

**Ghelamco Group Comm. VA  
Half year results 30.06.2014**

**Sustained growth from continued investment and commercialisation efforts in  
core market segments**

- Net profit for the period of 669 KEUR (vs. 23,172 KEUR as of 30.06.13)
- Solvency ratio of 41% (45% as per 31.12.13)
- Well advanced negotiations with third party investor Starwood regarding the sale of the Katowice Business Point (+/- 17,000 sqm office project in Katowice), the Marynarska 12/T-Mobile Office Park (+/- 41,000 sqm office project in Warsaw) and the Lopuszanska Business Park (+/- 16,500 sqm office project in Warsaw) projects; projects which have subsequently (20 August 2014) actually been disposed for a total net sales amount of approx. 189 MEUR, resulting in a net cash inflow of approx. 80 MEUR.
- Significant construction efforts on the further construction of the Warsaw Spire (+/- 108,000 sqm of office space in the Wola District of Warsaw)
- Finalisation of construction and delivery of the Blue Towers in Gent (28,600 sqm office space in total) and welcoming of the first tenants in the course of the first semester of 2014
- Significant construction efforts on the Waterview project (part of the Vaartkom Leuven project and comprising +/- 460 student homes, +/- 5,000 sqm retail space and +/- 1,000 parking spaces)
- Pressure on the rent levels and unfavourable evolution in the applied yields in Ukraine and Russia and resulting negative fair value correction, in connection with the difficult political and economic situation in those regions

**Summary**

The Group closed its 2014 half-year accounts with a net profit of 669 KEUR, after continued investment and commercialisation efforts. Thanks to these efforts the Group managed to realise a substantial part of previously created value in the current year (i.c. through the disposal of 3 office projects to Starwood shortly after period-end) while further investing in existing and new developments. This is reflected in a balance sheet total of 1,409,633 KEUR and an equity of 578,957 KEUR. The solvency ratio amounted to 41%.

The investing activities in Poland during the first half of 2014 have mainly been focused on the further construction works of the Warsaw Spire (+/- 108,000 sqm of office space).

In Belgium, the Company has over the past five years intensified its real estate activities (with currently over 40 projects in portfolio). As a consequence, significant part of the Belgian portfolio has in the course of the last two

years evolved to the realisation phase. In this respect, significant further realisation efforts have been done on mainly the Blue Towers in the Artevelde Park in Gent, resulting in the delivery and welcoming of the first tenants during the first half of 2014.

In Russia, the second phase (building B, approx. 68,000 sqm) of the Dmitrov Logistics Park has per end Q2 2014 been delivered and is per date of the current report leased for approx. 60%.

As to divestures, per balance sheet date the sales process with a third party investor of the Katowice Business Point (+/- 17,000 sqm office project in Katowice), the Marynarska 12/T-Mobile Office Park (+/- 41,000 sqm office project in Warsaw) and the Lopuszanska Business Park (+/- 16,500 sqm office project in Warsaw) projects was well advanced and has actually been formalised on 20 August 2014. This record sales deal for a net sales price of approx. 189 MEUR resulted in a net cash inflow for the Group of approx. 80 MEUR.

In Belgium, (office space) parts of the Ghelamco Arena have been sold to third parties for a total sales value of 2,500 KEUR.

The difficult political and economic situation in Ukraine and Russia, has had a negative impact on the applied rent and yield levels in both regions; which has resulted in a total negative fair value correction by 6,910 KEUR on the Group's Ukrainian and Russian investments. It is however expected that this situation is of a temporary nature.

### Key figures

| <b>Results</b>                                     | <b>30.06.2014</b> | <b>30.06.2013</b> |
|--|-------------------|-------------------|
| Operating result                                   | 21,379            | 47,051            |
| Net result of the period                           | 669               | 23,172            |
| Share of the group in the net result of the period | 177               | 22,947            |
| <b>Balance sheet</b>                               | <b>30.06.2014</b> | <b>31.12.2013</b> |
| Total assets                                       | 1,409,633         | 1,269,175         |
| Cash and cash equivalents                          | 80,070            | 70,182            |
| Net financial debt (-)                             | 654,425           | 540,357           |
| Total equity                                       | 578,957           | 576,303           |

Revenue for the first semester of 2014 amounts to 34,027 KEUR and relates to rental income (11,388 KEUR) and sales of residential projects (20,020 KEUR).

The investment property (under construction) portfolio evolved from a fair value of 854,311 KEUR per end 2013 to 776,758 KEUR per end of June 2014; evolution which is the combined result of current period's expenditures (88,124 KEUR), fair value adjustments (22,382 KEUR), transfers (-185,772 KEUR transfer of Katowice, Marynarska 12 and Lopuszanska to assets classified as held for sale on the one hand and + 1,515 KEUR transfer from inventories of the Powisle land plot on the other hand) and currency translation impact (-3,802 KEUR). The current period's favorable fair value adjustment is mainly the consequence of the Group's sustained investment and leasing efforts, in combination with market evolution (in terms of yields and rent levels) in Belgium and Poland, to an extent compensated by a negative fair value correction on the investments in Ukraine and Russia.

The operating result for the first half-year of 2014 totals to 21,379 KEUR; net profit for the period closes with 669 KEUR.

Property development inventories balance increased by 2,065 KEUR to 180,136 KEUR; evolution which is mainly the combined effect of the sale of residential projects in Belgium (Belgian coast and Gent) and Poland

(QBik soft loft project in Warsaw), the sale of the commercial ground floor of the Locarno project in Knokke, and further expenditures on Belgian (residential) projects (mainly the mixed Waterview project in Leuven Vaartkom).

During the period the Group was able to obtain new bank borrowings and withdraw on existing credit facilities for a total amount of 87.5 MEUR. On the other hand, reimbursements and refinancings have been done for an amount of 13.1 MEUR, bringing the total outstanding amount of bank borrowings to 509.2 MEUR (compared to 434.8 MEUR at 31/12/2013). Also considering the outstanding bonds (101,776 KEUR net outstanding private and public bonds in Poland and 109,646 KEUR net outstanding private bonds in Belgium), leverage<sup>1</sup> amounts to 52%.

## Overview by country

### Belgium

In Belgium, the Group's main development activities during the first half of 2014 related to:

- Completion, delivery and welcoming of the first tenants in the Blue Towers in Gent (28,600 sqm office space in total in the Artevelde Park). Per date of the current report, approx; 60% of the project has been leased.
- Continuation of construction works of the Waterview project in Leuven Vaartkom (mixed project of +/- 460 student homes, +/- 5,000 sqm retail and +/- 1,000 parking spaces). Per date of the current report there's significant confirmed interest from investors for the resp. parts of the project.
- Continuation of realisation efforts on the "Le 8300" luxurious wellness hotel in Knokke-Zoute (+/- 40 exclusive rooms), which is expected to be completed by mid 2015.

As to divestures/revenues:

- Sale of (office) parts in the Ghelamco Arena for a total sales value of 2,500 KEUR
- Sale of the commercial ground floor of the Locarno project in Knokke (6,300 KEUR)
- Sale of some residential projects at the Belgian coast (4,020 KEUR) and at Blaisant Park in Gent (3,467 KEUR)

### Poland

In Poland, the Company in first instance maintained its existing land bank but also took advantage of some expansion opportunities (with e.g. acquisition of the Powisle plot for the future development of a +/- 7,000 sqm office project in central Warsaw).

The Company focused on the continuation of construction works of the Warsaw Spire project, 220-meter, 49-storey development in the Warsaw Wola District which is to offer 108,000 sqm office space in total. During the first half of 2014, satellite building B has been delivered, exploitation permit has been received and the first tenant (Frontex, leasing 14,000 sqm of the available 20,000 sqm in total) has been welcomed. Per date of the current report, satellite building C is also being finalized and exploitation permit is expected to be received in Q1 2015; while the tower building A is currently in concrete structure until the 31<sup>st</sup> floor.

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

- Per balance sheet date, the Marynarska 12, the Lopuszanska Business Park and the Katowice Business Point office projects, which have been sold in the meantime, were leased for over 90%.
- Per date of the current report, building B of the Warsaw Spire project (20,000 sqm lettable spaces) was leased for 70%); firm negotiations are currently ongoing for other parts of the Warsaw Spire project.

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



As to divestures, the Katowice Business Point (+/- 17,000 sqm office project in Katowice), the Marynarska 12/T-Mobile Office Park (+/- 41,000 sqm office project in Warsaw) and the Lopuszanska Business Park (+/- 16,500 sqm office project in Warsaw) projects have shortly after balance sheet date been sold to a third party investor (Starwood Capital Group) for a net sales price of approx. 189 MEUR and resulting in a net cash inflow for the Group of approx. 80 MEUR.

#### Other countries

In Ukraine, the Kopylov Logistics Park project (in the Makariv District of the Kyiv Region) has an occupation rate of over 90%. The investment is kept in portfolio.

In Russia, the second phase (building B, approx. 68,000 sqm) of the Dmitrov Logistics Park – class A warehouse complex of four buildings totalling approx. 227.000 m<sup>2</sup> of lettable area in the northern part of the Moscow Region – has per end Q2 2014 been delivered and is per date of the current report leased for approx. 60%. In addition, firm lease negotiations are currently ongoing for significant parts of the remaining lettable space.

#### **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 2014, 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 2014 in general.

#### **Risks**

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

These risks, which are described in detail in the Ghelamco Group Comm. VA IFRS Consolidated Financial Statements at 31 December 2013, remain applicable for the second year-half of 2014 and are closely managed and monitored by the Group'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 GROUP Comm. VA, attest that to the best of their knowledge,

- the interim condensed financial statements are prepared in accordance with applicable accounting standards and give, in all material respect, a true and fair view of the consolidated assets and liabilities, financial position and consolidated results of the Company 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  
leper  
29/09/2014



Philippe Pannier  
CFO  
leper  
29/09/2014

***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)

|  | <b>30/06/2014</b> | <b>30/06/2013</b> |
|--|-------------------|-------------------|
| Revenue  | 34,027            | 24,078            |
| Other operating income                           | 1,736             | 6,707             |
| Cost of Property Development Inventories         | -17,401           | -8,696            |
| Employee benefit expense                         | -637              | -572              |
| Depreciation amortisation and impairment charges | -291              | -546              |
| Gains from revaluation of Investment Property    | 22,382            | 44,929            |
| Other operating expense                          | -18,437           | -18,849           |
| <b>Operating result</b>                          | <b>21,379</b>     | <b>47,051</b>     |
| Finance income                                   | 1,750             | 1,794             |
| Finance costs                                    | -21,965           | -23,707           |
| <b>Result before income tax</b>                  | <b>1,164</b>      | <b>25,138</b>     |
| Income tax expense                               | -495              | -1,966            |
| <b>Result of the period</b>                      | <b>669</b>        | <b>23,172</b>     |
| <b>Attributable to</b>                           |                   |                   |
| Equity holders of parent                         | 177               | 22,947            |
| Non-controlling interests                        | 492               | 225               |

### Condensed consolidated statement of comprehensive income (in KEUR)

|  | <b>30/06/2014</b> | <b>30/06/2013</b> |
|--|-------------------|-------------------|
| <b>Profit for the period</b>                           | <b>669</b>        | <b>23,172</b>     |
| Exchange differences on translating foreign operations | 1,978             | 307               |
| Other  | -23               | -30               |
| <b>Other comprehensive income of the period</b>        | <b>1,955</b>      | <b>277</b>        |
| <b>Total Comprehensive income for the period</b>       | <b>2,624</b>      | <b>23,449</b>     |
| <b>Attributable to</b>                                 |                   |                   |
| Equity holders of parent                               | 2,132             | 23,224            |
| Non-controlling interests                              | 492               | 225               |

## Condensed consolidated balance sheet (in KEUR)

|                                    | 30/06/2014       | 31/12/2013       |
|------------------------------------|------------------|------------------|
| <b>ASSETS</b>                      |                  |                  |
| <b>Non-current assets</b>          |                  |                  |
| Investment Property                | 776,758          | 854,311          |
| Property, plant and equipment      | 435              | 457              |
| Intangible assets                  | 4,538            | 4,788            |
| Investments in associates          | 1,380            | 1,380            |
| Receivables and prepayments        | 59,755           | 65,665           |
| Deferred tax assets                | 5,938            | 2,840            |
| Other financial assets             | 2,448            | 2,951            |
| Restricted cash                    | 373              | 471              |
|                                    | <b>851,625</b>   | <b>932,863</b>   |
| <b>Current assets</b>              |                  |                  |
| Property Development Inventories   | 180,136          | 178,071          |
| Trade and other receivables        | 109,568          | 82,701           |
| Current tax assets                 | 42               | 41               |
| Derivatives                        | 1,445            | 1,842            |
| Assets classified as held for sale | 186,747          | 3,475            |
| Restricted cash                    | 0                | 0                |
| Cash and cash equivalents          | 80,070           | 70,182           |
|                                    | <b>558,008</b>   | <b>336,312</b>   |
| <b>TOTAL ASSETS</b>                | <b>1,409,633</b> | <b>1,269,175</b> |

## Condensed consolidated balance sheet (in KEUR) (cont'd)

|  | 30/06/2014       | 31/12/2013       |
|--|------------------|------------------|
| <b>EQUITY AND LIABILITIES</b>  |                  |                  |
| <b>Capital and reserves attributable to the Company's equity holders</b> |                  |                  |
| Share capital  | 73,194           | 73,194           |
| CTA  | 10,192           | 8,214            |
| Retained earnings  | 490,094          | 489,941          |
|  | <b>573,480</b>   | <b>571,349</b>   |
| Non-controlling interests  | 5,477            | 4,954            |
| <b>TOTAL EQUITY</b>  | <b>578,957</b>   | <b>576,303</b>   |
| <b>Non-current liabilities</b>   |                  |                  |
| Interest-bearing loans and borrowings                                    | 407,223          | 431,687          |
| Deferred tax liabilities   | 27,614           | 23,925           |
| Other non-current liabilities  | 2,500            | 2,500            |
| Long-term provisions   | 178              | 178              |
| <b>Total non-current liabilities</b>                                     | <b>437,515</b>   | <b>458,290</b>   |
| <b>Current liabilities</b>   |                  |                  |
| Trade and other payables   | 65,005           | 53,377           |
| Current tax liabilities  | 884              | 2,353            |
| Interest-bearing loans and borrowings                                    | 327,272          | 178,852          |
| Short-term provisions  | 0                | 0                |
| <b>Total current liabilities</b>   | <b>393,161</b>   | <b>234,582</b>   |
| <b>Total liabilities</b>   | <b>830,676</b>   | <b>692,872</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                      | <b>1,409,633</b> | <b>1,269,175</b> |



## Condensed consolidated cash flow statement (in KEUR)

|  | 30/06/2014     | 30/06/2013     |
|--|----------------|----------------|
| <b>Cash flow from operating activities</b>                   |                |                |
| <b>Result of the year before income tax</b>                  | <b>1,164</b>   | <b>25,138</b>  |
| <i>Adjustments for:</i>                                      |                |                |
| - Change in fair value of investment property                | -22,382        | -44,929        |
| - Depreciation, amortization and impairment charges          | 291            | 46             |
| - Result on disposal investment property                     | 0              | -1,377         |
| - Change in provisions                                       | 0              | -21            |
| - Net finance costs  | 14,261         | 10,864         |
| - Movements in working capital:                              |                |                |
| - change in inventory  | -3,580         | -6,445         |
| - change in trade & other receivables                        | -26,867        | -6,916         |
| - change in trade & other payables                           | -131           | -8,834         |
| - change in fair value of derivatives                        | 397            | -328           |
| - Other non-cash items                                       | -521           | 694            |
| Income tax paid  | -1,374         | -715           |
| Interest paid  | -14,219        | -12,141        |
| <b>Net cash from operating activities</b>                    | <b>-52,961</b> | <b>-44,964</b> |
| <b>Cash flow from investing activities</b>                   |                |                |
| Interest received  | 1,750          | 1,277          |
| Purchase of property, plant & equipment                      | 20             | 0              |
| Purchase of investment property (*)                          | -75,688        | -88,004        |
| Proceeds from disposal of investment property                | 2,500          | 123,077        |
| Cash in/outflow re. other non-current financial assets       | 6,413          | -10,487        |
| Movement in restricted cash accounts                         | 98             | 98             |
| <b>Net cash flow used in investing activities</b>            | <b>-64,907</b> | <b>25,961</b>  |
| <b>Financing Activities</b>                                  |                |                |
| Proceeds from borrowings                                     | 185,444        | 41,557         |
| Repayment of borrowings                                      | -61,488        | -60,232        |
| Dividends paid   |                | -13            |
| <b>Net cash inflow from / (used in) financing activities</b> | <b>123,956</b> | <b>-18,688</b> |
| <b>Net increase in cash and cash equivalents</b>             | <b>6,088</b>   | <b>-37,691</b> |
| <b>Cash and cash equivalents at 1 January</b>                | <b>70,182</b>  | <b>65,098</b>  |

|   |               |               |
|---|---------------|---------------|
| Effects of exch. rate changes in non-EUR countries        | 3,800         | 18,800        |
| <b>Cash and cash equivalents at the end of the period</b> | <b>80,070</b> | <b>46,207</b> |

(\*): investment property expenditures per 30/06/2014 include capitalized interest expenses for an amount of 5,226 KEUR.

### 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 |                           |                |
| <b>Balance at 1 January 2013</b>    | <b>73,194</b>                      | <b>1,937</b>                   | <b>475,122</b>    | <b>4,567</b>              | <b>554,820</b> |
| Foreign currency translation (CTA)  |                                    | 307                            |                   |                           | 307            |
| Profit/(loss) for the year          |                                    |                                | 22,947            | 225                       | 23,172         |
| Dividend distribution               |                                    |                                | -13               |                           | -13            |
| Change in non-controlling interests |                                    |                                |                   |                           |                |
| Change in the consolidation scope   |                                    |                                |                   |                           |                |
| Other                               |                                    |                                | -30               |                           | -30            |
| <b>Balance at 30 June 2013</b>      | <b>73,194</b>                      | <b>2,244</b>                   | <b>498,026</b>    | <b>4,792</b>              | <b>578,256</b> |
| <b>Balance at 1 January 2014</b>    | <b>73,194</b>                      | <b>8,214</b>                   | <b>489,941</b>    | <b>4,954</b>              | <b>576,303</b> |
| Foreign currency translation (CTA)  |                                    | 1,978                          |                   |                           | 1,978          |
| Profit/(loss) for the year          |                                    |                                | 177               | 492                       | 669            |
| Dividend distribution               |                                    |                                |                   |                           |                |
| Change in non-controlling interests |                                    |                                |                   |                           |                |
| Change in the consolidation scope   |                                    |                                | -18               | 31                        | 13             |
| Other                               |                                    |                                | -6                |                           | -6             |
| <b>Balance at 30 June 2014</b>      | <b>73,194</b>                      | <b>10,192</b>                  | <b>490,094</b>    | <b>5,477</b>              | <b>578,957</b> |

## Notes to the condensed consolidated interim financial statements at 30 June 2014

### 1. Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting”, as adopted by the European Union.

The new interpretations and standards that were applicable in 2014 did not have any significant impact on the group financial statements.

### 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 2013.

### 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.

|                                  | <b>30/06/2014</b>     | <b>31/12/2013</b>     |
|----------------------------------|-----------------------|-----------------------|
| Property Development Inventories | 179,982               | 177,911               |
| Raw materials                    | 87                    | 92                    |
| Finished goods                   | 67                    | 68                    |
|                                  | <b><u>180,136</u></b> | <b><u>178,071</u></b> |

A large part of inventories of the Group are located in Belgium and Poland. The main assets located in Russia and Ukraine are reported under Investment Properties as they are held for investment purposes.

In Poland, a significant part (29,503 KEUR) of the 30/06/2014 inventory balance relates to the Q-Bik project (350 residential soft lofts in the Mokotów district of Warsaw); project which has been delivered in the second half of 2012 and for which at the date of this report, over 65% of available units have been sold.

In Belgium, the inventory mainly relates to residential projects (both finalized and under construction) at the Belgian coast, mainly in Knokke and Oostduinkerke, the ‘Nieuwe Filature’ brownfield site in Gent (24,000 m<sup>2</sup> plot, for the development of an approx. 35,000 m<sup>2</sup> mixed residential, student flat and retail space project) and the Waterview project (+/- 460 student homes, +/- 5,000 sqm retail space and +/- 1,000 parking spaces in Vaartkom Leuven).

|                               | 30/06/2014     |             | 31/12/2013     |             |
|-------------------------------|----------------|-------------|----------------|-------------|
| Inventories – Poland          | 53,430         | 30%         | 66,547         | 37%         |
| Inventories – Belgium         | 126,691        | 70%         | 111,503        | 63%         |
| Inventories – Other countries | 15             |             | 21             |             |
|                               | <b>180,136</b> | <b>100%</b> | <b>178,071</b> | <b>100%</b> |

#### 4. Investment property (under construction)

|   |                |
|---|----------------|
| <b>Balance at 31 December 2013</b>        | <b>854,311</b> |
| Acquisition of properties                 | 5,279          |
| Acquisition through business combinations |                |
| Subsequent expenditure                    | 82,845         |
| Transfers                                 |                |
| - Assets classified as held for sale      | -185,772       |
| - Other transfers                         | 1,515          |
| Adjustment to fair value through P/L      | 22,382         |
| CTA on current year FV adj                |                |
| Disposals                                 |                |
| CTA                                       | -3,802         |
| other                                     |                |
| <b>Balance at 30 June 2014</b>            | <b>776,758</b> |

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

- Land without pre-permit approval, held for capital appreciation or undetermined use (fair value based on comparative method);
- Land with pre-permit approval held for development and investment (fair value based on the potential of constructing leasable m<sup>2</sup>);
- Land + Construction ongoing (fair value based on the residual method);
- Completed Projects held for investment.

| Country + SPV    | Commercial Name   | Valuation | Cat | 30/06/2014 | 31/12/2013 |
|------------------|-------------------|-----------|-----|------------|------------|
|                  |                   |           |     | KEUR       | KEUR       |
| <b>BELGIUM</b>   |                   |           |     |            |            |
| Leisure Property | Golf Knokke Zoute | Man       | A   | 30,784     | 26,159     |
| WRP              | Wavre Retail Park | Man       | A   | 12,600     | 12,600     |
| L-Park           | L-Park            | CBRE      | D   | 39,000     | 35,200     |
| Retail Gent      | Retail Gent       | CBRE      | D   | 17,450     | 17,450     |
| Parking Gent     | Parking Gent      | CBRE      | C/D | 30,221     | 28,848     |
| Parking Estates  | Parking Estates   | CBRE      | C/D | 2,371      | 2,371      |
| Zeewind          | Zeewind           | Man       | D   | 1,737      | 1,737      |
| Schelde Offices  | Schelde Offices   | Cushman   | C/D | 26,339     | 20,478     |

|              |                        |         |     |        |        |
|--------------|------------------------|---------|-----|--------|--------|
| Arte Offices | Arte Offices           | Cushman | C/D | 24,516 | 19,107 |
| Ring Hotel   | Ring Hotel             | Man     | B   | 4,189  | 1,155  |
| Ring Multi   | Ring Multi             | Cushman | C/D | 18,645 | 17,935 |
| Docora       | Ghelamco Arena Offices | Cushman | C/D | 14,662 | 13,300 |
| Ring Offices | Ring Offices           | Cushman | C/D | 2,350  | 2,350  |
| Le 8300      | Le 8300                | Man     | C   | 18,618 | 16,169 |

#### POLAND

|                               |                                   |     |   |         |         |
|-------------------------------|-----------------------------------|-----|---|---------|---------|
| Apollo Invest                 | Spinnaker Tower                   | KNF | B | 15,931  | 15,728  |
| Postepu SKA/Business Bud      | Postepu Business Park             | KNF | A | 10,790  | 10,516  |
| Sienna Towers SKA/Capital SKA | Sienna Towers                     | KNF | B | 51,511  | 45,607  |
| WS SKA/Warsaw Spire           | Spire and Chopin Tower            | KNF | C | 200,518 | 160,555 |
| KBP SKA/Excellent             | Katowice Business Point           | N/A | D | -       | 36,599  |
| LBP SKA/Focus                 | Lopuszanska Bus. Park             | N/A | D | -       | 34,835  |
| Sobieski SKA/Innovation       | Sobieski Tower                    | DTZ | B | 15,635  | 14,360  |
| Market SKA                    | Mszczonow Logistics               | ASB | A | 2,910   | 2,910   |
| M12 SKA/Kappa                 | Marynarska12/T-Mobile Office Park | N/A | D | -       | 105,308 |
| SBP SKA/Pro Business          | Synergy Business Park Wroclaw     | KNF | B | 19,857  | 19,339  |
| Grybowska77 SKA               | Grzybowska                        | KNF | A | 10,510  | 10,570  |
| Wronia SKA/Logistyka          | Logistyka                         | KNF | A | 16,640  | 16,555  |
| Vogla SKA/Callista            | Wilanow Retail                    | KNF | A | 8,631   | 7,883   |
| Tilia SKA                     | Powisle                           | KNF | A | 5,960   | N/A     |

#### RUSSIA

|                |                        |     |     |         |         |
|----------------|------------------------|-----|-----|---------|---------|
| Bely Rast e.a. | Dmitrov Logistic Park  | JLL | D/C | 149,025 | 129,500 |
| Ermolino       | Logistic Park Ermolino | JLL | A   | 8,929   | 9,988   |

#### UKRAINE

|                |                          |      |   |        |        |
|----------------|--------------------------|------|---|--------|--------|
| Success Invest | Kopylov Logistics Park   | COLL | D | 13,063 | 14,296 |
| Urban Invest   | Kopylov Logistics Park 2 | UKR  | A | 672    | 979    |
| Vision Invest  | Warsaw Road Dev.         | UKR  | B | 2,694  | 3,924  |

**TOTAL :**

**776,758 854,311**

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 = Ukreprombud, ASB = Asbud



Some parts of the Ghelamco Arena multifunctional space have per end of June 2014 already been (pre-)sold, and have for that as of 30/06/2014 been reclassified to assets held for sale (975 KEUR).

On 20 August 2014 the office projects Katowice Business Point, Lopuszanska Business Park and Marynarska 12/T-Mobile Office Park have been sold upon an attractive bid by an investor (Starwood Capital Group, which its headquarters in Connecticut, USA). All three properties (with a total net leasable area of approx. 75,000 sqm) were at the moment of sale leased for over 90% and are occupied by renowned tenants such as T-Mobile, Citibank International, Allianz, Allior Bank, PWC and Northgate Arinso. The sales transaction (considering a net sales price of approx. 189 MEUR and the reimbursement of the related bank loans) resulted in a net cash-inflow for the Company of +/- 80 MEUR and in the realisation of previously recognized fair value adjustments for an amount of 44.98 MEUR.

For that, the involved projects have as of 30/06/2014 been reclassified to assets held for sale.

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

- 6.00% to 6.65% for Belgian office projects, depending on the location, specifics and nature of the investment (vs. 6.00% to 6.65% per 31/12/2013);
- 6.25% to 7.0% for other Belgian (mainly retail) projects, depending on the specifics, nature and location of the investment (vs. 6.25% to 6.50% per 31/12/2013).
- 6.75% to 9.25% for Polish projects depending on the specifics, nature and location of the developments (vs. 6.25% to 8.50% per 31/12/2013).
- 11.00% to 11.55% for Russian projects (vs. 11.00% per 31/12/2013)
- 15.40% for Ukrainian projects (vs. 14.00% 31/12/2013).

## 5. Restricted cash

|                             | 30/06/2014 | 31/12/2013 |
|-----------------------------|------------|------------|
| Restricted cash non-current | 373        | 471        |
| Restricted cash current     | 0          | 0          |
|                             | <u>373</u> | <u>471</u> |

The outstanding balance relates to an amount on escrow and still to be released after the Trinity Park III sale of 2010.

## 6. Interest bearing loans and borrowings

|                                  | 30/06/2014     | 31/12/2013     |
|----------------------------------|----------------|----------------|
| <b>Non-current</b>               |                |                |
| Bank borrowings – floating rate  | 224,586        | 311,198        |
| Other borrowings                 | 182,615        | 120,467        |
| Finance lease liabilities        | 22             | 22             |
|                                  | <b>407,223</b> | <b>431,687</b> |
| <b>Current</b>                   |                |                |
| Bank borrowings – floating rate  | 284,618        | 123,616        |
| Other borrowings – floating rate | 42,649         | 55,225         |
| Finance lease liabilities        | 5              | 10             |
|                                  | <b>327,272</b> | <b>178,851</b> |
| <b>TOTAL</b>                     | <b>734,495</b> | <b>610,538</b> |

### 6.1 Bank borrowings

During the period, the Group obtained new secured bank loans expressed in EUR, USD or PLN and withdrew on existing credit facilities for a total amount of 87.5 MEUR (25.0 MEUR in Belgium, 45.3 MEUR in Poland, 17.2 MEUR (equivalent) in Russia), large part of which are Euribor based. On the other hand, reimbursements (and/or refinancings) have been done for a total amount of 13,1 MEUR, net of prolongation of a number of borrowings.

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.

For the purpose of these financial statements, the Group treated its bank borrowings (or the maturing part of it) as current when the swap date from “acquisition loan into development loan” falls within the next accounting year.

It is to be mentioned that a significant part (126.556 KEUR) of the bank borrowings presented as maturing within one year, relate to the bank loans on the Katowice Business Point, the Lopuszanska Business Park and the Marynarska 12/T-Mobile Office Park office projects, which have after period-end actually been reimbursed at the moment of sale of these projects.

In addition, part of the remaining short-term balance will in the second half of 2014 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 swap to investment loan).

49% of the outstanding non-current borrowings is maturing within a 3 years-period, 10% is maturing between 3 and 5 years and 41% is maturing after more than 5 years.



## 6.2 Bonds (178,785 KEUR long-term; 32,637 KEUR short-term)

### *Belgium*

The Group has (via Ghelamco Invest NV, parent company of the Belgian activities) in 2012 issued private unsecured bonds for a total amount of 42 MEUR (25.05 MEUR bond serie A, 16.95 MEUR bond serie B). These bonds, which are secured by a first demand guarantee from Ghelamco Group Comm. VA and of which the issuance has been coordinated by KBC Securities and Belfius Bank, have been subscribed by a select group of institutional investors and high-net-worth individuals.

Bonds serie A has as maturity date 13/12/15 and bears a fixed interest of 7.0%. Bonds serie B has as maturity date 13/12/17 and bears a fixed interest of 7.875%.

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

In addition, the Group has in the second half of 2013 and the first half of 2014 again issued private unsecured bonds for a total amount of 70 MEUR, secured by a first demand guarantee from Ghelamco Group Comm. VA, having as maturity date 28/02/2018 and bearing an interest rate of 6.25%. The above bond program has again been coordinated by KBC Securities and Belfius Bank.

Total balance of outstanding bonds per balance sheet date (109.646 KEUR) represents the amount of issue (112 MEUR) less capitalized issue costs (of which mainly the issuing banks' arrangement fees), which are amortized over the term of the bonds.

### *Poland*

The Group has (via Ghelamco Invest Sp. z o.o.) in the current period issued the remaining series H within its 200 MPLN Catalyst bearer bonds program for an amount of 27.2 MPLN. These bonds have as maturity date 25/04/2018 and bear an interest rate of Wibor 6 months + 4.5%.

In addition, the Group in the period January-June 2014 issued public bonds (tranche PA and PB) to qualified investors within its new 250 MPLN program for a total amount of 234.88 MPLN. These bonds have a term of 4 years and bear an interest of Wibor 6 months +5.0%.

The proceeds of the above bond issues have to an extent (201,300 KPLN) been applied to redeem and/or roll-over other/existing outstanding bonds. The remainder of the bond proceeds is to be applied for the financing of the Company's further investment projects within the Warsaw metropolitan area, in Wroclaw or Katowice.

Total bonds balance outstanding per balance sheet date (101,776 KEUR) represents the amount of issue (433.58 MPLN) less capitalized issue costs, which are amortised over the term of the bonds.

It is to be mentioned that a significant part (76,800 KPLN) of the outstanding short-term bonds has after period-end actually been redeemed on their maturity date (31/07/2014).

No defaults of payments or breaches of borrowing agreements occurred as of 30 June 2014.

Bank borrowings are secured by amongst others the property development projects of the Group, 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:

|                               | 30.06.2014    | 30.06.2013    |
|-------------------------------|---------------|---------------|
| Sales of Residential Projects |               |               |
| Projects Belgium              | 13,835        | 3,395         |
| Projects Poland               | 8,185         | 9,160         |
| Rental Income                 | 11,388        | 11,182        |
| Other                         | 619           | 341           |
| <b>TOTAL REVENUE</b>          | <b>34,027</b> | <b>24,078</b> |

Rental income as of 30 June 2014 relates to rent from commercial projects in Belgium (2,470 KEUR), Poland (2,136 KEUR), Russia (5,634 KEUR) and Ukraine (1,148 KEUR).

The residential projects sales as of 30 June 2014 mainly relate to

- Villas and apartments at the Belgain coast (4,020 KEUR)
- Blaisant Park Gent (3,467 KEUR; invoicing of 41 apartments and 43 parking spaces under the Breyne legislation)
- Ground floor retail space in the Locarno project in Knokke (6,300 KEUR)
- Soft loft apartments in the QBik project in Warsaw (8,185 KEUR)

## 8. Other items included in operating profit/loss

### Other operating income

The current period's other operating income (1,736 KEUR) relate to a significant extent to recharged expenses to tenants and one-time recharges to related parties.

Last year's other operating income (6,707 KEUR) mainly related to:

- fit-out expenses charged through to tenants (4,134 KEUR)
- gain on the disposal of the Senator project in May 2013 (1,377 KEUR)



|  | 30/06/2014 | 30/06/2013 |
|--|------------|------------|
| <b>Gains from revaluation of Investment Property</b> | 22,382     | 44,929     |

(Net) fair value adjustments over the first half of 2014 amount to 22,382 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 Belgium and Poland).

The current political and economic situation in Russia and Ukraine (after the annexation of Crimea and the subsequent sanctions by the US and the EU) and its resulting effects (mainly the devaluation of the UAH and the RUB; adverse evolution in consumer confidence and spending; investors and tenants delaying decisions, causing significant decrease in investment and leasing volumes; even capital flight) has caused a significant disruption of the markets in those regions. This is in turn having a significant downward impact on the yields and rent levels and thus on the market value of the Group's projects in both countries and has by consequence resulted in the recognition of negative fair value adjustments of resp. 5,459 KEUR and 1,451 KEUR on our Russian and Ukrainian real estate investments.

It is however to be noted that main part of the Group's investments in both regions consists of delivered projects which are (if not fully) to a significant extent leased to renowned multinational companies. In addition, Group management expects that the above difficult situation is of a temporary nature.

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

|         |               |
|---------|---------------|
| Belgium | 5,888         |
| Poland  | 23,404        |
| Russia  | -5,459        |
| Ukraine | -1,451        |
|         | <u>22,382</u> |

|  | 30/06/2014    | 30/06/2013    |
|--|---------------|---------------|
| <b>Other operating expenses</b>                  |               |               |
| Operating lease/ rental expenses                 | 18            | 78            |
| Taxes and charges                                | 1,198         | 1,275         |
| Insurance expenses                               | 351           | 388           |
| Audit, legal and tax expenses                    | 1,509         | 1,986         |
| Traveling  | 660           | 715           |
| Promotion  | 428           | 428           |
| Sales expenses (agency fees and w/o agency fees) | 7,794         | 2,456         |
| Maintenance cost (projects)                      | 238           | 764           |
| Rental guarantee expenses                        | 1,204         | 546           |
| Operating expenses with related parties          | 1,960         | 6,762         |
| W/o TP III earn-out                              | -             | 581           |
| Miscellaneous                                    | 3,077         | 3,451         |
| <b>Total:</b>                                    | <u>18,437</u> | <u>18,849</u> |



Current period sales expenses relate to a significant extent to the release to the P/L of capitalized agency fees on the Katowice Business Point, the Marynarska 12/T-Mobile Office Park and the Lopuszanska Business Park projects, which have been sold shortly after period-end.

Last year's related party operating expenses mainly concerned fit-out expenses, which were re-charged to the respective tenants. (Also refer to other operating income.)

## 9. Finance income and finance costs

|                                  | 30/06/2014     | 30/06/2013     |
|----------------------------------|----------------|----------------|
| Foreign exchange gains           | -              | -              |
| Interest income                  | 1,750          | 1,277          |
| Other finance income             | -              | 517            |
| <b>Total finance income</b>      | <b>1,750</b>   | <b>1,794</b>   |
| Interest expense                 | -16,011        | -12,141        |
| Other interest and finance costs | -2,025         | -1,083         |
| Foreign exchange losses          | -3,929         | -10,483        |
| <b>Total finance costs</b>       | <b>-21,965</b> | <b>-23,707</b> |

## 10. Transactions with related parties

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

- Investment Holding: comprises resources invested in the development of real estate projects in Belgium, Poland, Russia and Ukraine and the intra-group Financing Vehicles – referred to as "Investment Group" or the "Group";
- Development Holding: represents international entities that provide construction, engineering and development services to the Investment Group;
- Portfolio Holding: consists of all other activities and real estate investments controlled by the ultimate shareholders.

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.

Balances and transactions between the Group and related parties (belonging to the Development Holding and the Portfolio Holding) 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 indirect subsidiaries of the Development Holding (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.

## **Other related party transactions**

The excess cash balances generated by the Group’s real estate development activities can, besides being reinvested in the entities belonging to the Investment Holding, to an extent and within the requirements of the terms and conditions of the recent bond issues, also be invested in entities belonging to the Development Holding and Portfolio Holding in the form of short and long-term loans. These loans are granted at arm’s length conditions .

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

|  |         |
|--|---------|
| Purchases of construction, engineering and architectural design: | -68,040 |
| related party trade receivable                                   | 3,484   |
| related party trade accounts payable                             | -5,235  |
| related party non-current loans receivable                       | 1,642   |
| related party non-current trade and other receivable             | 1,960   |
| related party interests receivable                               | 13,492  |
| related party C/A receivable                                     | 53,478  |
| related party non-current loans payable                          | -1,642  |
| related party interests payable                                  | -1,597  |
| related party C/A payable  | -5,235  |



## 11. Post balance sheet events

- Sale of the Katowice Business Point (+/- 17,000 sqm office project in Katowice), the Marynarska 12/T-Mobile Office Park (+/- 41,000 sqm office project in Warsaw) and the Lopuszanska Business Park (+/- 16,500 sqm office project in Warsaw) projects on 20 August 2014 for a total net sales amount of approx. 189 MEUR, resulting in a net cash inflow of approx. 80 MEUR.
- In the period July/August 2014, the Group has in Poland been able to issue next Katalyst bearer bond tranches (series I, J and K) for a total amount of 71.24 MPLN and next public bonds to qualified investors (tranche PC) for an amount of 30.8 MPLN. Proceeds have been partly used for redemption of other outstanding and/or maturing bonds.



**Deloitte.**

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## Ghelamco Group Comm. VA and subsidiaries

**Report on review  
of the consolidated interim financial  
information for the six-month period  
ended 30 June 2014**

Deloitte Bedrijfsrevisoren / Reviseurs d'Entreprises  
Burgerlijke vennootschap onder de vorm van een coöperatieve vennootschap met beperkte aansprakelijkheid /  
Société civile sous forme d'une société coopérative à responsabilité limitée  
Registered Office: Berkenlaan 8b, B-1831 Diegem  
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Member of Deloitte Touche Tohmatsu Limited

## Ghelamco Group Comm and subsidiaries

### Report on review of the consolidated interim financial information for the six-month period ended 30 June 2014

To the management

In the context of our appointment as the company's statutory auditor, we report to you on the consolidated interim financial information. This consolidated interim financial information comprises the condensed consolidated balance sheet as at 30 June 2014, the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated cash flow statement for the period of six months then ended, as well as selective notes 1 to 11.

#### Report on the consolidated interim financial information

We have reviewed the consolidated interim financial information of Ghelamco Group Comm VA ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standard IAS 34 – *Interim Financial Reporting* as adopted by the European Union.

The condensed consolidated balance sheet shows total assets of 1,409,633 (000) EUR and the condensed consolidated income statement shows a consolidated profit (group share) for the period then ended of 117 (000) EUR.

The management of the company is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with IAS 34 – *Interim Financial Reporting* as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

#### Scope of review

We conducted our review of the consolidated interim financial information in accordance with International Standard on Review Engagements (ISRE) 2410 – *Review of interim financial information performed by the independent auditor of the entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated interim financial information.



**Deloitte.**

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information of Ghelamco Group Comm. VA has not been prepared, in all material respects, in accordance with IAS 34 – *Interim Financial Reporting* as adopted by the European Union.

Diegem, 29 September 2014

**The independent auditor**



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