Ghelamco Invest

NV

IFRS Consolidated Financial Statements at 31 December 2016

Approved by the Board of Directors

with the Independent Auditor's opinion

Contents

I. General information and performance

1. Business activities & profile

Ghelamco Invest NV (as the Belgian legal entity with all its subsidiaries) represents the Belgian and Western European activities of Ghelamco Group Comm. VA, a leading European real estate investor active in the offices, residential, retail and logistics markets.

Ghelamco maintains a high quality internal control with respect for agreed milestones over all its project development phases: land purchase, planning, coordinating the construction phase and sale or lease. Its projects combine prime and strategic locations with efficient and aesthetically inspiring designs and correct timing.

Ghelamco group's successes on the Belgian, French, Polish, Ukrainian and Russian markets are generated by the group's professional and enthusiastic staff that is driven by the vision and passion of its management.

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

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

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

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

2. Legal status

Ghelamco Invest NV is the holding company of the Belgian and Western European activities of Ghelamco Group Comm. VA, which is in turn the holding company of the **Investment Holding.** Besides its holding activities, Ghelamco Invest also has direct stakes in real estate projects.

Ghelamco Invest, together with its subsidiaries (jointly referred to as the **"Company"**) (Note 5), constitute the reporting entity for the purpose of these financial statements.

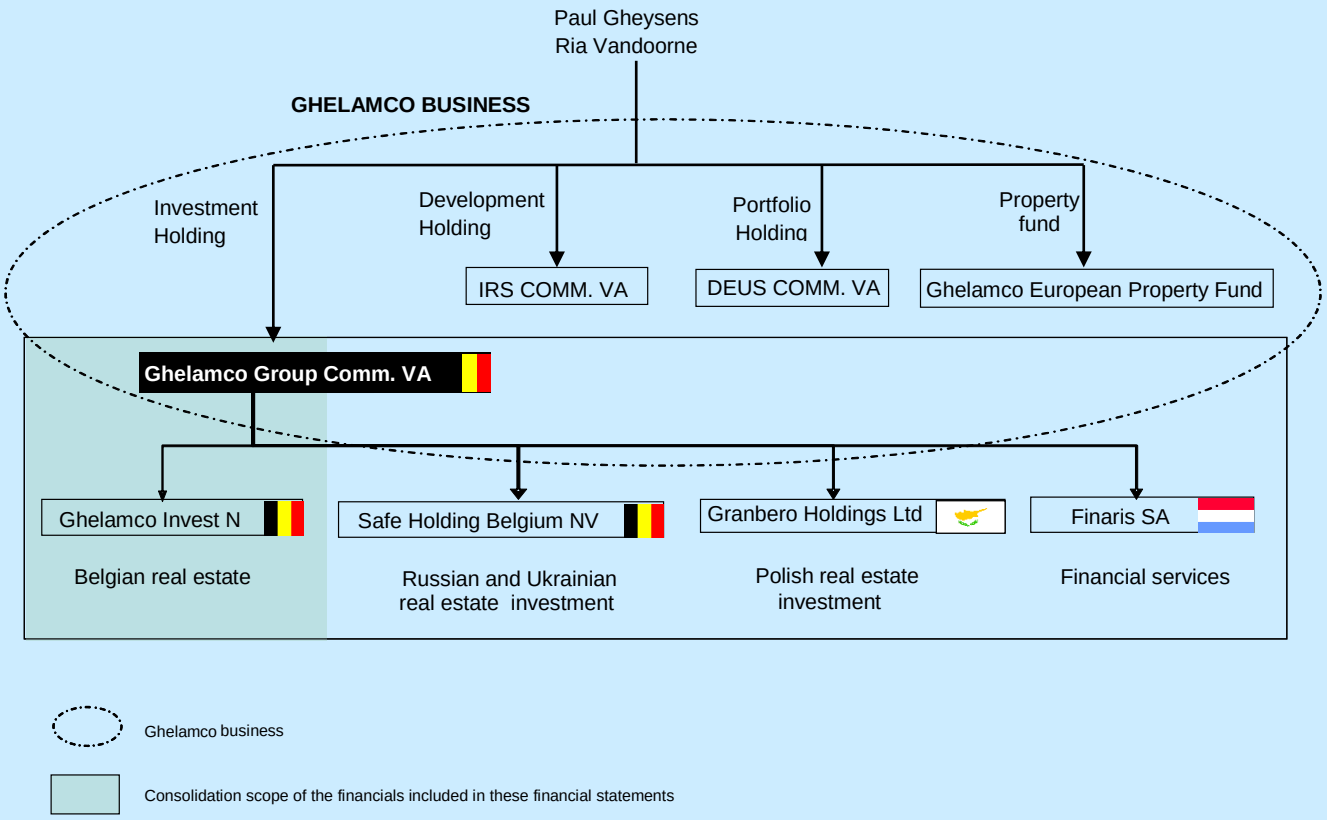
Ghelamco Invest is a limited liability company registered under Belgian law, with its registered office at Zwaanhofweg 10, 8900 Ieper, Belgium.

Ghelamco Invest is registered in the Belgian commercial register under the number BE0431.572.596.

3. Consolidation scope

These consolidated financial statements comprise the resources and activities of Ghelamco Invest and its legal subsidiaries (the Company).

At 31 December 2016 (the reporting date), all the assets and liabilities of the reporting entity (Ghelamco Invest and its direct and indirect legal subsidiaries) are legally linked through a corporate structure that was introduced in 2006 and was accomplished prior to 31 December 2007 (overview in Note 5).
All assets, liabilities, income and expenses that represented an integral part of the Company activities, are included in the accounts of the legal subsidiaries of Ghelamco Invest at 31 December 2016 and at 31 December 2015.



4. Staffing level

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

5. Board and management committee

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

Members of the board:

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

The Company's Management consists of:

Mr. Paul Gheysens (Chief Executive Officer)
Mr. Simon Gheysens (board member)
Mr. Michael Gheysens (board member)
Mr. Philippe Pannier (Chief Financial Officer)
Mr. Chris Heggerick (Chief Operational Officer)

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

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

6. Business environment and results

<u>2016 performance and results</u>

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

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

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

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

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

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

2016 expansion and investment activities mainly related to:

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

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

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

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

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

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

As to divestures/revenues:

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

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

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

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

Main post balance sheet events

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

Outlook

It is the Company's strategy to further diversify its investment portfolio by spreading its investments over different real estate segments.
For 2017, the Company will continue this strategy. In addition, it will closely monitor specific evolutions in its active markets and real estate segments. Considering its sound financial structure and the expected further market evolutions (in terms of tenant activity and evolution in yields), the Company is confident to achieve its goals for 2017 in general.

7. Notice to the reader

This document presents the IFRS Consolidated Financial Statements for the year ended on 31 December 2016, assuming the going concern of the consolidated companies.

As per today, the Company's core business is the investment in commercial and residential properties. The Company's strategy is to keep commercial property in portfolio for rental purposes while residential properties are dedicated for sale.

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

As such, residential properties are presented as Property Development Inventories.
Most of the commercial property is presented as Investment Property. We refer to the Notes 6 and 8 in Part II for more details on their presentation.

II. IFRS Consolidated Financial Statements

These IFRS consolidated financial statements at 31 December 2016 were approved by the Company's Board of Directors on 29 March 2017. The amounts in this document are expressed in thousands of EUR (KEUR), unless stated otherwise.

A. Consolidated statement of financial position (in KEUR)

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

Consolidated statement of financial position (cont'd)

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

B. Consolidated income statement and consolidated statement of comprehensive Income

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

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

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

C. Consolidated statement of changes in equity

Consolidated statement of changes in equity per 2016

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

D. Consolidated cash flow statement

Consolidated cash flow statement for 2016 and 2015

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

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

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

E. Segment information

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

1. Summary of significant accounting policies

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

1.1. Introduction

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

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

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

1.2. Basis of preparation

These consolidated financial statements include those of the Company and its subsidiaries. The consolidated financial statements were approved for issue by the Board of Directors on 29 March 2017. The consolidated financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards (“IFRS”) as adopted by the European Union at 31 December 2016. The Company has adopted all new and revised standards and interpretations relevant for its activities and which became applicable for the financial year starting 1 January 2016.

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

1.3. Standards and Interpretations that became applicable in 2016

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

- None

Standards and Interpretations that became effective in 2016

- Improvements to IFRS (2010-2012) (applicable for annual periods beginning on or after 1 February 2015)
- Improvements to IFRS (2012-2014) (applicable for annual periods beginning on or after 1 January 2016)
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception (applicable for annual periods beginning on or after 1 January 2016)
- Amendments to IFRS 11 Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations (applicable for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 1 Presentation of Financial Statements – Disclosure Initiative (applicable for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 16 and IAS 38 Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation (applicable for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 27 Separate Financial Statements – Equity Method (applicable for annual periods beginning on or after 1 January 2016)

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

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

1.4. Standards and Interpretations issued but not yet effective

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

- IFRS 9 Financial Instruments and subsequent amendments (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)
- IFRS 14 Regulatory Deferral Accounts (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU)
- IFRS 15 Revenue from Contracts with Customers (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)
- IFRS 16 Leases (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)

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

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

1.5. Principles of consolidation

1.5.1. Consolidation scope

The entities included in the consolidation scope are those that are under control of the Company on 31 December 2016 and on 31 December 2015 (see Notes 4 and 5). Control is achieved when the Company

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

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

The transactions, balances and unrealized gains and losses between these legal entities are deemed to be intra-group transactions and are eliminated in full.
The transactions with other entities owned directly or indirectly by the ultimate beneficial owners of the Company are deemed transactions with related parties and are not eliminated, but are presented as balances and transactions with related parties in Note 24.

1.5.2. Acquisition of subsidiaries

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

During the course of 2016 and 2015, there were no acquisitions of subsidiaries that qualified as an acquisition of a business as defined in IFRS 3 “Business Combinations”.

1.5.3. Sale of subsidiaries

As was the case in the past, the 2016 and 2015 business of the Company consists of developing commercial and residential real estate projects. Commercial properties are held for lease. Residential properties are offered for sale.

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

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

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

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

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

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

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

1.5.4. Increase in ownership interests in subsidiaries

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

1.5.5. Foreign currency translation

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

Foreign currency transactions

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

Foreign entities

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

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

1.5.6. Hyperinflationary economies

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

1.6. Property, plant and equipment

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

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

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

The applicable useful lives are:

Tangible fixed assets	Years
Buildings	20 to 40
Vehicles	5
Equipment	5 to 10

1.7. Finance leases

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

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

1.8. Impairment of assets

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

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

1.9. Investment Property

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

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

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

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

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

The above stages can again be divided in 2 main categories:
Investment Properties under construction (A), (B), (C)

The fair value of the land is determined based on the following methods:
1. Based on comparative method;
2. Based on realizable m²;
3. Based on residual method.

In assessing the fair value, the Company considers whether both following conditions have been met:
- Building permit on the property has been obtained and
- Binding lease agreements have been signed for over 40% of the net leasable area of the property.

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

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

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

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

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

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

Completed Investment Properties (D)

Investment Properties are considered completed as from the moment the project is delivered.

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

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

1.10. Non-current assets held for sale and discontinued operations

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

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

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

1.11. Property Development Inventory

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

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

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

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

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write-down is necessary when the net realizable value at balance sheet date is lower than the carrying value. The Company performs regular reviews of the net realizable value of its Property Development Inventory.

The most recent review indicated that the global net realizable value of the Property Development Inventory of the Company exceeded its carrying amount measured on a historical cost basis in these IFRS consolidated financial statements (Note 8).

1.12. Trade and other receivables

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

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

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

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

1.13. Financial assets

The Company classifies its financial investments in the following categories: financial assets at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the intention of the investment's acquisition. Management determines the investments' classification at initial recognition and re-evaluates this designation on every reporting date.

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

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

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

For an overview of financial assets (and liabilities) by category in accordance with IAS39, reference is made to note 14 below.

1.14. Cash and cash equivalents

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

1.15. Share capital

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

Dividends are recognized as a liability only in the period in which they are approved by the Company’s shareholders.

1.16. Current and deferred income taxes

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

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

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

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

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

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

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

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. A deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized (Note 15).

1.17. Trade and other payables

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

1.18. Borrowings

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

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

1.19. Revenue recognition

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

Sale of Property Development Inventory

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

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

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

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

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

Revenue from the sale of investment property is recognized when all the following conditions have been satisfied:
(a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
(b) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
(c) the amount of revenue can be measured reliably;
(d) it is probable that the economic benefits associated with the transaction will flow to the entity;
(e) the costs incurred or to be incurred relating to the transaction can be measured reliably.

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

2. Financial risk management

2.1 Financial risk factors

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

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

2.1.1 Foreign exchange risk

To the extent the Company enters in transactions in foreign currencies, other than its functional currency, being the Euro, it is subject to the following currency exchange risks: (i) the foreign currency transaction risk: which occurs when a member of the Company enters into a transaction where the settlement of the transaction occurs in a currency other than the functional currency of that member of the group; and (ii) the foreign currency translation risk: which occurs at the translation of the foreign operations of the group into Euro.

A change in exchange rates or authorities imposing exchange controls could affect the Company's business, financial condition, results and prospects.

However, since Ghelamco Invest and its subsidiaries exclusively operate in Belgium and Western Europe, such currency risk is very limited to not applicable.

The Company concludes all financing, engineering, architectural and construction contracts in Euro; leasing of the properties is in Euro and eventual later disposal of assets or shares are also expressed and negotiated in Euro.

2.1.2 Interest rate risk

The Company actively uses external and related party borrowings to finance its property projects. A property project's external financing is either in the form of a bank loan or a bond issue denominated in Euro (see Note 13).
The Company did not enter into external interest rate hedging transactions to eliminate exposure arising from the long term investment loans over the last 5 years. The Company's management closely monitors the short-term floating rate borrowings and medium term fixed interest rates.

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

- Land acquisition loans (usually provided for a term of two years). The interest is payable at market floating rates (from 1 up to 6 months) increased by a margin.

- Construction loans provided until completion of construction and obtaining of the exploitation permit (usually for a term of about two years). The interest is payable at market floating rates (from 1 up to 6 months) increased by a margin. The land acquisition loan is at this stage integrated in the construction loan.

- Once the property is completed, leased and meets all ongoing covenants, the construction financing is swapped into an investment loan, usually provided for a period of five years beginning from the signing of the investment loan agreement and repayable gradually with rental income or fully upon sale of the property. The banks are usually willing to offer investment loans up to an amount that reflects 65% to 70% of the property's market value. The interest is usually a mix of floating and fixed rates. In addition, the capital is amortized at a level between 4% and 7% per annum (on average), usually payable on a quarterly basis together with the accrued interest.

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

The Company may also actively use related party borrowings provided by the Investment Holding Financing Vehicles acting as financial intermediaries (mainly Peridot SL at 31 December 2016 and 31 December 2015) to finance the property projects in Belgium and France. These related party loans bear interest at market floating interest rates.

For sensitivity analysis, reference is made to disclosure 13 on interest-bearing loans and borrowings.

2.1.3 Operational risk (price risk in first instance)

Price risk
Raw materials, supplies, labour and other costs directly related to the construction process constitute a major part of the property development assets capitalized in the accounts of the Company's project companies.
Although construction prices may substantially vary during each accounting year, the Company succeeds in reducing its operational risk by either entering into fixed price contracts or into open book contracts with related and unrelated companies.
Most property projects are realized in cooperation with parties related to the Company (see Note 24.2).

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

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

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

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

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

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

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

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

2.1.4 Credit risk

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

For further analysis, reference is made to note 9.

2.1.5 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to meet the Company's liquidity needs. Due to the dynamic nature of the underlying business activities, the Company actively uses external and related party funds to ensure that adequate resources are available to finance the Company's capital needs. The Company's liquidity position is monitored by management, based on 12 months rolling forecasts.

The maturity analysis for financial liabilities that shows the remaining contractual maturities is presented in Note 13.

We also refer to note 10 and note 13.4 where the available financing is described.

2.2 Capital risk and balance sheet structure management

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

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

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

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

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

	2016	**2015**
Equity	210,408	185,193
Net related party loans payable	-3,122	-1,782
Total assets	605,547	621,359
Solvency ratio	**34%**	**30%**

3. Critical accounting estimates and judgements

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

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

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

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

Impairment of inventory

The risk of impairment arises from uncertainties typical to the real estate industry. At the balance sheet date no impairment losses and/or write-offs to net realizable value have been recognized on the inventory.

Income taxes

The Company operates within a complex (inter-)national legal and regulatory environment. Deferred tax is determined based on each legal entity's tax position and is reviewed on each balance sheet date to take account of the impact of changes in the tax laws and the probability of recovery.

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

Belgium:	33.99%
France:	33.33%

Fair value estimation

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

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

In conformity with IAS39 and to the extent applicable, all derivatives are recognized at fair value in the balance sheet.

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

4. List of subsidiaries

Ghelamco Invest subsidiaries included in these IFRS consolidated financial statements are as follows:

Entity description	Country	31/12/2016 % voting rights	31/12/2015 % voting rights	Remarks
Ghelamco Capital (Branch)	LU	n/a	n/a	
Ghelamco Invest NV	**BE**	**99**	**99**	*
The White House Zoute NV	BE	99	99	*
Dock-Site NV	BE	99	99	*
Dianthus NV	BE	99	99	*
Nepeta NV	BE	99	99	*
Eurostadium Events NV (former De Leewe III NV)	BE	99	99	*
Eurostadium Park NV (former Immo Simava 13 NV)	BE	99	99	*
Leisure Property Invest NV	BE	99	99	*
Waterview NV	BE	99	99	*
Retail Leuven NV (former Estate of the Art NV)	BE	99	99	*
Leuven Student Housing NV	BE	99	99	*
Parking Leuven NV (former Ring Congress Centre NV)	BE	99	99	*
Wavre Retail Park NV	BE	99	99	*
RHR-Industries NV	BE	99	99	*
Zeewind NV	BE	99	99	*
Docora NV	BE	99	99	*
Ring Multi NV (former Ring Retail NV)	BE	99	99	*
MeetDistrict Gent NV	BE	99	99	*
Retail Gent NV	BE	0	99	4.2
Parking Estates NV	BE	0	99	4.2
Parking Gent NV	BE	0	99	4.2
Arte Offices NV	BE	0	99	4.2
Schelde Offices NV	BE	0	99	4.2
Ring Offices NV	BE	99	99	*
Ring Hotel NV	BE	99	99	*
Forest Parc NV	BE	99	99	*
Belalan Bischoffsheim Leasehold NV	BE	99	99	*
Bischoffsheim Freehold NV	BE	99	99	*
Belalan Louise Leasehold NV	BE	99	99	*
Louise Freehold NV	BE	99	99	*
De Nieuwe Filature NV	BE	99	99	*
Pomme de Pin Expansion SAS	FR	100	100	*
Société Immobilière de Courchevel SARL	FR	100	100	*
Pomme de Pin SAS	FR	100	100	*
Le Chalet 1850	FR	100	n/a	4.3
Brussels Urban Invest NV	BE	99	99	*
Construction Link NV	BE	99	n/a	4.3

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

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

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

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

4.1 Acquisition of subsidiaries

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

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

4.2 Disposal of subsidiaries

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

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

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

4.3 Incorporation of new (shelf) companies

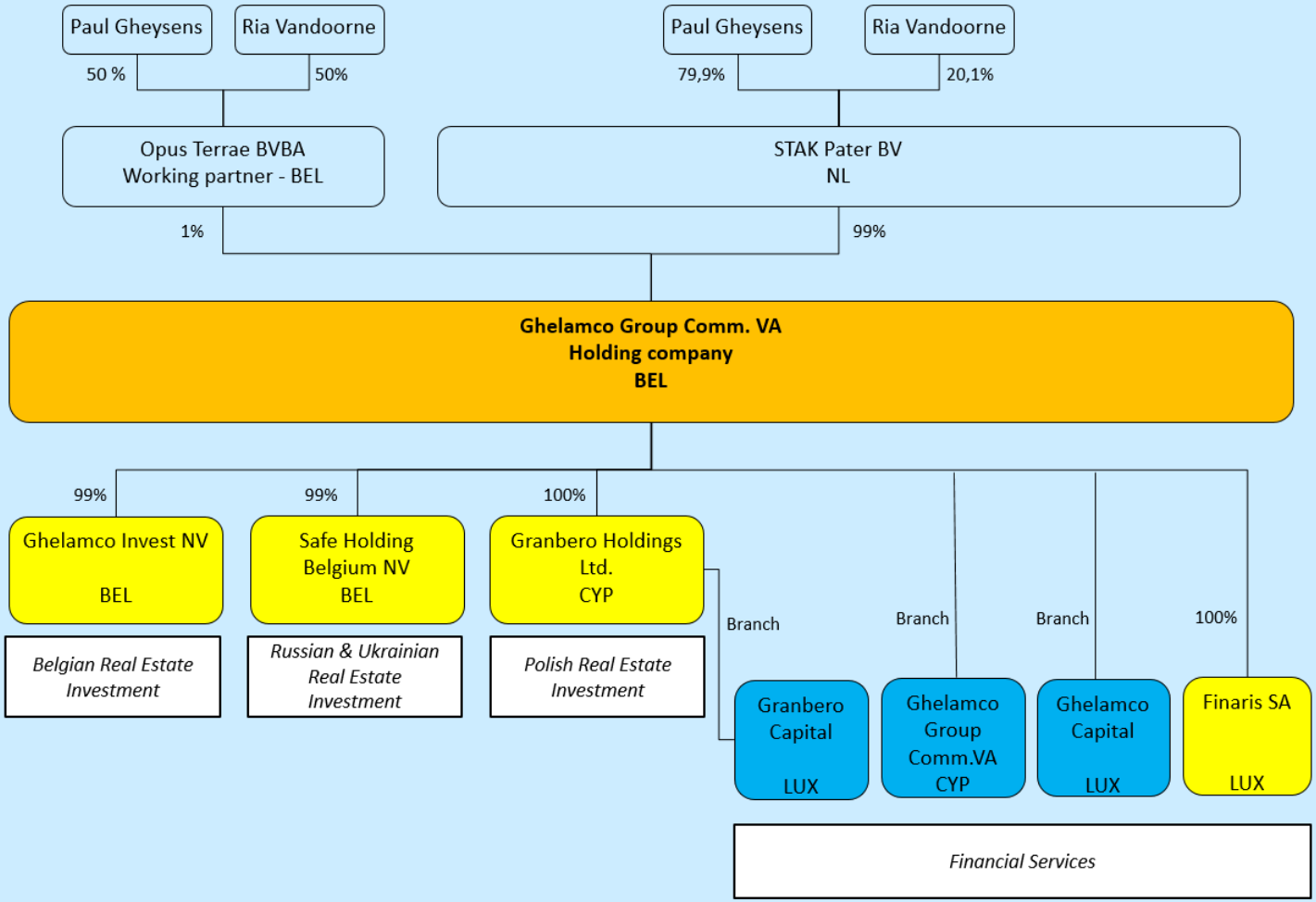
In February 2016, 3 new SPVs (Construction Link NV, Rumilo NV and Caboli NV) have been incorporated for the development of future real estate projects.

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

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

5. Group structure

5.1. Investment Holding as per December 31st, 2016



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

Ghelamco Invest NV
BEL

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

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

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

6. Investment Property

The Company's current strategy is to keep commercial property for rental purposes while residential properties are dedicated for sale.
All plots of land held for undetermined use, or where the management determines that the plot will be used in a project where the building will be rented, are classified as Investment Properties on 31 December 2016 and 31 December 2015.

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

A. Land without pre-permit approval, held for capital appreciation or undetermined use (fair value based on comparative method);
B. Land with pre-permit approval held for development and investment (fair value based on the potential of constructing leasable m²);
C. Land + Construction ongoing (fair value based on the residual method);
D. Completed Projects held for investment.

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

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

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

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

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

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

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

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

	2016	2015
Rental income	9,511	6,919

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

Significant assumptions and sensitivity analysis

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

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

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

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

On 31 December 2016, the Company has a number of income producing investment properties (category D) which are valued at 75,846 KEUR (Ring Multi, Zeewind, Retail Leuven, Parking Leuven and Meetdistrict). An increase/decrease of 100 basis points in the yield, with all other variables held constant, decreases/increases the value by approx. 8,310 KEUR.

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

7. Property, Plant and Equipment

in thousands €	Property, plant and equipment	
	31.12.2016	**31.12.2015**
Cost	671	702
Accumulated depreciation/amortisation and impairment	-579	-577
TOTAL	**92**	**125**

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

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

8. Property Development Inventory

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

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

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

Main part of current year expenditures have been done on the Tribeca project in Ghent (realisation of an approx. 35,000 sqm mixed residential and retail space project in Ghent) and the Eurostadium project.

In addition, there have been some acquisitions of plots/sites:

- Le Chalet 1850, site in Courchevel, France for the development of a residential project;
- The Arval site in Evere (+/- 10.800 sqm) for the future development of a mixed real estate project;
- Land parts in the Carlton site in Knokke-Zoute, in a joint-venture structure with a 3rd party, for the future development of a high-end residential project.
- Eurostadium: capitalized expenses related to the acquired leasehold and study costs

Main divestures/ sales:

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

Further reference is also made to section 3.

9. Non-current receivables & prepayments and current trade & other receivables

9.1 Non-current receivables & prepayments

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

Non-current receivables from related parties

All non-current loans to related parties are granted for a term of 3 to 5 years.
Contractual interest rates on non-current receivables to related parties for 2016 were as follows: Euribor/ Libor + margins in the range between 1% and 3%.
Further reference is made to Note 24.3.

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

Non-current trade and other receivables

No significant amounts included.

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

9.2 Current trade & other receivables

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

Current trade and other receivables

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

Trade receivables with related parties (and to the extent applicable, prepayments) include invoices for construction, engineering and other services as described in Note 24.2.

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

Interest receivable

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

VAT receivable

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

Credit risk exposure and impairment

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

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

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

Movement in the allowance for doubtful debts

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

As of 31 December 2016 and 2015, trade and other receivables disclosed above do not include amounts which are past due at the end of the reporting period and against which the Company has not recognized an allowance for doubtful receivables, as deemed necessary.

10. Cash and cash equivalents

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

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

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

- additional capacity on the debt ratio (the Company chooses to keep a substantial margin on the Loan to Value ratio);

- potential to take up further financing on completed projects based on Loan to Value (LTV) instead of Loan to Cost (LTC);
- access to alternative financing under the form of bond issuance and mezzanine equity financing. In this respect refer to the resp. private and EMTN bond issues (for a total outstanding amount of 220 MEUR.

11. Share capital

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

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

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

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

11.1 Distribution of dividends within the Company

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

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

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

11.2 Non-Controlling Interests

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

12. Reserves and retained earnings

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

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

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

13. Interest-bearing loans and borrowings

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

13.1 Bank Borrowings (139,387 KEUR)

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

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

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

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

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

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

Interests on bank borrowings – interest rate risk

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

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

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

- Belgium: between 1.30% and 3.0%

Interest sensitivity analysis

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

13.2 Other borrowings: Bonds (217,149 KEUR)

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

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

In addition, the Company has on 24 June 2015 launched a new EMTN bonds program for a maximum amount of 150 MEUR. First tap on this program has resulted in the issue of a first tranche of 79,100 KEUR and in December the remaining amount of 70,900 KEUR has been raised. The bonds, which are listed on Euronext, have as maturity date 3/07/2020 (first tranche) and 14/06/2021 (second tranche), bear an interest rate of 4.5% (first tranche) and 4.125% (second tranche) and are secured by a first

demand guarantee from Ghelamco Group Comm. VA. The program has been coordinated by Belfius, BNP and KBC. Both tranches have been underwritten by institutional investors and high-net-worth individuals. Since its bond listing on Euronext, Ghelamco Invest is formally considered as a Public Interest Entity (PIE), with related transparancy, governance and reporting requirements to the benefit of the investors.

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

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

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

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

13.3 Other borrowings: Other

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

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

13.4 Miscellaneous information

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

Bank borrowings are secured by amongst others the property development projects of the Company, including land and in-process construction, pledge on SPV shares, etc.
The bonds are secured by a first demand guarantee by Ghelamco Group Comm. VA.

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

Also the terms and conditions of the bond issue have been complied with as of balance sheet date.

At 31 December 2016, the Company has bank loans available to be drawn for a total amount of 60,573 KEUR.

14. Financial instruments

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

Financial instruments (x € 1 000)	**31.12.2016**				
	At fair value through P/L-held for trading	**Available for sale**	**Loans and receivables/fin. liabilities at amortised cost**	**Fair value**	**Fair value level**
Other financial investments					
Other financial assets		-	4,272	4,272	2
Non-current receivables					
Receivables and prepayments			4,851	4,851	2
Restricted cash			-	-	
Current receivables					
Trade and other receivables			157,482	157,482	2
Derivatives	-			-	
Cash and cash equivalents			15,273	15,273	2
Total Financial Assets	**0**	**0**	**181,878**	**181,878**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			59,864	59,864	2
Bonds			69,504	74,964	2
Bonds (Euronext)			147,645	146,572	1
Other borrowings			-	-	2
Interest-bearing borrowings - current					
Bank borrowings			79,523	79,523	2
Bonds			-	-	2
Other borrowings			-	-	2
Current payables					
Trade and other payables			15,144	29,014	2
Total Financial Liabilities	**-**	**-**	**371,680**	**389,937**	

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

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

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

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

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

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

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

15. Deferred taxes

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

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

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

In thousands €	**Temporary differences**		**Unused tax losses and credits**	
	Investment property	**Other**	**Tax losses**	**Tax credits**
Balance at 1 January 2015	**-11,824**	**12**	**2,607**	
Recognised in income statement	-7,439	257	2,500	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other				
Balance at 31 December 2015	**-19,263**	**269**	**5,107**	
Recognised in income statement	-11,644	-261	1,150	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals	11,325		-840	
Other	168		-167	
Balance at 31 December 2016	**-19,414**	**8**	**5,250**	

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

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

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

Tax losses in Belgium can be carried forward for an indefinite period of time.

No deferred tax liability has been recognized on undistributed profits in the subsidiaries.

16. Trade and other payables

Trade and other payables are analysed as follows:

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

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

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

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

17. Revenue

Revenue is mainly generated from the following sources:

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

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

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

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

Overview of future minimum rental income

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

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

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

18. Other items included in operating profit/loss

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

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

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

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

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

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

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

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

Other operating expenses with related parties mainly concern the re-invoicing of costs within the framework of Service Level Agreements with Ghelamco Group Comm. VA, IRS Comm. VA and Deus Comm. VA. Also refer to note 24.2.

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

19. Cost of Property Development Inventories

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

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

(*)
Purchases (to an extent from related parties) related to Investment Property projects are not included in the above purchases, as those have directly been recorded on IP. It concerns an amount of 33,651 KEUR.

20. Finance income and finance costs

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

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

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

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

Other finance costs mainly relate to the partly release to the profit and loss statement of the capitalized bond issue expenses (which are amortized over the duration of the resp. bonds).

21. Income taxes

Income tax expense recognized in the consolidated income statement:

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

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

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

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

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

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

22. Contingent liabilities and contingent assets

22.1 (Bank) guarantees

All external borrowings of the subsidiaries are secured by corporate guarantees and/or surety ship agreements issued by Ghelamco Invest. These guarantees cover cash deficiency risk, cost overrun, completion risk and interest & repayment shortfall risk. No calls on the guarantees were made in 2016 and 2015.

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

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

No corporate guarantees were given by the Company to ensure repayment of the bank loans of the related parties (under the common control of the ultimate beneficial owners) at 31 December 2016 (but not subsidiary of the Company).

The Company does not apply cross liability, meaning that Ghelamco Invest does not guarantee loans of affiliates belonging to other Investment Holding holdings.

22.2 Representations and warranties provided with respect to the real estate projects sold

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

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

22.3 Guarantees received from the contractors

The statutory warranty obligations born by construction service providers cover the risk of structural and other defects of the properties. Construction service providers (including related parties of the Company) in Belgium have a legal obligation to remediate any construction defects that become apparent within the first 10 years after completion of the construction for structural elements. Shorter guarantee periods apply for other elements, depending on the nature of such elements (each sub-contractor bears similar "back-to-back" obligations).

22.4 Securities on assets

Special Purpose Vehicles (SPV) entering into external financing are offering following collaterals:

- first ranking ceiling mortgage on the property belonging to the SPV (land + buildings)
- registered pledge on the borrower's shares;
- assignment of most receivables (inter alia leases, rents, sales, performance bonds, insurance income, …);
- cash deficiency/cost overrun (letter of comfort) by the shareholder (if applicable);

Generally no cross guarantees on assets are granted by the different SPV's, or other types of surety-ships, cost overruns or debt service commitments.

23. Commitments

23.1 (Capital) Commitments

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

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

At 31 December 2016, the Company has entered into a number of contracts with third parties for the acquisition of the following assets (plots) or shares:

Binding contracts

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

Non-binding contracts

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

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

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

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

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

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

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

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

- Ring Hotel project in Gent: 22.2 MEUR construction contracts in total (related party agreements)

24. Related party transactions

The Company is together with the other Investment Holding (sub-)holdings, the Development Holding and the Portfolio Holding – all related parties – under common control of the ultimate beneficial owners, Mr. & Ms. Gheysens.

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

24.1. Relationships with the directors and management

For the year ending 31 December 2016, the Consortium (of which the Company is part) paid a total amount of approx. 10,000 KEUR to the members of the board and management committee. The Company, in turn, paid a total amount of approx. 2,000 KEUR to the members of the board and management committee. This amount includes management service fees charged by the management committee members to the legal entities included in the scope of these consolidated financial statements.

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

24.2. Trading transactions: Purchase of construction, engineering and other related services from related parties

Construction and Development Services

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

- Ghelamco NV with its registered office in Ypres;

This entity provides services to the real estate companies of the Company, in accordance with the terms of the property development contracts, including but not limited to:

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

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

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

The price for the construction and other related services is the fixed price agreed at the inception of the contract. The payments are executed based on the invoices issued on a bi-weekly to monthly basis. With regards to completed and handed-over works, the parties sign a works protocol every fortnight to month after approval by an independent project monitor appointed by the external financial party. The prices for the services reflect normal commercial terms and conditions, with average margins of around 15% to 20%.

Engineering and architectural design services

APEC Architectural Engineering Projects Limited (a limited liability company registered under the laws of Ireland), legal subsidiary of the Development Holding) coordinates engineering and architectural design services provided to the Company's larger projects, in accordance with the terms of the respective contracts.
Apec's services include:

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

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

24.3. Acquisitions and disposals of shares and other related party transactions

There have been no share transactions or other significant transactions with related parties in 2016, except for the disposal of the projects on the Dacar site in Ghent, which have been sold to Ghelamco European Property Fund. The share price was based on the underlying fair values of the resp. real estate projects as of 31 December 2016 (i.e. 124.3 MEUR in total).

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

Other

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

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

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

25. Events after balance sheet date

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

26. Auditor's Report

Deloitte.

Ghelamco Invest NV

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

Deloitte.

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

We are pleased to report to you on the audit assignment which you have entrusted us. This report includes our report on the consolidated financial statements. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2016, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes.

Report on the consolidated financial statements – Unqualified opinion

We have audited the consolidated financial statements of Ghelamco Invest NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The consolidated statement of financial position shows total assets of 605,547 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 25,220 (000) EUR.

Board of directors' responsibility for the preparation of the consolidated financial statements

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

Statutory auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We have obtained from the group's officials and the board of directors the explanations and information necessary for performing our audit.

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

Deloitte Bedrijfsrevisoren / Reviseurs d'Entreprises
Burgerlijke vennootschap onder de vorm van een coöperatieve vennootschap met beperkte aansprakelijkheid /
Société civile sous forme d'une société coopérative à responsabilité limitée
Registered Office: Gateway building, Luchthaven Nationaal 1 J, B-1930 Zaventem
VAT BE 0429.053.863 - RPR Brussel/RPM Bruxelles - IBAN BE 17 2300 0465 6121 - BIC GEBABEBB

Member of Deloitte Touche Tohmatsu Limited

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

Unqualified opinion

In our opinion, the consolidated financial statements of Ghelamco Invest NV give a true and fair view of the group's net equity and financial position as of 31 December 2016, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

Zaventem, 30 March 2017

The statutory auditor

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