

GHELAMCO INVEST NV BASE PROSPECTUS SUPPLEMENT (N°2)
dated 2 October 2018



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

This supplement dated 2 October 2018 (the “**Supplement N°2**”) constitutes a supplement for the purposes of Article 34 of the Belgian Law 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**”). This Supplement N°2 is supplemental to, forms part of, and must be read in conjunction with the base prospectus dated 24 October 2017, as supplemented by the Supplement N°1 dated 24 April 2018 (the “**Base Prospectus**”), prepared in connection with the EUR 250,000,000 Euro Medium Term Note Programme (the “**Programme**”) established by Ghelamco Invest NV, a limited liability company (*naamloze vennootschap/société anonyme*) incorporated under Belgian law, with registered office at Zwaanhofweg 10, 8900 Ieper, Belgium and registered with the Crossroad Bank for Enterprises under number VAT BE0431.572.596, commercial court of Ghent, subdivision Ieper (the “**Issuer**”), and any other supplements to the Base Prospectus issued by the Issuer from time to time. The notes issued from time to time under the Programme are 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 and registered with the Crossroad Bank for Enterprises under number VAT BE0879.623.417, commercial court of Ghent, subdivision Ieper (the “**Guarantor**”).

Terms defined in the Base Prospectus or in any document attached in Annex I to the Base Prospectus will, unless the context otherwise requires, have the same meaning when used in this Supplement N°2.

This Supplement N°2 has been approved by the Belgian Financial Services and Markets Authority (the “**FSMA**”), as competent authority under the Prospectus Law. This approval does not imply any appraisal of the appropriateness or the merits of any issue under the Programme, nor of the situation of the Issuer or the Guarantor. This Supplement N°2 will be notified by the FSMA to the Polish *Komisja Nadzoru Finansowego* for passporting in accordance with article 18 of the Prospectus Directive. This Supplement N°2 will be published on the website of the Issuer (www.ghelamco.com).

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Supplement N°2 and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement N°2 is, to the best of its knowledge and belief, in accordance with the facts and does not omit anything likely to affect the import of such information.

I. New Information

This Supplement N°2 has been prepared for the purposes of including the unaudited IFRS condensed consolidated financial statements of the Issuer and the Guarantor for the period ended 30 June 2018, together with the limited review reports of the respective auditors thereon. In order to ensure that the information contained in the Base Prospectus is up-to-date, as required by the Prospectus Law, the Base Prospectus is deemed to be amended as set out below.

1. Documents enclosed in Annex I to the Base Prospectus

(a) Section “Documents enclosed in Annex I”

The section “*Documents enclosed in Annex I*” on pages 27 to and including 28 of the Base Prospectus is deemed to be amended as follows:

- The first paragraph on page 27 will be deleted and replaced by the following paragraph: *“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 2017, 31 December 2016 and 31 December 2015 consolidated in accordance with IFRS, as adopted by the EU, together with the audit reports thereon as well as (ii) the unaudited condensed consolidated financial statements of the Issuer and the Guarantor for the first six months ended 30 June 2018, 30 June 2017 and 30 June 2016 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 second paragraph on page 27 will be deleted and replaced by the following paragraph: *“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 2017, 31 December 2016 and 31 December 2015 and for the first six months ended June 2018, 30 June 2017 and 30 June 2016 in this Base Prospectus.”*
- The third paragraph on page 27 will be deleted and replaced by the following paragraph: *“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 2017, 31 December 2016 and 31 December 2015 and (ii) the unaudited condensed consolidated financial statements of the Issuer and the Guarantor for the first six months ended 30 June 2018, 30 June 2017 and 30 June 2016, as set out in the relevant reports of the Issuer and the Guarantor.”*
- The following tables will be included below the table “*Unaudited condensed consolidated financial statements of the Guarantor, report and explanatory notes of the Issuer for the period ending 30 June 2017.*” on page 28 of the Base Prospectus:

Unaudited condensed consolidated financial statements of the Issuer, auditor’s report and explanatory notes of the Issuer for the period ended 30 June 2018.

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Unaudited condensed consolidated financial statements of the Guarantor, auditor's report and explanatory notes of the Issuer for the period ended 30 June 2018.

General information	p. 1-7
Condensed consolidated statement of financial position	p. 9-10
Condensed consolidated income statement	p. 8
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(b) Annex I

The table of contents of Annex I (*Financial Statements*) to the Base Prospectus on page 123 of the Base Prospectus will be supplemented by adding the following limbs to the list of documents that are included in Annex I (*Financial Statements*) to the Base Prospectus:

“1.5 – the unaudited condensed consolidated financial statements of the Issuer for the period ended 30 June 2018, together with the limited review report in connection therewith”

“2.5 – the unaudited condensed consolidated financial statements of the Guarantor for the period ended 30 June 2018, together with the limited review report in connection therewith”

Annex I (*Financial Statements*) to the Base Prospectus on pages 124 to and including 484 of the Base Prospectus will be supplemented by incorporating the unaudited condensed consolidated financial statements of the Issuer for the period ended 30 June 2018, together with the limited review report in connection therewith (as attached in Annex B hereto) and the unaudited condensed consolidated financial statements of the Guarantor for the period ended 30 June 2018, together with the limited review report (as attached in Annex C hereto) in Annex I (*Financial Statements*) to the Base Prospectus, in each case, after the respective unaudited condensed consolidated financial statement of the Issuer or the Guarantor for the half year ended 30 June 2017.

A copy of the unaudited condensed consolidated financial statements of the Issuer and the Guarantor for the period ended 30 June 2018, together with the limited review reports thereon can also be obtained from the website of the Issuer (www.ghelamco.com).

2. Selected financial information concerning the Issuer and the Guarantor's assets and liabilities, financial position and profit and losses

The section XI "*Selected financial information concerning the Issuer's and Guarantor's assets and liabilities, financial position and profit and losses*" on pages 93 to and including 101 of the Base Prospectus shall be deemed to be deleted in its entirety and replaced with the updated section "*Selected financial information concerning the Issuer and Guarantor's assets and liabilities, financial position and profit and losses*" set out in Annex A to this Supplement N°2.

3. General information

Paragraph 6 of the section "*General information*" on page 120 of the Base Prospectus is deemed to be supplemented by adding the following limb to the list of documents that are available for inspection at the registered office of the Issuer, as well as on the Issuer's website:

"(f) the unaudited condensed consolidated financial statements of the Issuer and the Guarantor for the period ended 30 June 2018, together with the limited review reports thereon"

The original limbs (f), (g) and (h) in paragraph 6 of the section "*General information*" on page 120 of the Base Prospectus are deemed to be renumbered to "(g)", "(h)" and "(i)" respectively.

II. General

Save as disclosed in this Supplement N°2, there has been no other significant new factor, material mistake or inaccuracy relating to the information included in the Base Prospectus since 2 October 2018, the date of the publication of this Supplement N°2.

Copies of this Supplement N°2 will be available without charge (i) at the specified office of the Issuer and (ii) and the website of the Issuer (www.ghelamco.com).

To the extent that there is an inconsistency between (a) any statement in this Supplement N°2 and (b) any statement in, or incorporated by reference into, the Base Prospectus, the statements in (a) above will prevail.

2 October 2018

ANNEX A

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

1 Financial information of the Issuer

Selected financial information for the period ended 31 December 2017, 31 December 2016 and 31 December 2015 and the period ending 30 June 2016, 30 June 2017 and 30 June 2018 is included below. The information below is extracted from the consolidated financial statements of the Issuer. In relation to the annual consolidated financial statements for the periods ended 31 December 2017, 31 December 2016 and 31 December 2015, an unqualified auditor's opinion has been issued.

1.1 Consolidated statement of financial position ('000 EUR)

	31/12/2017	31/12/2016	31/12/2015	30/06/2018	30/06/2017	30/06/2016
ASSETS						
Non-current assets						
Investment Property	317,851	225,224	265,150	320,228	252,915	278,112
Property, plant and equipment	1,004	589	148	885	675	150
Investments in joint-ventures	6,340	0	0	12,699	0	0
Receivables and prepayments	3,064	4,851	2,163	2,722	5,020	675
Deferred tax assets	4,537	4,892	5,181	5,633	3,683	5,305
Non-current assets held for sale	0	0		0		
Other financial assets	3,961	4,272	3,637	4,303	11,318	4,304
Restricted cash	0	0	0	0	0	0
Total non-current assets	336,756	239,828	276,279	346,470	273,611	288,546

Current assets

Property Development Inventories	215,187	190,634	206,631	194,528	186,381	178,271
Trade and other receivables	173,430	159,223	102,719	160,404	163,289	150,016
Current tax assets	0	14	14	0	0	14
Derivatives	0	0	0	0	0	0
Assets classified as held for sale	575	575	575	31,075	575	575
Restricted cash	0	0	0	0		0
Cash and cash equivalents	26,409	15,273	35,141	19,915	17,263	10,187
Total current assets	415,600	365,719	345,080	414,922	367,508	339,063
TOTAL ASSETS	752,357	605,547	621,359	761,392	641,120	627,609

	31/12/2017	31/12/2016	31/12/2015	30/06/2018	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	146,490	146,490
CTA	0	0	0	0		
Retained earnings	85,322	63,733	38,527	96,306	67,623	41,217
	231,812	210,223	185,017	242,796	214,113	187,707
Non-controlling interests	300	185	176	341	144	175
TOTAL EQUITY	232,112	210,408	185,193	243,157	214,257	187,882
Non-current liabilities						
Interest-bearing loans and borrowings	341,839	277,013	328,325	316,878	233,174	303,807
Deferred tax liabilities	19,530	19,048	19,068	24,864	19,264	20,403
Other non-current liabilities	0	0	0	0	0	0
Long-term provisions	0	120	140	0	120	120
Total non-current liabilities	361,369	296,181	347,533	341,742	252,558	324,330
Current liabilities						
Trade and other payables	44,437	17,789	21,434	34,829	29,425	20,570
Current tax liabilities	284	1,646	1,658	3,462	368	1,816
Interest-bearing loans and borrowings	114,154	79,523	65,541	138,222	144,512	93,011
Short-term provisions	0	0	0		0	0
Total current liabilities	158,876	98,958	88,633	176,513	174,305	115,397
Total liabilities	520,245	395,139	436,166	518,255	426,864	439,727
TOTAL EQUITY AND LIABILITIES	752,357	605,547	621,359	761,392	641,120	627,609

1.2 Consolidated income statement ('000 EUR)

	31/12/2017	31/12/2016	31/12/2015	30/06/2018	30/06/2017	30/06/2016
Revenue	66,887	72,354	64,168	26,129	29,596	49,080
Other operating income	7,729	4,930	2,586	1,470	6,347	1,596
Cost of Property Development Inventories	-46,201	-47,187	-39,484	-16,518	-19,225	-37,851
Employee benefit expense	-333	-525	-387	-180	-179	-281
Depreciation amortisation and impairment charges	-227	-23	-35	-184	-97	7
Gains from revaluation of Investment Property	27,060	32,484	22,011	18,995	7,781	3,826
Other operating expense	-16,292	-13,165	-19,815	-7,305	-12,820	-6,214
Share of results of associates	793	0	0	-39		0
Operating profit - result	39,416	48,868	29,044	22,368	11,402	10,163
Finance income	3,792	3,055	1,100	1,854	1,853	1,425
Finance costs	-18,063	-14,006	-13,425	-7,206	-6,634	-6,844
Profit before income tax	25,145	37,917	16,719	17,016	6,621	4,744
Income tax expense/income	-3,409	-12,659	-6,364	-5,989	-2,767	-2,056
Profit for the year/ period	21,736	25,258	10,355	11,027	3,853	2,688
Attributable to:						
Equity holders of parent	21,587	25,220	10,248	10,992	3,888	2,689
Non-controlling interests	149	38	107	35	-35	-1

1.3 Consolidated cash flow statement ('000 EUR)

	31/12/2017	31/12/2016	31/12/2015	30/06/2018	30/06/2017	30/06/2016
Operating Activities						
Profit / (Loss) before income tax	25,145	37,917	16,719	17,016	6,621	4,744
<i>Adjustments for:</i>						
- Share of results in joint-ventures	-793	0		39		0
- Change in fair value of investment property	-27,060	-32,484	-22,011	-18,995	-7,781	-3,826
- Depreciation, amortisation and impairment charges	227	23	35	184	97	-7
- Result on disposal Investment Property	-432	-1,922	-510	647	-1,146	0
- Change in provisions	-120	-20	-38	0		-20
- Net interest charge	12,034	9,216	10,804	4,350	3,663	4,606
<i>- Movements in working capital:</i>						
- Change in inventory	-23,435	3,241	-73,911	5,183	-915	28,360
- Change in trade & other receivables	-11,048	-56,504	-57,207	4,100	-4,066	-47,297
- Change in trade & other payables	5,938	-3,973	17	-454	10,103	-1,848
- Change in derivatives	0	0	0	0	0	0
- Movement in other non-current liabilities	0					
- Other non-cash items	-89	25	122	236	-10	34
Income tax paid	-3,919	-12,402	-867	1,426	-1,777	-687
Interest paid	-18,234	-11,943	-14,092	-1,209	-3,983	-5,047
Net cash from operating activities	-41,786	-68,826	-140,939	12,523	807	-20,988
Investing Activities						
Interest received	633	3,055	1,100	1,780	1,853	1,425
Purchase of property, plant & equipment	-589	-532	-25	-303	-183	-28
Purchase of investment property	-48,764	-33,651	-19,137	-33,624	-22,013	-7,718

Capitalized interest in investment property	-4,729	-3,583	-2,652	-2,131	-2,090	-1,418
Proceeds from disposal of investment property	10,362	124,322	2,920	14,466	9,682	0
Net cash outflow on acquisition of subsidiaries	-5,547	0		1,689		
Cash outflow on other non-current financial assets	2,098	-3,323	-2,069		-7,215	821
Net cash inflow/outflow on NCI transactions						
Movement in restricted cash accounts						
Net cash flow used in investing activities	-46,536	86,288	-19,863	-18,123	-19,967	-6,918
Financing Activities						
Proceeds from borrowings	169,835	57,173	200,986	30,650	28,775	10,747
Repayment of borrowings	-70,378	-94,503	-104,880	-31,543	-7,625	-7,795
Capital increase	-	0	60,000			
Dividends paid						
Net cash inflow (used in) financing activities	99,457	-37,330	156,106	-893	21,150	2,952
Net increase in cash and cash equivalents	11,136	-19,868	-4,696	-6,493	1,991	-24,954
Cash and cash equivalents at 1 January	15,273	35,141	39,837	26,409	15,273	35,141
Cash and cash equivalents per end of the year/ period	26,409	15,273	35,141	19,915	17,264	10,187

2 Financial information of the Guarantor

Selected financial information for the period ended 31 December 2017, 31 December 2016 and 31 December 2015 and the period ending 30 June 2016, 30 June 2017 and 30 June 2018 is included below. The information below is extracted from the consolidated IFRS financial statements of the Guarantor. In relation to the annual consolidated IFRS financial statements for the periods ended 31 December 2017, 31 December 2016 and 31 December 2015, an unqualified auditor's opinion has been issued.

2.1 Consolidated statement of financial position ('000 EUR)

	31/12/2017	31/12/2016	31/12/2015	30/06/2018	30/06/2017	30/06/2016
ASSETS						
Non-current assets						
Investment Property	910,579	1,317,666	1,117,224	967,570	855,130	1,282,908
Property, plant and equipment	527	399	221	491	790	200
Intangible assets	3,708	3,778	3,822	3,537	3,682	3,568
Investments in joint-ventures	6,340	0	0	12,703	0	
Receivables and prepayments	250,911	88,966	73,307	258,552	323,770	73,759
Deferred tax assets	11,845	9,819	9,742	13,144	8,338	13,685
Non-current assets held for sale	0					
Other financial assets	4,155	4,380	4,000	4,523	11,478	5,047
Restricted cash	0	0	0			
Total non-current assets	1,188,065	1,425,008	1,208,316	1,260,520	1,203,188	1,379,167
Current assets						
Property Development Inventories	285,581	259,505	260,300	265,238	254,745	219,354
Trade and other receivables	187,898	167,708	99,624	137,977	170,374	157,983
Current tax assets	163	231	27	45	21	113
Derivatives	0	0		0		
Assets classified as held for sale	575	575	575	31,075	575	575
Restricted cash	0	0	0	0	0	0
Cash and cash equivalents	129,526	59,001	84,587	80,160	66,578	74,815
Total current assets	603,743	487,020	445,113	514,495	492,292	452,840
TOTAL ASSETS	1,791,808	1,912,028	1,653,429	1,775,015	1,695,481	1,832,007

31/12/2017 31/12/2016 31/12/2015 30/06/2018 30/06/2017 30/06/2016

EQUITY AND LIABILITIES

**Capital and reserves
attributable to the Group's
equity holders**

Share capital	28,194	73,194	73,194	28,194	73,194	73,194
CTA	7,147	21,291	12,131	11,264	9,868	16,088
Retained earnings	687,402	665,418	569,802	705,183	683,909	669,941
	722,743	759,903	655,127	744,641	766,971	759,223

Non-controlling interests	6,746	5,379	6,247	7,320	5,988	6,676
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TOTAL EQUITY	729,489	765,282	661,374	751,961	772,959	765,899
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Non-current liabilities

Interest-bearing loans and borrowings	694,110	906,949	778,984	654,385	611,594	842,336
Deferred tax liabilities	29,106	34,905	41,483	39,550	23,772	26,808
Other non-current liabilities	2,249	1,916	0	6,333	389	0
Long-term provisions	0	120	140	0	120	120

Total non-current liabilities	725,465	943,890	820,607	700,268	635,875	869,264
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Current liabilities

Trade and other payables	133,289	48,108	40,010	71,780	65,595	46,552
Current tax liabilities	2,947	4,604	3,889	6,401	3,615	4,079
Interest-bearing loans and borrowings	200,618	150,144	127,549	244,605	217,437	146,213
Short-term provisions	0	0	0	0	0	0

Total current liabilities	336,854	202,856	171,448	322,786	286,647	196,844
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Total liabilities	1,062,319	1,146,746	992,055	1,023,054	922,522	1,066,108
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**TOTAL EQUITY AND
LIABILITIES**

1,791,808 1,912,028 1,653,429 1,775,015 1,695,481 1,832,007

2.2 Consolidated income statement ('000 EUR)

	31/12/2017	31/12/2016	31/12/2015	30/06/2018	30/06/2017	30/06/2016
Revenue	103,506	110,512	99,436	39,321	52,861	63,817
Other operating income	28,991	11,481	5,949	7,216	26,942	6,636
Cost of Property Development Inventories	-51,409	-54,280	-48,965	-18,047	-22,044	-41,556
Employee benefit expense	-1,339	-1,280	-1,058	-578	-732	-671
Depreciation amortisation and impairment charges	-805	-571	-553	-447	-407	-251
Gains from revaluation of Investment Property	45,731	139,396	114,412	38,771	12,441	112,012
Other operating expense	-54,559	-44,733	-40,756	-22,870	-29,469	-18,583
Share of results of associates	793	0	0	-39	0	0
Operating profit - result	70,909	160,525	128,465	43,327	39,592	121,404
Finance income	15,187	6,548	6,427	6,956	6,602	3,241
Finance costs	-51,542	-62,727	-26,372	-19,777	-21,550	-40,979
Profit before income tax	34,554	104,346	108,520	30,506	24,644	83,666
Income tax expense	-11,096	-7,597	-18,439	-12,129	-5,539	16,956
Profit for the year / period	23,458	96,749	90,081	18,377	19,105	100,622
Attributable to:						
Equity holders of parent	22,058	95,694	89,348	17,808	18,490	100,192
Non-controlling interests	1,400	1,055	733	569	615	430

2.3 Cconsolidated cash flow statement ('000 EUR)

	2017	2016	2015	Q2 2018	Q2 2017	Q2 2016
Operating Activities						
Profit / (Loss) before income tax	34,554	104,346	108,520	30,506	24,644	83,666
- Share of results in joint-ventures	-793		0	39		0
- Change in fair value of investment property	-45,731	-139,396	-114,412	-38,771	-12,441	-112,012
- Gain on disposal of subsidiary						
- Gain on disposal of interest in former associates						
- Depreciation, amortisation and impairment charges	805	571	553	447	361	251
- Result on disposal investment property	-15,710	-1,922	-510	647	-17,620	0
- Change in provisions	-120	-20	-38	0	0	-20
- Net interest charge	26,278	34,404	17,123	6,674	16,184	17,595
- Movements in working capital:						
- Change in inventory	-30,568	-21,443	-78,971	4,867	-6,018	31,464
- Change in trade & other receivables	-5,542	-63,815	-7,814	53,187	-2,666	-58,359
- Change in trade & other payables	51,558	16,815	-21,311	-50,439	8,188	21,431
- Change in fair value of derivatives	0	0	290	0	0	0
- Movement in other non-current liabilities	333	1,916	-2,500	4,084	-1,527	
- Other non-cash items	92	-19	74	-121	-67	404
Income tax paid	-6,592	-13,740	-2,462	588	-2,937	-1,558
Interest paid	-43,344	-34,664	-22,924	-8,894	-17,361	-20,833
Net cash from operating activities	-34,780	-116,967	-124,382	2,814	-11,260	-37,971
Investing Activities						
Interest received	539	2,199	5,429	3,690	3,273	3,241

Purchase of property, plant & equipment and intangibles	-863	-784	-25	-240	-656	-9
Purchase of investment property	-109,227	-170,868	-134,326	-67,757	-53,502	-67,269
Capitalized interest in investment property	-13,848	-12,755	-19,634	-7,481	-6,950	-5,481
Proceeds from disposal of investment property	625,365	124,322	2,920	14,466	566,747	0
Net cash outflow on acquisition of subsidiaries	-5,547			1,689		
Net cash inflow on disposal of subsidiary						
Net cash inflow on disposal of associate						
Cash inflow/outflow on other non-current financial assets	-161,719	-16,040	-16,239	-8,009	-241,901	-1,499
Net cash inflow/outflow on NCI transactions						
Change in trade & other payables						
Movement in restricted cash accounts	0	0	256		0	0
Net cash flow used in investing activities	334,699	-73,926	-161,619	-63,642	267,011	-71,017
Financing Activities						
Proceeds from borrowings	252,768	296,526	377,953	60,138	97,253	111,209
Repayment of borrowings	-415,133	-145,966	-92,850	-55,876	-325,315	-29,193
Capital decrease						
Dividends paid	-45,000					
Other non-cash items, realised CTA						
Net cash inflow from / (used in) financing activities	-207,365	150,560	285,103	4,262	-228,062	82,016
Net increase/decrease in cash and cash equivalents	92,554	-40,332	-898	-56,566	27,689	-26,972
Cash and cash equivalents at 1 January of the year	59,001	84,587	98,955	129,526	59,001	84,587

Effects of exch. rate changes, in non-EUR countries	-22,030	14,747	-13,470	7,200	-20,113	17,200
Cash and cash equivalents at the end of the year/ period	129,526	59,002	84,587	80,160	66,578	74,815

ANNEX B

**THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
OF THE ISSUER FOR THE PERIOD ENDED 30 JUNE 2018,
TOGETHER WITH THE LIMITED REVIEW REPORT IN CONNECTION
THEREWITH**

Ghelamco Invest NV
Half year results 30.06.2018

Crystallising development efforts leading to good results and sound balance sheet structure

- **Net profit for the period of 11,027 KEUR (compared to 3,853 KEUR as of 30.06.17)**
- **Solvency ratio at 31,9% (compared to 30.5% as per 31.12.17)**
- **Sale of the Wavre Retail Park project to 3rd party investor in June 2018, for an amount of 8.0 MEUR**
- **Sale of +/- 50% of the retail spaces in the Tribeca project in 28 June 2018, for an amount of 6.1 MEUR**
- **Finalisation of construction and delivery of the The Link office project in Berchem; with a lease rate of over 95% per date of the current report**
- **Finalisation of construction and ongoing delivery of the Tribeca project in Ghent, a contemporary, green project at the Nieuwevaart. Per date of the current report, over 90% of available residential units (163 apartments, 13 houses and 5 lofts) have been sold.**
- **Good progress of construction works in the Edition and Spectrum projects in Brussels; commercialisation efforts appear very successful: 100% of 22 available residential units in the Spectrum project and all but one of 59 available residential units in the Edition project have been (pre-)sold.**

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 referred to as “Ghelamco Invest” or the “Company”.

Summary

The Company closed its 2018 half-year accounts with a net profit of 11,027 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 create added value

on existing projects. This is reflected in a relatively stable balance sheet total of 761,392 KEUR and an equity of 243,137 KEUR. The solvency ratio¹ increased from 30,5% per 31/12/17 to 31,9% per 30/6/18 .

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

In June 2018, the Wavre Retail project (plot in Wavre for the realisation of an SME-park (warehousing, showroom and offices) of over 27,000 sqm) has been sold to a third party investor. The sales price amounted to 8 MEUR, equalling the carrying value per books. Also per end June 2018, approx. half of the available retail units (+/- 2,500 sqm) and 95 adjacent parkings in the Tribeca project in Ghent have been sold to a third party investor, for a net sales price of 6,1 MEUR.

During the current 6-month period, construction works of the last phase (phase 3) of the Tribeca project in Ghent have been finalized. While this last phase of this affordable, contemporary, green project is being delivered, currently over 90% of available residential units (163 apartments, 13 houses and 5 lofts) have been sold; and as stated above also approx. 50% of the available retail space was sold.

In addition, the construction of the The Link office project in Berchem, Antwerp (27,000 sqm leasable space and approx. 540 underground parking spaces, divided over 2 buildings) has been finalised and the building is currently being delivered. Marketing efforts have per date of this report resulted in a lease rate of over 95%.

Moreover, construction works in the Brussels Edition and Spectrum projects have well advanced. Per date of the current report, all but one 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 sold, while 100% of the apartments in the Spectrum project (mixed project offering 15,000 sqm office space, 22 apartments and approx. 170 underground parking spaces) have been sold. For significant areas in the offices-part of the Spectrum project, well advanced lease negotiations are currently ongoing.

Key figures

Results	30.06.2018	30.06.2017
Operating result	22,368	11,402
Net result of the period	11,027	3,853
Share of the group in the net result of the period	10,992	3,888
Balance sheet	30.06.2018	31.12.2017
Total assets	761,392	752,357
Cash and cash equivalents	19,915	26,409
Net financial debt (-)	435,185	429,585
Total equity	243,137	232,112

Revenue for the first semester of 2018 amounts to 26,129 KEUR and mainly relates to rental income (2,322 KEUR) and sales of residential projects (23,519 KEUR).

The investment property (under construction) portfolio evolved from 317,851 KEUR per end 2017 to 320,228 KEUR per end of June 2018; evolution which is the combined result of current period's expenditures (21,606 KEUR), transfers (-23,111 KEUR), disposals (-15,113 KEUR) and fair value adjustments (18,995 KEUR). The

¹ Calculated as equity/total assets



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 2018 totals to 22,368 KEUR; net profit for the period closes with 11,027 KEUR.

Property development inventories balance decreased by 20,659 KEUR to 194,528 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 Edition and Spectrum projects in Brussels), the sale of some (residential) projects (mainly real estate at the Belgian coast and invoicing of installments under the Breyne legislation in the Tribeca project in Ghent and the Edition and Spectrum projects in Brussels) and some transfers (e.g. transfer of the Arval site to investment property, in view of the development of a retail park).

During the period the Company was able to obtain new bank borrowings and withdraw on existing credit facilities for a total amount of 29.9 MEUR. On the other hand, reimbursements and refinancings have been done for an amount of 15.8 MEUR, bringing the total outstanding amount of bank borrowings to 207.6 MEUR (compared to 193.5 MEUR at 31/12/2017).

Overview

The Company's main development activities during the first half of 2018 related to:

- Finalisation of the construction works and ongoing delivery of phase 3 of the Tribeca project (offering 91 apartments and some smaller retail units).
- Finalisation of the construction and ongoing delivery of 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 lease rate of over 95%.
- Continuation of the construction works in the Brussels Edition (Louizalaan) and Spectrum (Avenue Bischoffsheim) projects. Construction progress is for both projects respectively at 60% and 30%. And per date of the current report, approx. 99% of the apartments in the Edition project have been sold, while all the apartments in the Spectrum project have been sold. In addition, leasing negotiations for significant areas in the offices-part of the Spectrum project are currently well advanced.

As to divestures and/or revenues:

- Current period's revenues mainly related to installment 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, the sale of the (29) remaining student units in the Waterview project in Leuven Vaartkom, invoicing under the Breyne legislation connected to apartments in the Edition and Spectrum project in Brussels and the sale of villas and apartments at the Belgian coast.
- In addition, in June 2018 the Wavre Retail Park project was disposed and sold to a third party investor. The transaction was structured as a share deal. The preliminary contract was signed in 2017, while the deal was closed in 2018. Also in June 2018, two leased retail units and 95 adjacent parking spaces in the Tribeca project in Ghent were 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 2018, 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 2018 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 2017, remain applicable for 2018 and are closely managed and monitored by the Company's management.

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

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

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



Paul Gheysens
CEO & Managing Director
Ieper
24/09/2018



Philippe Pannier
CFO
Ieper
24/09/2018

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.

Condensed consolidated income statement (in KEUR)

	30/06/2018	30/06/2017
Revenue	26,129	29,596
Other operating income	1,470	6,347
Cost of Property Development Inventories	-16,518	-19,225
Employee benefit expense	-180	-179
Depreciation amortisation and impairment charges	-184	-97
Gains from revaluation of Investment Property	18,995	7,781
Other operating expense	-7,305	-12,820
Share of results in joint-ventures	-39	
Operating result	22,368	11,402
Finance income	1,854	1,853
Finance costs	-7,206	-6,634
Result before income tax	17,016	6,621
Income tax expense	-5,989	-2,767
Result of the period	11,027	3,853
Attributable to		
Equity holders of parent	10,992	3,888
Non-controlling interests	35	-35

Condensed consolidated statement of comprehensive income (in KEUR)

	30/06/2018	30/06/2017
Profit for the period	11,027	3,853
Exchange differences on translating foreign operations		
Other		
Other recyclable comprehensive income of the period		
Total Comprehensive income for the period	11,027	3,853
Attributable to		
Equity holders of parent	10,992	3,888
Non-controlling interests	35	-35

Condensed consolidated statement of financial position (in KEUR)

	30/06/2018	31/12/2017
ASSETS		
Non-current assets		
Investment Property	320,228	317,851
Property, plant and equipment	885	1,004
Investments in joint-ventures	12,699	6,340
Receivables and prepayments	2,722	3,064
Deferred tax assets	5,633	4,537
Other financial assets	4,303	3,961
	346,470	336,756
Current assets		
Property Development Inventories	194,528	215,187
Trade and other receivables	169,404	173,430
Current tax assets	0	0
Assets classified as held for sale	31,075	575
Cash and cash equivalents	19,915	26,409
Total current assets	414,922	415,600
TOTAL ASSETS	761,392	752,357

Condensed consolidated statement of financial position (in KEUR) (cont'd)

	30/06/2018	31/12/2017
EQUITY AND LIABILITIES		
Capital and reserves attributable to the Company's equity holders		
Share capital	146,490	146,490
Retained earnings	96,306	85,322
	242,796	231,812
Non-controlling interests	341	300
TOTAL EQUITY	243,137	232,112
Non-current liabilities		
Interest-bearing loans and borrowings	316,878	341,839
Deferred tax liabilities	24,864	19,530
Total non-current liabilities	341,742	361,369
Current liabilities		
Trade and other payables	34,829	44,437
Current tax liabilities	3,462	284
Interest-bearing loans and borrowings	138,222	114,154
Total current liabilities	176,513	158,876
Total liabilities	518,255	520,245
TOTAL EQUITY AND LIABILITIES	761,392	752,357

Condensed consolidated cash flow statement (in KEUR)

	30/06/2018	30/06/2017
Cash flow from operating activities		
Result of the year before income tax	17,016	6,621
<i>Adjustments for:</i>		
- Share of results in joint-ventures	39	
- Change in fair value of investment property	-18,995	-7,781
- Depreciation, amortization and impairment charges	184	97
- Result on disposal investment property	647	-1,146
- Change in provisions	0	0
- Net finance costs	4,350	3,663
- Movements in working capital:		
- change in inventory	5,183	-915
- change in trade & other receivables	4,100	-4,066
- change in trade & other payables	-454	10,103
- Other non-cash items	236	-10
Income tax paid	1,426	-1,777
Interest paid	-1,209	-3,983
Net cash from operating activities	12,523	807
Cash flow from investing activities		
Interest received	1,780	1,853
Purchase of property, plant & equipment	-303	-183
Purchase of investment property	-33,624	-22,013
Capitalized interest in investment property	-2,131	-2,090
Proceeds from disposal of investment property	14,466	9,682
Net cash outflow on acquisition of subsidiaries	1,689	0
Net cash outflow on other non-current financial assets		-7,215
Net cash flow used in investing activities	-18,123	-19,967
Financing Activities		
Proceeds from borrowings	30,650	28,775
Repayment of borrowings	-31,543	-7,625
Capital increase		
Dividends paid		
Net cash inflow from / (used in) financing activities	-893	21,150

Net increase in cash and cash equivalents	-6,493	1,991
Cash and cash equivalents at 1 January	26,409	15,273
Cash and cash equivalents at the end of the period	19,915	17,264

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 2017	146,490	0	63,733	185	210,408
Capital increase					0
Profit/(loss) for the period			3,888	-35	3,853
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
Balance at 1 January 2018	146,490	0	85,322	300	232,112
Capital increase					0
Profit/(loss) for the period			10,992	35	11,027
Dividend distribution					0
Change in non-controlling interests				6	6
Change in the consolidation scope					0
Other			-8		-8
Balance at 30 June 2018	146,490	0	96,306	341	243,137

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 2018

1. Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2017 ('last annual financial statements'). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The new interpretations and standards that are applicable from 2018 did not have any significant impact on the Company's financial statements.

IFRS 15 Revenue from Contracts with Customers, establishes a unique and all-encompassing model of principles that an entity must apply to account for income arising from a contract with a customer. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and their corresponding interpretations. IFRS 15 is effective for the annual reports beginning on or after 1 January 2018, with early adoption permitted, and has been endorsed by the EU, so as its clarifications (issued on 12 April 2016).

The Company has adopted this standard as from 1 January 2018, according to the complete retrospective method without practical exemptions. This adoption has not created any significant impact on the results of the company. The various flows of income for the Company mainly relate to rental incomes that are covered by IFRS 16 (in 2018 still IAS 17), and residential sales which are covered by IFRS 15.

Analysis of the the new IFRS 15 criteria has indicated that land and construction related to a residential unit both together constitute a single performance obligation. In addition, in accordance Belgian Breyne legislation (for off-plan apartment sales), it is assessed that sold assets have no alternative use and that right to payment for the Company exists; for that, revenue is recognized over-time; i.e. through percentage of completion.

IFRS 9 Financial Instruments published in July 2014 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements, which align hedge accounting more closely with risk management. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

The Company applied this standard as from 1 January 2018. This adoption has not generated significant impact on the half-year financial statements as of 30 June 2018.

IFRS 9 requires the Company to recognize in advance expected credit losses on its financial assets through the application of default impairment percentages on (mainly trade) receivables, based on the defaults experienced over the last two accounting years. The Company did encounter no or very limited defaults during the last two years and applied the simplified expected losses model, in which the life-time expected losses are calculated for the trade receivables and the macro-economic information does not impact the historic default rates. Therefore, the Company did not have to correct the trade receivables closing balance as of 31 December 2017. The same applies as of 30 June 2018: no impairment recognition through the profit and loss statement was deemed necessary.

The Company is currently assessing the possible impact, if any, of standards to be applied as from 2019 (IFRS 16). IFRS 16 introduces significant changes in accounting for leases for the lessee, removing the distinction between operational and financial leases and recognising assets and liabilities for all leases (aside from exemptions for short-term leases or low-value assets). Unlike accounting for leases by the lessee, IFRS 16 keeps almost all provisions from IAS 17 Leases regarding accounting for leases by the lessor. This means that lessors must continue to classify leases as operational or financial leases.

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 2017.

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.

	30/06/2018	31/12/2017
Property Development Inventories	194,474	215,131
Raw materials	54	56
	<u>194,528</u>	<u>215,187</u>

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 m² site on which an approx. 35,000 m² mixed residential and retail space project is currently being delivered)
- some plots in Courchevel for the development of (combined) residential/hotel projects
- two high-end residential projects located at the Louizalaan (Edition) and the Boulevard Bischoffsheim (Spectrum) in Brussels, both currently under construction
- Capitalized Eurostadium IP rights on the design, study costs and expenditures related to the acquired leasehold

The balance related to the Arval site in Evere (+/- 10,800 sqm plot) has in the current period been transferred to investment property, in view of the development of a retail park offering approx. 5,375 sqm leasable space.

Eurostadium Brussels

The board of the directors confirms its statement mentioned in the Consolidated Financial Statements as at December 31, 2017 (p. 67/68). Since that date the situation has not significantly changed, however as a matter of cautious governance the company has registered additional costs related to the Eurostadium project in its P&L. As to the capitalised Eurostadium expenditures which still amount to 23.6 MEUR, the board of directors acknowledges that the current status of the file constitutes an uncertainty but remains of the opinion that the capitalized expenses will be recovered in the future either through a decision of the Council of Permit Disputes, a new permit request or, if necessary, a claim.

4. Investment property (under construction)

Balance at 31 December 2017	317,851
Acquisition of properties	447
Acquisition through business combinations	
Subsequent expenditure	21,159
Transfers	
- Assets classified as held for sale	-30,500
- Other transfers	7,389
Adjustment to fair value through P/L	18,995
Disposals	-15,113
CTA	
other	
Balance at 30 June 2018	320,228

Investment Properties are stated at fair value as determined by either independent appraisers or by management and are classified in 4 categories:

- A. Land without pre-permit approval, held for capital appreciation or undetermined use (fair value based on comparative method);
- B. Land with pre-permit approval held for development and investment (fair value based on the potential of constructing leasable sqm);
- C. Land + construction ongoing (fair value based on the residual method);
- D. Completed Projects held for investment.

Country + SPV	Commercial Name	Valuation	Cat	30/06/2018	31/12/2017
				KEUR	KEUR
BELGIUM					
Leisure Property Invest	Knokke Zoute Village	Man	A	57,489	44,541
WRP	Wavre Retail Park	n/a	n/a	0	8,000
Zeewind	Zeewind	Man	D	1,746	1,746
Ring Hotel	Ring Hotel	n/a	n/a	0	21,200
Ring Multi	Ghelamco Arena Multifunctional space	Cushman	D	21,725	21,720
Meetdistrict	Meetdistrict business center	Cushman	D	34,900	34,750
Ghelamco Invest	Zoute House	Cushman	C	23,047	22,500
Waterview/Parking Leuven	Waterview Parkings	n/a	n/a	0	8,530
Dianthus	Arval site	Man	D	6,000	
Bischoffsheim Leasehold + Freehold	Spectrum	CBRE	C	56,386	49,840
Kubel/Construction Link	The Link	JLL	C	77,429	59,453
DNF/Filature Retail	Filature Retail	Man	D	5,500	10,000
Docora	Rafc Tribune 1	Cost	D	36,006	35,571
TOTAL :				320,228	317,851

Legend : Man = Management valuation, CBRE = CBRE valuation 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:

- 4.75% to 8.65% for Belgian office projects, depending on the location, specifics and nature of the investment (vs. 4.97% to 8.75% per 31/12/2017);
- 5.5% to 6.5% for other Belgian (mainly retail) projects, depending on the specifics, nature and location of the investment (vs. 6.25% to 6.85% per 31/12/2017).

As stated above, the Arval site in Evere has in the current period been transferred to investment property, in view of the development of a retail park offering approx. 5,375 sqm leasable space.

In June 2018, the Wavre Retail project has been sold to a third party investor. The transaction value amounted to 8 MEUR, equalling the carrying value per books. The sales transaction was structured as a share deal. Also per end June 2018, approx. half of the available retail units (+/- 2,500 sqm) and 95 adjacent parkings in the Tribeca project in Ghent have been sold to a third party investor, through an asset deal, for a net sales price of 6,1 MEUR.

On the other hand, the Ring Hotel project has been transferred to assets held for sale, in connection with the currently ongoing sales process of the project to a hotel group. Carrying value in assets held for sale amounts to 24 MEUR, which equals the sales amount per preliminary contract. In the same respect, the Waterview Parkings project (585 parkings tower in the Vaartkom, Leuven) has been transferred to assets held for sale, in view of the sale of the

project to the City of Leuven. Carrying value in assets held for sale amounts to 6.5 MEUR, which equals the agreed amount in the decision of the City Council.

5. Investments in joint-ventures

Investments in joint-ventures amount to 12,699 KEUR and relate to the (50%) participating interest in Carlton Retail NV, which is connected with the One Carlton high-end residential project in Knokke Zoute. The increase is explained by the contribution in kind of Carlton land parts by RHR NV, subsidiary of the Company, in Carlton Retail NV early 2018.

6. Interest bearing loans and borrowings

	30/06/2018	31/12/2017
Non-current		
Bank borrowings – floating rate	69,403	95,151
Other borrowings	247,475	246,688
Finance lease liabilities		
	316,878	341,839
Current		
Bank borrowings – floating rate	138,222	98,384
Other borrowings	0	15,770
Finance lease liabilities		
	138,222	114,154
TOTAL	455,100	455,993

6.1 Bank borrowings

During the period, the Company obtained new secured bank loans expressed in EUR and withdrew on existing credit facilities for a total amount of 29.9 MEUR, all of which are Euribor based. On the other hand, reimbursements (and/or refinancings) have been done for a total amount of 15.8 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.

62% of the outstanding non-current bank borrowings is maturing within a 3 years-period, 38% 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 2018 part will be reimbursed following the contractual terms, but significant parts will also be repaid upon



sale/disposal of the related projects (mainly Ring Hotel) and parts will be prolonged or refinanced (e.g. through resp. swap to development or investment loan).

6.2 Bonds (247,475 KEUR non-current)

The Company has in the second half of 2013 and the first half of 2014 issued private unsecured bonds for a total amount of 70 MEUR, secured by a first demand guarantee from Ghelamco Group Comm. VA, having as maturity date 28/02/2018 and bearing an interest rate of 6.25%. This bond program was coordinated by KBC Securities and Belfius Bank. Per 31 December 2017 only 15,770 KEUR was still outstanding on this program, after early redemption of bonds for an amount of 54,230 KEUR in November 2017. The remainder has been reimbursed on maturity date.

In 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 transparency, governance and reporting requirements to the benefit of the investors.

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

On 20 November 2017, the Company has again issued bonds for a total amount of 101,600 KEUR, within a new 250 MEUR EMTN bonds program. First tap on this program resulted in the issue of a tranche of 54,200 KEUR with a 7years term and bearing an interest of 4.8% and of a tranche of 47,400 KEUR with a 5 years term and bearing an interest of 4.3%. The bonds are secured by a first demand guarantee from Ghelamco Group Comm. VA. The transaction has been coordinated by KBC, BNP, Société Générale and ABN Amro as managers and has been underwritten by institutional investors.

Bond proceeds have partly (i.e. for an amount of 54,230 KEUR) been used for the early redemption of the 70 MEUR 2013 bonds (maturing on 28/02/2018), in connection with a tender offer on the latter bonds. The remainder of the proceeds is used for further investments in the Company's core markets.

Total balance of outstanding bonds per balance sheet date (247,475 KEUR) represents the amount of issue (251,600 KEUR) less capitalized issue costs (of which mainly the issuing banks' arrangement fees), which are amortized over the term of the bonds.

6.3 Other loans

There are no other loans outstanding as of 30 June 2018.

No defaults of payments or breaches of borrowing agreements occurred as of 30 June 2018.

Bank borrowings are secured by amongst others the property development projects of the Company, including land and in-process construction, pledge on SPV shares, etc.

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.

7. Revenue

Revenue can be detailed as follows:

	30.06.2018	30.06.2017
Sales of Residential Projects	23,519	27,202
Rental Income	2,322	1,947
Other	288	447
TOTAL REVENUE	26,129	29,596

The rental income as of 30 June 2018 relates to rent from commercial projects (mainly Ring Multi and Meetdistrict in the Ghelamco Arena).

The residential projects sales as of 30 June 2018 mainly relate to:

- Villas and apartments at the Belgain coast (2,909 KEUR)
- Invoicing under the Breyne legislation in the Tribeca project in Ghent (5,126 KEUR). For phase 2, 99% of the available units have been sold, while progress and sales invoicing is at 100%. For phase 3, 6 units have been sold in the first half of 2018, which brings the total sales rate of phase 3 at 80% while progress and sales invoicing is at 85%.
- Student units in the Waterview project in Leuven Vaartkom (3,432 KEUR; all 29 remaining units sold in the first half of 2018).
- Invoicing under the Breyne legislation in the Edition project (8,540 KEUR re. 58 apartments and related garages and storage areas) and in the Spectrum project (1,761 KEUR re. 22 apartments and related garage and storage areas) in Brussels. Progress and sales invoicing in Edition is at 60% and in Spectrum at 30%.

8. Other items included in operating profit/loss

Other operating income

The current period's other operating income (1,470 KEUR) mainly relates to re-charges of real estate tax, co-owners expenses and fit-out expenses to tenants.

Prior year's other operating income (6,347 KEUR) related to a significant extent to the gain on disposal of Retail Leuven (316 KEUR) and a purchase price adjustment on the 2016 sale of the Dacar site to Ghelamco European Property Fund (4.9 MEUR).

	30/06/2018	30/06/2017
Gains from revaluation of Investment Property	18,995	7,781

Fair value adjustments over the first half of 2018 amount to 18,995 KEUR, which is mainly the result of current period's further investment and leasing efforts, in combination with evolution in market conditions (yield and rent level evolution).

Main fair value adjustments have been recognized on the Ring Hotel, Link and Knocke Village projects. The fair value increase on Knocke Village has been recognized after the decision of end June 2018 of the City Council, which approves the master plan (RUP).

	30/06/2018	30/06/2017
Other operating expenses		
Taxes and charges	622	555
Insurance expenses	246	82
Audit, legal and tax expenses	2,302	1,751
Promotional expenses	570	744
Sales expenses	930	778
Rental guarantee expenses	125	430
Housing costs (incl maintenance)	568	684
Operating expenses with related parties	912	1,098
Impairment on inventory	53	6,124
Miscellaneous	977	574
Total:	<u>7,305</u>	<u>12,820</u>

The overall decrease in operating expenses is mainly related to some impairment reserves recognized in prior year's financial statements on a limited number of inventory projects, mainly resulting from adjustments of some commercial parameters.

9. Finance income and finance costs

	30/06/2018	30/06/2017
Interest income	1,854	1,853
Other finance income	0	0
Total finance income	<u>1,854</u>	<u>1,853</u>
Interest expense	-6,204	-5,515
Other interest and finance costs	-1,002	-1,119
Total finance costs	<u>-7,206</u>	<u>-6,634</u>

Other finance costs mainly relate to the amortisation of capitalized bond issue expenses.

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)	30.06.2018				
	At fair value through P/L-held for trading	Available for sale	Financial assets and liabilities at amortized cost	Fair value	Fair value level
Other financial investments					
Other financial assets		-	4,303	4,303	2
Non-current receivables					
Receivables and prepayments			2,722	2,722	2
Restricted cash					
Current receivables					
Trade and other receivables			167,940	167,940	2
Derivatives	-				
Cash and cash equivalents			19,915	19,915	2
Total Financial Assets	0	0	194,880	194,880	
Interest-bearing borrowings - non-curr.					
Bank borrowings			69,403	69,403	2
Bonds (Alternext)			-	-	2
Bonds (Euronext)			247,475	250,004	1
Other borrowings			-	-	2
Interest-bearing borrowings - current					
Bank borrowings			138,222	138,222	2
Bonds (Alternext)			-	-	2
Other borrowings			-	-	2
Current payables					
Trade and other payables			29,260	29,260	2
Total Financial Liabilities	-	-	484,360	486,889	

Financial instruments (x € 1 000)	31.12.2017				
	At fair value through P/L-held for trading	Available for sale	Financial assets and liabilities at amortized cost	Fair value	Fair value level
Other financial investments					
Other financial assets		-	3,961	3,961	2
Non-current receivables					
Receivables and prepayments			3,064	3,064	2
Restricted cash					
Current receivables					
Trade and other receivables			171,377	171,377	2
Derivatives	-				
Cash and cash equivalents			26,409	26,409	2
Total Financial Assets	0	0	204,811	204,811	
Interest-bearing borrowings - non-curr.					
Bank borrowings			95,151	95,151	2
Bonds (Alternext)				-	2
Bonds (Euronext)			246,688	250,491	1
Other borrowings					2
Interest-bearing borrowings - current					
Bank borrowings			98,384	98,384	2
Bonds (Alternext)			15,770		2
Other borrowings					2
Current payables					
Trade and other payables			39,270	39,270	2
Total Financial Liabilities	-	-	495,263	483,296	

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

Ghelamco (Consortium)'s business activities are structured in four major holdings under common control of the ultimate shareholders (jointly referred to as "Ghelamco"):

- Investment Holding: comprises resources invested in the development of real estate projects in Belgium, Poland, Russia and Ukraine and the intra-group Financing Vehicles – referred to as "Investment Group" or the "Group";
- Development Holding: represents international entities that provide construction, engineering and development services to the Investment Group;
- Portfolio Holding: consists of all other activities and real estate investments controlled by the ultimate shareholders.
- Since end 2016: Ghelamco European Property Fund: comprising the real estate projects kept as income generating products for a longer time.

Ghelamco Invest NV (the "Company") is the holding company of the Belgian and French activities of Ghelamco Group Comm. VA, which is in turn the holding company of the Investment Group. Ghelamco Invest NV, together with its subsidiaries, constitute the reporting entity for the purpose of these interim condensed financial statements.

Balances and transactions between the Company and related parties (belonging to the Development Holding and the Portfolio Holding) mainly relate to construction and development services on the one hand and financial related party transactions on the other hand.

Trading transactions: purchase of construction, engineering and other related services from related parties

Construction and development services

The Company has entered into property development and construction contracts with property development and construction companies ("Contractors"), subsidiaries of International Real Estate Services Comm. VA (the parent company of Ghelamco's "Development Holding"):

- Ghelamco Belgium with its registered office in Ypres.

Engineering and architectural design services

APEC Architectural Engineering Projects Limited (a limited liability company registered under the laws of Ireland), legal subsidiary of International Real Estate Services Comm. VA (the parent company of Ghelamco's "Development Holding") coordinates engineering and architectural design services provided to the Company's larger projects, in accordance with terms of the respective contracts.



Above described related party transactions and balances can be detailed as follows:

Purchases of construction, engineering and architectural design:	-5,391
related party trade receivable	2,681
related party trade accounts payable	-2,274
related party non-current trade and other receivable	-
related party interests receivable	6,492
related party C/A receivable	138,401
related party interests payable	-66
related party C/A payable	-67

12. Post balance sheet events

- On 19 July, a preliminary agreement has been signed with a hotel group for the sale of the Ring Hotel adjacent to the Ghelamco Arena in Ghent. In this respect, the hotel will be sold in its current (closed construction) status, at a total sales value of 24 MEUR. Formalisation and closing of the deal is expected to take place in the course of Q4 2018.
- On 27 August, the City Council of Leuven decided to purchase the Waterview Parkings project (585 parkings tower in the Vaartkom, Leuven) for an amount of 6.5 MEUR.
- On 17 September, the Company signed a share purchase agreement with AG Real Estate for the acquisition of the shares of the company holding the Silver Tower site in Brussels, in view of the future development of an office project offering approx 54,280 sqm gross leasable space. The shares transaction was based on a transaction value of 22.2 MEUR.



Statutory auditor's report to the board of directors of Ghelamco Invest NV on the review of the condensed consolidated interim financial information as at June 30, 2018 and for the six-month period then ended

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Ghelamco Invest NV as at June 30, 2018, the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). The board of directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at June 30th 2018 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.



Statutory auditor's report to the board of directors of Ghelamco Invest NV on the review of the condensed consolidated interim financial information as at June 30, 2018 and for the six-month period then ended

Emphasis of matter

Without modifying our conclusion, we draw attention to note 3 of the condensed consolidated interim financial information which describes the uncertainty regarding the realization of the Eurostadium project and the Board of Directors' assessment of the recoverability of capitalized expenses related to this project.

Antwerp, September 26, 2018

KPMG Réviseurs d'Entreprises / Bedrijfsrevisoren
Statutory Auditor
represented by

A handwritten signature in blue ink, appearing to read "Filip De Bock", written over a horizontal blue line.

Filip De Bock
Réviseur d'Entreprises / Bedrijfsrevisor

ANNEX C

**THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
OF THE GUARANTOR FOR THE PERIOD ENDED 30 JUNE 2018,
TOGETHER WITH THE LIMITED REVIEW REPORT IN CONNECTION
THEREWITH**

**Ghelamco Group Comm. VA
Half year results 30.06.2018**

Sound results and balance sheet structure from continued investment and commercialisation efforts in core market segments

- Net profit for the period of 18,377 KEUR (vs. 19,105 KEUR 30.06.17)
- Solvency ratio of 42,36% (40,71% as per 31.12.17)
- Good progress in construction works on the Warsaw HUB (113,000 sqm office space in Warsaw CBD), the Big project (10,200 sqm office space in Krakow), the residential Foksal project (55 high-end apartments in Warsaw) and finalization of the foundation works of the Spinnakker Tower (57,000 sqm office project in Warsaw CBD)
- Continued commercialisation efforts resulting in increased lease rates for the Wronia 31 project (16.000 sqm office space in Warsaw CBD; approx. 89% leased; taking into account extension options signed) and the Woloska 24 project (23,200 sqm office space in the Mokotow District of Warsaw, approx. 94% pre-leased)
- Sale of the Wavre Retail Park project to 3rd party investor in June 2018, for an amount of 8.0 MEUR
- Sale of +/- 50% of the retail spaces in the Tribeca project in 28 June 2018, for an amount of 6.1 MEUR
- Finalisation of construction and delivery of the The Link office project in Berchem; with a lease rate of over 95% per date of the current report
- Finalisation of construction and ongoing delivery of the Tribeca project in Ghent, a contemporary, green project at the Nieuwevaart. Per date of the current report, over 90% of available residential units (163 apartments, 13 houses and 5 lofts) have been sold.
- Good progress of construction works in the Edition and Spectrum projects in Brussels; commercialisation efforts appear very successful: 100% of 22 available residential units in the Spectrum project and all but one of 59 available residential units in the Edition project have been (pre-)sold.

Preliminary remark

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.
- Since end 2016: Ghelamco European Property Fund: comprising the real estate projects kept as income generating products for a longer time.

Ghelamco Group Comm. VA (the “Group”) is the holding company of the Investment Group that, together with its direct and indirect legal subsidiaries, constitute the reporting entity for the purpose of these interim condensed financial statements.

Summary

The Group closed its 2018 half-year accounts with a net profit of 18,377 KEUR, after continued investment and commercialisation efforts. Thanks to these efforts the Group realised significant residential sales, disposed of some investment property (mainly the Wavre Retail Park and part of Tribeca Retail), while it managed to create added value through further investing in existing and new developments. This is reflected in a balance sheet total of 1,775,015 KEUR and an equity of 751,961 KEUR. The solvency ratio amounted to 42,36%.

In Poland, the investing activities have during the first half of 2018 mainly been focused on:

- The continued construction of the Warsaw HUB project at Rondo Daszynskiego, comprising 3 towers on a podium with retail function of approx. 113,000 sqm in Warsaw CBD. The delivery is expected Q1 2020.
- The finalisation of the foundation works of the Spinnaker, 57,000 sqm offices project at Rondo Daszynskiego in Warsaw;
- The progressed construction works on the Foksal project, including the renovation of the historic buildings, located in the historic heart of Warsaw. The project comprises the realisation of 55 high-class apartments (approx. 6,424 sqm in total) and commercial space of approx. 595 sqm. Per date of the current report, approx. 25% of available residential units have already been pre-sold.
- The further construction works on the Big project (Krakow), totalling approx. 10,200 sqm of office space and two levels of underground parking lots (141 parking spaces). Finalisation of the construction works is expected by end 2018. Per date of the current report, approx. 91% of office space have already been leased.

Continued leasing efforts have resulted in an occupation rate of over 89% (signed expansion options included) for the recently delivered Wronia project in the close vicinity of the Warsaw Spire and Plac Europejski Square and a lease rate of over 94% for the delivered Woloska 24 project located in the Mokotow district of Warsaw. In addition, the Big project in Krakow (under constructions) has per date of the current report already been pre-leased for approx. 91% and the Vogla (retail project) was leased at approx. 87%.

As a result of further commercialisation efforts, over 98% of the available units in the residential Woronicza Qbik project (355 residential soft lofts and 16 ground floor commercial units, in the Mokotow District of Warsaw) have been sold per mid 2018.

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

In June 2018, the Wavre Retail project (plot in Wavre for the realisation of an SME-park (warehousing, showroom and offices) of over 27,000 sqm) has been sold to a third party investor. The sales price amounted to 8 MEUR, equalling the carrying value per books. Also per end June 2018, approx. half of the available retail units (+/- 2,500



sqm) and 95 adjacent parkings in the Tribeca project in Ghent have been sold to a third party investor, for a net sales price of 6,1 MEUR.

During the current 6-month period, construction works of the last phase (phase 3) of the Tribeca project in Ghent have been finalized. While this last phase of this affordable, contemporary, green project is being delivered, currently over 90% of available residential units (163 apartments, 13 houses and 5 lofts) have been sold; and as stated above also approx. 50% of the available retail space was sold.

In addition, the construction of the The Link office project in Antwerp (27,000 sqm leasable space and approx. 540 underground parking spaces, divided over 2 buildings) has been finalised and the building is currently being delivered. Marketing efforts have per date of this report resulted in a lease rate of over 95%.

Moreover, construction works in the Brussels Edition and Spectrum projects have well advanced. Per date of the current report, all but one 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 sold, while 100% of the apartments in the Spectrum project (mixed project offering 15,000 sqm office space, 22 apartments and approx. 170 underground parking spaces) have been sold. For significant areas in the offices-part of the Spectrum project, well advanced lease negotiations are currently ongoing.

Key figures

Results	30.06.2018	30.06.2017
Operating result	43,327	39,592
Net result of the year	18,377	19,105
Share of the group in the net result of the year	17,808	18,490
Balance sheet	30.06.2018	31.12.2017
Total assets	1,775,015	1,791,808
Cash and cash equivalents	80,160	129,526
Net financial debt (-)	818,830	765,202
Total equity	751,961	729,489

Revenue for the first semester of 2018 amounts to 39,321 KEUR and relates to rental income (12,331 KEUR) and sales of (residential) projects (26,512 KEUR).

The investment property (under construction) portfolio evolved from 910,579 KEUR per end 2017 to 967,570 KEUR per end of June 2018; evolution which is the combined result of current period's expenditures (64,552 KEUR), disposals (15,113 KEUR), fair value adjustments (38,771 KEUR), transfers (-23,111 KEUR) and currency translation impact (8,108 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 2018 totals to 43,327 KEUR; net profit for the period closes with 18,377 KEUR.

Property development inventories balance decreased by 20,343 KEUR to 265,237 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 and the Edition and Spectrum projects in Brussels);
- The sale of some (residential) projects (mainly real estate at the Belgian coast and invoicing of installments under the Breyne legislation in the Tribeca project in Ghent and the Edition and Spectrum projects in Brussels)

- Some transfers, e.g. transfer of the Arval site to investment property, in view of the development of a retail park;
- the construction works of apartments in the Foksal project in Warsaw (55 high-class apartments of which 27% is (pre-) sold per mid 2018) and on the other hand the continued commercialisation of the Woronicza Qbik project (355 residential soft lofts in Warsaw and some commercial space, with a sales rate of over 98% per mid 2018).

During the period the Group was able to obtain new bank borrowings and withdraw on existing credit facilities for a total amount of 67.7 MEUR. On the other hand, reimbursements and refinancings have been done for an amount of 31 MEUR, bringing the total outstanding amount of bank borrowings to 407,2 MEUR (i.e. a net increase by 36,7 MEUR compared to the outstanding balance of 370,5 MEUR at 31/12/2017). Also considering the outstanding bonds (231,955 KEUR net outstanding private and public bonds in Poland and 247,475 KEUR net outstanding private and public bonds in Belgium) and some other loans (12,3675 KEUR), leverage¹ amounts to 46%.

Overview by country

Belgium

In Belgium the Group's main development activities during the first half of 2018 related to:

- Finalisation of the construction works and ongoing delivery of phase 3 of the Tribeca project (offering 91 apartments and some smaller retail units).
- Finalisation of the construction and ongoing delivery of 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 lease rate of over 95%.
- Continuation of the construction works in the Brussels Edition (Louizalaan) and Spectrum (Avenue Bischoffsheim) projects. Construction progress is for both projects respectively at 60% and 30%. And per date of the current report, approx. 99% of the apartments in the Edition project have been sold, while all the apartments in the Spectrum project have been sold. In addition, leasing negotiations for significant areas in the offices-part of the Spectrum project are currently well advanced.

As to divestures and/or revenues:

- Current period's revenues mainly related to installment 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, the sale of the (29) remaining student units in the Waterview project in Leuven Vaartkom, invoicing under the Breyne legislation connected to apartments in the Edition and Spectrum project in Brussels and the sale of villas and apartments at the Belgian coast.
- In addition, in June 2018 the Wavre Retail Park project was disposed and sold to a third party investor. The transaction was structured as a share deal. The preliminary contract was signed in 2017, while the deal was closed in 2018. Also the in June 2018, two leased retail units and 95 adjacent parking spaces in the Tribeca project in Ghent were sold to a third party investor.

¹ Calculated as follows: interest-bearing loans and borrowings/ total assets



Poland

In Poland, the Company in first instance maintained its existing land bank, except for the sale of a smaller plot at Marynarska 12.

As stated, the Company further invested in the construction of the Warsaw HUB project, for which construction works were kicked off end 2016. The construction status at 30 June 2018: finalisation stage of construction works of (part of) the podium and the hotel (approx. 21,000 sqm) which is part of one of the towers. An agreement with InterContinental Hotels Group was already signed in 2017 for the operating of the hotel. The delivery of the project is expected in Q1 2020.

Additionally, the Big project construction works in Krakow, at the junction of Kapalenka and Zielinskiego street, are currently being finalised in view of the delivery by end 2018. Also, the foundation works of the Spinnaker at Rondo Daszynskiego are being finalised. Finally, construction works on the Foksal project (55 exclusive high-end apartments at 13/15 Foksal Street located in the historic heart of Warsaw) are well advanced per mid 2018.

As to (pre-)leasing and occupation of projects:

- The Wronia 31 project in Warsaw CBD (+/- 16,000 sqm) has been leased for over 89%, while negotiations for significant parts of the remaining space are ongoing.
- The Woloska 24 project in the Warsaw Mokotow District (+/- 23,200 sqm) has been leased for over 94%, while negotiations for parts of the remaining space are ongoing.
- The Big project in Krakow (+/- 10,200 sqm) has been leased for approx. 91%.
- In the Warsaw HUB project, in addition to the hotel contract, lease agreements with a fitness club operator, agreements for a co-working space, office space, cafeteria and restaurant have been signed and negotiations with potential tenants of commercial and office sections are pending. In total, lease agreements were signed for approx. 35,500 sqm (and taking into account extension options signed, the level of rented space is approx. 38,500 sqm).

As to divestures and/or revenues:

- Current period's (residential) sales revenues mainly related to the further commercialisation of the Woronicza Qbik project (355 residential soft lofts in the Mokotow District of Warsaw). Per end of June 2018, over 98% of available units have been sold.
- There have been no divestures of commercial projects during the first half of 2018.

Russia

In Russia, the first (building A, approx. 60,000 sqm) and second phase (building B, approx. 76,000 sqm) of the Dmitrov Logistics Park – class A warehouse complex of four buildings totalling approx. 243.000 sqm of lettable area in the northern part of the Moscow Region – have in the past years been delivered and are currently leased for resp. 70% and 100%. The occupation permit of building C1 (20,000 sqm) has been received early 2017 and building C2 and C3 (26,000 sqm) have been delivered in September 2017.

The political and economic situation and its effects on markets and (warehouse) tenant activity is further closely monitored. In Russia, the yields remained quite stable, the RUB and the market rental levels for (refrigerated) warehousing are however still under pressure. This has resulted in the recognition of further negative fair value adjustment on mainly the Dmitrov project in portfolio.



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 2018, 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 2018 in general.

Risks

Due to its activities, the Group is exposed to a variety of financial and operational risks: including exchange rate risk, interest rate risk, price risk, credit risk and liquidity risk. Financial risks relate to the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables and borrowings.

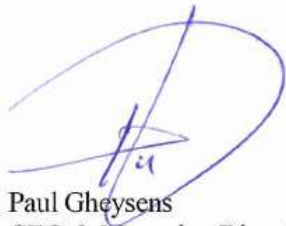
These risks, which are described in detail in the Ghelamco Group Comm. VA Consolidated IFRS Financial Statements at 31 December 2017, remain applicable for 2018 and are closely managed and monitored by the Group's management.

As from 2015 the Group insured its capital risk on Russia, against expropriation and/or nationalisation.

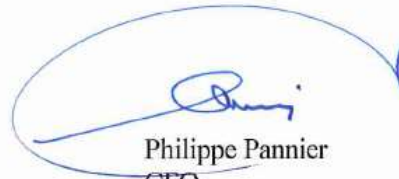
Declaration in accordance with Art. 13 of the Belgian Royal Decree of 14 November 2007

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

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



Paul Gheysens
CEO & Managing Director
Ieper
24/09/2018



Philippe Pannier
CFO
Ieper
24/09/2018

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.

Condensed consolidated income statement (in KEUR)

	30/06/2018	30/06/2017
Revenue	39,321	52,861
Other operating income	7,216	26,942
Cost of Property Development Inventories	-18,047	-22,044
Employee benefit expense	-578	-732
Depreciation amortisation and impairment charges	-447	-407
Gains from revaluation of Investment Property	38,771	12,441
Other operating expense	-22,870	-29,469
Share of results of in joint-ventures	-39	0
Operating result	43,327	39,592
Finance income	6,956	6,602
Finance costs	-19,777	-21,550
Result before income tax	30,506	24,644
Income tax expense	-12,129	-5,539
Result of the period	18,377	19,105
Attributable to		
Equity holders of parent	17,808	18,490
Non-controlling interests	569	615

Condensed consolidated statement of comprehensive income (in KEUR)

	30/06/2018	30/06/2017
Profit for the period	18,377	19,105
Exchange differences on translating foreign operations	4,117	-11,423
Other	-27	
Other comprehensive income of the period	4,090	-11,423
Total Comprehensive income for the period	22,467	7,682
Attributable to		
Equity holders of parent	21,898	7,067
Non-controlling interests	569	615

Condensed consolidated statement of financial position (in KEUR)

	30/06/2018	31/12/2017
ASSETS		
Non-current assets		
Investment Property	967,570	910,579
Property, plant and equipment	491	527
Intangible assets	3,537	3,708
Investments in joint-ventures	12,703	6,340
Receivables and prepayments	258,552	250,911
Deferred tax assets	13,144	11,845
Other financial assets	4,523	4,155
Restricted cash	0	0
	1,260,520	1,188,065
Current assets		
Property Development Inventories	265,238	285,581
Trade and other receivables	137,977	187,898
Current tax assets	45	163
Derivatives	0	0
Assets classified as held for sale	31,075	575
Restricted cash	0	0
Cash and cash equivalents	80,160	129,526
	514,495	603,743
TOTAL ASSETS	1,775,015	1,791,808

Condensed consolidated statement of financial position (in KEUR) (cont'd)

	30/06/2018	31/12/2017
EQUITY AND LIABILITIES		
Capital and reserves attributable to the Company's equity holders		
Share capital	28,194	28,194
CTA	11,264	7,147
Retained earnings	705,183	687,402
	744,641	722,743
Non-controlling interests	7,320	6,746
TOTAL EQUITY	751,961	729,489
Non-current liabilities		
Interest-bearing loans and borrowings	654,385	694,110
Deferred tax liabilities	39,550	29,106
Other non-current liabilities	6,333	2,249
Long-term provisions	0	0
Total non-current liabilities	700,268	725,465
Current liabilities		
Trade and other payables	71,780	133,289
Current tax liabilities	6,401	2,947
Interest-bearing loans and borrowings	244,605	200,618
Short-term provisions	0	0
Total current liabilities	322,786	336,854
Total liabilities	1,023,054	1,062,319
TOTAL EQUITY AND LIABILITIES	1,775,015	1,791,808

Condensed consolidated cash flow statement (in KEUR)

	30/06/2018	30/06/2017
Cash flow from operating activities		
Result of the year before income tax	30,506	24,644
<i>Adjustments for:</i>		
- Share of results in joint-ventures	39	
- Change in fair value of investment property	-38,771	-12,441
- Depreciation, amortization and impairment charges	447	361
- Result on disposal investment property	647	-17,620
- Change in provisions	0	0
- Net finance costs	6,674	16,184
- Movements in working capital:		
- change in inventory	4,867	-6,018
- change in trade & other receivables	53,187	-2,666
- change in trade & other payables	-50,439	8,188
- change in fair value of derivatives	0	0
- Movement in other non-current liabilities	4,084	-1,527
- Other non-cash items	-121	-67
Income tax paid	588	-2,937
Interest paid	-8,894	-17,361
Net cash from operating activities	2,814	-11,260
Cash flow from investing activities		
Interest received	3,690	3,273
Purchase of property, plant & equipment	-240	-656
Purchase of investment property	-67,757	-53,502
Capitalized interest in investment property	-7,481	-6,950
Proceeds from disposal of investment property	14,466	566,747
Net cash outflow on acquisition of subsidiaries	1,689	
Cash in/outflow on other non-current financial assets	-8,009	-241,901
Net cash flow used in investing activities	-63,642	267,011
Financing Activities		
Proceeds from borrowings	70,000	97,253
Repayment of borrowings	-55,876	-325,315
Net cash inflow from / (used in) financing activities	14,124	-228,062

Net increase/(decrease) in cash and cash equivalents	-46,704	27,689
Cash and cash equivalents at 1 January	129,526	59,001
Effects of exch. rate changes in non-EUR countries	-2,662	-20,113
Cash and cash equivalents at the end of the period	80,160	66,578

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 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
Balance at 1 January 2018	28,194	7,147	687,402	6,746	729,489
Foreign currency translation (CTA)		4,117			4,117
Profit/(loss) for the period			17,808	569	18,377
Dividend distribution					0
Change in non-controlling interests					0
Change in the consolidation scope				5	5
Other			-27		-27
Balance at 30 June 2018	28,194	11,264	705,183	7,320	751,961

Notes to the condensed consolidated interim financial statements at 30 June 2018

1. Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2017 ('last annual financial statements'). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The new interpretations and standards that are applicable from 2018 did not have any significant impact on the Group financial statements.

IFRS 15 Revenue from Contracts with Customers, establishes a unique and all-encompassing model of principles that an entity must apply to account for income arising from a contract with a customer. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and their corresponding interpretations. IFRS 15 is effective for the annual reports beginning on or after 1 January 2018, with early adoption permitted, and has been endorsed by the EU, so as its clarifications (issued on 12 April 2016).

The Company has adopted this standard as from 1 January 2018, according to the complete retrospective method without practical exemptions. This adoption has not created any significant impact on the results of the company. The various flows of income for the Company mainly relate to rental incomes that are covered by IFRS 16 (in 2018 still IAS 17), and residential sales which are covered by IFRS 15.

Belgium: Analysis of the the new IFRS 15 criteria has indicated that land and construction related to a residential unit both together constitute a single performance obligation. In addition, in accordance Belgian Breyne legislation (for off-plan apartment sales), it is assessed that sold assets have no alternative use and that right to payment for the Company exists; for that, revenue is recognized over-time; i.e. through percentage of completion.

Poland: Analysis of the the new IFRS 15 criteria has indicated that land and construction related to a residential unit both together constitute a single performance obligation. In addition, in accordance with relevant local laws and regulations, transfer of control for residential units is at delivery; for that revenue is recognized at delivery or completion of contract.

IFRS 9 Financial Instruments published in July 2014 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements, which align hedge accounting more closely with risk management. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

The Company applied this standard as from 1 January 2018. This adoption has not generated significant impact on the half-year financial statements as of 30 June 2018.

IFRS 9 requires the Company to recognize in advance expected credit losses on its financial assets through the application of default impairment percentages on (mainly trade) receivables, based on the defaults experienced over the last two accounting years. The Company did encounter no or very limited defaults during the last two years and applied the simplified expected losses model, in which the life-time expected losses are calculated for the trade receivables and the current forecast macroeconomic information does not impact the historic default rates.

Therefore, the Company did not have to correct the trade receivables closing balance as of 31 December 2017. The same applies as of 30 June 2018: no impairment recognition through the profit and loss statement was deemed necessary.

The Company is currently assessing the possible impact, if any, of standards to be applied as from 2019 (IFRS 16). IFRS 16 introduces significant changes in accounting for leases for the lessee, removing the distinction between operational and financial leases and recognising assets and liabilities for all leases (aside from exemptions for short-term leases or low-value assets). Unlike accounting for leases by the lessee, IFRS 16 keeps almost all provisions from IAS 17 Leases regarding accounting for leases by the lessor. This means that lessors must continue to classify leases as operational or financial leases.

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 2017 and the new interpretations and standards that are applicable from 2018, to the extent applicable.

3. Property development inventories

Property Development Inventories contain mainly plots of land held for development of residential purposes and residential buildings either finished or still under construction.

	30/06/2018	31/12/2017
Property Development Inventories	265,180	285,521
Raw materials	54	56
Finished goods	4	4
	265,238	285,581

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 (-1,702 KEUR to 1,273 KEUR) in line with current period's sales of remaining units and the Foksal balance (+3,103 KEUR to 22,635 KEUR) in connection with the progress of the construction works of this high-end residential project.

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 m² site on which an approx. 35,000 m² mixed residential and retail space project is currently being delivered)
- some plots in Courchevel for the development of (combined) residential/hotel projects
- two high-end residential projects located at the Louizalaan (Edition) and the Boulevard Bischoffsheim (Spectrum) in Brussels, both currently under construction
- Capitalized Eurostadium IP rights on the design, study costs and expenditures related to the acquired leasehold.

The Arval project (retail park in Evere, offering approx. 5,375 sqm leasable space) has been transferred from inventory to IP, in connection with the progress and commercial status of the project.

	30/06/2018		31/12/2017	
Inventories – Poland	70,705	27%	70,390	25%
Inventories – Belgium	194,528	73%	215,187	75%
Inventories – Other countries	5		4	
	265,238	100%	285,581	100%

Eurostadium Brussels

The board of the directors confirms its statement mentioned in the Consolidated Financial Statements as at December 31, 2017 (p. 89). Since that date the situation has not significantly changed, however as a matter of cautious governance the company has registered additional costs related to the Eurostadium project in its P&L. As to the capitalised Eurostadium expenditures which still amount to 23.6 MEUR, the board of directors acknowledges that the current status of the file constitutes an uncertainty but remains of the opinion that the capitalized expenses will be recovered in the future either through a decision of the Council of Permit Disputes, a new permit request or, if necessary, a claim.

4. Investment property (under construction)

Balance at 31 December 2017	910,579
Acquisition of properties	447
Acquisition through business combinations	
Subsequent expenditure	64,105
Transfers	
- Assets classified as held for sale	-30,500
- Other transfers	7,389
Adjustment to fair value through P/L	38,771
CTA on current year FV adj	1
Disposals	-15,113
CTA	-8,108
Other	
Balance at 30 June 2018	967,570

Investment Properties are stated at fair value as determined by either independent appraisers or by management and are classified in 4 categories:

- A. Land without pre-permit approval, held for capital appreciation or undetermined use (fair value based on comparative method);
- B. Land with pre-permit approval held for development and investment (fair value based on the potential of constructing leasable sqm);
- C. Land with a building permit + construction ongoing (fair value based on the residual method);
- D. Completed Projects held for investment.



Country + SPV	Commercial Name	Valuation	Cat	30/06/2018	31/12/2017
				KEUR	KEUR

BELGIUM

Leisure Property Invest	Knocke Village	Man	A	57,489	44,541
WRP	Wavre Retail Park	n/a	n/a	0	8,000
Zeewind	Zeewind	Man	D	1,746	1,746
Ring Hotel	Ring Hotel	n/a	n/a	0	21,200
Ring Multi	Ghelamco Arena Multifunctional space	Cushman	D	21,725	21,720
Meetdistrict	Meetdistrict business center	Cushman	D	34,900	34,750
Ghelamco Invest	Zoute House	Cushman	C	23,047	22,500
Waterview/Parking Leuven	Waterview Parkings	n/a	n/a	0	8,530
Dianthus	Arval site	Man	D	6,000	
Bischoffsheim Leasehold + Freehold	Spectrum	CBRE	C	56,386	49,840
Kubel/Construction Link	The Link	JLL	C	77,429	59,453
DNF/Filature Retail	Filature Retail	Man	D	5,500	10,000
Docora	Rafc Tribune 1	Cost	D	36,006	35,571

POLAND

Apollo Invest	Spinnaker Tower	Savills	C	62,003	57,857
Postepu SKA/Business Bud SKA	Postepu Business Park	KNF	B	7,120	7,120
Sienna Towers SKA	The HUB	KNF	C	139,942	101,479
Sobieski SKA	Sobieski Tower	BNP	B	32,493	31,077
Market SKA	Mszczonow Logistics	ASB	A	2,810	2,849
SBP SKA	Synergy Business Park Wroclaw	JLL	B	24,630	25,294
Grzybowska 77 Sp. K. + Isola SKA	Grzybowska	KNF	D/A	24,400	23,920
Wronia SKA	Wronia 31	KNF	D	60,820	59,265
Sigma SKA	Chopin + Stixx	KNF	B/D	41,622	40,766
Vogla SKA	Wilanow Retail	Savills	D/A	16,100	11,260
Tillia BIS Spzoo	Powisle	Cresa	A	5,964	7,690
Dahlia SKA	Woloska 24	Cresa	D	57,475	56,553
Synergy	Katowice	JLL	A	3,800	4,000
Canna SKA	Big, Kapelanka, Krakow	Man	C	18,659	7,209

RUSSIA

Bely Rast e.a.	Dmitrov Logistic Park	JLL	D/C	137,415	144,500
Ermolino	Logistic Park Ermolino	JLL	A	7,498	7,722

UKRAINE

Urban Invest	Kopylov Logistics Park 2	UKR	A	803	730
Vision Invest	Warsaw Road Dev.	UKR	B	3,788	3,437

TOTAL :

956,070

910,579



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, Cresa = Cresa

The average yields used in the expert valuations (applying residual method) on 30 June are as follows:

- 4.75% to 8.65% for Belgian office projects, depending on the location, specifics and nature of the investment (vs. 4.97% to 8.75% per 31/12/2017);
- 5.5% to 6.5% for other Belgian (mainly retail) projects, depending on the specifics, nature and location of the investment (vs. 6.25% to 6.85% per 31/12/2017).
- 5.25% to 8.50% for the Polish projects depending on the specifics, nature and location of the developments (vs. 5.25% to 8.00% per 31 December 2017).
- 11.25% to 15.00% DCF discount rates and 10.25% on terminal value for Russian projects (vs. 11.25% to 15.00% and 10.25% per 31/12/2017)

The net increase in investment property (+ 56,991 KEUR) is mainly related to the further investments in projects (64,552 KEUR) and fair value adjustments (38,771 KEUR), compensated by disposals (- 15,113 KEUR) and CTA impact (- 8,108 KEUR). The remainder of the net increase can be attributed to transfers from inventory to IP and IP to assets held for sale.

In June 2018, the Wavre Retail project has been sold to a third party investor. The transaction value amounted to 8 MEUR, equalling the carrying value per books. The sales transaction was structured as a share deal. Also per end June 2018, approx. half of the available retail units (+/- 2,500 sqm) and 95 adjacent parkings in the Tribeca project in Ghent have been sold to a third party investor, through an asset deal, for a net sales price of 6,1 MEUR.

On the other hand, the Ring Hotel project has been transferred to assets held for sale, in connection with the currently ongoing sales process of the project to a hotel group. Carrying value in assets held for sale amounts to 24 MEUR, which equals the sales amount per preliminary contract. In the same respect, the Waterview Parkings project (585 parkings tower in the Vaartkom, Leuven) has been transferred to assets held for sale, in view of the sale of the project to the City of Leuven. Carrying value in assets held for sale amounts to 6.5 MEUR, which equals the agreed amount in the decision of the City Council.

In turn, the Arval site in Evere has in the current period been transferred to investment property, in view of the development of a retail park offering approx. 5,375 sqm leasable space.

5. Investments in joint-ventures

Investments in joint-ventures amount to 12,703 KEUR and mainly relate to the (50%) participating interest in Carlton Retail NV, which is connected with the One Carlton high-end residential project in Knokke Zoute. The increase is explained by the contribution in kind of Carlton land parts by RHR NV, subsidiary of the Company, in Carlton Retail NV early 2018.

6. Interest bearing loans and borrowings

	30/06/2018	31/12/2017
Non-current		
Bank borrowings – floating rate	251,070	255,712
Other borrowings	403,237	438,349
Finance lease liabilities	78	49
	654,385	694,110
Current		
Bank borrowings – floating rate	156,123	114,807
Other borrowings – floating rate	88,482	85,811
Finance lease liabilities		0
	244,605	200,618
TOTAL	898,990	894,728

6.1 Bank borrowings

During the period, the Group obtained new secured bank loans expressed in EUR and PLN and withdrew on existing credit facilities for a total amount of 61.4 MEUR. On the other hand, reimbursements (and/or refinancings) have been done for a total amount of 24.7 MEUR, net of prolongation of a number of borrowings. This resulted in a net increase by 36.7 MEUR compared to the outstanding bank loans balance of 370.5 MEUR at 31/12/2017.

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 loans into investment loans (mostly 5 years term) upon the fulfilment of pre-agreed conditions.

Most banking partners of the Group have accepted the above as a “framework” for past, current and future co-operation.

With respect to the outstanding short-term bank borrowings, it is to be mentioned that in the second half of 2018 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).

50% of the outstanding non-current bank borrowings is maturing within a 3 years-period, 32% is maturing between 3 and 5 years and 18% is maturing after more than 5 years.

6.2 Bonds

Belgium

The Group has (via Ghelamco Invest, parent company of the Belgian activities) in the second half of 2013 and the first half of 2014 issued private unsecured bonds for a total amount of 70 MEUR, secured by a first demand guarantee from Ghelamco Group Comm. VA, having as maturity date 28/02/2018 and bearing an interest rate of 6.25%. This bond program was coordinated by KBC Securities and Belfius Bank. Per 31 December 2017 only 15,770 KEUR was still outstanding on this program, after early redemption of bonds for an amount of 54,230 KEUR in November 2017. The remainder has been reimbursed on maturity date.



In addition, the 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 transparency, governance and reporting requirements to the benefit of the investors.

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

On 20 November 2017, Ghelamco Invest has again issued bonds for a total amount of 101,600 KEUR, within a new 250 MEUR EMTN bonds program. First tap on this program resulted in the issue of a tranche of 54,200 KEUR with a 7 years term and bearing an interest of 4.8% and of a tranche of 47,400 KEUR with a 5 years term and bearing an interest of 4.3%. The bonds are secured by a first demand guarantee from Ghelamco Group Comm. VA. The transaction has been coordinated by KBC, BNP, Société Générale and ABN Amro as managers and has been underwritten by institutional investors.

Bond proceeds have partly (i.e. for an amount of 54,230 KEUR) been used for the early redemption of the 70 MEUR 2013 bonds (maturing on 28/02/2018), in connection with a tender offer on the latter bonds. The remainder of the proceeds is used for further investments in the Company's core markets.

Total balance of outstanding bonds per balance sheet date (247,475 KEUR) represents the amount of issue (251,600 KEUR) less capitalized issue costs (of which mainly the issuing banks' arrangement fees), which are amortized over the term of the bonds.

Poland

The Company has in the current period (on 16 June 2018, via Ghelamco Invest Sp. z o.o.) within its pending programmes issued public retail bonds (tranche PJ) for a total amount of 9,080 KPLN. These bonds have a term of 3 years and bear an interest of Wibur 6 months + 3.65%. The bonds series is secured by a guaranty granted by Granbero Holdings Ltd.

The proceeds of the above bond issues have been applied to redeem other/existing outstanding bonds, to service the (interests on) the resp. bond programs and for the financing of the Company's further investment projects within the Warsaw metropolitan area, in Wroclaw or Katowice.

The Company has in the current period redeemed outstanding bonds (partly through early redemption, partly on maturity date) for a total amount of 39,420 KPLN.

Total bonds balance outstanding per balance sheet date (231,955 KEUR) represents the amount of issue (997 KPLN + 6.3 MEUR) less capitalized issue costs, which are amortised over the term of the bonds.

Shortly after period-end, in July 2018, bonds have been redeemed for a total amount of 182,840 KPLN, all on maturity date.

No defaults of payments or breaches of borrowing agreements occurred as of 30 June 2018.

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.

7. Revenue

Revenue can be detailed as follows:

	30.06.2018	30.06.2017
Sales of Residential Projects		
Projects Belgium	23,519	27,202
Projects Poland	2,993	1,894
Rental Income	12,331	23,318
Other	478	447
TOTAL REVENUE	39,321	52,861

Rental income as of 30 June 2018 relates to rent from commercial projects in Belgium (2,322 KEUR), Poland (4,922 KEUR), Russia (5,087 KEUR).

The rental income mainly stems from:

- Belgium: the rental income as of 30 June 2018 relates to rent from commercial projects (mainly Ring Multi and Meetdistrict in the Ghelamco Arena).
- Poland: the rental income as of 30 June 2018 relates to rent from commercial projects (mainly Woloska, Wronia and Plac Vogla: 2,9 MEUR in total). The significant decrease compared to last year is mainly connected to the sale of the Warsaw Spire per mid 2017 to Ghelamco European Property Fund. Warsaw Spire rental income in the comparable period ended 30 June 2017 amounted to 9,8 MEUR.

The residential projects sales as of 30 June 2018 mainly relate to:

- Villas and apartments at the Belgian coast (2,909 KEUR)
- Invoicing under the Breyne legislation in the Tribeca project in Ghent (5,126 KEUR). For phase 2, 99% of the available units have been sold, while progress and sales invoicing is at 100%. For phase 3, 6 units have been sold in the first half of 2018, which brings the total sales rate of phase 3 at 80% while progress and sales invoicing is at 85%.
- Student units in the Waterview project in Leuven Vaartkom (3,432 KEUR; all 29 remaining units sold in the first half of 2018).
- Invoicing under the Breyne legislation in the Edition project (8,540 KEUR re. 58 apartments and related garages and storage areas) and in the Spectrum project (1,761 KEUR re. 22 apartments and related garage and storage areas) in Brussels. Progress and sales invoicing in Edition is at 60% and in Spectrum at 30%.
- Residential (and commercial) units in the Woronicza Qbik project, Warsaw (with a sales rate of over 98% per date of the current report); and
- The sale of a plot at Marynarska 12, Warsaw.

8. Other items included in operating profit/loss

Other operating income

The current period's other operating income (7,216 KEUR) mainly relates to re-charges of real estate tax, co-owners expenses, fit-out expenses to tenants (mainly Wronia) and the release to the profit and loss statement of the previously booked provision for rental guarantees connected to the Warsaw Spire sale of last year (3,300 KEUR).

Last year's other operating income (26,942 KEUR) related to a significant extent to the gain on disposal of the Warsaw Spire, the gain on disposal of Retail Leuven and the gain on disposal of Kopylov Logistics Park (17.6 MEUR in total).

	30/06/2018	30/06/2017
Gains from revaluation of Investment Property	38,771	12,441

Fair value adjustments over the first half of 2018 amount to 38,771 KEUR, which is mainly the result of current period's further engineering, development, construction and leasing efforts, in combination with evolution in market conditions (in terms of yields and rent rate levels).

In Poland, main fair value adjustments have been recognized on the HUB, the Big project and the Plac Vogla retail park.

In Belgium, main fair value adjustments have been recognized on the Ring Hotel, Link and LPI Knocke Village projects. The fair value increase on Knocke Village has been recognized after the decision of end June 2018 of the City Council, which approves the master plan (RUP).

In Russia, the political and economic situation and its effects on markets and (warehouse) tenant activity is further closely monitored. The yields remained quite stable, the RUB and the market rental levels for (refrigerated) warehousing are however still under pressure. This has resulted in the recognition of further negative fair value adjustment on the Dmitrov project in portfolio.

A detail of current period's fair value adjustment can be given as follows:

Belgium	18,995
Poland	31,221
Russia	-11,869
Ukraine	424
	<u>27,271</u>

	30/06/2018	30/06/2017
Other operating expenses		
Operating lease/ rental expenses	717	233
Taxes and charges	2,272	2,333
Insurance expenses	344	229
Audit, legal and tax expenses	3,332	3,022
Traveling	773	748
Promotion	1,036	1,620
Sales expenses (agency fees and w/o agency fees)	3,525	2,969
Maintenance cost (projects)	172	1,448
Rental guarantee expenses	1,512	1,405
Operating expenses with related parties	5,058	5,201
PPA mBank	1,493	-
Impairment	53	6,124
Write-off VAT receivable	-	2,337
Miscellaneous	2,583	1,799
Total:	22,870	29,469

The overall decrease in operating expenses is mainly related to some impairment reserves recognized in prior year's financial statements on a limited number of inventory projects, mainly resulting from adjustments of some commercial parameters, and the write-off of a doubtful VAT receivable.

In the current period, other operating expenses also include the impact of a purchase price adjustment on the sale of mBank realised end of 2017.

Operating expenses with related parties mainly relate to fit-out expenses, which have in turn been re-charged to tenants (as explained above).

9. Finance income and finance costs

	30/06/2018	30/06/2017
Foreign exchange gains		3,329
Interest income	6,956	3,273
Other finance income		
Total finance income	6,956	6,602
Interest expense	-13,630	-19,457
Other interest and finance costs	-2,101	-2,093
Foreign exchange losses	-4,046	-
Total finance costs	-19,777	-21,550

The interest expenses dropped significantly compared to last year's comparable period, mainly due to the sale of the (delivered and operational) Warsaw Spire as per mid 2017.



Furthermore, financing costs on not yet delivered projects are capitalized while financing costs on delivered/income generating projects are expensed.

Current period's financial result includes an amount of (mainly unrealized) FX losses, connected with the relative weakening of the PLN vs. the EUR; while last year's financial result was significantly impacted by FX gains (mainly related to the conversion at spot rate of the outstanding (EUR) bank loans).

The other finance costs mainly relate to the amortisation of capitalized bond issue expenses.

10. Income taxes

	30/06/2018	30/06/2017
Current income tax	-2,842	-2,756
Deferred tax	-9,287	-2,783
Total income tax	-12,129	-5,539

The deferred tax expenses are mainly related to the recognition of deferred tax liabilities on the fair value accounting of investment property.

11. Financial instruments

The table below summarizes all financial instruments by category and discloses the fair values of each instrument and the fair value hierarchy.

Financial instruments (x € 1 000)	30.06.2018				
	At fair value through P/L-held for trading	Available for sale	Financial assets and liabilities at amortised cost	Fair value	Fair value level
Other financial investments					
Other financial assets			4,523	4,523	2
Non-current receivables					
Receivables and prepayments			258,552	258,552	2
Restricted cash					2
Current receivables					
Trade and other receivables			130,880	130,880	2
Derivatives	-				2
Cash and cash equivalents			80,160	80,160	2
Total Financial Assets	-	-	474,115	474,115	
Interest-bearing borrowings - non-curr.					
Bank borrowings			251,070	251,070	2
Bonds Poland			153,924	158,027	1
Bonds Belgium					2
Bonds Belgium (Euronext)			247,475	250,004	1
Other borrowings			1,916	1,916	2
Finance lease liabilities					
Interest-bearing borrowings - current					
Bank borrowings			156,123	156,123	2
Bonds Poland			78,031	80,234	1
Bonds Belgium					2
Other borrowings			10,451	10,451	2
Finance lease liabilities					2
Current payables					
Trade and other payables			65,328	65,328	2
Total Financial Liabilities	-	-	964,318	973,152	

Financial instruments (x € 1 000)	31.12.2017				
	At fair value through P/L-held for trading	Available for sale	Financial assets and liabilities at amortized cost	Fair value	Fair value level
Other financial investments					
Other financial assets			4,155	4,155	2
Non-current receivables					
Receivables and prepayments			250,911	250,911	2
Restricted cash					2
Current receivables					
Trade and other receivables			179,260	179,260	2
Derivatives					2
Cash and cash equivalents			129,526	129,526	2
Total Financial Assets	-	-	563,852	563,852	
Interest-bearing borrowings - non-curr.					
Bank borrowings			255,712	255,712	2
Bonds Poland			189,210	193,694	1
Bonds Belgium					2
Bonds Belgium (Euronext)			246,688	250,491	1
Other borrowings			2,450	2,450	2
Finance lease liabilities			49	49	
Interest-bearing borrowings - current					
Bank borrowings			114,807	114,807	2
Bonds Poland			59,455	60,228	1
Bonds Belgium			15,770	15,770	2
Other borrowings			10,586	10,586	2
Finance lease liabilities					2
Current payables					
Trade and other payables			125,728	125,728	2
Total Financial Liabilities	-	-	1,020,456	1,029,515	



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

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

12. Transactions with related parties

Balances and transactions between the Group and related parties (belonging to the Development Holding, the Portfolio Holding and the Ghelamco European Property Fund) mainly relate to construction and development services on the one hand and other (financial) related party transactions on the other hand.

Trading transactions: purchase of construction, engineering and other related services from related parties

Construction and development services

The Group has entered into property development and construction contracts with property development and construction companies (“Contractors”), the direct and indirect subsidiaries of International Real Estate Services Comm. VA, parent company of Ghelamco’s “Development Holding”:

- Ghelamco Belgium with its registered office in 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:

	30/06/2018
Purchases of construction, engineering and architectural design:	-36,306
related party trade receivable	3,368
related party trade accounts payable	-22,518
related party non-current loans receivable	189,663
related party non-current trade and other receivable	
related party interests receivable	29,098
related party C/A receivable	66,131
related party non-current loans payable	-897
related party interests payable	-1,878
related party C/A payable	-4,048

13. Post balance sheet events

- The repayment of Polish bonds in July 2018, for a total amount of 182,840 KPLN (41,9 MEUR equivalent), all on maturity date.
- On 19 July, a preliminary agreement has been signed with a hotel group for the sale of the Ring Hotel adjacent to the Ghelamco Arena in Ghent. In this respect, the hotel will be sold in its current (closed construction) status, at a total sales value of 24 MEUR. Formalisation and closing of the deal is expected to take place in the course of Q4 2018.
- On 27 August, the City Council of Leuven decided to purchase the Waterview Parkings project (585 parkings tower in the Vaartkom, Leuven) for an amount of 6.5 MEUR.
- On 17 September, the Company signed a share purchase agreement with AG Real Estate for the acquisition of the shares of the company holding the Silver Tower site in Brussels, in view of the future development of an office project offering approx 54,280 sqm gross leasable space. The shares transaction was based on a transaction value of 22.2 MEUR.



Statutory auditor's report to the board of directors of Ghelamco Group Comm. VA on the review of the condensed consolidated interim financial information as at June 30, 2018 and for the six-month period then ended

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Ghelamco Group Comm. VA as at June 30, 2018, the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). The board of directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at June 30, 2018 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.



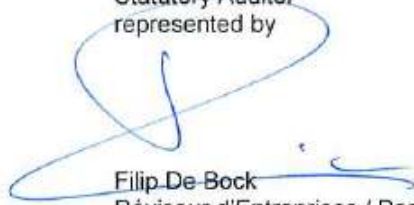
Statutory auditor's report to the board of directors of Ghelamco Group Comm. VA on the review of the condensed consolidated interim financial information as at June 30, 2018 and for the six-month period then ended

Emphasis of matter

Without modifying our conclusion, we draw attention to note 3 of the condensed consolidated interim financial information which describes the uncertainty regarding the realization of the Eurostadium project and the Board of Directors' assessment of the recoverability of capitalized expenses related to this project.

Antwerp, September 26, 2018

KPMG Réviseurs d'Entreprises / Bedrijfsrevisoren
Statutory Auditor
represented by



Filip De Bock
Réviseur d'Entreprises / Bedrijfsrevisor