

Ghelamco Group Comm. VA
Half year results 30.06.2019

Commercial successes and chrySTALLizing development efforts resulting in excellent results and sound balance sheet structure

- Net profit for the period of 64,637 KEUR (vs. 18,377 KEUR as per 30.06.18)
- Solvency ratio of 41.4% (40.1% as per 31.12.18)
- Sale of the .BIG project in Krakow (approx. 10,200 sqm office space and 141 underground parking spaces) to Crédit Suisse in January 2019 for a gross transaction value of 32.9 MEUR
- Sale of the Wronia project in close vicinity of Plac Europejski Square in Warsaw (approx. 16,000 sqm office space) in April 2019 to LaSalle Investment Management for a gross transaction value of 74.0 MEUR
- Well advanced progress in construction works on the Warsaw HUB (117,000 sqm leasable space comprising 3 towers on a podium with retail function in Warsaw CBD), the residential Foksal project (55 high-end apartments in Warsaw) and the Warsaw UNIT (59,000 sqm office space in the Warsaw CBD)
- Continued commercialisation efforts resulting in increased lease rates for the Warsaw HUB project (approx. 65.000 sqm pre-leased, taking into account extension options signed) and the Warsaw UNIT project (approx. 20,600 sqm pre-leased, taking into account extension options signed)
- Sale of the Link project in Antwerp (27,000 sqm office space and approx. 540 underground parking spaces, divided over 2 buildings) to Baloise in February 2019, for a gross transaction value of 89.3 MEUR.
- Signing of a (23,000 sqm + 700 parking spaces) 15-year lease contract with PwC in January 2019 in the Focus project to be raised at the Culliganlaan in Diegem
- Signing of a (+ 37,000 sqm + 141 parking spaces) 18-year lease contract with the Brussels Region on 16 May 2019 in the Silver Tower project in Brussels
- Start of the construction works in the residential Senzafine project in Kortrijk; while per date of the current report approx. 57% of the available appartements have been (pre-)sold or reserved.

Preliminary remark

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

- Investment Holding: comprises resources invested in the development of real estate projects in Belgium, Poland, Russia and the intra-group Financing Vehicles – referred to as "Investment Group" or the "Group";
- Development Holding: represents international entities that provide construction, engineering and development services to the Investment Group;
- Portfolio Holding: consists of all other activities and real estate investments controlled by the ultimate shareholders.
- Ghelamco European Property Fund: comprises since 2016 the real estate projects kept as income generating products for a longer time.

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

Summary

The Group closed its 2019 half-year accounts with a net profit of 64,637 KEUR, after continued investment and commercialisation efforts. The Group has in the current period considerably invested in a number of existing projects and was able to create considerable added value on its current projects portfolio. But furthermore, the Group was successful in the disposal of several of its delivered projects (.BIG in Krakow, Wronia in Warsaw, The Link in Antwerp) to third party investors in the first half year of 2019. This is reflected in a balance sheet total of 1,999,264 KEUR and an increased equity of 828,383 KEUR. The solvency ratio is per 30 June 2019 at 41.4%¹.

In Poland, the investing activities have during the first half of 2019 mainly been focused on:

- The continued construction of the Warsaw HUB project at Rondo Daszynskiego, comprising 3 towers on a podium with retail function of approx. 117,000 sqm in Warsaw CBD. The completion and delivery is expected by mid 2020.
- The continuation of the construction works of the Warsaw UNIT (formerly named Spinnaker), 59,000 sqm offices project at Rondo Daszynskiego in Warsaw. The project is expected to be completed and delivered in Q3 2021.
- The progressed construction works of the Foksal project, including the renovation of the historic buildings, located in the historic heart of Warsaw. Currently, the construction works of the underground park and the above-ground part of the building have been completed. The project comprises the realisation of 55 high-class apartments (approx. 6,424 sqm in total) and commercial space of approx. 595 sqm. Per date of the current report, approx. 44% of available sqms have already been pre-sold.
- Receipt of the building permit and start of the construction works of the Flisac project (5,700 sqm of residential space and approx. 980 sqm of retail space on the ground floor, including two-storey underground parking) in the Powisle district in Warsaw. Per date of the current report, approx. 52% of available sqms have been already pre-sold.
- Acquisition of a land plot at Wadowicka Street in Krakow for the development of a 24,100 sqm office project (with retail functions on the ground floor and 325 parking spaces). The building permit has been received in January 2019 and commencement of the construction works is expected for Q4 2019.

¹ Calculated as follows: equity / total assets

Continued leasing efforts have resulted in a lease rate of over 94% for the delivered Woloska 24 project located in the Mokotow district of Warsaw and a lease rate of approx. 96% in the Vogla retail project.

For the Warsaw HUB, the Company is in advance negotiations with potential tenants for still available commercial and office spaces. Currently lease agreements have been signed for approx. 67,800 sqm (taking into account extension options signed, the level of rented space is approx. 72,400 sqm). Furthermore, the commercialisation process resulted in the signing of lease agreements for already 17,500 sqm in the Warsaw UNIT (and taking into account extension options signed, the lease level is approx. 20,600 sqm).

Regarding divestures, the Company has successfully sold two of its delivered and leased projects in the first half of 2019:

- The .BIG project (10,200 sqm office space in Krakow) was sold as per January 17th to a third party investor Credit Suisse. The sale was structured as an enterprise deal (sale of assets plus linked obligation for the buyer), based on a transaction value of 32.9 MEUR and a yield of 5.59%. At the moment of the sale the related construction loan was repaid for an amount of 16.6 MEUR;
- The Wronia project (16,600 sqm office space in Warsaw CBD) was sold as per end of April 2019 to a third party investor. The sharedeal was based on a transaction value of 74 MEUR. At the moment of the sale the related construction loan was repaid for an amount of 40.7 MEUR.

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

In February 2019, the 'The Link' project in Antwerp (27,000 sqm leasable office space and approx. 540 underground parking spaces, divided over 2 buildings) has been sold to Baloise for a total sales value (acte en main) of 89.3 MEUR. The transaction has been realized at a new prime yield for office investments in Flanders of 5.2% and resulted in the realization of previously recognized fair value adjustments of +/- 24 MEUR.

In the course of the first half year of 2019 the company also succeeded in the signing of two significant, milestone leasing contracts. In January a (23,000 sqm + 700 parking spaces) 15-year lease contract has been signed with PwC for the Focus project (offering +/- 30,000 sqm leasable office space in total) at the Culliganlaan in Diegem. The building permit has been received end of July. Per date of the current report, the construction works have been kicked off with an expected delivery date of end of April 2021. PwC is expected to actually move into its new premises end of 2021.

On 16 May 2019 a (+ 37,000 sqm + 141 parking spaces) 18-year lease contract has been signed with the Brussels Region for the Silver Tower project (offering +/- 43,900 sqm leasable office space in total) at the Boulevard St. Lazare in Brussels. The concrete structure construction works have per date of the current report well advanced, considering the expected delivery date of end of October 2020, which is also the inception date of the lease contract.

Construction works of the new Senzafine project in Kortrijk – offering 86 luxurious apartments and 108 parking spaces – have started and per mid-year the underground structure was being finalized. Delivery is expected by end of August 2020, while per date of the current report, approx. 57% of the available apartments have been pre-sold (as well as approx. 50% of the parking spaces).

Also the construction works of the prestigious Edition Zoute project in Knokke – offering 49 serviced boutique apartments and 32 parking spaces, combined with some commercial functions on the ground floor – have started. Per mid-year the underground structure was finalized and delivery of the project is expected by end

2020. Per date of the current report already approx. 10% of the apartments have been reserved (as well as part of the available commercial units).

Key figures

Results	30/06/2019	30/06/2018
Operating result	89,836	43,327
Profit for the period	64,637	18,377
Share of the group in the profit for the period	64,685	17,808
Balance sheet	30/06/2019	31/12/2018
Total assets	1,999,264	1,901,918
Cash and cash equivalents	71,218	59,072
Net financial debt (-) ²	944,605	926,116
Total equity	828,383	763,227

Revenue for the first semester of 2019 amounts to 27,094 KEUR and relates to rental income (12,688 KEUR) and sales of (residential) projects (13,765 KEUR).

The investment property (under construction) portfolio evolved from 1,034,988 KEUR per end 2018 to 1,163,722 KEUR per end of June 2019; evolution which is the combined result of current period's expenditures (87,161 KEUR), disposals (-69,784 KEUR), fair value adjustments (84,915 KEUR), currency translation impact (3,968 KEUR) and the impact of the first time adoption of IFRS 16 "Leases" for an amount of 22,474 KEUR. The current period's net favorable fair value adjustment is mainly the consequence of the Group's sustained investment and leasing efforts, in combination with market evolution (in terms of yields and rent levels).

The operating result for the first half-year of 2019 totals to 89,836 KEUR; net profit for the period closes with 64,637 KEUR.

Property development inventories balance increased by 9,676 KEUR to 258,715 KEUR; evolution which is mainly the combined effect of :

- Further expenditures on Belgian (residential) projects: mainly connected with the construction of the Edition and Spectrum projects in Brussels and the Senzafine project in Kortrijk;
- The sale of some Belgian residential projects: mainly units in the Tribeca project in Ghent and invoicing of installments under the Breyne legislation in the Edition, Spectrum and Senzafine projects;
- The progressed construction of apartments in the Foksal project in Warsaw (55 high-class apartments of which 39% is (pre-) sold per mid 2019);
- The commencement of the construction works of the Flisac residential project in Warsaw;
- The first time adoption of IFRS 16 "Leases" (for an amount of 3,179 KEUR).

During the period the Group was able to obtain new bank borrowings and withdraw on existing credit facilities for a total amount of 102.4 MEUR. On the other hand, reimbursements and refinancings have been done for an amount of 127.8 MEUR, bringing the total outstanding amount of bank borrowings to 474.4 MEUR (i.e. a net decrease by 25.0 MEUR compared to the outstanding balance of 499.4 MEUR at year-end 2018). Also considering the outstanding bonds (214.9 MEUR net outstanding private and public bonds in Poland and 281.0 MEUR net

² Calculated as follows: Non current liabilities: Interest-bearing loans and borrowings + Current liabilities: Interest-bearing loans and liabilities - Cash and cash equivalents

outstanding private and public bonds in Belgium), the first time adoption of IFRS 16 impact on the outstanding lease liabilities for an amount of 25.7 MEUR and some other loans (19.9 MEUR), leverage³ amounts to 50.8%.

Overview by country

Belgium

In Belgium the Group's main development activities during the first half of 2019 related to:

- Start of the construction works in the Senzafine project (86 high-end apartments in Kortrijk);
- Start of the construction works in the Edition Zoute project (49 serviced boutique apartments in Knokke);
- Continuation of construction works (which were started in Q4 2018) in the Silver Tower office project in Brussels and signing of a long-term lease contract with the Brussels region;
- Continuation of the construction works in the Brussels Spectrum (Avenue Bischoffsheim) projects. Construction progress is per date of the current report above 85%; and
- Signing of a long-term lease contract with PwC in the Focus project; submitting of the building permit in March and obtaining of the building permit end of July 2019.

As to divestitures and/or revenues:

- In February 2019 the 'The Link' project in Antwerp has been sold to Baloise for a total sales value (asset deal, "acte en main") of 89,250 KEUR. The deal resulted in the realization of previously recognized fair value adjustments of +/- 24 MEUR. At the moment of sale, the related bank financing has been reimbursed for an amount of 55 MEUR;
- In the course of the first half year of 2019 also 4 commercial units in the Tribeca project in Ghent have been sold to third-party investors. Total sales value amounted to 1,300 KEUR; and
- Current period's residential revenues mainly related to the sale of the remaining units in the Tribeca project at the Nieuwevaart in Ghent and installment invoicing (under the Breyne legislation) connected to the sale of apartments in the Edition and Spectrum projects in Brussels and the in the new high-end Senzafine project in Kortrijk.

Poland

In Poland, the Company in first instance maintained its existing land bank, except for the acquisition of a plot in Krakow at Wadowicka street for the development of a 24,100 sqm office (and 325 parking spaces) project.

As stated, the Company further invested in the construction of mainly the Warsaw HUB project, for which construction works were kicked off end 2016. The construction status at 30 June 2019: construction works of the overground part of the buildings, including installation of the façade, are being carried out. Lease agreements have already been signed for approx. 60,900 sqm. The delivery of the project is expected by mid 2020.

Additionally, the Warsaw UNIT project construction works were continued as planned and in view of the delivery by Q3 2021.

Furthermore the construction works of the Foksal high-end residential project in Warsaw are well advanced. The underground car park and the above ground part of the building have been completed, while renovation works of the historic buildings will start shortly.

And also the construction of the residential Flisac project in the Warsaw Powisle district has been started.

³ Calculated as follows: interest-bearing loans and borrowings/ total assets

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

- The delivered Woloska 24 office project located in the Warsaw Mokotow District (+/- 23,200 sqm) has been leased for over 94%; while the lease rate of the delivered Plac Vogla retail project is at approx. 96%;
- In the Warsaw HUB project, in addition to the hotel contract signed in October 2017, lease agreements with a fitness club operator, agreements for a co-working space, office space, cafeteria and restaurant have been signed in the course of 2018 and 2019 and negotiations with potential tenants of commercial and office sections are currently pending. In total, lease agreements were signed for approx. 60,900 sqm (and taking into account extension options signed, the level of rented space is approx. 64,800 sqm); and
- In the Warsaw UNIT project at Rondo Daszynskiego in Warsaw, a lease agreement has already been signed with an anchor tenant for 17,500 sqm (or 20,600 sqm taking into account extension options signed).

As to divestures and/or revenues:

- Current period's (residential) revenues mainly related to rental income (from mainly Wronia and Woloska 24);
- In January 2019 the .BIG office project in Krakow has been sold to Credit Suisse, as an asset deal and based on a transaction value of 32.9 MEUR; and
- In April 2019 the Wronia office project in Warsaw CBD has been sold to LaSalle, as a share deal and based on transaction value of 74 MEUR.

Russia

In Russia, the first (building A, approx. 60,000 sqm) and second phase (building B, approx. 76,000 sqm) of the Dmitrov Logistics Park – class A warehouse complex of four buildings totalling approx. 243,000 sqm of lettable area (including ancillary office accommodations) in the northern part of the Moscow Region – have in the past years been delivered and are currently leased for resp. 87% and 90%. The occupation permit of building C1 (20,000 sqm) has been received early 2017 and building C2 and C3 (26,000 sqm) have been delivered in September 2017. The C buildings are currently leased for approx. 78%. Construction works for the first (8,250 sqm) part of building D were started end 2018.

The political and economic situation and its effects on markets and (warehouse) tenant activity is further closely monitored. In Russia, the yields remained quite stable, the RUB has however recovered to an extent, while the market rental levels for (refrigerated) warehousing are however still under pressure.

Ukraine

In Ukraine, the delivered and operational Kopylov Logistics Park (+/- 30,000 sqm warehousing in the Makariv District of the Kyiv Region) was sold to a third party in the course of 2017. In the first half of 2019 the (shares of the companies indirectly holding the) 2 remaining plots in the same region have been sold to International Real Estate Services Comm. VA, related party and Service Holding of the Ghelamco Consortium. This sales transaction resulted in a gain on disposal of 3.8 MEUR.

Outlook

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

For the second half of 2019, the Group will continue its sustained growth. In addition, it will closely monitor specific evolutions in its active markets and real estate segments and is currently securing some important positions for sizable new projects. Considering its sound financial structure and the expected further market evolutions (in terms of tenant activity and evolution in yields), the Group is confident to achieve this growth and its goals for 2019 in general.

Risks

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

These risks, which are described in detail in the Ghelamco Group Comm. VA Consolidated IFRS Financial Statements at 31 December 2018, remain applicable for 2019 and are closely managed and monitored by the Group's management. As from 2015 the Group insured its capital risk on Russia, against expropriation and/or nationalisation.

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

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

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



Paul Gheysens
CEO & Managing Director
Ieper
24/09/2019



Philippe Pannier
CFO
Ieper
24/09/2019

About Ghelamco

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

Condensed consolidated statement of profit or loss (in KEUR)

	Note	30/06/2019	30/06/2018
Revenue	7	27,094	39,321
Other operating income	8	10,510	7,216
Cost of Property Development Inventories		-11,389	-18,047
Employee benefit expense		-754	-578
Depreciation amortisation and impairment charges		-569	-447
Gains from revaluation of Investment Property	4	84,915	38,771
Other operating expense	8	-20,016	-22,870
Share of results of equity accounted investees		45	-39
Operating profit		89,836	43,327
Finance income	9	8,239	6,956
Finance costs	9	-19,610	-19,777
Profit before income tax		78,465	30,506
Income tax expense	10	-13,828	-12,129
Profit for the period		64,637	18,377
Attributable to			
Owners of the Company		64,685	17,808
Non-controlling interests		-48	569

Condensed consolidated statement of profit or loss and other comprehensive income (in KEUR)

	30/06/2019	30/06/2018
Profit for the period	64,637	18,377
Exchange differences on translating foreign operations	1,755	4,117
Other		-27
Other comprehensive income of the period	1,755	4,090
Total Comprehensive income for the period	66,392	22,467
Attributable to		
Owners of the Company	66,440	21,898
Non-controlling interests	-48	569

Condensed consolidated statement of financial position (in KEUR)

	Note	30/06/2019	31/12/2018
ASSETS			
Non-current assets			
Investment Property	4	1,163,722	1,034,988
Property, plant and equipment		625	515
Intangible assets		3,929	3,651
Equity accounted investees	5	14,529	14,485
Receivables and prepayments		243,702	236,239
Deferred tax assets		12,923	10,997
Other financial assets	11	4,003	3,961
Restricted cash		0	0
		1,443,433	1,304,836
Current assets			
Property Development Inventories	3	258,715	249,039
Trade and other receivables	11	201,085	162,073
Current tax assets		238	31
Derivatives		0	0
Assets classified as held for sale	4	24,575	126,867
Restricted cash		0	0
Cash and cash equivalents	11	71,218	59,072
		555,831	597,082
Total current assets			
TOTAL ASSETS		1,999,264	1,901,918

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

	Note	30/06/2019	31/12/2018
EQUITY AND LIABILITIES			
Capital and reserves attributable to the Group's equity holders			
Share capital		28,194	28,194
Cumulative Translation Reserve		4,504	2,749
Retained earnings		787,787	724,329
		820,485	755,272
Non-controlling interests		7,898	7,955
TOTAL EQUITY		828,383	763,227
Non-current liabilities			
Interest-bearing loans and borrowings	6	778,674	750,274
Deferred tax liabilities	11	52,621	46,617
Other non-current liabilities		2,419	7,029
Long-term provisions		0	0
Total non-current liabilities		833,714	803,919
Current liabilities			
Trade and other payables	11	88,419	93,802
Current tax liabilities		11,599	6,056
Interest-bearing loans and borrowings	6	237,149	234,914
Short-term provisions		0	0
Total current liabilities		337,167	334,772
Total liabilities		1,170,881	1,138,691
TOTAL EQUITY AND LIABILITIES		1,999,264	1,901,918

Condensed consolidated cash flow statement (in KEUR)

	Note	30/06/2019	30/06/2018
Cash flow from operating activities			
Result of the year before income tax		78,465	30,506
<i>Adjustments for:</i>			
- Share of results of associates		-45	39
- Change in fair value of investment property	4	-84,915	-38,771
- Depreciation, amortization and impairment charges		569	447
- Result on disposal investment property	8	-7,765	647
- Change in provisions		0	0
- Net finance costs	9	4,999	6,674
- Movements in working capital:			
- change in inventory		-6,497	4,867
- change in trade & other receivables		-30,523	53,187
- change in trade & other payables		-3,566	-50,439
- change in fair value of derivatives			0
- Movement in other non-current liabilities		-4,610	4,084
- Other non-cash items		-299	-121
Income tax paid	10	-4,413	588
Interest paid	9	-5,732	-8,894
Net cash from operating activities		-64,332	2,814
Cash flow from investing activities			
Interest received	9	-1,553	3,690
Purchase of property, plant & equipment		-957	-240
Purchase of investment property	4	-88,841	-67,757
Capitalized interest in investment property	4	-11,043	-7,481
Proceeds from disposal of investment property/ AHS	4	183,849	14,466
Net cash outflow on acquisition of subsidiaries		0	1,689
Cash in/outflow on other non-current financial assets		-7,505	-8,009
Net cash inflow/outflow on scope changes		-1,155	
Movement in restricted cash accounts		0	0
Net cash flow used in investing activities		72,795	-63,642
Financing Activities			
Proceeds from borrowings	6	164,272	70,000
Repayment of borrowings	6	-159,289	-55,876

Exch. rate impact on Po bonds

Net cash inflow from / (used in) financing activities

Net increase in cash and cash equivalents

Cash and cash equivalents at 1 January

Effects of exch. rate changes in non-EUR countries

Cash and cash equivalents at the end of the period

		-9,862
	4,983	4,262
	13,446	-56,566
	59,072	129,526
	-1,300	7,200
	71,218	80,160

Condensed consolidated statement of changes in equity (in KEUR)

	Attributable to the owners of the Company			Non-controlling interests	Total equity
	Share capital	Cumulative translation reserve	Retained earnings		
Balance at 1 January 2018	28,194	7,147	687,402	6,746	729,489
Foreign currency translation (CTA)		4,117			4,117
Profit/(loss) for the period			17,808	569	18,377
Dividend distribution					0
Change in non-controlling interests					0
Change in the consolidation scope				5	5
Other			-27		-27
Balance at 30 June 2018	28,194	11,264	705,183	7,320	751,961
Balance at 1 January 2019	28,194	2,749	724,329	7,955	763,227
Foreign currency translation (CTA)		1,755			1,755
Profit/(loss) for the period			64,685	-48	64,637
Dividend distribution					0
Change in non-controlling interests					0
Change in the consolidation scope			-1,227	-9	-1,236
Other					0
Balance at 30 June 2019	28,194	4,504	787,787	7,898	828,383

Notes to the condensed consolidated interim financial statements at 30 June 2019

1. Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2018 ('last annual financial statements'). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The condensed consolidated financial statements for the 6-months period ended June 30, 2019, were approved by the Manager on 25 September 2019.

The Company has adopted all new and revised standards and interpretations relevant for its activities and which became applicable for the financial year starting 1 January 2019. The following new IFRS standard has been implemented since 1 January 2019:

IFRS 16 "Leases"

This standard has been published on 13 January 2016 and replaces existing prescriptions related to the accounting treatment of lease contracts, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the substance of transaction involving the legal form of a lease. This standard is applicable on or as from 1st January 2019.

IFRS 16 introduces significant changes in accounting for leases for the lessee, removing the distinction between operating and finance leases and recognising Right-of-Use assets and lease liabilities for all leases (aside from exemptions for short-term leases or low-value assets). Unlike accounting for leases by the lessee, IFRS 16 keeps almost all provisions from IAS 17 Leases regarding accounting for leases by the lessor. This means that lessors must continue to classify leases as operating or finance leases. As the Company is mainly property owner and thus acting as a lessor, no changes are triggered and the Company will continue to value its investment property portfolio at fair value in accordance with IAS 40.

Still, in Poland and Russia, the Company holds significant part of its land positions through long-term leaseholds (i.e. 'perpetual usufructs') and not full property. In the past, these lease contracts were classified as operating or finance leases based on the criteria defined by IAS 17 Leases. As a result of the adoption of IFRS 16, the Company has recognized a right-of-use asset and a lease liability for all qualifying contracts; except for low value contracts/assets.

All right-of-use assets complying with the definition of Investment property will be presented as Investment property. The other right-of-use assets will be presented in the most appropriate caption, taking into account the nature of the assets on which the right-of-use has been granted. The right-of-use assets presented as Investment property are recognized at fair value (while those were previously recorded at cost according to IAS 17). The lease liabilities are initially recognized at their discounted value and will going forward be updated, considering the incremental interest rate on the one hand and the actual lease payments on the other hand.

The Company has adopted IFRS 16 as from 1st January 2019 and applied the 'modified retrospective' approach. The comparative figures (and the opening equity) have not been adapted.

The impact of the adoption of IFRS 16 on the statement of profit or loss and on the statement of financial position is as follows. The impact on the 2019 statement of profit or loss is limited.

Roll forward Right of use asset IFRS 16					
	Investment Property			Prop. Dev. Inventories	Total Right of Use Asset
Country	Poland	Russia	Total	Poland	
31/12/2018	0	0	0	0	0
Initial recognition	20,169	2,478	22,647	3,166	25,813
1/01/2019	20,169	2,478	22,647	3,166	25,813
Addition (new)	69	0	69	0	69
Revaluation	-239	-3	-242	13	-229
30/06/2019	19,999	2,475	22,474	3,179	25,653

Roll forward lease liability IFRS 16							
	Non-current lease liability			Current lease liability			Total lease liability
	Poland	Russia	Total	Poland	Russia	Total	
31/12/2018	0	0	0	0	0	0	0
Initial recognition	21,776	2,210	23,986	1,559	268	1,827	25,813
1/01/2019	21,776	2,210	23,986	1,559	268	1,827	25,813
Addition (new)	64	0	64	5	0	5	69
Payment 1st semester 2019	0	0	0	-1,082	-145	-1,227	-1,227
Interest charges on lease liabilities (*)	855	142	997	0	0	0	997
Classification non-curr. to curr. lease liabilities	-1,641	-268	-1,909	1,641	268	1,909	0
30/06/2019	21,054	2,084	23,138	2,123	391	2,514	25,652

(*): included in other finance costs. Reference is made to note 8 Finance income and finance costs below.

2. Significant accounting policies

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

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

The accounting policies adopted are consistent with those followed for the preparation of the Group's consolidated financial statements for the year ended 31 December 2018 and the new interpretations and standards that are applicable from 2019, to the extent applicable.

3. Property development inventories

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

	30/06/2019	31/12/2018
Property Development Inventories	258,663	248,982
Raw materials	48	53
Finished goods	4	4
	258,715	249,039

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

	30/06/2019		31/12/2018	
Inventories – Poland	72,512	28%	62,058	25%
Inventories – Belgium	186,203	72%	186,978	75%
Inventories – Other countries	0		3	
	258,715	100%	249,039	100%

In Poland, the main movements were noted in the Woronicza Qbik balance (-115 KEUR to 981 KEUR) in line with current period's sales of remaining units, the Foksal balance (+5,240 KEUR to 31,643 KEUR) in connection with the progress of the construction works of this high-end residential project and the first time adoption of IFRS 16 (+ 3,179 KEUR). Regarding the first time adoption of IFRS 16, reference is also made to section 1 above.

In Belgium, the inventory mainly relates to:

- Residential projects at the Belgian coast (both finalized and under construction), mainly in Knokke and Oostduinkerke;
- The new Edition Zoute project (49 serviced boutique apartments with commercial functions on the ground floor, in Knokke); under construction;
- The new high-end Senzafine project in Kortrijk (86 high-end apartments); under construction;
- The last remaining, delivered units in the Tribeca project in Ghent (approx, 35,000 sqm mixed residential and retail space project on a 24,000 sqm former industrial site);
- Some plots in Courchevel for the development of (combined) residential/hotel projects; and
- Capitalized Eurostadium IP rights on the design, study costs and expenditures related to the acquired leasehold.

Eurostadium Brussels

The board of the directors of Ghelamco Invest NV confirms its statement mentioned in the Consolidated Financial Statements as at December 31, 2018 (p. 59-60). Since that date the situation has not significantly changed, except for the fact that the Council of Permit Disputes has rejected the Company's appeal on 5 September 2019. As a matter of cautious governance the company has registered any additional costs related to the Eurostadium project in its P&L. As to the capitalised Eurostadium expenditures which still amount to 23.6 MEUR, the board of directors acknowledges that the current status of the file constitutes an uncertainty but remains of the opinion that the capitalized expenses will be recovered in the future either through a new permit request or, if necessary, a claim.

4. Investment property (under construction)

Balance at 31 December 2018	1,034,988
Acquisition of properties	226
Acquisition through business combinations	
Subsequent expenditure	86,935
Transfers	
- Assets classified as held for sale	
- Other transfers	
Adjustment to fair value through P/L	84,915
Disposals	-69,784
Currency translation effect	3,968
other	22,474
Balance at 30 June 2019	1,163,722

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

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

Country + SPV	Commercial Name	Valuation	Cat	30/06/2019	31/12/2018
				KEUR	KEUR
BELGIUM					
Leisure Property Invest	Knocke Village	Man	B	60,708	59,000
Zeewind	Zeewind	Man	D	1,746	1,746
Ring Multi	Ghelamco Arena Multifunctional space	Cushman	D	22,775	22,675
Meetdistrict	Meetdistrict business center	Cushman	D	34,550	33,950
Ghelamco Invest	Zoute House	Man	C	25,189	24,101
Dianthus	Arval site	Man	C	7,733	6,000
Bischoffsheim Leasehold + Freehold	Spectrum	CBRE	C	80,578	62,464
DNF/Filature Retail	Filature/ Tribeca Retail	Man	D	4,675	5,500
Docora	Rafc Stands	Man	D	50,352	49,696
Silver Tower	Silver Tower	Belsq	C	63,372	47,257
Domein Culligan	Focus/ PwC Offices	JLL	B	39,764	9,500
POLAND					
Apollo Invest Spzoo	The Warsaw UNIT	JLL	C	77,620	69,719
Postępu SKA	Postępu Business Park	KNF	B	7,970	7,246
Sienna Towers SKA/ HUB SKA	The HUB	KNF	C	271,233	199,334
Sobieski SKA	Sobieski Tower	BNP	B	33,633	33,429
Market SKA	Mszczonow Logistics	ASB/Man	A	2,834	2,824
SBP SKA	Synergy Business Park Wroclaw	JLL	B	25,805	25,138
Grzybowska 77 Sp, K, + Isola SKA	Grzybowska	KNF	D/A	30,343	25,023
Wronia SKA	Wronia 31	KNF	D	0	64,386
Sigma SKA	Chopin + Stixx	KNF	B/D	43,618	41,896
Vogla SKA	Wilanow Retail	Savills	D/A	16,500	16,300
Dahlia SKA	Woloska 24	Cresa	D	56,420	56,222
Synergy SKA	Katowice	JLL	A	4,100	3,700
Azira SKA	NCL (Lodz)	Savills	C	26,172	21,419
Estima SKA	Kreo (Wadowicka Krakow)	Cresa	C	8,129	0
Right of use		Man	n/a	19,999	0
RUSSIA					
Bely Rast e,a,	Dmitrov Logistic Park	JLL	D/C	138,135	135,000
Ermolino	Logistic Park Ermolino	JLL	A	7,294	7,094
Right of use		Man		2,475	0
UKRAINE					
Urban Invest	Kopylov Logistics Park 2	UKR	n/a	0	772
Vision Invest	Warsaw Road Dev.	UKR	n/a	0	3,596

TOTAL : **1,163,722** **1,034,988**

Legend : Man = Management valuation, Belsq = Belsquare, CBRE = CBRE valuation report, Cushman = Cushman & Wakefield valuation report, KNF = Knight Frank, JLL = Jones Lang Lasalle, UKR = Ukrexprombud, ASB = Asbud, CRS = Colliers, BNP = BNP Paribas, Savills = Savills, Cresa = Cresa

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

- 3.60% to 8.65% for Belgian office projects, depending on the location, specifics and nature of the investment (vs. 4.25% to 8.65% per 31/12/2018);
- 5.47% to 6.35% for other Belgian (mainly retail) projects, depending on the specifics, nature and location of the investment (vs. 6.00% to 6.50% per 31/12/2018);
- 5.00% to 7.50% for the Polish projects depending on the specifics, nature and location of the developments (vs. 5.25% to 7.50% per 31/12/2018);
- 11.25% to 15.00% DCF discount rates and 10.50% on terminal value for Russian projects (vs. 11.25% to 15.00% and 10.50% per 31/12/2018).

The net increase in investment property (+ 128,734 KEUR) is mainly related to the further investments in projects (87,161 KEUR), fair value adjustments (84,915 KEUR), CTA impact (3,968 KEUR), compensated by disposals (- 69,784 KEUR). The remainder of the net increase can be attributed to the impact of the first time adoption of IFRS 16 "Leases" for an amount of 22,474 KEUR.

In the course of the first half year of 2019 4 commercial units in the Tribeca project in Ghent have been sold to third-party investors. Total sales value amounted to 1,300 KEUR.

As stated above, in February 2019, the 'The Link' project (27,000 sqm office space and approx. 540 underground parking spaces) has been sold to Baloise. The net transaction value approximated the carrying value per year-end 2018 plus the expenditures still incurred. The sales transaction was structured as an asset deal. In connection with the anticipated sale, this project was per end 2018 already transferred from Investment property to assets held for sale.

The .BIG project (10,200 sqm office space in Krakow) has on 17 January been sold to Credit Suisse. The sale was structured as an enterprise deal (sale of assets plus linked obligation for the buyer), based on a transaction value of 32.9 MEUR and a yield of 5.59%. The sale resulted in a gain on disposal of investment property of 2.2 MEUR. In connection with the anticipated sale, this project was per end 2018 already transferred from Investment property to assets held for sale.

Furthermore, the Wronia project (16,600 sqm office space in Warsaw CBD) was sold on 26 April 2019 to a LaSalle Investment Management. The share deal was based on a transaction value of 74 MEUR and resulted in a gain on disposal of investment property of 2.0 MEUR.

For the right of use balance which was recognized in connection with the first-time adoption of IFRS 16, reference is made to section 1 above.

5. Equity accounted investees

Investments in equity accounted investees amount to 14,529 KEUR and mainly relate to the (50%) participating interest in Carlton Retail NV, which is connected with the One Carlton high-end residential project in Knokke Zoute.

6. Interest bearing loans and borrowings

	30/06/2019	31/12/2018
Non-current		
Bank borrowings – floating rate	295,977	318,042
Other borrowings	459,554	432,149
Lease liabilities	23,143	83
	778,674	750,274
Current		
Bank borrowings – floating rate	178,458	181,398
Other borrowings	56,177	53,516
Lease liabilities	2,514	0
	237,149	234,914
TOTAL	1,015,823	985,188

6.1 Bank borrowings

During the period, the Group obtained new secured bank loans expressed in EUR and PLN and withdrew on existing credit facilities for a total amount of 102.4 MEUR. On the other hand, reimbursements (and/or refinancings) have been done for a total amount of 127.8 MEUR, net of prolongation of a number of borrowings. This resulted in a net increase by 25.0 MEUR compared to the outstanding bank loans balance of 499.4 MEUR at year-end 2018.

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

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

With respect to the outstanding short-term bank borrowings, it is to be mentioned that in the second half of 2019 part will be reimbursed following the contractual terms, but significant parts will also be repaid upon sale/disposal of the related projects and parts will be prolonged or refinanced (e.g, through resp, swap to development or investment loan).

25% of the outstanding non-current bank borrowings is maturing within a 3 years-period, 8% is maturing between 3 and 5 years and 67% is maturing after more than 5 years.

6.2 Bonds

Belgium

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

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

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

In addition, the Group has on 23 October 2018 issued bonds for a total amount of 33,000 KEUR within the existing 250 MEUR EMTN bonds program. The bonds have as maturity date 23/05/2022, bear an interest rate of 4.5% and are secured by a first demand guarantee from Ghelamco Group Comm. VA. The transaction has been coordinated by KBC, BNP Paribas Fortis and Société Générale as managers and has been subscribed by professionals and institutional investors.

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

Total balance of outstanding bonds per balance sheet date (280,978 KEUR) represents the amount of issue (284,600 KEUR) less capitalized issue costs (of which mainly the issuing banks' arrangement fees), which are amortized over the term of the bonds.

Poland

The Group has in the current period (on 26 February, 28 March and 29 March 2019), via Ghelamco Invest Sp. z o.o.) within its pending programmes issued (private and retail) bonds (tranche PK, PL, PPM and PPN) for a total amount of 250,000 KPLN. These bonds have a term of 3 years and bear an interest of Wibor 6 months + 4.25% to 4.50%. The bonds series 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 Company's further investment projects within the Warsaw metropolitan area, in Wroclaw or Katowice.

The Company has in the current period redeemed outstanding bonds (partly through early redemption, partly on maturity date) for a total amount of 133,892 KPLN.

Total bonds balance outstanding per balance sheet date (214,894 KEUR) represents the amount of issue (929,996 KPLN) less capitalized issue costs, which are amortised over the term of the bonds.

Shortly after period-end, on 25 July and 5 August 2019, new bonds have been issued for an amount of resp. 30,000 KPLN (series PM) and 24,756 KPLN (series PN). These bonds have a term of 3 years and bear an interest of Wibor 6 months +4.25%. The proceeds of these bonds will be applied for the (early) redemption of outstanding bonds (series PPE, PPF and PPG) for a total amount of 60,000 KPLN.

6.3 Lease liabilities (25,657 KEUR)

The lease liabilities balance increased significantly as a result of the first time adoption of IFRS 16 “Leases”. Per mid 2019 outstanding IFRS 16 lease liabilities amount to resp. 23,138 KEUR long-term and 2,514 KEUR short-term. In this respect, further reference is made to section 1 above.

6.4 Other loans (19,859 KEUR)

Remaining outstanding loans mainly relate to related party loans (5,076 KEUR) and some short-term loans from other third parties (14,732 KEUR).

7. Revenue

Revenue can be detailed as follows:

	30/06/2019	30/06/2018
Sales of Residential Projects		
Projects Belgium	13,712	23,519
Projects Poland	53	2,993
Rental Income	12,688	12,331
Other	641	478
TOTAL REVENUE	27,094	39,321

Rental income as of 30 June 2019 relates to rent from commercial projects in Belgium (3,482 KEUR), Poland (4,028 KEUR), Russia (5,178 KEUR).

The rental income mainly relates to:

- Belgium: rent from commercial projects (mainly Ring Multi and Meetdistrict in the Ghelamco Arena and the RAFC stand in Antwerp); and
- Poland: rent from commercial projects (mainly Wronia 31, Woloska 24 and Plac Vogla).

The residential projects sales as of 30 June 2019 mainly relate to:

- Sale of the last remaining units in the delivered Tribeca project in Ghent (4,134 KEUR). In the course of the first half year of 2019, 10 apartments, 1 loft and 14 parking spaces have been sold. Sales rate for the whole project (phase 1 to 3) is per date of the current report at over 95%;

- Land parts and first 15% construction installment invoicing re. 31 apartments and garages and 5 parking spots in the new high-end Senzafine project in Kortrijk (5,548 KEUR). Combined reservation and sales rate is per date of the current report already at 57%;
- Edition (1,499 KEUR): Installments on previous year (57 apartments, 61 parking spaces and 17 storage rooms) and current year (1 apartment, parking and storage room) sales. Progress and sales invoicing is at approx. 95%. Deliveries are ongoing;
- Spectrum (1,677 KEUR): Installments on all 22 apartments (and 21 parking spaces), which were sold in previous year(s). Progress and sales invoicing is at 90%; and
- Villas and apartments at the Belgian coast (854 KEUR).

The decrease in the Polish revenue from residential sales is in first instance connected with the fact that the Woronicza Qbik project was per end of 2018 as good as fully sold out. In addition, last year's revenue included the sale of a plot at Marynarska 12, Warsaw for an amount of 1.2 MEUR.

8. Other items included in operating profit/loss

	30/06/2019	30/06/2018
Other operating income	10,510	7,216

The current period's other operating income (10,510 KEUR) mainly relates to the gains on disposal of the .BIG and the Wronia projects in Poland for resp. amounts of 2,236 KEUR and 2,035 KEUR, the gain on disposal of the remaining Ukrainian land positions for an amount of 3,782 KEUR. Also included is some income or re-charges to related parties (828 KEUR) and a purchase price adjustment (193 KEUR) on the disposal of the Przystanek mBank project of 2017. For the remainder, some re-charges of real estate tax, co-owners expenses and fit-out expenses to tenants are included.

Last year's other operating income, to a significant extent, related to fit-out re-charges to tenants (1,384 KEUR, mainly on Wronia) and the release to income statement of the previously booked provision for rental guarantees connected to the Warsaw Spire sale of 2017 (3,300 KEUR).

	30/06/2019	30/06/2018
Gains from revaluation of Investment Property	84,915	38,771

Fair value adjustments over the first half of 2019 amount to 84,915 KEUR, which is mainly the result of current period's further engineering, development, construction and leasing efforts, in combination with evolution in market conditions (in terms of yields and rent rate levels).

In Poland, main fair value adjustments have been recognized on the HUB, Grzybowska 77 and the Nowe Centrum Lodzi.

In Belgium, main fair value adjustments have been recognized on the Spectrum, Silver Tower and Focus/PwC Offices projects.

In Russia, the political and economic situation and its effects on markets and (warehouse) tenant activity is further closely monitored. The yields remained stable, the RUB recovered to an extent, while the market rental levels for (refrigerated) warehousing are however still under pressure. As a result, per mid 2019 no fair value adjustments have been recognized on the Russian projects.

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

Belgium	44,966
Poland	39,949
Russia	-
	<u>84,915</u>

	30/06/2019	30/06/2018
Other operating expenses		
Housing costs	1,157	717
Taxes and charges	1,447	2,272
Insurance expenses	397	344
Audit, legal and tax expenses	3,320	3,332
Traveling	750	773
Promotion	1,146	1,036
Sales/agency expenses	4,803	3,525
Maintenance & management	201	172
Rental guarantee expenses	2,564	1,512
Operating expenses with related parties	3,211	5,058
PPA mBank sale	-	1,493
Impairment on inventory	-	53
Miscellaneous	1,020	2,583
Total:	<u>20,016</u>	<u>22,870</u>

Current period's sales/agency expenses and rental guarantee expenses have increased, mainly in connection with the sale of the .BIG and Wronia projects in Poland and the The Link project in Belgium in the course of the first half of 2019.

Last year's relatively high operating expenses with related parties mainly related to fit-out expenses, which were in turn re-charged to tenants (through other operating income). In addition, also the impact of a purchase price adjustment on the sale of mBank realised end of 2017 was included.

9. Finance income and finance costs

	30/06/2019	30/06/2018
Foreign exchange gains	1,303	
Interest income	6,936	6,956
Other finance income		
Total finance income	8,239	6,956
Interest expense	-11,935	-13,630
Other finance costs	-3,652	-2,101
Foreign exchange losses	-4,023	-4,046
Total finance costs	-19,610	-19,777

The interest expenses dropped to an extent compared to last year's comparable period, mainly due to the sale of the (delivered and operational) Wronia and .BIG projects in the first half of 2019. Furthermore, financing costs on not yet delivered projects (major part of the current project portfolio) are capitalized while financing costs on delivered/income generating projects are expensed.

Apart from some realized exchange losses (4,023 KEUR), current period's financial result includes an amount of (mainly unrealized) FX gains, connected with the relative strengthening of the PLN vs. the EUR; while last year's financial result was significantly impacted by FX losses (mainly related to the conversion at spot rate of the outstanding (EUR) bank loans).

The other finance costs to a significant extent relate to the amortisation of capitalized bond issue expenses (which are amortized over the duration of the respective bonds series).

10. Income taxes

	30/06/2019	30/06/2018
Current income tax	-10,092	-2,842
Deferred tax	-3,736	-9,287
Total income tax	-13,828	-12,129

The increase in income taxes is mainly related to the sale of the The Link project in Antwerp, which was structured as an asset deal, and the sale of the .BIG project, which was structured as an enterprise deal.

The deferred tax expenses are mainly related to the recognition of deferred tax liabilities on the fair value accounting of investment property. The significant decrease compared to last year is explained by the reversal of previously recognized cumulated deferred tax balances, in connection with the sale of the The Link project (5,814 KEUR), the sale of the .BIG project (1,492 KEUR) and the sale of the Wronia project (3,391 KEUR).

11. Financial instruments

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

Financial instruments (x € 1 000)	30/06/2019				
	FVTPL	FVOCI	Measured at amortised cost/fin. liabilities measured at amortised cost	Fair value	Fair value level
Other financial investments					
Other financial assets			4,003	4,003	2
Non-current receivables					
Receivables and prepayments			243,702	243,702	2
Restricted cash					
Current receivables					
Trade and other receivables			185,822	185,822	2
Derivatives					
Cash and cash equivalents			71,218	71,218	2
Total Financial Assets	0	0	504,745	504,745	
Interest-bearing borrowings - non-curr.					
Bank borrowings			295,977	295,977	2
Bonds Poland			173,449	177,838	1
Bonds Belgium (Euronext)			280,978	277,822	1
Other borrowings			5,127	5,127	2
Lease liabilities			23,143	23,143	2
Interest-bearing borrowings - current					
Bank borrowings			178,458	178,458	2
Bonds Poland			41,445	42,039	1
Bonds Belgium (Euronext)					
Other borrowings			14,732	14,732	2
Lease liabilities			2,514	2,514	2
Current payables					
Trade and other payables			84,826	84,826	2
Total Financial Liabilities	0	0	1,100,649	1,102,476	

Financial instruments (x € 1 000)	31/12/2018				
	FVTPL	FVOCI	Measured at amortised cost/fin. liabilities measured at amortised cost	Fair value	Fair value level
Other financial investments					
Other financial assets			3,961	3,961	2
Non-current receivables					
Receivables and prepayments			236,239	236,239	2
Restricted cash					
Current receivables					
Trade and other receivables			138,141	138,141	2
Derivatives					
Cash and cash equivalents			59,072	59,072	2
Total Financial Assets	0	0	437,413	437,413	
Interest-bearing borrowings - non-curr.					
Bank borrowings			318,042	318,042	2
Bonds Poland			146,042	147,031	1
Bonds Belgium (Euronext)			280,272	280,185	1
Other borrowings			5,835	5,835	2
Lease liabilities			83	83	
Interest-bearing borrowings - current					
Bank borrowings			181,398	181,398	2
Bonds Poland			41,013	42,388	1
Bonds Belgium (Euronext)					
Other borrowings			12,503	12,503	2
Lease liabilities					
Current payables					
Trade and other payables			88,003	88,003	2
Total Financial Liabilities	0	0	1,073,191	1,075,468	

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).

12. Transactions with related parties

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

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

Construction and development services

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

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

Engineering and architectural design services

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

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

	30/06/2019	30/06/2018
Purchases of construction, engineering and architectural design:	-58,196	-36,306
related party trade receivable	12,839	3,368
related party trade accounts payable	-23,905	-22,518
related party non-current loans receivable	162,646	189,663
related party non-current trade and other receivable		
related party interests receivable	33,843	29,098
related party C/A receivable	94,470	66,131
related party non-current loans payable	-4,890	-897
related party interests payable	-188	-1,878
related party C/A payable	-7,230	-4,048

13. Post balance sheet events

Shortly after period-end, on 25 July and 5 August 2019, new bonds have been issued for an amount of resp. 30,000 KPLN (series PM) and 24,756 KPLN (series PN). These bonds have a term of 3 years and bear an interest of Wibor 6 months +4.25%. The proceeds of these bonds will be applied for the (early) redemption of outstanding bonds (series PPE, PPF and PPG) for a total amount of 60,000 KPLN bonds on 30 September 2019.

Also, on 1 August 2019 a bank loan agreement has been signed for the financing of the construction of the residential Flisac project for an amount of 71,208 KPLN (plus 3,000 KPLN VAT financing). Furthermore, on 2 August 2019 a bank loan agreement has been signed with a syndicate of banks for the financing of the construction of the Warsaw Unit project for an amount of 135,932 KEUR (plus 25,000 KPLN VAT financing).

Statutory auditor's report to the management of Ghelamco Group Comm. VA on the review of the condensed consolidated interim financial information as at June 30, 2019 and for the six-month period then ended

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Ghelamco Group Comm. VA as at June 30, 2019, the condensed consolidated statements of profit or loss and other comprehensive income, cash flows and changes in equity, for the six-month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). The management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on the condensed consolidated interim financial information.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at June 30, 2019 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.



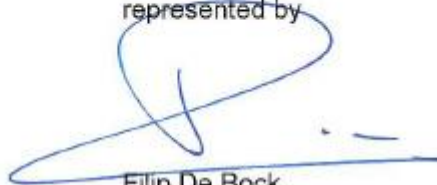
Statutory auditor's report to the board of directors of Ghelamco Group Comm. VA on the review of the condensed consolidated interim financial information as at June 30, 2019 and for the six-month period then ended

Emphasis of matter

We draw attention to note 3 of the condensed consolidated interim financial information which describes the uncertainty regarding the realization of the Eurostadium project and the managements' assessment of the recoverability of capitalized expenses related to this project. Our opinion is not modified in respect of this matter.

Antwerp, September 30, 2019

KPMG Réviseurs d'Entreprises / Bedrijfsrevisoren
Statutory Auditor
represented by



Filip De Bock
Réviseur d'Entreprises / Bedrijfsrevisor