

Information memorandum

IRC NV

Issuer

A 100% subsidiary of



Ghelamco Group Comm.VA
Guarantor

“For information purposes only.
Issue fully subscribed”

Issue of unsecured bonds
for an Aggregate Subscription Amount of € 20 million, which can be
increased depending on the interest of the investors.

The issue is offered in two tranches :

Serie A : 3 year Bond due 13 December 2015 with a Cash Coupon of 7%
Serie B : 5 year Bond due 13 December 2017 with a Cash Coupon 7^{7/8}%

Joint Lead Managers



Selling Agent



Ieper, 20 November 2012

Strictly private and confidential

Important notices – Disclaimers – Warnings – Selling Restrictions

International Real Estate Construction NV (hereafter “**IRC**” or the “**Issuer**”) has retained KBC Securities NV and Belfius Bank NV (the “**Joint Lead Manager(s)**”) and KBC Bank as “**Selling Agent**”) to act in connection with the private placement of bonds (the “**Bonds**”) to be issued by it (the “**Bond Issue**”) as further defined herein. The Issuer has issued this information memorandum (the “**Information Memorandum**”) and has authorized the above institutions to send the Information Memorandum to a limited number of recipients as potential subscribers of such Bonds of the Company (each a “**Subscriber**”). Ghelamco Group Comm. VA (hereafter “**Ghelamco Group**”), the holding company holding 100% - 5 of the shares of IRC, will guarantee the obligations of IRC under the Bond Issue (see Annex 3).

This Information Memorandum has been prepared for information purposes relating to the proposed Bond Issue only and this Information Memorandum and all information it contains is to be kept strictly confidential. This Information Memorandum may be used by any recipient only for the purpose of evaluating the Bond Issue and may not be photocopied, transmitted, reproduced or distributed (in whole or in part) to, or used by, any other person at any time without the prior written and express consent of the Joint Lead Managers and the Issuer.

All historical or factual information contained in this Information Memorandum and relating to the Issuer is true and accurate in all material respects as at the date of this Information Memorandum. In so far as this Information Memorandum provides information with respect to third parties, it has been drawn from public sources considered by the Issuer to be trustworthy. This Information Memorandum does, however, not purport to contain all the information that a Subscriber may desire in deciding whether or not to subscribe to the Bonds. This Information Memorandum also contains certain information that is not historical but forward-looking, in respect of which the Issuer took into account reasonable assumptions, but which involves by its very nature inherent risks and uncertainties. Some but probably not all are described herein, and the risk exists that the estimates, projections, forecasts or other forward-looking statements are not achieved and such statements never represent all possible scenarios which may develop.

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The Information Memorandum does not constitute an offer, invitation or advice for the sale or purchase of any securities of the Issuer and does not constitute any form of commitment or recommendation by the Joint Lead Managers.

The Bond Issue is not intended to qualify as a public transaction or offer and the Information Memorandum has not been, and will not be, filed with, or approved or recommended by, any national, regional or federal government agency, securities commission or regulatory authority in Belgium or any other jurisdiction. This Information Memorandum does not constitute an offer to sell or the solicitation of an offer to buy the Bonds in any jurisdiction to any person to whom it is unlawful to

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The Joint Lead Managers are acting on behalf of the Issuer in connection with the envisaged Bond Issue and cannot be held responsible vis-à-vis any Subscriber or recipient of the Information Memorandum, for providing advice in relation to the envisaged Bond Issue. The content of this Information Memorandum is not to be construed as financial, legal, business or tax advice and any Subscriber or any recipient of the Information Memorandum should take its own independent financial, legal, tax or other advice and conduct its own investigation and analysis of the Issuer and the Bonds. When contemplating a decision to invest in the Bonds, Subscribers should base their decision on their own assessment of the Issuer and the terms and conditions of the Bonds, and satisfy themselves concerning the relevant considerations including, but not limited to, the associated benefits and risks and fiscal treatment of any investment in the Bonds. Special attention is drawn to the fact that neither the Issuer nor the Bonds are or are contemplated to be listed, quoted or traded on any stock exchange or other trading platform and accordingly investments in the Bonds are not liquid.

The Bonds can only be settled through the NBB System in nominal amounts equal to the denomination of € 50k or integral multiples thereof.

Any communication to, or request for any additional information about the Issuer, the Bonds or the Bond Issue up to and including the Issue Date, should be addressed to the Issuer through the representatives of the Joint Lead Managers. If appropriate, the Issuer may enter into bilateral discussions to give additional clarification or access to further information.

Under no circumstances should the shareholders, the directors, members of the management or employees of the Issuer or its affiliates be contacted directly without the express prior written agreement of the Joint Lead Managers.

By accepting this Information Memorandum, the recipient thereof agrees to be bound by the foregoing limitations.

Available information

This Information Memorandum is available in English only. The formal terms and conditions of the Bonds are established in their original Dutch language version "Conditions Bond – Dutch Translation", included in this Information Memorandum as Annex 2. In case of any inconsistency with respect to the description of the terms and conditions of the Bonds, the original Dutch language version thereof shall prevail.

Responsibility for the Information Memorandum

The Issuer assumes responsibility for the content of this Information Memorandum and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Information Memorandum is, to its best knowledge, after having made due and careful enquiries, in accordance with the facts and contains no omission which would affect its importance. The Issuer

does not however undertake to update any information contained herein after the closing of the Subscription Period in relation to the Bond Issue.

Neither the Joint Lead Managers nor their affiliates or any person acting on their behalf, is responsible for, nor are they making representations or warranties, express or implied, concerning the Issuer's performance, future performance or the accuracy or completeness of this Information Memorandum.

This Information Memorandum is intended to provide information to potential Subscribers in the context of and for the sole purpose of evaluating a possible investment in the Bonds. It cannot be used except in connection with the private placement of the Bonds.

Conflicts of interest between the Joint Lead Managers and the Bondholders

KBC Securities and KBC Bank are part of KBC Group which provides credit facilities to the Issuer and or the Guarantor through its subsidiary KBC Bank NV. Belfius Bank also provides credit facilities directly to the Issuer. As a consequence, KBC Group and its subsidiaries and Belfius Bank as lenders of the Issuer and or the Guarantor, may have interests that are different from and/or adverse to the interests of the Bondholders during the term of the Bonds. Some of these credit facilities are senior and secured with a shorter maturity than the Bonds.

These diverging interests may manifest themselves amongst other things in case of an event of default for any of the credit facilities granted by KBC Bank NV and Belfius Bank before the maturity of the Bonds or in case of a mandatory early repayment and may have a negative impact on the repayment capacity of the Issuer. It is not excluded that these credit facilities will be repaid before the maturity of the Bond. More detail of these credit facilities can be found in Chapter 5.3.1.5. "Interest-bearing loans and borrowings").

Nor KBC Group (in its capacity as lender through its subsidiary KBC Bank NV) nor Belfius Bank has any obligation to take into account the interests of the Bondholders when exercising its rights as lender under the aforementioned credit facilities. Any full or partial repayment of credit facilities granted by KBC Bank NV or Belfius Bank, will at that time have a favourable impact on the exposure of respectively KBC Group and Belfius Bank on the Issuer.

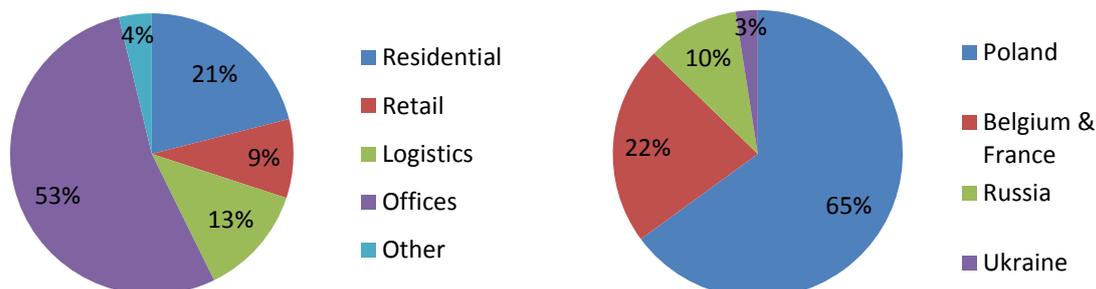
1. Executive summary

1.1. Ghelamco in a nutshell

Ghelamco Group, the parent company of the Issuer, is a leading European real estate investor and developer active in the offices, residential, retail, logistics and urban development markets. Its core markets are Poland and Belgium. In addition Ghelamco Group also holds smaller, less strategic positions in Russia, Ukraine and France. Ghelamco Group has been active in Belgian real estate development since 1985, but mainly focused on Poland as of 1991. Since 2005-2006, Ghelamco Group again started to take positions in Belgium, which has now become a second strategic area of focus for the company. The Belgian and French Projects of Ghelamco Group are grouped in IRC, either directly or indirectly (through its Subsidiaries).

Figure 1: Ghelamco Group's portfolio (30 June 2012)

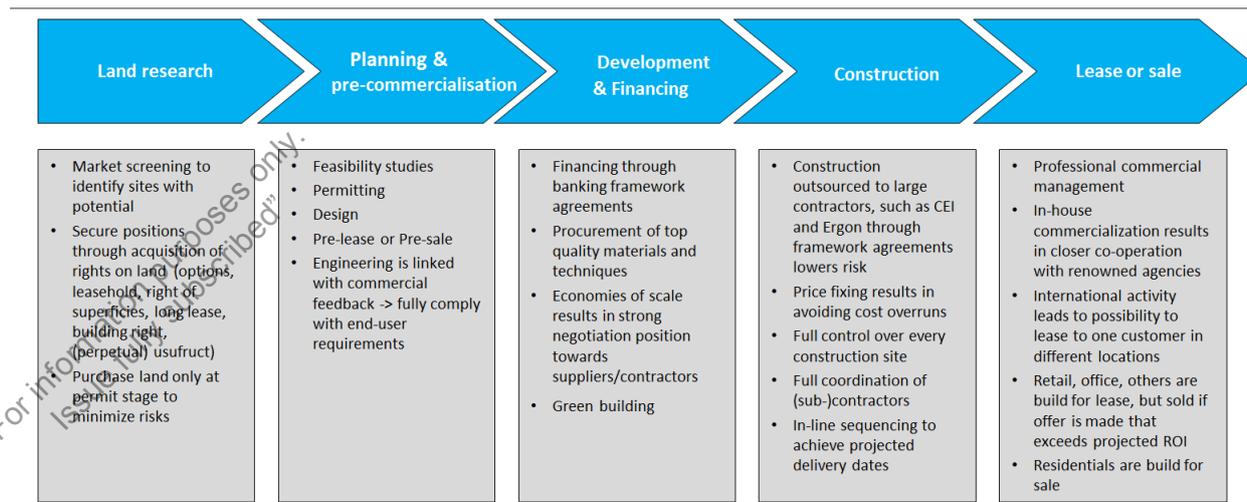
Portfolio HY12 (€m)	Poland	Belgium & France	Russia	Ukraine	Total
Residential	84	113	-	-	197
Retail	50	35	-	-	85
Logistics	-	-	96	23	119
Offices	475	27	-	-	502
Other	-	35	-	-	35
Total	609	210	96	23	938



Source: Company information

As shown in Figure 2, Ghelamco Group is active in all phases of project development, from land research, planning, pre-commercialisation, financing, construction and up to the phase of leasing and/or selling of Projects. Its capabilities have been widely recognised in the market and led the company to winning several awards for its Polish Projects, such as "Developer of the Year" in 2006, 2007, 2008, 2010 and 2012 from the 'Construction and Investment Journal' and the prestigious "European Property Award" for 'Best Office Development in Europe' in 2012 for the Senator project in the Warsaw city centre. Currently, the Ghelamco Consortium employs about 250 staff members, who are operating to a significant extent cross-border in order to enhance the exchange of in-house know-how.

Figure 2: Schematic overview of Ghelamco Group’s business model



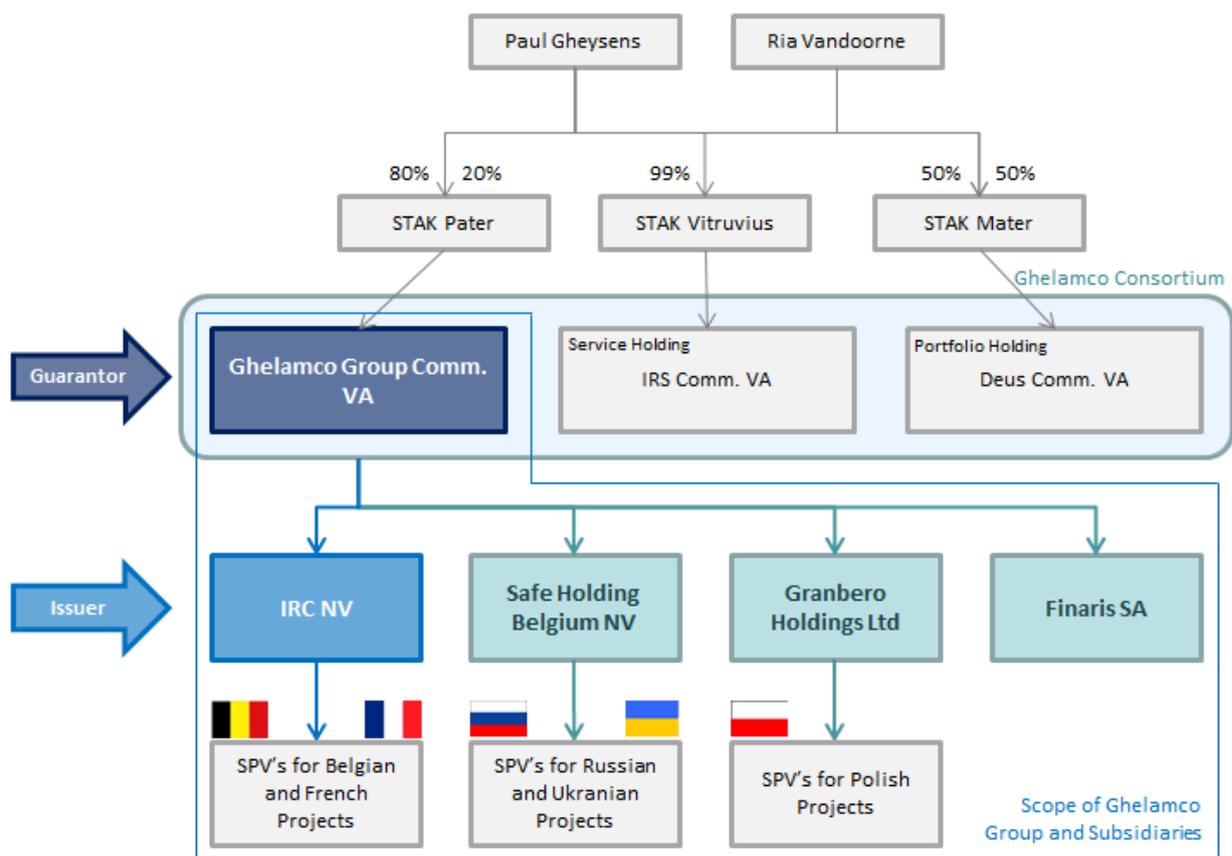
Source: Company information

1.2. Group structure

Currently, the Ghelamco Consortium consists of three holdings, each of them having a separate function as shown in Figure 3:

- **Ghelamco Group Comm.VA** – the Guarantor - is, within the Ghelamco Consortium, the holding company dedicated to real estate investment and development;
- **International Real Estate Services (IRS) Comm.VA** holds the services function within the Ghelamco Consortium (construction, engineering and development services); and
- **Deus Comm.VA** is the portfolio holding, including other activities and investments in the real estate sector, controlled by the main shareholder.

Figure 3: Ghelamco Group structure



Source: Company information

The Belgian and French Projects of Ghelamco Group (the “**Guarantor**”) are grouped in International Real Estate Construction NV (hereafter “**IRC**”, the “**Issuer**” or the “**Company**”), either directly or indirectly through its Subsidiaries. The Polish Projects are grouped in the subsidiaries of Granbero Holdings Ltd. The Russian and Ukrainian projects are grouped in the subsidiaries of Safe Holding Belgium NV.

1.3. Key Financials of the Issuer

Figure 4: IRC's key financials

Balance sheet (€K)	2008	2009	2010	2011	HY12
Investment Property	13,153	32,650	45,243	65,479	96,483
Property Development Inventories	93,049	86,100	91,880	108,595	113,984
Other assets	8,444	14,506	15,936	15,587	25,639
Total assets	114,646	133,256	153,059	189,661	236,106
Total equity	10,729	18,043	17,307	18,951	19,836
Financial debt	94,831	94,287	120,327	142,688	182,322
Other liabilities	9,086	20,926	15,425	28,022	33,948
Total liabilities	114,646	133,256	153,059	189,661	236,106
Income statement (€K)	2008	2009	2010	2011	HY12
Total revenues	15,401	33,972	23,028	29,867	5,228
Operating profit (EBIT)	9,230	14,033	2,760	8,304	5,625
Profit before taxes	3,857	10,312	-524	4,038	3,006
Net income	2,549	7,331	-738	1,653	886

Source: Company information: IRC (sub-) consolidated financial statements (without separate audit opinion)

1.4. Key Financials of the Guarantor

Figure 5: Ghelamco Group's key financials

Balance sheet (€K)	2008	2009	2010	2011	HY12
Investment Property	329,819	491,825	513,684	626,004	739,784
Property Development Inventories	133,927	125,164	143,389	185,039	197,955
Other assets	125,885	114,145	116,837	121,492	152,750
Total assets	589,631	731,134	773,910	932,535	1,090,489
Total equity	344,743	404,737	442,157	498,638	519,283
Financial debt	205,475	263,026	249,758	351,533	459,362
Other liabilities	39,413	63,371	81,995	82,364	111,844
Total liabilities	589,631	731,134	773,910	932,535	1,090,489
Income statement (€K)	2008	2009	2010	2011	HY12
Total revenues	264,023	40,716	33,067	38,029	12,116
Operating profit (EBIT)	258,618	68,195	47,919	71,878	28,474
Profit before taxes	235,995	71,577	47,286	61,186	23,523
Net income	212,297	60,147	38,027	63,779	20,775

Source: Company information: (audited) Ghelamco Group IFRS consolidated financial statements

1.5. Key investment highlights

- **Top quality projects, resulting in lower commercialization risk**

Ghelamco Group's strategy is to develop top quality projects on AAA locations with the best materials, excellent accessibility, above market energy efficiency, parking availability etc... The past proved that the development of top quality projects generally results in a higher profitability and more importantly, in a lower commercialization risk. This is confirmed on the one hand by the historical sales prices of Ghelamco Group's projects, which were often sold below market yields and on the other hand by the young portfolio of projects (oldest building

completed in 2010), which means that Ghelamco Group was able to sell all its preceding Projects at sufficiently attractive terms to opt for a sale. In Belgium and Poland Ghelamco Group is in an investment phase with Projects being commercialised and ready for completion.

- **Diversified Project portfolio of IRC in real estate segments, geography and timing**

Owing to Ghelamco Group's multi-disciplinary capabilities, IRC's Projects comprise a mix of residential, commercial, office and other real estate Projects. In addition, the Projects developed by the IRC Companies are diversified over the regions of Brussels, Leuven, Ghent, Knokke and, to a lesser extent, Kortrijk. Finally, IRC's Projects are in various stages of completion, resulting in a balanced spread in terms of timing.

- **Pro-active investment approach**

Prior to making an investment, Ghelamco Group conducts profound market research. As an example, IRC anticipated on the extension of master programs in the City of Leuven by converting a planned office development into a student housing program. Around the same time, IRC decided to pursue an office development program at the Artevelde site in Ghent to accommodate increased demand of decentralized high-quality office space. The student housing program and the Artevelde site presold for respectively 100% and 40%. Both project developments show that Ghelamco Group's market knowhow significantly reduces the commercialization risk upon completion.

- **Fully integrated developer and investor**

As fully integrated developer, Ghelamco Group has the capacity to deliver according to best practises in every step of the value chain, be it commercial, market knowledge, construction, budgets or financing. Decision making is optimized throughout the entire process, resulting in realistic budgets for high quality Projects. High quality Projects allow Ghelamco Group to reserve the possibility to hold on to its completed Projects and await the most favourable divestment opportunity with limited risk of having a portfolio that is quickly outdated.

- **Experienced developer with strong track record**

Ghelamco Group's expertise, market know-how and management capabilities can best be demonstrated by its strong growth in recent years. From 2008 to HY12, assets grew by 84.9% to € 1,090m and equity grew by 50.6% to € 519m. Ghelamco Group's capabilities and expertise have also been recognised in the market via numerous prestigious awards. Ghelamco Group earned its most prestigious award in September 2012 for its Senator project in Warsaw: it received the highest 'Five Star' rating from European Property Award, and was also recognised as the best office building in its category in Europe.

- **Group risk profile balancing out**

Over the course of the coming years, the Ghelamco Group's risk profile will become more balanced over its two core markets. Whereas on 30 June 2012, the Polish portfolio consisted of 66% of the Group's assets versus 21% for the Belgian activities, in 2015 the Polish assets will account for 47.4% of the portfolio versus 40.7% for the Belgian assets. The diversification effect for the Group is emphasized by the spread in real estate segments in which Ghelamco Group is active in the Belgian market.

- **Bond guaranteed by Ghelamco Group, disposing of a solid balance sheet**

The Bonds are guaranteed by the Guarantor as described in Annex 3. On 30 June 2012, the Guarantor held over € 1Bn of assets and € 519m equity on its balance sheet, representing a solvency ratio of 47.6%. Shareholders equity includes € 291,6m (gross) unrealized capital gains (before deferred tax impact) on the portfolio as per 30 June 2012.

1.6. Transaction rationale and use of proceeds

The Issuer addresses the bond market in order to diversify its financial resources and secure the mid-term funding necessary to secure the realization of the current pipeline of Belgian and French projects¹ such as Wavre retail park or Forest Parc in Tourcoing.

The Issuer intends to raise an amount of at least € 20m through the Bond Issue. This amount can be increased by the Issuer in consultation with the Joint Lead Managers, to the extent that the financial ratios as mentioned in the covenants included in Section 6.9.14 under the sub-heading “Financial Ratios” are complied with. The Issuer however reserves the right, in consultation with the Joint Lead Managers, to proceed with the Bond Issue if the intended minimum amount of € 20m would not be fully subscribed. The proceeds will be allocated to the financing of the construction of the projects in IRC’s portfolio, as an addition to, or a substitute for, bank financing.

Besides the additional financing of the current pipeline, the proceeds of the Bonds will allow the Issuer to continue seizing opportunities in the Belgian and French markets, thereby growing its portfolio in this core market.

1.7. Summary of the bond issue

Below is a summary of the Bond Issue. The Conditions are set out in Section 6 of this Information Memorandum. A Dutch language version of these Conditions is available in Annex 2 to this Information Memorandum. In case of inconsistency between different language versions, the Dutch language version shall prevail.

Issuer	International Real Estate Construction NV (IRC), a limited liability company incorporated in Belgium with registered office in 8900 Ieper, Zwaanhofweg 10 under enterprise number 0431.572.596.
Guarantor	Ghelamco Group Comm. VA (Ghelamco Group), a “Commanditaire Vennootschap op Aandelen” incorporated in Belgium with registered office in 8900 Ieper, Zwaanhofweg 10 under enterprise number 0879.623.417.
Bond(s)	The Serie A and Serie B bonds issued by the Issuer each with a Nominal Amount of € 50,000.
Bond Issue	Issue of bonds approved by the board of directors of the Issuer on 16 November 2012 for a principal amount of approximately € 20 million which may be subject to increase should the Issuer accept more subscriptions, authorised and issued by the board of directors of the Issuer, the terms and conditions of which are set out in the Conditions in Section 6.

¹ See Section 3.4.4 for an overview of IRC’s current pipeline.

Aggregate Subscription Amount	<p>The Issuer intends to raise € 20,000,000. As the case may be, upon decision of the Issuer after consultation with the Joint Lead Managers and taking into account the allocable demand from potential subscribers, the Bond Issue may be cancelled or it may be decided to proceed with the Bond Issue even if the intended amount of € 20,000,000 would not be fully subscribed.</p> <p>In addition, the Issuer, after consultation with the Joint Lead Managers, reserves the right to increase the Aggregate Subscription Amount to the extent that the financial ratios as mentioned in the covenants included in the Section 6 are complied with at the Issue Date.</p>
Guarantee	The Guarantee of the Guarantor for the payment obligations resulting from the Bond Issue as described in annex 3.
Subscription Period	From 3 December 2012 at 8 a.m. until 10 December 2012 at 4 p.m. CET.
Maturity Date	Serie A: Bonds with a Maturity Date on 13 December 2015 (the "Serie A Bond") and Serie B: Bonds with a Maturity Date on 13 December 2017 (the "Serie B Bond").
Cash Coupon	A fixed cash coupon of 7% for the Serie A Bonds and of 7 ^{7/8} % for the Serie B Bonds, payable annually in arrears on each anniversary of the Issue Date (each an Interest Payment Date) up to (but excluding) the respective Maturity Date, commencing with the first Interest Payment Date due on 13 December 2013.
Joint Lead Managers	KBC Securities NV and Belfius Bank NV
Paying Agent	KBC Securities NV
Selling Agent(s)	The Joint Lead Managers together with KBC Bank NV
Issue Date	13 December 2012
Issue Price	100 per cent of the Nominal Amount of the Bond
Settlement Currency	Euro ("EUR", "€")
Nominal Amount per Bond/ Denomination	€ 50,000
Minimum Subscription	€ 100,000

<p>Allocation</p>	<p>The Joint Lead Managers will determine in consultation with the Issuer the exact number of Bonds of each type (Serie A and Serie B Bonds) to be allocated.</p> <p>When evaluating the allocation of Bonds to the Investors, objective and subjective criteria may be used such as: the total number of Bonds applied for, the number of Bonds applied for in each serie, the number of Bonds requested by the individual prospective subscriber and the time at which the application of the prospective subscriber was made.</p> <p>Prospective subscribers will be notified of their allocations of Bonds by the Joint Lead Manager, Selling Agent or financial intermediary through which they have introduced their demand and in accordance with the arrangements in place between the Issuer, the Joint Lead Managers and the Selling Agent.</p>
<p>Redemption at Maturity Date</p>	<p>The Bonds will be redeemed at 100 per cent. of the Nominal Amount on their respective Maturity Date.</p>
<p>Form of the Bonds</p>	<p>Dematerialised form</p>
<p>Status of the Bonds</p>	<p>The Bonds are unconditional obligations of the Issuer and rank and will at all times rank <i>pari passu</i>, without any preference among themselves, and equally with all other existing unsubordinated financial obligations of the Issuer, save for any obligations that may be preferred by provisions of law that are mandatory and of general application.</p> <p>The Bonds are 100% guaranteed by Ghelamco Group Comm.VA, the parent company of the Issuer.</p>
<p>Covenants</p>	<p>As described in Section 6.</p>
<p>Events of Default</p>	<p>As described in Section 6.</p>
<p>ISIN codes</p>	<p>Serie A Bond BE 6245504624</p> <p>Serie B Bond BE 6245506645</p>
<p>Listing/ Transferability</p>	<p>None, the Bonds will not be listed.</p> <p>The Bonds are freely transferable amongst the Bondholders and to third parties. The transfer of registered Bonds must be notified without delay to the Issuer in order for the Bond register to be amended.</p>
<p>Securities settlement system</p>	<p>Through the X/N system of the National Bank of Belgium ("<i>Nationale Bank van België</i>" / "<i>Banque nationale de Belgique</i>").</p>
<p>Costs/ fees</p>	<p>The issuance fees and the expenses incurred by the preparation and execution of the Bond Issue will be paid or reimbursed by the Issuer to the Joint Lead Managers, as separately agreed in the placement agreement to be entered into between the Issuer and the Joint Lead Managers, and to be concluded on 10 December 2012.</p>

Use of proceeds	The Bonds are issued in order to finance the development and realisation of Projects in Belgium and France operated directly or indirectly by the Issuer.
Taxation	See Section 7 “Belgian Taxation” for a general description of the principal Belgian tax consequences for Investors applicable to date.
Governing Law and Jurisdiction	The Bonds are governed by the laws of the Kingdom of Belgium. Any dispute shall be submitted to the exclusive jurisdiction of the courts of Brussels.
Indicative Timetable	<p>20 November 2012 – Information Memorandum available to potential investors.</p> <p>3 December 2012 – Start of Subscription Period.</p> <p>10 December 2012 (T) – End of Subscription Period and allocation.</p> <p>13 December 2012 – (T+3) – Closing & settlement.</p>

1.8. Risk factors

In the Section 2 “Risk Factors” of this Information Memorandum the most important risks related to the Issuer’s business and to the investment in the Bonds are described.

1.9. Definitions

Words starting with a capital shall have the meaning as defined in Annex 1 of this Information Memorandum.

1.10. Forward-looking statements, forecasts and management estimates

This Information Memorandum contains forward-looking statements, forecasts and estimates made by the management of the Issuer with respect to its anticipated future performance. Such statements, forecasts and estimates are based on various assumptions and assessments of known and unknown risks, uncertainties and other factors, which were deemed reasonable when made but may or may not prove to be correct. Therefore, actual results, the financial condition, performance or achievements of the Issuer, or industry results, may turn out to be materially different from any future results, performance or achievements expressed or implied by such statements, forecasts and estimates. Factors that might cause such a difference include, but are not limited to those discussed in the Section 2 “Risk Factors”. Furthermore, forward-looking statements, forecasts and estimates only speak as of the date of this Information Memorandum.

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2. Risk factors

The risk factors described in this section generally apply to the Issuer, the Guarantor and their respective Subsidiaries (in this section jointly referred to as the "Group").

Any investment in the Bonds is subject to a number of risks. Before making an investment decision with respect to the Bonds, prospective investors should carefully consider the risks associated with an investment in the Bonds, the Group's business and the industry in which it operates, together with all the other information set out in this Information Memorandum. The order in which these risks are described does not, in any way, reflect any hierarchy or likelihood of occurrence of such risks, nor does it indicate the extent of their commercial consequences.

The Issuer believes that the risks described below may affect its and the Guarantor's ability to fulfill their respective obligations under the Bonds. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. If any of the following risks materialize, the Group's business, financial condition, results and prospects could be materially and adversely affected. This may impact the ability of the Issuer to service the Bonds and may cause investors to lose all or part of their investment.

Certain risks of which the Issuer is aware at the date of this Information Memorandum and which it considers material to prospective investors are set out in the risk factors below. Although the Issuer believes that the risks and uncertainties described below represent all material risks and uncertainties considered relevant on the date of publication of this Information Memorandum, the Group may face additional risks and uncertainties relating to it which are not currently known to the Issuer, or that it does not currently deem material, and that may also have an adverse effect on the Group's business, financial condition, results and prospects. If this occurs, the future free cash flow of the Group and the related ability of the Issuer to service the Bonds may decline and investors could lose all or part of their investment.

The Conditions and certain covenants with regard to the Bonds are particularly stipulated to reckon with the risk factors described below. Furthermore, reference is made to Section 3.5. of this Information Memorandum, containing a description of the risk management put in place by the Group with a view to monitor and mitigate these risk factors.

Prospective investors should consider carefully whether an investment in the Bonds is suitable for them in light of the information in this Information Memorandum and their personal circumstances. Subscription to the Bonds is only suitable for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may arise and which may be equal to the whole amount invested. Such an investment should be seen as complementary to existing investments in a wide spread of other financial assets and should not form a major part of an investment portfolio. Furthermore, before making an investment decision with respect to any Bonds, prospective investors should consult their own stockbroker, bank manager, lawyer, auditor or other financial, legal and tax advisors.

2.1. Risks related to the Group's activities

2.1.1. Economic cycle risk

The Group is exposed to local, regional, national and international economic conditions and other events and occurrences that affect the markets in which the Projects are located: (i) the office property, retail, leisure and residential market in Belgium and France, operated through the Issuer and its Subsidiaries, (ii) the office space and apartment market (and to a lesser extent the retail and

logistics real estate markets) in Poland operated through Subsidiaries of the Guarantor (other than the Issuer and its Subsidiaries), and (iii) the warehouse space market in Russia and Ukraine, operated through Subsidiaries of the Guarantor (other than the Issuer and its Subsidiaries).

The Group is exposed to the risk of a worsening of the global economy, leading to a global recession or a recession in one or more of its core geographical markets. The economic cycle influences the confidence of investors and private and public entities engaging in the Projects. The Group develops Projects with a view to sell or lease them to actors of different sectors which show exposure to the cyclical movements in the economy.

In general, cyclical movements may impact the demand and the sale or lease prices for the Projects. Therefore, changes in the principal macroeconomic indicators or a general economic slowdown in Belgium, France, Poland, Russia, Ukraine or on a global scale in general, could result in (i) a lower demand for office, leisure, retail, warehouse or residential property space, (ii) higher vacancy rates and (iii) a higher risk of default of service providers, building contractors, tenants and other counterparties, any of which could materially adversely affect the value of the Projects, and, consequently, its business, financial condition, results and prospects.

2.1.2. Foreign political and economic risk

Projects operated through Subsidiaries of the Guarantor other than the Issuer and its Subsidiaries are located and operated in Poland, Russia and Ukraine and are held through Belgian and Cypriote holding structures. Certain Projects of the Issuer are located and operated in France. As a result, the operation of these Projects and the up streaming 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.

2.1.3. Financial risk

Due to its activities, the Group is exposed to several financial risks, including a currency exchange risk, an indebtedness risk, a structural subordination risk, a capital risk and a credit risk.

2.1.3.1. Currency exchange risk

The Group mainly enters into transactions in its functional currency, being the Euro, except for certain foreign transactions entered into in US Dollar, Polish Zloty, Russian Rouble and Ukrainian Hryvnia. The Group is therefore subject to the following currency exchange risks: (i) the foreign currency transaction risk: which occurs when a member of the Group enters into a transaction where the settlement of the transaction occurs in a currency other than the functional currency of that member of the Group; and (ii) the foreign currency translation risk: which occurs at the translation of the foreign operations of the Group into Euro.

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

Since IRC and its Subsidiaries exclusively operate in Belgium and France, such currency risk is mainly a risk for the Guarantor and its other Subsidiaries.

2.1.3.2. Indebtedness

The leverage (= interest bearing loans and borrowings / total assets) of the Issuer at 30 June 2012 is 50.3%. The Bonds Issue further increases the indebtedness of the Issuer up to an estimated leverage of 54.2% based on an assumed initial amount of proceeds of the Bonds of € 20m. The leverage of the Group at 30 June 2012 is 42%. The Bonds Issue further increases the indebtedness of the Group up to an estimated leverage of 44% based on an assumed initial amount of proceeds of the Bonds of € 20m. The Group could decide in the future to increase its debt level as permitted under the Conditions. This could impact (i) the capacity of the Issuer to observe its commitments under the

Bonds; (ii) the capacity of the Guarantor to meet its obligations under the Guarantee; or (iii) impact the value of the Bonds.

The Conditions do not restrict the Issuer to grant security over its assets if such security is permitted as it is related to the financing of Projects. This could impact the assets available to the Bondholders in case of an enforcement scenario.

The Issuer and its Subsidiaries have substantial debt outstanding, which could adversely impact the remaining ability of the Issuer to service the Bonds. In that respect, it is important to note that the Maturity Date of the Bonds expires after the maturity date of certain of the Issuer's other indebtedness, which could cause funds to exit the Issuer before the Bonds have been repaid in full.

The Group as a whole has substantial debt outstanding, which could adversely impact the remaining ability of the Guarantor to perform its obligations under the Guarantee.

Under its financing, the Group is also exposed to the following risks: (i) an interest rate risk, (ii) a liquidity and refinancing risk and (iii) a cross-acceleration and spill-over risk.

i. Interest rate risk

Financing agreements mainly bear interest at market floating interest rates. Changing conditions in the credit markets and the level of the Group's outstanding debt could therefore make the access to financing more expensive than anticipated and could result in greater financial vulnerability. Given the current and future indebtedness of the Group and its structure, a short or medium-term change in interest rates could impact the Group's business, financial condition, results and prospects.

ii. Liquidity and refinancing risk

Disruptions in the capital and credit markets could adversely affect the Group's ability to draw on its bank credit facilities or enter into new bank credit facilities. The Group's access to funds under its bank credit facilities is dependent on the ability of the banks that are party to these facilities to meet their funding commitments. Also, disruptions in the capital and credit markets may impact the Group's ability to renew those bank credit facilities or enter into new bank credit facilities as needed.

The debt level of the Group and the covenants stipulated in its bank financing agreements (*e.g.* loan to value, loan to cost and debt service cover) could have a negative impact on its liquidity position.

Furthermore, the Group is indirectly exposed to a liquidity and financing risk which might result from a lack of funds in the event of non-renewal or cancellation of the existing financing contracts of its Subsidiaries or the inability of its Subsidiaries to attract new financing.

The non-availability of funding could (i) hinder the Group in funding its development, (ii) delay the completion of Projects and (iii) increase the cost of debt due to higher bank margins, having an impact on their results and cash flows. Since the capacity of the Issuer to honour its debts is highly dependent on the possibility to stream up revenues and dividends from its Subsidiaries, the Issuer cannot ensure that it will have sufficient cash flows to service the Bonds. The capacity of the Guarantor to meet its obligations under the Guarantee is equally highly dependent on its ability to stream up revenues and dividends from its Subsidiaries. The Guarantor cannot ensure that it will have sufficient cash flows to perform its obligations under the Guarantee.

iii. Cross-acceleration and spill-over risk

Certain of the Group's financing agreements include cross-acceleration clauses (pursuant to which the lenders could declare default and accelerate repayment under their financing agreements in case of a default under other financing arrangements). Certain of its financing agreements may require the Group to maintain specified financial ratios and meet specific financial tests. Failure to comply with

these covenants could result in an event of default that, if not cured or waived, could result in the Group being required to repay these borrowings before their due date.

2.1.3.3. Structural subordination

The payments of interest and principal under the Bonds will be funded from proceeds obtained from the Projects, which will be up streamed to the Issuer. The up streaming of these proceeds is subject to restrictions imposed by the law and by the terms of the financing agreements with banks at the level of the Issuer's Subsidiaries operating the Projects. As a general rule, free cash will be applied to service the relevant Subsidiary's bank debt before up streaming becomes possible.

If the Projects do not generate positive cash flows, the Issuer might not be able to service the Bonds. If its cash flows, consisting of the up streaming of revenues and dividends from its Subsidiaries, and capital resources, are insufficient to allow it to make scheduled payments on its debt, the Issuer and its Subsidiaries may have to reduce or delay capital expenditures, sell assets, seek additional capital or restructure or refinance its debt. If the Issuer cannot make scheduled payments on its debt, it will be in default and, as a result, its debt holders could declare all outstanding principal and interest to be due and payable, terminate their commitments and force the Issuer into bankruptcy or liquidation. In such a case, Bondholders may not receive all amounts due by the Issuer under the Bonds. Bank debt is secured by mortgages, share pledges, floating charges or other security.

In the same way, the Guarantor is dependent on cash flows generating from its Subsidiaries.

2.1.3.4. Capital risk

A combination of unfavourable interest rate movements, increased risk premium in equity markets and increase in the cost of debt could possibly lead to a substantial increase in the Group's weighted average cost of capital (*i.e.* shareholders' equity and debt) and impact on the profitability of the Group and any new investments. Shareholder's equity amounts to € 519,283k as at 30 June 2012 (€ 498,638k as at 31 December 2011). Shareholders equity includes € 291,600,000 (gross) unrealized capital gains (before deferred tax impact) on the portfolio as per 30 June 2012 (€ 263,600,000 as at 31 December 2011).

2.1.3.5. Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty fails to meet its contractual obligations. The Group has contractual relations with multiple parties, such as partners, investors, tenants, contractors, financial institutions and architects. The inability of such counterparty to live up to its contractual obligations could have a significant impact the Group's business, financial condition, results and prospects.

A credit risk may result from the exposure in relation to the tenants of retail properties and buyers of other properties or special purpose vehicles (as well as other contractual counterparties of the Group, such as suppliers and building contractors). Added to this is the risk of lower rents in case a building is to be re-let.

In the real estate business of the Group, the most important operational contracts are concluded with contractors, of which some are also part of the Ghelamco Consortium. The Projects are constructed by contractors on the basis of these contracting agreements. Such agreements typically include the legal warranties to be provided by a contractor. Failure or bankruptcy of the contractor would make the warranties, except for the part covered by guarantees or insurance, wholly or partially unenforceable.

In addition, the Group's suppliers and third-party service providers could experience credit or other financial difficulties that could result in their overall inability or delays in their ability to supply the Group's necessary goods, services and warranties.

2.1.4. Operational risk

The operational risks of the activities of the Group are for the most part typical real estate development risks.

2.1.4.1. Price risk

Raw materials, supplies, labour and other costs directly related to the Projects constitute a major part of the property development assets capitalized in the accounts. The future success of the Group is partly dependent on the purchase prices for raw materials and components, and by operating expenses such as transportation costs.

Amendments to local regulations such as environmental laws, planning permissions, the failure to renew permits, the expiry of leases or other access rights, may cause higher cost and thus may result in a deterioration of the Group's financial performance. Construction prices may substantially vary during each accounting year. Significant disruptions in the operations of the Group's suppliers could materially impact their operations resulting in reduced sales. The raw materials the Group uses are sourced from a wide variety of suppliers. The Group's ability to find qualified suppliers who meet its standards and to access products in a timely and efficient manner is a critical factor.

Furthermore, the Group's operations consume significant amounts of energy and fuel, the cost of which fluctuates significantly around the world. The price of energy and fuel has varied significantly in the past several years, and may be volatile in the future, largely as a result of market conditions and other factors beyond the Group's control.

2.1.4.2. Permit and regulatory risk

The Group's business could be adversely affected if it fails to obtain, maintain or renew necessary permits or fails to comply with the terms of these permits. For instance, for land already acquired, there is a risk to be unable to secure the required permits.

All Projects are subject to urban planning, construction and environmental permissions being granted. A delay in obtaining such permissions, or the non-granting of such permissions, could impact the activities of the Group. Furthermore, the Group must respect several urbanization rules. The competent authorities or administrations may review or change these rules. These changes may have a material impact on the Group's business, financial condition, results and prospects.

The Group endeavors at all times full compliance with applicable laws and regulations. Additional regulatory provisions or amendments in legislation relating to aspects of the real estate development (*e.g.* zoning regulation, public private partnerships regulation, public tender regulation, urbanization regulations etc.) could slow down the realization of Projects, impacting the cash flow planning, and increase the cost of compliance.

2.1.4.3. Environmental and soil pollution risk

The Group operations and property development portfolio are subject to various laws and regulations in the countries in which it operates, concerning the protection of the environment, including, but not limited to regulation of air, soil and water quality, controls of hazardous or toxic substances and guidelines regarding health and safety. Such laws and regulations may also require the Group to obtain certain permits or licenses which it may not be able to obtain in a timely manner or, even, at all. The Group may be required to pay for soil clean-up costs (and, in specific circumstances, for aftercare costs) for any contaminated property it currently owns or owned in the past. As property developer, the Group may also incur fines or other penalties for any deficiencies in environmental compliance and may be held liable for remedial costs. In addition, contaminated properties may experience a decrease in value.

The acquisition and disposal of (rights on) land lots involves risks as to the obligation to perform soil sounding studies and soil sanitation efforts. Notwithstanding the well informed follow-up of the status of land lots by its management, the Group faces the risk that historical soil pollution is discovered after the acquisition of the land lots or appears to be more severe than initially assessed by advisors of public authorities.

2.1.4.4. Construction risk

The Group is subject to risks associated with the proper realization of its Projects. These risks include *a.o.* the risk of errors or omissions in the project planning, budgeting and engineering, delays occurring in the completion of Projects, worksite accidents, and destruction of constructions by acts of God or acts of terrorism etc. These risks, of which most are covered to a certain extent by insurance policies, could lead to budget overruns, delays in the cash flow planning and delay penalties under pre-sale or pre-lease agreements.

2.1.4.5. Litigation

The activity of real property development typically involves a risk of litigation regarding, *a.o.* the development, letting and selling of real estate.

In the ordinary course of the Group's business, legal actions, claims against and by the Group and arbitration proceedings involving the Group, may arise. The Group may be subject to litigation initiated by sellers or purchasers of properties, tenants, contractors and subcontractors, current or former employees, authorities or other third parties.

In particular, the Group may be subject to warranty claims due to defects in quality or title relating to the letting or sale of its properties. This liability may apply to defects in properties that were unknown to the Group but could have, or ought to have, been discovered. In addition, the Group may be exposed to substantial undisclosed or unascertained liabilities embedded in properties that were incurred or that arose prior to the completion of the Group's acquisition of such properties. These liabilities could include, but are not limited to liabilities *vis-à-vis* state entities, existing tenants, creditors or other persons involved with the properties prior to the acquisition, tax liabilities and indemnification claims by parties claiming to be entitled to be indemnified by the former owners of the properties.

Although the Group typically seeks to obtain contractual protection against such claims and liabilities from the seller, there can be no assurance that such contractual protection has always been or will always be successfully obtained, or that it would be enforceable or effective, if obtained under contract. Such potential liabilities, if realized, could have a material adverse effect on the returns realized on the development of such property by the Group. Any claims for recourse the Group may have against parties from which it purchased such a property may fail because of the expiration of the statute of limitations, lack of proof that the previous seller knew or should have known of the defect, the insolvency of the previous seller or for other reasons.

The Group may also be subject to claims by purchasers of its properties as a result of representations and warranties about those properties given by the Group at the time of disposal. The Group's representations and warranties could pertain to, among other things, title to the property and liabilities for the payment of tax. The Group may become party to claims, disputes or litigation concerning such representations and warranties and may be required to make payments to third parties as a result thereof. In addition, following the disposal of any property, the Group may be obliged under contract or by law to retain certain liabilities or potential liabilities that exist in respect of such assets. The costs of any such claims, disputes or litigation, to the extent they materialize, would reduce the Group's cash flow and could have a material adverse effect on the Group's business, financial condition, results and prospects.

2.1.4.6. Commercial risk

The Group's business, financial condition, results and prospects are almost exclusively driven by the sale of Projects and the capability of the Group to sell or lease its Projects. Hence, the Group's cash flows can fluctuate significantly from year to year depending on the number of Projects that can be put up for sale or lease and are effectively sold or leased in that given year.

A certain level of pre-lease or pre-sale may be required by financial institutions before granting necessary financial funding to the Projects.

If it is not possible to (pre-) lease or pre-sell a Project, this could have an adverse impact on the profitability or financing of that Project.

2.1.4.7. Seasonality and weather

The building activity decreases during periods of cold weather, snow or sustained rainfall. Consequently, the operations of the Group are seasonal and adverse weather could have an adverse effect on the Group's business, financial condition, results and prospects.

2.1.5. Risk of changes in tax legislation

The activities of the Issuer are subject to income taxes and other taxes at various rates in Cyprus, Belgium, Poland, Russia and Ukraine computed in accordance with local legislation and practice. Any actions taken by governments or local taxing authorities to increase tax rates or to impose additional taxes may reduce the Issuer's profitability and cash generation. Amendments to any such tax legislation or to its interpretation may also affect the results of the Issuer in the future. In addition, any government or local taxing authority may at any time initiate a review of the compliance by the Issuer with its applicable tax regime. In the event that any such review results in the imposing of fines or other penalties, such may have an adverse effect on the profitability of the Issuer.

2.1.6. Dependence on key people

The performance of the Group is dependent on a Service Level Agreement with International Real Estate Services Comm.VA (IRS), a related party, in respect of the provision of production, management, coordination and support services. Furthermore, the development of the business of the Group is highly dependent on the presence of the CEO and sole shareholder (together with his family) of the Guarantor, Mr Paul Gheysens.

Loss of the managerial staff and other key personnel by IRS or the failure to attract and retain skilled personnel could hamper the Group's ability to successfully execute its business strategy.

The Group's success, performance and ability depend on retaining the current executives and members of the managerial staff of IRS, who are experienced in the markets and the business in which they operate.

IRS might find it difficult to recruit suitable employees, both for expanding its operations and for replacing employees who may resign, or recruiting such suitable employees may entail substantial costs both in terms of salaries and other incentive schemes.

The unexpected loss of the services of one or more of these key individuals and any negative market or industry perception arising from such loss, could have a material adverse effect on the Group's business, results, financial condition and prospects.

2.2. Risks relating to the Bonds

Each potential Subscriber in the Bonds must carefully determine the suitability of an investment in the Bonds in light of his own circumstances. In particular, each potential Subscriber should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of his particular financial situation, an investment in the Bonds and the impact such investment will have on his overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal and interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Bonds and be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect his investment and his ability to bear the applicable risks.

2.2.1. Bondholders do not have the same rights as shareholders and may be less protected in some regards.

Shares and bonds are two distinct types of securities. The Bond does not represent ownership in the Issuer or the Group. The Bondholders own a share of the debt of the Issuer and are entitled to receive the interest payments on the Interest Payment Dates stipulated in the Conditions. Unlike the shareholders, the Bondholders have no voting rights in the annual meeting of shareholders. As such the Bondholders' influence in the operation of the Issuer or the Group is limited. The shareholder owns a share of the equity of a company and has voting rights. Shareholders can influence the business activities if they own enough shares to do so, which a Bondholder cannot.

Shareholders are entitled to receive dividends under certain circumstances, whereas Bondholders are not entitled to receive dividends.

2.2.2. The Bond Issue may not raise sufficient funds to realize the purposes of the Bond Issue in its entirety.

The Issuer intends to raise approximately € 20 million. This amount can be increased as described in the Information Memorandum depending on the interest of the investors. Depending on the amount raised, the Issuer may not be able to realize all of the objectives it aims for with the new proceeds and the envisaged growth or expansion of the Issuer may be slowed down or delayed.

2.2.3. The Bonds will not be listed - Market value of the Bonds

The Bonds will be newly issued securities and are intended to be placed with a restricted category of investors. The Issuer will not request the admission of the Bonds on a stock exchange. As a result there will be no active trading market for the Bonds and the Bonds will be illiquid. The value of the Bonds may be affected by this lack of liquidity and a number of additional factors, such as market interest, the time remaining to the Maturity Date, the creditworthiness of the Issuer and the performance of the Group and more generally all economic, financial and political events in any country, including factors affecting capital markets generally. The price at which a Bondholder will be able to sell the Bonds prior to the final Maturity Date may be at a discount which could be substantial in relation to the issue price or the purchase price paid by such Bondholders and also vis-à-vis yields comparable to liquid similar investments, nor can it be guaranteed that a Bondholder can sell at all.

2.2.4. Default risk

The Issuer may not be able to repay the Bonds at their Final Maturity Date. The Issuer may also be required to repay all or part of the Bonds in the event of a default. If the Bondholders were to ask the Issuer to repay their Bonds following an Event of Default (as defined in the Conditions set out in Section 6 of this Information Memorandum), the Issuer cannot be certain that it will be able to pay the required amount in full, nor can the Guarantor. The Issuer's capacity to repay the Bonds and the Guarantor's capacity to meet its obligations under the Guarantee, will depend on their financial

condition (including their cash position resulting from their ability to receive income and dividends from their Subsidiaries) at the time of the requested repayment, and may be limited by law, by the terms of their indebtedness and by the agreements that they may have entered into on or before such date, which may replace, supplement or amend their existing or future indebtedness. More in particular, the Guarantor's capacity to meet its obligations under the Guarantee, will depend on the financial and economic performance of the Projects operated through Subsidiaries of the Guarantor that are not the Issuer and its Subsidiaries in Poland and Russia and may be subject to certain risks related to these jurisdictions such as unfavourable tax and regulatory conditions. The Projects operated in Poland and Russia may therefore indirectly adversely affect the repayment of the amounts of principal or interests due to the Bondholders.

2.2.5. EU Savings Directive

Under Council Directive 2003/48/EC regarding the taxation of savings income (hereinafter referred to as the "**EU Savings Directive**"), EU Member States are required to provide to the tax authorities of another EU Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other EU Member State or to certain limited types of entities established in that other EU Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). By two Royal Decrees dated 27 September 2009 and published in the Belgian Official Gazette on 1 October 2009, the Belgian State elected to abandon the transitional withholding system and provides information in accordance with the EU Savings Directive as of 1 January 2010.

On 15 September 2008, the European Commission issued a report to the Council of the European Union on the operation of the EU Savings Directive, which included the Commission's advice on the need for changes to the EU Savings Directive. On 13 November 2008, the European Commission published a more detailed proposal for amendments to the EU Savings Directive, which included a number of suggested changes. The European Parliament expressed its opinion on the proposal on 24 April 2009 and the Council adopted unanimous conclusions on 9 June 2009 relating to the proposal. If any of those proposed changes are made in relation to the EU Savings Directive, they may amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a paying agent established in any other state which applies the withholding tax system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor the Paying Agent nor any other person would be obliged to pay additional amounts to the Bondholders or to otherwise compensate Bondholders for the reductions in the amounts that they will receive as a result of the imposition of such withholding tax.

2.2.6. Belgian withholding tax

If the Issuer or any other person is required to make any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatever nature in respect of any payment in respect of the Bonds, the Issuer or that other person shall make such payment after such withholding or deduction has been made and will account to the relevant authorities for the amount so required to be withheld or deducted.

The Issuer will not pay such additional amounts as may be necessary in order that the net payment received by each Bondholder in respect of the Bonds, after withholding for any taxes imposed by tax authorities in Belgium upon payments made by or on behalf of the Issuer in respect of the Bonds, will equal the amount which would have been received in the absence of any such withholding taxes.

2.2.7. Taxation

Potential purchasers and sellers of the Bonds should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Bonds are transferred or other jurisdictions. Potential investors are advised not to rely upon the tax summary contained in this Information Memorandum but to ask for their own tax advisor's advice on their individual taxation with respect to the acquisition, sale and redemption of the Bonds. Only these advisors are in position to duly consider the specific situation of the potential investor.

2.2.8. Early Redemption

The Conditions of the Bonds provide that the Bonds are redeemable at the Issuer's option in certain limited circumstances and accordingly the Issuer may choose to redeem the outstanding Bonds. The Bonds can also be redeemed at the option of Bondholders following a change of control as further described in the Conditions of the Bonds.

In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security bearing an effective interest rate as high as that which existed on the Bonds prior to redemption.

2.2.9. Insolvency laws may impact claims in respect of the Issuer or the Guarantor

The Issuer and the Guarantor are subject to applicable insolvency laws. In the event of an insolvency of the Issuer or the Guarantor, the application of these insolvency laws may substantially affect the Bondholders' claims to obtain repayment in full of the Bonds, *e.g.* through a suspension of payments, enforcement measures or an order providing for partial repayment of the Bonds only. Secured and unsecured creditors are paid from the company's assets before common stockholders. During an insolvency procedure the Bondholders will stop receiving interest and principal payments. Court decisions may impact the repayment of the Bond if at all.

2.2.10. Amendments of the Conditions

The Conditions may be subject to modifications and waivers that can be resolved by means of a majority decision of the general meeting of Bondholders

2.2.11. Change of law including tax law

The Conditions are based on the laws of the Kingdom of Belgium in effect as at the time of the offering of the Bonds. No assurance can be given as to the impact of any possible judicial decision or change to the laws of the Kingdom of Belgium, the official application, interpretation or the administrative practice after the offering of the Bonds. The tax rules as described in Section 7 "Belgian Taxation" have only been recently introduced (as a result of which there is no established practice as to their interpretation) and may change, which may impact the net yield of the Bond without compensation paid by the Issuer to the Bondholder (no grossing up).

2.2.12. Interest rate risks - Prepayment risk

The investor is exposed to interest rate fluctuations. When interest rates rise, the investor will not be able to benefit from such rise through the Bond and the Bond may underperform the market. Declining interest rates may accelerate the early redemption of the Bond, causing the investor's principal to be returned sooner than expected. If the Bonds are redeemed prior to maturity, the investor will have to seek reinvestment of the principal at the interest rates applicable at that time.

3. Business Description

3.1. Overview

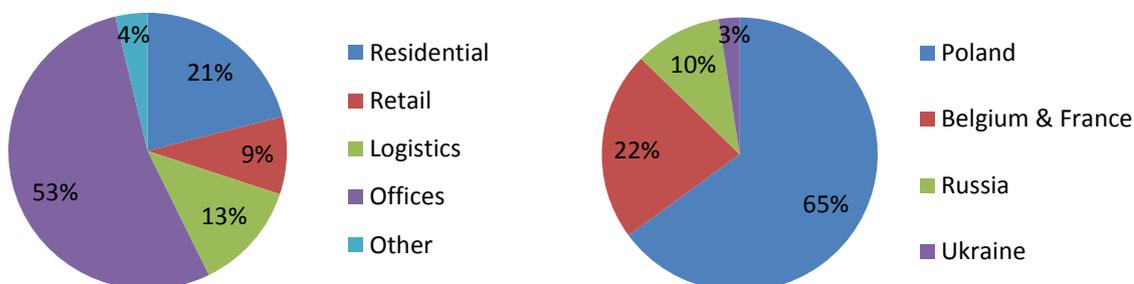
Ghelamco Group is a leading European real estate investor and developer active in the offices, residential, retail, logistics and urban development markets. Its core markets are Poland and Belgium. In addition Ghelamco Group also holds smaller, less strategic, positions in Russia, Ukraine and France. Figure 6 shows that 87.2% of the portfolio is located in Poland (64.9%) and Belgium (22.3%) and over 74.5% of the portfolio consists of projects in the office and residential segments.

Figure 6. Ghelamco Group’s portfolio (30 June 2012)

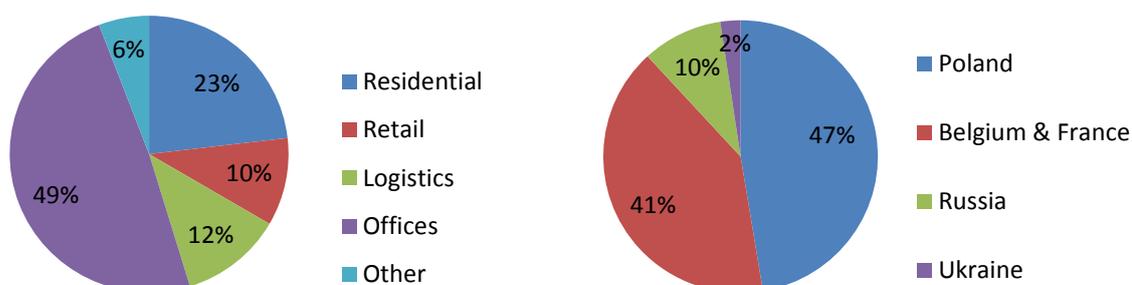
Portfolio HY12 (€m)	Poland	Belgium & France	Russia	Ukraine	Total
Residential	84	113	-	-	197
Retail	50	35	-	-	85
Logistics	-	-	96	23	119
Offices	475	27	-	-	502
Other	-	35	-	-	35
Total	609	210	96	23	938

Whereas on 30 June 2012, the Polish portfolio of Ghelamco consisted of 66% of the Group’s assets versus 21% for the Belgian activities, it is expected that in 2015 the portfolio will be more geographically balanced with the Polish assets accounting for 47.4% of the portfolio versus 40.7% for the Belgian assets.

Ghelamco Group’s portfolio on 30 June 2012 (total €938m)



Ghelamco Group’s Estimated portfolio on 31 December 2015 (total €1,266m)



The Belgian and French projects are grouped in International Real Estate Construction NV, either directly or indirectly through its Subsidiaries. The Issuer and its Subsidiaries are together being referred to as the “IRC Companies”. The Polish projects are grouped in the subsidiaries of Granbero Holdings Ltd. The Russian and Ukrainian projects are grouped in the subsidiaries of Safe Holding Belgium NV.

3.2. Market description

3.2.1. The real estate market in general

In the professional real estate market, there are three classes of actors: developers, construction firms and investors. Figure 7 shows a schematic overview of the real estate development value chain and in which stages Ghelamco Group and other actors are typically present.

Figure 7: Schematic overview of real estate development value chain



Source: Company information

3.2.2. Developers

Developers create real estate projects and determine the specifications according to their assessment of market appetite and the envisaged end buyer. In order to do this, developers are constantly on the lookout for opportunities in terms of locations, potential lease candidates, buyers etc. To be a successful developer, an excellent understanding of the geographical market is needed, together with an in depth knowledge of the different parameters which create value, among others: construction quality, design, negotiation of lease/sales contracts etc. Usually, a good relationship with (local) authorities is required since developing (larger) real estate projects has an impact on urban planning and vice versa. In this respect, win-win relationships can be achieved both in terms of lower risk as higher profitability.

3.2.3. Construction firms

The actual construction work on a site is performed by contractors, which in turn can be differentiated between general contractors and specialist parties. Contractors are appointed by real estate developers and bear construction risks through the liability regulations which are applicable by law. Well-known contractors in Belgium include CFE and CEI De Meyer.

For smaller projects, often residential, developers usually work with smaller local parties, whereas for larger projects, large general contractors are hired who in their turn take care of (sub-)contracting specialist parties (steel, glass, HVAC, etc)

The choice of contractor for a specific project can depend on a series of factors such as price, geographic proximity, competence, previous relationships, contractual flexibility etc. All of these factors have to be evaluated per project.

3.2.4. Real estate investors

Finally, at the end of the value chain, investors buy a completed and, when applicable, leased real estate project. Residential projects are often sold per unit to individuals, whereas office, retail and logistic projects are mostly acquired by professional investors. These professional investors consist of REITs and institutional investors, such as pension funds and insurance companies as well as family offices and occasionally high net worth individuals for the smaller projects.

In general, REITs and institutional investors buy completed, preferably leased, real estate projects, with the aim to hold on to them for the long term. Well-known REITs include Cofinimmo, Befimmo and WDP in Belgium. In Poland, funds like SEB, Invesco, Aberdeen (former DEGI), Deka and Union are (amongst other players) active in acquiring end projects.

3.2.5. Ghelamco

The Ghelamco Consortium is primarily a developer of real estate, which also holds shares in a general contractor and can act as a real estate investor, if necessary. The Ghelamco Consortium has been active in real estate development in Belgium since 1985 and has mainly focused on Poland as of 1991. Since 2005-2006, the Ghelamco Consortium has again started to take positions in Belgium, which has now become a second strategic area of focus for the company.

Most of the Issuer's Projects are located in Brussels, Leuven, Ghent, Knokke and, to a lesser extent, Kortrijk and the Northern region of France. The Issuer's Projects in Belgium and France cover a wide range of market segments such as offices, residential (incl. student housing), retail, leisure and urban development.

The service holding of the Ghelamco Consortium, IRS, holds shares in a general contractor (Ghelamco NV). IRS has, except for a contractual relation through a Service Level Agreement, no links with the Issuer nor the Guarantor. Therefore, the potential liabilities of the general contractor cannot affect the Bondholder. Still, having a general contractor available within the larger entity of the Ghelamco Consortium provides in-house construction knowledge and enables acceleration of a project when needed.

Ghelamco Group is not a typical real estate investor and has a commercial and dynamic hold or sale strategy. Residential real estate is always built for sale. For commercial and office real estate, Ghelamco Group holds on to its (leased) real estate assets until it receives an offer exceeding the expectations in terms of yield and other conditions. This sale strategy allows Ghelamco Group to use timing in its favor. Until now, virtually all completed real estate Projects have received satisfactory offers, explaining why Ghelamco Group has a very young portfolio, limiting the ageing infrastructure risk and tenancy risk. More details on this portfolio can be found in Figure 14 and Section 3.4.4. for Belgium and France and Figure 16 for Poland. As a result of previous realizations, Ghelamco Group nurtures a valuable network of high quality tenants and real estate investors.

In Belgium, Ghelamco Group can therefore be considered as a developer with a unique business model. In Poland, Skanska S.A., Hochtief and GTC have a similar business model. Through IRC, its sub holding for the execution of projects in Belgium and France, Ghelamco Group is engaged in the entire process of real estate development. It searches interesting land positions, takes care of planning and pre-commercialization, plans financing and construction and takes an active role in the process of lease and/or sale of a project. In Belgium and France, Ghelamco Group differentiates itself from other actors in the real estate market by having a stake in different market segments (offices, residential, retail, leisure and urban development) and always focusing on high-end projects and locations. The Issuer is also characterized by a significant degree of flexibility in terms of execution and is able to adopt to market opportunities and/or changing market trends quickly and efficiently.

3.2.6. Belgium

The Belgian real estate market can be broken down into several segments: offices, residential, retail, logistics and industrial. The market yields of each market segment are shown in Figure 8.

Figure 8: Prime yields by type of rental for standard contracts (3/6/9) in Brussels

Prime yields by type of rental for standard contracts (3/6/9) in Brussels			
Class	2010	2011	1H2012
Retail	5.00%	5.00%	5.00%
Offices	6.25%	6.25%	6.25%
Residential	< 5%	< 5%	< 5%
Logistics	7.50%	7.50%	7.75%

Source: DTZ 2011, KF 2012, PwC database

i. The office market²

Within the segment of offices, the Brussels market is the most important one for large real estate developers with 80% of the office stock in Belgium located in this city. The Brussels office market has a relatively high vacancy rate of 11.1%, with the older buildings showing the most vacancies. Consequently, today the Brussels office development market is predominately renovating its existing office stock whereas other cities such as Antwerp, Ghent, Leuven and Liège are in full expansion to attract new clients. One of the drivers for the evolution towards other cities is the ever increasing traffic congestion in Brussels, resulting in an increase in demand for employment outside Brussels.

Figure 9: Belgian office market parameters

Office market parameters				
	Brussels	Antwerp	Ghent	Leuven
Stock	13.000.000 m ²	2.000.000 m ²	750.000 m ²	400.000 m ²
Vacancy	11.00%	10.00%	4.40%	n/a
Take-Up 1H2012	206.000 m ²	50,000 m ²	10.000 m ²	7,000 m ²
Prime yield	6.25%	7.00%	7.50%	7.50%
Prime rent	285 €/m ²	140 €/m ²	145 €/m ²	145 €/m ²

(*) For long term contract (18 yrs or more) it can harden to 5%/5,25%

Source: DTZ 2012, Expertise 2012, JLL, Cushman, PwC databases

After a depressed 2011 marked by 159,000 m² of office space recorded on the secondary markets, the Belgian economy showed some resilience in 2012 with 147,000 m² of take-up during the first semester.

Ghent

In 2011, the Ghent office market witnessed its lowest activity level of the last seven years, barely reaching 15,000 m². H1 2012 showed a small rebound in terms of activity with 10,000 m² of take-up recorded. The prime rent remained stable at € 145/m² per year, overtaking Antwerp for the first time since 2006.

² Sources: DTZ Q2 2012

JLL, 'City Report Brussels Q2 2012'

CBRE, 'Offices in Belgium'

A major event for the Ghent office landscape was marked in H1 2012 with the official delivery of the MG Tower along the E40. This iconic tower will host employees of KBC who chose to partly vacate its offices in the center of Brussels, confirming the trend of decentralization.

Ghelamco's Artevelde Stadium Project ($\pm 14,000$ m²) includes a major office development under construction in Ghent.

Leuven

Contrary to other Flanders office markets which revealed a dynamic start of the year, only four deals totaling 5,000m² were recorded on the Leuven market during H1 2012. However, the prime rent remained unchanged at € 145/m² per year.

The city of Leuven continues its urban redevelopment along the Vaartkom where a brand new quarter is under construction. Apart from the residential developments undertaken by Ghelamco in this area, the Vander Elst Wintermans cigars site will propose a mixed-use building (retail and offices) in 2013. This part of the city and the Kop van Kessel-Lo are certainly the most promising development areas for the coming decade and will constitute references in terms of urban redevelopment, high-quality architecture and integration of different functions into new hubs for the city of Leuven.

ii. The retail market³

Retailing floor area per inhabitant is relatively low in Belgium, in comparison to other European countries. However, after having lagged behind in terms of retail space per inhabitant, Belgium is catching up with some 1,000,000 m² of retail space currently in the pipeline for the coming 10 years.

Figure 10: Prime yields in retail market segments

Prime yields	2007	2008	2009	2010	2011
High Street Retail	4.50%	5.00%	5.00%	4.50%	4.50%
Shopping Centers	5.25%	6.00%	6.00%	6.00%	5.75%
Retail Warehouses	6.50%	7.00%	6.50%	6.25%	6.25%

Source: CBRE

The Belgian retail market shows signs of growth on the back of continued retail spending. Consequently, retailers are still expanding and are now searching for prime locations and blind spots in their own networks.

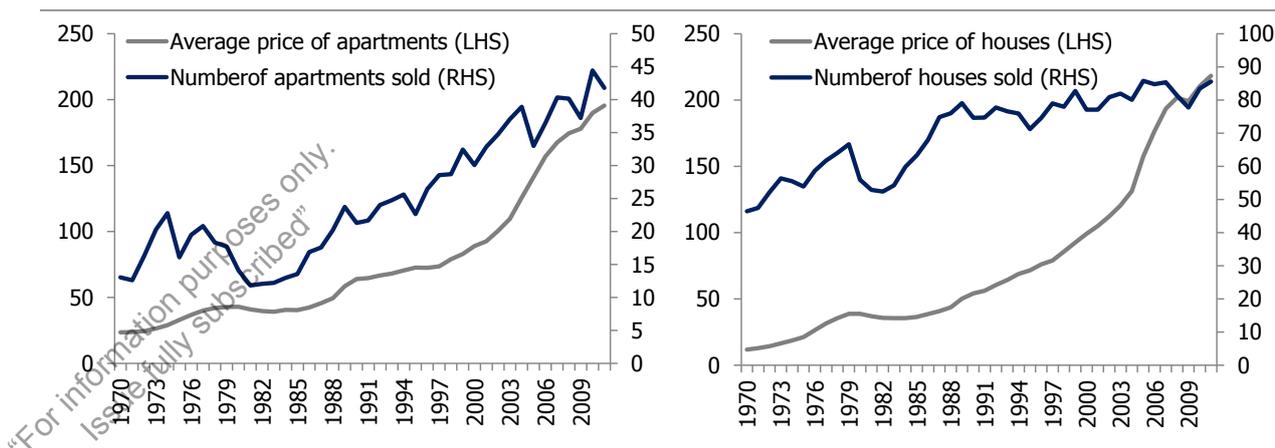
In 2011, retail take-up figures amounted to 324,485 m². More than half of this amount, namely 180,606 m², concerned out-of-town retail warehouses and parks. Many chain stores (e.g. Hubo, Media-markt, Hema, Decathlon, etc.) are still looking to expand in Belgium.

iii. The residential market

Since 1970, the residential real estate market in Belgium has grown significantly both in price and volume. Residential mortgage lending for residential acquisitions continues to grow in Belgium, albeit at a slower pace.

³ Source: CBRE, 'Retail MarketView Belgium' 2012

Figure 11: Average price and volume of houses and apartments in Belgium (in '000)



Source: Stadim

Despite the slowdown in transaction activity in the residential market, acquisition prices for apartments are still rising. The top quartile prices for apartments were up 4.44% in Flanders, 5.82% in Wallonia and 8.33% in Brussels between 2010 and 2011.

Figure 12: Prime yields in the residential market

Prime yields by type of rental for standard contracts (3/6/9)			
Class	2010	2011	2012
Residential	<5%	<5%	<5%

Source: DTZ 2011, KF 2012, PwC database

Developers keep looking for interesting residential projects and opportunities. In this segment, elderly homes have become attractive investments given the long and steady cash flows. Moreover, the current shortage of beds and the ageing population attract investors.

Another sub segment of particular interest, given the current scarcity, is student flats, especially in the city of Leuven. This scarcity has three main causes, being (1) the growing population of young people, (2) the growing amount of people willing to invest in higher education, and (3) the prolongation of some master studies from 1 to 2 years. As a result, yields for student flats close to 4% are being observed in the market.

Ghelamco is also active in the high end segment, a market which continues to perform well. The Issuer develops multiple projects in Knokke, a famous high end coastal resort in Belgium.

iv. Position of the Issuer

Ghelamco Group is one of the largest real estate developers in Belgium. Figure 13 compares Ghelamco Group to some of the largest real estate companies in Belgium. In terms of assets, Ghelamco Group is one of the largest Belgian real estate companies, with close to € 1Bn in assets.

Figure 13: Ranking of Belgian real estate companies by assets on 30/06/2012

#	Name	Strategy	Key segments	Total assets	Equity	Solvency	Geography
1	Cofinimmo	REIT (SICAFI)	Offices	3,622	1,498	41%	BEL-FR-NED
2	Befimmo	REIT (SICAFI)	Offices	2,052	1,003	49%	BEL-LUX
3	WDP	REIT (SICAFI)	Warehouses	1,135	398	35%	BEL-FR-NED-RO-CZ
4	Ghelamco Group	Develop & Sell	Offices & residential	1,090	519	48%	BEL-FR-PO-UKR-RUS
5	Aedifica	REIT (SICAFI)	Residential	609	268	44%	BEL
6	Intervest Offices	REIT (SICAFI)	Offices & warehouses	606	275	45%	BEL
7	Retail Estates	REIT (SICAFI)	Commercial	555	241	43%	BEL
8	Immobel	Develop & Hold	Offices & residential	424	181	43%	BEL-LUX-PO (since 2011)
9	Banimmo	Develop & Hold	Offices & commercial	401	130	32%	BEL-FR-LUX
10	Atenor	Develop & Sell	Offices & residential	307	97	32%	BEL-HUN-RO-LUX
11	Montea	REIT (SICAFI)	Warehouses	280	105	38%	BEL-FR
12	Codic	Develop & Hold	Offices & commercial	242	104	43%	BEL-FR-LUX-HU-RO-SP
13	VGP	Develop & Sell	Warehouses	178	146	82%	CZ-ES-HU-LT-RO-SLO

Source: Annual reports, Company information, 30/06/12 figures except Retail Estates (31/03/12) and Codic (30/04/11)

Figure 14: Selection of completed and/or commercialized Projects in Belgium:

Name	location	segment	commercial status
EBP Logistics	Erpe-Mere	logistics	100% sold
Brussels One / Kanonstraat	Brussel	residential & retail	all apartments sold 21 out of 32 parking spaces sold, remaining 11 for sale 2 retail areas for lease/sale
Hoekstraat	Brussel	residential	all apartments sold some remaining parking spaces left for sale
Crown Point	Brussel	office, residential & retail	all apartments sold offices held in portfolio as Ghelamco Consortium offices in Brussels
Residentie Katelijne	Knokke	residential	majority of commercial space sold, remaining apartments for sale 5 out of 6 high end apartments sold, remaining apartment for sale
Airport Retail Park (Klippan Cabs)	Wevelgem	retail	100% leased project for sale
The White House	Knokke	residential & retail	4 out of 6 apartments sold, remaining apartments for sale commercial space fully leased and sold afterwards
Beau Site	De Panne	residential & retail	4 out of 6 apartments sold, remaining apartments for sale commercial space fully sold
Sylt	Knokke	residential	3 out of 12 apartments sold, remaining apartments for sale
Zegemeer	Knokke	residential	2 out of 4 apartments sold, remaining apartment for sale
Brico Plan-it Gent	Gent	retail	fully leased

Source: Annual reports, Company information

3.2.7. Poland

i. General economic conditions⁴

According to Cushman and Wakefield's "Polish Real Estate Market Report Spring 2012", Poland's economy is expected to maintain its reputation of a star performer within the EU with the forecast of GDP growth to hit 2.8% in 2012 and 2.9% in 2013.

ii. The office market⁵

Demand

The demand for modern office space comes mainly from:

- Polish and foreign companies that have benefited from the rapid economic growth of Poland since the 90's;
- new entrants into the Polish market, in which a boom has been observed in 2004, just after Poland's entrance in the European Union, and again during 2007 and 2008;
- organizations changing their needs as a result of mergers and acquisitions in various sectors of the economy, resulting in a higher demand for office space in class A buildings;
- tenants, usually Polish companies, occupying office space in class B- or C buildings, searching for modern office space in class A-buildings; and
- former state companies or organizations, currently partially or entirely privatized, searching for more comfortable offices in order to improve their image and quality of management.

Take-up in the occupational sector consisted of approximately 300,000 m² in H1 2012. Given the positive economic forecasts and strong interest of companies in leasing new office space, the demand in 2012 is expected to remain strong and take-up may reach values similar to the record high of 573,000 m².

Supply

Approximately 45,000 m² of new office space was delivered to the Polish market in Q2 2012. The majority of this was in non-central suburbs of Warsaw. Some 220,000 m² is expected to be delivered in 2012, compared to 120,000 m² in 2011.

However, when comparing with other European capitals, Warsaw is still behind the mature markets. Office density in Warsaw is currently at about 2 m² per capita, while the average for European capitals is estimated to be at 6 m² per capita.

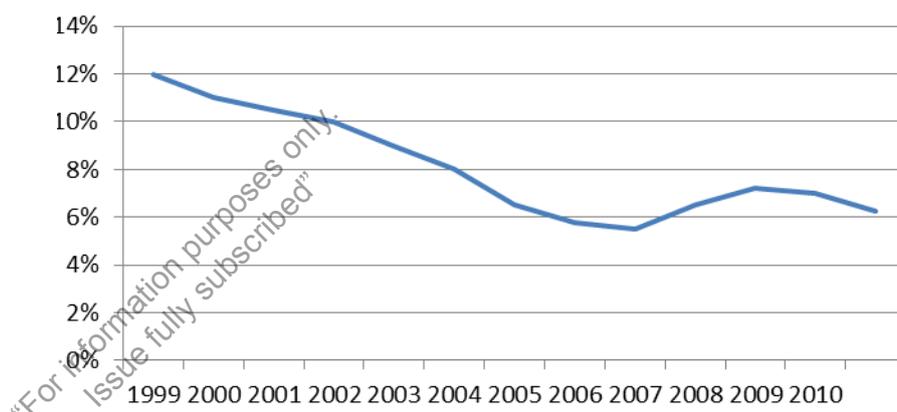
Yields

Besides a small correction in 2008-2009, the yields offered in the office segment of the Polish market, have been evolving in a positive way, as shown in the graph below.

⁴ source: Cushman and Wakefield

⁵ source: Knight Frank, 'Warsaw H1 2012 Office market research report'

Figure 15: Evolution of the yield for office schemes in Poland



Source: Knight Frank

Preferred Tenants locations

In the Warsaw office market, two areas exceed the others in terms of interest of (potential) tenants, being Mokotów and the area near Rondo Daszyńskiego. These are the locations where Ghelamco Group performs most of its Projects. Besides those, Ghelamco Group also chooses to be active in the most interesting and prestigious locations in the Warsaw city center (*e.g.* the Senator project).

iii. Position of Ghelamco Group

Ghelamco Group has been active in the Polish real estate sector since 1991. Between 2000 and 2010 Ghelamco Group developed over 356,000 m² of modern office and warehouse space located in 23 A class office Projects and logistics centers. The most prestigious ones are the office buildings of the Trinity Park complex located in the Mokotów district of Warsaw. The three modern buildings, offering in total almost 75,000 m² of office space, are taken up by well-known multinationals such as BNP Paribas, MTV Network, Axel Springer, Unilever, Kraft Foods, PPD Poland and TEVA Pharmaceuticals.

Figure 16: Polish key project Portfolio

Project name	Surface (m ²)	Budgeted cost (M EUR)	Annual income (M EUR)	Yield (%)	Est. realisation value (M EUR)	Est. Bank financing (M EUR)	Est. cash after sale (M EUR)	Est. completion date	Expected Realisation (=sale)	Segment	Location	Commercial status	Building permit obtained	Key Tenants (if leased/rented)
Senator	25.000	72	8,00	6,70	121	51	70	completed	Q2 2013	Offices	Warsaw	70% leased	Y	PKN Orlen Rabobank Group
Mokotow Nova phase 1	26.400	66	5,60											ING
Mokotow Nova phase 2	13.600	20	3,60	7,30	127	61	66	completed	Q3 2013	Offices	Warsaw	78% leased	Y	Bacardi Cargill Medicover
Lopuszanska	16.500	32	3,30	8,00	40	23	17	under construction	Q3 2013	Offices	Warsaw	78% preleased	Y	Allianz Alior Bank
Marynarska 12	40.000	90	8,60	7,75	111	52	59	under construction	Q3 2013	Offices	Warsaw	70% preleased	Y	T Mobile PWC
Katowice Business Park	17.000	32	3,00	8,00	37	23	14	completed	Q1 2013	Offices	Katowice	100% leased	Y	HSBC Tauron Polska
Woronicza Qbik	30.000	61	n/a	n/a	71	43	28	under construction	2012/2013/2014	Residential	Warsaw	50% sold	Y	n/a

Source: Company Information

3.2.8. Russia and Ukraine

Investments in Russia and Ukraine are currently limited to the segment of logistic real estate. Ghelamco Group decided to focus on the latter segment since office and residential investments in these countries are exposed to very specific local customs and strong competition while top quality logistic buildings are still underdeveloped.

Recent tendencies prove the success of this approach. In Moscow, Dimitrov Logistics Park has been opened in September 2012, offering 62.000 m² of space, of which 100% is already leased. The second part of this project will start as soon as pre-lease is in place. The lease income of the current building, together with bank financing, will be sufficient to realize the entire project without additional (equity) funding.

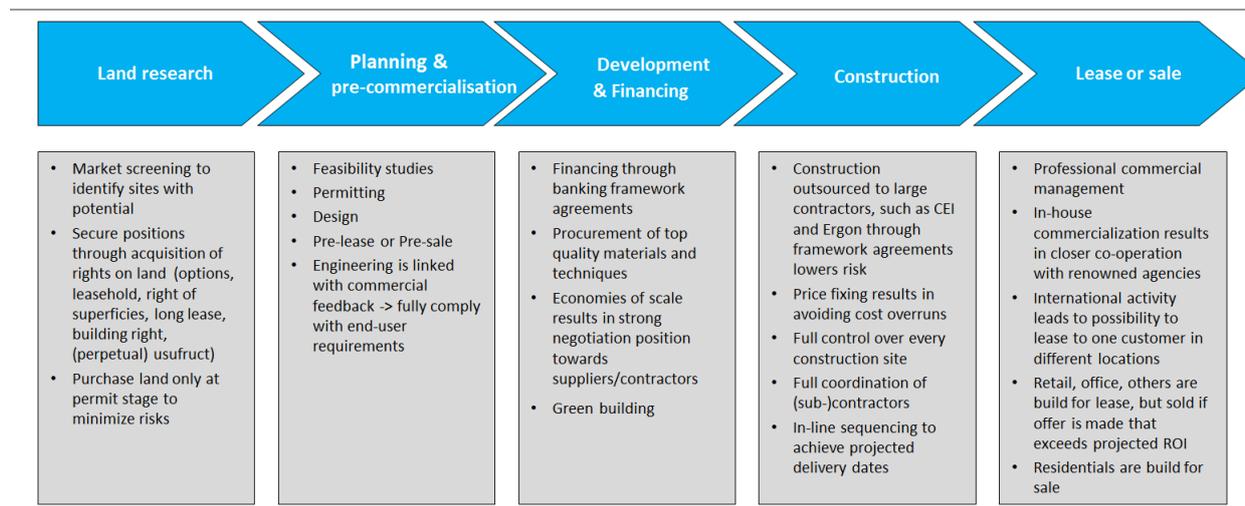
Kopylov Logistics Park is located very close to the E40 at about 30km of Ukraine’s capital, Kiev. The property comprises two large single story logistics warehouses with internal offices covering a total surface of about 30,000 m² of which approximately 85% is leased.

3.3. Business model

3.3.1. The Business model in General

As a fully integrated developer, Ghelamco Group has the capacity to deliver according to best practises in every step of the value chain, be it commercial, market knowledge, construction, budgets or financing. Decision making is optimized throughout the entire process, resulting in realistic budgets for high quality Projects.

Figure 17: Schematic overview of Ghelamco Group’s business model



Source: Company information

3.3.2. The Business model in five steps

i. Land research

Market (segment) knowledge is one of the key success factors of Ghelamco Group as a real estate investor and developer. By focusing on very specific (geographic) markets, the Ghelamco Consortium has over the past 25 years succeeded in building a leading position in every market it operates in.

Additionally, it has over the past few years adopted the policy, whenever this is possible, not to purchase land before the permit stage and to secure positions through acquisition of *rights* on land (options, leasehold, perpetual usufructs, etc.) rather than purchasing the land itself. As a result, Ghelamco Group is keeping its land bank investments to a minimum.

During the last years, the Issuer adjusted its strategy with regard to undeveloped land. Where it used to purchase land before knowing what the final scope would be, it currently enters into land purchase agreements subject to evidence of feasibility of the Project. This implies that in general land is not purchased before significant parts of the Project have been preleased or presold or at least the zoning plans have been approved.

ii. Planning and pre-commercialisation

Careful planning is the cornerstone of every successful real estate development. At Ghelamco Group, this planning stage begins with a high level feasibility study in which the key elements and financial success factors are listed and discussed.

In this study stage, Ghelamco Group can fully rely on its strength which lies in the fact that, through its access to the management services of IRS, it has both the technical and the commercial knowledge readily available in-house. This allows for the whole process of design, permitting and engineering to be fully aligned with the commercial expectations and requirements of (future) clients more often than not resulting in substantial levels of pre-lease or forward purchasing. All these factors significantly reduce the execution risks of a Project.

A detailed advance study of the existing master plan or zoning plans substantially reduces the risks of not obtaining building permits. Ghelamco Group closely monitors new construction regulations or aesthetic preferences of the relevant (communal) authorities or administrations.

Over the years, the Issuer has established a tradition of close collaboration with communal authorities. As a result, it is able to set up long term public private partnerships with the local authorities, resulting in win-win situations for both.

Market risk is also addressed in this stage: For major Projects the Issuer would typically await the realization of pre-lease levels depending on different parameters, mostly triggered by the Project's (large) scale, market circumstances or Project type. Smaller Projects are often started without pre-leases. So far, Ghelamco Group's track record in the Polish Offices market segment shows a leasing level of approximately 70% before the end of construction works.

Before starting an investment, Ghelamco Group performs thorough market research, comprising the examination of the following aspects:

- status of the Project's current zoning (potential timing for rezoning necessary)
- attitude of the local government towards a particular Project
- 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.

iii. Development and financing

When land research and planning are completed, the Project comes in the actual development phase. Ghelamco Group distinguishes itself in the market through the combination of procuring only the best materials and, acquiring them at a cost lower than materials which would be used as a standard thanks to economies of scale. At the same time, Ghelamco Group prouds itself at delivering buildings according to the latest requirements in the field of environmental friendliness, resulting in several Projects obtaining Breeam certificates with very good ratings.



Obtaining timely, sufficient and cost efficient funding is another key differentiating factor for a successful real estate developer such as Ghelamco Group. It has over the years built excellent relationships with a number of key banks in Belgium, Poland and abroad. Through these relationships Ghelamco Group is assured of the correct level of financing in every stage. This way of working minimizes the time and effort required to obtain funding when a new Project is initiated and gives extra comfort to Ghelamco Group when executing an overall planning for the upcoming years.

The Issuer's financing structure typically would reflect major project development phases (acquisition of land, development and holding of the properties) as follows:

- Land acquisition loans (usually provided for a term of 2 years). The interest is payable at market floating rates (from 1 up to 6 months) increased by a margin.
- Development loans provided until completion of the construction and obtaining of the exploitation permit (usually for a term of about 2 years). The interest is payable at market floating rates (from 1 up to 6 months) increased by a margin. The land acquisition loan is at this stage integrated in the development loan.
- Once the property is completed, leased and meets all ongoing covenants, the development loan allocated to it can be turned into an investment loan, usually provided for a period of 5 years beginning at the signing of the investment loan agreement and repayable upon sale or refinancing of the property. The banks are usually willing to increase development loans up to an amount that reflects 65% to 75% of the property's market value. Of course, it is also always possible that the Project will be sold as a going concern.

Before starting construction works (or contracting with subcontractors), Ghelamco Group ensures to have received already a (non-)binding term sheet from its banking relations.

As nearly all profits of Ghelamco Group are re-invested, the management's focus is concentrated on financial support of its expansion plans. Ghelamco Group's management closely monitors solvency, liquidity, return on invested capital and profitability levels.

iv. Construction

To optimize the actual construction of Projects, Ghelamco Group also has framework agreements with large contractors which lowers contractual and operational risks substantially. Furthermore, for every Project, Ghelamco Group negotiates fixed pricing or open book contracts, hereby minimizing the risk of cost overruns.

Unlike some of its competitors, and in line with the pre-construction approach, Ghelamco Group maintains full control over the construction process on every site. In-house engineers and site coordinators are present every day on the construction site and are in direct contact with the business development department, finance department and the future tenants/occupiers. This approach ensures that every part of a Project's value chain is aware of the Project status which allows for feedback to be integrated in the construction process (*e.g.* newly signed tenants requesting a surplus feature). Having this integrated view throughout the delivery of the Project is truly one of the key differentiators of Ghelamco Group and unique in the market.

Construction risks are monitored by Ghelamco Group's in-house and external engineers. They define the construction cost as from the date of the feasibility study. The fine-tuning of budgets, choice of materials, construction techniques and construction prices is a constant process within the Ghelamco Group. This avoids cost overruns and delivery delays.

Ghelamco Group remains in control of the design, lay-out and structural or finishing elements of the Projects as well. Any change in engineering can lead to significant cost increases or decreases. This constitutes just one of the reasons why Ghelamco Group closely monitors those aspects.

v. Lease or sale

As with the construction process, the commercialization of the Projects is run by in-house staff. They have close relationships with renowned agencies and have their own network of professional investors. The international position of Ghelamco Group also gives the company the extra advantage that it can lease/sell to the same multinational companies on different locations.

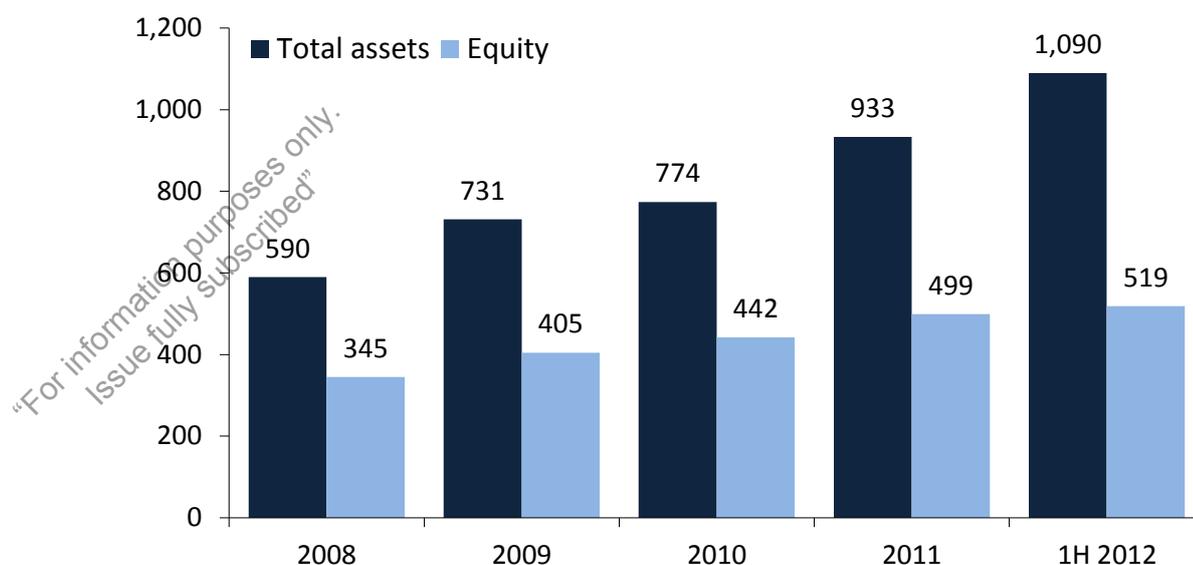
As a rule, retail, offices and other types of Projects are built for lease and sold if an attractive offer comes in. Residential units on the contrary are always built for sale.

3.3.3. Proven success

3.3.3.1. Steady growth

Ghelamco Group's growth in total assets and equity in recent years are an indication of the success of its business model. Since 2008, consolidated assets have grown by over 75% as a result of the successful development and realization of Projects.

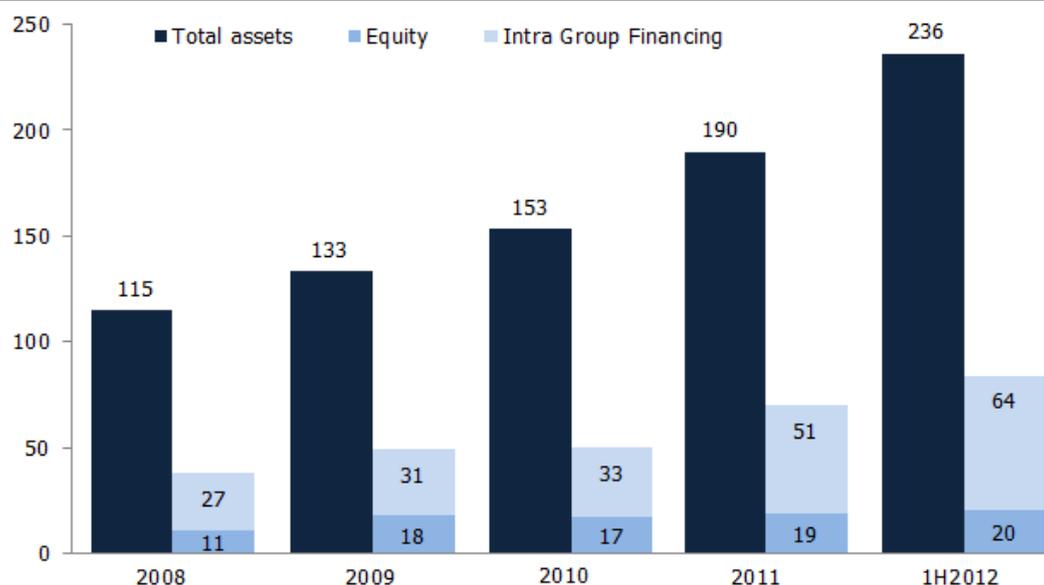
Figure 18: Ghelamco Group consolidated total assets and equity (in €m)



Source: Company information IFRS financial

Since 2005-2006, Belgium again became a key market for Ghelamco Group. Via the development of some landmark Projects, such as the Artevelde site and Leuven Vaartkom site, the asset base of IRC has grown from € 115m in 2008 to € 236m H1 2012, representing a growth of 105.9%. In H1 2012 IRC represented 21.7% of total assets of Ghelamco Group.

Figure 19: IRC consolidated total assets and equity (in €m)



Source: Company information IFRS financials

3.3.3.2. Recognition in the market

Various, prestigious awards in Poland underpin Ghelamco Group's capabilities and expertise in conducting its Projects. The majority of awards were granted for Polish Projects as most Projects were realized in that core market over the past years.

To name some of these awards:

- “Best Office Development in Europe 2012” for Senator, office building in the Warsaw city center, granted by a jury of 60 international specialists;
- “Office developer of the year in Poland” in 2011 and 2012, granted by the ‘Construction and Investment Journal’;
- “Office lease of the year 2012”, granted by the ‘Construction and Investment Journal’ for the lease of T-Mobile in the Marynarska 12 Project
- “Office Developer of the year in CEE 2011”, granted by ‘Eurobuild’
- “Award for Outstanding Non-Business Achievement of the Year 2011” for the renovation of a school in Nowe Worowo, a village in Northwest Poland, granted by ‘Eurobuild’

Figure 20: Selection of Ghelamco Group’s awards



Source: Company information

Ghelamco Group earned its most prestigious award in September 2012 for its Senator project in Warsaw: it received the highest ‘Five Star’ rating from European Property Award, and was also recognized as the best office building in its category in Europe.

3.4. Investment strategy of Ghelamco Group through the Issuer

3.4.1. General strategy of the Ghelamco Group in Belgium

The Belgian and French activities of Ghelamco Group are performed by the Issuer together with the IRC Companies. They mainly consist of development activities in the area of commercial (retail and offices) and high-end residential real estate. The strategy of the Issuer is to devote commercial real estate for lease and residential real estate for sale. The (pre-)leased commercial properties are only sold if the transaction offers substantial gains. The Issuer has increased its investment activities in Belgium and France during the last 3 to 5 years resulting in an asset base that has more than doubled over the past 5 years.

Until today, the business model of the Issuer does not include the strategy of holding on to completed assets. However, with the development of larger scale Projects in Belgium and France, the Issuer is considering to keep some of its top realizations in portfolio.

The Issuer’s portfolio is differentiated both over segments and over locations. At present, the strategy is focussed on the development of multi-use areas as a stepping stone towards maximal differentiation.

Considering the available portfolio and market evolution, the Issuer's management has decided to intensify development and started the construction and commercialization of large parts of different Projects in Belgium and Northern France. As a result, many Belgian and French Projects are currently evolving from the project development phase into the portfolio of realizations.

3.4.2. Strategy Execution: IRC's Key strengths

Ghelamco Group and IRC's investment strategy is to invest in highly profitable Projects with limited commercial risks. In order to implement and execute this strategy, Ghelamco Group has developed several strengths which of course are also present at the IRC level:

- **Profound market research:** Before investing Ghelamco Group does profound research pro-actively taking into account parameters such as general market trends, accessibility, timing of a Project and political willingness to support certain realizations. As an example, IRC anticipated on the extension of master programs in the City of Leuven by converting a planned office development into a student housing program. Around the same time, IRC decided to pursue an office development program at the Artevelde site to accommodate for the increased demand of decentralized high-quality office space. Both Project developments are an excellent example of how knowing your market significantly reduces the commercialization risk which one might expect. Moreover, its high quality Projects allow Ghelamco Group to reserve the possibility to hold on to its completed Projects and await the most favourable divestment opportunity with limited risk of having a portfolio that is quickly outdated.
- **Multi-disciplinary approach:** Ghelamco Group is not specialized in a single segment of real estate development, but has the skills to maximize the use of a Project site regardless if it concerns the development of office space, residential units, retail Projects, leisure or a mix of these segments. Especially the capability to develop mixed Projects is a strategic advantage that maximizes the overall profitability of a Project and/or a cluster of Projects. Owing to Ghelamco Group's multi-disciplinary capabilities, IRC's Projects comprise a mix of residential, commercial, office and other real estate Projects. In addition, the Projects developed by the IRC Companies are spread over the regions of Brussels, Leuven, Ghent, Knokke and, to a lesser extent, Kortrijk. To date, IRC's Projects are in various stages of completion, resulting in a balanced spread in terms of timing.
- **Top quality Projects:** Ghelamco Group's strategy is to develop top quality Projects on AAA locations with the best materials, excellent accessibility, above market energy efficiency, parking availability etc... The past has proven that the development of top quality Projects generally results in a higher profitability and more importantly, in a lower commercialization risk. This is confirmed on the one hand by the historical sales prices of Ghelamco Group's Projects, which were often sold below market yields and on the other hand by the young portfolio of Projects (oldest building completed in 2010), which proves that Ghelamco Group was able to sell all its preceding Projects at sufficiently attractive terms. In Belgium the company is in an investment phase with Projects being commercialised and reaching the stage of completion.
- **Effective procurement:** To maximize the profitability of its Projects, Ghelamco Group puts great effort in realizing economies of scale during procurement of materials. Significant cost savings can thus be realized, without reducing the quality of Projects, resulting in increased profitability.
- **Construction knowhow:** The way a Project is constructed is a very critical step in creating value. Due to the fact that it started as a contractor, Ghelamco Group

has built up construction experience and knowhow, giving it a strong position towards their (own) (sub-) contractors. In addition, because IRC has access to Ghelamco NV, a general contractor from the Ghelamco Consortium linked IRS group, it has the ability and more flexibility to perform certain tasks in the construction process itself.

3.4.3. Strategy Execution: IRC's portfolio 2012-2015

The strategy execution of Ghelamco Group through the Issuer is reflected in IRC's pipeline. Current and future Projects of the IRC Companies are set out in the table below. The Projects are listed at their total value.

This list cannot be deemed as an exhaustive list of Projects that will be developed in the near future, since other Projects might come up or Projects which are currently under negotiation might not materialize. Consequently, the timing forecast of the table below is unsecure and will most probably be subject to changes.

Issuing bonds and raising financial resources should allow the Issuer to accelerate the realization of the current portfolio in execution and at the same time create opportunities for a new portfolio that will provide for growth beyond 2015.

3.4.4. Portfolio of the Issuer

Project name	Surface (m ²)	Budgeted cost (M EUR)	Annual income (M EUR)	Yield %	Est. realisation value (M EUR)	Est. bank financing (M EUR)	Est. cash after sale (M EUR)	(Est.) completion date (Quarter)	Segment	Location	Commercial status	Building permit obtained in
Beau Site	680	1,6	n/a	n/a	2,0	1,1	0,9	completed in Q2 2011	Residential & Retail	Knokke	75% sold	2009
Bahia & Neptune	290	2,4	n/a	n/a	3,0	1,6	1,4	completed in Q4 2011	Residential	Knokke	For sale	n/a
Katelijne Dianthus	242	2,6	n/a	n/a	4,1	1,3	2,8	completed in Q2 2011	Residential	Knokke	For sale	2008
Docora	130	2,0	0,2	3,5%	4,9	1,9	3,0	completed in Q1 2011	Retail	Knokke	100% sold	2009
Klippan Cabs	4.646	4,7	0,5	7,0%	6,9	4,8	2,1	completed in Q1 2011	Retail	Wevelgem	100% leased	2008
Blinckaertlaan	550	5,2	n/a	n/a	7,0	3,6	3,4	completed in Q2 2012	Residential	Knokke	For sale	2009
Zegemeer	950	6,6	n/a	n/a	8,7	4,0	4,7	completed in Q1 2012	Residential	Knokke	50% sold	2007
White house	1.250	6,8	n/a	n/a	8,9	4,8	4,1	completed in Q4 2011	Residential	Knokke	70% sold	2009
Crown Point	3.173	7,0	0,8	7,0%	11,0	4,9	6,1	completed in Q4 2011	Offices, Residential & Retail	Brussel	n/a	2006
Katelijne Garages	5.640	6,5	n/a	n/a	12,7	4,5	8,2	completed in Q3 2011	Other	Knokke	15% sold	2008
Sylt	3.355	5,9	n/a	n/a	11,9	6,5	5,4	completed in Q2 2012	Residential	Knokke	25% sold	2010
Waterside	18.940	29,2	n/a	n/a	37,3	20,4	16,9	completed in Q4 2011	Residential & Retail	Leuven	Almost fully sold	2007
Brico-Plant It	14.293	10,7	1,3	6,5%	19,7	7,6	12,1	completed in Q3 2012	Retail	Gent	100% leased	2009
Institut Jaspas	2.000	1,5	n/a	n/a	4,0	1,0	3,0	completed in Q3 2012	Residential	Brussel	100% sold	n/a
Completed For Sale (1)	56.139	92,7	1,4	-	142,1	68,0	74,0					
Westkapellen	450	1,6	n/a	n/a	2,2	1,1	1,1	Q3 2013	Residential	Knokke	For sale	2012
Farida	3.700	2,9	n/a	n/a	4,3	2,0	2,3	Q3 2013	Residential & Retail	Knokke	40% (pre)-sold	2011
Cromme Bosch	650	10,0	n/a	n/a	12,0	5,0	7,0	Q2 2013	Residential	Knokke	For sale	n/a
Zoute Wellness	4.000	10,9	n/a	n/a	24,9	7,6	17,3	Q2 2013	Other	Knokke	exploitation contract	2011
Parking Gent	60.840	21,4	1,8	6,0%	29,8	15,0	14,8	Q2 2013	Other	Gent	20% leased	2009
Wintermans/Vanderelst	17.086	23,6	2	6,7%	32,3	20,0	12,3	Q1 2013	Offices & Retail	Leuven	50% leased	2010
East Dune	6.551	24,7	n/a	n/a	32,3	17,3	15,0	Q2 2012-2013	Residential	Oostduinkerke	15% sold	2009
Artevelde Stadium	32.954	38,5	3,5	6,0%	58,7	26,9	31,8	Q2 2013	Offices & Retail	Gent	40% (pre)-leased/sold	2007
Under Construction (2)	126.231	133,6	7,3	-	196,5	95,0	101,6					
Schelde Office Building	13.645	18,2	1,7	7,0%	24,2	12,7	11,5	Q2 2015	Offices	Gent	prelease in negotiation	2009
Long Stay Apartments	26.000	19,4	2,4	7,0%	33,6	13,6	20,0	Q2 2015	Other	Gent	commercialization not yet started	2009
Arte Office Building	15.010	19,7	1,9	7,0%	26,6	13,8	12,8	Q4 2014	Offices	Gent	prelease in negotiation	2009
Blaisantvest**	11.977	17,1	n/a	n/a	24,0	10,0	14,0	Q2 2014	Residential & Retail	Gent	25% presold	2011
Building Permit Obtained (3)	66.632	74,4	6,0	-	108,4	50,1	58,3					
Wezenbeek Oppem	6.780	6,4	0,6	6,3%	9,9	4,5	5,4	Q1 2014	Residential	Brussel	LOI prelease signed	n/a
Kinders Siska	3.210	14,0	n/a	n/a	20,1	9,8	10,3	Q2 2015	Residential & Other	Knokke	commercialization not yet started	n/a
Waterview	24.897	43,3	3,6	5,2%	60,9	30,7	30,3	Q1 2014	Residential & Retail	Leuven	residential part 100% presold	n/a
Zoning Plans Approved (4)	34.887	63,7	4,2	-	90,9	45,0	46,0					
Total Realisation (1+2+3+4)	283.889	364,5	18,9	-	537,9	258,1	279,9					
Houtdokken*	n/a	tbd	n/a	n/a	2,7	1,9	0,8	Q4 2015-2016	Residential	Gent	commercialization not yet started	n/a
Locarno	1.200	8,3	n/a	n/a	11,9	5,8	6,1	Q4 2013	Residential, Offices & Retail	Knokke	commercialization not yet started	n/a
Forest Parc	10.000	8,6	0,9	7,0%	12,2	6,0	6,2	Q3 2014	Retail	Tourcoing	commercialization not yet started	n/a
Kortrijk Leie	6.970	8,8	n/a	n/a	14,3	6,2	8,1	Q4 2014	Residential	Kortrijk	commercialization not yet started	n/a
Golf Village Knokke*	n/a	tbd	n/a	n/a	19,4	13,6	5,8	Q4 2015	Other	Knokke	commercialization not yet started	n/a
Wavre Retail Park	18.175	19,9	2,4	7,0%	34,5	13,9	20,6	Q2 2014	Retail	Wavre	commercialization not yet started	n/a
Land Bank Development (5)	36.345	45,6	3,3	-	95,0	47,4	47,6					
Total realisation and land bank	320.234	410,1	22,2	-	633,0	305,6	327,5					

** project to be realized in a joint-venture

* Projects scope not fully defined. Projects reflected at cost.

3.4.5. Description of selected major realization Projects for 2012-2015 in Belgium and France

i. Ghent urban development

In Ghent, the second largest city of Flanders, the Issuer is developing a new site at the crossroad of two important motorways E40 & E17. This totally new multi-functional development consists of different independent parts:

- A multi-functional football stadium with 20,000 seats, bars & restaurants, event hall, retail & leisure spaces and 15,000m² of offices
- A state of the art retail building of more than 14,000m²
- Two ten-levels office buildings of 15,000m² and 13,000m²
- Parking spaces, both underground and at the ground floor, to service football supporters, retail clients and office users
- A hotel combining traditional and extended stay functions

The construction of the retail building was finished this summer and is conceived as a traditional large scale retail store, adapted to the specific needs of the single tenant's requirements. The architecture of this building is very specific: green & sloping roof, attractive façade, large windows,... not only to create visibility but also integrating the building in the total development of the site.

The multi-functional football stadium, which includes offices and retail space, is currently being developed. Completion of construction works is expected to take place in Q2 2013. Construction of the separate office buildings (Arte Offices and Schelde Offices) is expected to start during 2013.

One of the major strengths of this urban development site is its excellent accessibility since it is built on the crossroads of two of Belgium's most important motorways. Evidently, such location comes with great visibility. Another major asset of this site is the presence of many parking places, of which 400 are leased during non-football moments and ± 1100 during football moments.

Figure 21: Overview Ghent urban development



Development overview:

- (a.) Artevelde Stadium
- (b.) Brico Plan-It Gent
- (c.) Arte Offices and Schelde Offices
- (d.) Parking Gent
- (e.) Long Stay Apartments Ghent South

Source: Company information

(a) Artevelde Stadium

Companies:	Ring Offices NV, Ring Multi NV, Ring Congress NV, Docora NV
Location:	Ghent (Southern District at the crossing of E17 and E40 motorways)
Land purchase date:	Original leasehold agreement signed with the city of Ghent in 2005, the Issuer is active in the project since 2010
Plot area:	77,958 m ²
Project type:	Multifunctional Building: total space of 50,676 m ² of which 32,954 m ² is commercialized by the Issuer (14,322 m ² of office space, 17,444 m ² of mixed use commercial space and 2,164 m ² congress room)
Est. realization value as at 31/08/2012:	€ 58,700k
Project execution status:	<ul style="list-style-type: none">• Final building permit issued in May 2011• Project currently under construction (ground works, foundations and mayor parts of shell are in place)• Project planned to be completed in June 2013
Financing:	Construction financing will be secured by a construction loan; Contract is under negotiation.
Commercialization:	<ul style="list-style-type: none">• Pre-sales/lease of ± 40% of total space• Strong leads for additional 45%

As for today, multiple pre-sale contracts have already been initiated hereby pre-selling/leasing ± 40% of the available surface. Additionally, strong leads are in place, including price negotiations, for another 45% of the available surface. This gives an indication that the great potential of this Project will be realized and will contribute to the success of the whole site area.

Figure 22: Artevelde Stadium



Source: Company information

(b) Brico Plan-It Gent

Company: Retail Gent NV

Location:	Ghent (Zwijnaarde, Southern District at the crossing of E17 and E40 motorways and across the Artevelde Stadium)
Land purchase date:	Land acquisition March 2012 (construction already on going through right of superficies)
Plot area:	19,028 m ²
Project type:	Build to custom 14,293 m ² for the largest DIY store of the Brico Plan-It franchising
Est. realization value as at 31/08/2012:	± € 19,700k
Project execution status:	<ul style="list-style-type: none"> • Building permit issued in March 2011 • Project completed and delivered September 2012
Financing:	Construction financing is secured by a construction loan contract signed with BNP Paribas Fortis Bank
Commercialization:	<ul style="list-style-type: none"> • 100% leased to Brico Plan-It under 27 years contract

Following very strong relationships with the Brico group and the in-depth knowledge of the Issuer of the city area, the two companies closed a deal mid-2011 to develop the Project described above. Thanks to a rigid planning and close collaboration with the client, the largest DIY store of this group opened its doors as planned in September 2012.

Finally, it is to be mentioned that a major asset of this building is its enormous flexibility. As the building can easily be modified according to the specific needs and wishes of (multiple) tenant(s), would the current party decide to leave.

Figure 23: Brico Plan-It Gent



Source: Company information

(c) *Arte Offices and Schelde Offices*

Companies:	Arte Offices NV and Schelde Offices NV
Location:	Ghent (Zwijnaarde, Southern District at the crossing of E17 and E40 motorways and across the Artevelde Stadium)
Land purchase date:	Land acquisition March 2012
Plot area:	6,388 m ² (Artevelde) and 8,002 m ² (Schelde)
Project type:	Construction of two office buildings 15,010 m ² (Arte) and 13,645 m ² (Schelde)
Est. realization value as at 31/08/2012:	€ 50,800k (estimated sales value)
Project execution status:	<ul style="list-style-type: none">• Project will be initiated during completion and commercialization of the Artevelde Stadium• The development of 28,000 m² is foreseen in the approved zoning plan for the site
Financing:	Land financing through BNP Paribas Fortis Bank
Commercialization:	To be started during finalization of construction works of the Artevelde stadium

The Arte and Schelde Offices are the crown jewels of the site development which the Issuer is conducting in South Ghent. The office buildings will have an exceptional visibility and access when passing on both the E40 motorway towards Brussels and the E17 connecting Ghent with the city of Antwerp.

Additionally, the Flemish government is currently constructing a missing link on the R4 ring way around Ghent which would allow visitors to the buildings to take a motorway exit leading directly to the offices.

Strong interests for these buildings have been shown by a large financial group and several audit and consulting firms.

Figure 24: Arte Offices and Schelde Offices



Source: Company information

(d) Parking Gent

Company:	Parking Gent NV and Parking Estates NV
Location:	Ghent (Southern District at the crossing of E17 and E40 motorways around and under the Artevelde Stadium, the Brico Plan-It, the long stay apartments and Arte and Schelde Offices)
Land purchase date:	Land acquisition March 2012
Plot area:	± 49,000 m ²
Project type:	Construction of ± 2,000 parking spaces of which ± 1.350 are underground parking spaces
Est. realization value as at 31/08/2012:	± € 29,800k
Project execution status:	<ul style="list-style-type: none">• Building permits have been acquired March-May 2011• Project is currently under construction with most underground parking in place
Financing:	Construction financing through BNP Paribas Fortis Bank
Commercialization:	<ul style="list-style-type: none">• Signed agreement with K.A.A. Gent for 1,087 parking spaces during football moments• Signed agreement with Brico Plan-It for 400 parking spaces

The development of the total area including the Artevelde Stadium, Brico Plan-It, Long Stay apartments and the Artevelde and Schelde Offices, requires a certain amount of parking facilities, especially given the excellent accessibility of the area.

In order to facilitate the interaction between the different parties on the site regarding parking spaces, the Issuer chose to pool these into one company namely Parking Gent NV. This company constructs and owns both the open air parking lots and the underground parking lots under each of the buildings on the site.

Parking Gent has lease agreements for 400 open parking spaces with Brico Plan-It for € 150k a year. Football club KAA Gent has also signed a € 150k lease agreement with Parking Gent for approximately 1,000 parking spaces, both open air and underground, to accommodate for its spectators during matches. As these matches are played outside business hours, this creates a supplementary income for Parking Gent above the normal daytime lease income which will be generated by leasing the (underground) parking spaces to Brico Plan-It and occupiers of the Arte and Schelde Offices.

(e) Long Stay Apartments Ghent South

Company:	Ring Hotel NV
Location:	Ghent (Southern District at the crossing of E17 and E40 motorways and next to the Artevelde Stadium)
Land purchase date:	Land acquisition April 2012 (99 years leasehold)
Plot area:	8,075 m ²
Project type:	Construction and exploitation of over 220 long stay apartments with hotel service
Est. realization value as at 31/08/2012:	€ 33,600k (estimated sales value)
Project execution status:	<ul style="list-style-type: none">• Final building permit issued in May 2011 (included in Artevelde stadium permit application)• Project planned to be initialized after completion of Artevelde Stadium (H2 2013)
Financing:	Acquisition of land through equity financing
Commercialization:	Not yet started

Figure 25: Long Stay Apartments Ghent South



Source: Company information

ii. Leuven Vaartkom Urban Development

In Leuven, a new site is arising at the border of the city center, at the 'Vaartkom' area. The location of this site is ideal. It is located within Leuven's ring road, very near the city center, and at the same time easily accessible from the Leuven ring road.

Leuven is an upcoming city for real estate investors since it is located close to Brussels but is not as congested by traffic jams. This creates attention from office investors. Besides that, because of its young population and presence of the University of Leuven, many residential projects are being developed.

The part of the city where the Issuer is active, called 'Vaartkom', has experienced a strong transformation over the last 4 years. Before, the area was mostly known for the industrial activities: brewery, cigars, etc.

This image has changed drastically with the help of real estate developers, such as Ghelamco Group, who saw the potential of this site and invested in new projects and infrastructure, to create a new vibrant setting to work, live and shop.

Displaying its strategy of diversified high end urban developments, the Issuer is creating three separate Projects in this area:

- Waterside is a top class residential and retail project at the borders of the water. 113 apartments and 2,740 m² retail space have been created.
- Vander Elst / Wintermans used to be a cigar factory but is being transformed by the Issuer to a mixed project of offices and retail space, with respect for the old architecture.
- Waterview will be a mixed project at the Vaartkom, offering housing to ± 500 students containing retail surface and providing parking space for 1000 cars at the border of the city.

Waterside has been delivered in Q4 2011. All apartments and ± 80% of the retail space have already been sold. At the Vander Elst / Wintermans Project, the retail area has been fully leased and LOIs have been signed for leasing ± 40% of the offices, with construction works still going on. For Waterview, the construction still has to start, but 100% of the student houses have already been sold and an agreement is in place selling ±40% to the city of Leuven. For the remaining part, talks are ongoing with parking operators.

Figure 26: Overview Leuven urban development



Development overview:

- (a.) Waterside
- (b.) Vander Elst / Wintermans
- (c.) Waterview

Source: Company information

(a) Waterside

Company:

Immo Simava 13, De Leeuwe III, IRC

Location:	Leuven (Vaartkom, walking distance to the city center)
Land purchase date:	Land acquisition in June 2006
Plot area:	3,875 m ²
Project type:	Construction of 113 apartments, 2,740 m ² retail and 179 parking spaces
Est. realization value as at 31/08/2012:	€ 37,300k (estimated sales value)
Project execution status:	<ul style="list-style-type: none"> • Building permit was obtained September 2007 • Construction started August 2009 • Finalization Q4 2011
Financing:	Construction financing by BNP Paribas Fortis Bank, fully repaid by sale proceeds in February 2012
Commercialization:	<ul style="list-style-type: none"> • All 113 apartments sold • ± 65% of parking spaces sold • ± 80% of commercial space sold

Waterside was successfully commercialized during the second half of 2011. All of the 113 apartments were sold by the beginning of 2012. At 30/09/2012, the main part of the retail area and parking spaces has been sold as well.

Figure 27: Waterside



Source: Company information

(b) Vander Elst / Wintermans

Company:	L-Park NV
Location:	Leuven (Vaartkom, walking distance to the city center)

Land purchase date:	Land acquisition in January 2010
Plot area:	10,159 m ²
Project type:	Construction of 13,806 m ² of office space, 3,335 m ² retail, including parking accommodation
Est. realization value as at 31/08/2012:	€ 32,300k (estimated sales value)
Project execution status:	<ul style="list-style-type: none"> • Building permit was obtained October 2010 • Shell construction finished, fit-out started • Commercialization started • Planned finalization December 2012
Financing:	Construction financing by Belfius Bank
Commercialization:	<ul style="list-style-type: none"> • 100% of retail space leased • LOIs signed for ± 40% of office space

Next to Waterview (student housing, retail, parking lots) and Waterside (residential, retail), the Vanderelst Project is the third development in the Vaartkom area.

Commercialization of this Project is going well with a complete lease of the retail surface to Dreamland, LOI signed with Fortis AG and strong interest from several other parties.

Furthermore the Issuer has been approached by two parties which have shown interest in buying the Project at the estimated sales value. These offers are currently under consideration.

Figure 28: Vander Elst / Wintermans



Source: Company information

(c) *Waterview*

Company:	Waterview NV
Location:	Leuven (Vaartkom, walking distance from the city center)
Land purchase date:	Land acquisition October 2008

Plot area:	8,526 m ²
Project type:	Construction of 490 student homes, 1,005 parking places and ± 5,000m ² of retail area
Est. realization value as at 31/08/2012:	€ 60,900k (estimated sales value)
Project execution status:	<ul style="list-style-type: none"> • Zoning plans are approved • Collaboration agreements signed with the city of Leuven, the University of Leuven and Optima Global Invest NV • Building permit application submitted, construction start planned January 2013
Financing:	Land financing through Belfius Bank
Commercialization:	<ul style="list-style-type: none"> • 100% of student housing units pre-sold • ±40% of parking spaces pre-sold/leased to the city of Leuven • Firm interest for 30% of retail space

The Issuer adjusted the Project towards the need for student housing to accommodate for the rapidly growing student population in the city of Leuven and the need for parking spaces at the border of the city centre. Both adaptations are the result of collaboration agreements with the University and the city of Leuven.

End of April 2012, the Issuer signed a forward purchasing agreement with Optima Global Invest NV (Benelux market leader in financial planning) effectively guaranteeing the Issuer a sale of the entire portfolio of student units. Through this deal, the Issuer secured the profitability of the Project with a strong upward potential on the parking spaces and the retail surface for which numerous large retail groups have already shown their interest.

Figure 29: Waterview



Source: Company information

iii. PROJECT: East Dune

Company:	Nepeta NV (construction), IRC (land)
Location:	Oostduinkerke
Land purchase date:	Land acquisition March 2007
Plot area:	9,322 m ²

Project type: Construction of 57 high end apartments in 4 buildings in 2 phases

Est. realization value as at 31/08/2012: € 32,300k

Project execution status:

- Building permit was obtained September 2010
- Construction of phase 1 (24 units) commenced March 2011
- Commercialization started and first sales closed
- Planned finalization phase 1: June 2012
- Planned finalization of remaining units, phase 2, October 2013

Financing:

Construction financing by BNP Paribas Fortis Bank

Commercialization:

3 apartments of phase 1 sold

Since over a decade, the Issuer has been present in the town of Oostduinkerke, part of the city of Koksijde. Over the years, the Issuer has contributed to the development of this part of the Belgian coast and has now taken it to the next level with the development of 57 high-end apartments on a Class A location close to the beach. In order to streamline sales and development efforts, the Issuer has opted to go ahead in two phases. Phase 1 has started and includes buildings C & E.

Figure 30: East Dune



Source: Company information

iv. PROJECT: Sylt

Company:	I.R.C.
Location:	Knokke-Heist, Oosthoek
Land purchase date:	Land acquisition March 2012
Plot area:	± 2,600 m ²
Project type:	Construction of 12 high end houses
Est. realization value as at 31/08/2012:	€ 11,900k
Project execution status:	<ul style="list-style-type: none">• Building permit was obtained July 2010• Construction started July 2010• Finalization Q2 2012• 3 units (pre-)sold
Financing:	Construction financing by ING Bank
Commercialization:	25% sold

The Issuer has been active in the city of Knokke-Heist since many years. The Project Sylt is a unique development on the Oosthoekplein, surrounded by the green countryside but also part of the famous Knokke Zoute. With commercialization going on, already three houses have been sold at 30 June 2012.

Figure 31: Sylt



Source: Company information

3.4.6. Description of selected major development Projects in land bank for 2012-2015 in Belgium and France

i. PROJECT: Golf Village Knokke

Company:	Leisure Property Invest NV
Location:	Knokke
Land purchase date:	Land acquisition in several phases 2008-2011
Plot area:	800,000 m ²
Project type:	Construction of a new 27 holes golf court including a 350 room high-end hotel with conference facilities and high end retail.
Est. realization value as at 31/08/2012:	Estimated realization value dependent on final concept
Project execution status:	<ul style="list-style-type: none">• Land acquisition is in final stage• Zoning plans are submitted for final approval• Start of construction planned Q3 2013
Financing:	Land financing by Belfius Bank
Commercialization:	Not yet started

The Issuer and the city of Knokke are, since a few years, preparing the technical road book for this project. The absence of a large upscale hotel capable of hosting first class (international) conferences is a facility which is lacking in the Knokke area. The long waiting lists at the Royal Zoute Golf Club are also an indication that a second golf club is more than welcome.

Figure 32: Golf Village Knokke



Source: Company information

ii. PROJECT: Wavre Retail Park

Company:	Wavre Retail Park NV
Location:	Wavre
Land purchase date:	Land acquisition October 2010
Plot area:	49,914 m ²
Project type:	Construction of 18,170 m ² retail area
Est. realization value as at 31/08/2012:	€ 34,500k
Project execution status:	<ul style="list-style-type: none">• Adjustment of zoning plans are in preparation• Building permit to be delivered shortly after
Financing:	Land financing by Belfius Bank
Commercialization:	Not yet started

Wavre Retail Park is a prime example of the diversification strategy of the Issuer when an opportunity arises as it is located outside its current prime markets in Belgium (Leuven, Ghent, Knokke) and, thus, diversifying further the current office and residential portfolio with a retail area.

Even before the zoning plan is approved (only small adjustments needed) chances are that the Issuer will succeed in a fully leased Project before construction has started. At the moment already two letters of intent are signed, at prime rate, for a total of just under 4,000 m². For the remaining surface, the Issuer is currently negotiating long term lease deals with the two of the largest DIY groups in Belgium.

While waiting for the finalization of the zoning plans and the start-up of the construction works, the plant is leased to Mitra Energy & Infrastructure.

Figure 33: Wavre Retail Park



Source: Company information

iii. PROJECT: Forest Parc

Company:	Forest Parc NV
Location:	Tourcoing
Land purchase date:	Land acquisition under negotiation
Plot area:	17,885 m ²
Project type:	Construction of 10,000 m ² retail area
Est. realization value as at 31/08/2012:	€ 12,214k
Project execution status:	<ul style="list-style-type: none">• Adjustment of zoning plans done• Negotiations on-going for land acquisition
Financing:	Land acquisition through equity
Commercialization:	Not yet started

Forest Parc NV is the next step in the geographical expansion strategy from the Issuer towards (Northern) France. Together with the department of urban studies of CBRE in Paris, the Issuer has put forward an ideal mix of food, electro, clothing, home decoration and restaurants. This will be supported by an integrated design of the area including green areas and facilities for families with children.

Figure 34: Forest Parc



Source: Company information

3.5. Risk Mitigation

The Issuer and the Guarantor have developed a business model which in each stage integrates risk management and risk mitigation measures. The highlights are summarized hereinafter:

- Economic cycle risk and foreign political and economic risk:

Although these risks are beyond of its control, Ghelamco Group tries to mitigate these risks by diversifying its portfolio, both geographically and segment-wise.

- Financial risks

- Currency exchange risk

As stated before, since the Issuer and its Subsidiaries exclusively operate in Belgium and France, the currency risk is mainly a risk for the Guarantor and its other Subsidiaries.

Within the Eurozone Ghelamco Group concludes all engineering and architectural contracts, main construction contracts and main parts of (project) financing contracts in Euro. On the other hand, the Ghelamco Group has in the period July 2011 - April 2012 and via its financial vehicle Ghelamco Invest Sp. z o.o., issued Polish bearer bonds for a total amount of 332,5 MPLN. Leasing of the Polish properties is Euro-based and eventual later disposal of assets or shares is usually expressed or negotiated in Euro. The Polish Zloty's exchange risk is for that mainly related to (translation of) the mentioned PLN bond issue, some smaller local contracts and the sale prices of residential projects.

For Ukraine, external financing is organized in US Dollar as well as engineering, architectural, construction and leasing contracts; this way achieving a significant way of natural hedging and mitigating foreign currency transaction risk. Ghelamco Group manages the US Dollar versus Euro risk internally.

Up till recently, Russian Projects have mostly been financed through semi-equity expressed in Euro. Bank financing for the construction of the first phase of the Dmitrov Logistics Park Project, which was formalized in the first half of 2012, is expressed in USD. The same risk mitigation as for Ukraine applies.

In short, Ghelamco Group mitigates its currency exchange risk exposure by matching as much as possible the currency of the incoming cash flows with that of the outgoing.

- Indebtedness

A significant part of the Issuer's financial debt relates to intercompany loans between members of the Guarantor group, which is junior to the external financing and should be considered as semi-equity. As of 30 June 2012 the Issuer and its Subsidiaries have an amount of € 63,557k outstanding loans from the Guarantor's internal bank/cash pool. Considering this amount of semi-equity, the Issuer's consolidated revised leverage ratio as mentioned in Section 2.1.3.2. would amount to 50%. The bond issue would further increase the consolidated indebtedness of the Issuer up to an estimated revised leverage ratio of 56% based on an assumed initial amount of proceeds of the Bonds of € 20,000,000.

i. Interest rate risk

Over the last 4 years, Ghelamco Group did not enter into external interest rate hedging transactions to eliminate interest rate risk exposure. Ghelamco Group's management however closely monitors the floating rate borrowings and, to the extent applicable, the medium- and long-term fixed interest rate borrowings.

Interest sensitivity analysis on Ghelamco Group's level, based on the 31 December 2011 consolidated IFRS financials, indicates that 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 € 2,500k lower/higher profit before tax for 2011.

ii. Liquidity and refinancing risk

Prudent liquidity risk management implies maintaining sufficient cash and anticipatively monitoring the availability of funding through an adequate amount of committed credit facilities, in order to be able to meet Ghelamco Group's liquidity needs.

Due to the dynamic nature of the underlying business activities, Ghelamco Group actively uses external and internal funds to ensure that adequate resources are available to finance its capital needs. Ghelamco Group's liquidity position is closely monitored by management, based on 12 months rolling forecasts.

As stated previously, the Issuer has for the development and realization of its Projects – next to the regular external project bank financing – at all times access to the Guarantor's cash pool.

iii. Cross-acceleration and spill-over risk

Ghelamco Group's management closely monitors the terms and conditions of the outstanding external loan agreements. In this respect an anticipative approach in the covenant testing is of key importance.

The Ghelamco Group has in its history and to date never been confronted with defaults of payment, breaches of borrowing agreements or events of default on terms and conditions of borrowing agreements.

- Structural subordination

The up streaming of cash from its Subsidiaries to the Issuer is from a Belgian law perspective straight forward and in principle (save for the provisions of the Belgian Companies Code) not subject to restrictions.

Up streaming of cash is indeed depending on the proceeds which will come from the commercialization (through lease or sale) of Projects. In this respect, Projects are only retained by the Issuer's management if they are expected to generate sufficient profitability, after thorough analysis and detailed feasibility studies.

- Capital risk

Ghelamco Group's objectives when managing (cost of) capital are to safeguard its ability to continue as a going concern and to support its strategic growth plans. As all profits of the last years have been re-invested into the Ghelamco Group, management's focus is mainly set on financial support of its expansion plans.

Group management closely monitors solvency, liquidity, return on invested capital and profitability levels.

- Credit risk

Given the specifics of Ghelamco Group's activities, credit risk related to outstanding receivables is rather limited. In sales transactions credit risks on buyers are usually limited by the conditions in the

notary deeds; transfer of ownership of the asset is usually subject to and simultaneous with the payment by the counterparty. Some credit risk may arise from credit exposures with respect to rental customers/tenants (however mostly renowned international companies) and outstanding balances with related parties.

Ghelamco Group'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 have been necessary in the past years.

- Operating risk

- Price risk

Although construction prices may substantially vary over time, Ghelamco Group succeeds in reducing its operational risk by either entering into fixed price contracts or into open book contracts with related and unrelated contractors.

In addition, and related to the size of Ghelamco Group, economies of scale result in strong negotiation positions towards suppliers and contractors.

- Permit and regulatory risk; Environmental and soil pollution risk

Detailed advance studies of the existing master plans or zoning plans substantially reduce the risks on obtaining building permits. The same goes for thorough studying of environmental regulations and requirements. On these issues, it is Ghelamco Group's policy to closely monitor new construction regulations or esthetical preferences of local authorities, hereby differentiating between the type of Projects, their location and specific country principles.

- Construction risk

Construction risks are monitored by Ghelamco Group's in-house engineers, who define the construction cost as from the date of the feasibility study and take full responsibility for material discrepancies. In this respect, fine-tuning of budgets, choice of materials, construction techniques and construction prices make part of a constant process. This to a significant extent avoids cost overruns and delivery delays.

Ghelamco Group in addition usually outsources construction works to large, renowned contractors, through framework agreements, which again lowers the risk.

Making use of its seasoned experience, Ghelamco Group and its team of site managers hold full control over their construction sites, maintain full coordination of (sub)contractors and apply in-line sequencing to achieve projected and committed delivery dates.

- Litigation risk

The Ghelamco Group has always strived to deliver high quality and state of the art products, making use of the most advanced technical applications; this way limiting the risk for warranty claims due to defects. This quality label is reflected in the numerous international awards and quality certifications it was granted during the past years.

For the drafting of sales or lease contracts, in-house legal specialists are working together with renowned international law firms in order to try and achieve clear, accurate and complete (representations and warranties in) contracts with customers, and this way limit future litigation risk to the largest extent possible.

In acquisition transactions and in order to limit the hidden defects and claims risk, in-house specialists, to the extent needed supported by renowned external advisers, perform thorough analysis and due diligence work before deciding to go into any deal.

- Commercial risk

Over the past years, Ghelamco Group has been able to rely on an experienced, professional commercial management, which is – in close cooperation with renowned external brokers – intensively involved in the (pre-)commercialization of Projects.

In this respect, its track record on average shows at least a 50% (or more) leasing level before the end of construction works of (commercial) Projects.

In addition, the international activity of the Ghelamco Group gives the possibility to lease to international tenants in different geographical locations. In this respect, *e.g.* Oriflame (a Scandinavian company in cosmetic products) leases both warehouse space in Kiev, Ukraine and office space in Warsaw, Poland.

- Seasonality and weather risk

To the extent weather conditions would jeopardize *e.g.* timely delivery of Projects, Ghelamco Group has good relations and past experience with renowned construction firms, to call on the flexibility of these parties to intensify construction works (*e.g.* through more personnel or double shifts) for still being able to achieve committed deliveries.

- Risk of changes in tax legislation

In order to stay up to date and to be able to anticipate and respond on changes in this respect, any evolution in tax legislation and regulation is closely followed and monitored by in-house tax specialists, in cooperation with renowned international tax advisers.

- Dependence on key-people

Although some key management people are very important to Ghelamco Group, the management team is sufficiently broad and experienced and has sufficient flexibility to ensure the going-concern and functioning of the Ghelamco Group.

Given the fact that the Ghelamco Group is in expansion, new, young and dynamic people are joining continuously this management team.

3.6. Group structure

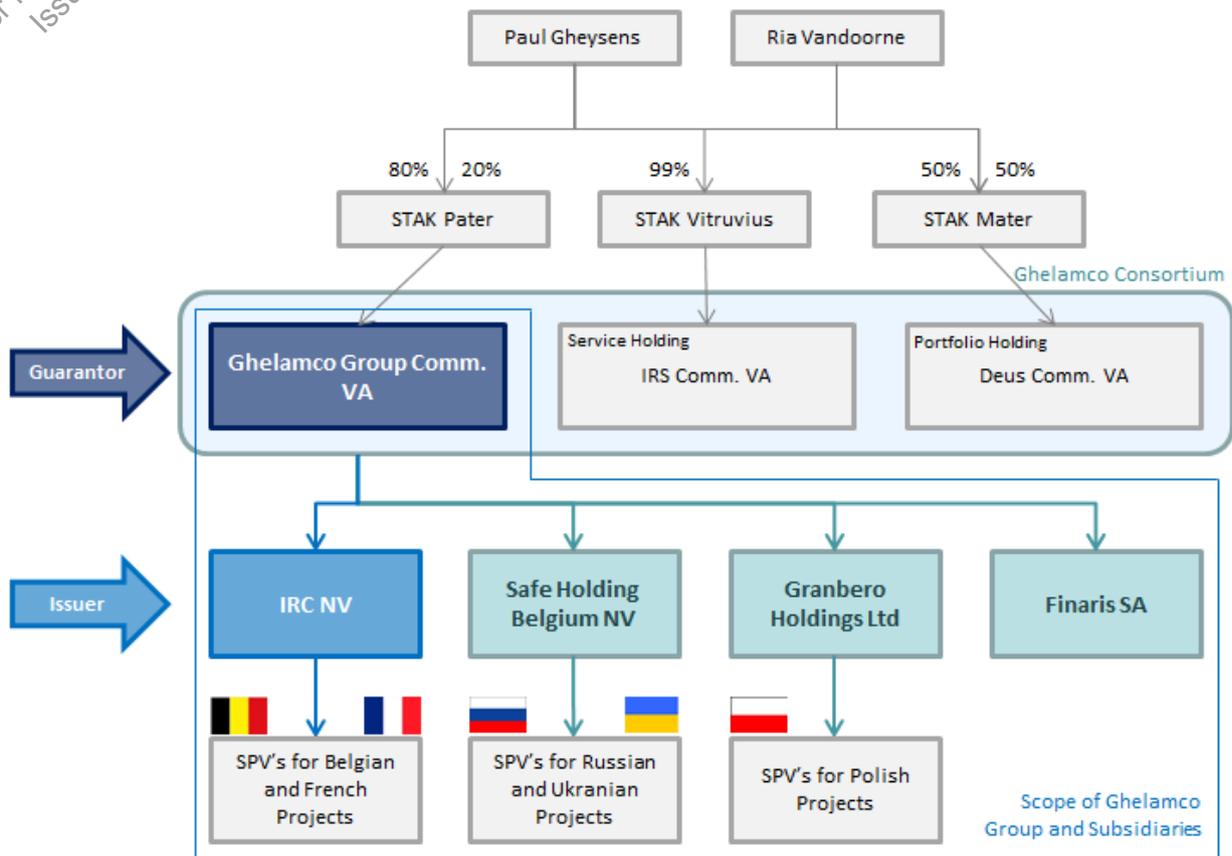
3.6.1. Legal status and ownership structure of Ghelamco Consortium

Currently, the Ghelamco Consortium consists of three holdings, each of them having a separate function:

- *Ghelamco Group Comm.VA* – the Guarantor – is, within the Ghelamco Consortium, the holding company dedicated to real estate investment and development;
- *International Real Estate Services (IRS) Comm.VA* holds the services function within the consortium (construction, engineering, development and legal services); and
- *DEUS Comm.VA* is the portfolio holding, including other activities and investments in the real estate sector, controlled by the main shareholder.

The Ultimate Beneficial Owners of the entire Ghelamco Consortium are Mr. Paul Gheysens, CEO of the Ghelamco Group, his wife Mrs. Ria Vandoorne and their family.

Figure 35: Company structure



Source: Company information

This holding structure was established in order to limit cross-border liabilities. Ghelamco Group operates through three separate real estate project investment and development holdings, creating a clear distinction between the different jurisdictions in which it performs its investment activities:

- *IRC* – the Issuer – is a Belgian holding, which, together with its Subsidiaries (*i.e.* the IRC Companies), groups the Belgian and French Projects;
- *Safe Holding Belgium NV* is a Belgian holding, which, together with its Subsidiaries, groups the Russian and Ukrainian Projects; and
- *Granbero Holdings Ltd.* is a Cypriot holding, which, together with its Subsidiaries, groups the Polish Projects.

3.6.2. Legal status and ownership of the Issuer

The investment and development activity of Ghelamco Group in Belgium and France is performed by the Issuer and its Subsidiaries. They operate under the trade name Ghelamco.

The Issuer, is a limited liability company ("*naamloze vennootschap*" / "*société anonyme*") incorporated and existing under the laws of Belgium, having its registered office at 8900 Ieper, Zwaanhofweg 10. It is registered with the Crossroads Bank of Enterprises under the number 0431.572.596 (RPR Ieper).

The share capital of IRC comprises 2,893 ordinary shares. Currently, Ghelamco Group directly holds 99,83% of these shares, the balance is held by Mr. Paul Gheysens.

The Issuer had, on 30 June 2012, 32 Subsidiaries (*i.e.* the IRC Companies) all being limited liability companies ("*naamloze vennootschappen*" / "*sociétés anonymes*") except for one cooperative limited liability company (*coöperatieve vennootschap met beperkte aansprakelijkheid* / *société cooperative à responsabilité limitée*), incorporated and existing under the laws of Belgium.

As at 30 June 2012, IRC holds the following IRC Companies:

Entity description	Country	31/12/2010 voting rights	31/12/2010 % voting rights
IRC NV	BE		
The White House Zoute NV	BE	99	99
Dock-Site NV	BE	99	99
Klippan Cabs NV	BE	99	99
Dianthus NV	BE	99	99
Gentiana NV	BE	n/a	99
Nepeta NV	BE	99	99
Rubia NV	BE	99	99
Leewe 3 NV	BE	99	99
Immo Simava 13 NV	BE	99	99
Leisure Property Invest NV	BE	99	99
Waterview NV	BE	99	99
Ring Multi NV	BE	99	50
Artevelde - Stadion CVBA	BE	57	N/A
Wavre Retail Park NV	BE	99	99
L-Park NV	BE	99	99
Docora NV	BE	99	99
RHR-Industries NV	BE	99	N/A
Zeewind NV	BE	99	N/A
Retail Gent NV	BE	99	N/A
Parking Estates NV	BE	99	N/A
Parking Gent NV	BE	99	N/A
Arte Offices NV	BE	99	N/A
Schelde Offices NV	BE	99	N/A
Ring Offices NV	BE	99	N/A
Ring Hotel NV	BE	99	N/A
Ring Congress Centre NV	BE	99	N/A
Estate Of The Art NV	BE	99	N/A
Secure Realty NV	BE	99	N/A
Graminea NV	BE	99	N/A
Valbeto NV	BE	99	N/A
Real Property Invest NV	BE	99	N/A
Forest Parc NV	BE	99	N/A

Most of the IRC Companies are special purpose vehicles incorporated in order to structure different Projects in an efficient way.

3.6.3. Cross Guarantees

The Issuer only provides downstream guarantees in order to secure the obligations of the IRC Companies. No other guarantees were granted by the Issuer.

The Guarantor does not grant guarantees, except for three downstream guarantees and one cross-guarantee. Consequently subject to the four exceptions set out below and any permitted future

security under the Conditions, the Guarantor, the Issuer or the IRC Companies can, in principle, not be held liable for the obligations of Affiliates involved in non-Belgian and non-French Projects, given the principle of limited liability.

i. Russia

The Guarantor has guaranteed – as subordinated guarantor – the obligations of its subsidiary Bely Rast Logistika LLC (a subsidiary of Safe Holding Belgium NV) under a USD 67,000,000 credit facility agreement with Alfa Bank.

The Guarantor is currently in negotiations to lower the level of this personal security or even waive this security.

The Guarantor is discharged as a guarantor as soon as Bely Rast Logistika LLC:

- has transferred the finished premises into the Lender's ownership and pledged a mortgage after receipt of a permit of commissioning;
- has insured the finished premises;
- has provided evidence of the pre-lease of the premises; and
- establishes that the aggregate amount of the indebtedness in respect of the outstanding loans shall meet the criteria set forth in the relevant loan agreement.

In addition, the Guarantor has undertaken as a "Supporter":

- to provide project support funding in view of the realization of the project and the fulfillment of the financial obligations of Bely Rast Logistika LLC; and
- to provide deficiency funding with a cap of 10% of the project cost.

ii. Ukraine

The Guarantor has guaranteed the obligations of its subsidiary Success Invest LLC (a subsidiary of Safe Holding Belgium NV) under a USD 20,000,000 credit facility agreement with Erste Bank der Oesterreichischen Sparkassen AG. The loan is self-liquidating given the current lease income generating from the project (circa 90% of the space is already leased). Additionally, exposure has decreased to 15,125,000 USD considering the quarterly reimbursements of 375,000 USD until 30 September 2012.

The Guarantor is currently in negotiations to lower the level of this personal security or even waive this security

iii. Poland

On 13 September 2012, the Guarantor guaranteed the due performance and payment of a loan by Ghelamco GP 1 Sp z.o.o. Market SKA, Ghelamco GP 1 Sp z.o.o. Axiom SKA and Peridot SL (the Borrowers) to two Dutch residents for an aggregate amount of € 9,000k. The maturity date is the earliest of (i) the date on which HQ Invest Sp. z o.o. transfers the Senator Building to a third party, (ii) the date on which Kalea Investments Sp. z o.o. transfers the Mokotov Nova Building to a third party, and (iii) the first business day falling one year after the effective date of the loan agreement.

Ghelamco Group has committed itself to immediately pay back the aforementioned amount to the lenders, whenever the Borrowers are unable to pay back the amounts due on the maturity date.

The guarantee is a continuing obligation and remains in force until all obligations have been discharged.

iv. Cross guarantee in favor of IRS

Notwithstanding the above, at the date of this Information Memorandum, negotiations are ongoing with SG Equipment Finance GEFA (an investment financier) with regard to the financing of the acquisition of a corporate jet by a subsidiary of IRS. In this regard, the Guarantor has been requested (a) to back a USD 1,175,000 bank guarantee to be provided by KBC Bank to SG Equipment Finance GEFA and (b) to provide a corporate guarantee of USD 5,875,000. Although management intends for IRS to provide the latter, it cannot preclude that the Guarantor will have to provide this guarantee in order to complete this acquisition.

3.7 Management and organization structure

Ghelamco Group is part of a wider group with clearly separated functions, as detailed in the Ghelamco Group's IFRS Consolidated Financial Statements per 31 December 2011.

The legal structure of the wider group, Ghelamco Consortium, closely follows its operational structure.

Ghelamco Group is managed by its statutory director, Opus Terrae BVBA, represented by its permanent representative Mr. Paul Gheysens.

The Management Committee responsible for the management of Ghelamco Group is composed as follows, through their respective management companies:

Mr. Paul Gheysens, CEO

- 1953°
- Founded Ghelamco Consortium in 1985
- Highly recognized engineering expertise
- Over 25 years of construction know-how

Mr. Philippe Pannier, CFO

- 1959°
- 15 years with Ghelamco Consortium as CFO
- Senior corporate banker with KBC (14 years)
- MBA EHSAL Business School (1985, Brussels)

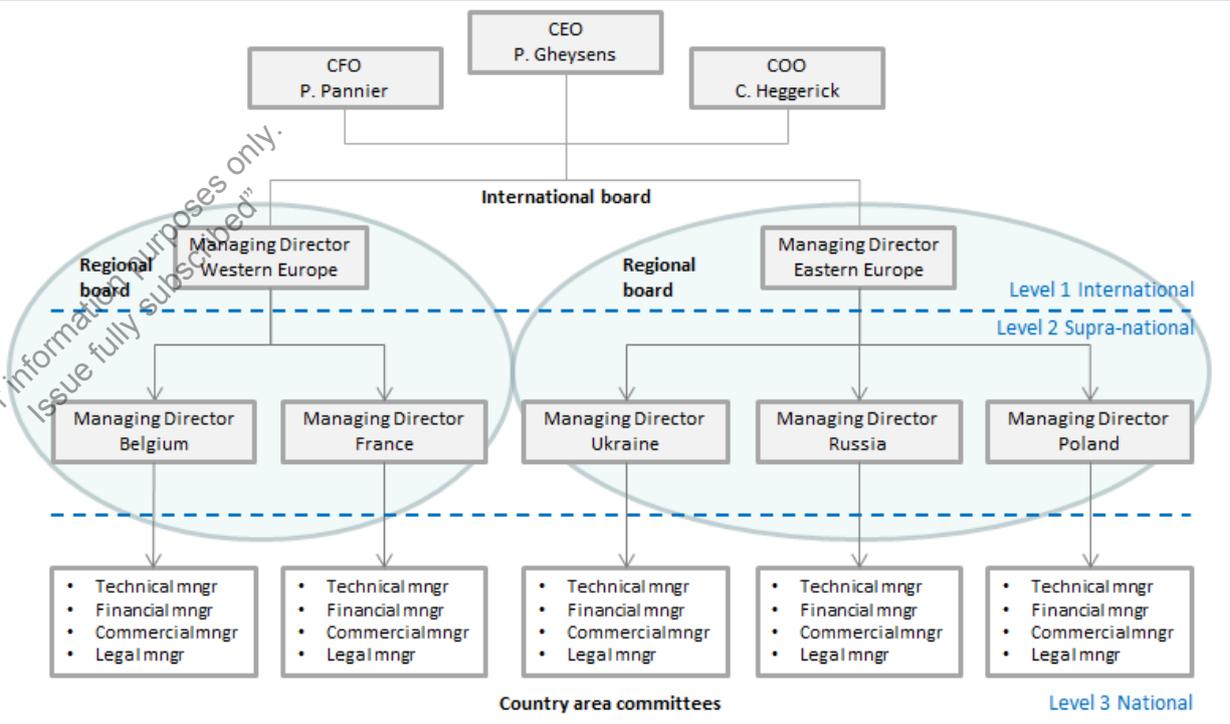
Mr. Chris Heggerick, COO

- 1960°
- 7 years with Ghelamco Consortium as COO
- CEO of Vitalo Group (Plastics) (4 years)
- CFO Libeltex Group (12 years)
- MSc Economics & accountancy

Mr. Jeroen van der Toolen, Managing Director Central and Eastern Europe

- 1973°
- 9 years with Ghelamco Consortium as MD CEE
- Deputy Managing Director DTZ Poland (5 years)
- RE Agent DTZ Netherlands (1 year)
- MSc Bus. Econ. Vrije Amsterdam Univ. (1997)

Figure 36: Organisation Chart



Source: Company information

Given the nature of the Issuer's operational activity, it employs only ten full-time employees. To pursue and to manage its daily operations, it entered into framework service level agreements (“SLA”) with Ghelamco Group (for general management services) and IRS. The latter company provides services in respect of production management, coordination and support of the concrete plants, and provides services related to the management of the construction sites, project management and budget monitoring related to the purchasing policy. The SLAs have been entered into for an indefinite period and can be ended by giving six month’s notice.

IRS, together with all its direct and indirect Subsidiaries, employed 196 people on 31 December 2011 (as compared to 163 on 31 December 2010). IRS has committed to maintain sufficient availability under the SLAs for Ghelamco Group in order for Ghelamco Group to pursue its ordinary course of business.

4. Fact sheets for the Issuer and the Guarantor

4.1. The Issuer

4.1.1. General information

i. Business name, legal form, etc.

Business name:	International Real Estate Construction NV
Legal form:	Naamloze Vennootschap
Country of registered office:	Belgium
Registered office and address:	8900 Ieper, Zwaanhofweg 10
Phone no:	+32 57 219 114
Fax no:	+32 57 207 024
E-mail address:	info@ghelamco.com and bonds2012@ghelamco.com
Webpage:	www.ghelamco.com

ii. Statistical classification identifier and tax identification number

Issuer's company number:	0431.572.596
Issuer's VAT number:	BE0431.572.596

iii. Duration

The Issuer's duration is unlimited.

iv. Legal provisions being the basis for the Issuer

The Issuer was incorporated and exists in accordance with the provisions of Belgian law.

v. The Issuer's equity

The Issuer's share capital amounts to € 1,490,000 (one million four hundred ninety thousand) and is divided into 2,893 (two thousand eight hundred ninety three) shares.

vi. Unpaid share capital

The Issuer's share capital has been fully paid.

vii. Listing of financial instruments of the Issuer

Neither the Issuer's financial instruments, nor depositary receipts connected with them, are or were ever listed on any market of financial instruments.

viii. Insolvency, arrangement or liquidation procedures

No insolvency, arrangement or liquidation procedures involving the Issuer have been launched or are in progress.

ix. Settlement, arbitration or enforcement procedures

No material settlement, arbitration or enforcement procedures involving the Issuer have been launched or are in progress.

x. Other litigation

No material litigation involving the Issuer has been launched before government authorities or courts, except for proceedings which were commenced by Besix NV and Vanhout NV against Artevelde Stadion CVBA and the Issuer for a purported breach of a so-called "Bouwteamovereenkomst" with regard to the building of the Artevelde football stadium in Ghent and a Project on the neighbouring Dacar-site. Besix NV and Vanhout NV, which were initially involved in this project as general contractors, claim the payment of a principal amount of € 9,300,695. Both the claim and the amount, however, are strongly contested by Artevelde-Stadion CVBA and the Issuer and the Issuer is confident that this litigation will not materially impact the Issuer. No provisions were recognized for this litigation in the audited annual accounts of Artevelde - Stadion CVBA, IRC or in the consolidated accounts of Ghelamco Group. The respective boards of directors made the assessment both under Belgian GAAP and IFRS, based on the fact that Ghelamco NV (not integrated in the Ghelamco Group consolidation) is to hold IRC harmless for these claims.

xi. Unusual circumstances or events influencing the results of economic activity

During the period since the closing date of the Issuer's last financial statements included in this Information Memorandum, no unusual circumstances or events having an influence on the results of the Issuer's economic activity, have emerged.

4.1.2. Board of Directors

The Board of Directors of the Issuer is composed of:

- Opus Terrae BVBA, represented by Mr. Paul Gheysens
- Mr. Paul Gheysens
- Mr. Michael Gheysens
- Mr. Simon Gheysens

The boards of directors of the IRC Companies have the same composition, except for Artevelde Stadion CVBA having nine directors, being Mr. Michael Gheysens, Mr. Ludy Modderie, Mr. Simon Gheysens, Mr. Philippe Pannier, Mr. Marc De Clercq, Mr. Ivan De Witte, Mr. Yannick De Clercq, Mr. Chris Heggerick and Opus Terrae BVBA, represented by Mr. Paul Gheysens. It has to be noted, however, that the majority ownership of the Issuer in Artevelde Stadion CVBA will be fully diluted by the delivery of the Project mid-2013. At the same time agreements are in place to transfer director positions to the parties that will subsequently hold the majority shares of Artevelde - Stadion CVBA after the Issuer.

4.2. The Guarantor

4.2.1. General information

i. Business name, legal form, etc.

Business name:	Ghelamco Group Comm.VA
Legal form:	Commanditaire Vennootschap op Aandelen
Country of registered office:	Belgium
Registered office and address:	8900 Ieper, Zwaanhofweg 10
Phone no:	+32 57 219 114
Fax no:	+32 57 207 024
E-mail address:	info@ghelamco.com and bonds2012@ghelamco.com
Webpage:	www.ghelamco.com

ii. Statistical classification identifier and tax identification number

Ghelamco Group's company number:	0879.623.417
Ghelamco Group's VAT number:	BE0879.623.417

iii. Duration

The Guarantor's duration is unlimited.

iv. The guarantee

The Guarantee letter of Ghelamco Group Comm.VA is described in annex 3.

v. Legal provisions being the basis for the Guarantor

The Guarantor was incorporated and exists in accordance with the provisions of Belgian law.

vi. The Guarantor's equity

The Guarantor's share capital amounts to € 498,638,000 (four hundred ninety-eight million six hundred thirty eight thousand) and is divided into 35,908 (thirty-five thousand nine hundred eight) shares.

vii. Unpaid share capital

The Guarantor's share capital has been fully paid.

viii. Listing of financial instruments of the Guarantor

Neither the Guarantor's financial instruments, nor depositary receipts connected with them, are or were ever listed on any market of financial instruments.

ix. Insolvency, arrangement or liquidation procedures

No insolvency, arrangement or liquidation procedures involving the Guarantor have been launched or are in progress.

x. Settlement, arbitration or enforcement procedures

No material settlement, arbitration or enforcement procedures involving the Guarantor have been launched or are in progress.

xi. Other litigation

No material litigation involving the Guarantor has been launched before government authorities or courts, except for proceedings which were commenced by Besix NV and Vanhout NV against Artevelde - Stadion CVBA and the Issuer for a purported breach of a so-called "Bouwteamovereenkomst" with regard to the building of the Artevelde football stadium in Ghent and a Project on the neighbouring Dacar-site. Besix NV and Vanhout NV, which were initially involved in this Project as general contractors, claim the payment of a principal amount of € 9,300,695. Both the claim and the amount, however, are strongly contested by Artevelde - Stadion CVBA and the Issuer and the Issuer is confident that this litigation will not materially impact the Issuer. No provisions were recognized for this litigation in the audited annual accounts of Artevelde - Stadion CVBA, IRC or in the consolidated accounts of Ghelamco Group. The respective boards of directors made the assessment both under Belgian GAAP and IFRS, based on the fact that Ghelamco NV (not integrated in the Ghelamco Group consolidation) is to hold IRC harmless for these claims.

xii. Unusual circumstances or events influencing the results of economic activity

During the period since the closing date of the Guarantor's last financial statements included in this Information Memorandum, no unusual circumstances or events having an influence on the results of the Issuer's economic activity, have emerged.

4.2.2. Statutory Director

As a *Commanditaire Vennootschap op Aandelen / Société en Commandite par Actions* the Issuer has appointed as its Statutory Director, Opus Terrae BVBA, represented by Mr. Paul Gheysens.

The Guarantor is validly represented by its Statutory Director.

5. Financial Information

5.1. Introduction

In the sections below the consolidated financial statements of the Issuer and the Guarantor are discussed. In this respect, main valuation rules, comparative financials (assets, liabilities, income statement) and selected disclosures are explained in more detail.

The analysis below is based on the following financial statements and figures:

1) Issuer IRC

- The presented consolidated financial information on IRC is based on the **IRC (sub-) consolidated financial statements**, on which no separate IFRS audit opinion is rendered but which make **integrally part of the Ghelamco Group IFRS Consolidated Financial Statements** audited by Deloitte and, for that, have been subject to appropriate audit procedures, allowing the Group auditor to sign off on the Ghelamco Group consolidated financial statements.
- In addition, and although to date no full IFRS compliant and audited consolidated financial statements are available at the level of IRC, the Group auditor has rendered a Special Purpose Report **on the presented IRC consolidated financial information**, stating that this information (assets, liabilities and income statement) is in accordance with IFRS measurement and recognition principles; however not in accordance with other requirements of IFRS, because – as mentioned above – no full set of IFRS consolidated financials (including disclosures) is currently available. These Special Purpose Reports, respectfully for 31 December 2011/2010 and for 30 June 2012, follow this introduction.
- For reference, IRC and its Subsidiaries have all been subject to statutory audits respectively by VMB and Deloitte. Their respective **audited statutory stand-alone annual accounts** (all with unqualified auditor's opinion) can be consulted via (the website of) the NBB or requested at the Issuer's registered office.
- Going forward, *i.e.* for the first time as of 31 December 2012 (with comparative figures as of 31 December 2011), full IFRS compliant and audited consolidated financial statements will be prepared by IRC and audited by Deloitte in accordance with IFRS principles as applied by the Group. In this respect, it is estimated that the first time implementation impact (in accordance with the requirements of IFRS1) will not be significant; meaning that the below presented IRC consolidated financials as of 30 June 12 and 31 December 11 (with opening equity as of 31/12/10) will not be subject to significant changes.

2) Guarantor Ghelamco Group

- The presented consolidated financial information on Ghelamco Group is based on the **audited Ghelamco Group IFRS Consolidated Financial Statements**, and
- For 30 June 2012 figures, on the Ghelamco Group Consolidated Half-Year Financial Information for the six-month period ended 30 June 2012. The latter has been subject to limited review procedures by the Ghelamco Group auditor.
- The Ghelamco Group IFRS Consolidated Financial Statements at 31 December 2011 and the Ghelamco Group Consolidated Half-Year Financial Information for the six-month period ended 30 June 2012 (both with unqualified auditor's opinion) have been attached in annex of this Information Memorandum in Annex 7 and Annex 8.

“For information purposes only.
Issued fully subscribed”

To the Board of Directors of IRC NV

We have reviewed the accompanying consolidated balance sheet of IRC NV (“the company”) and its subsidiaries (jointly “the group”) and the related consolidated income statement for the six-month period ended 30 June 2012 (the “Interim Selective Financial Statements”) prepared in accordance with recognition and measurement criteria of IAS 34 *Interim Financial Reporting* as adopted by the European Union and in accordance with the accounting policies that Ghelamco Group Comm. VA applied in its condensed consolidated financial statements for the six-month period ended 30 June 2012. These Interim Selective Financial Statements have been prepared under the responsibility of the Board of Directors of IRC NV for integration in the condensed consolidated financial statements of Ghelamco Group Comm. VA for the six-month period ended 30 June 2012 prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union (“the Purpose”). The consolidated balance sheet shows total assets of 236.106 (000) EUR at 30 June 2012. The consolidated income statement shows a profit of 886 (000) EUR for the six-month ended 30 June 2012.

Management is responsible for the preparation of the Interim Selective Financial Statements in accordance with the recognition and measurement criteria of IAS 34 *Interim Financial Reporting* as adopted by the European Union, and in accordance with the accounting policies that Ghelamco Group Comm. VA applied in its condensed consolidated financial statements for the six-month period ended 30 June 2012. These Interim Selective Financial Statements have been prepared solely for the purpose of inclusion in the condensed consolidated financial statements of Ghelamco Group Comm. VA prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union.

We conducted our review in accordance with International Standard on Review Engagements. 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.

Based on our review nothing has come to our attention that causes us to believe that the Interim Selective Financial Statements for the six-month period ended 30 June 2012 are not prepared, in all material respects, in accordance with recognition and measurement principles of IAS 34 “*Interim Financial Reporting*” as adopted by the EU and in accordance with the accounting policies that Ghelamco Group Comm. VA applied in its condensed consolidated financial statements for the six-month period ended 30 June 2012 prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union.

Without qualifying our limited review opinion, we draw your attention to the fact that the Interim Selective Financial Statements do not include all the necessary components (a condensed balance sheet, a condensed income statement, a condensed statement of comprehensive income, a condensed statement of cash flows and a condensed statement of changes in equity) and selective explanatory notes as required under IAS 34 *Interim Financial Reporting* as adopted by the European Union as they were not prepared for that purpose. The Selective Interim Financial Statements were prepared to assist Ghelamco Group Comm. VA in preparing its condensed consolidated interim financial statements for the six-month period ended 30 June 2012. As a result, the Selective Interim Financial Statements may not be suitable for another purpose. Therefore, we take no responsibility and thus also accept no responsibility with regard to the adequacy of the Selective Interim Financial Statements in relation to the goals of any potential and actual bondholder or any other person.

14 November 2012



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

“For information purposes only.
Issued fully subscribed”

To the Board of Directors of IRC NV

We have audited the accompanying consolidated balance sheets of IRC NV (“the company”) and its subsidiaries (jointly “the group”) as at 31 December 2011 and 2010, and the related consolidated income statements for the years then ended (the “Selective Financial Statements”) prepared in accordance with recognition and measurement criteria of International Financial Reporting Standards (IFRSs) as adopted by the European Union and in accordance with the accounting policies that Ghelamco Group Comm. VA applied in its consolidated financial statements. These Selective Financial Statements were prepared under the responsibility of the Board of Directors of IRC NV for integration in the consolidated financial statements of Ghelamco Group Comm. VA for the years then ended (“the Purpose”). The consolidated balance sheets show total assets of 189.661 (000) EUR and 153.059 (000) EUR for the year ended 2011 and 2010. The consolidated income statements show a profit/ (loss) of year of 1.653 (000) EUR and (738) (000) EUR for the year ended 2011 and 2010.

Management’s Responsibility

Management is responsible for the preparation of the Selective Financial Statements in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs) as adopted by the European Union, and in accordance with the accounting policies that Ghelamco Group Comm. VA applied in its consolidated financial statements. This responsibility includes maintaining internal control relevant to the preparation of the Selective Financial Statements that are free from material misstatement, whether due to fraud or error. These Selective Financial Statements were prepared solely for the purpose of inclusion in the consolidated financial statements of Ghelamco Group Comm. VA.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Selective Financial Statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the Selective Financial Statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts in these Selective Financial Statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the Selective Financial Statements, whether due to fraud or error. In making those assessments, we have considered internal control relevant the group’s preparation and fair presentation of the Selective 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. We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements as a whole. Finally, the board of directors and responsible officers of the company have replied to all our requests for explanation and information. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

Opinion with emphasis of matter paragraph

In our opinion, the Selective Financial Statements were prepared, in all material respects, in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs) as adopted by the European Union, and in accordance with the accounting policies that Ghelamco Group Comm. VA applied in its consolidated financial statements.

Without qualifying our opinion, we draw your attention to the fact that the Selective Financial Statements do not include all the minimum components of financial statements (a balance sheet, an income statement, a statement of comprehensive income, a statement of changes in equity and a cash flow statement) and other explanatory notes required by the framework of the International Financial Reporting Standards as adopted by the European Union, as they were not prepared for that purpose. The Selective Financial Statements are therefore, not to be considered as compliant with the International Financial Reporting Standards as adopted by the European Union.

Limitation on Use

The Selective Financial Statements were prepared to assist Ghelamco Group Comm. VA in preparing its consolidated financial statements for the years then ended. As a result, the Selective Financial Statements may not be suitable for another purpose. Therefore, we take no responsibility and thus also accept no responsibility with regard to the adequacy of the Selective Financial Statements in relation to the goals of any potential and actual bondholder or any other person.

14 November 2012



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

5.2. Financial information of the Issuer

The IRC consolidated 30 June 12 figures, with 4 years comparatives, are presented as follows:

5.2.1. Balance sheet

	<u>31/12/2008</u>	<u>31/12/2009</u>	<u>31/12/2010</u>	<u>31/12/2011</u>	<u>30/06/2012</u>
ASSETS					
Non-current assets					
Investment Property	13,153	32,650	45,243	65,479	96,483
Property, plant and equipment	588	504	598	450	421
Investments in associates	-	-	-	1,380	1,380
Receivables and prepayments	21	4,008	4,112	5,238	8,909
Deferred tax assets	94	456	602	1,241	1,396
Other financial assets	25	899	797	100	1,266
Restricted cash	-	-	-	-	-
Total non-current assets	13,881	38,517	51,352	73,888	109,855
Current assets					
Property Development Inventories	93,049	86,100	91,880	108,595	113,984
Trade and other receivables	1,333	2,549	4,037	2,963	4,290
Current tax assets	-	-	49	2	1
Derivatives	-	-	-	-	-
Assets classified as held for sale	-	-	-	-	4,380
Restricted cash	-	-	-	-	-
Cash and cash equivalents	6,383	6,090	5,741	4,213	3,596
Total current assets	100,765	94,739	101,707	115,773	126,251
TOTAL ASSETS	114,646	133,256	153,059	189,661	236,106

EQUITY AND LIABILITIES	<u>31/12/2008</u>	<u>31/12/2009</u>	<u>31/12/2010</u>	<u>31/12/2011</u>	<u>30/06/2012</u>
Capital and reserves attributable to the Company's equity holders					
Share capital	1,490	1,490	1,490	1,490	1,490
CTA	-	-	-	-	-
Retained earnings	9,133	16,417	15,758	17,414	18,282
	10,623	17,907	17,248	18,904	19,772
Non-controlling interests	106	136	59	47	64
TOTAL EQUITY	10,729	18,043	17,307	18,951	19,836
Non-current liabilities					
Interest-bearing loans and borrowings	44,608	63,695	94,480	105,416	163,265
Deferred tax liabilities	912	3,890	4,107	5,756	8,032
Other non-current liabilities	-	3,500	-	-	-
Long-term provisions	66	46	46	56	56
Total non-current liabilities	45,586	71,131	98,633	111,228	171,353
Current liabilities					
Trade and other payables	7,888	13,124	10,778	20,425	24,580
Current tax liabilities	220	366	494	1,785	1,280
Interest-bearing loans and borrowings	50,223	30,592	25,847	37,272	19,057
Short-term provisions	-	-	-	-	-
Total current liabilities	58,331	44,082	37,119	59,482	44,917
Total liabilities	103,917	115,213	135,752	170,710	216,270
TOTAL EQUITY AND LIABILITIES	114,646	133,256	153,059	189,661	236,106

5.2.2. Income Statement

Income Statement	<u>31/12/2008</u>	<u>31/12/2009</u>	<u>31/12/2010</u>	<u>31/12/2011</u>	<u>30/06/2012</u>
Revenue	14,962	33,410	22,691	28,642	5,591
Other operating income	439	562	337	1,225	-363
Cost of Property Development inventories	-5,171	-22,358	-15,606	-20,203	-2,633
Employee benefit expense	-418	-428	-385	-371	-160
Depreciation amortization and impairment charges	-250	-155	-128	63	-39
Gains from revaluation of Investment Property	2,684	9,132	774	4,871	6,003
Other operating expense	-3,016	-6,130	-4,923	-5,923	-2,774
Operating profit - result	9,230	14,033	2,760	8,304	5,625
Finance income	18	66	109	182	60
Finance costs	-5,391	-3,787	-3,393	-4,448	-2,679
Profit before income tax	3,857	10,312	-524	4,038	3,006
Income tax expense	-1,308	-2,981	-214	-2,385	-2,120
Profit for the year	2,549	7,331	-738	1,653	886
Attributable to:					
Equity holders of parent	2,499	7,283	-735	1,656	869
Non-controlling interests	50	48	-3	-3	17

5.2.3. Cash Flow Statement

31/12/2010 31/12/2011 30/06/2012

Operating Activities

Profit / (Loss) before income tax	-524	4,038	3,006
<i>Adjustments for:</i>			
- Change in fair value of investment property	-774	-4,871	-6,003
- Depreciation, amortization and impairment charges	128	253	39
- Result on disposal Investment Property	-	-	-
- Change in provisions	-	10	-
- Net interest charge	3,284	4,266	2,619
- Movements in working capital:			
- Change in inventory	-5,779	-16,716	-6,660
- Change in trade & other receivables	-1,488	1,074	-1,327
- Change in trade & other payables	-2,346	9,647	4,155
- Change in MTM derivatives	-	-	-
- Movement in other non-current liabilities	-3,500	-	-
- Other non-cash items	2	-8	-1
Income tax paid	-64	-37	-503
Interest paid	-3,393	-4,448	-2,679
Net cash from operating activities	-14,454	-6,792	-7,354

Investing Activities

Interest received	109	182	60
Purchase of property, plant & equipment	-222	-105	-11
Purchase of investment property	-11,819	-15,365	-28,110
Proceeds from disposal of investment property	-	-	-
Net cash outflow on acquisition of subsidiaries	-	-1,380	-
Net cash outflow on other non-current financial assets	-3	-429	-4,836
Net cash inflow/outflow on NCI transactions	-	-	-
Movement in restricted cash accounts	-	-	-
Net cash flow used in investing activities	-11,935	-17,097	-32,897

Financing Activities

Proceeds from borrowings	33,417	42,103	41,989
Repayment of borrowings	-7,377	-19,742	-2,355
Capital decrease	-	-	-
	-	-	-
Net cash inflow from / (used in) financing activities	26,040	22,361	39,634
Net increase in cash and cash equivalents	-349	-1,528	-617
Cash and cash equivalents at 1 January	6,090	5,741	4,213
Cash and cash equivalents per end of the period/year	5,741	4,213	3,596

5.3. Management discussion and analysis on the provided financial information of the Issuer

5.3.1. Balance Sheet

The balance sheet per end of June 2012 of the Issuer is mainly composed of investment property (under construction) held for rent for € 96,483k and property development inventories held for sale for € 113,984k.

5.3.1.1. Investment Property (Under Construction)

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, is held for capital appreciation or for the long-term rental yields and is not occupied by the Company.

Investment Property is carried at fair value. Fair value is determined by external appraisers or by management feasibility studies. For Investment Property valued based on residual method, an average yield of 6.5% to 7.0% was applied as of 30 June 2012.

The Company distinguishes 4 different categories of Investment Property:

- 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 on-going (fair value based on the residual method);
- D. Completed Projects held for investment.

The table below presents the Investment Property (Under Construction) of the Issuer in Belgium (and – to the extent applicable – France) as at 30 June 2012 and 31 December 2011.

Table. IRC consolidated Investment Property (Under Construction) in Belgium and France (€k)

SPV	Commercial Name	Valuation*	Cat	Carrying value (at fair value) as of 30/06/2012	Carrying value (at fair value) as of 31/12/2011
Klippan Cabs	Airport Retail Park	Mgt	D (1)	7,250	7,250
Leisure Property	Golf Village Knokke Zoute	Mgt	A	23,108	23,108
WRP	Wavre Retail Park	Mgt	A	12,600	12,600
Docora	White House Shop	Mgt	D	-	2,285
L-Park	Vander Elst/Wintermans (**)	Mgt	C (1)	23,901	15,234
Retail Gent	Retail Gent (***)	Mgt	C (1)	12,830	627
Parking Gent	Parking Gent (***)	Mgt	C (2)	8,513	2,635
Parking Estates	Parking Estates (***)	Mgt	C (2)	2,397	3
Zeewind	Zeewind	Mgt	D (1)	1,737	1,737
Schelde Offices	Schelde Offices (***)	Mgt	B (2)	1,761	n/a
Arte Offices	Arte Offices (***)	Mgt	B (2)	1,609	n/a
Ring Hotel	Ring Hotel (***)	Mgt	B (2)	777	n/a
TOTAL:				96,483	65,479

Source: Ghelamco Group Comm. VA Consolidated Half-Year Financial Information 30 June 2012

*: Mgt – valuation prepared by management

(1): Fair value amounts for which per reporting date firm interest is shown by investors and/or concrete offers have been received

(2): Projects for the time being kept at cost

Going forward, and for the first time as of 31 December 2012, fair values of the projects not kept at cost will be based on external specialist valuation reports.

** : Leuven Vaartkom-related

*** : Artevelde Multifunctional Football Stadium-related

In line with the expansion policy and plans for the Belgian (and French) activities, the investment property (under construction) portfolio has significantly evolved over the past years, from a fair value of € 13,153k per end 2008 to € 65,479k per end 2011 and € 96,483k per end of June 2012.

During the 6-month period ended 30 June 2012, expenditures have been made for an amount of € 28,110k, favourable fair value adjustments have been recorded for an amount of € 6,003k and net transfers (to current assets classified as held for sale on the one hand and from inventories on the other hand) have been booked for an amount of € -3,109k.

The table above shows that the majority of the Investment Properties are in the development and even construction or realisation phase. In this respect, the Artevelde Multifunctional Football Stadium project in Ghent and the urban development project in Leuven Vaartkom are fully under construction, scheduled to be delivered in 2013 and 2014 and with first sale and lease contracts currently being signed (see Section 3.4.4).

The other main projects are:

- Airport Retail Park Wevelgem, a retail park with a fair value of € 7,250k, currently fully rented (Krëfel, Aldi and Auto 5) for about € 500k annually;
- A plot in Knokke Zoute with a fair value of € 23,108k with the objective to construct a new golf course and congress hotel;
- A plot of land in Wavre with a fair value of € 12,600k, currently rented to Mitra for € 400k annual rent, and with the objective to build a brand new retail park.

The White House commercial project (Docora NV) has shortly after period-end been sold upon an attractive bid by an investor. The sales transaction was structured as an asset-deal, at an applied yield of 3.5%, resulting in a sales value of € 4,380k. The project has for that per end June 2012 been reclassified to 'assets classified as held for sale'.

5.3.1.2. Investments in Associates

Investments in associates represent the 57% participating interest which IRC holds in Artevelde - Stadion CVBA. Artevelde Stadion CVBA is one of the 'participating' companies in the Artevelde Multifunctional Football Stadium project in Ghent. More in particular, it is the company developing the 20,000 seats new football stadium (football-related part only); part of the total project which is pre-sold. Artevelde Stadion CVBA is in the consolidated financial statements included under the equity method.

5.3.1.3. Non-Current Receivables and Prepayments

The outstanding receivables and prepayments balance represents intercompany loans for a total amount of € 8.909. These intercompany loans have been granted at arms' length conditions.

5.3.1.4. Property Development Inventories

Land and premises acquired and held for future development as well as in-process development (and delivered) projects held for sale (rather than for rent) are classified as Property Development Inventories. These inventories mainly comprise residential properties.

Inventories are measured at the lower of cost and net realisable value at the balance sheet date. Construction cost is defined as cost of the plot increased with interests of the related financing, cost of raw materials, subcontractor costs and architect fees.

The table below presents the Inventories of the Issuer in Belgium (and – to the extent applicable – France).

Table. IRC consolidated Property Development Inventory in Belgium and France

Carrying value (at cost) at 30 June 2012 - €k	Carrying value (at cost) at 31 December 2011 - €k
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BELGIAN PROJECTS

I.R.C. – others	7,134	7,077
Le Valeureux Liégeois - East Dune	18,278	16,054
The White House Zoute	1,807	2,542
Locarno Knokke	6,974	6,922
Residentie Zegemeer Knokke	5,782	5,721
Blinckaertlaan Knokke	5,518	5,456
Zoute Wellness	10,452	8,320
Kanonstraat Brussel	1,972	2,034
Bleko Doornstraat Kortrijk	1,787	1,768
Dock-site	2,648	2,648
Residentie Katelijne	8,810	8,810
Project Waterside	3,152	3,580
Waterview	4,313	4,059
Institut Jaspar	2,164	2,128
Sylt	9,349	5,697
Cromme Bosh	12,132	12,058
Kinder Siska	6,777	6,670
Zeewind – apartment	2,500	2,500
RHR	1,737	1,737
Artevelde Multifunctional related	698	2,814
	113,984	108,595

Source: Ghelamco Group Comm. VA Consolidated Half-Year Financial Information 30 June 2012

Property Development Inventories balance increased from € 93,049k per end 2008 to € 113,984k per end of June 2012. The evolution over the 6-month period ended 30 June 2012 (€ 5,389k net increase) is mainly attributable to the combined effect of the sale of residential projects in Belgium (Leuven Waterside, Brussels Kanonstraat, Belgian coast) and further expenditures on Belgian projects (East Dune Oostduinkerke, Zoute Wellness).

5.3.1.5. Interest-bearing loans and borrowings

The Issuer makes use of bank financing for the realisation of its Projects. When securing debt finance for its (larger) projects, the Group always negotiates medium/long- term loan agreements with its banks. These agreements consist of following stages: (i) land acquisition loan (2 year term), (ii) development loan (additional 2 year term) and (iii) investment loan (mostly 5 years term) upon the fulfilment of pre-agreed conditions.

Bank loans at the level of individual special purpose vehicles (“SPVs”) are – depending on the nature of the underlying project and the extent of guarantee deemed necessary by the lending bank – usually secured by:

- mortgage on land (or the leasehold of land) and buildings owned by the SPV (the borrower);
- (registered) pledge on the SPVs' shares;

- assignment of receivables (e.g. from lease agreements) to the lending bank

In addition, project bank financings at the level of SPVs are, if necessary, secured by corporate guarantees and/or surety ship agreements granted by the parent company (i.e. IRC) such as:

- cash deficiency guarantee;
- cost overrun and/or completion guarantee;
- submission to enforcement corporate guarantee.

The loan agreements granted by banks are generally subject to a number of covenants (Loan to Value, Loan to Cost, Debt Service Cover). During the period and per end of the period, neither the Issuer, nor any of the IRC Companies, have been in an Event of Default under any of their existing credit facilities.

Since the incorporation of the Issuer and to date, there have been no instances of corporate guarantee drawings by lending banks.

The IRC Companies have not granted cross-collateral and cross-guarantees, except with regard to the Dacar Project involving Retail Gent NV, Parking Estates NV, Schelde Offices NV, Arte Offices NV and Parking Gent NV. The Issuer consistently provides downstream guarantees to secure the obligations of its Subsidiaries.

With respect to the outstanding short-term borrowings (*i.e.* borrowings which will mature within 12 months), part will be reimbursed following the contractual terms, part will be repaid upon sale of the related Projects and part will be prolonged or refinanced (*e.g.* through the conversion into a development loan) in the course of the coming 12 months.

The table below presents the bank borrowings of the Issuer as of 30 June 2012 in Belgium (and – to the extent applicable – France):

Table. IRC consolidated bank borrowings in Belgium and France (€k).

Company	Project name	maturity date	outstanding amount at 30/06/2012	Non-current	Current
BELGIUM					
IRC NV	Katelijne	30/09/2014	4,601	4,601	
IRC NV	Locarno	30/09/2013	3,140	3,140	
IRC NV	Lispannenlaan/Zegemeer	31/03/2013	3,931		3,931
IRC NV	East Dune	30/09/2013	6,332	6,332	
IRC NV	Bahia Ouest	31/03/2013	670		670
IRC NV	Neptune	31/03/2013	980		980
IRC NV	IRC NV	not defined	1,000	1,000	
IRC NV	Zoute Wellness	30/06/2013	3,075		3,075
IRC NV	Blinckaertlaan	30/06/2013	3,650		3,650
IRC NV	White House	30/04/2013	1,401		1,401
IRC NV	Kortrijk Leie	31/03/2013	1,120		1,120
IRC NV	Houtdokken	31/12/2013	1,880	1,880	
IRC NV	Beau Site	31/03/2013	532		532
IRC NV	Westkapellen	31/03/2013	750		750
IRC NV	Sylt	30/09/2013	6,613	6,613	
IRC NV	Kinder Siska	30/09/2014	4,650	4,650	
IRC NV	shares Zeewind	30/09/2013	2,395	2,395	
IRC NV	Cromme Bosh	30/09/2013	5,000	5,000	
Docora NV	White House - retail part	31/05/2016	1,920	1,873	47
WRP NV	Wavre Retail Park	30/10/2013	5,906	5,906	
Klippan Cabs NV	Airport Retail Park	1/10/2020	4,717	4,620	97
Waterview NV	Waterview	31/12/2013	5,000	5,000	
LPI NV	Golf Village Knokke	30/09/2013	13,500	13,500	
Dianthus NV	Dianthus (*)	30/09/2012	1,380		1,380
Nepeta NV	East Dune	30/09/2013	2,613	2,613	
Rubia NV	Institut Jaspar	31/03/2013	1,155		1,155
L-Park NV	Vander Elst/Wintermans	30/11/2014	17,226	17,226	
Arte Offices NV	Arte Offices	30/09/2013	2,100	2,100	
Parking Estates NV	Parking Estates	30/09/2013	800	800	
Retail Gent NV	Brico Plan-It	30/09/2013	5,628	5,628	
Schelde Offices NV	Schelde Offices	30/09/2013	1,700	1,700	
Parking Gent N	Parking Gent	30/09/2013	3,006	3,006	
Zeewind NV	Zeewind	17/03/2017	125	125	
TOTAL			118,496	99,708	8,788

(*) prolonged at the date of this report

For the purpose of these financial statements, the Issuer treated its bank borrowings (or the maturing part of it) as current liabilities when the conversion date from “acquisition loan into development loan” falls within the next accounting year.

The intensification of development activities and related financing needs, resulted in an increase in outstanding interest-bearing loans and borrowings from € 94,831k per end 2008 to € 182,322k per end of June 2012. During the 6-month period ended 30 June 2012, the Issuer and its subsidiaries

were able to obtain new borrowings and withdraw on existing credit facilities for a total amount of € 46,364k. On the other hand, reimbursements and refinancing's have been done for an amount of € 6,730k. It is to be mentioned that with respect to the 30 June 2012 outstanding loans and borrowings balance, an amount of € 63,557k is related to intercompany loans from the Ghelamco Group cash pool, to which the Issuer and its Subsidiaries have access at all times. These intercompany loans are granted at arms' length conditions.

5.3.1.6. Trade and other payables

Trade and other payables balance as of 30 June 2012 (€ 24,580k) mainly consist of trade payables (€ 12,637k), related party current accounts payable (€ 2,658k), interests payable (€ 6,643k) and others (€ 2,642k).

5.3.1.7. Deferred tax liabilities

As of 30 June 2012, the Issuer holds a net deferred tax liability of € 6,636k, mainly related to deferred tax liabilities resulting from the fair value accounting of Investment Property (UC), which are partly offset by deferred tax assets resulting from carried forward fiscal losses.

5.3.2. Income Statement

5.3.2.1. Revenue

Revenue over the past years mainly relates to the sale of residential projects in Belgium and rental income. More specifically, revenue for the 6-month period ended 30 June 2012 consists of € 4.953k sales (mainly related to the successful commercialisation of the Brussels Kanonstraat project and the sale of some high-end residential projects in Knokke) and € 638k rental income.

The reported revenue in 2011 amounted to € 28,642k and consisted of € 11,934k villas and apartments at the Belgian coast, € 11,730k apartments sold at the Waterside project Leuven, € 3,814k other residential sales and € 1,164k rental income.

5.3.2.2. Gains from revaluation of Investment property

Fair value adjustments over the first half of 2012 amount to € 6,003k, which is mainly the result of current period's further engineering, development, construction and leasing efforts, in combination with an evolution in market conditions (in terms of yields and rent rate levels).

Gains or losses as a result of changes in 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 equally included into the Income Statement of the year in which the disposal occurs.

5.3.2.3. Cost of Property Development inventories

The recorded amount represents the cost of the (residential) projects which have been sold during the period. Sales less cost of sales in turn represents the gross margin realised on the sold projects. The evolution in the cost of sales goes together with the evolution in sales (or revenue).

5.3.2.4. Employee benefit expense

Given the nature and structure of its business, the Issuer only incurs limited payroll expenses as it only employed 10.9 FTE's on average in 2011. The remaining Ghelamco Group employees are employed at the level of Ghelamco Group and Ghelamco Group related parties (*i.e.* Service Holding Subsidiaries).

5.3.2.5. Other operating expenses

Other operating expenses mainly relate to audit, legal and tax advise expenses (€ 615K), sales expenses (€ 151k), operating expenses with related parties (€ 1,333k), other taxes (€ 232k) and

insurance expenses (€ 77k). The increase in operating expenses goes together with the intensification of projects and activities in Belgium.

5.3.2.6. Financial result

The financial result is mainly composed of the interest expense on bank and intercompany borrowings.

The interest rate applied on intercompany borrowings is Euribor based (increased by a 2.5% margin).

5.3.2.7. Profit for the year

Resulting from its continued development, construction and commercialisation efforts, IRC closed its consolidated 2012 half-year accounts with a profit before tax of € 3,006k, a balance sheet total of €236,106k and equity of €19,836k.

During the first half-year of 2012, IRC incurred a tax charge of € 2,120k, fully related to a deferred tax expense, mainly resulting from (timing differences from) fair value adjustments.

5.3.3. Cash Flow Statement

Given the fact that IRC is still in the process of expansion and intensification of its investment activities in Belgium (and France), its net cash flow position has been negative over the past 30 months. It is however expected that in the near future and with the upcoming commercialization of significant parts of the portfolio, this cash flow position will significantly evolve, in the upward direction.

5.4. Business plan towards 2015

5.4.1. Assumptions and forward-looking statements qualification

With respect to the business plan towards 2015, reference is made to IRC's portfolio overview in section 3.4.3. This forecast exercise has been prepared pre-bond; *i.e.* not considering any impact of the current Bonds issue.

This forecast exercise has in addition been prepared based on the Issuer's current understanding and assessment of markets and demand (in terms of tenant activity and investing climate) and its expectations regarding the evolution of markets and future demand. The Issuer's understanding and expectations are subject to the qualifications contained in Section 1.10.

5.4.2. Summary of the "business plan" of Section 3.4.3.

Based on the above mentioned assumptions and subject to unexpected and by consequence in the business plan not considered market changes and evolutions, the Issuer expects by end 2015:

- to realize and deliver a real estate portfolio with a market value of over € 600m;
- to generate net cash – after considering the required equity input for the above portfolio pipeline realisation – from the commercialisation of this portfolio of over € 200m; and
- to keep sufficient flexibility to speed-up or slow-down certain parts of the pipeline depending on future circumstances or opportunities, and not to jeopardize the above estimations.

5.4.3. Conclusion for the Bondholders

Based on the presented business plan and related assumptions and subject to the above qualifications, the Issuer is confident that it will achieve its anticipated growth and goals in general and that it will by consequence be able to service and reimburse the Bonds as set determined in the Conditions.

5.5. Financial information of the Guarantor

The Ghelamco Group consolidated 30 June 12 figures, with 4 years comparatives, are presented as follows:

5.5.1. Balance Sheet

	<u>31/12/2008</u>	<u>31/12/2009</u>	<u>31/12/2010</u>	<u>31/12/2011</u>	<u>30/06/2012</u>
ASSETS					
Non-current assets					
Investment Property	329,819	491,825	513,684	626,004	739,784
Property, plant and equipment	883	733	830	647	627
Investments in associates	-	-	-	1,380	1,380
Receivables and prepayments	27,298	32,459	36,787	50,898	51,280
Deferred tax assets	1,394	2,284	3,480	2,922	3,058
Other financial assets	46	899	858	2,052	1,710
Restricted cash	-	-	2,237	1,280	1,117
Total non-current assets	359,440	528,200	557,876	685,183	798,956
Current assets					
Property Development	133,927	125,164	143,389	185,039	197,955
Inventories					
Trade and other receivables	47,505	50,787	56,189	30,351	49,256
Current tax assets	-	67	123	16	15
Derivatives	913	-	-	2,800	2,800
Assets classified as held for sale	-	-	-	-	5,955
Restricted cash	-	-	4,492	-	-
Cash and cash equivalents	47,846	26,916	11,841	29,146	35,552
Total current assets	230,191	202,934	216,034	247,352	291,533
TOTAL ASSETS	589,631	731,134	773,910	932,535	1,090,489

EQUITY AND LIABILITIES**31/12/2008 31/12/2009 31/12/2010 31/12/2011 30/06/2012****Capital and reserves
attributable to the Company's
equity holders**

Share capital	82,094	82,094	82,094	73,194	73,194
CTA	1,216	2,112	1,438	2,924	2,792
Retained earnings	258,830	317,532	355,124	418,480	438,917
	<u>342,140</u>	<u>401,738</u>	<u>438,656</u>	<u>494,598</u>	<u>514,903</u>

Non-controlling interests	2,603	2,999	3,501	4,040	4,380
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TOTAL EQUITY **344,743** **404,737** **442,157** **498,638** **519,283****Non-current liabilities**

Interest-bearing loans and borrowings	67,144	227,343	163,270	264,181	435,119
Deferred tax liabilities	25,396	36,569	42,077	36,231	39,155
Other non-current liabilities	0	3,884	1,320	0	0
Long-term provisions	292	46	46	57	57

Total non-current liabilities **92,832** **267,842** **206,713** **300,469** **474,331****Current liabilities**

Trade and other payables	12,450	21,228	36,776	43,430	70,688
Current tax liabilities	1,275	1,644	1,776	2,646	1,944
Interest-bearing loans and borrowings	138,331	35,683	86,488	87,352	24,243
Short-term provisions	0	0	0		

Total current liabilities **152,056** **58,555** **125,040** **133,428** **96,875****Total liabilities** **244,888** **326,397** **331,753** **433,897** **571,206****TOTAL EQUITY AND LIABILITIES** **589,631** **731,134** **773,910** **932,535** **1,090,489**

5.5.2. Income statement

	<u>31/12/2008</u>	<u>31/12/2009</u>	<u>31/12/2010</u>	<u>31/12/2011</u>	<u>30/06/2012</u>
Revenue	260,611	38,764	31,531	35,025	11,123
Other operating income	3,412	1,952	1,536	3,004	993
Cost of Property Development inventories	-103,640	-25,378	-17,417	-18,341	-3,136
Employee benefit expense	-1,360	-1,345	-1,147	-1,070	-686
Depreciation amortization and impairment charges	-2,091	-255	-190	-295	-61
Gains from revaluation of Investment Property	117,128	67,461	50,944	69,093	28,065
Other operating expense	-15,442	-13,004	-17,338	-15,538	-7,824
Operating profit – result	258,618	68,195	47,919	71,878	28,474
Finance income	3,631	9,763	5,205	5,800	4,449
Finance costs	-26,254	-6,381	-5,838	-16,492	-9,400
Profit before income tax	235,995	71,577	47,286	61,186	23,523
Income tax expense	-23,698	-11,430	-9,259	2,593	-2,748
Profit for the year	212,297	60,147	38,027	63,779	20,775
Attributable to:					
Equity holders of parent	212,243	59,836	37,451	63,228	20,435
Non-controlling interests	54	311	576	551	340

5.5.3. Cash Flow Statement

	31/12/2010	31/12/2011	30/06/2012
Operating Activities			
Profit / (Loss) before income tax	47,286	61,186	23,523
<i>Adjustments for:</i>			
- Share of results of associates			
- Change in fair value of investment property	-50,944	-69,093	-28,065
- Gain on disposal of subsidiary			
- Gain on disposal of interest in former associates			
- Depreciation, amortization and impairment charges	190	295	61
- Result on disposal investment property	57		
- Change in provisions		11	
- Net interest charge	3,402	6,184	7,482
- Movements in working capital:			
- Change in inventory	-18,225	-41,650	-14,187
- Change in trade & other receivables	-5,402	25,838	-18,905
- Change in trade & other payables	11,548	6,654	27,258
- Change in MTM derivatives		-2,800	
- Movement in other non-current liabilities	-2,564	-1,320	
- Other non-cash items	274	164	-444
Income tax paid	-4,871	-1,718	-661
Interest paid	-6,230	-9,410	-8,862
Net cash from operating activities	-25,479	-25,659	-12,800
Investing Activities			
Interest received	2,828	3,226	1,380
Purchase of property, plant & equipment	-316	-73	-41
Purchase of investment property	-56,769	-108,387	-85,555
Proceeds from disposal of investment property	88,943	61,816	
Net cash outflow on acquisition of subsidiaries		-1,380	
Net cash inflow on disposal of subsidiary			
Net cash outflow on other non-current financial assets	-4,287	-15,305	-40
Net cash inflow/outflow on NCI transactions			
Change in trade & other payables	4,000		
Movement in restricted cash accounts	-6,729	5,449	163
Net cash flow used in investing activities	27,670	-54,654	-84,093
Financing Activities			
Proceeds from borrowings	72,340	174,823	115,161
Repayment of borrowings	-85,608	-73,048	-7,332
Capital decrease		-8,900	
Unrealised exch. diffs. on EUR loans in foreign SPVs		4,743	-4,530
Other non-cash items, realized CTA	-3,998		
Net cash inflow from / (used in) financing activities	-17,266	97,618	103,299
Net increase/decrease in cash and cash equivalents	-15,075	17,305	6,406
Cash and cash equivalents at 1 January	26,916	11,841	29,146
Cash and cash equivalents at 31 December of the period/year	11,841	29,146	35,552

5.6. MD&A on the provided financial information of the Guarantor

5.6.1. Balance Sheet

The balance sheet of the Guarantor is mainly composed of Investment Property (Under Construction) held for rent for € 739,784k and property development inventories held for sale for € 197,955k. On 30 June 2012, the Guarantor held over € 1Bn of assets and € 519m equity on its balance sheet, representing a solvency ratio of 47.6%. Shareholders equity includes € 291.6m (gross) unrealized capital gains (before deferred tax impact) on the portfolio as per 30 June 2012.

5.6.1.1. Investment Property (Under Construction)

The applicable valuation rules of the Investment Property (Under Construction) are identical to those described for the Issuer, please see Section 5.3.1.1.

For Investment Property valued based on residual method, following average yields were applied as of 30 June 2012:

- 6.25% to 8.0% for Polish projects, depending on the specifics, nature and location of the developments (vs. 6.0% to 8.00% per 31 December 2011)
- 11.5% for Russian projects (no change vs. 31 December 2011)
- 13.8% for Ukrainian projects (no change vs. 31 December 2011)
- 6.5% to 7.0% for Belgian projects (no change vs. 31 December 2011)

The table below presents the Investment Property (Under Construction) of the Guarantor as at 30 June 2012 and 31 December 2011.

Table. Ghelamco Group consolidated Investment Property (Under Construction) (€k)

Country + SPV	Commercial Name	Valuation	Cat	30/06/2012	31/12/2011
BELGIUM					
Ref. to section 5.3.1				96,483	65,479
POLAND					
Apollo (52%)	Spinnaker Tower	KNF	B	9,058	9,632
Business Bud	Postepu Business Park	KNF	A	10,540	8,270
Capital Bud	Sienna Towers	KNF	B	40,560	38,670
Dystryvest	Logistic Rebusowa Str	(1)	A	-	909
Eastern Europe Bud	Spire and Chopin Tower	KNF	C	112,114	114,425
Excellent Bud	Katowice Business Point	(*)	D	37,100	37,100
Focus Invest	Lopuszanska Bus. Park	DTZ	B	4,964	4,308
HQ Invest	Senator	KNF	D	112,500	68,834
Innovation Bud	Sobieski Tower	DTZ	B	11,644	13,393
Kalea Investments	Mokotow Nova	DTZ	D	110,000	106,207
Market Invest	Mszczonow Logistics	DTZ	A	2,981	2,981
Primula Invest/Kappa Invest	Marynarska 12	KNF	C	28,770	21,620
Pro Business Invest	Wroclaw Business Park	KNF	B	20,373	19,183
Bellona	Grzybowska	KNF	A	6,330	6,290
Bellona	Logistyka	KNF	A	16,930	8,710
RUSSIA					
Bely Rast e.a.	Dmitrov Logistic Park	JLL	C	87,718	69,304
Ermolino	Logistic Park Ermolino	JLL	A	8,552	8,257
UKRAINE					
Success Invest	Kopylov Logistics Park	CLL	D	17,736	17,172
Urban Invest	Kopylov Logistics Park 2	UKR	A	1,085	1,049
Vision Invest	Warsaw Road Dev.	UKR	B	4,346	4,211
TOTAL :				739,784	626,004

Source: Ghelamco Group Comm. VA Consolidated Half-Year Financial Information 30 June 2012

Legend : Man = Management valuation, KNF = Knight Frank, JLL = Jones Lang Lasalle, DTZ= DTZadelhof, CLL = Colliers, (*) = valued based on average offers/LOI of investment fund(s) as at 30/06/12

(1): The Dystryvest plot has been sold to a third party shortly after period-end and has for that reason been transferred to assets classified as held for sale as of 30/06/12. Sales price amounted to € 1,575k.

The Group's investment property portfolio has seen a significant evolution from a fair value of € 329,819k per end of 2008 to € 739,784k per end of June 2012.

During the 6-month period ended 30 June 2012 Investment Property increased by € 113,780k. During this period expenditures were made for an amount of € 80,166k and fair value adjustments were recorded for an amount of € 28,065k. The residual amount stems from transfers which were booked for an amount of € -4,684k (Dystryvest and Docora transfer to assets classified as held for sale on the one hand and transfer from inventories of Artevelde related parts on the other hand) and a currency translation impact booked for € 10,233k. The current period's increase in the value of the Investment Property portfolio is therefore mainly the consequence of the Group's sustained development, investment and leasing efforts and a positive market evolution in terms of yields and rent levels.

The investing activities in Poland during the first half of 2012 have to a significant extent been focused on the further construction (until delivery end of June 2012) of the Senator office project (over 70% leased as of 30 September 2012), the kick-off of the construction works of the Marynarska 12 office project (after the closing of a 27,000 m² leasing contract with anchor tenant T-Mobile in April 2012), the Lopuszanska office project (16,500 m² lettable office space in the Warsaw Wlochy district) and the further construction (until delivery in Q3 2012) of the Warsaw residential project Q-Bik.

For the investing activities in Belgium, please refer to Section 5.3.1.1.

In Russia, the construction of the first phase (building A, approx. 60,000 m²) of the Dmitrov Logistics Park project, class A warehouse complex of four buildings totaling approx. 227,000 m² of lettable area in the northern part of the Moscow Region, was continued. Per date of this report, phase 1 has been delivered and is fully leased.

As to divestures, the Dystryvest plot, a 16,500 m² plot located in Opacz Kolonia, near Warsaw, has been sold shortly after period-end. In Belgium, the Docora retail Project in Knokke has also been sold shortly after period-end. Additionally, a letter of intent regarding the sale of the Katowice Business Point office project in Katowice has been signed with PZU.

5.6.1.2. Property Development Inventories

The applicable valuation rules of the Property Development Inventories are identical to those described for the Issuer, please see Section 5.3.1.4.

The Property Development Inventory increased from € 133,927k per end 2008 to € 197,955k per end of June 2012. The positive evolution of € 12,916k over the 6-month period ended 30 June 2012 is mainly attributable to the combined effect of the sale of residential projects in Belgium (Leuven Waterside, Brussels Kanonstraat, Belgian coast) and Poland (Wroclaw apartments), as well as the further expenditures on Belgian projects (East Dune Oostduinkerke, Zoute Wellness) and the continuation of the construction works (until delivery shortly after period-end) on the Q-Bik project (350 residential soft lofts in Warsaw for which per mid 2012 over 40% of pre-sales were realized).

The table below presents the Inventories of the Guarantor:

Table. Ghelamco Group consolidated Property Development Inventory (€k)

	Carrying value (at cost) at 30 Jun 2012	Carrying value (at cost) at 31 Dec 2011
BELGIAN PROJECTS		
Ref. to section 5.3.1	113,984	108,595
POLISH PROJECTS		
Axiom	5,317	5,058
Bellona-Bema	1,846	1,828
Creative Invest – Foksal	11,284	10,662
Erato Invest	1,339	1,254
Key Office Invest - Wroclaw apts.	376	1,319
Leader Invest	15	15
Office Investment	1,307	1,249
Pattina Invest		13
P.I.B.	3,020	3,018
Prime Invest	495	495
Proof Invest - Q-Bik soft lofts	58,933	51,503
Other	13	4
	83,945	76,418
RUSSIAN PROJECTS		
	-	-
UKRAINIAN PROJECTS		
	26	26
TOTAL	197,955	185,039

Source: Ghelamco Group Comm. VA Consolidated Half-Year Financial Information 30 June 2012

5.6.1.3. Interest-bearing loans and borrowings

Bank borrowings

With respect to the bank financing process and bank financing conditions, reference is made to what has been stated for the Issuer under Section 5.3.1.5

During the period and per end of the period, neither the Guarantor, nor any of its Subsidiaries, has been in an Event of Default under any of their existing credit facilities.

Since the incorporation of the Guarantor and to date, there have been no instances of corporate guarantee drawings (on corporate guarantees granted by the resp. Ghelamco Group sub-holdings) by lending banks.

With respect to the outstanding short-term borrowings (*i.e.* borrowings which will mature within 12 months), part will be reimbursed following the contractual terms, part will be repaid upon sale of the related Projects and part will be prolonged or refinanced (*e.g.* through the conversion into a development loan) in the course of the coming 12 months.

The table below presents the bank borrowings of the Guarantor as of 30 June 2012:

Table. Ghelamco Group consolidated bank borrowings (€k)

Company	Project name	maturity date	outstanding amount at 30/06/2012	Non-current	Current
BELGIUM					
IRC consolidated - Ref. to section 5,3,1,5			118,496	99,708	18,788
Ghelamco Group CVA	Ghelamco Group	not defined	10,000	10,000	
Ghelamco Group CVA	Ghelamco Group	1/07/2012	625		625
SUBTOTAL			129,121	109,708	19,413
POLAND					
Eastern Europe Bud	Warsaw Spire	30/09/2013	22,344	22,344	
Capital Bud	Sienna Towers	30/09/2013	7,698	7,698	
Proof Invest	Woronicza QBIK	31/03/2014	29,775	29,262	513
Kalea Investment	Mokotow Nova	30/06/2023	55,862	55,862	
Pro Business Investment	Wroclaw Business Park	30/09/2013	6,987	6,987	
Creative Invest	Foksal	30/09/2013	3,995	3,995	
Excellent Bud	Katowice Business Point	31/03/2016	24,053	24,053	
HQ Invest	Senator	11/10/2013	47,982	45,133	2,849
Innovation Bud	Sobieski Tower	18/12/2013	3,800	3,800	
Business Bud	Postepu Business Park	30/01/2015	2,307	2,307	
Creditero	Bellona	31/05/2026	7,689	7,689	
SUBTOTAL			212,492	209,130	3,362
UKRAINE					
Succes Invest	Kopylov Logistic Park	30/06/2014	12,372	11,196	1,176
RUSSIA					
Belyrast	Dmitrov Logistic Park	31/01/2019	26,537	26,537	
GRAND TOTAL			80,522	56,571	23,951

Source: Ghelamco Group Comm. VA Consolidated Half-Year Financial Information 30 June 2012

The expansion of Ghelamco Group's activities and the relating financing need, resulted in an increase in outstanding interest bearing loans and borrowings which evolved from € 205,475k per end of 2008 to € 459,362k per end of June 2012. During the 6-month period ended 30 June 2012, the Group was able to obtain new bank borrowings and withdraw on existing credit facilities for a total amount of € 84.2m. Over the same period, reimbursements and refinancings were done for an amount of € 7.4m, resulting in a net increase in bank borrowings of € 76.8m and a total amount of outstanding bank borrowings of € 381m.

Polish bearer bonds

Additionally, the Group issued Polish bonds during the first half of 2012 for an amount of PLN 132.5m, bringing the total amount of outstanding Polish bonds per 30 June 2012 to PLN 332.5m (or € 76,867k).

The Group has in the period of July 2011 until April 2012, via its financial vehicle Ghelamco Invest Sp. z o.o., issued Polish bearer bonds for a total amount of PLN332.5m. These bonds, which are secured by a redemption surety granted by Granbero Holdings Ltd., parent company of the Polish activities, have been underwritten by a select group of investors and have been listed for trading on the alternative trading system Catalyst run by BondSpot S.A.

The goal of the issue was to finance the Group's further investment projects within the Warsaw metropolitan area as well as in Wrocław and Katowice. The bonds have a term of 3 years and bear an interest of Wibor 6 months + 5% (200 MPLN) and Wibor 6 months + 6% (PLN 132.5m). The outstanding balance of € 76,867k per 30 June 12 represents the amount of issue (PLN 332.5m) less capitalized issue costs of which mainly the issuing bank's arrangement fee, and which are amortized over the term of the bond

5.6.2. Income Statement

5.6.2.1. Revenue

Except for 2008, revenues over the past years mainly relate to the sale of residential projects and rental income. The 2008 revenue includes the sale of 3 Polish commercial office projects (approx. € 247m). From end of 2008 onwards, the Group's business strategy for commercial projects changed from build to sell to build to lease. Therefore from then onwards, commercial projects have been presented as Investment Property (Under Construction), carried at fair value. Since 2009, disposals of commercial projects have in the income statement been shown on a net (gains/losses on disposal of Investment Property) basis instead of on a gross (sales/cost of sales) basis.

Revenue for the 6-month period ended 30 June 2012 amounts to € 11,123k and relates to a rental income of € 5,273k and sales of residential projects of € 5,787k.

5.6.2.2. One-time adjustments in 2008

In addition, and following the above change in business strategy, in 2008 significant first-time fair value adjustments (for a total amount of € 117,128k) have been booked on projects transferred from inventory to Investment Property (Under Construction).

Because of these non-recurring effects, it is less relevant to compare the 2008 results with those of 2009 (and the following years).

5.6.2.3. Profit for the year

Resulting from its continued development, construction and commercialization efforts, the Group closed its 2012 half-year accounts with a net profit of € 20,775k. Thanks to these efforts the Group managed to achieve sustained growth, reflected in an increased balance sheet total of € 1,090,489k and an equity of € 519,283k.

5.6.3. Other disclosures

For further details of (elements of) the presented financial information of the Guarantor, reference is made to the (disclosures in the) Ghelamco Group IFRS Consolidated Financial Statements at 31 December 2011 and the Ghelamco Group Consolidated Half-Year Financial Information for the six-month period ended 30 June 2012, as attached to the annexes of this Information Memorandum.

“For information purposes only.
Issue fully subscribed”

6. The conditions of the Bonds

Set forth below are the conditions (the "**Conditions**") of (a) the Serie A Bonds due 2015 and (b) the Serie B Bonds due 2017, authorised following a resolution of "the Board of Directors" of the Issuer prior to the Issue Date.

A Dutch language version of the Conditions is available in Annex 2 to this Information Memorandum. In case of any discrepancy, the Dutch language version shall prevail.

6.1. Definitions

In the Conditions:

"**Accounting Principles**" means IFRS.

"**Affiliate**" means, in relation to any person, a Subsidiary of that person or a Parent Company of that person or any other Subsidiary of that Parent Company.

"**Agent**" means KBC Bank NV.

"**Bondholder**" means each and any person or entity owning Bond(s) from time to time.

"**Bond**" or "**Bonds**" means the Series A Bonds and the Series B Bonds.

"**Business Day**" means a day (other than a Saturday or a Sunday) on which (a) banks are open for general business in Belgium, (b) the NBB System is open for the settlement of transactions and (c) TARGET2 is open for the settlement of payment in euros.

"**Certificates**" has the meaning given to that term in Condition 6.9.14.

"**Change of Control**" means Mr Paul Gheysens ceasing to control (as set forth in Article 5 to and including 9 of the Companies Code) the Guarantor.

"**Change of Control Redemption Amount**" means, in respect of a Bond:

- (a) the Nominal Amount;
- (b) any accrued but unpaid interest in respect of that Bond (up to but excluding the date of redemption); and
- (c) a prepayment indemnity of 1.00 per cent. on the Nominal Amount of that Bond.

"**Civil Code**" means the Belgian Burgerlijk Wetboek /Code civil.

"**Companies Code**" means the Belgian Wetboek van vennootschappen/Code des sociétés.

"**Consolidated Equity**" means, in respect of the Issuer Group or the Guarantor Group (as applicable) and in respect of any Relevant Period, the amount set out under the item "Total Equity" in the then most recent Financial Statements of the Issuer (in respect of the Issuer Group) and set out in the then most recent Financial Statements of the Guarantor (in respect of the Guarantor Group).

"Consolidated Investment Property" means:

- (a) in respect of the Issuer Group and in respect of any Relevant Period, the amount set out under the item "Investment Property" in the then most recent Financial Statements of the Issuer; and
- (b) in respect of the Guarantor Group and in respect of any Relevant Period, the amount set out under the item "Investment Property" in the then most recent Financial Statements of the Guarantor.

"Consolidated Property Development Inventories" means:

- (a) in respect of the Issuer Group and in respect of any Relevant Period, the amount set out under the item "Property Development Inventories" in the then most recent Financial Statements of the Issuer; and
- (b) in respect of the Guarantor Group and in respect of any Relevant Period, the amount set out under the item "Property Development Inventories" in the then most recent Financial Statements of the Guarantor.

"EUR" and **"euro"** denote the single currency of the member states of the European Union that have the euro as their lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

"Event of Default" means each of the events and circumstances specified as such in Condition 6.10.

"Finance Lease" means any lease or hire purchase contract which would, in accordance with the Accounting Principles, be treated as a finance or capital lease.

"Financial Indebtedness" means any indebtedness for or in respect of:

- (a) moneys borrowed and debit balances at banks or other financial institutions;
- (b) any acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) any liability in respect of any Finance Lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis and meet any requirement for de-recognition under the Accounting Principles);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing and which is treated as a borrowing under the Accounting Principles;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account);
- (h) any amount raised by the issue of shares which are expressed to be redeemable and which are classified as borrowings under the Accounting Principles;

- (i) the supply of any assets or services which is more than 60 days past the original due date for payment;
- (j) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind entering into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 60 days after the date of supply;
- (k) (without double counting) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (l) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs 0 to 0 above.

"Financial Ratios" means each of the ratios set out in Condition 6.9.13.

"Financial Statements" means:

- (a) in respect of the Issuer:
- (i) its audited annual consolidated financial statements; and
 - (ii) its half-yearly consolidated financial statements;
- (b) in respect of the Guarantor:
- (i) its audited annual consolidated financial statements; and
 - (ii) its half-yearly consolidated financial statements,

each time prepared in accordance with the Accounting Principles.

"Group Loan" means an Intercompany Loan provided to a member of the Issuer Group by a member of the Guarantor Group which is not a member of the Issuer Group.

"Group On-lendings" means an Intercompany Loan provided by a member of the Issuer Group to a member of the Guarantor Group which is not a member of the Issuer Group.

"Guarantee" means the guarantee granted by the Guarantor for the obligations of the Issuer under the Bonds as set out in Annex 3 of the Information Memorandum.

"Guarantor" means Ghelamco Group Comm. VA, a limited liability company having its registered office at Zwaanhofweg 10, 8900 Ieper, Belgium and registered with the Crossroads Bank of Enterprises under number VAT BE 0879.623.417 RLP Ieper.

"Guarantor Group" means the Guarantor and each of its Subsidiaries.

"IFRS" means international accounting standards within the meaning of the IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements;

"Information Memorandum" means the information memorandum dated 20 November 2012 relating to the issue of the Bonds.

"Intercompany Loan" means any loan (including accrued interest) provided by a member of the Guarantor Group to another member of the Guarantor Group.

"Interest Payment Date" means, in respect of a Bond, each anniversary of the Issue Date and the Maturity Date in respect of that Bond.

"Interest Period" means:

- (a) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date; and
- (b) each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

"Issue Date" means 13 December 2012.

"Issuer" means International Real Estate Construction NV, a limited liability company having its registered office at Zwaanhofweg 10, 8900 Ieper, Belgium and registered with the Crossroads Bank of Enterprises under number VAT BE 0431.572.596 RLP Ieper.

"Issuer Group" means the Issuer and each of its Subsidiaries.

"Material Adverse Effect" means any material adverse effect:

- (a) affecting the value, state or condition (financial or otherwise) of the shareholders' equity or the properties, assets, rights, business, management, prospects, earnings, net worth or results of the operations of the Guarantor or the Guarantor Group taken as a whole;
- (b) on the ability of the Guarantor to perform its obligations under the Guarantee; or
- (c) on the validity, enforceability or effectiveness of the Guarantee,

it being understood that a Material Adverse Effect shall be deemed to have occurred in all cases where isolated events would not have such an effect, but where the aggregate of two or more of such events would have in the aggregate such effect.

"Maturity Date" means:

- (a) in respect of the Series A Bonds, 13 December 2015; and
- (b) in respect of the Series B Bonds, 13 December 2017.

"Minimum Interco Balance Requirement" means the requirement that the aggregate net balance between all Group Loans and all Group On-lendings is at no time less than EUR 60,000,000.

"NBB" means the National Bank of Belgium (*Nationale Bank van België/Banque Nationale de Belgique*).

"NBB System" has the meaning given to that term in Condition 6.2.1.

"NBB System Regulations" has the meaning given to that term in Condition 6.2.1.

"Nominal Amount" means EUR 50,000 per Bond (less any repayment of that amount made from time to time in accordance with the Conditions).

"Parent Company" means, in relation to a person, any other person in respect of which it is a Subsidiary.

"Permitted Disposal" means any sale, lease, licence, transfer of other disposal on arm's length terms:

- (a) of Investment Property (as defined under the Accounting Principles) by any member of the Guarantor Group in the ordinary course of business of the Guarantor Group;
- (b) of Property Development Inventories (as defined under the Accounting Principles) or cash made by any member of the Guarantor Group in the ordinary course of business of the Guarantor Group;
- (c) of shares or interests in a legal entity (including Subsidiaries) made by any member of the Guarantor Group in the ordinary course of business of the Guarantor Group (other than shares or interests in the Issuer);
- (d) of obsolete or redundant vehicles, plant and equipment for cash; or
- (e) arising as a result of any Permitted Security.

"Permitted Financial Indebtedness" means:

- (a) in respect of the Issuer, Financial Indebtedness arising under the Bonds;
- (b) in respect of the Issuer, Financial Indebtedness subordinated to the Bonds;
- (c) in respect of the Issuer and its Subsidiaries, Project Financial Indebtedness; and
- (d) in respect of the Issuer and its Subsidiaries, Financial Indebtedness owed pursuant to Group Loans (provided that the Minimum Interco Balance Requirement is met at all times).

"Permitted Investment" means each investment made by any member of the Issuer Group for, in respect of or in view of a Project. For the avoidance of doubt, this also includes acquisitions of legal entities or any interest in a legal entity, provided the primary purpose of such acquisition consists of conducting a Project.

"Permitted Secondary Activities" means activities other than the activities carried out by the Guarantor Group taken as a whole on the Issue Date, and being of a secondary nature, performed by a Subsidiary of the Guarantor at the time of its acquisition by any member of the Guarantor Group, provided the primary goal of such Subsidiary is the realisation of Projects.

"Permitted Security" means:

- (a) any lien arising by operation of law and in the ordinary course of trading and not as a result of any default or omission by any member of the Guarantor Group;
- (b) any Security or Quasi-Security arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to a member of the Guarantor Group in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by any member of the Guarantor Group;
- (c) any Security or Quasi-Security securing Project Financial Indebtedness provided that there is at all times EUR 60,000,000 of Total Unsecured Assets at the level of the Issuer Group; and

- (d) any Security or Quasi-Security securing Financial Indebtedness provided that there is at all times EUR 300,000,000 of Total Unsecured Assets at the level of the Guarantor Group.

"Project" means any existing or future real estate project of any member of the Issuer Group in Belgium or France.

"Project Financial Indebtedness" means Financial Indebtedness owed to banks or financial institutions and incurred by the Issuer or a Subsidiary of the Issuer for the financing of Projects. For the avoidance of doubt, Group Loans do not qualify as Project Financial Indebtedness.

"Quasi-Security" means:

- (a) a sale, transfer or other way of disposal of assets by a member of the Guarantor Group on terms whereby they are or may be leased to or re-acquired by any other member of the Guarantor Group;
- (b) a sale, transfer or other way of disposal by a member of the Guarantor Group of any of its receivables on recourse terms;
- (c) any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts;
- (d) or any other preferential arrangement having a similar effect,

in circumstances where such arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.

"Relevant Period" means each period of twelve months (or such shorter period commencing on the Issue Date) ending on a Testing Date.

"Secured Financial Indebtedness" means, at any time, the aggregate amount of all obligations of members of the Issuer Group or Guarantor Group (as applicable) for or in respect of Financial Indebtedness for which Security or Quasi-Security has been granted.

"Security" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

"Series A Bonds" means 13 December 2015 bonds due 2015.

"Series B Bonds" means 13 December 2017 bonds due 2017.

"Service Level Agreements" means each of:

- (a) the management agreement dated 31 December 2008 and entered into between the Issuer and International Real Estate Services Comm.VA in respect of the provision of production, management, coordination and support services by International Real Estate Services Comm.VA to the Issuer and its Subsidiaries;
- (b) the technical support agreement dated 31 December 2008 and entered into between the Issuer, International Real Estate Services Comm.VA and Ghelamco NV in respect of the provision technical assistance with regard to site management, project management and budget control services by International Real Estate Services Comm.VA to the Issuer and its Subsidiaries; and
- (c) [currently undocumented services to be documented and added]

"**Subsidiary**" means, in relation to any company, another company which is controlled (as set forth in Article 5 to and including 9 of the Companies Code) by the first company.

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007.

"**Tax**" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

"**Testing Date**" means 30 June and 31 December of each year.

"**Total Assets**" means:

- (a) in respect of the Issuer Group and in respect of any Relevant Period, the amount of total assets set out in the then most recent Financial Statements of the Issuer; and
- (b) in respect of the Guarantor Group and in respect of any Relevant Period, the amount of total assets set out in the then most recent Financial Statements of the Guarantor.

"**Total Unsecured Assets**" means in respect of the Issuer Group or the Guarantor Group (as applicable) and at any time, the amount of their Total Assets for the most recently completed Relevant Period less their Secured Financial Indebtedness at that time. Schedule 1 to these Conditions sets out an example of the calculation of the amount of Total Unsecured Assets as per 30 June 2012.

"**Undeveloped Land**" means, in respect of the Issuer Group and in respect of any Relevant Period, the carrying value in the then most recent Financial Statements of the Issuer of the land positions on which there is no "*Bijzonder Plan van Aanleg*", "*Ruimtelijk Uitvoeringsplan*" or any other similar urban planning, regardless the authority setting such planning, a "*Verkavelingsvergunning*" or "*Bouwvergunning*" or any similar permit.

In addition, a reference in the Conditions to an undertaking that a person (the "**first person**") "shall cause" or "shall procure" another person (the "**second person**") to take or omit certain actions shall be construed as a reference to the concept of *sterkmaking/porte-fort* as set out in Article 1120 of the Civil Code, but shall also include a guarantee by the first person of the due and timely performance of all actions, agreements and obligations to be performed by the second person.

6.2. Form, Denomination and title

6.2.1. Form

- (a) The Bonds are issued in dematerialised form in accordance with Article 468 of the Companies Code.
- (b) The Bonds will be represented by book entry in the records of the clearing system operated by the NBB or any successor thereto (the "**NBB System**"). The Bonds can be held by their holders through participants in the NBB System, including Euroclear and Clearstream, Luxembourg and through other financial intermediaries which in turn hold the Bonds through Euroclear and Clearstream, Luxembourg, or other participants in the NBB System. The Bonds are accepted for clearance through the NBB System, and are accordingly subject to the applicable Belgian clearing regulations, including the Belgian Act of 6 August 1993 on transactions in certain securities, its implementing Belgian Royal Decrees of 26 May 1994 and 14 June 1994 and the rules of the NBB System and its annexes, as issued or modified by the

NBB from time to time (the laws, decrees and rules mentioned in this paragraph being referred to in these Conditions as the "**NBB System Regulations**").

- (c) Title to the Bonds will pass by account transfer. The Bonds may not be exchanged for bonds in bearer form. No definitive bearer certificates will be delivered.
- (d) If at any time the Bonds are transferred to another clearing system, not operated or not exclusively operated by the NBB, these provisions shall apply mutatis mutandis to such successor clearing system and successor clearing system operator or any additional clearing system and additional clearing system operator.
- (e) The holder of a Bond shall (except as otherwise required by law) be treated as the absolute owner of that Bond for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein) and no person shall be liable for so treating such holder.

6.2.2. Currency

The Bonds are denominated in euro.

6.2.3. Nominal Amount

The Bonds have a nominal value of EUR 50,000 each (the "**Nominal Amount**").

6.2.4. Bond Series

The Conditions equally apply to the Series A Bonds and the Series B Bonds, except if expressly provided otherwise in the Conditions.

6.3. Purpose

The Issuer shall, and shall procure that its Subsidiaries will, use the proceeds of the Bonds (either directly or after on-lending):

- (a) for the financing of the realisation of Projects; and
- (b) subject to paragraph 0 of Condition 6.9.3, for the repayment of Group Loans.

However, the Issuer shall not, and shall procure that none of its Subsidiaries will, use the proceeds of the Bonds to repay Project Financial Indebtedness before its stated maturity.

6.4. Status

- (a) The Bonds are unlisted securities which incorporate a claim against the Issuer. They give entitlement to the payment of interest in accordance with Condition 6.5 and the repayment of the Nominal Amount on the relevant Maturity Date in accordance with Condition 6.6.1.
- (b) The Bonds constitute direct, unconditional and unsecured obligations of the Issuer and shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its respective other present and future unsecured and unsubordinated obligations.
- (C) The Bonds are guaranteed by the Guarantor pursuant to the Guarantee.

6.5. Interest

6.5.1. Rate and Calculation

- (a) Subject to paragraph 0 below, the Series A Bonds bear interest on their Nominal Amount from and including the Issue Date at the rate of 7.00 per cent. per annum and the Series B Bonds bear interest on their Nominal Amount from and including the Issue Date at the rate of 7.875 per cent. *per annum*.
- (b) No Bond will bear interest between the Maturity Date applicable to that Bond and the date of effective redemption of that Bond *provided that* the redemption of that Bond does not constitute a breach of the Conditions and is not otherwise improperly withheld or refused.
- (c) Where interest is to be calculated in respect of a period which is equal to or shorter than an Interest Period, the day-count fraction used will be the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last).
- (d) Interest in respect of the Bonds shall be calculated on the basis of the actual number of days elapsed and a year of 365 days or, in the case on an intercalary year, 366 days.
- (e) The amount of any interest shall be rounded to the nearest cent (half a cent being rounded upwards).

6.5.2. Payment

Interest accrued on the Bonds shall be payable in arrear on each Interest Payment Date.

6.5.3. Default Interest

- (a) In the event of default by the Issuer in the payment of interest payable by it under the Bonds on the relevant Interest Payment Date, the Issuer shall pay interest on such sum from the relevant due date to the date of actual payment at the rate which is 1.00 per cent. above the rate provided for in Condition 6.5.1.
- (b) In the event of default by the Issuer in the payment of the outstanding Nominal Amount payable by it under the Bonds on the relevant due date, the Issuer shall pay interest on such sum from the relevant Maturity Date to the date of actual payment at the rate which is 1.00 per cent. above the rate provided for in Condition 6.5.1.

6.6. Redemption and purchase

6.6.1. Final redemption

Unless previously redeemed, or purchased and cancelled, each Bond will be redeemed at its Nominal Amount on the Maturity Date applicable to that Bond.

6.6.2. Voluntary early redemption

- (a) As from the second anniversary of the Issue Date the Issuer may, at its option and having given not less than 15 nor more than 30 days notice to the Bondholders, redeem the Bonds in whole but not in part at their Nominal Amount together with all interest accrued and an additional indemnity calculated as 1.00 per cent. per interest payment that the Bondholders will not receive as a result of the early redemption, calculated on the then outstanding Nominal Amount of the Bonds.

- (b) All Bonds so redeemed will be cancelled and may not be re-issued or resold.
- (c) Any voluntary early redemption of the Bonds can only take place at an anniversary of the Issue Date.

6.6.3. Change of Control

- (a) Upon the occurrence of a Change of Control other than as a consequence of Mr Paul Gheysens' decease:
 - (i) the Issuer shall promptly give a notice to the Bondholders specifying the nature of the Change of Control; and
 - (ii) each Bondholder has the right to require the Issuer to redeem its Bonds at the Change of Control Redemption Amount.
- (b) Upon the occurrence of a Change of Control as a consequence of Mr Paul Gheysens' decease:
 - (i) the Issuer shall promptly give a notice to the Bondholders specifying the nature of the Change of Control and convene a general meeting of the bondholders, inviting the general meeting of Bondholders to resolve on the possible early redemption of the Bonds; and
 - (ii) unless the general meeting of Bondholders decides with an at least 75 per cent. majority not to require the early redemption of the Bonds, each Bondholder has the right to require the Issuer to redeem its Bonds at the Change of Control Redemption Amount less the indemnity provided for under paragraph 0 of the definition of "Change of Control Redemption Amount".
- (c) If Bondholders exercise their rights referred to in paragraph 00 or 00 above in respect of at least 90 per cent. of the aggregate Nominal Amount of the outstanding Bonds, the Issuer may (having given not less than 15 nor more than 30 days notice to the Bondholders) decide to redeem all (but not part) of the outstanding Bonds at their Change of Control Redemption Amount.

6.6.4. Illegality

If it becomes illegal for the Issuer to issue or maintain the Bonds, or perform its obligations under the Bonds, the Bonds shall be immediately due and repayable at their Nominal Amount together with any accrued interest, without further formality.

6.6.5. Cancellation

All Bonds which are redeemed will be cancelled and may not be re-issued or resold.

6.7. Payments

- (a) Without prejudice to Article 474 of the Companies Code, all payments of Nominal Amount or interest in respect of the Bonds shall be made through the Agent and the NBB System in accordance with the NBB System Regulations. The payment obligations of the Issuer under the Bonds will be discharged by payment to the Agent in respect of each amount so paid.
- (b) Any payment by the Issuer under the Bonds shall first be allocated to interest and then to any outstanding Nominal Amount.

- (c) All payments are subject in all cases to any applicable tax or other laws and regulations in the place of payment.

6.8. Taxation

All payments of Nominal Amount and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Belgium or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond :

- (a) by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with Belgium other than the mere holding of the Bond;
- (b) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive;
- (c) to a Bondholder, who at the time of issue of the Bonds, was not an eligible investor within the meaning of Article 4 of the Belgian Royal Decree of 26 May 1994 on the deduction of withholding tax or to a Bondholder who was such an eligible investor at the time of issue of the Bonds but, for reasons within the Bondholder's control, either ceased to be an eligible investor or, at any relevant time on or after the issue of the Bonds, otherwise failed to meet any other condition for the exemption of Belgian withholding tax pursuant to the Belgian Act of 6 August 1993 relating to certain securities; or
- (d) to a Bondholder who is liable to such Taxes because the Bonds were upon his/her request converted into registered Bonds and could no longer be cleared through the NBB System.

6.9. Undertakings

The undertakings in this Condition 6.9 remain in force from the Issue Date for so long as any amount is outstanding under the Bonds.

6.9.1. Negative pledge

The Issuer shall not (and shall procure that no other member of the Guarantor Group shall) create or permit to subsist any Security or Quasi-Security over any of its assets which is not Permitted Security.

6.9.2. Cash upstreaming

The Issuer shall procure that its Subsidiaries shall upstream any cash in hand or at bank and (in the latter case) credited to an unpledged bank account in the name of a Subsidiary of the Issuer not required:

- (a) to service any Project Financial Indebtedness;

- (b) to repay Group Loans, provided that the Minimum Interco Balance Requirement remains complied with;
- (c) for payments in respect of any operational expenses; or
- (d) for payments owing to Tax,

in each case within the 12 month period following that time, to the Issuer (directly or indirectly) by way of, amongst others, the payment of dividends, interests, loans, advances, fees or any other payments.

6.9.3 Financial Indebtedness

- (a) The Issuer shall not (and shall procure that none of its Subsidiaries will) incur any Financial Indebtedness save for Permitted Financial Indebtedness.
- (b) The Issuer shall procure that the Minimum Interco Balance Requirement is met at all times.

6.9.4 No change of business

- (a) The Issuer shall not (and shall procure that no other member of the Issuer Group will):
 - (i) acquire a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them) or incorporate a company;
 - (ii) develop any business activities other than its current business or in any geographical market where it is not active on the Issue Date; or
 - (iii) make any new investments (other than repair and maintenance investments) pertaining to any of the Projects,

other than any Permitted Investments.
- (b) The Issuer shall procure that no member of the Guarantor Group (other than a member of the Issuer Group) will:
 - (i) acquire a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them) or incorporate a company;
 - (ii) develop any business activities other than its current business or in any geographical market where it is not active on the Issue Date; or
 - (iii) make any new investments (other than repair and maintenance investments) pertaining to any real estate project in a market in which they are active on the Issuer Date,
 - if, as a result of that action more than 30 per cent. of the Guarantor Group's Total Assets would be located or generated outside Belgium, France, Poland, the Ukraine and Russia.
- (c) The Issuer shall procure that no substantial change is made to the general nature of its business or that of the Guarantor Group taken as a whole from that carried on by it and by the Guarantor Group taken as a whole on the Issue Date.
- (d) The Issuer shall procure that none of its Subsidiaries shall engage in any other business or activities than those directly associated with the Projects and save for Permitted Secondary Activities.

6.9.5. Change of ownership

The Issuer shall not cease to be a wholly-owned Subsidiary (less five shares) of the Guarantor.

6.9.6. Dividends, share redemption and other payments

- (a) The Issuer shall not (and shall procure that no other member of the Issuer Group will):
- (i) declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital);
 - (ii) repay or distribute any share premium reserve; or
 - (iii) redeem, repurchase, defease, retire or repay any of its share capital or resolve to do so,
- other than to comply with Condition 6.9.2.
- (b) The Issuer shall not (and shall procure that no other member of the Issuer Group will) pay any management, advisory or other fee to or to the order of any Affiliate of the Issuer, other than the payment of management fees provided for under the Service Level Agreements in the original form or fees for accounting and administration services provided at arm's length terms.
- (c) Without prejudice to paragraph 0 above, the Issuer shall not (and shall procure that no other member of the Guarantor Group will):
- (i) declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital);
 - (ii) repay or distribute any share premium reserve;
 - (iii) redeem, repurchase, defease, retire or repay any of its share capital or resolve to do so; or
 - (iv) pay any management, advisory or other fee to or to the order of any Parent Company of the Guarantor, other than the payment of management fees provided for under the Service Level Agreements in the original form or fees for accounting and administration services provided at arm's length terms,
- unless it is, and continue to be after that action, in compliance with paragraph 0 of Condition 6.9.13.

6.9.7. Loans or credit

The Issuer shall not (and shall procure that no other member of the Issuer Group will) be a creditor in respect of any Financial Indebtedness owed by any person which is not a member of the Issuer Group, unless pursuant to Group On-lendings in circumstances where the Minimum Interco Balance Requirement is met.

6.9.8. No guarantees or indemnities

The Issuer shall not (and shall procure that no other member of the Issuer Group will) incur or allow to remain outstanding any guarantee covering any obligation of any person which is not a member of the Issuer Group.

6.9.9. Service Level Agreements

The Issuer shall not (and shall procure that no other member of the Guarantor Group will) amend, vary, supplement or waive a Service Level Agreement in any material way detrimental to the Issuer Group or novate, supersede, terminate, dissolve or cancel a Service Level Agreement.

6.9.10. Merger

The Issuer shall not (and shall procure that no other member of the Guarantor Group will) enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction, except for intra group restructurings at the level of the Subsidiaries of the Issuer and of the Subsidiaries of the Guarantor (other than the Issuer).

6.9.11. Disposals

- (a) Except as permitted under paragraph 0 below, the Issuer shall not (and shall procure that no other member of the Guarantor Group will) enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset.
- (b) Paragraph 0 above does not apply to any sale, lease, transfer or other disposal which is a Permitted Disposal.

6.9.12. Taxation

- (a) The Issuer shall (and shall procure that the Guarantor will) not become domiciled or resident in or subject generally to the taxing authority of any jurisdiction other than Belgium.
- (b) The Issuer shall not (and shall procure that no other member of the Guarantor Group will) carry out any actions that would negatively impact the tax treatment of the Bonds.

6.9.13. Financial Ratios

The Issuer shall procure that on each Testing Date:

- (a) the Total Unsecured Assets of the Issuer are equal to or higher than EUR 60,000,000;
- (b) the Total Unsecured Assets of the Guarantor are equal to or higher than EUR 300,000,000;
- (c) the Consolidated Equity of the Issuer is equal to or higher than EUR 15,000,000;
- (d) the Consolidated Equity of the Guarantor is equal to or higher than EUR 400,000,000;
- (e) the ratio of (i) the aggregate of the Consolidated Equity of the Issuer Group and the aggregate net balance between all Group Loans and all Group On-lendings to (ii) the Total Assets of the Issuer Group, in each case for the relevant Period is equal to or higher than 20 per cent.;
- (f) the ratio of the Consolidated Equity of the Guarantor to its Total Assets for the relevant Period is equal to or higher than 40 per cent.; and
- (g) the ratio of Undeveloped Land of the Issuer Group to the sum of Consolidated Investment Property and Consolidated Property Development Inventories of the Issuer Group for the relevant Period is equal to or lower than 15 per cent.

6.9.14. Publication of Financial Ratios

- (a) The Issuer shall, no later than 90 days after each Testing Date publish certificates on a page on its website (currently www.ghelamco.com) that may be password protected, confirming

that the Financial Ratios in respect of the relevant Testing Date have been complied with and setting out, in reasonable detail, computations showing such compliance (the "**Certificates**").

- (b) The Certificates shall be signed by:
- (i) in respect of Financial Ratios applying to the Issuer Group, the Issuer's chief executive officer and its chief financial officer and countersigned by its auditor after due verification; and
 - (ii) in respect of Financial Ratios applying to the Guarantor Group, the Guarantor's chief executive officer and its chief financial officer and countersigned by its auditor after due verification.

(c) All Certificates will remain published on a page on the Issuer's website (currently www.ghelamco.com) that may be password protected.

- (d) If any information made available pursuant to this Condition or pursuant to Condition 6.9.15 is published on a password protected web page, the Issuer will promptly upon request provide the relevant password to each Bondholder evidencing its capacity as a Bondholder.

6.9.15. Requirements as to financial statements

- (a) The Issuer shall (and will procure that the Guarantor will) prepare its Financial Statements in accordance with the Accounting Principles.
- (b) The Issuer will procure that its auditors review the half-yearly consolidated financial statements if the Issuer and the Guarantor in accordance with IAS 34 and will provide a limited review opinion.
- (c) A copy of the Financial Statements will be (and remain) published on a page on the Issuer's website (currently www.ghelamco.com) that may be password protected, as soon as they become available but in any event no later than the publication of the Certificates (as set out in Condition 6.9.14) relating to such Financial Statements.

6.9.16. Notification of Events of Default

The Issuer shall promptly inform the Bondholders of the occurrence of any Event of Default (and the steps, if any, being take to remedy it).

6.10. Events of default

- (a) Each of the events or circumstances set out in this Condition 6.10 is an Event of Default.
- (b) If an Event of Default occurs, each Bondholder may give written notice to the Issuer at its registered office with a copy to the Agent that such Bond is immediately due and repayable, at its Nominal Amount together with accrued interest (if any) to the date of payment, without further formality, unless such event shall have been remedied prior to the receipt of such notice by the Agent.

6.10.1. Non-payment

The Issuer does not pay on the due date any amount payable in respect of the Bonds, unless its failure to pay is caused by an administrative or technical error and payment is made within three Business Days.

6.10.2. Other obligations

The Issuer does not comply with any provision of the Conditions (other than referred to in Condition 6.10.1), unless the failure to comply is capable of remedy and is remedied within 10 Business Days of the earlier of (a) a Bondholder giving notice to the Issuer of such default and (b) the Issuer becoming aware of the failure to comply.

6.10.3. Cross default

- (a) Any Financial Indebtedness of any member of the Guarantor Group is not paid when due nor within any originally applicable grace period.
- (b) Any Financial Indebtedness of any member of the Guarantor Group is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (howsoever described).
- (c) Any commitment for any Financial Indebtedness of any member of the Guarantor Group is cancelled or suspended by a creditor of any member of the Guarantor Group as a result of an event of default (however described).
- (d) Any creditor of any member of the Guarantor Group becomes entitled to declare any Financial Indebtedness of any member of the Guarantor Group due and payable prior to its specified maturity.
- (e) No Event of Default will occur under this Condition 6.10.3 if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs 0 to 0 above is:
 - (i) in respect of any member of the Issuer Group, less than EUR 5,000,000 (or its equivalent in any other currency or currencies); and
 - (ii) in respect of other members of the Guarantor Group, less than EUR 50,000,000 (or its equivalent in any other currency or currencies) and does not have, or is not reasonably likely to have, a Material Adverse Effect.

6.10.4. Security enforcement

Any Security granted by a member of the Guarantor Group becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) *provided that* no Event of Default will occur under this Condition 6.10.4 if the aggregate amount of Financial Indebtedness in respect of which such Security becomes enforceable and steps are taken to enforce it is:

- (a) in respect of any member of the Issuer Group, less than EUR 5,000,000 (or its equivalent in any other currency or currencies); and
- (b) in respect of other members of the Guarantor Group, less than EUR 50,000,000 (or its equivalent in any other currency or currencies) and does not have, or is not reasonably likely to have, a Material Adverse Effect,

6.10.5. Creditors' process

Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of a member of the Guarantor Group having an aggregate value in excess of:

- (a) in respect of any member of the Issuer Group, EUR 5,000,000 (or its equivalent in any other currency or currencies); and
- (b) in respect of other members of the Guarantor Group, EUR 50,000,000 (or its equivalent in any other currency or currencies) and has, or is reasonably likely to have, a Material Adverse Effect,

and is in each case not discharged within 30 days.

6.10.6 Insolvency

- (a) A member of the Guarantor Group is declared bankrupt (failliet/faillite or any analogous procedure or step in any jurisdiction) or is unable or admits inability to pay its debts as they fall due or is deemed to or declared to be unable to pay its debts under applicable law, suspends or threatens to suspend making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness.
- (b) The value of the assets of any member of the Guarantor Group is less than its liabilities (taking into account contingent and prospective liabilities) unless that situation is remedied within 10 Business Days of the earlier of (a) a Bondholder giving notice to the Issuer of such default and (b) the Issuer becoming aware of the failure to comply, provided that this Condition 10.6 does not apply to any member of the Guarantor Group which is a special purpose vehicle active as a real estate development company to the extent such company complies with any applicable capital protection rules.
- (c) A moratorium (gerechtelijke reorganisatie/réorganisation judiciaire or any analogous procedure or step in any jurisdiction) is declared in respect of any indebtedness of any member of the Guarantor Group. If a moratorium occurs, the ending of the moratorium will not remedy any Event of Default caused by that moratorium.

6.10.7. Insolvency proceedings

- (a) Any corporate action, legal proceedings or other procedure or step is taken in relation to:
 - (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any member of the Guarantor Group;
 - (ii) a composition, compromise, assignment or arrangement with any creditor of any member of the Guarantor Group; or
 - (iii) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of any member of the Guarantor Group or any of its assets,

or any analogous procedure or step is taken in any jurisdiction.

- (b) Paragraph 0 shall not apply to any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 14 days of commencement.
- (c) In this Clause 6.10.7, a reference to:
 - (i) a "**liquidator**", "**compulsory manager**", "**receiver**", "**administrative receiver**", "**administrator**" or similar officer includes any *curator/curateur, vereffenaar/liquidateur, gedelegeerd rechter/juge délégué, gerechtsmandataris/*

mandataire de justice, voorlopig bewindvoerder/administrateur judiciaire, gerechtelijk bewindvoerder/administrateur judiciaire, mandataris ad hoc/mandataire ad hoc and sekwester/séquestre;

- (ii) a "**suspension of payments**", "**moratorium of any indebtedness**", "**winding-up**", "**dissolution**", "**administration**" or "**reorganisation**" includes any *vereffening/liquidation, ontbinding/dissolution, faillissement/faillite or sluiting van een onderneming/fermeture d'entreprise*; and
- (iii) a "**composition**" includes any *gerechtelijke reorganisatie/réorganisation judiciaire*.

6.11. Agent

- (a) The Issuer reserves the right at any time to vary or terminate the appointment of the Agent and appoint additional or other paying agents, provided that it will (i) maintain a principal paying agent, (ii) maintain a domiciliary agent and the domiciliary agent will at all times be a participant in the NBB System, and (iii) if required, appoint an additional paying agent, from time to time with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive. Notice of any change in Agent or its specified offices will promptly be given by the Issuer to the Bondholders.
- (b) Subject to the Conditions, the Agent shall not make or impose on a Bondholder any charge or commission in relation to any payment in respect of the Bonds.

6.12. Fractions

When making payments to Bondholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded down to the nearest unit.

6.13. Non business days

If any date for payment in respect of the Bonds is not a Business Day, the holder shall not be entitled (a) to payment until the next following Business Day unless it would thereby fall into the next calendar month in which event it shall be brought back to the immediately preceding Business Day, nor (b) to any interest or other sum in respect of such postponed or anticipated payment. For the purpose of calculating the interest payable under the Bonds, the Interest Payment Date shall not be adjusted.

6.14. Statute of limitation

Claims against the Issuer (whether for payment in respect of Nominal Amount, interest on the Bonds or otherwise) shall be prescribed and become void unless made within a period of ten years in the case of any Nominal Amount and five years in the case of interest or other payment from the later of:

- (a) the date on which payment in respect of it first becomes due; and

- (b) if any amount of the money payable is improperly withheld or refused the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is given by the Issuer to the Bondholders that such payment will be made, provided that such payment is in fact made as provided in the Conditions.

6.15. Meetings of bondholders, modification and waiver

6.15.1. Meeting of Bondholders

- (a) The Bondholders will be represented in a general meeting of the Bondholders which may be convened in accordance with Article 568 of the Companies Code in order to take certain decisions with respect to the Bonds, including the modification of certain provisions of the Conditions.
- (b) In accordance with Article 568 of the Companies Code, the general meeting of Bondholders is entitled (i) to accept schemes to furnish special securities in favour of the Bondholders or to amend or repeal such special securities that already have been furnished, (ii) to extend one or more Interest Periods, to agree to a decrease of the rate of interest or to amend the payment terms of the interest, (iii) to extend or suspend the redemption and to agree to an amendment of the Conditions under which such redemption is to be made, (iv) to accept that the claims of the Bondholders will be replaced by shares, (v) to resolve upon the protective measures that are to be taken in the common interest, and (vi) to appoint one or more proxyholders for the execution of the decisions that have been taken pursuant to this Condition 6.15.1 as well as for the representation of the mass of Bondholders in the procedures for the decrease or the removal of any existing mortgage registration.
- (c) The general meeting of Bondholders may be convened by the board of directors or by the statutory auditor(s) of the Issuer. They must convene such general meeting at the request of Bondholders representing one fifth of the existing Bonds. The general meeting of Bondholders can only validly deliberate and resolve if the Bondholders that are present at the meeting, represent at least half of the existing Bonds. In case such quorum is not met, a new convocation will be required and a second meeting will then be able to validly deliberate and resolve regardless of the number of Bonds that are represented on such second meeting.
- (d) The decisions will be passed with at least a three-quarter majority of the Bonds taking part in the voting. A decision taken with a majority of less than one third of the existing Bonds shall only be executed if such decision has been approved by the Court of Appeal within whose jurisdiction the Issuer has its registered office.
- (e) The quorum as well as the majority requirements mentioned here above do not need to be observed in case the decisions relate to protective measures that are to be taken in the common interest or to the appointment of proxyholders of the Bondholders.
- (f) The decisions that have been duly approved by the general meeting of Bondholders will be binding upon all Bondholders.

6.15.2. Amendments to the Conditions

- (a) The Conditions may be amended by the Issuer without the consent of the Bondholders in order to rectify (i) a minor error, or (ii) a formal or technical error, provided that such amendments do not adversely affect the interests of the Bondholders.
- (b) All other amendments to the Conditions require the consent of the Bondholders.

6.15.3. General meeting of shareholders

The Bondholders shall be entitled to attend all general meetings of shareholders of the Issuer in accordance with Article 537 of the Companies Code, and they shall be entitled to receive or examine any documents that are to be remitted or disclosed to them in accordance with the Companies Code. The Bondholders who attend any general meeting of shareholders shall be entitled only to a consultative vote.

6.16. Transfer of the Bonds

- (a) Subject to the provisions of the Conditions, the Bonds are freely transferable between NBB System participants.
- (b) Transfers of interests in the Bonds will be effected between NBB System participants in accordance with the rules and operating procedures of the NBB System. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the NBB System participants through which they hold their Bonds.
- (c) Upon the exchange into registered form, the Bonds remain freely transferable. Transfers of ownership of registered Bonds are effected by a declaration of transfer, recorded in the register of Bonds (maintained by the Issuer at its registered office) and signed by the transferor and transferee, or by their respective representative(s), in accordance with Article 504 of the Companies Code. The Issuer may keep a register of Bonds in electronic form as set out in and in accordance with Article 504 of the Companies Code.

6.17. Notices

6.17.1. Notices to the Bondholders

- (a) Notices to the Bondholders shall be valid if:
- (i) delivered by or on behalf of the Issuer to the Agent and then to the NBB System for communication by it to the NBB System participants; or
 - (ii) published in two leading newspapers having general circulation in Belgium (which may be De Tijd and L'Echo).
- (b) Any such notice shall be deemed to have been given on the later of:
- (i) seven days after its delivery to the NBB System; and
 - (ii) the publication of the latest newspaper containing such notice.
- (c) In addition to the above communications and publications, with respect to notices for a meeting of Bondholders, any convening notice for such meeting shall be made in accordance with Article 570 of the Companies Code, by an announcement to be inserted at least fifteen days prior to the meeting, in the Belgian Official Gazette (*Belgisch Staatsblad/Moniteur Belge*) and in a newspaper with national coverage. Resolutions to be submitted to the meeting must be described in the convening notice.

6.17.2. Notices to the Issuer

All notices or other communication required or permitted to be given in writing by any Bondholder to the Issuer under the Conditions must be (a) given by email (address: bvba.fmp@telenet.be and

bonds2012@ghelamco.com) or telefax (number: +32 56 59 43 01), and (b) confirmed by registered mail or express courier service to the following addresses: 8900 Ieper, Zwaanhofweg 10, Belgium.

6.18. Governing law and jurisdiction

- (a) The Bonds and any non-contractual obligations arising out of or in connection with the Bonds are governed by, and shall be construed in accordance with, Belgian law.
- (b) The courts of Brussels, Belgium have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Bonds and any non-contractual obligations arising out of or in connection with the Bonds.

“For information purposes only.
Issue for subscribers only.”

SCHEDULE 1
TOTAL UNSECURED ASSETS AS PER 30 JUNE 2012

Unsecured assets testing pre- and post bond

	(€k)	pre-bond 30/06/2012	post bond 25,000	post bond 30,000	post bond 50,000	post bond 60,000	covenant limit
IRC							
Total Assets		236,106	261,106	266,106	286,106	296,106	
Secured Debt (=for the time being bank financing)		118,496	118,496	118,496	118,496	118,496	
Total Unsecured Assets		117,610	142,610	147,610	167,610	177,610	60,000 min
GHEL GROUP							
Total Assets		1,090,489	1,115,489	1,120,489	1,140,489	1,175,489	
Secured Debt (=for the time being bank financing)		380,522	380,522	380,522	380,522	380,522	
Total Unsecured Assets		709,967	734,967	739,967	759,967	794,967	300,000 min

7. Belgian taxation

The following is a general description of the principal Belgian tax consequences for investors receiving interest in respect of, or disposing of, the Bonds and is of a general nature. It does not purport to be a complete analysis of tax considerations relating to the Bonds whether in Belgium or elsewhere.

This general description is based upon the law as in effect on the date of this Information Memorandum and is subject to any change in law that may take effect after such date (or with retroactive effect). Investors should appreciate that, as a result of changing law or practice, the tax consequences may be otherwise than as stated below. Investors should consult their professional advisors on the possible tax consequences of subscribing for, purchasing, holding or selling the Bonds under the laws of their countries of citizenship, residence, ordinary residence or domicile. This description is for general information only and does not purport to be comprehensive.

7.1. Belgian withholding tax

7.1.1. General

The interest to be paid on the Bonds by or on behalf of the Issuer will in principle be subject to a 21 per cent withholding tax in Belgium.

In this regard, "interest" means the periodic interest income, and any amount paid by or on behalf of the Issuer in excess of the Issue Price (whether or not on the Final Maturity Date) and, in case of a disposal of the Bonds between two interest payment dates, the pro rata part of accrued interest corresponding to the holding period.

7.1.2. X/N Clearing system of the National Bank of Belgium ("NBB")

The holding of the Bonds in the X/N Clearing system permits most types of investors (the "Eligible Investors", see below) to collect interest on their Bonds free of Belgian withholding tax.

Participants in the X/N Clearing system must keep the Bonds they hold for the account of Eligible Investors in an exempt securities account (an "X-account"), and those they hold for the account of non-Eligible Investors in non-exempt securities accounts ("N-accounts"). Payments of interest made in respect of Bonds held in X-accounts may be made free of Belgian withholding tax; payments of interest made in respect of Bonds held in N-accounts are subject to a withholding tax, currently at a rate of 21%, which the NBB deducts from the interest payment and pays over to the tax authorities. Transfers of Bonds between an X-account and an N-account give rise to certain adjustment payments on account of withholding tax:

- A transfer from an N-account to an X-account gives rise to the payment by the transferor "non-Eligible Investor" to the NBB of withholding tax on the pro rata interest accrued since the last interest payment date up to the transfer date.
- A transfer from an X-account to an N-account gives rise to the refund by the NBB to the transferee non-Eligible Investor of withholding tax on the pro rata interest accrued since the last interest payment date up to the transfer date.
- Transfers of Bonds between two X-accounts do not give rise to any adjustment on account of withholding tax.
- Transfers of Bonds between two N-accounts give rise to the payment by the transferor non-Eligible Investor to the NBB of withholding tax on the pro rata interest accrued since the last interest payment date up to the transfer date, and to the refund by the NBB to the transferee non-Eligible Investor of withholding tax on such amount.

These adjustment mechanics are such that parties trading the Bonds on the secondary market, irrespective of whether they are Eligible or non-Eligible Investors, are in a position to quote prices on a gross basis.

The main categories of Eligible Investors are as follows:

- Belgian resident companies subject to Belgian corporate income tax;
- Belgian qualifying investment funds as recognised in the framework of pension savings as referred to in Article 115 Royal Decree implementing the Income Tax Code ("RD/ITC");
- institutions, associations and companies within the meaning of Article 2, §3 of the Law of 9 July 1975 on the supervision of insurance companies (other than those referred to in points 1° and 3° and subject to the applications of Article 262, 1° and 5° of the Belgian Income Tax Code 1992 ("ITC"));
- semi-public governmental social security institutions or institutions similar thereto;
- companies, associations and other tax payers provided for in Article 227, 2° ITC, whose Bonds are held for the exercise of their professional activities in Belgium and which are subject to non-resident income tax in Belgium pursuant to Article 233 ITC;
- non-resident investors provided for in Article 105, 5° RD/ITC;
- foreign collective investment funds (such as "beleggingsfondsen" / "fonds de placement") which are an undivided estate managed by a management company for the account of its participants and the units of which are not publicly offered or otherwise marketed in Belgium.

The main categories of non-Eligible Investors are as follows:

- Belgian resident individuals; and
- Belgian non-profit organizations (other than aforementioned qualifying investment funds and semi-public governmental institutions);

The above categories summarize the detailed definitions set forth in Article 4 of the Royal Decree of 26 May 1994, to which investors should refer for a precise description of the relevant eligibility rules.

When opening an X-account for the holding of Bonds, an Eligible Investor will be required to certify its eligible status on a standard form approved by the Belgian Minister of Finance and send it to the participant to the X/N clearing system where this account is kept. There are no ongoing certification requirements for Eligible Investors (although these investors must update their certification should their eligible status change). Participants to the X/N clearing system are however required to report annually to the NBB as to the eligible status of each investor for whom they hold Bonds in an X-account during the preceding calendar year.

These identification requirements do not apply to Bonds held with Euroclear or Clearstream, Luxembourg acting as participants to the X/N clearing system, provided that they only hold X-Accounts and that they are able to identify the holders for whom they hold Bonds in such account.

7.2. Belgian tax on income and capital gains

7.2.1. Belgian resident individuals

For individuals who are Belgian residents for tax purposes, i.e. who are subject to the Belgian personal income tax ("*Personenbelasting*" / "*Impôt des personnes physiques*") and who hold the Bonds as a private investment, the interest will in principle be subject to a 21 per cent withholding tax.

For interest payments submitted to interest withholding tax at a rate of 21 per cent and for which the Belgian resident individual does not elect for the 4 per cent additional contribution to be withheld at source, the Belgian resident individual will be obliged to report this income in his annual personal income tax return. Furthermore, in case the Belgian resident individual does not elect for the 4 per cent additional contribution to be withheld at source, the amount of the interest payments will also be communicated to the "central point of information" (i.e. a separate instance within the Ministry of Finance). The reporting of such interest income in the personal income tax return might result in an additional contribution of 4 per cent on this interest income if the total amount of interest and dividend income received during the taxable period, exceeds € 20,020 (indexed threshold amount for income year 2012/assessment year 2013). The additional contribution will only be due on the excess part of the interest income, taking into account that dividend and interest income which was already taxed at a 25 per cent withholding tax, will be imputed first against the € 20,020 threshold.

For interest payments submitted to interest withholding tax at a rate of 21 per cent and for which the Belgian resident individual elects for the 4 per cent additional contribution to be withheld at source, the Belgian resident individual is discharged from his obligation to declare this income in his personal income tax return. In such case, the interest payments will in principle not be communicated to the "central point of information".

Belgian resident individuals may nevertheless always elect to declare such interest (which was subject to a 21 per cent withholding tax and 4 per cent additional contribution withheld at source) in their personal income tax return. If they do so, the 4 per cent additional contribution (in addition to the 21 per cent withholding tax) can be (fully or partially) credited or refunded for the part of the interest that can be imputed against the first € 20,020 (indexed threshold amount for income year 2012/assessment year 2013) of all interest and dividend income (excluding certain income) received by such private individual. It is to be noted that income which was already taxed at a 25 per cent withholding tax, will be imputed first against the € 20,020 threshold.

If the income is reported in the personal income tax return, the progressive personal income tax rates taking into account the taxpayer's other declared income may apply if the application of such progressive personal income tax rates results in a lower amount of taxation. If the interest payment is declared, the withholding tax retained by or on behalf of the Issuer may be credited and may even be refundable.

Although the interest income that is reported is generally also subject to a local municipality surcharge upon the income tax due, it has been explicitly provided for in the Law that this municipality surcharge will not apply on the additional contribution of 4 per cent.

Capital gains realized on the sale of the Bonds are in principle tax exempt, unless the capital gains are realized outside the scope of the normal management of one's private estate (in which case the capital gain will be taxed at 33 per cent plus local municipality surcharge) or unless the capital gains qualify as interest. Capital losses realized upon the disposal of the Bonds held as non-professional investment are in principle not tax deductible.

Other tax rules apply to Belgian resident individuals who do not hold the Bonds as a private investment.

7.2.2. Belgian resident companies

Interest attributed or paid to corporate Bondholders who are Belgian residents for tax purposes, i.e. who are subject to the Belgian Corporate Income Tax ("*Vennootschapsbelasting*" / "*Impôt des sociétés*"), as well as capital gains realized upon the sale of the Bonds are taxable at the ordinary corporate income tax rates (generally 33.99 per cent). The withholding tax retained by or on behalf of

the Issuer will, subject to certain conditions, be creditable against any corporate income tax due and any excess amount will in principle be refundable.

Capital losses realized upon the sale of the Bonds are in principle tax deductible.

7.2.3. Belgian resident legal entities

Belgian legal entities subject to the Belgian legal entities tax ("*Rechtspersonenbelasting*" / "*Impôt des personnes morales*") which do not qualify as Eligible Investors are subject to a withholding tax of 21 per cent on interest payments. The withholding tax is neither creditable nor refundable and therefore constitutes the final taxation.

Belgian legal entities that qualify as eligible investors, are still liable themselves to account for the applicable withholding tax (art. 262, 1° a) ITC) which is applicable to them. These legal entities are advised to consult their own tax advisors in this respect.

Belgian legal entities are not liable to income tax on capital gains realized upon the disposal of the Bonds (except as the case may be in the form of withholding tax). Capital losses are in principle not tax deductible.

7.2.4. Organizations for Financing Pensions

Interest derived by OFP ("*Organismen voor de Financiering van Pensioenen*" / "*Organismes de Financement de Pensions*") Bondholders on the Bonds and capital gains realized on the Bonds will be exempt from Belgian Corporate Income Tax.

Any Belgian withholding tax levied on the interest will, subject to certain conditions, be creditable against any corporate income tax due and any excess amount will in principle be refundable.

7.2.5. Non-residents

Bondholders who are non-residents of Belgium for Belgian tax purposes and who are not holding the Bonds through a Belgian establishment and do not invest the Bonds in the course of their Belgian professional activity will not incur or become liable for any Belgian tax on interest income or capital gains (save as the case may be, in the form of a withholding tax) by reason only of the acquisition, ownership or disposal of the Bonds.

7.3. Tax on stock exchange transactions

A stock exchange tax ("*Taxe sur les opérations de bourse*" / "*Taks op de beursverrichtingen*") will be levied on the purchase and sale in Belgium of the Bonds on a secondary market through a professional intermediary. The rate applicable for secondary sales and purchases in Belgium through a professional intermediary amounts to 0.09 per cent with a maximum amount of € 650 per transaction and per party. The tax is due separately by each party to any such transaction, i.e. the seller (transferor) and the purchaser (transferee), both collected by the professional intermediary.

However, the tax referred to above will not be payable if no professional intermediary intervenes in the transaction or, even if a professional intermediary intervenes in the transaction, by exempt persons acting for their own account, including investors who are Belgian non-residents provided they deliver an affidavit to the financial intermediary in Belgium confirming their non-resident status and certain Belgian institutional investors, as defined in Article 126/1, 2° of the Code of various duties and taxes ("*Code des droits et taxes divers*" / "*Wetboek diverse rechten en takser*").

7.4. European Directive on taxation of savings income in the form of interest payments

On 3 June 2003, the Council of the European Union adopted the Council Directive 2003/48/EC regarding the taxation of savings income (hereinafter referred to as the "EU Savings Directive"), which has been implemented in Belgium by the Law of 17 May 2004. The EU Savings Directive entered into force on 1 July 2005.

Under the EU Savings Directive, each Member State is required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State (the "Disclosure of Information Method"); however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding tax system in relation to such payments, deducting tax at rates rising over time to 35 per cent. (the "Source Tax"). The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Also with effect from 1 July 2005, a number of non-EU countries and certain dependent or associated territories of certain Member States have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provisions of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

In Belgium, the transitional period ended on 31 December 2009. This means that, as of 1 January 2010, interest paid on the Bonds to beneficial owners who are individuals, residents in another Member State or certain dependent or associated territories, receiving the interest payments from a Belgian paying agent, will be subject to the disclosure of this information by the Belgian tax authorities to the tax authorities in their state of residence, as set out above.

8. Subscription and sale

8.1. Subscription period

After having read the entire Information Memorandum and, on the basis of the Conditions, among other things, having decided to subscribe to the Bonds, the investors can subscribe to the Bonds via the Joint Lead Managers or the Selling Agents.

The Bonds will be offered through a private placement which will start on 3 December 2012 and end on 10 December 2012, or such earlier date as the Joint Lead Managers in consultation with the Issuer may agree. Prospective subscribers to the Bonds will be notified of their allocations of Bonds by the Joint Lead Managers, the Selling Agent or the financial intermediary through which they have introduced their demand in accordance with the arrangements in place between parties. The exact number of Bonds allotted to Subscribers will be determined at the end of the Subscription Period by the Joint Lead Managers in consultation with the Issuer.

The Joint Lead Managers in consultation with the Issuer reserve the right to close the offering of the Bonds as soon as 400 Bonds have been subscribed to, corresponding to the Aggregate Subscription Amount of € 20 million.

The applications can also be submitted via agents or any other financial intermediaries. In this case, the investors must obtain information concerning the commission fees that the financial intermediaries can charge. These commission fees are charged to the investors.

8.2. Issue Price

The Issue Price will be 100% of the Nominal Amount.

8.3. Minimum subscription amount, Aggregate Subscription Amount

The Issuer intends to raise € 20.000.000. This Aggregate Subscription Amount can be increased at the option of the Issuer in consultation with the Joint Lead Managers, to the extent that the financial ratios as mentioned in the covenants included in the Section 6.9.13 Conditions are complied with at the Issue Date. As the case may be, upon decision of the Issuer, and after consultation with the Joint Lead Managers, and taking into account the allocable demand from potential subscribers, the Bond Issue may be cancelled or it may be decided to proceed with the Bond Issue even if the intended amount of € 20.000.000 would not be fully subscribed.

Each Bond will have a Nominal Amount of € 50,000 per Bond. The Minimum Subscription per prospective subscriber will be € 100,000.

8.4. Allocation

The Joint Lead Managers will determine in consultation with the Issuer the exact number of Bonds of each type (Series A and Series B) to be allocated.

When evaluating the allocation of Bonds to the Investors, objective and subjective criteria may be used such as: the total number of Bonds applied for, the number of Bonds applied for in each

Tranche, the number of Bonds requested by the individual prospective subscriber and the time at which the application of the prospective subscriber was made.

Prospective subscribers will be notified of their allocations of Bonds by the Joint Lead Manager, Selling Agent or financial intermediary through which they have introduced their demand and in accordance with the arrangements in place between the Issuer, the Joint Lead Managers and the Selling Agent

8.5. Conditions to which the Bonds Issue is subject

The Bonds issue is subject to the Conditions set out in Section 8.9 below and the customary conditions for this type of transaction.

Furthermore, the Bonds issue is subject to the condition precedent that as at the Issue Date, (i) there have been no Material Adverse Change affecting the Issuer, and (ii) there having been no such change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would in the reasonable opinion of the Joint Lead Managers, acting in good faith, be likely to prejudice the success of the offering and distribution of the Bonds or dealings in the Bonds.

8.6. "Material Adverse Change" means

- any material adverse effect on the ability of the Issuer to perform its obligations under the Bonds; it being understood that a Material Adverse Effect shall be deemed to have occurred in all cases where isolated events would not have such an effect, but where the aggregate of two or more of such events would have in the aggregate such effect;
- any event or circumstance which might have a material adverse effect on the validity or enforceability of the Bond documentation or the rights or remedies of any Bondholder under the Bond documentation; or
- any event or circumstance which might have a material adverse effect on the value, state or condition (financial or otherwise) of the shareholders' equity or the properties, assets, rights, business, management, prospects, earnings, net worth or results of operations of the Issuer.

8.7. Payments

8.7.1. Payment date for the Bonds

The Payment Date is 13 December 2012. The payment for the Bonds can only occur by means of debiting the total subscription amount from a financial account which the subscriber holds with the Joint Lead Manager or Selling Agent. If the subscriber does not hold such account he will be required to open such account.

KBC Securities, in its capacity as Paying Agent, will centralize the aggregate amount subscribed by all investors and will make this amount available to the Issuer upon delivery of the Bonds in dematerialized form. The Bondholder has the right to request conversion of the dematerialized Bonds into registered Bonds at any time after allocation of the Bonds.

On the date that the subscriptions are settled, the X/N settlement system of the NBB will credit the custody account of KBC Securities according to the details specified in the rules of the X/N settlement system. Subsequently, KBC Securities will, at the latest on the Payment Date, credit the amounts of the subscribed securities to the account of Belfius Bank and KBC Bank for onward distribution to the

subscribers, in accordance with the usual operating rules of the X/N settlement system (see also Section 9 "Clearing").

8.7.2. Payments by the Issuer

Without prejudice to article 473 of the Belgian Companies Code, all payments to the holders of dematerialized Bonds by the Issuer (*i.e.* whether in respect of principal, of any Interest or of any other amounts due pursuant to these Conditions) shall be made through the Paying Agent. Any such payment by the Issuer to the Paying Agent will discharge the Issuer from the relevant payment obligation vis-à-vis the Bondholders.

Notwithstanding any indications to the contrary by the Issuer, any payment by the Issuer shall first be deemed to be a payment of any default interest, subsequently of the matured Interest and eventually of the current Interest and the principal of the Bond Issue.

The Issuer shall not be entitled to set off any amount due to any Bondholder pursuant to the Bonds, against any claim it may have against such Bondholder.

If the due date for payment of any amount with respect to the Bonds is not a Business Day, then such payment shall be made on the immediately succeeding Business Day unless the next Business Day would thereby fall in the next calendar month in which event it shall be brought forward to the immediately preceding Business Day, and a holder of Bonds shall not be entitled to any interest or other sums in respect of such postponed payment.

8.8. Financial services

The financial services will be provided free of charge by the Selling Agents who will act as paying agent ("**Paying Agent**").

The custody fee for the Bonds held in custody for account of the subscribers are charged to the subscribers by the financial institutions where he hold such Bonds in custody. Investors must inform themselves about the costs their financial institutions might charge them.

All payments in euro of principal or interest due in respect of the dematerialized Bonds will be made by the Issuer to the Paying Agent. The Paying Agent will then distribute those payments for the benefit of the holders of the dematerialized Bonds.

All payments in respect of the Bonds are subject in all cases to any Belgian, and, as the case may be, any other applicable fiscal or other laws and regulations in the place of payment. No commissions or expenses shall be charged to the Bondholders by the Issuer or the Paying Agent in respect of such payments.

8.9. Costs - Fees

Subscriptions to the Bond issue are free of costs when submitted to the Joint Lead Managers or the Selling agent.

Each subscriber shall make his own enquiries with his financial intermediaries on the related or incidental costs (transfer fees, custody charges, etc.), which the latter may charge him with.

The issuance fees and the expenses incurred by the preparation and execution of the Bond Issue will be paid or reimbursed by the Issuer to the Joint Lead Managers, as separately agreed in the placement agreement to be entered into between the Issuer and the Joint Lead Manager, and to be concluded no later than on the Issue Date, currently expected to be 13 December 2012.

The Joint Lead Managers and the Issuer together with the Guarantor are expected to enter into a placement agreement no later than 13 December 2012, save for early closing of the Subscription Period. The signing of this agreement is subject to the discretion of the parties and will be subject to many factors, including but not limited to market circumstances and the result of the Bond Issue. The placement agreement will, amongst others, stipulate that the expenses incurred and fees paid in respect of the preparation and execution of the Bond Issue will be paid or reimbursed by the Issuer. These costs and fees are estimated in aggregate at €1.3 million in case of a Bond Issue of € 20 million.

8.10. General Selling Restrictions

In certain jurisdictions the distribution of the Information Memorandum, the offer of the Bonds and the participation in such issue may be subject to specific regulations or legal and regulatory restrictions. The Bonds are neither offered directly or indirectly to any persons subject to such restrictions nor can the Bonds be accepted by persons residing in a country subject to such restrictions. Consequently, any person in possession of the Information Memorandum must make sufficient enquiries in respect of any applicable local restrictions and act in accordance with them. The Information Memorandum constitutes neither an offer, nor an invitation to purchase Bonds in those jurisdictions where such offer or invitation would be illegal. The Issuer and the Paying Agent expressly decline all responsibility in respect of any person violating local regulations applicable to them.

9. Clearing

The Issuer will conclude an agreement with the NBB for the settlement of the Bonds through the NBB. The Bonds issued in dematerialised form will be accepted for clearance subject to the NBB System Regulations.

The number of Bonds in circulation at any time will be registered in the register of registered securities of the Issuer in the name of the NBB.

On the Issue Date, the Bondholders shall receive the number of Bonds on their securities account either directly, if such Bondholder is an account holder with the Joint Lead Managers or the Selling Agent or indirectly through the financial intermediary with whom he has submitted his demand for Bonds.

The Issuer will conclude an agreement with the Paying Agent who is participant to the NBB clearing system thereby mandating the Paying Agent to perform the obligations of domiciliary agent included in the Clearing Agreement.

The Issuer and the Paying Agent will not have any responsibility for the proper performance by the NBB System or its NBB System participants of their obligations under their respective rules and operating procedures.

10. Rights of the Bondholders

10.1. Payment of interests and nominal amount

The Bondholders are entitled to the payments of (accrued) interest and the repayment of the Nominal Amount as set out in the Conditions.

10.2. Attendance to the meeting of shareholders with consulting vote

The Bondholders shall be entitled to attend all general meetings of shareholders of the Issuer (whether annual, special or extraordinary), in accordance with Article 537 of the Belgian Companies Code, and they shall be entitled to receive or examine any documents that are to be remitted or disclosed to them in accordance with the Belgian Companies Code.

The Bondholders will be entitled to attend the meetings of the shareholders of the Issuer, with consultative vote, in accordance with article 537 of the Belgian Companies Code.

10.3. Meeting of Bondholders

The Bondholders will be represented in a general meeting of the Bondholders which may be convened in accordance with Article 568 of the Companies Code in order to take certain decisions with respect to the Bonds, including the modification of certain provisions of the Conditions.

In accordance with Article 568 of the Companies Code, the general meeting of Bondholders is entitled (i) to accept schemes to furnish special securities in favour of the Bondholders or to amend or repeal such special securities that already have been furnished, (ii) to extend one or more Interest Periods, to agree to a decrease of the rate of interest or to amend the payment terms of the interest, (iii) to extend or suspend the redemption and to agree to an amendment of the Conditions under which such redemption is to be made, (iv) to accept that the claims of the Bondholders will be replaced by shares, (v) to resolve upon the protective measures that are to be taken in the common interest, and (vi) to appoint one or more proxyholders for the execution of the decisions that have been taken as well as for the representation of the mass of Bondholders in the procedures for the decrease or the removal of any existing mortgage registration.

The general meeting of Bondholders may be convened by the board of directors or by the statutory auditor(s) of the Issuer. They must convene such general meeting at the request of Bondholders representing one fifth of the existing Bonds. The general meeting of Bondholders can only validly deliberate and resolve if the Bondholders that are present at the meeting, represent at least half of the existing Bonds. In case such quorum is not met, a new convocation will be required and a second meeting will then be able to validly deliberate and resolve regardless of the number of Bonds that are represented on such second meeting.

The decisions will be passed with at least a three-quarter majority of the Bonds taking part in the voting. A decision taken with a majority of less than one third of the existing Bonds shall only be executed if such decision has been approved by the Court of Appeal within whose jurisdiction the Issuer has its registered office.

The quorum as well as the majority requirements mentioned here above do not need to be observed in case the decisions relate to protective measures that are to be taken in the common interest or to the appointment of proxyholders of the Bondholders.

The decisions that have been duly approved by the general meeting of Bondholders will be binding upon all Bondholders.

10.4. Information to Bondholders

As long as any Bond remains outstanding the Issuer shall publish on a page of its website (www.ghelamco.com)

- In respect of the Issuer:
 - no later than 90 days after 30 June and 31 December of each year a compliance certificate in respect of the Issuer signed by its CEO and CFO and its auditor, confirming compliance with the financial ratios covenants as provided in the Conditions with and setting out, in reasonable detail, computations showing such compliance;
 - at the same time, its financial statements as provided for in the Conditions;
- In respect of the Guarantor:
 - no later than 90 days after 30 June and 31 December of each year a compliance certificate in respect of the Guarantor signed by its CEO and CFO and its auditor, confirming compliance with the financial ratios covenants as provided in the Conditions with and setting out, in reasonable detail, computations showing such compliance;
 - at the same time, its financial statements as provided for in the Conditions.

Any Bondholder evidencing its capacity as a Bondholder shall receive a password to consult this webpage promptly upon request.

10.5. Notices to the Bondholders

Notices to the Bondholders shall be valid if: (i) delivered by or on behalf of the Issuer to the Agent and then to the NBB System for communication by it to the NBB System participants; or (ii) published in two leading newspapers having general circulation in Belgium (which may be De Tijd and L'Echo).

Any such notice shall be deemed to have been given on the later of: (i) seven days after its delivery to the NBB System; and (ii) the publication of the latest newspaper containing such notice.

In addition to the above communications and publications, with respect to notices for a meeting of Bondholders, any convening notice for such meeting shall be made in accordance with Article 570 of the Companies Code, by an announcement to be inserted at least fifteen days prior to the meeting, in the Belgian Official Gazette ("*Belgisch Staatsblad/Moniteur Belge*") and in a newspaper with national coverage. Resolutions to be submitted to the meeting must be described in the convening notice.

ANNEX 1: Definitions

"Affiliate(s)"	:	means, in relation to any person, a Subsidiary of that person or a Parent Company of that person or any other Subsidiary of that Parent Company;
"Aggregate Subscription Amount"	:	€ 20 million;
"Annual Interest Payment"	:	means the aggregate amount of Interest payable by the Issuer under the Bonds outstanding from time to time in respect of any given Interest Period;
"Board of Directors"	:	means the board of directors of the Issuer;
"Bond(s)"	:	means the unsecured bonds for a total principal amount of approximately € 20 million, authorised by the Statutory Director, the terms and conditions of which are set out in the Conditions;
"Bondholder(s)"	:	means each and any person or entity owning Bond(s) from time to time;
"Bond Issue"	:	Issue of the Bonds;
"Business Day"	:	means, a day (other than a Saturday or a Sunday) on which banks are open for general business in Belgium, the NBB System is open for the settlement of transactions and TARGET2 is open for the settlement of payment in Euro;
"Cash Coupon"	:	means the interest payment at an interest rate of 7% for the Serie A and 7 ^{7/8} % for the Serie B Bonds;
"Company"	:	means IRC;
"Company Code"	:	Means the Belgian Wetboek van vennootschappen/Code des sociétés
"Conditions"	:	means the terms and conditions of the Bonds as provided in Section 6;
"Domiciliary Agent"	:	means KBC Bank NV;
"EU Member State"	:	means any member state of the European Union, together the EU Member States;
"EU Savings Directive"	:	the EC Council Directive 2003/48/EC of 3 June 2003 on the taxation of savings income;
"Event of Default"	:	means any event or circumstance specified in Section 10 of the Conditions;

“For information purposes only. Issue fully subscribed”

“Financial Indebtedness”	:	means: <ul style="list-style-type: none"> (i) any indebtedness for or in respect of moneys borrowed; (ii) any amount raised from banks or other financial institutions under any other transaction (including the amount of any liability under a financial leasing) having the commercial effect of a borrowing;
“Guarantor”	:	means Ghelamco Group;
“Ghelamco Consortium”	:	means the consortium within the meaning of article 10 BCC consisting of Ghelamco Group, International Real Estate Services Comm.VA and Deus Comm.VA and their respective Subsidiaries;
“Ghelamco Group”	:	Ghelamco Group Comm.VA, with registered office at 8900 Ieper, Zwaanhofweg 10, company under number (RPR Ieper) 0879.623.417;
“Information Package”	:	means a report in respect of the activities of the Issuer and its Subsidiaries, prepared by the Issuer and containing at least: <ul style="list-style-type: none"> (i) audited consolidated financial statements for the past financial year, and (ii) an updated business plan including a projected profit and loss statement, a projected cash flow statement and a projected balance sheet prepared on the same basis as set out in the Information Memorandum related to the Bonds;
“Interest”	:	Serie A, 7% per annum and Serie B, 7 ^{7/8} %, accruing on the Principal Amount of the Bonds during each Interest Period;
“Interest Payment Date”	:	each anniversary of the Issue Date and the Maturity Date;
“Interest Period”	:	a period of one (1) year commencing (in respect of the first Interest Period) on the Issue Date and (in respect of each subsequent Interest Period) on the last day of the preceding Interest Period;
“IRC”	:	International Real Estate Construction NV, with registered office at 8900 Ieper, Zwaanhofweg 10, company number (RPR Ieper) 0431.572.596;
“IRC Compan(y)/(ies)”	:	means IRC and any company which is, at any time, whether directly or indirectly, controlled by IRC, as set forth in Article 5 to 9 (included) BCC, as well as any company that will be controlled by IRC in the future; the IRC Companies;
“Issuer”	:	means IRC;

"Issue Date"	:	13 December 2012;
"Issue Price"	:	means 100 per cent (100%) of the Nominal Amount;
"Joint Lead Managers"	:	KBC Securities NV and Belfius Bank NV;
"Material Adverse Change" or "MAC"	:	means any event or circumstance as provided in Section 6;
"Maturity Date"	:	13 December 2015 for the Serie A Bonds and 13 Decemeber 2017 for the Serie B Bonds;
"Minimum Subscription"	:	€ 100,000;
"NBB"	:	means the National Bank of Belgium (" <i>Nationale Bank van België</i> " / " <i>Banque Nationale de Belgique</i> ");
"NBB System"	:	The securities settlement system, formerly called clearing, operated by the NBB or any successor thereto;
"NBB System Regulations"	:	the applicable Belgian clearing regulations, including the Belgian Act of 6 August 1993 on transactions in certain securities, its implementing Belgian Royal Decrees of 26 May 1994 and 14 June 1994 and the rules of the NBB System and its annexes, as issued or modified by the NBB from time to time (the laws, decrees and rules mentioned in the Conditions);
"Nominal Amount"	:	€ 50,000 per Bond;
"Paying Agent"	:	KBC Bank NV and Belfius Bank NV;
"Payment Date"	:	13 December 2012;
"Placement Agent"	:	KBC Securities NV, with registered office at Havenlaan 12, 1080 Brussels;
"Information Memorandum"	:	means this private Information Memorandum dated 20 November 2012, issued for the purpose of the Bond Issue;
"Principal Amount"	:	means, in respect of a Bond, its Nominal Amount less any repayment of principal made in respect of that Bond from time to time in accordance with these Conditions;
"Project(s)"	:	means all existing and future real estate investment and development activities of the Issuer, the Guarantor and their respective Subsidiaries;
"Selling Agents"	:	the Joint Lead Managers together with KBC Bank;
"Service Holding"	:	includes international companies dealing with construction, engineering, development and legal services for the Investment-Development Holding Company; parent company is IRS Comm. VA;

“For information purposes only. Issue fully subscribed”

“Statutory Director”	:	means the statutory director (<i>statutaire zaakvoerder / gérant statutaire</i>) of the Guarantor; on the Issue Date, this is Opus Terrae BVBA, with registered office at 8900 Ieper, Zwaanhofweg 10, company number 0879.054.283, represented by Mr Paul Gheysens;
“Subscriber”	:	means a subscriber of one or more Bonds;
“Subscription Period”	:	means the period during which potential investors are able to subscribe to the Bonds, starting on 3 December 2012 and ending on 10 December 2012, or such earlier date as the Placement Agent and the Issuer may agree;
“Subsidiar(y)/(ies)”	:	means any company which is, at any time, whether directly or indirectly, controlled by an individual or a company, as set forth in Article 5 to 9 (included) BCC;
“TARGET2”	:	means the Trans-European Automated Real-Time Gross Settlement Express Transfer System which uses a single shared platform and was launched on 19 November 2007;
“Tax” or “Taxes”	:	means any tax, levy, impost, duty or other charge or withholding of a similar nature including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same;
“Total Assets”	:	means <ul style="list-style-type: none"> a) In respect of the Issuer Group and in respect of any Relevant Period, the amount of total assets set out in the most recent IFRS consolidated financial statements of the Issuer ; b) In respect of the Guarantor Group and in respect of any Relevant Period, the amount of total assets set out in the most recent IFRS consolidated financial statements of the Guarantor.
“Total Equity”	:	means <ul style="list-style-type: none"> a) In respect of the Issuer Group and in respect of any Relevant Period, the amount of total equity set out in the most recent IFRS consolidated financial statements of the Issuer; b) In respect of the Guarantor Group and in respect of any Relevant Period, the amount of total equity set out in the most recent IFRS consolidated financial statements of the Guarantor.
“X/N Clearing system”	:	means the securities clearing system operated by the NBB.

ANNEX 2: Conditions Bond – Dutch Translation

UITGIFTEVOORWAARDEN VAN DE OBLIGATIES

In dit Hoofdstuk 6 worden de uitgiftevoorwaarden (de “**Voorwaarden**”) bepaald van (a) de Serie A obligaties ter waarde van EUR 50,000 met vervaldag in 2015 en (b) de Serie B obligaties ter waarde van EUR 50,000 met vervaldag in 2017, die werden goedgekeurd door de raad van bestuur van de Emittent voorafgaand aan de Uitgiftedatum.

In geval van tegenstrijdigheden of onverenigbaarheden tussen de Engelstalige en de Nederlandstalige tekst van de Voorwaarden, zal de Nederlandstalige tekst voorrang hebben.

1. DEFINITIES

In de Voorwaarden zullen volgende begrippen volgende betekenis hebben:

"**Boekhoudprincipes**" IFRS.

"**Verbonden Onderneming**" in verband met eender welke persoon, een Dochtervennootschap van deze persoon of een Moedervernootschap van deze persoon of enige andere Dochtervennootschap van deze Moedervernootschap.

"**Agent**" KBC Bank NV.

"**Obligatiehouder**" elke persoon die van tijd tot tijd houder is van één of meerdere Obligatie(s).

"**Obligatie**" of "**Obligaties**" de Serie A Obligaties en Serie B Obligaties.

"**Werkdag**" een dag (anders dan een zaterdag of zondag) waarop (a) banken open zijn voor gebruikelijke verrichtingen in België, (b) het NBB Systeem open is voor vereffeningen van transacties én (c) TARGET2 open is voor vereffeningen in euro.

"**Certificaten**" hebben de betekenis die eraan werd gegeven in Voorwaarde 9.14.

"**Controlewijziging**" het feit dat de heer Paul Gheysens ophoudt de controle te hebben (zoals bepaald in Artikel 5 tot en met 9 van het Wetboek van Vennootschappen) over de Garant.

"**Aflossingsbedrag bij een Controlewijziging**", met betrekking tot een Obligatie:

- (a) de Nominale Waarde;
- (b) enige verworven maar nog niet betaalde interest met betrekking tot die Obligatie (tot aan maar met uitsluiting van de datum van aflossing); en
- (c) een aflossingsvergoeding van 1,00 procent op de Nominale Waarde van die Obligatie.

"**Burgerlijk Wetboek**" het Belgisch *Burgerlijk Wetboek/Code civil*.

"**Wetboek van Vennootschappen**" het Belgisch *Wetboek van Vennootschappen/Code des sociétés*.

"**Geconsolideerd Eigen Vermogen**", met betrekking tot de Emittent Groep of de Garant Groep (naargelang het geval) en met betrekking tot enige Relevante Periode, het bedrag vermeld onder de post

“Total Equity” in de op dat moment meest recente Jaarrekening van de Emittent (wat betreft de Emittent Groep) en vermeld in de op dat moment meest recente Jaarrekening van de Garant (met betrekking tot de Garant Groep).

"Geconsolideerde Investment Property":

- (a) wat betreft de Emittent Groep en met betrekking tot enige Relevante Periode, het bedrag vermeld onder de post “Investment Property” in de op dat ogenblik meest recente Jaarrekening van de Emittent;
- (b) wat betreft de Garant Groep en met betrekking tot enige Relevante Periode, het bedrag vermeld onder de post “Investment Property” in de op dat ogenblik meest recente Jaarrekening van de Garant.

"Geconsolideerde Property Development Inventories":

- (a) wat betreft de Emittent Groep en met betrekking tot enige Relevante Periode, het bedrag vermeld onder de post “Property Development Inventories” in de op dat ogenblik meest recente Jaarrekening van de Emittent; en
- (b) wat betreft de Garant Groep en met betrekking tot enige Relevante Periode, het bedrag vermeld onder de post “Property Development Inventories” in de op dat ogenblik meest recente Jaarrekening van de Garant.

"EUR" en **"euro"** de eenheidsmunt van de lidstaten van de Europese Unie die de euro hanteren als hun wettig betaalmiddel conform de wetgeving van de Europese Unie in verband met de Economische en Monetaire Unie.

"Geval van Wanprestatie" elk van de gevallen en omstandigheden zoals bepaald in Voorwaarde 10.

"Financiële Leasing" elke leasing of huurkoop die, in toepassing van de Boekhoudprincipes, wordt behandeld als een financiële leasing.

"Financiële Schuld" elke schuld voortkomend uit of met betrekking tot:

- (a) geleende gelden en debetstanden bij banken of andere financiële instellingen;
- (b) enige opname uit een acceptkredietfaciliteit of gedematerialiseerd equivalent;
- (c) enige *note purchase facility* of uitgifte van obligaties, schuldbrieven, obligatieleningen of enig gelijkaardig instrument;
- (d) Financiële Leasing;
- (e) handelsvorderingen die werden verkocht of gediscoteerd (andere dan handelsvorderingen die worden verkocht op een *non-recourse* basis en die aan de voorwaarden voldoen onder de Boekhoudprincipes om buiten balans te worden geboekt);
- (f) elk bedrag opgenomen als gevolg van enige andere transactie (inclusief verkopen of aankopen op termijn) die het effect heeft van een lening en die kwalificeert als een lening onder de Boekhoudprincipes;
- (g) enige afgeleide transactie aangegaan met het oog op de dekking tegen rente- of prijschommelingen (ter berekening van de waarde van enige afgeleide transactie wordt daarbij enkel de mark-to-market waarde in aanmerking genomen);
- (h) bedragen opgehaald door de uitgifte van aflosbare aandelen die kwalificeren als leningen onder de Boekhoudprincipes;
- (i) levering van goederen of diensten meer dan 60 dagen na de oorspronkelijke betalingsdatum;
- (j) het bedrag van enige schuld onder een aankoop op voorschot of opgeschorte aankoop indien (i)

één van de belangrijkste redenen voor het aangaan van de overeenkomst de opname van financieringsmiddelen is of de financiering van de aankoop of constructie van het desbetreffend goed of de desbetreffende dienst of (ii) de levering van goederen of diensten meer dan 60 dagen na de oorspronkelijke betalingsdatum;

(k) (zonder dubbelstelling) verbintenissen tot vrijwaring in verband met een garantie, vrijwaring, obligatie, bijstandsbrief of documentair krediet of enig ander instrument uitgegeven door een bank of financiële instelling; en

(l) (zonder dubbelstelling) het bedrag verschuldigd onder enige verbintenis in verband met enige garantie of vrijwaring voor verbintenissen zoals opgenomen in de paragrafen (a) tot (k) hierboven.

"**Financiële Ratio's**" elk van de ratio's bepaald in Voorwaarde 9.13.

"**Jaarrekening**":

(a) wat betreft de Emittent:

(i) haar geauditeerde geconsolideerde jaarrekening; en

(ii) haar halfjaarlijkse geconsolideerde jaarrekening;

(b) wat betreft de Garant:

(i) haar geauditeerde geconsolideerde jaarrekening; en

(ii) haar halfjaarlijkse geconsolideerde jaarrekening,

telkens opgesteld conform de Boekhoudprincipes.

"**Groepslening**" een Intragroepslening verstrekt aan een lid van de Emittent Groep door een lid van de Garant Groep die geen lid is van de Emittent Groep.

"**Groepsuitlening**" een Intragroepslening verstrekt door een lid van de Emittent Groep aan een lid van de Garant Groep die geen lid is van de Emittent Groep.

"**Garantie**" de garantie toegekend door de Garant voor de naleving van de verbintenissen van de Emittent onder de Obligaties zoals bepaald in Bijlage 3 van het Informatie Memorandum.

"**Garant**" Ghelamco Group Comm. VA, een commanditaire vennootschap op aandelen met maatschappelijke zetel in Zwaanhofweg 10, 8900 Ieper, België, en ingeschreven bij de Kruispuntbank voor Ondernemingen onder nummer BTW BE 0879.623.417 RPR Ieper.

"**Garant Groep**" de Garant en al haar Dochtervennootschappen.

"**IFRS**" de internationale boekhoudstandaarden zoals bepaald in de IAS Verordening 1606/2002 voor zover toepasselijk op de relevante jaarrekening;

"**Informatie Memorandum**" het informatie memorandum van 20 november 2012 met betrekking tot de uitgifte van de Obligaties.

"**Intragroepslening**" elke lening (inclusief verworven interest) verstrekt door een lid van de Garant Groep aan een ander lid van de Garant Groep.

"**Interest Betalingsdatum**" met betrekking tot een Obligatie, elke verjaardag van de Uitgiftedatum en de Vervalddag met betrekking tot die Obligatie.

"**Interestperiode**":

(a) de periode die een aanvang neemt op de Uitgiftedatum (inbegrepen) en eindigt op de eerste Interest Betalingsdatum (niet inbegrepen); en

(b) elke opeenvolgende periode die een aanvang neemt op een Interest Betalingsdatum

(inbegrepen) en eindigt op de daaropvolgende Interest Betalingsdatum (niet inbegrepen).

"**Uitgiftedatum**" 13 december 2012.

"**Emittent**" International Real Estate Construction NV, een naamloze vennootschap met maatschappelijke zetel in Zwaanhofweg 10, 8900 Ieper, België, en ingeschreven in de Kruispuntbank voor Ondernemingen onder nummer BTW BE 0431.572.596 RPR Ieper.

"**Emittent Groep**" de Emittent en elk van haar Dochtervennootschappen.

"**Material Adverse Effect**" elk belangrijk nadelig gevolg:

- (a) die de waarde of de toestand (financieel of anders) van de aandeelhouderswaarde, de eigendommen, de activa, de rechten, de handelszaak, het management, de vooruitzichten, de inkomsten, de nettowaarde of de resultaten van de activiteiten van de Garant of de Garant Groep als geheel aantasten;
- (b) met betrekking tot het vermogen van de Garant om zijn verplichtingen onder de Garantie na te komen; of
- (c) met betrekking tot de geldigheid, afdwingbaarheid of uitwerking van de Garantie.

Waarbij wordt verstaan dat onder een Material Adverse Effect eveneens wordt begrepen de verschillende, geïsoleerde gebeurtenissen die gezamenlijk als een Material Adverse Effect worden beschouwd maar elk afzonderlijk geen dergelijk belangrijk nadelig gevolg zouden hebben.

"**Vervaldag**":

- (a) met betrekking tot de Serie A Obligaties, 13 december 2015; en
- (b) met betrekking tot de Serie B Obligaties, 13 december 2017.

"**Minimum Interco Saldo Verplichting**" de verplichting dat het netto-saldo tussen de gezamenlijke Groepsleningen en de gezamenlijke Groepsuitleningen nooit minder bedraagt dan EUR 60.000.000.

"**NBB**" de Nationale Bank van België (*Nationale Bank van België/Banque Nationale de Belgique*).

"**NBB Systeem**" heeft de betekenis eraan gegeven in Voorwaarde 2.1.

"**NBB Systeem Regels**" heeft de betekenis eraan gegeven in Voorwaarde 2.1.

"**Nominale Waarde**" EUR 50.000 per Obligatie (verminderd met enige terugbetaling gedaan van tijd tot tijd in overeenstemming met de Voorwaarden).

"**Moedervenootschap**" in verband met een persoon, enige andere persoon van wie zij een Dochtervennootschap is.

"**Toegelaten Beschikking**" een verkoop, verhuur, licentie, overdracht of andere daad van beschikking tegen marktconforme voorwaarden:

- (a) van *Investment Property* (zoals gedefinieerd onder de Boekhoudprincipes) door een lid van de Garant Groep in de normale bedrijfsvoering van de GarantGroep;
- (b) van *Property Development Inventories* (zoals gedefinieerd onder de Boekhoudprincipes) of cash door een lid van de Garant Groep in de normale bedrijfsvoering van de Garant Groep;
- (c) van aandelen of belangen in een rechtspersoon (inclusief Dochter-vennootschappen) door een lid van de Garantor Groep in de normale bedrijfsvoering van de Garant Groep (andere dan aandelen of belangen in de Emittent);

- (d) van verouderd of overtollig rollend materieel, installaties en uitrusting in ruil voor cash; of
- (e) ontstaan uit enige Toegelaten Zekerheid.

"Toegelaten Financiële Schuld":

- (a) wat betreft de Emittent, Financiële Schuld voortkomend uit de Obligaties;
- (b) wat betreft de Emittent, Financiële Schuld achtergesteld aan de Obligaties;
- (c) wat betreft de Emittent en haar Dochtervennootschappen, Project Financiële Schuld; en
- (d) wat betreft de Emittent en haar Dochtervennootschappen, Financiële Schuld verschuldigd uit hoofde van Groepsleningen (op voorwaarde dat de Minimum Interco Saldo Verplichting te allen tijde wordt nageleefd).

"Toegelaten Investing" elke investering gedaan door een lid van de Emittent Groep voor, naar aanleiding van of in het licht van een Project. Dit omvat ook de verwerving van rechtspersonen of van enig belang in een rechtspersoon, op voorwaarde dat het belangrijkste oogmerk van zulke verwerving bestaat in het voeren van een Project.

"Toegelaten Bijkomstige Activiteiten" de activiteiten van een Dochtervennootschap van de Garant ten tijde van haar verwerving door een lid van de Garant Groep, die verschillen van de gevoerde activiteiten op Uitgiftedatum van de Garant Groep in haar geheel, en die in wezen van ondergeschikte aard zijn, op voorwaarde dat het belangrijkste oogmerk van zulke Dochter-vennootschap de realisatie van Projecten is.

"Toegelaten Zekerheid":

- (a) elk voorrecht dat van rechtswege ontstaat, in de normale bedrijfsvoering en niet als resultaat van enige wanprestatie of verzuim door een lid van de Garant Groep;
- (b) enige Zekerheid of Quasi-Zekerheid ontstaan uit een retentierecht, huurkoop of voorwaardelijke verkoop of overeenkomsten met een soortgelijk effect, met betrekking tot goederen geleverd aan een lid van de Garant Groep gedurende de normale bedrijfsvoering en onder de gebruikelijke voorwaarden van de leverancier, en die niet is ontstaan als gevolg van enige wanprestatie of verzuim door een lid van de Garant Groep;
- (c) enige Zekerheid of Quasi-Zekerheid strekkende tot zekerheid van Project Financiële Schuld op voorwaarde dat er te allen tijde EUR 60.000.000 aan Totale Onbezwaarde Activa zijn op niveau van de Emittent Groep; en
- (d) enige Zekerheid of Quasi-Zekerheid strekkende tot zekerheid van Financiële Schuld op voorwaarde dat er te allen tijde EUR 300.000.000 aan Totale Onbezwaarde Activa zijn op niveau van de Garant Groep.

"Project" alle bestaande en toekomstige vastgoed projecten van enig lid van de Emittent Groep in België of Frankrijk.

"Project Financiële Schuld" Financiële Schuld verschuldigd aan banken of financiële instellingen en aangegaan door de Emittent of een Dochtervennootschap van de Emittent voor de financiering van Projecten. Groepsleningen kwalificeren niet als Project Financiële Schuld.

"Quasi-Zekerheid":

- (a) een verkoop, overdracht of andere vorm van beschikking over activa door een lid van de Garant Groep onder voorwaarden waarbij zij door enig ander lid van de Garant Groep worden gehuurd of zouden kunnen worden gehuurd of terug verworven worden;
- (b) een verkoop, overdracht of andere vorm van beschikking van/over handelsvorderingen door een lid van de Garant Groep op *recourse* basis;
- (c) enige overeenkomst waarbij geld of banktegoeden of andere rekeningen mogen worden gedebiteerd of gecompenseerd of voorwerp uitmaken van een samenvoeging van rekeningen;
- (d) enige andere preferentiële overeenkomst met een gelijkaardig effect,

in omstandigheden waar zulke overeenkomsten of transacties worden aangegaan hoofdzakelijk om

Financiële Schuld te verkrijgen of financiering van de verwerving van een actiefbestanddeel te realiseren.

"**Relevante Periode**" elke periode van twaalf maanden (of dergelijke kortere periode beginnend op Uitgiftedatum) eindigend op een Testdatum.

"**Bezwaarde Financiële Schuld**" op elk ogenblik, het gezamenlijk bedrag van alle verbintenissen van de leden van de Emittent Groep of Garant Groep (naargelang het geval) voor of met betrekking tot Financiële Schuld waarvoor Zekerheid of Quasi-Zekerheid werd gegeven.

"**Zekerheid**" een hypotheek, last, pand, retentierecht of andere zekerheid strekkende tot zekerheid voor enige verbintenis van enige persoon of enige andere overeenkomst of akkoord dat hetzelfde effect heeft.

"**Serie A Obligaties**" obligaties die vervallen in 2015.

"**Serie B Obligaties**" obligaties die vervallen in 2017.

"**Service Level Agreement**" elk van de volgende overeenkomsten:

- (a) Overeenkomst tot dienstverlening tussen Ghelamco Group Comm.VA als dienstverstrekker en de Vennootschap, Ghelamco NV, Steelcon NV en Apec Ltd. als opdrachtgevers;
- (b) Overeenkomst tot dienstverlening tussen International Real Estate Services Comm.VA als dienstverstrekker en de Vennootschap als opdrachtgever;
- (c) Overeenkomst tot dienstverlening tussen International Real Estate Services Comm.VA als dienstverstrekker en de Vennootschap en Ghelamco NV als opdrachtgever.

"**Dochtervennootschap**", in verband met enige vennootschap, een andere vennootschap die wordt gecontroleerd (zoals uiteengezet in artikel 5 tot en met 9 van het Wetboek van Vennootschappen) door de eerste vennootschap;

"**TARGET2**" de *Trans-European Automated Real-Time Gross Settlement Express Transfer System* die een eengemaakt platform gebruikt en werd gelanceerd op 19 november 2007.

"**Belasting**" elke belasting, heffing, tax, retributie, bijdrage of andere kost of voorheffing van een gelijksoortige aard (inclusief boetes en verhogingen in verband met de niet-betaling of een vertraging in de betaling van elk van voorgaande).

"**Testdatum**" 30 juni en 31 december van elk jaar.

"**Totaal Actief**":

- (a) wat betreft de Emittent Groep, met betrekking tot de Relevante Periode, het bedrag gelijk aan het totaal actief zoals blijkt uit de op dat ogenblik meest recente Jaarrekening van de Emittent; en
- (b) wat betreft de Garant Groep, met betrekking tot de Relevante Periode, het bedrag gelijk aan het totaal actief zoals blijkt uit de op dat ogenblik meest recente Jaarrekening van de Garant.

"**Totaal Onbezwaard Actief**" wat betreft de Emittent Groep of de Garant Groep (naargelang het geval) en op elk ogenblik, het bedrag gelijk aan het Totaal Actief in de meest recent voltooide Relevante Periode verminderd met hun Bezwaarde Financiële Schuld op dat ogenblik. Schema 1 bij deze Voorwaarden bevat een voorbeeld van berekening van het bedrag van Totaal Onbezwaard Actief per 30 juni 2012.

"**Onontwikkelde Gronden**", met betrekking tot de Emittent Groep en met betrekking tot enige

Relevante Periode, de waarde in de op dat ogenblik meest recente Jaarrekening van de Emittent van de grond waarop geen *Bijzonder Plan van Aanleg, Ruimtelijk Uitvoeringsplan* of enige andere gelijksoortige ruimtelijk ordeningsplan van toepassing is, ongeacht de overheid die zulk plan vastlegt, en zonder *Verkavelingsvergunning, Bouwvergunning* of gelijksoortige vergunning.

Daarenboven zal een verwijzing in de Voorwaarden naar de verbintenis dat een persoon (de “**eerste persoon**”) “ervoor zal zorgen” of “erop zal toezien” of “zich sterk maakt” dat een andere persoon (de “**tweede persoon**”) bepaalde handelingen zal stellen of zich daarvan zal onthouden, worden geïnterpreteerd als een verwijzing naar de figuur van *sterkmaking/portefort* zoals beschreven in artikel 1120 van het Burgerlijk Wetboek, maar zal tevens een garantie inhouden van de eerste persoon voor de goede en tijdige uitvoering van alle handelingen, overeenkomsten en verbintenissen die moeten worden uitgevoerd door de tweede persoon.

2. VORM, MUNTEENHEID EN TITEL

2.1. Vorm

(a) De Obligaties worden uitgegeven in gedematerialiseerde vorm in overeenstemming met artikel 468 van het Wetboek van Vennootschappen.

(b) De Obligaties zullen vertegenwoordigd worden door een boeking op rekening van het NBB Systeem of enige rechtsoptvolger hiervan (het “**NBB Systeem**”). De Obligaties kunnen door hun eigenaars worden gehouden via leden van het NBB Systeem, met inbegrip van Euroclear en Clearstream, Luxembourg en via andere financiële tussenpersonen die Obligaties op hun beurt houden via Euroclear en Clearstream, Luxembourg, of andere leden van het NBB Systeem. De Obligaties worden vereffend via het NBB Systeem, en zijn dienovereenkomstig onderworpen aan de toepasselijke Belgische vereffeningssystemen, met inbegrip van de Belgische Wet van 6 augustus 1993 betreffende transacties met bepaalde effecten, zijn uitvoerende Koninklijke Besluiten van 26 mei 1994 en 14 juni 1994 en de regels van het NBB Systeem en zijn bijlagen, zoals van tijd tot tijd uitgevaardigd en geamendeerd door de NBB (de wetten, decreten en regels genoemd in deze paragraaf waarnaar verwezen in deze Voorwaarden als de “**NBB Systeem Regels**”).

(c) De eigendom van de Obligaties wordt overgedragen via overschrijving tussen rekeningen. De Obligaties kunnen niet ingeruild worden voor obligaties aan toonder. Er zullen geen certificaten aan toonder worden afgeleverd.

(d) Wanneer de Obligaties overgedragen worden naar een ander effectenvereffeningssysteem, niet beheerd of niet uitsluitend beheerd door de NBB, zullen deze bepalingen *mutatis mutandis* van toepassing zijn op dit nieuwe effectenvereffeningssysteem en de beheerder van dit nieuwe effectenvereffeningssysteem of elk bijkomend vereffeningssysteem en beheerder van het bijkomend effectenvereffeningssysteem.

(e) De houder van een Obligatie zal (behalve indien anders bepaald door de wet) behandeld worden als de absolute eigenaar van zulke Obligatie voor alle doeleinden (ongeacht of deze Obligatie vervallen is en ongeacht enige kennisgeving van eigendom, beheer of enig ander belang) en niemand zal aansprakelijkheid oplopen om zulke houder zo te hebben behandeld.

2.2. Munteenheden

De Obligaties worden uitgedrukt in euro.

2.3. Nominale Waarde

De Obligaties hebben een nominale waarde van EUR 50.000 elk (de “**Nominale Waarde**”).

2.4. Obligatie Series

De Voorwaarden zijn in dezelfde mate van toepassing op de Serie A Obligaties en de Serie B Obligaties, tenzij uitdrukkelijk anders bepaald in de Voorwaarden.

3. GEBRUIK

De Emittent zal de opbrengst van de Obligaties gebruiken, en maakt zich sterk dat haar Dochtervennootschappen de opbrengst van de Obligaties zullen gebruiken (al dan niet rechtstreeks of via uitlening):

(a) voor de financiering van de realisatie van Projecten; en

(b) voor de terugbetaling van Groepsleningen, onverminderd het bepaalde in paragraaf (b) van Voorwaarde 9.3.

De Emittent zal de opbrengst van de Obligaties evenwel niet gebruiken, en maakt zich sterk dat geen van haar Dochtervennootschappen de opbrengst zal gebruiken, om Project Financiële Schuld terug te betalen voor de vervaldag van zo'n schuld.

4. RANG

(a) De Obligaties zijn niet-genoteerde effecten die een vordering incorporeren ten aanzien van de Emittent. Zij geven recht op de betaling van interest in overeenstemming met Voorwaarde 5 en de terugbetaling van de Nominale Waarde op de relevante Vervaldag in overeenstemming met Voorwaarde 6.1.

(b) De Obligaties zijn directe, onvoorwaardelijke en niet-gewaarborgde verbintenissen van de Emittent en zullen onderling te allen tijde *pari passu* gerangschikt worden, zonder enige voorrang. De betalingsverplichtingen van de Emittent onder de Obligaties zullen, behalve voor de uitzonderingen voorzien bij wet, te allen tijde minstens dezelfde rangorde hebben als de overige huidige en toekomstige niet-gewaarborgde en niet-achtergestelde verbintenissen.

(c) De Obligaties worden gewaarborgd door de Garant ingevolge de Garantie.

5. INTEREST

5.1. Interestvoet en berekening

(a) Onverminderd het bepaalde in paragraaf (b) hieronder, brengen de Serie A Obligaties interest voort op hun Nominale Waarde vanaf en met inbegrip van de Uitgiftedatum aan een interestvoet van 7,00 procent per jaar en brengen de Serie B Obligaties interest voort op hun Nominale Waarde vanaf en met inbegrip van de Uitgiftedatum aan een interestvoet van 7,875 procent per jaar.

(b) Geen enkele Obligatie zal interest voortbrengen tussen de Vervaldag die van toepassing is op zulke Obligatie en de datum van effectieve aflossing van zulke Obligatie op voorwaarde dat de aflossing van zulke Obligatie geen inbreuk op de Voorwaarden inhoudt en op geen enkele andere manier ten onrechte wordt ingehouden of geweigerd.

(c) Wanneer interest moet worden berekend met betrekking tot een periode die gelijk is aan of korter is dan een Interestperiode, zal de gebruikte berekeningsbreuk gevormd worden door (i) het aantal dagen in de relevante periode, vanaf de datum vanaf wanneer er interest werd verworven (inbegrepen) tot de dag waarop deze opeisbaar wordt (niet-inbegrepen), op (ii) het aantal dagen in de Interestperiode waarin de relevante periode valt (met inbegrip van de eerste dag maar met uitsluiting van de laatste).

(d) De interest op de Obligaties zal berekend worden op basis van het werkelijk aantal dagen die verstreken zijn en een jaar van 365 dagen of, in het geval van een schrikkeljaar, 366 dagen.

(e) Elk interestbedrag zal worden afgerond tot de dichtstbijzijnde eurocent (een halve eurocent wordt naar boven afgerond).

5.2 Betaling

Verworven interest op de Obligaties is betaalbaar op elke Interest Betalingsdatum.

5.3. Moratoire Interest

(a) Indien de Emittent in gebreke blijft de opeisbare interest te betalen op de relevante Interest Betalingsdatum, zal de Emittent interest betalen op dit bedrag vanaf de relevante datum waarop het verschuldigd is tot de datum van volledige betaling aan een interestvoet van 1,00 procent boven de interestvoet voorzien in Voorwaarde 5.1.

(b) Indien de Emittent in gebreke blijft de opeisbare uitstaande Nominale Waarde op de relevante datum waarop deze opeisbaar wordt, zal de Emittent interest betalen op dit bedrag vanaf de relevante Vervaldag tot de datum van volledige betaling aan een interestvoet van 1,00 procent boven de interestvoet voorzien in Voorwaarde 5.1.

6. AFLOSSING EN WEDERINKOOP

6.1. Geplande aflossing

Tenzij voorafgaand afgelost, of wederingekocht en geannuleerd, zal elke Obligatie afgelost worden aan de Nominale Waarde op de Vervaldatum die van toepassing is op zulke Obligatie.

6.2. Vrijwillige vroegtijdige aflossing

(a) Vanaf de tweede verjaardag van de Uitgiftedatum kan de Emittent, naar eigen keuze en mits een kennisgeving van niet minder dan 15 noch meer dan 30 dagen aan de Obligatiehouders, de Obligaties volledig, maar niet gedeeltelijk, aflossen aan hun Nominale Waarde samen met alle verworven interest en een bijkomende vergoeding berekend als 1,00 procent per interestbetaling die de Obligatiehouders niet zullen ontvangen ten gevolge van de vroegtijdige aflossing, berekend op de op dat ogenblik uitstaande Nominale Waarde van de Obligaties.

(b) Alle Obligaties aldus afgelost zullen geannuleerd worden en mogen niet heruitgegeven of doorverkocht worden.

(c) Een vrijwillige vroegtijdige aflossing van de Obligaties kan maar plaatsvinden op een verjaardag van de Uitgiftedatum.

6.3. Controlewijziging

(a) In geval van een Controlewijziging anders dan ten gevolge van het overlijden van de heer Paul Gheysens:

(i) zal de Emittent onverwijld een kennisgeving doen aan de Obligatiehouders waarbij de aard van de Controlewijziging wordt toegelicht; en

(ii) heeft elke Obligatiehouder het recht om van de Emittent te eisen zijn Obligaties af te lossen aan het Aflossingsbedrag bij een Controlewijziging.

(b) In geval van een Controlewijziging ten gevolge van het overlijden van de heer Paul Gheysens:

(i) zal de Emittent onverwijld een kennisgeving doen aan de Obligatiehouders aangaande de aard van de Controlewijziging en een algemene vergadering van obligatiehouders bijeenroepen, met als agenda de beslissing over een mogelijke vroegtijdige aflossing van de Obligaties; en

(ii) tenzij de algemene vergadering van obligatiehouders beslist met een meerderheid van minstens 75 procent om geen vroegtijdige aflossing van de Obligaties te eisen, heeft elke Obligatiehouder het recht om van de Emittent te eisen zijn Obligaties af te lossen aan het Aflossingsbedrag bij een Controlewijziging verminderd met de vergoeding voorzien in paragraaf (c) van de definitie van "Controlewijziging Aflossingsvergoeding".

(c) Indien de Obligatiehouders hun rechten onder paragraaf (a)(ii) of (b)(ii) hierboven uitoefenen voor minstens 90 procent van de gezamenlijke Nominale Waarde van de uitstaande Obligaties, kan de Emittent (die een kennisgeving van niet minder dan 15 noch meer dan 30 dagen aan de Obligatiehouders heeft gedaan) beslissen om alle (en niet slechts een deel van de) uitstaande Obligaties af te lossen aan hun Aflossingsbedrag bij een Controlewijziging.

6.4. Onwettigheid

Indien het voor de Emittent onwettig wordt om Obligaties uit te geven of in stand te houden, of om zijn verbintenissen krachtens de Obligaties uit te voeren, zullen de Obligaties onmiddellijk opeisbaar en betaalbaar worden aan hun Nominale Waarde samen met de verworven interest, zonder verdere formaliteiten.

6.5. Annulering

Alle Obligaties die afgelost worden, zullen geannuleerd worden en mogen niet opnieuw worden uitgegeven of verkocht.

7. BETALINGEN

(a) Onverminderd artikel 474 van het Wetboek van Vennootschappen zullen alle betalingen van de Nominale Waarde en interest met betrekking tot de Obligaties geschieden door middel van de Betalingsagent en het NBB Systeem in overeenstemming met de NBB Systeem Regels. Elke betalingsverplichting van de Emittent onder de Obligaties is voldaan door betaling aan de Agent.

(b) Elke betaling door de Emittent, verschuldigd in het kader van de Obligaties, zal eerst worden toegewezen aan de interest en daarna aan de resterende Nominale Waarde.

(c) Elke betaling zal steeds onderworpen zijn aan de fiscale of andere wetten en regelgeving van toepassing in het land van betaling.

8. BELASTING

Elke betaling van de Nominale Waarde en interest door of namens de Emittent, verschuldigd in het kader van de Obligaties, zal geschieden vrij van, en zonder voorheffing of aftrek van, enige belasting, heffing, plicht, retributie of andere wettelijke inhoudingen van welke aard ook, opgelegd, geheven, ingezameld, ingehouden door of binnen België of eender welke autoriteit die de bevoegdheid heeft om belastingen te heffen, behalve indien de voorheffing of de aftrek wettelijk vereist is. In dat geval zal de Emittent instaan voor de betaling van dergelijke bijkomende bedragen die de Obligatiehouders zouden ontvangen hebben indien de voorheffing of de aftrek niet vereist was geweest, behalve indien:

(a) de Obligatiehouder onderworpen is aan de belasting, heffing, plicht of wettelijke inhouding met betrekking tot de Obligatie wegens een andere band met België dan het louter houden van een Obligatie;

(b) een dergelijke voorheffing of aftrek moest gebeuren op een betaling gedaan aan een natuurlijke persoon en vereist door de Europese Richtlijn 2003/48/EC of eender welke andere Richtlijn die de besluiten van de ECOFIN Council vergadering van 26-27 november 2000 over de belasting op spaargelden implementeert, of vereist door elke wet die dergelijke Richtlijn implementeert of omzet;

(c) de Obligatiehouder op het moment van de Obligatie-uitgifte geen persoon was in de zin van artikel 4 van het Koninklijk Besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing overeenkomstig hoofdstuk I van de wet van 6 augustus 1993 betreffende de transacties met bepaalde effecten, of de Obligatiehouder door eigen toedoen is opgehouden een dergelijke persoon te zijn, of sinds de Obligatie-uitgifte niet meer voldoet aan de voorwaarden voor vrijstelling van Belgische roerende voorheffing opgelegd door de Wet van 6 augustus 1993 betreffende bepaalde effecten; of

(d) de Obligatiehouder onderworpen is aan een dergelijke Belasting omdat de Obligaties op zijn verzoek werden omgezet in Obligaties op naam en niet langer via het NBB Systeem konden worden vereffend.

9. VERBINTENISSEN

De verbintenissen opgenomen in deze Voorwaarde 9 blijven van kracht vanaf de Uitgiftedatum totdat geen enkel bedrag meer verschuldigd is met betrekking tot de Obligaties.

9.1 Geen zekerheidsstellingen

De Emittent zal geen (en maakt zich sterk dat de leden van de Garant Groep geen) (Quasi-) Zekerheid creëren of toelaten dat dergelijke (Quasi-) Zekerheid enige van haar goederen bezwaart, tenzij het een Toegelaten Zekerheid betreft.

9.2 Opstromen van liquide middelen

De Emittent maakt zich sterk dat haar Dochtervennootschappen de liquide middelen waarover zij beschikken en die op een onbezwaarde bankrekening staan op naam van de Dochtervennootschap van de Emittent, die niet bestemd zijn voor:

- (a) de betalingen in het kader van Project Financiële Schuld;
 - (b) het terugbetalen van Groepsleningen, op voorwaarde dat de Minimum Interco Saldo Verplichting nageleefd blijft;
 - (c) betaling van operationele kosten; of
 - (d) betaling met betrekking tot Belastingen,
- in elk geval binnen de 12 maanden (rechtstreeks of onrechtstreeks) zullen opstromen naar de Emittent via dividendbetalingen, interestaflossingen, uitleningen, voorschotten, vergoedingen of andere vormen van betaling.

9.3 Financiële Schuld

(a) De Emittent zal geen (en maakt zich sterk dat haar Dochtervennootschappen geen) bijkomende Financiële Schuld aangaan, behalve de Toegelaten Financiële Schuld.

(b) De Emittent maakt zich sterk dat de Minimum Interco Saldo Verplichting steeds wordt nageleefd.

9.4 Geen wijziging van activiteit

(a) De Emittent zal (en maakt zich sterk dat de leden van de Emittent Groep) geen:

- i. vennootschap, aandelen of effecten, activiteiten of ondernemingen, of participaties daarin verwerven, noch een vennootschap oprichten;
- ii. activiteiten ontwikkelen los van haar huidige activiteit of in een geografische markt waarin zij op de Uitgiftedatum niet actief is; of
- iii. nieuwe investeringen doen met betrekking tot de Projecten (met uitzondering van herstel- en onderhoudsinvesteringen), anders dan Toegelaten Investerings.

(b) De Emittent maakt zich sterk dat geen enkel lid van de Garant Groep (die geen lid is van de Emittent Groep)

- i. een vennootschap, aandelen of effecten, activiteiten of ondernemingen, of participaties daarin verwerft, noch een vennootschap opricht;
- ii. activiteiten ontwikkelt los van haar huidige activiteit of in een geografische markt waarin zij op de Uitgiftedatum niet actief is; of
- iii. nieuwe investeringen doet met betrekking tot enig vastgoedproject in een markt waarin zij actief is op de Uitgiftedatum (met uitzondering van herstel- en onderhoudsinvesteringen),

wanneer, als gevolg van dergelijke actie, meer dan 30 procent van de Totale Activa van de Garant Groep gesitueerd zou zijn of gegenereerd zou worden buiten België, Frankrijk, Polen, Oekraïne en Rusland.

(c) De Emittent maakt zich sterk dat de algemene aard van haar activiteiten of die van de Garant Groep als geheel niet substantieel zal wijzigen ten opzichte van de activiteiten van de Garant Groep op Uitgiftedatum.

(d) De Emittent maakt zich sterk dat geen van haar Dochtervennootschappen zich zal inlaten met enige andere activiteiten dan deze die rechtstreeks verbonden zijn met de Projecten, met uitzondering van de Toegelaten Bijkomstige Activiteiten.

9.5 Wijziging van eigendom

De Emittent zal niet ophouden een 100 procent (min vijf aandelen) Dochtervennootschap van de Garant te zijn.

9.6 Dividenden, aflossing van aandelen en andere betalingen

(a) De Emittent zal geen (en maakt zich sterk dat de andere leden van de Emittent Groep geen):

- i. dividenden, lasten, vergoedingen of andere uitkeringen (of interest op onbetaalde dividenden, lasten, vergoedingen of andere uitkeringen) op of met betrekking tot zijn maatschappelijk kapitaal (of een categorie van zijn maatschappelijk kapitaal) toekennen, uitkeren of betalen (weze het in speciën of in natura);
- ii. uitgiftepremies terugbetalen of uitkeren;
- iii. kapitaal aflossen, wederinkopen, vernietigen, verminderen door uitbetaling of terugbetalen of besluiten om dat te doen;

anders dan om Voorwaarde 9.2 na te leven.

(b) De Emittent zal geen (en maakt zich sterk dat de leden van de Emittent Groep geen) management-, advies- of andere vergoedingen aan of aan order van een Verbonden Onderneming van de Emittent betalen, behalve managementvergoedingen krachtens de Service Level Agreements in de originele vorm of vergoedingen voor boekhoudkundige of administratieve diensten verleend tegen marktconforme voorwaarden.

(c) Onverminderd paragraaf (a), zal de Emittent geen (en maakt zich sterk dat de andere leden van de

Garant Groep geen):

- i. dividenden, lasten, vergoedingen of andere uitkeringen (of interest op onbetaalde dividenden, lasten, vergoedingen of andere uitkeringen) (weze het in speciën of in natura) op of met betrekking tot zijn maatschappelijk kapitaal (of een categorie van zijn maatschappelijk kapitaal) toekennen, uitkeren of betalen;
- ii. uitgiftepremies terugbetalen of uitkeren;
- iii. kapitaal aflossen, wederinkopen, vernietigen, inlossen of terugbetalen of besluiten om dat te doen;
- iv. management-, advies- of andere vergoedingen aan of aan order van een Verbonden Onderneming van de Emittent betalen, behalve managementvergoedingen krachtens de Service Level Agreements in de originele vorm of vergoedingen voor boekhoudkundige of administratieve diensten verleend tegen marktconforme voorwaarden,

behalve indien dergelijke handelingen gebeuren in overeenstemming met paragraaf (d) van Voorwaarde 9.13 en conform die bepaling blijven.

9.7 Leningen of kredieten

De Emittent zal geen (en maakt zich sterk dat de leden van de Emittent Groep geen) schuldeiser zijn met betrekking tot enige Financiële Schuld verschuldigd door een persoon die geen lid is van de Emittent Groep, behalve indien dit voortvloeit uit Groepsuitleningen in omstandigheden waarin de Minimum Interco Saldo Verplichting wordt nageleefd.

9.8 Geen garanties of vrijwaringen

De Emittent zal geen (en maakt zich sterk dat de leden van de Emittent Groep geen) garantie vestigen die een verbintenis dekt van een persoon die geen lid is van de Emittent Groep of toelaten dat een dergelijke garantie blijft bestaan.

9.9 Service Level Agreements

De Emittent zal de Service Level Agreements niet wijzigen, aanpassen, aanvullen of er afstand van doen op zodanige wijze dat de Emittent Groep erdoor ernstig wordt benadeeld, noch de Service Level Agreements vernieuwen, vervangen, beëindigen, ontbinden of annuleren maakt zich sterk voor de leden van de Garant Groep dat zij dit evenmin zullen doen.

9.10 Fusie

De Emittent zal geen (en maakt zich sterk dat de leden van de Garant Groep geen) samensmelting, splitsing, fusie, consolidatie of vennootschapsherstructurering aangaan, behalve voor intragroep herstructureringen op het niveau van de Dochtervennootschappen van de Emittent en van Dochtervennootschappen van de Garant (andere dan de Emittent zelf).

9.11 Daden van beschikking

(a) Met uitzonderingen van de acties die toegelaten zijn onder paragraaf (b), zal de Emittent geen (en maakt de Emittent zich sterk dat de leden van de Garant Groep geen) van haar activa, zij het vrijwillig of onvrijwillig, verkopen, verhuren, overdragen of op enige andere manier van de hand doen.

(b) Paragraaf (a) is niet van toepassing op de verkoop, verhuur, overdracht of andere vorm van beschikking die kwalificeert als een Toegelaten Beschikking.

9.12 Taxatie

(a) De Emittent zal niet (en maakt zich sterk dat de Garant niet) gedomicilieerd of gevestigd worden in of in het algemeen onderworpen worden aan de belastingsbevoegdheid van een andere jurisdictie dan België.

(b) De Emittent zal geen acties (en maakt zich sterk dat de leden van de Garant Group geen acties zullen) ondernemen die op een negatieve wijze de fiscale behandeling van de Obligaties zouden beïnvloeden.

9.13 Financiële ratio's

De Emittent maakt zich sterk dat op elke Testdatum:

(a) het Totaal Onbezwaard Actief van de Emittent gelijk is aan of hoger is dan 60.000.000 EUR;

(b) het Totaal Onbezwaard Actief van de Garant gelijk is aan of hoger is dan 300.000.000 EUR;

(c) het Geconsolideerd Eigen Vermogen van de Emittent gelijk is aan of hoger is dan 15.000.000 EUR;

(d) het Geconsolideerd Eigen Vermogen van de Garant gelijk is aan of hoger is dan 400.000.000 EUR;

(e) de ratio van (i) het totaal van het Geconsolideerd Eigen Vermogen van de Emittent Groep en het totale netto-saldo tussen alle Groepsleningen en alle Groepsuitleningen, op (ii) het Totale Actief van de Emittent Groep, in elk geval tijdens de relevante Periode, gelijk is aan of hoger is dan 20 procent.;

(f) de ratio van het Geconsolideerd Eigen Vermogen van de Garant op zijn Totaal Actief tijdens de relevante Periode gelijk is aan of hoger is dan 40 procent; en

(g) de ratio van Onontwikkelde Grond van de Emittent Groep op de som van de Geconsolideerde Investment Property en de Geconsolideerde Property Development Inventories tijdens de relevante Periode gelijk is aan of lager is dan 15 procent.

9.14 Bekendmaking van Financiële Ratio's

(a) De Emittent zal telkens binnen de 90 dagen na elke Testdatum een document publiceren op een webpagina (mogelijk beschermd met een paswoord) op haar website (op heden www.ghelamco.com), waarin zij bevestigt dat de Financiële Ratio's op de relevante Testdatum nageleefd zijn en waarbij zij, met een redelijk niveau van details, de berekeningen ter staving van de naleving uiteenzet (de "Certificaten").

(b) De Certificaten zullen ondertekend worden door:

i. wat betreft de Financiële Ratio's van toepassing op de Emittent Groep: de CEO en de CFO van de Emittent, tegengesigtekend door de commissaris na grondig nazicht; en

ii. wat betreft de Financiële Ratio's van toepassing op de Garant Groep: de CEO en de CFO van de Garant, tegengesigtekend door de commissaris na grondig nazicht.

(c) Alle Certificaten blijven beschikbaar op de webpagina (mogelijk beschermd met een paswoord) op de website van de Emittent (op heden www.ghelamco.com).

(d) Indien de informatie die volgens deze Voorwaarde 9.15 werd gepubliceerd op een webpagina beschermd wordt met een paswoord, dan zal de Emittent op eerste verzoek van elke Obligatiehouder die zijn hoedanigheid van Obligatiehouder bewijst, het paswoord meedelen.

9.15 Verplichtingen met betrekking tot de jaarrekening

(a) de Emittent zal haar Jaarrekening opmaken in overeenstemming met de Boekhoudprincipes, en maakt zich sterk dat ook de Garant dat doet.

(b) De Emittent maakt zich sterk dat haar commissarissen de halfjaarlijkse geconsolideerde jaarrekening in overeenstemming met IAS 34 van de Emittent en de Garant nazien en dat zij een *limited review opinion* geven.

(c) Een kopie van elke Jaarrekening zal gepubliceerd worden op de webpagina (mogelijk beschermd met een paswoord) op de website van de Emittent (op heden www.ghelamco.com), van zodra zij beschikbaar is en in elk geval niet later dan de bekendmaking van de Certificaten (zoals voorzien in Voorwaarde 9.14) met betrekking tot zulke Jaarrekening.

9.16 Kennisgeving van Gevallen van Wanprestatie

De Emittent zal de Obligatiehouders onmiddellijk op de hoogte brengen van elk Geval van Wanprestatie (alsook van de stappen die worden ondernomen om de situatie te herstellen).

10. GEVALLEN VAN WANPRESTATIE

(a) Elk van de gebeurtenissen of omstandigheden uiteengezet in deze Voorwaarde 10 vormt een Geval van Wanprestatie.

(b) Indien een Geval van Wanprestatie zich voordoet, kan elke Obligatiehouder schriftelijk, met een kopie aan de Agent, te kennen geven aan de Emittent op haar maatschappelijk zetel dat zulke Obligatie onverwijld verschuldigd en betaalbaar is, aan zijn Nominale Waarde samen met verworven interesten (indien er zijn) tot aan de dag van betaling, zonder verdere formaliteiten, tenzij zulke gebeurtenis wordt verholpen vooraleer de Agent de kopie van zulke kennisgeving heeft ontvangen.

10.1. Niet-betaling

De Emittent blijft in gebreke enig opeisbaar bedrag met betrekking tot de Obligaties op de vervaldag te betalen, tenzij dit verzuim te wijten is aan een administratieve of technische fout en de betaling gebeurt binnen de drie Werkdagen.

10.2. Overige verplichtingen

De Emittent voldoet niet aan enige bepaling van de Voorwaarden (andere dan deze waarnaar verwezen in Voorwaarde 10.2), tenzij het verzuim kan worden verholpen en wordt verholpen binnen de 10 Werkdagen vanaf het eerste van (a) een kennisgeving door een Obligatiehouder aan de Emittent van zulke wanprestatie en (b) de kennisname door de Emittent van het verzuim.

10.3. Cross default

(a) Een Financiële Schuld van een lid van de Garant Group wordt niet betaald wanneer opeisbaar noch binnen enige oorspronkelijk toepasselijke uitstelperiode.

(b) Een Financiële Schuld van een lid van de Garant Groep wordt opeisbaar verklaard of wordt anderszins opeisbaar vroeger dan de vooropgestelde vervaldag als gevolg van een wanprestatie (op welke wijze ook beschreven).

(c) Een toezegging voor enige Financiële Schuld van een lid van de Garant Groep wordt geannuleerd of opgeschort door een schuldeiser van een lid van de Garant Groep als gevolg van een wanprestatie (op welke wijze ook beschreven).

(d) Een schuldeiser van een lid van de Garant Groep wordt gerechtigd om een Financiële Schuld van een lid van de Garant Groep vervroegd op te eisen.

(e) Er zal evenwel geen sprake zijn van een Geval van Wanprestatie Voorwaarde 10.4 indien het

gezaamenlijk bedrag van Financiële Schuld of van toezegging voor een Financiële Schuld zoals bedoeld in de paragrafen (a) tot (d) hierboven:

- (i) minder bedraagt dan EUR 5.000.000 (of het equivalent in een andere munteenheid of munteenheden) met betrekking tot enig lid van de Emittent Groep; en
- (ii) minder bedraagt dan EUR 50.000.000 (of het equivalent in een andere munteenheid of munteenheden) met betrekking tot andere leden van de Garant Groep en geen Material Adverse Effect heeft of redelijkerwijze kan geacht worden geen Material Adverse Effect te hebben.

10.4 Uitwinning van een Zekerheid

Een Zekerheid toegekend door een lid van de Garant Groep wordt uitvoerbaar en stappen worden ondernomen om deze uit te winnen (met inbegrip van buitenbezitstelling of de aanstelling van een curator, beheerder of gelijkaardige rechtsfiguur). Er zal evenwel geen Geval van Wanprestatie zijn onder deze Voorwaarde 10.5 indien het gezaamenlijk bedrag van de Financiële Schuld met betrekking tot dewelke zulke Zekerheid uitvoerbaar wordt en stappen worden ondernomen om uit te winnen:

- (a) minder bedraagt dan EUR 5.000.000 (of het equivalent in een andere munteenheid of munteenheden) met betrekking tot een lid van de Emittent Groep; en
- (b) minder bedraagt dan EUR 50.000.000 (of het equivalent in een andere munteenheid of munteenheden) met betrekking tot andere leden van de Garant Groep en geen Material Adverse Effect heeft of redelijkerwijze kan geacht worden geen Material Adverse Effect te hebben.

10.5. Procedure met schuldeisers

Een onteigening, uitvoerend of bewarend beslag, sekwester of uitvoering of enige gelijkaardige proceshandeling in enig rechtsgebied heeft een invloed op een actiefbestanddeel of de actiefbestanddelen van een lid van de Garant Groep, met gezaamenlijke waarde van meer dan:

- (a) EUR 5.000.000 (of het equivalent in een andere munteenheid of munteenheden) met betrekking tot een lid van de Emittent Groep; en
- (b) EUR 50.000.000 (of het equivalent in een andere munteenheid of munteenheden) met betrekking tot andere leden van de Garant Groep of heeft een Material Adverse Effect of kan redelijkerwijze geacht worden Material Adverse Effect te hebben,

en werd niet opgeheven binnen 30 dagen.

10.6. Insolventie

(a) Een lid van de Garant Groep wordt failliet verklaard (of enige analoge procedure of stappen in enig rechtsgebied), of is niet in staat of erkent niet in staat te zijn om zijn schulden te betalen wanneer zij opeisbaar worden, of wordt geacht of wordt verklaard niet bekwaam te zijn om zijn schulden te betalen onder de toepasselijke wet, of schort betalingen op of dreigt betalingen op te schorten van enige van haar schulden, of start onderhandelingen met één of meer van haar schuldeisers met het oog op schuldherschikking, als gevolg van effectieve of geanticipeerde financiële moeilijkheden.

(b) De waarde van de actiefbestanddelen van een lid van de Garant Groep is lager dan het bedrag van haar schulden (rekening houdend met onzekere en verwachte schulden), tenzij zulke situatie wordt verholpen binnen de 10 Werkdagen vanaf het eerste van (a) een kennisgeving van een Obligatiehouder aan de Emittent van zulke wanprestatie en (b) de kennisname door de Emittent van het verzuim, op voorwaarde evenwel dat Conditie 10.6 niet van toepassing is op enige lid van de Garant Groep dat een special purpose vehicle is met als activiteit het ontwikkelen van vastgoed voor zover dergelijke vennootschap enige toepasselijke kapitaalbeschermingsregels naleeft.

(c) Een gerechtelijke reorganisatie (of enige analoge procedure of stappen in enig rechtsgebied) wordt toegestaan met betrekking tot schulden van een lid van de Garant Groep. Indien een gerechtelijke reorganisatie plaatsvindt, zal het einde van het betalingsuitstel het Geval van Wanprestatie niet verhelpen dat is veroorzaakt door dat uitstel.

10.7. Insolventieprocedures

(a) Enige vennootschapsbeslissing, juridische procedure of andere procedure of stappen wordt genomen met het oog op:

(i) de opschorting van betaling, een gerechtelijke reorganisatie, vereffening, ontbinding, bewindvoering of schuldherschikking (door middel van een vrijwillige overeenkomst, herstructurerings-plan of anders) bij een lid van de Garant Groep;

(ii) een schikking, akkoord, afstand van vordering of regeling met een schuldeiser van een lid van de Garant Groep; of

(iii) de aanstelling van een vereffenaar, curator, sekwester, voorlopig bewindvoerder, gerechtsmandataris of andere gelijkaardige bewindvoerder met betrekking tot een lid van de Garant Groep of enige van hun actiefbestanddelen,

of enige analoge stappen worden ondernomen in enig rechtsgebied.

(b) Paragraaf (a) zal niet van toepassing zijn op enige tergend en roekeloos verzoek tot ontbinding dat wordt opgeheven, stopgezet of afgewezen wordt binnen 14 dagen na de indiening ervan.

(c) In deze Afdeling 10.8, omvat een verwijzing naar:

(i) een “**vereffenaar**”, “**bewindvoerder**”, “**curator**”, “**sekwester**”, “**gerechts-mandataries**” of gelijkaardige rechtsfiguur, enige *curator/curateur, vereffenaar/liquidateur, gedelegeerd rechter/juge délégué, gerechtsmandataris/ mandataire de justice, voorlopig bewindvoerder/administrateur judiciaire, gerechtelijk bewindvoerder/administrateur judiciaire, mandataris ad hoc/mandataire ad hoc* and *sekwester/séquestre*;

(ii) een “**opschorting van betaling**”, “**uitstel van enige schuld**”, “**stopzetting**”, “**ontbinding**”, “**bewindvoering**” of “**reorganisatie**”, enige *vereffening/liquidation, ontbinding/dissolution, faillissement/faillite* or *sluiting van een onderneming/fermeture d'entreprise*; en

(iii) een “**schikking**” enige *gerechtelijke reorganisatie/réorganisation judiciaire*.

11. AGENT

a) De Emittent houdt zich steeds het recht voor om op elk moment de aanstelling van de Agent te wijzigen of te beëindigen en bijkomende of andere betalingsagenten te benoemen, op voorwaarde dat hij (i) een hoofdbetalingsagent zal behouden, (ii) een domiciliëringsagent zal behouden en de domiciliëringsagent te allen tijde een lid zal zijn van het NBB Systeem, en (iii) indien vereist, een bijkomende betalingsagent zal aanduiden, gebeurlijk met een aangewezen standplaats in een lidstaat van de Europese Unie, die niet zal worden verplicht om voorheffingen of belastingen in te houden op grond van de Europese Richtlijn 2003/48/EC of enige andere Europese Richtlijn tot uitvoering van de conclusies van de ECOFIN Council vergadering van 26-27 november 2000 over de belasting op inkomsten uit spaargelden of een andere wet in uitvoering van of in overeenstemming met, of geïntroduceerd met als doel te voldoen aan zulke Richtlijn. Een kennisgeving van een wijziging van Agent of diens aangewezen standplaatsen zal meteen gegeven worden door de Emittent aan de Obligatiehouders.

b) Onverminderd de overige bepalingen de Voorwaarden, zal de Agent geen kost of commissie met

betrekking tot een betaling in het kader van de Obligaties aanrekenen aan een Obligatiehouder.

12. AFRONDINGEN

Bij het verrichten van een betaling aan Obligatiehouders zal zulke betaling naar beneden worden afgerond tot de dichtstbijzijnde eenheid indien de relevante betaling geen bedrag is dat een geheel veelvoud is van de kleinste eenheid van de relevante munteenheid waarin zulke betaling dient te geschieden.

13. NIET-WERKDAGEN

Indien een datum voor betaling in het kader van de Obligaties geen Werkdag is, is de houder niet gerechtigd (a) tot betaling tot de eerstvolgende Werkdag tenzij de betaling daardoor in de volgende kalendermaand zou vallen, in welk geval de betaling vervroegd wordt tot de onmiddellijk voorafgaande Werkdag, noch (b) tot enige interest of andere vergoeding met betrekking tot zulke uitgestelde of verwachte betaling. Teneinde de interest verschuldigd in het kader van de Obligaties te berekenen zal de Interest Betalingsdatum niet aangepast worden.

14. VERJARING

Aanspraken tegen de Emittent (weze het voor betalingen van de Nominale Waarde of de interest op de Obligaties of anderszins), verjaren en komen te vervallen na verloop van een periode van tien jaar wat betreft de Nominale Waarde en vijf jaar in de overige gevallen te rekenen vanaf het laatste van:

- a) de datum waarop de betaling ervan opeisbaar werd; en
- b) indien de betaling van een opeisbare som ten onrechte werd ingehouden of geweigerd, de datum waarop volledige betaling van het uitstaande bedrag heeft plaatsgevonden of (indien vroeger) de datum waarop door de Emittent behoorlijk kennis is gegeven aan de Obligatiehouders dat zulke betaling zal plaatsvinden, mits zulke betaling effectief plaats vindt zoals voorzien in de Voorwaarden.

15. ALGEMENE VERGADERING VAN OBLIGATIEHOUDERS, WIJZIGING EN VERZAKING

15.1. Algemene vergadering van Obligatiehouders

(a) De Obligatiehouders zullen vertegenwoordigd worden in een algemene vergadering van de Obligatiehouders welke bijeengeroepen kan worden in overeenstemming met artikel 568 van het Wetboek van Vennootschappen teneinde bepaalde beslissingen te nemen met betrekking tot de Obligaties, met inbegrip van de wijziging van bepalingen van de Voorwaarden.

(b) In overeenstemming met artikel 568 van het Wetboek van Vennootschappen is de algemene vergadering van Obligatiehouders gerechtigd (i) om regelingen te aanvaarden om bijzondere zekerheden te stellen ten gunste van de Obligatiehouders of om zulke bijzondere zekerheden die reeds zijn gesteld te wijzigen of op te heffen, (ii) om één of meer Interest Periodes te verlengen, om een vermindering van de interestvoet toe te staan of om de betalingsvoorwaarden van de interest te wijzigen, (iii) om de aflossing te verlengen of te schorsen en om toe te stemmen in een wijziging van de voorwaarden waaronder zulke aflossing moet geschieden, (iv) om te aanvaarden dat de schuldvorderingen van de Obligatiehouders vervangen worden door aandelen, (v) om te besluiten over beschermende maatregelen die in het gemeenschappelijk belang moeten worden genomen, en (vi) om één of meer gemachtigden aan te stellen voor de uitvoering van de besluiten die genomen werden op grond van deze Voorwaarde 15.1 en voor de vertegenwoordiging van de gezamenlijke Obligatiehouders bij de procedures tot vermindering of doorhaling van bestaande hypothecaire inschrijvingen.

(c) De algemene vergadering van Obligatiehouders kan bijeengeroepen worden door de raad van bestuur

of door de commissaris(sen) van de Emittent. Deze moeten zo'n algemene vergadering bijeenroepen op verzoek van de Obligatiehouders die een vijfde van de bestaande Obligaties vertegenwoordigen. De algemene vergadering van Obligatiehouders kan enkel geldig beraadslagen en besluiten indien de Obligatiehouders die aanwezig zijn op de vergadering minstens de helft van de uitstaande Obligaties vertegenwoordigen. Indien dit quorum niet is bereikt, is een nieuwe bijeenroeping vereist en een tweede vergadering zal dan in staat zijn om geldig te beraadslagen en te besluiten ongeacht het aantal Obligaties dat vertegenwoordigd is op deze tweede vergadering.

(d) De besluiten zullen worden genomen een meerderheid van drie-vierde van de Obligaties die deelnemen aan de stemming. Een beslissing genomen met een meerderheid van minder dan een derde van de uitstaande Obligaties zal enkel uitvoerbaar zijn indien zulke beslissing gehomologeerd wordt door het Hof van Beroep van het ressort van de maatschappelijke zetel van de Emittent.

(e) Noch het quorum, noch de meerderheidsvereisten hierboven vermeld hoeven in acht te worden genomen voor beslissingen die betrekking hebben op bewarende maatregelen die zich aandringen in het gemeenschappelijk belang of op de benoeming van vertegenwoordigers van de Obligatiehouders.

(f) De beslissingen die rechtsgeldig werden goedgekeurd door de algemene vergadering van Obligatiehouders zijn bindend voor alle Obligatiehouders.

15.2. Wijzigingen aan de Voorwaarden

(a) De Voorwaarden kunnen zonder de toestemming van de Obligatiehouders gewijzigd worden door de Emittent teneinde (i) een kleine vergissing, of (ii) een formele of technische fout recht te zetten, op voorwaarde dat zulke wijzigingen geen afbreuk doen aan de belangen van de Obligatiehouders.

(b) Alle overige wijzigingen aan de Voorwaarden vereisen de instemming van de Obligatiehouders.

15.3. Algemene vergadering van aandeelhouders

De Obligatiehouders zijn gerechtigd om alle algemene vergaderingen van aandeelhouders van de Emittent bij te wonen in overeenstemming met artikel 537 van het Wetboek van Vennootschappen. Zij zullen gerechtigd zijn om documenten te ontvangen of in te zien die aan hen moeten worden overgemaakt of ter inzage moeten worden gesteld in toepassing van het Wetboek van Vennootschappen. De Obligatiehouders die een algemene vergadering van aandeelhouders bijwonen hebben slechts recht op een raadgevende stem.

16. OVERDRACHT VAN DE OBLIGATIES

(a) Onverminderd de bepalingen van de Voorwaarden, zijn de Obligaties vrij overdraagbaar tussen leden van het NBB Systeem.

(b) Overdrachten van rechten met betrekking tot de Obligaties zullen bewerkstelligd worden tussen de leden van het NBB Systeem in overeenstemming met de regels en de werkingsprocedures van het NBB Systeem. Overdrachten tussen investeerders zullen bewerkstelligd worden in overeenstemming met de respectieve regels en werkingsprocedures van de leden van het NBB Systeem bij wie zij hun Obligaties aanhouden.

(c) Bij omzetting op naam zullen de Obligaties vrij overdraagbaar blijven. De Overdracht van de eigendom van Obligaties op naam wordt in overeenstemming met Artikel 504 van het Wetboek van Vennootschappen bewerkstelligd door een verklaring die wordt opgetekend in het obligatieregister (bijgehouden door de Emittent op zijn maatschappelijke zetel) en wordt ondertekend door de overdrager en de overnemer, of door hun respectievelijke vertegenwoordiger(s). De Emittent mag een obligatieregister in elektronische vorm houden zoals bepaald in en conform Artikel 504 van het Wetboek van Vennootschappen.

17. KENNISGEVINGEN

17.1. Kennisgevingen aan de Obligatiehouders

(a) Kennisgevingen aan de Obligatiehouders zullen geldig zijn indien:

- (i) gedaan door of namens de Emittent aan de Agent en dan aan het NBB Systeem met het oog op de communicatie aan de leden van het NBB Systeem; of
- (ii) bekendgemaakt in twee toonaangevende kranten met algemene oplage in het Koninkrijk België (bv. *De Tijd* en *L'Echo*).

(b) Zulke kennisgeving wordt geacht te zijn gegeven op de laatste dag van:

- (i) zeven dagen na de levering ervan aan het NBB Systeem; en
- (ii) de publicatie van de laatste krant met een dergelijke kennisgeving.

(c) Naast de bovengenoemde mededelingen en publicaties met betrekking tot kennisgevingen voor een algemene vergadering van Obligatiehouders, zal elke oproeping tot zulke vergadering gedaan worden in overeenstemming met artikel 570 van het Wetboek van Vennootschappen, door een aankondiging in te voegen ten minste vijftien dagen voorafgaand aan de vergadering in het Belgisch Staatsblad en in een krant met nationale spreiding. Besluiten die zullen worden voorgelegd aan de vergadering moeten beschreven worden in de oproeping.

17.2 Kennisgevingen aan de Emittent

Alle kennisgevingen of andere communicatie vereist of toegelaten om schriftelijk gegeven te worden door de Obligatiehouders aan de Emittent onder deze Voorwaarden moeten (a) gegeven worden via e-mail (adres: bvba.fmp@telenet.be en bonds2012@ghelamco.com) of telefax (nummer: +32 57 21 91 14), en (b) bevestigd worden middels aangetekend schrijven of via een koerierdienst naar het volgende adres: Zwaanhofweg 10, 8900 Ieper, België.

18. TOEPASSELIJK RECHT EN BEVOEGDE RECHTBANKEN

(a) De Obligaties alsook elke buiten-contractuele verplichting die voortspuit uit of in verband met de Obligaties, zullen beheerst worden door en zullen geïnterpreteerd worden in overeenstemming met het Belgisch recht.

(b) De Rechtbanken van Brussel, België, zijn exclusief bevoegd voor de behandeling van alle geschillen die kunnen voortkomen uit of in verband met de Obligaties en elke buiten-contractuele verplichting die voortspuit uit of in verband met de Obligaties.

ANNEX 3: Guarantee letter of Ghelamco Group Comm.VA

Execution copy

FIRST DEMAND GUARANTEE

THIS FIRST DEMAND GUARANTEE is dated 20 November 2012 and granted by:

- (1) **GHELAMCO GROUP COMM. VA**, a limited liability company having its registered office at Zwaanhofweg 10, 8900 Ieper, Belgium and registered with the Crossroads Bank of Enterprises under number VAT BE 0879.623.417 RLP Ieper (the "Guarantor").

IN THE PRESENCE OF:

- (2) **KBC SECURITIES NV**, a limited liability company organised and existing under Belgian law, having its registered office at Havenlaan 12, 1080 Brussels, Belgium, and registered with the Crossroads Bank of Enterprises under number VAT BE 0437.060.521 RLP Brussels; and
- (3) **BELFIUS BANK NV**, a limited liability company organised and existing under Belgian law, having its registered office at Pachecolaan 44, 1000 Brussels, Belgium, and registered with the Crossroads Bank of Enterprises under number VAT BE 0403.201.185 RLP Brussels.

WHEREAS:

- (A) International Real Estate Construction NV, a limited liability company having its registered office at Zwaanhofweg 10, 8900 Ieper, Belgium and registered with the Crossroads Bank of Enterprises under number VAT BE 0431.572.596 RLP Ieper (the "Issuer") intends to issue EUR 50,000 unsecured series A bonds due 2015 and EUR 50,000 unsecured series B bonds (the "Bonds").
- (B) As guarantee for all moneys, obligations and liabilities owing by the Issuer from time to time to the Bondholders under or pursuant to any of the Bonds, whether present or future, actual or contingent and whether or not that Bondholder shall have been an original holder of Bonds or acquired such Bonds at a later time (the "Guaranteed Liabilities"), the Guarantor has agreed to grant this Guarantee.

IT IS AGREED as follows:

1. Guarantee

- (a) The Guarantor irrevocably and unconditionally guarantees to each person owning one or more Bonds from time to time (the "Bondholders") the due and punctual payment and performance by the Issuer of the Guaranteed Liabilities.
- (b) Whenever the Issuer does not pay any of the Guaranteed Liabilities when due in accordance with its terms, the Guarantor shall immediately on first demand pay that amount as if it was the principal obligor, without requiring the Bondholders to motivate or document their demand.

2. Nature of guarantee

- (a) The obligations of the Guarantor under Clause 1 (*Guarantee*) constitute, and shall be construed so as to constitute, an independent guarantee on first demand (*abstracte garantie op eerste verzoek/garantie indépendante à première demande*) and not a surety (*borgtocht/caution*). To the extent required, the Guarantor hereby waives the application of Articles 2011 through 2039 of the Belgian Civil Code.
- (b) This Guarantee is an unconditional, irrevocable and continuing guarantee and will extend to the ultimate balance of the Guaranteed Liabilities, regardless of any intermediate payment or discharge in whole or in part.

- (c) This Guarantee has no *intuitu personae* character.

3. No defences

The obligations of the Guarantor under this Guarantee will not be affected by an act, omission, matter or thing which would reduce, release or prejudice any of its obligations under this Guarantee, including but not limited to:

- (a) any unenforceability, illegality or invalidity of any obligation of the Issuer under the Bonds;
- (b) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of the Bonds;
- (c) any time, waiver or consent granted to, or composition with, the Issuer;
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of the Issuer; or
- (e) any insolvency or similar proceedings.

4. Immediate recourse

Insofar as necessary, the Guarantor waives any right it may have of first requiring the Bondholders to proceed against or enforce any other rights or claim payment from any person before claiming from the Guarantor under this Guarantee. This waiver applies irrespective of any law or any contractual provision to the contrary.

5. Appropriation

Insofar as necessary, the Guarantor agrees that the Bondholders may refrain, until all amounts which may be or become payable by the Issuer under or in connection with the Bonds have been irrevocably paid in full, from applying or enforcing any other moneys, security or rights held or received by the Bondholders in respect of those amounts, or apply and enforce the same in such manner and order as they see fit (whether against those amounts or otherwise) and the Guarantor shall not be entitled to the benefit of the same.

6. No claims on the issuer

- (a) Until all Guaranteed Liabilities have been irrevocably paid in full and unless the Bondholders otherwise direct, the Guarantor waives any right it may have under Article 1251, 3° of the Belgian Civil Code and any other rights which it may have by reason of performance by it of its obligations under this Guarantee:
- (i) to be indemnified by the Issuer; and/or
- (ii) to take the benefit against the Issuer (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Bondholders under the Bonds or this Guarantee or of any other guarantee or security taken pursuant to, or in connection with, the Bonds by the Bondholders.
- (b) The Guarantor shall not without the prior written consent of the Bondholders hold any security from the Issuer in respect of its liability under this Guarantee.

7. Reinstatement

If any payment by the Guarantor or any discharge given by the Bondholders is avoided or reduced as a result of insolvency or any similar event:

- (a) the liability of the Guarantor shall continue as if the payment, discharge, avoidance or reduction had not occurred; and
- (b) the Bondholders shall be entitled to recover the value or amount of that payment from the Guarantor, as if the payment, discharge, avoidance or reduction had not occurred.

8. Notices

All notices or other communication required or permitted to be given in writing by any Bondholder to the Guarantor under this Guarantee must be (a) given by email (address: bvba.fnp@telenet.be and bonds2012@ghelameco.com) or telefax (number: +32 57 21 91 14), and (b) confirmed by registered mail or express courier service to the following addresses: Zwaanhofweg 10, 8900 Leper.

9. Severability

The invalidity or unenforceability of any one stipulation or clause of this Agreement shall not result in the invalidity or the unenforceability of any other provision of this Agreement or of the Agreement as a whole. In the event that the validity or the enforceability of this Agreement or any provision thereof is challenged the parties hereto undertake to do whatever is reasonably necessary or advisable to maintain such provision and this Agreement in full force and effect or to substitute such provisions by other provisions that have economically substantially the same effect for all parties hereto.

10. Acceptance

KBC Securities NV and Belfius Bank NV accept, by executing this Guarantee, the terms and conditions of this Guarantee for and on behalf of the Bondholders, for whom they procure (*zich sterk maken/se portent fort*).

11. Governing law

This Guarantee and any disputes in relation hereto shall be governed and resolved in accordance with Belgian law.

12. Enforcement

- (a) The competent courts of Brussels shall have non-exclusive jurisdiction in respect of any legal action, suit or proceeding arising out of this Guarantee or any transactions contemplated hereunder and every party hereto hereby, generally and unconditionally, accepts the competence of said courts.
- (b) Each party hereto irrevocably (i) waives, to the fullest extent it may effectively do so, any objection or immunity to jurisdiction which it may now have or hereafter may acquire to the laying of venue of any such proceeding and (ii) submits to the jurisdiction of such courts in any such suit, action or proceeding.

This Guarantee has been entered into in Brussels, Belgium on the date stated at the beginning of this Agreement in 3 originals

SIGNATURES

The Guarantor

GHELAMCO GROUP COMM. VA


Opus Terrae BVBA, Statutory Director
Represented by Mr. Paul Gheysens, its permanent representative

For acceptance

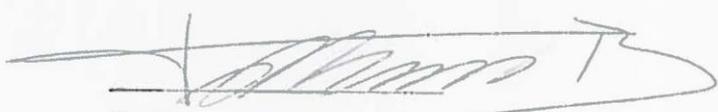
KBC SECURITIES NV


Name: **Marnix Verplancke**
Title: **Chief Legal Officer
KBC Securities**


Name: **Koen Hoffman**
Title: **Managing Director
KBC Securities NV**

BELFIUS BANK NV


Name: **Chris JENNES**
Title: **Company Lawyer**


Name: **PASCAL VAN DE MEIRSSCHE**
Title: **HEAD OF BUSINESS DEVELOPMENT & SUPPORT**

ANNEX 4: Request for Early Redemption in the event of Change of Control

“For information purposes only.
Issue fully subscribed”

REQUEST FOR EARLY REDEMPTION IN THE EVENT OF CHANGE OF CONTROL OF

IRC NV

Zwaanhofweg 10

8900 Ieper

(the “Issuer”)

Or

Ghelamco Group Comm. VA

Zwaanhofweg 10

8900 Ieper

(the “Guarantor”)

Words used with a capital letter have the same meaning as set forth in the Information Memorandum dated 20 November [●] 2012, issued by the Issuer

Bondholders wishing to request the early redemption of their Bond(s) pursuant to the Conditions described in Chapter 6 of the Information Memorandum dated 20 November 2012 under the heading “Redemption and Purchase - Change of Control” will be required to file this duly completed and signed notice with their bank or financial intermediary through which the Bondholders hold their Bonds.

To: [Name and address of the bank or financial intermediary through which the Bondholder holds its Bonds.]

Subject: Request for Early Redemption of Bonds issued by IRC NV

Zwaanhofweg 10, 8900 Ieper, as described in the Information Memorandum dated 20 November 2012

By sending this duly completed notice to the domiciliary agent I, undersigned, holder of Bonds specified below surrendered with this notice and irrevocably exercised my option to have the Bonds

early redeemed in accordance with the Conditions under the heading "Redemption and Purchase - Change of Control" for an aggregate amount specified below.

I hereby confirm to the Issuer that (i) I hold this amount of Bonds and (ii) I hereby commit not to sell or transfer such Bonds until the full payment of the Change of Control Redemption Amount.

Type of Bonds requested to be redeemed⁶

.....(state number of Bonds) 3-year **Serie A Bond(s) in** representing a principal amount of €(in figures), and/or

.....(state number of Bonds) 5-year **Serie B Bond(s) in** representing a principal amount of €(in figures)

Bondholder contact details

Name or Company:

Address:

Telephone number:

E-mail address:

Payment instructions:

Please make payment in respect of the above-mentioned Bonds by Euro transfer to the following financial account:

Name of institution:

Branch address:.....

Account number:

BIC:

IBAN:

⁶ Cross the appropriate box

Transfer of the Bonds for the benefit of the Issuer

I hereby agree that the payment will be done against debit of the Bonds form my securities account number

with (name of bank of other financial institution)

for the above mentioned number of Bonds in dematerialised form.

All notices and communications relating to this Request for Early Redemption of Bonds issued by IRC NV, should be sent to my address specified above.

“For information purposes only.
Issue fully subscribed”

Signature of the Bondholder

Place, date

This notice will not be valid unless (i) all of the paragraphs requiring completion are duly completed and (ii) it is duly signed and sent to the relevant intermediary.

The Domiciliary Agent will not in any circumstances be liable to any Bondholder or any other person for any other person for any loss or other damage arising from any act, default or omission of such Domiciliary Agent in relation to the said Bonds or any of them unless such loss or damage was caused by the fraud or negligence of such Domiciliary Agent.

If Bondholders do not hold their Bonds with the Domiciliary Agent, they are advised to check with their financial intermediary when such intermediary would require to receive the completed Request for Early Redemption of the Bonds to arrange to deliver the notice timely to the Domiciliary Agent and for the Bonds to be redeemed to the account of the Domiciliary Agent in favour of the Issuer by the Change of Control Settlement Date.

Once validly given, this notice is irrevocable.

ANNEX 5: Subscription Form

This subscription form must be drawn up in duplicate, one copy for the investor and the other one for the institution to which it is submitted.

Copy for the Issuer

IRC NV
(the "Issuer")

SUBSCRIPTION FORM

SUBORDINATED AND UNSECURED BOND ISSUE

Words used with a capital letter and not otherwise defined herein have the same meaning as set forth in the Information Memorandum dated 20 November 2012, issued by the Issuer ("**Information Memorandum**")

I, the undersigned (surname and first name or registration name) resident at / with registered office at (street, number, postal code, city, country, RPR/RPM nr)

.....
.....,
refer to the Information Memorandum and to the unsecured Bonds each with a nominal amount of € 50,000 and for an aggregate expected nominal amount of € 20 million, which may be increased, to be issued on 13 December 2012 by the Issuer, the terms and conditions of which (the "**Conditions**"), are specified in Section 6 of the Information Memorandum.

I represent and warrant to the Issuer, the Joint Lead Managers and Selling Agent that I have read the Information Memorandum and the Conditions. I agree that the Bonds will be governed by the Conditions. I acknowledge having received a copy of, and agree to be bound by, the Conditions.

I further represent and warrant to the Issuer, the Joint Lead Managers and Selling Agent that (a) I have such knowledge and experience in financial and business matters that I am capable of evaluating the merits and risks related to a prospective subscription in the Bonds, (b) I may not rely, and have not relied, on any investigation that the Joint Lead Managers and Selling Agent or any of their affiliates may have conducted with respect to the Issuer, (c) the Joint Lead Managers and Selling Agent nor any of their affiliates have made any representation to me, express or implied, with respect to the Issuer or the accuracy, completeness or adequacy of the Information Memorandum or any other document in relation to any subscription to the Bonds; (d) I have conducted my own investigation with respect to the Issuer or the Bonds (including directing any queries to the Issuer directly); and (e) I will make my own assessment and will have satisfied myself concerning the relevant considerations (including the merits and risks involved as well as the fiscal treatment) to an investment in the Issuer or the Bonds.

I agree that neither the Joint Lead Managers and Selling Agent nor any of their affiliates shall have any liability to me/us resulting from the use of the Information Memorandum or any other document of KBC Securities, Belfius Bank or KBC Bank.

As Investor, I:

- (1) accept the Conditions of the Bond as described in the Information Memorandum d.d. 20 November 2012;
- (2) confirm applying herewith to subscribe to

⁷(state number of Bonds) 3-year Serie A **Bond(s)**

and/or

⁸(state number of Bonds) 5-year Serie **Bond(s)**

with a nominal amount of € 50,000 each, at the subscription price of 100.00%, and with a minimum subscription of € 100,000;

(3) allow to debit my account:.....
for an amount of € , representing the total subscription price of the Bonds I wish to subscribe to, on the payment date, being [●] 13 December 2012;and

(4) request that the Bonds be delivered in book-entry form to my account N°
with,

once issued.

I explicitly agree that this subscription shall constitute a specific instruction by me to the Selling Agent (as the case may be) pursuant to article 21 sub-section 1 of Directive 2004/39/EC of the European Parliament and the European Council and the relevant implementing legislation of the member states of the European Union (especially Article 24, § 2 of the Belgian Royal Decree of 3 June 2007).

I hereby acknowledge

- The Bonds constitute unsecured and guaranteed obligations of the Issuer which will at all times rank *pari passu* among themselves and with any unsecured senior debt.
- The Bonds are guaranteed by Ghelamco Group Comm. VA, the parent company of the Issuer. The Bonds give entitlement to the payment of a Cash Coupon as stipulated hereafter under the heading "Interest" and the repayment of the Principal Value at Maturity Date or on such earlier date subject to Early Redemption.

In the event of *Concursus*, the Bonds will rank above any shareholder loan granted by the current controlling shareholder and/or any person or company connected with such party (other than the Issuer itself or any of its Subsidiaries) in favour of the Issuer and its Subsidiaries.

The Bonds may (as the case may be) also rank above other claims than those mentioned here above (including those resulting from any future issue(s) of bonds), provided that the subordination of such other debts vis-à-vis the Bonds has been stipulated.

- That by executing this subscription form, my subscription is final and that I cannot revoke or cancel my subscription to the Bonds.
- That any allocation of Bonds to me (if any) will be confirmed closely after the closing of the subscription period.

⁷ Cross the appropriate box

⁸ Cross the appropriate box

This subscription form shall be governed by and construed in accordance with Belgian law. The courts of Brussels, Belgium shall have exclusive jurisdiction for any and all conflicts or interpretations related to this subscription (form)

Done in duplicate at, on2012.

Signature of the Investor

*“For information purposes only
Issue fully subscribed”*

ANNEX 6: Subordination Agreement

Execution copy

SUBORDINATION AGREEMENT

THIS AGREEMENT is dated 20 November 2012 and made between:

- (1) **PERIDOT S.L.**, a limited liability company organised and existing under Spanish law, having its registered office at Aribau 171, 08036 Barcelona, Spain and registered under Book 38845, Sheet 174, Page B337904 ("Peridot");
- (2) **GHELAMCO GROUP COMM.VA**, a limited liability company having its registered office at Zwaanhofweg 10, 8900 Ieper, Belgium and registered with the Crossroads Bank of Enterprises under number VAT BE 0879.623.417 RLP Ieper (the "Guarantor"); and
- (3) **INTERNATIONAL REAL ESTATE CONSTRUCTION NV**, a limited liability company having its registered office at Zwaanhofweg 10, 8900 Ieper, Belgium and registered with the Crossroads Bank of Enterprises under number VAT BE 0431.572.596 RLP Ieper (the "Issuer"),

IN THE PRESENCE OF:

- (1) **KBC SECURITIES NV**, a limited liability company organised and existing under Belgian law, having its registered office at Havenlaan 12, 1080 Brussels, Belgium, and registered with the Crossroads Bank of Enterprises under number VAT BE 0437.060.521 RLP Brussels; and
- (2) **BELFIUS BANK NV**, a limited liability company organised and existing under Belgian law, having its registered office at Pachecolaan 44, 1000 Brussels, Belgium, and registered with the Crossroads Bank of Enterprises under number VAT BE 0403.201.185 RLP Brussels.

WHEREAS:

- (A) The Issuer intends to issue EUR 50,000 unsecured series A bonds due 2015 and EUR 50,000 unsecured series B bonds due 2017 (the "Bonds"). These Bonds shall be governed by terms and conditions, the text of which has been agreed between the Issuer, KBC Securities NV and Belfius Bank NV (the "Terms and Conditions").
- (B) It is a requirement under the Terms and Conditions of the Bonds that this Agreement is entered into.

IT IS AGREED as follows:

1. Definitions

In this Agreement:

"**Bondholder Debt**" means all moneys, obligations and liabilities owing by the Issuer from time to time to the Bondholders under or pursuant to any of the Bonds, whether present or future, actual or contingent and whether or not that Bondholder shall have been an original holder of Bonds or acquired such Bonds at a later time.

"**Discharge Date**" means the date on which all Bondholder Debt has been fully and irrevocably repaid or discharged and no further Bondholder Debt is capable of becoming outstanding.

"**Group Loans**" means an Intercompany Loan provided to a member of the Issuer Group by Peridot or any other member of the Guarantor Group which is not a member of the Issuer Group

"**Guarantor Group**" means the Guarantor and each of its Subsidiaries.

"**Insolvency Proceedings**" means any proceedings or steps for:

- (a) the suspension of payments, a moratorium of any indebtedness (*gerechtelijke reorganisatie/réorganisation judiciaire*), winding-up, dissolution, administration or reorganisation (by way of *vereffening/liquidation, ontbinding/dissolution, faillissement/faillite, sluiting van een onderneming/fermeture d'entreprise* or otherwise) of any member of the Issuer Group;
- (b) a composition, compromise, assignment or arrangement with any creditor of any member of the Issuer Group;
- (c) the appointment of a liquidator (*vereffenaar/liquidateur*), trustee in bankruptcy (*curator/curateur*), delegate judge (*gedelegeerd rechter/juge délégué*), judicial officer (*gerechtshandelaar/mandataire de justice*), provisional manager (*voorlopig bewindvoerder/administrateur provisoire*), compulsory manager (*gerechtelijk bewindvoerder/administrateur judiciaire*), special administrator (*mandataris ad hoc/mandataire ad hoc*), sequestrator (*sekwester/séquestre*) or other similar officer in respect of any member of the Issuer Group or any of its assets; or
- (d) enforcement of any security over any assets of any member of the Issuer Group, or any analogous procedure or step is taken in any jurisdiction.

"**Issuer Group**" means the Issuer and each of its Subsidiaries.

"**Intercompany Loan**" means any loan (including accrued interest) provided by a member of the Guarantor Group to another member of the Guarantor Group.

"**Subordinated Debt**" means all moneys, obligations and liabilities owing under Group Loans.

"**Subsidiary**" means, in relation to any company, another company which is controlled (as set forth in Article 5 to and including 9 of the Companies Code) by the first company.

2. Terms and Conditions

- (a) The parties acknowledge the Terms and Conditions, and in particular the restrictions imposed by paragraph (b) of Condition 9.3. of the Terms and Conditions on the repayment of Group Loans.
- (b) Peridot and the Issuer agree that neither of them will take any action that may constitute a breach by the Issuer of its obligations under the Terms and Conditions. The Guarantor shall procure that no other member of the Guarantor Group will take any action that may constitute a breach by the Issuer of its obligations under the Terms and Conditions.

3. Subordination

- (a) The Issuer (for itself and on behalf of the other members of the Issuer Group), Peridot and the Guarantor (for itself and on behalf of the other members of the Guarantor Group that are not members of the Issuer Group) agree and covenant that:
- (i) at all times the Bondholder Debt shall rank in priority to the Subordinated Debt; and

- (ii) the claims of Peridot or other members of the Guarantor Group that are no members of the Issuer Group in respect of the Subordinated Debt are subordinated to the claims of the Bondholders in respect of the Bondholder Debt.

provided that, for the avoidance of doubt, this shall not prohibit the Issuer or any member of the Issuer Group from reimbursing Group Loans, whether prior to their maturity date or not, before the Discharge Date, subject to (i) the restrictions imposed by paragraph (b) of Condition 9.3.(b) of the Terms and Conditions and (ii) provided no Insolvency Proceedings have been started and no Event of Default has occurred (both as defined in the Terms and Conditions).

- (b) The Bondholders may grant time, indulgence, or release, vary or amend any of the terms and conditions of the Bonds, or compound or otherwise deal with and receive moneys under them, without reference to or consultation with the Issuer, Peridot or any other member of the Guarantor Group.

4. Undertakings of the Issuer

Until the Discharge Date, except with the written consent of the Bondholders:

- (a) the Issuer shall not (and shall ensure that no other member of the Issuer Group will) create or have outstanding any security over any of its assets for, or any guarantee for, or in respect of, the Subordinated Debt; and
- (b) the Issuer shall not (and shall ensure that no other member of the Issuer Group will) take or omit to take any action (including, but not limited to, the taking or commencing of any Insolvency Proceedings) whereby the ranking or subordination contemplated by this Agreement may be impaired, terminated or adversely affected.

5. Undertakings of Peridot and the Guarantor

Until the Discharge Date, except with the written consent of the Bondholders:

- (a) Peridot and the Guarantor will not (and shall ensure that no other member of the Guarantor Group which is not a member of the Issuer Group will) permit to subsist or receive any security or guarantee for, or in respect of, the Subordinated Debt; and
- (b) Peridot and the Guarantor will not (and shall ensure that no other member of the Guarantor Group which is not a member of the Issuer Group will) take or omit to take any action (including, but not limited to, the taking or commencing of any Insolvency Proceedings) whereby the ranking or subordination contemplated by this Agreement may be impaired, terminated or adversely affected.

6. No enforcement by Peridot or members of the Guarantor Group

Until the Discharge Date, except with the written consent of the Bondholders or if so instructed by the Bondholders, Peridot and the Guarantor shall not (and shall ensure that no other member of the Guarantor Group which is not a member of the Issuer Group will):

- (a) accelerate the Subordinated Debt or otherwise declare the Subordinated Debt prematurely due or payable by reason of any default (provided that, for the avoidance of doubt, this shall not prohibit the Issuer or any member of the Issuer Group from reimbursing Group Loans, whether prior to their maturity date or not, before the Discharge Date, subject to (i) the restrictions imposed by paragraph (b) of Condition 9.3.(b) of the Terms and Conditions and (ii) provided no Insolvency Proceedings

"For information purposes only
Issue fully subscribed"

have been started and no Event of Default has occurred (both as defined in the Terms and Conditions));

- (b) enforce the Subordinated Debt by way of attachment, execution or otherwise;
- (c) sue for, or institute any process against the Issuer (or any other member of the Issuer Group) or its assets in respect of, any obligation (whether or not for the payment of money) owing to it in respect of the Subordinated Debt; or
- (d) initiate or support or take or commence any Insolvency Proceedings whether by petition, convening a meeting, voting for a resolution or otherwise.

7. **Override**

This Agreement overrides any provision in the agreements documenting the Subordinated Debt.

8. **Acceptance**

KBC Securities NV and Belfius Bank NV accept, by executing this Agreement, the terms and conditions of this Agreement for and on behalf of the Bondholders, for whom they procure (*zich sterk maken/se portent for*).

9. **Governing law**

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by Belgian law.

10. **Enforcement**

- (a) The competent courts of Brussels shall have non-exclusive jurisdiction in respect of any legal action, suit or proceeding arising out of this Agreement or any transactions contemplated hereunder and every party hereto hereby, generally and unconditionally, accepts the competence of said courts.
- (b) Each party hereto irrevocably (i) waives, to the fullest extent it may effectively do so, any objection or immunity to jurisdiction which it may now have or hereafter may acquire to the laying of venue of any such proceeding and (ii) submits to the jurisdiction of such courts in any such suit, action or proceeding.

This Agreement has been entered into in Brussels, Belgium on the date stated at the beginning of this Agreement in 5 originals.

SIGNATURES

Peridot

PERIDOT S.L.



Name:

Title:

Name:

Title:

The Guarantor

GHELAMCO GROUP COMM.VA



For Opus Terrae BVBA, statutory director,
Paul Gheysens, permanent representative

The Issuer

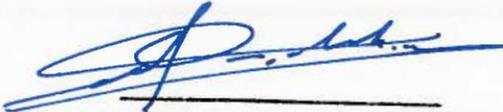
INTERNATIONAL REAL ESTATE CONSTRUCTION NV



For Opus Terrae BVBA, gedelegeerd bestuurder,
Paul Gheysens, director and permanent representative

For acceptance

KBC SECURITIES NV



Name:

Title:

Marnix Verplancke
Chief Legal Officer
KBC Securities



Name:

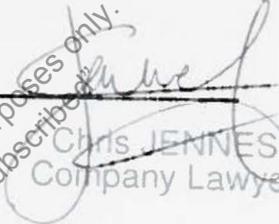
Title:

Koen Hoffman
Managing Director
KBC Securities NV

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BELFIUS BANK NV

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Issue fully subscribed”



Name: Chris JENNES
Title: Company Lawyer



Name: PASCAL VAN DER MEIRSSCHE
Title: HEAD OF FINANCIAL SERVICES & SUPPORT

ANNEX 7: Ghelamco Group IFRS Consolidated Financial Statements at 31 December 2011 + Auditors' opinion

*"For information purposes only.
Issue fully subscribed"*

ANNEX 8: Ghelamco Group Consolidated Half-Year Financial Information for the six-month period ended June 30, 2012 + Auditor's opinion

*"For information purposes only.
Issue fully subscribed"*