GHELAMCO

GHELAMCO GROUP COMM. VA

IFRS CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2017

Approved by Management with the independent Auditor's opinion

CONTENTS

I

GENERAL INFORMATION AND PERFORMANCE

1. BUSINESS ACTIVITIES AND PROFILE

Ghelamco Group Comm. VA is a leading European real estate investor active in the offices, residential, retail, leisure and logistics markets. It maintains a high quality internal control with respect for agreed milestones over all its project development phases: land purchase, planning, coordinating the construction phase and sale or lease. Its projects combine prime and strategic locations with efficient and aesthetically inspiring designs and correct timing. Its successes on the Belgian, French, Polish, Ukrainian and Russian markets are generated by the group's professional and enthusiastic staff that is driven by the vision and passion of its management.

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

In Poland, Ghelamco's founder, president and CEO Paul Gheysens received in 2016 an award for Lifetime Achievement in Real Estate and the Vector Award from the Polish Employer Organisation. This honour was not only conferred due to Ghelamco's exemplary track record and the unflagging investments in Poland over the past 25 years. But also the added value that Ghelamco's innovative solutions are providing in the spatial development of Warsaw as the leading business heart of Central Eastern Europe was highlighted.

Warsaw Spire, the tallest tower in CEE, was awarded by CEEQA for Building of the year CEE and Green Leadership Building of the year. And at the MIPIM Awards 2017, the world's most prestigious competition in the real estate industry, the Spire received the main award in Best Office & Business Development.
In addition, Plac Europejski received the Architectural Prize of the Mayor of Warsaw by the Audience.

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

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

Per end 2016 an additional holding was created, called the **Ghelamco European Property Fund**. The fund is not (yet) regulated but acts as a separate legal entity within the group. The purpose of this fourth holding company is in first instance to keep real estate projects as income generating products in portfolio for a longer time period. This allows the Investment Holding to realise and sell delivered projects, for which the occupation rate and lease status has been optimized in the past years, at an optimal market value. This longer-term strategy demands a specific (long-term) financing structure.

Warsaw Spire, Warsaw

2. LEGAL STATUS

Ghelamco Group Comm. VA (the "Company") is the holding company of the **Investment Holding** that, together with its direct and indirect legal subsidiaries (Note 5), constitutes the reporting entity for the purpose of these financial statements.

Ghelamco Group Comm. VA is a limited partnership ("commanditaire vennootschap op aandelen") registered under Belgian law, with its registered office at Zwaanhofweg 10, 8900 Ypres, Belgium.

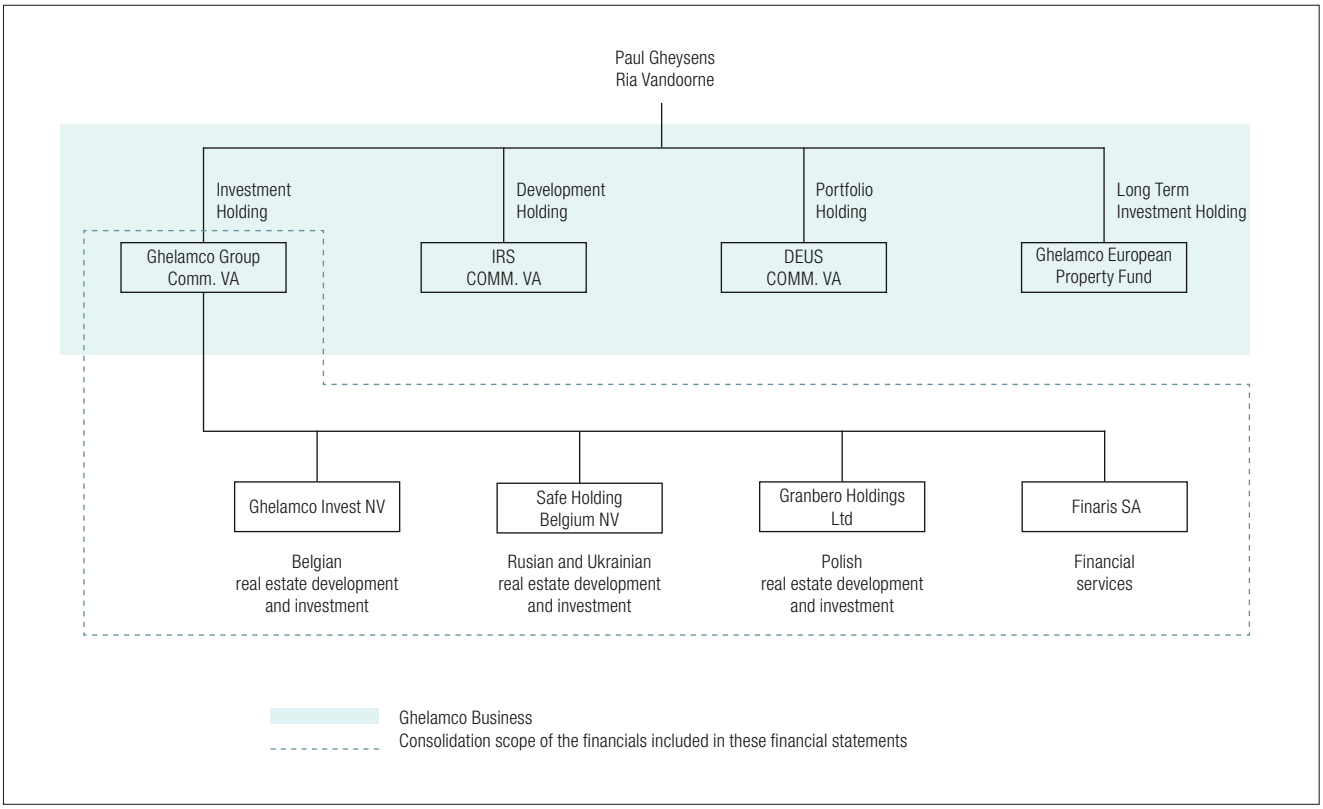
The Company is registered in the Belgian commercial register under the number BE 0879.623.417.

3. CONSOLIDATION SCOPE

These consolidated financial statements comprise the resources and activities of the Investment Holding (i.e. of the Company and its direct and indirect legal subsidiaries).

At 31 December 2017 (the reporting date), all the assets and liabilities of the reporting entity (the Company and its direct and indirect legal subsidiaries) are legally linked through a corporate structure that was introduced in 2006 and was accomplished prior to 31 December 2007 (overview in Note 5).

All assets, liabilities, income and expenses that represented an integral part of the Investment Holding activities, are included in the accounts of the legal subsidiaries of the Company at 31 December 2017 and at 31 December 2016.



Mr. Paul Gheysens
Chief Executive Officer

Mr. Simon Gheysens
Chief Business Intelligence, Technology and Project Design Officer

Mr. Michael Gheysens
Chief Commercial and Business Development Officer

Mr. Philippe Pannier
Chief Financial Officer

Mr. Chris Heggerick
Chief Operational Officer

Mrs. Barbara De Saedeleer
Chief Investments and Operations Officer

Mr. Jeroen van der Toolen
Managing Director CEE

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4. STAFFING LEVEL

Given its nature, there is only limited employment in the Company. At 31 December 2017, Ghelamco Group Comm. VA and its subsidiaries employed 56 people (57 on 31 December 2016). The construction, engineering and other related services are mainly provided to the Investment Holding by the Development Holding's legal subsidiaries. Ghelamco as a whole employed 294 people on 31 December 2017 (vs. 299 on 31 December 2016).

5. MANAGEMENT AND BOARD

The Company's Management as of 31 December 2017 consists of:

- Mr. Paul Gheysens (Chief Executive Officer)
- Mr. Simon Gheysens (Chief Business Intelligence, Technology and Project Design Officer)
- Mr. Michael Gheysens (Chief Commercial and Business Development Officer)
- Mr. Philippe Pannier (Chief Financial Officer)
- Mr. Chris Heggerick (Chief Operational Officer)
- Mrs. Barbara De Saedeleer (Chief Investments and Operations Officer)
- Mr. Jeroen van der Toolen (Managing Director CEE)

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

The statutory board consists of 4 directors (of which the CEO is part) for most of the Belgian entities, the Managing Director Eastern Europe and 4 local Polish directors for the Polish entities and the CFO with the local general manager for the other countries. The reason lies mostly in local regulations and practical solutions.

6. BUSINESS ENVIRONMENT AND RESULTS

6.1. 2017 PERFORMANCE AND RESULTS

The Group closed its 2017 accounts with a net profit of 23,458 KEUR, after continued development, investment and commercial efforts. The Group again realised significant residential sales, disposed of some larger investment property projects, while it further invested in a number of other commercial projects.

The above is reflected in a balance sheet total of 1,791,808 KEUR and an equity of 729,489 KEUR. The solvency ratio evolved from 40% to 41% per 31/12/17.

BELGIUM

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

In this respect, the delivered and operational Dacar projects (consisting of the Blue Towers, the Brico Retail hall and Parking Gent) were per end 2016 sold to the Ghelamco European Property Fund; transaction which allowed the Company to divest these projects for which the occupation rate and lease status was optimized during the past

Spectrum, Brussels

years, at an optimal market value. In connection with this sales transaction, formerly recognized gains (through fair value accounting) for an amount of +/- 31 MEUR have actually been realised.

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

Over the past year, construction works of phase 3 of the Tribeca project in Ghent (affordable, contemporary, green project, consisting of 91 apartments and some smaller retail units) have continued. At the same time, commercialization of this phase of the project has been very successful, as per 31 December 2017 only less than 20% of available residential units is still available on the market. Furthermore, construction of phase 2 (consisting of 72 apartments, 5 lofts, underground parking garages and retail units) has been finalized, while all (72 available) residential units have been sold. Also, approx. 42% of the available retail space (5,150 sqm in total in phase 2) has been leased to Lidl, which opened its new retail shop on 15 February 2017.

In addition, construction works in the Brussels Edition and Spectrum projects have been started and are well advanced in the meantime. Per date of the current report, approx. 95% of the available residential units in the Edition project (offering 59 luxurious apartments, underground parking spaces and retail space on the ground floor) have been pre-sold, while 100% of the apartments in the Spectrum project (mixed project offering 15,000 sqm office space, 22 apartments and approx. 170 underground parking spaces) have been reserved and/or presold.

Moreover, construction works in the 'The Link' project in Antwerp (27,000 sqm office space and approx. 540 underground parking spaces, divided over 2 buildings) are currently in the final stage, while marketing efforts have per date of this report already resulted in a (pre-)lease rate of approx. 85%.

One Carlton, Knokke

2017 expansion and investment activities mainly related to:

- Finalization of the construction works of phase 2 of the Tribeca project at the Nieuwevaart in Ghent (mixed project of +/- 35,000 sqm lettable/sellable area in total of which phase 2 offers 72 apartments, 5 lofts, underground parking garages and commercial units). A stated, per date of the current report 72 of 72 available units have been sold and approx. 50% of the retail space has been leased.
- Continuation of the construction works of phase 3 of the Tribeca project (offering 91 apartments and some smaller retail units). Construction progress is approx. at 75%. About 80% of availabe residential units have been (pre-)sold.
- Continuation of the construction works of the business hotel next to the Ghelamco Arena (125 hotel rooms, 83 extended stay rooms and 98 underground parking bays). Commercial negotiations for this hotel, currently in casco status, have per date of the current report well progressed.
- Stripping, demolition and fast progressing construction works in the Brussels Edition (Louizalaan) and Spectrum (Avenue Bischoffsheim) projects. As to status of the works, per date of the current report in Edition concrete works have been finalized, façade is ongoing and for Spectrum concrete works are up till the 2nd underground floor. While already 95% of the apartments in the Edition project have been (pre-)sold and 100% of the apartments in the Spectrum project have been reserved and/or pre-sold. In addition, leasing negotiations for significant areas in the offices-part of the Spectrum project are currently well advanced.
- Start and fast progress of the construction works in the The Link project in Berchem (27,000 sqm office space and approx. 540 underground parking spaces), while parallel marketing efforts have already resulted in a (pre-)lease rate of approx. 85%. The first tenants were welcomed and moved in in December 2017.
- In addition, the company has expanded its portfolio through a number of acquisitions:
  - Early February 2017, 2nd part of land plots in the One Carlton site in Knokke-Zoute were acquired through the acquisition of (50% of) the shares of 2 companies holding these land parts. Total share price amounted 5,547 KEUR;
  - In Dec 2017, the Company acquired a plot in Kortrijk for the future development of the Helix Towers, mixed residential/offices/retail project, for an amount (costs included) of 7.8 MEUR;
  - On 21 Dec 2017, Ghelamco Invest NV acquired a plot of +/- 30,500 sqm in Knokke for the future development of a residential project (24 villas), for an amount of 25,000 KEUR (of which an advance of 2,500 KEUR was paid earlier); and
  - Land parts in Bruges, via the acquisition of the shares deal of Eneman & Co., for the future development of a mixed real estate project.

As to divestures/revenues:

- In June 2017 the Retail Leuven project at the Vaartkom in Leuven was disposed and sold to a third party investor, for an amount of 9.4 MEUR and resulting in a net gain on disposal of 1.1 MEUR; while also previously recognized gains (through fair value accounting) for an amount of +/- 2.4 MEUR have actually been realised.
- On 15 September a binding put/call agreement has been signed with a 3rd party regarding the commercialization of the remaining 44 units in the Waterview student houses project, for a total sales amount of 4.4 MEUR. Per 31 December 2017, all but 2 units were reserved or pre-sold or sold. And shortly after year-end, the remaining 2 units have also been reserved/sold.
- On 25 October 2017, Ghelamco Invest NV sold (its 99% part in) the Cromme Bosch (high-end residential) site to Deus Comm. VA, related party, for a total amount of 12,310 KEUR.
- In the One Carlton project in Knokke (joint-venture structure with a third party for the realization of a high-end residential project at the coast side – 10 residential

units and 2 ground floor commercial units for sale), 3 units have been sold in Q4 2017, for a total sales value of 25.3 MEUR (of which 65% has been invoiced and recognized in income statement per 31 December 17, in line with the progress of the project). In addition, still before year-end preliminary sales contracts (compromis) have been signed for 2 more residential units and early 2018 a Letter Of Intent ('LOI') has been signed with an investor for the sale of the 2 ground floor commercial units.

- (Other) residential sales mainly related to apartments and parking spaces in (phase 3 of) the Tribeca project in Ghent and apartments and parking spaces in the Edition and Spectrum projects in Brussels.

POLAND

In Poland, the Group in first instance maintained its existing land bank, but also took advantage of some expansion opportunities. Main 2017 land bank transactions were the acquisition in the first half of the year of a plot in Lodz (for an amount of approx. 8 MPLN) for the future development of an office project, in a 50/50 joint-venture structure with a third party and the acquisition on 6 October of 50% of the shares of a company holding the perpetual usufruct right on a plot at ul. Towarowa in Warsaw. In addition, end September a preliminary agreement was signed (via its project company Ghelamco GP1 Sp. z o.o. Tarima SKA) to acquire first part of a land plot at Al. Wilanowski in Warsaw, for the future development of an approx. 23,000 sqm office project.

The investing activities in Poland during 2017 have mainly been been focused on:

- The further construction of the Wronia project (approx. 16,000-sqm office project in the Warsaw Wola District). Construction works have been finalized mid-2017 and the occupation permit has been obtained on 21 July 2017.
- The finalisation of the construction works on the Przystanek mBank project (approx. 25,600 sqm office space) in Lodz, which has been leased to mBank (for approx. 95% of the lettable area). The occupation permit has been received end Q3 2017.
- The start of the construction works of the Warsaw Hub (actually kicked off end 2016), 3 towers (on a podium) multifunctional project of approx. 113,000 sqm in Warsaw CBD. Construction status at 31 December 2017: finalisation of basement works and ongoing construction of first above ground levels. Delivery is expected in Q1 2020.
- The start of the foundation works of the Spinnaker Tower, 55,000 sqm offices project at Rondo Daszynskiego in Warsaw.
- Finally, also construction works on the Foksal project (55 exclusive apartments at 13/15 Foksal Street located in the historic heart of Warsaw).

(Pre-)leasing and occupation of projects:
Continued leasing efforts have resulted in the fact that the Woloska 24 project in the Warsaw Mokotow district has per date of the current report an occupation rate of approx. 94% and that the Wronia project is leased for over 85% (signed expansion options included). In addition, in the HUB a lease agreement has been signed with a hotel operator (21,000 sqm) and another with a fitness club.

Divestures
On 29 June 2017, the Warsaw Spire project (leased and/or reserved for over 90%) was sold to Ghelamco European Property Fund NV at a transaction value of 540 MEUR in total. For this purpose, Granbero Holdings Ltd entered into an agreement with Ghelamco European Property Fund NV to sell 100% of the shares in Stareti Holdings Ltd (in turn

parent company of the SPVs holding the (3 parts of the) Warsaw Spire project). The sale resulted in the current period in a net result on disposal of investment property of 6.5 MEUR. The share price amounted to 2 MEUR (PPA of end November included). In addition, in connection with this transaction, formerly recognized gains (through fair value accounting) for an amount of +/- 245 MEUR have actually been realised. The resulting receivable balances on the Ghelamco European Property fund are currently being cashed. On 27 September 2017 Ghelamco European Property Fund NV disposed the shares of Warsaw Spire Pl. Europejski 6 SKA (company holding building B of the Warsaw Spire complex) to an external investor.

On 19 December 2017, the shares of Ghelamco Nowa Formiernia Sp. z o.o., project company holding the Przystanek mBank project (offering 25,619 sqm office space in Lodz) were sold to LCN Euro Master Dutch Holdings II BV. The share deal was based on the underlying value of the property (amounting to 58.2 MEUR). The sale resulted in a net gain on disposal of investment property of 1.5 MEUR. Share price amounted to 20.8 MEUR.

Current period's residential sales revenues related to the further commercialisation of the Woronicza Qbik project (355 residential soft lofts and 16 ground floor commercial units, in the Mokotow District of Warsaw). Per end December 2017, approx. 98% of units have been sold.

RUSSIA

In Russia, the first (building A, approx. 60,000 sqm) and second phase (building B, approx. 76,000 sqm) of the Dmitrov Logistics Park – class A warehouse complex of four buildings totalling approx. 243,000 sqm of lettable area (including ancillary office accomodations) in the northern part of the Moscow Region – have in the past years been delivered and are currently leased for resp. 70% and 100%. The occupation permit of building C1 (20,000 sqm) has been received early 2017 and buildings C2 and C3 (26,000 sqm) have been delivered in September 2017.

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

UKRAINE

In Ukraine, the Kopylov Logistics Park (+/- 30,000 sqm warehousing in the Makariv District of the Kyiv Region) has in the first half of 2017 been sold to a third party for an amount of 18.8 MUSD. This sales transaction has resulted in a gain on disposal of 7.2 MEUR.

Main post balance sheet events

Reference is made to the Eurostadium note in section 10 of this report.
For the remainder, no significant events are to be mentioned.

Outlook

It is the Investment Holding's strategy to further diversify its investment portfolio in mainly Belgium and Poland by spreading its investments over different real estate segments.


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For 2018, the Investment Holding will continue this strategy. In addition, it will closely monitor specific evolutions in its active markets and real estate segments. Considering its sound financial structure and the expected further market evolutions (in terms of tenant activity and evolution in yields), the Investment Holding is confident to achieve its goals for 2018 in general.

7. NOTICE TO THE READER

This document presents the IFRS Consolidated Financial Statements for the year ended on 31 December 2017, assuming the going concern of the Investment Holding companies.

As per today, the Investment Holding's core business is the investment in commercial and residential properties. The Investment Holding's strategy is to keep commercial property in portfolio (at least until the occupation rate and lease status have been optimized to an optimal market value) while residential properties are dedicated for sale.

According to IAS 2, Property Development Inventories have to be measured at the lower of cost and net realizable value. Investment Properties (Under Construction), on the other hand, are carried at fair value

As such, residential properties are presented as Property Development Inventories. Most of the commercial property is presented as Investment Property. We refer to the Notes 6 and 10 in Part II for more details on their presentation.

II

IFRS CONSOLIDATED FINANCIAL STATEMENTS

These IFRS consolidated financial statements at 31 December 2017 were approved by Investment Holding Management on 29 March 2018. The amounts in this document are expressed in thousands of EUR (KEUR), unless stated otherwise.

A. CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IN KEUR)

ASSETS	Note	31/12/2017	31/12/2016
Non-current assets			
Investment Property	6	910,579	1,317,666
Property, plant and equipment	7	527	399
Intangible assets	8	3,708	3,778
Investments in joint-ventures	4, 9	6,340	0
Receivables and prepayments	11	250,911	88,966
Deferred tax assets	19	11,845	9,819
Non-current assets held for sale		0	
Other financial assets	4	4,155	4,380
Restricted cash		0	0
Total non-current assets		**1,188,065**	**1,425,008**
Current assets			
Property Development Inventories	10	285,581	259,505
Trade and other receivables	11	187,898	167,708
Current tax assets		163	231
Derivatives	12	0	0
Assets classified as held for sale	6	575	575
Restricted cash		0	0
Cash and cash equivalents	13	129,526	59,001
Total current assets		**603,743**	**487,020**
TOTAL ASSETS		**1,791,808**	**1,912,028**

EQUITY AND LIABILITIES	Note	31/12/2017	31/12/2016
Capital and reserves attributable to the Group's equity holders			
Share capital	14	28,194	73,194
CTA	15	7,147	21,291
Retained earnings	15	687,402	665,418
		722,743	759,903
Non-controlling interests	14.2	6,746	5,379
TOTAL EQUITY		**729,489**	**765,282**
Non-current liabilities			
Interest-bearing loans and borrowings	16	694,110	906,949
Deferred tax liabilities	19	29,106	34,905
Other non-current liabilities		2,249	1,916
Long-term provisions	18	0	120
Total non-current liabilities		**725,465**	**943,890**
Current liabilities			
Trade and other payables	20	133,289	48,108
Current tax liabilities	21	2,947	4,604
Interest-bearing loans and borrowings	16	200,618	150,144
Short-term provisions		0	0
Total current liabilities		**336,854**	**202,856**
TOTAL LIABILITIES		**1,062,319**	**1,146,746**
TOTAL EQUITY AND LIABILITIES		**1,791,808**	**1,912,028**

B. CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED INCOME STATEMENT	Note	2017	2016
Revenue	22	103,506	110,512
Other operating income	23	28,991	11,481
Cost of Property Development Inventories	24	-51,409	-54,280
Employee benefit expense	23	-1,339	-1,280
Depreciation amortisation and impairment charges	7	-805	-571
Gains from revaluation of Investment Property	6	45,731	139,396
Other operating expense	23	-54,559	-44,733
Share of results of associates		793	0
Operating profit - result		**70,909**	**160,525**
Finance income	25	15,187	6,548
Finance costs	25	-51,542	-62,727
Profit before income tax		**34,554**	**104,346**
Income tax expense	26	-11,096	-7,597
Profit for the year		**23,458**	**96,749**
Attributable to:			
Equity holders of parent		22,058	95,694
Non-controlling interests		1,400	1,055

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - ITEMS RECYCLABLE TO THE INCOME STATEMENT	Note	2017	2016
Profit for the year		**23,458**	**96,749**
Exchange differences on translating foreign operations	15	-14,144	9,160
Other		-74	-78
Other comprehensive income of the period		**-14,218**	**9,082**
Total Comprehensive income for the year		**9,240**	**105,831**
Attributable to:			
Equity holders of the parent		7,840	104,776
Non-controlling interests		1,400	1,055

C. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to the equity holders			Non-controlling interests	TOTAL EQUITY
		Share capital	Cumulative translation reserve	Retained earnings		
Balance at 1 January 2016		**73,194**	**12,131**	**569,802**	**6,247**	**661,374**
Foreign currency translation (CTA)			9,160			**9,160**
Profit/(loss) for the year				95,694	1055	**96,749**
Capital decrease						
Dividend distribution						
Change in non-controlling interests					-1,923	**-1,923**
Change in the consolidation scope				-78		**-78**
Other						
Balance at 31 December 2016		**73,194**	**21,291**	**665,418**	**5,379**	**765,282**
Foreign currency translation (CTA)	15		-14,144			**-14,144**
Profit/(loss) for the year	15			22,058	1,400	**23,458**
Capital decrease		-45,000				
Dividend distribution						**-45,000**
Change in non-controlling interests						
Change in the consolidation scope				-74	-33	**-107**
Other						
Balance at 31 December 2017		**28,194**	**7,147**	**687,402**	**6,746**	**729,489**

D. CONSOLIDATED CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT	Note	2017	2016
Operating Activities		**34,554**	**104,346**
Profit / (Loss) before income tax			
Adjustments for:			
• Share of results of associates		-793	
• Change in fair value of investment property	6	-45,731	-139,396
• Gain on disposal of subsidiary			
• Gain on disposal of interest in former associates			
• Depreciation, amortization and impairment charges	7	805	571
• Result on disposal investment property	23	-15,710	-1,922
• Change in provisions		-120	-20
• Net interest charge	25	26,278	34,404
• Movements in working capital:			
- Change in prop. dev. inventories		-30,568	-21,443
- Change in trade & other receivables		-5,542	-63,815
- Change in trade & other payables		51,558	16,815
- Change in MTM derivatives	12	0	0
• Movement in other non-current liabilities		333	1,916
• Other non-cash items		92	-19
Income tax paid		-6,592	-13,740
Interest paid (*)		-43,344	-34,664
Net cash from operating activities		**-34,780**	**-116,967**
Investing Activities			
Interest received	25	539	2,199
Purchase of property, plant & equipment and intangibles	7-8	-863	-784
Purchase of investment property	6	-109,227	-170,868
Capitalized interest in investment property (paid)		-13,848	-12,755
Proceeds from disposal of investment property	6	625,365	124,322
Net cash outflow on acquisition of subsidiaries		-5,547	
Net cash inflow on disposal of subsidiary			
Net cash inflow on disposal of associate			
Cash inflow/outflow on other non-current financial assets		-161,719	-16,040
Net cash inflow/outflow on NCI transactions			
Change in trade & other payables	13		
Movement in restricted cash accounts		0	0
Net cash flow used in investing activities		**334,699**	**-73,926**
Financing Activities			
Proceeds from borrowings	16	252,768	296,526
Repayment of borrowings	16	-415,133	-145,966
Capital decrease			
Dividends paid		-45,000	
Other non-cash items, realized CTA			
Net cash inflow from / (used in) financing activities		**-207,365**	**150,560**
Net increase/decrease in cash and cash equivalents		**92,554**	**-40,332**
Cash and cash equivalents at 1 January of the year		**59,001**	**84,587**
Effects of exch. rate changes, mainly on EUR/USD balances in non-EUR countries (**)		-22,030	14,747
Cash and cash equivalents at 31 December of the year		**129,526**	**59,002**

(*): Interests directly capitalized in IP not included (2017: 13,848 KEUR; 2016: 12,755 KEUR) – separately presented under investing activities

(**): To a significant extent related to realized FX gains in connection with the disposal of the Warsaw Spire project.

E. SEGMENT REPORTING

A segment is a distinguishable component of the Group which is engaged either in providing products or services (business segment), or in providing products or services within a particular economic area (geographic segment) and which is subject to risks and rewards that are different to those of other segments.

As the majority of the assets (and resulting income) of the Group is geographically located in Europe (Belgium and Poland) and considering the specifics of the assets located in Russia and Ukraine and the economic and political risks and circumstances in those regions, a distinction between Europe and Russia & Ukraine has been made.

The segment assets, liabilities and income statement components include all items directly attributable to the segments, as well as those elements which can reasonably be allocated to a segment. Unallocated amounts (mainly related to (non-)current receivables and prepayments, loans and borrowings and trade & other payables on the balance sheet level and financial result and taxes on the income statement level) are shown separately.

ASSETS				**2017**				**2016**
	Europe	**Russia/ Ukraine**	**unallocated**	**TOTAL**	**Europe**	**Russia/ Ukraine**	**unallocated**	**TOTAL**
Non-current assets								
Investment Property	754,190	156,389		910,579	1,132,396	185,271		1,317,666
Property, plant and equipment	527			527	396	2		399
Intangible assets	3,708			3,708	3,778			3,778
Investments in joint-ventures	6,340			6,340				-
Receivables and prepayments			250,911	250,911			88,966	88,966
Deferred tax assets	10,139	1,706		11,845	8,283	1,536		9,819
Non-current assets held for sale				-				-
Other financial assets	4,155			4,155	4,380			4,380
Restricted cash								-
Total non-current assets	**779,059**	**158,095**	**250,911**	**1,188,065**	**1,149,234**	**186,809**	**88,966**	**1,425,008**
Current assets								
Property Development Inventories	285,577	4		285,581	259,493	11		259,505
Trade and other receivables			187,898	187,898			167,708	167,708
Current tax assets	148	15		163	218	12		231
Derivatives				-				-
Assets classified as held for sale	575			575	575			575
Restricted cash				-				-
Cash and cash equivalents	117,690	11,836		129,526	54,456	4,546		59,001
Total current assets	**403,990**	**11,855**	**187,898**	**603,743**	**314,743**	**4,569**	**167,708**	**487,020**
TOTAL ASSETS	**1,183,049**	**169,950**	**438,809**	**1,791,808**	**1,463,976**	**191,378**	**256,674**	**1,912,028**

Blue Towers, Ghent

EQUITY AND LIABILITIES				2017				2016
	Europe	Russia/ Ukraine	unallocated	TOTAL	Europe	Russia/ Ukraine	unallocated	TOTAL
Capital and reserves attributable to the Group's equity holders								
Share capital			28,194	28,194			73,194	73,194
CTA	-2,573	9,720		7,147	12,518	8,773		21,291
Retained earnings	718,764	-31,362		687,402	687,964	-22,546		665,418
	716,171	**-21,622**	**28,194**	**722,743**	**700,482**	**-13,773**	**73,194**	**759,903**
Non-controlling interests	6,752	-6		6,746	5,385	-6		5,379
Total equity	**722,923**	**-21,628**	**28,194**	**729,489**	**705,867**	**-13,779**	**73,194**	**765,282**
Non-current liabilities								
Interest-bearing loans and borrowings			694,110	694,110			906,949	906,949
Deferred tax liabilities	29,106	0		29,106	33,997	908		34,905
Other non-current liabilities	2,249			2,249	1,916			1,916
Long-term provisions					120			120
Total non-current liabilities	**31,355**	**0**	**694,110**	**725,465**	**36,033**	**908**	**906,949**	**943,890**
Current liabilities								
Trade and other payables			133,289	133,289			48,108	48,108
Current tax liabilities	2,947			2,947	4,604			4,604
Interest-bearing loans and borrowings			200,618	200,618			150,144	150,144
Short-term provisions				0				0
Total current liabilities	**2,947**	**0**	**333,907**	**336,854**	**4,604**	**0**	**198,252**	**202,856**
Total liabilities	**34,302**	**0**	**1,028,017**	**1,062,319**	**40,637**	**908**	**1,105,201**	**1,146,746**
TOTAL EQUITY AND LIABILITIES	**757,225**	**-21,628**	**1,056,211**	**1,791,808**	**746,505**	**-12,871**	**1,178,395**	**1,912,028**

INCOME STATEMENT				2017				2016
	Europe	Russia/ Ukraine	unallocated	TOTAL	Europe	Russia/ Ukraine	unallocated	TOTAL
Revenue	89,213	14,293		103,506	93,559	16,953		110,512
Other operating income	21,732	7,259		28,991	11,455	25		11,481
Cost of Property Development Inventories	-51,393	-16		-51,409	-54,238	-43		-54,280
Employee benefit expense	-1,288	-51		-1,339	-1,247	-32		-1,280
Depreciation amortisation and impairment charges	-805			-805	-570	-1		-571
Gains/losses from revaluation of Investment Property	57,487	-11,756		45,731	163,534	-24,138		139,396
Other operating expense	-53,441	-1,118		-54,559	-41,351	-3,382		-44,733
Share of results of joint-ventures	793			793	0	0		0
Operating profit - result	**62,298**	**8,611**	**0**	**70,909**	**171,142**	**-10,617**	**0**	**160,525**
Finance income			15,187	15,187			6,548	6,548
Finance costs			-51,542	-51,542			-62,727	-62,727
Profit before income tax				**34,554**				**104,346**
Income tax expense	-12,246	1,150		-11,096	-12,027	4,430		-7,597
Profit for the year				**23,458**				**96,749**
Attributable to:								
Equity holders of parent	1,400	0		22,058		0		95,694
Non-controlling interests		0		1,400	1,055	0		1055

Ghelamco Arena, Ghent

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1.1. INTRODUCTION

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

These financial statements are IFRS consolidated financial statements that include the resources and activities of Ghelamco Group Comm. VA and its legal subsidiaries that are part of the Investment Holding at 31 December 2017.

A list of legal entities included in these IFRS consolidated financial statements and major changes in the organizational structure of the reporting entity are outlined in Notes 4 and 5.

1.2. BASIS OF PREPARATION

The Investment Holding's consolidated financial statements include those of the Ghelamco Group Comm. VA and its subsidiaries (together referred to as the "Investment Holding"). The consolidated financial statements were approved for issue by Management on March 29, 2018. The consolidated financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards ("IFRS") as adopted by the European Union at 31 December 2017. The Investment Holding has adopted all new and revised standards and interpretations relevant for its activities and which became applicable for the financial year starting 1 January 2017.

These financial statements have been prepared under the historical cost convention except for Investment Properties and derivative financial instruments that have been measured at fair value.

1.3. STANDARDS AND INTERPRETATIONS THAT BECAME APPLICABLE IN 2017

Standards and Interpretations that the Company anticipatively applied in 2016 and 2017:

- None

Standards and Interpretations that became effective in 2017:

- Annual improvements to IFRS Standards 2014-2016 Cycle: Amendments to IFRS 12 (applicable for annual periods beginning on or after 1 January 2017)
- Amendments to IAS 7 Statement of Cash Flows - Disclosure Initiative (applicable for annual periods beginning on or after 1 January 2017)

Standards and Interpretations which became effective in 2017 but which are not relevant to the Company:
• Amendments to IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses (applicable for annual periods beginning on or after 1 January 2017)

1.4. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Standards and Interpretations issued at the date of these IFRS consolidated financial statements, which were authorized for issue but not yet mandatory and have not been early adopted by the Investment Holding:

- Annual improvements to IFRS Standards 2014-2016 Cycle: Amendments to IFRS 1 and IAS 28 (applicable for annual periods beginning on or after 1 January 2018)
- Annual improvements to IFRS Standards 2015-2017 Cycle (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- IFRS 9 Financial Instruments and subsequent amendments (applicable for annual periods beginning on or after 1 January 2018)
- IFRS 14 Regulatory Deferral Accounts (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU)
- IFRS 15 Revenue from Contracts with Customers (applicable for annual periods beginning on or after 1 January 2018)
- IFRS 16 Leases (applicable for annual periods beginning on or after 1 January 2019)
- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2021, but not yet endorsed in the EU)
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions (applicable for annual periods beginning on or after 1 January 2018)
- Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2018)
- Amendments to IFRS 9 Prepayment Features with Negative Compensation (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (the effective date has been deferred indefinitely, and therefore the endorsement in the EU has been postponed)
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- Amendments to IAS 28 Long term interests in Associates and Joint Ventures (applicable for annual periods beginning on or after 1 January 2019)
- Amendments to IAS 40 Transfers of Investment Property (applicable for annual periods beginning on or after 1 January 2018)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)
- IFRIC 23 Uncertainty over Income Tax Treatments (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)

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

Based on an analysis of the Company's situation at 31 December 2017, IFRS 9 is not expected to have any significant impact on the consolidated financial statements. With regard to the special impairments on financial assets valuated at amortised cost, including

trade receivables, the initial application of the expected credit loss model under IFRS 9 will result in early recognition of credit losses compared to the incurred loss model applied under IAS 39. Taking into account the relatively small amount of outstanding trade receivables, combined with the associated low credit risk, the Company deems the impact on the consolidated financial statements to be minor.

IFRS 15 Revenue from contracts with customers (applicable to financial years beginning on or after 1 January 2018): IFRS 15 provides a unique and all-encompassing model of principles that an entity must apply to account for income arising from a contract with a customer. On entry into force, this new standard will replace both IAS 18 on revenue from the sale of goods and the rendering of services and IAS 11 on current construction contracts and their corresponding interpretations. Leases, which are a substantial part of the Company's revenue, do not fall under IFRS 15. However, the principles of IFRS 15 also apply to non-lease components of revenue, being residential sales. Taking into account the fact that revenue from residential sales is material, management is still assessing the possible impact of IFRS 15. Based on a tentative analysis, the Company does not expect the first adoption of IFRS 15 to have any material financial impact on the financial statements, but in order to ensure alignment with the industry and as this topic is still under discussion at the level of the IFRS Interpretations Committee, no final conclusion has been reached yet.

The Company is currently assessing the possible impact, if any, of IFRS 16 to be applied as from 2019.

1.5. PRINCIPLES OF CONSOLIDATION

1.5.1. CONSOLIDATION SCOPE

The entities included in the consolidation scope are those that are under control of the Company on 31 December 2017 and on 31 December 2016 (see Notes 4 and 5). Control is achieved when the Company

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

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

The transactions, balances and unrealized gains and losses between these legal entities are deemed to be intra-group transactions and are eliminated in full.

The transactions with other entities owned directly or indirectly by the ultimate beneficial owners of the Investment Holding are deemed transactions with related parties and are not eliminated, but are presented as balances and transactions with related parties in Note 29.

Investments in joint-ventures are included in the consolidated financial statements in accordance with the equity method. Transactions with joint-ventures are not eliminated proportionally with the share of the Company in these joint-ventures.

The Hub, Warsaw

1.5.2. ACQUISITION OF SUBSIDIARIES

Although the Investment Holding obtained control over several subsidiaries over the past years, these transactions are not considered business combinations as defined under IFRS 3 "Business Combinations". In these transactions, the Investment Holding primarily acquired land and therefore these transactions are to be considered as a purchase of selective assets and liabilities and not as a purchase of a "business". The purchase consideration has been allocated to each of the assets and liabilities acquired based on their relative fair values.

During the course of 2017 and 2016, there were no acquisitions of subsidiaries that qualified as an acquisition of a business as defined in IFRS 3 "Business Combinations".

1.5.3. SALE OF SUBSIDIARIES

As was the case in the past, the 2017 and 2016 business of the Investment Holding consists of investing in commercial and the creation of residential real estate projects. Commercial properties are held for lease. Residential properties are offered for sale.

General rule:

- sale of commercial projects subsidiaries (in which real estate is developed and valued as IP(UC)) is presented in the Income Statement as a disposal of IP and not as a disposal of a subsidiary;
- sale of residential projects subsidiaries (in which real estate is developed and valued as property development inventories) is presented in the Income Statement on a gross basis (i.e. revenue from the sale of inventories and cost of sales) and not as a disposal of a subsidiary. Still, a sale of residential projects is generally structured as a sale of assets.

Comments 2017

On 28 June 2017, the shares of Retail Leuven NV, holding the delivered and operational Retail Leuven project (5,435 sqm retail space at the Vaartkom in Leuven) has been sold to a third party investor. The deal was structured as a share deal, in line with the general approach to sell commercial projects. The share deal was based on an underlying fair value of the property. The transaction has in the financial statements been presented as a disposal of IP.

On 19 December 2017, the shares of Ghelamco Nowa Formiernia Sp. z o.o., project company holding the Przystanek mBank project (offering 25,619 sqm office space in Lodz) were sold to LCN Euro Master Dutch Holdings II BV. The share deal was based on the underlying value of the property (amounting to 58.2 MEUR). The transaction has in the financial statements been presented as a disposal of IP.

In 2017, no residential SPVs have been sold, in line with the general approach to sell residential projects through asset deals.

Comments 2016

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

• Schelde Offices NV (holding one of the Blue Towers, offering +/- 13.5 Ksqm of office space on the Dacar site in Ghent)

• Arte Offices NV (holding the other of the Blue Towers, offering +/- 14.6 Ksqm of office

space on the Dacar site in Ghent)
• Parking Gent and Parking Estates (holding full property and the rights in rem of over 2,000 above and underground parking spaces on the Dacar site, around the Ghelamco Arena and under the new business hotel in Ghent)
• Retail Gent (holding the +/- 12 Ksqm retail hall on the Dacar site, which is rented to Brico-Plan It).

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

In 2016, no residential SPVs were sold, in line with the general approach to sell residential projects through asset deals.

1.5.4. INCREASE IN OWNERSHIP INTERESTS IN SUBSIDIARIES

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

1.5.5. FOREIGN CURRENCY TRANSLATION

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

Foreign currency transactions

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

Foreign entities

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

The principal exchange rates versus EUR that have been used are as follows:

	2017		2016	
	Closing rate at 31 December	Average rate for 12 months	Closing rate at 31 December	Average rate for 12 months
Polish Zloty (PLN)	4.1709	4.2583	4.4240	4.3625
Russian Rouble (RUB)	68.8668	66.0305	63.8111	73.9924
United States Dollar (USD)	1.1993	1.1297	1.0541	1.1069
Ukrainian Hryvnia (UAH)	33.4954	30.0042	28.4226	28.2919

1.5.6. HYPERINFLATIONARY ECONOMIES

None of the Investment Holding entities operated in a hyperinflationary economy in 2017 and 2016.

1.6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at acquisition cost less any accumulated depreciation and less any accumulated impairment loss.

Cost includes the fair value of the consideration given to acquire the asset and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of taxes).

The depreciable amount is allocated on a systematic basis over the useful life of the asset, using the straight-line method. The depreciable amount is the acquisition cost.

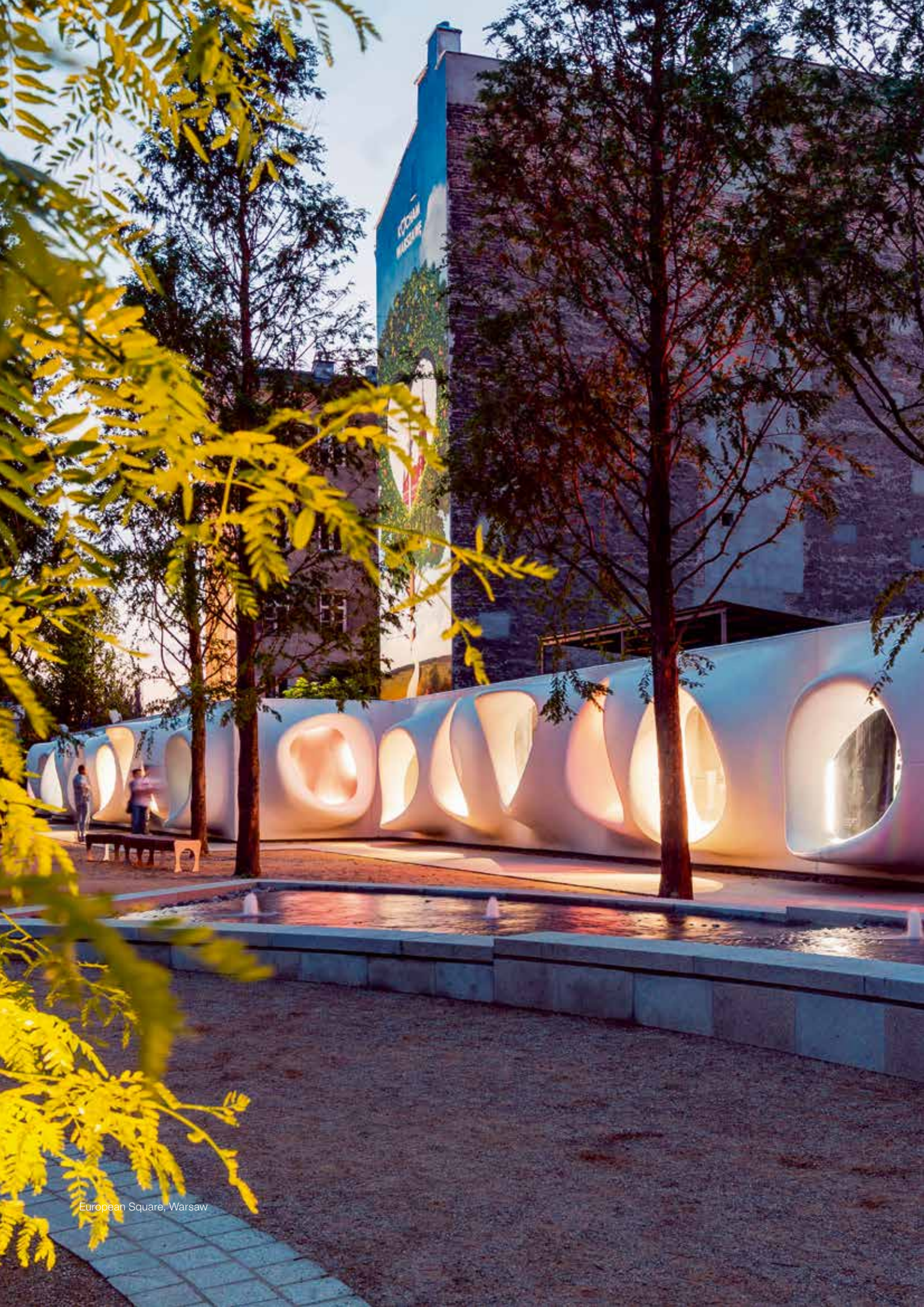
The applicable useful lives are:

- Tangible fixed assets:
  - Buildings: 20 to 40 years
  - Vehicles: 5 years
  - Equipment: 5 to 10 years

1.7. FINANCE LEASES

A finance lease that substantially transfers all the risks and rewards incident to ownership, is recognized as an asset and a liability at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

The depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy the lessee adopts for depreciable assets that are owned. If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise the asset is depreciated over the shorter of the lease term and its useful life.



European Square, Warsaw

1.8. IMPAIRMENT OF ASSETS

At each balance sheet date, the Investment Holding reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Investment Holding estimates the recoverable amount of the unit to which the asset belongs.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

1.9. INVESTMENT PROPERTY

Investment Property is defined as property (land or a building – or part of a building – or both) held by the owner to earn rentals, realize capital appreciation or both, rather than for: (a) use in the production or supply of goods or services or for administrative purposes; or (b) sale in the ordinary course of business.

Investment Property, principally comprising land and commercial buildings ("commercial property"), is held for capital appreciation or for the long-term rental yields and is not occupied by the Investment Holding.

Investment Property (Under Construction) is carried at fair value. Fair value is determined by external appraisers or by management. In the former case, renowned external appraisers carry out an external inspection of the property and they are provided with the necessary supporting documentation (regarding property title over the involved property, copies of (building) permits, architectural plans, renderings, copies of (preliminary) lease contracts), based on which they prepare their resp. valuation reports.

Gains or losses as a result of changes in the fair value are included in the Income Statement of the year in which they occur. Gains and losses as a result of an Investment Property disposal are considered into the Income Statement of the year in which the disposal occurs. The Investment Holding distinguishes 4 different stages for Investment Property:

A. Land without pre-permit approval;
B. Land with a pre-permit approval;
C. Land with a building permit and construction ongoing;
D. Land with a completed building.

The above stages can again be divided in 2 main categories:

<u>1. INVESTMENT PROPERTIES UNDER CONSTRUCTION (A), (B), (C)</u>

The fair value of the land is determined based on the following methods:

1. Based on comparative method;
2. Based on realizable sqm;
3. Based on residual method.

In assessing the fair value, the Investment Holding considers whether both following conditions have been met:

Warsaw Spire, Warsaw

- Building permit on the property has been obtained and
- Binding lease agreements have been signed for over 40% of the net leasable area of the property.

In case the above mentioned conditions are not fulfilled, the fair value of the IPUC (part not included in land) is deemed to be the cost of the in-process development.

In case the conditions are fulfilled, the fair value of IPUC (both land and construction part) will be determined by an independent appraiser report, based on RICS Valuation Standards.

Fair value of IP(UC) is determined as follows:

- Projects under (A): fair value of the land plus cost of in process development
- Projects under (B): fair value of the land, to the extent the valuation expert has considered the value of the master plan and/or building permit OR fair value of the land plus cost of in process development, to the extent the valuation expert has not yet considered the value of the master plan and/or building permit
- Projects under (C): fair value of the (permitted) land plus construction part at cost, if the above (building permit and) lease conditions are not (yet) fulfilled
- Projects under (C): fair value of the (permitted) land plus fair value of the construction part, if the above (building permit and) lease conditions are fulfilled
- Projects under (D): fair value of the completed project

By consequence, fair value adjustments have been recognized as follows:

- Projects under (A): fair value of the land minus the gross land cost (including purchase price of the land, costs on the purchase, capitalized financial costs and possible goodwill);
- Projects under (B): fair value of the land minus gross land cost;
- Projects under (C): fair value of the land minus gross land cost, plus fair value of the construction part minus cost of the construction part, to the extent the above conditions are met.
- Projects under (D): fair value of the completed project minus gross land cost, minus cost of the construction part

2. COMPLETED INVESTMENT PROPERTIES (D)

Investment Properties are considered completed:

- In Ukraine, Russia and Poland as from the moment the project received its exploitation permit;
- In Belgium and France as from the signature of the delivery protocol between investor and general contractor.

Completed Investment Properties are valued by internationally qualified appraisers as of the end of the period, based on market values in accordance with the RICS Valuation Standards. They are recognized at fair value reflecting the market conditions at the balance sheet date. Market values of the project are calculated based on the Yield method or Discounted Cash Flow method, depending on the type of project, its status and the location.

In the case of a contingent consideration payable for a property acquired, the asset (inventory or IP) is recognized initially at cost, determined based on the fair value of the total consideration paid or payable. The fair value of the contingent consideration is determined based on management's best estimate and recognized as a financial liability. Subsequent changes in the fair value of the liability are recorded via the income statement (and are not part of the asset value).

1.10. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

A non-current asset or disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. A discontinued operation is a component of an entity which the entity has disposed of or which is classified as held for sale, which represents a separate major line of business or geographical area of operations and which can be distinguished operationally and for financial reporting purposes.

For a sale to be highly probable, the entity should be committed to a plan to sell the asset (or disposal group), an active program to locate a buyer and to complete the plan should have been initiated, and the asset (or disposal group) should be actively marketed at a price which is reasonable in relation to its current fair value, and the sale should be expected to be completed within one year from the date of classification.

Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs necessary to make the sale. Any excess of the carrying amount over the fair value less costs to sell is included as an impairment loss. Depreciation of such assets is discontinued as from their classification as held for sale. Comparative balance sheet information for prior periods is not restated to reflect the new classification in the balance sheet.

1.11. PROPERTY DEVELOPMENT INVENTORY

Land and premises acquired and held for future development as well as in-process development projects (other than Investment Properties) are classified as inventories. Property Development Inventories mainly comprise residential properties.

Inventories are measured at the lower of cost and net realizable value at the balance sheet date.

The cost of in-process development projects comprises architectural design, engineering studies, geodesic studies, raw materials, other production materials, direct labour, other direct and external borrowing costs directly attributable to the acquisition or construction of the qualifying inventories.

External borrowing costs directly related to the acquisition, construction or production of a qualifying asset are capitalized. A qualifying asset is an asset that takes a substantial period of time to get ready for its intended use or sale. Capitalization commences when expenditures and borrowings are being incurred for the asset, and ceases when all the activities that are necessary to prepare the asset for its intended use or sale are complete. The capitalization criteria are usually met as from the date of acquisition of land for building purposes, as activities related to development are usually being undertaken by the Investment Holding as from that date.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write-down is necessary when the net realizable value at balance sheet date is lower

than the carrying value. The Investment Holding performs regular reviews of the net realizable value of its Property Development Inventory.

The most recent review indicated that the global net realizable value of the Property Development Inventory of the Investment Holding exceeded its carrying amount measured on a historical cost basis in these IFRS consolidated financial statements (Note 10).

Perpetual usufruct and operating lease contracts of land

The Investment Holding holds land in Poland under the right of perpetual usufruct. The right of perpetual usufruct is in substance a long-term land lease that grants the lessee the right to use and administer land owned by the state or local authorities under the terms and conditions of a contract concluded for 99 years. The holder of such right is obliged to pay an annual fee during the term of the perpetual usufruct estimated by the state or local authority.

The Investment Holding holds land in Russia and Ukraine under operating lease contracts covering a 49-year period. These contracts are quite similar in substance to the perpetual usufruct contracts in Poland.

Payments, including prepayments, made under the perpetual usufruct contracts are capitalized to the Property Development Inventories.

1.12. TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

A provision for impairment of trade and other receivables is established when there is objective evidence that the Investment Holding will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or undergo financial reorganization and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The asset's carrying amount is reduced through the use of an allowance account, and the amount of the loss is recognized in the Income Statement. When a trade receivable is uncollectible, it is written down against the allowance account for trade receivables. Subsequent recoveries of amounts previously written down are credited in the Income Statement.

No provision for impairment has been considered necessary as a result of the impairment review on the balance sheet date.

1.13. FINANCIAL ASSETS

The Investment Holding classifies its financial investments in the following categories: financial assets at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the intention of the investment's acquisition.

Mokotów Nova, Warsaw

Management determines the investments' classification at initial recognition and re-evaluates this designation on every reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

The investments in equity instruments that do not have a quoted market price in an active market are measured at cost (this valuation principle applies mainly to the investments in entities under the control of the ultimate beneficial owners of the Investment Holding not included in the consolidation scope of these financial statements).

Derivative financial instruments are measured at fair value with changes recognized in profit or loss.

For an overview of financial assets (and liabilities) by category in accordance with IAS39, reference is made to section 17 below.

1.14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

1.15. SHARE CAPITAL

Ordinary shares are classified as equity under the caption "share capital". When share capital recognized as equity is (re)purchased, the amount of the consideration paid, including directly attributable costs, is recognized as a change in equity.

Dividends are recognized as a liability only in the period in which they are approved by the Investment Holding's shareholders.

1.16. CURRENT AND DEFERRED INCOME TAXES

Income tax on the profit or loss for the year comprises current and deferred income tax.

Income tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years. It is calculated using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is recognized, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values. Deferred tax is recognized on all temporary differences, even arising on the assets and liabilities located in the Special Purpose Vehicles. Most of the Special Purpose Vehicles hold one specific property development project.

Warsaw Spire, Warsaw

The recognition of deferred tax liabilities on fair value adjustments is based on the assumption that the land and buildings held by the Investment Holding will be realized through asset deals. Sales through asset deals however mainly apply to the residential projects held by the Investment Holding (which are classified as inventory; which is not subject to fair value accounting).

As it is expected that the value of commercial projects will in first instance be realized through use (and not through sale), the recognition of deferred tax liabilities on fair value adjustments is also applied here. Still, the potential capital gain (in the case a commercial project would be sold through a share deal) might be exempted from income tax in some jurisdictions if certain conditions are met. Although the Investment Holding is confident that in the case of a share deal these conditions will be complied with, deferred tax liabilities have consistently been recognized, without taking into account those potential tax exemptions.

In view of the anticipated restructuring of the Polish activities, which was deemed necessary by Management for reasons of (cost) optimization, efficiency improvement and simplifying the legal of the legal structure, early 2016, the shares of the project companies holding the Warsaw Spire and Grzybowska 77 projects were contributed by the closed-end fund to Ghelamco Polish Project 1 SCSp (end 2015 established Luxemburg special limited partnership between the closed-end investment CC28 and Finaris SA), at market value and in exchange for partnership certificates. Subsequently, these SPVs have been transformed into sp.k.-entities. Afterwards, the involved SPVs sold there real estate projects to newly incorporated/acquired SPVs under the Lux. limited partnership, at market value. This resulted in the release to the income statement of accumulated deferred tax liabilities (on the fair values of the involved projects) for an amount of 18.7 MEUR in 2016. Going forward and accordance with the changed fiscal legislation (Amendment to the CIT Law ending the beneficial tax treatment of FIZAN structures, effective 1 January 2017), deferred tax liabilities are again recognized on fair value adjustments for all Polish projects.

Currently or substantially enacted tax rates are used to determine deferred income tax. Under this method, the Investment Holding is also required to make a provision for deferred income tax on the difference between the fair values of the net assets acquired and their tax base as a result of a business combination.

No deferred taxes are accounted for temporary differences arising from the initial recognition of goodwill or the initial recognition of assets or liabilities in a transaction that is not a business combination and that at the time of the transaction affect neither accounting nor taxable profit, and differences relating to the investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. A deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized (Note 19).

In connection with the recently enacted change of Belgian tax rates (as from 1 January 2018 onwards) cumulated deferred tax balances have been re-calculated at the rate of 25% (vs. 34% previously). Belgian income tax rate will gradually decrease from 29.5% in 2018 to 25% from 2019 onwards. This has resulted in a (deferred) tax gain of approx. 5.5 MEUR in the 2017 income statement (Note 26).

1.17. TRADE AND OTHER PAYABLES

Trade and other payables are measured at amortized cost. As the impact of discounting is immaterial, trade and other payables are measured at the nominal value.

1.18. BORROWINGS

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Investment Holding has a contractual right (provided all covenants are fulfilled) to defer settlement of the liability for at least 12 months after the balance sheet date.

1.19. REVENUE RECOGNITION

Revenue mainly includes sales of properties and rental income.
Revenue is recognized based on the fair value of the consideration received or receivable. For contingent consideration related to the sale of properties, the fair value of the contingent consideration is determined based on management's best estimate and recognized as a financial asset. Subsequent changes in the fair value of the financial asset are recorded via the income statement.

Sale of Property Development Inventory
Revenue from the sale of property development inventory is recognized when all the following conditions have been satisfied:

(a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
(b) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
(c) the amount of revenue can be measured reliably;
(d) it is probable that the economic benefits associated with the transaction will flow to the entity;
(e) the costs incurred or to be incurred relating to the transaction can be measured reliably.

The property disposals might be structured in a tax-efficient manner as a sale of shares in a legal entity that holds the property. The sales of real estate projects structured as a sale of shares are presented in these financial statements in accordance with the substance and economic reality of the transactions and not merely with their legal form. Thus, the amount of inventories recognized as an expense during the period referred to as "Cost of Property Development Inventories sold" comprises costs directly related to the property development projects sold during the year. The revenue from sales of properties reflects the market value of the properties sold.

Rental income

Rental income from Investment Properties leased is recognized on a straight-line basis over the lease term. Lease incentives granted are recognized as an integral part of the total rental income (i.e. are spread over the lease term).

The Investment Holding did not enter into any financial lease agreements with tenants; all lease contracts qualify as operating leases.

Sale of Investment Property

Revenue from the sale of investment property is recognized when all the following conditions have been satisfied:

(a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
(b) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
(c) the amount of revenue can be measured reliably;
(d) it is probable that the economic benefits associated with the transaction will flow to the entity;
(e) the costs incurred or to be incurred relating to the transaction can be measured reliably.

The property disposals are often structured in a tax-efficient manner as a sale of shares in a legal entity that holds the property. The sales of real estate projects structured as a sale of shares are presented in these financial statements in accordance with the substance and economic reality of the transactions and not merely their legal form. The gain realized on a sold investment property is shown on a net basis under “Result on disposal Investment Property” (part of other operating income) in the income statement.


GHELAMCO

2. FINANCIAL RISK MANAGEMENT

2.1. FINANCIAL RISK FACTORS

Due to its activities, the Investment Holding is exposed to a variety of financial risks: market risk (including exchange rate risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. Financial risks relate to the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables and borrowings. The Investment Holding uses derivative financial instruments (external or internal) on an ad hoc basis to hedge against the exposures arising from the individual transactions significant to the Investment Holding as a whole.

Financial risks are managed by Ghelamco's Chief Financial Officer (CFO) and his team. The CFO identifies, evaluates and mitigates financial risks in accordance with the objectives set by the Chief Executive Officer.

2.1.1 FOREIGN EXCHANGE RISK

The Investment Holding operates internationally and enters into transactions in currencies (US Dollar, Polish Zloty, Russian Rouble and Ukrainian Hryvnia) other than the Investment Holding's functional currency being Euro. The major part of the Investment Holding's financial assets and financial liabilities are however denominated in Euro.

Within the Eurozone, the Investment Holding concludes all engineering and architectural contracts, main construction contracts and main part of (project) financing contracts in Euro. On the other hand, the Investment Holding has over the past four years and via its financial vehicle Ghelamco Invest SP. z o.o., issued significant amounts of Polish bearer bonds (with an outstanding amount of 1,027.1 MPLN as of 31/12/17). Leasing of the properties is Euro-based and eventual later disposal of assets or shares is usually expressed or negotiated in Euro. The Polish Zloty's risk is for that mainly related to the mentioned PLN bond issues, some local construction contracts and the sale amounts of residential projects.

For Ukraine, external financing is organized in US Dollar as well as engineering, architectural, construction and leasing contracts. The Investment Holding manages the US Dollar versus Euro risk internally.

Up until end 2011, Russian projects have mostly been financed through semi equity expressed in Euro. Bank financing for the construction of the Dmitrov Logistics Park Project is however since 2012 expressed in USD. The same risk mitigation as for Ukraine applies.

In short, the Investment Holding mitigates its currency risk exposure by matching as much as possible the currency of the income with that of the expenditure.

As stated, main net foreign currency position which the Company holds at the reporting date relates to the:

- Polish bearer bonds in PLN for a (net) amount of 1,011,182 KPLN.
  A 10% strengthening/weakening of the EUR against the PLN rate at 31 December 2017 would resp. have increased/decreased the EBT by approx. 24.5 MEUR. This analysis assumes that all other variables (e.g. interest rates) remain constant.
- USD bank loans in Russia for a net amount of 90,942 KUSD.
  A 10% strengthening/weakening of the EUR against the USD rate at 31 December 2017 would resp. have increased/decreased the profit before tax and equity by approx. 7.7 MEUR. This analysis assumes that all other variables (e.g. interest rates) remain constant.

Katowice Business Point, Warsaw

When a member of the Development Holding is exposed to eventual currency risks, the Investment Holding may choose to enter into an intra-group hedging. Over 2017, there have been no such hedging transactions. Per end of December 2017, there were no outstanding amounts to be covered by hedging contracts. The same goes for 2016.

Despite those closely monitored initiatives and as a consequence of its international activity, foreign exchange risks may still affect the Investment Holding's financials and results.

2.1.2 INTEREST RATE RISK

The Investment Holding actively uses external and internal borrowings to finance its property projects in Belgium, France, Poland, Russia and Ukraine. A property project's external financing is usually in the form of a bank loan denominated in Euro or US Dollars (see Note 16). Since Ghelamco Invest Sp. z o.o. is issuing bearer bonds (of which 1,027.1 MPLN + 6.3 MEUR actually still outstanding per balance sheet date), Polish projects can also be partly financed through the proceeds of these bonds. The same goes for Belgium since the bond issues (of which 267.4 MEUR actually still outstanding per balance sheet date).

Except for some ad-hoc past interest hedging, the Investment Holding did not enter into significant external interest rate hedging transactions to eliminate exposure arising from the long-term investment loans over the last 5 years. The Investment Holding's management closely monitors the short-term floating rate borrowings and medium term fixed interest rates.

The financing structure reflects major project investment phases (acquisition of land, construction and holding of the properties) as follows:

- Land acquisition loans (usually provided for a term of two years). The interest is payable at market floating rates (from 1 up to 6 months) increased by a margin.
- Construction loans provided until completion of construction and obtaining of the exploitation permit (usually for a term of about two years). The interest is calculated at market floating rates (from 1 up to 6 months) increased by a margin and mostly capitalized in the construction loan. The land acquisition loan is at this stage integrated in the construction loan.
- Once the property is completed, leased and meets all ongoing covenants, the construction financing is swapped into an investment loan, usually provided for a period of five years beginning from the signing of the investment loan agreement and repayable gradually with rental income or fully upon sale of the property. The banks are usually willing to offer investment loans up to an amount that reflects 65% to 70% of the property's market value. The interest is usually a mix of floating and fixed rates. In addition, the capital is amortized at a level between 4% and 7% per annum (on average), usually payable on a quarterly basis together with the accrued interest.
- For the Polish projects: 1,027.1 MPLN + 6.3 MEUR proceeds from bond issues with a term of 3 to 5 years and bearing an interest of Wibor 6 months + 3.5%-5.0% and Euribor 6 months + 4.3% resp.; proceeds of which can be used over the resp. project development stages.
- For the Belgian and French projects;
    - 70 MEUR private bond issue due 28 February 2018, bearing an interest of 6.25% (however partly early reimbursed in November 2017 for an amount of 54.2 MEUR and the remaining amount reimbursed on maturity date);
    - 79.1 MEUR EMTN bond issue due 3 July 2020 and bearing an interest of 4.50%, 70.9 MEUR EMTN bond issue due 14 June 2021 and bearing an

Senator, Warsaw

interest of 4.125% and
- 54.2 MEUR EMTN bond issue due 20 November 2024 and bearing an interest of 4.8% and 47.4 MEUR EMTN bond issue due 20 November 2022 and bearing an interest of 4.3%;

Proceeds of the bonds can be used over the resp. project investment stages.

The Investment Holding actively uses intra-group borrowings provided by the Financing Vehicles acting as financial intermediaries (mainly Peridot SL and Salamanca Capital Services Ltd at 31 December 2017 and 31 December 2016) to finance the property projects in Poland, France, Belgium, Russia and Ukraine. These intra-group loans bear interest at market floating interest rates and are fully eliminated from these IFRS consolidated financial statements.

For sensitivity analysis, reference is made to disclosure 16 on interest-bearing loans and borrowings.

2.1.3 OPERATIONAL RISK (PRICE RISK IN FIRST INSTANCE)

Price risk

Raw materials, supplies, labour and other costs directly related to the construction process constitute a major part of the property development assets capitalized in the accounts of the Investment Holding's project companies.
Although construction prices may substantially vary during each accounting year, the Investment Holding succeeds in reducing its operational risk by either entering into fixed price contracts or into open book contracts with related and unrelated companies.
Most property projects are realized in cooperation with parties related to the Investment Holding (see Note 29.2).

Market research

Before starting an investment, the Investment Holding's management teams have performed their market research, comprising the following:

- status of the project's current zoning (eventual timing for rezoning necessary)
- attitude of the local government towards a particular project
- are comparable projects being launched (timing and location)
- type of potential buyers/tenants - reasonable delivery date of the project
- projected sale/lease prices at the date of delivery
- yield expectations at that time
- time frame to achieve 50%-60% leasing level

Permit risk

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

Construction risk

Construction risks are monitored by the Consortium in-house engineers. They define the construction cost as from the date of the feasibility study and take full responsibility for material discrepancies. Therefore, fine-tuning of budgets, choice of materials, construction techniques and construction prices is a constant process within the

Consortium. This avoids cost overruns and delivery delays for the Investment Holding. The Investment Holding also maintains full control over the building site coordination of (sub) contractors.

Engineering risk

The Investment Holding has to remain in control for the design, layout and structural or finishing elements of the building. Any change in engineering automatically leads to cost increases or decreases. That is why the Investment Holding hardly ever outsources these tasks.

Financing risk

The Company relies since more than 10 years on framework agreements with the majority of its banking partners. The parameters of the framework can vary due to economic circumstances, but remains workable as a whole. Before starting up the construction works (or contracting with subcontractors), the Company expects to have received already a (non-)binding term sheet from its banking relations.
In the past five-six years, the Company in addition proved to be able to call upon alternative financing through the issue of bonds in Belgium (267.4 MEUR unsecured bonds outstanding as of 31 December 2017) and Poland (1,027 MPLN + 6.3 MEUR bearer bonds outstanding as of 31 December 2017).

Commercial risk

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

Investment market risk

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

2.1.4 CREDIT RISK

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

For further analysis, reference is made to note 11.

2.1.5 LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to meet the Investment Holding's liquidity needs. Due to the dynamic nature of the

underlying business activities, the Investment Holding actively uses external and internal funds to ensure that adequate resources are available to finance the Investment Holding's capital needs. The Investment Holding's liquidity position is monitored by management, based on 12 months rolling forecasts.

The maturity analysis for financial liabilities that shows the remaining contractual maturities is presented in Note 16.

We also refer to note 13 and 16 where the available financing is described.

2.1.6 FOREIGN POLITICAL AND ECONOMIC RISK

Significant part of projects operated through subsidiaries of the Investment Holding are located and operated in Poland, Russia and Ukraine and are held through Belgian and Cypriot holding structures. As a result, the operation of these projects and the upstreaming of related revenues are subject to certain inherent risks to these countries which may include, but are not limited to unfavourable political, regulatory and tax conditions.

In this respect, e.g. reference is made to the changes to the Polish tax law related to fund structures, as described in section 1.16 above.

2.2. CAPITAL RISK MANAGEMENT

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

During the past years, all profits of the last years have been re-invested. The management's focus is to a significant extent set on financial support of its expansion plans. In order to maintain or optimize the capital structure, the Investment Holding may decide to issue bonds or similar financial instruments in the international financial markets. Group management closely monitors solvency, liquidity, return on invested capital and profitability levels.

The Investment Holding monitors capital/balance sheet structure primarily based on the solvency ratio. This ratio is calculated as total equity divided by the balance sheet total. The solvency ratios at 31 December 2017 and 2016 were as follows:

	2017	2016
Equity	729,489	765,282
Total assets	1,791,808	1,912,028
Solvency ratio	**40.7%**	**40.0%**

When also considering the cash balance of 129,526 KEUR as of 31 December 2017 (59,001 KEUR as of 31 December 2016), the (adjusted) solvency ratio would be at 43.9% (41.3 % as of 31 December 2016).

Foksal, Warsaw

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and assumptions are based on historical experience and various other factors that are considered reasonable under the circumstances, the results of which form the basis of judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects future periods.

In addition to the estimates already explained in the accounting policies, the estimates and assumptions that might significantly affect the valuation of assets and liabilities are outlined below.

Impairment of assets

The risk of impairment arises from uncertainties typical to the real estate development industry. At the balance sheet date impairment losses and/or write-offs to net realizable value for an amount of 3.0 MEUR have been recognized on a limited number of inventory items related to the adjustment of some commercial parameters.

No impairment losses were recognized in 2016.

Income taxes

Given the diversity of its geographical locations, the Investment Holding operates within a complex international legal and regulatory environment. Deferred tax is determined based on each legal entity's tax position and is reviewed on each balance sheet date to take account of the impact of changes in the tax laws and the probability of recovery.

Basic Company Income Tax levels (excluding tax exemptions or other incentives):

- Belgium: 33.99% (decreasing in the coming two years to 25%)
- France: 33.33%
- Poland: 19% (to 15% if some conditions are met)
- Russia: 20%
- Ukraine: 18%
- Cyprus: 12.5%
- Luxemburg: 21.84% (vs. 21.84 % last year) (exceptions for financial rulings, at least until 30 November 2017, date of closing of Granbero Capital and Ghelamco Capital, Luxemburg branches of resp. Granbero Holdings Ltd and Ghelamco Group Comm. VA)
- Spain: 25%

Fair value estimation

The carrying value less impairment write down of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Investment Holding for similar financial instruments.

Vander Elst, Leuven

In conformity with IAS 39, all derivatives are recognized at fair value in the balance sheet.

With respect to the determination of fair value of IP(UC), we refer to section 1.9 above.

4. LIST OF SUBSIDIARIES

Ghelamco Group Comm. VA subsidiaries included in these IFRS consolidated financial statements are as follows:

Entity description	Country	31/12/2017	31/12/2016	Remarks
		% voting rights	% voting rights	
GHELAMCO INVEST NV	**BE**	**99**	**99**	*
The White House Zoute NV	BE	100	99	*
Dock-Site NV	BE	99	99	*
Dianthus NV	BE	99	99	*
Nepeta NV	BE	99	99	*
Eurostadium Events NV (former De Leewe III NV)	BE	99	99	*
Eurostadium Park NV (former Immo Simava 13 NV)	BE	99	99	*
Leisure Property Invest NV	BE	99	99	*
Waterview NV	BE	99	99	*
Retail Leuven NV (former Estate of the Art NV)	BE	n/a	99	4.2
Leuven Student Housing NV	BE	99	99	*
Parking Leuven NV (former Ring Congress Centre NV)	BE	99	99	*
Wavre Retail Park NV	BE	99	99	*
RHR-Industries NV	BE	99	99	*
Zeewind NV	BE	99	99	*
Docora NV	BE	99	99	*
Ring Multi NV (former Ring Retail NV)	BE	99	99	*
MeetDistrict Gent NV	BE	99	99	*
Ring Offices NV	BE	99	99	*
Ring Hotel NV	BE	99	99	*
Forest Parc NV	BE	99	99	*
Belalan Bischoffsheim Leasehold NV	BE	99	99	*
Bischoffsheim Freehold NV	BE	99	99	*
Belalan Louise Leasehold NV	BE	99	99	*
Louise Freehold NV	BE	99	99	*
De Nieuwe Filature NV	BE	100	99	*
Pomme de Pin Expansion SAS	FR	100	100	*
Société Immobilière de Courchevel SARL	FR	100	100	*
Pomme de Pin SAS	FR	100	100	*
Le Chalet 1850	FR	100	100	*
Brussels Urban Invest NV	BE	99	99	*
Construction Link NV	BE	99	99	*
Kubel NV	BE	99	99	*
Filature Retail NV	BE	99	99	*
Carlton Beach NV	BE	50	0	4.1
Carlton Retail NV	BE	50	0	4.1
Eneman & Co NV	BE	100	0	4.1
Graminea NV	BE	99	n/a0	*

Łopuszanska Business Park, Warsaw

Entity description	Country	31/12/2017	31/12/2016	Remarks
		% voting rights	% voting rights	
GRANBERO CAPITAL Ltd.	**CY**	100	100	
Apollo Invest Sp. z o.o	PL	100	100	
Prima Bud Sp. z o.o.	PL	70	70	
Ghelamco Invest Sp. z o.o	PL	100	100	
Ghelamco GP 1 Sp z o.o	PL	100	100	
Ghelamco GP 1 Sp. z.o.o. Konstancin SKA	PL	100	100	
Ghelamco GP 1 Sp. z.o.o. Port Zeranski SKA	PL	100	100	
Ghelamco GP 8 Sp. z.o.o. Dahlia SKA	PL	100	100	
Tilia BIS Sp. z o.o (former Ghelamco GP 1 SP. z.o.o. Tilia SKA)	PL	100	100	
Innovation Bud Bis Sp. z o.o. (former Innovation SKA)	PL	100	100	
Ghelamco GP 9 Sp. z.o.o. Sobieski Towers Sp.k.	PL	100	100	
Ghelamco GP 1 Sp. z.o.o. Matejki SKA	PL	0	100	4.4
Ollay Sp. z.o.o. Market SKA	PL	100	100	
Erato Sp. z.o.o. (former Ghelamco GP 1 Sp. z.o.o. Erato SKA)	PL	100	100	
Oaken Sp.z.o.o. Pattina SKA	PL	100	100	
Ghelamco GP 1 Sp. z.o.o. UNIQUE SKA	PL	70	70	
Octon Sp.z.o.o. PIB SKA	PL	100	100	
Ghelamco GP 1 Sp. z.o.o. Vogla SKA	PL	100	100	
Ghelamco GP 5 Sp. z o.o. (former Fusion Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 11 Sp. z.o.o. the HUB SKA (former Ghelamco GP 5 Sp. z.o.o. Sienna Towers SKA)	PL	100	100	
Ghelamco GP 4 Sp. z.o.o. SBP SKA	PL	100	100	
Ghelamco GP 5 Sp. z.o.o. Foksal SKA	PL	100	100	
Ghelamco GP 3 Sp. z o.o. (former Belle Invest Sp. z o.o)	PL	100	100	
WUZA4 Sp.z.o.o. (former Ghelamco GP 3 Sp. z.o.o. Grzybowska 77 Sp.k.)	PL	0	100	4.2
Ghelamco GP 3 Sp. z.o.o. Wronia SKA	PL	100	100	
Ghelamco GP 7 Sp. z o.o. (former Power Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 7 Sp. z.o.o. Postepu SKA	PL	100	100	
Ghelamco GP 2 Sp z o.o	PL	100	100	
Ghelamco GP 2 Sp. z.o.o. Proof SKA	PL	0	100	4.4
Ghelamco GP 4 Sp. z o.o. (former Betula Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 2 Sp. z.o.o. M12 SKA	PL	100	100	
WUZA1 Sp. z o.o. (former Immediate Investment Sp.z.o.o.)	PL	100	100	
WUZA2 Sp.z.o.o. Sp.k. (former Eastern Europe Bud Sp. z o.o)	PL	0	100	4.2
WUZA3 Sp.z.o.o. (former Ghelamco Warsaw Spire WS sp.k.)	PL	0	100	4.2
Ghelamco GP 6 Sp. z o.o. (former Opportunity Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 6 Sp. z.o.o. HQ SKA	PL	100	100	
Ghelamco GP 3 Sp. z.o.o. Isola SKA	PL	100	100	
Ghelamco GP 8 Sp.z o.o.	PL	100	100	
Espressivio Sp. z o.o.	PL	0	100	4.4
Ghelamco GP 10 Sp. z.o.o. Sigma SKA	PL	100	100	
Ghelamco Garden Station Sp.z o.o.	PL	99	99	
Ghelamco Nowa Formiernia Sp. z o.o. (former Budomal)	PL	0	100	4.2
Creditero Holdings Ltd.	CY	100	100	
Bellona Bema 87 Sp. z o.o.	PL	0	100	4.4
Ghelamco Gdanska Pl Sp. z o.o.	PL	100	100	
Warsaw Spire Management Sp. z o.o.	PL	100	100	
Warsaw Spire Sp. z.o.o. Sp.k.	PL	0	100	4.4
Warsaw Spire Sp. z o.o.	PL	100	100	
Ghelamco GP 10 SP. Z o.o. (former Chopin Project sp. z o.o.)	PL	100	100	
Ghelamco GP2 Sp. z.o.o. Synergy SKA	PL	100	100	
Ghelamco GP1 Sp. z.o.o. Canna SKA	PL	100	100	
Ghelamco GP1 Sp. z.o.o. Azira SKA	PL	100	100	
Laboka Holdings Ltd	CY	100	100	
Esperola Ltd	CY	100	100	
Stareti Holdings Ltd	CY	0	100	4.2
Ghelamco Polish Project 1 SCSp	LU	0	100	4.4
Woronicza Sp. z.o.o.	PL	100	0	
Milovat Ltd	CY	100	0	4.1
P22 Lódz Sp. z.o.o.	PL	50	0	*

Warsaw Spire, Warsaw

Entity description	Country	31/12/2017	31/12/2016	Remarks
		% voting rights	% voting rights	
SAFE HOLDING BELGIUM NV	**BE**	**99**	**99**	
Motaro Holdings Ltd.	CY	99	99	
Challenge Invest Ltd.	UA	99	99	
Vision Invest Ltd.	UA	99	99	
Algowood Investments Ltd.	CY	99	99	
Instant Invest Ltd.	UA	99	99	
Urban Invest Ltd.	UA	99	99	
Goronin Holdings Ltd.	CY	99	99	
Hybrid Invest Ltd.	UA	0	99	4.4
Field Invest Ltd.	UA	0	99	4.4
Farota Trading Ltd.	CY	99	99	
Corporate Invest Ltd.	UA	99	99	
Success Invest Ltd.	UA	0.1	99	4.5
Creletine Ltd.	CY	99	99	
Logistic Park Ermolino Ltd.	RU	99	99	
Millor Enterprises Ltd.	CY	99	99	
Belyrast Logistics Ltd.	RU	99	99	
Finaris SA	LU	100	100	
Salamanca Capital Services Ltd.	CY	100	100	
Peridot SL	ES	48	48	
Succes Invest Ltd.	UA	99.9	0	4.5

(*) the 1% remaining voting rights are owned directly or indirectly by Mr. P. Gheysens, the ultimate beneficial owner
(**): Subsidiary was already controlled in 2016 but only have been consolidated for the first time in 2017.
P22 Lódz Sp. z.o.o. is held in a 50/50 joint venture structure and is for that included in the financial statements under the equity method.
(***): In the course of the year, 99.9% of the shares of Success Invest Ltd. have been sold by Corporate Invest Ltd. to Salamanca Ltd. (for the nominal amount of 11 KEUR); transaction which had no impact on the Group's financial statements as of 31 December 2017.

A brief description of the main subsidiaries' business activities is given below:

- **Ghelamco Invest NV**, is an investment holding in **Belgian and French** real estate entities and also directly has a number of real estate projects on its own balance sheet.
- **Granbero Holdings Ltd** is an investment holding company that directly and indirectly owns equity interests in **Polish** real estate entities of the Investment Holding.
- **Safe Holding Belgium NV** is an investment holding company with (indirect) equity interests in **Russian and Ukrainian** real estate entities (via a number of intermediate holding entities incorporated in Cyprus).
- Finaris SA, Peridot SL, Salamanca Capital Services Ltd, Ghelamco Capital (branch of Ghelamco Group Comm. VA) and Granbero Capital (branch of Granbero Holdings Ltd) are all Financing Vehicles used in the Consortium's financial activities.

Real estate acquisitions and disposals (including plots of land) often involve the transfer of a company that holds the property.
Most Investment Holding entities (except for the Holdings, Sub-holdings and Financing Vehicles) are such special purpose real estate entities created to structure real estate transactions (acquisition of land and real estate investment activities).

Summary of incorporations, acquisitions and disposals of subsidiaries (and other business units) realized by the Investment Holding during the year ended on 31 December 2017. These acquisitions and disposals of subsidiaries are treated in accordance with the accounting policy as described in section 1.5.2 and 1.5.3 (and not in accordance with IFRS 3 on Business Combinations).

Helix Towers, Kortrijk

4.1. ACQUISITIONS OF SUBSIDIARIES

In February 2017, the Group acquired 50% of the shares of 2 companies (Carlton Beach NV and Carlton Retail NV), holding land parts in the One Carlton site in Knokke-Zoute. The acquisition is connected with the (currently ongoing) realisation of the high-end residential One Carlton project, in a joint venture structure with a third party developer. Total share price amounted to 5,547 KEUR.

Above participation has in the financial statements been recognized under the equity method.

On 5 April 2017, the Group formalised the acquisition of all shares of Eneman & Co NV, owner of a site in Bruges. The transaction value of the plot in the share deal amounted to 1.5 MEUR.

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

In the course of 2017 (100% of) the shares of Milovat Ltd (empty shelf company) have been acquired by the Group for an amount of 1 KEUR. As of end November 2017, the capital of Milovat Ltd has been increased through contribution in kind by Granbero Capital SA (Luxemburg branch of Granbero Ltd) of its portfolio of intercompany loans receivables (and related outstanding interest receivables) by an amount of 480 MEUR. Subsequently, Granbero Capital SA has been closed, resulting in the fact that Granbero Capital's participation in Milovat has been allocated to the Company and that from 30 November 2017 onwards the former (interco) financing activities of Granbero Capital SA have been taken over by Milovat Ltd.

Above (flow of) transactions have had limited to no impact on the Group's 2017 consolidated financial statements.

4.2. DISPOSAL OF SUBSIDIARIES

On 28 June 2017, the shares of Retail Leuven NV, holding the delivered and operational Retail Leuven project (5.435 sqm retail space at the Vaartkom in Leuven) have been sold to a third party investor for a share price of 3.1 MEUR. The deal was structured as a share deal. The share deal was based on an underlying fair value of the property and resulted in a gain on disposal of 1.1 MEUR (of which 0.8 MEUR reversal of previous year deferred tax liabilities).

On 29 June 2017, the Warsaw Spire project was sold to Ghelamco European Property Fund NV at a transaction value of 540 MEUR in total. For this purpose, Granbero Holdings Ltd entered into an agreement with Ghelamco European Property Fund NV to sell 100% of the shares in Stareti Holdings Ltd (in turn parent company of the SPVs holding the (3 parts of the) Warsaw Spire project).

Subsidiaries of Stareti which were transferred to GEPF NV in the same deal:

- WUZA2 Sp.z.o.o. Sp.k. (former Eastern Europe Bud Sp. z o.o)

- WUZA3 Sp.z.o.o. (former Ghelamco Warsaw Spire WS sp.k.)
- Warsaw Spire Sp. z.o.o. Sp.k.
- WUZA4 Sp.z.o.o. (former Ghelamco GP 3 Sp. z.o.o. Grzybowska 77 Sp.k.)

On 27 September 2017 Ghelamco European Property Fund NV disposed the shares of Warsaw Spire Pl.Europejski 6 SKA (company holding building B of the Warsaw Spire complex) to an external investor.

On 19 December 2017, the shares of Ghelamco Nowa Formiernia Sp. z o.o., project company holding the Przystanek mBank project (offering 25,619 sqm office space in Lodz) were sold to LCN Euro Master Dutch Holdings II BV. The share deal was based on the underlying value of the property (amounting to 58.2 MEUR).

4.3. INCORPORATION OF NEW SHELF COMPANIES

In 2017, no new SPVs have been incorporated.

4.4. MERGERS AND LIQUIDATIONS OF SUBSIDIARIES

As stated above in section 4.1, Granbero Capital SA, Luxemburg branch of Granbero Holdings Ltd, has been closed (liquidated) as of 30 November 2017. At the same time, Ghelamco Capital SA, Luxemburg branch of Ghelamco Group Comm. VA has also been closed (and liquidated), resulting in the fact that from 30 November 2017 onwards the former (interco) financing activities of Ghelamco Capital SA have been taken over by Ghelamco Group Comm. VA.

As a follow-up on last year's restructuring of the Polish activities, the Luxemburg limited partnership (SCSp), which was in 2016 (together with its main participating interest: Warsaw Spire Sp. z o.o. Sp.k., owner of the Warsaw Spire project) sold by the closed-end investment fund CC28 to Stareti Ltd, has been liquidated on 15 May 2017. Doing so, the SCSp's former participating interests (mainly Warsaw Spire Sp. z o.o. Sp.k.) came directly under Stareti Ltd. In June 2017, Warsaw Spire Sp. z o.o. Sp.k. has been de-merged (through contribution in kind of organized parts of entity) into:

- Pl. Europejski 1 SKA (holding Warsaw Spire building A = the tower)
- Pl. Europejski 2 SKA (holding Warsaw Spire building C)
- Pl. Europejski 6 SKA (holding Warsaw Spire building B)

Above demerger was done at market value.
Above transactions have had limited to no impact on the Group's 2017 financial statements.

And as stated earlier, 100% of the shares of Stareti have on 29 June 2017 been sold to Ghelamco European Property Fund.

In the course of 2017 Matejki SKA and Bellona Bema 87 Sp. z o.o. have been merged into Erato Sp. z.o.o. In addition, Proof SKA and Espressivio Sp. z.o.o. have been merged into Woronicza Sp. z.o.o. As a result of these mergers, the involved SPVs have been liquidated and their rights and obligations have to the extent applicable been transferred to the merged entities.
Above merger (and liquidation) operations have had limited to no impact on the

Company's 2017 consolidated financial statements.
Finally, in the course of 2017 the Group has sold its (as good as empty) Ukrainian subsidiary Hybrid Invest Ltd (in turn holding 100% of the shares of its Ukrainian shelf-subsidiary Field Invest Ltd) to a third party, for being liquidated. This transaction has had limited to no impact on the Group's 2017 financial statements.

4.5. TRANSFER OF SUBSIDIARIES

2017

On 29 June 2017 and as stated above, the Warsaw Spire project was sold to Ghelamco European Property Fund NV at a transaction value of 540 MEUR in total. For this purpose, Granbero Holdings Ltd entered into an agreement with Ghelamco European Property Fund NV to sell 100% of the shares in Stareti Holdings Ltd (in turn parent company of the SPVs holding the (3 parts of the) Warsaw Spire project).

In the course of 2017 (100% of) the shares of Milovat Ltd (empty shelf company) have been acquired by the Company for an amount of 1 KEUR. As of end November 2017, the capital of Milovat Ltd has been increased through contribution in kind by Granbero Capital SA (Luxemburg branch of Granbero Ltd) of its portfolio of intercompany loans receivables (and related outstanding interest receivables) by an amount of 480 MEUR. Subsequently, Granbero Capital SA has been closed, resulting in the fact that Granbero Capital's participation in Milovat has been allocated to the Company and that from 30 November 2017 onwards the former (interco) financing activities of Granbero Capital SA have been taken over by Milovat Ltd.

Also, in the course of the year, 99.9% of the shares of Success Invest Ltd. have been sold by Corporate Invest Ltd. to Salamanca Ltd. (for the nominal amount of 11 KEUR).

For the remainder, no other share transactions or with related parties took place in 2017.

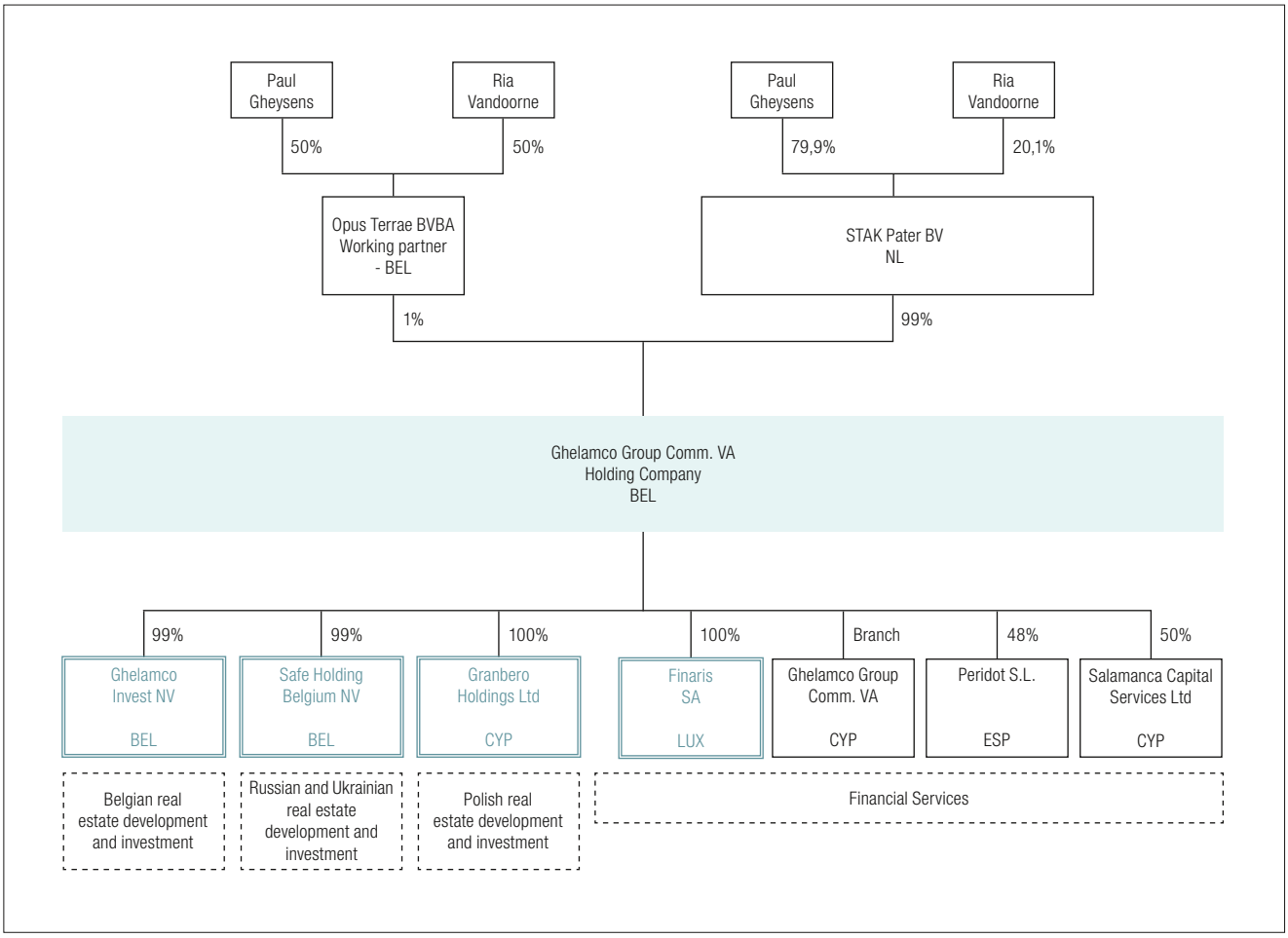
2016

Except for the acquisition of the remaining 60% of Apollo shares through contribution in kind by Elzenwalle and the restructuring transactions as described in section 4.1 of this report, and except for the the liquidations of Expert Invest and Industrial Invest and the merger of ACG1 Sp. z o.o. into Tilia SKA as described in section 4.3 of this report, there have been no other share transactions or other significant transactions with related parties in 2016.

Meetdistrict, Ghent

5.1. INVESTMENT HOLDING AS PER DECEMBER 31ST, 2017

5. GROUP STRUCTURE



5.2. BELGIAN REAL ESTATE DEVELOPMENT AND INVESTMENT AS PER DECEMBER 31ST, 2017

GHELAMCO INVEST NV
BEL

100%	The White House Zoute NV - BEL
99%	Dock-site NV - BEL
99%	Brussels & Regional NV - BEL
99%	Dianthus NV - BEL
99%	Nepeta NV - BEL
99%	Eurostadium Events NV - BEL
99%	Eurostadium Park NV - BEL
99%	Eurostadium Offices NV - BEL
99%	Eurostadium Parking NV - BEL
99%	Eurostadium Storage NV - BEL
99%	Eurostadium Foot & Hospitality NV - BEL
99%	Pavilion NV - BEL
99%	Ghelamco Campus NV - BEL
100%	Pomme de Pin Expansion SAS - FRA

100%	Société Immobilière de Courchevel SARL - FRA
100%	Pomme de Pin SAS - FRA
100%	Le Chalet 1850 - FRA

99%	Leisure Property Invest NV - BEL
99%	Waterview NV - BEL
99%	Wavre Retail Park NV - BEL
99%	RHR-Industries - BEL
99%	Zeewind NV- BEL
99%	Ring Offices NV - BEL
99%	Ring Hotel NV - BEL
99%	Parking Leuven - BEL
99%	Docora NV - BEL
11%	Artevelde-Stadion CVBA - BEL
99%	Ring-Multi NV - BEL
99%	Forest Parc NV - BEL
99%	Leuven Student Housing - BEL
99%	Graminea NV- BEL
99%	Citrien NV - BEL

100%	De Nieuwe Filature NV - BEL
99%	Filature Parking NV - BEL
99%	Filature Retail NV - BEL
99%	Belalan Bischoffsheim Leasehold NV - BEL
99%	Bischoffsheim Freehold NV - BEL
99%	Belalan Louise Leasehold NV - BEL
99%	Louise Freehold NV - BEL
99%	Meetdistrict Gent NV - BEL
99%	Brussels Urban Invest NV - BEL
99%	Construction Link NV - BEL
99%	Caboli NV - BEL
99%	Kubel NV - BEL
100%	Eneman & Co NV - BEL
50%	Carlton Beach NV - BEL
50%	Carlton Retail NV - BEL

5.2. POLISH REAL ESTATE DEVELOPMENT AND INVESTMENT AS PER DECEMBER 31ST, 2017

GRANBERO HOLDINGS LTD
CYP

100% Milovat Ltd - CYP
100% Ghelamco Invest Spzoo - POL
70% Prima Bud Sp. z.o.o. - POL
100% Apollo Invest Sp. z.o.o. - POL
100% Warsaw Spire Sp. z.o.o. - POL
100% Innovation Bud Bis Sp. z.o.o.
100% Warsaw Spire Management Sp. z.o.o. - POL
100% Oscroft Sp. z.o.o. - POL
100% Orrin Sp. z.o.o. - POL
100% Oaken Sp. z.o.o. - POL
100% Pianissima Sp. z.o.o. - POL
100% Woronicza Sp. z.o.o. - POL
100% Quanta Sp. z.o.o. - POL
100% Erato Sp. z.o.o. - POL
100% Ghelamco GP 1 Sp. z.o.o. - POL

100% Ollay Sp. z.o.o. Market S.K.A. - POL

100% Oaken Sp. z.o.o. Pattina S.K.A. - POL

100% Octon Sp. z.o.o. - POL
100% Ollay Sp. z.o.o. - POL

100% Wuza 1 Sp. z.o.o. - POL
100% Creditero Holdings - CYP
100% Esperola Ltd - CYP
100% Ilderim Sp. z.o.o. - POL
51% P22 Lódz Sp. z.o.o. - POL[12]
100% Ghelamco GP 5 Sp. z.o.o. - POL
100% Ghelamco GP 3 Sp. z.o.o. - POL
100% Ghelamco GP 4 Sp. z.o.o. - POL
100% Ghelamco GP 10 Sp. z.o.o. - POL
100% Ghelamco GP 7 Sp. z.o.o. - POL
100% Ghelamco GP 2 Sp. z.o.o. - POL
100% Ghelamco GP 6 Sp. z.o.o. - POL
100% Ghelamco GP 8 Sp. z.o.o. - POL
100% Ghelamco GP 9 Sp. z.o.o. - POL
100% Ghelamco GP 11 Sp. z.o.o. - POL
100% Orston Sp. z.o.o. - POL

51% P22 Lódz Sp. z.o.o. Sp.k. - POL[12]

100% Octon Sp. z.o.o. PIB S.K.A. - POL

100% Ghelamco GP 9 Sp. z.o.o. Sobieski Towers Sp. k. - POL

100% Laboka Holdings Ltd - CYP

99% Ghelamco GP 1 Sp. z.o.o. Port Zeranski S.K.A. - POL[1]
99% Ghelamco GP 1 Sp. z.o.o. Azalia S.K.A. - POL[1]
99% Ghelamco GP 1 Sp. z.o.o. Beta S.K.A. - POL[1]
99% Ghelamco GP 1 Sp. z.o.o. Vogla S.K.A. - POL[1]
99% Ghelamco GP 1 Sp. z.o.o. Azira S.K.A. - POL[1]
99% Tilia Bis Sp. z.o.o. - POL[1]
99% Ghelamco GP 3 Sp. z.o.o. Isola S.K.A. - POL[3]
99% Ghelamco GP 4 Sp. z.o.o. SBP S.K.A. - POL[4]
99% Ghelamco GP 7 Sp. z.o.o. Postępu S.K.A. - POL[7]
99% Ghelamco GP 2 Sp. z.o.o. Synergy S.K.A. - POL[2]
99% Ghelamco GP 2 Sp. z.o.o. Zafina S.K.A. - POL[2]
99% Ghelamco GP 8 Sp. z.o.o. Dahlia S.K.A. - POL[8]
99% Ghelamco GP 11 Sp. z.o.o. Hotel S.K.A. - POL
100% MeetDistrict Sp. z.o.o. - POL
100% Halesworth Sp. z.o.o. - POL
99% Ghelamco GP 1 Sp. z.o.o. Canna S.K.A. - POL[1]
99% Ghelamco GP 1 Sp. z.o.o. Epona S.K.A. - POL[1]
70% Ghelamco GP 1 Sp. z.o.o. UNIQUE S.K.A. - POL
99% Ghelamco GP 1 Sp. z.o.o. Konstancin S.K.A. - POL[1]
70% Ghelamco GP 1 Sp. z.o.o. Tarima S.K.A. - POL[1]
99% Ghelamco GP 5 Sp. z.o.o. Foksal S.K.A. - POL[5]
99% Ghelamco GP 3 Sp. z.o.o. Wronia S.K.A. - POL[3]
99% Ghelamco GP 10 Sp. z.o.o. Sigma S.K.A. - POL[10]
99% Ghelamco GP 2 Sp. z.o.o. M12 S.K.A. - POL[2]
99% Ghelamco GP 2 Sp. z.o.o. Eurema S.K.A. - POL[2]
99% Ghelamco GP 6 Sp. z.o.o. HQ S.K.A. - POL[6]
99% Ghelamco GP 9 Sp. z.o.o. Altona S.K.A. - POL[9]
99% Ghelamco GP 11 Sp. z.o.o. the HUB S.K.A. - POL[11]
100% Estima Sp. z.o.o. - POL

100% Halewood Sp. z.o.o. - POL

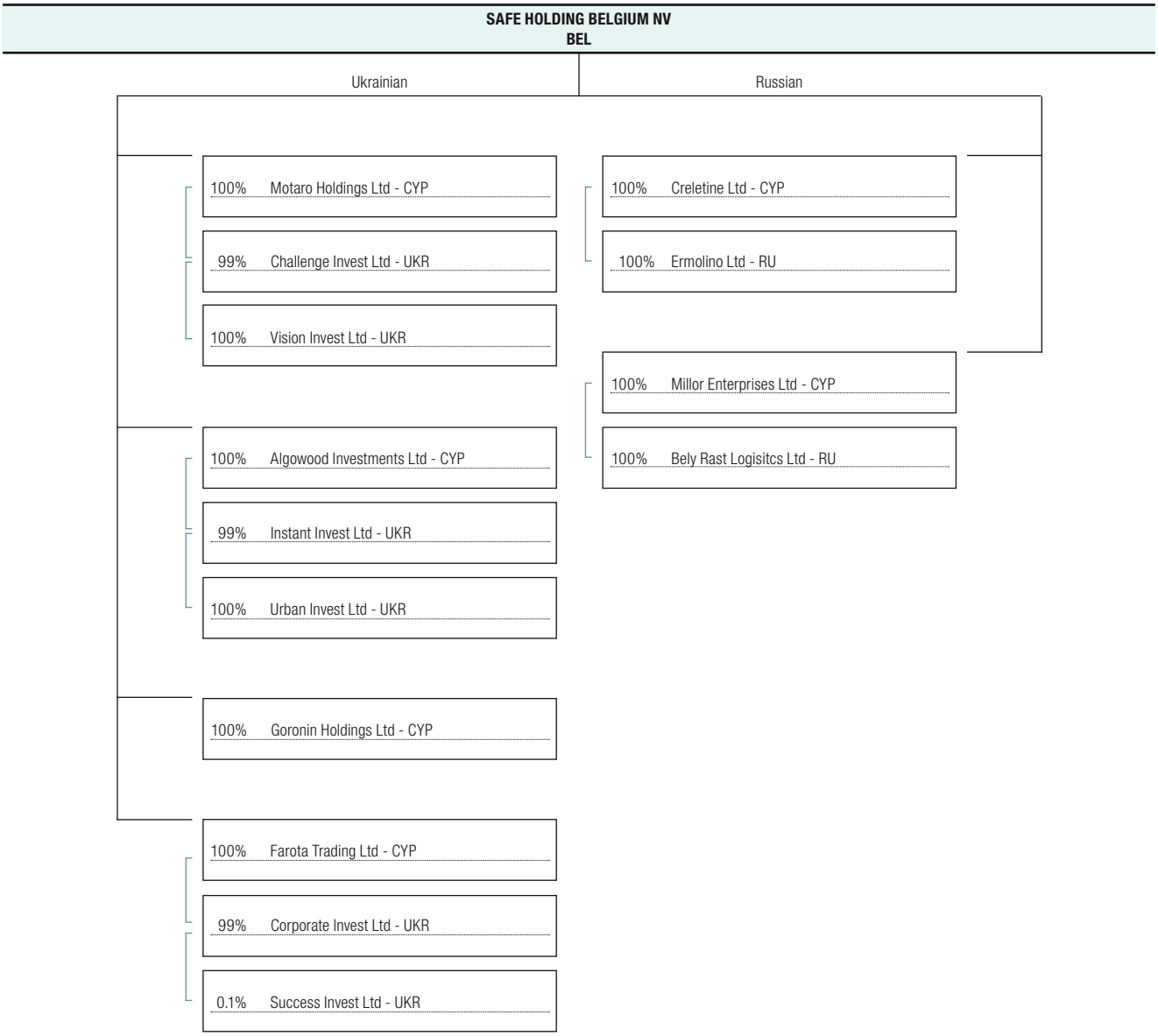
100% Ghelamco Gdanska Pl Sp. z.o.o. - POL

99% Ghelamco Garden Station Sp. z.o.o. - POL

([1]) remaining participation at general partner Ghelamco GP 1 Spzoo, ([2]) remaining participation at general partner Ghelamco GP 2 Spzoo, ([3]) remaining participation at general partner Ghelamco GP 3 Spzoo, ([4]) remaining participation at general partner Ghelamco GP 4 Spzoo, ([5]) remaining participation at general partner Ghelamco GP 5 Spzoo, ([6]) remaining participation at general partner Ghelamco GP 6 Spzoo, ([7]) remaining participation at general partner Ghelamco GP 7 Spzoo, ([8]) remaining participation at general partner Ghelamco GP 8 Spzoo, ([9]) remaining participation at general partner Ghelamco GP 9 Spzoo, ([10]) remaining participation at general partner Ghelamco GP 10 Spzoo, ([11]) remaining participation at general partner Ghelamco GP 11 Spzoo, ([12]) remaining participation at Budomal Estate (not a Ghelamco company)

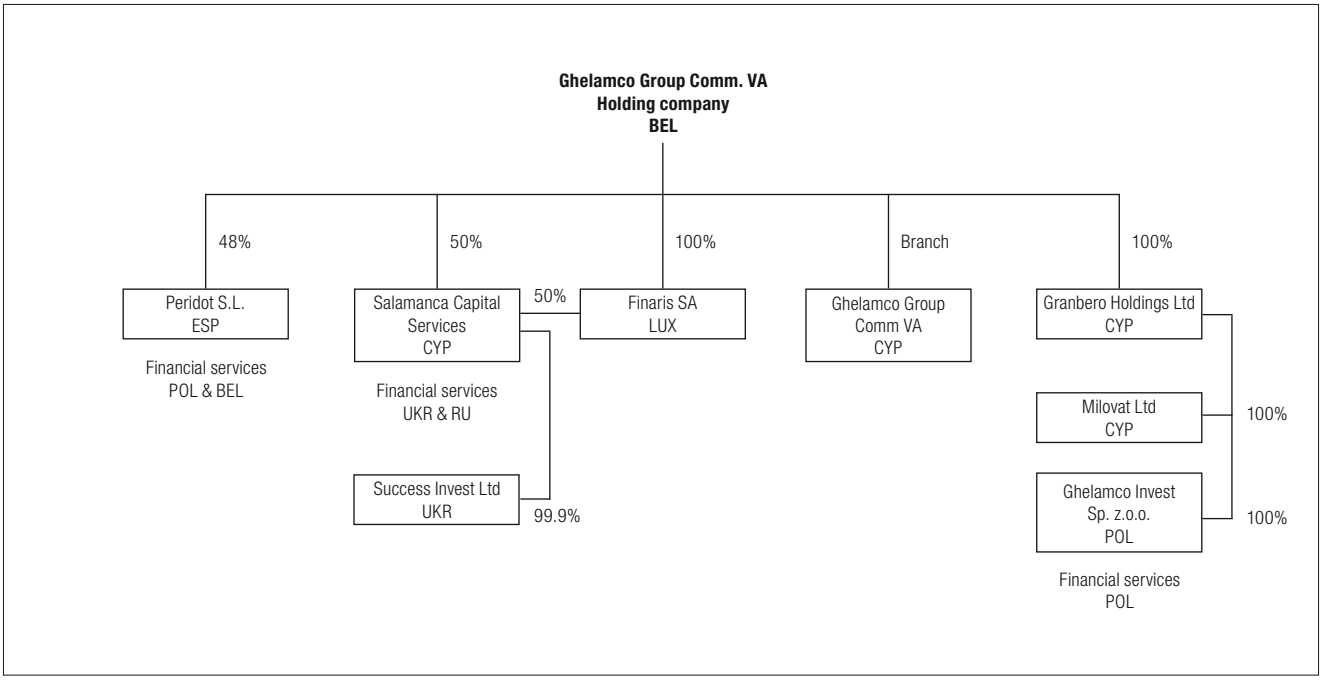
Dmitrov Logistics Park, Moscow

5.4. UKRAINIAN AND RUSSIAN REAL ESTATE DEVELOPMENT AND INVESTMENT AS PER DECEMBER 31ST, 2017



Wronia 31, Warsaw

5.5. FINANCIAL SERVICES AS PER DECEMBER 31ST, 2017



6. INVESTMENT PROPERTY

The Investment Holding's current strategy is to keep commercial property for rental purposes while residential properties are dedicated for sale.

All plots of land held for undetermined use, or where the management determines that the plot will be used in a project where the building will be rented, are classified as Investment Properties on 31 December 2017 and 31 December 2016.

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

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

Edition, Brussels

Country + SPV	Commercial Name	Valuation	Cat	31/12/2017 KEUR	31/12/2016 KEUR
BELGIUM					
Leisure Property Invest	Golf Knokke Zoute	Man	A	44,541	44,661
WRP	Wavre Retail Park	Man	A	8,000	8,000
Zeewind	Zeewind	Man	D	1,746	1,746
Ring Hotel	Ring Hotel	Man	C	21,200	13,512
Ring Multi	Ghelamco Arena Multifunctional space	Cushman	D	21,720	22,625
Meetdistrict	Meetdistrict business center	Cushman	D	34,750	34,400
Ghelamco Invest	Zoute House	Man	C	22,500	22,580
Waterview/Parking Leuven	Waterview Parkings	Cushman	D	8,530	8,434
Waterview/Retail Leuven	Waterview Retail	Cushman	D	0	8,650
Bischoffsheim Leasehold + Freehold	Spectrum	CBRE	C	49,840	41,500
Kubel/Construction Link	The Link	JLL	C	59,453	19,116
DNF/Filature Retail	Filature Retail	Man	D	10,000	0
Docora	RAFC Tribune 1	Man	D	35,571	0
Subtotal Belgium				**317,851**	**225,224**
POLAND					
Apollo Invest	Spinnaker	JLL	B	57,857	49,937
Postepu SKA	Postepu Business Park	KNF	B	7,120	8,110
Sienna Towers SKA	Sienna Towers	KNF	C	101,479	74,897
WS SKA	Spire and Chopin Tower		n/a	0	526,780
Sobieski SKA	Sobieski Tower	BNP	B	31,077	29,595
Market SKA	Mszczonow Logistics	ASB	A	2,849	2,802
SBP SKA	Synergy Business Park Wroclaw	JLL	B	25,294	21,898
Grzybowska 77 SKA + Isola	Grzybowska	KNF	D/A	23,920	25,480
Wronia SKA	Logistyka	KNF	D	59,265	30,491
Sigma	Chopin + Stixx	KNF	B/D	40,766	38,529
Vogla SKA	Wilanow Retail	KNF	D/A	11,260	12,360
Tillia SKA/ACG1 SKA	Powisle	KNF	A	7,690	5,930
Dahlia SKA	Woloska 24	BNP	D	56,553	44,950
Budomal / Nowa Formiernia	Przystanek, Lodz		n/a	0	35,413
Synergy SKA	Katowice	JLL	A	4,000	0
Canna SKA	Krakow	Cresa	A	7,209	0
Subtotal Poland				**436,339**	**907,172**
RUSSIA					
Bely Rast e.a.	Dmitrov Logistic Park	JLL	C/D	144,500	162,035
Ermolino	Logistic Park Ermolino	JLL	A	7,722	8,538
Subtotal Russia				**152,222**	**170,573**
UKRAINE					
Success Invest	Kopylov Logistics Park		n/a	0	9,567
Urban Invest	Kopylov Logistics Park 2	UKR	A	730	918
Vision Invest	Warsaw Road Dev.	UKR	B	3,437	4,213
Subtotal Ukraine				**4,167**	**14,697**
TOTAL				**910,579**	**1,317,666**

Legend: Man = Management valuation, KNF = Knight Frank, JLL = Jones Lang Lasalle, DTZ= DTZadelhof, CLL = Colliers, UKR = Ukrexprombud, CBRE = CBRE, Cushman = Cushman & Wakefield, ASB = Asbud, Cresa = Cresa

Edition, Brussels

Balance at 31 December 2015	**1,117,224**
Acquisition of properties	18,122
Subsequent expenditure	154,258
Transfers	
• Assets classified as held for sale	
• Other transfers	22,238
Adjustment to fair value through income statement	139,396
Disposals	-122,400
CTA	-11,172
Other	
Balance at 31 December 2016	**1,317,666**
Acquisition of properties	3,336
Subsequent expenditure	131,138
Transfers	
• Assets classified as held for sale	
• Other transfers	4,491
Adjustment to fair value through income statement	45,731
Disposals	-602,244
CTA	10,461
Other	
Balance at 31 December 2017	**910,579**

Categories	A	B	C	D	Total
Balance at 1 January 2016	**100,966**	**125,297**	**419,243**	**471,718**	**1,117,224**
Acquisition of properties	7,503		10,619		18,122
Acquisition through business combinations					0
Subsequent expenditure (*)	3,497	35,059	50,470	54,062	143,087
Transfers					0
• Assets classified as held for sale					0
• Other transfers	-10,030	-784	-273,366	306,418	22,238
Adjustment to fair value	-5,607	34,210	21,743	89,049	139,396
Disposals			-32,700	-89,700	-122,400
Other					0
Balance at 31 December 2016	**96,329**	**193,782**	**196,009**	**831,547**	**1,317,666**
Acquisition of properties	3,336				3,336
Acquisition through business combinations					0
Subsequent expenditure (*)	8,950	11,271	74,472	46,906	141,599
Transfers					
• Assets classified as held for sale					0
• Other transfers	-676	-41,500	11,009	35,658	4,491
Adjustment to fair value	-1,277	1,999	29,664	15,345	45,731
Disposals			-56,682	-545,562	-602,244
Other					0
Balance at 31 December 2017	**106,662**	**165,552**	**254,472**	**383,894**	**910,579**

(*) in this detailed overview net of CTAs (and other)

As stated above, on 28 June, the delivered and operational Retail Leuven project (5,435 sqm retail space at the Vaartkom in Leuven) has been sold to a third party investor. The deal was structured as a share deal based on a net asset value of the property of 9.4 MEUR. This sale resulted in a gain on disposal of investment property of 1.1 MEUR (of which 810 KEUR release of cumulated DTL).

In addition, 2 commercial unites in the Tribeca been been sold to third party investors for a total amount of 740 KEUR.

The Royal Antwerp Football Club Tribune 1 – modern stand offering 5,600 seats, 18 business boxes and catering facilities – has been constructed in the current year and has been taken into use from November 2017 onwards. The project has been leased to the football club for a period of 15 years.

In Poland, on 29 June 2017, the Warsaw Spire project (leased and/or reserved for over 90%) was sold to Ghelamco European Property Fund NV at a transaction value of 540 MEUR in total. The sale, structured as a share deal, resulted in the current period in a net result on disposal of investment property of 6.5 MEUR. In addition, in connection with this transaction, formerly recognized gains (through fair value accounting) for an amount of +/- 245 MEUR have actually been realised.

On 19 December 2017, the shares of Ghelamco Nowa Formiernia Sp. z o.o., project company holding the Przystanek mBank project (offering 25,619 sqm office space in Lodz) were sold to LCN Euro Master Dutch Holdings II BV. The share deal was based on the underlying value of the property (amounting to 58.2 MEUR). The sale resulted in a net gain on disposal of investment property of 1.5 MEUR.

In Ukraine, the Kopylov Logistics Park (+/- 30,000 sqm warehousing in the Makariv District of the Kyiv Region) has in the first half of 2017 been sold to a third party for an amount of 18.8 MUSD. This sales transaction has resulted in a gain on disposal of 7.2 MEUR.

Current year's transfers relate to the Filature Retail project from inventory to IP (5,167 KEUR) and the transfer of the Golf Knokke Zoute project from IP to inventory (6,286 KEUR), In addition, two plots (one located in Katowice and one in Krakow for resp. carrying values of 2,599 KEUR and 3,010 KEUR) have been transferred from inventories to investment property, as both will be developed as office projects.

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

- Rental income 2017: 35,202
- Rental income 2016: 41,669

Rental income mainly relates to rent agreements in Belgium (Ring Multi: retail space in the Ghelamco Arena, Filature Retail: Tribeca project in Ghent and Meetdistrict), Poland (Warsaw Spire, for the first semester of 2017 and other rental income generating projects such as Woloska 24, Przystanek mBank and Wronia), Russia (Dmitrov Logistics Park) and Ukraine (Kopylov Logistics Park for the first semester of 2017).

SIGNIFICANT ASSUMPTIONS AND SENSITIVITY ANALYSIS

Main part of Polish IP(UC) relates to office projects (with often ground floor retail space), which are valued based on the residual method (for IPUC) and income approach/yield/DCF method (for delivered projects).
Main part of Belgian IP(UC) relates to office and retail projects, which are valued based on the residual method (for IPUC) and income approach/DCF method (for delivered projects).
Main part of Russian and Ukrainian IP(UC) relates to logistics projects, which are valued based on the comparative method (for plots/projects in the A/B category), the residual method (for IPUC) and yield/DCF method (for delivered projects).

For IFRS 13 purposes, IP(UC) projects are categorized in level 3.

The average yields (or capitalization rates) used in the expert valuations on 31 December

2017 are as follows:

- 5.25% to 8.00% for Polish projects, depending on the location, specifics and nature of the project (vs. 5.50% to 8.00% last year).
- 4.97% to 8.75% for Belgian office (incl. business center) projects (vs. 5.25% to 7.25% last year), depending on the location, specifics and nature of the investment.
- 6.25% to 6.85% for Belgian retail projects (vs. 6.00% to 7.00% last year), depending on the location, specifics and nature of the investment.
- 11.25%-15.00% DCF discount rates and 10.25% on terminal value for Russian projects (vs. 12.00% last year).

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

- 145 EUR/sqm/year to 230 EUR/sqm/year for office space in Belgium (vs. 145 EUR/sqm/year to 230 EUR/sqm/year last year),
- 75 EUR/sqm/year to 140 EUR/sqm/year for retail space in Belgium (vs. 68 EUR to 130 EUR last year), depending on the location, specifics and nature of the project,
- 10.5 EUR/sqm/month to 21.5 EUR/sqm/month for office space in Poland (vs. 10.5 EUR to 21.5 EUR last year),
- 8.75 EUR/sqm/month to 32 EUR/sqm/month for retail space in Poland (vs. 8.5 EUR to 32 EUR last year), depending on the location, specifics and nature of the project.
- 66 USD/sqm/year for Russian warehouse space and 132 USD/sqm/year for office space (part of the logistics projects) (vs. resp. 66-90 USD and 132-180 USD last year). These concern the average market rates which are applied to the void space, while contractual rates for the existing leases are to an extent higher.

On 31 December 2017, the Investment Holding has a number of income producing investment properties (category D) which are valued at 383,894 KEUR (Ring Multi, Zeewind, Parking Leuven, Meetdistrict, Filature Retail, Rafc Tribune 1, Woloska 24, Wronia, Wilanow Retail and Dmitrov Logistic Park Building A, B and C). An increase/decrease of 100 basis points in the yield, with all other variables held constant, decreases/increases the value by approx. 38,490 KEUR.

The investment properties (under construction) (category B and C) are valued using a number of assumptions in terms of e.g. construction cost, expected rental values etc. that are interlinked and for which a sensitivity analysis per variable would not make sense.

We also refer to note 1.9 for a description of the valuation process and methodology.

7. PROPERTY, PLANT AND EQUIPMENT

in thousands €	Property, plant and equipment	
	31/12/2017	31/12/2016
Cost	1,418	1,233
Accumulated depreciation/amortisation and impairment	-891	-834
TOTAL	**527**	**399**

One Carlton, Knokke

in thousands €	Property, plant and equipment
COST	
Balance at 1 January 2016	1,036
Additions	306
Additions from internal developments	
Acquisitions through business combinations	
Disposals or classified as held for sale	-106
Revaluation increase	
Effect of foreign currency exchange differences	-3
Other	
Balance at 31 December 2016	1,233
Additions	159
Additions from internal developments	
Acquisitions through business combinations	
Disposals or classified as held for sale	
Revaluation increase	
Effect of foreign currency exchange differences	26
Other	
Balance at 31 December 2017	**1,418**

in thousands €	
ACCUMULATED DEPRECIATION AND IMPAIRMENT	
Balance at 1 January 2016	815
Depreciation/Amortisation expense	51
Disposals or classified as held for sale	-32
Impairment losses recognised in profit or loss	
Reversals of impairment losses recognised in profit or loss	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2016	834
Depreciation/Amortisation expense	114
Disposals or classified as held for sale	-57
Impairment losses recognised in profit or loss	
Reversals of impairment losses recognised in profit or loss	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2017	**891**

Meetdistrict, Ghent

8. INTANGIBLE ASSETS

The intangible assets balance mainly relates to the naming rights which the Investment Holding has since mid-2013 on the Ghelamco Arena in Gent. Balance is amortized over the duration of the contract; i.e. 10 years. In accordance with the contractual terms, first instalment of 2.5 MEUR has been paid in Q1 2014 and second instalment has been paid per mid-2016.

9. INVESTMENTS IN JOINT-VENTURES

Investments in joint-ventures amount to 6,340 KEUR and relate to the (50%) participating interests in Belgium for Carlton Beach NV and Carlton Retail NV, which are connected with the One Carlton high-end residential project in Knokke Zoute, and in Poland to the (50%) participating interests in P22 Lódz Spzoo, which is connected to a plot for the future development of an office project.

Main balance sheet and income statement captions for both entities are the following:

	Carlton Beach		Carlton Retail		P22 Lódz	
Current assets	3,652		18,519		3,382	
of which cash and cash equivalents		1,574		5,388		672
Non-current assets	0		0		23	
Current liabilities	489		4,024		152	
curr. fin. liab. (excl. trade and other payables and provisions)		0		0		152
Non-current liabilities	2,260		2,700		3,254	
non-curr. fin. liab. (excl. trade and other pay. and provisions)		2,260		2,700		3,231
Revenue	1,869		5,880		6	
Profit before income tax	1,108		5,241		-3	
income tax expense (-) or income (+)	-364		-1,820		0	
Profit of the year	743		3,420		-3	

10. PROPERTY DEVELOPMENT INVENTORY

The Property Development Inventories amount to 285,581 KEUR on 31 December 2017 (2016: 259,505 KEUR) and are detailed as follows:

	31/12/2017	31/12/2016
Property Development Inventories	285,521	259,436
Raw materials	56	64
Finished goods	4	6
	285,581	**259,505**

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

	31/12/2017	31/12/2016
Inventories – Poland	70,390	68,860
Inventories – Belgium	215,187	190,634
Inventories – Other countries	4	11
	285,581	**259,505**

Katowice Business Point, Warsaw

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

	Carrying value (at cost) at 31 December 2017 - KEUR	Carrying value (at cost) at 31 December 2016 - KEUR
BELGIAN/FRENCH PROJECTS		
Others	11,640	8,672
Le Valeureux Liégeois - East Dune	13,059	20,514
Locarno Knokke	7,969	7,695
Blinckaertlaan Knokke	8,541	6,750
Kanonstraat Brussel	794	794
Bleko Doornstraat Kortrijk	2,593	2,547
Dock-site	2,648	2,648
Residentie Katelijne	6,208	6,376
Project Waterside	1,121	1,206
Waterview	2,617	3,479
Sylt	1,799	7,308
Cromme Bosh	-	14,114
Duinenwater	32,158	-
Kinder Siska	8,360	8,017
RHR	8,429	9,911
De Nieuwe Filature/ Tribeca	11,677	18,455
Blaisantpark Gent	-	59
Belalan Louise/ Edition	9,260	10,253
Spectrum/ Bischoffsheim	4,041	3,765
Pomme De Pin - Courchevel	31,400	31,400
Eurostadium Brussel	23,648	11,678
Le Chalet 1850-Courchevel	10,503	10,473
Graminea/ Oude Bleekerij	8,344	-
Arval site	4,797	4,520
Eneman	1,500	-
Parking Tribeca	2,081	-
TOTAL	**215,187**	**190,634**
POLISH PROJECTS		
Axiom/Konstancin	5,443	4,895
Bellona- Bema	-	1,835
Foksal	19,532	13,189
Port Zeranski	3,334	3,067
Erato Invest	3,495	1,921
M12 SKA	1,391	1,311
Matejki - Office Investment	-	1,197
Pattina	1,642	1,502
P.I.B.	2,992	3,061
Primula Invest	-	-
Q-Bik soft lofts	2,975	6,514
Innovation Bud Bis (former Signal)	24	23
Unique SKA (Pl Grzybowski)	7,332	4,340
Garden Station SP. z o.o.	1,382	1,148
Synergy SKA (Katowice)	-	2,599
Canna SKA (Krakow)	-	3,010
Azira SKA	20,829	19,263
Other	19	-15
TOTAL POLAND	**70,390**	**68,860**
RUSSIAN PROJECTS		
SUBTOTAL RUSSIA	**-**	**-**
UKRAINIAN PROJECTS		
SUBTOTAL UKRAINE	**4**	**11**
GRAND TOTAL	**285,581**	**259,505**

Vaartkom, Leuven

In Belgium (and France), main part of current year expenditures have been done on the Tribeca project in Ghent (realisation of an approx. 35,000 sqm mixed residential and retail space project in Ghent), Edition and Spectrum projects in Brussels and the Eurostadium project. Eurostadium inventory relates to capitalized expenses related to the acquired leasehold and study costs.
In addition, there have been some acquisitions of plots/sites:
· A plot in Kortrijk for the future development of the Helix Towers (via SPV Graminea NV);
· Land parts in Bruges, through the acquisition of the shares of Eneman & Co., for the future development of a mixed real estate project;
· A plot of +/- 30,500 sqm in Knokke for the future development of a residential project (24 villas on the Duinenwater site).

In Poland, property development inventories remained stable compared to prior year. Main movements are observed in the Woronicza Qbik balance (-3,539 KEUR to 2,975 KEUR) in line with current year's sales of remaining units and the Foksal balance (+6,343 KEUR to 19,532 KEUR) in connection with the start of the construction works of this high-end residential project.
In addition, two plots (one located in Katowice and one in Krakow for resp. carrying values of 2,599 KEUR and 3,010 KEUR) have been transferred from inventories to investment property, as both will be developed as office projects.
On the other hand, the Matejki plot has in the current year been sold to a third party.

Main divestures in Belgium:

- Sale of the Cromme Bosch project for an amount of 12,310 KEUR.
- Waterview Leuven: 18 student homes have been sold in 2017. Per date of the current report, 100% of the total (461) available student units have been sold.
- Tribeca: invoicing under the Breyne legislation connected to (71 apartments, 2 lofts and parking spaces in) phase 2 of this mixed project at the Nieuwevaart in Ghent. Phase 2 has per end 2017 fully been invoiced. Per date of the current report, 100% of the available apartments have been sold.
- Tribeca: invoicing under the Breyne legislation connected to (67 apartments and parking spaces in phase 3 of this project. Phase 3 is per end 2017 (on average) 75% progressed and invoiced.
- Sylt, sale of 3 units (and 19 parking spaces) in this residential project in Knokke.
- East Dune, sale of 10 apartments (and 13 parking spaces) in this residential project in Oostduinkerke.
- Land parts related to 39 apartments (and 42 parking spaces) in the Edition project in Brussels.
- Land parts related to 17 apartments (and 20 parking spaces) in the Spectrum project in Brussels.
- Carlton One: invoicing under the Breyne legislation connected to 3 (of 10 available) apartments in this high-end residential project in Knokke-Zoute, which is structured as a 50/50 joint-venture.

Inventory sales in Poland mainly related to the further commercialization of apartments in the Woronicza Q-Bik project (355 residential soft lofts and 16 ground floor commercial units, in the Mokotow District of Warsaw, of which per end 2016 approx. 98% have been sold). In addition, the Matejki plot has in the current year been sold to a third party.

In the current year, two plots in Poland and the retail part of Tribeca project in Belgium have been transferred from inventories to investment property.

Eurostadium, Brussels

Eurostadium Brussel

Ghelamco Invest has in 2014 subscribed to the public tender to build a stadium on Parking C.
The 99-year leasehold right has been granted to the Company through notarial deed on 25 March 2016.

The submitted building and environmental permit ('Omgevingsvergunning') has been rejected by the Flemish authorities in January 2018.

The Raad van State also went into appeal against the abolishment of the neighbourhood road ('buurtweg').

The Company has based on extensive analysis deemed that sufficient legal means are available to appeal against the refusal of the permit. In this respect, it has submitted a request at the Raad van Vergunningsbetwistingen on 15 March 2018.
Given the fact that the decision of the Raad van Vergunningsbetwistingen is not expected before 2020, the Company will in cooperation with the stakeholders look for solutions to the (claimed) objections in the permit decision, within the provisions/bounderies as determined in the BAFO (Best and Final Offer) which has resulted in the granting of the leasehold for the development on Parking C.

In addition, the lessor (i.e. the City of Brussels) has within the framework of the leasehold agreement the obligation to actively cooperate in the realisation of a stadium, also without (participation to) the EK2020. As to mobility, the Company strives for sustainable mobility solutions on and around the leasehold area, but of course this assumes and requires an active cooperation from both the side of the Flemish and Brussels authorities regarding mobility connections and public transport around the leasehold area.

Also, the Flemish decree on the change of several provisions regarding urban planning and environment, often referred to as 'Codex-trein' dd. 8 December 2017, allows that going forward the project-MER (environmental effects report) procedure is integrated in the building and environmental permit procedure. As a consequence, remarks in connection with the (MER and permit) procedure can be remediated immediately and within the (duration of the combined) procedure. This results in more legal certainty.

On 26 March 2018 the City Council of Brussels has granted the mandate to the College of Mayor and Aldermen to terminate the Eurostadium project. The scope and consequences of this mandate is not clear to us for the time being. On 27 March 2018, Ghelamco has received an invitation from the side of the City of Brussels and the VZW PEB for a consultation meeting on how to deal with the decision to reject the building and environmental permit.

The above-mentioned elements constitute an uncertainty. Notwithstanding this situation, the Board of Directors is of the opinion that the currently capitalized expenses w.r.t. the Eurostadium-file (amounting to 23.6 MEUR as of 31 December 2017) will be recovered either through a new permit request or through a claim or through a decision of the Council of Permit Disputes.

Further reference is also made to section 3 and 4.4.

Marynarska Business Park, Warsaw

11. NON-CURRENT RECEIVABLES & PREPAYMENTS AND CURRENT TRADE & OTHER RECEIVABLES

11.1. NON-CURRENT RECEIVABLES & PREPAYMENTS

	Note	31/12/2017	31/12/2016
Non-current			
Receivables from related parties	29.3	197,647	46,073
Trade and other receivables		53,264	42,893
Total non-current receivables and prepayments		**250,911**	**88,966**

NON-CURRENT RECEIVABLES FROM RELATED PARTIES

All non-current loans to related parties are granted for a term of 3 to 5 years.
Contractual interest rates on non-current receivables to related parties for 2017 were as follows: Euribor/ Libor + margins in the range between 1% and 4%.
Further reference is made to Note 29.3.

The increase compared to last year is mainly related to loans receivable towards Pl. Europejski 1 SKA (holding Warsaw Spire building A: 91 MEUR), Pl. Europejski 2 SKA (holding Warsaw Spire building C: 28 MEUR) and Stareti Holdings Ltd (33 MEUR), all connected with the sale of the Stareti shares to Ghelamco European Property Fund.

NON-CURRENT TRADE AND OTHER RECEIVABLES

Non-current trade and other receivables as of 31 December 2017 mainly consist of:

- Rental guarantee receivables at the level of (formerly Espressivio Sp. z o.o. which has in the current year been merged into) Woronicza Sp. z.o.o. in connection with the sale of the Mokotow Nova and Lopuszanska Business Park projects: 561 KEUR.
- Master lease and rental guarantee retentions in connection with the disposal of Marynarska 12/T-Mobile Office Park: 285 KEUR.
- Capitalised rent free and agency fees at the level of Dahlia SKA, in connection with the leasing of the Woloska 24 project: 1,350 KEUR.
- Capitalised rent free and agency fees at the level of Wronia SKA, in connection with the leasing of the Wronia project (which has in the current year been delivered): 1,237 KEUR.
- Other Peridot loans: 48,354 KEUR. It mainly concerns loans to affiliated parties which are not defined as related parties under IFRS.

The carrying amounts of non-current receivables approximate their fair value determined based on the future cash flows discounted at the prevailing rate for a similar instrument for an issuer with a similar rating.

T-Mobile Office Park, Warsaw

11.2. CURRENT TRADE & OTHER RECEIVABLES

	Note	31/12/2017	31/12/2016
Current			
Receivables from related parties	29.3	5,060	6,850
Receivables from third parties		11,573	10,536
Less: allowance doubtful debtors (bad debt provision)		-	-
Net trade receivables		**16,633**	**17,386**
Other receivables		4,962	4,175
Related party current accounts	29.3	111,888	107,717
VAT receivable		7,782	12,455
Prepayments		7,473	1,462
Interest receivable		39,160	24,513
Total current trade and other receivables		**187,898**	**167,708**

CURRENT TRADE AND OTHER RECEIVABLES

The carrying amounts of trade and other receivables approximate their fair values determined based on the future cash flows discounted at the prevailing rate for a similar instrument of an issuer with a similar credit rating.

Trade receivables from related parties (and prepayments, see below) include invoices for construction, engineering and other services as described in Note 29.2.

Current Accounts receivable from related parties mainly consist of:

- 61.2 MEUR vs. IRS Comm. VA
- 7.2 MEUR vs. DEUS Comm. VA
- 2.5 MEUR vs. Tallink Investments Ltd.
- 25.7 MEUR current account which the Group holds vs. Ghelamco European Property Fund, after the sale of the Dacar site and current year's purchase price adjustment in this respect
- 12.9 MEUR current account which Ghelamco Invest holds vs. Parking Gent (part of the above Dacar sale);
- 1.0 MEUR current account which Ghelamco Invest holds vs. Parking Estates (part of the above Dacar sale).

PREPAYMENTS

Outstanding prepayments as of 31 December 2017 mainly represent:

- 1,206 KEUR (vs. 882 KEUR last year) down payments (and related costs) at SPV Prima Bud for the acquisition of a land plot (Lomianki), for the development of a trade and services centre.
- 6,117 KEUR (vs. 189 KEUR last year) at the HUB SKA: advance payments for construction services to be delivered.

The Hub, Warsaw

INTEREST RECEIVABLE

The interest receivable consists of an amount of 33,783 KEUR from related parties (21,455 KEUR last year).

VAT RECEIVABLE

The outstanding balance as of 31 December 2017 mainly relates to VAT receivables in the following countries:

- Belgium: 1,358 KEUR (main originating project: RAFC Tribune 1).
- Poland: 6,075 KEUR (main originating projects: Spinaker, Warsaw Hub, Wronia, Kapelanka Krakow and Nowe Centre Lodz).

The SPV's involved may either apply to the tax authorities for an immediate cash refund of the VAT receivables or may offset the VAT receivable against any VAT payables.
VAT receivables are the result of VAT paid on their investment expenditures.

CREDIT RISK EXPOSURE AND IMPAIRMENT

Trade and other receivables disclosed above are classified as loans and receivables and are therefore measured at amortized cost. The amounts presented in the balance sheet are, to the extent applicable, after allowances for doubtful receivables.

Allowances are determined on a case-by-case basis. An allowance for impairment is booked when there is an identified loss event, which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The maximum exposure to credit risk on the reporting date is the carrying amount of each class of financial assets mentioned above. The Investment Holding does not hold any collateral as security over these balances, as a large part of accounts receivable balances are with related parties, controlled by the ultimate beneficial owners of the Consortium. As such, credit risk concentrations with respect to trade and other receivables are assessed as very limited.

Movement in the allowance for doubtful debts:

in thousands €	31/12/2017	31/12/2016
Balance at beginning of the year	**0**	**31**
Impairment losses recognised on receivables		
Amounts written off during the year as uncollectible		
Amounts recovered during the year		
Impairment losses reversed		-31
Foreign exchange translation gains and losses		
Balance at end of the year	**0**	**0**

As of 31 December 2017 and 2016, trade and other receivables disclosed above do not include significant amounts which are past due at the end of the reporting period and against which the Investment Holding has not recognized an allowance for doubtful receivables, as deemed necessary.

12. DERIVATIVES

There are no outstanding balances related to the market value of derivatives as of 31 December 2017 and 2016.

Also refer to section 2.1.1 above.

13. CASH AND CASH EQUIVALENTS

	31/12/2017	31/12/2016
Cash at banks and on hand	129,526	59,001
Short-term deposits		
	129,526	**59,001**

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for various periods not more than three months, depending on the Investment Holding's immediate cash requirements, and earn interest at the respective short-term deposit rates.

The Investment Holding also has access to the following additional resources of financing:

- additional capacity on the debt ratio (the Investment Holding chooses to keep a substantial margin on the Loan to Value ratio);
- potential to take up further financing on completed projects based on Loan to Value (LTV) instead of Loan to Cost (LTC);
- access to alternative financing under the form of bond issuance and mezzanine equity financing. In this respect refer to the recent bonds issues in Poland (1,027 MPLN + 6.3 MEUR total outstanding bonds at 31 December 2017) and Belgium (267.4 MEUR total outstanding bonds at 31 December 2017).

14. SHARE CAPITAL

	31/12/2017	31/12/2016
Authorized 35,908 ordinary shares without par value	28,194	73,194
issued and fully paid	28,194	73,194

On 12 October 2017, the capital of Ghelamco Group Comm. VA has been decreased by 45,000 KEUR through notarial deed. Payment will be done in kind, through transfer of (part of) a related-party current account to the shareholders.

At 31 December 2017 and 2016, the Company's direct shareholders are:

- **Stak Pater** (the Netherlands) - 99.97% (35,898 shares) (Dutch company).
- **Opus Terrae BVBA** (Belgium) - 0.03% (10 shares) (Belgian Ltd, acting as the working partner).

Mr. Paul Gheysens and Mrs. Ria Vandoorne are the ultimate beneficial owners of Pater BV and Opus Terrae BVBA.

14.1. DISTRIBUTION OF DIVIDENDS WITHIN THE INVESTMENT HOLDING

No dividends have been distributed in the course of 2017 (and 2016).

14.2. NON-CONTROLLING INTERESTS

	31/12/2017	31/12/2016
Balance at beginning of year	5,379	6,247
Share of profit for the year	1,400	1,055
Acquistions/disposals	-33	-1,923
Balance at end of year	**6,746**	**5,379**

15. RESERVES AND RETAINED EARNINGS

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

	Cumulative translation reserve	Retained earnings
At 1 January 2016	12,131	569,802
Cumulative translation differences (CTA)	9,160	
Dividend distribution to the ultimate shareholders		
Change in non-controlling interests		
Change in the consolidation scope		-78
Other		
Profit for the year		95,694
At 31 December 2016	**21,291**	**665,418**
At 1 January 2017	21,291	665,418
Cumulative translation differences (CTA)	-14,144	
Dividend distribution to the ultimate shareholders		
Change in non-controlling interests		
Change in the consolidation scope		-74
Other		
Profit for the year		22,058
At 31 December 2017	**7,147**	**687,402**

Mokotów Nova, Warsaw

16. INTEREST-BEARING LOANS AND BORROWINGS

		31/12/2017	31/12/2016
Non-current			
Bank borrowings – floating rate	16.1	255,712	491,352
Other borrowings	16.2/16.3	438,349	415,597
Finance lease liabilities		49	0
		694,110	**906,949**
Current			
Bank borrowings – floating rate	16.1	114,807	135,778
Other borrowings	16.2/16.3	85,811	14,365
Finance lease liabilities		0	1
		200,618	**150,144**
TOTAL		**894,728**	**1,057,093**

16.1. BANK BORROWINGS

During the year the Group obtained new secured bank borrowings mainly expressed in EUR and USD and withdraw on existing credit facilities for a total amount of 82.8 MEUR, large part of which are Euribor based. On the other hand, reimbursements and refinancings have been done for a total amount of 339.4 MEUR (mainly 16.1 MEUR in Belgium, 318.9 MEUR in Poland, 5.2 MUSD in Russia). Reimbursements include the disposal of the 300 MEUR bank loan on Warsaw Spire and 13 MEUR Przystanek mBank. This brings the total outstanding amount of bank borrowings to 370.5 MEUR (compared to 627.1 MEUR at 31/12/2016). The effect of the evolution in the USD/EUR exchange rate on the net movement amounts to 10.8 MEUR (negative, above included in the amount of new borrowings).

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

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

With respect to the outstanding short-term borrowings, it is to be mentioned that, in the course of 2018, part will actually be reimbursed following the contractual terms and part will be prolonged or refinanced (e.g. through a swap to investment loan). In this respect, a significant part of the short-term balance per books is currently in the advanced process of prolongation and/or refinancing.

Tribeca, Ghent

Summary of contractual maturities of external bank borrowings and future finance lease payments, including interest payments:

				31.12.2017				31.12.2016
	<1 y	between 2 and 5 y	>5y	total	<1 y	between 2 and 5 y	>5y	total
Credit institutions withdrawn credits	128,324	164,743	134,437	427,503	159,219	216,681	349,662	725,561
Financial lease			49	49				0
Total	**128,324**	**164,743**	**134,486**	**427,552**	**159,219**	**216,681**	**349,662**	**725,561**
Percentage	30%	39%	31%	100%	22%	30%	48%	100%

EXTERNAL BANK BORROWINGS BY CURRENCY

Large parts of external bank borrowings are Euro denominated, except for mainly Belyrast in Russia (USD loan) and Postepu (and some VAT financing) in Poland (PLN loan).

INTERESTS ON BANK BORROWINGS – INTEREST RATE RISK

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

On 31 December 2017, the Investment Holding had the following investment loan(s):

- 28,455 KEUR in total on Belgian projects Meetdistrict and Ring Multi; loans which are serviced by the actual rental income of the resp. properties.
- 37,386 KEUR in total on Polish projects Woloska 24 and Plac Vogla; loans which is serviced by the the rental income of the property.
- Belyrast Ltd (Russia) 90.9 MUSD in total, bearing a Libor 3M based (+ 6.5% margin) interest rate. The debt is fully serviced by the actual rental income of phase 1 (building A), 2 (building B) and 3 (building C) of the Dmitrov Logistic Park project.

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

- Belgium: between 1.3% and 3,00%.
- Poland: between 2.0% and 4.6%.
- Ukraine: currently not applicable.
- Russia : 6.5% (on Libor 3 months).

Loans for the pre-financing of VAT returns in Poland are expressed in local currency.

INTEREST SENSITIVITY ANALYSIS

An increase/decrease of 100 basis points in the (average) interest rates on the floating rate bank debt at the reporting date, with all variables held constant, would have resulted in a 5,390 KEUR lower/higher profit before tax for 2017.

16.2. OTHER BORROWINGS BONDS (435,898 KEUR LONG-TERM – 75,225 KEUR SHORT-TERM)

BELGIUM

Ghelamco Invest NV has in the second half of 2013 and the first half of 2014 issued private unsecured bonds for a total amount of 70 MEUR, secured by a first demand guarantee from Ghelamco Group Comm. VA, having as maturity date 28/02/2018 and bearing an interest rate of 6.25%. This bond program was coordinated by KBC Securities and Belfius Bank. Per 31 December 2017 only 15,770 KEUR is still outstanding on this program, after early redemption of bonds for an amount of 54,230 KEUR in November 2017.
In addition, Ghelamco Invest has on 24 June 2015 launched a new EMTN bonds program for a maximum amount of 150 MEUR. First tap on this program has resulted in the issue of a first tranche of 79,100 KEUR and in December the remaining amount of 70,900 KEUR has been raised. The bonds, which are listed on Euronext, have as maturity date 3/07/2020 (first tranche) and 14/06/2021 (second tranche), bear an interest rate of 4.5% (first tranche) and 4.125% (second tranche) and are secured by a first demand guarantee from Ghelamco Group Comm. VA. The program has been coordinated by Belfius, BNP and KBC. Both tranches have been underwritten by institutional investors and high-net-worth individuals. Since its bond listing on Euronext, Ghelamco Invest is formally considered as a Public Interest Entity (PIE), with related transparancy, governance and reporting requirements to the benefit of the investors.

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

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

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

Total balance of outstanding bonds per balance sheet date (262,458 KEUR) represents the amount of issue (267.4 MEUR) less capitalized issue costs (of which mainly the issuing banks' arrangement fees), which are amortized over the term of the bonds.

POLAND

On 29 January 2016, the Financial Supervision Commission (Komisja Nadzoru Finansowego) approved Ghelamco Invest Sp. z o.o.'s base prospectus for the issue of a total amount of 350 MPLN public retail bonds in connection with its Bond Issue Programme IV.

Ghelamco Invest Sp. z o.o. has in 2017 within this programme issued public retail bonds (tranche PG, PH and PI) for a total amount of 217.9 MPLN. These bonds have a term

of respectively 5 years, 3 years and 4 years and bear an interest of Wibor 6 months + respectively 4.30%, 3.50% and 3.60%. The bonds series is secured by a guaranty granted by Granbero Holdings Ltd.

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

Ghelamco Invest Sp. z o.o. has redeemed bonds in 2017 (partly through early redemption for an amount of 56,920 KPLN and partly on maturity date for an amount of 32,780 KPLN) for a total amount of 89,700 KPLN.
The effect of the evolution in the PLN/EUR exchange rate on the net movement in outstanding bonds amounts to 12.3 MEUR (positive).

Total bonds balance outstanding per balance sheet date (248,666 KEUR) represents the amount of issue (1,027 MPLN + 6.3 MEUR) less capitalized issue costs, which are amortised over the term of the bonds.

INTEREST SENSITIVITY ANALYSIS

An increase/decrease of 100 basis points in the (average) interest rates on the floating rate bonds debt at the reporting date, with all variables held constant, would have resulted in a 2,310 KEUR lower/higher profit before tax for 2017.

Summary of contractual maturities of (Belgian and Polish) bonds, including interest payments.

				31.12.2017				31.12.2016
	<1 y	between 2 and 5 y	>5y	total	<1 y	between 2 and 5 y	>5y	total
Belgian2013 bonds	16,756			16,756	4,375	74,375		78,750
Belgian EMTN bonds '15 1st tranche	3,560	86,220		89,780	3,560	89,780		93,340
Belgian EMTN bonds '15 2nd tranche	2,925	78,213		81,137	2,925	81,138		84,063
Belgian EMTN bonds '17 1st tranche	2,038	55,553		57,591				0
Belgian EMTN bonds '17 2nd tranche	2,602	10,406	59,403	72,411				0
Polish bonds	72,750	212,458		285,208	19,922	223,637		243,559
	100,629	**442,850**	**59,403**	**602,882**	**30,782**	**468,930**	**0**	**499,712**
	17%	73%	10%	100%	40%	55%	5%	100%

16.3. OTHER BORROWINGS: OTHER

31/12/2017 - 13,086 KEUR

Other borrowings in EUR at 31 December 2017 include:
· Tallink Investments Ltd.: 897 KEUR
· Wuza 3 (formerly Ghelamco Warsaw Spire WS spk): 1,020 KEUR
· 7 MEUR short-term loan from a third party investor, related to a specific Polish project, maturing on 30/06/2018 and bearing an interest rate of 5%.
· 3,586 KEUR short-term loan from a third party investor, related to a specific Polish project.

The Link, Antwerp

31/12/2016 - 8,161 KEUR

Other borrowings in EUR at 31 December 2016 include:

- Tallink Investments Ltd.: 897 KEUR.
- Ghelamco Poland Sp. z o. o: 102 KEUR.
- 7 MEUR short-term loan from a third party investor, related to a specific Polish project, maturing on 30/06/2017 and bearing an interest rate of 4.5%.

16.4. MISCELLANEOUS INFORMATION

No defaults of payments or breaches of borrowing agreements occurred as of 31 December 2017.

Bank borrowings are secured by amongst others the respective property development projects, including land and in-process construction, pledge on the respective SPV shares, etc.
The Polish bonds are secured by a redemption surety granted by Granbero Holdings Ltd.
The Belgian bonds are secured by a first demand guarantee by Ghelamco Group Comm. VA.

The loan agreements granted by the banks are sometimes subject to a number of covenants (Loan to Value, Loan to Cost, Debt Service Cover). During the year and per end of the year, there were no events of default in respect of these borrowings.

Also, the terms and conditions of the resp. bond issues have been complied with as of balance sheet date. For the Belgian bonds, reference is made to the related bi-annual covenant testing which is published on the Company's website.

At 31 December 2017, the Group has bank loans available to be drawn for a total amount of 242.3 MEUR in Poland and 72.8 MEUR in Belgium.

The observed evolution in the above financial debt includes (except for the above mentioned foreign exchange movements) an immaterial amount of other non-cash movements, related to capitalized transaction costs which are amortized over the duration of the debts.

17. FINANCIAL INSTRUMENTS

The table below summarizes all financial instruments by category in accordance with IAS 39 and discloses the fair values of each instrument and the fair value hierarchy:

Zaułek Piekna, Warsaw

Financial instruments (x € 1,000)	At fair value through income statement-held for trading	Available for sale	Loans and receivables/fin. liabilities at amortised cost	Fair value	31/12/2017 Fair value level
Other financial investments					
Other financial assets			4,155	4,155	2
Non-current receivables					
Receivables and prepayments			250,911	250,911	2
Restricted cash					
Current receivables					
Trade and other receivables			179,260	179,260	2
Derivatives	-				
Cash and cash equivalents			129,526	129,526	2
Total Financial Assets	**0**	**0**	**563,852**	**563,852**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			255,712	255,712	2
Bonds Poland			189,210	193,694	1
Bonds Belgium					
Bonds Belgium (Euronext)			246,688	250,491	1
Other borrowings			2,450	2,450	2
Finance lease liabilities			49	49	2
Interest-bearing borrowings - current					
Bank borrowings			114,807	114,807	2
Bonds Poland			59,455	60,228	1
Bonds Belgium			15,770	15,770	2
Other borrowings			10,586	10,586	2
Finance lease liabilities					
Current payables					
Trade and other payables			125,728	125,728	2
Total Financial Liabilities	**0**	**0**	**1,020,456**	**1,029,515**	

Financial instruments (x € 1,000)	At fair value through income statement-held for trading	Available for sale	Loans and receivables/fin. liabilities at amortised cost	Fair value	31/12/2016 Fair value level
Other financial investments					
Other financial assets			4,380	4,380	2
Non-current receivables					
Receivables and prepayments			88,966	88,966	2
Restricted cash			-	-	2
Current receivables					
Trade and other receivables	-		154,797	154,797	2
Derivatives				-	2
Cash and cash equivalents	**-**		59,001	59,001	2
Total Financial Assets		**-**	**307,144**	**307,144**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			491,352	491,352	2
Bonds Poland			197,288	202,791	1
Bonds Belgium			69,504	74,964	2
Bonds Belgium (Euronext)			147,645	146,572	1
Other borrowings			1,060	1,060	2
Finance lease liabilities					
Interest-bearing borrowings - current					
Bank borrowings			135,778	135,778	2
Bonds Poland			7,365	7,484	1
Bonds Belgium			-	-	2
Other borrowings			7,000	7,000	2
Finance lease liabilities			11	11	2
Current payables					
Trade and other payables	**-**		44,208	44,208	2
Total Financial Liabilities		**-**	**1,101,201**	**1,111,210**	

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

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

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

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

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

Largest part of the Investment Holding's interest bearing liabilities are floating interest bearing debts. Mainly Belgian bonds are fixed interest bearing debts.

We also refer to note 11.1 for the description of the fair value determination.

18. PROVISIONS

Balance at 1 January 2017		**120**
Additional provisions recognised		
Reductions		
Reversals		-120
Unwinding of discount		
Other		
Balance at 31 December 2017		**0**
	Non current	0
	Current	0

19. DEFERRED TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. Deferred taxes arise mainly from the temporary differences in respect of valuation of IP(UC), external borrowing costs capitalized and tax losses carried forward.

in thousands €	31/12/2017	31/12/2016
Deferred tax assets	11,845	9,819
Deferred tax liabilities	-29,106	-34,905
TOTAL	**-17,261**	**-25,086**

Deferred tax assets/(liabilities) arise from the following:

In thousands €	Temporary differences		Unused tax losses and credits	
	Investment property	Other	Tax losses	Tax credits
Balance at 1 January 2016	**-46,864**	**-672**	**15,795**	
Recognised in income statement	-2,889	-524	-291	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals	11,325		-840	
Other			-126	
Balance at 31 December 2016	**-38,428**	**-1,196**	**14,538**	
Recognised in income statement	10,362	-2,258	310	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other		-589		
Balance at 31 December 2017	**-28,066**	**-4,043**	**14,848**	**-**

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable.

It is to be noted that the investment property related amount as recognised in the income statement consists of:

- a deferred tax expense of 3,557 KEUR on the one hand, and
- a gain of 13,919 KEUR which relates to the reversal of deferred tax liabilities in connection with the sale of the Warsaw Spire (12,494 KEUR) and the Przystanek mBank project (1,425 KEUR) and which has been presented in other income (as part of the net result on the sale of both projects).

The following deferred tax assets have not been recognized at the reporting date:

in thousands €	31/12/2017	31/12/2016
DTA on unused tax losses	13,129	3,318
DTA on unused tax credits	-	1,090
TOTAL	**13,129**	**4,408**

Spinnaker, Warsaw

Tax losses in the Polish SPVs can be carried forward for a period of 5 years. In this respect, no deferred tax assets have been recognized on tax losses carried forward in these SPVs to the extent it is deemed not probable that sufficient taxable profit will be available to allow the benefit of part of these tax losses. Tax losses in the Ukrainian SPVs can be carried forward for a period of 4 years.

Tax losses in the other countries can be carried forward for an indefinite period of time.

No deferred tax liability has been recognized on undistributed profits in the subsidiaries as the Investment Holding is able to control the distribution of profits and as such, distribution to the Investment Holding is not probable in the foreseeable future.

Further reference is made to note 1.16.

20. TRADE AND OTHER PAYABLES

Trade and other payables are analysed as follows:

	31/12/2017	31/12/2016
Trade payables: third parties	36,666	13,237
Trade payables: related parties	20,140	7,193
Related parties current accounts payable	5,376	4,030
Misc. current liabilities	69,833	20,716
Deferred income	1,126	2,811
Current employee benefits	148	120
Total trade and other payables	**133,289**	**48,108**

Trade payables towards related parties include amongst others the amounts payable to the Development Holding for construction and engineering coordination services received. On 31/12/2017, the trade payables include 20,140 KEUR towards related parties (vs. 7,193 KEUR last year), as follows:

- CLD: 562 KEUR (188 KEUR last year)
- Ghelamco Russia: 5,476 KEUR (5,859 KEUR last year)
- Apec Ltd: 260 KEUR (195 KEUR last year)
- Ghelamco Poland Sp. z o.o: 11,756 KEUR (887 KEUR last year)
- Others: 2,086 KEUR (64 KEUR last year)

Outstanding balance on related parties C/A payable is mainly towards Ghelamco Poland Spzoo (3,935 KEUR).

The significant increase in third party trade payables is mainly related to construction works on projects carried out in the last months of the year.

Miscellaneous current liabilities mainly relate to interest payable (9.3 MEUR in total, of which 1.8 MEUR to related and 7.5 MEUR to third parties), rental guarantee provisions (4.6 MEUR in total), VAT payable (3.3 MEUR), accruals, rent deposits and others. In addition balance per end 2017 also includes an amount of 45,000 KEUR payable towards the shareholders of the Group in connection with the above mentioned capital decrease of October 2017.

As was also the case last year, the outstanding deferred income balance to a significant extent relates to deferred income from pre-sales in the QBik residential project. Also

Grandstand Royal Antwerp FC, Antwerp

some deferred rental income is included (0.9 MEUR).
Trade payables are non-interest bearing and are settled in accordance with the contractual terms. The carrying amounts of trade and other payables approximate their fair value, as those balances are short-term.

21. CURRENT TAX LIABILITIES

Current tax payables can be allocated to the following countries (in KEUR):

- Belgium: 284 KEUR
- Luxembourg: 217 KEUR
- Spain: 501 KEUR
- Cyprus: 1,920 KEUR
- Poland: 25 KEUR

Total for 2017: **2,947 KEUR** (vs. 4,604 KEUR in 2016).

22. REVENUE

REVENUE IS MAINLY GENERATED FROM THE FOLLOWING SOURCES:

in thousands €	31/12/2017	31/12/2016
Sales of Commercial Projects		
Projects Belgium		
Projects Poland		
Sales of Residential Projects		
Projects Belgium	61,924	61,986
Projects Poland	5,138	5,498
Rental Income	35,202	41,669
Other	1,242	1,359
TOTAL REVENUE	**103,506**	**110,512**

Rental income as of 31 December 2017 relates to rent from commercial projects in Belgium (4,194 KEUR), Poland (16,563 KEUR), Russia (13,249 KEUR) and Ukraine (1,196 KEUR).

The residential projects sales as of 31 December 2017 mainly relate to:

- Sale of the Cromme Bosch project in Knokke (12,310 KEUR)
- Waterview Leuven: 18 student homes (2,343 KEUR)
- Villas and apartments at the Belgian coast (12,895 KEUR mainly on East Dune and Sylt), including invoicing under the Breyne legislation connected to 3 apartments in the high-end residential project Carlton One
- Tribeca: invoicing under the Breyne legislation connected to (71 apartments, 2 lofts and parking spaces in) phase 2 of this mixed project at the Nieuwevaart in Ghent (7,180 KEUR). Phase 2 has per end 2017 been fully invoiced
- Tribeca: invoicing under the Breyne legislation connected to (67 apartments and parking spaces in) phase 3 of this project (16,145 KEUR). Phase 3 is per end 2017 (on average) 75% progressed and invoiced
- Edition: Land parts related to 39 apartments and 42 parking spaces (7,258 KEUR)
- Spectrum: Land parts related to 17 apartments and 20 parking spaces (1,730 KEUR)
- Soft loft apartments in the Woronicza QBik project, Warsaw (3,981 KEUR)
- The Matejki plot (1,157 KEUR) in Warsaw.

Spectrum, Brussels

OVERVIEW OF FUTURE MINIMUM RENTAL INCOME

The cash value of future minimum rental income until the first expiry date of the non-cancellable leases is subject to the following collection terms:

in thousands €	31/12/2017	31/12/2016
Future minimum rental income:		
Less than 1 year	23,270	37,654
Between 1 and 2 years	26,044	41,155
Between 2 and 3 years	23,156	38,402
Between 3 and 4 years	19,598	34,329
Between 4 and 5 years	16,857	32,025
More than five years	52,769	87,136
TOTAL FUTURE MINIMUM RENTAL INCOME	**161,694**	**270,701**

The decrease compared to last year is mainly related to the disposal of the the Warsaw Spire project per end of June 2017.

23. OTHER ITEMS INCLUDED IN OPERATING PROFIT/LOSS

OTHER OPERATING INCOME AND EXPENSES IN 2017 AND 2016 INCLUDE THE FOLLOWING ITEMS:

Other operating income	2017	2016
Net gains on disposal of investment property	20,529	1,922
Other	8,462	9,559
Net gains on disposals of property, plant and equipment		
TOTAL	**28,991**	**11,481**

Current year's other operating income mainly relates to the gain on disposal of the Warsaw Spire (6.5 MEUR), the gain on disposal of the Przystanek mBank project (1.5 MEUR), a purchase price adjustment on last year's sale of the Dacar site (4,935 KEUR), the gain on disposal of Retail Leuven for an amount of 316 KEUR and the gain on disposal of the Kopylov Logistics Park in the Makariv District of the Kyiv Region (7.2 MEUR).

In addition re-charges of real estate tax and fit-out expenses to tenants are included (mainly on Belgian (+/- 1.8 MEUR) and Polish (+/- 3.0 MEUR) delivered projects).

Other operating income also to an extent relates to income from related parties (1,262 KEUR). It concerns re-invoicing of costs within the framework of Service Level Agreements with (mainly) Ghelamco NV, Apec Ltd and IRS NV and/or some other re-charges. Also refer to note 29.3.

Last year's other operating income included the net gain on the disposal of the Dacar site to the Ghelamco European Property Fund for an amount of 1,992 KEUR.

Mokotów Nova, Warsaw

	2017	2016
Gains from revaluation of Investment Property	45,731	139,396

Fair value adjustments over 2017 amount to 45,731 KEUR, which is mainly the result of current year's further investment and leasing efforts in Poland (mainly on the Wronia, the Woloska 24 and the HUB (Sienna Towers) projects) and Belgium (mainly on The Link in Antwerp and the commercial part of Spectrum in Brussels), in combination with evolution in market conditions (yield and rent level evolution).

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

It is however to be noted that main part of the Group's investments in Russia consists of delivered projects which are to a significant extent leased to renowned multinational companies. In addition, Group management expects that the above difficult situation is of a temporary nature.

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

BELGIUM	27,060
POLAND	30,427
RUSSIA	-10,793
UKRAINE	-963
	45,731

	2017	2016
Other operating expenses		
Operating lease/ rental/housing expenses	1,729	2,114
Taxes and charges	4,959	3,041
Insurance expenses	1,491	1,165
Audit, legal and tax expenses	5,878	4,448
Traveling	1,040	1,099
Promotion	2,713	1,926
Bank fees	135	184
Sales/agency expenses	5,661	11,789
Rental guarantee expenses	3,073	1,079
Operating expenses with related parties	16,297	13,116
Inventory impairment	3,003	
W/o remaining Sentor earn-out	223	
W/o VAT receivable	2,337	
Merger losses	247	
Maintenance & management	1,896	1,026
Miscellaneous	3,877	3,746
Total	**54,559**	**44,733**

Ghelamco Arena, Ghent

Other operating expenses with related parties both concern the re-invoicing of costs within the framework of Service Level Agreements with IRS Comm. VA and Deus Comm. VA. and fit-out expenses charged by Ghelamco Poland (and afterwards further re-charged to tenants) (also refer to note 29.3). In addition, rental guarantee expenses towards to SPVs holding the Warsaw Spire (building A and C) are included for an amount of 3.8 MEUR.
The overall increase in operating expenses is partly related to some impairment reserves recognized on a limited number of inventory projects, mainly resulting from the evolution in some commercial parameters.

Current year's maintenance expenses and taxes and charges have increased, mainly in connection with the delivery and opening of the Warsaw Spire (building A, in May 2016).

Current year's rental guarantee expenses mainly relate to the recognition of a rental guarantee provision for an amount of 2.3 MEUR in connection with the Warsaw Spire project, which has per mid year been sold to the Ghelamco European Property Fund.

Current period's other operating expenses also include the write-off of a doubtful VAT receivable.

Last year's proportional high sales expenses included the release to the income statement of capitalized agency fees on the Warsaw Spire, in connection with the internal sales transaction which took place (in view of the separation the Warsaw Spire project and the Chopin project) and to commission expenses in the Waterview (student houses) project in Belgium, which is per date of the current report fully (pre-)sold.

	2017	2016
Employee benefit expenses		
Wages and salaries	1,142	1,093
Social security costs	197	187
Other		
Total	**1,339**	**1,280**

24. COST OF PROPERTY DEVELOPMENT INVENTORIES

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

	2017	2016
Movement in inventory	29,642	8,079
Purchases	-81,051	-62,359
	-51,409	**-54,280**

(*) See Note 29.2

Purchases (mainly from related parties) related to Investment Property projects are not included in the above purchases, as those have directly been recorded on IP. It concerns an amount of 134,474 KEUR (transfers of 4,491 KEUR not included) (vs. 172,380 KEUR last year, transfers of 22,238 KEUR not included).

25. FINANCE INCOME AND FINANCE COSTS

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

	2017	2016
Foreign exchange gains		
Interest income	15,187	6,468
Other finance income		80
Total finance income	**15,187**	**6,548**
Interest expense	-41,465	-40,872
Other finance costs	-5,591	-7,435
Foreign exchange losses	-4,486	-14,420
Total finance costs	**-51,542**	**-62,727**

It is to be noted that interest expenses related to Investment Property projects are not included in the above 2017 and 2016 figures, as those have directly been capitalized on IP. It concerns an amount of 13,848 KEUR (vs. 12,755 KEUR last year).

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

Interest income mainly includes interests on loans to related parties.

It is to be mentioned that a significant part of the exchange differences is unrealized (and connected with the conversion of outstanding loans). It concerns a snapshot per year-end, impact of which mainly depends on the evolution of the EUR/PLN-RUB-UAH exchange rate. Relatively significant exchange loss in the previous year was connected with the relatively weakened PLN spot rate vs. the EUR.

Other finance costs mainly relate to the partly release to the profit and loss statement of the capitalized bond issue and bank (re-)financing expenses (which are amortized over the duration of the respective bonds and/or bank loans).

All financial income and expenses mentioned in the table above are related to financial instruments measured at amortized cost.

26. INCOME TAXES

Income tax expense recognized in the consolidated income statement:

	31.12.2017	31.12.2016
Current income tax	5,591	3,892
Deferred tax	5,505	3,704
Total	**11,096**	**7,597**

The tax charge on the Investment Holding's result before taxes differs from the theoretical amount that would have resulted from applying the average applicable tax rates to the profits of the consolidated companies. The analysis is as follows:

The income tax expense for the period can be reconciled to the accounting profit as follows:

in thousands €	**31.12.2017**	**31.12.2016**
Result before income taxes	34,554	104,346
Income tax expense/gain calculated at 33.99%	11,745	35,467
Effect of different tax rates in other jurisdictions	-850	-11,000
Effect of non-deductible expenses	4,813	1,720
Effect of revenue that is exempt from taxation	-7,383	-2,497
Effect of use/recognition of previously unrecognized tax losses	-972	-410
Effect of current year losses for which no DTA is recognized	9,187	3,547
Effect of tax incentives not recognized in the income statement	-715	-865
Effect of under/over-accrued in previous years	4,458	70
Effect of change in local tax rates	-7,826	176
Release of cumulated DTL balance re. step-up operation H1 2016		-18,753
Effect of reversal DTL re. sale of Retail Leuven	-1,150	
Other	-211	142
INCOME TAX EXPENSE RECOGNISED IN INCOME STATEMENT	**11,096**	**7,597**

The theoretical tax rate used for the above reconciliation is the statutory corporate tax rate of 33.99% payable by corporate entities in Belgium on taxable profits under tax law.

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

In connection with the recently enacted change of Belgian tax rates (as from 1 January 2018 onwards) cumulated deferred tax balances have been re-calculated at the rate of 25% (vs. 34% previously). This has resulted in a (deferred) tax gain of approx. 5.5 MEUR in the 2017 income statement. In addition, deferred tax impact on current year's (Belgian) timing differences has been recognized at 25% (with an additional impact of 2.3 MEUR).

Last year's release of DTL balances to the P&L related to the step-up operation (see also note 1.16) which took place during the first half of 2016. Released balances related to the accumulated deferred tax liabilities which were formerly recognized on the fair values of the Warsaw Spire and Grzybowska 77 projects at the moment of the step-up operation.

The Hub, Warsaw

27. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

27.1. (BANK) GUARANTEES

All external borrowings of the Investment Holding are secured by corporate guarantees and/or surety ship agreements issued by the respective sub-holding (Ghelamco Invest NV, Safe Holding Belgium NV or Granbero Holdings Ltd.). These guarantees cover mostly cash deficiency risk, cost overrun, completion risk and interest & repayment shortfall risk. No calls on the guarantees were made in 2017 and 2016.

Company	Project name	Amount of bank loan-books (KEUR/KUSD)		Corporate guarantees as per 31/12/2017 (KEUR)	
BELGIUM					**Guarantee by Ghelamco Invest NV**
Waterview	Waterview	EUR	1,049	1,049	Cash deficiency guarantee, subordination declaration
Leuven Student Housing					
WRP	Wavre Retail Park	EUR	5,906	5,906	Cash deficiency guarantee
Leisure Property Invest	Golf Knokke Zoute	EUR	17,500	5,000	Corporate Guarantee, cash deficiency, cost overrun
Zeewind	Zeewind	EUR	327	327	Corporate Guarantee, cash deficiency
Bischoffsheim Freehold	Spectrum	EUR	1,620	1,620	Corporate Guarantee, cash deficiency
Belalan Bischoffsheim Leasehold	Spectrum	EUR	9,318	9,318	Corporate Guarantee, cash deficiency
Louise Freehold	Edition	EUR	79	79	Corporate Guarantee, cash deficiency
Belalan Louise Leasehold	Edition	EUR	5,283	5,283	Corporate Guarantee, cash deficiency
MeetDistrict Gent	MeetDistrict Gent	EUR	17,940	5,000	Corporate Guarantee, cash deficiency, cost overrun
Ring Multi	part Ghelamco Arena	EUR	10,515	4,000	Corporate Guarantee, cash deficiency
R.H.R.- Industries	Carlton	EUR	10,270	10,270	Corporate Guarantee, cash deficiency, cost overrun
Kubel	The Link	EUR	4,500	4,500	Corporate Guarantee, cash deficiency
Construction Link	City Link	EUR	18,960	18,960	Corporate Guarantee, cash deficiency, shares pledge
Ring Hotel	Ring Hotel	EUR	16,718	16,718	Corporate Guarantee
Dianthus	Arval Site	EUR	2,400	2,400	Corporate Guarantee, cash deficiency, shares pledge
Filature Retail	Tribeca	EUR	3,412	3,412	Corporate Guarantee, cash deficiency, shares pledge
Graminea	Helix Towers	EUR	7,500	7,500	Corporate Guarantee, shares pledge
POLAND					**Guarantee by Granbero Holdings Ltd.**
The HUB SKA	HUB	EUR	9,241	65,000	Corporate guarantee
Wronia SKA	Wronia	EUR	24,400		Suretyship, cash deficiency
SBP SKA	Wroclaw Business Park	EUR	5,850	5,850	Corporate guarantee, cash deficiency
Foksal SKA	Foksal	EUR	4,276	4,276	Corporate guarantee, cash deficiency
Sobieski Sp.k.	Sobieski Towers	EUR	1,914		Suretyship, cash deficiency
Isola SKA	Grzybowska 77	EUR	4,210		Suretyship agreement
Vogla SKA	Plac Vogla	EUR	4,706	4,706	Corporate Guarantee
Dahlia SKA	Woloska 24	EUR	32,680		Suretyship and cash deficiency
Postepu SKA	Postepu	EUR	3,357		Suretyship agreement
RUSSIA					**Guarantee by Safe Holding Belgiuim**
BelyRast	Dmitrov Logistics Park	USD	90,942	4,000	support deed re. cash deficiency guarantee (and in the event of default by Safe Holding Belgium, by Ghelamco Group)

No corporate guarantees were given by the Investment Holding to ensure repayment of the bank loans of the related parties under the common control of the ultimate beneficial owners at 31 December 2017 (but not part of the Investment Group).

The Investment Holding does not apply cross liability, meaning that Ghelamco Invest NV, Safe Holding Belgium NV and Granbero Holdings Ltd do not guarantee loans of affiliates belonging to other internal holdings.

Senator, Warsaw

27.2. REPRESENTATIONS AND WARRANTIES PROVIDED WITH RESPECT TO THE REAL ESTATE PROJECTS SOLD

Each and every respective seller of shares in the Investment Holding acts as a guarantor with respect to the representations and warranties contained in the real estate sales contracts concluded in the past. This mainly concerns representations regarding the title on shares, property, financial matters, tax matters and contractual matters. The resp. sellers' liability for the breach of these representations and warranties generally covers a period of 2 to 3 years from the date of sale (except representations regarding the tax matters covering the period of five to seven years in accordance with local statutory requirements).

Management's past experience shows that the resp. sellers received very limited amounts of warranty claims on its properties. Based on its assessment of the risk, the Investment Holding has not deemed it necessary to recognize any provision for representations and warranty obligations.

27.3. GUARANTEES RECEIVED FROM THE CONTRACTORS

The statutory warranty obligations born by construction service providers cover the risk of structural and other defects of the properties. Construction service providers (including related parties of the Investment Holding) have a legal obligation to remediate any construction defects that become apparent within the first five years (in Poland; and up to ten years in Belgium and Ukraine) after completion of the construction for structural elements. Shorter guarantee periods apply for other elements, depending on the nature of such elements (each sub-contractor bears similar "back-to-back" obligations).

27.4. SECURITIES ON ASSETS

Special Purpose Vehicles (SPV's) entering into external financing are offering following collateral:

- first ranking ceiling mortgage on the property belonging to the SPV (land + buildings) (limited mortgage amount in Belgium, combined with a power of attorney to establish further mortgages);
- registered pledge on the borrower's shares;
- assignment of most receivables (inter alia leases, rents, sales, performance bonds, insurance income, …);
- cash deficiency/cost overrun (letter of comfort) by the shareholder (if applicable);
- submission to execution (only for Polish projects).

No cross guarantees on assets have been granted by the different SPV's, nor other types of surety ships, cost overruns or debt service commitments.

28. COMMITMENTS

28.1. (CAPITAL) COMMITMENTS

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

	2017	2016
Architectural and Engineering contracts	16,133	10,697
Construction contracts	208,872	294,796
Purchase of land plots		1,062
Purchase of shares (connected with landbank)		5,547
Total	**225,005**	**312,102**

At 31 December 2017, the Investment Holding has entered into a number of contracts with third parties for the acquisition of the following assets (land plots) or shares:

BINDING CONTRACTS

- Poland: None for plots of land for residential/commercial property development
- Belgium: None significant per end 2017

NON-BINDING CONTRACTS

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

As an investor in commercial and residential properties, the Investment Holding is committed to continue investment in properties in different countries under the contracts with construction companies, often in cooperation with related parties of the Investment Holding.

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

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

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

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

- Wronia (approx. 15,400 sqm office space): 1,516 KEUR
- The Warsaw Hub (approx. 113,000 sqm mixed project): 161,026 KEUR
- Tribeca mixed project in Ghent: 6.5 MEUR construction contracts in total (related party agreements)
- Ring Hotel project in Gent: 17.5 MEUR construction contracts in total (related party agreements)

28.2. OPERATING LEASE COMMITMENTS (LAND LEASE RIGHTS)

	Poland		Russia	
	2017	2016	2017	2016
Within 1 year	1,102	904	236	210
After 1 year but not more than 5 years	4,481	3,687	943	841
More than 5 years	74,381	62,871	7,494	7,075
	79,964	**67,462**	**8,673**	**8,127**

The Investment Holding has entered into non-cancellable operating leases for the land rights with basic lease terms ranging from 49 years (Russia) to 99 years (Poland). All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.
No such leases occur in Belgium or in Ukraine, where land is held under freehold.

28.3 RENTAL GUARANTEES

POLAND

In connection with the sale of the Warsaw Spire in June 2017, rental guarantee agreements have been closed with the SPVs holding the A and C building for a period of 60 months.

In connection with the sale of two office projects in 2014 (Marynarska 12/T-Mobile Office Park and Lopuszanska Business Park), rental guarantee and master lease agreements have been closed for resp. the (at the time of the sale) not leased office and parking space. Rental guarantee agreements have a period of 60 months, master lease agreements have a 84 months period.

In this respect, a rental guarantee provision of 4,300 KEUR in total has been recognized in the consolidated financial statements at 31/12/17 (vs. 2,000 KEUR at 31/12/2016).

BELGIUM

In connection with the sale of the L-Park project in 2014 to AXA Belgium, a master lease agreement has been closed for the (at the time of the sale) not leased office space. The master lease agreement has a period of 9 years.
In connection with the sale of the Retail Leuven project in June 2017 to a third party investor, a master lease agreement has been closed for the not leased space. The master lease agreement has a period of 2 years.

In this respect, a (total) rental guarantee provision of 250 KEUR has been recognized in the consolidated financial statements at 31/12/17.

Edition, Brussels

29. RELATED PARTY TRANSACTIONS

The Investment Holding is together with the Development Holding and the Portfolio Holding – related parties – under common control of the ultimate beneficial owners, Mr. & Mrs. Gheysens.

Balances and transactions between the Company and its subsidiaries have been eliminated in consolidation and are not disclosed in this note. Details of transactions between the Investment Holding and other related parties (belonging to the Development Holding, the Portfolio Holding and GEPF) are described below.

29.1. RELATIONSHIPS WITH THE DIRECTORS AND MANAGEMENT

For the year ending 31 December 2017, the Consortium (of which the Group is part) paid a total amount of approx. 10,000 KEUR (vs. 10,000 KEUR last year) to the members of the board and management committee. This amount includes management service fees charged by the Management Committee members to the legal entities included in the scope of these consolidated financial statements.

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

29.2. TRADING TRANSACTIONS: PURCHASE OF CONSTRUCTION, ENGINEERING AND OTHER RELATED SERVICES FROM RELATED PARTIES

CONSTRUCTION AND DEVELOPMENT SERVICES

The Investment Holding has entered into property development and construction contracts with property development and construction companies ("Contractors") – the indirect subsidiaries of the Development Holding:

- Ghelamco Belgium with its registered office in Ypres;
- Ghelamco Poland with its registered office in Warsaw;
- Ghelamco Russia with its registered office in Moscow and
- Ghelamco Ukraine with its registered office in Kiev.

Each of these entities provide services to the real estate companies of the Investment Holding in their respective geographical areas, in accordance with the terms of the property development contracts, including but not limited to:

- obtaining pre-approvals and design documents necessary to the development of the project;
- performing construction works in accordance with the required permits, approvals, regulations, plans and specifications;
- ordering materials and equipment necessary for completion of the construction works;
- entering into contracts with utility providers, other entities and authorities, enabling exploitation of the constructed buildings;
- obtaining required occupancy permits and/or socio-economical permits;
- ensuring compliance with local regulations, namely regarding safety, fire protection, labour and health conditions, construction law;


Doornstraat, Kortrijk

- maintaining insurance in relation to the construction works throughout the entire construction period.

In accordance with the conditions of the property development contracts, the Contractor has the right to use building sites during the entire period of construction. The Contractor transfers this right to use the site, together with the constructed buildings, to the Investment Holding after the occupancy permit has been granted by the local authorities or after signature of the building's delivery protocol between the Investment Holding's real estate company and the Contractor. The Contractor retains an obligation to remedy all defects noted in the minutes of hand-over from the Investment Holding to the tenants (when tenants take possession of their premises).

Construction service providers (including Contractors) in Belgium, Poland and other countries have a legal obligation to bear repair costs of any construction defects that become apparent within a warranty period after the construction is completed. The Contractors have an obligation to remedy all structural construction defects that become apparent during the statutory warranty period of 10 years in Belgium and Ukraine and 5 years in Poland and Russia.

The price for the construction and other related services is the fixed price agreed at the inception of the contract. The payments are executed based on the invoices issued on a bi-weekly to monthly basis. With regards to completed and handed-over works, the parties sign a works protocol every fortnight to month after approval by an independent project monitor appointed by the external financial party. The prices for the services reflect normal commercial terms and conditions in each territory, with average margins of around 10% to 20%.

ENGINEERING AND ARCHITECTURAL DESIGN SERVICES

APEC Architectural Engineering Projects Limited (a limited liability company registered under the laws of Ireland) and Safe Invest Sp. z o.o (a limited liability company registered under the laws of Poland), both direct and indirect legal subsidiaries of the Developm ent Holding) coordinate engineering and architectural design services provided to the Investment Holding in accordance with terms of the respective contracts. Purchases of services from Apec Ltd and Safe Invest Sp. z o.o comprise a significant part of all engineering, architectural design and other related services acquired by the Investment Holding. These services include:

- detailed functional, technical, structural and surface-related programmes and finishing work;
- assistance in selection of engineers in charge of assignments;
- detailed preliminary architectural project and establishment of the building project in accordance with the local statutory requirements;
- establishment of all documents, permit application and verification and obtaining all approvals required to submit a building permit application and submission of a building application;
- detailed architectural implementation plan, coordination of the technical studies, definition of specifications and details;
- supervision of the work during the entire construction period;
- assistance during the preliminary acceptance and with obtaining the operating permit;
- commercial costs;
- legal and financial advisory.

The price of these services is determined during the feasibility phase of the property development project as a function of the investment value of the project (excluding cost to acquire land) and is usually fixed at 11.5% of the construction value of the project. This fee is paid by a real estate investment entity upon achievement by Apec Ltd or Safe Invest Sp. z o.o of the milestones agreed in the contract (approval of the preliminary design, submission of the building permit file, implementation file, achievement of commercial goals, etc). The prices for the services reflect normal commercial terms and conditions in each territory.

29.3. ACQUISITIONS AND DISPOSALS OF SHARES AND OTHER RELATED PARTY TRANSACTIONS

2017

On 29 June 2017, the Warsaw Spire project was sold to Ghelamco European Property Fund NV at a transaction value of 540 MEUR in total. For this purpose, Granbero Holdings Ltd entered into an agreement with Ghelamco European Property Fund NV to sell 100% of the shares in Stareti Holdings Ltd (in turn parent company of the SPVs holding the (3 parts of the) Warsaw Spire project).

In the course of 2017 (100% of) the shares of Milovat Ltd (empty shelf company) have been acquired by the Company for an amount of 1 KEUR. As of end November 2017, the capital of Milovat Ltd has been increased through contribution in kind by Granbero Capital SA (Luxemburg branch of Granbero Ltd) of its portfolio of intercompany loans receivables (and related outstanding interest receivables) by an amount of 480 MEUR. Subsequently, Granbero Capital SA has been closed, resulting in the fact that Granbero Capital's participation in Milovat has been allocated to the Company and that from 30 November 2017 onwards the former (interco) financing activities of Granbero Capital SA have been taken over by Milovat Ltd.

Also in 2017, the Cromme Bosch site (high-end residential site in Knokke-Zoute) has been sold to Deus Comm. VA, for a total amount of 12,310 KEUR; an at arm's length transaction closed in the normal course of business. In addition, there has been a purchase price adjustment on the sale of the Dacar site to Ghelamco European Property Fund NV for an amount of 4,935 KEUR.

For the remainder, no other significant transactions with related parties took place in 2017.

2016

Except for:

- the acquisition of the remaining 60% of Apollo shares through contribution in kind by Elzenwalle and the restructuring transactions as described in section 4.1 of this report,
- the liquidations of Expert Invest and Industrial Invest and the merger of ACG1 Sp. z o.o. into Tilia SKA as described in section 4.3 of this report,
- the disposal of the projects on the Dacar site in Ghent, which have been sold to Ghelamco European Property Fund. The share price was based on the underlying fair values of the resp. real estate projects as of 31 December 2016 (i.e. 124.3 MEUR in total),

there were no other share transactions or other significant transactions with related parties in 2016.

OTHER

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

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

	31/12/2017	31/12/2016
Purchases of construction, engineering and architectural design:	-129,596	-106,140
related party trade receivable	5,060	6,850
related party trade accounts payable	-19,465	-7,193
related party non-current loans receivable	220,374	40,912
related party interests receivable	33,783	21,455
related party C/A receivable	111,888	107,717
related party non-current other receivable	-	2
related party non-current loans payable	-3,094	-998
related party interests payable	-1,775	-1,619
related party C/A payable	-5,376	-4,030

Current year's increased related party purchases (and related party payables) mainly relate to construction works on the projects under development.
With respect to the increased related party C/A receivable, further reference is made to note 11.1.

30. EVENTS AFTER BALANCE SHEET DATE

Reference is made to the Eurostadium note in section 10 of this report.
For the remainder, no significant events are to be mentioned.

31.
AUDITOR'S
REPORT

Deloitte.

Ghelamco Group Comm. VA

Statutory auditor's report to the shareholders' meeting for the year ended 31 December 2017 – Consolidated financial statements

Statutory auditor's report to the shareholders' meeting of Ghelamco Group Comm. VA for the year ended 31 December 2017 – Consolidated financial statements.

In the context of the statutory audit of the consolidated financial statements of Ghelamco Group Comm. VA ("the company") and its subsidiaries (jointly "the group"), we hereby submit our statutory audit report to you. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These reports are one and indivisible.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 28 June 2017, in accordance with the proposal of the board of directors. Our mandate will expire on the date of the shareholders' meeting approving the consolidated financial statements for the year ending 31 December 2019. We have performed the statutory audit of the consolidated financial statements of Ghelamco Group Comm. VA for 10 subsequent years.

Report on the audit of the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the group, which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated statement of financial position shows total assets of 1 791 808 (000) EUR and the consolidated income statement shows a consolidated net profit (part of the group) for the year then ended of 22 058 (000) EUR.

In our opinion, the consolidated financial statements of Ghelamco Group Comm. VA give a true and fair view of the group's net equity and financial position as of 31 December 2017 and of its consolidated results and its consolidated cash flow for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the consolidated financial statements" section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Without modifying the unqualified opinion expressed above, we draw your attention to note 10 of the financial statements which describes the uncertainty regarding the realization of the Eurostadium and/or the recoverability of the related capitalized amounts.

Responsibilities of the board of directors for the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements the board of directors is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the group or to cease operations, or has no other realistic alternative but to do so.

Responsibilities of the statutory auditor for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Report on other legal and regulatory requirements

Responsibilities of the board of directors

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

Responsibilities of the statutory auditor

As part of our mandate and in accordance with the Belgian standard complementary (Revised in 2018) to the International Standards on Auditing (ISA), our responsibility is to verify, in all material respects, the director's report on the consolidated financial statements, as well as to report on this matter.

Aspects regarding the directors' report on the consolidated financial statements

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for the period ended 31 December 2017 and it has been established in accordance with the requirements of article 119 of the Companies Code.

In the context of our statutory audit of the consolidated financial statements we are also responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the consolidated financial statements is free of material misstatement, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such material misstatement. We do not express and will not express any kind of assurance on the directors' report on the consolidated financial statements.

Statements regarding independence

- No prohibited non-audit services, as referred to by the law, have been performed and our audit firm and, if applicable, our network of audit firms, remained independent from the company during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit of the consolidated financial statements, as defined in article 134 of the Companies Code, will be disclosed and disaggregated in the notes to the consolidated financial statements of the consortium Ghelamco Group Comm. VA.

Zaventem, 30 March 2018

The statutory auditor

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

Deloitte.