

**Ghelamco Group Comm. VA
Half year results 30.06.2016**

Sound results, sustained growth and stable balance sheet structure from continued investment and commercialisation efforts in core market segments

- Net profit for the period of 100,622 KEUR (vs. 48,253 KEUR as of 30.06.15)
- Solvency ratio of 41.8% (40% as per 31.12.15)
- Finalisation of the construction works of the Warsaw Spire project (+/- 108,000 sqm of office space in the Wola District of Warsaw), delivery and grand opening in May 2016, in the presence of the mayor of Warsaw and numerous leading dignitaries
- Occupation rate of the Warsaw Spire of over 80% and another 10% of the lettable area under firm negotiations with potential tenants
- Start of the construction works on the Przystanek mBank project in Lodz (25.600 sqm office space), while the project is already pre-leased to mBank (for approx. 95% of the lettable area)
- Further commercialisation of the Waterview student housing project in Leuven (461 available student units in total, with a sales rate per date of the current report of over 90%)
- Construction efforts and commercial successes on the 2nd phase (72 apartments, 5 lofts, underground parking garages and commercial units) of the Tribeca project in Ghent, contemporary, green project at the Nieuwevaart. Per date of the current report, approx. 80% of available units have been (pre-) sold.
- Kick-off and fast progress of the construction works of the 4-stars business hotel next to the Ghelamco Arena in Ghent in view of the expected opening by end 2017

Preliminary remark

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

- Investment Holding: comprises resources invested in the development of real estate projects in Belgium, Poland, Russia and Ukraine and the intra-group Financing Vehicles – referred to as "Investment Group" or the "Group";
- Development Holding: represents international entities that provide construction, engineering and development services to the Investment Group;



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

Ghelamco Group Comm. VA (the “Group”) is the holding company of the Investment Group that, together with its direct and indirect legal subsidiaries, constitute the reporting entity for the purpose of these interim condensed financial statements.

Summary

The Group closed its 2016 half-year accounts with a net profit of 100,622 KEUR, after continued investment and commercialisation efforts. Thanks to these efforts the Group realised significant residential sales and once again managed to achieve sustained growth and create significant added value through further investing in existing and new developments. This is reflected in a balance sheet total of 1,832,007 KEUR and an equity of 765,899 KEUR. The solvency ratio amounted to 41.8%.

In Poland, the investing activities have during the first half of 2016 mainly been focused on:

- The further realisation of the Warsaw Spire (+/- 108,000 sqm of office space in the Warsaw Wola District), resulting in the finalisation and delivery of tower building A;
- The finalisation of the construction of the Woloska 24 project (approx. 20 Ksqm office project in the Warsaw Mokotow District). The occupation permit was received and first tenants moved in in March 2016.
- The start of the construction works on the Przystanek project (25.600 sqm office space) in Lodz, which is already pre-leased to mBank (for approx. 95% of the lettable area).

Continued and successful leasing efforts on the Warsaw Spire project, for which the grand opening in the presence of the mayor of Warsaw and numerous other leading dignitaries took place in May, have resulted in the fact that the project on the whole is currently leased for over 80% (and that another 10% of available space is currently under firm negotiation with potential tenants). In addition, the residential Qbik project was further commercialised in a way that currently approx. 92% of available soft lofts have been sold.

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 three years been delivered and commercialised.

In the current 6-month period, 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 30 June 2016 of over 80% (and even over 90% per date of the current report). 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. At the same time, commercialisation of this project is going smoothly, as per date of the current report approx. 80% of available residential units have already been (pre-)sold.

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. This hotel is covering approx. 25,000 sqm and will offer 125 hotel rooms, 83 extended stay rooms and 98 underground parking bays to its guests.

Key figures

Results	30.06.2016	30.06.2015
Operating result	121,404	72,833
Net result of the year	100,622	48,253
Share of the group in the net result of the year	100,192	47,762
Balance sheet	30.06.2016	31.12.2015
Total assets	1,832,007	1,653,429
Cash and cash equivalents	74,815	84,587
Net financial debt (-)	913,734	821,946
Total equity	765,899	661,374

Revenue for the first semester of 2016 amounts to 63,817 KEUR and relates to rental income (14,311 KEUR) and sales of (residential) projects (47,836 KEUR).

The investment property (under construction) portfolio evolved from 1,117,224 KEUR per end 2015 to 1,282,908 KEUR per end of June 2016; evolution which is the combined result of current period's expenditures (61,190 KEUR), fair value adjustments (112,012 KEUR), transfers (9,482 KEUR) and currency translation impact (-17,000 KEUR). The current period's net 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 2016 totals to 121,404 KEUR; net profit for the period closes with 100,622 KEUR.

Property development inventories balance decreased by 40,946 KEUR to 219,354 KEUR; evolution which is mainly the combined effect of :

- further expenditures on Belgian (residential) projects (mainly connected with the construction of the Tribeca project in Ghent),
- the sale of some (residential) projects in Belgium (mainly the De Ligne building in Rue de la Banque in Brussels, student units in the Waterview project in Leuven Vaartkom and invoicing of tranches under the Breyne legislation in the Tribeca project in Ghent) and
- the further commercialisation of apartments in the Qbik project (350 residential soft lofts in Warsaw, with a sales rate of approx. 92% per mid 2016).

During the period the Group was able to obtain new bank borrowings and withdraw on existing credit facilities for a total amount of 86.9 MEUR. On the other hand, reimbursements and refinancings have been done for an amount of 18.4 MEUR, bringing the total outstanding amount of bank borrowings to 590.5 MEUR (compared to 522 MEUR at 31/12/2015). Also considering the outstanding bonds (171,869 KEUR net outstanding private and public bonds in Poland and 216,571 KEUR net outstanding private bonds in Belgium), leverage¹ amounts to 54%.

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

Overview by country

Belgium

In Belgium, the Group's main development activities during the first half of 2016 related to:

- Continuation of the construction works of phase 2 of the Tribeca project at the Nieuwevaart in Ghent (mixed project of +/- 35,000 sqm lettable/sellable area in total of which phase 2 will offer 72 apartments, 5 lofts, underground parking garages and commercial units). Per date of the current report approx. 80% of available units have already been (pre-)sold.
- Start of the construction works of the business hotel next to the Ghelamco Arena (125 hotel rooms, 83 extended stay rooms and 98 underground parking bays). Delivery and opening is foreseen by end 2017.
- Signing of a conditional share purchase agreement on 15 February 2016 for the acquisition of the shares of a 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 amounted to 8,7 MEUR. The acquisition has been closed and the ownership has been transferred after period-end; i.e. on 19 August 2016. The construction works will still be started in the second half of 2016.

As to divestures and/or revenues:

- Current period's revenues mainly related to the sale of the De Ligne building at Rue de la Banque to the City of Brussels for a sales price of 27,000 KEUR, further commercialisation of the residential part of the Waterview project in Leuven Vaartkom (30 units sold during the first half of 2016) and invoicing under the Breyne legislation connected to (29 apartments and 28 parking spaces in) phase 2 of the Tribeca project at the Nieuwevaart in Ghent. While no investment property projects have been disposed in the current period.

Poland

In Poland, the Group in first instance maintained its existing land bank but also took advantage of some expansion opportunities. Current period main land bank transactions were an additional plot in Powisle for an amount of approx. 1.5 MEUR (for the future development of an office project) and a plot in Nowa Iwiczna for an amount of 1.5 MEUR (for the future development of a retail center).

As stated, the Group focused on the finalisation of construction works on the Warsaw Spire project (220-meter, 49-storey development in the Warsaw Wola District, offering 108,000 sqm office space in total), which has been fully delivered in Q1 2016 and has been officially opened in May 2016. Also the construction works of the Woloska 24 project (approx. 20,000 sqm office space in the Warsaw Mokotow District) have been finalized in Q1 2016 and the occupation permit was received shortly afterwards. In addition, the Przystanek project (25,600 sqm office space) in Lodz, is under construction. Finally, the construction works on the Wronia project (approx. 16,000 sqm office space, adjacent to the Warsaw Spire) have per date of the current report well advanced.

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

Per date of the current report, the Warsaw Spire project has on the whole been leased for over 80%, while currently firm negotiations are ongoing with potential tenants for another 10% of the lettable space.

The Przystanek project in Lodz has been pre-leased for approx. 95% of the lettable area, while it is still under construction.

The Woloska project the Warsaw Mokotow District has been leased for over 50%, while negotiations for parts of the remaining space are ongoing.

As to divestures and/or revenues:

Current period's revenues mainly related to the further commercialisation of the Qbik project (350 residential soft lofts in the Mokotow District of Warsaw). 20 units have been sold in the first half of 2016; while total sales rate is at approx. 92% per end of June 2016. No investment property projects have been disposed in the current period.



Other countries

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

In Russia, the first (building A, approx. 60,000 sqm) and second phase (building B, approx. 68,000 sqm) of the Dmitrov Logistics Park – class A warehouse complex of four buildings totalling approx. 227.000 m² of lettable area in the northern part of the Moscow Region – have in the past years been delivered and are currently leased for resp. over 90% and 70%. The political and economic situation and its effects on markets and (warehouse) tenant activity is closely monitored, in view of further construction of building C (approx. 46,000 sqm).

Outlook

It is the Group's strategy to further diversify its development portfolio in the countries where it is currently active by spreading its developments over different real estate segments.

For the second half of 2016, the Group will continue its sustained growth. In addition, it will closely monitor specific evolutions in its active markets and real estate segments. Considering its sound financial structure and the expected further market evolutions (in terms of tenant activity and evolution in yields), the Group is confident to achieve this growth and its goals for 2016 in general.

Risks

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

These risks, which are described in detail in the Ghelamco Group Comm. VA IFRS Consolidated Financial Statements at 31 December 2015, remain applicable for 2016 and are closely managed and monitored by the Group's management.

As from 2015 the Group insured its capital risk on Russia, against expropriation and/or nationalisation.

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

The Management, acting in the name of and on behalf of GHELAMCO GROUP COMM VA, attest that to the best of their knowledge,

- the interim condensed financial statements are prepared in accordance with applicable accounting standards and give, in all material respect, a true and fair view of the consolidated assets and liabilities, financial position and consolidated results of the 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
28/09/2016



Philippe Pannier
CFO
Ieper
28/09/2016

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)

	30/06/2016	30/06/2015
Revenue	63,817	58,082
Other operating income	6,636	1,247
Cost of Property Development Inventories	-41,556	-27,237
Employee benefit expense	-671	-546
Depreciation amortisation and impairment charges	-251	-286
Gains from revaluation of Investment Property	112,012	62,156
Other operating expense	-18,583	-20,373
Share of results of associates	0	-210
Operating result	121,404	72,833
Finance income	3,241	1,795
Finance costs	-40,979	-13,154
Result before income tax	83,666	61,474
Income tax expense	16,956	-13,221
Result of the period	100,622	48,253
Attributable to		
Equity holders of parent	100,192	47,762
Non-controlling interests	430	491

Condensed consolidated statement of comprehensive income (in KEUR)

	30/06/2016	30/06/2015
Profit for the period	100,622	48,253
Exchange differences on translating foreign operations	3,957	1,958
Other		1
Other comprehensive income of the period	3,957	1,959
Total Comprehensive income for the period	104,579	50,212
Attributable to		
Equity holders of parent	104,149	49,721
Non-controlling interests	430	491

Condensed consolidated balance sheet (in KEUR)

	30/06/2016	31/12/2015
ASSETS		
Non-current assets		
Investment Property	1,282,908	1,117,224
Property, plant and equipment	200	221
Intangible assets	3,568	3,822
Receivables and prepayments	73,759	73,307
Deferred tax assets	13,685	9,742
Other financial assets	5,047	4,000
Restricted cash	0	0
	1,379,167	1,208,316
Current assets		
Property Development Inventories	219,354	260,300
Trade and other receivables	157,983	99,624
Current tax assets	113	27
Derivatives	0	0
Assets classified as held for sale	575	575
Restricted cash	0	0
Cash and cash equivalents	74,815	84,587
Total current assets	452,840	445,113
TOTAL ASSETS	1,832,007	1,653,429

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

	30/06/2016	31/12/2015
EQUITY AND LIABILITIES		
Capital and reserves attributable to the Company's equity holders		
Share capital	73,194	73,194
CTA	16,088	12,131
Retained earnings	669,941	569,802
	759,223	655,127
Non-controlling interests	6,676	6,247
TOTAL EQUITY	765,899	661,374
Non-current liabilities		
Interest-bearing loans and borrowings	842,336	778,984
Deferred tax liabilities	26,808	41,483
Other non-current liabilities	0	0
Long-term provisions	120	140
Total non-current liabilities	869,264	820,607
Current liabilities		
Trade and other payables	46,552	40,010
Current tax liabilities	4,079	3,889
Interest-bearing loans and borrowings	146,213	127,549
Short-term provisions	0	0
Total current liabilities	196,844	171,448
Total liabilities	1,066,108	992,055
TOTAL EQUITY AND LIABILITIES	1,832,007	1,653,429

Condensed consolidated cash flow statement (in KEUR)

	30/06/2016	30/06/2015
Cash flow from operating activities		
Result of the year before income tax	83,666	61,474
<i>Adjustments for:</i>		
- Share of results of associates	0	210
- Change in fair value of investment property	-112,012	-62,156
- Depreciation, amortization and impairment charges	251	286
- Result on disposal investment property	0	0
- Change in provisions	-20	-1
- Net finance costs	17,595	7,832
- Movements in working capital:		
- change in inventory	31,464	-15,728
- change in trade & other receivables	-58,359	-24,522
- change in trade & other payables	21,431	4,939
- change in fair value of derivatives	0	290
- Movement in other non-current liabilities		
- Other non-cash items	404	60
Income tax paid	-1,558	-708
Interest paid	-20,833	-9,903
Net cash from operating activities	-37,971	-37,927
Cash flow from investing activities		
Interest received	3,241	1,795
Purchase of property, plant & equipment	-9	0
Purchase of investment property	-67,269	-53,601
Capitalized interest in investment property	-5,481	-9,460
Proceeds from disposal of investment property	0	0
Cash in/outflow on other non-current financial assets	-1,499	-9,921
Movement in restricted cash accounts	0	256
Net cash flow used in investing activities	-71,017	-70,931
Financing Activities		
Proceeds from borrowings	111,209	117,052
Repayment of borrowings	-29,193	-24,374
Dividends paid		
Net cash inflow from / (used in) financing activities	82,016	92,678
Net increase in cash and cash equivalents	-26,972	-16,180

Cash and cash equivalents at 1 January	84,587	98,955
Effects of exch. rate changes in non-EUR countries	17,200	-2,843
Cash and cash equivalents at the end of the period	74,815	79,932

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 2015	73,194	12,198	480,283	5,508	571,183
Foreign currency translation (CTA)		1,958			1,958
Profit/(loss) for the period			47,762	491	48,253
Dividend distribution					0
Change in non-controlling interests					
Change in the consolidation scope			1	3	4
Other					0
Balance at 30 June 2015	73,194	14,156	528,046	6,002	621,398
Balance at 1 January 2016	73,194	12,131	569,802	6,247	661,374
Foreign currency translation (CTA)		3,957			3,957
Profit/(loss) for the period			100,192	430	100,622
Dividend distribution					
Change in non-controlling interests					
Change in the consolidation scope			-53	-1	-54
Other					0
Balance at 30 June 2016	73,194	16,088	669,941	6,676	765,899

Notes to the condensed consolidated interim financial statements at 30 June 2016

1. Basis of preparation

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

The new interpretations and standards that are applicable from 2016 did not have any significant impact on the Group financial statements.

2. Significant accounting policies

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

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

The accounting policies adopted are consistent with those followed for the preparation of the Group’s consolidated financial statements for the year ended 31 December 2015.

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.

	30/06/2016	31/12/2015
Property Development Inventories	219,274	260,234
Raw materials	76	62
Finished goods	4	4
	<u>219,354</u>	<u>260,300</u>

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

In Poland, the Qbik inventory balance has decreased (from 12,553 KEUR per 31/12/2015) to 7,842 KEUR, in line with the +/- 20 units which have been sold in the first half of 2016. At 30/06/2016, approx. 92% of total available (350) soft lofts in the Mokotów district of Warsaw have been sold.

Also, the inventory balance related to (the plot of) the Przystanek project (9,482 KEUR per 31/12/2015) has in the current period been transferred to Investment Property.

In Belgium, the inventory mainly relates to residential projects at the Belgian coast (both finalized and under construction), mainly in Knokke and (East Dune) Oostduinkerke, the Tribeca site in Ghent (24,000 m² plot, for the development of an approx. 35,000 m² mixed residential and retail space project, currently under construction), the residential part of the Waterview project (+/- 460 student homes at Vaartkom Leuven, per 30/06/2016 sold for over 80%) and two sites located at the Louizalaan and the Boulevard Bischoffsheim, Brussels for the future realisation of (combined) residential-office-retail projects.

	30/06/2016		31/12/2015	
Inventories – Poland	41,071	19%	53,666	21%
Inventories – Belgium	178,271	81%	206,631	79%
Inventories – Other countries	12		3	
	219,354	100%	260,300	100%

4. Investment property (under construction)

Balance at 31 December 2015	1,117,224
Acquisition of properties	3,353
Acquisition through business combinations	
Subsequent expenditure	57,837
Transfers	
- Assets classified as held for sale	
- Other transfers	9,482
Adjustment to fair value through P/L	112,012
CTA on current year FV adj	
Disposals	
CTA	-17,000
Other	
Balance at 30 June 2016	1,282,908

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

Country + SPV	Commercial Name	Valuation	Cat	30/06/2016	31/12/2015
				KEUR	KEUR
BELGIUM					
Leisure Property Invest	Golf Knokke Zoute	Man	A	39,550	36,828
WRP	Wavre Retail Park	Man	A	12,600	12,600
Retail Gent	Retail Gent	CBRE	D	14,000	15,000
Parking Gent	Parking Gent	CBRE	C/D	30,250	30,390
Parking Estates	Parking Estates	CBRE	D	2,371	2,371
Zeewind	Zeewind	Man	D	1,746	1,746
Schelde Offices	Blue Towers	JLL	D	36,600	34,250
Arte Offices	Blue Towers	JLL	D	39,500	37,250
Ring Hotel	Ring Hotel	Man	C	9,811	5,598
Ring Multi	Ghelamco Arena Multifunctional space	Cushman	D	21,825	20,425
Meetdistrict	Meetdistrict	Cushman	C/D	31,120	31,000
Ghelamco Invest	Le 8300	Man	C	21,805	21,258
Waterview/Parking Leuven	Waterview Parkings	Cushman	D	8,434	8,434
Waterview/Retail Leuven	Waterview Retail space	Cushman	D	8,500	8,000

POLAND

Apollo Invest	Spinnaker Tower	JLL	B	30,540	18,832
Postepu SKA/Business Bud	Postepu Business Park	KNF	B	8,380	10,030
Sienna Towers SKA/Capital SKA	Sienna Towers	KNF	C	63,134	56,000
WS SKA/Warsaw Spire spzoo spk	Warsaw Spire	JLL	D	525,270	391,209
Sobieski SKA	Sobieski Tower	BNP	B	28,970	24,824
Market SKA	Mszczonow Logistics	ASB	A	2,799	2,832
SBP SKA	Synergy Business Park Wroclaw	JLL	B	21,730	21,316
Grzybowska 77 SKA + Isola	Grzybowska	KNF	D/A	25,338	23,500
Wronia SKA	Logistyka	KNF	C	22,612	20,778
Sigma SKA	Chopin + Stixx	KNF	B/D	25,324	32,430
Vogla SKA	Wilanow Retail	KNF	D	13,680	13,490
Tillia SKA/ACG1 SKA	Powisle	KNF	A	6,220	6,220
Dahlia SKA	Woloska 24	KNF	D	41,600	38,829
Budomal/Nowa Formiernia spzoo	Przystanek, Lodz	N/A	C	13,163	0

RUSSIA

Bely Rast e.a.	Dmitrov Logistic Park	JLL	D/C	153,250	169,000
Ermolino	Logistic Park Ermolino	JLL	A	8,385	8,014

UKRAINE

Success Invest	Kopylov Logistics Park	COLL	D	9,362	9,503
Urban Invest	Kopylov Logistics Park 2	UKR	A	902	942
Vision Invest	Warsaw Road Dev.	UKR	B	4,137	4,325

TOTAL :

1,282,908 1,117,224

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

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

- 5.4% for Belgian office projects, depending on the location, specifics and nature of the investment (vs. 5.50% per 31/12/2015);
- 6.00% to 6.95% for other Belgian (mainly retail) projects, depending on the specifics, nature and location of the investment (vs. 6.00% to 7.00% per 31/12/2015).
- 5.55% to 8.25% for Polish projects depending on the specifics, nature and location of the developments (vs. 5.75% to 8.25% per 31/12/2015).
- 10.9% to 12.00% for Russian projects (vs. 10.8% to 12.00% per 31/12/2015)
- 16.00% for Ukrainian projects (vs. 16.00% 31/12/2015).

5. Interest bearing loans and borrowings

	30/06/2016	31/12/2015
Non-current		
Bank borrowings – floating rate	452,738	409,809
Other borrowings	389,598	369,175
Finance lease liabilities	0	0
	842,336	778,984
Current		
Bank borrowings – floating rate	137,732	112,191
Other borrowings – floating rate	8,476	15,347
Finance lease liabilities	5	11
	146,213	127,549
TOTAL	988,549	906,533



5.1 Bank borrowings

During the period, the Group obtained new secured bank loans expressed in EUR and PLN and withdrew on existing credit facilities for a total amount of 86.9 MEUR (12.7 MEUR in Belgium and 74.2 MEUR in Poland), large part of which are Euribor based. On the other hand, reimbursements (and/or refinancings) have been done for a total amount of 18.4 MEUR, net of prolongation of a number of borrowings.

When securing debt finance for its (larger) projects, the Group always negotiates long term agreements with its banks. Under these agreements, the bank swaps land acquisition loans (2 year term) into development loans (additional 2 year term) and swaps development loans into investment loans (mostly 5 years term) upon the fulfilment of pre-agreed conditions.

Most banking partners of the Group have accepted the above as a “framework” for past, current and future co-operation.

With respect to the outstanding short-term bank borrowings, it is to be mentioned that in the second half of 2016 part will be reimbursed following the contractual terms, but significant parts will also be repaid upon sale/disposal of the related projects and parts will be prolonged or refinanced (e.g. through resp. swap to development or investment loan).

36% of the outstanding non-current bank borrowings is maturing within a 3 years-period, 1% is maturing between 3 and 5 years and 62% is maturing after more than 5 years.

5.2 Bonds

Belgium

The Group has (via Ghelamco Invest NV, parent company of the Belgian activities) in 2012 issued private unsecured bonds for a total amount of 42 MEUR (25.05 MEUR bond serie A, 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, Ghelamco Invest NV has in the second half of 2013 and the first half of 2014 again issued private unsecured bonds for a total amount of 70 MEUR, secured by a first demand guarantee from Ghelamco Group Comm. VA, having as maturity date 28/02/2018 and bearing an interest rate of 6.25%. The above bond program has been coordinated by KBC Securities and Belfius Bank. Bonds are listed on Alternext.

In addition, Ghelamco Invest NV has on 24 June 2015 launched a new EMTN bonds program for a maximum amount of 150 MEUR. First tap on this program has in July 2015 resulted in the issue of a first tranche of 79,100 KEUR and in December 2015 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.



Total balance of outstanding bonds per balance sheet date (216,571 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.

Poland

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

The Group has in the current period (via Ghelamco Invest Sp. z o.o.) within this programme issued public retail bonds (tranche PPE, PPF and PPG) for a total amount of 130 MPLN. These bonds have a term of 4 years and bear an interest of Wibor 6 months + 4%. These bonds series are secured by a guaranty granted by Granbero Holdings Ltd.

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

Ghelamco Invest Sp. z o.o. has in the current period redeemed outstanding bonds (at their maturity date or through early redemption) for a total amount of 47,650 KPLN.

Total bonds balance outstanding per balance sheet date (171,869 KEUR) represents the amount of issue (750 MPLN + 6.3 MEUR) less capitalized issue costs, which are amortised over the term of the bonds.

No defaults of payments or breaches of borrowing agreements occurred as of 30 June 2016.

Bank borrowings are secured by amongst others the property development projects, including land and in-process construction, pledge on SPV shares, etc.

The Polish bonds are secured by a redemption surety granted by Granbero Holdings Ltd.

The Belgian bonds are secured by a first demand guarantee by Ghelamco Group Comm. VA.

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

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

6. Revenue

Revenue can be detailed as follows:

	30.06.2016	30.06.2015
Sales of Residential Projects		
Projects Belgium	43,336	36,882
Projects Poland	4,500	6,315
Rental Income	14,311	14,262
Other	1,670	623
TOTAL REVENUE	63,817	58,082

Rental income as of 30 June 2016 relates to rent from commercial projects in Belgium (3,884 KEUR), Poland (2,268 KEUR), Russia (6,805 KEUR) and Ukraine (1,354 KEUR).

The residential projects sales as of 30 June 2016 mainly relate to:

- Sale of the De Ligne building at rue de la Banque to the City of Brussels (27,000 KEUR)
- Villas and apartments at the Belgain coast (7,507 KEUR)
- Student units in the Waterwiew project in Leuven Vaartkom (4,233 KEUR; 30 units sold in the first half of 2016)
- Invoicing under the Breyne legislation re. phase 2 of the Tribeca project in Ghent (4,575 KEUR re. 29 apartments and storage spaces and 27 parking places which have been sold in the first half of 2016)
- Soft loft apartments in the QBik project in Warsaw (4,500 KEUR)

7. Other items included in operating profit/loss

Other operating income

The current period's other operating income (6,636 KEUR) relates to a significant extent to recharged expenses to tenants and one-time recharges to related parties. The same goes for last year's other operating income.

	30/06/2016	30/06/2015
Gains from revaluation of Investment Property	112,012	62,156

Fair value adjustments over the first half of 2016 amount to 112,012 KEUR, which is mainly the result of current period's further engineering, development, construction and leasing efforts, in combination with evolution in market conditions (in terms of yields and rent rate levels).

In Poland, main fair value adjustments have been recognized on the Warsaw Spire project (of which tower building A was delivered in 2016) and the Grzybowska77 project (plot for the future development of a +/- 30 Ksqm mixed office and retail project).

In Russia, the RUB has to an extent recovered vs. the EUR (and the USD), the yields remained quite stable, but the market rental levels for (refrigerated) warehousing are still under pressure. This has resulted in the recognition of further negative fair value adjustments on mainly the Dmitrov project.

In Ukraine, market conditions have for the time being not yet sufficiently recovered, which resulted in the recognition of an additional, small negative fair value adjustment.

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

Belgium	3,826
Poland	125,588
Russia	-17,031
Ukraine	-371
	112,012

	30/06/2016	30/06/2015
Other operating expenses		
Operating lease/ rental expenses	265	11
Taxes and charges	1,509	1,773
Insurance expenses	207	756
Audit, legal and tax expenses	2,031	975
Traveling	780	633
Promotion	1,392	892
Sales expenses (agency fees and w/o agency fees)	6,077	9,246
Maintenance cost (projects)	268	563
Rental guarantee expenses	716	1,334
Operating expenses with related parties	2,400	2,405
W/o TP III earn-out	842	256
Miscellaneous	2,096	1,529
Total:	18,583	20,373

The decreased sales expenses are to a significant extent related to commission expenses on the Waterview (student houses) project, which is per mid 2016 already sold out for over 80% (+/- 200 units sold in the first half of 2015 compared to 30 units sold in the first half of 2016).

8. Finance income and finance costs

	30/06/2016	30/06/2015
Foreign exchange gains	-	-
Interest income	3,241	1,795
Other finance income	-	-
Total finance income	3,241	1,795
Interest expense	-20,836	-9,627
Other interest and finance costs	-3,524	-1,755
Foreign exchange losses	-16,619	-1,772
Total finance costs	-40,979	-13,154

The increase in interest expenses is mainly explained by the fact that current period's portfolio mainly contains delivered projects (and mainly Warsaw Spire), while last year's portfolio contained significant projects under development and/or construction (again mainly Warsaw Spire, of which satellite building C has been delivered in the course of 2015 and tower building A has been delivered in Q1 2016). Financing costs on not yet delivered projects are capitalized while financing costs on delivered/income generating projects are expensed.

The significant increase in (unrealized) FX losses, in turn, is mainly related to the conversion at spot rate of the (EUR) bank loan on Warsaw Spire (in line with the weakening of the PLN vs. the EUR at 30/06/16).

9. Income taxes

	30/06/2016	30/06/2015
Current income tax	-1,710	-1,688
Deferred tax	18,666	-11,533
Total income tax	16,956	-13,221

In the current period an internal sales operation has been organized and accomplished in Poland. In this respect the SPV Ghelamco Warsaw Spire Sp. z o.o. WS sp. k. (company under the Polish fund structure) has transferred its real estate property to SPV Warsaw Spire Sp. z o.o. sp. k. (for the Warsaw Spire project part) and to SPV Chopin Project Sp. z o.o. Sigma SKA (for the Chopin project part). In addition, the SPV Ghelamco GP3 Sp. z o.o. Grzybowska 77 sp. k. (company under the Polish fund structure) has transferred its real estate property to SPV Ghelamco GP2 Sp. z o.o. Isola SKA. All transfers have been done at market value. These transactions have resulted in the reversal to the income statement of the cumulated deferred tax liabilities until 31/12/2015, related to the fair value of the Warsaw Spire, Chopin and Grzybowska 77 projects. Deferred taxes have been reversed for a total amount of 18.8 MEUR.

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)	30.06.2016				
	At fair value through P/L-held for trading	Available for sale	Loans and receivables/HTM at amortised cost	Fair value	Fair value level
Other financial investments					
Other financial assets			5,047	5,047	2
Non-current receivables					
Receivables and prepayments			73,759	73,759	2
Restricted cash			-	-	2
Current receivables					
Trade and other receivables			150,914	150,914	2
Derivatives	-			-	2
Cash and cash equivalents			74,815	74,815	2
Total Financial Assets	0	0	304,535	304,535	
Interest-bearing borrowings - non-curr.					
Bank borrowings			452,738	452,738	2
Bonds Poland			170,393	174,693	1
Bonds Belgium			69,240	73,197	2
Bonds Belgium (Euronext)			147,331	148,582	1
Other borrowings			2,634	2,634	2
Finance lease liabilities					
Interest-bearing borrowings - current					
Bank borrowings			137,732	137,732	2
Bonds Poland			1,476	8,417	1
Bonds Belgium			-	-	2
Other borrowings			7,000	7,000	2
Finance lease liabilities			5	5	2
Current payables					
Trade and other payables			39,341	39,341	2
Total Financial Liabilities	-	-	1,027,890	1,044,339	

Financial instruments (x € 1 000)	31.12.2015				
	At fair value through P/L-held for trading	Available for sale	Loans and receivables/HTM at amortised cost	Fair value	Fair value level
Other financial investments					
Other financial assets			4,000	4,000	2
Non-current receivables					
Receivables and prepayments			73,307	73,307	2
Restricted cash			-	-	2
Current receivables					
Trade and other receivables			85,117	85,117	2
Derivatives	-			-	2
Cash and cash equivalents			84,587	84,587	2
Total Financial Assets	0	0	247,011	247,011	
Interest-bearing borrowings - non-curr.					
Bank borrowings			409,809	409,809	2
Bonds Poland			151,159	155,086	1
Bonds Belgium			68,987	75,424	2
Bonds Belgium (Euronext)			147,017	149,448	1
Other borrowings			2,012	2,012	2
Finance lease liabilities					
Interest-bearing borrowings - current					
Bank borrowings			112,191	112,191	2
Bonds Poland			8,335	8,417	1
Bonds Belgium			-	-	2
Other borrowings			7,012	7,012	2
Finance lease liabilities			11	11	2
Current payables					
Trade and other payables			36,066	36,066	2
Total Financial Liabilities	-	-	942,599	955,476	



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).

11. Transactions with related parties

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

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

Construction and development services

The Group has entered into property development and construction contracts with property development and construction companies (“Contractors”), the direct and indirect subsidiaries of International Real Estate Services Comm. VA, parent company of Ghelamco’s “Development Holding”:

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

Engineering and architectural design services

APEC Architectural Engineering Projects Limited (a limited liability company registered under the laws of Ireland) and Safe Invest Sp. z o.o (a limited liability company registered under the laws of Poland), both direct and indirect legal subsidiaries of International Real Estate Services Comm. VA, the parent company of Ghelamco’s “Development Holding”) coordinate engineering and architectural design services provided to the Group in accordance with terms of the respective contracts. Purchases of services from Apec Ltd and Safe Invest Sp. z o.o comprise a significant part of all engineering, architectural design and other related services acquired by the Group.

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

Purchases of construction, engineering and architectural design:	-53,962
related party trade receivable	11,247
related party trade accounts payable	-6,971
related party non-current loans receivable	19,804
related party non-current trade and other receivable	295
related party interests receivable	19,804
related party C/A receivable	98,860
related party non-current loans payable	-1,186
related party interests payable	-1,992
related party C/A payable	4,006

12. Post balance sheet events

- After the signing of a conditional share purchase agreement for the acquisition of the shares of a company holding the freehold rights on a site in Berchem in February 2016, the formal acquisition has been closed and the ownership has been transferred on 19 August 2016. The acquisition has been done in view of the realisation of The 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.
- Within its public retail Bond Issue Programme IV, the Group has in Poland issued bonds series PPH for an amount of 30,000 KPLN and bonds series PPI for an amount of 50,000 KPLN in July 2016. These bonds have been subscribed by retail investors, have a 4-year term and bear an interest rate of Wibor 6 months + 4%. Bonds series are secured by a guaranty granted by Granbero Holdings Ltd. On the other hand, the Company early purchased and redeemed bonds in August 2016 for a total amount of 12,776 KPLN.
- In July and August 2016 the Group acquired plots in Katowice (4,396 sqm for a price of 2.5 MEUR) and in Krakow (3,068 sqm for a price of approx. 1.5 MEUR); both for the future development of office projects.



Deloitte.

Deloitte Bedrijfsrevisoren /
Reviseurs d'Entreprises
Berkenlaan 8b
1831 Diegem
Belgium
Tel. + 32 2 800 20 00
Fax + 32 2 800 20 01
www.deloitte.be

Ghelamco Group Comm. VA and subsidiaries

**Report on review
of the consolidated interim financial
information for the six-month period
ended 30 June 2016**

Deloitte Bedrijfsrevisoren / Reviseurs d'Entreprises
Burgerlijke vennootschap onder de vorm van een coöperatieve vennootschap met beperkte aansprakelijkheid /
Société civile sous forme d'une société coopérative à responsabilité limitée
Registered Office: Berkenlaan 8b, B-1831 Diegem
VAT BE 0429.053.863 - RPR Brussel/RPM Bruxelles - IBAN BE 17 2300 0465 6121 - BIC GEBABEBB

Member of Deloitte Touche Tohmatsu Limited

Ghelamco Group Comm. VA and subsidiaries

Report on review of the consolidated interim financial information for the six-month period ended 30 June 2016

To the board of directors

In the context of our appointment as the company's statutory auditor, we report to you on the consolidated interim financial information. This consolidated interim financial information comprises the condensed consolidated balance sheet as at 30 June 2016, the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated cash flow statement for the period of six months then ended, as well as selective notes 1 to 12.

Report on the consolidated interim financial information

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

The condensed consolidated balance sheet shows total assets of 1,832,007 (000) EUR and the condensed consolidated income statement shows a consolidated profit (group share) for the period then ended of 100,192 (000) EUR.

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

Scope of review

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



Deloitte.

Conclusion

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

Diegem, 28 September 2016

The statutory auditor



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