Ghelamco Group

Comm. VA

IFRS Consolidated Financial Statements at 31 December 2016

Approved by Management
with the Independent Auditor's opinion

Contents

I. General information and performance

1. Business activities & profile

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

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

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

Warsaw Spire, the tallest tower in CEE, was awarded by the Warsaw Business Journal for Investment of the Year and by the International Property Awards for Highly Commended Commercial High-rise Development in Poland.
In addition, during the CIJ Awards, the Spire was also chosen as Best Office Development and Leading Green Building Development. At the same occasion, Ghelamco received an award for Developer of the Year, which was also received during the Eurobuild Awards and the EuropaProperty CEE Investment & Green Building Awards.
And in March 2017, the Spire received the main award in Best Office & Business Developmen at the MIPIM Awards, the world's most prestigious competition in the real estate industry. The Spire won in the best office investment category, ahead of projects from London, Rome, and Shenzhen. The award was collected during a formal gala held on 16th March in Cannes.

Furthermore, Ghelamco was during the current year and in connection with its Polish activities also granted the following awards:

- Best Office Lease of the Year for the mBank project (CIJ Awards Poland)
- City Space of the Year for the European Square (CIJ Awards Poland) and Prize for the best Urban Public Space in 2016
- Winner of the Belgian Business Chamber Award 2016 in Poland
- Most Innovative Developer in the 'Book of lists' of Warsaw Business Journal


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

- **Investment Holding**: comprises resources invested in the realization of real estate projects in Belgium, France, Poland, Russia and Ukraine and the intra-group Financing Vehicles – hereafter the "**Ghelamco Group**", the "**Investment Group**" or the "**Group**";

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

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

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

2. Legal status

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

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

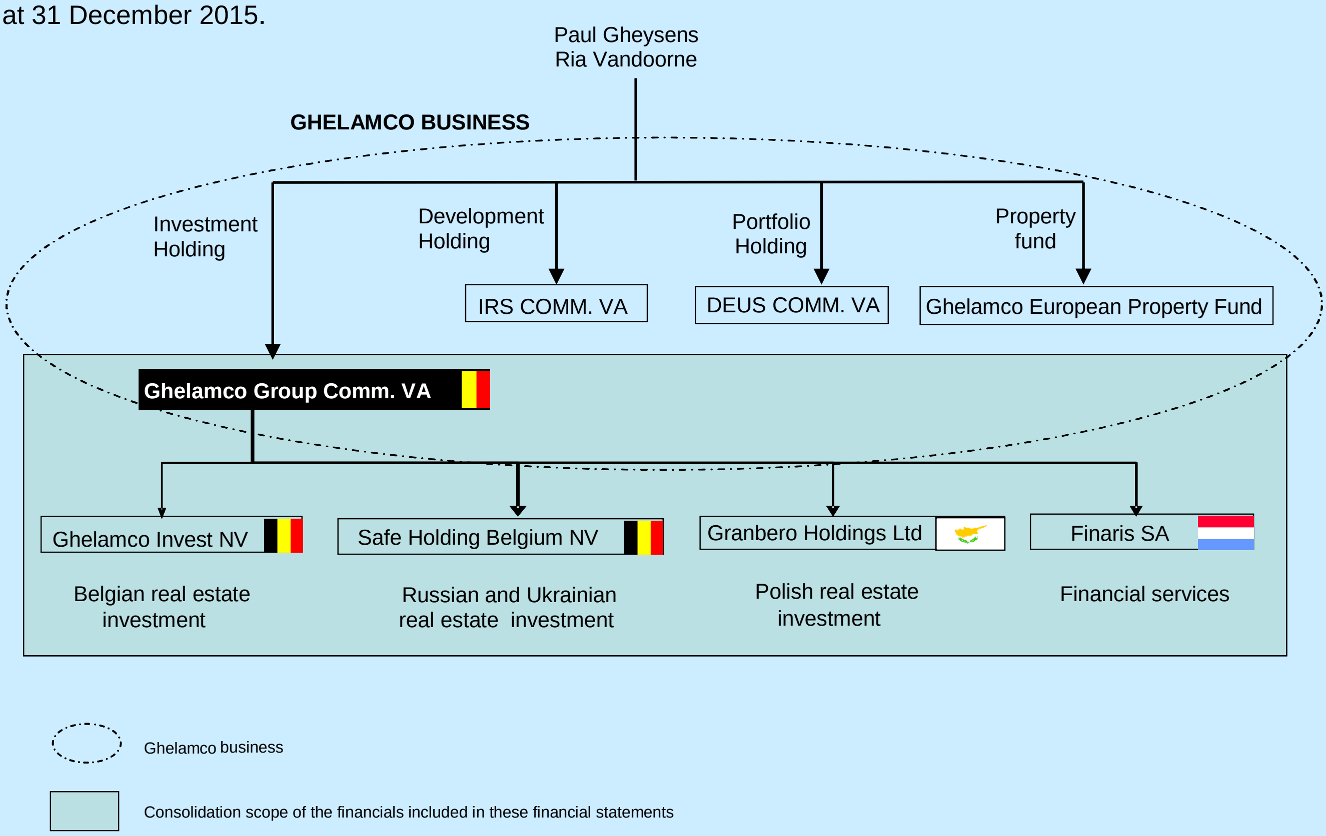
The Company is registered in the Belgian commercial register under the number BE 0879.623.417.

3. Consolidation scope

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

At 31 December 2016 (the reporting date), all the assets and liabilities of the reporting entity (the Company and its direct and indirect legal subsidiaries) are legally linked through a corporate structure that was introduced in 2006 and was accomplished prior to 31 December 2007 (overview in Note 5).

All assets, liabilities, income and expenses that represented an integral part of the Investment Holding activities, are included in the accounts of the legal subsidiaries of the Company at 31 December 2016 and at 31 December 2015.



4. Staffing level

Given its nature, there is only limited employment in the Company. At 31 December 2016, Ghelamco Group Comm. VA and its subsidiaries employed 57 people (55 on 31 December 2015). The construction, engineering and other related services are mainly provided to the Investment Holding by the Development Holding's legal subsidiaries. Ghelamco as a whole employed 299 people on 31 December 2016 (vs. 295 on 31 December 2015).

5. Management and Board

Ghelamco's Management consists of:

Mr. Paul Gheysens (Chief Executive Officer)
Mr. Simon Gheysens (board member)
Mr. Michael Gheysens (board member)
Mr. Philippe Pannier (Chief Financial Officer)
Mr. Chris Heggerick (Chief Operational Officer)
Mr. Jeroen Van Der Toolen (Managing Director CEE)

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

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

6. Business environment and results

2016 performance and results

The Group closed its 2016 accounts with a net profit of 96,749 KEUR, after continued development, investment and commercial efforts. The Group realised significant residential sales, managed to create significant added value on its larger commercial projects and decided to dispose a significant package of commercial projects in Belgium in Q4 2016.

The political and economic situation in Ukraine and Russia remains a concern but has further stabalized in 2016. 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 portfolio.

The above is reflected in a balance sheet total of 1,912,028 KEUR and an equity of 765,282 KEUR. The solvency ratio remains stable and amounts to 40% (vs. 40% at 31/12/15).

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

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

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

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

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

2016 expansion and investment activities mainly related to:

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

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

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

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

- Le Chalet 1850, site in Courchevel, France for the development of a residential project;
- The Arval site in Evere (+/- 10,800 sqm) for the future development of a mixed real estate project;
- The shares of Kubel NV, company holding the freehold rights on a site in Berchem, in view of the realisation of the 'The Link' project (27,000 sqm office space and approx. 540 underground parking spaces, divided over 2 buildings).
- Land parts in the Carlton site in Knokke-Zoute, in a joint-venture structure with a 3rd party, for the future development of a high-end residential project (offering 28 prestigious apartments and 2 retail units on the ground floor).

As to divestures/revenues:

- In December 2016, the projects on the Dacar site in Ghent have been sold to Ghelamco European Property Fund, the newly established and fourth holding of the Ghelamco consortium. It concerns following projects:
  - The Blue Towers (offering +/- 28 Ksqm of office space)
  - Parking Gent (holding the rights in rem of over 2.000 above and underground parking spaces on the Dacar site, around the Ghelamco Arena and under the new business hotel in Ghent)
  - The Brico-Plan It retail hall (+/- 12 Ksqm retail hall, leased to to Brico-It).

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

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

In Poland, the Group in first instance maintained its existing land bank but also again took advantage of some expansion opportunities. Main 2016 land bank transactions were the acquisition of a plot located in Lodz for the amount of approx. 85 MPLN for the future development of an office/multifunctional project, the acquisition of a plot located in Warsaw, Powisle for an amount of approx. 6.6 MPLN for the future development of an office project and a plot in Nowa Iwiczna for an amount of approx. 9.9 MPLN (5.2 MPLN already paid in 2016, the remaining conditional and still to be paid in 2017), for the future development of a commercial/retail project.

Development and construction

The investing activities in Poland during 2016 have mainly been 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 mBank project (25,600 sqm office space) in Lodz, which is already pre-leased to mBank (for approx. 95% of the lettable area).
- The receiving of the building permit of the Warsaw Hub and subsequent start of the constructions works of this 3 towers (on a podium) multifunctional project of approx. 113,000 sqm in Warsaw CBD.
- Further constructions works of the Wronia projects (approx. 16,000 sqm office project in the Warsaw Wola District); structure and elevation currenly being finalized.

(Pre-)leasing and occupation of projects:

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 approx. 90% (and that another 9% of available space is currently under reservation or firm negotiation with potential tenants).

In addition, the mBank project in Lodz, which is under construction, is already pre-leased to mBank for approx. 95% of the lettable area. In turn, the delivered Woloska 24 project is per date of the current report leased for over 50%; while the Plac Vogla retail project is leased for approx. 60% (and the remaining 40% of leasable space is currently under negotiation).

In addition, the residential Woronicza Qbik project was further commercialised in a way that currently approx. 95% of available soft lofts have been sold.

Divestures

No divestures of investment property have taken place in 2016.

In Russia, the first (building A, approx. 60,000 sqm) and second phase (building B, approx. 76,000 sqm) of the Dmitrov Logistics Park – class A warehouse complex of four buildings totalling approx. 243,000 m² of lettable area (including ancillary office accomodations) in the northern part of the Moscow Region – have in the past years been delivered and are per 31 December 2016 as good as fully leased. The political and economic situation and its effects on markets and (warehouse) tenant activity is closely monitored, in connection with the advanced construction of building C (approx. 46,000 sqm). For building C1 (20,000 sqm) the occupation permit has been received early 2017; while buildings C2 and C3 (26,000 sqm) are expected to be delivered by end Q3 2017.

In Ukraine, the Kopylov Logistics Park project (+/- 30,000 sqm warehousing in the Makariv District of the Kyiv Region) is being leased and is kept in portfolio.

Main post balance sheet events

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

Poland
-On 16 March 2017 new public bonds (series PG, non-prospectus) have been issued to institutional and private investors for a total amount of 147,854 KPLN. These bonds have a term of 5 years and bear an interest rate of Wibor 6 months + 4.30%. 16,920 KPLN of bond proceeds have been applied for the early redemption or roll-over of existing bonds. The remaining amount is ment for further Polish investments.

Outlook

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

7. Notice to the reader

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

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

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

As such, residential properties are presented as Property Development Inventories.
Most of the commercial property is presented as Investment Property. We refer to the Notes 6 and 9 in Part II for more details on their presentation.

II. IFRS Consolidated Financial Statements

These IFRS consolidated financial statements at 31 December 2016 were approved by Investment Holding Management on 29 March 2017. The amounts in this document are expressed in thousands of EUR (KEUR), unless stated otherwise.

A. Consolidated statement of financial position (in KEUR)

	Note	31/12/2016	31/12/2015
ASSETS			
Non-current assets			
Investment Property	6	1,317,666	1,117,224
Property, plant and equipment	7	399	221
Intangible assets	8	3,778	3,822
Investments in associates	4	0	0
Receivables and prepayments	10	88,966	73,307
Deferred tax assets	18	9,819	9,742
Non-current assets held for sale			
Other financial assets	4	4,380	4,000
Restricted cash		0	0
Total non-current assets		**1,425,008**	**1,208,316**
Current assets			
Property Development Inventories	9	259,505	260,300
Trade and other receivables	10	167,708	99,624
Current tax assets		231	27
Derivatives	11	0	0
Assets classified as held for sale	6	575	575
Restricted cash		0	0
Cash and cash equivalents	12	59,001	84,587
Total current assets		**487,020**	**445,113**
TOTAL ASSETS		**1,912,028**	**1,653,429**

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Consolidated statement of financial position (cont'd)

	Note	31/12/2016	31/12/2015
Capital and reserves attributable to the Group's equity holders			
Share capital	13	73,194	73,194
CTA	14	21,291	12,131
Retained earnings	14	665,418	569,802
		759,903	655,127
Non-controlling interests	13.2	5,379	6,247
TOTAL EQUITY		**765,282**	**661,374**
Non-current liabilities			
Interest-bearing loans and borrowings	15	906,949	778,984
Deferred tax liabilities	18	34,905	41,483
Other non-current liabilities		1,916	0
Long-term provisions	17	120	140
Total non-current liabilities		**943,890**	**820,607**
Current liabilities			
Trade and other payables	19	48,108	40,010
Current tax liabilities	20	4,604	3,889
Interest-bearing loans and borrowings	15	150,144	127,549
Short-term provisions		0	0
Total current liabilities		**202,856**	**171,448**
Total liabilities		**1,146,746**	**992,055**
TOTAL EQUITY AND LIABILITIES		**1,912,028**	**1,653,429**

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B. Consolidated income statement and consolidated statement of comprehensive income

Consolidated Income Statement

	Note	2016	2015
Revenue	21	110,512	99,436
Other operating income	22	11,481	5,949
Cost of Property Development Inventories	23	-54,280	-48,965
Employee benefit expense	22	-1,280	-1,058
Depreciation amortisation and impairment charges	7	-571	-553
Gains from revaluation of Investment Property	6	139,396	114,412
Other operating expense	22	-44,733	-40,756
Share of results of associates		0	0
Operating profit - result		**160,525**	**128,465**
Finance income	24	6,548	6,427
Finance costs	24	-62,727	-26,372
Profit before income tax		**104,346**	**108,520**
Income tax expense	25	-7,597	-18,439
Profit for the year		**96,749**	**90,081**
Attributable to:			
Equity holders of parent		95,694	89,348
Non-controlling interests		1,055	733

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<u>Consolidated statement of comprehensive income - items recyclable to the income statement</u>

		2016	2015
Profit for the year		**96,749**	**90,081**
Exchange differences on translating foreign operations	14	9,160	-67
Other		-78	171
Other comprehensive income of the period		**9,082**	**104**
Total Comprehensive income for the year		**105,831**	**90,185**
Attributable to:			
Equity holders of the parent		104,776	89,452
Non-controlling interests		1,055	733

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C. Consolidated statement of changes in equity

	Note	Attributable to the equity holders: Share capital	Attributable to the equity holders: Cumulative translation reserve	Attributable to the equity holders: Retained earnings	Non-controlling interests	Total Equity
Balance at 1 January 2015		**73,194**	**12,198**	**480,283**	**5,508**	**571,183**
Foreign currency translation (CTA)			-67			**-67**
Profit/(loss) for the year				89,348	733	**90,081**
Capital decrease						
Dividend distribution						
Change in non-controlling interests					6	**6**
Change in the consolidation scope				171		**171**
Other						
Balance at 31 December 2015		**73,194**	**12,131**	**569,802**	**6,247**	**661,374**
Foreign currency translation (CTA)	15		9,160			**9,160**
Profit/(loss) for the year	15			95,694	1,055	**96,749**
Capital decrease						
Dividend distribution						
Change in non-controlling interests					-1,923	**-1,923**
Change in the consolidation scope				-78		**-78**
Other						
Balance at 31 December 2016		**73,194**	**21,291**	**665,418**	**5,379**	**765,282**

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D. Consolidated cash flow statement

Consolidated cash flow statement for 2016 and 2015

		2016	2015
Operating Activities			
Profit / (Loss) before income tax		**104,346**	**108,520**
Adjustments for:			
- Share of results of associates			0
- Change in fair value of investment property	6	-139,396	-114,412
- Gain on disposal of subsidiary			
- Gain on disposal of interest in former associates			
- Depreciation, amortization and impairment charges	7	571	553
- Result on disposal investment property	22	-1,922	-510
- Change in provisions		-20	-38
- Net interest charge	24	34,404	17,123
- Movements in working capital:			
- Change in inventory		-21,443	-78.971
- Change in trade & other receivables		-63,815	-7.814
- Change in trade & other payables		16,815	-21.311
- Change in MTM derivatives		0	290
- Movement in other non-current liabilities		1,916	-2,500
- Other non-cash items		-19	74
Income tax paid		-13,740	-2.462
Interest paid (**)		-34,664	-22.924
Net cash from operating activities		**-116,967**	**-124,382**
Investing Activities			
Interest received	24	2,199	5.429
Purchase of property, plant & equipment and intangibles	7-8	-784	-25
Purchase of investment property (*)	6	-170,868	-134,326
Capitalized interest in investment property (paid)		-12,755	-19,634
Proceeds from disposal of investment property	6	124,322	2,920
Net cash outflow on acquisition of subsidiaries			
Net cash inflow on disposal of subsidiary			
Net cash inflow on disposal of associate			
Cash inflow/outflow on other non-current financial assets		-16,040	-16,239
Net cash inflow/outflow on NCI transactions			
Change in trade & other payables			
Movement in restricted cash accounts		0	256
Net cash flow used in investing activities		**-73,926**	**-161,619**

Financing Activities			
Proceeds from borrowings	15	296,526	377,953
Repayment of borrowings	15	-145,966	-92,850
Capital decrease			
Dividends paid			
Other non-cash items, realized CTA			
Net cash inflow from / (used in) financing activities		**150,560**	**285,103**
Net increase/decrease in cash and cash equivalents		**-40,332**	**-898**
Cash and cash equivalents at 1 January of the year		**84,587**	**98,955**
Effects of exch. rate changes, mainly on EUR/USD balances in non-EUR countries		14,747	-13,470
Cash and cash equivalents at 31 December of the year		**59,002**	**84,587**

(*): Interests directly capitalized in IP not included (2016: 12,755 KEUR; 2015: 19,634 KEUR) – separately presented under investing activities

E. Segment reporting

A segment is a distinguishable component of the Group which is engaged either in providing products or services (business segment), or in providing products or services within a particular economic area (geographic segment) and which is subject to risks and rewards that are different to those of other segments. As the majority of the assets (and resulting income) of the Group is geographically located in Europe (Belgium and Poland) and considering the specifics of the assets located in Russia and Ukraine and the economic and political risks and circumstances in those regions, a distinction between Europe and Russia & Ukraine has been made.
The segment assets, liabilities and income statement components include all items directly attributable to the segments, as well as those elements which can reasonably be allocated to a segment. Unallocated amounts (mainly related to (non-)current receivables and prepayments, loans and borrowings and trade & other payables on the balance sheet level and financial result and taxes on the income statement level) are shown separately.

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	2016				2015			
	Europe	**Russia/ Ukraine**	**unallo-cated**	**TOTAL**	**Europe**	**Russia/ Ukraine**	**unallo-cated**	**TOTAL**
ASSETS								
Non-current assets								
Investment Property	1,132,396	185,271		1,317,666	925,439	191,785		1,117,224
Property, plant and equipment	396	2		399	219	2		221
Intangible assets	3,778			3,778	3,822	-		3,822
Investments in associates				-	-	-		-
Receivables and prepayments			88,966	88,966			73,307	73,307
Deferred tax assets	8,283	1,536		9,819	8,099	1,643		9,742
Non-current assets held for sale				-	-	-		
Other financial assets	4,380			4,380	4,000	-		4,000
Restricted cash				-	-	-		-
Total non-current assets	**1,149,234**	**186,809**	**88,966**	**1,425,008**	**941,579**	**193,430**	**73,307**	**1,208,316**
Current assets								
Property Development Inventories	259,493	11		259,505	260,297	3		260,300
Trade and other receivables			167,708	167,708			99,624	99,624
Current tax assets	218	12		231	14	13		27
Derivatives				-	-	-		-
Assets classified as held for sale	575			575	575	-		575
Restricted cash				-	-	-		-
Cash and cash equivalents	54,456	4,546		59,001	78,896	5,691		84,587
Total current assets	**314,743**	**4,569**	**167,708**	**487,020**	**339,782**	**5,707**	**99,624**	**445,113**
TOTAL ASSETS	**1,463,976**	**191,378**	**256,674**	**1,912,028**	**1,281,361**	**199,137**	**172,931**	**1,653,429**

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	2016				2015			
	Europe	Russia/ Ukraine	unallo-cated	TOTAL	Europe	Russia/ Ukraine	unallo-cated	TOTAL
EQUITY AND LIABILITIES								
Capital and reserves attributable to the Group's equity holders								
Share capital			73,194	73,194			73,194	73,194
CTA	12,518	8,773		21,291	4,522	7,609		12,131
Retained earnings	687,964	-22,546		665,418	575,123	-5,321		569,802
	700,482	-13,773	73,194	759,903	579,645	2,288	73,194	655,127
Non-controlling interests	5,385	-6		5,379	6,253	-6		6247
Total equity	**705,867**	**-13,779**	**73,194**	**765,282**	**585,898**	**2,282**	**73,194**	**661,374**
Non-current liabilities								
Interest-bearing loans and borrowings			906,949	906,949			778,984	778,984
Deferred tax liabilities	33,997	908		34,905	36,194	5,289		41,483
Other non-current liabilities	1,916			1,916	0			0
Long-term provisions	120			120	140			140
Total non-current liabilities	**36,033**	**908**	**906,949**	**943,890**	**36,334**	**5,289**	**778,984**	**820,607**
Current liabilities								
Trade and other payables			48,108	48,108			40,010	40,010
Current tax liabilities	4,604			4,604	3,889			3,889
Interest-bearing loans and borrowings			150,144	150,144			127,549	127,549
Short-term provisions	0			0	0			0
Total current liabilities	**4,604**	**0**	**198,252**	**202,856**	**3,889**	**0**	**167,559**	**171,448**
Total liabilities	**40,637**	**908**	**1,105,201**	**1,146,746**	**40,223**	**5,289**	**946,543**	**992,055**
TOTAL EQUITY AND LIABILITIES	**746,505**	**-12,871**	**1,178,395**	**1,912,028**	**626,121**	**7,571**	**1,019,737**	**1,653,429**

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INCOME STATEMENT	2016 Europe	2016 Russia/ Ukraine	2016 unallo- cated	2016 Total	2015 Europe	2015 Russia/ Ukraine	2015 unallo- cated	2015 Total
Revenue	93,559	16,953		110,512	81,484	17,952		99,436
Other operating income	11,455	25		11,481	5,744	205		5,949
Cost of Property Development Inventories	-54,238	-43		-54,280	-48,896	-69		-48,965
Employee benefit expense	-1,247	-32		-1,280	-1,021	-37		-1,058
Depreciation amortisation and impairment charges	-570	-1		-571	-552	-1		-553
Gains/losses from revaluation of Investment Property	163,534	-24,138		139,396	119,558	-5,146		114,412
Other operating expense	-41,351	-3,382		-44,733	-36,972	-3,784		-40,756
Share of results of associates	0	0		0	0			0
Operating profit - result	**171,142**	**-10,617**	**0**	**160,525**	**119,345**	**9,120**	**0**	**128,465**
Finance income			6,548	6,548			6,427	6,427
Finance costs			-62,727	-62,727			-26,372	-26,372
Profit before income tax				**104,346**				**108,520**
Income tax expense	-12,027	4,430		-7,597	-19,255	816		-18,439
Profit for the year				**96,749**				**90,081**
Attributable to:								
Equity holders of parent		0		95,694		0		89,348
Non-controlling interests	1,055	0		1055	733	0		733

1. Summary of significant accounting policies

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

1.1. Introduction

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

These financial statements are IFRS consolidated financial statements that include the resources and activities of Ghelamco Group Comm. VA and its legal subsidiaries that are part of the Investment Holding at 31 December 2016.

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

1.2. Basis of preparation

The Investment Holding’s consolidated financial statements include those of the Ghelamco Group Comm. VA and its subsidiaries (together referred to as the “Investment Holding”). The consolidated financial statements were approved for issue by Management on March 29, 2017. The consolidated financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards (“IFRS”) as adopted by the European Union at 31 December 2016. The Investment Holding has adopted all new and revised standards and interpretations relevant for its activities and which became applicable for the financial year starting 1 January 2016.

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

1.3. Standards and Interpretations that became applicable in 2016

Standards and Interpretations that the Investment Holding anticipatively applied in 2015 and 2016:

- None

Standards and Interpretations that became effective in 2016

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

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

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

1.4. Standards and Interpretations issued but not yet effective

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

- IFRS 9 Financial Instruments and subsequent amendments (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)
- IFRS 14 Regulatory Deferral Accounts (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU)
- IFRS 15 Revenue from Contracts with Customers (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)
- IFRS 16 Leases (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)
- Amendments to IFRS 4 Insurance Contracts - Applying IFRS 9 Financial Instruments with IFRS 4 (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)

- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (the effective date has been deferred indefinitely, and therefore the endorsement in the EU has been postponed)
- Amendments to IAS 7 Statement of Cash Flows – Disclosure Initiative (applicable for annual periods beginning on or after 1 January 2017, but not yet endorsed in the EU)
- Amendments to IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses (applicable for annual periods beginning on or after 1 January 2017, but not yet endorsed in the EU)
- Amendments to IAS 40 Transfers of Investment Property (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU).

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

1.5. Principles of consolidation

1.5.1. Consolidation scope

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

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

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

The transactions, balances and unrealized gains and losses between these legal entities are deemed to be intra-group transactions and are eliminated in full.
The transactions with other entities owned directly or indirectly by the ultimate beneficial owners of the Investment Holding are deemed transactions with related parties and are not eliminated, but are presented as balances and transactions with related parties in Note 28.

1.5.2. Acquisition of subsidiaries

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

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

1.5.3. Sale of subsidiaries

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

General rule:

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

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

- Schelde Offices NV (holding one of the Blue Towers, offering +/- 13.5 Ksqm of office space on the Dacar site in Ghent)
- Arte Offices NV (holding the other of the Blue Towers, offering +/- 14.6 Ksqm of office space on the Dacar site in Ghent)
- Parking Gent and Parking Estates (holding the rights in rem of over 2,000 above and underground parking spaces on the Dacar site, around the Ghelamco Arena and under the new business hotel in Ghent)
- Retail Gent (holding the +/- 12 Ksqm retail hall on the Dacar site, which is rented to Brico-Plan It)

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

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

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

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

1.5.4. Increase in ownership interests in subsidiaries

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

1.5.5. Foreign currency translation

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

Foreign currency transactions

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

Foreign entities

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

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

	2016		2015	
	Closing rate at 31 December	Average rate for 12 months	Closing rate at 31 December	Average rate for 12 months
Polish Zloty (PLN)	4.4240	4.3625	4.2615	4.1839
Russian Rouble (RUB)	63.8111	73.9924	79.6972	67.9915
United States Dollar (USD)	1.0541	1.1069	1.0887	1.1095
Ukrainian Hryvnia (UAH)	28.4226	28.2919	26.2231	24.2287

1.5.6. Hyperinflationary economies

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

1.6. Property, plant and equipment

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

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

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

The applicable useful lives are:

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

1.7. Finance leases

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

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

1.8. Impairment of assets

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

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

1.9. Investment Property

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

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

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

Gains or losses as a result of changes in the fair value are included in the Income Statement of the year in which they occur. Gains and losses as a result of an Investment Property disposal are considered into the Income Statement of the year in which the disposal occurs.

The Investment Holding distinguishes 4 different stages for Investment Property:

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

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

Investment Properties under construction (A), (B), (C)

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

1. Based on comparative method;
2. Based on realizable m²;
3. Based on residual method.

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

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

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

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

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

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

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

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

<u>Completed Investment Properties (D)</u>

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

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

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

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

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

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

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

1.11. Property Development Inventory

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

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

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

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

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

The most recent review indicated that the global net realizable value of the Property Development Inventory of the Investment Holding exceeded its carrying amount measured on a historical cost basis in these IFRS consolidated financial statements (Note 9).

Perpetual usufruct and operating lease contracts of land

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

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

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

1.12. Trade and other receivables

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

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

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

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

1.13. Financial assets

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

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

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

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

For an overview of financial assets (and liabilities) by category in accordance with IAS39, reference is made to section 16 below.

1.14. Cash and cash equivalents

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

1.15. Share capital

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

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

1.16. Current and deferred income taxes

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

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

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

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

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

In connection with the acquisition in Poland of closed-end funds in 2011 and the related transfer process of SPVs to those funds, outstanding deferred tax balances of entities which were transferred to the funds were released (9.3 MEUR per end 2011 and 21.9 MEUR per end 2012) (and no further deferred taxes were set up in 2011, 2012 and 2013), as the funds-structure was under the Polish tax regulations exempt from tax. Within the framework of a change in Polish tax legislation and the resulting abolishment from 1 January 2014 onwards of tax transparency of the Polish project companies (SKAs) under the above closed-end funds, a fiscal step-up operation was organized and accomplished before year-end 2013. In this respect, the Company acquired in the course of 2013 new shelf companies (SKAs), to which the existing project companies sold their real estate projects in December 2013, at market value. In total, 15 projects were subject to this step-up exercise. This way, market value per 31/12/2013 of the involved projects was definitively fiscally exempted. And from 2014 onwards, deferred tax liabilities are again recognized on (new) fair value adjustments.

Early 2016, the shares of the project companies holding the Warsaw Spire and Grzybowska 77 projects have been contributed by the closed-end fund to Ghelamco Polish Project 1 SCSp (end 2015 established Luxemburg special limited partnership between the closed-end investment CC28 and Finaris SA), at market value and in exchange for partnership certificates. Subequently, these SPVs have been transformed into (transparent) sp.k.-entities. Afterwards, the involved SPVs have sold there real estate projects to newly incorporated/acquired SPVs under the Lux. limited parternship, at market value; resulting in the fiscal exemption of the resp. market values of the sold projects at that moment. This has in turn resulted in the release to the income statement of accumulated deferred tax liabilities (on the fair values of the involved projects) for an amount of 18.7 MEUR. Going forward and after another fiscal legislation change (Amendment to the CIT Law ending the beneficial tax treatment of FIZAN structures, effective 1 January 2017), deferred tax liabilities are again recognized on fair value adjustments for all Polish projects.

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

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

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. A deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized (Note 18).

1.17. Trade and other payables

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

1.18. Borrowings

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

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

1.19. Revenue recognition

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

Sale of Property Development Inventory

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

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

Rental income

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

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

Sale of Investment Property

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

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

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

2. Financial risk management

2.1 Financial risk factors

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

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

2.1.1 Foreign exchange risk

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

Within the Eurozone, the Investment Holding concludes all engineering and architectural contracts, main construction contracts and main part of (project) financing contracts in Euro. On the other hand, the Investment Holding has over the past four years and via its financial vehicle Ghelamco Invest SP. z o.o., issued significant amounts of Polish bearer bonds (with an outstanding amount of 898.9 MPLN as of 31/12/16). Leasing of the properties is Euro-based and eventual later disposal of assets or shares is usually expressed or negotiated in Euro. The Polish Zloty's risk is for that mainly related to the mentioned PLN bond issues, some local construction contracts and the sale amounts of residential projects.

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

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

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

As stated, main net foreign currency position which the Company holds at the reporting date relates to the:
- Polish bearer bonds in PLN for a (net) amount of 877,427 KPLN. A 10% strengthening/weakening of the EUR against the PLN rate at 31 December 2016 would resp. have increased/decreased the profit before tax and equity by approx. 20 MEUR. This analysis assumes that all other variables (e.g. interest rates) remain constant.
- USD bank loans in Russia for a net amount of 96,142 KUSD.

A 10% strengthening/weakening of the EUR against the USD rate at 31 December 2016 would resp. have increased/decreased the profit before tax and equity by approx. 9,2 MEUR. This analysis assumes that all other variables (e.g. interest rates) remain constant.

When a member of the Development Holding is exposed to eventual currency risks, the Investment Holding may choose to enter into an intra-group hedging.

Over 2015, Ghelamco Poland Sp. z o.o (belonging to the Service Holding) hedged the sale of an amount of EUR into PLN with its counterpart Granbero Capital. In practice, Granbero Capital covered the currency exposure for Ghelamco Poland Sp. z o.o for an amount of 3,372 KEUR on the Warsaw Spire project (Ghelamco Warsaw Spire SKA) at a fixed rate of 3,9 PLN/EUR. These hedging transactions resulted in a gain for Granbero Capital for an amount of 213 KEUR.

Per end of December 2015, there are no remaining amounts to be covered by the above contract in 2016. The market value of derivative contracts has by consequence dropped to zero as of balance sheet date; evolution which has been recognized through the profit and loss statement.

Over 2016, there have been no further similar hedging transactions. Per end of December 2016, there were no outstanding amounts to be covered by hedging contracts.

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

2.1.2 Interest rate risk

The Investment Holding actively uses external and internal borrowings to finance its property projects in Belgium, France, Poland, Russia and Ukraine. A property project's external financing is usually in the form of a bank loan denominated in Euro or US Dollars (see Note 15). Since Ghelamco Invest Sp. z o.o. is issuing bearer bonds (of which 898.9 MPLN + 6.3 MEUR actually still outstanding per balance sheet date), Polish projects can also be partly financed through the proceeds of these bonds. The same goes for Belgium since the bond issues (of which 220 MEUR actually still outstanding per balance sheet date).

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

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

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

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

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

- For the Polish projects: 898.9 MPLN + 6.3 MEUR proceeds from bond issues with a term of 3 to 4 years and bearing an interest of Wibor 6 months + 3.5%-4.5% and Euribor 6 months + 4.3% resp.; proceeds of which can be used over the resp. project development stages.

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

The Investment Holding actively uses intra-group borrowings provided by the Financing Vehicles acting as financial intermediaries (mainly Peridot SL and Salamanca Capital Services Ltd at 31 December 2016 and 31 December 2015) to finance the property projects in Poland, France, Belgium, Russia and Ukraine. These intra-group loans bear interest at market floating interest rates and are fully eliminated from these IFRS consolidated financial statements.

For sensitivity analysis, reference is made to disclosure 15 on interest-bearing loans and borrowings.

2.1.3 Operational risk (price risk in first instance)

Price risk
Raw materials, supplies, labour and other costs directly related to the construction process constitute a major part of the property development assets capitalized in the accounts of the Investment Holding's project companies.
Although construction prices may substantially vary during each accounting year, the Investment Holding succeeds in reducing its operational risk by either entering into fixed price contracts or into open book contracts with related and unrelated companies.
Most property projects are realized in cooperation with parties related to the Investment Holding (see Note 28.2).

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

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

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

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

Financing risk
The Company relies since more than 10 years on framework agreements with the majority of its banking partners. The parameters of the framework can vary due to economic circumstances, but remains workable as a whole. Before starting up the construction works (or contracting with subcontractors), the Company expects to have received already a (non-)binding term sheet from its banking relations.
In the past five years, the Company in addition proved to be able to call upon alternative financing through the issue of bonds in Belgium (220 MEUR unsecured bonds outstanding as of 31 December 2016) and Poland (898.9 KPLN + 6.3 MEUR bearer bonds outstanding as of 31 December 2016).

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

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

2.1.4 Credit risk

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

For further analysis, reference is made to note 10.

2.1.5 Liquidity risk

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

The maturity analysis for financial liabilities that shows the remaining contractual maturities is presented in Note 15.

We also refer to note 12 and 15 where the available financing is described.

2.1.6 Foreign political and economic risk

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

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

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2.2 Capital risk management

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

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

The Investment Holding monitors capital/balance sheet structure primarily based on the solvency ratio. This ratio is calculated as total equity divided by the balance sheet total. The solvency ratios at 31 December 2016 and 2015 were as follows:

	2016	**2015**
Equity	765,282	661,374
Total assets	1,912,028	1,653,429
Solvency ratio	**40.0%**	**40.0%**

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3. Critical accounting estimates and judgements

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

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

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

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

Impairment of assets

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

No additional impairments/write-offs to the profit and loss statement were deemed necessary in 2016.

Income taxes

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

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

Belgium:	33.99 %
Poland:	19 %
Russia:	20 %
Ukraine:	18 %
Cyprus:	12,5 %
Luxemburg:	21.84 % (exceptions for financial rulings)
Spain:	25%

Fair value estimation

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

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

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

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

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4. List of subsidiaries

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

Entity description	Country	31/12/2016 % voting rights	31/12/2015 % voting rights	Remarks
Ghelamco Capital (Branch)	LU	n/a	n/a	
Ghelamco Invest NV	**BE**	**99**	**99**	*
The White House Zoute NV	BE	99	99	*
Dock-Site NV	BE	99	99	*
Dianthus NV	BE	99	99	*
Nepeta NV	BE	99	99	*
Eurostadium Events NV (former De Leewe III NV)	BE	99	99	*
Eurostadium Park NV (former Immo Simava 13 NV)	BE	99	99	*
Leisure Property Invest NV	BE	99	99	*
Waterview NV	BE	99	99	*
Retail Leuven NV (former Estate of the Art NV)	BE	99	99	*
Leuven Student Housing NV	BE	99	99	*
Parking Leuven NV (former Ring Congress Centre NV)	BE	99	99	*
Wavre Retail Park NV	BE	99	99	*
RHR-Industries NV	BE	99	99	*
Zeewind NV	BE	99	99	*
Docora NV	BE	99	99	*
Ring Multi NV (former Ring Retail NV)	BE	99	99	*
MeetDistrict Gent NV	BE	99	99	*
Retail Gent NV	BE	0	99	4.2
Parking Estates NV	BE	0	99	4.2
Parking Gent NV	BE	0	99	4.2
Arte Offices NV	BE	0	99	4.2
Schelde Offices NV	BE	0	99	4.2
Ring Offices NV	BE	99	99	*
Ring Hotel NV	BE	99	99	*
Forest Parc NV	BE	99	99	*
Belalan Bischoffsheim Leasehold NV	BE	99	99	*
Bischoffsheim Freehold NV	BE	99	99	*
Belalan Louise Leasehold NV	BE	99	99	*
Louise Freehold NV	BE	99	99	*
De Nieuwe Filature NV	BE	99	99	*
Pomme de Pin Expansion SAS	FR	100	100	
Société Immobilière de Courchevel SARL	FR	100	100	
Pomme de Pin SAS	FR	100	100	
Le Chalet 1850	FR	100	n/a	4.3
Brussels Urban Invest NV	BE	99	99	*
Construction Link NV	BE	99	n/a	4.3
Kubel NV	BE	99	n/a	4.1

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Filature Retail NV	BE	99	n/a	4.3
Granbero Capital (branch)	LU	n/a	n/a	
Apollo Invest Sp. z o.o	PL	100	40	4.1
Expert Invest Sp. z o.o	PL	100	100	4.4
Industrial Invest Sp. z o.o	PL	n/a	100	4.4
Prima Bud Sp. z o.o.	PL	70	70	
Ghelamco Invest Sp. z o.o	PL	100	100	
Ghelamco GP 1 Sp z o.o	PL	100	100	
Ghelamco GP 1 spółka z ograniczoną odpowiedzialnością Konstancin SKA	PL	100	100	
Ghelamco GP 1 spółka z ograniczoną odpowiedzialnością Port Żerański SKA	PL	100	100	
Ghelamco GP 8 Spolka z ograniczona odpowiedzialnoscia Dahlia SKA	PL	100	100	
Tilia BIS Sp. z o.o (former Ghelamco GP 1 SP. z.o.o. Tilia SKA)	PL	100	100	
Innovation Bud Bis Sp. z o.o. (former Innovation SKA)	PL	100	100	
Ghelamco GP 9 spółka z ograniczoną odpowiedzialnością Sobieski Towers Sp.k.	PL	100	100	
Ghelamco GP 1 spółka z ograniczoną odpowiedzialnością Matejki SKA	PL	100	100	
Ollay Sp. z.o.o. Market SKA	PL	100	100	
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia Erato SKA	PL	100	100	
Oaken Sp.z.o.o. Pattina SKA	PL	100	100	
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia UNIQUE SKA	PL	70	70	
Octon Sp.z.o.o. PIB SKA	PL	100	100	
Ghelamco GP 1 spółka z ograniczoną odpowiedzialnością Vogla SKA	PL	100	100	
Ghelamco GP 5 Sp. z o.o. (former Fusion Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 5 spółka z ograniczoną odpowiedzialnością Sienna Towers SKA	PL	100	100	
Ghelamco GP 5 spółka z ograniczoną odpowiedzialnością SBP SKA	PL	100	100	
Ghelamco GP 5 spółka z ograniczoną odpowiedzialnością Foksal SKA	PL	100	100	
Ghelamco GP 3 Sp. z o.o. (former Belle Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 3 spółka z ograniczoną odpowiedzialnością Grzybowska 77 Sp.k.	PL	100	100	
Ghelamco GP 3 spółka z ograniczoną odpowiedzialnością Wronia SKA	PL	100	100	
Ghelamco GP 7 Sp. z o.o. (former Power Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 7 spółka z ograniczoną odpowiedzialnością Postępu SKA	PL	100	100	
CC 28 F.I.Z.	PL	n/a	100	4.1
Ghelamco GP 2 Sp z o.o	PL	100	100	
Ghelamco GP 2 Spolka z ograniczona odpowiedzialnoscia Proof SKA	PL	100	100	
Ghelamco GP 4 Sp. z o.o. (former Betula Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 2 spółka z ograniczoną odpowiedzialnością M12 SKA	PL	100	100	
WUZA1 Sp. z o.o. (former Immediate Investment Sp.z.o.o.)	PL	100	100	
WUZA1 Sp.z.o.o. Sp.k. (former Eastern Europe Bud Sp. z o.o)	PL	100	100	
WUZA1 Sp.z.o.o. WS Sp.k. (former Ghelamco Warsaw Spire WS sp.k.)	PL	100	100	
Ghelamco GP 6 Sp. z o.o. (former Opportunity Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 6 Spolka z ograniczona odpowiedzialnoscia HQ SKA	PL	100	100	
Ghelamco GP 3 Spolka z ograniczona odpowiedzialnoscia Isola SKA	PL	100	100	
Ghelamco GP 8 Sp.z o.o.	PL	100	100	

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ACG1 Sp. z o.o.	PL	n/a	100	***
Espressivio Sp. z o.o.	PL	100	100	
Ghelamco GP 10 spółka z ograniczoną odpowiedzialnością Sigma SKA	PL	100	100	
Ghelamco Garden Station Sp.z o.o.	PL	100	100	
Ghelamco Nowa Formiernia Sp. z o.o. (former Budomal)	PL	100	100	
Creditero Holdings Ltd.	CY	100	100	
Bellona Bema 87 Sp. z o.o.	PL	100	100	
Ghelamco Gdanska Pl Sp. z o.o.	PL	100	100	**
Warsaw Spire Management Sp. z o.o.	PL	100	n/a	4.1
Warsaw Spire Sp. z.o.o. Sp.k.	PL	100	n/a	4.1
Warsaw Spire Sp. z o.o.	PL	100	n/a	4.1
Ghelamco GP 10 SP. Z o.o. (former Chopin Project sp. z o.o.)	PL	100	n/a	4.1
Ghelamco GP2 Spolka z ograniczona odpowiedzialnoscia Synergy SKA	PL	100	100	**
Ghelamco GP1 Spolka z ograniczona odpowiedzialnoscia Canna SKA	PL	100	100	**
Ghelamco GP1 Spolka z ograniczona odpowiedzialnoscia Azira SKA	PL	100	100	**
Laboka Holdings Ltd	CY	100	n/a	4.1
Esperola Ltd	CY	100	n/a	4.1
Stareti Holdings Ltd	CY	100	n/a	4.1
Ghelamco Polish Project 1 SCSp	LU	100	100	
SAFE HOLDING BELGIUM NV	**BE**	**99**	**99**	
Motaro Holdings Ltd.	CY	99	99	
Challenge Invest Ltd.	UA	99	99	
Vision Invest Ltd.	UA	99	99	
Algowood Investments Ltd.	CY	99	99	
Instant Invest Ltd.	UA	99	99	
Urban Invest Ltd.	UA	99	99	
Goronin Holdings Ltd.	CY	99	99	
Hybrid Invest Ltd.	UA	99	99	
Field Invest Ltd.	UA	99	99	
Farota Trading Ltd.	CY	99	99	
Corporate Invest Ltd.	UA	99	99	
Success Invest Ltd.	UA	99	99	
Creletine Ltd.	CY	99	99	
Logistic Park Ermolino Ltd.	RU	99	99	
Millor Enterprises Ltd.	CY	99	99	
Belyrast Logistics Ltd.	RU	99	99	
Finaris SA	LU	100	100	
Salamanca Capital Services Ltd.	CY	100	100	
Peridot SL	ES	48	48	

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

(**): Subsidiaries were (as shelf entities) already controlled in 2015 but only have been consolidated for the first time in 2016.

(***):Subsidiary has in the current year been merged into Tilia; transaction which had an immaterial impact on the Company's 2016 consolidated financial statements.

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

- **Ghelamco Invest** NV, is an investment holding in ***Belgian and French*** real estate entities and also directly has a number of real estate projects on its own balance sheet.

- **Granbero Holdings Ltd** is an investment holding company that directly and indirectly owns equity interests in ***Polish*** real estate entities of the Investment Holding.

- **Safe Holding Belgium NV** is an investment holding company with (indirect) equity interests in ***Russian and Ukrainian*** real estate entities (via a number of intermediate holding entities incorporated in Cyprus).

- Finaris SA, Peridot SL, Salamanca Capital Services Ltd, Ghelamco Capital (branch of Ghelamco Group Comm. VA) and Granbero Capital (branch of Granbero Holdings Ltd) are all Financing Vehicles used in the Consortium's financial activities.

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

Summary of incorporations, acquisitions and disposals of subsidiaries (and other business units) realized by the Investment Holding during the year ended on 31 December 2016. These acquisitions and disposals of subsidiaries are treated in accordance with the accounting policy as described in section 1.5.2 and 1.5.3 (and not in accordance with IFRS 3 on Business Combinations).

4.1 Acquisitions of subsidiaries

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

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

In the course of 2016 some new Polish SPVs have been acquired or incorporated and are (directly or indirectly) held for 100% by the Company. All have in addition been acquired or incorporated for (directly or indirectly) holding future real estate developments. It mainly concerns the following: Warsaw Spire Management Sp. z o.o., Warsaw Spire Sp. z o.o. sp.k., Warsaw Spire Sp. z o.o., Chopin Project Sp. z o.o.

In addition, in Q4 2016 the Group acquired 3 Cypriot shelf companies (Esperola Ltd, Laboka Holdings Ltd and Stareti Holdings Ltd) in view of the anticipated restructuring of the Polish activities. This internal restructuring, which has still been formalized and finalized in December 2016, was deemed necessary by Management for reasons of (cost) optimization, efficiency improvement and simplifying of the legal structure. Summarized, main steps in this restructuring were the following:
-The closed-end investment fund CC28 has sold the Luxemburg limited partnership (SCSp) to Stareti, at market value (together with its main participating interest: Warsaw Spire Sp. z o.o., owner of the Warsaw Spire project).
-The closed-end investment fund CC28 has sold its SPVs (SKAs and Sp. z o.o.s) to Laboka, at market value.
-The closed-end investment fund was, in turn, contributed by Granbero Holdings to Esperola, at market value.

-Certificates of the closed-end investment fund CC28 have been fully reimbursed (to the new shareholder Esperola) and is currently under liquidation.

Result of this restructuring is that the relatively complex and inflexible FIZAN structure has actually been unwound, as it was considered no longer beneficial mainly form an administrative (e.g. increased operational costs) and legal perspective.

Above operation has been organized in accordance with applicable local legal and fiscal regulations and at arm's length. This operation has had limited to no impact on the Group's 2016 consolidated financial statements.

Per end September the Group 'acquired' the remaining 60% of shares of Apollo Invest Sp. z o.o. (project company holding the Spinnaker Tower development) via contribution in kind of the Apllo shares by Elzenwalle NV. Contribution value has been determined on an arm's length basis and amounted to 33.3 MEUR. Going forward, the Company owns 100% of the Apollo shares.

4.2 Disposal of subsidiaries

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

- Schelde Offices NV (holding one of the Blue Towers, offering +/- 13.5 Ksqm of office space on the Dacar site in Ghent)
- Arte Offices NV (holding the other of the Blue Towers, offering +/- 14.6 Ksqm of office space on the Dacar site in Ghent)
- Parking Gent and Parking Estates (holding the rights in rem of over 2,000 above and underground parking spaces on the Dacar site, around the Ghelamco Arena and under the new business hotel in Ghent)
- Retail Gent (holding the +/- 12 Ksqm retail hall on the Dacar site, which is rented to Brico-Plan It)

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

4.3 Incorporation of new shelf companies

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

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

On 18 October 2016 a French SPV (Le Chalet 1850 SAS) has been incorporated with a capital of 100 KEUR, represented by 100,000 shares, all subscribed by Pomme de Pin Expansion SAS (subsidiary of Ghelamco Invest NV) and fully paid in. End October 2016, Le Chalet 1850 SAS has acquired a site in Courchevel, France, for the future development of a residential project. Purchase price amounted to 10 MEUR.

For Poland, reference is made to section 4.1 above.

4.4 Mergers and liquidations of subsidiaries

In the course of 2016, follow ‘idle’ entities have been liquidated:

- Expert Invest Sp. z o.o.
- Industrial Invest Sp. z o.o.

In addition, ACG1 Sp. z o.o. has been merged into Tilia SKA. Rights and obligations have to the extent applicable been transferred to the merged entity.

Above operations have had limited to no impact on the Group’s 2016 consolidated financial statements.

4.5 Transfer of Subsidiaries

2016

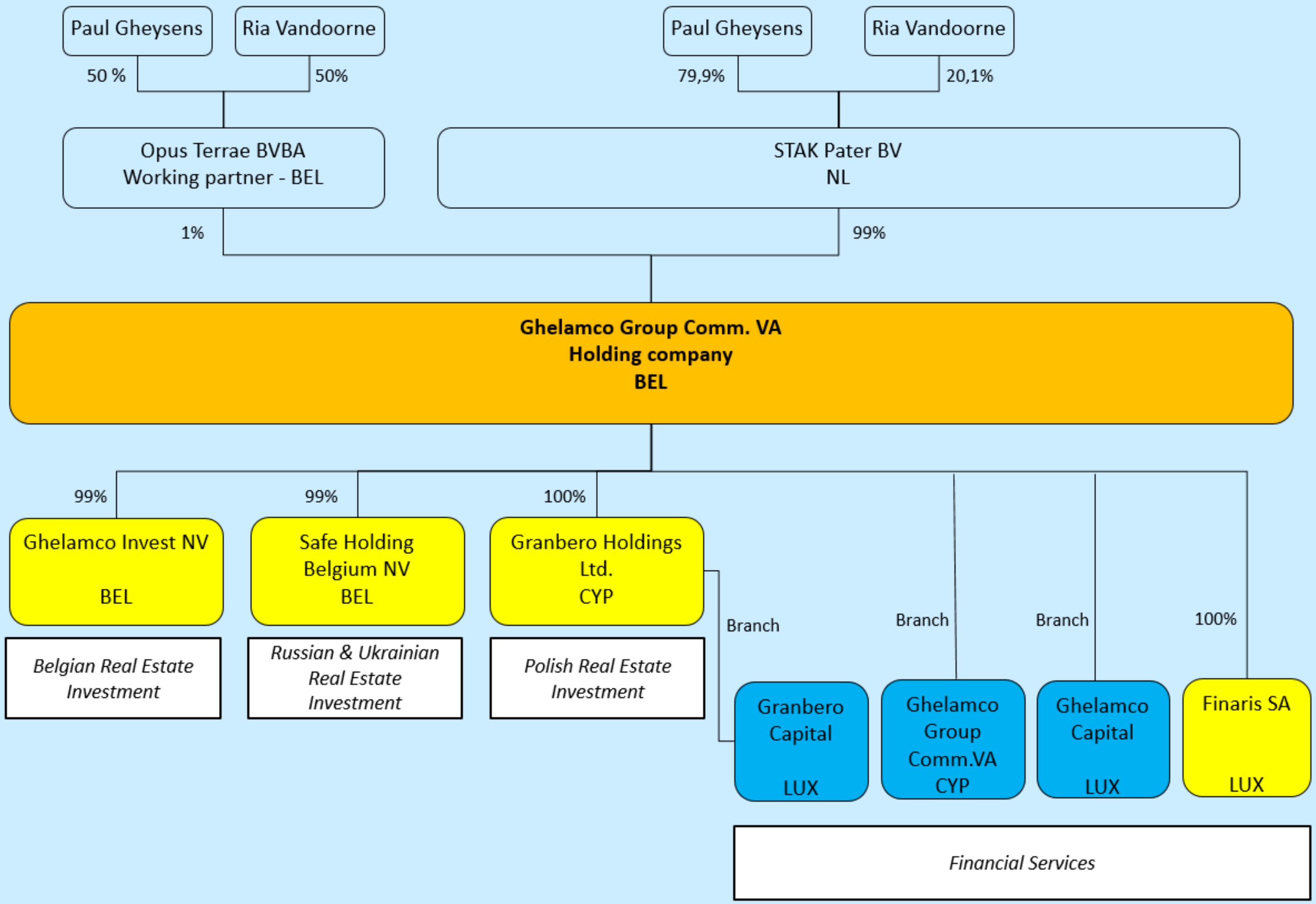
Except for the acquisition of the remaining 60% of Apollo shares through contribution in kind by Elzenwalle and the restructuring transactions as described in section 4.1 of this report, and except for the the liquidations of Expert Invest and Industrial Invest and the merger of ACG1 Sp. z o.o. into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

2015

Except for the contribution by CC28 of its participation in Woronicza SKA in Ghelamco Polish Project 1 SCSp, the sale by the Company of 30% of the shares of SPVs Unique, Prima Bud and Tarima and the mergers and liquidations of subsidiaries as described in section 4.3 of the 2015 report, there were no other share transactions or other significant transactions with related parties in 2015.

5. Group structure

5.1. Investment Holding as per December 31st, 2016



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

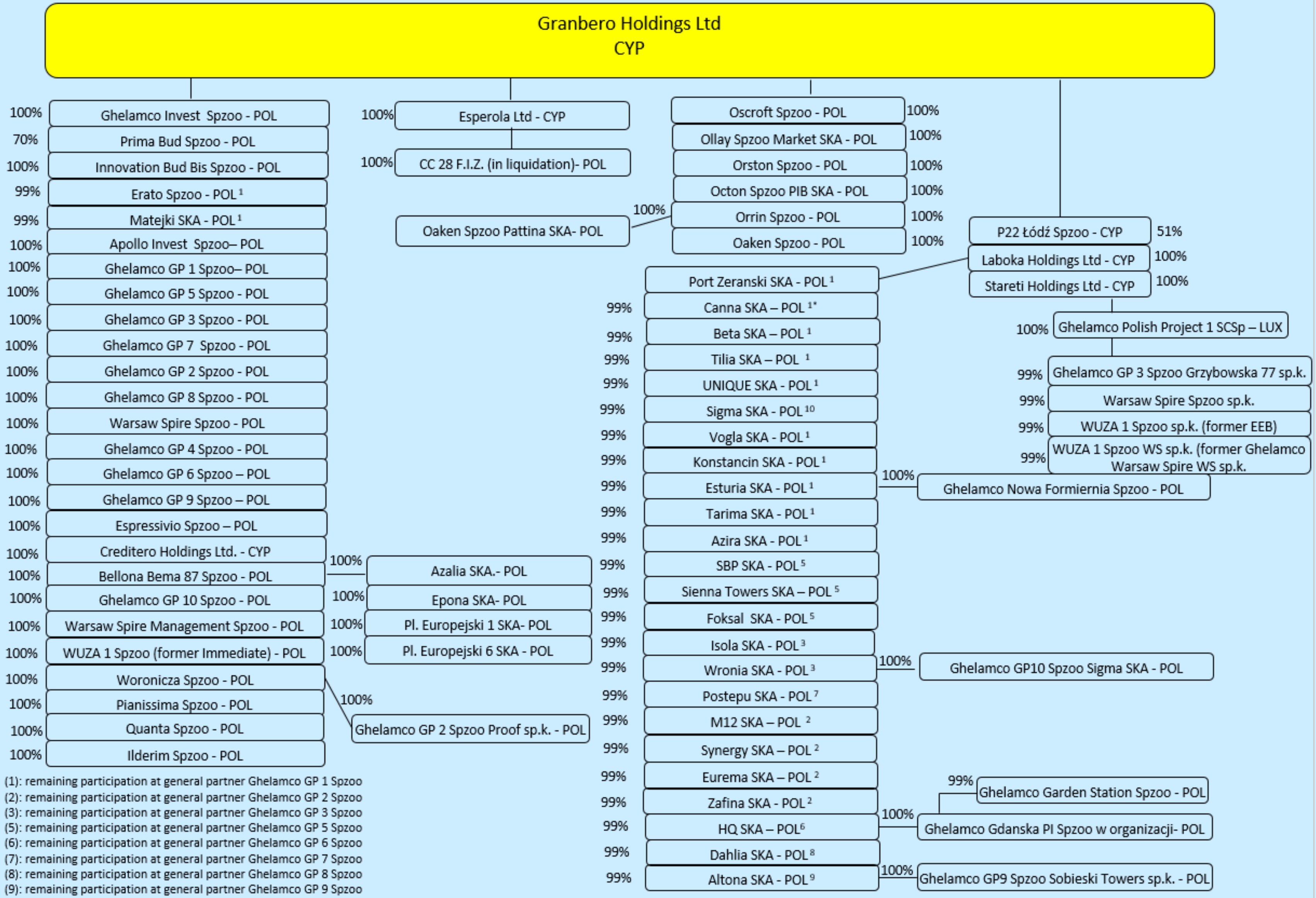
Ghelamco Invest NV
BEL

%	Entity	Entity	%	Entity	%
99%	The White House Zoute NV - BEL	Ring Multi NV - BEL	99%	Retail Leuven NV – BEL	99%
99%	Dock-site NV - BEL	Ring Offices NV - BEL	99%	Waterview NV - BEL	99%
99%	Wavre Retail Park NV - BEL	Ring Hotel NV - BEL	99%	Parking Leuven NV - BEL	99%
99%	Dianthus NV - BEL	Docora NV - BEL	99%	Leuven Student Housing NV – BEL	99%
99%	Nepeta NV - BEL	Artevelde-Stadion CVBA - BEL	11%	Eurostadium Events NV – BEL	99%
99%	RHR-Industries NV - BEL	MeetDistrict Gent NV - BEL	99%	Eurostadium Storage NV – BEL	99%
99%	Zeewind NV - BEL	De Nieuwe Filature NV - BEL	99%	Eurostadium Park NV - BEL	99%
99%	Forest Parc NV - BEL	Brussels Urban Invest NV – BEL	99%	Eurostadium Offices NV – BEL	99%
99%	Leisure Property Invest NV - BEL	Filature Parking NV – BEL	99%	Eurostadium Parking NV – BEL	99%
50%	Valbeto NV – BEL	Filature Retail NV – BEL	99%	Eurostadium Foot&Hospitality NV – BEL	99%
99%	Graminea NV – BEL	Kubel NV – BEL	99%	Pavilion NV – BEL	99%
99%	Brussels & Regional NV – BEL	Construction Link NV – BEL	99%	Ghelamco Campus NV – BEL	99%
99%	Citrien NV – BEL	Louise Freehold NV - BEL	99%	Belalan Bischoffsheim Leasehold NV - BEL	99%
100%	Pomme de Pin Expansion SAS – FRA	Rumilo NV - BEL	99%	Bischoffsheim Freehold NV - BEL	99%
		Caboli NV - BEL	99%	Belalan Louise Leasehold NV - BEL	99%

Pomme de Pin Expansion SAS – FRA:

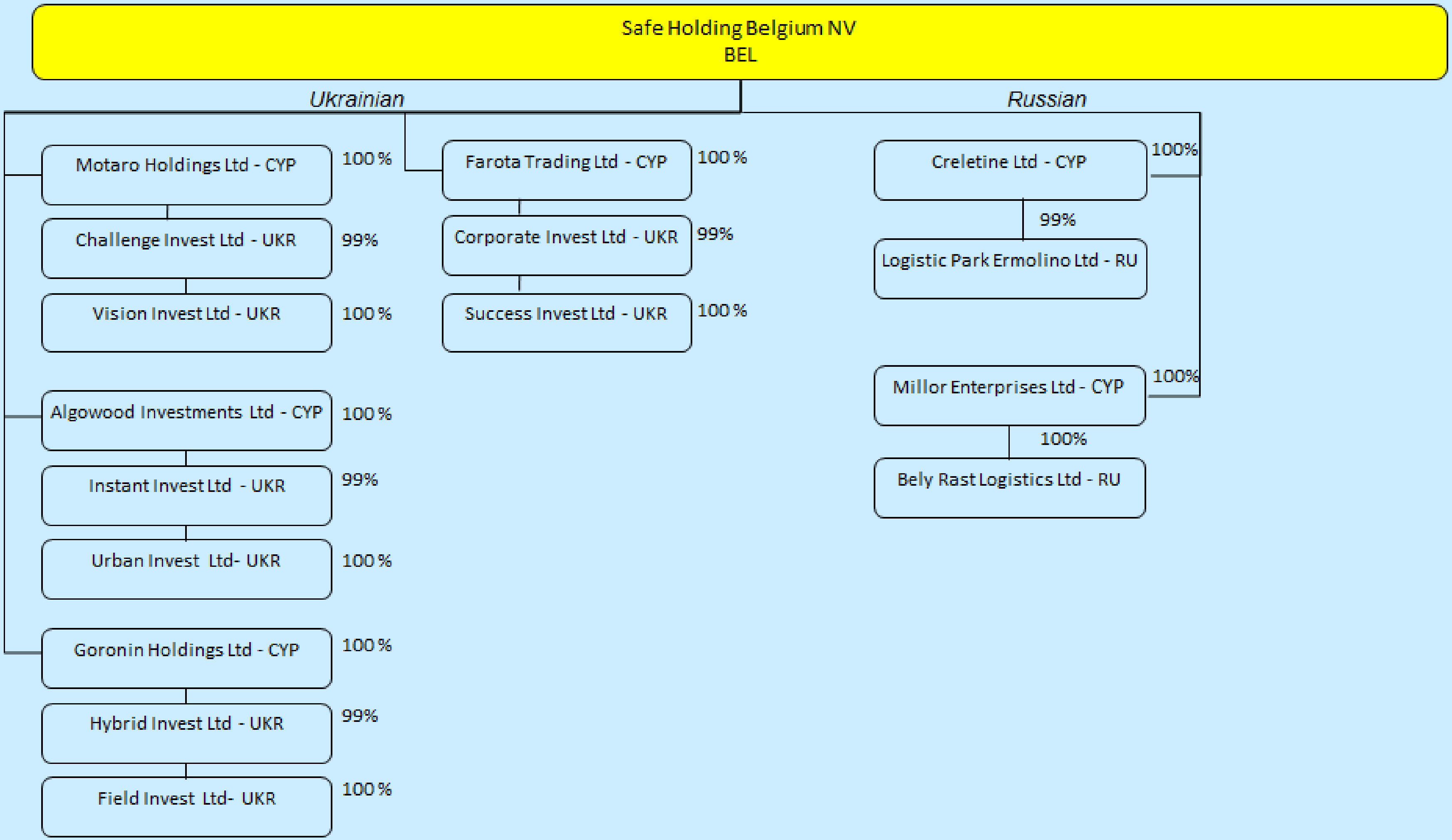
- 100% Pomme de Pin SAS – FRA
- 100% Société Immobilière de Courchevel SARL – FRA
- 100% Le Chalet 1850 – FRA

5.3. Polish Real Estate Investment as per December 31st, 2016

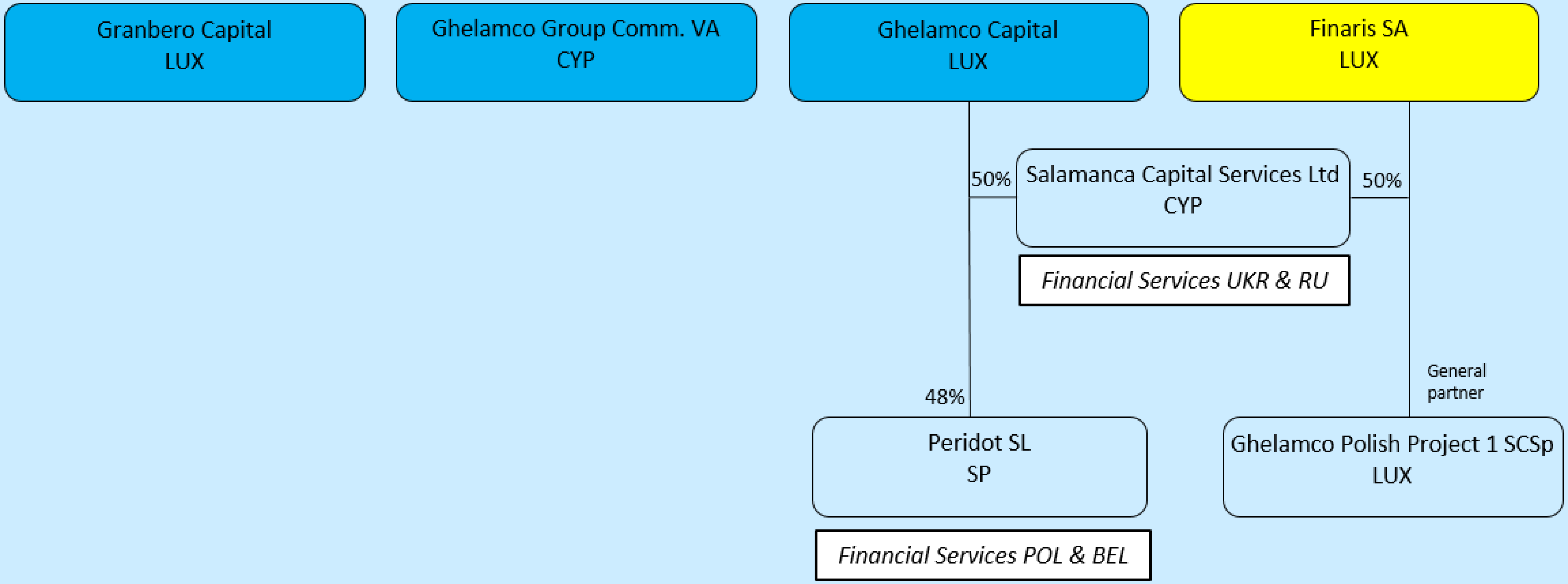


(1): remaining participation at general partner Ghelamco GP 1 Spzoo
(2): remaining participation at general partner Ghelamco GP 2 Spzoo
(3): remaining participation at general partner Ghelamco GP 3 Spzoo
(5): remaining participation at general partner Ghelamco GP 5 Spzoo
(6): remaining participation at general partner Ghelamco GP 6 Spzoo
(7): remaining participation at general partner Ghelamco GP 7 Spzoo
(8): remaining participation at general partner Ghelamco GP 8 Spzoo
(9): remaining participation at general partner Ghelamco GP 9 Spzoo
(10):): remaining participation at general partner Ghelamco GP 10 Spzoo
(11): remaining participation at general partner Ghelamco Warsaw Spire Spzoo

5.4. Ukrainian and Russian Real Estate Investment as per December 31st, 2016



5.5. Financial Services as per December 31st, 2016



6. Investment Property

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

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

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

Country + SPV	Commercial Name	Valuation	Cat	31/12/2016	31/12/2015
				KEUR	KEUR
BELGIUM					
Leisure Property Invest	Golf Knokke Zoute	Man	A	44,661	36,828
WRP	Wavre Retail Park	Man	A	8,000	12,600
Retail Gent	Retail Gent	CBRE	D	0	15,000
Parking Gent	Parking Gent	CBRE	C/D	0	30,390
Parking Estates	Parking Estates	CBRE	D	0	2,371
Zeewind	Zeewind	Man	D	1,746	1,746
Schelde Offices	Schelde Offices	JLL	D	0	34,250
Arte Offices	Arte Offices	JLL	D	0	37,250
Ring Hotel	Ring Hotel	Man	C	13,512	5,598
Ring Multi	Ghelamco Arena Multifunctional space	Cushman	D	22,625	20,425
Docora/Meetdistrict	Meetdistrict business center	Cushman	D	34,400	31,000
Ring Offices	Ghelamco Arena Offices	Cushman	D	0	0
Ghelamco Invest	Le 8300	Man	C	22,580	21,258
Waterview/Parking Leuven	Waterview Parkings	Man	D	8,434	8,434
Waterview/Retail Leuven	Waterview Retail	Cushman	D	8,650	8,000
Bischoffsheim Leasehold + Freehold	Spectrum	CBRE	B	41,500	0
Kubel/Construction Link	The Link	JLL	C	19,116	0
Subtotal Belgium				**225,224**	**265,150**
POLAND					
Apollo Invest	Spinnaker Tower	JLL	B	49,937	18,832
Postepu SKA	Postepu Business Park	KNF	B	8,110	10,030
Sienna Towers SKA	Sienna Towers	KNF	C	74,897	56,000
WS SKA/Warsaw Spire spzoo spk	Spire and Chopin Tower	KNF	D	526,780	391,209

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Ghelamco GP9 Spzoo Sobieski Towers sp.k	Sobieski Tower	BNP	B	29,595	24,824
Market SKA	Mszczonow Logistics	ASB	A	2,802	2,832
SBP SKA	Synergy Business Park Wroclaw	JLL	B	21,898	21,316
Grzybowska 77 SKA + Isola SKA	Grzybowska	KNF	A	25,480	23,500
Wronia SKA	Logistyka	KNF	C	30,491	20,778
Sigma SKA	Chopin + Stixx	KNF	B/D	38,529	32,430
Vogla SKA	Wilanow Retail	KNF	D	12,360	13,490
Tillia Bis SKA	Powisle	KNF	A	5,930	6,220
Dahlia SKA	Woloska 24	KNF	D	44,950	38,829
Nowa Formienrnia spzoo (former Budomal)	Przystanek/Mbank, Lodz	JLL	C	35,413	0
Subtotal Poland				**907,172**	**660,290**

RUSSIA

Bely Rast e.a.	Dmitrov Logistic Park	JLL	C/D	162,035	169,000
Ermolino	Logistic Park Ermolino	JLL	A	8,538	8,014
Subtotal Russia				**170,573**	**177,014**

UKRAINE

Success Invest	Kopylov Logistics Park	COLL	D	9,567	9,503
Urban Invest	Kopylov Logistics Park 2	UKR	A	918	942
Vision Invest	Warsaw Road Dev.	UKR	B	4,213	4,325
Subtotal Ukraine				**14,697**	**14,770**

TOTAL: **1,317,666** **1,117,224**

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

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Balance at 31 December 2014	**820,414**
Acquisition of properties	3,534
Subsequent expenditure	166,963
Transfers	
- Assets classified as held for sale	
- Other transfers	1,988
Adjustment to fair value through P/L	114,412
Disposals	-2,410
CTA	12,323
other	
Balance at 31 December 2015	**1,117,224**
Acquisition of properties	18,122
Subsequent expenditure	154,258
Transfers	
- Assets classified as held for sale	
- Other transfers	22,238
Adjustment to fair value through P/L	139,396
Disposals	-122,400
CTA	-11,172
other	
Balance at 31 December 2016	**1,317,666**

Categories	**A**	**B**	**C**	**D**	**Total**
Balance at 1 January 2015	**105,488**	**116,990**	**267,750**	**330,186**	**820,414**
Acquisition of properties	3,477		57		3,534
Subsequent expenditure (*)	3,008	7,006	97,133	72,139	179,286
Transfers					
- Assets classified as held for sale				400	400
- Other transfers	-21,989	-5,473	11,600	17,450	1,588
Adjustment to fair value	10,982	6,774	42,703	53,953	114,412
Disposals				-2,410	-2,410
Other					0
Balance at 31 December 2015	**100,966**	**125,297**	**419,243**	**471,718**	**1,117,224**
Acquisition of properties	7503		10,619		18,122
Subsequent expenditure (*)	3,497	35,059	50,470	54,062	143,087
Transfers					0
- Assets classified as held for sale					0
- Other transfers	-10,030	-784	-273,366	306,418	22,238
Adjustment to fair value	-5,607	34,210	21,743	89,049	139,396
Disposals			-32,700	-89,700	-122,400
Other					0
Balance at 31 December 2016	**96,329**	**193,782**	**196,009**	**831,547**	**1,317,666**

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

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

- The Blue Towers (offering +/- 28 Ksqm of office space)
- Parking Gent (holding the rights in rem of over 2,000 above and underground parking spaces on the Dacar site, around the Ghelamco Arena and under the new business hotel in Ghent)
- The Brico-Plan It retail hall (+/- 12 Ksqm retail hall, leased to to Brico-Plan It).

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

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

	2016	**2015**
Rental income	41,669	30,392

Rental income mainly relates to rent agreements in Belgium (The Blue Towers, Retail Gent, Parking Gent, Ring Multi (retail space in the Ghelamco Arena) and Meetdistrict), Poland (mainly Warsaw Spire), Russia (Dmitrov Logistics Park) and Ukraine (Kopylov Logistics Park).

Significant assumptions and sensitivity analysis

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

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

The average yields (or capitalization rates) used in the expert valuations on 31 December 2016 are as follows:

- 5.50% to 8.00% for Polish projects, depending on the location, specifics and nature of the project (vs. 5.75% to 8.25% last year)
- 5.25% to 7.25% for Belgian office projects (vs. 5.5% last year), depending on the location, specifics and nature of the investment
- 6.00% to 7.00% for Belgian retail projects (vs. 6.00% to 7.00% last year), depending on the location, specifics and nature of the investment.
- 12.00% for Russian projects (vs. 12.00 last year)
- 15.80% for Ukrainian projects (vs. 16.00% last year).

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

- 145 EUR/sqm/year to 230 EUR/sqm/year for Belgian office space (vs. 140 EUR/sqm/year to 165 EUR/sqm/year last year),
- 68 EUR/sqm/year to 130 EUR/sqm/year for Belgian retail space (vs. 74 EUR to 125 EUR last year), depending on the location, specifics and nature of the project.
- 10.5 EUR/sqm/month to 21.5 EUR/sqm/month for Polish office space (vs. 11.0 EUR to 25.5 EUR last year),
- 8.5 EUR/sqm/month to 32 EUR/sqm/month for Polish retail space (vs. 12 EUR to 32 EUR last year), depending on the location, specifics and nature of the project.
- 66-90 USD/sqm/year for Russian warehouse space and 132-180 USD/sqm/year for office space (part of the logistics projects) (vs. resp. 90 USD and 180 USD last year). These concern the average market rates which are applied to the void space, while contractual rates for the existing leases are to an extent higher.

- 3.5 USD/sqm/month for Ukrainian warehouse space and 5.0 USD/sqm/month for office space (part of the logistics projects) (vs. resp. 2.6 to 8.0 USD and 2.6 to 18.0 USD last year). Current year's rates and last year's low-end rates are market rates which are applied to the void space, while contractual rates for the existing leases are to an extent higher.

On 31 December 2016, the Investment Holding has a number of income producing investment properties (category D) which are valued at 831,547 KEUR (Meetdistrict, Ring Multi, Zeewind, Waterview retail and parkings, Warsaw Spire, Woloska 24, Vogla Wilanow, Kopylov Logistics Park and Dmitrov Logistic Park Building A and B). An increase/decrease of 100 basis points in the yield, with all other variables held constant, decreases/increases the value by approx. 108,810 KEUR.

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

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

7. Property, plant and equipment

	Property, plant and equipment	
in thousands €	**31.12.2016**	**31.12.2015**
Cost	1,233	1,036
Accumulated depreciation/amortisation and impairment	-834	-815
TOTAL	**399**	**221**

in thousands €	**Property, plant and equipment**
Cost	
Balance at 1 January 2015	1,256
Additions	1
Acquisitions through business combinations	
Disposals or classified as held for sale	-220
Revaluation increase	
Effect of foreign currency exchange differences	-1
Other	
Balance at 31 December 2015	1,036
Additions	306
Additions from internal developments	
Disposals or classified as held for sale	-106
Revaluation increase	
Effect of foreign currency exchange differences	-3
Other	
Balance at 31 December 2016	**1,233**

Accumulated depreciation and impairment

Balance at 1 January 2015	865
Depreciation/Amortisation expense	54
Disposals or classified as held for sale	-103
Impairment losses recognised in profit or loss	
Reversals of impairment losses recognised in profit or loss	
Effect of foreign currency exchange differences	-1
Other	
Balance at 31 December 2015	815
Depreciation/Amortisation expense	51
Disposals or classified as held for sale	-32
Impairment losses recognised in profit or loss	
Reversals of impairment losses recognised in profit or loss	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2016	**834**

8. Intangible assets

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

9. Property Development Inventory

The Property Development Inventories amount to 259,505 KEUR on 31 December 2016 (2015: 260,300 KEUR) and are detailed as follows:

	31/12/2016	31/12/2015
Property Development Inventories	259,436	260,234
Raw materials	64	62
Finished goods	6	4
	259,505	**260,300**

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

	31/12/2016		31/12/2015	
Inventories – Poland	68,860	27%	53,666	21%
Inventories – Belgium	190,634	73%	206,631	79%
Inventories – Other countries	11		3	
	259,505	**100%**	**260,300**	**100%**

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

	Carrying value (at cost) at 31 December 2016 - KEUR	Carrying value (at cost) at 31 December 2015 - KEUR
BELGIAN/FRENCH PROJECTS		
Ghel Invest - others	8,672	9,072
Le Valeureux Liégeois - East Dune	20.514	25,044
Locarno Knokke	7,695	6,528
Blinckaertlaan Knokke	6,750	6,204
Kanonstraat Brussel	794	794
Bleko Doornstraat Kortrijk	2,547	2,375
Dock-site	2,648	2.648
Residentie Katelijne	6,376	9,094
Project Waterside	1,206	1,398
Waterview	3,479	8.594
Sylt	7,308	9.720
Cromme Bosh	14,114	13,418
Kinder Siska	8,017	7,700
RHR-Carlton	9,911	1,545
De Nieuwe Filature/ Tribeca	18,455	15,208
Blaisantpark Gent	59	2,190
Belalan Louise/ Edition	10,253	9,394
Spectrum/ Bischoffsheim	3,765	16,459
Pomme De Pin - Courchevel	31,400	30,893
BUI De Ligne	-	24,000
Eurostadium Brussel	11,678	4,353
Le Chalet 1850-Courchevel	10,473	-
Arval site	4,520	-
TOTAL	**190,634**	**206,631**
POLISH PROJECTS		
Konstancin	4,895	4,608
Bellona-Bema	1,835	1,841
Foksal	13,189	9,770
Port Zeranski	3,067	2,942
Erato	1,921	1,781
M12 SKA	1,311	1,361
Matejki	1,197	1,256
Pattina	1,502	7
P.I.B.	3,061	3,020
Proof Invest - Q-Bik soft lofts	6,514	12,553
Innovation Bud Bis (former Signal)	23	495
Unique SKA (Pl Grzybowski)	4,340	4,141
Budomal SKA (Lodz) - Mbank		9,482
Garden Station SP. z o.o.	1,148	354
Synergy SKA	2,599	-
Canna SKA	3,010	-
Azira SKA	19,263	-
Other	-15	55
TOTAL POLAND	**68,860**	**53,666**
RUSSIAN PROJECTS		
SUBTOTAL RUSSIA	**-**	**-**

UKRAINIAN PROJECTS

SUBTOTAL UKRAINE	**11**	**3**
GRAND TOTAL	**259,505**	**260,300**

In Belgium and France, main part of current year expenditures have been done on the Tribeca project in Ghent (realisation of an approx. 35,000 sqm mixed residential and retail space project in Ghent) and the Eurostadium project.
In addition, there have been some acquisitions of plots/sites:
- Le Chalet 1850, site in Courchevel, France for the development of a residential project;
- The Arval site in Evere (+/- 10,800 sqm) for the future development of a mixed real estate project;
- Land parts in the Carlton site in Knokke-Zoute, in a joint-venture structure with a 3rd party, for the future development of a high-end residential project.

Eurostadium inventory relates to capitalized expenses related to the acquired leasehold and study costs.

In Poland, main acquisitions related to a plot in Lodz for amount of approx. 85 MPLN (via SPV Azira) for the future development of an office/multifunctional project.

Main divestures in Belgium:
- The De Ligne building at Rue de la Banque to the City of Brussels for a sales price of 27,000 KEUR
- Waterview Leuven: 65 student homes have been sold in 2016. Per date of the current report, over 90% of the total (461) available student units have been sold.
- Tribeca: invoicing under the Breyne legislation connected to (61 apartments and 56 parking spaces in) phase 2 of this mixed project at the Nieuwevaart in Ghent. Construction progress of phase 2 in this project was at 55% per end 2016. In addition, part of the plot has been sold to Woningent for an amount of 2.9 MEUR.
- Blaisantpark Ghent: In 2016 the last remaining commercial space and 61 parkings have been sold. Per end 2016, the project is as good as fully sold out.
- Katelijne, sale of the last high-end apartment in this residential project in Knokke
- Sylt, sale of 2 units (and 6 parking spaces) in this residential project in Knokke
- East Dune, sale of 7 apartments (and 5 above and 3 underground parking spaces) in this residential project in Oostduinkerke

Inventory sales in Poland mainly related to the further commercialization of apartments in the Woronicza Q-Bik project (350 residential soft lofts in Warsaw, of which per end 2016 approx. 95% have been sold).

In the current year, the Mbank balance in Poland and the Spectrum (offices part) balance in Belgium have been transferred from inventories to investment property.

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

10.1 Non-current receivables & prepayments

	Note	31/12/2016	31/12/2015
Non-current			
Receivables from related parties	28.3	46,073	44,070
Trade and other receivables		42,893	29,237
Total non-current receivables and prepayments		**88,966**	**73,307**

Non-current receivables from related parties

All non-current loans to related parties are granted for a term of 3 to 5 years.
Contractual interest rates on non-current receivables to related parties for 2016 were as follows: Euribor/ Libor + margins in the range between 1% and 4%.
Further reference is made to Note 28.3.

Non-current trade and other receivables

Non-current trade and other receivables as of 31 December 2016 mainly consist of:
- Earn-out and rental guarantee receivables in connection with the sale in 2013 of the Senator project: 455 KEUR
- Rental guarantee receivables at the level of Espressivio Sp. z o.o. in connection with the sale of the Mokotow Nova and Lopuszanska Business Park projects: 631 KEUR
- Master lease and rental guarantee retentions in connection with the disposal of Marynarska 12/T-Mobile Office Park: 285 KEUR
- Capitalised rent free and agency fees at the level of Warsaw Spire Sp. z o.o., in connection with the leasing of the Warsaw Spire Project: 6.39 MEUR
- Capitalised agency fees at the level of Dahlia SKA, in connection with the leasing of the Woloska 24 project: 1,099 KEUR
- Other Peridot loans: 31,236 KEUR

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

10.2 Current trade & other receivables

	Note	31/12/2016	31/12/2015
Current			
Receivables from related parties		6,850	1,326
Receivables from third parties		10,536	7,700
Less: allowance doubtful debtors (bad debt provision)		-	-31
Net trade receivables		17,386	8,995
Other receivables		4,175	4,567
Related party current accounts	28.3	107,717	51,844
VAT receivable		12,455	12,887
Prepayments		1,462	1,088
Interest receivable		24,513	20,243
Total current trade and other receivables		**167,708**	**99,624**

Current trade and other receivables

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

Trade receivables from related parties (and prepayments, see below) include invoices for construction, engineering and other services as described in Note 28.2.
Current Accounts receivable from related parties mainly consist of:
-69.8 MEUR vs. IRS Comm. VA
-2.5 MEUR vs. Tallink Investments Ltd.
-33.0 MEUR current account which Ghelamco Invest holds vs. Ghelamco European Property Fund, after the sale of the Dacar site; ut supra
-12.9 MEUR current account which Ghelamco Invest holds vs. Parking Gent (part of the above Dacar sale).

Prepayments

Outstanding prepayments as of 31 December 2016 mainly represent:

- 882 KEUR (vs. 703 KEUR last year) down payments (and related costs) at SPV Prima Bud for the acquisition of a land plot (Lomianki), for the development of a trade and services centre.
- 312 KEUR (vs. zero last year) at SPV Dahlia SKA: advance payments for construction services to be delivered
- 189 KEUR (vs zero last year) at SPV Sienna Towers SKA: advance payments for construction services to the delivered

Interest receivable

The interest receivable consists of an amount of 21,455 KEUR from related parties (18,284 KEUR last year).

VAT receivable

The outstanding balance as of 31 December 2016 mainly relates to VAT receivables in the following countries:

- Belgium: 1,385 KEUR (main originating projects: Meetdistrict and Construction Link)
- Poland: 10,168 KEUR (main originating projects: Woloska 24, Warsaw Spire, Warsaw Hub)
- Russia: 765 KEUR (main originator project Dmitrov Logistic Park)

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

Credit risk exposure and impairment

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

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

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

Movement in the allowance for doubtful debts

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

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

11. Derivatives

There are no outstanding balances related to the market value of derivatives as of 31/12/16 and 31/12/15.

Also refer to section 2.1.1 above.

12. Cash and cash equivalents

	31/12/2016	31/12/2015
Cash at banks and on hand	59,001	84,587
Short-term deposits		
	59,001	**84,587**

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

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

- additional capacity on the debt ratio (the Investment Holding chooses to keep a substantial margin on the Loan to Value ratio);
- potential to take up further financing on completed projects based on Loan to Value (LTV) instead of Loan to Cost (LTC);
- access to alternative financing under the form of bond issuance and mezzanine equity financing. In this respect refer to the recent bonds issues in Poland (898.9 MPLN + 6.3 MEUR total outstanding bonds at 31 December 2016) and Belgium (220 MEUR total outstanding bonds at 31 December 2016).

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13. Share capital

	31/12/2016	31/12/2015
Authorized		
35,908 ordinary shares without par value	73,194	73,194
issued and fully paid	73,194	73,194

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

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

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

13.1 Distribution of dividends within the Investment Holding

No dividends have been distributed in the course of 2016 (and 2015).

13.2 Non-Controlling Interests

	31/12/2016	31/12/2015
balance at beginning of year	6,247	5,508
share of profit for the year	1,055	733
acquistions/disposals	-1,923	6
Balance at end of year	**5,379**	**6,247**

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14. Reserves and retained earnings

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

	Cumulative translation reserve	Retained earnings
At 1 January 2015	12,198	480,283
Cumulative translation differences (CTA)	-67	
Dividend distribution to the ultimate shareholders		
Change in non-controlling interests		
Change in the consolidation scope		171
Other		
Profit for the year		89,348
At 31 December 2015	**12,131**	**569,802**

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

15. Interest-bearing loans and borrowings

		31/12/2016	31/12/2015
Non-current			
Bank borrowings – floating rate	15.1	491,352	409,809
Other borrowings	15.2/15.3	415,597	369,175
Finance lease liabilities		0	0
		906,949	**778,984**
Current			
Bank borrowings – floating rate	15.1	135,778	112,191
Other borrowings	15.2	14,365	15,347
Finance lease liabilities		1	11
		150,144	**127,549**
TOTAL		**1,057,093**	**906,533**

15.1 Bank Borrowings

During the year the Group obtained new secured bank borrowings mainly expressed in EUR and USD and withdraw on existing credit facilities for a total amount of 211.8 MEUR (mainly 56.0 MEUR in Belgium, 155.8 MEUR in Poland), large part of which are Euribor based. On the other hand, reimbursements and refinancings have been done for a total amount of 26.8 MEUR. In addition, a total amount of 79.8 MEUR has been sold outside the Group, in connection with the sale of projects to the Ghelamco European Property Fund. Also considering conversion differences (on mainly the outstanding USD loans), this brings the total outstanding amount of bank borrowings to 627.1 MEUR (compared to 522.0 MEUR at 31/12/2015).

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

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

With respect to the outstanding short-term borrowings, it is to be mentioned that, in the course of 2017, part will actually be reimbursed following the contractual terms and part will be prolonged or refinanced (e.g. through a swap to investment loan). In this recpect, a significant part of the short-term balance per books is currently in the advanced process of prolongation and/or refinancing.

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

	31.12.2016				31.12.2015			
	<1 y	**between 2 and 5 y**	**>5y**	**total**	**<1 y**	**between 2 and 5 y**	**>5y**	**total**
Credit institutions withdrawn credits	159,219	216,681	349,662	725,561	130,787	311,413	155,275	597,475
Financial lease				0				0
Total	**159,219**	**216,681**	**349,662**	**725,561**	**130,787**	**311,413**	**155,275**	**597,475**
Percentage	22%	30%	48%	100%	22%	52%	26%	100%

External bank borrowings by currency

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

Interests on bank borrowings – interest rate risk

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

On 31 December 2016, the Investment Holding had the following investment loan(s):

- 30,593 KEUR in total on Belgian projects Retail Leuven, Meetdistrict and Ring Multi; loans which are serviced by the actual rental income of the resp. properties
- 6,246 KEUR on Polish project Plac Vogla; loan which is serviced by the the rental income of the property
- Belyrast Ltd (Russia) 90.4 MUSD in total, bearing a Libor 3M based (+ 7.15% margin on the building A loan and + 8.15% on the building B loan) interest rate. The debt is fully serviced by the actual rental income of phase 1 (building A) and 2 (building B) of the Dmitrov Logistic Park project.

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

- Belgium: between 1.3% and 3,00%
- Poland: between 2.40% and 4.6%
- Ukraine: currently not applicable
- Russia : 7.15% (on Libor 3 months)

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

Interest sensitivity analysis

An increase/decrease of 100 basis points in the (average) interest rates on the floating rate bank debt at the reporting date, with all variables held constant, would have resulted in a 6,140 KEUR lower/higher profit before tax for 2016.

15.2 Other borrowings Bonds (414,437 KEUR long-term – 7,365 KEUR short-term)

Belgium

Ghelamco Invest NV has in 2012 issued private unsecured bonds for a total amount of 42 MEUR (25.05 MEUR bond serie A, maturing on 13/12/15 and bearing a fixed interest of 7.0% - 16.95 MEUR bond serie B, maturing on 13/12/17 and bearing a fixed interest of 7.875%). These bonds were secured by a first demand guarantee from Ghelamco Group Comm. VA and were underwritten by a select group of institutional investors and high-net-worth individuals.
In December 2015, Ghelamco Invest 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 has in the second half of 2013 and the first half of 2014 again issued private unsecured bonds for a total amount of 70 MEUR, secured by a first demand guarantee from Ghelamco Group Comm. VA, having as maturity date 28/02/2018 and bearing an interest rate of 6.25%. This bond program has again been coordinated by KBC Securities and Belfius Bank.

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

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

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

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.

Ghelamco Invest Sp. z o.o. has in 2016 within this programme issued public bonds (tranche PPE, PPF, PPG, PPH, PPI, PPJ, PPK and PPL) for a total amount of 290 MPLN. These bonds have a term of 4 years and bear an interest of Wibor 6 months +4%.

In addition, Ghelamco Invest Sp. z o.o. issued in December 2016 public (non-prospectus) bonds (series PF) for a total amount of 115.2 MPLN to institutional investors. These bonds also have a term of 4 years and bear an interest of Wibor 6 months +4%.

The bonds are secured by a guaranty granted by Granbero Holdings Ltd.

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

Ghelamco Invest Sp. z o.o. redeemed bonds in 2016 for a total amount of 173.9 MPLN (i.e. 33.7 MPLN redemptions on maturity date and 138.2 MPLN early redemptions/refinancings).

Total bonds balance outstanding per balance sheet date (204,653 KEUR) represents the amount of issue (898.9 MPLN + 6.3 MEUR) less capitalized issue costs, which are amortised over the term of the bonds.

Interest sensitivity analysis
An increase/decrease of 100 basis points in the (average) interest rates on the floating rate bonds debt at the reporting date, with all variables held constant, would have resulted in a 1,860 KEUR lower/higher profit before tax for 2016.

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

	31.12.2016				**31.12.2015**			
	<1 y	**between 2 and 5 y**	**>5y**	**total**	**<1 y**	**between 2 and 5 y**	**>5y**	**total**
Belgian2013 bonds	4,375	74,375	0	78,750	4,375	78,750	0	83,125
Belgian EMTN bonds 1st tranche	3,560	89,780	0	93,340	3,560	93,338	0	96,898
Belgian EMTN bonds 2nd tranche	2,925	81,138	0	84,063	2,925	11,699	72,362	86,986
Polish bonds	19,922	223,637	0	243,558	17,868	171,277	0	189,145
	30,782	**468,929**	**0**	**499,711**	**28,728**	**355,064**	**72.362**	**456,023**
	6%	94%	0%	100%	6%	78%	16%	100%

15.3 Other borrowings: Other

31/12/2016 8,161 KEUR

Other borrowings in EUR at 31 December 2016 include:
- Tallink Investments Ltd.: 897 KEUR
- Ghelamco Poland Sp. z o. o: 102 KEUR
- 7 MEUR short-term loan from a third party investor, related to a specific Polish project, maturing on 30/06/2017 and bearing an interest rate of 4.5%

31/12/2015 9,024 KEUR

Other borrowings in EUR at 31 December 2015 include:
- Tallink Investments Ltd.: 1,040 KEUR
- Ghelamco Poland Sp. z o. o: 176 KEUR
- Rent deposits: 906 KEUR (non-current)
- 7 MEUR short-term loan from a third party investor, related to a specific Polish project, maturing on 30/06/2016 and bearing an interest rate of 4.5%

15.4 Miscellaneous information

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

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

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

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

At 31 December 2016, the Group has bank loans available to be drawn for a total amount of 43,300 KEUR in Poland and 60,573 KEUR in Belgium.

16. Financial instruments

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

Financial instruments (x € 1 000)	**31.12.2016**				
	At fair value through P/L-held for trading	**Available for sale**	**Loans and receivables/fin. liabilities at amortised cost**	**Fair value**	**Fair value level**
Other financial investments					
Other financial assets			4,380	4,380	2
Non-current receivables					
Receivables and prepayments			88,966	88,966	2
Restricted cash			-	-	2
Current receivables					
Trade and other receivables			154,797	154,797	2
Derivatives	-			-	2
Cash and cash equivalents			59,001	59,001	2
Total Financial Assets	**0**	**0**	**307,144**	**307,144**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			491,352	491,352	2
Bonds Poland			197,288	202,791	1
Bonds Belgium			69,504	74,964	2
Bonds Belgium (Euronext)			147,645	146,572	1
Other borrowings			1,060	1,060	2
Finance lease liabilities					
Interest-bearing borrowings - current					
Bank borrowings			135,778	135,778	2
Bonds Poland			7,365	7,484	1
Bonds Belgium			-	-	2
Other borrowings			7,000	7,000	2
Finance lease liabilities			11	11	2
Current payables					
Trade and other payables			44,208	44,208	2
Total Financial Liabilities	**-**	**-**	**1,101,201**	**1,111,210**	

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Financial instruments (x € 1 000)	**31.12.2015**				
	At fair value through P/L- held for trading	**Available for sale**	**Loans and receivables/ fin. liabilities at amortised cost**	**Fair value**	**Fair value level**
Other financial investments					
Other financial assets			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).

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

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

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

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

We also refer to note 10.1 for the description of the fair value determination

17. Provisions

Balance at 1 January 2016		**140**
Additional provisions recognised		
Reductions		
Reversals		-20
Unwinding of discount		
Other		
Balance at 31 December 2016		**120**
	Non current	***120***
	Current	***0***

The long-term provisions mainly relate to minor (immaterial) trade disputes.

18. Deferred taxes

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

in thousands €	**31/12/2016**	**31/12/2015**
Deferred tax assets	9,819	9,742
Deferred tax liabilities	-34,905	-41,483
TOTAL	**-25,086**	**-31,741**

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

In thousands €	**Temporary differences**		**Unused tax losses and credits**	
	Investment property	**Other**	**Tax losses**	**Tax credits**
Balance at 1 January 2015	**-21,615**	**-2,948**	**7,225**	
Recognised in income statement	-25,249	2,449	8,570	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other		-173		
Balance at 31 December 2015	**-46,864**	**-672**	**15,795**	
Recognised in income statement	-2,889	-524	-291	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals	11,325		-840	
Other			-126	
Balance at 31 December 2016	**-38,428**	**-1,196**	**14,538**	**-**

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

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

in thousands €	**31/12/2016**	**31/12/2015**
DTA on unused tax losses	3,318	6,194
DTA on unused tax credits	1,090	3,998
TOTAL	4,408	10,192

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

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

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

19. Trade and other payables

Trade and other payables are analysed as follows:

	31/12/2016
Trade payables: third parties	13,237
Trade payables: related parties	7,193
Related parties current accounts payable	4,030
Misc. current liabilities	20,716
Deferred income	2,811
Current employee benefits	120
Total trade and other payables	**48,108**

	31/12/2015
Trade payables: third parties	13,378
Trade payables: related parties	954
Related parties current accounts payable	60
Misc. current liabilities	23,646
Deferred income	1,895
Current employee benefits	77
Total trade and other payables	**40,010**

Trade payables towards related parties include amongst others the amounts payable to the Development Holding for construction and engineering coordination services received. On 31/12/2016, the trade payables include 7.193 KEUR towards related parties (vs. 954 KEUR last year), as follows:

- CLD: 188 KEUR
- Others 64 KEUR
- Ghelamco Russia: 5,859 KEUR
- Apec Ltd: 195 KEUR
- Ghelamco Poland Sp. z o.o: 887 KEUR

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

Miscellaneous current liabilities mainly relate to interest payable, VAT payable, accruals, rent deposits and others.

As was also the case last year, the outstanding deferred income balance to a significant extent relates to deferred income from pre-sales in the QBik residential project. Also some deferred rental income is included (1.2 MEUR).

Trade payables are non-interest bearing and are settled in accordance with the contractual terms. The carrying amounts of trade and other payables approximate their fair value, as those balances are short-term.

20. Current tax liabilities

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

- Belgium: 1,647 KEUR
- Luxembourg: 932 KEUR
- Spain: 407 KEUR
- Cyprus: 1,618 KEUR
- Poland: 0 KEUR

Total for 2016: **4,604 KEUR** (vs. 3,889 KEUR in 2015)

21. Revenue

Revenue is mainly generated from the following sources:

in thousands €	31.12.2016	31.12.2015
Sales of Residential Projects		
Projects Belgium	61,986	56,312
Projects Poland	5,498	11,329
Rental Income	41,669	30,392
Other	1,359	1,403
TOTAL REVENUE	**110,512**	**99,436**

Rental income as of 31 December 2016 relates to rent from commercial projects in Belgium (9,511 KEUR), Poland (15,205 KEUR), Russia (14,228 KEUR) and Ukraine (2,725 KEUR).

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

- The De Ligne building at Rue de la Banque to the City of Brussels for a sales price of 27,000 KEUR
- Blaisantpark Ghent: the last remaining commercial space and 61 parking spaces (1,461 KEUR)
- Waterview Leuven: 65 student homes (8,993 KEUR)
- Villas and apartments at the Belgian coast (6,862 KEUR)
- Tribeca: invoicing under the Breyne legislation connected to (61 apartments and 56 parking spaces in) phase 2 in this mixed project at the Nieuwevaart in Ghent (12,284 KEUR); construction progress of this part of the project was per 31 December 2016 at 55%. In addition, part of the plot was sold to Woningent for an amount of 2.9 MEUR.
- Soft loft apartments in the QBik project, Warsaw (5,498 KEUR)

Overview of future minimum rental income

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

in thousands €	31.12.2016	31.12.2015
Future minimum rental income:		
Less than 1 year	37,654	37,397
Between 1 and 2 years	41,155	42,855
Between 2 and 3 years	38,402	41,293
Between 3 and 4 years	34,329	38,370
Between 4 and 5 years	32,025	31,587
More than five years	87,136	88,823
TOTAL FUTURE MINIMUM RENTAL INCOME	**270,701**	**280,324**

22. Other items included in operating profit/loss

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

	2016	2015
Other operating income		
Net gains on disposal of investment property	1,922	510
Other	9,559	5,439
Net gains on disposals of property, plant and equipment	-	-
total:	**11,481**	**5,949**

Current year's other operating income includes the gain on the disposal of the Blue Towers to Ghelamco European Property Fund for an amount of 1,992 KEUR.

In addition re-charges of real estate tax and fit-out expenses to tenants are included (mainly on Belgian (+/- 3.0 MEUR) and Polish (+/- 5.4 MEUR, mainly Warsaw Spire related) delivered projects).

Other operating income also to an extent relates to income from related parties (1,146 KEUR). It concerns re-invoicing of costs within the framework of Service Level Agreements with (mainly) Ghelamco NV, Apec Ltd and IRS NV. Also refer to note 28.3.

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

	2016	2015
Gains from revaluation of Investment Property	139,397	114,412

Fair value adjustments over 2016 amount to 139,397 KEUR, which is mainly the result of current year's further investment and leasing efforts in Poland (mainly on the Warsaw Spire and the Mbank project in Lodz) and Belgium (mainly on The Link in B and the commercial part of Spectrum in Brussels), in combination with evolution in market conditions (yield and rent level evolution).

The political and economic situation in Ukraine and Russia remains a concern but has further stabalized in 2016. 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 portfolio.

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

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

Belgium	32,484
Poland	131,050
Russia	-24,063
Ukraine	-74
	139,397

	2016	2015
Other operating expenses		
Operating lease/ rental/housing expenses	2,114	1,984
Taxes and charges	3,041	3,718
Insurance expenses	1,165	1,016
Audit, legal and tax expenses	4,448	2,559
Traveling	1,099	1,268
Promotion	1,926	1,561
Bank fees	184	150
Sales/agency expenses	11,789	15,089
Rental guarantee expenses	1,079	3,376
Operating expenses with related parties	13,116	6,465
Maintenance & management	1,026	878
Miscellaneous	3,746	2,692
Total:	**44,733**	**40,756**

Other operating expenses with related parties both concern the re-invoicing of costs within the framework of Service Level Agreements with IRS Comm. VA and Deus Comm. VA. and fit-out expenses charged by Ghelamco Poland (and afterwards further re-charged to tenants) (also refer to note 28.3) and .

Current year’s sales expenses are mainly related to the release to the income statement of capitalized (mainly) agency fees in connection with the step-up transaction in Poland in the first half of 2016 and to commission expenses in the Waterview (student houses) project in Belgium.

	2016	2015
Employee benefit expenses		
Wages and salaries	1,093	868
Social security costs	187	190
Other		
Total:	**1,280**	**1,058**

23. Cost of Property Development Inventories

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

	2016	2015
Movement in inventory	8,079	-5,074
Purchases	-62,359	-43,891
	-54,280	**-48,965**

(*) See Note 28.2
Purchases (mainly from related parties) related to Investment Property projects are not included in the above purchases, as those have directly been recorded on IP. It concerns an amount of 172,380 KEUR (transfers of 22,238 KEUR not included).

24. Finance income and finance costs

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

	2016	2015
Foreign exchange gains		998
Interest income	6,468	5,429
Other finance income	80	
Total finance income	**6,548**	**6,427**
Interest expense	-40,872	-22,552
Other finance costs	-7,435	-3,820
Foreign exchange losses	-14,420	-
Total finance costs	**-62,727**	**-26,372**

It is to be noted that interest expenses related to Investment Property projects are not included in the above 2016 and 2015 figures, as those have directly been capitalized on IP. It concerns an amount of 12,755 KEUR (vs. 19,634 KEUR last year).

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

Interest income mainly includes interests on loans to related parties.

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

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

Previous year’s other finance costs also included limited hedge results, mainly connected to the marking to market of the as of balance sheet date outstanding (currency and interest) hedging contracts (290 KEUR unfavourable).
Except for this last item, all financial income and expenses mentioned in the table above are related to financial instruments measured at amortized cost.

25. Income taxes

Income tax expense recognized in the consolidated income statement:

	31.12.2016	31.12.2015
current income tax	3,892	4,209
deferred tax	3,704	14,230
Total	**7,597**	**18,439**

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

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

in thousands €	**31.12.2016**	**31.12.2015**
Result before income taxes	104,346	108,520
Income tax expense/gain calculated at 33,99%	35,467	36,886
Effect of different tax rates in other jurisdictions	-11,000	-14,600
Effect of non-deductible expenses	1,720	724
Effect of revenue that is exempt from taxation	-2,497	-1,470
Effect of use/recognition of previously unrecognized tax losses	-410	-6,103
Effect of current year losses for which no DTA is recognized	3,547	1,774
Effect of tax incentives not recognized in the income statement	-865	-76
Effect of under/over-accrued in previous years	70	947
Effect of change in local tax rates	176	343
Release of cumulated DTL balance re. step-up operation H1 2016	-18,753	
Effect of share deal Rubia		-
Effect of share deal RPI		-
Effect of share deal L-Park		-
Other	142	14
INCOME TAX EXPENSE RECOGNISED IN INCOME STATEMENT	**7,597**	**18,439**

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

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

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

26. Contingent liabilities and contingent assets

26.1 (Bank) guarantees

All external borrowings of the Investment Holding are secured by corporate guarantees and/or surety ship agreements issued by the respective sub-holding (Ghelamco Invest NV, Safe Holding Belgium NV or Granbero Holdings Ltd.). These guarantees cover mostly cash deficiency risk, cost overrun, completion risk and interest & repayment shortfall risk. No calls on the guarantees were made in 2016 and 2015.

Company	Project name	Amount of bank loan-books (KEUR/KUSD)		Corporate guarantees as per 31/12/2016 (KEUR)	
BELGIUM					**Guarantee by Ghelamco Invest NV**
Retail Leuven					
Waterview	Waterview	EUR	6,885	6,885	Cash deficiency guarantee, subordination declaration
Leuven Student Housing					
WRP	Wavre Retail Park	EUR	5,906	5,906	Cash deficiency guarantee
Leisure Property Invest	Golf Knokke Zoute	EUR	15,000	5,000	Corporate Guarantee, cash deficiency, cost overrun, subordination declaration Peridot
Zeewind	Zeewind	EUR	378	378	Corporate Guarantee, cash deficiency
Bischoffsheim Freehold	Spectrum	EUR	1,750	1,750	Corporate Guarantee, cash deficiency
Belalan Bischoffsheim Leasehold	Spectrum	EUR	8,750	8,750	Corporate Guarantee, cash deficiency
Louise Freehold	Edition	EUR	640	640	Corporate Guarantee, cash deficiency
Belalan Louise Leasehold	Edition	EUR	6,560	6,560	Corporate Guarantee, cash deficiency
MeetDistrict Gent	MeetDistrict Gent	EUR	19,075	5,000	Corporate Guarantee, cash deficiency, cost overrun
Ring Multi	part Ghelamco Arena	EUR	7,293	4,000	Corporate Guarantee, cash deficiency
R.H.R.- Industries	Carlton	EUR	10,270	10,270	Corporate Guarantee, cash deficiency, cost overrun
Kubel	The Link	EUR	4,500	4,500	Corporate Guarantee, cash deficiency

Company	Project name	Amount of bank loan-books (KEUR)		Corporate guarantees as per 31/12/2016 (KEUR)	
POLAND					**Guarantee by Granbero Holdings Ltd.**
Warsaw Spire SKA	Warsaw Spire	EUR	300,000	300,000	Corporate suretyship and guarantee agreement
Sienna Towers SKA	Sienna Towers	EUR	7,707	7,707	Corporate guarantee

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Wronia SKA	Wronia	EUR	12,383		Suretyship, cash deficiency
SBP SKA	Wroclaw Business Park	EUR	5,850	5,850	Corporate guarantee, cash deficiency
Foksal SKA	Foksal	EUR	4,000	4,000	Corporate guarantee, cash deficiency
Sobieski SKA	Sobieski Towers	EUR	3,062		Suretyship, cash deficiency
Isola SKA	Grzybowska 77	EUR	4,282		Suretyship agreement
Vogla SKA	Plac Vogla	EUR	6,246	6,246	Corporate Guarantee
Dahlia SKA	Woloska 24	EUR	29,429		Suretyship and cash deficiency
Nowa Formiernia Sp. z.o.o.	mBank	EUR	12,999		Suretyship agreement

RUSSIA					**Guarantee by Safe Holding Belgiuim**
BelyRast	Dmitrov Logistics Park Building C	USD	5,797	4,800	support deed re. cash deficiency guarantee (and in the event of default by Safe Holding Belgium, by Ghelamco Group)

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

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

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

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

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

26.3 Guarantees received from the contractors

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

26.4 Securities on assets

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

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

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

27. Commitments

27.1 (Capital) Commitments

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

	2016	2015
Architectural and Engineering contracts	10,697	24,801
Construction contracts	294,796	101,943
Purchase of land plots	1,062	-
Purchase of shares (connected with landbank)	5,547	-
Total	**312,102**	**126,744**

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

Binding contracts

- Poland: None for plots of land for residential/commercial property development; except for a land plot at Piaseczno which was actually acquired in April 2016 (by the SPV Pattina) but for which a conditional purchase price adjustment (of 4.7 MPLN) is still outstanding (condition expected to be met in the course of 2017) .
- Belgium: Per end 2016 a framework agreement was outstanding for the acquisition of land parts in the Carlton site in Knokke-Zoute, for the future development the high-end residential project Carlton One in a joint-venture structure with a third party. Shortly before year-end, first part of land parts was acquired through an asset deal for an amount of 8,742 KEUR. And early February

2017, 2nd part has been acquired through the acquisition of (50% of) the shares of 2 companies holding the remaining land parts. Total share price amounted to 5,547 KEUR.

Non-binding contracts

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

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

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

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

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

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

- Foksal high-end residential project: 17,790 KEUR
- Mbank project in Lodz (approx. 25,000 sqm office space): 16,197 KEUR
- Wronia (approx. 15,400 sqm office space): 10,505 KEUR
- The Warsaw Hub (approx. 113,000 sqm mixed project): 178,606 KEUR
- Tribeca mixed project in Ghent: 24.5 MEUR construction contracts in total
- Ring Hotel project in Gent: 22.2 MEUR construction contracts in total

27.2 Operating lease commitments (land lease rights)

	Poland		**Russia**	
	2016	**2015**	**2016**	**2015**
Within 1 year	904	763	210	290
After 1 year but not more than 5 years	3,687	2,961	841	1,162
More than 5 years	62,871	54,341	7,075	9,820
	67,462	**58,065**	**8,127**	**11,272**

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

27.3 Rental guarantees

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

In connection with the sale of two office projects in 2013 (Mokotov Nova and Senator), master lease agreements were closed for the (at the time of the sale) not leased space, for a period of 60 months.

In this respect, a rental guarantee provision of 2,000 KEUR has been recognized in the consolidated financial statements at 31/12/16.

Belgium:
In connection with the sale of the L-Park project in 2014 to AXA Belgium, a master lease agreement has been closed for the (at the time of the sale) not leased office space. The master lease agreement has a period of 9 years. In this respect, a rental guarantee provision of 250 KEUR has been recognized in the consolidated financial statements at 31/12/16.

28. Related party transactions

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

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

28.1. Relationships with the directors and management

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

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

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

Construction and Development Services

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

- Ghelamco Belgium with its registered office in 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.

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

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

- ensuring compliance with local regulations, namely regarding safety, fire protection, labour and health conditions, construction law;
- maintaining insurance in relation to the construction works throughout the entire construction period.

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

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

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

Engineering and architectural design services

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

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

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

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

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

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

2015
Except for:
- the contribution by CC28 of its participation in Woronicza SKA in Ghelamco Polish Project 1 SCSp as described in setion 4.1,
- the sale by the Company of 30% of the shares of SPVs Unique, Prima Bud and Tarima as described in section 4.2
- the mergers and liquidations of subsidiaries as described in section 4.4 of this report, there have been no other share transactions or other significant transactions with related parties in 2015.
- The sale of the remaining office space in Ring Offices to to International Real Estate Services Comm. VA (IRS) for an amount of 2.9 MEUR,

there were no share transactions or other significant transactions with related parties in 2015.

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

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

	31/12/2016	31/12/2015
Purchases of construction, engineering and architectural design:	-106,140	-151,852
related party trade receivable	6,850	1,326
related party trade accounts payable	-7,193	-954
related party non-current loans receivable	40,912	44,070
related party interests receivable	21,455	18,284
related party C/A receivable	107,717	51,844
related party non-current other receivable	2	-
related party non-current loans payable	-998	-1,216
related party interests payable	-1,619	-1,891
related party C/A payable	-4,030	-60

29. Events after balance sheet date

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

- On 16 March 2017 new public bonds (series PG, non-prospectus) have been issued to institutional and private investors for a total amount of 147,854 KPLN. These bonds have a term of 5 years and bear an interest rate of Wibor 6 months + 4.30%. 16,920 KPLN of bond proceeds have been applied for the early redemption or roll-over of existing bonds. The remaining amount is ment for further Polish investments.

30. Auditor's Report

Deloitte.

Ghelamco Group Comm. VA

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

Deloitte.

Statutory auditor's report on the consolidated financial statements of Ghelamco Group Comm. VA for the year ended 31 December 2016

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

Report on the consolidated financial statements – Unqualified opinion

We have audited the consolidated financial statements of Ghelamco Group Comm. VA ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The consolidated statement of financial position shows total assets of 1,912,028 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 95,694 (000) EUR.

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

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

Statutory auditor's responsibility

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

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

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

Unqualified opinion

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

Zaventem, 30 March 2017

The statutory auditor

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