Ghelamco Invest NV
Half year results 30.06.2018

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

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

Preliminary remark

Ghelamco Invest NV (with all of its subsidiaries) represents the Belgian and French activities of the Ghelamco Group, a leading European real estate investor and developer active in the offices, residential, retail and logistics markets.

Ghelamco Invest NV is hereafter referrred to as "Ghelamco Invest" or the "Company".

Summary

The Company closed its 2018 half-year accounts with a net profit of 11,027 KEUR, resulting from its continued development, construction and commercialisation efforts. Thanks to these efforts, the Company again realised significant residential sales, disposed of some investment property and in addition managed to create added value

on existing projects. This is reflected in a relatively stable balance sheet total of 761,392 KEUR and an equity of 243,137 KEUR. The solvency ratio[1] increased from 30,5% per 31/12/17 to 31,9% per 30/6/18 .

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

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

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

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

Moreover, construction works in the Brussels Edition and Spectrum projects have well advanced. Per date of the current report, all but one of the available residential units in the Edition project (offering 59 luxurious apartments, underground parking spaces and retail space on the ground floor) have been sold, while 100% of the apartments in the Spectrum project (mixed project offering 15,000 sqm office space, 22 apartments and approx. 170 underground parking spaces) have been sold. For significant areas in the offices-part of the Spectrum project, well advanced lease negotiations are currently ongoing.

Key figures

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

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

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

[1] Calculated as equity/total assets

current period's favorable fair value adjustment is mainly the consequence of the Group's sustained investment and leasing efforts, in combination with market evolution (in terms of yields and rent levels).

The operating result for the first half-year of 2018 totals to 22,368 KEUR; net profit for the period closes with 11,027 KEUR.

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

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

Overview

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

- Finalisation of the construction works and ongoing delivery of phase 3 of the Tribeca project (offering 91 apartments and some smaller retail units).
- Finalisation of the construction and ongoing delivery of the The Link project in Berchem (27,000 sqm office space and approx. 540 underground parking spaces), while parallel marketing efforts have already resulted in a lease rate of over 95%.
- Continuation of the construction works in the Brussels Edition (Louizalaan) and Spectrum (Avenue Bischoffsheim) projects. Construction progress is for both projects respectively at 60% and 30%. And per date of the current report, approx. 99% of the apartments in the Edition project have been sold, while all the apartments in the Spectrum project have been sold. In addition, leasing negotiations for significant areas in the offices-part of the Spectrum project are currently well advanced.

As to divestures and/or revenues:

- Current period's revenues mainly related to installment invoicing (under the Breyne legislation) connected to apartments and parking spaces in phase 2 and 3 of the Tribeca project at the Nieuwevaart in Ghent, the sale of the (29) remaining student units in the Waterview project in Leuven Vaartkom, invoicing under the Breyne legislation connected to apartments in the Edition and Spectrum project in Brussels and the sale of villas and apartments at the Belgian coast.
- In addition, in June 2018 the Wavre Retail Park project was disposed and sold to a third party investor. The transaction was structured as a share deal. The preliminary contract was signed in 2017, while the deal was closed in 2018. Also in June 2018, two leased retail units and 95 adjacent parking spaces in the Tribeca project in Ghent were sold to a third party investor.

Outlook

It is the Company's strategy to further diversify its development portfolio by spreading its developments over different real estate segments and/or mixed projects.
For the second half of 2018, the Company will continue its sustained growth. In addition, it will closely monitor specific evolutions in its active markets and real estate segments. Considering its sound financial structure and the expected further market evolutions (in terms of tenant activity and evolution in yields), the Company is confident to achieve this growth and its goals for 2018 in general.

Risks

Due to its activities, the Company is exposed to a variety of financial and operational risks: including interest rate risk, price risk, credit risk and liquidity risk. Financial risks relate to the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables and borrowings.
These risks, which are described in detail in the Ghelamco Invest NV IFRS Consolidated Financial Statements at 31 December 2017, remain applicable for 2018 and are closely managed and monitored by the Company's management.

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

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

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

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

Philippe Pannier
CFO
Ieper
24/09/2018

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

Condensed consolidated income statement (in KEUR)

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

Condensed consolidated statement of comprehensive income (in KEUR)

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

Condensed consolidated statement of financial position (in KEUR)

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

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

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

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Condensed consolidated cash flow statement (in KEUR)

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

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

Condensed consolidated statement of changes in equity (in KEUR)

	Attributable to the equity holders			Non-controlling interests	Total equity
	Share capital	**Cumulative translation reserve**	**Retained earnings**		
Balance at 1 January 2017	**146,490**	**0**	**63,733**	**185**	**210,408**
Capital increase					**0**
Profit/(loss) for the period			3,888	-35	**3,853**
Dividend distribution					**0**
Change in non-controlling interests				-6	**-6**
Change in the consolidation scope					**0**
Other			2		**2**
Balance at 30 June 2017	**146,490**	**0**	**67,623**	**144**	**214,257**
Balance at 1 January 2018	**146,490**	**0**	**85,322**	**300**	**232,112**
Capital increase					**0**
Profit/(loss) for the period			10,992	35	**11,027**
Dividend distribution					**0**
Change in non-controlling interests				6	**6**
Change in the consolidation scope					**0**
Other			-8		**-8**
Balance at 30 June 2018	**146,490**	**0**	**96,306**	**341**	**243,137**

Segment reporting

A segment is a distinguishable component of the Company which is engaged either in providing products or services (business segment), or in providing products or services within a particular economic area (geographic segment) and which is subject to risks and rewards that are different to those of other segments.
As the vast majority of the assets (and resulting income) of the Company is geographically located in Belgium, and Management has a regional approach in decision taking, no segmenting has been included in this financial reporting.

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

1. Basis of preparation

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

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

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

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

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

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

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

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

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

2. Significant accounting policies

The condensed consolidated interim financial statements are prepared on a historic cost basis, with the exception of investment property (under construction) and derivative financials instruments, which are stated at fair value.

All figures are in thousands of EUR (KEUR), unless stated otherwise.

The accounting policies adopted are consistent with those followed for the preparation of the Company's consolidated financial statements for the year ended 31 December 2017.

3. Property development inventories

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

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

The inventory mainly relates to:
- residential projects at the Belgian coast (both finalized and under construction), mainly in Knokke and Oostduinkerke
- the Tribeca site in Ghent (24,000 m^2 site on which an approx. 35,000 m^2 mixed residential and retail space project is currently being delivered)
- some plots in Courchevel for the development of (combined) residential/hotel projects
- two high-end residential projects located at the Louizalaan (Edition) and the Boulevard Bischoffsheim (Spectrum) in Brussels, both currently under construction
- Capitalized Eurostadium IP rights on the design, study costs and expenditures related to the acquired leasehold

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

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<u>Eurostadium Brussels</u>

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

4. Investment property (under construction)

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

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

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

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

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

The average yields used in the expert valuations (applying residual method) on 30 June 2017 are as follows:

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

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

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

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

5. Investments in join-ventures

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

6. Interest bearing loans and borrowings

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

6.1 Bank borrowings

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

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

62% of the outstanding non-current bank borrowings is maturing within a 3 years-period, 38% is maturing after more than 3 years.

With respect to the outstanding short-term bank borrowings, it is to be mentioned that in the second half of 2018 part will be reimbursed following the contractual terms, but significant parts will also be repaid upon sale/disposal of the related projects (mainly Ring Hotel) and parts will be prolonged or refinanced (e.g. through resp. swap to development or investment loan).

6.2 Bonds (247,475 KEUR non-current)

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

In addition, the Company has on 24 June 2015 launched a new EMTN bonds program for a maximum amount of 150 MEUR. First tap on this program has resulted in the issue of a first tranche of 79,100 KEUR and in December the remaining amount of 70,900 KEUR has been raised. The bonds, which are listed on Euronext, have as maturity date 3/07/2020 (first tranche) and 14/06/2021 (second tranche), bear an interest rate of 4.5% (first tranche) and 4.125% (second tranche) and are secured by a first demand guarantee from Ghelamco Group Comm. VA. The program has been coordinated by Belfius, BNP and KBC. Both tranches have been underwritten by institutional investors and high-net-worth individuals. Since its bond listing on Euronext, Ghelamco Invest is formally considered as a Public Interest Entity (PIE), with related transparency, governance and reporting requirements to the benefit of the investors.

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

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

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

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

6.3 Other loans

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

No defaults of payments or breaches of borrowing agreements occurred as of 30 June 2018.
Bank borrowings are secured by amongst others the property development projects of the Company, including land and in-process construction, pledge on SPV shares, etc.
The bonds are secured by a first demand guarantee by Ghelamco Group Comm. VA.
The loan agreements granted by the bank are sometimes subject to a number of covenants (Loan to Value, Loan to Cost, Debt Service Cover). During the period and per end of the period, there were no events of default in respect of these borrowings.
Also the terms and conditions of the bond issues have been complied with as of balance sheet date.

7. Revenue

Revenue can be detailed as follows:

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

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

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

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

8. Other items included in operating profit/loss

Other operating income

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

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

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

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

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

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

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

9. Finance income and finance costs

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

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

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10. Financial instruments

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

Financial instruments (x € 1 000)	**30.06.2018**				
	At fair value through P/L- held for trading	**Available for sale**	**Financial assets and liabilities at amortized cost**	**Fair value**	**Fair value level**
Other financial investments					
Other financial assets		-	4,303	4,303	2
Non-current receivables					
Receivables and prepayments			2,722	2,722	2
Restricted cash					
Current receivables					
Trade and other receivables			167,940	167,940	2
Derivatives	-				
Cash and cash equivalents			19,915	19,915	2
Total Financial Assets	**0**	**0**	**194,880**	**194,880**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			69,403	69,403	2
Bonds (Alternext)			-	-	2
Bonds (Euronext)			247,475	250,004	1
Other borrowings			-	-	2
Interest-bearing borrowings - current					
Bank borrowings			138,222	138,222	2
Bonds (Alternext)			-	-	2
Other borrowings			-	-	2
Current payables					
Trade and other payables			29,260	29,260	2
Total Financial Liabilities	**-**	**-**	**484,360**	**486,889**	

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

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

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

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11. Transactions with related parties

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

- Investment Holding: comprises resources invested in the development of real estate projects in Belgium, Poland, Russia and Ukraine and the intra-group Financing Vehicles – referred to as "Investment Group" or the "Group";

- Development Holding: represents international entities that provide construction, engineering and development services to the Investment Group;

- Portfolio Holding: consists of all other activities and real estate investments controlled by the ultimate shareholders.

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

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

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

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

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

- Ghelamco Belgium with its registered office in Ypres.

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

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

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

12. Post balance sheet events

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

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

Introduction

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

Scope of Review

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

Conclusion

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

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

Emphasis of matter

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

Antwerp, September 26, 2018

KPMG Réviseurs d'Entreprises / Bedrijfsrevisoren
Statutory Auditor
represented by

Filip De Bock
Réviseur d'Entreprises / Bedrijfsrevisor