

Ghelamco Group

Comm. VA

Half year results at 30 June 2013

**Approved by Management
with the Independent Auditor's limited review opinion**

Ghelamco Group Comm. VA Half year results 30.06.2013

Sustained results from continued development, construction and marketing efforts in core market segments

- **Net profit for the period of 23,172 KEUR (vs. 20,775 KEUR as of 30.06.12)**
- **Solvency ratio of 47% (45% as per 31.12.12)**
- **Significant construction efforts on the Belgian portfolio, mainly on the Artevelde Park/Ghelamco Arena multifunctional project in Gent, resulting in the formal inauguration and opening of the 20,000 seats Ghelamco Arena on 17 July 2013**
- **Sale of the Senator project, +/- 25,000 sqm office project in the Central Business District of Warsaw in May 2013, resulting in a net cash inflow of +/- 60 MEUR**
- **Delivery of and welcome of first tenants in the Marynarska 12 office project (+/- 41,000 sqm office project in the Warsaw Mokotow District) and the Lopuszanska office project (+/- 16,500 sqm office project in the Warsaw Wlochy District)**
- **Significant construction efforts in the first phase of the Warsaw Spire, project in the Wola District of Warsaw which is to offer a total of approx. 100,000 sqm of office space**

Summary

The Group closed its 2013 half-year accounts with a net profit of 23,172 KEUR, mainly as a result from its continued development, construction and commercialisation efforts. Thanks to these efforts the Group managed to partly realise previously created value while further investing in existing and new developments in portfolio. This is reflected in a balance sheet total of 1,229,598 KEUR and an equity of 578,256 KEUR. The solvency ratio amounted to 47%.

The investing activities in Poland during the first half of 2013 have to a significant extent been focused on the further construction (until delivery in Q2 2013) of the Marynarska 12 office project (+/- 41,000 sqm) and the Lopuszanska office project (+/- 16,500 sqm) and the kick-off of the construction works (after already some limited underground works in 2012) of the Warsaw Spire (+/- 100,000 sqm of office space).

In Belgium, the Group has over the past years intensified its project development activities (with currently over 40 projects in portfolio). As a consequence, significant part of the Belgian portfolio has recently (in the course of last year and during the current period) evolved to the realisation and/or completion phase. In this respect,



significant further construction efforts have been done on the Artevelde Park/Ghelamco Arena project in Gent, resulting in the completion and opening of the Ghelamco Arena mid July.

As to divestures, the Senator project, office project in the CBD of Warsaw with a total net leasable area of approx. 25,000 sqm, has in May 2013 been sold to an investor (Union Investment Real Estate GmbH), resulting in a net cash-inflow of approx. 60 MEUR.

In Belgium, the Wevelgem Retail Park (+/- 4,600 sqm leasable area) has per end March 2013 been sold to an investor at a (share) price of approx. 5 MEUR. In addition, significant parts of the Artevelde Park/Ghelamco Arena project have per date of the current report been pre-sold (conditionally upon delivery of the respective spaces). It concerns a total sales value of +/- 14.280 KEUR.

Key figures

Results	30.06.2013	30.06.2012
Operating result	47,051	28,474
Net result of the year	23,172	20,775
Share of the group in the net result of the year	22,947	20,435
Balance sheet	30.06.2013	31.12.2012
Total assets	1,229,598	1,233,705
Cash and cash equivalents	46,207	65,098
Net financial debt (-)	519,995	519,779
Total equity	578,256	554,820

Revenue for the first semester of 2013 amounts to 24,078 KEUR and relates to rental income (11,182 KEUR) and sales of residential projects (12,555 KEUR).

The investment property (under construction) portfolio evolved from a fair value of 858,699 KEUR per end 2012 to 740,847 KEUR per end of June 2013; evolution which is the combined result of current period's expenditures (94,079 KEUR), fair value adjustments (44,929 KEUR), transfers (-116,577 KEUR net, Ghelamco Arena related parts and Mokotow Nova transfer to assets classified as held for sale on the one hand and transfer from inventories "Le 8300" hotel project and Ghelamco Arena related parts on the other hand), disposals (-115,000 KEUR, Senator sale) and currency translation impact (-25,283 KEUR). The current period's favorable fair value adjustment is mainly the consequence of the Group's sustained development, 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 2013 totals to 47,051 KEUR; net profit for the period closes with 23,172 KEUR.

Property development inventories balance decreased by 9,755 KEUR to 183,165 KEUR; evolution which is mainly the combined effect of the above transfer to investment property of the Ghelamco Arena related parts and the "Le 8300" hotel project, the sale of residential projects in Belgium (Leuven Waterside, Belgian coast) and Poland (QBik soft loft project in Warsaw) and further expenditures, mainly on Belgian residential projects (East Dune Oostduinkerke).

During the period the Group was able to obtain new bank borrowings and withdraw on existing credit facilities for a total amount of 49.5 MEUR. On the other hand, reimbursements and refinancings have been done for an amount of 60.2 MEUR, bringing the total outstanding amount of bank borrowings to 438.8 MEUR (compared to



449.6 MEUR at 31/12/2012). Also considering the outstanding bonds (77,702 KEUR net outstanding Katalyst bearer bonds in Poland and 40,726 KEUR net outstanding private bonds in Belgium), leverage¹ amounts to 46%.

Overview by country

Belgium

In Belgium, the Group's main development activities during the first half of 2013 related to:

- Completion, delivery and further commercialisation of the mixed L-Park project at Leuven Vaartkom (3,335 m² retail, 13,806 m² office space and approx. 300 parkings). In the first half of 2013, first office tenants actually moved in and per date of this report, over 80% of the project has been leased.
- Continuation of construction works on the Artevelde Park/Ghelamco Arena project in Gent; project which comprises besides the pre-sold football accommodation approx. 13,500 sqm office space, 3,000 sqm congress space, 16,000 sqm multifunctional space, 250 parkings, and – on the adjacent plots – a 14,000 sqm retail hall, approx. 1,500 parking spaces, 2 office buildings (28,600 sqm office space in total) and a hotel project. This resulted in the completion and formal opening on 17 July 2013 of the Ghelamco Arena. In addition, significant parts of the Ghelamco Arena office, congress and multifunctional space have per date of this report been pre-sold (for a total sales value of +/- 14,280 KEUR). In addition, (preliminary) rent agreements and/or letters of intent have been signed for a significant part of the still remaining space in this Artevelde Park/Ghelamco Arena project.
- Continuation of construction works of the “Le 8300” luxurious wellness hotel in Knokke-Zoute (+/- 40 exclusive rooms), which is expected to be completed by mid 2014.
- As of 31/05/13 the Company acquired 100% of the shares of De Nieuwe Filature NV (total share price of 8,5 MEUR, 2.1 MEUR advance payments already done in 2012); company which holds title to a 24,000 sqm brownfield site, in view of the development of a mixed project (approx. 35,000 sqm gross leasable/sellable residential, student flat and retail space).

As to divestures/revenues:

- Sale of the Wevelgem Airport Retail Park, retail project with a leasable area of +/- 4,600 sqm, to an investor per end March 2013 (at a share price of 5 MEUR).

Sale of some residential projects at the Belgian coast (2.3 MEUR, mainly Farida, Knokke)

Poland

In Poland, the Company in first instance maintained its existing land bank but also took advantage of some expansion opportunities.

The Company focused on the continuation of construction works, until delivery in Q2 2013, of the Marynarska 12 office project (+/- 41,000 sqm lettable office space in the Warsaw Mokotow area) and the Lopuszanska office project (+/- 16,500 sqm lettable office space in the Warsaw Wlochy District). In addition, the Warsaw Spire project, 220-meter, 49-storey development in the Warsaw Wola District which is to offer 100,000 sqm office space in total, is by now under full construction.

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

-The Marynarska 12 office project and the Lopuszanska office project (both delivered in Q2 2013) have per date of this report been leased for resp. 68% (+/- 27,000 sqm) and 93% (15,600 sqm).

-Per date of the current report, the Mokotow Nova office project (42,000 sqm lettable space), which has been sold after period-end, has been leased for over 90%.

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



As to divestures, the Senator project, office project in the CBD of Warsaw with a total net leasable area of approx. 25,000 sqm, has in May 2013 been sold to an investor (Union Investment Real Estate GmbH). The sale, structured as an asset deal, resulted in a net cash-inflow for the Company of +/- 60 MEUR (considering a sales price of approx. 116 MEUR and the reimbursement of the related bank loan).

Other countries

In Ukraine, the Kopylov Logistics Park project (in the Makariv District of the Kyiv Region) has an occupation rate of over 90%. No further development activities have been done during the first half of 2013.

In Russia, construction works of the second phase (building B, approx. 60.000 m²) of the Dmitrov Logistics Park project, class A warehouse complex of four buildings totalling approx. 227.000 m² of lettable area in the northern part of the Moscow Region has been kicked off. Per date of the current report, significant part of the lettable space has been pre-leased and the bank project financing is in place.

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 2013, 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 2013 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 2012, remain applicable for the second year-half of 2013 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



Philippe Pannier
CFO

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)

	30/06/2013	30/06/2012
Revenue	24,078	11,123
Other operating income	6,707	993
Cost of Property Development Inventories	-8,696	-3,136
Employee benefit expense	-572	-686
Depreciation amortisation and impairment charges	-546	-61
Gains from revaluation of Investment Property	44,929	28,065
Other operating expense	-18,849	-7,824
Operating result	47,051	28,474
Finance income	1,794	4,449
Finance costs	-23,707	-9,400
Result before income tax	25,138	23,523
Income tax expense	-1,966	-2,748
Result of the period	23,172	20,775
Attributable to		
Equity holders of parent	22,947	20,435
Non-controlling interests	225	340

Condensed consolidated statement of comprehensive income (in KEUR)

	30/06/2013	30/06/2012
Profit for the period	23,172	20,775
Exchange differences on translating foreign operations	307	-132
Other	-30	
Other comprehensive income of the period	277	-132
Total Comprehensive income for the period	23,449	20,643
Attributable to		
Equity holders of parent	23,224	20,303
Non-controlling interests	225	340



Condensed consolidated balance sheet (in KEUR)

	30/06/2013	31/12/2012
ASSETS		
Non-current assets		
Investment Property	740,847	858,699
Property, plant and equipment	486	541
Investments in associates	1,380	1,380
Receivables and prepayments	56,799	46,456
Deferred tax assets	2,757	4,005
Other financial assets	986	842
Restricted cash	607	705
	803,862	912,628
Current assets		
Property Development Inventories	183,165	192,920
Trade and other receivables	61,301	54,385
Current tax assets	36	52
Derivatives	2,250	1,922
Assets classified as held for sale	132,777	6,700
Restricted cash	0	0
Cash and cash equivalents	46,207	65,098
	425,736	321,077
TOTAL ASSETS	1,229,598	1,233,705

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

	30/06/2013	31/12/2012
EQUITY AND LIABILITIES		
Capital and reserves attributable to the Company's equity holders		
Share capital	73,194	73,194
CTA	2,244	1,937
Retained earnings	498,026	475,122
	573,464	550,253
Non-controlling interests	4,792	4,567
TOTAL EQUITY	578,256	554,820
Non-current liabilities		
Interest-bearing loans and borrowings	361,750	433,942
Deferred tax liabilities	17,934	17,539
Other non-current liabilities	0	0
Long-term provisions	46	67
Total non-current liabilities	379,730	451,548
Current liabilities		
Trade and other payables	65,038	73,872
Current tax liabilities	2,122	2,530
Interest-bearing loans and borrowings	204,452	150,935
Short-term provisions		
Total current liabilities	271,612	227,337
Total liabilities	651,342	678,885
TOTAL EQUITY AND LIABILITIES	1,229,598	1,233,705

Condensed consolidated cash flow statement (in KEUR)

	30/06/2013	30/06/2012
Cash flow from operating activities		
Result of the year before income tax	25.138	23.523
<i>Adjustments for:</i>		
- Change in fair value of investment property	-44.929	-28.065
- Depreciation, amortization and impairment charges	46	61
- Result on disposal investment property	-1.377	
- Change in provisions	-21	
- Net finance costs	10.864	7.482
- Movements in working capital:		
- change in inventory	-6.445	-14.187
- change in trade & other receivables	-6.916	-18.905
- change in trade & other payables	-8.834	27.258
- change in fair value of derivatives	-328	
- Movement in other non-current liabilities		
- Other non-cash items	694	-444
Income tax paid	-715	-661
Interest paid	-12.141	-8.862
Net cash from operating activities	-44.964	-12.800
Cash flow from investing activities		
Interest received	1.277	1.380
Purchase of property, plant & equipment		-41
Purchase of investment property	-88.004	-85.555
Proceeds from disposal of investment property	123.077	
Net cash outflow on other non-current financial assets	-10.487	-40
Movement in restricted cash accounts	98	163
Net cash flow used in investing activities	25.961	-84.093
Financing Activities		
Proceeds from borrowings	41.557	115.161
Repayment of borrowings	-60.232	-7.332
Dividends paid	-13	
Net cash inflow from / (used in) financing activities	-18.688	107.829
Net increase in cash and cash equivalents	-37.691	10.936

Cash and cash equivalents at 1 January	65.098	29.146
Effects of exch. rate changes in non-EUR countries	18.800	-4.530
Cash and cash equivalents at the end of the period	46.207	35.552

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 2012	73,194	2,924	418,480	4,040	498,638
Foreign currency translation (CTA)		-132			-132
Profit/(loss) for the year			20,435	340	20,775
Dividend distribution					
Change in non-controlling interests					
Change in the consolidation scope					
Other			2		2
Balance at 30 June 2012	73,194	2,792	438,915	4,380	519,283
Balance at 1 January 2013	73,194	1,937	475,122	4,567	554,820
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
Balance at 30 June 2013	73,194	2,244	498,026	4,792	578,256

Notes to the condensed consolidated interim financial statements at 30 June 2013

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 2013 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 2012.

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.

	30/06/2013	31/12/2012
Property Development Inventories	182,941	192,740
Raw materials	90	93
Finished goods	134	87
	183,165	192,920

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.

A large part (41,297 KEUR) of the 30/06/2013 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 50% of available units have been sold.

	30/06/2013		31/12/2012	
Inventories – Poland	72,449	40%	77,550	40%
Inventories – Belgium	110,694	60%	115,345	60%
Inventories – Other countries	22		25	
	183,165	100%	192,920	100%

4. Investment property (under construction)

Balance at 31 December 2012	858,699
Acquisition of properties	1,673
Acquisition through business combinations	
Subsequent expenditure	92,406
Transfers	
- Assets classified as held for sale	-132,777
- Other transfers	16,200
Adjustment to fair value through P/L	44,929
CTA on current year FV adj	
Disposals	-115,000
CTA	-25,283
other	
Balance at 30 June 2013	740,847

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 m²);
- Land + Construction ongoing (fair value based on the residual method);
- Completed Projects held for investment.

Country + SPV	Commercial Name	Valuation	Cat	30/06/2013	31/12/2012
				KEUR	KEUR
BELGIUM					
Leisure Property	Golf Knokke Zoute	Man	A	24,397	23,108
WRP	Wavre Retail Park	Man	A	12,600	12,600
L-Park	L-Park	CBRE	D	33,100	30,341
Retail Gent	Retail Gent	CBRE	D	17,200	16,211
Parking Gent	Parking Gent	CBRE	C/D	20,142	15,503
Parking Estates	Parking Estates	CBRE	C/D	2,371	2,371
Zeewind	Zeewind	Man	D	1,737	1,737
Schelde Offices	Schelde Offices	Cushman	C	8,887	2,512
Arte Offices	Arte Offices	Cushman	C	7,142	2,020
Ring Hotel	Ring Hotel	Man	B	988	979
Ring Multi	Ghelamco Arena Multifunctional space	Cushman	C	12,530	n/a
Docora	Ghelamco Arena Offices	Cushman	C	10,063	n/a

Ring Offices	Ghelamco Arena Offices	Cushman	C	460	n/a
IRC	Le 8300	Man	C	15,091	n/a

POLAND

Apollo (52%)	Spinnaker Tower	KNF	B	9,710	9,556
Business Bud	Postepu Business Park	KNF	A	10,240	10,220
Capital Bud	Sienna Towers	KNF	B	41,860	41,230
Eastern Europe Bud	Spire and Chopin Tower	KNF	C	128,641	121,488
Excellent Bud	Katowice Business Point	DTZ	D	34,550	35,100
Focus Invest	Lopuszanska Bus. Park	DTZ	D	33,500	19,970
HQ Invest	Senator		n/a	0	115,000
Innovation Bud	Sobieski Tower	DTZ	B	10,910	11,560
Kalea Investments	Mokotow Nova		n/a	0	118,960
Market Invest	Mszczonow Logistics	DTZ	A	2,981	2,981
Primula Invest/Kappa Invest	Marynarska 12	KNF	D	106,805	70,885
Pro Business Invest	Wroclaw Business Park	KNF	B	21,812	21,318
Bellona	Grzybowska	KNF	A	10,570	10,710
Bellona	Logistyka	KNF	A	16,560	14,070

RUSSIA

Bely Rast e.a.	Dmitrov Logistic Park	JLL	D/C	113,740	117,000
Ermolino	Logistic Park Ermolino	JLL	A	10,058	9,337

UKRAINE

Success Invest	Kopylov Logistics Park	COLL	D	16,998	16,794
Urban Invest	Kopylov Logistics Park 2	UKR	A	1,040	1,026
Vision Invest	Warsaw Road Dev.	UKR	B	4,163	4,112

TOTAL :

740,847 858,699

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

Current period's transfers from inventory to investment property (under construction) mainly relate to the "Le 8300" project (luxurious wellness hotel in Knokke Zoute with +/- 40 rooms, currently under construction and expected to be completed by mid 2014) and the office, congress and multifunctional spaces in the Ghelamco Arena.

Some parts of the Ghelamco Arena office, congress and multifunctional space have per end of June 2013 already been (pre-)sold, and have for that as of 30/06/2013 been reclassified to assets held for sale. Total sales price amounts to 14,280 KEUR.

The Mokotow Nova project, approx, 42,000 sqm office project in the Mokotow Business District of Warsaw, has on 12 September 2013 been sold upon an attractive bid by an investor (Tristan Capital Partners, with headquarters in London). The property is leased for over 90% and is occupied by tenants such as Gothaer, BMW Group and LG Electronics. The sales transaction (structured as an asset deal) was closed for a (net) sales price of 118,497 KEUR and generated a (net) cash inflow of approx, 60 MEUR (after reimbursement of the related bank loan).

For that, the project has as of 30/06/2013 been reclassified to assets held for sale.

The Senator project, office project in the Central Business District of Warsaw with a total net leasable area of approx 25,000 sqm, has on 22 May 2013 been sold upon an attractive bid by an investor (Union Investment Real Estate GmbH). The property was at the moment of sale leased for 80% and is occupied by renowned tenants such as Orlen, Rabobank and Bre Bank. The sale (considering a sales price of approx, 116 MEUR and the reimbursement of the related bank loan) resulted in a net cash-inflow for the Company of +/- 60 MEUR.

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

- 6.00% to 7.50% for Belgian projects, depending on the specifics, nature and location of the developments (vs. 6.25% to 7.50% per 31/12/2012)
- 6.75% to 8.50% for Polish projects, depending on the specifics, nature and location of the developments (vs. 6.25% to 8.50% per 31/12/2012)
- 11.00% for Russian projects (no change vs. 31/12/2012)
- 13.80% for Ukrainian projects (no change vs. 31/12/2012).

5. Restricted cash

	30/06/2013	31/12/2012
Restricted cash non-current	607	705
Restricted cash current	0	0
	<u>607</u>	<u>705</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

	30/06/2013	31/12/2012
Non-current		
Bank borrowings – floating rate	241,394	307,895
Other borrowings	120,323	126,015
Finance lease liabilities	33	32
	361,750	433,942
Current		
Bank borrowings – floating rate	197,447	141,656
Other borrowings – floating rate	7,000	9,269
Finance lease liabilities	5	10
	204,452	150,935
TOTAL	566.202	584.877

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 49.5 MEUR (24.5 MEUR in Belgium, 25.0 MEUR in Poland), large part of which are Euribor based. On the other hand, reimbursements (and/or refinancings) have been done for a total amount of 60,2 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 of the bank borrowings maturing within one year, have after period-end actually been reimbursed and/or refinanced. It mainly concerns the Mokotow Nova loan of 58 MEUR (as the project has been sold) and the Warsaw Spire land loan of 22,3 MEUR (which has after period-end been re-financed to a 215 MEUR construction loan with a bank syndicate).

43% of the outstanding non-current borrowings is maturing within a 3 years-period and 57% is maturing after more than 5 years.

6.2 Bonds

Belgium

The Group (via IRC NV, parent company of the Belgian activities) has on 10 December 2012 (closing of subscription period) issued private unsecured bonds for a total amount of 42 MEUR (25.05 MEUR bond serie A, 16.95 MEUR bond serie B). These bonds, which are secured by a first demand guarantee from Ghelamco Group



Comm. VA and issue of which has been coordinated by KBC Securities and Belfius Bank, have been underwritten by a select group of institutional investors and high-net-worth individuals.

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

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

Balance outstanding per balance sheet date (40.726 KEUR) represents the amount of issue (42 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 in the period July-August 2011 and via its financial vehicle Ghelamco Invest Sp. z o.o., issued Polish bearer bonds for a total amount of 200 MPLN. These bonds, which are secured by a redemption surety granted by Granbero Holdings Ltd., parent company of the Polish activities, have been underwritten by a select group of investors and have been listed for trading on the alternative trading system Catalyst run by BondSpot S.A. Goal of the bond issue is to finance the Company's further investment projects within Warsaw metropolitan area, in Wrocław or Katowice. The bonds have a term of 3 years and bear an interest of Wibor 6 months + 5%.

In addition, the Group has in 2012 been able to issue next Katalyst bearer bond tranches (tranche C and D, bearing an interest of Wibor 6 months + 6%) for an amount of 137.1 MPLN, bringing the total amount of outstanding Polish bonds to 337.1 MPLN.

Balance outstanding per balance sheet date (77,207 KEUR) represents the amount of issue (337.1 MPLN) less capitalized issue costs, which are amortised over the term of the bonds.

No defaults of payments or breaches of borrowing agreements occurred as of 30 June 2013.

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:

	30.06.2013	30.06.2012
Sales of Residential Projects		
Projects Belgium	3,395	4,953
Projects Poland	9,160	834
Rental Income	11,182	5,273
Other	341	63
TOTAL REVENUE	24,078	11,123

Rental income as of 30 June 2013 relates to rent from commercial projects in Belgium (1,370 KEUR), Poland (4,022 KEUR), Russia (4,621 KEUR) and Ukraine (1,169 KEUR).

The residential projects sales as of 30 June 2013 mainly relate to

- Villas and apartments at the Belgian coast (2,307 KEUR)
- Parking places and ground floor (commercial) units in the Waterside project in Leuven (634 KEUR)
- Soft loft apartments in the QBik project in Warsaw (9,160 KEUR)

8. Other items included in operating profit/loss

Other operating income

The current period's other operating income (6,707 KEUR) mainly relates 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)

	30/06/2013	30/06/2012
Gains from revaluation of Investment Property	44,929	28,065

Fair value adjustments over the first half of 2013 amount to 44,929 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 (mainly in Belgium, Poland and Russia)).

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

Belgium	8,545
Poland	39,960
Russia	-3,531
Ukraine	-45
	<u>44,929</u>

	30/06/2013	30/06/2012
Other operating expenses		
Operating lease/ rental expenses	78	9
Taxes and charges	1,275	456
Insurance expenses	388	169
Audit, legal and tax expenses	1,986	1,452
Traveling	715	442
Promotion	428	299
Sales expenses (agency fees and w/o agency fees)	2,456	256
Maintenance cost (projects)	764	29
Rental guarantee expenses	546	200
Operating expenses with related parties	6,762	2,033
W/o TP III earn-out	581	
Miscellaneous	2,870	2,479
Total:	18,849	7,824

The related party operating expenses to a significant extent relate to fit-out expenses, which have been re-charged to the respective tenants. In this respect also refer to other operating income.

9. Finance income and finance costs

	30/06/2013	30/06/2012
Foreign exchange gains	-	3,069
Interest income	1,277	1,380
Other finance income	517	
Total finance income	1,794	4,449
Interest expense	-12,141	-8,862
Other interest and finance costs	-1,083	-538
Foreign exchange losses	-10,483	-
Total finance costs	-23,707	-9,400



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 & Development 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 & Development Group" or the "Group";
- Service Holding: represents international entities that provide construction, engineering and development services to the Investment & Development 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 & Development 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 Services 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 Service Holding (International Real Estate Services Comm. VA (parent company of Ghelamco's "Service 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 "Service 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 and Development 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 Service 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:	-52,580
related party trade receivable	3,621
related party trade accounts payable	-9,706
related party non-current loans receivable	35,172
related party non-current trade and other receivable	1,960
related party interests receivable	12,004
related party C/A receivable	12,638
related party non-current loans payable	-1,672
related party interests payable	-1,600
related party C/A payable	-19,535

11. Post balance sheet events

- IRC NV (parent company of the Belgian activities) has – within a new bond program of 70 MEUR in total – issued private unsecured bonds for a total amount of 22 MEUR on 4 July 2013. Similarly as for the December 2012 bond issue (42 MEUR), these bonds are secured by a first demand guarantee from Ghelamco Group Comm. VA. The issue has been coordinated by KBC Securities and Belfius Bank and has been underwritten by a select group of institutional investors and high-net-worth individuals. The bonds have as maturity date 28/02/18 and bear a fixed interest of 6.25%. The bond program, which allows the Company to tap on the market on demand, runs until 31/12/14.
- Delivery and formal opening of the Ghelamco Arena in Gent on 17 July;
- Increase of existing construction bank loans in Belgium by +/- 41,5 MEUR;
- Sale of the Mokotow Nova office project (Warsaw) on 12 September 2013 for a net sales price of 118,497 KEUR;
- In the period July/August 2013, the Group (through Ghelamco Invest Sp. z o.o) has been able to issue next Katalyst bearer bond tranches (series E and F) for a total amount of 29.2 MPLN, for the financing of its Polish activities.
- Early August 2013 the Group closed a facility agreement with a syndicate of banks for the construction of the Warsaw Spire. Facility was granted for an amount of 215 MEUR (+ 50 MPLN VAT loan).



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Ghelamco Group Comm. VA and subsidiaries

Limited review report on the consolidated
half-year financial information for the
six-month period ended 30 June 2013

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Ghelamco Group Comm. VA and subsidiaries

Limited review report on the consolidated half-year financial information for the six-month period ended 30 June 2013

We have reviewed the accompanying condensed consolidated balance sheet, condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated cash flow statement, condensed consolidated statement of changes in equity and selective notes 1 to 11 (jointly the "interim financial information") of Ghelamco Group Comm. VA ("the company") and its subsidiaries (jointly "the group") for the six-month period ended 30 June 2013. The Managing Director of the company is responsible for the preparation and fair presentation of this interim financial information. Our responsibility is to express a conclusion on this interim financial information based on our limited review.

The interim financial information has been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU.

We conducted our limited review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A limited 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 limited 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.

Based on our limited review, nothing has come to our attention that causes us to believe that the interim financial information for the six-month period ended 30 June 2013 is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

Diegem, 27 September 2013

The independent auditor



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BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Rik Neckebroeck