leuven, the Issuer Group has received a "BREEAM Very Good" certificate for the Vander Elst Project (containing 17,000 sqm retail and office space). The Vander Elst project was the first multi-tenant building on the local market to receive this accreditation.

Since 2010, the Issuer Group has been following and supplying the world's top assessment method of environmental performance and sustainability of buildings developed by BREEAM for all of its portfolio.

The constant focus on sustainable value and efficiency makes the Issuer Group's developments attractive property investments and consequently generates sustainable environments that enhance the well-being of the people who live and work in them.

The application of processes that are environmentally responsible and resource efficient throughout a building's life cycle are key: from planning to design, construction, operation and maintenance. Therefore, a close cooperation is pursued of the contractor, the architects, the engineers and the client at all commercial project stages.

Furthermore, the Issuer Group's management puts in place sufficient efforts to achieve "Very Good" ratings on future commercial projects.

3.4.3 Recent investments

The Issuer has not made any investments, nor has it resolved to make any future investments (other than the ongoing investments), since the date of its last published financial statements. It has thus not entered into significant binding acquisition (pre-)agreements since 30 June 2017, other than the item mentioned under 'Main Post Balance Sheet events' in the Issuer's Half Year results 30 June 17. The Issuer has currently negotiations ongoing for future commercial projects that will fill up the Issuer's pipeline for the next years. The Issuer aims to close those negotiations at the beginning of 2018.

3.5 The organisational structure of the Issuer Group

As at 30 June 2017, the Issuer had 32 subsidiaries. All are limited liability companies (*naamloze vennootschappen/sociétés anonymes*), except for one cooperative limited liability company (*coöperatieve vennootschap met beperkte aansprakelijkheid/société cooperative à responsabilité limitée*), incorporated and existing under the laws of Belgium.

As at 30 June 2017, Ghelamco Invest holds the following Ghelamco subsidiaries:

Entity description	Country	30/06/2017 % voting rights
The White House Zoute NV	BE	99*
Dock-Site NV	BE	99*
Dianthus NV	BE	99*
Nepeta NV	BE	99*
Eurostadium Events NV (former De Leewe III NV)	BE	99*

Entity description	Country	30/06/2017 % voting rights
Eurostadium Park NV (former Immo Simava 13 NV)	BE	99*
Leisure Property Invest NV	BE	99*
Waterview NV	BE	99*
Leuven Student Housing NV	BE	99*
Parking Leuven NV (former Ring Congress Centre NV)	BE	99*
Wavre Retail Park NV	BE	99*
RHR-Industries NV	BE	99*
Zeewind NV	BE	99*
Docora NV	BE	99*
Ring Multi NV (former Ring Retail NV)	BE	99*
MeetDistrict Gent NV	BE	99*
Ring Offices NV	BE	99*
Ring Hotel NV	BE	99*
Forest Parc NV	BE	99*
Belalan Bischoffsheim Leasehold NV	BE	99*
Bischoffsheim Freehold NV	BE	99*
Belalan Louise Leasehold NV	BE	99*
Louise Freehold NV	BE	99*
De Nieuwe Filature NV	BE	99*
Pomme de Pin Expansion SAS	FR	100
Société Immobilière de Courchevel SARL	FR	100
Pomme de Pin SAS	FR	100
Le Chalet 1850	FR	100
Brussels Urban Invest NV	BE	99*
Construction Link NV	BE	99*
Kubel NV	BE	99*
Filature Retail 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 6.25 per cent fixed rate bonds due 28 February 2018 (the "**2018 Notes**"), the 4.5

per cent fixed rate bonds due 3 July 2020 issued under the EMTN Programme (the "**2020 Notes**") ,and the 4.125 per cent fixed rate bonds due 14 June 2021 (the "**2021 Notes**") and (iv) bank financings, both at the level of the Issuer and at the level of its subsidiaries in order to finance the relevant projects.

The Related Party Loans are subordinated loans that are provided to the relevant SPV subsidiaries of the Issuer by certain subsidiaries of the Guarantor. Given that the Notes are guaranteed, such Related Party Loans are treated as part of the "equity" for internal reporting purposes.

30/06/2017	Amount (in million EUR)	Maturity
2018 Notes(1)(2)	70.00	28 February 2018
2020 Notes	79.10	3 July 2020
2021 Notes	70.90	14 June 2021
Short term bank financing (3)(4)	74.5	< 1 year
Long term bank financing(5)	85.5	> 1 year

(1): The total balance of the bonds outstanding set out in the Issuer Group's consolidated financial statements per 30 June 2017 (EUR 217,149,000) is equal to the total issue amount (EUR 220,000,000) 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 2017, part of the short-term bank financing will be repaid in accordance with the agreements and part will be extended or refinanced (e.g. through a swap to investment loan).
(4) As at 30 June 2017 the short-term bank financing consists of EUR 38.5 million bank financing at the level of the Issuer and EUR 36.0 million at the level of the subsidiaries.
(5) As at 30 June 2017 the long-term bank financing consists of EUR 12.3 million bank financing at the level of the Issuer and EUR 72.2 million at the level of the subsidiaries.

The Issuer Group intends to further diversify its funding sources as it expects that its bank financing will not increase proportionally with the growth of its portfolio. An important part of such diversification comes from increased bond financing, such as the 2018 Notes, the 2020 Notes and the 2021 Notes and any further Notes issued under this Programme. Such increased bond financing will, *inter alia*, allow the Issuer Group to keep projects longer in portfolio in order to maximise the yield potential of new and existing lease contracts and extend its maturity dates.

5 Recent events and developments

There have not been any recent events relevant to the evaluation of the Issuer's solvency since 30 June 2017, except for those circumstances or events mentioned or referred elsewhere to in this Base Prospectus.

6 Trend information

There has been no material adverse change in the prospects of the Issuer or the Issuer Group since 31 December 2016, 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 30 June 2017, 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 85 per cent of the portfolio is located in Poland, Belgium and France, whereby 46 per cent is located in Poland and 40 per cent in Belgium and France. Approximately 68 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 30 June 2017)

Portfolio	Belgium & France	Poland	Ukraine	Russia	Total
per 30 June 2017					
Retail	39	27			66
Offices	108	396			504
Logistics		3	5	159	167
Other	106	12			118
Residential	186	68	0		255
TOTAL	**439**	**507**	**5**	**159**	**1.110**

Source: Guarantor IFRS consolidated financial information for the period ended 30 June 2017

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 EUR 1.7 billion in assets as at the date of this Base Prospectus.

Figure 10: Selection of Belgian real estate companies, ranked by assets as at 30 June 2017 (except for Retail Estates, which is based on the financial statements as at 30 September 2016)

#	Name	Strategy	Key segments	Total assets	Equity	Solvency	Geography
1	Cofinimmo	REIT	Offices	3,724	1,907	51%	BEL-FR-NED-GER
2	Befimmo	REIT	Offices	2,568	1,473	57%	BEL-LUX
3	WDP	REIT	Warehouses	2,400	1,120	47%	BEL-FR-NED-RO
4	Ghelamco Group	Develop & Hold/Sell	Offices & Residential	1,695	773	46%	BEL-FR-PO-UKR-RUS
5	Aedifica	REIT	Residential	1,570	888	57%	BEL-LUX
7	Retail Estate	REIT	Commercial	1,036	469	45%	BEL
6	Immobel	Develop & Hold/Sell	Offices & Residential	821	299	36%	BEL-LUX-PO
9	Intervest Offices	REIT	Offices & Warehouses	650	333	51%	BEL
8	Atenor	Develop & Hold/Sell	Offices & Residential	613	148	24%	BEL-HUN-RO-LUX
10	Banimmo	Develop & Hold	Offices & Commercial	224	53	24%	BEL-FR

Source: resp. interim financial reports on 30 June 2017, except for Retail Estates (30 September 2016)

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 CBRE's "*CRE in Poland H1 2017 Market Survey*", Poland is still one of the best investment destinations in the CEE region as it is recognised for its robust internal consumption, positive trade balance and the well qualified work force constituting the main foundations of the Polish economy. Moreover, international rating agencies such as Fitch Ratings or S&P, have confirmed a stable outlook for Poland, providing evidence of the secure situation in the Polish economy, despite recent political disruptions,.

Globalisation, new technologies, demographics and environmental protection will increasingly affect the real estate market in the coming years. Technological development has an impact on all markets: retail (e-commerce, the intermingling of online and offline shopping), warehouse (e-commerce requires new warehouses in the regions), but also on the office market (teleworking) or residential market (environmentally-friendly solutions, smart systems). Other factors of great importance to the real estate market are the ongoing infrastructure development, urbanisation and the growth of the business services sector. Planned changes in legal environment of the real estate market as well as new government programs, along with the planned implementation of new investment tools (such as REITs), will have a bearing on the real estate market in Poland in the coming years.(ii) The office market

Demand

The real estate market in Poland enjoys undiminishing popularity among investors. Low interest rates, attractive prices compared to those in Western Europe combined with a mature and safe market as well as growing economy attract both Polish and foreign investors. Other factors of great importance are the constant infrastructure development, the impact of new technologies, the growth of e-commerce and shared services centres.

In the first half of 2017, the recorded volume of transactions in Warsaw was at a similar level of the first half of 2015 when a record high take-up of 843,000 sqm was recorded. A significant portion of transactions made in 2015 were renegotiations of leases signed in 2010-2011 following an inert period directly after the 2008 financial crisis. In the first half of 2017 the large transaction volume was caused by organic growth rather than as a follow-up to the transactions from 5 years ago. It is to be noted that the Warsaw office market is undergoing significant changes as it enters in the next stage of its maturity. CBRE expects a record high take-up volume in 2017 if trends of the first half year remain.[7]*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 5.25 per cent in 2017. The large number of new projects that has been completed in the period 2013–2016 pushed prime yields downwards.

Preferred Tenants locations

In the Warsaw office market, two areas exceed the others in terms of interest of (potential) tenants, being Mokotów and the area near Rondo Daszyńskiego. These are the locations where the Guarantor, through Granbero Holding Limited, performs most of its projects. Besides those, the Guarantor Group is also active in the most interesting and prestigious locations in the Warsaw city centre.

(iii) Position of the Guarantor Group

Poland

The Guarantor Group has been active in the Polish real estate sector since 1991. In the years 2010-2017, the Guarantor Group has completed commercial projects (mostly office space) of total area of above 360,000 sqm, mainly office space including among others the Warsaw Spire and the Wronia 31 project, located at Europejski square in Warsaw, Senator in Warsaw City Center as well as project Mokotów Nova and Wołoska 24 in Warsaw Mokotów, Przystanek mBank in Łódź. Furthermore, the Guarantor Group sold 21 commercial projects of total value of EUR 1,380.5 million since 2002 till first half year 2017 (including 20 projects sold in 2002-2015 and Warsaw Spire (Building B) September 2017).

The Guarantor Group concentrates on the performance of office projects, occasionally performing (high standard) housing and commercial projects. All real estate projects of the Guarantor Group are implemented directly by Project Companies controlled by Guarantor Group which participates in the implementation of real estate projects. The Guarantor Group has developed an effective and proven model of execution of development projects.

Commercials projects of a total of over 150,000 sqm are currently in preparation. The land bank currently or to-be available to companies controlled by the Guarantor Group, including companies implementing joint venture projects, may allow them to develop over 300 sqm of commercial projects. *Warsaw - Warsaw Spire*

The Warsaw Spire, the tallest tower in Central and Eastern Europe, was awarded by the Warsaw Business Journal for Investment of the Year and by the International Property Awards for Highly Commended Commercial High-rise Development in Poland.

In addition, during the CIJ Awards, the Spire was also chosen as Best Office Development and Leading Green Building Development. At the same occasion, the Guarantor Group received an award for Developer of the Year, which was also received during the Eurobuild Awards and the EuropaProperty CEE Investment & Green Building Awards.

[7] CBRE “CRE in Poland H1 2017 Market Summary”.

In March 2017, the Spire received the main award in Best Office & Business Development at the MIPIM Awards, the world's most prestigious competition in the real estate industry. The Spire won in the best office investment category, ahead of projects from London, Rome, and Shenzhen.

The project on the whole is currently leased for approx. 95 per cent.

BREEAM certification - Green Buildings

The Guarantor Group was the first developer to introduce the prestigious BREEAM certificate in Poland which later became a standard.

All of the projects awarded BREEAM certification received a "Very Good" rating.

The Guarantor Group continues to design and construct eco-efficient projects. All of its latest investments are designed to ecological standards.

Russia 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 consists of four buildings totalling approximately 243,000 sqm of leasable area. The first phase (building A, approx. 60,000 sqm) and second phase (building B, approx. 76,000 sqm) of the Dmitrov Logistics Park have been delivered. As at Q3 2017, building A was leased for 70 per cent and building B was fully leased. The political and economic situation and its effects on markets and (warehouse) tenant activity is closely monitored, in light of the advanced construction of building C (approx. 46,000 sqm). As at the end of Q3 2017, building C1 (20,000 sqm) and buildings C2 and C3 (26,000 sqm) were delivered and building C1 was fully leased. Buildings C2 and C3 are expected to be fully leased by Q1 2018. 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 sqm which is fully leased and has been sold in June 2017.

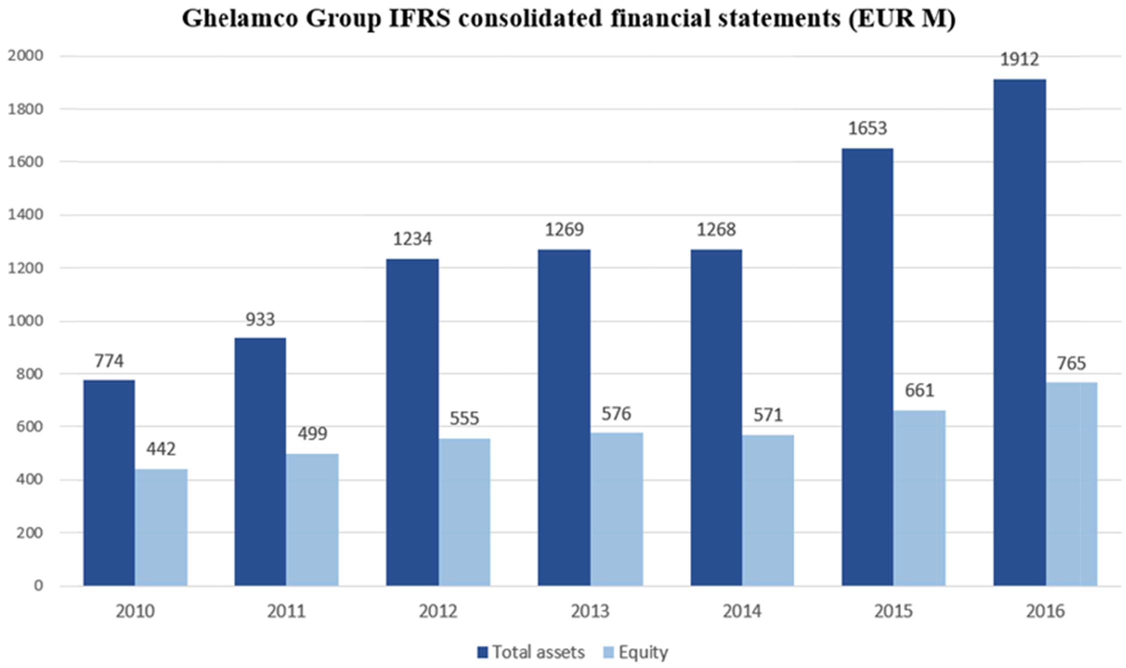
3 Valuation of the real estate assets

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 in accordance with IFRS rules and provided that certain internal (more restrictive) parameters are fulfilled. This means that the value which is created over the realisation period of the projects (which may take several years) is spread over the duration of the project and accounted for over time in the income statement through recognition of periodical fair value adjustments. These fair values depend on a number of market assumptions and are supported by third-party valuation reports. Cumulated fair value adjustments on investment property in the portfolio are part of the "equity" but are not considered realised. They are only considered as realised once the relevant project is sold.

Since 2015, consolidated assets and equity have grown with 2.5 per cent and 16.9 per cent respectively as a result of the successful value creation from investment efforts and sale and/or divestment of projects. Between

31 December 2016 and 30 June 2017, the Guarantor decreased the total assets of the Guarantor Group with 11 per cent, due to the sale of Retail Leuven to a third party investor for an amount of EUR 9.4 million and the sale of the Warsaw Spire project to Ghelamco European Property Fund for a total transaction value of EUR 540 million. Figure 11: Guarantor Group consolidated total assets and equity (in EUR million)



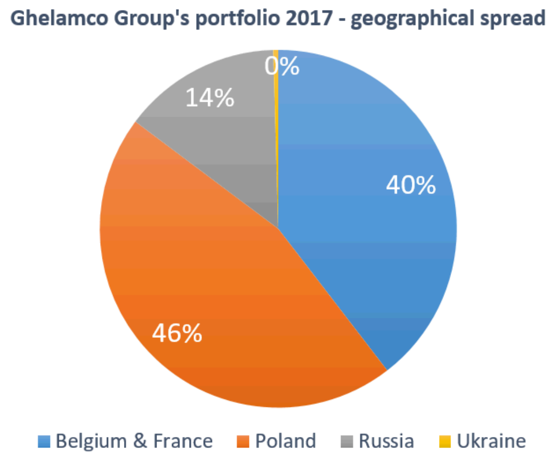
Source: Guarantor Group IFRS Consolidated financial statements as at 31 December 2016

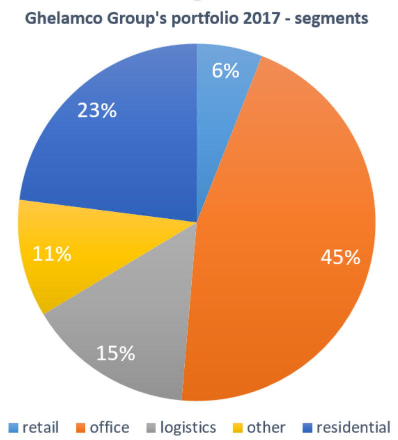
Portfolio of the Guarantor Group as at 30 June 2017

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 30 June 2017

Portfolio	Belgium & France	Poland	Ukraine	Russia	Total
Per 30 June 2017					
Retail	39	27			66
Offices	108	396			504
Logistics		3	5	159	167
Other	106	12			118
Residential	186	68	0		255
TOTAL	**439**	**507**	**5**	**159**	**1.110**





Source: Guarantor Group information

In Belgium, the Guarantor Group mainly holds projects in the residential (42 per cent), offices (25 per cent.), and retail (9 per cent.) segments. The Guarantor's Polish portfolio focuses on modern office space (78 per cent.) but also includes, to a lesser extent, investments in the residential (13 per cent.) and retail (5 per cent.) segment. Both the Russian and Ukrainian real estate portfolio represents the largest part of 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 30 June 2017, apart from the item mentioned under 'Main Post Balance Sheet events' in the Guarantor's IFRS Condensed Consolidated Financial Statements at 30 June 2017.

4 Recent events and developments

There have not been any recent events relevant to the evaluation of the Guarantor's solvency since 30 June 2017 except for those circumstances or events mentioned or referred below or elsewhere to in this Base Prospectus .

As at 30 June 2017, the total consolidated equity of the Guarantor amounted to EUR 772,959,000, of which EUR 73,194,000 share capital and EUR 683,909,000 retained earnings.

The Guarantor will proceed with a capital reduction in the near future and also plans to proceed with the demerger of certain non-core assets which would then be distributed to its shareholders. In aggregate, both operations are expected to be for an amount of up to EUR 100,000,000.

5 Trend information

There has been no material adverse change in the prospects of the Guarantor or the Guarantor Group since 31 December 2016, 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 30 June 2017, 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 six members:

Name	Position	Type	Expiration of term	Principal board mandates performed outside the Issuer
Opus Terrae BVBA, represented by its permanent representative, Mr Paul Gheysens	director	not independent	General meeting of shareholders of 2018	(i) managing director of various entities within the Consortium; (ii) statutory manager of Ghelamco Group Comm. V.A..
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 representative of Kadmos BVBA as statutory manager of International Real Estate Services Comm. V.A.; (iv) director of various entities within the Consortium.
Mr Michael Gheysens	director	not independent	General meeting of shareholders of 2018	director of various entities within the Consortium.
Mr Simon Gheysens	director	not independent	General meeting of shareholders of 2018	director of various entities within the Consortium.
BVBA Pure F., represented by its permanent representative, Mr Philip Neyt	director	non-executive	General meeting of shareholders of 2018	(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;

Name	Position	Type	Expiration of term	Principal board mandates performed outside the Issuer
				(v) independent director of Ethias NV; (vi) independent director of Beursvennootschap Stevens&Cie; (vii) independent director of Vladubel (Vlaanderen Duurzaam Beleggen); (viii) independent director of BNP Paribas B Invest, BNP Paribas B Strategy and BNP Paribas Fix 2010; (ix) CEO of Pensioeninvest Comm.V. (x) Director of Ghelamco Invest NV.
Jinvest BVBA represented by its permanent representative, Mr Jürgen Ingels	director	independent	general meeting of shareholders of 2020	(i) director of NV Materialise (ii) director of NV Itineris (iii) director of Itiviti (Swedish company) (iv) director of NV Newtec Cy

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

1.2 Management

The Issuer will establish a management committee(*directiecomité/comité de direction*) within the meaning of Article 524*bis* of the Belgian Companies Code. The management committee shall be composed as follows:

Name	Position	Expiration of term	Principal board mandates performed outside the Issuer
Mr Paul Gheysens*	chief executive officer	n/a	(i) director and permanent representative of Opus Terrae BVBA as managing director of Safe Holding Belgium NV; (ii) permanent representative of Opus Terrae BVBA as statutory manager of Ghelamco Group Comm. V.A.; (iii) various mandates within the Consortium outside of the Guarantor Group including, without limitation a mandate as permanent representative of Kadmos BVBA as statutory manager of International Real Estate Services Comm. V.A.; (iv) director of various entities within the Consortium.
Mr Michael Gheysens*	chief commercial and business development officer	n/a	director of various entities within the Consortium.

Name	Position	Expiration of term	Principal board mandates performed outside the Issuer
Mr Simon Gheysens*	chief business intelligence, technology and project design officer	n/a	director of various entities within the Consortium.
Mr Philippe Pannier*	chief financial officer	n/a	(i) various mandates within the Consortium; (ii) director of Bischoffsheim Freehold NV, Louise Freehold NV and Safe Invest Sp. z.o.o.; (iii) director of Luxus Invest Sp. z.o.o.; and (iv) manager of FMP BVBA.
Ms Barbara De Saedeleer*	chief investments and operations officer	n/a	independent director UTB NV
Ms Petra Sobry*	general counsel and secretary general	n/a	Not applicable

* in each case, as permanent representative of their respective management companies.

1.3 Audit committee

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

1.4 Auditors

Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA, having its registered office at Gateway Building, Luchthaven Nationaal 1 J, 1930 Zaventem, Belgium, represented by Rik Neckebroeck (member of the *Institut des Réviseurs d'Entreprises/Instituut der Bedrijfsrevisoren*), has 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 board of directors includes an independent board member and a non-executive board member. The Issuer has also established an audit committee. This 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 its permanent representative, Mr Paul Gheysens acts as statutory director of the Guarantor.

In accordance with Article 14 of the articles of association of the Guarantor, the statutory director can validly represent the Guarantor.

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

2.2 Senior management

The statutory director has delegated a number of management functions in accordance with Article 15 of the articles of association of the Guarantor.

The statutory director did not establish a management committee (*directiecomité*/*comité de direction*) within the meaning of Article 524*bis* of the Belgian Companies Code.

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

On the date of this Base Prospectus, the "**Senior Management**" comprises:

Name	**Position**	**Expiration of term**	**Principal activities performed outside the Guarantor**
Mr Michael Gheysens*	chief commercial and business development officer	n/a	director of various entities within the Consortium.
Mr Simon Gheysens*	chief business intelligence, technology and project design officer	n/a	director of various entities within the Consortium.
Mr Philippe Pannier*	chief financial officer	n/a	(i) various mandates within the Consortium; (ii) director of Bischoffsheim Freehold NV, Louise Freehold NV and Safe Invest Sp. z.o.o.; (iii) director of Luxus Invest Sp. z.o.o.; and (iv) manager of FMP BVBA.

Name	Position	Expiration of term	Principal activities performed outside the Guarantor
Mr Chris Heggerick*	chief operating officer	n/a	(i) director of Bischoffsheim Freehold NV, Louise Freehold NV and 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) various mandates within the Consortium; (ii) president of the management board of Kama Investment Sp. z.o.o.; (iii) president of the management board of Cordylite Company Sp. z.o.o.; (iv) president of the management board of Mesolite Company Sp. z.o.o.

*** in each case, as permanent representative of their respective management companies.**

2.3 Auditors

Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA, having its registered office at Gateway Building, Luchthaven Nationaal 1 J, 1930 Zaventem, Belgium, represented by Rik Neckebroeck (member of the *Institut des Réviseurs d'Entreprises*/*Instituut der Bedrijfsrevisoren*), has 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 313,549 ordinary shares. Currently, the Guarantor directly holds 99.998 per cent of these shares. The balance (5 shares) is held by Mr Paul Gheysens.

1.2 Share capital

As at 30 June 2017, the Base Prospectus the Issuer's share capital amounts to EUR 146,490,000 (one hundred forty six million four hundred ninety thousand) and is fully paid-up.

The share capital is divided into 313,549 (three hundred thirteen thousand five hundred forty-nine) shares.

2 Guarantor

2.1 Major shareholders

The Guarantor is (indirectly) fully controlled by Mr Paul Gheysens, Mrs Ria Vandoorne, Mr Simon Gheysens, Mr Michael Gheysens and Mrs Marie-Julie Gheysens.

2.2 Share capital

As at 30 June2017, 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.

The Guarantor will proceed with a capital reduction in the near future and also plans to proceed with the demerger of certain non-core assets which would then be distributed to its shareholders. In aggregate, both operations are expected to be for an amount of up to EUR 100,000,000.

PART XI – SELECTED FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFIT AND LOSSES

1 Financial information of the Issuer

Selected financial information for the period ended 31 December 2016 and 31 December 2015 and the period ending 30 June 2016 and 30 June 2017 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 2016 and 31 December 2015, an unqualified auditor's opinion has been issued.

1.1.1 Consolidated balance sheet ('000 EUR)

	31/12/2016	**31/12/2015**	**30/06/2017**	**30/06/2016**
ASSETS				
Non-current assets				
Investment Property	225.224	265.150	252.915	278.112
Property, plant and equipment	589	148	675	150
Investments in associates	0	0	0	0
Receivables and prepayments	4.851	2.163	5.020	675
Deferred tax assets	4.892	5.181	3.683	5.305
Other financial assets	4.272	3.637	11.318	4.304
Restricted cash	0	0	0	0
Total non-current assets	**239.828**	**276.279**	**273.611**	**288.546**
Current assets				
Property Development Inventories	190.634	206.631	186.381	178.271
Trade and other receivables	159.223	102.719	163.289	150.016
Current tax assets	14	14	0	14
Derivatives	0	0	0	0
Assets classified as held for sale	575	575	575	575
Restricted cash		0		0
Cash and cash equivalents	15.273	35.141	17.263	10.187
Total current assets	**365.719**	**345.080**	**367.508**	**339.063**

TOTAL ASSETS	**605.547**	**621.359**	**641.120**	**627.609**

	31/12/2016	31/12/2015	30/06/2017	30/06/2016
EQUITY AND LIABILITIES				
Capital and reserves attributable to the Group's equity holders				
Share capital	146.490	146.490	146.490	146.490
CTA	0	0		
Retained earnings	63.733	38.527	67.623	41.217
	210.223	185.017	214.113	187.707
Non-controlling interests	185	176	144	175
TOTAL EQUITY	**210.408**	**185.193**	**214.257**	**187.882**
Non-current liabilities				
Interest-bearing loans and borrowings	277.013	328.325	233.174	303.807
Deferred tax liabilities	19.048	19.068	19.264	20.403
Other non-current liabilities	0	0	0	0
Long-term provisions	120	140	120	120
Total non-current liabilities	**296.181**	**347.533**	**252.558**	**324.330**
Current liabilities				
Trade and other payables	17.789	21.434	29.425	20.570
Current tax liabilities	1.646	1.658	368	1.816
Interest-bearing loans and borrowings	79.523	65.541	144.512	93.011
Short-term provisions	0	0	0	0
Total current liabilities	**98.958**	**88.633**	**174.305**	**115.397**
Total liabilities	**395.139**	**436.166**	**426.864**	**439.727**
TOTAL EQUITY AND LIABILITIES	**605.547**	**621.359**	**641.120**	**627.609**

1.1.2 Consolidated income statement ('000 EUR)

	31/12/2016	31/12/2015	30/06/2017	30/06/2016
Revenue	72.354	64.168	29.596	49.080
Other operating income	4.930	2.586	6.347	1.596
Cost of Property Development Inventories	-47.187	-39.484	-19.225	-37.851
Employee benefit expense	-525	-387	-179	-281
Depreciation amortisation and impairment charges	-23	-35	-97	7
Gains from revaluation of Investment Property	32.484	22.011	7.781	3.826
Other operating expense	-13.165	-19.815	-12.820	-6.214
Share of results of associates	0	0		0
Operating profit - result	**48.868**	**29.044**	**11.402**	**10.163**
Finance income	3.055	1.100	1.853	1.425
Finance costs	-14.006	-13.425	-6.634	-6.844
Profit before income tax	**37.917**	**16.719**	**6.621**	**4.744**
Income tax expense/income	-12.659	-6.364	-2.767	-2.056
Profit for the year	**25.258**	**10.355**	**3.853**	**2.688**
Attributable to:				
Equity holders of parent	25.220	10.248	3.888	2.689
Non-controlling interests	38	107	-35	-1

1.1.3 Consolidated cash flow statement ('000 EUR)

	31/12/2016	31/12/2015	30/06/2017	30/06/2016
Operating Activities				
Profit / (Loss) before income tax	37.917	16.719	6.621	4.744
Adjustments for:				

- Share of results of associates				0
- Change in fair value of investment property	-32.484	-22.011	-7.781	-3.826
- Depreciation, amortisation and impairment charges	23	35	97	-7
- Result on disposal Investment Property	-1.922	-510	-1.146	0
- Change in provisions	-20	-38		-20
- Net interest charge	9.216	10.804	3.663	4.606
- Movements in working capital:				
- Change in inventory	3.241	-73.911	-915	28.360
- Change in trade & other receivables	-56.504	-57.207	-4.066	-47.297
- Change in trade & other payables	-3.973	17	10.103	-1.848
- Change in derivatives	0	0	0	0
- Movement in other non-current liabilities				
- Other non-cash items	25	122	-10	34
Income tax paid	-12.402	-867	-1.777	-687
Interest paid	-11.943	-14.092	-3.983	-5.047
Net cash from operating activities	**-68.826**	**-140.939**	**807**	**-20.988**
Investing Activities				
Interest received	3.055	1.100	1.853	1.425
Purchase of property, plant & equipment	-532	-25	-183	-28
Purchase of investment property	-33.651	-19.137	-22.013	-7.718
Capitalized interest in investment property	-3.583	-2.652	-2.090	-1.418
Proceeds from disposal of investment property	124.322	2.920	9.682	0
cash outflow on other non-current financial assets	-3.323	-2.069	-7.215	821
Net cash flow used in investing activities	**86.288**	**-19.863**	**-19.967**	**-6.918**
Financing Activities				
Proceeds from borrowings	57.173	200.986	28.775	10.747

Repayment of borrowings	-94.503	-104.880	-7.625	-7.795
Capital increase		60.000		
Dividends paid				
Net cash inflow (used in) financing activities	**-37.330**	**156.106**	**21.150**	**2.952**
Net increase in cash and cash equivalents	-19.868	-4.696	1.991	-24.954
Cash and cash equivalents at 1 January	35.141	39.837	15.273	35.141
Cash and cash equivalents per end of the period	15.273	35.141	17.264	10.187

2 Financial information of the Guarantor

Selected financial information for the period ended 31 December 2016 and 31 December 2015 and the period ending 30 June 2016 and 30 June 2017 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 2016 and 31 December 2015, an unqualified auditor's opinion has been issued.

2.1.1 Consolidated balance sheet ('000 EUR)

	31/12/2016	**31/12/2015**	**30/06/2017**	**30/06/2016**
ASSETS				
Non-current assets				
Investment Property	1.317.666	1.117.224	855.130	1.282.908
Property, plant and equipment	399	221	790	200
Intangible assets	3.778	3.822	3.682	3.568
Investments in associates	0	0	0	
Receivables and prepayments	88.966	73.307	323.770	73.759
Deferred tax assets	9.819	9.742	8.338	13.685
Other financial assets	4.380	4.000	11.478	5.047
Restricted cash	0	0		
Total non-current assets	**1,425.008**	**1,208.316**	**1,203.188**	**1,379.167**
Current assets				

Property Development Inventories	259.505	260.300	254.745	219.354
Trade and other receivables	167.708	99.624	170.374	157.983
Current tax assets	231	27	21	113
Assets classified as held for sale	575	575	575	575
Restricted cash	0	0	0	0
Cash and cash equivalents	59.001	84.587	66.578	74.815
Total current assets	**487.020**	**445.113**	**492.292**	**452.840**
TOTAL ASSETS	**1,912.028**	**1,653.429**	**1,695.481**	**1.832.007**

	31/12/2016	31/12/2015	30/06/2017	30/06/2016
EQUITY AND LIABILITIES				
Capital and reserves attributable to the Group's equity holders				
Share capital	73.194	73.194	73.194	73.194
CTA	21.291	12.131	9.868	16.088
Retained earnings	665.418	569.802	683.909	669.941
	759.903		766.971	759.223
Non-controlling interests	5.379	6.247	5.988	6.676
TOTAL EQUITY	765.282	661.374	772.959	765.899
Non-current liabilities				
Interest-bearing loans and borrowings	906.949	778.984	611.594	842.336
Deferred tax liabilities	34.905	41.483	23.772	26.808
Other non-current liabilities	1.916	0	389	0
Long-term provisions	120	140	120	120
Total non-current liabilities	**943.890**	**820.607**	**635.875**	**869.264**
Current liabilities				
Trade and other payables	48.108	40.010	65.595	46.552

Current tax liabilities	4.604	3.889	3.615	4.079
Interest-bearing loans and borrowings	150.144	127.549	217.437	146.213
Short-term provisions	0	0	0	0
Total current liabilities	**202.856**	**171.448**	**286.647**	**196.844**
Total liabilities	**1,146.746**	**992.055**	**922.522**	**1.066.108**
TOTAL EQUITY AND LIABILITIES	**1,912.028**	**1,653.429**	**1,695.481**	**1.832.007**

2.1.2 Income Statement ('000 EUR)

	31/12/2016	**31/12/2015**	**30/06/2017**	**30/06/2016**
Revenue	110.512	99.436	52.861	63.817
Other operating income	11.481	5.949	26.942	6.636
Cost of Property Development Inventories	-54.280	-48.965	-22.044	-41.556
Employee benefit expense	-1.280	-1.058	-732	-671
Depreciation amortisation and impairment charges	-571	-553	-407	-251
Gains from revaluation of Investment Property	139.396	114.412	12.441	112.012
Other operating expense	-44.733	-40.756	-29.469	-18.583
Share of results of associates	0	0	0	0
Operating profit - result	**160.525**	**128.465**	**39.592**	**121.404**
Finance income	6.548	6.427	6.602	3.241
Finance costs	-62.727	-26.372	-21.550	-40.979
Profit before income tax	**104.346**	**108.520**	**24.644**	**83.666**
Income tax expense	-7.597	-18.439	-5.539	16.956
Profit for the year	**96.749**	**90.081**	**19.105**	**100.622**

Attributable to:				
Equity holders of parent	95.694	89.348	18.490	100.192
Non-controlling interests	1.055	733	615	430

2.1.3 Cash Flow Statement ('000 EUR)

	2016	2015	Q2 2017	Q2 2016
Operating Activities				
Profit / (Loss) before income tax	**104.346**	**108.520**	**24.644**	**83.666**
- Share of results of associates		0		0
- Change in fair value of investment property	-139.396	-114.412	-12.441	-112.012
- Depreciation, amortisation and impairment charges	571	553	361	251
- Result on disposal investment property	-1.922	-510	-17.620	0
- Change in provisions	-20	-38	0	-20
- Net interest charge	34.404	17.123	16.184	17.595
- Movements in working capital:				
- Change in inventory	-21.443	-78.971	-6.018	31.464
- Change in trade & other receivables	-63.815	-7.814	-2.666	-58.359
- Change in trade & other payables	16.815	-21.311	8.188	21.431
- Change in fair value of derivatives	0	290	0	0
- Movement in other non-current liabilities	1.916	-2.500	-1.527	
- Other non-cash items	-19	74	-67	404
Income tax paid	-13.740	-2.462	-2.937	-1.558
Interest paid	-34.664	-22.924	-17.361	-20.833
Net cash from operating activities	**-116.967**	**-124.382**	**-11.260**	**-37.971**
Investing Activities				
Interest received	2.199	5.429	3.273	3.241
Purchase of property, plant & equipment and intangibles	-784	-25	-656	-9
Purchase of investment property	-170.868	-134.326	-53.502	-67.269

Capitalized interest in investment property	-12.755	-19.634	-6.950	-5.481
Proceeds from disposal of investment property	124.322	2.920	566.747	0
Cash outflow on other non-current financial assets	-16.040	-16.239	-241.901	-1.499
Movement in restricted cash accounts	0	256	0	0
Net cash flow used in investing activities	**-73.926**	**-161.619**	**267.011**	**-71.017**
Financing Activities				
Proceeds from borrowings	296.526	377.953	97.253	111.209
Repayment of borrowings	-145.966	-92.850	-325.315	-29.193
Capital decrease				
Dividends paid				
Other non-cash items, realised CTA				
Net cash inflow from / (used in) financing activities	**150.560**	**285.103**	**-228.062**	**82.016**
Net increase/decrease in cash and cash equivalents	**-40.332**	**-898**	**27.689**	**-26.972**
Cash and cash equivalents at 1 January of the year	**84.587**	**98.955**	**59.001**	**84.587**
Effects of exch. rate changes, in non-EUR countries	14.747	-13.470	-20.113	17.200
Cash and cash equivalents at the end of the period	**59.002**	**84.587**	**66.578**	**74.815**

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, Cyprus and the UK) and its general corporate purposes, including the repayment of the EUR 70,000,000 6.25 per cent fixed rate bonds issued by the Issuer due 20 February 2018 and certain other 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.

Investors should note that the Belgian federal government reached an agreement in July 2017 on the Belgian tax reform (the so-called "*Zomerakkoord*"). The political proposals are subject to change and need to be drafted in the form of legislative proposals and then be voted on by the Belgian federal parliament. Once entered into force, the Belgian tax reform may impact the Belgian tax regime as described in this section.

1 Belgian withholding tax

1.1 General

The interest to be paid on the Notes by or on behalf of the Issuer will in principle be subject to a 30 per cent Belgian withholding tax on the gross amount of interest, subject to such relief as may be available under Belgian domestic law or applicable double tax treaties.

In this regard, "**interest**" means (i) the periodic interest income, (ii) any amount paid by or on behalf of the Issuer in excess of the Issue Price in respect of the relevant Notes (whether or not on the Maturity Date) and, (iii) in case of a disposal of the Notes between two interest payment dates, the pro rata part of accrued interest corresponding to the holding period.

1.2 Securities Settlement System of the National Bank of Belgium

The holding of the Notes in the Securities Settlement System permits most types of investors (the Eligible Investors as defined below) to collect interest on their Notes free of Belgian withholding tax.

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 30 per cent., which the NBB deducts from the interest payment and pays over to the tax authorities. Transfers of Notes between an X-account and an N-account 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 30 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 30 per cent has effectively been levied on the interest.

Nevertheless, Belgian resident individuals may opt to report interest in respect of the Notes in their personal income tax return.

If the interest payments are reported in the personal income tax return, they will normally be taxed at the interest withholding tax rate of 30 per cent (or at the progressive personal tax rate taking into account the taxpayer's other declared income, whichever is lower). 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 30 per cent on interest payments. The withholding tax is neither creditable nor refundable and therefore constitutes the final taxation.

Belgian legal entities that qualify as Eligible Investors and which consequently have received gross interest income are still liable themselves to 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 1,300 per transaction and per party. The tax is due separately by each party to any such transaction, i.e. the seller (transferor) and the purchaser (transferee), both collected by the professional intermediary. Please note that in the framework of the Belgian tax reform (the so-called "*Zomerakkoord*"), the Government has announced that the rate of 0.09 per cent would be increased to 0.12 per cent as of 1 January 2018.

Following the Law of December 25, 2016, the scope of application of the stock exchange tax has been extended as of January 1, 2017 to secondary market transactions of which the order is directly or indirectly made to a professional intermediary established outside of Belgium by (i) a private individual with habitual residence in Belgium or (ii) a legal entity for the account of its seat or establishment in Belgium (both referred to as a "**Belgian Investor**"). In such a scenario, the stock exchange tax is due by the Belgian Investor, unless the Belgian Investor can demonstrate that the stock exchange tax due has already been paid by the professional intermediary established outside of Belgium. In the latter case, the foreign professional intermediary also has to provide each client (which gives such intermediary an order) with a qualifying order statement (bordereau/borderel), at the latest on the business day after the day the transaction concerned was realised. Alternatively, professional intermediaries established outside of Belgium could appoint a stock exchange tax representative in Belgium, subject to certain conditions and formalities ("**Stock Exchange Tax Representative**"). Such Stock Exchange Tax Representative will then be liable toward the Belgian Treasury for the stock exchange tax due and for complying with the reporting obligations and the obligations relating to the order statement in that respect. If such a Stock Exchange Tax Representative would have paid the stock exchange tax due, the Belgian Investor will, as per the above, no longer be the debtor of the stock exchange tax.

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*).

As stated below, the European Commission has published a proposal for a Directive for a common financial transactions tax (the "**FTT**"). The proposal currently stipulates that once the FTT enters into force, the participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT. For Belgium, the stock exchange tax should thus be abolished once the FTT enters into force. The proposal is still subject to negotiation between the participating Member States and therefore may be changed at any time.

4 Tax on securities accounts

In the framework of the Belgian tax reform (the so-called "*Zomerakkoord*"), the Government has announced that it has reached a political agreement to take certain measures in order to reform the taxation of savings among which an annual “subscription” tax of 0.15 per cent on securities accounts (“**Tax on Securities Accounts**”). Such a Tax on Securities Accounts would be applicable to Belgian resident individuals holding a security account of which the outstanding amount is at least 500.000 EUR. Investment accounts on which shares, bonds and funds are included would be in the scope of application of this Tax on Securities Accounts. Please note that this proposal is still subject to change and need to be drafted in the form of a legislative proposal and then be voted on by the Belgian federal parliament.

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[8] 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.

The Belgian government has implemented DAC2, respectively the Common Reporting Standard, per the Law of 16 December 2015 regarding the exchange of information on financial accounts by Belgian financial institutions and by the Belgian tax administration, in the context of an automatic exchange of information on an international level and for tax purposes.

As a result of the Law of 16 December 2015, the mandatory automatic exchange of information applies in Belgium (i) as of income year 2016 towards the EU Member States, (ii) as of income year 2014 towards the US and (iii), with respect to any other non-EU States that have signed the MCAA, as of the respective date determined by the Royal Decree of 14 June 2017.

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

6 Financial Transaction Tax ("FTT")

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[8] 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.

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).

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 Withholding

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") impose a new reporting regime and potentially a 30 per cent 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 Issuer may be classified as an FFI.

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 2019. 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 have entered into intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could 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 Model 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. The United States and Belgium have entered into an agreement (the "**U.S.-Belgium IGA**") based largely on the Model 1 IGA.

If the Issuer is treated as a Reporting FI pursuant to the U.S.-Belgium IGA 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 Securities Settlement 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 Securities Settlement 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 TO THE ISSUER, THE NOTES AND THE HOLDERS IS SUBJECT TO CHANGE. THE SUMMARY SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY. EACH HOLDER OF NOTES SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW FATCA MIGHT AFFECT EACH HOLDER IN ITS PARTICULAR CIRCUMSTANCE.

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

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS - If the Final Forms in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA retail investors", the Notes are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); or (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.]

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 250,000,000 Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 24 October 2017 [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] [Tax Call] See paragraph [15/16/17] below)]
12	(i)	Status of the Notes:	Senior
	(ii)	Status of the Guarantee:	Senior
	(iii)	Date Board approval for issuance of Notes [and Guarantee] obtained:	[●] [and [●], respectively]] (*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:	[Modified Following Business Day Convention/Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]
(vi)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
(vii)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Agent):	[●]
(viii)	Screen Rate Determination:	
	– Reference Rate:	[[●]month [EURIBOR]]
	– Interest Determination Date(s):	[●]
	– Relevant Screen Page:	[●]
(ix)	ISDA Determination:	
	– Floating Rate Option:	[●]
	– Designated Maturity:	[●]
	– Reset Date:	[●]
	[– ISDA Definitions	2006]
(x)	Linear Interpolation:	Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
(xi)	Margin(s):	[+/-][ ] per cent. per annum
(xii)	Minimum Rate of Interest:	[●] per cent. per annum
(xiii)	Maximum Rate of Interest:	[●] per cent. per annum
(xiv)	Day Count Fraction:	[●]

PROVISIONS RELATING TO REDEMPTION

15	Call Option:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount(s) of each Note:	[●] per Calculation Amount
	(iii)	If redeemable in part:	
		(a) Minimum Redemption Amount:	[●] per Calculation Amount
		(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	Tax Call Option:		[Applicable/Not Applicable]
18	Final Redemption Amount of each Note		[●][Par] per Calculation Amount
19	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

20	Form of Notes:	Dematerialised form
21	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 [Managers/Dealer], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealer] and [their/its] affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer [and the Guarantor] and [its/their] affiliates in the ordinary course of business. (*Amend as appropriate if there are other interests*)]

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 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]
(v)	Prohibition of sales to EEA retail investors	[Applicable/Not Applicable]
(vi)	Prohibition of Sales to Consumers	[Applicable/Not Applicable]
(vii)	Other selling restrictions	[●]

PART XV – SUBSCRIPTION AND SALE

Summary of the Programme Agreement

Subject to the terms and on the conditions contained in a programme agreement dated on or about 24 October 2017 (the "**Programme Agreement**") and made between the Issuer, the Guarantor, BNP Paribas Fortis SA/NV and KBC Bank NV as the Arrangers and ABN AMRO Bank N.V., BNP Paribas Fortis SA/NV, KBC Bank NV and Société Générale 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. The Arrangers and Dealers undertake to disclose further details at the request of the investors with respect to the commissions received.

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.

Prohibition of sales to EEA Retail Investors

From 1 January 2018, unless the Final Terms in respect of a Series of Notes specifies that the "Prohibition of Sales to EEA Retail Investors" is not applicable, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

For the purposes of the provision above, the expression "offer" in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe any Notes.

Prohibition of Sales to Consumers

Unless the Final Terms in respect of a Series of Notes specifies that the "Prohibition of Sales to Consumers" is not applicable, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and it will not offer, sell or otherwise make available the Notes to, any consumer *(consument/consommateur*) within the meaning of the Belgian Code of Economic Law *(Wetboek van economisch recht/Code de droit économique*).

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 Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in a supplement to this Base Prospectus. No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it shall, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms therefore in all cases at its own expense.

PART 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 19 September 2017. The provision of the Guarantee was authorised by the statutory director of the Guarantor on 19 September 2017.

3 The Notes issued under the Programme have been accepted for settlement through the facilities of the Securities Settlement System. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

The address of the Securities Settlement System is Boulevard de Berlaimont 14, 1000 Brussels, Belgium. The address of Euroclear is 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, 1855 Luxembourg, Grand Duchy of 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 2016 and 31 December 2015, in each case together with the audit reports thereon;

(d) the unaudited consolidated financial statements of the Issuer and the Guarantor for the period ending 30 June 2017, in each case together with the limited review reports thereon;

(e) 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);

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

(g) 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 Gateway Building, Luchthaven Nationaal 1 J, 1930 Zaventem, Belgium, represented by Rik Neckebroeck (member of the *Institut des Réviseurs d'Entreprises/Instituut der Bedrijfsrevisoren*), has audited the consolidated financial statements of the Issuer for the year ended 31 December 2016 and 31 December 2015 and the consolidated financial statements of the Guarantor for the year ended 31 December 2016 and 31 December 2015.

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

BNP Paribas Fortis SA/NV
Warandeberg 3
1000 Brussels
Belgium

KBC Bank NV
Havenlaan 2
1080 Brussels
Belgium

Dealers

ABN AMRO Bank N.V.
Gustav Mahlerlaan 10
1082 PP Amsterdam
The Netherlands

BNP Paribas Fortis SA/NV
Warandeberg 3
1000 Brussels
Belgium

KBC Bank NV
Havenlaan 2
1080 Brussels
Belgium

Société Générale
29, boulevard Haussmann
75009 Paris
France

Agent

KBC Bank NV
Havenlaan 2
1080 Brussels
Belgium

Legal Advisors

To the Issuer and the Guarantor

Linklaters LLP
Brederodestraat 13
1000 Brussels
Belgium

To the Dealers

Jones Day
Regentschapsstraat 4
1000 Brussels
Belgium

Auditor to the Issuer and the Guarantor

Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA
Gateway Building - Luchthaven Nationaal 1 J
1930 Zaventem
Belgium

ANNEX I – FINANCIAL STATEMENTS

1 Issuer

1.1 the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2016, 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 2015, together with the audit report in connection therewith.

1.3 the consolidated financial statements of the Issuer for the half year ended 30 June 2017, together with the limited review report.

2 Guarantor

2.1 the audited consolidated financial statements of the Guarantor for the financial year ended 31 December 2016, together with the audit report.

2.2 the audited consolidated financial statements of the Guarantor for the financial year ended 31 December 2015, together with the audit report.

2.3 the consolidated financial statements of the Guarantor for the half year ended 30 June 2017, together with a limited review report.

Ghelamco Invest

NV

IFRS Consolidated Financial Statements at 31 December 2016

Approved by the Board of Directors

with the Independent Auditor's opinion

Contents

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 and investors in Poland and has, resulting for a steep growth over the last number of years, also become a significant player on the Belgian market. The group's market position has been recognized by numerous prestigious awards, collected over several years and granted both to the company and to many of its projects.

Since 2007, Ghelamco's business activities are structured in three major holdings under common control of the ultimate beneficial owners (jointly referred to as "**Ghelamco**"):

- **Investment Holding**: comprises resources invested in the realization of real estate projects in Belgium, France, Poland, Russia and Ukraine and the intra-group Financing Vehicles;
- **Development Holding**: represents international entities that provide construction, engineering and development services to the Investment Holding;
- **Portfolio Holding**: consists of all other activities and real estate investments controlled by the ultimate beneficial owners.

And per end 2016 the **Property Fund** has been put in place. The purpose of this new, fourth holding company will in first instance be to keep real estate projects as income generating products in portfolio for a longer time period. This will allow the Investment Holding to 'realise' and sell delivered projects, for which the occupation rate and lease status has been optimized during the past years, at an optimal market value. Furthermore this longer-term strategy demands a different financing structure. For that, these projects are transferred from the Investment Holding to the Property Fund.

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.

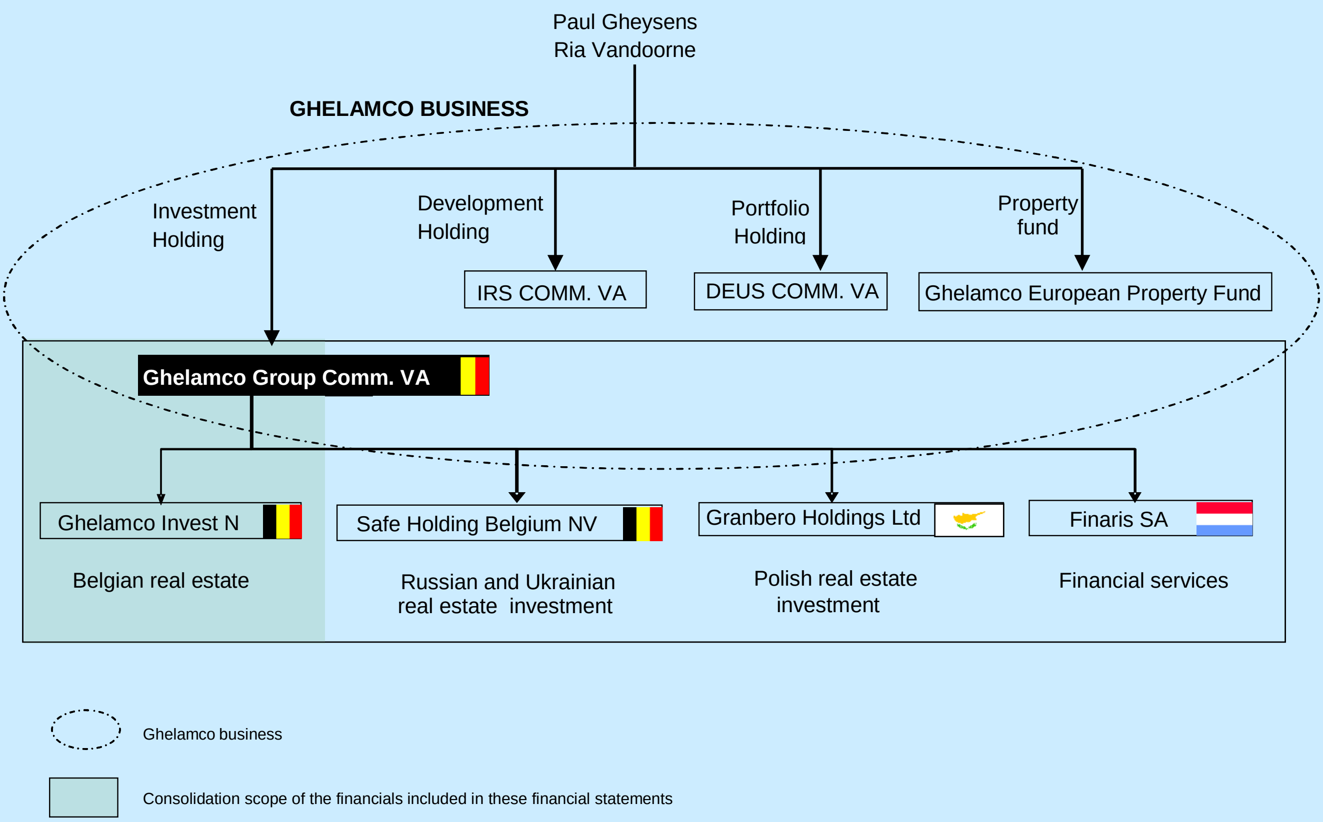
Ghelamco Invest is a limited liability company registered under Belgian law, with its registered office at Zwaanhofweg 10, 8900 Ieper, Belgium.

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 2016 (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 2016 and at 31 December 2015.



4. Staffing level

Given its nature, there is only limited employment in the Company. At 31/12/2016, Ghelamco Invest and subsidiaries employed 15 people. The construction, engineering and other related services are mainly provided to the Company by the Development Holding's legal subsidiaries. Ghelamco as a whole employed 299 people on 31 December 2016 (vs. 295 on 31 December 2015).

5. Board and management committee

In connection with the growing importance which management attaches to corporate governance and the further professional structuring of the Company, the Board of Directors of Ghelamco Invest has per end May 2015 been extended with a non-executive member and an independent member. In addition, the Board has formally installed an audit committee.

Members of the board:

BVBA Opus Terrae, represented by mr. Paul Gheysens
Mr. Paul Gheysens
Mr. Simon Gheysens
Mr. Michael Gheysens
BVBA Pure F, represented by mr. Philip Neyt (non-executive board member)
BVBA Thijs Johnny, represented by mr. Johnny Thijs (independent board member)

The Company'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)

The Management actively coordinates and supervises the different teams and supports them in all commercial, legal, financial and technical aspects of their activities. The Belgian teams mainly consist of a technical, commercial, legal & financial department.

The statutory board of Ghelamco Invest's subsidiaries usually consists of 4 directors.

6. Business environment and results

<u>2016 performance and results</u>

The Company closed its 2016 accounts with an operating profit of 48,868 KEUR, resulting from its continued development, construction and commercial efforts. Thanks to these efforts, the Company again realized significant (residential) sales, managed to create significant added value on its larger commercial projects and decided to dispose a significant package of commercial projects in Q4 2016. This is reflected in a decreased balance sheet total of 605,547 KEUR and an equity of 210,408 KEUR. The solvency ratio consequently increased to 34% (vs. 30% per 31/12/15).

In Belgium, the Company has over the past years intensified its project development activities (with currently over 40 projects in portfolio). As a consequence, a significant number of Belgian projects have in the course of the last two to three years been delivered and commercialized.

Over the past year, further sales efforts were done in the delivered Waterview student housing project in Leuven (461 student units in total), resulting in a sales rate per 31/12/2016 of approx. 90%. In addition, construction of phase 2 of the Tribeca project in Ghent (affordable, contemporary, green project, consisting of 72 apartments, 5 lofts, underground parking garages and retail units) has well advanced and is over half way. Approx. 85% of available residential units have per year-end 2016 been sold.

In Q3 of 2016, the 2nd phase (approx. 250 workplaces) of the Meetdistrict – innovative and high-end business and congress center in the Ghelamco Arena offering a.o. over 500 flexible office workplaces, meeting rooms and a 350 seats auditory – has been delivered and taken into use. Per date of the current report, the business center is occupied for over 90%.

Also, the construction of the 4-stars business hotel next to the Ghelamco Arena in Ghent has started and is progressing at a fast pace, in view of the expected delivery by the end of 2017. The hotel is covering approx. 25,000 sqm and will offer 125 hotels rooms, 83 extended stay rooms and 98 underground parking bays to its guests.

In the second half of 2016, stripping works in the prestigious Edition renovation project at the Louizalaan in Brussels have started. The project will offer 59 luxurious apartments, underground parking spaces and retail space on the ground floor. Per date of the current report, 30 apartments have already been (pre-) sold. The demolition works on the second state of the art project in Brussels – Spectrum at the Boulevard Bischoffsheim – have also been kicked off. The mixed Spectrum project will offer 15,000 sqm exceptional office space, 22 apartments and approx.170 parking spaces. Per date of the current report, 15 apartments have already been reserved and/or pre-sold.

2016 expansion and investment activities mainly related to:

- Continuation of the construction works for phase 2 of the Tribeca project at the Nieuwevaart in Ghent (mixed project of +/- 35,000 sqm lettable/sellable area in total, of which phase 2 will offer 72 apartments, 5 lofts, underground parking garages and commercial units). Additionally the construction works of phase 3, offering another 91 apartments have started.

- Start of the construction works of the business hotel next to the Ghelamco Arena, as stated. Per date of the current report, the works have well advanced (concrete construction ready; facade works ongoing).

-Start of resp. the stripping works and the demolition works on the state of the art Edition (59 luxurious apartments, underground parking spaces and retail space on the ground floor) and Spectrum (15,000 sqm office space, 22 apartments and approx. 170 parking spaces) projects in Brussels.

- In addition, the company has expanded its portfolio through a number of acquisitions:

  - Le Chalet 1850, site in Courchevel, France for the development of a residential project;
  - The Arval site in Evere (+/- 10.800 sqm) for the future development of a mixed real estate project;
  - The shares of Kubel NV, company holding the freehold rights on a site in Berchem, in view of the realisation of the 'The Link' project (27,000 sqm office space and approx. 540 underground parking spaces, divided over 2 buildings).

- Land parts in the Carlton site in Knokke-Zoute, in a joint-venture structure with a 3rd party, for the future development of a high-end residential project (offering 28 prestigious apartments and 2 retail units on the ground floor).

As to divestures/revenues:

- In December 2016, the projects on the Dacar site in Ghent have been sold to Ghelamco European Property Fund, the newly established and fourth holding of the Ghelamco consortium. It concerns following projects:

- The Blue Towers (offering +/- 28 Ksqm of office space)
- Parking Gent (holding the rights in rem of over 2.000 above and underground parking spaces on the Dacar site, around the Ghelamco Arena and under the new business hotel in Ghent)
- The Brico-It retail hall (+/- 12 Ksqm retail hall, leased to to Brico-It).

The (combined) transaction was structured as a share deal. The share price was based on the underlying fair values of the resp. real estate projects as of 31 December 2016 (i.e. 124.3 MEUR in total).

- Sale of residential projects (61,986 KEUR): mainly the De Ligne building at Rue de la Banque in Brussels, apartments and parking spaces in the Tribeca project in Ghent, student units in the Waterview project in Leuven Vaartkom and residential projects at the Belgian coast.

Main post balance sheet events

- Early February 2017, 2nd part of land plots in the Carlton site in Knokke-Zoute has been acquired through the acquisition of (50% of) the shares of 2 companies holding these land parts. Total share price amounted to 5,547 KEUR. The acquisition is connected to future development of the high-end residential project Carlton One, in a joint-venture structure with a third party.

Outlook

It is the Company's strategy to further diversify its investment portfolio by spreading its investments over different real estate segments.
For 2017, 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 2017 in general.

7. Notice to the reader

This document presents the IFRS Consolidated Financial Statements for the year ended on 31 December 2016, 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 2016 were approved by the Company's Board of Directors on 29 March 2017. The amounts in this document are expressed in thousands of EUR (KEUR), unless stated otherwise.

A. Consolidated statement of financial position (in KEUR)

ASSETS	Note	31/12/2016	31/12/2015
Non-current assets			
Investment Property	6	225,224	265,150
Property, plant and equipment	7	589	148
Investments in associates		0	0
Receivables and prepayments	9	4,851	2,163
Deferred tax assets	15	4,892	5,181
Non-current assets held for sale		0	0
Other financial assets	4.3	4,272	3,637
Restricted cash		0	0
Total non-current assets		**239,828**	**276,279**
Current assets			
Property Development Inventories	8	190,634	206,631
Trade and other receivables	9	159,223	102,719
Current tax assets		14	14
Derivatives		0	0
Assets classified as held for sale	6	575	575
Restricted cash		0	0
Cash and cash equivalents	10	15,273	35,141
Total current assets		**365,719**	**345,080**
TOTAL ASSETS		**605,547**	**621,359**

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Consolidated statement of financial position (cont'd)

	Note	31/12/2016	31/12/2015
Capital and reserves attributable to the Group's equity holders			
Share capital	11	146,490	146,490
CTA		0	0
Retained earnings	12	63,733	38,527
		210,223	185,017
Non-controlling interests	11.2	185	176
TOTAL EQUITY		**210,408**	**185,193**
Non-current liabilities			
Interest-bearing loans and borrowings	13	277,013	328,325
Deferred tax liabilities	15	19,048	19,068
Other non-current liabilities		0	0
Long-term provisions		120	140
Total non-current liabilities		**296,181**	**347,533**
Current liabilities			
Trade and other payables	16	17,789	21,434
Current tax liabilities		1,646	1,658
Interest-bearing loans and borrowings	13	79,523	65,541
Short-term provisions		0	0
Total current liabilities		**98,958**	**88,633**
Total liabilities		**395,139**	**436,166**
TOTAL EQUITY AND LIABILITIES		**605.547**	**621.359**

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B. Consolidated income statement and consolidated statement of comprehensive Income

	Note	2016	2015
Revenue	17	72,354	64,168
Other operating income	18	4,930	2,586
Cost of Property Development Inventories	19	-47,187	-39,484
Employee benefit expense	18	-525	-387
Depreciation amortisation and impairment charges		-23	-35
Gains from revaluation of Investment Property	6	32,484	22,011
Other operating expense	18	-13,165	-19,815
Share of results of associates		0	0
Operating profit - result		**48,868**	**29,044**
Finance income	20	3,055	1,100
Finance costs	20	-14,006	-13,425
Profit before income tax		**37,917**	**16,719**
Income tax expense/income	21	-12,659	-6,364
Profit for the year		**25,258**	**10,355**
Attributable to:			
Equity holders of parent		25,220	10,248
Non-controlling interests		38	107

Ghelamco Invest – Consolidated Financial Statements at 31 December 2016 (in KEUR) 12

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

	2016	2015
Profit for the year	**25,258**	**10,355**
Exchange differences on translating foreign operations	0	0
Other	0	0
Other comprehensive income of the period	**0**	**0**
Total Comprehensive income for the year	**25,258**	**10,355**
Attributable to:		
Equity holders of the parent	25,220	10,248
Non-controlling interests	38	107

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C. Consolidated statement of changes in equity

Consolidated statement of changes in equity per 2016

	Note	Attributable to the equity holders: Share capital	Cumulative translation reserve	Retained earnings	Non-controlling interests	Total Equity
Balance at 1 January 2015		**61,490**	**0**	**28,278**	**67**	**89,835**
Capital increase		85,000				**85,000**
Profit/(loss) for the year				10,248	107	**10,355**
Dividend distribution						**0**
Change in non-controlling interests					2	**2**
Change in the consolidation scope				1		**1**
Balance at 31 December 2015		**146,490**	**0**	**38,527**	**176**	**185,193**
Capital increase	11					**0**
Profit/(loss) for the year	12			25,220	38	**25,258**
Dividend distribution				-10	-11	**-21**
Change in non-controlling interests	11.2					**0**
Change in the consolidation scope	12			-4	-18	**-22**
Balance at 31 December 2016		**146,490**	**0**	**63,733**	**185**	**210,408**

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D. Consolidated cash flow statement

Consolidated cash flow statement for 2016 and 2015

Cash Flow Statement		31/12/2016	31/12/2015
Operating Activities			
Profit / (Loss) before income tax		**37,917**	**16,719**
Adjustments for:			
- Share of results of associates		-	-
- Change in fair value of investment property	6	-32,484	-22,011
- Depreciation, amortization and impairment charges	7	23	35
- Result on disposal Investment Property		-1,922	-510
- Change in provisions		-20	-38
- Net interest charge	20	9,216	10,804
- Movements in working capital:			
- Change in inventory		3,241	-73,911
- Change in trade & other receivables		-56,504	-57,207
- Change in trade & other payables		-3,973	17
- Change in MTM derivatives		-	-
- Movement in other non-current liabilities			
- Other non-cash items		25	122
Income tax paid		-12,402	-867
Interest paid (*)		-11,943	-14,092
Net cash from operating activities		**-68,826**	**-140,939**
Investing Activities			
Interest received		3,055	1,100
Purchase of property, plant & equipment		-532	-25
Purchase of investment property		-33,651	-19,137
Capitalized interest in investment property (paid)	6	-3,583	-2,652
Proceeds from disposal of investment property	6	124,322	2,920
Net cash outflow on acquisition of subsidiaries		-	-
Cash outflow on other non-current financial assets		-3,323	-2,069
Net cash inflow/outflow on NCI transactions			
Movement in restricted cash accounts			
Net cash flow used in investing activities		**86,288**	**-19,863**
Financing Activities			
Proceeds from borrowings		57,173	200,986
Repayment of borrowings		-94,503	-104,880
Capital increase		-	60,000
Dividends paid			

Net cash inflow from / (used in) financing activities	**-37,330**	**156,106**
Net increase in cash and cash equivalents	**-19,868**	**-4,696**
Cash and cash equivalents at 1 January	**35,141**	**39,837**
Cash and cash equivalents per end of the year	**15,273**	**35,141**

(*): Interests directly capitalized in IP not included (2016: 3,583 KEUR; 2015: 2,652 KEUR, separately presented under investing activities)

E. Segment information

Given the fact that for the time being major part of property is located in Belgium, we believe another split up into segments is not relevant. The board of directors does not use any other segment for its decision taking.

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the IFRS consolidated financial statements, are set out below.

1.1. Introduction

We refer to the section “General Information: business activities” and Note 5 “Organizational chart” of these financial statements for more information on the business activities and the structure of the Company and its position within the Ghelamco business.

These financial statements are IFRS consolidated financial statements that include the resources and activities of Ghelamco Invest NV and its legal subsidiaries that are part of the Company at 31 December 2016.

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 29 March 2017. 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 2016. 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 2016.

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 2016

Standards and Interpretations that the Company anticipatively applied in 2015 and 2016:

- None

Standards and Interpretations that became effective in 2016

- Improvements to IFRS (2010-2012) (applicable for annual periods beginning on or after 1 February 2015)
- Improvements to IFRS (2012-2014) (applicable for annual periods beginning on or after 1 January 2016)
- 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)
- 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)
- Amendments to IAS 1 Presentation of Financial Statements – Disclosure Initiative (applicable for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 16 and IAS 38 Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation (applicable for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 27 Separate Financial Statements – Equity Method (applicable for annual periods beginning on or after 1 January 2016)

Standards and Interpretations which became effective in 2016 but which are not relevant to the Company:

- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants (applicable for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 19 Employee Benefits – Employee Contributions (applicable for annual periods beginning on or after 1 February 2015)

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 the EU)
- IFRS 14 Regulatory Deferral Accounts (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU)
- IFRS 15 Revenue from Contracts with Customers (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)
- IFRS 16 Leases (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)

- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)
- Amendments to IFRS 4 Insurance Contracts - Applying IFRS 9 Financial Instruments with IFRS 4 (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (the effective date has been deferred indefinitely, and therefore the endorsement in the EU has been postponed)
- Amendments to IAS 7 Statement of Cash Flows – Disclosure Initiative (applicable for annual periods beginning on or after 1 January 2017, but not yet endorsed in the EU)
- Amendments to IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses (applicable for annual periods beginning on or after 1 January 2017, but not yet endorsed in the EU)

At this stage, the Company does not expect the first adoption of these Standards and Interpretations to have any material financial impact on the financial statements at the moment of initial application.

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 2016 and on 31 December 2015 (see Notes 4 and 5). Control is achieved when the Company

- Has power over the investee;
- is exposed or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company re-assesses whether or not it controls an investee if fact and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The transactions, balances and unrealized gains and losses between these legal entities are deemed to be intra-group transactions and are eliminated in full.
The transactions with other entities owned directly or indirectly by the ultimate beneficial owners of the Company are deemed transactions with related parties and are not eliminated, but are presented as balances and transactions with related parties in Note 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 2016 and 2015, 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 2016 and 2015 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 2016
In December 2016, following subsidiaries have been sold to Ghelamco European Property Fund, newly established and fourth holding of the Ghelamco consortium:

- Schelde Offices NV (holding one of the Blue Towers, offering +/- 13,5 Ksqm of office space on the Dacar site in Ghent)
- Arte Offices NV (holding the other of the Blue Towers, offering +/- 14,6 Ksqm of office space on the Dacar site in Ghent)
- Parking Gent and Parking Estates (holding the rights in rem of over 2.000 above and underground parking spaces on the Dacar site, around the Ghelamco Arena and under the new business hotel in Ghent)
- Retail Gent (holding the +/- 12 Ksqm retail hall on the Dacar site, which is rented to Brico-Plan It)

The (combined) transaction was structured as a share deal (i.c. 100% of the shares of the respective SPVs), in line with the general approach to sell commercial projects. The share deal was based on the underlying fair values of the resp. real estate projects as of 31 December 2016. The (combined) transaction has in the financial statements been presented as disposals of IP.

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

Comments 2015
In 2015 no commercial projects were sold through share deals. On the other hand, the remaining office space in Ring Offices (approx. 1,250 sqm) in Ghent, was sold for an amount of 2,920 KEUR, through an asset deal.

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

1.5.4. Increase in ownership interests in subsidiaries

The Company applies the parent company model to transactions with minority shareholders. To the extent applicable, the goodwill or badwill resulting from the acquisition of the additional interest (from minority shareholders) in subsidiaries is allocated to the group retained earnings.

1.5.5. Foreign currency translation

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the IFRS consolidated financial statements, the results and financial position of each entity are expressed in Euro, which is the functional currency of the Company and the presentation currency for the IFRS consolidated financial statements.

Foreign currency transactions

Foreign currency transactions are recognized initially at the exchange rate prevailing at the transactions' date. Subsequently, at closing, monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet currency rate. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are included in the income statement as a financial result.

Foreign entities

In consolidation, the assets and liabilities of the group companies using a different functional currency than the Euro are expressed in Euro using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified in equity and transferred to the Company's "Cumulative translation reserve". Such translation differences are recognized as income or as expenses in the period in which the entity is sold, disposed of or liquidated.

As Ghelamco Invest and its subsidiaries are all EU (and Eurozone) companies, with functional currency Euro, and almost exclusively involved in Euro-transactions, foreign currency impact is not applicable in the Company's financial statements.

1.5.6. Hyperinflationary economies

None of the Company entities operated in a hyperinflationary economy in 2016 and 2015.

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:
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 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; 70 MEUR private bond issue due 28 February 2018, bearing an interest of 6.25%; 79.1 MEUR EMTN bond issue due 3 July 2020 and bearing an interest of 4.50% and 70.9 MEUR EMTN bond issue due 14 June 2021 and bearing an interest of 4.125%; proceeds of which can be used over the resp. project investment stages.

The Company may also actively use related party borrowings provided by the Investment Holding Financing Vehicles acting as financial intermediaries (mainly Peridot SL at 31 December 2016 and 31 December 2015) 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 24.2).

Market research
Before starting an investment, the Company's management teams have performed their market research, comprising the following:
- status of the project's current zoning (eventual timing for rezoning necessary)
- attitude of the local government towards a particular project
- are comparable projects being launched (timing and location)
- type of potential buyers/tenants - reasonable delivery date of the project
- projected sale/lease prices at the date of delivery
- yield expectations at that time
- time frame to achieve 50%-60% leasing level

Permit risk
A detailed advance study of the existing master plan or zoning plans substantially reduces the risks on obtaining building permits. On this issue, it is the Company's policy to closely monitor new construction regulations or esthetical preferences of the city authorities. One should of course differentiate between the type of projects, their location and specific country principles.

Construction risk
Construction risks are monitored by the Consortium in-house engineers. They define the construction cost as from the date of the feasibility study and take full responsibility for material discrepancies. Therefore, fine-tuning of budgets, choice of materials, construction techniques and construction prices is a constant process within the Consortium. This avoids cost overruns and delivery delays for the Company.
The Company also maintains full control over the building site coordination of (sub)contractors.

Engineering risk
The Company has to remain in control for the design, lay-out and structural or finishing elements of the building. Any change in engineering automatically leads to cost increases or decreases. That is why the Company hardly ever outsources these tasks.

Financing risk
The Company relies since years on framework agreements with the majority of its banking partners. The parameters of the framework can vary due to economic circumstances, but the framework remains workable as a whole. Before starting up the construction works (or contracting with subcontractors), the Company expects to have received already a (non-)binding term sheet from its banking relations.
In the past five years the Company was in addition able to call upon alternative financing through the issue of bonds (in total 220 MEUR unsecured bonds are outstanding, ut infra).

Commercial risk
Certain major projects require (internal) pre-lease levels, depending on different parameters, mostly triggered by the project's (large) scale, changed market circumstances or project type. Smaller projects are

started up without pre-leases. This set-up immediately triggers the intense involvement of both the Consortium's internal commercial departments and the external brokers. So far, the Company's track record shows a significant leasing level (of already 50% or more) before the end of construction works.

Investment market risk
Each developer or investment fund is influenced by the currently applicable yield expectations. Therefore, good project timing is essential. While securing the construction financing, the Company also negotiates a binding transition from construction loan into investment loan. This allows us to keep the property in portfolio and to wait for attractive offers of investors.

2.1.4 Credit risk

Some limited credit risk may arise from credit exposures with respect to rental customers/ tenants (to a significant extent renowned international companies) and outstanding balances with related parties. The Company's entities are setting credit limits based on financial information and business knowledge, which are duly approved by management. No major allowances for non-payment were necessary in the current or previous year. The credit risks on residential buyers are limited by the conditions in the notary deeds.

For further analysis, reference is made to note 9.

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 and balance sheet structure management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to support its strategic growth plans.

During the past years, all profits have been re-invested. In addition, in 2014 and 2015 the capital of the Company has been increased by resp. 60 MEUR and 85 MEUR (more information in this respect in note 11).

The management's focus is to a significant extent set on financial support of its expansion plans. In order to maintain or optimize the balance sheet structure, the Company may decide to issue bonds or similar financial instruments in the (inter-)national financial markets. Company management closely monitors solvency, liquidity, return on invested capital and profitability levels.

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In the same respect, the Ghelamco European Property Fund has been put in place end 2016. This enables the Investment Holding to transfer delivered projects which will be kept in portfolio for a longer period; and which for that purpose require different (long-term, 'loan to value', or even mezzanine (re-) financing).

The Company monitors capital/balance sheet structure primarily on the basis of the solvency ratio. This ratio is calculated as total equity (considering the related party financing, which is subordinated) divided by the balance sheet total. The solvency ratios at 31 December 2016 and 2015 were as follows:

	2016	**2015**
Equity	210,408	185,193
Net related party loans payable	-3,122	-1,782
Total assets	605,547	621,359
Solvency ratio	**34%**	**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	31/12/2016 % voting rights	31/12/2015 % voting rights	Remarks
Ghelamco Capital (Branch)	LU	n/a	n/a	
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	*
Eurostadium Events NV (former De Leewe III NV)	BE	99	99	*
Eurostadium Park NV (former Immo Simava 13 NV)	BE	99	99	*
Leisure Property Invest NV	BE	99	99	*
Waterview NV	BE	99	99	*
Retail Leuven NV (former Estate of the Art NV)	BE	99	99	*
Leuven Student Housing NV	BE	99	99	*
Parking Leuven NV (former Ring Congress Centre NV)	BE	99	99	*
Wavre Retail Park NV	BE	99	99	*
RHR-Industries NV	BE	99	99	*
Zeewind NV	BE	99	99	*
Docora NV	BE	99	99	*
Ring Multi NV (former Ring Retail NV)	BE	99	99	*
MeetDistrict Gent NV	BE	99	99	*
Retail Gent NV	BE	0	99	4.2
Parking Estates NV	BE	0	99	4.2
Parking Gent NV	BE	0	99	4.2
Arte Offices NV	BE	0	99	4.2
Schelde Offices NV	BE	0	99	4.2
Ring Offices NV	BE	99	99	*
Ring Hotel NV	BE	99	99	*
Forest Parc NV	BE	99	99	*
Belalan Bischoffsheim Leasehold NV	BE	99	99	*
Bischoffsheim Freehold NV	BE	99	99	*
Belalan Louise Leasehold NV	BE	99	99	*
Louise Freehold NV	BE	99	99	*
De Nieuwe Filature NV	BE	99	99	*
Pomme de Pin Expansion SAS	FR	100	100	*
Société Immobilière de Courchevel SARL	FR	100	100	*
Pomme de Pin SAS	FR	100	100	*
Le Chalet 1850	FR	100	n/a	4.3
Brussels Urban Invest NV	BE	99	99	*
Construction Link NV	BE	99	n/a	4.3

Kubel NV	BE	99	n/a	4.1
Filature Retail NV	BE	99	n/a	4.3

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

Real estate acquisitions and disposals (including plots of land) often involve the transfer of a company that holds the property.
Most subsidiaries are such special purpose real estate entities created to structure real estate transactions (acquisition of land and real estate investment activities).

Summary of incorporations, acquisitions and disposals of subsidiaries (and other business units) realized by the Company during the year ended on 31 December 2016. The acquisitions and disposals of real estate subsidiaries are treated in accordance with the accounting policy as described in sections 1.9 and 1.11 (and not in accordance with IFRS 3 on Business Combinations) and section 1.19.

4.1 Acquisition of subsidiaries

On 19 August 2016, the Company acquired all (but one) shares of Kubel NV, company holding the freehold rights on a site in Berchem, in view of the realisation of the City Link project (27,000 sqm office space and approx. 540 underground parking spaces, divided over 2 buildings). The transaction value of the plot in the share deal amounted to 8,7 MEUR.

Above acquisition has, in accordance with what has been stated in section 1.5.2 above, been booked as the purchase of property development inventories and have been considered as operating cash (out-)flow items. Also in accordance with what has been stated in section 1.5.2, in these acquisitions no significant other assets and/or liabilities have been acquired than the items booked in inventory.

4.2 Disposal of subsidiaries

In December 2016, following subsidiaries have been sold to Ghelamco European Property Fund, newly established and fourth holding of the Ghelamco consortium:

- Schelde Offices NV (holding one of the Blue Towers, offering +/- 13,5 Ksqm of office space on the Dacar site in Ghent)
- Arte Offices NV (holding the other of the Blue Towers, offering +/- 14,6 Ksqm of office space on the Dacar site in Ghent)
- Parking Gent and Parking Estates (holding the rights in rem of over 2.000 above and underground parking spaces on the Dacar site, around the Ghelamco Arena and under the new business hotel in Ghent)
- Retail Gent (holding the +/- 12 Ksqm retail hall on the Dacar site, which is rented to Brico-Plan It)

The (combined) transaction was structured as a share deal (i.c. 100% of the shares of the respective SPVs). The share deal was based on the underlying fair values of the resp. real estate projects as of 31 December 2016 (i.e. 124.3 MEUR in total).

4.3 Incorporation of new (shelf) companies

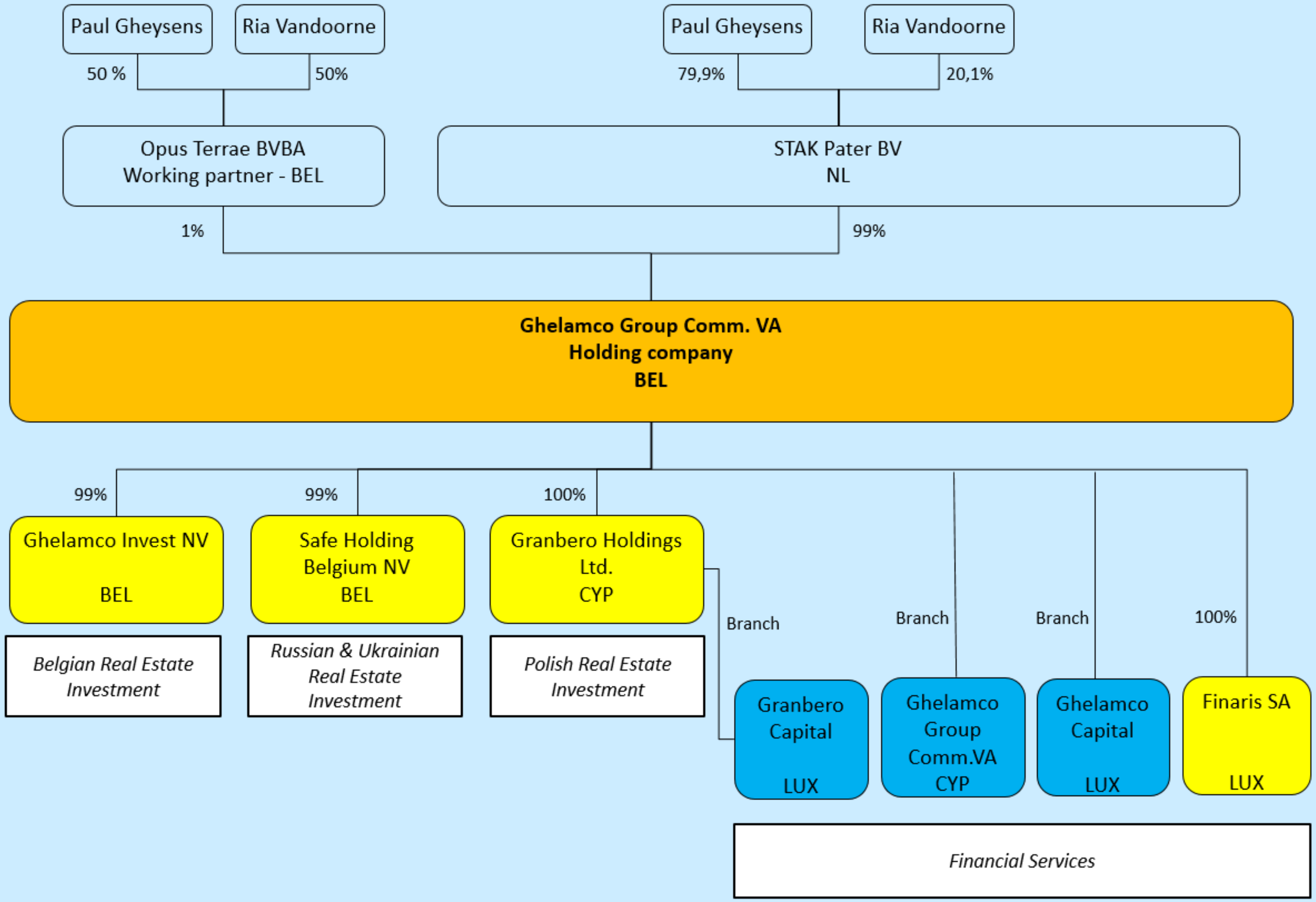
In February 2016, 3 new SPVs (Construction Link NV, Rumilo NV and Caboli NV) have been incorporated for the development of future real estate projects.

In the above entities all shares (250) but one have been subscribed by Ghelamco Invest and one by Mr. P. Gheysens. The entities have a share capital of 250 KEUR, of which 63.5 KEUR has been paid in.

On 18 October 2016 a French SPV (Le Chalet 1850 SAS) has been incorporated with a capital of 100 KEUR, represented by 100.000 shares, all subscribed by Pomme de Pin Expansion SAS (subsidiary of Ghelamco Invest NV) and fully paid in. End October 2016, Le Chalet 1850 SAS has acquired a site in Courchevel, France, for the future development of a residential project. Purchase price amounted to 10 MEUR.

5. Group structure

5.1. Investment Holding as per December 31st, 2016



5.2. Belgian and French Real Estate Investment as per December 31st, 2016

Ghelamco Invest NV
BEL

- 99% The White House Zoute NV - BEL
- 99% Dock-site NV - BEL
- 99% Wavre Retail Park NV - BEL
- 99% Dianthus NV - BEL
- 99% Nepeta NV - BEL
- 99% RHR-Industries NV - BEL
- 99% Zeewind NV - BEL
- 99% Forest Parc NV - BEL
- 99% Leisure Property Invest NV - BEL
- 50% Valbeto NV – BEL
- 99% Graminea NV – BEL
- 99% Brussels & Regional NV – BEL
- 99% Citrien NV – BEL
- 100% Pomme de Pin Expansion SAS – FRA
  - 100% Pomme de Pin SAS – FRA
  - 100% Société Immobilière de Courchevel SARL – FRA
  - 100% Le Chalet 1850 – FRA

- Ring Multi NV - BEL 99%
- Ring Offices NV - BEL 99%
- Ring Hotel NV - BEL 99%
- Docora NV - BEL 99%
- Artevelde-Stadion CVBA - BEL 11%
- MeetDistrict Gent NV - BEL 99%
- De Nieuwe Filature NV - BEL 99%
- Brussels Urban Invest NV – BEL 99%
- Filature Parking NV – BEL 99%
- Filature Retail NV – BEL 99%
- Kubel NV – BEL 99%
- Construction Link NV – BEL 99%
- Louise Freehold NV - BEL 99%
- Rumilo NV - BEL 99%
- Caboli NV - BEL 99%

- Retail Leuven NV – BEL 99%
- Waterview NV - BEL 99%
- Parking Leuven NV - BEL 99%
- Leuven Student Housing NV – BEL 99%
- Eurostadium Events NV – BEL 99%
- Eurostadium Storage NV – BEL 99%
- Eurostadium Park NV - BEL 99%
- Eurostadium Offices NV – BEL 99%
- Eurostadium Parking NV – BEL 99%
- Eurostadium Foot&Hospitality NV – BEL 99%
- Pavilion NV – BEL 99%
- Ghelamco Campus NV – BEL 99%
- Belalan Bischoffsheim Leasehold NV - BEL 99%
- Bischoffsheim Freehold NV - BEL 99%
- Belalan Louise Leasehold NV - BEL 99%

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 2016 and 31 December 2015.

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	31/12/2016	31/12/2015
				KEUR	KEUR
BELGIUM					
Leisure Property Invest	Golf Knokke Zoute	Man	A	44,661	36,828
WRP	Wavre Retail Park	Man	A	8,000	12,600
Retail Gent	Retail Gent	CBRE	D		15,000
Parking Gent	Parking Gent	CBRE	C/D		30,390
Parking Estates	Parking Estates	CBRE	D		2,371
Zeewind	Zeewind	Man	D	1,746	1,746
Schelde Offices	Blue Towers	JLL	D		34,250
Arte Offices	Blue Towers	JLL	D		37,250
Ring Hotel	Ring Hotel	Man	C	13,512	5,598
Ring Multi	Ghelamco Arena Multifunctional space	Cushman	D	22,625	20,425
Docora/Meetdistrict	Meetdistrict business center	Cushman	D	34,400	31,000
Ghelamco Invest	Le 8300	Man	C	22,580	21,258
Waterview/Parking Leuven	Waterview Parkings	Man	D	8,434	8,434
Waterview/Retail Leuven	Waterview Retail Space	Cushman	D	8,650	8,000
Bischoffsheim Leasehold + Freehold	Spectrum	CBRE	B	41,500	0
Kubel/Construction Link	The Link	JLL	C	19,116	0
TOTAL :				**225,224**	**265,150**

Legend : Man = Management valuation, CBRE = CBRE valuation report, Cushman = Cushman & Wakefield valuation report, JLL = Jones Lang LaSalle valuation report

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Balance at 1 January 2015	**223,360**
Acquisition of properties	**3,477**
Subsequent expenditure	**18,312**
Transfers	
- Assets classified as held for sale	
- Other transfers	**400**
Adjustment to fair value through P/L	**22,011**
Disposals	**-2,410**
Other	
Balance at 31 December 2015	**265,150**
Acquisition of properties	**16,640**
Subsequent expenditure	**20,594**
Transfers	
- Assets classified as held for sale	
- Other transfers	**12,756**
Adjustment to fair value through P/L	**32,484**
Disposals	**-122,400**
Other	
Balance at 31 December 2016	**225,224**

Categories	**A**	**B**	**C**	**D**	**Total**
Balance at 1 January 2015	**44,300**	**5,473**	**76,115**	**97,472**	**223,360**
Acquisition of properties	3,477				3,477
Acquisition through business combinations					
Subsequent expenditure	1,651		8,749	7,912	18,312
Transfers					
- Assets classified as held for sale				400	400
- Other transfers		-5,473	-5,050	10,523	0
Adjustment to fair value			10,803	11,208	22,011
Disposals				-2,410	-2,410
Other					
Balance at 31 December 2015	**49,428**	**0**	**90,617**	**125,105**	**265,150**
Acquisition of properties	6,021		10,619		16,640
Acquisition through business combinations					
Subsequent expenditure	1,826	543	11,436	6,789	20,594
Transfers					
- Assets classified as held for sale					
- Other transfers		12,756	-31,000	31,000	12,756
Adjustment to fair value	-4,614	28,201	6,236	2,661	32,484
Disposals			-32,700	-89,700	-122,400
Other					
Balance at 31 December 2016	**52,661**	**41,500**	**55,208**	**75,855**	**225,224**

In December 2016, the projects on the Dacar site in Ghent have been sold to Ghelamco European Property Fund, newly established and fourth holding of the Ghelamco consortium. It concerns following projects:

- The Blue Towers (offering +/- 28 Ksqm of office space)
- Parking Gent (holding the rights in rem of over 2.000 above and underground parking spaces on the Dacar site, around the Ghelamco Arena and under the new business hotel in Ghent)
- The Brico-Plan It retail hall (+/- 12 Ksqm retail hall, leased to to Brico-Plan It).

The (combined) transaction was structured as a share deal. The share price was based on the underlying fair values of the resp. real estate projects as of 31 December 2016 (i.e. 124.3 MEUR in total).

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

	2016	2015
Rental income	9,511	6,919

The 2016 rental income mainly relates to lease agreements in The Blue Towers, Retail Gent, Parking Gent, Ring Multi (retail space in the Ghelamco Arena) and Meetdistrict.

Significant assumptions and sensitivity analysis

Main part of Belgian IP(UC) relates to office and retail projects, which are valued based on the residual method (for IPUC) and income approach/yield/DCF method (for delivered projects).
For IFRS 13 purposes, IP(UC) projects are categorized in level 3.
The average yields (or capitalization rates) used in the expert valuations on 31 December 2016 are as follows:

- 5.25% to 7.25% for Belgian office projects (vs. 5.5% last year), depending on the location, specifics and nature of the investment
- 6.00% to 7.00% for Belgian retail projects (vs. 6.00% to 7.00% last year), depending on the location, specifics and nature of the investment.

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

- 145 EUR/sqm/year to 230 EUR/sqm/year for office space (vs. 140 EUR/sqm/year to 165 EUR/sqm/year last year),
- 68 EUR/sqm/year to 130 EUR/sqm/year for retail space (vs. 74 EUR to 125 EUR last year), depending on the location, specifics and nature of the project.

On 31 December 2016, the Company has a number of income producing investment properties (category D) which are valued at 75,846 KEUR (Ring Multi, Zeewind, Retail Leuven, Parking Leuven and Meetdistrict). An increase/decrease of 100 basis points in the yield, with all other variables held constant, decreases/increases the value by approx. 8,310 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	
	31.12.2016	**31.12.2015**
Cost	671	702
Accumulated depreciation/amortisation and impairment	-579	-577
TOTAL	**92**	**125**

in thousands €	Property, plant and equipment
Cost	
Balance at 1 January 2015	918
Additions	2
Additions from internal developments	
Acquisitions through business combinations	
Disposals or classified as held for sale	-218
Revaluation increase	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2015	702
Additions	22
Additions from internal developments	
Acquisitions through business combinations	
Disposals or classified as held for sale	-53
Revaluation increase	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2016	**671**

Accumulated depreciation and impairment	
Balance at 1 January 2015	641
Depreciation/Amortisation expense	36
Disposals or classified as held for sale	-100
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 2015	577
Depreciation/Amortisation expense	34
Disposals or classified as held for sale	-32
Impairment losses recognised in profit or loss	
Reversals of impairment losses recognised in profit or loss	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2016	**579**

8. Property Development Inventory

The Property Development Inventories amount to 190,634 KEUR on 31 December 2016 (2015: 206,631 KEUR) and are detailed as follows:

	31/12/2016	31/12/2015
Property Development Inventories	190,570	206,575
Raw materials	64	56
Finished goods	0	0
	190,634	**206,631**

	Carrying value (at cost) at 31 December 2016 - KEUR	Carrying value (at cost) at 31 December 2015 - KEUR
BELGIAN/FRENCH PROJECTS		
I.R.C. - others	8,672	9,072
Le Valeureux Liégeois - East Dune	20,514	25,044
Locarno Knokke	7,695	6,528
Blinckaertlaan Knokke	6,750	6,204
Kanonstraat Brussel	794	794
Bleko Doornstraat Kortrijk	2,547	2,375
Dock-site	2,648	2,648
Residentie Katelijne	6,376	9,094
Project Waterside	1,206	1,398
Waterview	3,479	8,594
Sylt	7,308	9,720
Cromme Bosh	14,114	13,418
Kinder Siska	8,017	7,700
RHR-Carlton	9,911	1,545
De Nieuwe Filature/ Tribeca	18,455	15,208
Blaisantpark Gent	59	2,190
Belalan Louise	10,253	9,394
Spectrum / Bischoffsheim	3,765	16,459
Pomme De Pin - Courchevel	31,400	30,893
BUI De Ligne	-	24,000
Eurostadium Brussel	11,678	4,353
Le Chalet 1850-Courchevel	10,473	-
Arval site	4,520	-
TOTAL	**190,634**	**206,631**

Main part of current year expenditures have been done on the Tribeca project in Ghent (realisation of an approx. 35,000 sqm mixed residential and retail space project in Ghent) and the Eurostadium project.
In addition, there have been some acquisitions of plots/sites:
- Le Chalet 1850, site in Courchevel, France for the development of a residential project;
- The Arval site in Evere (+/- 10.800 sqm) for the future development of a mixed real estate project;
- Land parts in the Carlton site in Knokke-Zoute, in a joint-venture structure with a 3rd party, for the future development of a high-end residential project.
- Eurostadium: capitalized expenses related to the acquired leasehold and study costs

Main divestures/ sales:

- De Ligne building at Rue de la Banque to the City of Brussels for a sales price of 27,000 KEUR
- Waterview Leuven: 65 student homes have been sold in 2016. Per date of the current report, over 90% of the total (461) available student units have been sold.
- Tribeca: invoicing under the Breyne legislation connected to (61 apartments and 56 parking spaces in) phase 2 of this mixed project at the Nieuwevaart in Ghent. Construction progress of phase 2 in this project was at 55% per end 2016. In addition, part of the plot has been sold to Woningent for an amount of 2,9 MEUR.
- Blaisantpark Ghent: In 2016 the last remaining commercial space and 61 parkings have been sold. Per end 2016, the project is as good as fully sold out.
- Katelijne, sale of the last high-end apartment in this residential project in Knokke
- Sylt, sale of 2 units (and 6 parking spaces) in this residential project in Knokke
- East Dune, sale of 7 apartments (and 5 above and 3 underground parking spaces) in this residential project in Oostduinkerke

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	31/12/2016	31/12/2015
Non-current			
Receivables from related parties	24.3	4,512	1,782
Trade and other receivables		339	381
Total non-current receivables and prepayments		**4,851**	**2,163**

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 2016 were as follows: Euribor/ Libor + margins in the range between 1% and 3%.
Further reference is made to Note 24.3.

The 2016 balance mainly consists of receivables vs. group companies which are not (yet) consolidated in these financial statements.
The same goes for 2015.

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	31/12/2016	31/12/2015
Current			
Receivables from related parties		6,655	7,859
Receivables from third parties	24.3	5,692	4,881
Less: allowance doubtful debtors (bad debt provision)			-31
Net trade receivables		12,347	12,709
Other receivables		2,392	3,756
Related party current accounts	24.3	139,253	80,913
VAT receivable		1,385	3,770
Prepayments		0	0
Interest receivable		3,846	1,571
Total current trade and other receivables		**159,223**	**102,719**

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:
-86,840 KEUR current account which Ghelamco Invest holds vs. Ghelamco Group Comm. VA.
-4,529 KEUR current account which Ghelamco Invest holds vs. IRS Comm. VA.
-33,009 KEUR current account which Ghelamco Invest holds vs. Ghelamco European Property Fund, after the sale of the Dacar site; ut supra
-12.867 KEUR current account which Ghelamco Invest holds vs. Parking Gent (part of the above Dacar sale)
- 2.008 KEUR other

Interest receivable

The interest receivable fully consists of interests receivable from related parties.

VAT receivable

The SPVs holding VAT receivable balances may either apply to the tax authorities for an immediate cash refund of the VAT receivables or may offset the VAT receivable against any (future) VAT payables.
VAT receivables are the result of VAT paid on their investment expenditures.

Credit risk exposure and impairment

Trade and other receivables disclosed above are classified as 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 €	**31.12.2016**	**31.12.2015**
Balance at beginning of the year	**31**	**31**
Impairment losses recognised on receivables		
Amounts written off during the year as uncollectible		
Amounts recovered during the year		
Impairment losses reversed	**-31**	
Foreign exchange translation gains and losses		
Balance at end of the year	**0**	**31**

As of 31 December 2016 and 2015, 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

	31/12/2016	**31/12/2015**
Cash at banks and on hand	15,273	35,142
Short-term deposits		
	15,273	**35,142**

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 the resp. private and EMTN bond issues (for a total outstanding amount of 220 MEUR.

11. Share capital

	31/12/2016	31/12/2015
Authorised		
313,549 ordinary shares without par value	161,490	161,490
part not paid	-15,000	-15,000
issued and fully paid	146,490	146,490

In June 2015 the capital was increased by 50 MEUR (in cash) through the issue of 97,080 new shares.
In December 2015 the capital was increased another time:
- by 25 MEUR (in cash, of which 10 MEUR was paid in) through the issue of 48,540 new shares on the one hand and
- by 25 MEUR (via contribution in kind and) through the issue of another 48,540 new shares on the other hand.

The mentioned capital increases were fully subscribed by Ghelamco Group Comm. VA, parent company of Ghelamco Invest NV.

At 31 December 2016, the Company's direct shareholders are:

- Ghelamco Group Comm. VA – 99,998% (313,544 shares)
- Paul Gheysens – 0,002% (5 shares)

11.1 Distribution of dividends within the Company

During 2016, Ghelamco Invest received (interim) dividends for a total amount of 10,930 KEUR from the following subsidiaries:

- Arte Offices NV
- Schelde Offices NV
- De Nieuwe Filature NV
- Eurostadium Events NV (former De Leeuwe NV)
- Valbeto NV
- Waterview NV
- Retail Leuven
- Eurostadium Park NV (former Immo Simava NV)
- The White House NV

During 2016, no dividends have been distributed by Ghelamco Invest.

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11.2 Non-Controlling Interests

	31/12/2016	31/12/2015
balance at beginning of year	176	67
share of profit for the year	38	107
dividend distribution	-11	-
acquistions/disposals	-18	2
Balance at end of year	**185**	**176**

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 2015	0	28,278
Cumulative translation differences (CTA)		
Dividend distribution to the ultimate shareholders		
Change in non-controlling interests		
Change in the consolidation scope		1
Profit for the year		10,248
At 31 December 2015	**0**	**38,527**

	Cumulative translation reserve	Retained earnings
At 1 January 2016	0	38,527
Cumulative translation differences (CTA)		
Dividend distribution to the ultimate shareholders		-10
Change in non-controlling interests		
Change in the consolidation scope		-4
Profit for the year		25,220
At 31 December 2016	**0**	**63,733**

13. Interest-bearing loans and borrowings

		31/12/2016	31/12/2015
Non-current			
Bank borrowings – floating rate	13.1	59,864	112,321
Other borrowings	13.2/3	217,149	216,004
Finance lease liabilities			
		277,013	**328,325**
Current			
Bank borrowings – floating rate	13.1	79,523	65,541
Other borrowings		0	0
Finance lease liabilities			
		79,523	**65,541**
TOTAL		**356,536**	**393,866**

13.1 Bank Borrowings (139,387 KEUR)

During the year the Company contracted new bank borrowings and withdrew on existing credit facilities for a total amount of 56.0 MEUR, all of which are Euribor based. On the other hand, reimbursements and re-financings have been done for an amount of 14.7 MEUR. In addition, a total amount of 79.8 MEUR has been sold outside the Group, in connection with the sale of projects to the Ghelamco European Property Fund; bringing the total outstanding bank borrowings to 139.4 MEUR (compared to 177.9 MEUR at 31/12/2015).

When securing debt finance for its (larger) projects, the Company negotiates long term agreements with its banks. Under these agreements, the bank swaps land acquisition loans (2 year term) into construction loans (additional 2 year term) and swaps construction loans into investment loans (mostly 5 years term) upon the fulfilment of pre-agreed conditions.
Most banking partners of the Company have accepted the above as a “framework” for past, current and future co-operation.

For the purpose of these financial statements, the Company treated its bank borrowings (or the maturing part of it) as current when the swap date from “acquisition loan into construction loan” falls within the next accounting year (see Note 1.18 and 2.1.2.).

With respect to the outstanding short-term bank borrowings, it is to be mentioned that a significant part of the balance per books is currently in the advanced process of prolongation and/or refinancing (e.g. through a swap to investment loans).

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

	31.12.2016				31.12.2015			
	<1 y	**between 2 and 5 y**	**>5y**	**total**	**<1 y**	**between 2 and 5 y**	**>5y**	**total**
Credit institutions withdrawn credits	82,477	54,019	10,277	146,773	68,518	105,179	9,684	183,381
Financial lease	0	0	0	0	0	0	0	0
Total	**82,477**	**54,019**	**10,277**	**146,773**	**68,518**	**105,179**	**9,684**	**183,381**
Percentage	56%	37%	7%	100%	37%	57%	5%	100%

Interests on bank borrowings – interest rate risk

Interests on land acquisition and development loans are considered as floating since the variable component of the interest percentage will always be fixed for a period not superseding one year.

On 31 December 2016, the Company has outstanding investment loans for a total amount of (30,593 KEUR) on Retail Leuven, Meetdistrict and Ring Multi; which are serviced by the actual rental income of resp. the properties.

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

- Belgium: between 1.30% and 3.0%

Interest sensitivity analysis

An increase/decrease of 100 basis points in the (average) interest rates on the floating rate bank debt at the reporting date, with all variables held constant, would have resulted in a 1,985 KEUR lower/higher profit before tax for 2016.

13.2 Other borrowings: Bonds (217,149 KEUR)

The Company has in 2012 issued private unsecured bonds for a total amount of 42 MEUR (25.05 MEUR bond serie A, maturing on 13/12/15 and bearing a fixed interest of 7.0% - 16.95 MEUR bond serie B, maturing on 13/12/17 and bearing a fixed interest of 7.875%). These bonds were secured by a first demand guarantee from Ghelamco Group Comm. VA and were underwritten by a select group of institutional investors and high-net-worth individuals.
In December 2015, the Company redeemed its 2012 private unsecured bonds for the total amount of 42 MEUR (serie A for an amount of 25.05 MEUR on its contractual maturity date 13/12/15 and serie B for an amount of 16.95 MEUR on the same date, through early redemption).

Also, 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 interest rate of 6.25%. This bond program has again been coordinated by KBC Securities and Belfius Bank.

In addition, the Company has on 24 June 2015 launched a new EMTN bonds program for a maximum amount of 150 MEUR. First tap on this program has resulted in the issue of a first tranche of 79,100 KEUR and in December the remaining amount of 70,900 KEUR has been raised. The bonds, which are listed on Euronext, have as maturity date 3/07/2020 (first tranche) and 14/06/2021 (second tranche), bear an interest rate of 4.5% (first tranche) and 4.125% (second tranche) and are secured by a first demand guarantee from Ghelamco Group Comm. VA. The program has been coordinated by Belfius, BNP and KBC. Both tranches have been underwritten by institutional investors and high-net-worth individuals. Since its bond listing on Euronext, Ghelamco Invest is formally considered as a Public Interest Entity (PIE), with related transparancy, governance and reporting requirements to the benefit of the investors.

Goal of the issues is to diversify financial resources and secure the mid-term funding necessary to secure the realization of the pipeline of Belgian and French projects.

Total balance of outstanding bonds per balance sheet date (217,149 KEUR) represents the amount of issue (220 MEUR) less capitalized issue costs (of which mainly the issuing banks' arrangement fees), which are amortized over the term of the bonds.

Summary of contractual maturities of bonds, including interest payments (further disclosed under note 16).

	31.12.2016				31.12.2015			
	<1 y	**between 2 and 5 y**	**>5y**	**total**	**<1 y**	**between 2 and 5 y**	**>5y**	**total**
2013 bonds	4,375	74,375		78,750	4,375	78,750		83,125
EMTN bonds 1st tranche	3,560	89,780		93,340	3,560	93,338		96,898
EMTN bonds 2nd tranche	2,925	81,138		84,063	2,925	11,699	72,362	86,986
	10,860	**245,293**	**0**	**256,153**	**10,860**	**183,787**	**72,362**	**267,009**
	4%	96%	0%	100%	4%	69%	27%	100%

13.3 Other borrowings: Other

31/12/2016 and 31/12/15 0 KEUR

After the above mentioned capital increases, the remaining related party loans have been settled. As a result, there are no 'other' balances outstanding as of 31 December 2016 (and 31 December 2015).

13.4 Miscellaneous information

No defaults of payments or breaches of borrowing agreements occurred as of 31 December 2016.

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 2016, the Company has bank loans available to be drawn for a total amount of 60,573 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)	31.12.2016				
	At fair value through P/L-held for trading	**Available for sale**	**Loans and receivables/fin. liabilities at amortised cost**	**Fair value**	**Fair value level**
Other financial investments					
Other financial assets		-	4,272	4,272	2
Non-current receivables					
Receivables and prepayments			4,851	4,851	2
Restricted cash			-	-	
Current receivables					
Trade and other receivables			157,482	157,482	2
Derivatives	-			-	
Cash and cash equivalents			15,273	15,273	2
Total Financial Assets	**0**	**0**	**181,878**	**181,878**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			59,864	59,864	2
Bonds			69,504	74,964	2
Bonds (Euronext)			147,645	146,572	1
Other borrowings			-	-	2
Interest-bearing borrowings - current					
Bank borrowings			79,523	79,523	2
Bonds			-	-	2
Other borrowings			-	-	2
Current payables					
Trade and other payables			15,144	29,014	2
Total Financial Liabilities	**-**	**-**	**371,680**	**389,937**	

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Financial instruments (x € 1 000)	**31.12.2015**				
	At fair value through P/L- held for trading	**Available for sale**	**Loans and receivables/fin. liabilities at amortised cost**	**Fair value**	**Fair value level**
Other financial investments					
Other financial assets		-	3,637	3,637	2
Non-current receivables					
Receivables and prepayments			2,163	2,163	2
Restricted cash			-	-	
Current receivables					
Trade and other receivables			97,469	97,469	2
Derivatives	-			-	
Cash and cash equivalents			35,142	35,142	2
Total Financial Assets	**0**	**0**	**138,411**	**138,411**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			112,321	112,321	2
Bonds			68,987	75,424	2
Bonds (Euronext)			147,017	149,448	1
Other borrowings			-	-	2
Interest-bearing borrowings - current					
Bank borrowings			65,541	65,541	2
Bonds			-	-	2
Other borrowings			-	-	2
Current payables					
Trade and other payables			17,644	17,644	2
Total Financial Liabilities	**-**	**-**	**411,510**	**420,378**	

The above table provides an analysis of financial instruments grouped into Levels 1 to 3 based on the degree to which the fair value (recognized on the statement of financial position or disclosed in the notes) is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.
- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The fair value of interest bearing liabilities does not materially differ from the carrying amount, to the extent these are floating interest bearing debts. The fair value of long term interest bearing debts (in absence of published price quotations in an active market) is calculated as the present value of cash flows discounted at the relevant current market interest rates adjusted for a company-specific margin. The fair value of short term interest bearing debts and floating interest bearing debts is assumed to be equivalent to their carrying amount.

The company's interest bearing liabilities are mainly floating interest bearing debts, except for the Belgian bonds, which are fixed interest bearing.

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 €	**31/12/2016**	**31/12/2015**
Deferred tax assets	4,892	5,181
Deferred tax liabilities	-19,048	-19,068
TOTAL	**-14,156**	**-13,887**

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 2015	**-11,824**	**12**	**2,607**	
Recognised in income statement	-7,439	257	2,500	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other				
Balance at 31 December 2015	**-19,263**	**269**	**5,107**	
Recognised in income statement	-11,644	-261	1,150	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals	11,325		-840	
Other	168		-167	
Balance at 31 December 2016	**-19,414**	**8**	**5,250**	

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 €	**31/12/2016**	**31/12/2015**
DTA on unused tax losses	5,802	6,680
DTA on unused tax credits		
TOTAL	5,802	6,680

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:

	31/12/2016
Trade payables: third parties	7,793
Trade payables: related parties	-
Related parties current accounts payable	-
Misc. current liabilities	9,954
Deferred income	-
Current employee benefits	42
Total trade and other payables	**17,789**

	31/12/2015
Trade payables: third parties	10,014
Trade payables: related parties	110
Related parties current accounts payable	-
Misc. current liabilities	11,286
Deferred income	-
Current employee benefits	24
Total trade and other payables	**21,434**

Trade payables towards related parties include amongst others the amounts payable to the Development Holding for construction and engineering coordination services received. On 31/12/2016, no such trade payables were outstanding (vs. 110 KEUR last year).

Miscellaneous current liabilities mainly relate to interest payable (to third parties: 5.9 MEUR), VAT payable, accruals and others.

17. Revenue

Revenue is mainly generated from the following sources:

in thousands €	31.12.2016	31.12.2015
Sales of Residential Projects	61,986	56,32
Rental Income	9,511	6,919
Other	857	937
TOTAL REVENUE	**72,354**	**64,168**

Rental income as of 31 December 2016 (and 2015) relates to rent from commercial projects.

The residential projects sales as of 31 December 2016 mainly relate to:

- The De Ligne building at Rue de la Banque to the City of Brussels for a sales price of 27,000 KEUR
- Blaisantpark Ghent: the last remaining commercial space and 61 parking spaces (1.461 KEUR)
- Waterview Leuven: 65 student homes (8,993 KEUR)
- Villas and apartments at the Belgian coast (6,862 KEUR)
- Tribeca: invoicing under the Breyne legislation connected to (61 apartments and 56 parking spaces in) phase 2 in this mixed project at the Nieuwevaart in Ghent (12,284 KEUR); construction progress of this part of the project was per 31 December 2016 at 55%. In addition, part of the plot was sold to Woningent for an amount of 2.9 MEUR.

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 €	31.12.2016	31.12.2015
Future minimum rental income:		
Less than 1 year	3,036	6,399
Between 1 and 2 years	3,074	7,012
Between 2 and 3 years	2,847	8,705
Between 3 and 4 years	2,422	8,631
Between 4 and 5 years	2,124	8,312
More than five years	5,849	40,856
TOTAL FUTURE MINIMUM RENTAL INCOME	**19,352**	**79,916**

The rather significant decrease compared to last year goes together with the sale per end of 2016 of the Dacar projects to Ghelamco European Property Fund.

18. Other items included in operating profit/loss

Other operating income and expenses in 2016 and 2015 include the following items:

	2016	2015
Other operating income		
Net gains on disposal of investment property	1,922	510
Other	3,008	2,076
Net gains on disposals of property, plant and equipment		
total:	**4,930**	**2,586**

Current year's other operating income includes the gain on the disposal of the Blue Towers to Ghelamco European Property Fund for an amount of 1,992 KEUR.
For the remaining mainly re-charges of real estate tax, co-owners expenses and fit-out expense to tenants are included.

Last year's other operating income included the net gain on the disposal of the remaining offices space in Ring Offices for an amount of 510 KEUR.

	2016	2015
Gains from revaluation of Investment Property	32,484	22,011

Fair value adjustments over 2016 amount to 32,484 KEUR, which is mainly the result of current year's further investment and leasing efforts (mainly on The Link in Berchem and the commercial part of Spectrum in Brussels), in combination with evolution in market conditions (yield and rent level evolution).

	2016	2015
Other operating expenses		
Operating lease/ rental/ housing expenses	1,997	1,627
Taxes and charges	1,041	1,371
Insurance expenses	162	194
Audit, legal and tax expenses	2,275	1,165
Sales expenses	4,247	13,081
Operating expenses with related parties	2,287	2,121
Miscellaneous	1,156	256
Total:	**13,165**	**19,815**

Last year's relatively significant sales expenses mainly related to commission expenses in connection with the Waterview (student houses) project (302 units sold in 2015 vs. 65 during the current year).

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.

	2016	2015
Employee benefit expenses		
Wages and salaries	437	300
Social security costs	88	87
Other		
Total:	**525**	**387**

19. Cost of Property Development Inventories

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

	2016	2015
Movement in inventory	-9,490	-4,125
Purchases ‘(*)	-37,697	-35,359
	-47,187	**-39,484**

(*)
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 33,651 KEUR.

20. Finance income and finance costs

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

	2016	2015
Foreign exchange gains	-	-
Interest income	3,055	1,100
Other finance income		-
Total finance income	**3,055**	**1,100**
Interest expense	-12,271	-11,904
Other interest and finance costs	-1,735	-1,521
Foreign exchange losses		
Total finance costs	**-14,006**	**-13,425**

It is to be noted that interest expenses related to Investment Property projects are not included in the above 2016 and 2015 figures, as those have directly been capitalized on IP. It concerns an amount of 3,583 KEUR (vs. 2,625 KEUR last year).

Interest expenses mainly relate to interests on bank loans and bonds.

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:

	31.12.2016	31.12.2015
current income tax	1,904	1,682
deferred tax	10,755	4,682
Total	**12,659**	**6,364**

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 €	31.12.2016	31.12.2015
Result before income taxes	37,917	16,719
Income tax expense calculated at 33.99%	12,888	5,683
Effect of different tax rates in other jurisdictions	-	-
Effect of non-deductible expenses	494	285
Effect of revenue that is exempt from taxation	-840	-
Effect of use of previously unrecognized tax losses	-235	-378
Effect of current year losses for which no DTA is recognized	540	767
Effect of tax incentives not recognized in the income statement	-291	-77
Effect of under/over-accrued in previous years	30	68
Effect of change in local tax rates	-	-
Other	73	16
INCOME TAX EXPENSE RECOGNISED IN INCOME STATEMENT	**12,659**	**6,364**

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.

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 2016 and 2015.

Company	Project name	Amount of bank loan-books (KEUR/KUSD)		Corporate guarantees as per 31/12/2016 (KEUR)	
BELGIUM					**Guarantee by Ghelamco Invest NV**
Retail Leuven Waterview Leuven Student Housing	Waterview	EUR	6,885	6,885	Cash deficiency guarantee, subordination declaration
WRP	Wavre Retail Park	EUR	5,906	5,906	Cash deficiency guarantee
Leisure Property Invest	Golf Knokke Zoute	EUR	15,000	5,000	Corporate Guarantee, cash deficiency, cost overrun, subordination declaration Peridot
Zeewind	Zeewind	EUR	378	378	Corporate Guarantee, cash deficiency
Bischoffsheim Freehold	Spectrum	EUR	1,750	1,750	Corporate Guarantee, cash deficiency
Belalan Bischoffsheim Leasehold	Spectrum	EUR	8,750	8,750	Corporate Guarantee, cash deficiency
Louise Freehold	Edition	EUR	640	640	Corporate Guarantee, cash deficiency
Belalan Louise Leasehold	Edition	EUR	6,560	6,560	Corporate Guarantee, cash deficiency
MeetDistrict Gent	MeetDistrict Gent	EUR	19,075	5,000	Corporate Guarantee, cash deficiency, cost overrun
Ring Multi	part Ghelamco Arena	EUR	7,293	4,000	Corporate Guarantee, cash deficiency
R.H.R.-Industries	Carlton	EUR	10,270	10,270	Corporate Guarantee, cash deficiency, cost overrun

Kubel	The Link	EUR	4,500	4,500	Corporate Guarantee, cash deficiency

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 2016 (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 surety-ships, 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:

	2016	2015
Architectural and Engineering contracts	6,637	14,071
Construction contracts	69,370	47,515
Purchase of land plots		-
Purchase of shares (connected with landbank)	5,547	-
Total	**81,554**	**61,587**

At 31 December 2016, 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 2016 a framework agreement was outstanding for the acquisition of land parts in the Carlton site in Knokke-Zoute, for the future development the high-end residential project Carlton One in a joint-venture structure with a third party. Shortly before year-end, first part of land parts was acquired through an asset deal for an amount of 8.742 KEUR. And early February 2017, 2nd part has been acquired through the acquisition of (50% of) the shares of 2 companies holding the remaining land parts. Total share price amounted to 5,547 KEUR.
- None significant per end 2015.

Non-binding contracts

- Different other option contracts or rights to acquire property without the obligation for the Company to take up the property.

As an investor in commercial and residential properties, the Company is committed to continue the realization of properties under the contracts with construction companies, often in cooperation with related parties of the Company.

As to the above architectural and engineering contracts and construction contracts, significant part of the expenditures are spread over the coming 2 to 3 years, depending on management decision to move forward with the involved projects.

The Company in addition declares sufficient flexibility on the commitments, as significant part of those commitments is contracted with related party entities belonging to the Development Holding.

Related party architecture and engineering contracts in the above overview amount to 0.1 MEUR; related party construction contracts to 46.7 MEUR.

For the on-going construction contracts the respective SPV's concluded binding construction financing contracts with different banks.

Main contracts in the above overview relate to the following projects:

- Tribeca mixed project in Ghent: 24.5 MEUR construction contracts in total (related party agreements)

- Ring Hotel project in Gent: 22.2 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 2016, the Consortium (of which the Company is part) paid a total amount of approx. 10,000 KEUR to the members of the board and management committee. The Company, in turn, paid a total amount of approx. 2,000 KEUR to the members of the board and management committee. This amount includes management service fees charged by the management committee members to the legal entities included in the scope of these consolidated financial statements.

This amount comprises the full compensation. No other short- or long-term benefits, stock option plans or other post-employment benefits have been granted to the members of the board and the management committee.

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 2016, except for the disposal of the projects on the Dacar site in Ghent, which have been sold to Ghelamco European Property Fund. The share price was based on the underlying fair values of the resp. real estate projects as of 31 December 2016 (i.e. 124.3 MEUR in total).

There have been no share transactions or other significant transactions with related parties in 2015, except for the remaining office space in Ring Offices, which was sold to International Real Estate Services Comm. VA (IRS) for an amount of 2.9 MEUR.

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:

	31/12/2016	**31/12/2015**
Purchases of construction, engineering and architectural design:	-21,800	-23,724
related party trade receivable	6,655	-
related party trade accounts payable	-	-110
		-
related party non-current loans receivable	3,122	1,782
related party interests receivable	3,846	1,572
related party C/A receivable	139,253	88,772
related party non-current loans payable	-	-
related party interests payable	-	-
related party C/A payable	-	-

25. Events after balance sheet date

Early February 2017, 2nd part of land plots in the Carlton site in Knokke-Zoute has been acquired through the acquisition of (50% of) the shares of 2 companies holding these land parts. Total share price amounted to 5,547 KEUR. The acquisition is connected to future development of the high-end residential project Carlton One, in a joint-venture structure with a third party.

26. Auditor’s Report

Deloitte.

Ghelamco Invest NV

Statutory auditor's report on the consolidated financial statements for the year ended 31 December 2016

Deloitte.

Statutory auditor's report on the consolidated financial statements of Ghelamco Invest NV for the year ended 31 December 2016

We are pleased to report to you on the audit assignment which you have entrusted us. This report includes our report on the consolidated financial statements. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2016, 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 ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The consolidated statement of financial position shows total assets of 605,547 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 25,220 (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 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.

Statutory 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 statutory 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 statutory 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 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: Gateway building, Luchthaven Nationaal 1 J, B-1930 Zaventem
VAT BE 0429.053.863 - RPR Brussel/RPM Bruxelles - IBAN BE 17 2300 0465 6121 - BIC GEBABEBB

Member of Deloitte Touche Tohmatsu Limited

Unqualified opinion

In our opinion, the consolidated financial statements of Ghelamco Invest NV give a true and fair view of the group's net equity and financial position as of 31 December 2016, 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.

Zaventem, 30 March 2017

The statutory auditor

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

Ghelamco Invest

NV

IFRS Consolidated Financial Statements at 31 December 2015

Approved by the Board of Directors

with the Independent Auditor’s opinion

Contents

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 and investors in Poland and has, resulting for a steep growth over the last number of years, also become a significant player on the Belgian market. The group's market position has been recognized by numerous prestigious awards, collected over several years and granted both to the company and to many of its projects.

In Belgium, the Ghelamco Arena was in 2014 and despite strong competition, 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. 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 in 2014 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.

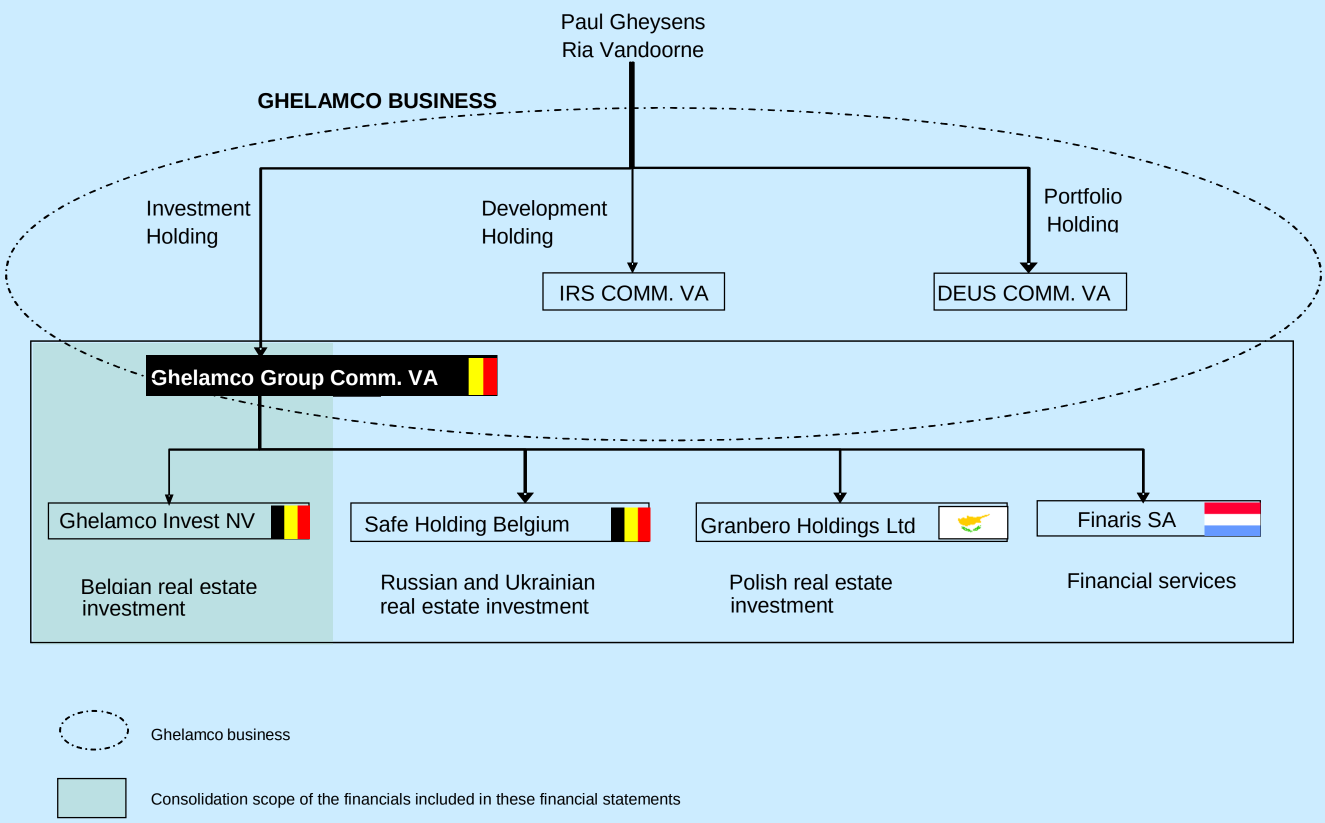
Ghelamco Invest is a limited liability company registered under Belgian law, with its registered office at Zwaanhofweg 10, 8900 Ieper, Belgium.

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 2015 (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 2015 and at 31 December 2014.



4. Staffing level

Given its nature, there is only limited employment in the Company. At 31/12/2015, Ghelamco Invest and subsidiaries employed 12 people. The construction, engineering and other related services are mainly provided to the Company by the Development Holding's legal subsidiaries. Ghelamco as a whole employed 295 people on 31 December 2015 (vs. 273 on 31 December 2014).

5. Board and management committee

In connection with the growing importance which management attaches to corporate governance and the further professional structuring of the Company, the Board of Directors of Ghelamco Invest has per end May 2015 been extended with a non-executive member and an independent member. In addition, the Board has formally installed an audit committee.

Members of the board:

BVBA Opus Terrae, represented by mr. Paul Gheysens
Mr. Paul Gheysens
Mr. Simon Gheysens
Mr. Michael Gheysens
BVBA Pure F, represented by mr. Philip Neyt (non-executive board member)
BVBA Thijs Johnny, represented by mr. Johnny Thijs (independent board member)

The Company'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)

The Management actively coordinates and supervises the different teams and supports them in all commercial, legal, financial and technical aspects of their activities. The Belgian teams mainly consist of a technical, commercial, legal & financial department.

The statutory board of Ghelamco Invest's subsidiaries usually consists of 4 directors.

6. Business environment and results

<u>2015 performance and results</u>

The Company closed its 2015 accounts with an operating profit of 29,044 KEUR, resulting from its continued development, construction and commercial efforts. Thanks to these efforts, the Company realised significant residential sales on the one hand and in addition managed to create significant added value on its larger commercial projects; which is reflected in an increased balance sheet total of 621,359 KEUR and an equity of 185,193 KEUR. The solvency ratio remains stable and amounts to 30% (vs. 30% per 31/12/14).

In Belgium, the Company has over the past years intensified its project development activities (with currently over 40 projects in portfolio). As a consequence, a significant number of Belgian projects have in the course of the last two to three years been delivered and commercialised.

Over the past year, further leasing successes have been achieved on mainly the Blue Towers (+/- 28,000 sqm office project) in Ghent, resulting in an occupation rate per date of the current report of approx. 95%. In addition, during 2015 further realisation efforts were done in the Waterview project in Leuven (mixed retail, student housing and parking space project at the Vaartkom), resulting in the delivery of the retail and parking parts of the project and the welcoming of the first tenants. The residential part of the project was delivered mid 2015 and over 75% of the available student units have per date of the current report been sold.

In the course of 2015, the Meetdistrict – innovative and high-end business and congress center in the Ghelamco Arena offering a.o. over 500 flexible office workplaces, meeting rooms and a 350 seats auditory – has been formally opened. Phase 1 of the business center is per date of the current report occupied for over 90%; phase 2 (offering approx. 250 workplaces) is currently being finalized and will be delivered in Q2 2016.

Mid March 2015 the City of Brussels has retained Eurostadium Brussels 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, 6,000 VIP places and over 14,000 parking spaces. The project is expected to be realized in 2018. Contract drafting is currently being finalised.

2015 expansion and investment activities mainly related to:

- Finalisation of the construction works and delivery of the Waterview project in Leuven Vaartkom (mixed project of +/- 460 student homes, +/- 5,000 sqm retail and +/- 1,000 parking spaces), as mentioned above. Per date of the current report approx. 366 student units have already been (pre-)sold and 2,375 sqm of the available retail space has been leased.

- In addition, the company has expanded its portfolio through a number of acquisitions:
    - mainly 2 sites located at the Louizalaan and the Boulevard Bischoffsheim in Brussels for the future development of mixed residential-office-retail projects,
    - the hotel Pomme de Pin in Courchevel, France for the future development of a residential project consisting of approx. 6,000 sqm apartments with hotel service, and
    - the shares of a company holding the long-term leasehold rights on a building at Rue de la Banque in Brussels.

- Further realisation of high-end residential/leisure projects at the Belgian coast side (mainly “Le 8300”, luxurious wellness hotel in Knokke-Zoute, expected to be opened near year-end 2016).

As to divestures/revenues:

- Except for the divesture of the remaining office space in Ring Offices (approx. 1,250 sqm) in Ghent, which has been sold for an amount of 2,920 KEUR, there have been no other divestures of investment property. In this respect, 2015 has for the Company in first instance been an investment and growth year, which is reflected in the above mentioned balance sheet increase.

- Sale of residential projects (56,312 KEUR): mainly apartments and student units in Blaisant Park in Ghent, student units in the Waterview project in Leuven Vaartkom and residential projects at the Belgian coast.

Main post balance sheet events

-Signing of a preliminary contract for the sale of the building at Rue de la Banque, Brussels to the city of Brussels for a sales price of 27 MEUR. The notary deed is expected to be signed in Q2 2016.

Outlook

It is the Company's strategy to further diversify its investment portfolio by spreading its investments over different real estate segments.
For 2016, 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 2016 in general.

7. Notice to the reader

This document presents the IFRS Consolidated Financial Statements for the year ended on 31 December 2015, 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 2015 were approved by the Company's Board of Directors on 15 March 2016. The amounts in this document are expressed in thousands of EUR (KEUR), unless stated otherwise.

A. Consolidated statement of financial position (in KEUR)

	Note	31/12/2015	31/12/2014
ASSETS			
Non-current assets			
Investment Property	6	265,150	223,360
Property, plant and equipment	7	148	277
Investments in associates	4	0	590
Receivables and prepayments	9	2,163	2,580
Deferred tax assets	15	5,181	2,985
Other financial assets	4.3	3,637	561
Restricted cash		0	0
Total non-current assets		**276,279**	**230,353**
Current assets			
Property Development Inventories	8	206,631	132,720
Trade and other receivables	9	102,719	20,512
Current tax assets		14	0
Derivatives		0	0
Assets classified as held for sale	6	575	975
Restricted cash		0	0
Cash and cash equivalents	10	35,141	39,837
Total current assets		**345,080**	**194,044**
TOTAL ASSETS		**621,359**	**424,397**

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Consolidated statement of financial position (cont'd)

	Note	31/12/2015	31/12/2014
Capital and reserves attributable to the Group's equity holders			
Share capital	11	146,490	61,490
CTA		0	0
Retained earnings	12	38,527	28,278
		185,017	89,768
Non-controlling interests	11.2	176	67
TOTAL EQUITY		**185,193**	**89,835**
Non-current liabilities			
Interest-bearing loans and borrowings	13	328,325	165,346
Deferred tax liabilities	15	19,068	12,190
Other non-current liabilities		0	0
Long-term provisions		140	178
Total non-current liabilities		**347,533**	**177,714**
Current liabilities			
Trade and other payables	16	21,434	23,605
Current tax liabilities		1,658	829
Interest-bearing loans and borrowings	13	65,541	132,414
Short-term provisions		0	0
Total current liabilities		**88,633**	**156,848**
Total liabilities		**436,166**	**334,562**
TOTAL EQUITY AND LIABILITIES		**621,359**	**424,397**

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B. Consolidated income statement and consolidated statement of comprehensive Income

	Note	2015	2014
Revenue	17	64,168	37,747
Other operating income	18	2,586	4,288
Cost of Property Development Inventories	19	-39,484	-19,348
Employee benefit expense	18	-387	-402
Depreciation amortisation and impairment charges		-35	-70
Gains from revaluation of Investment Property	6	22,011	7,538
Other operating expense	18	-19,815	-8,955
Share of results of associates		0	-790
Operating profit - result		**29,044**	**20,008**
Finance income	20	1,100	607
Finance costs	20	-13,425	-13,205
Profit before income tax		**16,719**	**7,410**
Income tax expense/income	21	-6,364	-2,853
Profit for the year		**10,355**	**4,557**
Attributable to:			
Equity holders of parent		10,248	4,544
Non-controlling interests		107	13

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

	2015	2014
Profit for the year	**10,355**	**4,557**
Exchange differences on translating foreign operations	0	0
Other	0	25
Other comprehensive income of the period	**0**	**25**
Total Comprehensive income for the year	**10,355**	**4,582**
Attributable to:		
Equity holders of the parent	10,248	4,569
Non-controlling interests	107	13

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C. Consolidated statement of changes in equity

Consolidated statement of changes in equity per 2015

	Note	Attributable to the equity holders			Non-controlling interests	Total Equity
		Share capital	Cumulative translation reserve	Retained earnings		
Balance at 1 January 2014		**1,490**	**0**	**23,710**	**90**	**25,290**
Capital increase		60,000				**60,000**
Profit/(loss) for the year				4,544	13	**4,557**
Dividend distribution						**0**
Change in non-controlling interests				36	-36	**0**
Change in the consolidation scope				-12		**-12**
Balance at 31 December 2014		**61,490**	**0**	**28,278**	**67**	**89,835**
Capital increase	11	85,000				**85,000**
Profit/(loss) for the year	12			10,248	107	**10,355**
Dividend distribution						**0**
Change in non-controlling interests	11.2				2	**2**
Change in the consolidation scope	12			1		**1**
Balance at 31 December 2015		**146,490**	**0**	**38,527**	**176**	**185,193**

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D. Consolidated cash flow statement

Consolidated cash flow statement for 2015 and 2014

Cash Flow Statement		**31/12/2015**	**31/12/2014**
Operating Activities			
Profit / (Loss) before income tax		**16,719**	**7,410**
Adjustments for:			
- Share of results of associates		-	790
- Change in fair value of investment property	6	-22,011	-7,538
- Depreciation, amortization and impairment charges	7	35	70
- Result on disposal Investment Property		-510	-1,659
- Change in provisions		-38	-
- Net interest charge	20	10,804	11,320
- Movements in working capital:			
- Change in inventory		-73,911	-22.547
- Change in trade & other receivables		-57,207	-8.089
- Change in trade & other payables		17	-203
- Change in MTM derivatives		-	-
- Movement in other non-current liabilities			
- Other non-cash items		122	29
Income tax paid		-867	-1.482
Interest paid		-14,092	-14.301
Net cash from operating activities		**-140,939**	**-36,200**
Investing Activities			
Interest received		1,100	607
Purchase of property, plant & equipment		-25	-24
Purchase of investment property		-19,137	-37,608
Capitalized interest in investment property	6	-2,652	-2,324
Proceeds from disposal of investment property	6	2,920	40,675
Net cash outflow on acquisition of subsidiaries		-	-
Cash outflow on other non-current financial assets		-2,069	-184
Net cash inflow/outflow on NCI transactions			
Movement in restricted cash accounts			
Net cash flow used in investing activities		**-19,863**	**1,142**
Financing Activities			
Proceeds from borrowings		200,986	36,139
Repayment of borrowings		-104,880	-41,996
Capital increase		60,000	60.000

Dividends paid		-
Net cash inflow from / (used in) financing activities	**156,106**	**54,143**
Net increase in cash and cash equivalents	**-4,696**	**19,085**
Cash and cash equivalents at 1 January	**39,837**	**20,752**
Cash and cash equivalents per end of the year	**35,141**	**39,837**

(*): Interests directly capitalized in IP not included (2015: 2,652 KEUR; 2014: 2,324 KEUR, separately presented under investing activities)

E. Segment information

Given the fact that for the time being major part of property is located in Belgium, we believe another split up into segments is not relevant. The board of directors does not use any other segment for its decision taking.

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the IFRS consolidated financial statements, are set out below.

1.1. Introduction

We refer to the section “General Information: business activities” and Note 5 “Organizational chart” of these financial statements for more information on the business activities and the structure of the Company and its position within the Ghelamco business.

These financial statements are IFRS consolidated financial statements that include the resources and activities of Ghelamco Invest NV and its legal subsidiaries that are part of the Company at 31 December 2015.

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 15 2016. 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 2015. 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 2015.

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 2015

Standards and Interpretations that the Company anticipatively applied in 2014 and 2015:

- None

Standards and Interpretations that became effective in 2015

- Improvements to IFRS (2011-2013) (applicable for annual periods beginning on or after 1 January 2015)
- IFRIC 21 Levies (applicable for annual periods beginning on or after 17 June 2014)

Standards and Interpretations which became effective in 2015 but which are not relevant to the Company:

- None

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 the EU)
- IFRS 14 Regulatory Deferral Accounts (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU)
- IFRS 15 Revenue from Contracts with Customers (applicable for annual periods beginning on or after 1 January 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 (2012-2014) (applicable for annual periods beginning on or after 1 January 2016)
- 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 the 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)
- 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 Amortisation (applicable for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants (applicable for annual periods beginning on or after 1 January 2016)

- 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 the EU)
- IFRS 16 Leases (applicable for annual periods beginning on or after 1 January 2019, 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) IFRS 9, 15 and 16, 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 2015 and on 31 December 2014 (see Notes 4 and 5). Control is achieved when the Company

- Has power over the investee;
- is exposed or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company re-assesses whether or not it controls an investee if fact and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The transactions, balances and unrealized gains and losses between these legal entities are deemed to be intra-group transactions and are eliminated in full.
The transactions with other entities owned directly or indirectly by the ultimate beneficial owners of the Company are deemed transactions with related parties and are not eliminated, but are presented as balances and transactions with related parties in Note 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 2015 and 2014, 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 2015 and 2014 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 2015
In 2015 no commercial projects have been sold through share deals. On the other hand, the remaining office space in Ring Offices (approx. 1,250 sqm) in Ghent, has been sold for an amount of 2,920 KEUR, through an asset deal.

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

Comments 2014
In November 2014 and upon an attractive bid by an investor, the L-Park mixed office and retail project in Leuven was 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 were sold, in line with the general approach to sell residential projects through asset deals.

1.5.4. Increase in ownership interests in subsidiaries

The Company applies the parent company model to transactions with minority shareholders. To the extent applicable, the goodwill or badwill resulting from the acquisition of the additional interest (from minority shareholders) in subsidiaries is allocated to the group retained earnings.

1.5.5. Foreign currency translation

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the IFRS consolidated financial statements, the results and financial position of each entity are expressed in Euro, which is the functional currency of the Company and the presentation currency for the IFRS consolidated financial statements.

Foreign currency transactions

Foreign currency transactions are recognized initially at the exchange rate prevailing at the transactions' date. Subsequently, at closing, monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet currency rate. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are included in the income statement as a financial result.
Foreign entities

In consolidation, the assets and liabilities of the group companies using a different functional currency than the Euro are expressed in Euro using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified in equity and transferred to the Company's "Cumulative translation reserve". Such translation differences are recognized as income or as expenses in the period in which the entity is sold, disposed of or liquidated.

As Ghelamco Invest and its subsidiaries are all EU (and Eurozone) companies, with functional currency Euro, and almost exclusively involved in Euro-transactions, foreign currency impact is not applicable in the Company's financial statements.

1.5.6. Hyperinflationary economies

None of the Company entities operated in a hyperinflationary economy in 2015 and 2014.

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:

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 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; 70 MEUR private bond issue due 28 February 2018, bearing an interest of 6.25%; 79.1 MEUR EMTN bond issue due 3 July 2020 and bearing an interest of 4.50% and 70.9 MEUR EMTN bond issue due 14 June 2021 and bearing an interest of 4.125%; proceeds of which can be used over the resp. project investment stages.

The Company may also actively use related party borrowings provided by the Investment Holding Financing Vehicles acting as financial intermediaries (mainly Peridot SL at 31 December 2015 and 31 December 2014) 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 years on framework agreements with the majority of its banking partners. The parameters of the framework can vary due to economic circumstances, but the framework remains workable as a whole. Before starting up the construction works (or contracting with subcontractors), the Company expects to have received already a (non-)binding term sheet from its banking relations.
In the past four years the Company was in addition able to call upon alternative financing through the issue of bonds (in total 220 MEUR unsecured bonds are outstanding, ut infra).

Commercial risk
Certain major projects require (internal) pre-lease levels, depending on different parameters, mostly triggered by the project's (large) scale, changed market circumstances or project type. Smaller projects are started up without pre-leases. This set-up immediately triggers the intense involvement of both the Consortium's internal commercial departments and the external brokers. So far, the Company's track record shows a significant leasing level (of already 50% or more) before the end of construction works.

Investment market risk

Each developer or investment fund is influenced by the currently applicable yield expectations. Therefore, good project timing is essential. While securing the construction financing, the Company also negotiates a binding transition from construction loan into investment loan. This allows us to keep the property in portfolio and to wait for attractive offers of investors.

2.1.4 Credit risk

Some limited credit risk may arise from credit exposures with respect to rental customers/ tenants (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.

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 and balance sheet structure management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to support its strategic growth plans.

All profits of the last years have been re-invested. In the previous and the current year, the capital of the Company has been increased by resp. 60 MEUR and 85 MEUR (more information in this respect in note 11).

The management's focus is to a significant extent set on financial support of its expansion plans. In order to maintain or optimize the balance sheet structure, the Company may decide to issue bonds or similar financial instruments in the (inter-)national financial markets. Company management closely monitors solvency, liquidity, return on invested capital and profitability levels.

The Company monitors capital/balance sheet structure primarily on the basis of the solvency ratio. This ratio is calculated as total equity (considering the related party financing, which is subordinated) divided by the balance sheet total. The solvency ratios at 31 December 2015 and 2014 were as follows:

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	2015	2014
Equity	185,193	89,835
Net related party loans payable	-1.782	35,838
Total assets	621,359	424,397
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	31/12/2015 % voting rights	31/12/2014 % 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	*
Eurostadium Events NV (former De Leewe III NV)	BE	99	99	*
Eurostadium Park NV (former Immo Simava 13 NV)	BE	99	99	*
Leisure Property Invest NV	BE	99	99	*
Waterview NV	BE	99	99	*
Retail Leuven NV (ex Estate of the Art NV)	BE	99	99	*
Leuven Student Housing NV	BE	99	99	*
Parking Leuven NV (former Ring Congress Centre NV)	BE	99	99	*
Wavre Retail Park NV	BE	99	99	*
RHR-Industries NV	BE	99	99	*
Zeewind NV	BE	99	99	*
Artevelde Stadion CVBA	BE	11	57	**
Docora NV	BE	99	99	*
Ring Multi NV (former Ring Retail NV)	BE	99	99	*
MeetDistrict Gent NV	BE	99	99	4.3
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	*
Forest Parc NV	BE	99	99	*
Belalan Bischoffsheim Leasehold NV	BE	99	n/a	4.1
Bischoffsheim Freehold NV	BE	99	n/a	4.3
Belalan Louise Leasehold NV	BE	99	n/a	4.1
Louise Freehold NV	BE	99	n/a	4.3
De Nieuwe Filature NV	BE	99	99	*
Pomme de Pin Expansion SAS	FR	100	n/a	4.1
Société Immobilière de Courchevel SARL	FR	100	n/a	4.1
Pomme de Pin SAS	FR	100	n/a	4.1
Brussels Urban Invest 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

(**): In the previous year included in the Ghelamco Invest consolidated financial statements under the equity method. As in the current year the participating interest has diluted to 11%, the participation is on the balance sheet at (amortized) cost.

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 2015. The acquisitions and disposals of real estate subsidiaries are treated in accordance with the accounting policy as described in sections 1.9 and 1.11 (and not in accordance with IFRS 3 on Business Combinations) and section 1.19.

4.1 Acquisition of subsidiaries

End of February 2015, the Company acquired all (but one) shares of Belalan Bischoffsheim Leasehold NV (for a share price of 12,500 KEUR); company which holds a long-term leasehold right in a (plot and) building located at the Boulevard Bischoffsheim in Brussels, for the future development and realisation of a combined office-residential project (approx.. 16,000 sqm office space, 22 apartments and 174 parkings).

In the same transaction, the Company also acquired all (but one) shares of Belalan Louise Leasehold NV (for a share price of 8,200 KEUR); company which holds a long-term leasehold right in a (plot and) building located at the Louizalaan in Brussels, for the future development and realisation of a combined retail-residential project (52 luxurious apartments and approx. 500 sqm of shopping space).

Mid July, the Company has acquired 100% of the shares of Pomme de Pin Expansion SAS (and its subsidiaries Société Immobilière de Courchevel SARL and Pomme de Pin SAS) for a (net) share price of 29.9 MEUR and became the owner of the hotel Pomme de Pin in Courchevel 1850 for the future development and sale of a residential project, consisting of approx. 6.000 sqm apartments with hotel service.

On 1 December 2015, the Company has acquired all (but one) shares of Brussels Urban Invest NV; company holding the long-term leasehold right on a building at Rue de la Banque in Brussels. Transaction value amounted to 24 MEUR.

Above acquisitions have, in accordance with what has been stated in section 1.5.2 above, been booked as the purchase of property development inventories and have been considered as operating cash (out-)flow items. Also in accordance with what has been stated in section 1.5.2, in these acquisitions no significant other assets and/or liabilities have been acquired than the items booked in inventory.

4.2 Disposal of subsidiaries

There have in the course of 2015 been no disposals of subsidiaries.

4.3 Incorporation of new (shelf) companies

In January 2015, 2 new SPVs (Louise Freehold NV and Bischoffsheim Freehold NV) have been incorporated for the acquisition of the freehold rights on resp. a building located at the Louizalaan in Brussels and a building located at the Boulevard Bischoffsheim in Brussels.

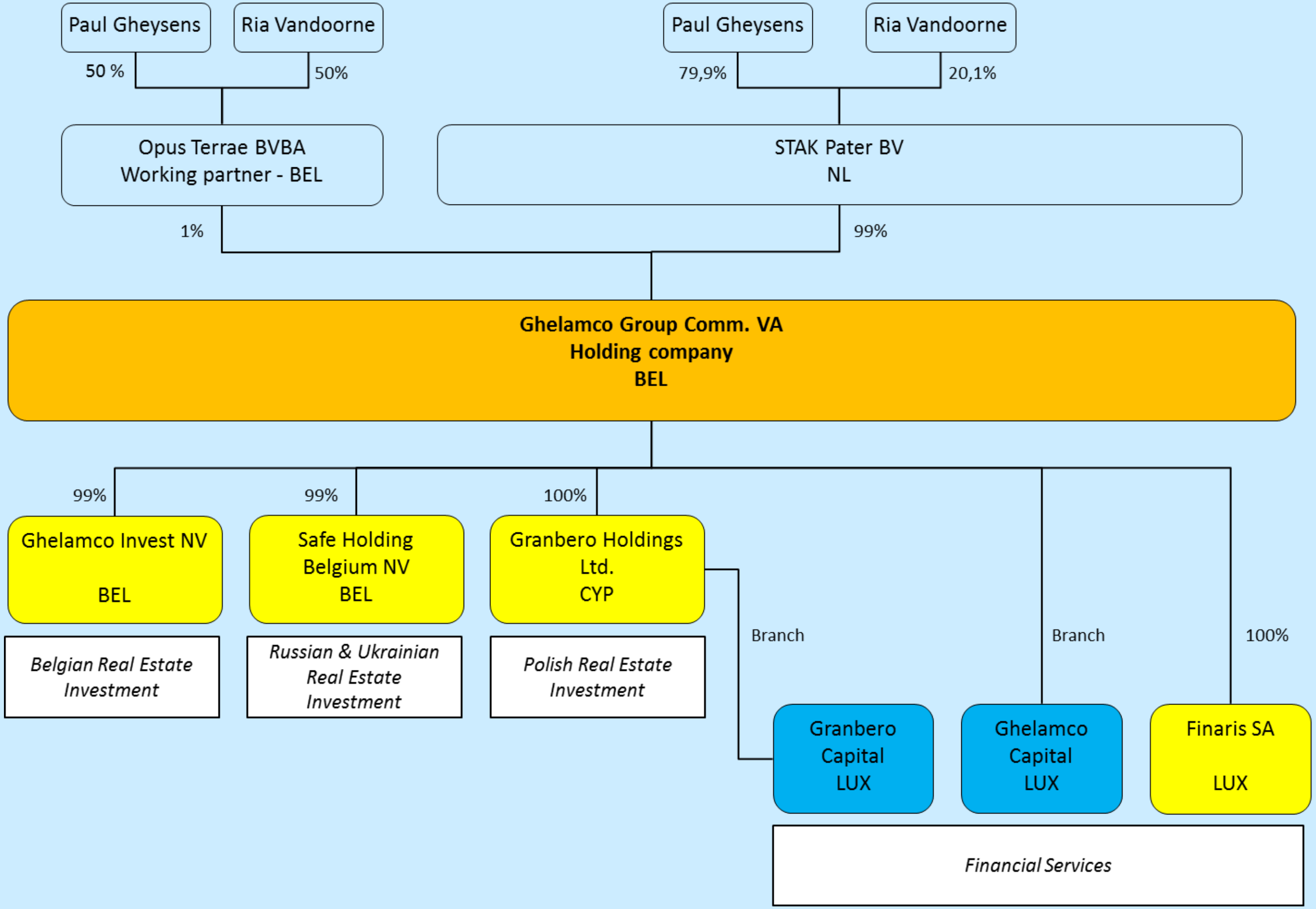
On March 31 2015, 1 new SPV (Meetedisctrict NV) has been incorporated for the realisation of the Meetdistrict, innovative and high-end business and congress center in the Ghelamco Arena of which phase 1 has actually been delivered and opened in the course of the year.

In the above entities all shares (250) but one have been subscribed by Ghelamco Invest and one by Mr. P. Gheysens. The entities have a share capital of 250 KEUR, of which 63.5 KEUR has been paid in.

In addition, in January 2015, 2 new SPVs (Filature Parking NV and Filature Retail NV) and in June 2015, another six SPVs (Eurostadium Offices NV, Eurostadium Parking NV, Eurostadium Storage NV, Eurostadium Foot&Hospitality NV, Pavilion NV and Ghelamco Campus NV) have been incorporated for the development of future real estate projects. Also in these entities, all shares (250) but one have been subscribed by Ghelamco Invest and one by Mr. P. Gheysens. The entities have a share capital of 250 KEUR, of which 63.5 KEUR has been paid in.

5. Group structure

5.1. Investment Holding as per December 31st, 2015



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5.2. Belgian and French Real Estate Investment as per December 31st, 2015

Ghelamco Invest NV
BEL

99%	The White House Zoute NV - BEL	Ring Multi NV - BEL	99%	Retail Leuven NV – BEL	99%
99%	Dock-site NV - BEL	Ring Offices NV - BEL	99%	Waterview NV - BEL	99%
99%	Wavre Retail Park NV - BEL	Ring Hotel NV - BEL	99%	Parking Leuven NV - BEL	99%
99%	Dianthus NV - BEL	Docora NV - BEL	99%	Leuven Student Housing NV – BEL	99%
99%	Nepeta NV - BEL	Artevelde-Stadion CVBA - BEL	11%	Eurostadium Events NV – BEL	99%
99%	RHR-Industries NV - BEL	Parking Estates NV - BEL	99%	Eurostadium Park NV - BEL	99%
99%	Zeewind NV - BEL	Parking Gent NV - BEL	99%	Eurostadium Offices NV – BEL	99%
99%	Forest Parc NV - BEL	Retail Gent NV - BEL	99%	Eurostadium Parking NV – BEL	99%
99%	Leisure Property Invest NV - BEL	Arte Offices NV - BEL	99%	Eurostadium Foot&Hospitality NV – BEL	99%
50%	Valbeto NV – BEL	Schelde Offices NV - BEL	99%	Pavilion NV – BEL	99%
99%	Graminea NV – BEL	MeetDistrict Gent NV - BEL	99%	Ghelamco Campus NV – BEL	99%
99%	Brussels & Regional NV – BEL	De Nieuwe Filature NV - BEL	99%	Belalan Bischoffsheim Leasehold NV - BEL	99%
99%	Citrien NV – BEL	Brussels Urban Invest NV – BEL	99%	Bischoffsheim Freehold NV - BEL	99%
100%	Pomme de Pin Expansion SAS – FRA	Filature Parking NV – BEL	99%	Belalan Louise Leasehold NV - BEL	99%
100%	Pomme de Pin SAS – FRA	Filature Retail NV – BEL	99%	Louise Freehold NV - BEL	99%
100%	Société Immobilière de Courchevel SARL – FRA				

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 2015 and 31 December 2014.

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	31/12/2015	31/12/2014
				KEUR	KEUR
BELGIUM					
Leisure Property Invest	Golf Knokke Zoute	Man	A	36,828	31,700
WRP	Wavre Retail Park	Man	A	12,600	12,600
Retail Gent	Retail Gent	CBRE	D	15,000	17,250
Parking Gent	Parking Gent	CBRE	C/D	30,390	29,729
Parking Estates	Parking Estates	CBRE	C/D	2,371	2,371
Zeewind	Zeewind	Man	D	1,746	1,737
Schelde Offices	Schelde Offices	JLL	D	34,250	27,450
Arte Offices	Arte Offices	JLL	D	37,250	29,350
Ring Hotel	Ring Hotel	Man	C	5,598	5,473
Ring Multi	Ghelamco Arena Multifunctional space	Cushman	D	20,425	19,275
Docora/Meetdistrict	Meetdistrict business center	Cushman	C/D	31,000	13,926
Ring Offices	Ghelamco Arena Offices	Cushman	D	0	2,410
Ghelamco Invest	Le 8300	Man	C	21,258	19,566
Waterview/Parking Leuven	Waterview Parkings	Man	D	8,434	5,691
Waterview/Retail Leuven	Waterview Retail	Cushman	D	8,000	4,832
TOTAL :				**265,150**	**223,360**

Legend : Man = Management valuation, CBRE = CBRE valuation report, Cushman = Cushman & Wakefield valuation report, JLL = Jones Lang LaSalle valuation report

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Balance at 1 January 2014	**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**
Acquisition of properties	**3,477**
Subsequent expenditure	**18,312**
Transfers	
- Assets classified as held for sale	
- Other transfers	**400**
Adjustment to fair value through P/L	**22,011**
Disposals	**-2,410**
Other	
Balance at 31 December 2015	**265,150**

Categories	A	B	C	D	Total
Balance at 1 January 2014	**38,759**	**1,155**	**120,558**	**54,387**	**214,859**
Acquisition of properties	3,024				3,024
Acquisition through business combinations					0
Subsequent expenditure	1,516	1,283	28,985	4,740	36,524
Transfers			-75,569	75,569	
- Assets classified as held for sale					0
- 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					0
Balance at 31 December 2014	**44,300**	**5,473**	**76,115**	**97,472**	**223,360**
Acquisition of properties	3,477				3,477
Acquisition through business combinations					
Subsequent expenditure	1,651	0	8,749	7,912	18,312
Transfers					0
- Assets classified as held for sale				400	400
- Other transfers		-5,473	-5,050	10,523	0
Adjustment to fair value	0	0	10,803	11,208	22,011
Disposals				-2,410	-2,410
Other					
Balance at 31 December 2015	**49,428**	**0**	**90,617**	**125,105**	**265,150**

The remaining office space in Ring Offices (approx. 1,250 sqm) in Ghent, has in the current year been sold for an amount of 2,920 KEUR. There have been no other divestures of investment property.

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

	2015	2014
rental income	6,919	5,509

The 2015 rental income mainly relates to rent agreements in Retail Gent, Parking Gent, Blue Towers Gent and 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:

- 5.50% for Belgian office projects (vs. 6.00% to 7.00% last year), depending on the location, specifics and nature of the investment
- 6.00% to 7.00% for Belgian retail projects (vs. 6.00% to 7.00% last year), depending on the location, specifics and nature of the investment.

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

- 140 EUR/sqm/year to 165 EUR/sqm/year for office space (same range last year),
- 74 EUR/sqm/year to 125 EUR/sqm/year for retail space (vs. 77 EUR to 120 EUR last year), depending on the location, specifics and nature of the project.

On 31 December 2015, the Company has a number of income producing investment properties (category D) which are valued at 125,105 KEUR (Retail Gent, Blue Towers Gent, Ring Multi, Zeewind, Retail Leuven and Parking Leuven). An increase/decrease of 100 basis points in the yield, with all other variables held constant, decreases/increases the value by approx. 16,955 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 31.12.2015	Property, plant and equipment 31.12.2014
Cost	702	918
Accumulated depreciation/amortisation and impairment	-577	-641
TOTAL	**125**	**277**

in thousands €	**Property, plant and equipment**
Cost	
Balance at 1 January 2014	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
Additions	2
Additions from internal developments	
Acquisitions through business combinations	
Disposals or classified as held for sale	-218
Revaluation increase	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2015	**702**

Accumulated depreciation and impairment	
Balance at 1 January 2014	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
Depreciation/Amortisation expense	36
Disposals or classified as held for sale	-100
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 2015	**577**

8. Property Development Inventory

The Property Development Inventories amount to 206,631 KEUR on 31 December 2015 (2013: 132,720 KEUR) and are detailed as follows:

	31/12/2015	31/12/2014
Property Development Inventories	206,575	132,671
Raw materials	56	49
Finished goods	0	0
	206,631	**132,720**

	Carrying value (at cost) at 31 December 2015 - KEUR	Carrying value (at cost) at 31 December 2014 - KEUR
BELGIAN/FRENCH PROJECTS		
Ghelamco Invest - others	13,425	7,012
Le Valeureux Liégeois - East Dune	25.044	25,536
The White House Zoute		840
Locarno Knokke	6,528	5,713
Blinckaertlaan Knokke	6,204	5,979
Kanonstraat Brussel	794	793
Bleko Doornstraat Kortrijk	2,375	2,281
Dock-site	2,648	2.648
"Residentie Katelijne"	9,094	9,094
"Project Waterside"'	1,398	1,485
Waterview	8,594	23.201
Sylt	9,720	10.285
Cromme Bosh	13,418	12,984
Kinder Siska	7,700	7,471
RHR	1,545	1.545
De Nieuwe Filature	15,208	10,338
Blaisantpark Gent	2,190	5,515
Belalan Louise	9,394	-
Spectre Bischoffsheim	16,459	-
Pomme De Pin - Courchevel	30,893	-
BUI De Ligne	24,000	-
TOTAL	**206,631**	**132,720**

Main part of current year expenditures have been done on the (residential part of the) Waterview project in Leuven (461 student units) and the Blaisantvest and Tribeca projects in Ghent.
In addition, there have been some acquisitions of plots/sites:
- 2 sites located at the Louizalaan (Belalan Louise) and the Boulevard Bischoffsheim (Spectre Bischoffsheim) in Brussels
- the hotel Pomme de Pin in Courchevel, France
- and (the long-term leasehold rights on) a building at Rue de la Banque in Brussels (BUI De Ligne).

Main divestures/ sales:

- Blaisantpark Ghent: In 2015 14 apartments, 14 student units and 19 parkings have been sold and fully invoiced. In addition, approx. 2.2 MEUR instalments re. 2014 sales have still been invoiced. Per end 2015, the project is fully sold out, except for one apartment, some parking spaces and one commercial unit.
- Waterview Leuven: 302 student homes have been sold and fully invoiced in 2015. In addition, approx. 1 MEUR instalments re. 2014 sales have still been invoiced. Per date of the current report, over 75% of the total (461) available student units have been sold.
- Sylt, sale of 1 unit in the residential project in Knokke
- East Dune, sale of 4 apartments (and 4 storage units and 6 underground parkings) in the residential project in Oostduinkerke
- First invoicing under the Breyne legislation re. phase 1 (13 houses) in the Tribeca project in Ghent.

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	31/12/2015	31/12/2014
Non-current			
Receivables from related parties	24.3	1,782	2,255
Trade and other receivables		381	325
Total non-current receivables and prepayments		**2,163**	**2,580**

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 2015 were as follows: Euribor/ Libor + margins in the range between 1% and 3%.
Further reference is made to Note 24.3.

The 2015 balance mainly consists of receivables vs. group companies which are not (yet) consolidated in these financial statements.
The 2014 balance mainly consisted of a receivable which Ghelamco Invest held vs. Artevelde Stadion CVBA (1,960KEUR); associated company which was included in the consolidated financial statements under the equity method. In the course of 2015 the involved receivable has been contributed in kind in the Artevelde Stadion capital.

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	31/12/2015	31/12/2014
Current			
Receivables from related parties		7,859	0
Receivables from third parties	24.3	4,881	5,736
Less: allowance doubtful debtors (bad debt provision)		-31	-31
Net trade receivables		12,709	5,705
Other receivables		3,756	1,831
Related party current accounts	24.3	80,913	10,976
VAT receivable		3,770	1,398
Prepayments		0	0
Interest receivable		1,571	602
Total current trade and other receivables		**102,719**	**20,512**

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:
-55,913 KEUR current account which Ghelamco Invest holds vs. Ghelamco Group Comm. VA.
-25,000 KEUR current account which Ghelamco Invest holds vs. IRS 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 (future) VAT payables.
VAT receivables are the result of VAT paid on their investment expenditures.

Credit risk exposure and impairment

Trade and other receivables disclosed above are classified as 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 €	**31.12.2015**	**31.12.2014**
Balance at beginning of the year	**31**	**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**	**31**

As of 31 December 2015 and 2014, 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

	31/12/2015	**31/12/2014**
Cash at banks and on hand	35,142	39,837
Short-term deposits		
	35,142	**39,837**

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 the resp. private and EMTN bond issues (for a total outstanding amount of 220 MEUR.

11. Share capital

	31/12/2015	31/12/2014
Authorised		
313,549 ordinary shares without par value	161,490	61,490
Part not paid	-15,000	-
Issued and fully paid	146,490	61,490

On 10 June 2015 the capital was increased by 50 MEUR (in cash) through the issue of 97,080 new shares.
On 30 December 2015 the capital has been increased another time:
- by 25 MEUR (in cash, of which 10 MEUR was paid in) through the issue of 48,540 new shares on the one hand and
- by 25 MEUR (via contribution in kind and) through the issue of another 48,540 new shares on the other hand.
The mentioned capital increases have been fully subscribed by Ghelamco Group Comm. VA, parent company of Ghelamco Invest NV.

At 31 December 2015, the Company's direct shareholders are:

- Ghelamco Group Comm. VA – 99,998% (313,544 shares)
- Paul Gheysens – 0,002% (5 shares)

11.1 Distribution of dividends within the Company

No dividends have been distributed in the course of 2015 and 2014.

11.2 Non-Controlling Interests

	31/12/2015	31/12/2014
balance at beginning of year	67	90
share of profit for the year	107	13
acquistions/disposals	2	-36
Balance at end of year	**176**	**67**

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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 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**

	Cumulative translation reserve	Retained earnings
At 1 January 2015	0	28,278
Cumulative translation differences (CTA)		
Dividend distribution to the ultimate shareholders		
Change in non-controlling interests		
Change in the consolidation scope		1
Profit for the year		10,248
At 31 December 2015	**0**	**38,527**

13. Interest-bearing loans and borrowings

		31/12/2015	31/12/2014
Non-current			
Bank borrowings – floating rate	13.1	112,321	44,755
Other borrowings	13.2/3	216,004	120,591
Finance lease liabilities			
		328,325	**165,346**
Current			
Bank borrowings – floating rate	13.1	65,541	104,650
Other borrowings	13.2/3	0	27,764
Finance lease liabilities			
		65,541	**132,414**
TOTAL		**393,866**	**297,759**

13.1 Bank Borrowings

During the year the Company contracted new bank borrowings and withdrew on existing credit facilities for a total amount of 53.1 MEUR, all of which are Euribor based. On the other hand, reimbursements and re-financings have been done for an amount of 24.6 MEUR, bringing the total outstanding bank borrowings to 177.9 MEUR (compared to 149.4 MEUR at 31/12/2014).

When securing debt finance for its (larger) projects, the Company negotiates long term agreements with its banks. Under these agreements, the bank swaps land acquisition loans (2 year term) into construction loans (additional 2 year term) and swaps construction loans into investment loans (mostly 5 years term) upon the fulfilment of pre-agreed conditions.
Most banking partners of the Company have accepted the above as a “framework” for past, current and future co-operation.

For the purpose of these financial statements, the Company treated its bank borrowings (or the maturing part of it) as current when the swap date from “acquisition loan into construction loan” falls within the next accounting year (see Note 1.18 and 2.1.2.).

With respect to the outstanding short-term bank borrowings, it is to be mentioned that a significant part of the balance per books is currently in the advanced process of prolongation and/or refinancing (e.g. through a swap to investment loans).

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

	31.12.2015				31.12.2014			
	<1 y	**between 2 and 5 y**	**>5y**	**total**	**<1 y**	**between 2 and 5 y**	**>5y**	**total**
Credit institutions withdrawn credits	68,518	105,179	9,684	183,381	106,941	44,410	1,000	152,351
Financial lease				0				0
Total	**68,518**	**105,179**	**9,684**	**183,381**	**106,941**	**44,410**	**1,000**	**152,351**
Percentage	37%	57%	5%	100%	70%	29%	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 percentage will always be fixed for a period not superseding one year.

On 31 December 2015, the Company has outstanding investment loans for a total amount of (81,071 KEUR) on Retail Leuven, Retail Gent, Blue Towers, Parking Gent, Meetdistrict and Ring Multi; which are serviced by the actual rental income of resp. the properties.

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

- Belgium: between 1.75% and 3.0%

Interest sensitivity analysis

An increase/decrease of 100 basis points in the (average) interest rates on the floating rate bank debt at the reporting date, with all variables held constant, would have resulted in a 1,635 KEUR lower/higher profit before tax for 2015.

13.2 Other borrowings: Bonds (216,004 KEUR)

The Company has in 2012 issued private unsecured bonds for a total amount of 42 MEUR (25.05 MEUR bond serie A, maturing on 13/12/15 and bearing a fixed interest of 7.0% - 16.95 MEUR bond serie B, maturing on 13/12/17 and bearing a fixed interest of 7.875%). These bonds were secured by a first demand guarantee from Ghelamco Group Comm. VA and were underwritten by a select group of institutional investors and high-net-worth individuals.
In December of the current year, the Company redeemed its 2012 private unsecured bonds for the total amount of 42 MEUR (serie A for an amount of 25.05 MEUR on its contractual maturity date 13/12/15 and serie B for an amount of 16.95 MEUR on the same date, through early redemption)

Also, 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 interest rate of 6.25%. This bond program has again been coordinated by KBC Securities and Belfius Bank.

Goal of the issues is to diversify financial resources and secure the mid-term funding necessary to secure the realization of the pipeline of Belgian and French projects.

In addition, the Company has on 24 June 2015 launched a new EMTN bonds program for a maximum amount of 150 MEUR. First tap on this program has resulted in the issue of a first tranche of 79,100 KEUR and in December the remaining amount of 70,900 KEUR has been raised. The bonds, which are listed on Euronext, have as maturity date 3/07/2020 (first tranche) and 14/06/2021 (second tranche), bear an interest rate of 4.5% (first tranche) and 4.125% (second tranche) and are secured by a first demand guarantee from Ghelamco Group Comm. VA. The program has been coordinated by Belfius, BNP and KBC. Both tranches have been underwritten by institutional investors and high-net-worth individuals. Since its bond listing on Euronext, Ghelamco Invest is formally considered as a Public Interest Entity (PIE), with related transparancy, governance and reporting requirements to the benefit of the investors.

Total balance of outstanding bonds per balance sheet date (216,004 KEUR) represents the amount of issue (220 MEUR) less capitalized issue costs (of which mainly the issuing banks' arrangement fees), which are amortized over the term of the bonds.

Summary of contractual maturities of bonds, including interest payments.

	31.12.2015			
	<1 y	**between 2 and 5 y**	**>5y**	**total**
2013 bonds	4,375	78,750		83,125
EMTN bonds 1st tranche	3,560	93,338		96,898
Emtn bonds 2nd tranche	2,925	11,699	72,362	86,986
	10,860	**183,787**	**72,362**	**267,009**
	4%	69%	27%	100%

13.3 Other borrowings: Other

31/12/2015 0 KEUR

After the above mentioned capital increases, the remaining related party loans have been settled. As a result, there are no ‘other’ balances outstanding as of 31 December 2015.

31/12/2014 38,236 KEUR

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

- Peridot SL: 34,736 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 150 KEUR lower/higher profit before tax for 2015.

13.4 Miscellaneous information

No defaults of payments or breaches of borrowing agreements occurred as of 31 December 2015.

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 2015, the Company has bank loans available to be drawn for a total amount of 50,752 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)	31.12.2015				
	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		-	3.637	3.637	2
Non-current receivables					
Receivables and prepayments			2.163	2.163	2
Restricted cash			-	-	
Current receivables					
Trade and other receivables			97.469	97.469	2
Derivatives	-			-	
Cash and cash equivalents			35.142	35.142	2
Total Financial Assets	**0**	**0**	**138.411**	**138.411**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			112.321	112.321	2
Bonds			68.987	75.424	2
Bonds (Euronext)			147.017	149.448	1
Other borrowings			-	-	2
Interest-bearing borrowings - current					
Bank borrowings			65.541	65.541	2
Bonds			-	-	2
Other borrowings			-	-	2
Current payables					
Trade and other payables			17.644	17.644	2
Total Financial Liabilities	**-**	**-**	**411.510**	**420.378**	

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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**	

The above table provides an analysis of financial instruments grouped into Levels 1 to 3 based on the degree to which the fair value (recognized on the statement of financial position or disclosed in the notes) is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.
- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The fair value of interest bearing liabilities does not materially differ from the carrying amount, to the extent these are floating interest bearing debts. The fair value of long term interest bearing debts (in absence of published price quotations in an active market) is calculated as the present value of cash flows discounted at the relevant current market interest rates adjusted for a company-specific margin. The fair value of short term interest bearing debts and floating interest bearing debts is assumed to be equivalent to their carrying amount.

The company's interest bearing liabilities are mainly floating interest bearing debts, except for the Belgian bonds, which are fixed interest bearing.

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 €	**31/12/2015**	**31/12/2014**
Deferred tax assets	5,181	2,985
Deferred tax liabilities	-19,068	-12,190
TOTAL	**-13,887**	**-9,205**

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 2014	**-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		106		
Balance at 31 December 2014	**-11,824**	**12**	**2,607**	
Recognised in income statement	-7,439	257	2,500	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other				
Balance at 31 December 2015	**-19,263**	**269**	**5,107**	

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 €	**31/12/2015**	**31/12/2014**
DTA on unused tax losses	6,680	6,111
DTA on unused tax credits		
TOTAL	6,680	6,111

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:

	31/12/2015
Trade payables: third parties	10,014
Trade payables: related parties	110
Related parties current accounts payable	-
Misc. current liabilities	11,286
Deferred income	-
Current employee benefits	24
Total trade and other payables	**21,434**

	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**

Trade payables towards related parties include amongst others the amounts payable to the Development Holding for construction and engineering coordination services received. On 31/12/2015, the trade payables include 110 KEUR towards related parties (vs. 605 KEUR last year), as follows:

- Keybus: 110 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 €	31.12.2015	31.12.2014
Sales of Residential Projects	56,312	31,455
Rental Income	6,919	5,509
Other	937	783
TOTAL REVENUE	**64,168**	**37,747**

Rental income as of 31 December 2015 (and 2014) relates to rent from commercial projects.

The residential projects sales as of 31 December 2015 mainly relate to:

- Blaisantpark Ghent: 15 apartments, 17 student units and 19 parkings (4,457 KEUR) and remaining instalments re. 2014 sales in accordance with the Breyne legislation (2,300 KEUR).
- Waterview Leuven: 302 student homes and 400 parkings (41,379 KEUR) and remaining instalments re. 2014 sales in accordance with the Breyne legislation (1,019 KEUR).
- Villas and apartments at the Belgian coast (4,249 KEUR)
- First invoicing under the Breyne legislation re. phase 1 (13 houses) in the Tribeca project in Ghent.

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 €	31.12.2015	31.12.2014
Future minimum rental income:		
Less than 1 year	6,433	5,184
Between 1 and 2 years	6,785	5,637
Between 2 and 3 years	8,495	5,746
Between 3 and 4 years	8,677	5,860
Between 4 and 5 years	8,769	5,978
More than five years	49,748	49,197
TOTAL FUTURE MINIMUM RENTAL INCOME	**88,907**	**77,601**

18. Other items included in operating profit/loss

Other operating income and expenses in 2015 and 2014 include the following items:

	2015	2014
Other operating income		
Net gains on disposal of investment property	510	1,659
Other	2,076	2,629
Net gains on disposals of property, plant and equipment		-
total:	**2,586**	**4,288**

Current year's other operating income includes the net gain on the disposal of the remaining offices space in Ring Offices for an amount of 510 KEUR.
For the remaining mainly re-charges of real estate tax and of fit-out expense to tenants are included.

Last year's other operating income included the net gain on the disposal of the L-Park project in Leuven for an amount of 1,659 KEUR.

	2015	2014
Gains from revaluation of Investment Property	22,011	7,538

Fair value adjustments over 2015 amount to 22,011 KEUR, which is mainly the result of current year's further investment and leasing efforts (mainly on the Blue Towers and the Meetdistrict), in combination with evolution in market conditions (yield and rent level evolution).

	2015	2014
Other operating expenses		
Operating lease/ rental/housing expenses	1,627	805
Taxes and charges	1,371	639
Insurance expenses	194	175
Audit, legal and tax expenses	1,165	1,676
Sales expenses	13,081	2,642
Operating expenses with related parties	2,121	1,989
Miscellaneous	256	1,029
Total:	**19,815**	**8,955**

The increased sales expenses are to a significant extent related 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.

	2015	2014
Employee benefit expenses		
Wages and salaries	300	308
Social security costs	87	94
Other		-
Total:	**387**	**402**

19. Cost of Property Development Inventories

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

	2015	2014
Movement in inventory	-4,125	15,546
Purchases (*)	-35,359	-34,894
	-39,484	**-19,348**

(*)
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 19,137 KEUR.

20. Finance income and finance costs

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

	2015	2014
Foreign exchange gains	-	-
Interest income	1,100	607
Other finance income	-	-
Total finance income	**1,100**	**607**
Interest expense	-11,904	-11,927
Other finance costs	-1,521	-1,278
Foreign exchange losses		
Total finance costs	**-13,425**	**-13,205**

It is to be noted that interest expenses related to Investment Property projects are not included in the above 2015 and 2014 figures, as those have directly been capitalized on IP. It concerns an amount of 2,652 KEUR (vs. 2,324 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:

	31.12.2015	31.12.2014
current income tax	1,682	883
deferred tax	4,682	1,970
Total	**6,364**	**2,853**

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 €	31.12.2015	31.12.2014
Result before income taxes	16,719	7,410
Income tax expense calculated at 33.99%	5,683	2,519
Effect of different tax rates in other jurisdictions	-	-
Effect of non-deductible expenses	285	283
Effect of revenue that is exempt from taxation	-	-
Effect of use of previously unrecognized tax losses	-378	-107
Effect of current year losses for which no DTA is recognized	767	1,290
Effect of tax incentives not recognized in the income statement	-77	-264
Effect of under/over-accrued in previous years	68	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
Other	16	29
INCOME TAX EXPENSE RECOGNISED IN INCOME STATEMENT	**6,364**	**2,853**

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.

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 2015 and 2014.

Company	Project name	Amount of bank loan-books (KEUR/KUSD)		Corporate guarantees as per 31/12/2015 (KEUR)	
BELGIUM					**Guarantee by Ghelamco Invest NV**
Dianthus	Katelijne	EUR	778	778	Corporate Guarantee
Retail Leuven Waterview Leuven Student Housing	Waterview	EUR	10,619	10,619	Cash deficiency guarantee, subordination declaration
WRP	Wavre Retail Park	EUR	5,906	5,906	Cash deficiency guarantee
Leisure Property Invest	Golf Knokke Zoute	EUR	15,000	5,000	Corporate Guarantee, cash deficiency, cost overrun, subordination declaration Peridot
Nepeta	East Dune	EUR	933	933	Corporate Guarantee, cash deficiency, cost overrun subordination declaration Peridot
Zeewind	Zeewind	EUR	428	428	Corporate Guarantee, cash deficiency
Retail Gent	Retail Gent	EUR	12,307	12,307	Corporate Guarantee, cash deficiency, subordination declaration Peridot, minimal rent guarantee
Parking Estates	Parking Estates Gent	EUR	756	14,500	Corporate Guarantee, cash deficiency, cost overrun
Schelde Offices	Blue Towers	EUR	16,283	16,283	Corporate Guarantee, cash deficiency, cost overrun, subordination declaration Peridot
Arte Offices	Blue Towers	EUR	17,648	17,648	Corporate Guarantee, cash deficiency, cost overrun, subordination declaration Peridot

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De Nieuwe Filature	Tribeca	EUR	4,300	4,300	Corporate Guarantee, cash deficiency
Parking Gent	Parking Gent	EUR	13,381	14,500	Corporate Guarantee, cash deficiency, cost overrun, subordination declaration Peridot
Bischoffsheim Freehold	Spectrum	EUR	1,750	1,750	Corporate Guarantee, cash deficiency
Belalan Bischoffsheim Leasehold	Spectrum	EUR	8,750	8,750	Corporate Guarantee, cash deficiency
Louise Freehold	Louise 165	EUR	640	640	Corporate Guarantee, cash deficiency
Belalan Louise Leasehold	Louise 165	EUR	6,560	6,560	Corporate Guarantee, cash deficiency
MeetDistrict Gent	MeetDistrict Gent	EUR	9,454	5,000	Corporate Guarantee, cash deficiency, cost overrun
Ring Multi	part Ghelamco Arena	EUR	7,553	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 2015 (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 surety-ships, 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:

	2015	**2014**
Architectural and Engineering contracts	14,071	8,262
Construction contracts	47,515	33,361
Purchase of land plots	-	2,117
Purchase of shares (connected with landbank)	-	-
Total	**61,587**	**43,740**

At 31 December 2015, the Company has entered into a number of contracts with third parties for the acquisition of the following assets (plots) or shares:

Binding contracts

- None significant per end 2015.
- 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 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 8.9 MEUR; related party construction contracts to 47.9 MEUR.

For the on-going construction contracts the respective SPV's concluded binding construction financing contracts with different banks.

Main contracts in the above overview relate to the following projects:

- Tribeca mixed project in Ghent: 36.8 MEUR construction contracts in total (related party agreements)
- Ring Hotel project in Gent: 7.3 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 2015, the Consortium (of which the Company is part) paid a total amount of approx. 8,000 KEUR to the members of the board and management committee. The Company, in turn, paid a total amount of approx. 1,000 KEUR to the members of the board and management committee. This amount includes management service fees charged by the management committee members to the legal entities included in the scope of these consolidated financial statements.

This amount comprises the full compensation. No other short- or long-term benefits, stock option plans or other post-employment benefits have been granted to the members of the board and the management committee.

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 transaction with related parties in 2015, except for the remaining office space in Ring Offices, which has been sold to International Real Estate Services Comm. VA (IRS) for an amount of 2.9 MEUR.
There have been no share transactions or other significant transactions with related parties in 2014.

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:

	31/12/2015	**31/12/2014**
Purchases of construction, engineering and architectural design:	-23,724	-34,840
related party trade receivable	-	-
related party trade accounts payable	-110	-605
	-	-
related party non-current loans receivable	1,782	2,255
related party interests receivable	1,572	602
related party C/A receivable	88,772	10,976
related party non-current loans payable	-	-34,736
related party interests payable	-	-3,959
related party C/A payable	-	-

25. Events after balance sheet date

In February 2016, the Company signed a conditional share purchase agreement for the acquisition of a company holding a +/- 13,000 sqm plot in Berchem, for a transaction value of +/- 9.9 MEUR. On this site, the Company foresees to develop 2 office buildings with a total leasable area of +/- 26,000 sqm. Closing of the deal is expected for Q3 2016.

Also in February 2016, a preliminary agreement has been signed with the City of Brussels for the sale of the De Ligne building at Rue de la Banque, for a transaction amount of 27 MEUR. The notary deed will be signed within the prevailing 4 month-delay.

26. Auditor's Report

Deloitte.

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Ghelamco Invest NV

**Statutory auditor's report
to the shareholders' meeting on the
consolidated financial statements
for the year ended 31 December 2015**

Deloitte Bedrijfsrevisoren / Reviseurs d'Entreprises
Burgerlijke vennootschap onder de vorm van een coöperatieve vennootschap met beperkte aansprakelijkheid /
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Ghelamco Invest NV

Statutory auditor's report to the shareholders' meeting on the consolidated financial statements for the year ended 31 December 2015

To the shareholders

As required by law, we report to you in the context of our appointment as the company's statutory auditor. 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 2015, 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 621,359 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 10,248 (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.

Statutory 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 statutory 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 statutory 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 give a true and fair view of the group's net equity and financial position as of 31 December 2015, 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.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements.

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statement, which does not modify the scope of our opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law, is consistent with the consolidated financial statements and is free from material inconsistencies with the information that we became aware of during the performance of our mandate.

Diegem, 18 March 2016

The statutory auditor

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

GHELAMCO

Ghelamco Invest NV
Half year results 30.06.2017

Sound financials resulting from continued efforts in development, construction and marketing efforts in core market segments

- **Net profit for the period of 3,853 KEUR (compared to 2,688 KEUR as of 30.06.16)**
- **Stable solvency ratio at 33% (compared to 34% as per 31.12.16)**
- **Sale of the Retail Leuven project to 3rd party investor in June 2017, for an amount of 9.4 MEUR, resulting in a net gain on disposal of 1.1 MEUR.**
- **Continued construction efforts and commercial successes on the 3nd phase (91 apartments and some commercial units) of the Tribeca project in Ghent, a contemporary, green project at the Nieuwevaart. Per date of the current report, approx. 80% of available units have been (pre-) sold.**
- **Start and fast progress of the construction works of the The Link office project in Berchem; with a (pre-)lease rate of approx. 70% per date of the current report.**

Preliminary remark

Ghelamco Invest NV (with all of its subsidiaries) represents the Belgian and French activities of the Ghelamco Group, a leading European real estate investor and developer active in the offices, residential, retail and logistics markets.

Ghelamco Invest NV is hereafter referrred to as "Ghelamco Invest" or the "Company".

Summary

The Company closed its 2017 half-year accounts with a net profit of 3,853 KEUR, resulting from its continued development, construction and commercialisation efforts. Thanks to these efforts, the Company again realised significant residential sales, disposed of some investment property and in addition managed to achieve further growth, reflected in an increased balance sheet total of 641,120 KEUR and an equity of 214,257 KEUR. The solvency ratio[1] slightly decreased from 34% to 33% .

[1] For 2017 calculated as equity/total assets

In Belgium, the Company has over the past years intensified its project development activities (with currently over 40 projects in portfolio). As a consequence, a significant number of Belgian projects have in the course of the last three to four years been delivered and commercialised.

In this respect, the delivered and operational Dacar projects (consisting of the Blue Towers, the Brico Retail hall and Parking Gent) have per end 2016 been sold to the Ghelamco European Property Fund; transaction which allowed the Company to divest these projects for which the occupation rate and lease status was optimized during the past years, at an optimal market value. In connection with this sales transaction, formerly recognized gains (through fair value accounting) for an amount of +/- 31 MEUR have actually been realised. The resulting receivable balances on the Ghelamco European Property fund are currently being cashed.

In June 2017, the Retail Leuven project (5,435 sqm retail space at the Vaartkom in Leuven) has been sold to a third party investor. This transaction resulted in a gain on disposal of 1.1 MEUR.

During the current 6-month period, construction works of phase 3 of the Tribeca project in Ghent (affordable, contemporary, green project, consisting of 91 apartments and some smaller retail units) have continued. At the same time, commercialisation of this phase of the project is going well, as per date of the current report already 80% of available residential units have been (pre-)sold. Furthermore, construction of phase 2 (consisting of 72 apartments, 5 lofts, underground parking garages and retail units) is currently being finalized (and at +/- 95%), while 71 (of 72 available) residential units have been sold. Also, approx. 42% of the available retail space (5,150 sqm in total in phase 2) has been leased to Lidl, which opened its new retail shop on 15 February 2017.

In addition, stripping/demolition and construction works have resp. been finalized and kicked-off in the Brussels Edition and Spectrum projects. Per date of the current report, approx. 78% of the available residential units in the Edition project (offering 59 luxurious apartments, underground parking spaces and retail space on the ground floor) have been pre-sold, while over 90% of the apartments in the Spectrum project (mixed project offering 15,000 sqm office space, 22 apartments and approx. 170 underground parking spaces) have been reserved and/or presold.

Moreover, construction works in the ‘The Link’ project in Berchem (27,000 sqm office space and approx. 540 underground parking spaces, divided over 2 buildings) have started, while marketing efforts have per date of this report already resulted in a (pre-)lease rate of approx. 70%.

Key figures

Results	**30.06.2017**	**30.06.2016**
Operating result	11,402	10,163
Net result of the period	3,853	2,688
Share of the group in the net result of the period	3,888	2,689
Balance sheet	**30.06.2017**	**31.12.2016**
Total assets	641,120	605,547
Cash and cash equivalents	17,263	15,273
Net financial debt (-)	360,423	341,263
Total equity	214,257	210,408

Revenue for the first semester of 2017 amounts to 29,596 KEUR and mainly relates to rental income (1,947 KEUR) and sales of residential projects (27,202 KEUR).

The investment property (under construction) portfolio evolved from 225,224 KEUR per end 2016 to 252,915 KEUR per end of June 2017; evolution which is the combined result of current period's expenditures (23,392 KEUR), transfers (5,168 KEUR), disposals (-8,650 KEUR) and fair value adjustments (7,781 KEUR). The current period's favorable fair value adjustment is mainly the consequence of the Group's sustained investment and leasing efforts, in combination with market evolution (in terms of yields and rent levels).

The operating result for the first half-year of 2017 totals to 11,402 KEUR; net profit for the period closes with 3,853 KEUR.

Property development inventories balance decreased by 4,253 KEUR to 186,381 KEUR; evolution which is the combined effect of further expenditures on Belgian (residential) projects (mainly connected with the construction of the Tribeca project in Ghent) and the sale of some (residential) projects (mainly invoicing of installments under the Breyne legislation in the Tribeca project in Ghent and the Edition project in Brussels).

During the period the Company was able to obtain new bank borrowings and withdraw on existing credit facilities for a total amount of 28.2 MEUR. On the other hand, reimbursements and refinancings have been done for an amount of 7.6 MEUR, bringing the total outstanding amount of bank borrowings to 160.0 MEUR (compared to 139.4 MEUR at 31/12/2016).

Overview

The Company's main development activities during the first half of 2017 related to:

- Finalization of the construction works of phase 2 of the Tribeca project at the Nieuwevaart in Ghent (mixed project of +/- 35,000 sqm lettable/sellable area in total of which phase 2 offers 72 apartments, 5 lofts, underground parking garages and commercial units). Per date of the current report 71 of 72 available units have been sold and 42% of the retail space has been leased.
- Continuation of the construction works of phase 3 of the Tribeca project (offering 91 apartments and some smaller retail units). Construction progress is approx. 65%. About 80% of availabe residential units have been (pre-)sold.
- Continuation of the construction works of the business hotel next to the Ghelamco Arena (125 hotel rooms, 83 extended stay rooms and 98 underground parking bays).
- Stripping, demolition and start of construction works in the Brussels Edition (Louizalaan) and Spectrum (Avenue Bischoffsheim) projects. Per date of the current report, approx. 78% of the apartments in the Edition project have been (pre-)sold, while over 90% of the apartments in the Spectrum project have been reserved and/or pre-sold. In addition, leasing negotiations for significant areas in the offices-part of the Spectrum project are currently well advanced.
- Start and fast progress of the construction works in the The Link project in Berchem (27,000 sqm office space and approx. 540 underground parking spaces) , while parallel marketing efforts have already resulted in a (pre-)lease rate of approx. 70%.

As to divestures and/or revenues:

- Current period's revenues mainly related to invoicing under the Breyne legislation connected to apartments and parking spaces in phase 2 and 3 of the Tribeca project at the Nieuwevaart in Ghent, further commercialisation of the residential part of the Waterview project in Leuven Vaartkom (8 units sold during the first half of 2017), first installments (connected to 24 units and 25 garages) in the Edition project in Brussels and the sale of villas and apartments at the Belgian coast.
- In addition, in June 2017 the Retail Leuven project at the Vaartkom in Leuven was disposed and sold to a third party investor.

Outlook

It is the Company's strategy to further diversify its development portfolio by spreading its developments over different real estate segments and/or mixed projects.
For the second half of 2017, 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 2017 in general.

Risks

Due to its activities, the Company is exposed to a variety of financial and operational risks: including interest rate risk, price risk, credit risk and liquidity risk. Financial risks relate to the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables and borrowings.
These risks, which are described in detail in the Ghelamco Invest NV IFRS Consolidated Financial Statements at 31 December 2016, remain applicable for 2017 and are closely managed and monitored by the Company's management.

Declaration in accordance with Art. 13 of the Belgian Royal Decree of 14 November 2007

The Management, acting in the name of and on behalf of GHELAMCO INVEST NV, attest that to the best of their knowledge,

- the interim condensed financial statements are prepared in accordance with applicable accounting standards and give, in all material respect, a true and fair view of the consolidated assets and liabilities, financial position and consolidated results of the Group and of its subsidiaries included in the consolidation for the six month period;
- the interim financial management report, in all material respect, gives a true and fair view of all important events and significant transactions with related parties that have occurred in the first six month period and their effects on the interim financial statements, as well as an overview of the most significant risks and uncertainties we are confronted with for the remaining six months of the financial year.

Paul Gheysens
CEO & Managing Director
Ieper
22/09/2017

Philippe Pannier
CFO
Ieper
22/09/2017

About Ghelamco
Ghelamco Group is a leading European real estate investor and developer active in the offices, residential, retail and logistics markets. It maintains a high quality internal control with respect for agreed milestones over all its project development phases: land purchase, planning, coordinating the construction phase and sale or lease. Its projects combine prime and strategic locations with efficient and aesthetically inspiring designs and correct timing. Its successes on the Belgian, French, Polish, 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.

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Condensed consolidated income statement (in KEUR)

	30/06/2017	30/06/2016
Revenue	29,596	49,080
Other operating income	6,347	1,596
Cost of Property Development Inventories	-19,225	-37,851
Employee benefit expense	-179	-281
Depreciation amortisation and impairment charges	-97	7
Gains from revaluation of Investment Property	7,781	3,826
Other operating expense	-12,820	-6,214
Share of results of associates		0
Operating result	**11,402**	**10,163**
Finance income	1,853	1,425
Finance costs	-6,634	-6,844
Result before income tax	**6,621**	**4,744**
Income tax expense	-2,767	-2,056
Result of the period	**3,853**	**2,688**
Attributable to		
Equity holders of parent	3,888	2,689
Non-controlling interests	-35	-1

Condensed consolidated statement of comprehensive income (in KEUR)

	30/06/2017	30/06/2016
Profit for the period	3,853	2,688
Exchange differences on translating foreign operations	0	0
Other	0	0
Other recyclable comprehensive income of the period	0	0
Total Comprehensive income for the period	**3,853**	**2,688**
Attributable to		
Equity holders of parent	3,888	2,689
Non-controlling interests	-35	-1

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Condensed consolidated statement of financial position (in KEUR)

	30/06/2017	31/12/2016
ASSETS		
Non-current assets		
Investment Property	252,915	225,224
Property, plant and equipment	675	589
Investments in associates		0
Receivables and prepayments	5,020	4,851
Deferred tax assets	3,683	4,892
Other financial assets	11,318	4,272
Restricted cash	0	0
	273,611	**239,828**
Current assets		
Property Development Inventories	186,381	190,634
Trade and other receivables	163,289	159,223
Current tax assets	0	14
Derivatives	0	0
Assets classified as held for sale	575	575
Restricted cash		
Cash and cash equivalents	17,263	15,273
Total current assets	**367,508**	**365,719**
TOTAL ASSETS	**641,120**	**605,547**

Condensed consolidated statement of financial position (in KEUR) (cont'd)

	30/06/2017	31/12/2016
EQUITY AND LIABILITIES		
Capital and reserves attributable to the Company's equity holders		
Share capital	146,490	146,490
CTA		0
Retained earnings	67,623	63,733
	214,113	210,223
Non-controlling interests	144	185
TOTAL EQUITY	**214,257**	**210,408**
Non-current liabilities		
Interest-bearing loans and borrowings	233,174	277,013
Deferred tax liabilities	19,264	19,048
Other non-current liabilities	0	0
Long-term provisions	120	120
Total non-current liabilities	**252,558**	**296,181**
Current liabilities		
Trade and other payables	29,425	17,789
Current tax liabilities	368	1,646
Interest-bearing loans and borrowings	144,512	79,523
Short-term provisions	0	0
Total current liabilities	**174,305**	**98,958**
Total liabilities	**426,864**	**395,139**
TOTAL EQUITY AND LIABILITIES	**641,120**	**605,547**

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Condensed consolidated cash flow statement (in KEUR)

	30/06/2017	30/06/2016
Cash flow from operating activities		
Result of the year before income tax	**6,621**	**4,744**
Adjustments for:		
- Share of results of associates		0
- Change in fair value of investment property	-7,781	-3,826
- Depreciation, amortization and impairment charges	97	-7
- Result on disposal investment property	-1,146	
- Change in provisions		-20
- Net finance costs	3,663	4,606
- Movements in working capital:		
- change in inventory	-915	28,360
- change in trade & other receivables	-4,066	-47,297
- change in trade & other payables	10,103	-1,848
- change in fair value of derivatives		
- Movement in other non-current liabilities		
- Other non-cash items	-10	34
Income tax paid	-1,777	-687
Interest paid	-3,983	-5,047
Net cash from operating activities	**807**	**-20,988**
Cash flow from investing activities		
Interest received	1,853	1,425
Purchase of property, plant & equipment	-183	-28
Purchase of investment property	-22,013	-7,718
Capitalized interest in investment property paid	-2,090	-1,418
Proceeds from disposal of investment property	9,682	0
Net cash outflow on acquisition of subsidiaries	0	0
Net cash outflow on other non-current financial assets	-7,215	821
Movement in restricted cash accounts		
Net cash flow used in investing activities	**-19,967**	**-6.918**
Financing Activities		
Proceeds from borrowings	28,775	10,747
Repayment of borrowings	-7,625	-7,795
Capital increase		
Dividends paid		
Net cash inflow from / (used in) financing activities	**21,150**	**2,952**

Net increase/(decrease) in cash and cash equivalents	**1,991**	**-24,954**
Cash and cash equivalents at 1 January	**15,273**	**35,141**
Cash and cash equivalents at the end of the period	**17,264**	**10,187**

Condensed consolidated statement of changes in equity (in KEUR)

	Attributable to the equity holders			Non-controlling interests	Total equity
	Share capital	Cumulative translation reserve	Retained earnings		
Balance at 1 January 2016	**146,490**	**0**	**38,527**	**176**	**185,193**
Capital increase					**0**
Profit/(loss) for the period			2,689	-1	**2,688**
Dividend distribution					
Change in non-controlling interests					
Change in the consolidation scope					**0**
Other			1		**1**
Balance at 30 June 2016	**146,490**	**0**	**41,217**	**175**	**187,882**
Balance at 1 January 2017	**146,490**	**0**	**63,733**	**185**	**210,408**
Capital increase					**0**
Profit/(loss) for the period			3,888	-35	**3,847**
Dividend distribution					**0**
Change in non-controlling interests				-6	**-6**
Change in the consolidation scope					**0**
Other			2		**2**
Balance at 30 June 2017	**146,490**	**0**	**67,623**	**144**	**214,257**

Segment reporting

A segment is a distinguishable component of the Company which is engaged either in providing products or services (business segment), or in providing products or services within a particular economic area (geographic segment) and which is subject to risks and rewards that are different to those of other segments.
As the vast majority of the assets (and resulting income) of the Company is geographically located in Belgium, and Management has a regional approach in decision taking, no segmenting has been included in this financial reporting.

Notes to the condensed consolidated interim financial statements at 30 June 2017

1. Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union.

The new interpretations and standards that are applicable from 2017 did not have any significant impact on the Company's financial statements. The Company is currently assessing the possible impact, if any, of standards to be applied as from 2018 (IFRS 9 and 15).

2. Significant accounting policies

The condensed consolidated interim financial statements are prepared on a historic cost basis, with the exception of investment property (under construction) and derivative financials instruments, which are stated at fair value.

All figures are in thousands of EUR (KEUR), unless stated otherwise.

The accounting policies adopted are consistent with those followed for the preparation of the Company's consolidated financial statements for the year ended 31 December 2016.

3. Property development inventories

Property Development Inventories contain mainly plots of land held for development of residential purposes and residential buildings either finished or still under construction.

	30/06/2017	**31/12/2016**
Property Development Inventories	186,331	190,570
Raw materials	50	64
Finished goods	0	0
	186,381	**190,634**

The inventory mainly relates to:

- residential projects at the Belgian coast (both finalized and under construction), mainly in Knokke and Oostduinkerke
- the Tribeca site in Ghent (24,000 m^2 site on which an approx. 35,000 m^2 mixed residential and retail space project is currently being realised)
- some plots in Courchevel for the development of (combined) residential/hotel projects
- the Arval site in Evere (+/- 10,800 sqm) for the future development of a mixed real estate project
- two sites located at the Louizalaan and the Boulevard Bischoffsheim in Brussels for the realisation of (combined) residential-retail projects, both currently under construction
- Capitalized Eurostadium study costs and expenditures related to the acquired leasehold
- Land parts in the Carlton site in Knokke-Zoute, in a joint-venture structure with a 3rd party, for the development of a high-end residential project. Construction works have started in the first semester of 2017.

4. Investment property (under construction)

Balance at 31 December 2016	**225,224**
Acquisition of properties	3,571
Acquisition through business combinations	
Subsequent expenditure	19,821
Transfers	5,168
- Assets classified as held for sale	
- Other transfers	
Adjustment to fair value through P/L	7,781
Disposals	-8,650
CTA	
other	
Balance at 30 June 2017	**252,915**

Investment Properties are stated at fair value as determined by either independent appraisers or by management and are classified in 4 categories:

A. Land without pre-pemit 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.

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Country + SPV	Commercial Name	Valuation	Cat	30/06/2017	31/12/2016
				KEUR	**KEUR**
BELGIUM					
Leisure Property Invest	Golf Knokke Zoute	Man	A	49,295	44,661
WRP	Wavre Retail Park	Man	A	8,000	8,000
Zeewind	Zeewind	Man	D	1,746	1,746
Ring Hotel	Ring Hotel	Cushman	C	19,980	13,512
Ring Multi	Ghelamco Arena Multifunctional space	Cushman	D	21,675	22,625
Meetdistrict	Meetdistrict	Cushman	D	34,450	34,400
Ghelamco Invest	Le 8300 – Zoute House	Cushman	C	26,570	22,580
Waterview/Parking Leuven	Waterview Parkings	Man	D	8,530	8,434
Waterview/Retail Leuven	Waterview Retail space	Cushman	D	0	8,650
Bischoffsheim Leasehold + Freehold	Spectrum	CBRE	C	45,820	41,500
Kubel/Construction Link	The Link	JLL	C	27,940	19,116
DNF/Filature Retail	Filature Retail	Man	D	8,908	n/a
TOTAL :				**252,915**	**225,224**

Legend : Man = Management valuation, CBRE = CBRE valuaton report, Cushman = Cushman & Wakefield valuation report, JLL = Jones Lang Lasalle

The average yields used in the expert valuations (applying residual method) on 30 June 2017 are as follows:

- 5.25% to 7.25% for Belgian office projects, depending on the location, specifics and nature of the investment (vs. 5.25% to 7.25 per 31/12/2016);
- 6.25% to 6.85% for other Belgian (mainly retail) projects, depending on the specifics, nature and location of the investment (vs. 6.00% to 7.00% per 31/12/2016).

As stated above, on 28 June, the delivered and operational Retail Leuven project (5.435 sqm retail space at the Vaartkom in Leuven) has been sold to a third party investor. The deal was structured as a share deal based on an net asset value of the property of 9.4 MEUR. This sale resulted in a gain on disposal of investment property of 1.1 MEUR.

On the other hand, the Filature Retail project has been transferred from inventory to IP, in connection with the progress and commercial status of the project.

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5. Interest bearing loans and borrowings

	30/06/2017	31/12/2016
Non-current		
Bank borrowings – floating rate	85,455	59,864
Other borrowings (Bonds)	147,719	217,149
Finance lease liabilities		
	233,174	**277,013**
Current		
Bank borrowings – floating rate	74,512	79,523
Other borrowings (Bonds)	70,000	0
Finance lease liabilities		
	144,512	**79,523**
TOTAL	**377,686**	**356,536**

5.1 Bank borrowings

During the period, the Company obtained new secured bank loans expressed in EUR and withdrew on existing credit facilities for a total amount of 28.2 MEUR, all of which are Euribor based. On the other hand, reimbursements (and/or refinancings) have been done for a total amount of 7.6 MEUR, net of prolongation of a number of bank borrowings.

When securing debt finance for its (larger) projects, the Company always negotiates long term agreements with its banks. Under these agreements, the bank swaps land acquisition loans (usually 2-year term) into development loans (usually additional 2-year term) and swaps development loans into investment loans (mostly 5 years term) upon the fulfilment of pre-agreed conditions.
Most banking partners of the Company have accepted the above as a “framework” for past, current and future co-operation.

74% of the outstanding non-current bank borrowings is maturing within a 3 years-period, 26% is maturing after more than 3 years.

With respect to the outstanding short-term bank borrowings, it is to be mentioned that in the second half of 2017 part will be reimbursed following the contractual terms, but significant parts will also be repaid upon sale/disposal of the related projects and parts will be prolonged or refinanced (e.g. through resp. swap to development or investment loan).

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5.2 Bonds (147,719 KEUR non-current, 70,000 KEUR current)

The Company has in 2012 issued private unsecured bonds for a total amount of 42 MEUR (25.05 MEUR bond serie A, maturing on 13/12/15 and bearing a fixed interest of 7.0% - 16.95 MEUR bond serie B, maturing on 13/12/17 and bearing a fixed interest of 7.875%). These bonds were secured by a first demand guarantee from Ghelamco Group Comm. VA and were underwritten by a select group of institutional investors and high-net-worth individuals.
In December 2015, the Company redeemed its 2012 private unsecured bonds for the total amount of 42 MEUR (serie A for an amount of 25.05 MEUR on its contractual maturity date 13/12/15 and serie B for an amount of 16.95 MEUR on the same date, through early redemption).

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 interest rate of 6.25%. The above bond program was coordinated by KBC Securities and Belfius Bank.

In addition, the Company has on 24 June 2015 launched a new EMTN bonds program for a maximum amount of 150 MEUR. First tap on this program has in July 2015 resulted in the issue of a first tranche of 79,100 KEUR and in December 2015 the remaining amount of 70,900 KEUR has been raised. The bonds, which are listed on Euronext, have as maturity date 3/07/2020 (first tranche) and 14/06/2021 (second tranche), bear an interest rate of 4.5% (first tranche) and 4.125% (second tranche) and are secured by a first demand guarantee from Ghelamco Group Comm. VA. The program has been coordinated by Belfius, BNP and KBC. Both tranches have been underwritten by institutional investors and high-net-worth individuals. Since its bond listing on Euronext, Ghelamco Invest is formally considered as a Public Interest Entity (PIE), with related transparancy, governance and reporting requirements to the benefit of the investors.

Total balance of outstanding bonds per balance sheet date (217,719 KEUR) represents the amount of issue (220 MEUR) less capitalized issue costs (of which mainly the issuing banks' arrangement fees), which are amortized over the term of the bonds.

5.3 Other loans

There are no other loans outstanding as of 30 June 2017.

No defaults of payments or breaches of borrowing agreements occurred as of 30 June 2017.
Bank borrowings are secured by amongst others the property development projects of the Company, including land and in-process construction, pledge on SPV shares, etc.
The bonds are secured by a first demand guarantee by Ghelamco Group Comm. VA.
The loan agreements granted by the bank are sometimes subject to a number of covenants (Loan to Value, Loan to Cost, Debt Service Cover). During the period and per end of the period, there were no events of default in respect of these borrowings.
Also the terms and conditions of the bond issues have been complied with as of balance sheet date.

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6. Revenue

Revenue can be detailed as follows:

	30.06.2017	30.06.2016
Sales of Residential Projects	27,202	43,336
Rental Income	1,947	3,884
Other	447	1,860
TOTAL REVENUE	**29,596**	**49,080**

The rental income as of 30 June 2017 relates to rent from commercial projects (mainly Ring Multi and Meetdistrict in the Ghelamco Arena).

The residential projects sales as of 30 June 2017 mainly relate to:

- Villas and apartments at the Belgain coast (6,355 KEUR)
- Invoicing under the Breyne legislation in the Tribeca project in Ghent (7,849 KEUR re. phase 2 and 10,139 KEUR re. phase 3). For phase 2, 99% of the available units have been sold, while progress and sales invoicing is at 95%. For phase 3, 40 units (of 91 available) have been sold in the first half of 2017, for which progress and sales invoicing is at 65%.
- Student units in the Waterview project in Leuven Vaartkom (1,160 KEUR; 8 units sold in the first half of 2017)
- First installments (4.002 KEUR re. 24 apartments, 25 garages and 24 storage areas) in the Edition project at the Louizalaan in Brussels (offering 59 apartments in total).

7. Other items included in operating profit/loss

Other operating income

The current period's other operating income (6,347 KEUR) mainly relates to the gain on disposal of Retail Leuven (1,145 KEUR) and a purchase price adjustment on last year's sale of the Dacar site to Ghelamco European Property Fund (4.9 MEUR).

	30/06/2017	30/06/2016
Gains from revaluation of Investment Property	7,781	3,826

Fair value adjustments over the first half of 2017 amount to 7,781 KEUR, which is mainly the result of current period's further investment and leasing efforts, in combination with evolution in market conditions (yield and rent level evolution).

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	30/06/2017	30/06/2016
Other operating expenses		
Taxes and charges	555	558
Insurance expenses	82	95
Audit, legal and tax expenses	1,751	875
Sales expenses	778	2,017
Rental guarantee expenses	430	182
Housing costs (incl maintenance)	684	692
Operating expenses with related parties	1,098	1,148
Impairment on inventory	6,124	-
Miscellaneous	1,318	647
Total:	**12,820**	**6,214**

The decrease in sales expenses is related to the decreased commission expenses in connection with the Waterview (student houses) project, which is per date of the current report sold out for over 95%.

The overall increase in operating expenses is mainly related to some impairment reserves recognized on a limited number of inventory projects, mainly resulting from adjustments of some commercial parameters.

8. Finance income and finance costs

	30/06/2017	30/06/2016
Foreign exchange gains		
Interest income	1,853	1,425
Other finance income		
Total finance income	**1,853**	**1,425**
Interest expense	-5,515	-6,031
Other interest and finance costs	-1,119	-813
Foreign exchange losses		
Total finance costs	**-6,634**	**-6,844**

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9. Financial instruments

The table below summarizes all financial instruments by category and discloses the fair values of each instrument and the fair value hierarchy.

Financial instruments (x € 1 000)	**30.06.2017**				
	At fair value through P/L- held for trading	**Available for sale**	**Loans and receivables/fin. liab. at amortised cost**	**Fair value**	**Fair value level**
Other financial investments					
Other financial assets		-	11,318	11,318	2
Non-current receivables					
Receivables and prepayments			5,020	5,020	2
Restricted cash			-	-	
Current receivables					
Trade and other receivables			161,718	161,718	2
Derivatives	-			-	
Cash and cash equivalents			17,263	17,263	2
Total Financial Assets	**0**	**0**	**195,320**	**195,320**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			85,455	85,455	2
Bonds					2
Bonds (Euronext)			147,719	148,254	1
Other borrowings			-	-	2
Interest-bearing borrowings - current					
Bank borrowings			74,512	74,512	2
Bonds			70,000	72,163	2
Other borrowings			-		2
Current payables					
Trade and other payables			25,583	25,583	2
Total Financial Liabilities	**-**	**-**	**403,269**	**405,968**	

GHELAMCO

Financial instruments (x € 1 000)	31.12.2016				
	At fair value through P/L-held for trading	Available for sale	Loans and receivables/fin. liab. at amortised cost	Fair value	Fair value level
Other financial investments					
Other financial assets		-	4,272	4,272	2
Non-current receivables					
Receivables and prepayments			4,851	4,851	2
Restricted cash			-	-	
Current receivables					
Trade and other receivables			157,482	157,482	2
Derivatives	-			-	
Cash and cash equivalents			15,273	15,273	2
Total Financial Assets	**0**	**0**	**181,878**	**181,878**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			59,864	59,864	2
Bonds			69,504	74,964	2
Bonds (Euronext)			147,645	146,572	1
Other borrowings			-	-	2
Interest-bearing borrowings - current					
Bank borrowings			79,523	79,523	2
Bonds			-	-	2
Other borrowings			-		2
Current payables					
Trade and other payables			15,144	15,144	2
Total Financial Liabilities	**-**	**-**	**371,680**	**376,067**	

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).

10. Transactions with related parties

Since 2007, Ghelamco (Consortium)'s business activities are structured in three major holdings under common control of the ultimate shareholders (jointly referred to as "Ghelamco"):

- Investment Holding: comprises resources invested in the development of real estate projects in Belgium, Poland, Russia and Ukraine and the intra-group Financing Vehicles – referred to as "Investment Group" or the "Group";

- Development Holding: represents international entities that provide construction, engineering and development services to the Investment Group;

- Portfolio Holding: consists of all other activities and real estate investments controlled by the ultimate shareholders.

And per end 2016 the Ghelamco European Property Fund has been put in place, fourth holding company which in first instance acquires delivered projets (for which the occupation rate and lease status has been optimized during the past years) from the Investment Holding for keeping them as income generating products in portfolio for a longer time period. Furthermore this longer-term strategy demands a different financing structure. For that, projects may be transferred from the Investment Holding to the Property Fund.

Ghelamco Invest NV (the "Company") is the holding company of the Belgian and French activities of Ghelamco Group Comm. VA, which is in turn the holding company of the Investment Group. Ghelamco Invest NV, together with its subsidiaries, constitute the reporting entity for the purpose of these interim condensed financial statements.

Balances and transactions between the Company and related parties (belonging to the Development Holding and the Portfolio Holding) mainly relate to construction and development services on the one hand and financial related party transactions on the other hand.

Trading transactions: purchase of construction, engineering and other related services from related parties

Construction and development services
The Company has entered into property development and construction contracts with property development and construction companies ("Contractors"), subsidiaries of International Real Estate Services Comm. VA (the parent company of Ghelamco's "Development Holding"):

- Ghelamco Belgium with its registered office in Ieper.

Engineering and architectural design services
APEC Architectural Engineering Projects Limited (a limited liability company registered under the laws of Ireland), legal subsidiary of International Real Estate Services Comm. VA (the parent company of Ghelamco's "Development Holding") coordinates engineering and architectural design services provided to the Company's larger projects, in accordance with terms of the respective contracts.

Above described related party transactions and balances can be detailed as follows:

Purchases of construction, engineering and architectural design:	-22,806
related party trade receivable	2,681
related party trade accounts payable	-2,150
related party non-current loans receivable	1,815
related party non-current trade and other receivable	-
related party interests receivable	4,264
related party C/A receivable	143,154
related party non-current loans payable	-
related party interests payable	-
related party C/A payable	-

11. Post balance sheet events

- On 15 September a binding put/call agreement has been signed with a 3rd party regarding the commercialization of the remaining 44 units in the Waterview studend houses project, for a total sales amount of 4.4 MEUR. Involved party will in first instance sell the remaining units on the market, and will take over the remaining unsold units per 15 January 2018. Per date of the current report, 38 units have already been sold.

Ghelamco Invest NV and subsidiaries

Report on the review of the consolidated interim financial information for the six-month period ended 30 June 2017

GHELAMCO

Deloitte.

Report on the review of the consolidated interim financial information of Ghelamco Invest NV and subsidiaries for the six-month period ended 30 June 2017

In the context of our appointment as the company's statutory auditor, we report to you on the consolidated interim financial information. This consolidated interim financial information comprises the consolidated condensed statement of financial position as at 30 June 2017, the consolidated condensed income statement, the consolidated condensed statement of comprehensive income, the consolidated condensed statement of changes in equity and the consolidated condensed statement of cash flows for the period of six months then ended, as well as selective notes 1 to 11.

Report on the consolidated interim financial information

We have reviewed the consolidated interim financial information of Ghelamco Invest NV and subsidiaries ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" as adopted by the European Union.

The consolidated condensed statement of financial position shows total assets of 641,120 (000) EUR and the consolidated condensed income statement shows a consolidated profit (group share) for the period then ended of 3,888 (000) EUR.

The board of directors of the company is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of review

We conducted our review of the consolidated interim financial information in accordance with International Standard on Review Engagements (ISRE) 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated interim financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information of Ghelamco Invest NV and subsidiaries has not been prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Zaventem, 26 September 2017

The statutory auditor

DELOITTE Bedrijfsrevisoren / Réviseurs 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 2016

Approved by Management
with the Independent Auditor's opinion

Contents

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 and investors in Poland and has, resulting from a steep growth over the last number of years, also become a significant player on the Belgian market. The group's market position has been recognized by numerous prestigious awards, collected over several years and granted both to the company and to many of its projects.

In Poland, Ghelamco's founder, president and CEO Paul Gheysens received in 2016 an award for Lifetime Achievement in Real Estate and the Vector Award from the Polish Employer Organisation. This honour was not only conferred due to Ghelamco's exemplary track record and the unflagging investments in Poland over the past 25 years. But also the added value that Ghelamco's innovative solutions are providing in the spatial development of Warsaw as the leading business heart of Central Eastern Europe was highlighted.

Warsaw Spire, the tallest tower in CEE, was awarded by the Warsaw Business Journal for Investment of the Year and by the International Property Awards for Highly Commended Commercial High-rise Development in Poland.
In addition, during the CIJ Awards, the Spire was also chosen as Best Office Development and Leading Green Building Development. At the same occasion, Ghelamco received an award for Developer of the Year, which was also received during the Eurobuild Awards and the EuropaProperty CEE Investment & Green Building Awards.
And in March 2017, the Spire received the main award in Best Office & Business Developmen at the MIPIM Awards, the world's most prestigious competition in the real estate industry. The Spire won in the best office investment category, ahead of projects from London, Rome, and Shenzhen. The award was collected during a formal gala held on 16th March in Cannes.

Furthermore, Ghelamco was during the current year and in connection with its Polish activities also granted the following awards:

- Best Office Lease of the Year for the mBank project (CIJ Awards Poland)
- City Space of the Year for the European Square (CIJ Awards Poland) and Prize for the best Urban Public Space in 2016
- Winner of the Belgian Business Chamber Award 2016 in Poland
- Most Innovative Developer in the 'Book of lists' of Warsaw Business Journal

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.

And per end 2016 the **Property Fund** has been put in place. The purpose of this new, fourth holding company will in first instance be to keep real estate projects as income generating products in portfolio for a longer time period. This will allow the Investment Holding to 'realise' and sell delivered projects, for which the occupation rate and lease status has been optimized during the past years, at an optimal market value. Furthermore this longer-term strategy demands a different financing structure. For that, these projects are transferred from the Investment Holding to the Property Fund.

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.

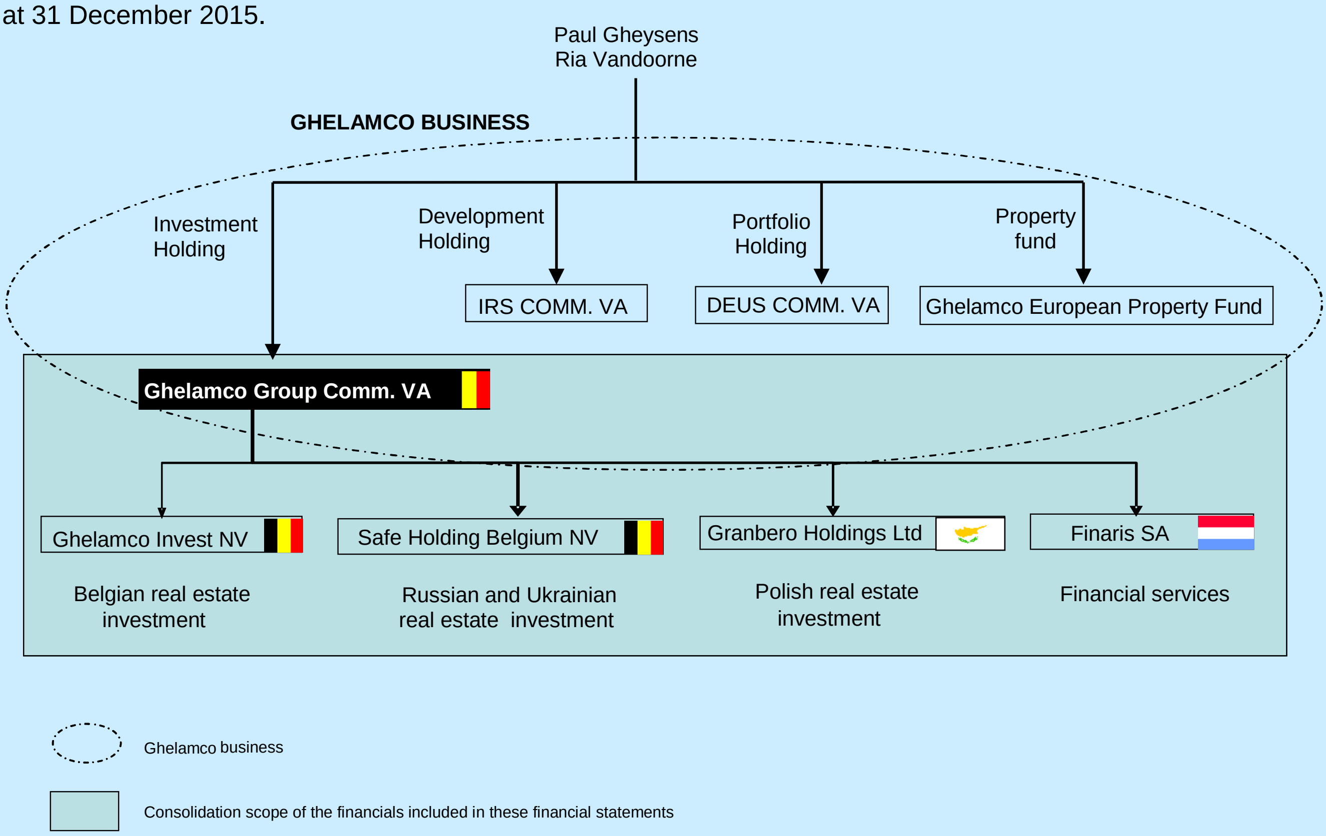
The Company is registered in the Belgian commercial register under the number BE 0879.623.417.

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 2016 (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 2016 and at 31 December 2015.



4. Staffing level

Given its nature, there is only limited employment in the Company. At 31 December 2016, Ghelamco Group Comm. VA and its subsidiaries employed 57 people (55 on 31 December 2015). The construction, engineering and other related services are mainly provided to the Investment Holding by the Development Holding's legal subsidiaries. Ghelamco as a whole employed 299 people on 31 December 2016 (vs. 295 on 31 December 2015).

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. The local teams mainly consist of a technical, commercial, legal & financial department.

The statutory board consists of 4 directors (of which the CEO is part) for most of the Belgian entities, the Managing Director Eastern Europe and 4 local Polish directors for the Polish entities and the CFO with the local general manager for the other countries. The reason lies mostly in local regulations and practical solutions.

6. Business environment and results

2016 performance and results

The Group closed its 2016 accounts with a net profit of 96,749 KEUR, after continued development, investment and commercial efforts. The Group realised significant residential sales, managed to create significant added value on its larger commercial projects and decided to dispose a significant package of commercial projects in Belgium in Q4 2016.

The political and economic situation in Ukraine and Russia remains a concern but has further stabalized in 2016. In Russia, the RUB has to an extent recovered vs. the EUR (and the USD), the yields remained quite stable, but the market rental levels for (refrigerated) warehousing are still under pressure. This has resulted in the recognition of further negative fair value adjustments on mainly the Dmitrov project in portfolio.

The above is reflected in a balance sheet total of 1,912,028 KEUR and an equity of 765,282 KEUR. The solvency ratio remains stable and amounts to 40% (vs. 40% at 31/12/15).

In Belgium, the Group has over the past years intensified its project development activities (with currently over 40 projects in portfolio). As a consequence, a significant number of Belgian projects have in the course of the last two to three years been delivered and commercialised.

Over the past year, further sales efforts were done in the delivered Waterview student housing project in Leuven (461 student units in total), resulting in a sales rate per 31/12/2016 of approx. 90%. In addition, construction of phase 2 of the Tribeca project in Ghent (affordable, contemporary, green project, consisting of 72 apartments, 5 lofts, underground parking garages and retail units) has well advanced and is over half way. Approx. 85% of available residential units have per year-end 2016 been sold.

In Q3 of 2016, the 2nd phase (approx. 250 workplaces) of the Meetdistrict – innovative and high-end business and congress center in the Ghelamco Arena offering a.o. over 500 flexible office workplaces, meeting rooms and a 350 seats auditory – has been delivered and taken into use. Per date of the current report, the business center is occupied for over 90%.

Also, the construction of the 4-stars business hotel next to the Ghelamco Arena in Ghent has started and is progressing at a fast pace, in view of the expected delivery by the end of 2017. The hotel is covering approx. 25,000 sqm and will offer 125 hotels rooms, 83 extended stay rooms and 98 underground parking bays to its guests.

In the second half of 2016, stripping works in the prestigious Edition renovation project at the Louizalaan in Brussels have started. The project will offer 59 luxurious apartments, underground parking spaces and retail space on the ground floor. Per date of the current report, 30 apartments have already been (pre-) sold. The demolition works on the second state of the art project in Brussels – Spectrum at the Boulevard Bischoffsheim – have also been kicked off. The mixed Spectrum project will offer 15,000 sqm exceptional office space, 22 apartments and approx.170 parking spaces. Per date of the current report, 15 apartments have already been reserved and/or pre-sold.

2016 expansion and investment activities mainly related to:

- Continuation of the construction works for phase 2 of the Tribeca project at the Nieuwevaart in Ghent (mixed project of +/- 35,000 sqm lettable/sellable area in total, of which phase 2 will offer 72 apartments, 5 lofts, underground parking garages and commercial units). Additionally the construction works of phase 3, offering another 91 apartments have started.

- Start of the construction works of the business hotel next to the Ghelamco Arena, as stated. Per date of the current report, the works have well advanced (concrete construction ready; facade works ongoing).

- Start of resp. the stripping works and the demolition works on the state of the art Edition (59 luxurious apartments, underground parking spaces and retail space on the ground floor) and Spectrum (15,000 sqm office space, 22 apartments and approx. 170 parking spaces) projects in Brussels.

- In addition, the company has expanded its portfolio through a number of acquisitions:

- Le Chalet 1850, site in Courchevel, France for the development of a residential project;
- The Arval site in Evere (+/- 10,800 sqm) for the future development of a mixed real estate project;
- The shares of Kubel NV, company holding the freehold rights on a site in Berchem, in view of the realisation of the 'The Link' project (27,000 sqm office space and approx. 540 underground parking spaces, divided over 2 buildings).
- Land parts in the Carlton site in Knokke-Zoute, in a joint-venture structure with a 3rd party, for the future development of a high-end residential project (offering 28 prestigious apartments and 2 retail units on the ground floor).

As to divestures/revenues:

- In December 2016, the projects on the Dacar site in Ghent have been sold to Ghelamco European Property Fund, the newly established and fourth holding of the Ghelamco consortium. It concerns following projects:
    - The Blue Towers (offering +/- 28 Ksqm of office space)
    - Parking Gent (holding the rights in rem of over 2.000 above and underground parking spaces on the Dacar site, around the Ghelamco Arena and under the new business hotel in Ghent)
    - The Brico-Plan It retail hall (+/- 12 Ksqm retail hall, leased to to Brico-It).

The (combined) transaction was structured as a share deal. The share price was based on the underlying fair values of the resp. real estate projects as of 31 December 2016 (i.e. 124.3 MEUR in total).

- Sale of residential projects (61,986 KEUR): mainly the De Ligne building at Rue de la Banque in Brussels, apartments and parking spaces in the Tribeca project in Ghent, student units in the Waterview project in Leuven Vaartkom and residential projects at the Belgian coast.

In Poland, the Group in first instance maintained its existing land bank but also again took advantage of some expansion opportunities. Main 2016 land bank transactions were the acquisition of a plot located in Lodz for the amount of approx. 85 MPLN for the future development of an office/multifunctional project, the acquisition of a plot located in Warsaw, Powisle for an amount of approx. 6.6 MPLN for the future development of an office project and a plot in Nowa Iwiczna for an amount of approx. 9.9 MPLN (5.2 MPLN already paid in 2016, the remaining conditional and still to be paid in 2017), for the future development of a commercial/retail project.

Development and construction
The investing activities in Poland during 2016 have mainly been been focused on:
- The further realisation of the Warsaw Spire (+/- 108,000 sqm of office space in the Warsaw Wola District), resulting in the finalisation and delivery of tower building A;
- The finalisation of the construction of the Woloska 24 project (approx. 20 Ksqm office project in the Warsaw Mokotow District). The occupation permit was received and first tenants moved in in March 2016.
- The start of the construction works on the Przystanek mBank project (25,600 sqm office space) in Lodz, which is already pre-leased to mBank (for approx. 95% of the lettable area).
- The receiving of the building permit of the Warsaw Hub and subsequent start of the constructions works of this 3 towers (on a podium) multifunctional project of approx. 113,000 sqm in Warsaw CBD.
- Further constructions works of the Wronia projects (approx. 16,000 sqm office project in the Warsaw Wola District); structure and elevation currenly being finalized.

(Pre-)leasing and occupation of projects:
Continued and successful leasing efforts on the Warsaw Spire project, for which the grand opening in the presence of the mayor of Warsaw and numerous other leading dignitaries took place in May, have resulted in the fact that the project on the whole is currently leased for approx. 90% (and that another 9% of available space is currently under reservation or firm negotiation with potential tenants).
In addition, the mBank project in Lodz, which is under construction, is already pre-leased to mBank for approx. 95% of the lettable area. In turn, the delivered Woloska 24 project is per date of the current report leased for over 50%; while the Plac Vogla retail project is leased for approx. 60% (and the remaining 40% of leasable space is currently under negotiation).
In addition, the residential Woronicza Qbik project was further commercialised in a way that currently approx. 95% of available soft lofts have been sold.

Divestures

No divestures of investment property have taken place in 2016.

In Russia, the first (building A, approx. 60,000 sqm) and second phase (building B, approx. 76,000 sqm) of the Dmitrov Logistics Park – class A warehouse complex of four buildings totalling approx. 243,000 m² of lettable area (including ancillary office accomodations) in the northern part of the Moscow Region – have in the past years been delivered and are per 31 December 2016 as good as fully leased. The political and economic situation and its effects on markets and (warehouse) tenant activity is closely monitored, in connection with the advanced construction of building C (approx. 46,000 sqm). For building C1 (20,000 sqm) the occupation permit has been received early 2017; while buildings C2 and C3 (26,000 sqm) are expected to be delivered by end Q3 2017.

In Ukraine, the Kopylov Logistics Park project (+/- 30,000 sqm warehousing in the Makariv District of the Kyiv Region) is being leased and is kept in portfolio.

<u>Main post balance sheet events</u>

Belgium
- Early February 2017, 2nd part of land plots in the Carlton site in Knokke-Zoute has been acquired through the acquisition of (50% of) the shares of 2 companies holding these land parts. Total share price amounted to 5,547 KEUR. The acquisition is connected to future development of the high-end residential project Carlton One, in a joint-venture structure with a third party.

Poland
-On 16 March 2017 new public bonds (series PG, non-prospectus) have been issued to institutional and private investors for a total amount of 147,854 KPLN. These bonds have a term of 5 years and bear an interest rate of Wibor 6 months + 4.30%. 16,920 KPLN of bond proceeds have been applied for the early redemption or roll-over of existing bonds. The remaining amount is ment for further Polish investments.

<u>Outlook</u>

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 2017, 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 2017 in general.

7. Notice to the reader

This document presents the IFRS Consolidated Financial Statements for the year ended on 31 December 2016, 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 2016 were approved by Investment Holding Management on 29 March 2017. The amounts in this document are expressed in thousands of EUR (KEUR), unless stated otherwise.

A. Consolidated statement of financial position (in KEUR)

	Note	31/12/2016	31/12/2015
ASSETS			
Non-current assets			
Investment Property	6	1,317,666	1,117,224
Property, plant and equipment	7	399	221
Intangible assets	8	3,778	3,822
Investments in associates	4	0	0
Receivables and prepayments	10	88,966	73,307
Deferred tax assets	18	9,819	9,742
Non-current assets held for sale			
Other financial assets	4	4,380	4,000
Restricted cash		0	0
Total non-current assets		**1,425,008**	**1,208,316**
Current assets			
Property Development Inventories	9	259,505	260,300
Trade and other receivables	10	167,708	99,624
Current tax assets		231	27
Derivatives	11	0	0
Assets classified as held for sale	6	575	575
Restricted cash		0	0
Cash and cash equivalents	12	59,001	84,587
Total current assets		**487,020**	**445,113**
TOTAL ASSETS		**1,912,028**	**1,653,429**

Ghelamco Group – Consolidated Financial Statements at 31 December 2016 (in KEUR) 11

Consolidated statement of financial position (cont'd)

	Note	31/12/2016	31/12/2015
Capital and reserves attributable to the Group's equity holders			
Share capital	13	73,194	73,194
CTA	14	21,291	12,131
Retained earnings	14	665,418	569,802
		759,903	655,127
Non-controlling interests	13.2	5,379	6,247
TOTAL EQUITY		**765,282**	**661,374**
Non-current liabilities			
Interest-bearing loans and borrowings	15	906,949	778,984
Deferred tax liabilities	18	34,905	41,483
Other non-current liabilities		1,916	0
Long-term provisions	17	120	140
Total non-current liabilities		**943,890**	**820,607**
Current liabilities			
Trade and other payables	19	48,108	40,010
Current tax liabilities	20	4,604	3,889
Interest-bearing loans and borrowings	15	150,144	127,549
Short-term provisions		0	0
Total current liabilities		**202,856**	**171,448**
Total liabilities		**1,146,746**	**992,055**
TOTAL EQUITY AND LIABILITIES		**1,912,028**	**1,653,429**

Ghelamco Group – Consolidated Financial Statements at 31 December 2016 (in KEUR) 12

B. Consolidated income statement and consolidated statement of comprehensive income

Consolidated Income Statement

	Note	2016	2015
Revenue	21	110,512	99,436
Other operating income	22	11,481	5,949
Cost of Property Development Inventories	23	-54,280	-48,965
Employee benefit expense	22	-1,280	-1,058
Depreciation amortisation and impairment charges	7	-571	-553
Gains from revaluation of Investment Property	6	139,396	114,412
Other operating expense	22	-44,733	-40,756
Share of results of associates		0	0
Operating profit - result		**160,525**	**128,465**
Finance income	24	6,548	6,427
Finance costs	24	-62,727	-26,372
Profit before income tax		**104,346**	**108,520**
Income tax expense	25	-7,597	-18,439
Profit for the year		**96,749**	**90,081**
Attributable to:			
Equity holders of parent		95,694	89,348
Non-controlling interests		1,055	733

Ghelamco Group – Consolidated Financial Statements at 31 December 2016 (in KEUR) 13

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

		2016	2015
Profit for the year		**96,749**	**90,081**
Exchange differences on translating foreign operations	14	9,160	-67
Other		-78	171
Other comprehensive income of the period		**9,082**	**104**
Total Comprehensive income for the year		**105,831**	**90,185**
Attributable to:			
Equity holders of the parent		104,776	89,452
Non-controlling interests		1,055	733

Ghelamco Group – Consolidated Financial Statements at 31 December 2016 (in KEUR) 14

C. Consolidated statement of changes in equity

	Note	Attributable to the equity holders: Share capital	Cumulative translation reserve	Retained earnings	Non-controlling interests	Total Equity
Balance at 1 January 2015		**73,194**	**12,198**	**480,283**	**5,508**	**571,183**
Foreign currency translation (CTA)			-67			**-67**
Profit/(loss) for the year				89,348	733	**90,081**
Capital decrease						
Dividend distribution						
Change in non-controlling interests					6	**6**
Change in the consolidation scope				171		**171**
Other						
Balance at 31 December 2015		**73,194**	**12,131**	**569,802**	**6,247**	**661,374**
Foreign currency translation (CTA)	15		9,160			**9,160**
Profit/(loss) for the year	15			95,694	1,055	**96,749**
Capital decrease						
Dividend distribution						
Change in non-controlling interests					-1,923	**-1,923**
Change in the consolidation scope				-78		**-78**
Other						
Balance at 31 December 2016		**73,194**	**21,291**	**665,418**	**5,379**	**765,282**

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D. Consolidated cash flow statement

Consolidated cash flow statement for 2016 and 2015

		2016	2015
Operating Activities			
Profit / (Loss) before income tax		**104,346**	**108,520**
Adjustments for:			
- Share of results of associates			0
- Change in fair value of investment property	6	-139,396	-114,412
- Gain on disposal of subsidiary			
- Gain on disposal of interest in former associates			
- Depreciation, amortization and impairment charges	7	571	553
- Result on disposal investment property	22	-1,922	-510
- Change in provisions		-20	-38
- Net interest charge	24	34,404	17,123
- Movements in working capital:			
- Change in inventory		-21,443	-78.971
- Change in trade & other receivables		-63,815	-7.814
- Change in trade & other payables		16,815	-21.311
- Change in MTM derivatives		0	290
- Movement in other non-current liabilities		1,916	-2,500
- Other non-cash items		-19	74
Income tax paid		-13,740	-2.462
Interest paid (**)		-34,664	-22.924
Net cash from operating activities		**-116,967**	**-124,382**
Investing Activities			
Interest received	24	2,199	5.429
Purchase of property, plant & equipment and intangibles	7-8	-784	-25
Purchase of investment property (*)	6	-170,868	-134,326
Capitalized interest in investment property (paid)		-12,755	-19,634
Proceeds from disposal of investment property	6	124,322	2,920
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		-16,040	-16,239
Net cash inflow/outflow on NCI transactions			
Change in trade & other payables			
Movement in restricted cash accounts		0	256
Net cash flow used in investing activities		**-73,926**	**-161,619**

Financing Activities			
Proceeds from borrowings	15	296,526	377,953
Repayment of borrowings	15	-145,966	-92,850
Capital decrease			
Dividends paid			
Other non-cash items, realized CTA			
Net cash inflow from / (used in) financing activities		**150,560**	**285,103**
Net increase/decrease in cash and cash equivalents		**-40,332**	**-898**
Cash and cash equivalents at 1 January of the year		**84,587**	**98,955**
Effects of exch. rate changes, mainly on EUR/USD balances in non-EUR countries		14,747	-13,470
Cash and cash equivalents at 31 December of the year		**59,002**	**84,587**

(*): Interests directly capitalized in IP not included (2016: 12,755 KEUR; 2015: 19,634 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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	2016				2015			
	Europe	**Russia/ Ukraine**	**unallo-cated**	**TOTAL**	**Europe**	**Russia/ Ukraine**	**unallo-cated**	**TOTAL**
ASSETS								
Non-current assets								
Investment Property	1,132,396	185,271		1,317,666	925,439	191,785		1,117,224
Property, plant and equipment	396	2		399	219	2		221
Intangible assets	3,778			3,778	3,822	-		3,822
Investments in associates				-	-	-		-
Receivables and prepayments			88,966	88,966			73,307	73,307
Deferred tax assets	8,283	1,536		9,819	8,099	1,643		9,742
Non-current assets held for sale				-	-	-		
Other financial assets	4,380			4,380	4,000	-		4,000
Restricted cash				-	-	-		-
Total non-current assets	**1,149,234**	**186,809**	**88,966**	**1,425,008**	**941,579**	**193,430**	**73,307**	**1,208,316**
Current assets								
Property Development Inventories	259,493	11		259,505	260,297	3		260,300
Trade and other receivables			167,708	167,708			99,624	99,624
Current tax assets	218	12		231	14	13		27
Derivatives				-	-	-		-
Assets classified as held for sale	575			575	575	-		575
Restricted cash				-	-	-		-
Cash and cash equivalents	54,456	4,546		59,001	78,896	5,691		84,587
Total current assets	**314,743**	**4,569**	**167,708**	**487,020**	**339,782**	**5,707**	**99,624**	**445,113**
TOTAL ASSETS	**1,463,976**	**191,378**	**256,674**	**1,912,028**	**1,281,361**	**199,137**	**172,931**	**1,653,429**

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	2016				2015			
	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	12,518	8,773		21,291	4,522	7,609		12,131
Retained earnings	687,964	-22,546		665,418	575,123	-5,321		569,802
	700,482	-13,773	73,194	759,903	579,645	2,288	73,194	655,127
Non-controlling interests	5,385	-6		5,379	6,253	-6		6247
Total equity	**705,867**	**-13,779**	**73,194**	**765,282**	**585,898**	**2,282**	**73,194**	**661,374**
Non-current liabilities								
Interest-bearing loans and borrowings			906,949	906,949			778,984	778,984
Deferred tax liabilities	33,997	908		34,905	36,194	5,289		41,483
Other non-current liabilities	1,916			1,916	0			0
Long-term provisions	120			120	140			140
Total non-current liabilities	**36,033**	**908**	**906,949**	**943,890**	**36,334**	**5,289**	**778,984**	**820,607**
Current liabilities								
Trade and other payables			48,108	48,108			40,010	40,010
Current tax liabilities	4,604			4,604	3,889			3,889
Interest-bearing loans and borrowings			150,144	150,144			127,549	127,549
Short-term provisions	0			0	0			0
Total current liabilities	**4,604**	**0**	**198,252**	**202,856**	**3,889**	**0**	**167,559**	**171,448**
Total liabilities	**40,637**	**908**	**1,105,201**	**1,146,746**	**40,223**	**5,289**	**946,543**	**992,055**
TOTAL EQUITY AND LIABILITIES	**746,505**	**-12,871**	**1,178,395**	**1,912,028**	**626,121**	**7,571**	**1,019,737**	**1,653,429**

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INCOME STATEMENT	2016 Europe	 Russia/ Ukraine	 unallo-cated	 Total	2015 Europe	 Russia/ Ukraine	 unallo-cated	 Total
Revenue	93,559	16,953		110,512	81,484	17,952		99,436
Other operating income	11,455	25		11,481	5,744	205		5,949
Cost of Property Development Inventories	-54,238	-43		-54,280	-48,896	-69		-48,965
Employee benefit expense	-1,247	-32		-1,280	-1,021	-37		-1,058
Depreciation amortisation and impairment charges	-570	-1		-571	-552	-1		-553
Gains/losses from revaluation of Investment Property	163,534	-24,138		139,396	119,558	-5,146		114,412
Other operating expense	-41,351	-3,382		-44,733	-36,972	-3,784		-40,756
Share of results of associates	0	0		0	0			0
Operating profit - result	**171,142**	**-10,617**	**0**	**160,525**	**119,345**	**9,120**	**0**	**128,465**
Finance income			6,548	6,548			6,427	6,427
Finance costs			-62,727	-62,727			-26,372	-26,372
Profit before income tax				**104,346**				**108,520**
Income tax expense	-12,027	4,430		-7,597	-19,255	816		-18,439
Profit for the year				**96,749**				**90,081**
Attributable to:								
Equity holders of parent		0		95,694		0		89,348
Non-controlling interests	1,055	0		1055	733	0		733

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 2016.

A list of legal entities included in these IFRS consolidated financial statements and major changes in the organizational structure of the reporting entity are outlined in Notes 4 and 5.

1.2. Basis of preparation

The Investment Holding's consolidated financial statements include those of the Ghelamco Group Comm. VA and its subsidiaries (together referred to as the "Investment Holding"). The consolidated financial statements were approved for issue by Management on March 29, 2017. 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 2016. 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 2016.

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 2016

Standards and Interpretations that the Investment Holding anticipatively applied in 2015 and 2016:

- None

Standards and Interpretations that became effective in 2016

- Improvements to IFRS (2010-2012) (applicable for annual periods beginning on or after 1 February 2015)
- Improvements to IFRS (2012-2014) (applicable for annual periods beginning on or after 1 January 2016)
- 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)
- 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)
- Amendments to IAS 1 Presentation of Financial Statements – Disclosure Initiative (applicable for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 16 and IAS 38 Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation (applicable for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 27 Separate Financial Statements – Equity Method (applicable for annual periods beginning on or after 1 January 2016)

Standards and Interpretations which became effective in 2016 but which are not relevant to the Company:

- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants (applicable for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 19 Employee Benefits – Employee Contributions (applicable for annual periods beginning on or after 1 February 2015)

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 the EU)
- IFRS 14 Regulatory Deferral Accounts (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU)
- IFRS 15 Revenue from Contracts with Customers (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)
- IFRS 16 Leases (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)
- Amendments to IFRS 4 Insurance Contracts - Applying IFRS 9 Financial Instruments with IFRS 4 (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)

- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (the effective date has been deferred indefinitely, and therefore the endorsement in the EU has been postponed)
- Amendments to IAS 7 Statement of Cash Flows – Disclosure Initiative (applicable for annual periods beginning on or after 1 January 2017, but not yet endorsed in the EU)
- Amendments to IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses (applicable for annual periods beginning on or after 1 January 2017, but not yet endorsed in the EU)
- Amendments to IAS 40 Transfers of Investment Property (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU).

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.

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 2016 and on 31 December 2015 (see Notes 4 and 5). Control is achieved when the Company

- Has power over the investee;
- is exposed or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company re-assesses whether or not it controls an investee if fact and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The transactions, balances and unrealized gains and losses between these legal entities are deemed to be intra-group transactions and are eliminated in full.
The transactions with other entities owned directly or indirectly by the ultimate beneficial owners of the Investment Holding are deemed transactions with related parties and are not eliminated, but are presented as balances and transactions with related parties in Note 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 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 2016 and 2015, 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 2016 and 2015 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 2016
In December 2016, following subsidiaries have been sold to Ghelamco European Property Fund, newly established and fourth holding of the Ghelamco consortium:

- Schelde Offices NV (holding one of the Blue Towers, offering +/- 13.5 Ksqm of office space on the Dacar site in Ghent)
- Arte Offices NV (holding the other of the Blue Towers, offering +/- 14.6 Ksqm of office space on the Dacar site in Ghent)
- Parking Gent and Parking Estates (holding the rights in rem of over 2,000 above and underground parking spaces on the Dacar site, around the Ghelamco Arena and under the new business hotel in Ghent)
- Retail Gent (holding the +/- 12 Ksqm retail hall on the Dacar site, which is rented to Brico-Plan It)

The (combined) transaction was structured as a share deal (i.c. 100% of the shares of the respective SPVs), in line with the general approach to sell commercial projects. The share deal was based on the underlying fair values of the resp. real estate projects as of 31 December 2016. The (combined) transaction has in the financial statements been presented as disposals of IP.

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

Comments 2015
In 2015 no commercial projects were sold through share deals. On the other hand, the remaining office space in Ring Offices (approx. 1,250 sqm) in Ghent, was sold for an amount of 2,920 KEUR, through an asset deal.

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

1.5.4. Increase in ownership interests in subsidiaries

The Investment Holding applies the parent company model to transactions with minority shareholders. To the extent applicable, the goodwill or badwill resulting from the acquisition of the additional interest (from minority shareholders) in subsidiaries is allocated to the group retained earnings.

1.5.5. Foreign currency translation

The individual financial statements of each Group's entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the IFRS consolidated financial statements, the results and financial position of each entity are expressed in Euro, which is the functional currency of the Investment Holding and the presentation currency for the IFRS consolidated financial statements.

Foreign currency transactions

Foreign currency transactions are recognized initially at the exchange rate prevailing at the transactions' date. Subsequently, at closing, monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet currency rate. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are included in the income statement as a financial result.

Foreign entities

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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:

	2016		2015	
	Closing rate at 31 December	Average rate for 12 months	Closing rate at 31 December	Average rate for 12 months
Polish Zloty (PLN)	4.4240	4.3625	4.2615	4.1839
Russian Rouble (RUB)	63.8111	73.9924	79.6972	67.9915
United States Dollar (USD)	1.0541	1.1069	1.0887	1.1095
Ukrainian Hryvnia (UAH)	28.4226	28.2919	26.2231	24.2287

1.5.6. Hyperinflationary economies

None of the Investment Holding entities operated in a hyperinflationary economy in 2016 and 2015.

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:

<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 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

<u>Completed Investment Properties (D)</u>

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 16 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.

Early 2016, the shares of the project companies holding the Warsaw Spire and Grzybowska 77 projects have been contributed by the closed-end fund to Ghelamco Polish Project 1 SCSp (end 2015 established Luxemburg special limited partnership between the closed-end investment CC28 and Finaris SA), at market value and in exchange for partnership certificates. Subequently, these SPVs have been transformed into (transparent) sp.k.-entities. Afterwards, the involved SPVs have sold there real estate projects to newly incorporated/acquired SPVs under the Lux. limited parternship, at market value; resulting in the fiscal exemption of the resp. market values of the sold projects at that moment. This has in turn resulted in the release to the income statement of accumulated deferred tax liabilities (on the fair values of the involved projects) for an amount of 18.7 MEUR. Going forward and after another fiscal legislation change (Amendment to the CIT Law ending the beneficial tax treatment of FIZAN structures, effective 1 January 2017), deferred tax liabilities are again recognized on fair value adjustments for all Polish projects.

Currently or substantially enacted tax rates are used to determine deferred income tax. Under this method, the Investment Holding is also required to make a provision for deferred income tax on the difference between the fair values of the net assets acquired and their tax base as a result of a business combination.

No deferred taxes are accounted for temporary differences arising from the initial recognition of goodwill or the initial recognition of assets or liabilities in a transaction that is not a business combination and that at the time of the transaction affect neither accounting nor taxable profit, and differences relating to the investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. A deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized (Note 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 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 significant amounts of Polish bearer bonds (with an outstanding amount of 898.9 MPLN as of 31/12/16). Leasing of the properties is Euro-based and eventual later disposal of assets or shares is usually expressed or negotiated in Euro. The Polish Zloty's risk is for that mainly related to the mentioned PLN bond issues, some local construction contracts and the sale amounts of residential projects.

For Ukraine, external financing is organized in US Dollar as well as engineering, architectural, construction and leasing contracts. The Investment Holding manages the US Dollar versus Euro risk internally.

Up until end 2011, Russian projects have mostly been financed through semi equity expressed in Euro. Bank financing for the construction of the Dmitrov Logistics Park Project is however since 2012 expressed in USD. The same risk mitigation as for Ukraine applies.

In short, the Investment Holding mitigates its currency risk exposure by matching as much as possible the currency of the income with that of the expenditure.

As stated, main net foreign currency position which the Company holds at the reporting date relates to the:
- Polish bearer bonds in PLN for a (net) amount of 877,427 KPLN. A 10% strengthening/weakening of the EUR against the PLN rate at 31 December 2016 would resp. have increased/decreased the profit before tax and equity by approx. 20 MEUR. This analysis assumes that all other variables (e.g. interest rates) remain constant.
- USD bank loans in Russia for a net amount of 96,142 KUSD.

A 10% strengthening/weakening of the EUR against the USD rate at 31 December 2016 would resp. have increased/decreased the profit before tax and equity by approx. 9,2 MEUR. This analysis assumes that all other variables (e.g. interest rates) remain constant.

When a member of the Development Holding is exposed to eventual currency risks, the Investment Holding may choose to enter into an intra-group hedging.

Over 2015, Ghelamco Poland Sp. z o.o (belonging to the Service 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 3,372 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 213 KEUR.

Per end of December 2015, there are no remaining amounts to be covered by the above contract in 2016. The market value of derivative contracts has by consequence dropped to zero as of balance sheet date; evolution which has been recognized through the profit and loss statement.

Over 2016, there have been no further similar hedging transactions. Per end of December 2016, there were no outstanding amounts to be covered by hedging contracts.

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 15). Since Ghelamco Invest Sp. z o.o. is issuing bearer bonds (of which 898.9 MPLN + 6.3 MEUR actually still outstanding per balance sheet date), Polish projects can also be partly financed through the proceeds of these bonds. The same goes for Belgium since the bond issues (of which 220 MEUR actually still outstanding per balance sheet date).

Except for some ad-hoc past interest hedging, the Investment Holding did not enter into significant external interest rate hedging transactions to eliminate exposure arising from the long-term investment loans over the last 5 years. The Investment Holding's management closely monitors the short-term floating rate borrowings and medium term fixed interest rates.

The financing structure reflects major project investment phases (acquisition of land, construction and holding of the properties) as follows:

- Land acquisition loans (usually provided for a term of two years). The interest is payable at market floating rates (from 1 up to 6 months) increased by a margin.

- Construction loans provided until completion of construction and obtaining of the exploitation permit (usually for a term of about two years). The interest is calculated at market floating rates (from 1 up to 6 months) increased by a margin and mostly capitalized in the construction loan. The land acquisition loan is at this stage integrated in the construction loan.

- Once the property is completed, leased and meets all ongoing covenants, the construction financing is swapped into an investment loan, usually provided for a period of five years beginning from the signing of the investment loan agreement and repayable gradually with rental income or fully upon sale of the property. The banks are usually willing to offer investment loans up to an amount that reflects 65% to 70% of the property's market value. The interest is usually a mix of floating and fixed rates. In addition, the capital is amortized at a level between 4% and 7% per annum (on average), usually payable on a quarterly basis together with the accrued interest.

- For the Polish projects: 898.9 MPLN + 6.3 MEUR proceeds from bond issues with a term of 3 to 4 years and bearing an interest of Wibor 6 months + 3.5%-4.5% and Euribor 6 months + 4.3% resp.; proceeds of which can be used over the resp. project development stages.

- For the Belgian and French projects; 70 MEUR private bond issue due 28 February 2018, bearing an interest of 6.25%; 79.1 MEUR EMTN bond issue due 3 July 2020 and bearing an interest of 4.50% and 70.9 MEUR EMTN bond issue due 14 June 2021 and bearing an interest of 4.125%; 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 2016 and 31 December 2015) 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 15 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 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, layout and structural or finishing elements of the building. Any change in engineering automatically leads to cost increases or decreases. That is why the Investment Holding hardly ever outsources these tasks.

Financing risk
The Company relies since more than 10 years on framework agreements with the majority of its banking partners. The parameters of the framework can vary due to economic circumstances, but remains workable as a whole. Before starting up the construction works (or contracting with subcontractors), the Company expects to have received already a (non-)binding term sheet from its banking relations.
In the past five years, the Company in addition proved to be able to call upon alternative financing through the issue of bonds in Belgium (220 MEUR unsecured bonds outstanding as of 31 December 2016) and Poland (898.9 KPLN + 6.3 MEUR bearer bonds outstanding as of 31 December 2016).

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 15.

We also refer to note 12 and 15 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.

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2.2 Capital risk management

The Investment Holding's objectives when managing capital are to safeguard its ability to continue as a going concern and to support its strategic growth plans.

During the past years, all profits of the last years have been re-invested. The management's focus is to a significant extent set on financial support of its expansion plans. In order to maintain or optimize the capital structure, the Investment Holding may decide to issue bonds or similar financial instruments in the international financial markets. Group management closely monitors solvency, liquidity, return on invested capital and profitability levels.

The Investment Holding monitors capital/balance sheet structure primarily based on the solvency ratio. This ratio is calculated as total equity divided by the balance sheet total. The solvency ratios at 31 December 2016 and 2015 were as follows:

	2016	**2015**
Equity	765,282	661,374
Total assets	1,912,028	1,653,429
Solvency ratio	**40.0%**	**40.0%**

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3. Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and assumptions are based on historical experience and various other factors that are considered reasonable under the circumstances, the results of which form the basis of judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects future periods.

In addition to the estimates already explained in the accounting policies, the estimates and assumptions that might significantly affect the valuation of assets and liabilities are outlined below.

Impairment of assets

The risk of impairment arises from uncertainties typical to the real estate development industry. At the balance sheet date no cumulated impairment losses/write-offs to net realizable value have been recognized on inventory items.

No additional impairments/write-offs to the profit and loss statement were deemed necessary in 2016.

Income taxes

Given the diversity of its geographical locations, the Investment Holding operates within a complex international legal and regulatory environment. Deferred tax is determined based on each legal entity's tax position and is reviewed on each balance sheet date to take account of the impact of changes in the tax laws and the probability of recovery.

Basic Company Income Tax levels (excluding tax exemptions or other incentives):

Belgium:	33.99 %
Poland:	19 %
Russia:	20 %
Ukraine:	18 %
Cyprus:	12,5 %
Luxemburg:	21.84 % (exceptions for financial rulings)
Spain:	25%

Fair value estimation

The carrying value less impairment write down of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Investment Holding for similar financial instruments.

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	31/12/2016 % voting rights	31/12/2015 % voting rights	Remarks
Ghelamco Capital (Branch)	LU	n/a	n/a	
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	*
Eurostadium Events NV (former De Leewe III NV)	BE	99	99	*
Eurostadium Park NV (former Immo Simava 13 NV)	BE	99	99	*
Leisure Property Invest NV	BE	99	99	*
Waterview NV	BE	99	99	*
Retail Leuven NV (former Estate of the Art NV)	BE	99	99	*
Leuven Student Housing NV	BE	99	99	*
Parking Leuven NV (former Ring Congress Centre NV)	BE	99	99	*
Wavre Retail Park NV	BE	99	99	*
RHR-Industries NV	BE	99	99	*
Zeewind NV	BE	99	99	*
Docora NV	BE	99	99	*
Ring Multi NV (former Ring Retail NV)	BE	99	99	*
MeetDistrict Gent NV	BE	99	99	*
Retail Gent NV	BE	0	99	4.2
Parking Estates NV	BE	0	99	4.2
Parking Gent NV	BE	0	99	4.2
Arte Offices NV	BE	0	99	4.2
Schelde Offices NV	BE	0	99	4.2
Ring Offices NV	BE	99	99	*
Ring Hotel NV	BE	99	99	*
Forest Parc NV	BE	99	99	*
Belalan Bischoffsheim Leasehold NV	BE	99	99	*
Bischoffsheim Freehold NV	BE	99	99	*
Belalan Louise Leasehold NV	BE	99	99	*
Louise Freehold NV	BE	99	99	*
De Nieuwe Filature NV	BE	99	99	*
Pomme de Pin Expansion SAS	FR	100	100	
Société Immobilière de Courchevel SARL	FR	100	100	
Pomme de Pin SAS	FR	100	100	
Le Chalet 1850	FR	100	n/a	4.3
Brussels Urban Invest NV	BE	99	99	*
Construction Link NV	BE	99	n/a	4.3
Kubel NV	BE	99	n/a	4.1

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Filature Retail NV	BE	99	n/a	4.3
Granbero Capital (branch)	LU	n/a	n/a	
Apollo Invest Sp. z o.o	PL	100	40	4.1
Expert Invest Sp. z o.o	PL	100	100	4.4
Industrial Invest Sp. z o.o	PL	n/a	100	4.4
Prima Bud Sp. z o.o.	PL	70	70	
Ghelamco Invest Sp. z o.o	PL	100	100	
Ghelamco GP 1 Sp z o.o	PL	100	100	
Ghelamco GP 1 spółka z ograniczoną odpowiedzialnością Konstancin 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	
Tilia BIS Sp. z o.o (former Ghelamco GP 1 SP. z.o.o. Tilia SKA)	PL	100	100	
Innovation Bud Bis Sp. z o.o. (former Innovation SKA)	PL	100	100	
Ghelamco GP 9 spółka z ograniczoną odpowiedzialnością Sobieski Towers Sp.k.	PL	100	100	
Ghelamco GP 1 spółka z ograniczoną odpowiedzialnością Matejki SKA	PL	100	100	
Ollay Sp. z.o.o. Market SKA	PL	100	100	
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia Erato SKA	PL	100	100	
Oaken Sp.z.o.o. Pattina SKA	PL	100	100	
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia UNIQUE SKA	PL	70	70	
Octon Sp.z.o.o. PIB 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 spółka z ograniczoną odpowiedzialnością Sienna Towers SKA	PL	100	100	
Ghelamco GP 5 spółka z ograniczoną odpowiedzialnością SBP 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 Grzybowska 77 Sp.k.	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 Postępu SKA	PL	100	100	
CC 28 F.I.Z.	PL	n/a	100	4.1
Ghelamco GP 2 Sp z o.o	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 spółka z ograniczoną odpowiedzialnością M12 SKA	PL	100	100	
WUZA1 Sp. z o.o. (former Immediate Investment Sp.z.o.o.)	PL	100	100	
WUZA1 Sp.z.o.o. Sp.k. (former Eastern Europe Bud Sp. z o.o)	PL	100	100	
WUZA1 Sp.z.o.o. WS Sp.k. (former Ghelamco Warsaw Spire WS sp.k.)	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 3 Spolka z ograniczona odpowiedzialnoscia Isola SKA	PL	100	100	
Ghelamco GP 8 Sp.z o.o.	PL	100	100	

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ACG1 Sp. z o.o.	PL	n/a	100	***
Espressivio Sp. z o.o.	PL	100	100	
Ghelamco GP 10 spółka z ograniczoną odpowiedzialnością Sigma SKA	PL	100	100	
Ghelamco Garden Station Sp.z o.o.	PL	100	100	
Ghelamco Nowa Formiernia Sp. z o.o. (former Budomal)	PL	100	100	
Creditero Holdings Ltd.	CY	100	100	
Bellona Bema 87 Sp. z o.o.	PL	100	100	
Ghelamco Gdanska Pl Sp. z o.o.	PL	100	100	**
Warsaw Spire Management Sp. z o.o.	PL	100	n/a	4.1
Warsaw Spire Sp. z.o.o. Sp.k.	PL	100	n/a	4.1
Warsaw Spire Sp. z o.o.	PL	100	n/a	4.1
Ghelamco GP 10 SP. Z o.o. (former Chopin Project sp. z o.o.)	PL	100	n/a	4.1
Ghelamco GP2 Spolka z ograniczona odpowiedzialnoscia Synergy SKA	PL	100	100	**
Ghelamco GP1 Spolka z ograniczona odpowiedzialnoscia Canna SKA	PL	100	100	**
Ghelamco GP1 Spolka z ograniczona odpowiedzialnoscia Azira SKA	PL	100	100	**
Laboka Holdings Ltd	CY	100	n/a	4.1
Esperola Ltd	CY	100	n/a	4.1
Stareti Holdings Ltd	CY	100	n/a	4.1
Ghelamco Polish Project 1 SCSp	LU	100	100	
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

(**): Subsidiaries were (as shelf entities) already controlled in 2015 but only have been consolidated for the first time in 2016.

(***):Subsidiary has in the current year been merged into Tilia; transaction which had an immaterial impact on the Company's 2016 consolidated financial statements.

A brief description of the main subsidiaries' business activities is given below:

- **Ghelamco Invest** NV, is an investment holding in ***Belgian and French*** real estate entities and also directly has a number of real estate projects on its own balance sheet.

- **Granbero Holdings Ltd** is an investment holding company that directly and indirectly owns equity interests in ***Polish*** real estate entities of the Investment Holding.

- **Safe Holding Belgium NV** is an investment holding company with (indirect) equity interests in ***Russian and Ukrainian*** real estate entities (via a number of intermediate holding entities incorporated in Cyprus).

- Finaris SA, Peridot SL, Salamanca Capital Services Ltd, Ghelamco Capital (branch of Ghelamco Group Comm. VA) and Granbero Capital (branch of Granbero Holdings Ltd) are all Financing Vehicles used in the Consortium's financial activities.

Real estate acquisitions and disposals (including plots of land) often involve the transfer of a company that holds the property.
Most Investment Holding entities (except for the Holdings, Sub-holdings and Financing Vehicles) are such special purpose real estate entities created to structure real estate transactions (acquisition of land and real estate investment activities).

Summary of incorporations, acquisitions and disposals of subsidiaries (and other business units) realized by the Investment Holding during the year ended on 31 December 2016. 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

On 19 August 2016, the Group acquired all (but one) shares of Kubel NV, company holding the freehold rights on a site in Berchem, in view of the realisation of the City Link project (27,000 sqm office space and approx. 540 underground parking spaces, divided over 2 buildings). The transaction value of the plot in the share deal amounted to 8;7 MEUR.

Above acquisition has, in accordance with what has been stated in section 1.5.2 above, been booked as the purchase of property development inventories and has been considered as operating cash (out-)flow items. Also in accordance with what has been stated in section 1.5.2, in this acquisition no significant other assets and/or liabilities has been acquired than the items booked in inventory.

In the course of 2016 some new Polish SPVs have been acquired or incorporated and are (directly or indirectly) held for 100% by the Company. All have in addition been acquired or incorporated for (directly or indirectly) holding future real estate developments. It mainly concerns the following: Warsaw Spire Management Sp. z o.o., Warsaw Spire Sp. z o.o. sp.k., Warsaw Spire Sp. z o.o., Chopin Project Sp. z o.o.

In addition, in Q4 2016 the Group acquired 3 Cypriot shelf companies (Esperola Ltd, Laboka Holdings Ltd and Stareti Holdings Ltd) in view of the anticipated restructuring of the Polish activities. This internal restructuring, which has still been formalized and finalized in December 2016, was deemed necessary by Management for reasons of (cost) optimization, efficiency improvement and simplifying of the legal structure. Summarized, main steps in this restructuring were the following:
-The closed-end investment fund CC28 has sold the Luxemburg limited partnership (SCSp) to Stareti, at market value (together with its main participating interest: Warsaw Spire Sp. z o.o., owner of the Warsaw Spire project).
-The closed-end investment fund CC28 has sold its SPVs (SKAs and Sp. z o.o.s) to Laboka, at market value.
-The closed-end investment fund was, in turn, contributed by Granbero Holdings to Esperola, at market value.

-Certificates of the closed-end investment fund CC28 have been fully reimbursed (to the new shareholder Esperola) and is currently under liquidation.

Result of this restructuring is that the relatively complex and inflexible FIZAN structure has actually been unwound, as it was considered no longer beneficial mainly form an administrative (e.g. increased operational costs) and legal perspective.

Above operation has been organized in accordance with applicable local legal and fiscal regulations and at arm's length. This operation has had limited to no impact on the Group's 2016 consolidated financial statements.

Per end September the Group 'acquired' the remaining 60% of shares of Apollo Invest Sp. z o.o. (project company holding the Spinnaker Tower development) via contribution in kind of the Apllo shares by Elzenwalle NV. Contribution value has been determined on an arm's length basis and amounted to 33.3 MEUR. Going forward, the Company owns 100% of the Apollo shares.

4.2 Disposal of subsidiaries

In December 2016, following subsidiaries have been sold to Ghelamco European Property Fund, newly established and fourth holding of the Ghelamco consortium:

- Schelde Offices NV (holding one of the Blue Towers, offering +/- 13.5 Ksqm of office space on the Dacar site in Ghent)
- Arte Offices NV (holding the other of the Blue Towers, offering +/- 14.6 Ksqm of office space on the Dacar site in Ghent)
- Parking Gent and Parking Estates (holding the rights in rem of over 2,000 above and underground parking spaces on the Dacar site, around the Ghelamco Arena and under the new business hotel in Ghent)
- Retail Gent (holding the +/- 12 Ksqm retail hall on the Dacar site, which is rented to Brico-Plan It)

The (combined) transaction was structured as a share deal (i.c. 100% of the shares of the respective SPVs). The share deal was based on the underlying fair values of the resp. real estate projects as of 31 December 2016 (i.e. 124.3 MEUR in total).

4.3 Incorporation of new shelf companies

In February 2016, 3 new SPVs (Construction Link NV, Rumilo NV and Caboli NV) have been incorporated for the development of future real estate projects.

In the above entities all shares (250) but one have been subscribed by Ghelamco Invest and one by Mr. P. Gheysens. The entities have a share capital of 250 KEUR, of which 63.5 KEUR has been paid in.

On 18 October 2016 a French SPV (Le Chalet 1850 SAS) has been incorporated with a capital of 100 KEUR, represented by 100,000 shares, all subscribed by Pomme de Pin Expansion SAS (subsidiary of Ghelamco Invest NV) and fully paid in. End October 2016, Le Chalet 1850 SAS has acquired a site in Courchevel, France, for the future development of a residential project. Purchase price amounted to 10 MEUR.

For Poland, reference is made to section 4.1 above.

4.4 Mergers and liquidations of subsidiaries

In the course of 2016, follow ‘idle’ entities have been liquidated:

- Expert Invest Sp. z o.o.
- Industrial Invest Sp. z o.o.

In addition, ACG1 Sp. z o.o. has been merged into Tilia SKA. Rights and obligations have to the extent applicable been transferred to the merged entity.

Above operations have had limited to no impact on the Group’s 2016 consolidated financial statements.

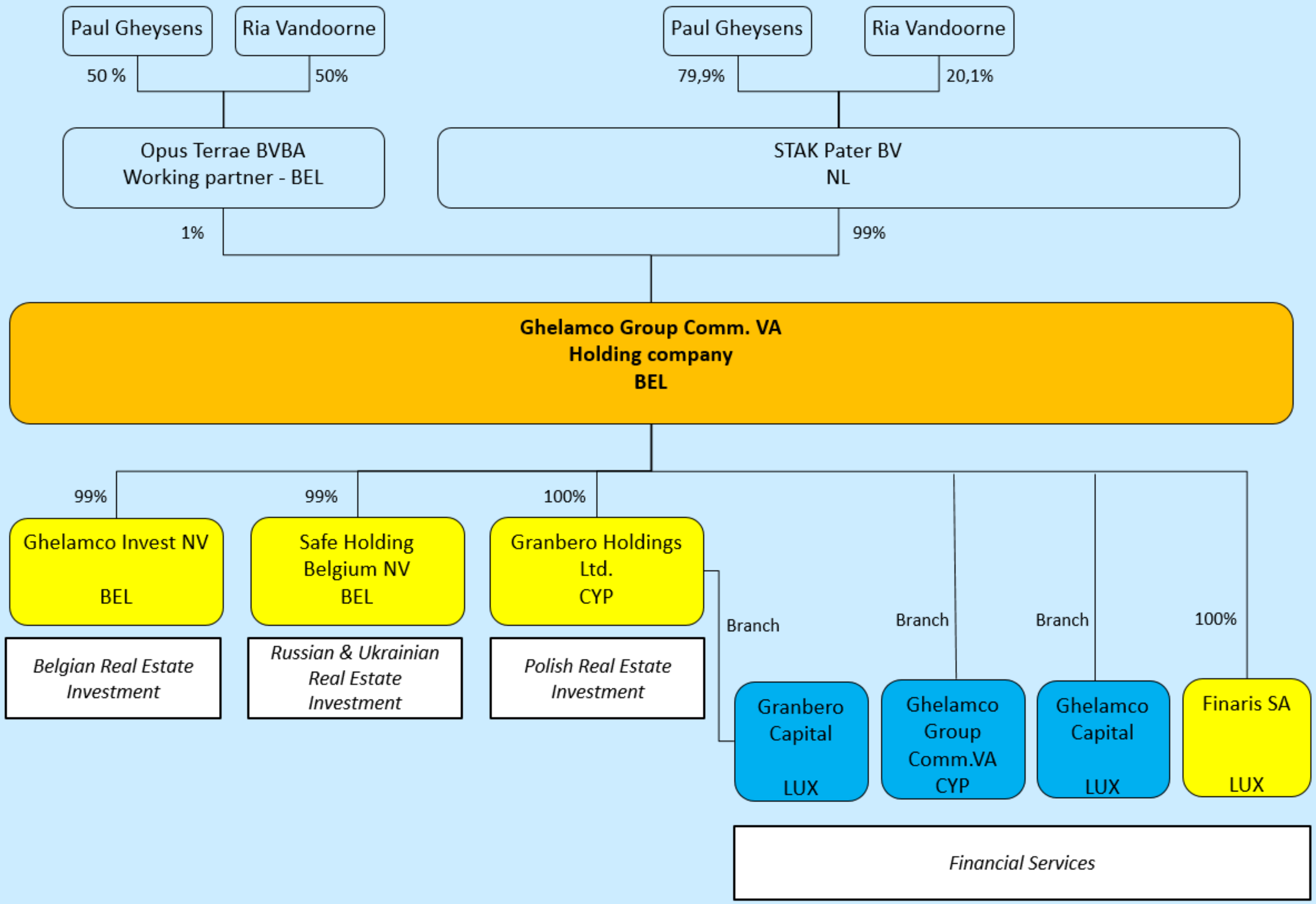
4.5 Transfer of Subsidiaries

<u>2016</u>
Except for the acquisition of the remaining 60% of Apollo shares through contribution in kind by Elzenwalle and the restructuring transactions as described in section 4.1 of this report, and except for the the liquidations of Expert Invest and Industrial Invest and the merger of ACG1 Sp. z o.o. into Tilia SKA as described in section 4.3 of this report, there have been no other share transactions or other significant transactions with related parties in 2016.

<u>2015</u>
Except for the contribution by CC28 of its participation in Woronicza SKA in Ghelamco Polish Project 1 SCSp, the sale by the Company of 30% of the shares of SPVs Unique, Prima Bud and Tarima and the mergers and liquidations of subsidiaries as described in section 4.3 of the 2015 report, there were no other share transactions or other significant transactions with related parties in 2015.

5. Group structure

5.1. Investment Holding as per December 31st, 2016



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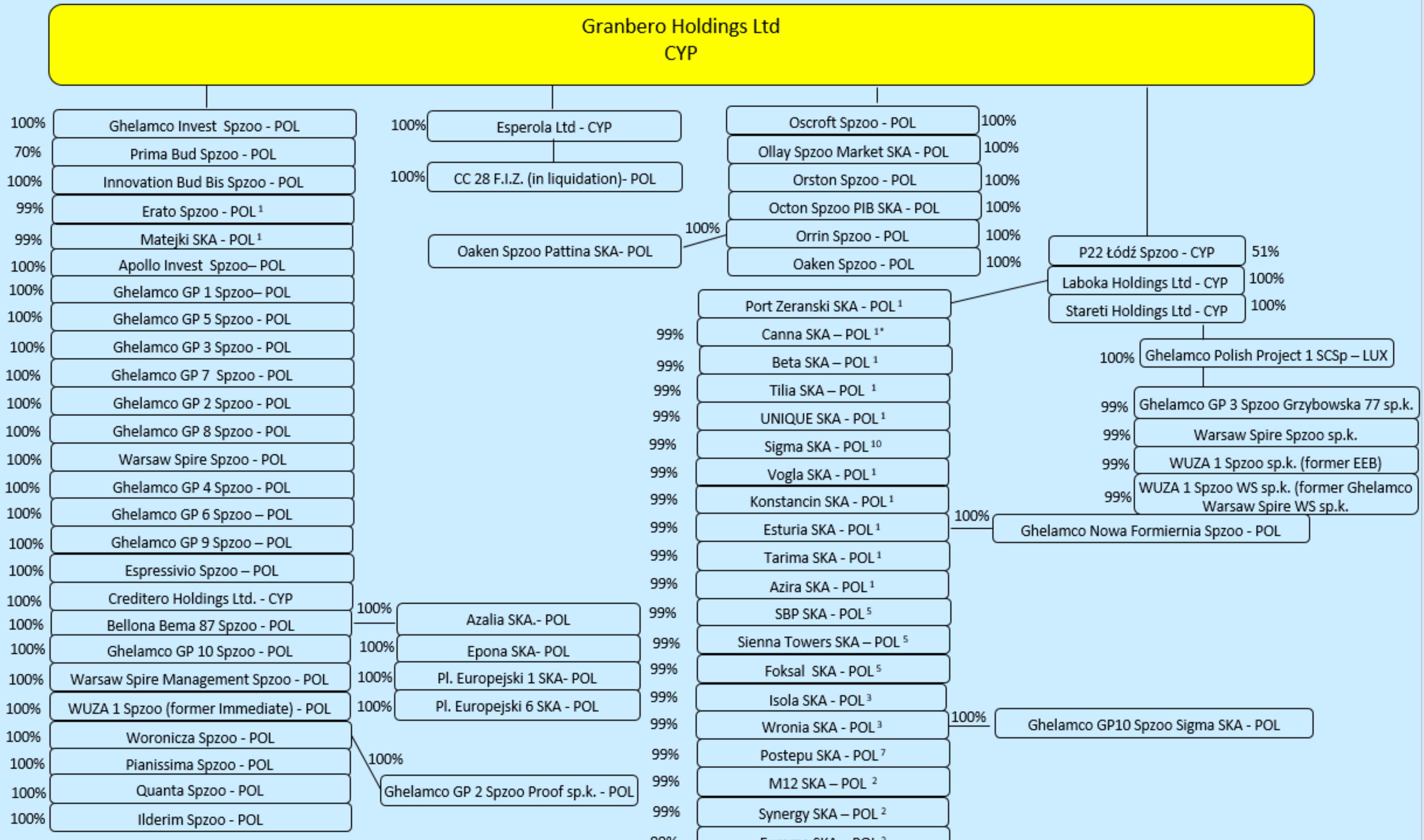
5.2. Belgian Real Estate Investment as per December 31st, 2016

Ghelamco Invest NV
BEL

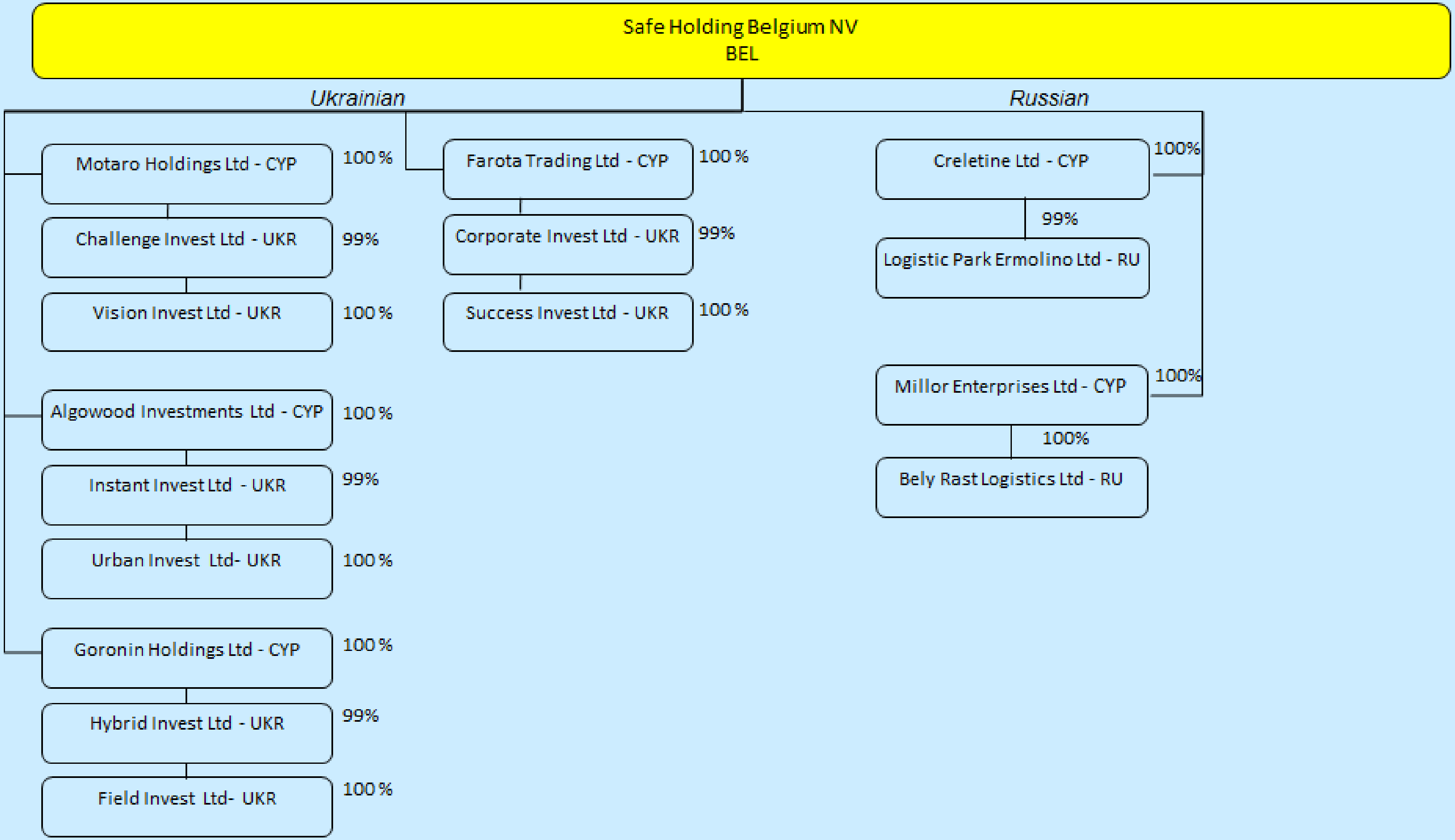
99%	The White House Zoute NV - BEL	Ring Multi NV - BEL	99%	Retail Leuven NV – BEL	99%
99%	Dock-site NV - BEL	Ring Offices NV - BEL	99%	Waterview NV - BEL	99%
99%	Wavre Retail Park NV - BEL	Ring Hotel NV - BEL	99%	Parking Leuven NV - BEL	99%
99%	Dianthus NV - BEL	Docora NV - BEL	99%	Leuven Student Housing NV – BEL	99%
99%	Nepeta NV - BEL	Artevelde-Stadion CVBA - BEL	11%	Eurostadium Events NV – BEL	99%
99%	RHR-Industries NV - BEL	MeetDistrict Gent NV - BEL	99%	Eurostadium Storage NV – BEL	99%
99%	Zeewind NV - BEL	De Nieuwe Filature NV - BEL	99%	Eurostadium Park NV - BEL	99%
99%	Forest Parc NV - BEL	Brussels Urban Invest NV – BEL	99%	Eurostadium Offices NV – BEL	99%
99%	Leisure Property Invest NV - BEL	Filature Parking NV – BEL	99%	Eurostadium Parking NV – BEL	99%
50%	Valbeto NV – BEL	Filature Retail NV – BEL	99%	Eurostadium Foot&Hospitality NV – BEL	99%
99%	Graminea NV – BEL	Kubel NV – BEL	99%	Pavilion NV – BEL	99%
99%	Brussels & Regional NV – BEL	Construction Link NV – BEL	99%	Ghelamco Campus NV – BEL	99%
99%	Citrien NV – BEL	Louise Freehold NV - BEL	99%	Belalan Bischoffsheim Leasehold NV - BEL	99%
100%	Pomme de Pin Expansion SAS – FRA	Rumilo NV - BEL	99%	Bischoffsheim Freehold NV - BEL	99%
100%	Pomme de Pin SAS – FRA	Caboli NV - BEL	99%	Belalan Louise Leasehold NV - BEL	99%
100%	Société Immobilière de Courchevel SARL – FRA				
100%	Le Chalet 1850 – FRA				

5.3. Polish Real Estate Investment as per December 31st, 2016

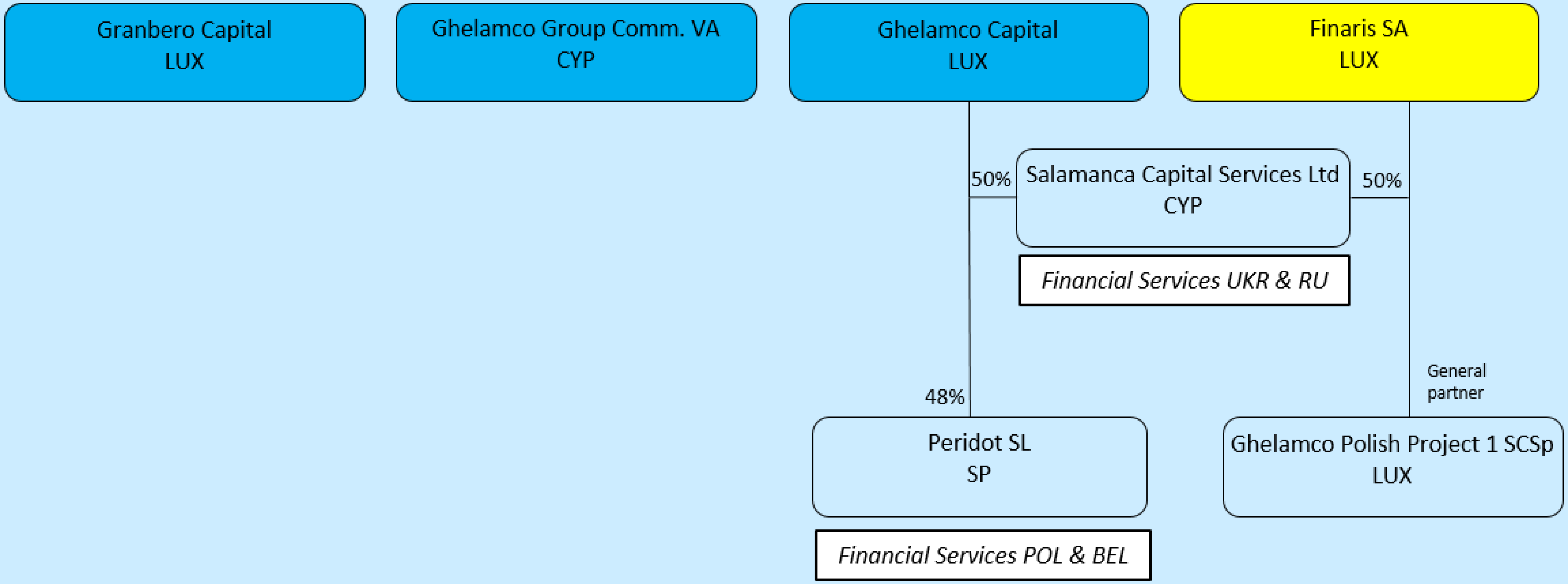


(1): remaining participation at general partner Ghelamco GP 1 Spzoo
(2): remaining participation at general partner Ghelamco GP 2 Spzoo
(3): remaining participation at general partner Ghelamco GP 3 Spzoo
(5): remaining participation at general partner Ghelamco GP 5 Spzoo
(6): remaining participation at general partner Ghelamco GP 6 Spzoo
(7): remaining participation at general partner Ghelamco GP 7 Spzoo
(8): remaining participation at general partner Ghelamco GP 8 Spzoo
(9): remaining participation at general partner Ghelamco GP 9 Spzoo
(10):): remaining participation at general partner Ghelamco GP 10 Spzoo
(11): remaining participation at general partner Ghelamco Warsaw Spire Spzoo

5.4. Ukrainian and Russian Real Estate Investment as per December 31st, 2016



5.5. Financial Services as per December 31st, 2016



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 2016 and 31 December 2015.

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	31/12/2016	31/12/2015
				KEUR	KEUR
BELGIUM					
Leisure Property Invest	Golf Knokke Zoute	Man	A	44,661	36,828
WRP	Wavre Retail Park	Man	A	8,000	12,600
Retail Gent	Retail Gent	CBRE	D	0	15,000
Parking Gent	Parking Gent	CBRE	C/D	0	30,390
Parking Estates	Parking Estates	CBRE	D	0	2,371
Zeewind	Zeewind	Man	D	1,746	1,746
Schelde Offices	Schelde Offices	JLL	D	0	34,250
Arte Offices	Arte Offices	JLL	D	0	37,250
Ring Hotel	Ring Hotel	Man	C	13,512	5,598
Ring Multi	Ghelamco Arena Multifunctional space	Cushman	D	22,625	20,425
Docora/Meetdistrict	Meetdistrict business center	Cushman	D	34,400	31,000
Ring Offices	Ghelamco Arena Offices	Cushman	D	0	0
Ghelamco Invest	Le 8300	Man	C	22,580	21,258
Waterview/Parking Leuven	Waterview Parkings	Man	D	8,434	8,434
Waterview/Retail Leuven	Waterview Retail	Cushman	D	8,650	8,000
Bischoffsheim Leasehold + Freehold	Spectrum	CBRE	B	41,500	0
Kubel/Construction Link	The Link	JLL	C	19,116	0
Subtotal Belgium				**225,224**	**265,150**
POLAND					
Apollo Invest	Spinnaker Tower	JLL	B	49,937	18,832
Postepu SKA	Postepu Business Park	KNF	B	8,110	10,030
Sienna Towers SKA	Sienna Towers	KNF	C	74,897	56,000
WS SKA/Warsaw Spire spzoo spk	Spire and Chopin Tower	KNF	D	526,780	391,209

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Ghelamco GP9 Spzoo Sobieski Towers sp.k	Sobieski Tower	BNP	B	29,595	24,824
Market SKA	Mszczonow Logistics	ASB	A	2,802	2,832
SBP SKA	Synergy Business Park Wroclaw	JLL	B	21,898	21,316
Grzybowska 77 SKA + Isola SKA	Grzybowska	KNF	A	25,480	23,500
Wronia SKA	Logistyka	KNF	C	30,491	20,778
Sigma SKA	Chopin + Stixx	KNF	B/D	38,529	32,430
Vogla SKA	Wilanow Retail	KNF	D	12,360	13,490
Tillia Bis SKA	Powisle	KNF	A	5,930	6,220
Dahlia SKA	Woloska 24	KNF	D	44,950	38,829
Nowa Formienrnia spzoo (former Budomal)	Przystanek/Mbank, Lodz	JLL	C	35,413	0
Subtotal Poland				**907,172**	**660,290**

RUSSIA

Bely Rast e.a.	Dmitrov Logistic Park	JLL	C/D	162,035	169,000
Ermolino	Logistic Park Ermolino	JLL	A	8,538	8,014
Subtotal Russia				**170,573**	**177,014**

UKRAINE

Success Invest	Kopylov Logistics Park	COLL	D	9,567	9,503
Urban Invest	Kopylov Logistics Park 2	UKR	A	918	942
Vision Invest	Warsaw Road Dev.	UKR	B	4,213	4,325
Subtotal Ukraine				**14,697**	**14,770**

TOTAL: **1,317,666** **1,117,224**

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 31 December 2014	**820,414**
Acquisition of properties	3,534
Subsequent expenditure	166,963
Transfers	
- Assets classified as held for sale	
- Other transfers	1,988
Adjustment to fair value through P/L	114,412
Disposals	-2,410
CTA	12,323
other	
Balance at 31 December 2015	**1,117,224**
Acquisition of properties	18,122
Subsequent expenditure	154,258
Transfers	
- Assets classified as held for sale	
- Other transfers	22,238
Adjustment to fair value through P/L	139,396
Disposals	-122,400
CTA	-11,172
other	
Balance at 31 December 2016	**1,317,666**

Categories	**A**	**B**	**C**	**D**	**Total**
Balance at 1 January 2015	**105,488**	**116,990**	**267,750**	**330,186**	**820,414**
Acquisition of properties	3,477		57		3,534
Subsequent expenditure (*)	3,008	7,006	97,133	72,139	179,286
Transfers					
- Assets classified as held for sale				400	400
- Other transfers	-21,989	-5,473	11,600	17,450	1,588
Adjustment to fair value	10,982	6,774	42,703	53,953	114,412
Disposals				-2,410	-2,410
Other					0
Balance at 31 December 2015	**100,966**	**125,297**	**419,243**	**471,718**	**1,117,224**
Acquisition of properties	7503		10,619		18,122
Subsequent expenditure (*)	3,497	35,059	50,470	54,062	143,087
Transfers					0
- Assets classified as held for sale					0
- Other transfers	-10,030	-784	-273,366	306,418	22,238
Adjustment to fair value	-5,607	34,210	21,743	89,049	139,396
Disposals			-32,700	-89,700	-122,400
Other					0
Balance at 31 December 2016	**96,329**	**193,782**	**196,009**	**831,547**	**1,317,666**

(*) in this detailed overview net of CTAs (and other)

In December 2016, the projects on the Dacar site in Ghent have been sold to Ghelamco European Property Fund, newly established and fourth holding of the Ghelamco consortium. It concerns following projects:

- The Blue Towers (offering +/- 28 Ksqm of office space)
- Parking Gent (holding the rights in rem of over 2,000 above and underground parking spaces on the Dacar site, around the Ghelamco Arena and under the new business hotel in Ghent)
- The Brico-Plan It retail hall (+/- 12 Ksqm retail hall, leased to to Brico-Plan It).

The (combined) transaction was structured as a share deal. The share price was based on the underlying fair values of the resp. real estate projects as of 31 December 2016 (i.e. 124.3 MEUR in total).

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

	2016	**2015**
Rental income	41,669	30,392

Rental income mainly relates to rent agreements in Belgium (The Blue Towers, Retail Gent, Parking Gent, Ring Multi (retail space in the Ghelamco Arena) and Meetdistrict), Poland (mainly Warsaw Spire), 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 2016 are as follows:

- 5.50% to 8.00% for Polish projects, depending on the location, specifics and nature of the project (vs. 5.75% to 8.25% last year)
- 5.25% to 7.25% for Belgian office projects (vs. 5.5% last year), depending on the location, specifics and nature of the investment
- 6.00% to 7.00% for Belgian retail projects (vs. 6.00% to 7.00% last year), depending on the location, specifics and nature of the investment.
- 12.00% for Russian projects (vs. 12.00 last year)
- 15.80% for Ukrainian projects (vs. 16.00% last year).

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

- 145 EUR/sqm/year to 230 EUR/sqm/year for Belgian office space (vs. 140 EUR/sqm/year to 165 EUR/sqm/year last year),
- 68 EUR/sqm/year to 130 EUR/sqm/year for Belgian retail space (vs. 74 EUR to 125 EUR last year), depending on the location, specifics and nature of the project.
- 10.5 EUR/sqm/month to 21.5 EUR/sqm/month for Polish office space (vs. 11.0 EUR to 25.5 EUR last year),
- 8.5 EUR/sqm/month to 32 EUR/sqm/month for Polish retail space (vs. 12 EUR to 32 EUR last year), depending on the location, specifics and nature of the project.
- 66-90 USD/sqm/year for Russian warehouse space and 132-180 USD/sqm/year for office space (part of the logistics projects) (vs. resp. 90 USD and 180 USD last year). These concern the average market rates which are applied to the void space, while contractual rates for the existing leases are to an extent higher.

- 3.5 USD/sqm/month for Ukrainian warehouse space and 5.0 USD/sqm/month for office space (part of the logistics projects) (vs. resp. 2.6 to 8.0 USD and 2.6 to 18.0 USD last year). Current year's rates and last year's low-end rates are market rates which are applied to the void space, while contractual rates for the existing leases are to an extent higher.

On 31 December 2016, the Investment Holding has a number of income producing investment properties (category D) which are valued at 831,547 KEUR (Meetdistrict, Ring Multi, Zeewind, Waterview retail and parkings, Warsaw Spire, Woloska 24, Vogla Wilanow, Kopylov Logistics Park and 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. 108,810 KEUR.

The investment properties (under construction) (category B and C) are valued using a number of assumptions in terms of e.g. construction cost, expected rental values etc. that are interlinked and for which a sensitivity analysis per variable would not make sense.

We also refer to note 1.9 for a description of the valuation process and methodology

7. Property, plant and equipment

	Property, plant and equipment	
in thousands €	**31.12.2016**	**31.12.2015**
Cost	1,233	1,036
Accumulated depreciation/amortisation and impairment	-834	-815
TOTAL	**399**	**221**

in thousands €	**Property, plant and equipment**
Cost	
Balance at 1 January 2015	1,256
Additions	1
Acquisitions through business combinations	
Disposals or classified as held for sale	-220
Revaluation increase	
Effect of foreign currency exchange differences	-1
Other	
Balance at 31 December 2015	1,036
Additions	306
Additions from internal developments	
Disposals or classified as held for sale	-106
Revaluation increase	
Effect of foreign currency exchange differences	-3
Other	
Balance at 31 December 2016	**1,233**

Accumulated depreciation and impairment

Balance at 1 January 2015	865
Depreciation/Amortisation expense	54
Disposals or classified as held for sale	-103
Impairment losses recognised in profit or loss	
Reversals of impairment losses recognised in profit or loss	
Effect of foreign currency exchange differences	-1
Other	
Balance at 31 December 2015	815
Depreciation/Amortisation expense	51
Disposals or classified as held for sale	-32
Impairment losses recognised in profit or loss	
Reversals of impairment losses recognised in profit or loss	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2016	**834**

8. Intangible assets

The intangible assets balance mainly relates to the naming rights which the Investment Holding has since mid-2013 on the Ghelamco Arena in Gent. Balance is amortized over the duration of the contract; i.e. 10 years. In accordance with the contractual terms, first instalment of 2.5 MEUR has been paid in Q1 2014; second instalment has been paid per mid-2016.

9. Property Development Inventory

The Property Development Inventories amount to 259,505 KEUR on 31 December 2016 (2015: 260,300 KEUR) and are detailed as follows:

	31/12/2016	31/12/2015
Property Development Inventories	259,436	260,234
Raw materials	64	62
Finished goods	6	4
	259,505	**260,300**

Property Development Inventories contain mainly land plots held for development of residential purposes and residential buildings either finished or still under construction.

	31/12/2016		31/12/2015	
Inventories – Poland	68,860	27%	53,666	21%
Inventories – Belgium	190,634	73%	206,631	79%
Inventories – Other countries	11		3	
	259,505	**100%**	**260,300**	**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 2016 - KEUR	Carrying value (at cost) at 31 December 2015 - KEUR
BELGIAN/FRENCH PROJECTS		
Ghel Invest - others	8,672	9,072
Le Valeureux Liégeois - East Dune	20.514	25,044
Locarno Knokke	7,695	6,528
Blinckaertlaan Knokke	6,750	6,204
Kanonstraat Brussel	794	794
Bleko Doornstraat Kortrijk	2,547	2,375
Dock-site	2,648	2.648
Residentie Katelijne	6,376	9,094
Project Waterside	1,206	1,398
Waterview	3,479	8.594
Sylt	7,308	9.720
Cromme Bosh	14,114	13,418
Kinder Siska	8,017	7,700
RHR-Carlton	9,911	1,545
De Nieuwe Filature/ Tribeca	18,455	15,208
Blaisantpark Gent	59	2,190
Belalan Louise/ Edition	10,253	9,394
Spectrum/ Bischoffsheim	3,765	16,459
Pomme De Pin - Courchevel	31,400	30,893
BUI De Ligne	-	24,000
Eurostadium Brussel	11,678	4,353
Le Chalet 1850-Courchevel	10,473	-
Arval site	4,520	-
TOTAL	**190,634**	**206,631**
POLISH PROJECTS		
Konstancin	4,895	4,608
Bellona-Bema	1,835	1,841
Foksal	13,189	9,770
Port Zeranski	3,067	2,942
Erato	1,921	1,781
M12 SKA	1,311	1,361
Matejki	1,197	1,256
Pattina	1,502	7
P.I.B.	3,061	3,020
Proof Invest - Q-Bik soft lofts	6,514	12,553
Innovation Bud Bis (former Signal)	23	495
Unique SKA (Pl Grzybowski)	4,340	4,141
Budomal SKA (Lodz) - Mbank		9,482
Garden Station SP. z o.o.	1,148	354
Synergy SKA	2,599	-
Canna SKA	3,010	-
Azira SKA	19,263	-
Other	-15	55
TOTAL POLAND	**68,860**	**53,666**
RUSSIAN PROJECTS		
SUBTOTAL RUSSIA	**-**	**-**

UKRAINIAN PROJECTS

SUBTOTAL UKRAINE	**11**	**3**
GRAND TOTAL	**259,505**	**260,300**

In Belgium and France, main part of current year expenditures have been done on the Tribeca project in Ghent (realisation of an approx. 35,000 sqm mixed residential and retail space project in Ghent) and the Eurostadium project.
In addition, there have been some acquisitions of plots/sites:
- Le Chalet 1850, site in Courchevel, France for the development of a residential project;
- The Arval site in Evere (+/- 10,800 sqm) for the future development of a mixed real estate project;
- Land parts in the Carlton site in Knokke-Zoute, in a joint-venture structure with a 3rd party, for the future development of a high-end residential project.

Eurostadium inventory relates to capitalized expenses related to the acquired leasehold and study costs.

In Poland, main acquisitions related to a plot in Lodz for amount of approx. 85 MPLN (via SPV Azira) for the future development of an office/multifunctional project.

Main divestures in Belgium:

- The De Ligne building at Rue de la Banque to the City of Brussels for a sales price of 27,000 KEUR
- Waterview Leuven: 65 student homes have been sold in 2016. Per date of the current report, over 90% of the total (461) available student units have been sold.
- Tribeca: invoicing under the Breyne legislation connected to (61 apartments and 56 parking spaces in) phase 2 of this mixed project at the Nieuwevaart in Ghent. Construction progress of phase 2 in this project was at 55% per end 2016. In addition, part of the plot has been sold to Woningent for an amount of 2.9 MEUR.
- Blaisantpark Ghent: In 2016 the last remaining commercial space and 61 parkings have been sold. Per end 2016, the project is as good as fully sold out.
- Katelijne, sale of the last high-end apartment in this residential project in Knokke
- Sylt, sale of 2 units (and 6 parking spaces) in this residential project in Knokke
- East Dune, sale of 7 apartments (and 5 above and 3 underground parking spaces) in this residential project in Oostduinkerke

Inventory sales in Poland mainly related to the further commercialization of apartments in the Woronicza Q-Bik project (350 residential soft lofts in Warsaw, of which per end 2016 approx. 95% have been sold).

In the current year, the Mbank balance in Poland and the Spectrum (offices part) balance in Belgium have been transferred from inventories to investment property.

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

10.1 Non-current receivables & prepayments

	Note	31/12/2016	31/12/2015
Non-current			
Receivables from related parties	28.3	46,073	44,070
Trade and other receivables		42,893	29,237
Total non-current receivables and prepayments		**88,966**	**73,307**

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 2016 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 2016 mainly consist of:

- Earn-out and rental guarantee receivables in connection with the sale in 2013 of the Senator project: 455 KEUR
- Rental guarantee receivables at the level of Espressivio Sp. z o.o. in connection with the sale of the Mokotow Nova and Lopuszanska Business Park projects: 631 KEUR
- Master lease and rental guarantee retentions in connection with the disposal of Marynarska 12/T-Mobile Office Park: 285 KEUR
- Capitalised rent free and agency fees at the level of Warsaw Spire Sp. z o.o., in connection with the leasing of the Warsaw Spire Project: 6.39 MEUR
- Capitalised agency fees at the level of Dahlia SKA, in connection with the leasing of the Woloska 24 project: 1,099 KEUR
- Other Peridot loans: 31,236 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	31/12/2016	31/12/2015
Current			
Receivables from related parties		6,850	1,326
Receivables from third parties		10,536	7,700
Less: allowance doubtful debtors (bad debt provision)		-	-31
Net trade receivables		17,386	8,995
Other receivables		4,175	4,567
Related party current accounts	28.3	107,717	51,844
VAT receivable		12,455	12,887
Prepayments		1,462	1,088
Interest receivable		24,513	20,243
Total current trade and other receivables		**167,708**	**99,624**

Current trade and other receivables

The carrying amounts of trade and other receivables approximate their fair values determined based on the future cash flows discounted at the prevailing rate for a similar instrument of an issuer with a similar credit rating.

Trade receivables from related parties (and prepayments, see below) include invoices for construction, engineering and other services as described in Note 28.2.
Current Accounts receivable from related parties mainly consist of:
-69.8 MEUR vs. IRS Comm. VA
-2.5 MEUR vs. Tallink Investments Ltd.
-33.0 MEUR current account which Ghelamco Invest holds vs. Ghelamco European Property Fund, after the sale of the Dacar site; ut supra
-12.9 MEUR current account which Ghelamco Invest holds vs. Parking Gent (part of the above Dacar sale).

Prepayments

Outstanding prepayments as of 31 December 2016 mainly represent:

- 882 KEUR (vs. 703 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.
- 312 KEUR (vs. zero last year) at SPV Dahlia SKA: advance payments for construction services to be delivered
- 189 KEUR (vs zero last year) at SPV Sienna Towers SKA: advance payments for construction services to the delivered

Interest receivable

The interest receivable consists of an amount of 21,455 KEUR from related parties (18,284 KEUR last year).

VAT receivable

The outstanding balance as of 31 December 2016 mainly relates to VAT receivables in the following countries:

- Belgium: 1,385 KEUR (main originating projects: Meetdistrict and Construction Link)
- Poland: 10,168 KEUR (main originating projects: Woloska 24, Warsaw Spire, Warsaw Hub)
- Russia: 765 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 €	31.12.2016	31.12.2015
Balance at beginning of the year	**31**	**31**
Impairment losses recognised on receivables		
Amounts written off during the year as uncollectible		
Amounts recovered during the year		
Impairment losses reversed	-31	
Foreign exchange translation gains and losses		
Balance at end of the year	**0**	**31**

As of 31 December 2016 and 2015, 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

There are no outstanding balances related to the market value of derivatives as of 31/12/16 and 31/12/15.

Also refer to section 2.1.1 above.

12. Cash and cash equivalents

	31/12/2016	31/12/2015
Cash at banks and on hand	59,001	84,587
Short-term deposits		
	59,001	**84,587**

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 (898.9 MPLN + 6.3 MEUR total outstanding bonds at 31 December 2016) and Belgium (220 MEUR total outstanding bonds at 31 December 2016).

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13. Share capital

	31/12/2016	31/12/2015
Authorized		
35,908 ordinary shares without par value	73,194	73,194
issued and fully paid	73,194	73,194

At 31 December 2016, the Company's direct shareholders are:

- **Stak Pater** (the Netherlands) - 99.97% (35,898 shares) (Dutch company)
- **Opus Terrae BVBA** (Belgium) - 0.03% (10 shares) (Belgian Ltd, acting as the working partner)

Mr. Paul Gheysens and Mrs. Ria Vandoorne are the ultimate beneficial owners of Pater BV and Opus Terrae BVBA.

13.1 Distribution of dividends within the Investment Holding

No dividends have been distributed in the course of 2016 (and 2015).

13.2 Non-Controlling Interests

	31/12/2016	31/12/2015
balance at beginning of year	6,247	5,508
share of profit for the year	1,055	733
acquistions/disposals	-1,923	6
Balance at end of year	**5,379**	**6,247**

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14. Reserves and retained earnings

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

	Cumulative translation reserve	Retained earnings
At 1 January 2015	12,198	480,283
Cumulative translation differences (CTA)	-67	
Dividend distribution to the ultimate shareholders		
Change in non-controlling interests		
Change in the consolidation scope		171
Other		
Profit for the year		89,348
At 31 December 2015	**12,131**	**569,802**

	Cumulative translation reserve	Retained earnings
At 1 January 2016	12,131	569,802
Cumulative translation differences (CTA)	9,160	
Dividend distribution to the ultimate shareholders		
Change in non-controlling interests		
Change in the consolidation scope		-78
Other		
Profit for the year		95,694
At 31 December 2016	**21,291**	**665,418**

15. Interest-bearing loans and borrowings

		31/12/2016	31/12/2015
Non-current			
Bank borrowings – floating rate	15.1	491,352	409,809
Other borrowings	15.2/15.3	415,597	369,175
Finance lease liabilities		0	0
		906,949	**778,984**
Current			
Bank borrowings – floating rate	15.1	135,778	112,191
Other borrowings	15.2	14,365	15,347
Finance lease liabilities		1	11
		150,144	**127,549**
TOTAL		**1,057,093**	**906,533**

15.1 Bank Borrowings

During the year the Group obtained new secured bank borrowings mainly expressed in EUR and USD and withdraw on existing credit facilities for a total amount of 211.8 MEUR (mainly 56.0 MEUR in Belgium, 155.8 MEUR in Poland), large part of which are Euribor based. On the other hand, reimbursements and refinancings have been done for a total amount of 26.8 MEUR. In addition, a total amount of 79.8 MEUR has been sold outside the Group, in connection with the sale of projects to the Ghelamco European Property Fund. Also considering conversion differences (on mainly the outstanding USD loans), this brings the total outstanding amount of bank borrowings to 627.1 MEUR (compared to 522.0 MEUR at 31/12/2015).

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 2017, 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 currently 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:

	31.12.2016				31.12.2015			
	<1 y	**between 2 and 5 y**	**>5y**	**total**	**<1 y**	**between 2 and 5 y**	**>5y**	**total**
Credit institutions withdrawn credits	159,219	216,681	349,662	725,561	130,787	311,413	155,275	597,475
Financial lease				0				0
Total	**159,219**	**216,681**	**349,662**	**725,561**	**130,787**	**311,413**	**155,275**	**597,475**
Percentage	22%	30%	48%	100%	22%	52%	26%	100%

External bank borrowings by currency

Large parts of external bank borrowings are Euro denominated, except for mainly Belyrast in Russia (USD loan) and Postepu (and some VAT financing) in Poland (PLN loan).

Interests on bank borrowings – interest rate risk

Interests on land acquisition and development loans are considered as floating since the variable component of the interest formula will always be fixed for a period not superseding one year.

On 31 December 2016, the Investment Holding had the following investment loan(s):

- 30,593 KEUR in total on Belgian projects Retail Leuven, Meetdistrict and Ring Multi; loans which are serviced by the actual rental income of the resp. properties
- 6,246 KEUR on Polish project Plac Vogla; loan which is serviced by the the rental income of the property
- Belyrast Ltd (Russia) 90.4 MUSD in total, bearing a Libor 3M based (+ 7.15% margin on the building A loan and + 8.15% on the building B loan) interest rate. The debt is fully serviced by the actual rental income of phase 1 (building A) and 2 (building B) of the Dmitrov Logistic Park project.

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

- Belgium: between 1.3% and 3,00%
- Poland: between 2.40% and 4.6%
- Ukraine: currently not applicable
- Russia : 7.15% (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 6,140 KEUR lower/higher profit before tax for 2016.

15.2 Other borrowings Bonds (414,437 KEUR long-term – 7,365 KEUR short-term)

Belgium

Ghelamco Invest NV has in 2012 issued private unsecured bonds for a total amount of 42 MEUR (25.05 MEUR bond serie A, maturing on 13/12/15 and bearing a fixed interest of 7.0% - 16.95 MEUR bond serie B, maturing on 13/12/17 and bearing a fixed interest of 7.875%). These bonds were secured by a first demand guarantee from Ghelamco Group Comm. VA and were underwritten by a select group of institutional investors and high-net-worth individuals.
In December 2015, Ghelamco Invest redeemed its 2012 private unsecured bonds for the total amount of 42 MEUR (serie A for an amount of 25.05 MEUR on its contractual maturity date 13/12/15 and serie B for an amount of 16.95 MEUR on the same date, through early redemption).

Also, 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 interest rate of 6.25%. This bond program has again been coordinated by KBC Securities and Belfius Bank.

In addition, Ghelamco Invest has on 24 June 2015 launched a new EMTN bonds program for a maximum amount of 150 MEUR. First tap on this program has resulted in the issue of a first tranche of 79,100 KEUR and in December the remaining amount of 70,900 KEUR has been raised. The bonds, which are listed on Euronext, have as maturity date 3/07/2020 (first tranche) and 14/06/2021 (second tranche), bear an interest rate of 4.5% (first tranche) and 4.125% (second tranche) and are secured by a first demand guarantee from Ghelamco Group Comm. VA. The program has been coordinated by Belfius, BNP and KBC. Both tranches have been underwritten by institutional investors and high-net-worth individuals. Since its bond listing on Euronext, Ghelamco Invest is formally considered as a Public Interest Entity (PIE), with related transparancy, governance and reporting requirements to the benefit of the investors.

Goal of the issues is to diversify financial resources and secure the mid-term funding necessary to secure the realization of the pipeline of Belgian and French projects.

Total balance of outstanding bonds per balance sheet date (217,149 KEUR) represents the amount of issue (220 MEUR) less capitalized issue costs (of which mainly the issuing banks' arrangement fees), which are amortized over the term of the bonds.

Poland

On 29 January 2016, the Financial Supervision Commission (Komisja Nadzoru Finansowego) has approved Ghelamco Invest Sp. z o.o.'s base prospectus for the issue of a total amount of 350 MPLN public retail bonds in connection with its Bond Issue Programme IV.

Ghelamco Invest Sp. z o.o. has in 2016 within this programme issued public bonds (tranche PPE, PPF, PPG, PPH, PPI, PPJ, PPK and PPL) for a total amount of 290 MPLN. These bonds have a term of 4 years and bear an interest of Wibor 6 months +4%.

In addition, Ghelamco Invest Sp. z o.o. issued in December 2016 public (non-prospectus) bonds (series PF) for a total amount of 115.2 MPLN to institutional investors. These bonds also have a term of 4 years and bear an interest of Wibor 6 months +4%.

The bonds are secured by a guaranty granted by Granbero Holdings Ltd.

The proceeds of the above bond issues have been applied to redeem other/existing outstanding bonds, to service the (interests on) the resp. bond programs and for the financing of the Group's further investment projects within the Warsaw metropolitan area, in Wroclaw or Katowice.

Ghelamco Invest Sp. z o.o. redeemed bonds in 2016 for a total amount of 173.9 MPLN (i.e. 33.7 MPLN redemptions on maturity date and 138.2 MPLN early redemptions/refinancings).

Total bonds balance outstanding per balance sheet date (204,653 KEUR) represents the amount of issue (898.9 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 1,860 KEUR lower/higher profit before tax for 2016.

Summary of contractual maturities of (Belgian and Polish) bonds, including interest payments.

	31.12.2016				31.12.2015			
	<1 y	**between 2 and 5 y**	**>5y**	**total**	**<1 y**	**between 2 and 5 y**	**>5y**	**total**
Belgian2013 bonds	4,375	74,375	0	78,750	4,375	78,750	0	83,125
Belgian EMTN bonds 1st tranche	3,560	89,780	0	93,340	3,560	93,338	0	96,898
Belgian EMTN bonds 2nd tranche	2,925	81,138	0	84,063	2,925	11,699	72,362	86,986
Polish bonds	19,922	223,637	0	243,558	17,868	171,277	0	189,145
	30,782	**468,929**	**0**	**499,711**	**28,728**	**355,064**	**72.362**	**456,023**
	6%	94%	0%	100%	6%	78%	16%	100%

15.3 Other borrowings: Other

31/12/2016 8,161 KEUR

Other borrowings in EUR at 31 December 2016 include:

- Tallink Investments Ltd.: 897 KEUR
- Ghelamco Poland Sp. z o. o: 102 KEUR
- 7 MEUR short-term loan from a third party investor, related to a specific Polish project, maturing on 30/06/2017 and bearing an interest rate of 4.5%

31/12/2015 9,024 KEUR

Other borrowings in EUR at 31 December 2015 include:

- Tallink Investments Ltd.: 1,040 KEUR
- Ghelamco Poland Sp. z o. o: 176 KEUR
- Rent deposits: 906 KEUR (non-current)
- 7 MEUR short-term loan from a third party investor, related to a specific Polish project, maturing on 30/06/2016 and bearing an interest rate of 4.5%

15.4 Miscellaneous information

No defaults of payments or breaches of borrowing agreements occurred as of 31 December 2016.

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 2016, the Group has bank loans available to be drawn for a total amount of 43,300 KEUR in Poland and 60,573 KEUR in Belgium.

16. 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)	**31.12.2016**				
	At fair value through P/L-held for trading	**Available for sale**	**Loans and receivables/fin. liabilities at amortised cost**	**Fair value**	**Fair value level**
Other financial investments					
Other financial assets			4,380	4,380	2
Non-current receivables					
Receivables and prepayments			88,966	88,966	2
Restricted cash			-	-	2
Current receivables					
Trade and other receivables			154,797	154,797	2
Derivatives	-			-	2
Cash and cash equivalents			59,001	59,001	2
Total Financial Assets	**0**	**0**	**307,144**	**307,144**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			491,352	491,352	2
Bonds Poland			197,288	202,791	1
Bonds Belgium			69,504	74,964	2
Bonds Belgium (Euronext)			147,645	146,572	1
Other borrowings			1,060	1,060	2
Finance lease liabilities					
Interest-bearing borrowings - current					
Bank borrowings			135,778	135,778	2
Bonds Poland			7,365	7,484	1
Bonds Belgium			-	-	2
Other borrowings			7,000	7,000	2
Finance lease liabilities			11	11	2
Current payables					
Trade and other payables			44,208	44,208	2
Total Financial Liabilities	**-**	**-**	**1,101,201**	**1,111,210**	

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Financial instruments (x € 1 000)	**31.12.2015**				
	At fair value through P/L- held for trading	**Available for sale**	**Loans and receivables/ fin. liabilities at amortised cost**	**Fair value**	**Fair value level**
Other financial investments					
Other financial assets			4,000	4,000	2
Non-current receivables					
Receivables and prepayments			73,307	73,307	2
Restricted cash			-	-	2
Current receivables					
Trade and other receivables			85,117	85,117	2
Derivatives	-			-	2
Cash and cash equivalents			84,587	84,587	2
Total Financial Assets	**0**	**0**	**247,011**	**247,011**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			409,809	409,809	2
Bonds Poland			151,159	155,086	1
Bonds Belgium			68,987	75,424	2
Bonds Belgium (Euronext)			147,017	149,448	1
Other borrowings			2,012	2,012	2
Finance lease liabilities					
Interest-bearing borrowings - current					
Bank borrowings			112,191	112,191	2
Bonds Poland			8,335	8,417	1
Bonds Belgium			-	-	2
Other borrowings			7,012	7,012	2
Finance lease liabilities			11	11	2
Current payables					
Trade and other payables			36,066	36,066	2
Total Financial Liabilities	**-**	**-**	**942,599**	**955,476**	

The above table provides an analysis of financial instruments grouped into Levels 1 to 3 based on the degree to which the fair value (recognized on the statement of financial position or disclosed in the notes) is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.
- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.
- Other financial assets AFS are participations at cost. The fair value of these assets cannot be measured reliably as these concern unlisted entities

The fair value of interest bearing liabilities does not materially differ from carrying amount, since largest part relates to floating interest bearing debts. The fair value of long term interest bearing debts (in absence of published price quotations in an active market) is calculated as the present value of cash flows discounted at the relevant current market interest rates adjusted for a company-specific margin. The fair value of short-term interest bearing debts and floating interest-bearing debts is assumed equivalent to their carrying amount.

Largest part of the Investment Holding's interest bearing liabilities are floating interest bearing debts. Mainly Belgian bonds are fixed interest bearing debts.

We also refer to note 10.1 for the description of the fair value determination

17. Provisions

Balance at 1 January 2016		**140**
Additional provisions recognised		
Reductions		
Reversals		-20
Unwinding of discount		
Other		
Balance at 31 December 2016		**120**
	Non current	***120***
	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 €	**31/12/2016**	**31/12/2015**
Deferred tax assets	9,819	9,742
Deferred tax liabilities	-34,905	-41,483
TOTAL	**-25,086**	**-31,741**

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 2015	**-21,615**	**-2,948**	**7,225**	
Recognised in income statement	-25,249	2,449	8,570	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other		-173		
Balance at 31 December 2015	**-46,864**	**-672**	**15,795**	
Recognised in income statement	-2,889	-524	-291	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals	11,325		-840	
Other			-126	
Balance at 31 December 2016	**-38,428**	**-1,196**	**14,538**	**-**

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 €	**31/12/2016**	**31/12/2015**
DTA on unused tax losses	3,318	6,194
DTA on unused tax credits	1,090	3,998
TOTAL	4,408	10,192

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:

	31/12/2016
Trade payables: third parties	13,237
Trade payables: related parties	7,193
Related parties current accounts payable	4,030
Misc. current liabilities	20,716
Deferred income	2,811
Current employee benefits	120
Total trade and other payables	**48,108**

	31/12/2015
Trade payables: third parties	13,378
Trade payables: related parties	954
Related parties current accounts payable	60
Misc. current liabilities	23,646
Deferred income	1,895
Current employee benefits	77
Total trade and other payables	**40,010**

Trade payables towards related parties include amongst others the amounts payable to the Development Holding for construction and engineering coordination services received. On 31/12/2016, the trade payables include 7.193 KEUR towards related parties (vs. 954 KEUR last year), as follows:

- CLD: 188 KEUR
- Others 64 KEUR
- Ghelamco Russia: 5,859 KEUR
- Apec Ltd: 195 KEUR
- Ghelamco Poland Sp. z o.o: 887 KEUR

Outstanding balance on related parties C/A payable is mainly towards Ghelamco Poland Spzoo (3,935 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 to a significant extent relates to deferred income from pre-sales in the QBik residential project. Also some deferred rental income is included (1.2 MEUR).

Trade payables are non-interest bearing and are settled in accordance with the contractual terms. The carrying amounts of trade and other payables approximate their fair value, as those balances are short-term.

20. Current tax liabilities

Current tax payables can be allocated to the following countries (in KEUR):

- Belgium: 1,647 KEUR
- Luxembourg: 932 KEUR
- Spain: 407 KEUR
- Cyprus: 1,618 KEUR
- Poland: 0 KEUR

Total for 2016: **4,604 KEUR** (vs. 3,889 KEUR in 2015)

21. Revenue

Revenue is mainly generated from the following sources:

in thousands €	31.12.2016	31.12.2015
Sales of Residential Projects		
Projects Belgium	61,986	56,312
Projects Poland	5,498	11,329
Rental Income	41,669	30,392
Other	1,359	1,403
TOTAL REVENUE	**110,512**	**99,436**

Rental income as of 31 December 2016 relates to rent from commercial projects in Belgium (9,511 KEUR), Poland (15,205 KEUR), Russia (14,228 KEUR) and Ukraine (2,725 KEUR).

The residential projects sales as of 31 December 2016 mainly relate to:

- The De Ligne building at Rue de la Banque to the City of Brussels for a sales price of 27,000 KEUR
- Blaisantpark Ghent: the last remaining commercial space and 61 parking spaces (1,461 KEUR)
- Waterview Leuven: 65 student homes (8,993 KEUR)
- Villas and apartments at the Belgian coast (6,862 KEUR)
- Tribeca: invoicing under the Breyne legislation connected to (61 apartments and 56 parking spaces in) phase 2 in this mixed project at the Nieuwevaart in Ghent (12,284 KEUR); construction progress of this part of the project was per 31 December 2016 at 55%. In addition, part of the plot was sold to Woningent for an amount of 2.9 MEUR.
- Soft loft apartments in the QBik project, Warsaw (5,498 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 €	31.12.2016	31.12.2015
Future minimum rental income:		
Less than 1 year	37,654	37,397
Between 1 and 2 years	41,155	42,855
Between 2 and 3 years	38,402	41,293
Between 3 and 4 years	34,329	38,370
Between 4 and 5 years	32,025	31,587
More than five years	87,136	88,823
TOTAL FUTURE MINIMUM RENTAL INCOME	**270,701**	**280,324**

22. Other items included in operating profit/loss

Other operating income and expenses in 2016 and 2015 include the following items:

	2016	2015
Other operating income		
Net gains on disposal of investment property	1,922	510
Other	9,559	5,439
Net gains on disposals of property, plant and equipment	-	-
total:	**11,481**	**5,949**

Current year's other operating income includes the gain on the disposal of the Blue Towers to Ghelamco European Property Fund for an amount of 1,992 KEUR.

In addition re-charges of real estate tax and fit-out expenses to tenants are included (mainly on Belgian (+/- 3.0 MEUR) and Polish (+/- 5.4 MEUR, mainly Warsaw Spire related) delivered projects).

Other operating income also to an extent relates to income from related parties (1,146 KEUR). 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 28.3.

Last year's other operating income included the net gain on the disposal of the remaining offices space in Ring Offices for an amount of 510 KEUR.

	2016	2015
Gains from revaluation of Investment Property	139,397	114,412

Fair value adjustments over 2016 amount to 139,397 KEUR, which is mainly the result of current year's further investment and leasing efforts in Poland (mainly on the Warsaw Spire and the Mbank project in Lodz) and Belgium (mainly on The Link in B and the commercial part of Spectrum in Brussels), in combination with evolution in market conditions (yield and rent level evolution).

The political and economic situation in Ukraine and Russia remains a concern but has further stabalized in 2016. In Russia, the RUB has to an extent recovered vs. the EUR (and the USD), the yields remained quite stable, but the market rental levels for (refrigerated) warehousing are still under pressure. This has resulted in the recognition of further negative fair value adjustments on mainly the Dmitrov project in portfolio.

It is however to be noted that main part of the Group's investments in both regions consists of delivered projects which are to a significant extent leased to renowned multinational companies. In addition, Group management expects that the above difficult situation is of a temporary nature.

A detail of current year's total fair value adjustment can be given as follows:

Belgium	32,484
Poland	131,050
Russia	-24,063
Ukraine	-74
	139,397

	2016	2015
Other operating expenses		
Operating lease/ rental/housing expenses	2,114	1,984
Taxes and charges	3,041	3,718
Insurance expenses	1,165	1,016
Audit, legal and tax expenses	4,448	2,559
Traveling	1,099	1,268
Promotion	1,926	1,561
Bank fees	184	150
Sales/agency expenses	11,789	15,089
Rental guarantee expenses	1,079	3,376
Operating expenses with related parties	13,116	6,465
Maintenance & management	1,026	878
Miscellaneous	3,746	2,692
Total:	**44,733**	**40,756**

Other operating expenses with related parties both concern the re-invoicing of costs within the framework of Service Level Agreements with IRS Comm. VA and Deus Comm. VA. and fit-out expenses charged by Ghelamco Poland (and afterwards further re-charged to tenants) (also refer to note 28.3) and .

Current year's sales expenses are mainly related to the release to the income statement of capitalized (mainly) agency fees in connection with the step-up transaction in Poland in the first half of 2016 and to commission expenses in the Waterview (student houses) project in Belgium.

	2016	2015
Employee benefit expenses		
Wages and salaries	1,093	868
Social security costs	187	190
Other		
Total:	**1,280**	**1,058**

23. Cost of Property Development Inventories

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

	2016	2015
Movement in inventory	8,079	-5,074
Purchases	-62,359	-43,891
	-54,280	**-48,965**

(*) 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 172,380 KEUR (transfers of 22,238 KEUR not included).

24. Finance income and finance costs

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

	2016	2015
Foreign exchange gains		998
Interest income	6,468	5,429
Other finance income	80	
Total finance income	**6,548**	**6,427**
Interest expense	-40,872	-22,552
Other finance costs	-7,435	-3,820
Foreign exchange losses	-14,420	-
Total finance costs	**-62,727**	**-26,372**

It is to be noted that interest expenses related to Investment Property projects are not included in the above 2016 and 2015 figures, as those have directly been capitalized on IP. It concerns an amount of 12,755 KEUR (vs. 19,634 KEUR last year).

Interest expenses mainly relate to interests on bank loans and bonds.

Interest income mainly includes interests on loans to related parties.

It is to be mentioned that a significant part of the exchange differences is unrealized (and connected with the conversion of outstanding loans). It concerns a snapshot per year-end, impact of which mainly depends on the evolution of the EUR/PLN-RUB-UAH exchange rate. Relatively significant exchange loss in the current year goes together with the relatively weakened PLN spot rate vs. the EUR.

Other finance costs mainly relate to the partly release to the profit and loss statement of the capitalized bond issue and bank (re-)financing expenses (which are amortized over the duration of the resp. bonds and/or bank loans).

Previous year's other finance costs also included limited hedge results, mainly connected to the marking to market of the as of balance sheet date outstanding (currency and interest) hedging contracts (290 KEUR unfavourable).
Except for this last item, all financial income and expenses mentioned in the table above are related to financial instruments measured at amortized cost.

25. Income taxes

Income tax expense recognized in the consolidated income statement:

	31.12.2016	**31.12.2015**
current income tax	3,892	4,209
deferred tax	3,704	14,230
Total	**7,597**	**18,439**

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 €	**31.12.2016**	**31.12.2015**
Result before income taxes	104,346	108,520
Income tax expense/gain calculated at 33,99%	35,467	36,886
Effect of different tax rates in other jurisdictions	-11,000	-14,600
Effect of non-deductible expenses	1,720	724
Effect of revenue that is exempt from taxation	-2,497	-1,470
Effect of use/recognition of previously unrecognized tax losses	-410	-6,103
Effect of current year losses for which no DTA is recognized	3,547	1,774
Effect of tax incentives not recognized in the income statement	-865	-76
Effect of under/over-accrued in previous years	70	947
Effect of change in local tax rates	176	343
Release of cumulated DTL balance re. step-up operation H1 2016	-18,753	
Effect of share deal Rubia		-
Effect of share deal RPI		-
Effect of share deal L-Park		-
Other	142	14
INCOME TAX EXPENSE RECOGNISED IN INCOME STATEMENT	**7,597**	**18,439**

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'.

Current year's release of DTL balances to the P&L relates to the step-up operation (see also note 1.16) which took place during the first half of 2016. Released balances relate to the accumulated deferred tax liabilities which were formerly recognized on the fair values of the Warsaw Spire and Grzybowska 77 projects at the moment of the step-up operation.

26. Contingent liabilities and contingent assets

26.1 (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 2016 and 2015.

Company	Project name	Amount of bank loan-books (KEUR/KUSD)		Corporate guarantees as per 31/12/2016 (KEUR)	
BELGIUM					**Guarantee by Ghelamco Invest NV**
Retail Leuven					
Waterview	Waterview	EUR	6,885	6,885	Cash deficiency guarantee, subordination declaration
Leuven Student Housing					
WRP	Wavre Retail Park	EUR	5,906	5,906	Cash deficiency guarantee
Leisure Property Invest	Golf Knokke Zoute	EUR	15,000	5,000	Corporate Guarantee, cash deficiency, cost overrun, subordination declaration Peridot
Zeewind	Zeewind	EUR	378	378	Corporate Guarantee, cash deficiency
Bischoffsheim Freehold	Spectrum	EUR	1,750	1,750	Corporate Guarantee, cash deficiency
Belalan Bischoffsheim Leasehold	Spectrum	EUR	8,750	8,750	Corporate Guarantee, cash deficiency
Louise Freehold	Edition	EUR	640	640	Corporate Guarantee, cash deficiency
Belalan Louise Leasehold	Edition	EUR	6,560	6,560	Corporate Guarantee, cash deficiency
MeetDistrict Gent	MeetDistrict Gent	EUR	19,075	5,000	Corporate Guarantee, cash deficiency, cost overrun
Ring Multi	part Ghelamco Arena	EUR	7,293	4,000	Corporate Guarantee, cash deficiency
R.H.R.- Industries	Carlton	EUR	10,270	10,270	Corporate Guarantee, cash deficiency, cost overrun
Kubel	The Link	EUR	4,500	4,500	Corporate Guarantee, cash deficiency

Company	Project name	Amount of bank loan-books (KEUR)		Corporate guarantees as per 31/12/2016 (KEUR)	
POLAND					**Guarantee by Granbero Holdings Ltd.**
Warsaw Spire SKA	Warsaw Spire	EUR	300,000	300,000	Corporate suretyship and guarantee agreement
Sienna Towers SKA	Sienna Towers	EUR	7,707	7,707	Corporate guarantee

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Wronia SKA	Wronia	EUR	12,383		Suretyship, cash deficiency
SBP SKA	Wroclaw Business Park	EUR	5,850	5,850	Corporate guarantee, cash deficiency
Foksal SKA	Foksal	EUR	4,000	4,000	Corporate guarantee, cash deficiency
Sobieski SKA	Sobieski Towers	EUR	3,062		Suretyship, cash deficiency
Isola SKA	Grzybowska 77	EUR	4,282		Suretyship agreement
Vogla SKA	Plac Vogla	EUR	6,246	6,246	Corporate Guarantee
Dahlia SKA	Woloska 24	EUR	29,429		Suretyship and cash deficiency
Nowa Formiernia Sp. z.o.o.	mBank	EUR	12,999		Suretyship agreement

RUSSIA					**Guarantee by Safe Holding Belgiuim**
BelyRast	Dmitrov Logistics Park Building C	USD	5,797	4,800	support deed re. cash deficiency guarantee (and in the event of default by Safe Holding Belgium, by Ghelamco Group)

No corporate guarantees were given by the Investment Holding to ensure repayment of the bank loans of the related parties under the common control of the ultimate beneficial owners at 31 December 2016 (but not part of the Investment Group).

The Investment Holding does not apply cross liability, meaning that Ghelamco Invest NV, Safe Holding Belgium NV and Granbero Holdings Ltd do not guarantee loans of affiliates belonging to other internal holdings.

26.2 Representations and warranties provided with respect to the real estate projects sold

Each 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 surety ships, cost overruns or debt service commitments.

27. Commitments

27.1 (Capital) Commitments

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

	2016	**2015**
Architectural and Engineering contracts	10,697	24,801
Construction contracts	294,796	101,943
Purchase of land plots	1,062	-
Purchase of shares (connected with landbank)	5,547	-
Total	**312,102**	**126,744**

At 31 December 2016, the Investment Holding has entered into a number of contracts with third parties for the acquisition of the following assets (land plots) or shares:

Binding contracts

- Poland: None for plots of land for residential/commercial property development; except for a land plot at Piaseczno which was actually acquired in April 2016 (by the SPV Pattina) but for which a conditional purchase price adjustment (of 4.7 MPLN) is still outstanding (condition expected to be met in the course of 2017) .
- Belgium: Per end 2016 a framework agreement was outstanding for the acquisition of land parts in the Carlton site in Knokke-Zoute, for the future development the high-end residential project Carlton One in a joint-venture structure with a third party. Shortly before year-end, first part of land parts was acquired through an asset deal for an amount of 8,742 KEUR. And early February

2017, 2nd part has been acquired through the acquisition of (50% of) the shares of 2 companies holding the remaining land parts. Total share price amounted to 5,547 KEUR.

Non-binding contracts

- Different other option contracts or rights to acquire property without the obligation for the 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:

- Foksal high-end residential project: 17,790 KEUR
- Mbank project in Lodz (approx. 25,000 sqm office space): 16,197 KEUR
- Wronia (approx. 15,400 sqm office space): 10,505 KEUR
- The Warsaw Hub (approx. 113,000 sqm mixed project): 178,606 KEUR
- Tribeca mixed project in Ghent: 24.5 MEUR construction contracts in total
- Ring Hotel project in Gent: 22.2 MEUR construction contracts in total

27.2 Operating lease commitments (land lease rights)

	Poland		Russia	
	2016	**2015**	**2016**	**2015**
Within 1 year	904	763	210	290
After 1 year but not more than 5 years	3,687	2,961	841	1,162
More than 5 years	62,871	54,341	7,075	9,820
	67,462	**58,065**	**8,127**	**11,272**

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.

27.3 Rental guarantees

Poland:
In connection with the sale of two office projects in 2014 (Marynarska 12/T-Mobile Office Park and Lopuszanska Business Park), 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 connection with the sale of two office projects in 2013 (Mokotov Nova and Senator), 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, a rental guarantee provision of 2,000 KEUR has been recognized in the consolidated financial statements at 31/12/16.

Belgium:
In connection with the sale of the L-Park project in 2014 to AXA Belgium, a master lease agreement has been closed for the (at the time of the sale) not leased office space. The master lease agreement has a period of 9 years. In this respect, a rental guarantee provision of 250 KEUR has been recognized in the consolidated financial statements at 31/12/16.

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 2016, the Consortium (of which the Group is part) paid a total amount of approx. 10,000 KEUR to the members of the board and management committee. This amount includes management service fees charged by the Management Committee members to the legal entities included in the scope of these consolidated financial statements.

This amount comprises the full compensation. No other short- or long-term benefits, stock option plans or other post-employment benefits have been granted to the members of the board and the management committee.

28.2. Trading transactions: Purchase of construction, engineering and other related services from related parties

Construction and Development Services

The Investment Holding has entered into property development and construction contracts with property development and construction companies (“Contractors”) – the indirect subsidiaries of the Development Holding:

- 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

2016
Except for:
- the acquisition of the remaining 60% of Apollo shares through contribution in kind by Elzenwalle and the restructuring transactions as described in section 4.1 of this report,
- the the liquidations of Expert Invest and Industrial Invest and the merger of ACG1 Sp. z o.o. into Tilia SKA as described in section 4.3 of this report,
- the disposal of the projects on the Dacar site in Ghent, which have been sold to Ghelamco European Property Fund. The share price was based on the underlying fair values of the resp. real estate projects as of 31 December 2016 (i.e. 124.3 MEUR in total),

there have been no other share transactions or other significant transactions with related parties in 2016.

2015
Except for:
- the contribution by CC28 of its participation in Woronicza SKA in Ghelamco Polish Project 1 SCSp as described in setion 4.1,
- the sale by the Company of 30% of the shares of SPVs Unique, Prima Bud and Tarima as described in section 4.2
- the mergers and liquidations of subsidiaries as described in section 4.4 of this report, there have been no other share transactions or other significant transactions with related parties in 2015.
- The sale of the remaining office space in Ring Offices to to International Real Estate Services Comm. VA (IRS) for an amount of 2.9 MEUR,

there were no share transactions or other significant transactions with related parties in 2015.

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:

	31/12/2016	**31/12/2015**
Purchases of construction, engineering and architectural design:	-106,140	-151,852
related party trade receivable	6,850	1,326
related party trade accounts payable	-7,193	-954
related party non-current loans receivable	40,912	44,070
related party interests receivable	21,455	18,284
related party C/A receivable	107,717	51,844
related party non-current other receivable	2	-
related party non-current loans payable	-998	-1,216
related party interests payable	-1,619	-1,891
related party C/A payable	-4,030	-60

29. Events after balance sheet date

- Early February 2017, 2nd part of land plots in the Carlton site in Knokke-Zoute has been acquired through the acquisition of (50% of) the shares of 2 companies holding these land parts. Total share price amounted to 5,547 KEUR. The acquisition is connected to future development of the high-end residential project Carlton One, in a joint-venture structure with a third party.

- On 16 March 2017 new public bonds (series PG, non-prospectus) have been issued to institutional and private investors for a total amount of 147,854 KPLN. These bonds have a term of 5 years and bear an interest rate of Wibor 6 months + 4.30%. 16,920 KPLN of bond proceeds have been applied for the early redemption or roll-over of existing bonds. The remaining amount is ment for further Polish investments.

30. Auditor's Report

Deloitte.

Ghelamco Group Comm. VA

Statutory auditor's report on the consolidated financial statements for the year ended 31 December 2016

Deloitte.

Statutory auditor's report on the consolidated financial statements of Ghelamco Group Comm. VA for the year ended 31 December 2016

We are pleased to report to you on the audit assignment which you have entrusted us. This report includes our report on the consolidated financial statements. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2016, 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. The consolidated statement of financial position shows total assets of 1,912,028 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 95,694 (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 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.

Statutory 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 statutory 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 statutory 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.

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 2016, 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.

Zaventem, 30 March 2017

The statutory 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 2015

Approved by Management
with the Independent Auditor's opinion

Contents

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.

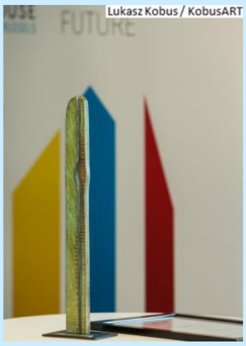
Ghelamco is one of the largest commercial property developers and investors in Poland and has, resulting from a steep growth over the last number of years, also become a significant player on the Belgian market. The group's market position has been recognized by numerous prestigious awards, collected over several years and granted both to the company and to many of its projects.

In Belgium, the Ghelamco Arena was in 2014 and despite strong competition, 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. 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 in 2014 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.

For the year 2015, Ghelamco was granted the following awards:

- Bepolux Awards for Outstanding Business Achievement in Poland (BEPOLUX – Belgian Polish Luxembourg Chamber of Commerce)
- Best Industrial Development in Russia for Dmitrov Logistics Park (International Property Awards)
- Best Industrial Development in Europe for Dmitrov Logistics Park (International Property Awards)
- World's Best Industrial Development for Dmitrov Logistics Park (International Property Awards)
- Green Building of the Future for the Warsaw Spire (EuropaProperty CEE Investment & Green Building Awards)
- Distinction for developing new and modern urban landscape in Warsaw (Warsaw Business Journal)

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.

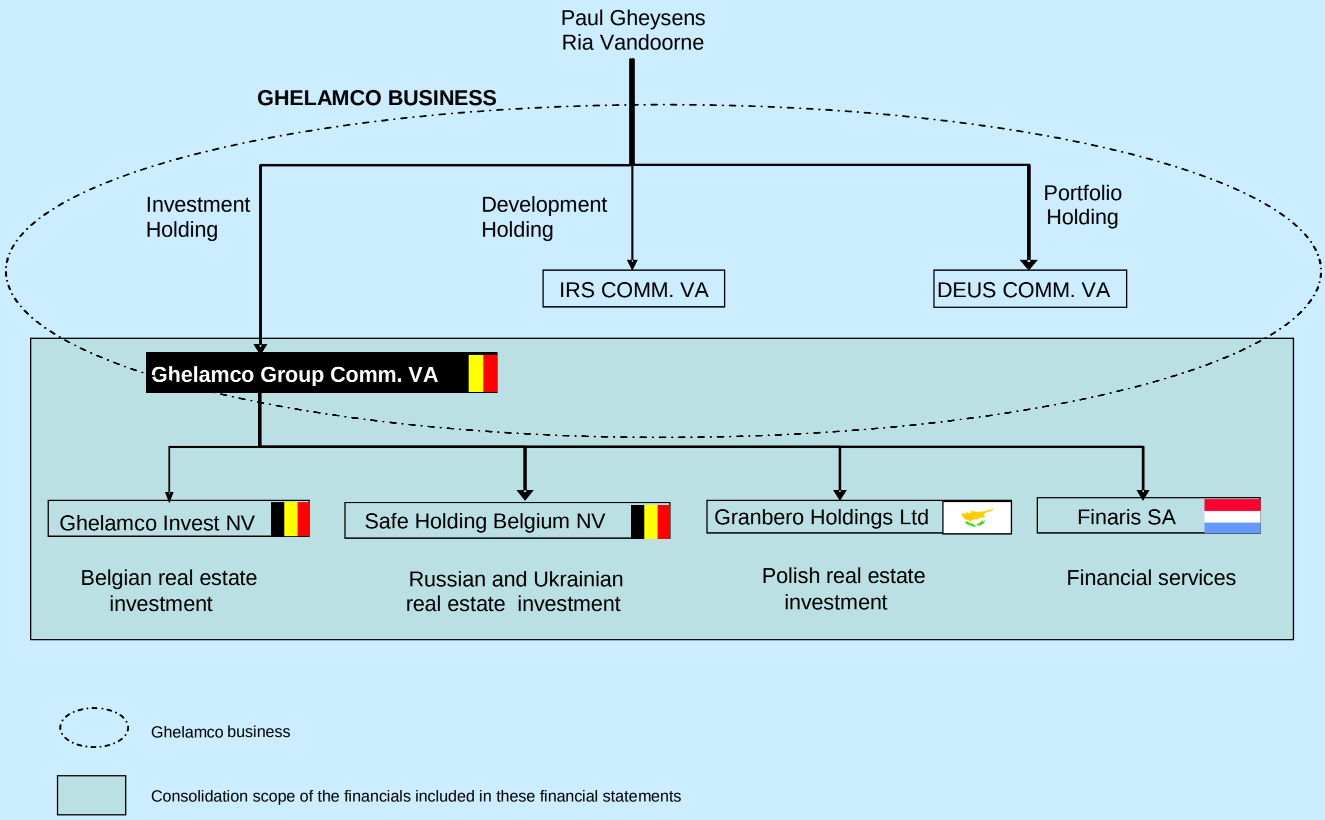
The Company is registered in the Belgian commercial register under the number BE 0879.623.417.

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 2015 (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 2015 and at 31 December 2014.



4. Staffing level

Given its nature, there is only limited employment in the Company. At 31/12/2015, Ghelamco Group Comm. VA and its subsidiaries employed employed 55 people (46 on 31 December 2014). The construction, engineering and other related services are mainly provided to the Investment Holding by the Development Holding's legal subsidiaries. Ghelamco as a whole employed 295 people on 31 December 2015 (vs. 273 on 31 December 2014).

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. The local teams mainly consist of a technical, commercial, legal & financial department.

The statutory board consists of 4 directors (of which the CEO is part) for most of the Belgian entities, the Managing Director Eastern Europe and 4 local Polish directors for the Polish entities and the CFO with the local general manager for the other countries. The reason lies mostly in local regulations and practical solutions.

6. Business environment and results

2015 performance and results

The Group closed its 2015 accounts with a net profit of 90,081 KEUR, resulting from its continued investment and commercial efforts in existing and new projects. The Group realised significant residential sales on the one hand and in addition managed to create significant added value on its larger commercial projects and to achieve sustained growth.

The difficult political and economic situation in Ukraine and Russia remains but has to an extent stabalized in 2015. Still, continued pressure on the rent levels and on applied yields in those regions have resulted in a further negative fair value correction on both Ukrainian and Russian projects in portfolio.

The above is reflected in a balance sheet total of 1,653,429 KEUR and an equity of 661,374 KEUR. The solvency ratio amounts to 40% (vs. 45% at 31/12/14).

In Belgium, the Group has over the past years intensified its project development activities (with currently over 40 projects in portfolio). As a consequence, a significant number of Belgian projects have in the course of the last two to three years been delivered and commercialised.

Over the past year, further leasing successes have been achieved on mainly the Blue Towers (+/- 28,000 sqm office project) in Ghent, resulting in an occupation rate per date of the current report of approx. 95%. In addition, during 2015 further realisation efforts were done in the Waterview project in Leuven (mixed retail, student housing and parking space project at the Vaartkom), resulting in the delivery of the retail and parking parts of the project and the welcoming of the first tenants. The residential part of the project was delivered mid 2015 and over 75% of the available student units have per date of the current report been sold.

In the course of 2015, the Meetdistrict – innovative and high-end business and congress center in the Ghelamco Arena offering a.o. over 500 flexible office workplaces, meeting rooms and a 350 seats auditory – has been formally opened. Phase 1 of the business center is per date of the current report occupied for over 90%; phase 2 (offering approx. 250 workplaces) is currently being finalized and will be delivered in Q2 2016.

Mid March 2015 the City of Brussels has retained Eurostadium Brussels 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, 6,000 VIP places and over 14,000 parking spaces. The project is expected to be realized in 2018. Contract drafting is currently being finalised.

2015 expansion and investment activities mainly related to:

- Finalisation of the construction works and delivery of the Waterview project in Leuven Vaartkom (mixed project of +/- 460 student homes, +/- 5,000 sqm retail and +/- 1,000 parking spaces), as mentioned above. Per date of the current report approx. 366 student units have already been (pre-)sold and 2,375 sqm of the available retail space has been leased.

- In addition, the Group has expanded its portfolio through a number of acquisitions:
    - mainly 2 sites located at the Louizalaan and the Boulevard Bischoffsheim in Brussels for the future development of mixed residential-office-retail projects,
    - the hotel Pomme de Pin in Courchevel, France for the future development of a residential project consisting of approx. 6,000 sqm apartments with hotel service, and
    - the shares of a company holding the long-term leasehold rights on a building at Rue de la Banque in Brussels.

- Further realisation of high-end residential/leisure projects at the Belgian coast side (mainly “Le 8300”, luxurious wellness hotel in Knokke-Zoute, expected to be opened near year-end 2016).

As to divestures/revenues:

- Except for the divesture of the remaining office space in Ring Offices (approx. 1,250 sqm) in Ghent, which has been sold for an amount of 2,920 KEUR, there have been no other divestures of investment property. In this respect, 2015 has for the Company in first instance been an investment and growth year, which is reflected in the above mentioned balance sheet increase.

- Sale of residential projects (56,312 KEUR): mainly apartments and student units in Blaisant Park in Ghent, student units in the Waterview project in Leuven Vaartkom and residential projects at the Belgian coast.

In Poland, the Group in first instance maintained its existing land bank but also took advantage of some expansion opportunities. Main 2015 land bank transactions were the acquisition of a plot located at Pl. Grzybowski, Warsaw for an amount of approx. 4.5 MEUR, last part of a plot at Grójecka, Warsaw for an amount of approx. 900 KEUR and a plot in Lódz for an amount of approx. 8 MEUR; all for the future development of office projects.

Development and construction
The investing activities in Poland during 2015 have mainly been focused on the further realisation of the Warsaw Spire (+/- 108,000 sqm of office space) and on the construction of the Woloska 24 project (approx. 20,000 sqm office project in the Warsaw Mokotow District). In the course of 2015 satellite building C of Warsaw Spire has been finalized and delivered while per year-end the tower building is close to finalisation.

(Pre-)leasing and occupation of projects:
Continued and successful leasing efforts on the Warsaw Spire project have resulted in the fact that the project on the whole is per 31 December 2015 leased for over 70%. In this respect, the Group signed in April 2015 an anchor tenant lease agreement for aprox. 22,000 sqm of space with Samsung. The deal is being seen as the largest office lease transaction ever in the Warsaw city centre, as well as one of the biggest in the country.

Divestures
No divestures of investment property have taken place in 2015.

In Russia, the first (building A, approx. 60,000 sqm) and second phase (building B, approx. 76,000 sqm) of the Dmitrov Logistics Park – class A warehouse complex of four buildings totalling approx. 243.000 m² of lettable area (including ancillary office accomodations) in the northern part of the Moscow Region – have in the past years been delivered and are currently leased for resp. over 90% and 70%. The political and economic situation and its effects on markets and (warehouse) tenant activity is closely monitored, in view of further construction of building C (approx. 46,000 sqm).

In Ukraine, the Kopylov Logistics Park project (in the Makariv District of the Kyiv Region) has an occupation rate of over 90% (with internationally renowned companies). The investment is kept in portfolio.

Main post balance sheet events

- In February 2016, the Group signed a conditional share purchase agreement for the acquisition of a company holding a +/- 13,000 sqm plot in Berchem, for a transaction value of +/- 9.9 MEUR. On this site, the Company foresees to develop 2 office buildings with a total leasable area of +/- 26,000 sqm. Closing of the deal is expected for Q3 2016.

- Also in February 2016, a preliminary agreement has been signed with the City of Brussels for the sale of the De Ligne building at Rue de la Banque, for a transaction amount of 27 MEUR. The notary deed will be signed within the prevailing 4 month-delay.

- On 29 January 2016, the Financial Supervision Commission (Komisja Nadzoru Finansowego) has approved Ghelamco Invest Sp. z o.o.'s base prospectus for the issue of a total amount of 350 MPLN public retail bonds in connection with its Bond Issue Programme IV. In March 2016 bonds (series PPE) have been publicly offered and allocated to institutional and retail investors for an amount of 50.000 KPLN. The bond issue will be formalized on 30 March 2016. The bonds have as maturity date 30 March 2020 and bear an interest of Wibor 6 months + 4%. Expected trading introduction date is 7 April 2016. Also in March 2016 another tranche of bonds (series PPF) has been publicly offered and allocated to institutional and retail investors for an amount of 30.000 KPLN. The bond issue will be formalized early April 2016. The bonds have as maturity date 30 March 2020 and bear an interest of Wibor 6 months + 4%. Expected trading introduction date is 14 April 2016. Both bonds series are secured by a guarantee granted by Granbero Holdings Ltd.

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 2016, 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 2016 in general.

7. Notice to the reader

This document presents the IFRS Consolidated Financial Statements for the year ended on 31 December 2015, 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 2015 were approved by Investment Holding Management on 25 March 2016. The amounts in this document are expressed in thousands of EUR (KEUR), unless stated otherwise.

A. Consolidated statement of financial position (in KEUR)

	Note	31/12/2015	31/12/2014
ASSETS			
Non-current assets			
Investment Property	6	1,117,224	820,414
Property, plant and equipment	7	221	391
Intangible assets	8	3,822	4,299
Investments in associates	4	0	590
Receivables and prepayments	10	73,307	58,896
Deferred tax assets	19	9,742	6,432
Non-current assets held for sale			
Other financial assets	4	4,000	1,582
Restricted cash	12	0	256
Total non-current assets		**1,208,316**	**892,860**
Current assets			
Property Development Inventories	9	260,300	182,917
Trade and other receivables	10	99,624	91,810
Current tax assets		27	19
Derivatives	11	0	290
Assets classified as held for sale	6	575	975
Restricted cash		0	0
Cash and cash equivalents	13	84,587	98,955
Total current assets		**445,113**	**374,966**
TOTAL ASSETS		**1,653,429**	**1,267,826**

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Consolidated statement of financial position (cont'd)

	Note	31/12/2015	31/12/2014
Capital and reserves attributable to the Group's equity holders			
Share capital	14	73,194	73,194
CTA	15	12,131	12,198
Retained earnings	15	569,802	480,283
		655,127	565,675
Non-controlling interests	14.2	6,247	5,508
TOTAL EQUITY		**661,374**	**571,183**
Non-current liabilities			
Interest-bearing loans and borrowings	16	778,984	440,187
Deferred tax liabilities	19	41,483	23,770
Other non-current liabilities		0	2,500
Long-term provisions	18	140	178
Total non-current liabilities		**820,607**	**466,635**
Current liabilities			
Trade and other payables	20	40,010	46,458
Current tax liabilities	21	3,889	2,307
Interest-bearing loans and borrowings	16	127,549	181,243
Total current liabilities		**171,448**	**230,008**
Total liabilities		**992,055**	**696,643**
TOTAL EQUITY AND LIABILITIES		**1,653,429**	**1,267,826**

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B. Consolidated income statement and consolidated statement of comprehensive income

Consolidated Income Statement

	Note	2015	2014
Revenue	22	99,436	69,579
Other operating income	23	5,949	13,951
Cost of Property Development Inventories	24	-48,965	-36,151
Employee benefit expense	23	-1,058	-1,190
Depreciation amortisation and impairment charges	7	-553	-588
Gains from revaluation of Investment Property	6	114,412	11,335
Other operating expense	23	-40,756	-36,502
Share of results of associates		0	-790
Operating profit - result		**128,465**	**19,644**
Finance income	25	6,427	4,298
Finance costs	25	-26,372	-31,536
Profit before income tax		**108,520**	**-7,594**
Income tax expense	26	-18,439	-1,468
Profit for the year		**90,081**	**-9,062**
Attributable to:			
Equity holders of parent		89,348	-9,693
Non-controlling interests		733	631

Ghelamco Group – Consolidated Financial Statements at 31 December 2015 (in KEUR) 12

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

		2015	2014
Profit for the year		**90,081**	**-9,062**
Exchange differences on translating foreign operations	14	-67	3,984
Other		171	35
Other comprehensive income of the period		**104**	**4,019**
Total Comprehensive income for the year		**90,185**	**-5,043**
Attributable to:			
Equity holders of the parent		89,452	-5,674
Non-controlling interests		733	631

Ghelamco Group – Consolidated Financial Statements at 31 December 2015 (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 2014		**73,194**	**8,214**	**489,941**	**4,954**	**576,303**
Foreign currency translation (CTA)			3,984			**3,984**
Profit/(loss) for the year				-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**
Foreign currency translation (CTA)	15		-67			**-67**
Profit/(loss) for the year	15			89,348	733	**90,081**
Capital decrease						
Dividend distribution						
Change in non-controlling interests					6	**6**
Change in the consolidation scope				171		**171**
Other						
Balance at 31 December 2015		**73,194**	**12,131**	**569,802**	**6,247**	**661,374**

D. Consolidated cash flow statement

Ghelamco Group – Consolidated Financial Statements at 31 December 2015 (in KEUR) 14

Consolidated cash flow statement for 2015 and 2014

		2015	2014
Operating Activities			
Profit / (Loss) before income tax		**108,520**	**-7,594**
Adjustments for:			
- Share of results of associates		0	790
- Change in fair value of investment property	6	-114,412	-11,335
- Gain on disposal of subsidiary			
- Gain on disposal of interest in former associates			
- Depreciation, amortization and impairment charges	7	553	588
- Result on disposal investment property	23	-510	-8,160
- Change in provisions		-38	0
- Net interest charge	25	17,123	21,105
- Movements in working capital:			
- Change in inventory		-78,971	-7.691
- Change in trade & other receivables		-7,814	-9.109
- Change in trade & other payables		-21,311	-5.422
- Change in MTM derivatives	11	290	1.552
- Movement in other non-current liabilities		-2,500	0
- Other non-cash items		74	-122
Income tax paid		-2,462	-5.239
Interest paid (**)		-22,924	-24.281
Net cash from operating activities		**-124,382**	**-54,918**
Investing Activities			
Interest received	25	5,429	4.298
Purchase of property, plant & equipment and intangibles	7-8	-25	-25
Purchase of investment property (*)	6	-134,326	-141,643
Capitalized interest paid in investment property		-19,634	-14,323
Proceeds from disposal of investment property	6	2,920	229,759
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		-16,239	8,138
Net cash inflow/outflow on NCI transactions			
Change in trade & other payables			
Movement in restricted cash accounts	12	256	215
Net cash flow used in investing activities		**-161,619**	**86,419**
Financing Activities			

Proceeds from borrowings	16	377,953	259,350
Repayment of borrowings	16	-92,850	-248,459
Capital decrease			
Dividends paid			
Other non-cash items, realized CTA			
Net cash inflow from / (used in) financing activities		**285,103**	**10,891**
Net increase/decrease in cash and cash equivalents		**-898**	**42,392**
Cash and cash equivalents at 1 January of the year		**98,955**	**70,182**
Effects of exch. rate changes, mainly on EUR/USD balances in non-EUR countries		-13.470	-13,619
Cash and cash equivalents at 31 December of the year		**84,587**	**98,955**

(*): Interests directly capitalized in IP not included (2014: 19,634 KEUR; 2013: 14,323 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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	2015				2014			
	Europe	Russia/ Ukraine	unallo-cated	TOTAL	Europe	Russia/ Ukraine	unallo-cated	TOTAL
ASSETS								
Non-current assets								
Investment Property	925,439	191,785		1,117,224	640,913	179,501		820,414
Property, plant and equipment	219	2		221	388	3		391
Intangible assets	3,822	-		3,822	4,299	-		4,299
Investments in associates	-	-		-	590	-		590
Receivables and prepayments			73,307	73,307			58,896	58,896
Deferred tax assets	8,099	1,643		9,742	5,806	626		6,432
Non-current assets held for sale	-	-			-	-		
Other financial assets	4,000	-		4,000	1,582	-		1,582
Restricted cash	-	-		-	256	-		256
Total non-current assets	**941,579**	**193,430**	**73,307**	**1,208,316**	**653,834**	**180,130**	**58,896**	**892,860**
Current assets								
Property Development Inventories	260,297	3		260,300	182,903	14		182,917
Trade and other receivables			99,624	99,624			91,810	91,810
Current tax assets	14	13		27	1	18		19
Derivatives	-	-		-	290	0		290
Assets classified as held for sale	575	-		575	975	0		975
Restricted cash	-	-		-	0	0		0
Cash and cash equivalents	78,896	5,691		84,587	93,430	5,525		98,955
Total current assets	**339,782**	**5,707**	**99,624**	**445,113**	**277,599**	**5,557**	**91,810**	**374,966**
TOTAL ASSETS	**1,281,361**	**199,137**	**172,931**	**1,653,429**	**931,433**	**185,687**	**150,706**	**1,267,826**

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	2015				2014			
	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	4,522	7,609		12,131	6,705	5,493		12,198
Retained earnings	575,123	-5,321		569,802	481,920	-1,637		480,283
	579,645	2,288	73,194	655,127	488,625	3,856	73,194	565,675
Non-controlling interests	6,253	-6		6247	5,514	-6		5,508
Total equity	**585,898**	**2,282**	**73,194**	**661,374**	**494,139**	**3,850**	**73,194**	**571,183**
Non-current liabilities								
Interest-bearing loans and borrowings			778,984	778,984			440,187	440,187
Deferred tax liabilities	36,194	5,289		41,483	19,151	4,619		23,770
Other non-current liabilities	0	0		0	2,500	0		2,500
Long-term provisions	140	0		140	178	0		178
Total non-current liabilities	**36,334**	**5,289**	**778,984**	**820,607**	**21,829**	**4,619**	**440,187**	**466,635**
Current liabilities								
Trade and other payables	40,010			40,010			46,458	46,458
Current tax liabilities	3,889	0		3,889	2,307	0		2,307
Interest-bearing loans and borrowings	127,549			127,549			181,243	181,243
Short-term provisions	0			0	0	0		0
Total current liabilities	**171,448**	**0**	**0**	**171,448**	**2,307**	**0**	**227,701**	**230,008**
Total liabilities	**207,782**	**5,289**	**778,984**	**992,055**	**24,136**	**4,619**	**667,888**	**696,643**
TOTAL EQUITY AND LIABILITIES	**793,680**	**7,571**	**852,178**	**1,653,429**	**518,275**	**8,469**	**741,082**	**1,267,826**

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INCOME STATEMENT	2015 Europe	2015 Russia/ Ukraine	2015 unallo-cated	2015 Total	2014 Europe	2014 Russia/ Ukraine	2014 unallo-cated	2014 Total
Revenue	81,484	17,952		99,436	54,552	15,027		69,579
Other operating income	5,744	205		5,949	13,904	47		13,951
Cost of Property Development Inventories	-48,896	-69		-48,965	-36,028	-123		-36,151
Employee benefit expense	-1,021	-37		-1,058	-1,156	-34		-1,190
Depreciation amortisation and impairment charges	-552	-1		-553	-587	-1		-588
Gains/losses from revaluation of Investment Property	119,558	-5,146		114,412	31,657	-20,322		11,335
Other operating expense	-36,972	-3,784		-40,756	-31,784	-4,718		-36,502
Share of results of associates	0			0	-790			-790
Operating profit - result	**119,345**	**9,120**	**0**	**128,465**	**29,768**	**-10,124**	**0**	**19,644**
Finance income			6,427	6,427			4,298	4,298
Finance costs			-26,372	-26,372			-31,536	-31,536
Profit before income tax				**108,520**				**-7,594**
Income tax expense	-19,255	816		-18,439	-5,702	4,234		-1,468
Profit for the year				**90,081**				**-9,062**
Attributable to:								
Equity holders of parent	-733	0		89,348	-631	0		-9,693
Non-controlling interests	733	0		733	631	0		631

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 2015.

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 25, 2016. 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 2015. 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 2015.

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 2015

Standards and Interpretations that the Investment Holding anticipatively applied in 2014 and 2015:

- None

Standards and Interpretations that became effective in 2015

- Improvements to IFRS (2011-2013) (applicable for annual periods beginning on or after 1 January 2015)
- IFRIC 21 *Levies* (applicable for annual periods beginning on or after 17 June 2014)

Standards and Interpretations which became effective in 2015 but which are not relevant to the Company:

- None

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 the EU)
- IFRS 14 Regulatory Deferral Accounts (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU)
- IFRS 15 Revenue from Contracts with Customers (applicable for annual periods beginning on or after 1 January 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 (2012-2014) (applicable for annual periods beginning on or after 1 January 2016)
- 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 the 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)
- 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 Amortisation (applicable for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants (applicable for annual periods beginning on or after 1 January 2016)
- 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 the EU)

- IFRS 16 Leases (applicable for annual periods beginning on 1 Jnuary 2019, 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 IFRS 9,15 and 16, 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 2015 and on 31 December 2014 (see Notes 4 and 5). Control is achieved when the Company

- Has power over the investee;
- is exposed or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company re-assesses whether or not it controls an investee if fact and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The transactions, balances and unrealized gains and losses between these legal entities are deemed to be intra-group transactions and are eliminated in full.
The transactions with other entities owned directly or indirectly by the ultimate beneficial owners of the Investment Holding are deemed transactions with related parties and are not eliminated, but are presented as balances and transactions with related parties in Note 29.

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 2015 and 2014, 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 2015 and 2014 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 2015
In 2015 no commercial projects have been sold through share deals. On the other hand, the remaining office space in Ring Offices (approx. 1,250 sqm) in Ghent, has been sold for an amount of 2,920 KEUR, through an asset deal.

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

Comments 2014
In November 2014 and upon an attractive bid by an investor, the L-Park mixed office and retail project in Leuven was 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) were sold to resp. a third party operator and a third party investor. Both sales transactions were 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 were sold, in line with the general approach to sell residential projects through asset deals.

1.5.4. Increase in ownership interests in subsidiaries

The Investment Holding applies the parent company model to transactions with minority shareholders. To the extent applicable, the goodwill or badwill resulting from the acquisition of the additional interest (from minority shareholders) in subsidiaries is allocated to the group retained earnings.

1.5.5. Foreign currency translation

The individual financial statements of each Group's entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the IFRS consolidated financial statements, the results and financial position of each entity are expressed in Euro, which is the functional currency of the Investment Holding and the presentation currency for the IFRS consolidated financial statements.

Foreign currency transactions

Foreign currency transactions are recognized initially at the exchange rate prevailing at the transactions' date. Subsequently, at closing, monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet currency rate. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are included in the income statement as a financial result.

Foreign entities

In consolidation, the assets and liabilities of the Investment Holding companies using a different functional currency than the Euro are expressed in Euro using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified in equity and transferred to the Investment Holding's "Cumulative translation reserve". Such translation differences are recognized as income or as expenses in the period in which the entity is sold, disposed of or liquidated.

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The principal exchange rates versus EUR that have been used are as follows:

	2015		2014	
	Closing rate at 31 December	Average rate for 12 months	Closing rate at 31 December	Average rate for 12 months
Polish Zloty (PLN)	4.2615	4.1839	4.2623	4.1845
Russian Rouble (RUB)	79.6972	67.9915	68.3427	50.9928
United States Dollar (USD)	1.0887	1.1095	1.2141	1.3285
Ukrainian Hryvnia (UAH)	26.2231	24.2287	19.2329	15.7159

1.5.6. Hyperinflationary economies

None of the Investment Holding entities operated in a hyperinflationary economy in 2015 and 2014.

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:

<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 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 significant amounts of Polish bearer bonds (with an outstanding amount of 667.6 MPLN as of 31/12/15). Leasing of the properties is Euro-based and eventual later disposal of assets or shares is usually expressed or negotiated in Euro. The Polish Zloty's risk is for that mainly related to the mentioned PLN bond issues, some local construction contracts and the sale amounts of residential projects.

For Ukraine, external financing is organized in US Dollar as well as engineering, architectural, construction and leasing contracts. The Investment Holding manages the US Dollar versus Euro risk internally.

Up until end 2011, Russian projects have mostly been financed through semi equity expressed in Euro. Bank financing for the construction of the Dmitrov Logistics Park Project is however since 2012 expressed in USD. The same risk mitigation as for Ukraine applies.

In short, the Investment Holding mitigates its currency risk exposure by matching as much as possible the currency of the income with that of the expenditure.

As stated, main net foreign currency position which the Company holds at the reporting date relates to the:
- Polish bearer bonds in PLN for a (net) amount of 652.751 KPLN. A 10% strengthening/weakening of the EUR against the PLN rate at 31 December 2015 would resp. have increased/decreased the profit before tax and equity by approx. 15,5 MEUR. This analysis assumes that all other variables (e.g. interest rates) remain constant.
- USD bank loans in Russia for a net amount of 105,988 KUSD.

A 10% strengthening/weakening of the EUR against the USD rate at 31 December 2015 would resp. have increased/decreased the profit before tax and equity by approx. 9,8 MEUR. This analysis assumes that all other variables (e.g. interest rates) remain constant.

When a member of the Development Holding is exposed to eventual currency risks, the Investment Holding may choose to enter into an intra-group hedging.

Over 2014, Ghelamco Poland Sp. z o.o (belonging to the Service 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 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 consisted 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.

Over 2015, 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 3,372 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 213 KEUR.
Per end of December 2015, there are no remaining amounts to be covered by the above contract in 2016. The market value of derivative contracts has by consequence dropped to zero as of balance sheet date; evolution which has been recognized through the profit and loss statement.

A weakening/strengthening of the PLN (average and 31/12/15 spot) exchange rates versus the EUR by 5% would, as a consequence of the above hedging, have resulted in a 149 KEUR higher/lower profit before tax for 2015.

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 1,004.7 MPLN + 6.3 MEUR total amount of bearer bond issues (of which 667.7 MPLN + 6.3 MEUR actually still outstanding per balance sheet date) by Ghelamco Invest Sp. z o.o. over the past years, 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 262 MEUR (of which 220 MEUR actually still outstanding per balance sheet date).

Except for some ad-hoc past interest hedging, the Investment Holding did not enter into significant external interest rate hedging transactions to eliminate exposure arising from the long-term investment loans over the last 5 years. The Investment Holding's management closely monitors the short-term floating rate borrowings and medium term fixed interest rates.

The financing structure reflects major project investment phases (acquisition of land, construction and holding of the properties) as follows:

- Land acquisition loans (usually provided for a term of two years). The interest is payable at market floating rates (from 1 up to 6 months) increased by a margin.

- Construction loans provided until completion of construction and obtaining of the exploitation permit (usually for a term of about two years). The interest is calculated at market floating rates (from 1 up to 6 months) increased by a margin and mostly capitalized in the construction loan. The land acquisition loan is at this stage integrated in the construction loan.

- Once the property is completed, leased and meets all ongoing covenants, the construction financing is swapped into an investment loan, usually provided for a period of five years beginning from the signing of the investment loan agreement and repayable gradually with rental income or fully upon sale of the property. The banks are usually willing to offer investment loans up to an amount that reflects 65% to 70% of the property's market value. The interest is usually a mix of floating and fixed rates. In addition, the capital is amortized at a level between 4% and 7% per annum (on average), usually payable on a quarterly basis together with the accrued interest.

- For the Polish projects: 667.6 MPLN + 6.3 MEUR proceeds from bond issues with a term of 3 to 4 years and bearing an interest of Wibor 6 months + 3.5%-5% and Euribor 6 months + 4,3% resp.; proceeds of which can be used over the resp. project development stages.

- For the Belgian and French projects; 70 MEUR private bond issue due 28 February 2018, bearing an interest of 6.25%; 79.1 MEUR EMTN bond issue due 3 July 2020 and bearing an interest of

4.50% and 70.9 MEUR EMTN bond issue due 14 June 2021 and bearing an interest of 4.125%; 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 2015 and 31 December 2014) 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 four years, the Investment Holding in addition proved to be able to call upon alternative financing through the issue of bonds in Belgium (220 MEUR unsecured bonds outstanding as of 31 December 2015; ut infra) and Poland (667.6 KPLN + 6.3 MEUR bearer bonds outstanding as of 31 December 2015).

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.

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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.

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 Investment Holding may decide to issue bonds or similar financial instruments in the international financial markets. Group management closely monitors solvency, liquidity, return on invested capital and profitability levels.

The Investment Holding monitors capital/balance sheet structure primarily based on the solvency ratio. This ratio is calculated as total equity divided by the balance sheet total. The solvency ratios at 31 December 2015 and 2014 were as follows:

	2015	**2014**
Equity	661,374	571,183
Total assets	1,653,429	1,267,826
Solvency ratio	**40,0%**	**45,1%**

3. Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and assumptions are based on historical experience and various other factors that are considered reasonable under the circumstances, the results of which form the basis of judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects future periods.

In addition to the estimates already explained in the accounting policies, the estimates and assumptions that might significantly affect the valuation of assets and liabilities are outlined below.

Impairment of assets

The risk of impairment arises from uncertainties typical to the real estate development industry. At the balance sheet date no cumulated impairment losses/write-offs to net realizable value have been recognized on inventory items.
Last year's cumulated impairment at the level of Signal Bud Sp. z o.o (141 KEUR) has been realised after the liquidation of the company.
Last year's cumulated impairment at the level of Expert Invest Sp. z o.o (220 KEUR) has been reversed after a positive settlement.

No additional impairments/write-offs to the profit and loss statement were deemed necessary in 2015.

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	31/12/2015 % voting rights	31/12/2014 % voting rights	Remarks
Ghelamco Capital (Branch)	LU	n/a	n/a	
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	*
Eurostadium Events NV (former De Leewe III NV)	BE	99	99	*
Eurostadium Park NV (former Immo Simava 13 NV)	BE	99	99	*
Leisure Property Invest NV	BE	99	99	*
Waterview NV	BE	99	99	*
Retail Leuven NV (former Estate of the Art NV)	BE	99	99	*
Leuven Student Housing NV	BE	99	99	*
Parking Leuven NV (former Ring Congress Centre NV)	BE	99	99	*
Wavre Retail Park NV	BE	99	99	*
RHR-Industries NV	BE	99	99	*
Zeewind NV	BE	99	99	*
Artevelde Stadion CVBA	BE	11	57	**
Docora NV	BE	99	99	*
Ring Multi NV (former Ring Retail NV)	BE	99	99	*
MeetDistrict Gent NV	BE	99	n/a	4.3
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	*
Forest Parc NV	BE	99	99	*
Belalan Bischoffsheim Leasehold NV	BE	99	n/a	4.1
Bischoffsheim Freehold NV	BE	99	n/a	4.3
Belalan Louise Leasehold NV	BE	99	n/a	4.1
Louise Freehold NV	BE	99	n/a	4.3
De Nieuwe Filature NV	BE	99	99	*
Pomme de Pin Expansion SAS	FR	100	n/a	4.1
Société Immobilière de Courchevel SARL	FR	100	n/a	4.1
Pomme de Pin SAS	FR	100	n/a	4.1
Brussels Urban Invest NV	BE	99	n/a	4.1

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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	70	100	4.2
Signal Bud 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	n/a	100	4.4
Ghelamco GP 1 Sp z o.o	PL	100	100	
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia Axiom SKA	PL	n/a	100	4.4
Ghelamco GP 1 spółka z ograniczoną odpowiedzialnością Konstancin SKA	PL	100	100	
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia Dystryvest SKA	PL	n/a	100	4.4
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	
Innovation Bud Bis Sp. z o.o. (former Innovation SKA)	PL	100	100	
Ghelamco GP 9 spółka z ograniczoną odpowiedzialnością Sobieski Towers SKA	PL	100	100	
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia Office SKA	PL	n/a	100	4.4
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	70	100	4.2
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia PIB SKA	PL	100	100	
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia Callista SKA	PL	n/a	100	4.4
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	n/a	100	4.4
Ghelamco GP 5 spółka z ograniczoną odpowiedzialnością Sienna Towers SKA	PL	100	100	
Ghelamco GP 5 Spolka z ograniczona odpowiedzialnoscia Pro Business SKA	PL	n/a	100	4.4
Ghelamco GP 5 spółka z ograniczoną odpowiedzialnością SBP SKA	PL	100	100	
Ghelamco GP 5 Spolka z ograniczona odpowiedzialnoscia Creative SKA	PL	n/a	100	4.4
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	n/a	100	4.4
Ghelamco GP 3 spółka z ograniczoną odpowiedzialnością Grzybowska 77 SKA	PL	100	100	
Ghelamco GP 3 spółka z ograniczoną odpowiedzialnością Logistyka SKA	PL	n/a	100	4.4
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	

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Ghelamco GP 7 spółka z ograniczoną odpowiedzialnością Business Bud SKA	PL	n/a	100	4.4
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	n/a	100	4.4
Ghelamco GP 2 spółka z ograniczoną odpowiedzialnością KBP SKA	PL	n/a	100	4.4
Ghelamco GP 2 Spolka z ograniczona odpowiedzialnoscia Primula SKA	PL	n/a	100	4.4
Ghelamco GP 2 Spolka z ograniczona odpowiedzialnoscia Kalea SKA	PL	n/a	100	4.4
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	n/a	100	4.4
Ghelamco GP 2 spółka z ograniczoną odpowiedzialnością M12 SKA	PL	100	100	
Ghelamco GP 3 Spolka z ograniczona odpowiedzialnoscia Focus SKA	PL	n/a	100	4.4
Ghelamco GP 3 spółka z ograniczoną odpowiedzialnością ŁBP SKA	PL	n/a	100	4.4
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	100	
Ghelamco GP 8 Sp.z o.o.	PL	100	100	
ACG1 Sp. z o.o.	PL	100	100	
Espressivio Sp. z o.o.	PL	100	n/a	4.1
Ghelamco GP 1 spółka z ograniczoną odpowiedzialnością Sigma SKA	PL	100	n/a	4.1
Ghelamco Garden Station Sp.z o.o.	PL	100	n/a	****
Ghelamco Nowa Formiernia Sp. z o.o. (former Budomal)	PL	100	n/a	4.1
Creditero Holdings Ltd.	CY	100	100	
Bellona Bema 87 Sp. z o.o.	PL	100	100	
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

(**): In the previous year included in the Ghelamco Invest consolidated financial statements under the equity method. As in the current year the participating interest has diluted to 11%, the participation is on the balance sheet at (amortized) cost.

(***): Although the Company 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 2014 but only have been consolidated for the first time in 2015.

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 and French*** real estate entities and also directly has a number of real estate projects on its own balance sheet.

- **Granbero Holdings Ltd** is an investment holding company that directly and indirectly owns equity interests in ***Polish*** real estate entities of the Investment Holding.

- **Safe Holding Belgium NV** is an investment holding company with (indirect) equity interests in ***Russian and Ukrainian*** real estate entities (via a number of intermediate holding entities incorporated in Cyprus).

- Finaris SA, Peridot SL, Salamanca Capital Services Ltd, Ghelamco Capital (branch of Ghelamco Group Comm. VA) and Granbero Capital (branch of Granbero Holdings Ltd) are all Financing Vehicles used in the Consortium's financial activities.

Real estate acquisitions and disposals (including plots of land) often involve the transfer of a company that holds the property.
Most Investment Holding entities (except for the Holdings, Sub-holdings and Financing Vehicles) are such special purpose real estate entities created to structure real estate transactions (acquisition of land and real estate investment activities).

Summary of incorporations, acquisitions and disposals of subsidiaries (and other business units) realized by the Investment Holding during the year ended on 31 December 2015. 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

End of February 2015, the Group acquired all (but one) shares of Belalan Bischoffsheim Leasehold NV (for a share price of 12,500 KEUR); company which holds a long-term leasehold right in a (plot and) building located at the Boulevard Bischoffsheim in Brussels, for the future development and realisation of a combined office-residential project (approx.. 16,000 sqm office space, 22 apartments and 174 parkings).

In the same transaction, the Group also acquired all (but one) shares of Belalan Louise Leasehold NV (for a share price of 8,200 KEUR); company which holds a long-term leasehold right in a (plot and) building located at the Louizalaan in Brussels, for the future development and realisation of a combined retail-residential project (52 luxurious apartments and approx. 500 sqm of shopping space).

Mid July, the Group has acquired 100% of the shares of Pomme de Pin Expansion SAS (and its subsidiaries Société Immobilière de Courchevel SARL and Pomme de Pin SAS) for a (net) share price of 29.9 MEUR and became the owner of the hotel Pomme de Pin in Courchevel 1850 for the future development and sale of a residential project, consisting of approx. 6.000 sqm apartments with hotel service.

On 1 December 2015, the Group has acquired all (but one) shares of Brussels Urban Invest NV; company holding the long-term leasehold right on a building at Rue de la Banque in Brussels. Transaction value amounted to 24 MEUR.

In the course of 2015 some new Polish SPVs have been acquired or incorporated and are (directly or indirectly) held for 100% by the Company. All have in addition been acquired or incorporated for (directly or indirectly) holding future real estate developments. It concerns the following: Espressivio Sp. z o.o., Budomal SP. z o.o., Sigma SKA, Ghelamco Gdanska Pl Sp. z o.o. and Altona SKA.

In addition, end October 2015, Ghelamco Polish Project 1 SCSp (Luxemburg special limited partnership) has been 'incorporated' between the closed-end investment fund CC28 and Finaris SA (related party and 100% subsidiary of Ghelamco Group Comm. VA, acting as managing General Partner). And afterwards, CC28 has contributed its participation in Woronicza SKA (which in turn holds 100% of the shares in Proof Sp. k.) in Ghelamco Polish Project 1 SCSp in exchange for partnership certificates. Above operation has been organized in accordance with applicable local legal and fiscal regulations and at arm's length. This operation has had no impact on the Company's 2015 consolidated financial statements.

Above acquisitions have, in accordance with what has been stated in section 1.5.2 above, been booked as the purchase of property development inventories and have been considered as operating cash (out-)flow items. Also in accordance with what has been stated in section 1.5.2, in these acquisitions no significant other assets and/or liabilities have been acquired than the items booked in inventory.

4.2 Disposal of subsidiaries

There have been no disposals of subsidiaries during the year ended on 31 December 2015. Still, in the course of 2015 30% of the shares of SPVs Unique SKA, Prima Bud Sp. z o.o. and Tarima SKA has been sold to Deus Comm. VA, related party and parent company of the Portfolio Holding. The shares have been sold at arm's length and the operation had given its limited size an insignificant impact on the Company's 2015 consolidated financial statements.

4.3 Incorporation of new shelf companies

In January 2015, 2 new SPVs (Louise Freehold NV and Bischoffsheim Freehold NV) have been incorporated for the acquisition of the freehold rights on resp. a building located at the Louizalaan in Brussels and a building located at the Boulevard Bischoffsheim in Brussels.

On March 31 2015, 1 new SPV (Meetedisctrict NV) has been incorporated for the realisation of the Meetdistrict, innovative and high-end business and congress center in the Ghelamco Arena of which phase 1 has actually been delivered and opened in the course of the year.

In the above entities all shares (250) but one have been subscribed by Ghelamco Invest and one by Mr. P. Gheysens. The entities have a share capital of 250 KEUR, of which 63.5 KEUR has been paid in.

In addition, in January 2015, 2 new SPVs (Filature Parking NV and Filature Retail NV) and in June 2015, another six SPVs (Eurostadium Offices NV, Eurostadium Parking NV, Eurostadium Storage NV, Eurostadium Foot&Hospitality NV, Pavilion NV and Ghelamco Campus NV) have been incorporated for the development of future real estate projects. Also in these entities, all shares (250) but one have been subscribed by Ghelamco Invest and one by Mr. P. Gheysens. The entities have a share capital of 250 KEUR, of which 63.5 KEUR has been paid in.

4.4 Mergers and liquidations of subsidiaries

End of August 2015 – and in connection with a restructuring of the Polish organisational structure with the purpose of achieving some more efficiency and simplification – following 'idle' entities have been merged into Espressivio Sp. z o.o., newly incorporated entity (see above):

- Kalea SKA
- KBP SKA
- LBP SKA

Also end of August 2015, following entities have been merged into Innovation Bud Bis Sp. z o.o.:

- Signal Bud Sp. z o.o.
- Axiom SKA
- Callista SKA
- Dystryvest SKA
- Office SKA
- Grzybowska SKA
- Logistyka SKA
- Creative SKA
- Pro Business SKA
- Capital SKA
- (and also following shelf entities which were given their limited size previously not yet consolidated financial statements of the Company: Mszczonow SKA, Qbik SKA, GH PL SKA, Services SKA)

And finally, in the course of September 2015, following entities have been merged into Ghelamco GP4 Sp. z o.o.:

- Excellent SKA
- Kappa SKA
- Primula SKA
- Focus SKA

As a result of the above mergers, the involved SPVs have been liquidated an there rights and obligations have been transferred to the merged entities. These mergers have had a limited to zero impact on the Company's consolidated financial statements as of 31 December 2015.

Still in connection with the above restructuring, the closed end fund CC26 has in the course of 2015 sold its remaining participations to the closed end fund CC28 and has, after redemption of its certificates to the Company, been dissolved. Also this operation has had an insignificant impact on the Company's consolidated financial statements as of 31 December 2015.

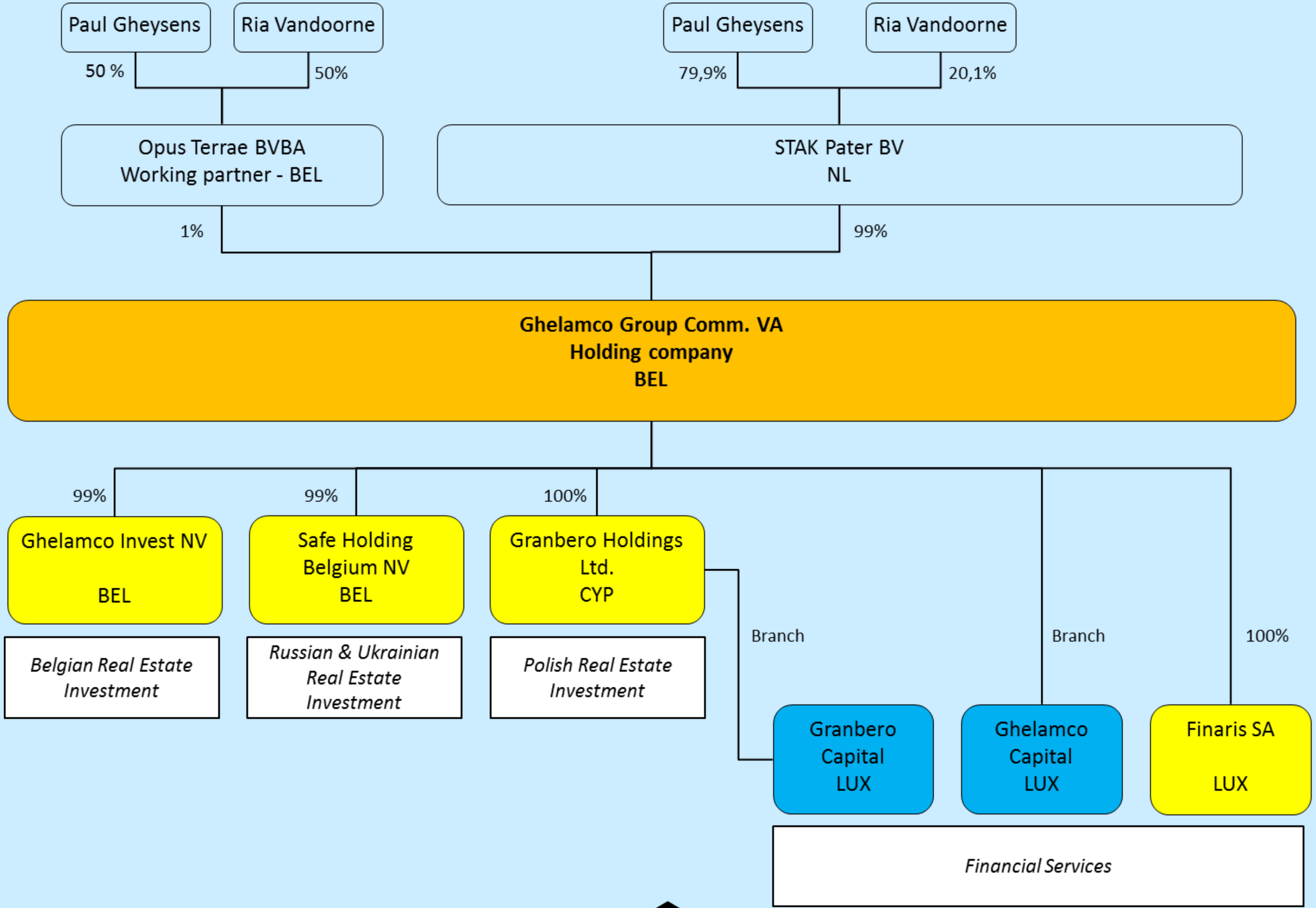
4.5 Transfer of Subsidiaries

<u>2015</u>
Except for the contribution by CC28 of its participation in Woronicza SKA in Ghelamco Polish Project 1 SCSp as described in setion 4.1, the sale by the Company of 30% of the shares of SPVs Unique, Prima Bud and Tarima as described in section 4.2 and the mergers and liquidations of subsidiaries as described in section 4.4 of this report, there have been no other 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.

<u>2014</u>
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.

5. Group structure

5.1. Investment Holding as per December 31st, 2015



5.2. Belgian Real Estate Investment as per December 31st, 2015

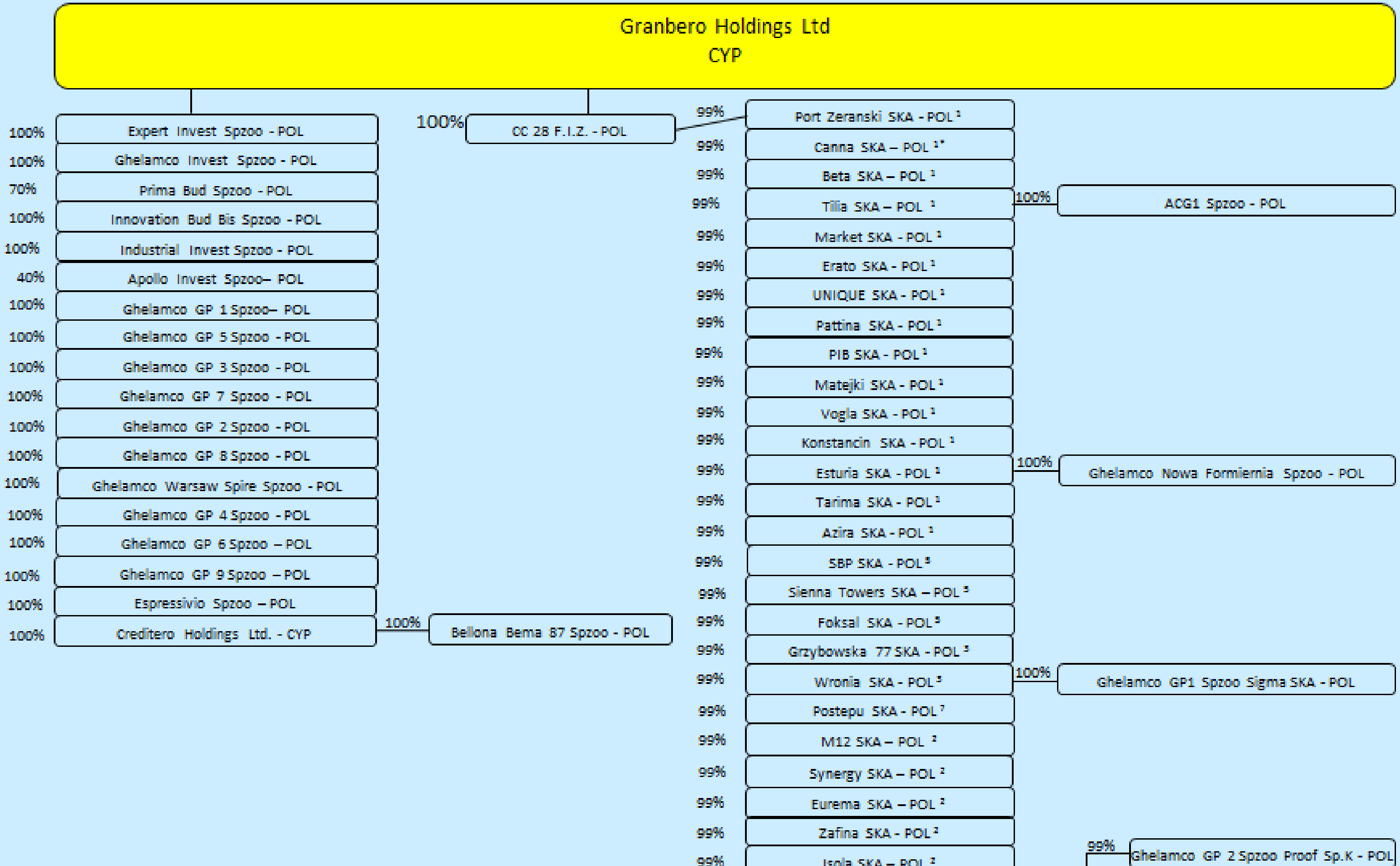
Ghelamco Invest NV
BEL

- 99% The White House Zoute NV - BEL
- 99% Dock-site NV - BEL
- 99% Wavre Retail Park NV - BEL
- 99% Dianthus NV - BEL
- 99% Nepeta NV - BEL
- 99% RHR-Industries NV - BEL
- 99% Zeewind NV - BEL
- 99% Forest Parc NV - BEL
- 99% Leisure Property Invest NV - BEL
- 50% Valbeto NV – BEL
- 99% Graminea NV – BEL
- 99% Brussels & Regional NV – BEL
- 99% Citrien NV – BEL
- 100% Pomme de Pin Expansion SAS – FRA
  - 100% Pomme de Pin SAS – FRA
  - 100% Société Immobilière de Courchevel SARL – FRA

- Ring Multi NV - BEL 99%
- Ring Offices NV - BEL 99%
- Ring Hotel NV - BEL 99%
- Docora NV - BEL 99%
- Artevelde-Stadion CVBA - BEL 11%
- Parking Estates NV - BEL 99%
- Parking Gent NV - BEL 99%
- Retail Gent NV - BEL 99%
- Arte Offices NV - BEL 99%
- Schelde Offices NV - BEL 99%
- MeetDistrict Gent NV - BEL 99%
- De Nieuwe Filature NV - BEL 99%
- Brussels Urban Invest NV – BEL 99%
- Filature Parking NV – BEL 99%
- Filature Retail NV – BEL 99%

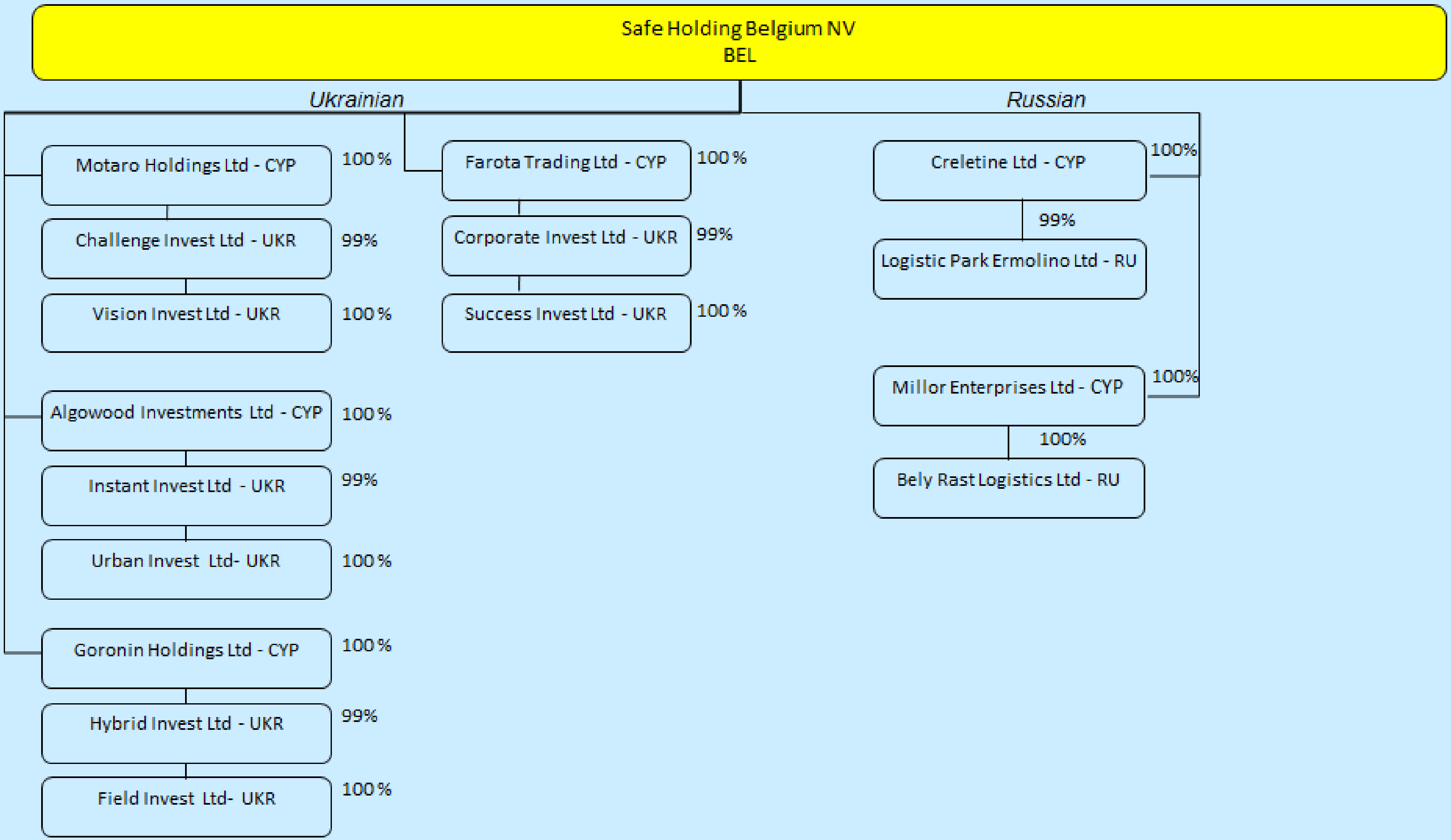
- Retail Leuven NV – BEL 99%
- Waterview NV - BEL 99%
- Parking Leuven NV - BEL 99%
- Leuven Student Housing NV – BEL 99%
- Eurostadium Events NV – BEL 99%
- Eurostadium Park NV - BEL 99%
- Eurostadium Offices NV – BEL 99%
- Eurostadium Parking NV – BEL 99%
- Eurostadium Foot&Hospitality NV – BEL 99%
- Pavilion NV – BEL 99%
- Ghelamco Campus NV – BEL 99%
- Belalan Bischoffsheim Leasehold NV - BEL 99%
- Bischoffsheim Freehold NV - BEL 99%
- Belalan Louise Leasehold NV - BEL 99%
- Louise Freehold NV - BEL 99%

5.3. Polish Real Estate Investment as per December 31st, 2015

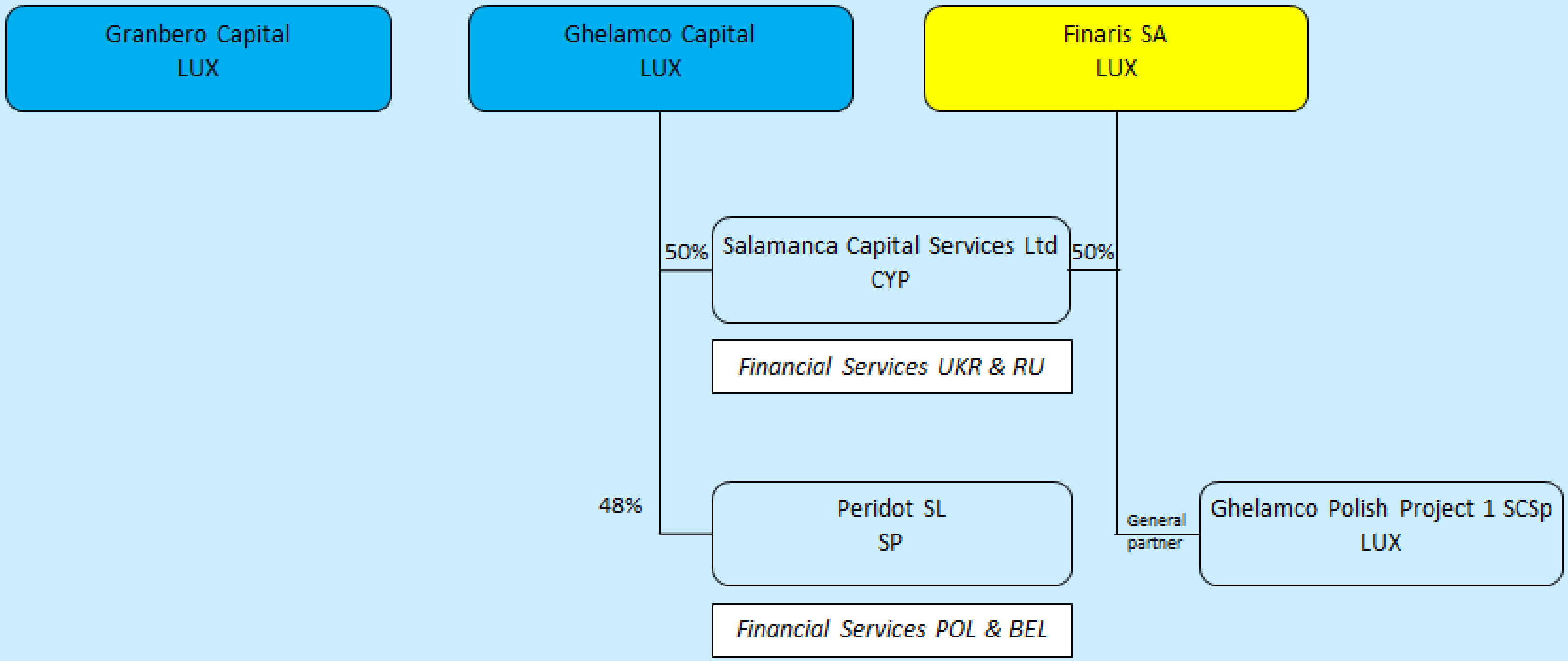


(1): remaining participation at general partner Ghelamco GP 1 Spzoo
(2): remaining participation at general partner Ghelamco GP 2 Spzoo
(3): remaining participation at general partner Ghelamco GP 3 Spzoo
(5): remaining participation at general partner Ghelamco GP 5 Spzoo
(6): remaining participation at general partner Ghelamco GP 6 Spzoo
(7): remaining participation at general partner Ghelamco GP 7 Spzoo
(8): remaining participation at general partner Ghelamco GP 8 Spzoo
(9): remaining participation at general partner Ghelamco GP 9 Spzoo
(10): remaining participation at general partner Ghelamco Warsaw Spire Spzoo

5.4. Ukrainian and Russian Real Estate Investment as per December 31st, 2015



5.5. Financial Services as per December 31st, 2015



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 2015 and 31 December 2014.

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	31/12/2015	31/12/2014
				KEUR	KEUR
BELGIUM					
Leisure Property Invest	Golf Knokke Zoute	Man	A	36,828	31,700
WRP	Wavre Retail Park	Man	A	12,600	12,600
Retail Gent	Retail Gent	CBRE	D	15,000	17,250
Parking Gent	Parking Gent	CBRE	C/D	30,390	29,729
Parking Estates	Parking Estates	CBRE	D	2,371	2,371
Zeewind	Zeewind	Man	D	1,746	1,737
Schelde Offices	Schelde Offices	JLL	D	34,250	27,450
Arte Offices	Arte Offices	JLL	D	37,250	29,350
Ring Hotel	Ring Hotel	Man	C	5,598	5,473
Ring Multi	Ghelamco Arena Multifunctional space	Cushman	D	20,425	19,275
Docora/Meetdistrict	Meetdistrict business center	Cushman	C/D	31,000	13,926
Ring Offices	Ghelamco Arena Offices	Cushman	D	0	2,410
Ghelamco Invest	Le 8300	Man	C	21,258	19,566
Waterview/Parking Leuven	Waterview Parkings	Man	D	8,434	5,691
Waterview/Retail Leuven	Waterview Retail	Man	D	8,000	4,832
POLAND					
Apollo Invest	Spinnaker Tower	KNF	B	18,832	17,259
Postepu SKA	Postepu Business Park	KNF	A	10,030	10,043
Sienna Towers SKA	Sienna Towers	KNF	B	56,000	52,897
WS SKA	Spire A tower and Chopin Tower	KNF	C	269,019	178,443
WS SKA	Spire B and C buildings	KNF	D	154,620	65,740
Sobieski SKA	Sobieski Tower	DTZ	B	24,824	17,748
Market SKA	Mszczonow Logistics	DTZ	A	2,832	2,832

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SBP SKA	Synergy Business Park Wroclaw	JLL	B	21,316	20,002
Grzybowska 77 SKA + Isola	Grzybowska	KNF	A	23,500	9,700
Wronia SKA	Logistyka	KNF	C	20,778	16,650
Vogla SKA	Wilanow Retail	KNF	D	13,490	6,927
Tillia SKA/ACG1 SKA	Powisle	KNF	A	6,220	6,120
Dahlia SKA	Woloska 24	KNF	C	38,829	13,192

RUSSIA

Bely Rast e.a.	Dmitrov Logistic Park	JLL	C/D	169,000	153,500
Ermolino	Logistic Park Ermolino	JLL	A	8,014	7,960

UKRAINE

Success Invest	Kopylov Logistics Park	COLL	D	9,503	13,474
Urban Invest	Kopylov Logistics Park 2	UKR	A	942	956
Vision Invest	Warsaw Road Dev.	UKR	B	4,325	3,611

TOTAL:	**1,117,224**	**820,414**

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 2014	**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**
Acquisition of properties	3,534
Subsequent expenditure	166,963
Transfers	
- Assets classified as held for sale	
- Other transfers	1,988
Adjustment to fair value through P/L	114,412
Disposals	-2,410
CTA	12,323
other	
Balance at 31 December 2015	**1,117,224**

Categories	**A**	**B**	**C**	**D**	**Total**
Balance at 1 January 2014	**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**
Acquisition of properties	3,477		57		3,534
Subsequent expenditure (*)	3,008	7,006	97,133	72,139	179,286
Transfers					0
- Assets classified as held for sale				400	400
- Other transfers	-21,989	-5,473	11,600	17,450	1,588
Adjustment to fair value	10,982	6,774	42,703	53,953	114,412
Disposals				-2,410	-2,410
Other					0
Balance at 31 December 2015	**100,966**	**125,297**	**419,243**	**471,718**	**1,117,224**

(*) in this detailed overview net of CTAs (and other)

In Belgium, the remaining office space in Ring Offices (approx. 1,250 sqm) in Ghent has in the current year been sold for an amount of 2,920 KEUR. There have been no other divestures of investment property.

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

	2015	2014
Rental income	30,392	22,156

Rental income mainly relates to rent agreements in Belgium (Retail Gent, Parking Gent, Blue Towers Gent, Ring Multi-retail in the Ghelamco Arena), Poland (Warsaw Spire – buildings B and C), 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 2015 are as follows:

- 5.75% to 8.25% for Polish projects, depending on the location, specifics and nature of the project (vs. 6.50% to 8.25% last year).
- 5.50% for Belgian office projects (vs. 6.00% to 7.00% last year), depending on the location, specifics and nature of the investment
- 6.00% to 7.00% for Belgian retail projects (vs. 6.00% to 7.00% last year), depending on the location, specifics and nature of the investment.
- 12.00% for Russian projects (vs. 11.75 last year)
- 16.00% for Ukrainian projects (vs. 16.00% last year).

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

- 11 EUR/sqm/month to 25.5 EUR/sqm/month for office space (vs. 11 EUR to 18.5 EUR last year),
- 12 EUR/sqm/month to 32 EUR/sqm/month for retail space (vs. 11 EUR to 27.5 EUR last year),
- depending on the location, specifics and nature of the project.
- 140 EUR/sqm/year to 165 EUR/sqm/year for office space (same range last year),
- 74 EUR/sqm/year to 125 EUR/sqm/year for retail space (vs. 77 EUR to 120 EUR last year),
- depending on the location, specifics and nature of the project.
- 90 USD/sqm/year for Russian warehouse space and 180 USD/sqm/year for office space (part of the logistics projects) (vs. resp. 120 USD and 250 USD last year). These concern the average market rates which are applied to the void space, while contractual rates for the existing leases are significantly higher.
- 2.6 to 8.0 USD/sqm/month for Ukrainian warehouse space and 2.6 to 18.0 USD/sqm/month for office space (part of the logistics projects) (vs. resp. 5.0 to 8.0 USD and 10 to 17.5 USD last year). Low-end rates are market rates which are applied to the void space, while contractual rates for the existing leases are significantly higher.

On 31 December 2015, the Investment Holding has a number of income producing investment properties (category D) which are valued at 471,718 KEUR (Retail Gent, Blue Towers Gent, Ring Multi, Zeewind, Waterview retail and parkings, Warsaw Spire Buildings B and 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. 54,800 KEUR.

The investment properties (under construction) (category B and C) are valued using a number of assumptions in terms of e.g. construction cost, expected rental values etc. that are interlinked and for which a sensitivity analysis per variable would not make sense.

We also refer to note 1.9 for a description of the valuation process and methodology

7. Property, plant and equipment

	Property, plant and equipment	
in thousands €	**31.12.2015**	**31.12.2014**
Cost	1,036	1,256
Accumulated depreciation/amortisation and impairment	-815	-865
TOTAL	**221**	**391**

in thousands €	**Property, plant and equipment**
Cost	
Balance at 1 January 2013	1,331
Additions	25
Additions from internal developments	
Acquisitions through business combinations	
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
Additions	1
Additions from internal developments	
Acquisitions through business combinations	
Disposals or classified as held for sale	-220
Revaluation increase	
Effect of foreign currency exchange differences	-1
Other	
Balance at 31 December 2015	**1,036**

Accumulated depreciation and impairment	
Balance at 1 January 2014	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	
Balance at 31 December 2014	865
Depreciation/Amortisation expense	54
Disposals or classified as held for sale	-103
Impairment losses recognised in profit or loss	
Reversals of impairment losses recognised in profit or loss	
Effect of foreign currency exchange differences	-1
Other	
Balance at 31 December 2015	**815**

8. Intangible assets

The intangible assets balance mainly relates to the naming rights which the Investment Holding has since mid-2013 on the Ghelamco Arena in Gent. Balance is amortized over the duration of the contract; i.e. 10 years. In accordance with the contractual terms, first instalment of 2.5 MEUR has been paid in Q1 2014; second instalment is to be paid per mid-2016.

9. Property Development Inventory

The Property Development Inventories amount to 260,300 KEUR on 31 December 2015 (2014: 182,917 KEUR) and are detailed as follows:

	31/12/2015	**31/12/2014**
Property Development Inventories	260,234	182,811
Raw materials	62	58
Finished goods	4	48
	260,300	**182,917**

Property Development Inventories contain mainly land plots held for development of residential purposes and residential buildings either finished or still under construction.

	31/12/2015		**31/12/2014**
Inventories – Poland	53,666	21%	50,183
Inventories – Belgium	206,631	79%	132,720
Inventories – Other countries	3		14
	260,300	**100%**	**182,917**

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 2015 - KEUR	Carrying value (at cost) at 31 December 2014 - KEUR
BELGIAN/FRENCH PROJECTS		
Ghelamco Invest - others	13,425	7.012
Le Valeureux Liégeois - East Dune	25.044	25,536
The White House Zoute		840
Locarno Knokke	6,528	5.713
Blinckaertlaan Knokke	6,204	5.979
Kanonstraat Brussel	794	793
Bleko Doornstraat Kortrijk	2,375	2.281
Dock-site	2.648	2.648
"Residentie Katelijne"	9,094	9.094
Cromme Bosh	13,418	12.984
Kinder Siska	7,700	7.471
RHR	1.545	1.545
De Nieuwe Filature	15,208	10.338
Blaisantpark Gent	2,190	5.515
Belalan Louise	9,394	-
Spectre Bischoffsheim	16,459	-
Pomme De Pin - Courchevel	30,893	-
BUI De Ligne	24,000	-
TOTAL	**206.631**	**132,720**
POLISH PROJECTS		
Axiom-Constancin	4,608	4,128
Bellona-Bema	1,841	1,841
Creative Invest - Foksal	9,770	8,963
Dystryvest-Port Zeranski	2,942	2,725
Erato Invest	1,781	1,646
Isola SKA	-	1,571
M12 SKA	1,361	1,361
Office Investment-Matejki	1,256	1,256
Pattina Ivest	7	7
P.I.B.	3,020	3,017
Primula Invest	-	18
Proof Invest - Q-Bik soft lofts	12,553	23,022
Innovation Bud Bis (former Signal)	495	603
Unique SKA (Pl Grzybowski)	4,141	25
Budomal SKA (Lodz)	9,482	
Garden Station SP. z o.o.	354	
Other	55	-
TOTAL POLAND	**53,666**	**50,183**
RUSSIAN PROJECTS		
SUBTOTAL RUSSIA	**-**	**-**
UKRAINIAN PROJECTS		
SUBTOTAL UKRAINE	**3**	**14**
GRAND TOTAL	**260,300**	**182,917**

In Belgium and France, main part of current year expenditures have been done on the (residential part of the) Waterview project in Leuven (461 student units) and the Blaisantvest and Tribeca projects in Ghent.
In addition, there have been some acquisitions of plots/sites:
- 2 sites located at the Louizalaan (Belalan Louise) and the Boulevard Bischoffsheim (Spectre Bischoffsheim) in Brussels
- the hotel Pomme de Pin in Courchevel, France
- and (the long-term leasehold rights on) a building at Rue de la Banque in Brussels (BUI De Ligne).

In Poland, main acquisitions related to a plot located at Pl. Grzybowski, Warsaw for an amount of approx. 4.5 MEUR and a plot in Lódz for an amount of approx. 8 MEUR (+ costs and current year expenditures).

Main divestures in Belgium:
- Blaisantpark Ghent: In 2015 14 apartments, 14 student units and 19 parkings have been sold and fully invoiced. In addition, approx. 2.2 MEUR instalments re. 2014 sales have still been invoiced. Per end 2015, the project is fully sold out, except for one apartment, some parking spaces and one commercial unit.
- Waterview Leuven: 302 student homes have been sold and fully invoiced in 2015. In addition, approx. 1 MEUR instalments re. 2014 sales have still been invoiced. Per date of the current report, over 75% of the total (461) available student units have been sold.
- Sylt, sale of 1 unit in the residential project in Knokke
- East Dune, sale of 4 apartments (and 4 storage units and 6 underground parkings) in the residential project in Oostduinkerke
- First invoicing under the Breyne legislation re. phase 1 (13 houses) in the Tribeca project in Ghent.

Inventory sales in Poland mainly related to the further commercialization of apartments in the Q-Bik project (350 residential soft lofts in Warsaw, of which per end 2015 approx. 90% have been sold).

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

10.1 Non-current receivables & prepayments

	Note	31/12/2015	31/12/2014
Non-current			
Receivables from related parties	29.3	44,070	43,168
Trade and other receivables		29,237	15,728
Total non-current receivables and prepayments		**73,307**	**58,896**

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 2015 mainly consist of:
- Degi: 649 KEUR
- Earn-out and rental guarantee receivables in connection with the sale in 2013 of the Senator project: 4.5 MEUR

- Rental guarantee receivables at the level of Espressivio Sp. z o.o. in connection with the sale of the Mokotow Nova and Lopuszanska Business Park projects: 749 KEUR
- Master lease and rental guarantee retentions in connection with the disposal of Marynarska 12/T-Mobile Office Park: 285 KEUR
- Capitalised rent free and agency fees at the level of WS SKA, in connection with leasing of the Warsaw Spire Project: 5.45 MEUR
- Capitalised agency fees at the level of Dahlia SKA, in connection with the leasing of the Woloska 24 project: 170 KEUR
- Other Peridot loans: 16,406 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	31/12/2015	31/12/2014
Current			
Receivables from related parties		1,326	3,253
Receivables from third parties		7,700	7,612
Less: allowance doubtful debtors (bad debt provision)		-31	-31
Net trade receivables		8,995	10,834
Other receivables		4,567	2,352
Related party current accounts	29.3	51,844	51,791
VAT receivable		12,887	7,462
Prepayments		1,088	3,071
Interest receivable		20,243	16,300
Total current trade and other receivables		**99,624**	**91,810**

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 2015 mainly represent:
- 703 KEUR (vs. 524 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.
- 383 KEUR (vs. 367 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 18,284 KEUR from related parties (15,816 KEUR last year).

VAT receivable

The outstanding balance as of 31 December 2015 mainly relates to VAT receivables in the following countries:

- Belgium: 1,890 KEUR (main originating projects: Meetdistrict and Ghelamco Invest)
- Poland: 10,509 KEUR (main originating projects: Woloska 24, Warsaw Spire)
- Russia: 250 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 €	31.12.2015	31.12.2014
Balance at beginning of the year	**31**	**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**	**31**

As of 31 December 2015 and 2014, 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

There are no outstanding balances related to the market value of derivatives as of 31/12/15.
Balance of 290 KEUR per 31/12/14 was related to the market value of outstanding (currency and – to the extent applicable – interest) hedging contracts. Marking to market of these level 2 derivatives was recognized through the profit and loss statement.

Also refer to section 2.1.1 above.

12. Restricted Cash

	31/12/2015	31/12/2014
Restricted cash non-current	-	256
Restricted cash current	-	-
	-	**256**

Outstanding balance as of 31 December 2014 related to the amount on escrow and still to be released after the Trinity Park III sale (2010). Amount has in the current year been released.

13. Cash and cash equivalents

	31/12/2015	31/12/2014
Cash at banks and on hand	84,587	98,955
Short-term deposits		
	84,587	**98,955**

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 (667.6 MPLN + 6.3 MEUR total outstanding bonds at 31 December 2015) and Belgium (220 MEUR total outstanding bonds at 31 December 2015).

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14. Share capital

	31/12/2015	31/12/2014
Authorized		
35,908 ordinary shares without par value	73,194	73,194
issued and fully paid	73,194	73,194

At 31 December 2015, 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 2015 (and 2014).

14.2 Non-Controlling Interests

	31/12/2015	31/12/2014
balance at beginning of year	5,508	4,954
share of profit for the year	733	631
acquistions/disposals	6	-77
Balance at end of year	**6,247**	**5,508**

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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 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**

	Cumulative translation reserve	Retained earnings
At 1 January 2015	12,198	480,283
Cumulative translation differences (CTA)	-67	
Dividend distribution to the ultimate shareholders		
Change in non-controlling interests		
Change in the consolidation scope		171
Other		
Profit for the year		89,348
At 31 December 2015	**12,131**	**569,802**

16. Interest-bearing loans and borrowings

		31/12/2015	31/12/2014
Non-current			
Bank borrowings – floating rate	16.1	409,809	234,828
Other borrowings	16.2/16.3	369,175	205,348
Finance lease liabilities		0	11
		778,984	**440,187**
Current			
Bank borrowings – floating rate	16.1	112,191	132,651
Other borrowings	16.2	15,347	48,581
Finance lease liabilities		11	11
		127,549	**181,243**
TOTAL		**906,533**	**621,429**

16.1 Bank Borrowings

During the year the Group obtained new secured bank borrowings mainly expressed in EUR and USD and withdraw on existing credit facilities for a total amount of 181.2 MEUR (mainly 53.1 MEUR in Belgium, 128.1 MEUR in Poland), large part of which are Euribor based. On the other hand, reimbursements and refinancings have been done for a total amount of 37.0 MEUR. Also considering conversion differences (on mainly the outstanding USD loans), this brings the total outstanding amount of bank borrowings to 522.0 MEUR (compared to 367.5 MEUR at 31/12/2014).

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 2016, 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 currently 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:

	31.12.2015				31.12.2014			
	<1 y	**between 2 and 5 y**	**>5y**	**total**	**<1 y**	**between 2 and 5 y**	**>5y**	**total**
Credit institutions withdrawn credits	130,787	311,413	155,275	597,475	146,707	143,577	139,834	430,118
Financial lease				0	11	11		22
Total	**130,787**	**311,413**	**155,275**	**597,475**	**146,718**	**143,588**	**139,834**	**430,140**
Percentage	22%	52%	26%	100%	34%	33%	33%	100%

External bank borrowings by currency

Large parts of external bank borrowings are Euro denominated, except for mainly Belyrast in Russia (USD loan) and Postepu (and some VAT financing) in Poland (PLN loan).

Interests on bank borrowings – interest rate risk

Interests on land acquisition and development loans are considered as floating since the variable component of the interest formula will always be fixed for a period not superseding one year.

On 31 December 2015, the Investment Holding had the following investment loan(s):
- 81,071 KEUR in total on Belgian projects Retail Leuven, Retail Gent, Blue Towers, Parking Gent, Meetdistrict and Ring Multi; loans which are serviced by the actual rental income of the resp. properties
- Belyrast Ltd (Russia) 99,7 MUSD in total, bearing a Libor 3M based (+ 7.15% margin on the building A loan and + 8.15% on the building B loan) interest rate. The debt is fully serviced by the actual rental income of phase 1 (building A) and 2 (building B) 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 1.85% and 3,00%
- Poland: between 2.25% and 4.5%
- Ukraine: currently not applicable
- Russia : 7.15% (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 4,440 KEUR lower/higher profit before tax for 2015.

16.2 Other borrowings Bonds (367,163 KEUR long-term – 8,335 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, maturing on 13/12/15 and bearing a fixed interest of 7.0% - 16.95 MEUR bond serie B, maturing on 13/12/17 and bearing a fixed interest of 7.875%). These bonds were secured by a first demand guarantee from Ghelamco Group Comm. VA and were underwritten by a select group of institutional investors and high-net-worth individuals.
In December of the current year, Ghelamco Invest redeemed its 2012 private unsecured bonds for the total amount of 42 MEUR (serie A for an amount of 25.05 MEUR on its contractual maturity date 13/12/15 and serie B for an amount of 16.95 MEUR on the same date, through early redemption)

Also, 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 interest rate of 6.25%. This bond program has again been coordinated by KBC Securities and Belfius Bank.

Goal of the issues is to diversify financial resources and secure the mid-term funding necessary to secure the realization of the pipeline of Belgian and French projects.

In addition, Ghelamco Invest has on 24 June 2015 launched a new EMTN bonds program for a maximum amount of 150 MEUR. First tap on this program has resulted in the issue of a first tranche of 79,100 KEUR and in December the remaining amount of 70,900 KEUR has been raised. The bonds, which are listed on Euronext, have as maturity date 3/07/2020 (first tranche) and 14/06/2021 (second tranche), bear an interest rate of 4.5% (first tranche) and 4.125% (second tranche) and are secured by a first demand guarantee from Ghelamco Group Comm. VA. The program has been coordinated by Belfius, BNP and KBC. Both tranches have been underwritten by institutional investors and high-net-worth individuals. Since its bond listing on Euronext, Ghelamco Invest is formally considered as a Public Interest Entity (PIE), with related transparancy, governance and reporting requirements to the benefit of the investors.

Total balance of outstanding bonds per balance sheet date (216,004 KEUR) represents the amount of issue (220 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 2015 issued public bonds (tranche PE) to qualified investors within its 200 MPLN program for a total amount of 50 MPLN. These bonds have a term of 4 years and bear an interest of Wibor 6 months +4.5%.

In addition, Ghelamco Invest Sp. z o.o. in 2015 issued public retail bonds (tranche PPB, PPC and PPD) within its 250 MPLN program for a total amout of 130 MPLN. These bonds have a term of 4 years and bear an interest of Wibor 6 months + 3.5%-4.0%.

The proceeds of the above bond issues have been applied to redeem other/existing outstanding bonds, to service the (interests on) the resp. bond programs and for the financing of the Group's further investment projects within the Warsaw metropolitan area, in Wroclaw or Katowice.

As stated, the Ghelamco Invest Sp. z o.o. redeemed bonds in 2015 for a total amount of 59 MPLN (i.e. redemption of tranche C and D within its 200 MPLN Catalyst bearer bonds program).

Total bonds balance outstanding per balance sheet date (159,494 KEUR) represents the amount of issue (667.6 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 1,485 KEUR lower/higher profit before tax for 2014.

Summary of contractual maturities of (Belgian and Polish) bonds, including interest payments.

	31.12.2015			
	<1 y	**between 2 and 5 y**	**>5y**	**total**
Belgian2013 bonds	4,375	78,750		83,125
Belgian EMTN bonds 1st tranche	3,560	93,338		96,898
Belgian EMTN bonds 2nd tranche	2,925	11,699	72,362	86,986
Polish bonds	17,868	171,277		189,144
	28,728	**355,064**	**72,362**	**456,153**
	6%	78%	16%	100%

16.3 Other borrowings: Other

31/12/2015 9,024 KEUR

Other borrowings in EUR at 31 December 2015 include:
- Tallink Investments Ltd.: 1,040 KEUR
- Ghelamco Poland Sp. z o. o: 176 KEUR
- Rent deposits: 906 KEUR (non-current)
- 7 MEUR short-term loan from a third party investor, related to a specific Polish project, maturing on 30/06/2016 and bearing an interest rate of 4.5%

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

16.4 Miscellaneous information

No defaults of payments or breaches of borrowing agreements occurred as of 31 December 2015.

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 2015, the Group has bank loans available to be drawn for a total amount of 52,300 KEUR in Poland and 50,800 KEUR in Belgium.

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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)	31.12.2015				
	At fair value through P/L-held for trading	**Available for sale**	**Loans and receivables/HTM/ fin. liabilities at amortised cost**	**Fair value**	**Fair value level**
Other financial investments					
Other financial assets			4,000	4,000	2
Non-current receivables					
Receivables and prepayments			73,307	73,307	2
Restricted cash			-	-	2
Current receivables					
Trade and other receivables			85,117	85,117	2
Derivatives	-			-	2
Cash and cash equivalents			84,587	84,587	2
Total Financial Assets	**0**	**0**	**247,011**	**247,011**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			409,809	409,809	2
Bonds Poland			151,159	155,086	1
Bonds Belgium			68,987	75,424	2
Bonds Belgium (Euronext)			147,017	149,448	1
Other borrowings			2,012	2,012	2
Finance lease liabilities					
Interest-bearing borrowings - current					
Bank borrowings			112,191	112,191	2
Bonds Poland			8,335	8,417	1
Bonds Belgium			-	-	2
Other borrowings			7,012	7,012	2
Finance lease liabilities			11	11	2
Current payables					
Trade and other payables			36,066	36,066	2
Total Financial Liabilities	**-**	**-**	**942,599**	**955,476**	

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Financial instruments (x € 1 000)	**31.12.2014**				
	At fair value through P/L- held for trading	**Available for sale**	**Loans and receivables/HTM/ fin. liabilities 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**	

The above table provides an analysis of financial instruments grouped into Levels 1 to 3 based on the degree to which the fair value (recognized on the statement of financial position or disclosed in the notes) is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.
- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.
- Other financial assets AFS are participations at cost. The fair value of these assets cannot be measured reliably as these concern unlisted entities

The fair value of interest bearing liabilities does not materially differ from carrying amount, since largest part relates to floating interest bearing debts. The fair value of long term interest bearing debts (in absence of published price quotations in an active market) is calculated as the present value of cash flows discounted at the relevant current market interest rates adjusted for a company-specific margin. The fair value of short-term interest bearing debts and floating interest-bearing debts is assumed equivalent to their carrying amount.

Largest part of the Investment Holding’s interest bearing liabilities are floating interest bearing debts. Mainly Belgian bonds are fixed interest bearing debts.

We also refer to note 10.1 for the description of the fair value determination

18. Provisions

Balance at 1 January 2015		**178**
Additional provisions recognised		
Reductions		
Reversals		-38
Unwinding of discount		
Other		
Balance at 31 December 2015		**140**
	Non current	***140***
	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 €	**31/12/2015**	**31/12/2014**
Deferred tax assets	9,742	6,432
Deferred tax liabilities	-41,483	-23,770
TOTAL	**-31,741**	**-17,338**

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 2014	**-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**	
Recognised in income statement	-25,249	2,449	8,570	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other		-173		
Balance at 31 December 2015	**-46,864**	**-672**	**15,795**	**-**

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 €	**31/12/2015**	**31/12/2014**
DTA on unused tax losses	6,194	11,937
DTA on unused tax credits	3,998	3,402
TOTAL	10,192	15,339

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:

	31/12/2015
Trade payables: third parties	13,378
Trade payables: related parties	954
Related parties current accounts payable	60
Misc. current liabilities	23,646
Deferred income	1,895
Current employee benefits	77
Total trade and other payables	**40,010**

	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**

Trade payables towards related parties include amongst others the amounts payable to the Development Holding for construction and engineering coordination services received. On 31/12/2015, the trade payables include 954 KEUR towards related parties (vs. 5,663 KEUR last year), as follows:

- Keybus: 110 KEUR
- CLD: 775 KEUR
- Others 69 KEUR
- Ghelamco Russia: zero (vs. 2,926 KEUR last year)
- Apec Ltd: zero (vs. 891 KEUR last year)
- Ghelamco Poland Sp. z o.o: zero (vs. 668 KEUR last year)

Outstanding balance on related parties C/A payable decreased by 5,194 KEUR to 60 KEUR. Previous year's outstanding balance was 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: 2,122 KEUR
- Luxembourg: 418 KEUR
- Spain: 237 KEUR
- Cyprus: 1,112 KEUR
- Poland: 0 KEUR

Total for 2015: **3,889 KEUR** (vs. 2,307 KEUR in 2014)

22. Revenue

Revenue is mainly generated from the following sources:

in thousands €	31.12.2015	31.12.2014
Sales of Residential Projects		
Projects Belgium	56,312	32,238
Projects Poland	11,329	14,835
Rental Income	30,392	22,156
Other	1,403	350
TOTAL REVENUE	**99,436**	**69,579**

Rental income as of 31 December 2015 relates to rent from commercial projects in Belgium (6,919 KEUR), Poland (5,521 KEUR), Russia (12,251 KEUR) and Ukraine (2,701 KEUR).

The residential projects sales as of 31 December 2015 mainly relate to:

- Blaisantpark Ghent: 14 apartments, 14 student units and 19 parkings (4,457 KEUR) and remaining instalments re. 2014 sales in accordance with the Breyne legislation (2,300 KEUR).
- Waterview Leuven: 302 student homes and 400 parkings (41,379 KEUR) and remaining instalments re. 2014 sales in accordance with the Breyne legislation (1,019 KEUR).
- Villas and apartments at the Belgian coast (4,249 KEUR)
- First invoicing under the Breyne legislation re. phase 1 (13 houses) in the Tribeca project in Ghent.
- Soft loft apartments in the QBik project, Warsaw (11,329 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 €	31.12.2015	31.12.2014
Future minimum rental income:		
Less than 1 year	37.431	25.348
Between 1 and 2 years	42.627	29.585
Between 2 and 3 years	41.083	29.854
Between 3 and 4 years	38.416	26.943
Between 4 and 5 years	32.043	23.400
More than five years	97.715	77.297
TOTAL FUTURE MINIMUM RENTAL INCOME	**289.316**	**212.427**

The increase compared with last year is to a significant extent related to the evolution in the overall realisation phase in Poland (delivered buildings B and C in Warsaw Spire in 2015 vs. sale of the Katowice Business Point, Marynarska 12/T-Mobile Office Park and Lopuszanska Business Park projects in 2014). 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 2015 and 2014 include the following items:

	2015	2014
Other operating income		
Net gains on disposal of investment property	510	9,416
Other	5,439	4,535
Net gains on disposals of property, plant and equipment	-	-
total:	**5,949**	**13,951**

Current year's other operating income includes the net gain on the disposal of the remaining offices space in Ring Offices for an amount of 510 KEUR.

In addition re-charges of real estate tax and fit-out expenses to tenants are included (in mainly the Blue Towers in Ghent and Warsaw Spire in Poland).

Other operating income also to an extent relates to income from related parties (1.040 KEUR). 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.

Last year's other operating income included 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).

	2015	2014
Gains from revaluation of Investment Property	114,412	11,335

Fair value adjustments over 2015 amount to 114,412 KEUR, which is mainly the result of current year's further investment and leasing efforts in Poland (mainly on the Warsaw Spire and Grzybowska 77 projects) and Belgium (mainly on the Blue Towers and the Meetdistrict), in combination with evolution in market conditions (yield and rent level evolution).

The continued difficult political and economic situation in Russia and Ukraine and its related effects on the markets in those regions (with pressure on the yields and rent levels and thus on the market value of the Group's projects in both countries) has resulted in the recognition of further negative fair value adjustments of resp. 1,832 KEUR and 3,314 KEUR on the Group's 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 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	22,011
Poland	97,547
Russia	-1,832
Ukraine	-3,314
	114,412

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	2015	2014
Other operating expenses		
Operating lease/ rental/housing expenses	1,984	854
Taxes and charges	3,718	2,881
Insurance expenses	1,016	285
Audit, legal and tax expenses	2,559	4,368
Traveling	1,268	1,188
Promotion	1,561	1,167
Bank fees	150	480
Sales/agency expenses	15,089	8,849
Rental guarantee expenses	3,376	4,226
Operating expenses with related parties	6,465	4,236
Maintenance & management	878	1,834
Fit-out expenses Senator	-	530
Miscellaneous	2,692	5,604
Total:	**40,756**	**36,502**

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.

The increased sales expenses are to a significant extent related to commission expenses in the Waterview (student houses) project.

In general, last year's other operating expenses were significantly impacted by the disposal 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.

	2015	2014
Employee benefit expenses		
Wages and salaries	868	942
Social security costs	190	248
Other		
Total:	**1,058**	**1,190**

24. Cost of Property Development Inventories

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

	2015	2014
Movement in inventory	-5,074	26,647
Purchases	-43,891	-62,798
	-48,965	**-36,151**

(*) 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 170,497 KEUR (transfers of -2,410 KEUR not included).

25. Finance income and finance costs

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

	2015	2014
Foreign exchange gains	998	-
Interest income	5,429	4,298
Other finance income		
Total finance income	**6,427**	**4,298**
Interest expense	-22,552	-25,403
Other finance costs	-3,820	-5,411
Foreign exchange losses	-	-722
Total finance costs	**-26,372**	**-31,536**

It is to be noted that interest expenses related to Investment Property projects are not included in the above 2015 and 2014 figures, as those have directly been capitalized on IP. It concerns an amount of 19,634 KEUR (vs. 14,323 KEUR last year).

Interest expenses mainly relate to interests on bank loans and bonds.

Interest income mainly includes interests on loans to related parties.

It is to be mentioned that a significant part of the exchange differences is unrealized (and connected with the conversion of outstanding loans). It concerns a snapshot per year-end, impact of which mainly depends on the evolution of the EUR/PLN-RUB-UAH exchange rate.

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: 290 KEUR unfavourable vs. 1,552 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:

	31.12.2015	31.12.2014
current income tax	4,209	2,267
deferred tax	14,230	-799
Total	**18,439**	**1,468**

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 €	**31.12.2015**	**31.12.2014**
Result before income taxes	108,520	-7,594
Income tax expense/gain calculated at 33,99%	36,886	-2,581
Effect of different tax rates in other jurisdictions	-14,600	2,000
Effect of non-deductible expenses	724	655
Effect of revenue that is exempt from taxation	-1,470	-605
Effect of use/recognition of previously unrecognized tax losses	-6,103	-341
Effect of current year losses for which no DTA is recognized	1,774	3,204
Effect of tax incentives not recognized in the income statement	-76	-264
Effect of under/over-accrued in previous years	947	-58
Effect of change in local tax rates	343	450
Effect of share deal Rubia	-	-13
Effect of share deal RPI	-	-321
Effect of share deal L-Park	-	-571
Other	14	-87
INCOME TAX EXPENSE RECOGNISED IN INCOME STATEMENT	**18,439**	**1,468**

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 2015 and 2014.

Company	Project name	Amount of bank loan-books (KEUR/KUSD)		Corporate guarantees as per 31/12/2015 (KEUR)	
BELGIUM					**Guarantee by Ghelamco Invest NV**
Dianthus	Katelijne	EUR	778	778	Corporate Guarantee
Retail Leuven Waterview Leuven Student Housing	Waterview	EUR	10,619	10,619	Cash deficiency guarantee, subordination declaration
WRP	Wavre Retail Park	EUR	5,906	5,906	Cash deficiency guarantee
Leisure Property Invest	Golf Knokke Zoute	EUR	15,000	5,000	Corporate Guarantee, cash deficiency, cost overrun, subordination declaration Peridot
Nepeta	East Dune	EUR	933	933	Corporate Guarantee, cash deficiency, cost overrun subordination declaration Peridot
Zeewind	Zeewind	EUR	428	428	Corporate Guarantee, cash deficiency
Retail Gent	Retail Gent	EUR	12,307	12,307	Corporate Guarantee, cash deficiency, subordination declaration Peridot, minimal rent guarantee
Parking Estates	Parking Estates Gent	EUR	756	14,500	Corporate Guarantee, cash deficiency, cost overrun
Schelde Offices	Blue Towers	EUR	16,283	16,283	Corporate Guarantee, cash deficiency, cost overrun, subordination declaration Peridot
Arte Offices	Blue Towers	EUR	17,648	17,648	Corporate Guarantee, cash deficiency, cost overrun, subordination declaration Peridot
De Nieuwe Filature	Tribeca	EUR	4,300	4,300	Corporate Guarantee, cash deficiency
Parking Gent	Parking Gent	EUR	13,381	14,500	Corporate Guarantee, cash deficiency, cost overrun, subordination declaration Peridot
Bischoffsheim Freehold	Spectrum	EUR	1,750	1,750	Corporate Guarantee, cash deficiency

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Belalan Bischoffsheim Leasehold	Spectrum	EUR	8,750	8,750	Corporate Guarantee, cash deficiency
Louise Freehold	Louise 165	EUR	640	640	Corporate Guarantee, cash deficiency
Belalan Louise Leasehold	Louise 165	EUR	6,560	6,560	Corporate Guarantee, cash deficiency
MeetDistrict Gent	MeetDistrict Gent	EUR	9,454	5,000	Corporate Guarantee, cash deficiency, cost overrun
Ring Multi	part Ghelamco Arena	EUR	7,553	4,000	Corporate Guarantee, cash deficiency

POLAND					**Guarantee by Granbero Holdings Ltd,**
Warsaw Spire SKA	Warsaw Spire	EUR	188,095	188,095	Corporate suretyship and guarantee agreement
Sienna Towers SKA	Sienna Towers	EUR	7,707	7,707	Corporate guarantee
Wronia SKA	Wronia	EUR	4,022		Suretyship, cash deficiency
SBP SKA	Wroclaw Business Park	EUR	7,000	7,000	Corporate guarantee, cash deficiency
Foksal SKA	Foksal	EUR	4,000	4,000	Corporate guarantee, cash deficiency
Sobieski SKA	Sobieski Towers	EUR	3,330		Suretyship, cash deficiency
Postepu SKA	Prostepu 2	EUR(*)	1,968		Suretyship, cash deficiency
Grzybowska77 SKA	Grzybowska 77	EUR	3,238		Suretyship agreement
Vogla SKA	Plac Vogla	EUR	6,331	6,331	Corporate Guarantee
Dahlia SKA	Woloska 24	EUR	11,587		Suretyship and cash deficiency

RUSSIA					**Guarantee by Safe Holding Belgiuim**
BelyRast	Dmitrov Logistics Park Building C	USD	6,272	5,432	support deed re. cash deficiency guarantee (and in the event of default by Safe Holding Belgium, by Ghelamco Group)

(*): Bank loan itself is denominated in PLN.

No corporate guarantees were given by the Investment Holding to ensure repayment of the bank loans of the related parties under the common control of the ultimate beneficial owners at 31 December 2015 (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:

	2015	2014
Architectural and Engineering contracts	24,801	24,541
Construction contracts	101,943	162,591
Purchase of land plots	-	2,117
Purchase of shares (connected with landbank)	-	-
Total	**126,744**	**189,249**

At 31 December 2015, 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 2015 (and 2014).
- Belgium: none significant per end 2015. 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 were actually 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: 17,995 KEUR
- Budomal project in Lodz (approx.. 25,000 sqm office space): 27,116 KEUR
- Woloska 24: 5.936 KEUR
- Tribeca mixed project in Ghent: 36.8 MEUR construction contracts in total
- Ring Hotel project in Gent: 7.3 MEUR construction contracts in total

28.2 Operating lease commitments (land lease rights)

	Poland		Russia	
	2015	**2014**	**2015**	**2014**
Within 1 year	763	688	290	313
After 1 year but not more than 5 years	2,961	2,752	1,162	1,182
More than 5 years	54,341	50,248	9,820	10,110
	58,065	**53,688**	**11,272**	**11,605**

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 connection with the sale of two office projects in 2013 (Mokotov Nova and Senator), 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, a rental guarantee provision of 2,000 KEUR has been recognized in the consolidated financial statements at 31/12/15.

Belgium:
In connection with the sale of the L-Park project in 2014 to AXA Belgium, a master lease agreement has been closed for the (at the time of the sale) not leased office space. The master lease agreement has a period of 9 years. In this respect, a rental guarantee provision of 900 KEUR has been recognized in the consolidated financial statements at 31/12/15.

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 2015, the Consortium (of which the Group is part) paid a total amount of approx. 8,000 KEUR to the members of the board and management committee. This amount includes management service fees charged by the Management Committee members to the legal entities included in the scope of these consolidated financial statements.

This amount comprises the full compensation. No other short- or long-term benefits, stock option plans or other post-employment benefits have been granted to the members of the board and the management committee.

29.2. Trading transactions: Purchase of construction, engineering and other related services from related parties

Construction and Development Services

The Investment Holding has entered into property development and construction contracts with property development and construction companies ("Contractors") – the indirect subsidiaries of the Development Holding:

- Ghelamco Belgium with its registered office in 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

2015

Except for

- the contribution by CC28 of its participation in Woronicza SKA in Ghelamco Polish Project 1 SCSp as described in setion 4.1,
- the sale by the Company of 30% of the shares of SPVs Unique, Prima Bud and Tarima as described in section 4.2
- the mergers and liquidations of subsidiaries as described in section 4.4 of this report, there have been no other share transactions or other significant transactions with related parties in 2015.
- The sale of the remaining office space in Ring Offices to to International Real Estate Services Comm. VA (IRS) for an amount of 2.9 MEUR,

there have been no share transactions or other significant transactions with related parties in 2014.

2014

Except for the finalisation of the merger operation as described above and the sale of the shares of Portfolio Invest Ltd. to the Development Holding, there were no share transactions or other significant transactions with related parties in 2014.

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:

	31/12/2015	31/12/2014
Purchases of construction, engineering and architectural design:	-151,852	-128,826
related party trade receivable	1,326	3,253
related party trade accounts payable	-954	-5,663
related party non-current loans receivable	44,070	41,209
related party interests receivable	18,284	15,161
related party C/A receivable	51,844	51,791
related party non-current other receivable	-	1,960
related party non-current loans payable	-1,216	-1,572
related party interests payable	-1,891	-1,772
related party C/A payable	-60	-5,254

30. Events after balance sheet date

- In February 2016, the Group signed a conditional share purchase agreement for the acquisition of a company holding a +/- 13,000 sqm plot in Berchem, for a transaction value of +/- 9.9 MEUR. On this site, the Group foresees to develop 2 office buildings with a total leasable area of +/- 26,000 sqm. Closing of the deal is expected for Q3 2016.

- Also in February 2016, a preliminary agreement has been signed with the City of Brussels for the sale of the De Ligne building at Rue de la Banque, for a transaction amount of 27 MEUR. The notary deed will be signed within the prevailing 4 month-delay.

- On 29 January 2016, the Financial Supervision Commission (Komisja Nadzoru Finansowego) has approved Ghelamco Invest Sp. z o.o.'s base prospectus for the issue of a total amount of 350 MPLN public retail bonds in connection with its Bond Issue Programme IV. In March 2016 bonds (series PPE) have been publicly offered and allocated to institutional and retail investors for an amount of 50.000 KPLN. The bond issue will be formalized on 30 March 2016. The bonds have as maturity date 30 March 2020 and bear an interest of Wibor 6 months + 4%. Expectted trading introduction date is 7 April 2016. Also in March 2016 another tranche of bonds (series PPF) has been publicly offered and allocated to institutional and retail investors for an amount of 30.000 KPLN. The bond issue will be formalized early April 2016. The bonds have as maturity date 30 March 2020 and bear an interest of Wibor 6 months + 4%. Expected trading introduction date is 14 April 2016. Both bonds series are secured by a guaranty granted by Granbero Holdings Ltd.

31. Auditor's Report

Deloitte.

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Ghelamco Group Comm. VA

Independent auditor's report on the consolidated financial statements for the year ended 31 December 2015

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.

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Berkenlaan 8b
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Ghelamco Group Comm. VA

Independent auditor's report on the consolidated financial statements for the year ended 31 December 2015

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 2015, 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 1,653,429 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 89,348 (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.

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Burgerlijke vennootschap onder de vorm van een coöperatieve vennootschap met beperkte aansprakelijkheid /
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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 2015, 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, 31 March 2016

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
Half year results 30.06.2017

Sound results and balance sheet structure from continued investment and commercialisation efforts in core market segments

- **Net profit for the period of 19,105 KEUR (vs. 100,622 KEUR as of 30.06.16)**
- **Solvency ratio of 46% (40% as per 31.12.16)**
- **Sale of the Warsaw Spire project to Ghelamco European Property Fund for a total transaction value of 540 MEUR.**
- **Start of the construction works on the Warsaw Hub (113.000 sqm office space)**
- **Finalization of the construction works on the Przystanek mBank project in Lodz (25,600 sqm office space; approx. 95% pre-leased) and Wronia 31 project in Warsaw (15,400 sqm office space; approx. 85% pre-leased)**
- **Sale of the Retail Leuven project to 3rd party investor in June 2017, for an amount of 9.4 MEUR, resulting in a net gain on disposal of 1.1 MEUR.**
- **Continued construction efforts and commercial successes on the 3nd phase (91 apartments and some commercial units) of the Tribeca project in Ghent, contemporary, green project at the Nieuwevaart. Per date of the current report, approx. 80% of available units have been (pre-) sold.**
- **Start and fast progress of the construction works of the The Link office project in Berchem; with a (pre-)lease rate of approx. 70% per date of the current report.**

Preliminary remark

Since 2007, Ghelamco (Consortium)'s business activities are structured in three major holdings under common control of the ultimate shareholders (jointly referred to as "Ghelamco"):

- Investment Holding: comprises resources invested in the development of real estate projects in Belgium, Poland, Russia and Ukraine and the intra-group Financing Vehicles – referred to as "Investment Group" or the "Group";

- Development Holding: represents international entities that provide construction, engineering and development services to the Investment Group;

- Portfolio Holding: consists of all other activities and real estate investments controlled by the ultimate shareholders.

And per end 2016 the Ghelamco European Property Fund has been put in place, fourth holding company which in first instance acquires delivered projets (for which the occupation rate and lease status has been optimized during the past years) from the Investment Holding for keeping them as income generating products in portfolio for a longer time period. Furthermore this longer-term strategy demands a different financing structure. For that, projects may be transferred from the Investment Holding to the Property Fund.

Ghelamco Group Comm. VA (the "Group") is the holding company of the Investment Group that, together with its direct and indirect legal subsidiaries, constitute the reporting entity for the purpose of these interim condensed financial statements.

Summary

The Group closed its 2017 half-year accounts with a net profit of 19,105 KEUR, after continued investment and commercialisation efforts. Thanks to these efforts the Group realised significant residential sales, disposed of a significant amount of investment property (mainly the Warsaw Spire), while it managed to create added value through further investing in existing and new developments. This is reflected in a balance sheet total of 1,695,481 KEUR and an equity of 772,959 KEUR. The solvency ratio amounted to 46%.

In Poland, the investing activities have during the first half of 2017 mainly been focused on:
- The further construction of the Wronia project (approx. 16,000 sqm office project in the Warsaw Wola District). Construction works were in the finalization phase at 30 June 2017. The occupation permit has been obtained on 21 June 2017.
- The finalisation of the construction works on Przystanek mBank project (25,600 sqm office space) in Lodz, which is already pre-leased to mBank (for approx. 95% of the lettable area). The occupation permit is expected to be received before the end of Q3 2017.
- The start of the construction works of the Warsaw Hub (end 2016), 3 towers (on a podium) multifunctional project of approx. 113,000 sqm in Warsaw CBD.
- The start of the foundation works of the Spinnaker Tower, 55,000 sqm offices project at Rondo Daszynskiego in Warsaw.

Continued leasing efforts have resulted in the fact that the Woloska 24 project in the Warsaw Mokotow district has per date of the current report an occupation rate of over 60% and that the Wronia project (just delivered) is leased for over 85% (signed expansion options included).

As to divestures, in June 2017 the Warsaw Spire project, leased for over 90%, has been sold to the Ghelamco European Property Fund; transaction which allowed the Group to realise this project for which the occupation rate and lease status was optimized during the past months and years, at an optimal market value. The transaction value amounted to 540 MEUR.

On 6 April 2017, a preliminary agreement was signed with a third party investor for the sale of 100% of Ghelamco Nowa Formiernia sp. z o.o., project company holding the Przystanek mBank project. Formal closing of the deal is expected in Q4 2017.

In addition, the residential Woronicza Qbik project was further commercialised in a way that currently over 95% of available soft lofts have been sold.

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In Belgium, the Group has over the past years intensified its project development activities (with currently over 40 projects in portfolio). As a consequence, a significant number of Belgian projects have in the course of the last three years been delivered and commercialised.

In this respect, the delivered and operational Dacar projects (consisting of the Blue Towers, the Brico Retail hall and Parking Gent) have per end 2016 been sold to the Ghelamco European Property Fund. In connection with this sales transaction, formerly recognized gains (through fair value accounting) for an amount of +/- 31 MEUR have actually been realised. The resulting receivable balances on the Ghelamco European Property fund are currently being cashed.

In June 2017, the Retail Leuven project (5.435 sqm retail space at the Vaartkom in Leuven) has been sold to a third party investor. This transaction resulted in a gain on disposal of investment property of 1.1 MEUR.

During the current 6-month period, construction works of phase 3 of the Tribeca project in Ghent (affordable, contemporary, green project, consisting of 91 apartments and some smaller retail units) have been continued. At the same time, commercialisation of this phase of the project is going well, as per date of the current report already 80% of available residential units have been (pre-)sold. Furthermore, construction of phase 2 (consisting of 72 apartments, 5 lofts, underground parking garages and retail units) is currently being finalized (and at +/- 95%), while 71 (of 72 available) residential units have been sold. Also, approx. 42% of the available retail space (5,150 sqm in total in phase 2) has been leased to Lidl, which opened its new retail shop on 15 February 2017.

In addition, stripping/demolition and construction works have resp. been finalized and kicked-off in the Brussels Edition and Spectrum projects. Per date of the current report, approx. 78% of the available residential units in the Edition project (offering 59 luxurious apartments, underground parking spaces and retail space on the ground floor) have been pre-sold, while over 90% of the apartments in the Spectrum project (mixed project offering 15,000 sqm office space, 22 apartments and approx. 170 underground parking spaces) have been reserved and/or pre-sold.

Moreover, construction works in the 'The Link' project in Berchem (27,000 sqm office space and approx. 540 underground parking spaces, divided over 2 buildings) have started, while marketing efforts have per date of this report already resulted in a (pre-)lease rate of approx. 70%.

In Ukraine, the Kopylov Logistics Park (+/- 30,000 sqm warehousing in the Makariv District of the Kyiv Region) has in the first half of 2017 been sold to a third party for an amount of 18.8 MUSD. This sales transaction has resulted in a gain on disposal of 7.5 MEUR.

Key figures

Results	**30.06.2017**	**30.06.2016**
Operating result	39,592	121,404
Net result of the year	19,105	100,622
Share of the group in the net result of the year	18,490	100,192
Balance sheet	**30.06.2017**	**31.12.2016**
Total assets	1,695,481	1,912,028
Cash and cash equivalents	66,578	59,001
Net financial debt (-)	762,453	998,092
Total equity	772,959	765,282

Revenue for the first semester of 2017 amounts to 52,861 KEUR and relates to rental income (23,318 KEUR) and sales of (residential) projects (29,096 KEUR).

The investment property (under construction) portfolio evolved from 1,317,666 KEUR per end 2016 to 855,130 KEUR per end of June 2017; evolution which is the combined result of current period's expenditures (46,184 KEUR), disposals (-544,997 KEUR), fair value adjustments (12,441 KEUR), transfers (10,778 KEUR) and currency translation impact (13,058 KEUR). The current period's net favorable fair value adjustment is mainly the consequence of the Group's sustained investment and leasing efforts, in combination with market evolution (in terms of yields and rent levels).
The operating result for the first half-year of 2017 totals to 39,592 KEUR; net profit for the period closes with 19,105 KEUR.

Property development inventories balance decreased by 4,760 KEUR to 254,745 KEUR; evolution which is mainly the combined effect of :
- further expenditures on Belgian (residential) projects (mainly connected with the construction of the Tribeca project in Ghent),
- the sale of some (residential) projects (mainly invoicing of installments under the Breyne legislation in the Tribeca project in Ghent and the Edition project in Brussels and
- the further commercialisation of apartments in the Woronicza Qbik project (350 residential soft lofts in Warsaw, with a sales rate of over 95% per mid 2017).

During the period the Group was able to obtain new bank borrowings and withdraw on existing credit facilities for a total amount of 47.7 MEUR. On the other hand, reimbursements and refinancings have been done for an amount of 321.3 MEUR (disposal of the 300 MEUR bank loan on Warsaw Spire included), bringing the total outstanding amount of bank borrowings to 353.5 MEUR (i.e. a net decrease by 273,6 MEUR compared to the outstanding balance of 627.1 MEUR at 31/12/2016). Also considering the outstanding bonds (245,278 KEUR net outstanding private and public bonds in Poland and 217,719 KEUR net outstanding private and public bonds in Belgium) and some other loans (12,565 KEUR), leverage[1] amounts to 49%.

Overview by country

Belgium

In Belgium, the Group's main development activities during the first half of 2017 related to:
- Finalization of the construction works of phase 2 of the Tribeca project at the Nieuwevaart in Ghent (mixed project of +/- 35,000 sqm lettable/sellable area in total of which phase 2 offers 72 apartments, 5 lofts, underground parking garages and commercial units). Per date of the current report 71 of 72 available units have been sold and 42% of the lettable retail space has been leased.
- Continuation of the construction works of phase 3 of the Tribeca project (offering 91 apartments and some smaller retail units). Construction progress is approx. 65%. About 80% of availabe residential units have been (pre-)sold.
- Continuation of the construction works of the business hotel next to the Ghelamco Arena (125 hotel rooms, 83 extended stay rooms and 98 underground parking bays).
- Stripping, demolition and start of construction works in the Brussels Edition (Louizalaan) and Spectrum (Avenue Bischoffsheim) projects. Per date of the current report, approx. 78% of the apartments in the Edition project have been (pre-)sold, while over 90% of the apartments in the Spectrum project have been reserved and/or pre-sold. In addition, leasing negotiations for significant areas in the offices-part of the Spectrum project are currently well advanced.
- Start and fast progress of the construction works in the The Link project in Berchem (27,000 sqm office space and approx. 540 underground parking spaces) , while parallel marketing efforts have already resulted in a (pre-)lease rate of approx. 70%.

[1] Calculated as follows: interest-bearing loans and borrowings/ total assets

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As to divestures and/or revenues:

- Current period's revenues mainly related to invoicing under the Breyne legislation connected to apartments and parking spaces in phase 2 and 3 of the Tribeca project at the Nieuwevaart in Ghent, further commercialisation of the residential part of the Waterview project in Leuven Vaartkom (8 units sold during the first half of 2017), first installments (connected to 24 units and 25 garages) in the Edition project in Brussels and the sale of villas and apartments at the Belgian coast.
- In addition, in June 2017 the Retail Leuven project at the Vaartkom in Leuven was disposed and sold to a third party investor.

<u>Poland</u>

In Poland, the Group in first instance maintained its existing land bank but also took advantage of some expansion opportunities. Current period main land bank transactions was a plot acquisition in Lodz (for an amount of approx. 8 MPLN) for the future development of an office project, in a 50/50 joint-venture structure with a 3rd party.

As stated, the Group further invested in the construction of the Wronia project in Warsaw, for which the works are currently being finalized. Also the constructions works of the Przystanek mBank project on Lodz are well advanced and being finalized. In addition, the Warsaw Hub for which construction works were kicked off end 2016, is currently under construction. Construction status at 30 June 2017: finalisation of ground works including diaphragm wall. Delivery is expected in Q1 2020. Finally, also construction works on the Foksal project (57 exclusive apartments at 13/15 Foksal Street located in the historic heart of Warsaw) and foundation works on the Spinnaker Tower project (55,000 sqm offices at Rondo Daszynskiego) have commenced in the first half of 2017.

As to (pre-)leasing and occupation of projects:
The Przystanek mBank project in Lodz has been pre-leased for approx. 95% of the lettable area.
The Woloska project in the Warsaw Mokotow District has been leased for over 60%, while negotiations for parts of the remaining space are ongoing.

As to divestures and/or revenues:

On 29 June 2017, the Warsaw Spire project was sold to Ghelamco European Property Fund NV at a transaction value of 540 MEUR in total. For this purpose, Granbero Holdings Ltd entered into an agreement with Ghelamco European Property Fund NV to sell 100% of the shares in Stareti Holdings Ltd (in turn parent company of the SPVs holding the (3 parts of the) Warsaw Spire project). The sale resulted in the current period a net result on disposal of investment property of 8,976 KEUR. In addition, in connection with this transaction, formerly recognized gains (through fair value accounting) for an amount of +/- 245 MEUR have actually been realised. The resulting receivable balances on the Ghelamco European Property fund are currently being cashed. On 27 September 2017 Ghelamco European Property Fund NV disposed the shares of Warsaw Spire Pl.Europejski 6 SKA (company holding building B of the Warsaw Spire complex) to an external investor.

Current period's residential sales revenues related to the further commercialisation of the Woronicza Qbik project (350 residential soft lofts in the Mokotow Distruct of Warsaw). Per end of June 2017, over 95% of units have been sold.

Other countries

In Ukraine, the Kopylov Logistics Park project was sold (for 18.8 MUSD) to a third party: ATB, a local Ukrainian retailer. The transaction was structured as a sale of assets and resulted in a gain on disposal of 7.5 MEUR.

In Russia, the first (building A, approx. 60,000 sqm) and second phase (building B, approx. 68,000 sqm) of the Dmitrov Logistics Park – class A warehouse complex of four buildings totalling approx. 227.000 m² of lettable area in the northern part of the Moscow Region – have in the past years been delivered and are currently leased for resp. 70% and 100%. Construction of building C (approx. 46,000 sqm) is currently being finalized, while the building is per date of the current report (pre-)leased for approx. 50%.

Outlook

It is the Group's strategy to further diversify its development portfolio in the countries where it is currently active by spreading its developments over different real estate segments.
For the second half of 2017, the Group 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 Group is confident to achieve this growth and its goals for 2017 in general.

Risks

Due to its activities, the Group is exposed to a variety of financial and operational risks: including exchange rate risk, interest rate risk, price risk, credit risk and liquidity risk. Financial risks relate to the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables and borrowings.

These risks, which are described in detail in the Ghelamco Group Comm. VA IFRS Consolidated Financial Statements at 31 December 2016, remain applicable for 2017 and are closely managed and monitored by the Group's management.
As from 2015 the Group insured its capital risk on Russia, against expropriation and/or nationalisation.

Declaration in accordance with Art. 13 of the Belgian Royal Decree of 14 November 2007

The Management, acting in the name of and on behalf of GHELAMCO GROUP COMM. VA, attest that to the best of their knowledge,

- the interim condensed financial statements are prepared in accordance with applicable accounting standards and give, in all material respect, a true and fair view of the consolidated assets and liabilities, financial position and consolidated results of the Group and of its subsidiaries included in the consolidation for the six month period;
- the interim financial management report, in all material respect, gives a true and fair view of all important events and significant transactions with related parties that have occurred in the first six month period and their effects on the interim financial statements, as well as an overview of the most significant risks and uncertainties we are confronted with for the remaining six months of the financial year.

Paul Gheysens	Philippe Pannier
CEO & Managing Director	CFO
Ieper	Ieper
26/09/2017	26/09/2017

About Ghelamco

Ghelamco Group is a leading European real estate investor and developer active in the offices, residential, retail and logistics markets. It maintains a high quality internal control with respect for agreed milestones over all its project development phases: land purchase, planning, coordinating the construction phase and sale or lease. Its projects combine prime and strategic locations with efficient and aesthetically inspiring designs and correct timing. Its successes on the Belgian, French, Polish, 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.

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Condensed consolidated income statement (in KEUR)

	30/06/2017	30/06/2016
Revenue	52,861	63,817
Other operating income	26,942	6,636
Cost of Property Development Inventories	-22,044	-41,556
Employee benefit expense	-732	-671
Depreciation amortisation and impairment charges	-407	-251
Gains from revaluation of Investment Property	12,441	112,012
Other operating expense	-29,469	-18,583
Share of results of associates	0	0
Operating result	**39,592**	**121,404**
Finance income	6,602	3,241
Finance costs	-21,550	-40,979
Result before income tax	**24,644**	**83,666**
Income tax expense	-5,539	16,956
Result of the period	**19,105**	**100,622**
Attributable to		
Equity holders of parent	18,490	100,192
Non-controlling interests	615	430

Condensed consolidated statement of comprehensive income (in KEUR)

	30/06/2017	30/06/2016
Profit for the period	19,105	100,622
Exchange differences on translating foreign operations	-11,423	3,957
Other		
Other comprehensive income of the period	-11,423	3,957
Total Comprehensive income for the period	**7,682**	**104,579**
Attributable to		
Equity holders of parent	7,067	104,149
Non-controlling interests	615	430

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Condensed consolidated statement of financial position (in KEUR)

	30/06/2017	31/12/2016
ASSETS		
Non-current assets		
Investment Property	855,130	1,317,666
Property, plant and equipment	790	399
Intangible assets	3,682	3,778
Investments in associates	0	0
Receivables and prepayments	323,770	88,966
Deferred tax assets	8,338	9,819
Other financial assets	11,478	4,380
Restricted cash	0	0
	1,203,188	**1,425,008**
Current assets		
Property Development Inventories	254,745	259,505
Trade and other receivables	170,374	167,708
Current tax assets	21	231
Derivatives		0
Assets classified as held for sale	575	575
Restricted cash	0	0
Cash and cash equivalents	66,578	59,001
Total current assets	**492,292**	**487,020**
TOTAL ASSETS	**1,695,481**	**1,912,028**

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Condensed consolidated statement of financial position (in KEUR) (cont'd)

	30/06/2017	31/12/2016
EQUITY AND LIABILITIES		
Capital and reserves attributable to the Company's equity holders		
Share capital	73,194	73,194
CTA	9,868	21,291
Retained earnings	683,909	665,418
	766,971	759,903
Non-controlling interests	5,988	5,379
TOTAL EQUITY	**772,959**	**765,282**
Non-current liabilities		
Interest-bearing loans and borrowings	611,594	906,949
Deferred tax liabilities	23,772	34,905
Other non-current liabilities	389	1,916
Long-term provisions	120	120
Total non-current liabilities	**635,875**	**943,890**
Current liabilities		
Trade and other payables	65,595	48,108
Current tax liabilities	3,615	4,604
Interest-bearing loans and borrowings	217,437	150,144
Short-term provisions	0	0
Total current liabilities	**286,647**	**202,856**
Total liabilities	**922,522**	**1,146,746**
TOTAL EQUITY AND LIABILITIES	**1,695,481**	**1,912,028**

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Condensed consolidated cash flow statement (in KEUR)

	30/06/2017	30/06/2016
Cash flow from operating activities		
Result of the year before income tax	**24,644**	**83,666**
Adjustments for:		
- Share of results of associates		
- Change in fair value of investment property	-12,441	-112,012
- Depreciation, amortization and impairment charges	361	251
- Result on disposal investment property	-17,620	0
- Change in provisions		-20
- Net finance costs	16,184	17,595
- Movements in working capital:		
- change in inventory	-6,018	31,464
- change in trade & other receivables	-2,666	-58,359
- change in trade & other payables	8,188	21,431
- change in fair value of derivatives		
- Movement in other non-current liabilities	-1,527	
- Other non-cash items	-67	404
Income tax paid	-2,937	-1,558
Interest paid	-17,361	-20,833
Net cash from operating activities	**-11,260**	**-37,971**
Cash flow from investing activities		
Interest received	3,273	3,241
Purchase of property, plant & equipment	-656	-9
Purchase of investment property	-53,502	-67,269
Capitalized interest in investment property paid	-6,950	-5,481
Proceeds from disposal of investment property	566,747	0
Cash in/outflow on other non-current financial assets	-241,901	-1,499
Movement in restricted cash accounts		
Net cash flow used in investing activities	**267,011**	**-71,017**
Financing Activities		
Proceeds from borrowings	97,253	111,209
Repayment of borrowings	-325,315	-29,193
Dividends paid		
Net cash inflow from / (used in) financing activities	**-228,062**	**82,016**
Net increase in cash and cash equivalents	**27,689**	**-26,972**

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Cash and cash equivalents at 1 January	**59,001**	**84,587**
Effects of exch. rate changes in non-EUR countries	**-20,113**	**17,200**
Cash and cash equivalents at the end of the period	**66,578**	**74,815**

Condensed consolidated statement of changes in equity (in KEUR)

	Attributable to the equity holders			Non-controlling interests	Total equity
	Share capital	Cumulative translation reserve	Retained earnings		
Balance at 1 January 2016	**73,194**	**12,131**	**569,802**	**6,247**	**661,374**
Foreign currency translation (CTA)		3,957			**3,957**
Profit/(loss) for the period			100,192	430	**100,622**
Dividend distribution					
Change in non-controlling interests					
Change in the consolidation scope			-53	-1	**-54**
Other					**0**
Balance at 30 June 2016	**73,194**	**16,088**	**669,941**	**6,676**	**765,899**
Balance at 1 January 2017	**73,194**	**21,291**	**665,418**	**5,379**	**765,282**
Foreign currency translation (CTA)		-11,423			**-11,423**
Profit/(loss) for the period			18,490	615	**19,105**
Dividend distribution					**0**
Change in non-controlling interests					**0**
Change in the consolidation scope					**0**
Other			1	-6	**-5**
Balance at 30 June 2017	**73,194**	**9,868**	**683,909**	**5,988**	**772,959**

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Notes to the condensed consolidated interim financial statements at 30 June 2017

1. Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting”, as adopted by the European Union.

The new interpretations and standards that are applicable from 2017 did not have any significant impact on the Group financial statements. The Company is currently assessing the possible impact, if any, of standards to be applied as from 2018 (IFRS 9 and 15).

2. Significant accounting policies

The condensed consolidated interim financial statements are prepared on a historic cost basis, with the exception of investment property (under construction) and derivative financials instruments, which are stated at fair value.

All figures are in thousands of EUR (KEUR), unless stated otherwise.

The accounting policies adopted are consistent with those followed for the preparation of the Group’s consolidated financial statements for the year ended 31 December 2016.

3. Property development inventories

Property Development Inventories contain mainly plots of land held for development of residential purposes and residential buildings either finished or still under construction.

	30/06/2017	31/12/2016
Property Development Inventories	254,691	259,436
Raw materials	50	64
Finished goods	4	6
	254,745	**259,505**

A large part of inventories of the Group are located in Belgium and Poland. All assets located in Russia and Ukraine are reported under Investment Properties as they are held for investment purposes.

In Poland, the main movements were noted in the Woronicza Qbik balance (-1,817 KEUR to 4,697 KEUR) in line with current period’s sales of remaining units and the Foksal balance (+3,416 KEUR to 16,605 KEUR) in connection with the start of the construction works of this high-end residential project.
In addition, two plots (one located in Katowice and one in Krakow for resp. carrying values of 2,599 KEUR and 3,010 KEUR) have been transferred from inventories to investment property as both will be developed as office projects.

In Belgium, the inventory mainly relates to:
- residential projects at the Belgian coast (both finalized and under construction), mainly in Knokke and Oostduinkerke
- the Tribeca site in Ghent (24,000 m^2 site on which an approx. 35,000 m^2 mixed residential and retail space project is currently being realised)
- some plots in Courchevel for the development of (combined) residential/hotel projects

- the Arval site in Evere (+/- 10,800 sqm) for the future development of a mixed real estate project
- two sites located at the Louizalaan and the Boulevard Bischoffsheim in Brussels for the realisation of (combined) residential-retail projects, both currently under construction
- Capitalized Eurostadium study costs and expenditures related to the acquired leasehold
- Land parts in the Carlton site in Knokke-Zoute, in a joint-venture structure with a 3rd party, for the development of a high-end residential project. Construction works have started in the first semester of 2017.

The Filature Retail project has been transferred from inventory to IP, in connection with the progress and commercial status of the project.

	30/06/2017		31/12/2016	
Inventories – Poland	68,358	27%	68,860	27%
Inventories – Belgium	186,381	73%	190,634	73%
Inventories – Other countries	6		11	
	254,745	**100%**	**259,505**	**100%**

4. Investment property (under construction)

Balance at 31 December 2016	**1,317,666**
Acquisition of properties	3,571
Acquisition through business combinations	
Subsequent expenditure	42,613
Transfers	
- Assets classified as held for sale	
- Other transfers	10,778
Adjustment to fair value through P/L	12,441
CTA on current year FV adj	
Disposals	-544,997
CTA	13,058
other	
Balance at 30 June 2017	**855,130**

Investment Properties are stated at fair value as determined by either independent appraisers or by management and are classified in 4 categories:

A. Land without pre-pemit 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.

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Country + SPV	Commercial Name	Valuation	Cat	30/06/2017 KEUR	31/12/2016 KEUR
BELGIUM					
Leisure Property Invest	Golf Knokke Zoute	Man	A	49,295	44,661
WRP	Wavre Retail Park	Man	A	8,000	8,000
Zeewind	Zeewind	Man	D	1,746	1,746
Ring Hotel	Ring Hotel	Man	C	19,980	13,512
Ring Multi	Ghelamco Arena Multifunctional space	Cushman	D	21,675	22,625
Meetdistrict	Meetdistrict	Cushman	D	34,450	34,400
Ghelamco Invest	Le 8300	Man	C	26,570	22,580
Waterview/Parking Leuven	Waterview Parkings	Cushman	D	8,530	8,434
Waterview/Retail Leuven	Waterview Retail space	Cushman	D	0	8,650
Bischoffsheim Leasehold + Freehold	Spectrum	CBRE	C	45,820	41,500
Kubel/Construction Link	The Link	JLL	C	27,940	19,116
DNF/Filature Retail	Filature Retail	Man	D	8,908	n/a
POLAND					
Apollo Invest	Spinnaker Tower	JLL	B	52,154	49,937
Postepu SKA/Business Bud	Postepu Business Park	KNF	B	8,110	8,110
Sienna Towers SKA/Capital SKA	The Hub/Sienna Towers	KNF	C	87,712	74,897
WS SKA/Warsaw Spire spzoo spk	Warsaw Spire	JLL	n/a	0	526,780
Sobieski SKA	Sobieski Tower	BNP	B	30,364	29,595
Market SKA	Mszczonow Logistics	ASB	A	2,841	2,802
SBP SKA	Synery Business Park Wroclaw	JLL	B	23,232	21,898
Grzybowska 77 SKA + Isola	Grzybowska	KNF	D/A	25,480	25,480
Wronia SKA	Logistyka	KNF	C	50,330	30,491
Sigma SKA	Chopin + Stixx	KNF	B/D	39,435	38,529
Vogla SKA	Wilanow Retail	KNF	D/A	11,880	12,360
Tillia SKA/ACG1 SKA	Powisle	KNF	A	5,930	5,930
Dahlia SKA	Woloska 24	KNF	D	46,170	44,950
Budomal/Nowa Formiernia spzoo	Przystanek, Lodz	JLL	C	45,630	35,413
Synergy	Katowice	JLL	A	4,000	n/a
Canna SKA	Kapelanka	CRS	A	5,014	n/a
RUSSIA					
Bely Rast e.a.	Dmitrov Logistic Park	JLL	D/C	151,170	162,035
Ermolino	Logistic Park Ermolino	JLL	A	8,096	8,538

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UKRAINE

Success Invest	Kopylov Logistics Park	COLL	D	0	9,567
Urban Invest	Kopylov Logistics Park 2	UKR	A	820	918
Vision Invest	Warsaw Road Dev.	UKR	B	3,848	4,213

TOTAL :	**855,130**	**1,317,666**

Legend : Man = Management valuation, CBRE = CBRE valuation report, Cushman = Cushman & Wakefield valuation report, KNF = Knight Frank, JLL = Jones Lang Lasalle, DTZ= DTZadelhof, CLL = Colliers, UKR = Ukrexprombud, ASB = Asbud, BNP = BNP Paribas

The average yields used in the expert valuations (applying residual method) on 30 June are as follows:

- 5.25% to 7.25% for Belgian office projects, depending on the location, specifics and nature of the investment (vs. 5.25% to 7.25 per 31/12/2016);
- 6.25% to 6.85% for other Belgian (mainly retail) projects, depending on the specifics, nature and location of the investment (vs. 6.00% to 7.00% per 31/12/2016).
- 6.00% to 8.00% depending on the specifics, nature and location of the developments (vs. 5.50% to 8.00% per 31/12/2016)
- 11.75% for Russian projects (vs. 12% per 31/12/2016)

The decrease in investment property is mainly related to the sale of the Warsaw Spire project to Ghelamco European Property Fund NV at a transaction value of 540 MEUR in total. For this purpose, Granbero Holdings Ltd entered into an agreement with Ghelamco European Property Fund NV to sell 100% of the shares in Stareti Holdings Ltd (in turn parent company of the SPVs holding the (3 parts of the) Warsaw Spire project). The transaction resulted in a net result on disposal of investment property of 8,976 KEUR.

In addition, on 28 June, the delivered and operational Retail Leuven project (5,435 sqm retail space at the Vaartkom in Leuven) has been sold to a third party investor. The deal was structured as a share deal based on an net asset value of the property of 9.4 MEUR. This sale resulted in a gain on disposal of investment property of 1.1 MEUR.

And in Ukraine, the Kopylov Logistics Park project was sold (for 18.8 MUSD) to a third party: ATB, a local Ukrainian retailer. The transaction was structured as a sale of assets and resulted in a gain on disposal of 7.5 MEUR.

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5. Interest bearing loans and borrowings

	30/06/2017	31/12/2016
Non-current		
Bank borrowings – floating rate	234,317	491,352
Other borrowings	377,276	415,597
Finance lease liabilities		
	611,594	**906,949**
Current		
Bank borrowings – floating rate	119,152	135,778
Other borrowings	98,285	14,365
Finance lease liabilities		1
	217,437	**150,144**
TOTAL	**829,031**	**1,057,093**

5.1 Bank borrowings

During the period, the Group obtained new secured bank loans expressed in EUR and PLN and withdrew on existing credit facilities for a total amount of 47.7 MEUR. On the other hand, reimbursements (and/or refinancings) have been done for a total amount of 321.3 MEUR (disposal of the 300 MEUR bank loan on Warsaw Spire included), net of prolongation of a number of borrowings. This resulted in a net decrease by 273,6 MEUR compared to the outstanding bank loans balance of 627.1 MEUR at 31/12/2016.

When securing debt finance for its (larger) projects, the Group always negotiates long term agreements with its banks. Under these agreements, the bank swaps land acquisition loans (2 year term) into development loans (additional 2 year term) and swaps development loansform into investment loans (mostly 5 years term) upon the fulfilment of pre-agreed conditions.
Most banking partners of the Group have accepted the above as a "framework" for past, current and future co-operation.

With respect to the outstanding short-term bank borrowings, it is to be mentioned that in the second half of 2017 part will be reimbursed following the contractual terms, but significant parts will also be repaid upon sale/disposal of the related projects and parts will be prolonged or refinanced (e.g. through resp. swap to development or investment loan).

81% of the outstanding non-current bank borrowings is maturing within a 3 years-period, 7% is maturing between 3 and 5 years and 12% is maturing after more than 5 years.

5.2 Bonds

Belgium
The Group has (via Ghelamco Invest NV, parent company of the Belgian activities) in 2012 issued private unsecured bonds for a total amount of 42 MEUR (25.05 MEUR bond serie A, maturing on 13/12/15 and bearing a fixed interest of 7.0% - 16.95 MEUR bond serie B, maturing on 13/12/17 and bearing a fixed interest of 7.875%). These bonds were secured by a first demand guarantee from Ghelamco Group Comm. VA and were underwritten by a select group of institutional investors and high-net-worth individuals.

In December 2015, the Company redeemed its 2012 private unsecured bonds for the total amount of 42 MEUR (serie A for an amount of 25.05 MEUR on its contractual maturity date 13/12/15 and serie B for an amount of 16.95 MEUR on the same date, through early redemption).

Ghelamco Invest NV 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 interest rate of 6.25%. The above bond program has been coordinated by KBC Securities and Belfius Bank. Bonds are listed on Alternext.

In addition, Ghelamco Invest NV has on 24 June 2015 launched a new EMTN bonds program for a maximum amount of 150 MEUR. First tap on this program has in July 2015 resulted in the issue of a first tranche of 79,100 KEUR and in December 2015 the remaining amount of 70,900 KEUR has been raised. The bonds, which are listed on Euronext, have as maturity date 3/07/2020 (first tranche) and 14/06/2021 (second tranche), bear an interest rate of 4.5% (first tranche) and 4.125% (second tranche) and are secured by a first demand guarantee from Ghelamco Group Comm. VA. The program has been coordinated by Belfius, BNP and KBC. Both tranches have been underwritten by institutional investors and high-net-worth individuals. Since its bond listing on Euronext, Ghelamco Invest is formally considered as a Public Interest Entity (PIE), with related transparancy, governance and reporting requirements to the benefit of the investors.

Total balance of outstanding bonds per balance sheet date (217,719 KEUR) represents the amount of issue (220 MEUR) less capitalized issue costs (of which mainly the issuing banks' arrangement fees), which are amortized over the term of the bonds.

Poland
On 29 January 2016, the Financial Supervision Commission (Komisja Nadzoru Finansowego) has approved Ghelamco Invest Sp. z o.o.'s base prospectus for the issue of a total amount of 350 MPLN public retail bonds in connection with its Bond Issue Programme IV.

The company has in the current period (on 16 March 2017, via Ghelamco Invest Sp. z o.o.) within this programme issued public retail bonds (tranche PG) for a total amount of 147.8 MPLN. These bonds have a term of 5 years and bear an interest of Wibor 6 months + 4.30%. The bonds series are secured by a guaranty granted by Granbero Holdings Ltd.

The proceeds of the above bond issues have been applied to redeem other/existing outstanding bonds, to service the (interests on) the resp. bond programs and for the financing of the Company's further investment projects within the Warsaw metropolitan area, in Wroclaw or Katowice.

The Company has in the current period redeemed outstanding bonds (all through early redemption) for a total amount of 16,920 KPLN.

Total bonds balance outstanding per balance sheet date (245,278 KEUR) represents the amount of issue (1,030 KPLN + 6.3 MEUR) less capitalized issue costs, which are amortised over the term of the bonds.

No defaults of payments or breaches of borrowing agreements occurred as of 30 June 2017.
Bank borrowings are secured by amongst others the property development projects, including land and in-process construction, pledge on 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 bank are sometimes subject to a number of covenants (Loan to Value, Loan to Cost, Debt Service Cover). During the period and per end of the period, there were no events of default in respect of these borrowings.
Also the terms and conditions of the resp. bond issues have been complied with as of balance sheet date.

6. Revenue

Revenue can be detailed as follows:

	30.06.2017	30.06.2016
Sales of Residential Projects		
Projects Belgium	27,202	43,336
Projects Poland	1,894	4,500
Rental Income	23,318	14,311
Other	447	1,670
TOTAL REVENUE	**52,861**	**63,817**

Rental income as of 30 June 2017 relates to rent from commercial projects in Belgium (1,947 KEUR), Poland (13,290 KEUR), Russia (7,017 KEUR) and Ukraine (1,064 KEUR).

The significant increase compared to last year is mainly connected to the delivery and opening of the Warsaw Spire (A building) in May 2016. In connection with the disposal of the Warsaw Spire end of June 2017 rental income will from Q3 2017 onwards be impacted accordingly.

The residential projects sales as of 30 June 2017 mainly relate to:

- Villas and apartments at the Belgain coast (6,355 KEUR)
- Invoicing under the Breyne legislation in the Tribeca project in Ghent (7,849 KEUR re. phase 2 and 10,139 KEUR re. phase 3). For phase 2, 99% of the available units have been sold, while progress and sales invoicing is at 95%. For phase 3, 40 units (of 91 available) have been sold in the first half of 2017, for which progress and sales invoicing is at 65%.
- Student units in the Waterview project in Leuven Vaartkom (1,160 KEUR; 8 units sold in the first half of 2017)
- First installments (re. 24 apartments, 25 garages and 24 storage areas) in the Edition project at the Louizalaan in Brussels (offering 59 apartments in total)
- Soft loft apartments in the Woronicza Qbik project, Warsaw (with a sales rate of over 95% per date of the current report).

7. Other items included in operating profit/loss

Other operating income

The current period's other operating income (26,942 KEUR) mainly relates to the gain on disposal of the Warsaw Spire (9.0 MEUR), the gain on disposal of Retail Leuven (1,145 KEUR), the gain on disposal of Kopylov Logistics Park (7,498 KEUR), a purchase price adjustment on last year's sale of the Dacar site to Ghelamco European Property Fund (4.9 MEUR), some fit-out re-charges to tenantes (3.0 MEUR) and re-charges to related parties (969 KEUR), .

Last year's other operating income (6,636 KEUR) related to a significant extent to recharged expenses to tenants and one-time recharges to related parties.

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	30/06/2017	30/06/2016
Gains from revaluation of Investment Property	12,441	112,012

Fair value adjustments over the first half of 2017 amount to 12,441 KEUR, which is mainly the result of current period's further engineering, development, construction and leasing efforts, in combination with evolution in market conditions (in terms of yields and rent rate levels).

In Poland, main fair value adjustments have been recognized on the Wronia and the HUB (Sienna Towers) project.

Last year's relatively high fair value adustments were mainly related to the Warsaw Spire project, of which tower building A was delivered in 2016 (approx. 110 MEUR).

In Russia, the yields remained quite stable, but the market rental levels for (refrigerated) warehousing are still under pressure. This has resulted in the recognition of further negative fair value adjustments on mainly the Dmitrov project.

A detail of current period's fair value adjustment can be given as follows:

Belgium	7,781
Poland	11,498
Russia	-6,376
Ukraine	-462
	12,441

	30/06/2017	30/06/2016
Other operating expenses		
Operating lease/ rental expenses	233	265
Taxes and charges	2,333	1,509
Insurance expenses	229	207
Audit, legal and tax expenses	3,022	2,031
Traveling	748	780
Promotion	1,620	1,392
Sales expenses (agency fees and w/o agency fees)	2,969	6,077
Maintenance cost (projects)	1,448	268
Rental guarantee expenses	1,405	716
Operating expenses with related parties	5,201	2,400
W/o TP III earn-out	-	842
Impairment on inventories	6,124	-
Write-off VAT receivable	2,337	-
Miscellaneous	1,799	2,096
Total:	**29,469**	**18,583**

Current period's maintenance expenses have increased, mainly in connection with the delivery and opening of the Warsaw Spire (building A, in May 2016). Operating expenses with related parties mainly relate to fit-out expenses, which have in turn been re-charged to tenants (as explained above). Current period's other operating expenses also include the write-off of a doubtful VAT receivable and some impairment reserves recognized on a limited number of inventory projects, mainly resulting from adjustments of some commercial parameters.

Last year's proportionally high sales expenses included the release to the income statement of capitalized agency fees on the Warsaw Spire (approx. 3.2 MEUR), in connection with the internal sales transaction which took place (in view of the separation the Warsaw Spire project and the Chopin project).

8. Finance income and finance costs

	30/06/2017	30/06/2016
Foreign exchange gains	3,329	-
Interest income	3,273	3,241
Other finance income		-
Total finance income	**6,602**	**3,241**
Interest expense	-19,457	-20,836
Other interest and finance costs	-2,093	-3,524
Foreign exchange losses	-	-16,619
Total finance costs	**-21,550**	**-40,979**

Current period's financial result includes an amount of (mainly unrealized) FX gains, connected with the relative strengthening of the PLN vs. the EUR; while last year's financial result was significantly impacted by FX losses (mainly related to the conversion at spot rate of the (EUR) bank loan on Warsaw Spire).

Interest expenses are in line with last year's comparable period. Financing costs on not yet delivered projects are capitalized while financing costs on delivered/income generating projects are expensed.

9. Income taxes

	30/06/2017	30/06/2016
Current income tax	-2,756	-1,710
Deferred tax	-2,783	18,666
Total income tax	**-5,539**	**16,956**

Last year's comparable period tax expense/income was impacted by the tax effect of an internal sales operation which was organized and accomplished in the 1st semester. In this respect the SPV Ghelamco Warsaw Spire Sp. z o.o. WS sp. k. (company under the Polish fund structure) transferred its real estate property to SPV Warsaw Spire Sp. z o.o. sp. k. (for the Warsaw Spire project part) and to SPV Chopin Project Sp. z o.o. Sigma SKA (for the Chopin project part). In addition, the SPV Ghelamco GP3 Sp. z o.o. Grzybowska 77 sp. k. (company under the Polish fund structure) transferred its real estate property to SPV Ghelamco GP2 Sp. z o.o. Isola SKA. All transfers were been done at market value. These step-up transactions at the time resulted in the reversal to the income statement of the cumulated deferred tax liabilities until 31/12/2015, related to the fair value of the Warsaw Spire, Chopin and Grzybowska 77 projects. Deferred taxes were reversed for a total amount of 18.8 MEUR.

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10. Financial instruments

The table below summarizes all financial instruments by category and discloses the fair values of each instrument and the fair value hierarchy.

Financial instruments (x € 1 000)	**30.06.2017**				
	At fair value through P/L-held for trading	**Available for sale**	**Loans and receivables/fin. liab. at amortised cost**	**Fair value**	**Fair value level**
Other financial investments					
Other financial assets			11,478	11,478	2
Non-current receivables					
Receivables and prepayments			323,770	323,770	2
Restricted cash			-	-	2
Current receivables					
Trade and other receivables			160,637	160,637	2
Derivatives	-			-	2
Cash and cash equivalents			66,578	66,578	2
Total Financial Assets	**0**	**0**	**562,463**	**562,463**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			234,317	234,317	2
Bonds Poland			223,995	229,734	1
Bonds Belgium					2
Bonds Belgium (Euronext)			147,719	148,254	1
Other borrowings			5,564	5,564	2
Finance lease liabilities					
Interest-bearing borrowings - current					
Bank borrowings			119,152	119,152	2
Bonds Poland			21,284	21,555	1
Bonds Belgium			70,000	72,163	2
Other borrowings			7,000	7,000	2
Finance lease liabilities			1	1	2
Current payables					
Trade and other payables			59,475	59,475	2
Total Financial Liabilities	**-**	**-**	**888,506**	**897,215**	

Financial instruments (x € 1 000)	**31.12.2016**				
	At fair value through P/L- held for trading	**Available for sale**	**Loans and receivables/fin. liab. at amortised cost**	**Fair value**	**Fair value level**
Other financial investments					
Other financial assets			4.380	4.380	2
Non-current receivables					
Receivables and prepayments			88.966	88.966	2
Restricted cash			-	-	2
Current receivables					
Trade and other receivables			154.797	154.797	2
Derivatives	-			-	2
Cash and cash equivalents			59.001	59.001	2
Total Financial Assets	**0**	**0**	**307.144**	**307.144**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			491.352	491.352	2
Bonds Poland			197.288	202.791	1
Bonds Belgium			69.504	74.964	2
Bonds Belgium (Euronext)			147.645	146.572	1
Other borrowings			1.060	1.060	2
Finance lease liabilities					
Interest-bearing borrowings - current					
Bank borrowings			135.778	135.778	2
Bonds Poland			7.365	7.484	1
Bonds Belgium			-	-	2
Other borrowings			7.000	7.000	2
Finance lease liabilities			1	1	2
Current payables					
Trade and other payables			44.208	44.208	2
Total Financial Liabilities	**-**	**-**	**1.101.201**	**1.111.210**	

The above table provides an analysis of financial instruments grouped into Levels 1 to 3 based on the degree to which the fair value (recognized on the statement of financial position or disclosed in the notes) is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

11. Transactions with related parties

Balances and transactions between the Group and related parties (belonging to the Development Holding, the Portfolio Holding and the Ghelamco European Property Fund) mainly relate to construction and development services on the one hand and other (financial) related party transactions on the other hand.

Trading transactions: purchase of construction, engineering and other related services from related parties

Construction and development services
The Group has entered into property development and construction contracts with property development and construction companies ("Contractors"), the direct and indirect subsidiaries of International Real Estate Services Comm. VA, parent company of Ghelamco's "Development Holding":

- Ghelamco Belgium with its registered office in 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.

Engineering and architectural design services
APEC Architectural Engineering Projects Limited (a limited liability company registered under the laws of Ireland) and Safe Invest Sp. z o.o (a limited liability company registered under the laws of Poland), both direct and indirect legal subsidiaries of International Real Estate Services Comm. VA, the parent company of Ghelamco's "Development Holding") coordinate engineering and architectural design services provided to the Group in accordance with terms of the respective contracts. Purchases of services from Apec Ltd and Safe Invest Sp. z o.o comprise a significant part of all engineering, architectural design and other related services acquired by the Group.

Above described related party transactions and balances can be detailed as follows:

	30/06/2017
Purchases of construction, engineering and architectural design:	-72,610
related party trade receivable	3,949
related party trade accounts payable	-18,654
related party non-current loans receivable	239,695
related party non-current trade and other receivable	34,880
related party interests receivable	35,606
related party C/A receivable	96,746
related party non-current loans payable	-1,003
related party interests payable	-1,717
related party C/A payable	-4,422

It is to be mentioned that as of 30 June 2017, the related party non-current loans and interests receivable included significant balances of Ghelamco Invest Sp. z o.o. (issuer of bonds on the Polish market) towards the Warsaw Spire project companies, which have on 29 June 2017 been disposed to the Ghelamco European Property Fund.

These balances (for a total capital + interests amount of 81,332 KEUR) have been repaid to Ghelamco Invest Sp. z o.o. on 31 August 2017.

Also the other, remaining receivable balances in connection with the Warsaw Spire disposal and in connection with the Dacar disposal of end 2016 are currently being cashed.

Post balance sheet events

- On 15 September a binding put/call agreement has been signed with a 3rd party regarding the commercialization of the remaining 44 units in the Waterview studend houses project, for a total sales amount of 4.4 MEUR. Involved party will in first instance sell the remaining units on the market, and will take over the remaining units not sold per 15 January 2018. Per date of the current report, 38 units have already been sold.

Deloitte.

Ghelamco Group Comm. VA and subsidiaries

Report on the review of the consolidated interim financial information for the six-month period ended 30 June 2017

GHELAMCO

Deloitte.

Report on the review of the consolidated interim financial information of Ghelamco Group Comm. VA and subsidiaries for the six-month period ended 30 June 2017

In the context of our appointment as the company's statutory auditor, we report to you on the consolidated interim financial information. This consolidated interim financial information comprises the consolidated condensed statement of financial position as at 30 June 2017, the consolidated condensed income statement, the consolidated condensed statement of comprehensive income, the consolidated condensed statement of changes in equity and the consolidated condensed statement of cash flows for the period of six months then ended, as well as selective notes 1 to 12.

Report on the consolidated interim financial information

We have reviewed the consolidated interim financial information of Ghelamco Group Comm. VA and subsidiaries ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" as adopted by the European Union.

The consolidated condensed statement of financial position shows total assets of 1,695,481 (000) EUR and the consolidated condensed income statement shows a consolidated profit (group share) for the period then ended of 18,490 (000) EUR.

The board of directors of the company is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of review

We conducted our review of the consolidated interim financial information in accordance with International Standard on Review Engagements (ISRE) 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated interim financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information of Ghelamco Group Comm. VA and subsidiaries has not been prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Zaventem, 27 September 2017

The statutory auditor

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