GHELAMCO INVEST NV

IFRS CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2018

Approved by the Board of Directors with the independent Auditor's opinion

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I

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR 2018[1]

[1] This report has been prepared in accordance with article 119 of the Belgian Companies' Code and approved by the Board on 22 March 2019.

1. BUSINESS ACTIVITIES AND PROFILE

Ghelamco Invest NV (as the Belgian legal entity with all its subsidiaries) represents the Belgian and Western European activities of Ghelamco Group Comm. VA, a leading European real estate investor mainly active in the offices, residential, leisure and retail.

Ghelamco maintains a high quality internal control with respect for agreed milestones over all its project development phases: land purchase, planning, coordinating the construction phase and sale or lease. Its projects combine prime and strategic locations with efficient and aesthetically inspiring designs and correct timing.

Ghelamco group's successes are generated by the group's professional and enthusiastic staff that is driven by the vision and passion of its management.

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

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

- Investment Holding: comprises resources invested in real estate projects in Belgium, France, Poland, Russia and Ukraine and the intra-group Financing Vehicles – hereafter the "Ghelamco Group", the "Investment Group" or the "Group";
- Development Holding: represents international entities that provide construction, engineering and development services to the Investment Holding;
- Portfolio Holding: consists of all other activities and real estate investments controlled by the ultimate shareholders.
- Ghelamco European Property Fund: keeps in first instance real estate projects as income generating products in portfolio for a longer time period. This allows the Investment Holding to realise and sell delivered projects, for which the occupation rate and lease status has been optimized in the past years, at an optimal market value. This longer-term strategy also demands a specific (long-term) financing structure. The fund is not regulated but acts as a separate legal entity within the group.

2. LEGAL STATUS

Ghelamco Invest NV is the holding company of the Belgian and Western European activities of Ghelamco Group Comm. VA, which is in turn the holding company of the **Investment Holding**. Besides its holding activities, Ghelamco Invest also has direct stakes in real estate projects.

Ghelamco Invest, together with its subsidiaries (jointly referred to as the "**Company**") (Note 5), constitute the reporting entity for the purpose of these financial statements.

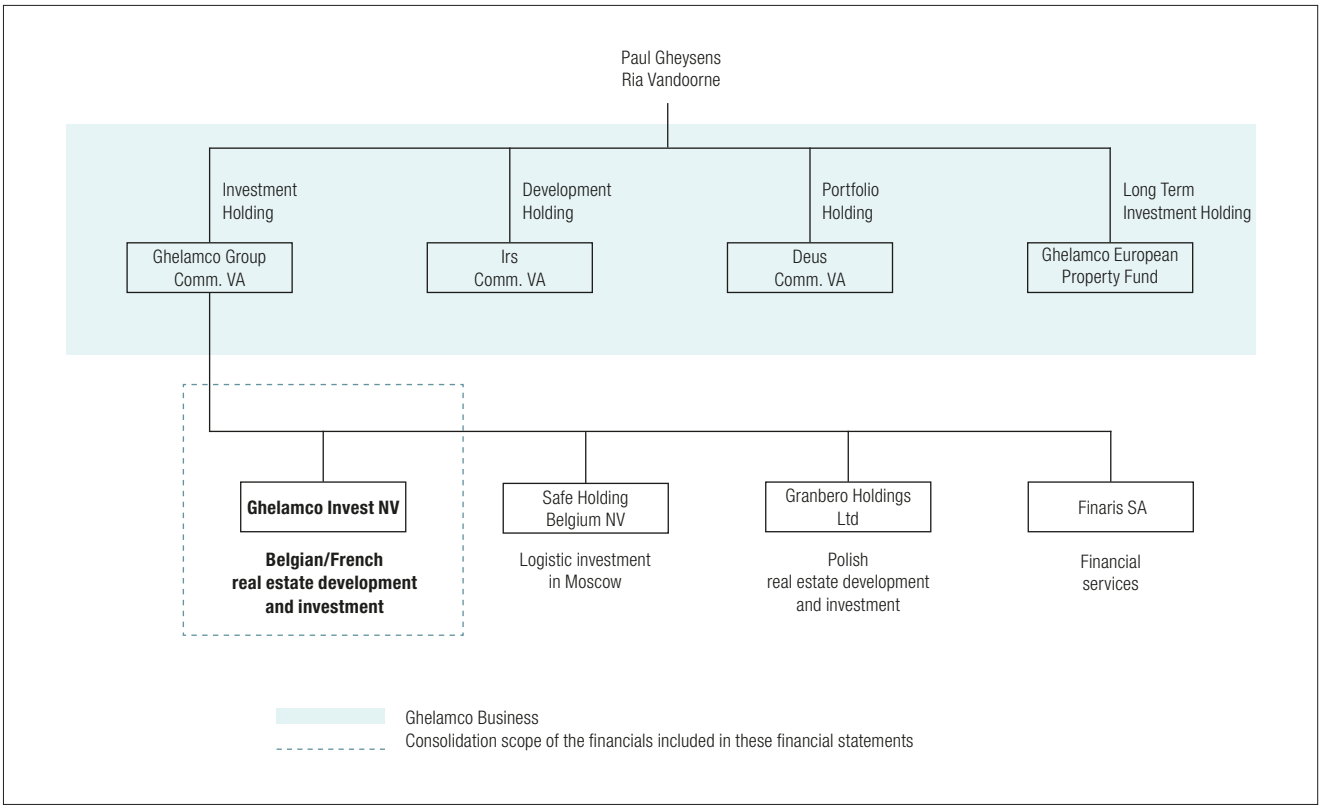
Ghelamco Invest is a limited liability company registered under Belgian law, with its registered office at Zwaanhofweg 10, 8900 Ieper, Belgium. Ghelamco Invest is registered in the Belgian commercial register under the number BE0431.572.596.

3. CONSOLIDATION SCOPE

These consolidated financial statements comprise the resources and activities of Ghelamco Invest and its legal subsidiaries (the Company).

At 31 December 2018 (the reporting date), all the assets and liabilities of the reporting entity (Ghelamco Invest and its direct and indirect legal subsidiaries) are legally linked through a corporate structure that was introduced in 2006 and was accomplished prior to 31 December 2007 (overview in Note 5).

All assets, liabilities, income and expenses that represented an integral part of the Company activities, are included in the accounts of the legal subsidiaries of Ghelamco Invest at 31 December 2018 and at 31 December 2017.



4. STAFFING LEVEL

Given its nature, there is only limited employment in the Company. At 31/12/2018, Ghelamco Invest and subsidiaries employed 8 people. The construction, engineering and other related services are mainly provided to the Company by the Development Holding's legal subsidiaries. Ghelamco as a whole employed 304 people on 31 December 2018 (vs. 294 on 31 December 2017).

5. BOARD AND MANAGEMENT COMMITTEE

In connection with the growing importance which management attaches to corporate governance and the further professional structuring of the Company, the Board of Directors of Ghelamco Invest has been extended with a non-executive member and an independent member. In addition, the Board has formally installed an audit committee, chaired by the independent board member, who complies with the independence and competence criteria in the area of accounting and audit as required by Belgian law.

Members of the board as of 31 December 2018:

- BVBA Opus Terrae, represented by mr. Paul Gheysens
- Mr. Paul Gheysens
- Mr. Simon Gheysens
- Mr. Michael Gheysens
- BVBA Pure F, represented by mr. Philip Neyt (non-executive board member)
- BVBA JINVEST, represented by mr. Jürgen Ingels (independent board member)

The Company's Management as of 31 December 2018 consists of:

- Mr. Paul Gheysens (Chief Executive Officer)
- Mr. Simon Gheysens (Chief Business Intelligence, Technology and Project Design Officer)
- Mr. Michael Gheysens (Chief Commercial and Business Development Officer)
- Mr. Philippe Pannier (Chief Financial Officer)
- Mr. Chris Heggerick (Chief Operational Officer)
- Mrs. Barbara De Saedeleer (Chief Investments and Operations Officer)

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

The statutory board of Ghelamco Invest's subsidiaries usually consists of 4 directors.

The Management is responsible for the Company's internal control and risk system including those regarding financial reporting. Internal control over financial reporting includes the assessment of the relevant risks, the identification and monitoring of key controls and actions taken to correct deficiencies as identified. The Audit Committee reviews the effectiveness of the internal control and risk management systems. Ghelamco Invest's control environment comprises of central finance functions such as consolidation and reporting, accounting, tax, treasury and investor relations. All finance functions report directly to the Chief Financial Officer. One of the responsibilities of the financial department is to improve the procedures used to prepare and process financial information. Regular reviews are conducted on the key control procedures in the preparation of financial information in the subsidiaries and at Group level in order to ensure proper application of instructions and guidelines with regards to financial reporting. The consolidation process is performed on a semi-annual basis and reviewed by the Management and the Audit Committee. Based on regular meetings, the Management has a process in place to identify, assess and follow-up on risks including those with regard to the financial reporting process on a regular basis. These risks are being discussed with the Audit Committee who might define further actions to the Management.

6. BUSINESS ENVIRONMENT AND RESULTS

2018 results:

The Company closed its 2018 accounts with an operating profit of 52,586 KEUR. While paying thorough and still increasing attention to (amongst others technical and environmental) innovation and sustainability, the Company continued its development, construction and commercial efforts in the past year. As a result, the Company again realized significant residential sales, disposed of some investment property and in addition managed to create significant added value on existing projects. This is reflected in a growing qualitative and green project portfolio and appears from an increased balance sheet total of 867,824 KEUR and an equity of 267,129 KEUR. The solvency ratio slightly increased to 30.8% (vs. 30.5% last year). The Company realized a profit for the year of 35,251 KEUR, an increase of 62% compared to prior year. There is currently no intention to distribute a dividend over 2018.

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

2018 development activities mainly related to:

- The construction works of phase 3 of the Tribeca project in Ghent (offering 91 apartments and some smaller retail units) have been finalized. While this last phase of this affordable, contemporary, green project is being delivered, currently over 90% of total available residential units (163 apartments, 13 houses and 5 lofts) have been sold. Also approx. 50% of the available retail space was sold.
- The construction works in the Brussels Edition and Spectrum projects have continued and are well advanced. Construction progress is for both projects respectively at 90% (and the deliveries are currently ongoing) and 55%. Per end 2018, all available residential units (except for the penthouse) in the Edition project (offering 59 luxurious apartments, underground parking spaces and retail space on the ground floor) have sold, while in the Spectrum project (mixed project offering 15,000 sqm office space, 22 apartments and approx. 170 underground parking spaces) 100% of the apartments have been sold. In addition, over 50% of leasable space in the offices-part of the Spectrum project has been pre-leased, while also well advanced lease negotiations are ongoing for significant parts of the remaining space.
- Also, the construction of the The Link office project in Berchem, Antwerp (27,000 sqm leasable space and approx. 540 underground parking spaces, divided over 2 buildings) has been finalised and the building was per end 2018 in the delivery phase. Parallel marketing efforts have in addition resulted in a lease rate of over 95%.

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

- On 17 September 2018, the Company signed a share purchase agreement with AG Real Estate for the acquisition of the shares of the company holding the Silver Tower site in Brussels, in view of the future development of an office project offering approx 54,280 sqm gross leasable space. The shares transaction was based on a transaction value of 22.2 MEUR.
- On 19 December 2018, the Company acquired the shares of Domein Culligan bvba, holding a site in Machelen, Culliganlaan, for the future development of an office project offering approx. 30,000 sqm gross leasable space. The transaction value of the site in the share deal amounted to 9.5 MEUR.
- On 29 December 2018, the Company signed a put option contract with the Brussels Region for the acquisition of part (+/- 63,000 sqm) of the Communicatiecentrum Noord building in Schaarbeek. Depending on the realisation of the conditions

precedent as set forth in the contract and the exercising of the put option, the deal will be closed by end of April 2019, with a postponed payment until end of June 2021. The acquisition price amounts to 66.5 MEUR (acte en main).

As to divestures/revenues:

- In June 2018, the Wavre Retail Park (site in Wavre for the realisation of an SME-park (warehousing, showroom and offices) of over 27,000 sqm) has been sold to a third party investor. The sales price amounted to 8.0 MEUR, equalling the carrying value per books. The transaction was structured as a share deal. The preliminary contract was signed in 2017, while the deal was closed in 2018.
- Also in June 2018, approx. half of the available retail units (+/- 2,500 sqm) and 95 adjacent parkings in the Tribeca project in Ghent have been sold to a third party investor, for a net sales price of 6.1 MEUR.
- On 27 August 2018, the City Council of Leuven decided to purchase the Waterview Parkings project (585 parkings tower in the Vaartkom, Leuven) for an amount of 6.5 MEUR. The sales transaction was closed on 7 December 2018.
- Other, residential sales mainly related to apartments and parking spaces in (phase 3 of) the Tribeca project in Ghent and apartments and parking spaces in the Edition and Spectrum projects in Brussels.

Main post balance sheet events

On 17 January 2019, a lease contract has been signed with PWC for the lease of 23,000 sqm office space and 700 parking spaces in the building to be raised on the recently acquired Culligan plot. The project will going forward be referred to as the PWC Offices. The lease agreement will start on 1 May 2021, with a duration of 15 years. Considering fit-out works starting at inception of the lease agreement, it is expected that PWC will actually move in into the premises end of 2021.

On 27 February 2019, the 'The Link' project in Antwerp has been sold to Baloise for a total sales value (acte en main) of 89,250 KEUR. The transaction has been realized at a new prime yield for office investments in Flanders of 5.2% and resulted in the realization of previously recognized fair value adjustments of +/- 24 MEUR. At the moment of sale, the related bank financing of 55 MEUR has been reimbursed.

Risk factors

Due to its activities, the Company is exposed to a variety of risks: market risk (including exchange rate risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. We refer to section 2 of the Consolidated Financial Statements for a detailed description of those risk factors. The Company does not use financial instruments to hedge its exposure in connection to those risks. With respect to the status of the Eurostadium project, we refer to note 9 of the Consolidated Financial Statements.

Outlook

It is the Company's strategy to further diversify its investment portfolio by spreading its investments over different real estate segments.

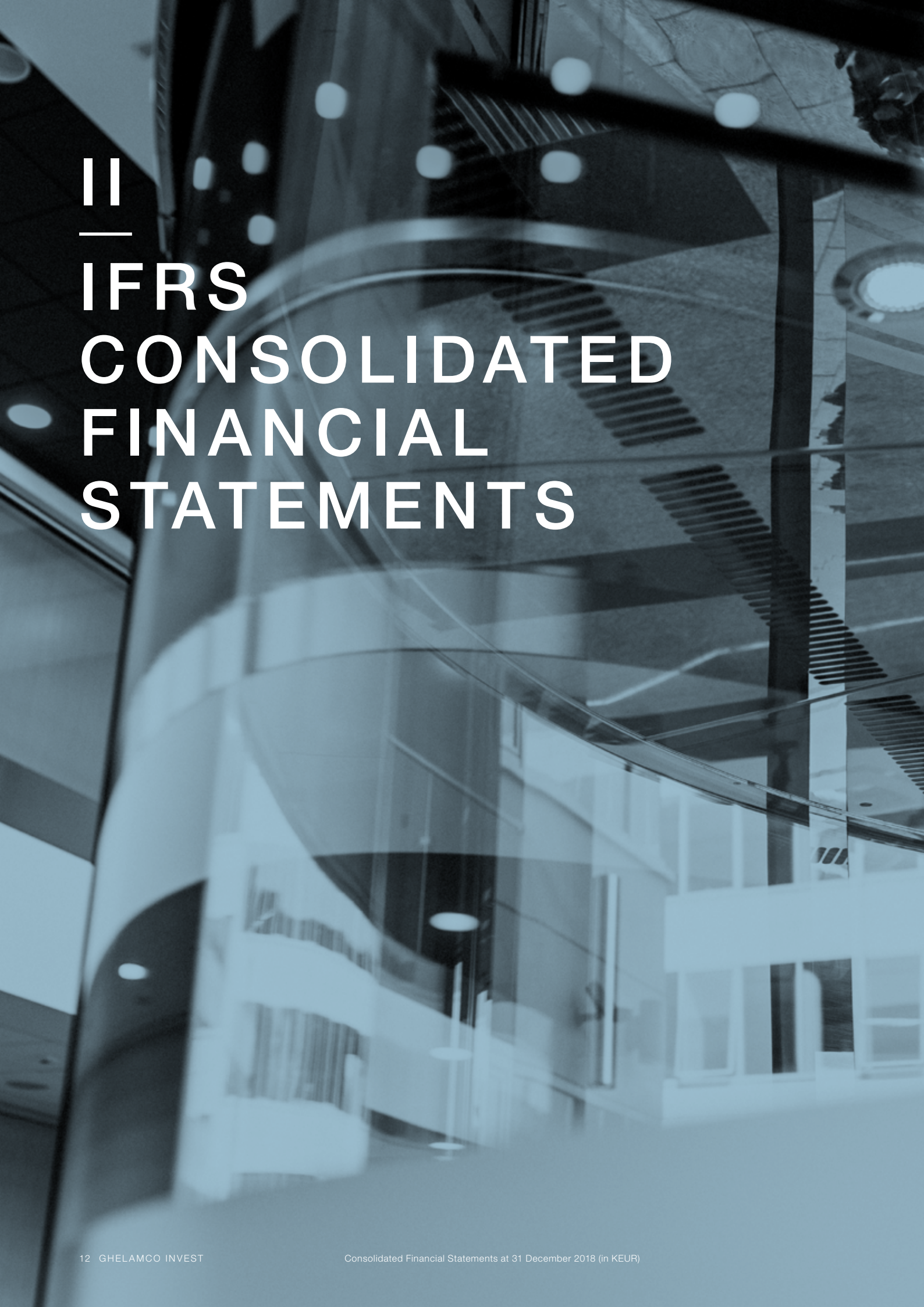
For 2019, the Company will continue this strategy. In addition, it will closely monitor specific evolutions in its active markets and real estate segments and has already secured some important positions for sizable new projects. Considering its sound financial structure and the expected further market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

Ghelamco will also continue to focus on R&D and innovation to monitor and improve the realisation of its development projects.

7. OPINION ON THE FAIR PRESENTATION IN ACCORDANCE WITH THE ROYAL DECREE OF 14 NOVEMBER 2007

The Board of Directors, hereby declares, to the best of their knowledge, that:

- the consolidated financial statements give a true and fair view of the Group's net worth and financial position and of its results in accordance with International Financial Reporting Standards;
- the annual report gives a true and fair view of the developments and results of the Company and its subsidiaries included in the consolidated financial statements, as well as a description of the main risks and uncertainties which the Group is facing.



II

IFRS CONSOLIDATED FINANCIAL STATEMENTS

This document presents the IFRS Consolidated Financial Statements for the year ended on 31 December 2018, assuming the going concern of the consolidated companies and which were approved by the Company's Board of Directors on 22 March 2019. The amounts in this document are expressed in thousands of EUR (KEUR), unless stated otherwise.

A. CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IN KEUR)

ASSETS	Note	31/12/2018	31/12/2017
Non-current assets			
Investment Property	6	321,890	317,851
Property, plant and equipment	7	895	1,004
Equity accounted investees	8	14,564	6,340
Receivables and prepayments	10	2,958	3,064
Deferred tax assets	16	6,963	4,537
Other financial assets	4.3	3,743	3,961
Restricted cash		0	0
Total non-current assets		**351,013**	**336,756**
Current assets			
Property Development Inventories	9	186,978	215,187
Trade and other receivables	10	209,785	173,430
Current tax assets		0	0
Derivatives		0	0
Assets classified as held for sale	6	97,698	575
Restricted cash		0	0
Cash and cash equivalents	11	22,350	26,409
Total current assets		**516,811**	**415,600**
TOTAL ASSETS		**867,824**	**752,357**

Capital and reserves attributable to the Group's equity holders	Note	31/12/2018	31/12/2017
Share capital	12	146,490	146,490
CTA		0	0
Retained earnings	13	120,289	85,322
		266,779	**231,812**
Non-controlling interests	12.2	350	300
TOTAL EQUITY		**267,129**	**232,112**
Non-current liabilities			
Interest-bearing loans and borrowings	14	384,064	341,839
Deferred tax liabilities	16	26,208	19,530
Other non-current liabilities		0	0
Long-term provisions		0	0
Total non-current liabilities		**410,272**	**361,369**
Current liabilities			
Trade and other payables	17	41,802	44,437
Current tax liabilities		3,478	284
Interest-bearing loans and borrowings	14	145,143	114,154
Short-term provisions		0	0
Total current liabilities		**190,423**	**158,876**
Total liabilities		**600,695**	**520,245**
TOTAL EQUITY AND LIABILITIES		**867,824**	**752,357**

B. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	Note	2018	2017
Revenue	18	47,030	66,887
Other operating income	19	13,978	7,729
Cost of Property Development Inventories	20	-27,932	-46,201
Employee benefit expense	19	-312	-333
Depreciation amortisation and impairment charges		-290	-227
Gains from revaluation of Investment Property	6	35,910	27,060
Other operating expense	19	-17,625	-16,292
Share of results of joint-ventures	8	1,827	793
Operating profit - result		**52,586**	**39,416**
Finance income	21	3,692	3,792
Finance costs	21	-15,097	-18,063
Profit before income tax		**41,181**	**25,145**
Income tax expense/income	22	-5,930	-3,409
Profit for the year		**35,251**	**21,736**
Attributable to:			
Owners of the Company		**35,227**	**21,587**
Non-controlling interests		**24**	**149**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	2018	2017
Profit for the year	**35,251**	**21,736**
Exchange differences on translating foreign operations	0	0
Other	0	0
Other comprehensive income of the period	**0**	**0**
Total Comprehensive income for the year	**35,251**	**21,736**
Attributable to:		
Owners of the Company	35,227	21,587
Non-controlling interests	24	149

C. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to the owners of the Company			Non-controlling interests	TOTAL EQUITY
		Share capital	Cumulative translation reserve	Retained earnings		
Balance at 1 January 2017		**146,490**	**0**	**63,733**	**185**	**210,408**
Capital increase						**0**
Profit/(loss) for the year				21,587	149	**21,736**
Dividend distribution						**0**
Change in non-controlling interests						**0**
Change in the consolidation scope					-34	**-34**
Other				2		**2**
Balance at 31 December 2017		**146,490**	**0**	**85,322**	**300**	**232,112**
Capital increase	12					**0**
Profit/(loss) for the year	13			35,227	24	**35,251**
Dividend distribution						**0**
Change in non-controlling interests	12.2				26	**26**
Change in the consolidation scope	13			-252		**-252**
Other				-8		**-8**
Balance at 31 December 2018		**146,490**	**0**	**120,289**	**350**	**267,129**

D. CONSOLIDATED CASH FLOW STATEMENT

Consolidated Cash Flow Statement for 2018 and 2017	Note	31/12/2018	31/12/2017
Operating Activities			
Profit / (Loss) before income tax		**41,181**	**25,145**
Adjustments for:			
• Share of results of associates		-1,827	-793
• Change in fair value of investment property	6	-35,910	-27,060
• Depreciation, amortization and impairment charges	7	290	227
• Result on disposal Investment Property		647	-432
• Change in provisions		-	-120
• Net interest charge	21	8,300	12,034
• Movements in working capital:			
- Change in prop. dev. inventories	9	12,484	-23,435
- Change in trade & other receivables	10	-34,807	-11,048
- Change in trade & other payables	17	16,209	5,938
• Movement in other non-current liabilities		-	-
• Other non-cash items		-234	-89
Income tax paid		1,515	-3,919
Interest paid (*)	21	-12,190	-18,234
Net cash from operating activities		**-4,342**	**-41,786**
Investing Activities			
Interest received	21	2,144	633
Purchase of property, plant & equipment		-181	-589
Purchase of investment property	6	-93,225	-48,764
Capitalized interest in investment property (paid)	6	-4,648	-4,729
Proceeds from disposal of investment property	6	20,966	10,362
Net cash outflow on acquisition of subsidiaries		1,689	-5,547
Cash outflow on other non-current financial assets		324	2,098
Net cash flow used in investing activities		**-72,931**	**-46,536**
Financing Activities			
Proceeds from borrowings	14	120,428	169,835
Repayment of borrowings	14	-47,214	-70,378
Capital increase		0	0
Dividends paid			
Net cash inflow from / (used in) financing activities		**73,214**	**99,457**
Net increase in cash and cash equivalents		**-4,059**	**11,136**
Cash and cash equivalents at 1 January		**26,409**	**15,273**
Cash and cash equivalents per end of the year		**22,350**	**26,409**

(*): Interests directly capitalized in IP not included (2018: 4,648 KEUR; 2017: 4,729 KEUR, separately presented under investing activities)

E. SEGMENT INFORMATION

Given the fact that for the time being major part of property is located in Belgium, the board of directors (i.e. “Chief Operating Decision Maker”) does not use any other segmented reporting for its decision taking and resource allocation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1.1. INTRODUCTION

We refer to the section "General Information: business activities" of the Board of Directors' annual report on the consolidated financial statements and Note 5 "Organizational chart" of these financial statements for more information on the business activities and the structure of the Company and its position within the Ghelamco business.

As per today, the Company's core business is the investment in commercial and residential properties. The Company's strategy is to keep commercial property in portfolio for rental purposes while residential properties are dedicated for sale. According to IAS 2, Property Development Inventories have to be measured at the lower of cost and net realizable value. Investment Properties (Under Construction) are carried at fair value.
As such, residential properties are presented as Property Development Inventories. Most of the commercial property is presented as Investment Property. We refer to the Notes 6 and 9 for more details on their presentation.

These financial statements are IFRS consolidated financial statements that include the resources and activities of Ghelamco Invest NV and its legal subsidiaries that are part of the Company at 31 December 2018.

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

1.2. BASIS OF PREPARATION

These consolidated financial statements include those of the Company and its subsidiaries. The consolidated financial statements were approved for issue by the Board of Directors on 22 March 2019. The consolidated financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards ("IFRS") as adopted by the European Union at 31 December 2018. The Company has adopted all new and revised standards and interpretations relevant for its activities and which became applicable for the financial year starting 1 January 2018.

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

1.3. STANDARDS AND INTERPRETATIONS THAT BECAME APPLICABLE IN 2018

Standards and Interpretations that the Company anticipatively applied in 2017 and 2018:

- None

Standards and Interpretations that became effective in 2018:

- Amendments to IAS 40 Transfers of Investment Property
- Annual improvements to IFRS Standards 2014-2016 Cycle: Amendments to IFRS 1 and IAS 28
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRS 9 Financial Instruments and subsequent amendments
- IFRS 15 Revenue from Contracts with Customers

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

The Company applied this standard as from 1 January 2018. This adoption had no significant impact on the financial statements of 31 December 2018.

IFRS 9 requires the Company to recognize expected credit losses on its financial assets through the application of default impairment percentages on (mainly trade) receivables. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

The Company has encountered no or very limited defaults and has opted for the simplified approach. Loss allowances for trade receivables and contract leases are therefore always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. In determining the amount of credit losses the Company has considered both quantitative and qualitative information and prepared an analysis, based on the Company's historical experience and macro-economic information including forward-looking information.

Based on the analysis performed, the Company did not identify material impairment losses on the date of initial application or at year-end.

The ECL model is not applicable for non-current receivables, as most of the outstanding non-current receivables are linked to related parties, having a low credit risk.

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

The Company has adopted this standard as from 1 January 2018, according to the retrospective method without practical exemptions. This adoption has not created any significant impact on the balance sheet or the income statement of the Company. The various flows of income for the Company mainly relate to rental incomes that are covered

by IFRS 16 (in 2018 still IAS 17), and residential sales which are covered by IFRS 15.

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

Standards and Interpretations which became effective in 2018 but which are not relevant to the Company:

- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions
- Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

1.4. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

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

- Amendments to IAS 1 and IAS 8 Definition of Material (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in the EU)
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- Amendments to IAS 28 Long term interests in Associates and Joint Ventures (applicable for annual periods beginning on or after 1 January 2019, endorsed in the EU in February 2019)
- Amendments to IFRS 3 Business Combinations (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in the EU)
- Amendments to IFRS 9 Prepayment Features with Negative Compensation (applicable for annual periods beginning on or after 1 January 2019)
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (the effective date has been deferred indefinitely, and therefore the endorsement in the EU has been postponed)
- Amendments to references to the Conceptual Framework in IFRS standards (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in the EU)
- Annual improvements to IFRS Standards 2015-2017 Cycle (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- IFRIC 23 Uncertainty over Income Tax Treatments (applicable for annual periods beginning on or after 1 January 2019)
- IFRS 14 Regulatory Deferral Accounts (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU)
- IFRS 16 Leases (applicable for annual periods beginning on or after 1 January 2019)
- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2021, but not yet endorsed in the EU)

At this stage, the Company does not expect the first adoption of these Standards and Interpretations to have any material financial impact on the financial statements at the

moment of initial application. Except for what is stated below on IFRS 16.

IFRS 16 introduces significant changes in accounting for leases for the lessee, removing the distinction between operating and finance leases and recognising assets and liabilities for all leases (aside from exemptions for short-term leases or low-value assets). Unlike accounting for leases by the lessee, IFRS 16 keeps almost all provisions from IAS 17 Leases regarding accounting for leases by the lessor. This means that lessors must continue to classify leases as operating and finance leases. The Company will apply the 'modified retrospective approach'. The comparative figures will not be adapted. As the company has currently not entered into significant lease contracts (as a lessee), it is assessed that the impact of IFRS 16 will be limited.

The Company is currently assessing the possible impact, if any, of standards to be applied as from 2020.

1.5. PRINCIPLES OF CONSOLIDATION

1.5.1. CONSOLIDATION SCOPE

The entities included in the consolidation scope are those that are under control of the Company (see Notes 4 and 5). The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Control is achieved when the Company:

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

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

The transactions, balances and unrealized gains and losses between these legal entities are deemed to be intra-group transactions and are eliminated in full.
The transactions with other entities owned directly or indirectly by the ultimate beneficial owners of the Company are deemed transactions with related parties and are not eliminated, but are presented as balances and transactions with related parties in Note 25.

Investments in joint-ventures are included in the consolidated financial statements in accordance with the equity method. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.5.2. ACQUISITION OF SUBSIDIARIES

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

During the course of 2018 and 2017, there were no acquisitions of subsidiaries that

qualified as an acquisition of a business as defined in IFRS 3 “Business Combinations”.

1.5.3. SALE OF SUBSIDIARIES

As was the case in the past, the 2018 and 2017 business of the Company consists of developing commercial and residential real estate projects. Commercial properties are held for rental. Residential properties are held for sale in the ordinary course of business.

General rule:

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

Comments 2018

In June 2018 the Wavre Retail Park was disposed and sold to a third party investor. The transaction was structured as a share deal, in line with the general approach to sell commercial projects. The share deal was based on an underlying fair value of the property and its business potential. The transaction has in the financial statements been presented as a disposal of IP.

On the other hand, also in June 2018, two leased retail units and 95 adjacent parking spaces in the Tribeca project in Ghent were sold to a third party investor, through an asset deal.

In addition, on 7 December 2018, the City Council of Leuven purchased the Waterview Parkings project (585 parkings tower in the Vaartkom, Leuven), also through an asset deal.

In 2018, no residential SPVs have been sold, in line with the general approach to sell residential projects through asset deals.

Comments 2017:

On 28 June 2017, the shares of Retail Leuven NV, holding the delivered and operational Retail Leuven project (5,435 sqm retail space at the Vaartkom in Leuven) were sold to a third party investor. The deal was structured as a share deal, in line with the general approach to sell commercial projects. The share deal was based on an underlying fair value of the property. The transaction has in the financial statements been presented as a disposal of IP.

In 2017, no residential SPVs have been sold, in line with the general approach to sell residential projects through asset deals.

1.5.4. INCREASE IN OWNERSHIP INTERESTS IN SUBSIDIARIES

The Company applies the parent company model to transactions with minority shareholders. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

1.5.5. FOREIGN CURRENCY TRANSLATION

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

Foreign currency transactions

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

Foreign entities

For the purpose of the IFRS consolidated financial statements, the results and financial position of each entity are translated in Euro, which is the functional currency of the Company and the presentation currency for the IFRS consolidated financial statements. In consolidation, the assets and liabilities of the group companies using a different functional currency than the Euro are translated in Euro using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified in equity, within the "Cumulative translation reserve". Such translation differences are recognized as income or as expenses in the period in which the entity is sold, disposed of or liquidated.

As Ghelamco Invest and its subsidiaries are all EU (and Eurozone) companies, with functional currency Euro, and almost exclusively involved in Euro-transactions, foreign currency impact is not material in the Company's financial statements.

1.6. PROPERTY, PLANT AND EQUIPMENT

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

Cost includes the fair value of the consideration given to acquire the asset and any directly attributable cost of bringing the asset to working condition for its intended use (taxes included). The depreciable amount is allocated on a systematic basis over the useful life of the asset, using the straight-line method. The depreciable amount is the acquisition cost.

The applicable useful lives are:

- Tangible fixed assets:
  - Buildings: 20 to 40 years
  - Vehicles: 5 years
  - Equipment: 5 to 10 years

1.7. FINANCE LEASES

A finance lease that substantially transfers all the risks and rewards incident to ownership,

is recognized as an asset and a liability at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

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

1.8. IMPAIRMENT OF ASSETS

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

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

1.9. INVESTMENT PROPERTY

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

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

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

Gains or losses as a result of changes in the fair value are included in the Income Statement of the year in which they occur. Gains and losses as a result of an Investment Property disposal are considered into the Income Statement of the year in which the disposal occurs (in other operating income or other operating expense). The Company distinguishes 4 different stages for Investment Property:

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

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

1. INVESTMENT PROPERTIES UNDER CONSTRUCTION (A), (B), (C)

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

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

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

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

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

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

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

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

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

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

2. COMPLETED INVESTMENT PROPERTIES (D)

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

Fair value of IP is determined as follows:

- Projects under (D): fair value of the completed project

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

- Projects under (D): fair value of the completed project minus gross land cost, minus cost of the construction part

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

1.10. (NON)-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

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

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

1.11. PROPERTY DEVELOPMENT INVENTORY

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

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

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

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

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write-down is necessary when the net realizable value at balance sheet date is lower than the carrying value. The Company performs regular reviews of the net realizable value of its Property Development Inventory, based on feasibility studies, recent transaction data and other available information.

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

1.12. TRADE AND OTHER RECEIVABLES

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

Impairment

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

Additionally from 1 January 2018 onwards

The Company recognises loss allowances for ECLs mainly on financial assets measured at amortised cost and contract assets.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for trade receivables and contract leases are therefore always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

In determining the amount of credit losses the Company has considered both quantitative and qualitative information and prepared an analysis, based on the Company's historical experience and macro-economic information including forward-looking information.

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

1.13. FINANCIAL ASSETS

Before 1 January 2018

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

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

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

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

From 1 January 2018

The Company classifies its financial assets in the following categories: measured at amortised cost, Fair Value through Other Comprehensive Income ('FVOCI') and Fair Value Through Profit and Loss ('FVTPL'). The classification is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

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

The investments in equity instruments that do not have a quoted market price in an active market are measured at cost (this valuation principle applies mainly to the investments in

entities under the control of the ultimate beneficial owners of the Company, not included in the consolidation scope of these financial statements).

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

For an overview of financial assets (and liabilities) by category in accordance with IFRS 9 (from 1 January 2018) and IAS39 (before 1 January 2018), reference is made to note 15 below.

1.14. CASH AND CASH EQUIVALENTS

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

1.15. SHARE CAPITAL

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

Dividends are recognized as a liability only in the period in which they are approved by the Company’s shareholders.

1.16. CURRENT AND DEFERRED INCOME TAXES

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

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

Deferred tax is recognized, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values. Deferred tax is recognized on all temporary differences.

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

As it is expected that the value of commercial projects will in first instance be realized through use (and not through sale), the recognition of deferred tax liabilities on fair value adjustments is also applied here. Still, the potential capital gain (in the case a commercial project would be sold through a share deal) might be exempted from income tax in some jurisdictions if certain conditions are met. Although the Company is confident that in the

case of a share deal these conditions will be complied with, deferred tax liabilities have consistently been recognized, without taking into account those potential tax exemptions. Currently or substantially enacted tax rates are used to determine deferred income tax. Under this method, the Company is also required to make a provision for deferred income tax on the difference between the fair values of the net assets acquired and their tax base as a result of a business combination.

No deferred taxes are accounted for temporary differences arising from the initial recognition of goodwill or the initial recognition of assets or liabilities in a transaction that is not a business combination and that at the time of the transaction affect neither accounting or taxable profit; temporary differences relating to investments in subsidiaries, associates and joint arrangements to the extent that they will probably not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. A deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized (Note 16).

1.17. TRADE AND OTHER PAYABLES

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

1.18. BORROWINGS

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

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

1.19. REVENUE RECOGNITION

Revenue mainly includes sales of properties and rental income.

Sale of Property Development Inventory

Before 1 January 2018

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

(a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;

(b) the entity retains neither continuing managerial involvement to the degree usually

associated with ownership nor effective control over the goods sold;

(c) the amount of revenue can be measured reliably;

(d) it is probable that the economic benefits associated with the transaction will flow to the entity;

(e) the costs incurred or to be incurred relating to the transaction can be measured reliably.

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

From 1 January 2018

Revenue is recognised as control is passed to the customer, either over time or at a point in time.

Revenue is recognised in the income statement (on the line-item Revenue) based on the transaction price in the contract, which is the amount to which the Company expects to be entitled in exchange for the transfer of the property.

In accordance with Belgian Breyne legislation, it is assessed that sold properties have no alternative use and that right to payment for the Company exists. For that, revenue from off-plan apartment sales is recognized over-time; i.e. through percentage of completion.

To the extent a contract contains elements of variable or contingent consideration, the Company will estimate the amount of variable consideration to which it will be entitled under the contract. A variable consideration is only included in the transaction price and will only be recognised to the extent it is highly probable that its inclusion will not result in significant revenue reversal in the future, when the underlying uncertainty has been resolved.

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

Rental income

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

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

Sale of Investment Property

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

(a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;

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

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

2. FINANCIAL RISK MANAGEMENT

2.1. FINANCIAL RISK FACTORS

Due to its activities, the Company is exposed to a variety of financial risks: market risk (including exchange rate risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. Financial risks relate to the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables and borrowings. The Company may use derivative financial instruments (external or internal) on an ad hoc basis to hedge against the exposures arising from the individual transactions significant to the Company as a whole. However, no derivative financial instruments were used at the balance sheet date.

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

2.1.1. FOREIGN EXCHANGE RISK

To the extent the Company enters in transactions in foreign currencies, other than its functional currency, being the Euro, it is subject to the following currency exchange risks: (i) the foreign currency transaction risk: which occurs when a member of the Company 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 affect the Company's business, financial condition, results and prospects.

However, since Ghelamco Invest and its subsidiaries exclusively operate in Belgium and Western Europe, such currency risk is very limited to not applicable.

The Company concludes all financing, engineering, architectural and construction contracts in Euro; leasing of the properties is in Euro and eventual later disposal of assets or shares are also expressed and negotiated in Euro.

2.1.2. INTEREST RATE RISK

The Company actively uses external and related party borrowings to finance its property projects. A property project's external financing is either in the form of a bank loan or a bond issue denominated in Euro (see Note 14).

The Company did not enter into external interest rate hedging transactions to eliminate exposure arising from the long term investment loans over the last 5 years, except for an interest cap agreement regarding the bank financing on the The Link project (which has been sold in Q1 2019). The Company's management closely monitors the short-term floating rate borrowings and medium term fixed interest rates.

The **bank financing** structure reflects major project development phases (acquisition of land, development and holding of the properties) as follows and usually structured within the involved project entity:

- Land acquisition loans (usually provided for a term of two years). The interest is payable at market floating rates (from 1 up to 6 months) increased by a margin.
- Construction loans provided until completion of construction and obtaining of the exploitation permit (usually for a term of about two years). The interest is 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 construction loan.
- Once the property is completed, leased and meets all ongoing covenants, the construction financing is swapped into an investment loan, usually provided for a period of five years beginning from the signing of the investment loan agreement and repayable gradually with rental income or fully upon sale of the property. The banks are usually willing to offer investment loans up to an amount that reflects 65% to 70% of the property's market value. The interest is usually a mix of floating and fixed rates. In addition, the capital is reimbursed at a level between 4% and 7% per annum (on average), usually payable on a quarterly basis together with the accrued interest.

Bonds for the Belgian and French projects are issued on the Ghelamco Invest NV level;

- 79.1 MEUR EMTN bond issue due 3 July 2020 and bearing an interest of 4.5%,
- 70.9 MEUR EMTN bond issue due 14 June 2021 and bearing an interest of 4.125%,
- 54.2 MEUR EMTN bond issue due 20 November 2024 and bearing an interest of 4.8%,
- 47.4 MEUR EMTN bond issue due 20 November 2022 and bearing an interest of 4.3%,
- 33 MEUR EMTN bond issue due 23 May 2022 and bearing an interest of 4.5%

Proceeds of the bonds can be used over the resp. project investment stages.

The Company may also actively use **related party borrowings** provided by the Investment Holding Financing Vehicles acting as financial intermediaries (mainly Peridot SL at 31 December 2018 and 31 December 2017) to finance the property projects in Belgium and France. These related party loans bear interest at market floating interest rates.
For sensitivity analysis, reference is made to disclosure 14 on interest-bearing loans and borrowings.

2.1.3. OPERATIONAL RISK (PRICE RISK IN FIRST INSTANCE)

Price risk

Raw materials, supplies, labour and other costs directly related to the construction process constitute a major part of the property development assets capitalized in the accounts of the Company's project companies.
Although construction prices may substantially vary during each accounting year, the Company succeeds in reducing its operational risk by either entering into fixed price contracts or into open book contracts with related and unrelated companies.
Most property projects are realized in cooperation with parties related to the Company (see Note 25.2).

Market research

Before starting an investment, the Company's management teams have performed their market research, comprising the following:

- status of the project's current zoning (and in the forthcoming case timing for necessary rezoning)
- attitude of the local government towards a particular project
- are comparable projects being launched (timing and location)
- type of potential buyers/tenants - reasonable delivery date of the project
- projected sale/lease prices at the date of delivery
- yield expectations at that time
- time frame to achieve 50% - 60% leasing level

Permit risk

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

Construction risk

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

Engineering risk

The Company has to remain in control for the design, lay-out and structural or finishing elements of the building. Any change in engineering automatically leads to cost increases or decreases. That is why the Company hardly ever outsources these tasks.

Financing risk

The Company relies since years on framework agreements with the majority of its banking partners. The parameters of the framework can vary due to economic circumstances, but the framework remains workable as a whole. Before starting up the construction works (or contracting with subcontractors), the Company expects to have received already a (non-) binding term sheet from its banking relations.
In the past five years the Company was in addition able to call upon alternative financing through the issue of bonds (in total 284.6 MEUR unsecured bonds are outstanding, see

infra).

Commercial risk

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

Investment market risk

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

2.1.4. CREDIT RISK

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

For further analysis, reference is made to note 10.

2.1.5 LIQUIDITY RISK

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

The maturity analysis for financial liabilities that shows the remaining contractual maturities is presented in Note 14.
We also refer to note 11 and note 14.3 where the available financing is described.

2.2. CAPITAL RISK AND BALANCE SHEET STRUCTURE MANAGEMENT

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

The management's focus is to a significant extent set on financial support of its expansion plans. In order to maintain or optimize the balance sheet structure, the Company

may decide to issue bonds or similar financial instruments in the (inter-)national financial markets. Company management closely monitors solvency, liquidity, return on invested capital and profitability levels.

In the same respect, the Ghelamco European Property Fund was put in place end 2016. This enables the Investment Holding to transfer delivered projects which will be kept in portfolio for a longer period; and which for that purpose require different (long-term, 'loan to value', or even mezzanine (re-) financing).

The Company monitors capital/balance sheet structure primarily on the basis of the solvency ratio. This ratio is calculated as total equity (considering the related party financing, which is subordinated) divided by the balance sheet total.

The solvency ratios at 31 December 2018 and 2017 were as follows:

	2018	2017
Equity	267,129	232,112
Net related party loans payable		-2,767
Total assets	867,824	752,357
Solvency ratio	**30.8%**	**30.5%**

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

Impairment of inventory

The risk of impairment arises from uncertainties typical to the real estate industry.
Limited impairment losses have been recognized in 2018.
Per 31 December 2017, impairment losses and/or write-offs to net realizable value for an amount of 3.0 MEUR were recognized on a limited number of inventory items, related to the adjustment of some commercial parameters.

Income taxes

The Company operates within a thoroughly regulated environment. Deferred tax is determined based on each legal entity's tax position and is reviewed on each balance

sheet date to take account of the impact of changes in the tax laws and the probability of recovery.
Basic Company Income Tax levels (excluding tax exemptions or other incentives):

- Belgium: 29.58% (decreasing to 25% from 2020)
- France: 33.33%

Fair value estimation

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

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.
Derivatives are recognized at fair value in the balance sheet.

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

4. LIST OF SUBSIDIARIES

Ghelamco Invest subsidiaries included in these IFRS consolidated financial statements are as follows:

Entity description	Country	31/12/2018 % voting rights	31/12/2017 % voting rights	Remarks
GHELAMCO INVEST NV	**BE**	**99**	**99**	*****
The White House Zoute NV	BE	100	100	*
Dock-Site NV	BE	99	99	*
Dianthus NV	BE	99	99	*
Nepeta NV	BE	99	99	*
Eurostadium Events NV (former De Leewe III NV)	BE	99	99	*
Eurostadium Park NV (former Immo Simava 13 NV)	BE	99	99	*
Leisure Property Invest NV	BE	99	99	*
Waterview NV	BE	99	99	*
Leuven Student Housing NV	BE	99	99	*
Parking Leuven NV (former Ring Congress Centre NV)	BE	99	99	*
Wavre Retail Park NV	BE	n/a	99	4.2
RHR-Industries NV	BE	99	99	*
Zeewind NV	BE	99	99	*
Docora NV	BE	99	99	*
Ring Multi NV (former Ring Retail NV)	BE	99	99	*
MeetDistrict Gent NV	BE	99	99	*
Ring Offices NV	BE	99	99	*
Ring Hotel NV	BE	99	99	*
Forest Parc NV	BE	99	99	*
Belalan Bischoffsheim Leasehold NV	BE	99	99	*
Bischoffsheim Freehold NV	BE	99	99	*
Belalan Louise Leasehold NV	BE	99	99	*
Louise Freehold NV	BE	99	99	*
De Nieuwe Filature NV	BE	99	99	*
Pomme de Pin Expansion SAS	FR	100	100	*
Société Immobilière de Courchevel SARL	FR	100	100	*
Pomme de Pin SAS	FR	100	100	*
Le Chalet 1850	FR	100	100	*
Brussels Urban Invest NV	BE	99	99	*
Construction Link NV	BE	99	99	*
Kubel NV	BE	99	99	*
Filature Retail NV	BE	99	99	*
Carlton Beach NV	BE	n/a	50	4.4
Carlton Retail NV	BE	50	50	**
Eneman & Co NV	BE	100	100	
Graminea NV	BE	99	99	*
Citrien NV	BE	99	n/a	*
Silver Tower NV	BE	99	n/a	4.1
Caboli NV	BE	99	n/a	*
Domein Culligan bvba	BE	100	n/a	4.1

(*) the 1% remaining voting rights are owned directly or indirectly by Mr. P. Gheysens, the ultimate beneficial owner
(**) Held in a 50/50 joint venture structure and for that included in the financial statements under the equity method

Real estate acquisitions and disposals (including plots of land) often involve the transfer of a company that holds the property and/or real estate activities.

Most subsidiaries are such special purpose real estate entities created to structure real

estate transactions (acquisition of land and real estate investment activities).

The summary of incorporations, acquisitions and disposals of subsidiaries (and other business units) realized by the Company during the year ended on 31 December 2018 is presented below. The acquisitions and disposals of real estate subsidiaries are treated in accordance with the accounting policy as described in sections 1.9 and 1.11 (and not in accordance with IFRS 3 on Business Combinations) and section 1.19.

4.1. ACQUISITIONS OF STAKES AND/OR SUBSIDIARIES

On 17 September 2018, the Company acquired the shares of the company holding the Silver Tower project in Brussels, in view of the future realisation of an office project offering approx. 54,280 sqm gross leasable space. The shares transaction was based on a transaction value of 22.2 MEUR.

Furthermore, on 19 December 2018, the Company acquired the shares of Domein Culligan bvba, holding a site in Machelen, Culliganlaan, for the future development of an office project offering approx. 30,000 sqm gross leasable space. The transaction value of the site in the share deal amounted to 9.5 MEUR.

Above acquisitions have, in accordance with what has been stated in section 1.5.2 above, been booked as the purchase of investment property and have been considered as investing cash (out-)flow items. Also in accordance with what has been stated in section 1.5.2, in these acquisition no significant other assets and/or liabilities have been acquired than the items booked in investment property.

4.2. DISPOSAL OF SUBSIDIARIES

In June 2018, the shares of the Wavre Retail Park project have been sold to a third party investor. The transaction was based on a transaction value of 8.0 MEUR, equalling the carrying value per books. The preliminary contract was signed in 2017, while the deal was closed in 2018.

4.3. INCORPORATION OF NEW (SHELF) COMPANIES

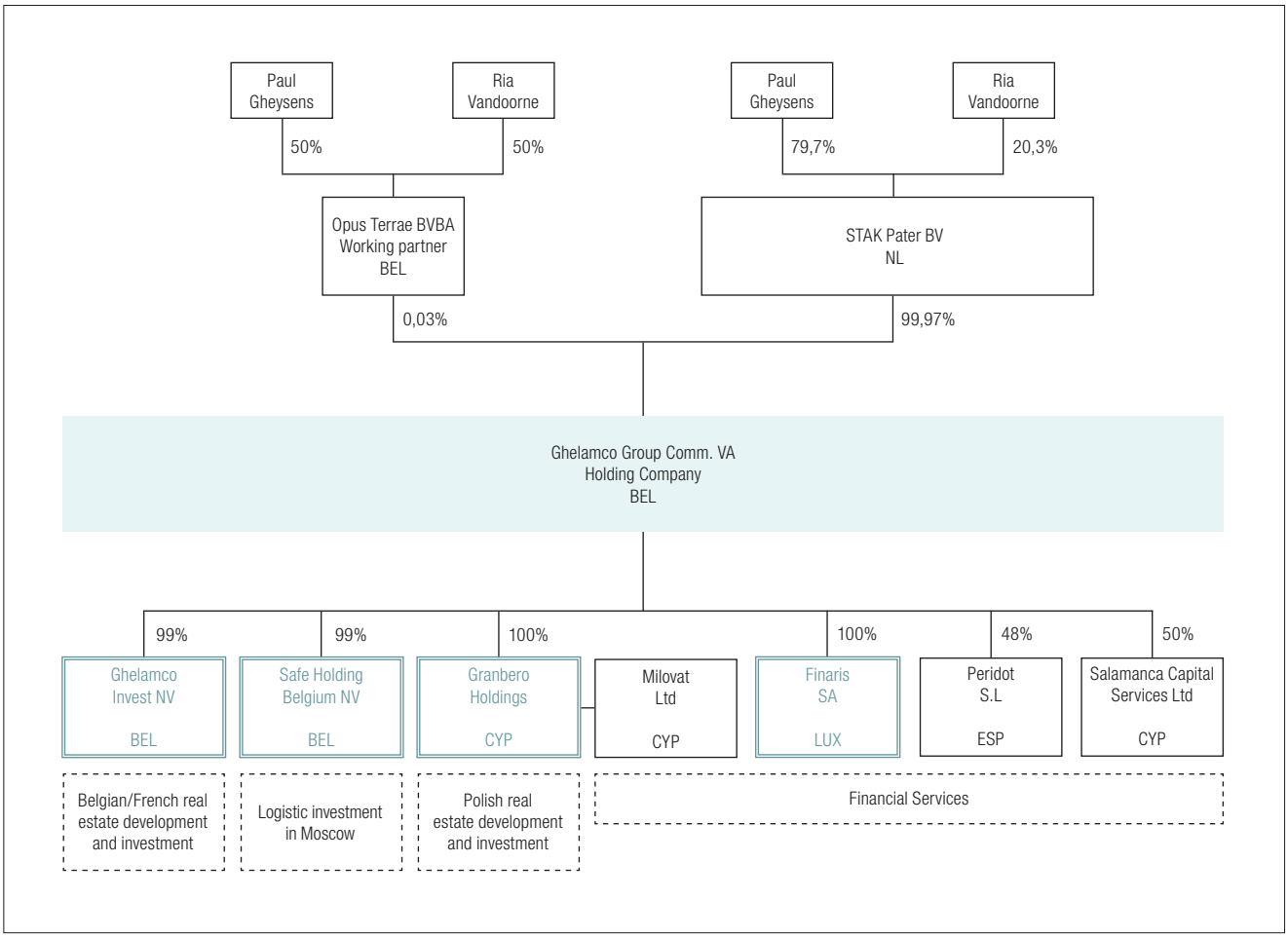
In 2018, no new SPVs have been incorporated.

4.4 MERGERS AND LIQUIDATIONS OF SUBSIDIARIES

In the course of 2018, Carlton Beach has been merged into Carlton Retail. Doing so, land parts of the high-end residential project in Knokke Zoute have been centralised in one entity, which is deemed necessary from a commercial point of view. This merger transaction had no material impact on the consolidated financial statements.

5. GROUP STRUCTURE

5.1. INVESTMENT HOLDING AS PER DECEMBER 31ST, 2018



5.2. BELGIAN AND FRENCH REAL ESTATE DEVELOPMENT AND INVESTMENT AS PER DECEMBER 31ST, 2018

GHELAMCO INVEST NV
BEL

100%	The White House Zoute NV - BEL
99%	Dock-site NV - BEL
99%	Brussels & Regional NV - BEL
99%	Dianthus NV - BEL
99%	Nepeta NV - BEL
99%	Eurostadium Events NV - BEL
99%	Eurostadium Park NV - BEL
99%	Eurostadium Offices NV - BEL
99%	Eurostadium Parking NV - BEL
99%	Eurostadium Storage NV - BEL
99%	Eurostadium Foot & Hospitality NV - BEL
99%	Pavilion NV - BEL
99%	Ghelamco Campus NV - BEL
100%	Pomme de Pin Expansion SAS - FRA

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

99%	Leisure Property Invest NV - BEL
99%	Waterview NV - BEL
99%	RHR-Industries - BEL
99%	Zeewind NV- BEL
99%	Ring Offices NV - BEL
99%	Ring Hotel NV - BEL
99%	Parking Leuven - BEL
99%	Docora NV - BEL
11%	Artevelde-Stadion CVBA - BEL
99%	Ring-Multi NV - BEL
99%	Forest Parc NV - BEL
99%	Leuven Student Housing - BEL
99%	Graminea NV- BEL
99%	Citrien NV - BEL

100%	De Nieuwe Filature NV - BEL
99%	Filature Retail NV - BEL
99%	Belalan Bischoffsheim Leasehold NV - BEL
99%	Bischoffsheim Freehold NV - BEL
99%	Belalan Louise Leasehold NV - BEL
99%	Louise Freehold NV - BEL
99%	Meetdistrict Gent NV - BEL
99%	Brussels Urban Invest NV - BEL
99%	Construction Link NV - BEL
99%	Caboli NV - BEL
99%	Kubel NV - BEL
100%	Eneman & Co NV - BEL
50%	Carlton Retail NV - BEL
99%	Silver Tower NV - BEL
100%	Domein Culligan bvba - BEL

6. INVESTMENT PROPERTY

The Company's current strategy is to keep commercial property for rental purposes while residential properties are dedicated for sale.

Plots of land, for which the management determines that the plot will be used in a project generating rental income, are classified as Investment Properties on 31 December 2018 and 31 December 2017.

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

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

Country + SPV	Commercial Name	Valuation	Cat	31/12/2018	31/12/2017
				KEUR	KEUR
BELGIUM					
Leisure Property Invest	Knocke Village	Belsq	A	59,000	44,541
WRP	Wavre Retail Park	n/a	n/a	0	8,000
Zeewind	Zeewind	Man	D	1,746	1,746
Ring Hotel	Ring Hotel	n/a	n/a	0	21,200
Ring Multi	Ghelamco Arena Multifunctional space	Cushman	D	22,675	21,720
Meetdistrict Gent	Meetdistrict business center	Cushman	D	33,950	34,750
Ghelamco Invest	Zoute House	Cushman	C	24,101	22,500
Waterview/Parking Leuven	Waterview Parkings	n/a	n/a	0	8,530
Bischoffsheim Leasehold + Freehold	Spectrum	CBRE	C	62,464	49,840
Kubel/Construction Link	The Link	n/a	n/a	0	59,453
DNF/Filature Retail	Filature/Tribeca Retail	Man	D	5,500	10,000
Docora	Rafc Tribunes	Man	D	49,696	35,571
Dianthus	Arval site	Man	B	6,000	0
Silver Tower	Silver Tower	Belsq	C	47,257	0
Domein Culligan	PWC Offices	Man	B	9,500	0
TOTAL				**321,890**	**317,851**

Legend: Belsq = Belsquare, Man = Management valuation, CBRE = CBRE valuation report, Cushman = Cushman & Wakefield valuation report

Balance at 1 January 2017	**225,224**
Acquisition of properties	3,336
Subsequent expenditure	72,564
Transfers	
• Assets classified as held for sale	0
• Other transfers	-1,119
Adjustment to fair value through P/L	27,060
Disposals	-9,214
Other	0
Balance at 31 December 2017	**317,851**
Acquisition of properties	32,137
Subsequent expenditure	47,090
Transfers	
• Assets classified as held for sale	-97,123
• Other transfers	7,638
Adjustment to fair value through P/L	35,910
Disposals	-21,613
Other	0
Balance at 31 December 2018	**321,890**

Categories	A	B	C	D	Total
Balance at 1 January 2017	**52,661**	**41,500**	**55,208**	**75,855**	**225,224**
Acquisition of properties	3,336				3,336
Acquisition through business combinations					0
Subsequent expenditure	2,862		30,348	39,354	72,564
Transfers					0
• Assets classified as held for sale					0
• Other transfers	-6,286	-41,500	41,500	5,167	-1,119
Adjustment to fair value	-32		25,937	1,155	27,060
Disposals				-9,214	-9,214
Other					0
Balance at 31 December 2017	**52,541**	**0**	**152,993**	**112,317**	**317,851**
Acquisition of properties	447	9,500	22,190		32,137
Acquisition through business combinations					0
Subsequent expenditure	2,017	0	28,487	16,585	47,090
Transfers					0
• Assets classified as held for sale			-24,000	-73,123	-97,123
• Other transfers		5,126	-73,123	75,599	7,638
Adjustment to fair value	11,995	838	27,275	-4,198	35,910
Disposals	-8000			-13,613	-21,613
Other					0
Balance at 31 December 2018	**59,000**	**15,500**	**133,822**	**113,567**	**321,890**

As stated above, in June 2018 the shares of Wavre Retail Park have been sold to a third party investor. The deal was based on a net asset value of the property of 8.0 MEUR, equaling the carrying value per books.

In addition, also per mid 2018 approx. half of the available retail units (+/- 2,500 sqm) and 95 adjacent parkings in the Tribeca/ Filature project have been sold to a third party investor, through an asset deal, for a net sales price of 6.1 MEUR.

In December 2018, the Waterview Parkings project (585 parkings tower in the Vaartkom, Leuven) has been sold to the City of Leuven for an amount of 6.5 MEUR.

The Silver Tower site and the PWC Offices site have in the current year been acquired for resp. 22.2 MEUR and 9.5 MEUR, both for the realisation of new office projects.

Current year's transfers relate to the transfer of the parkings in the Tribeca project and the Arval site from inventory to IP on the one hand (7,638 KEUR) and the transfer of Ring Hotel (preliminary agreement signed with a hotel group at a total sales value of 24,000 KEUR – closing expected in the course of 2019) and the 'The Link' project (73,123 KEUR, see also note 26. Events after balance sheet date) from IP to assets held for sale on the other hand.

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

- Rental income 2018: 9,969
- Rental income 2017: 4,194

The 2018 rental income mainly relates to lease agreements in Ring Multi (retail space in the Ghelamco Arena), Filature Retail (retail units in the Tribeca project in Ghent), Meetdistrict Gent, the The Link project in Berchem and the RAFC stand in Antwerp.

SIGNIFICANT ASSUMPTIONS AND SENSITIVITY ANALYSIS

Main part of Belgian IP(UC) relates to office and retail projects, which are valued based on the residual method (for IPUC) and income approach/yield/DCF method (for delivered projects).

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

The average yields (or capitalization rates) used in the expert valuations on 31 December 2018 are as follows:

- 4.25% to 8.65% for Belgian office (incl. business center) projects (vs. 4.97% to 8.75% last year), depending on the location, specifics and nature of the investment
- 6.00% to 6.50% for Belgian retail projects (vs. 6.25% to 6.85% last year), depending on the location, specifics and nature of the investment.

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

- 150 EUR/sqm/year to 230 EUR/sqm/year for office space (vs. 145 EUR/sqm/year to 230 EUR/sqm/year last year),
- 75 EUR/sqm/year to 155 EUR/sqm/year for retail space (vs. 75 EUR to 140 EUR last year), depending on the location, specifics and nature of the project.

On 31 December 2018, the Company has a number of income producing investment properties (category D) which are valued at 113,567 KEUR (Ring Multi, Zeewind, Meetdistrict Gent, Filature Retail and RAFC). An increase/decrease of 100 basis points in the yield, with all other variables held constant, decreases/increases the value by approx. 7,325 KEUR.

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

7. PROPERTY, PLANT AND EQUIPMENT

in thousands €	Property, plant and equipment	
	31/12/2018	31/12/2017
Cost	1,960	1,779
Accumulated depreciation/amortisation and impairment	-1,065	-775
TOTAL	**895**	**1,004**

in thousands €	Property, plant and equipment
COST	
Balance at 1 January 2017	**1,191**
Additions	588
Additions from internal developments	
Acquisitions through business combinations	
Disposals or classified as held for sale	
Revaluation increase	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2017	**1,779**
Additions	181
Additions from internal developments	
Acquisitions through business combinations	
Disposals or classified as held for sale	
Revaluation increase	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2018	**1,960**

in thousands €	
ACCUMULATED DEPRECIATION AND IMPAIRMENT	
Balance at 1 January 2017	**602**
Depreciation/Amortisation expense	226
Disposals or classified as held for sale	-53
Impairment losses recognised in profit or loss	
Reversals of impairment losses recognised in profit or loss	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2017	**775**
Depreciation/Amortisation expense	290
Disposals or classified as held for sale	
Impairment losses recognised in profit or loss	
Reversals of impairment losses recognised in profit or loss	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2018	**1,065**

8. EQUITY ACCOUNTED INVESTEES

Equity accounted investees amount to 14,564 KEUR and relate to the (50%) participating interests in Carlton Retail NV, which is connected with the One Carlton high-end residential project in Knokke Zoute. The increase is mainly explained by the contribution in kind of Carlton land parts by RHR Industries NV, subsidiary of the Company, in Carlton Retail NV early 2018.

Main balance sheet and income statement captions for both entities are the following:

		Carlton Retail
Current assets	27,908	
of which cash and cash equivalents		1,900
Non-current assets	0	
Current liabilities	4,391	
curr. fin. liab. (excl. trade and other payables and provisions)		0
Non-current liabilities	0	
non-curr. fin. liab. (excl. trade and other pay. and provisions)		0
Revenue	16,890	
Profit before income tax	5,706	
income tax expense (-) or income (+)	-2,053	
Profit of the year	3,653	

The share of the Company in the result of equity accounted investees amounts to 1,827 KEUR.

9. PROPERTY DEVELOPMENT INVENTORY

The Property Development Inventories amount to 186,978 KEUR on 31 December 2018 (2017: 215,187 KEUR) and are detailed as follows:

	31/12/2018	31/12/2017
Property Development Inventories	186,925	215,131
Raw materials	53	56
Finished goods	0	0
	186,978	**215,187**

	Carrying value (at cost) at 31 December 2018 - KEUR	Carrying value (at cost) at 31 December 2017 - KEUR
BELGIAN/FRENCH PROJECTS		
East Dune	12,130	13,059
Locarno Knokke	8,209	7,969
Blinckaertlaan Knokke	9,767	8,541
Kanonstraat Brussel	794	794
Bleko Doornstraat / Caboli / Senzafine	4,158	2,593
Dock-site	2,649	2,648
Katelijne parkings	6,195	6,208
Project Waterside	1,057	1,121
Waterview (student houses)	-	2,617
Sylt	-	1,799
Duinenwater	33,076	32,158
Kinder Siska	9,034	8,360
RHR-One Carlton	1,720	8,429
De Nieuwe Filature/ Tribeca	8,989	11,677
Belalan Louise/ Edition	4,719	9,260
Spectrum/ Bischoffsheim	412	4,041
Pomme De Pin - Courchevel	31,400	31,400
Eurostadium Brussels	23,648	23,648
Le Chalet 1850-Courchevel	10,503	10,503
Graminea/ Bleko Meensesteenweg/ Helix Towers	9,021	8,344
Arval site	-	4,797
Eneman	1,500	1,500
Parking Tribeca	-	2,081
Others	7,997	11,640
TOTAL	**186,978**	**215,187**

Main part of current year expenditures have been done on:

- The Tribeca project in Ghent (35,000 sqm mixed residential and retail space project)
- Edition (59 luxurious apartments at the Louizalaan in Brussels)
- Spectrum (22 apartments and approx. 170 underground parking spaces in this mixed project at the Avenue Bischoffsheim in Brussels)

In 2018, there have been no significant acquisitions of plots and/or sites. No material (reversal of) write-downs have been recognised during 2018.

Main divestures/ sales:

- Waterview Leuven: All 36 remaining student homes have been sold in 2018.
- Tribeca: 2 houses, 1 apartment and 2 parking spaces in phase 1 and 2 of this mixed project at the Nieuwevaart in Ghent. Phase 1 and 2 have been delivered and sold units have per end 2018 been fully invoiced. All 72 available apartments have been sold and a limited number of houses and lofts are still being sold.
- Tribeca: invoicing under the Breyne legislation connected to (77 of 91 available apartments and parking spaces in) phase 3 of this project. Per end 2018 phase 3

has been finalized and sold units have been 100% invoiced.

- Sylt, sale of the 2 last units (and 5 garages) in this residential project in Knokke
- Edition: Installments on previous year (39 apartments and 42 parking spaces) and current year (18 apartments, 19 parking spaces and 17 storage rooms) sales. Progress and sales invoicing is at approx. 90%, deliveries are currently ongoing.
- Spectrum: Installments on previous year (17 apartments and 20 parking spaces) and current year (remaining 5 apartments, 1 parking space and 5 storage rooms) sales. Progress and sales invoicing is at 55%.
- One Carlton: In the course of 2018, RHR-Industries NV has contributed its land parts in the project in Carlton Retail NV. Doing so, the land parts have been centralised in one company, which was necessary from a commercial point of view. In the current year, further invoicing has been done under the Breyne legislation connected to 5 (of 9 available) apartments in this high-end residential project in Knokke-Zoute (which is structured as a 50/50 joint-venture).

Eurostadium Brussels:

Ghelamco Invest has in 2014 subscribed to a public call to develop a stadium on Parking C.

The 99-year leasehold right has been granted to the Company through notarial deed on 25 March 2016.

The request for an environmental permit ('Omgevingsvergunning') for constructing a multi-functional stadium has been rejected by the Flemish authorities in January 2018.

An administrative appeal launched against the abolishment of a neighbourhood road impeding progress of the project ('buurtweg') was rejected by the Flemish Government on 7 December 2017.

The Company has based on extensive analysis deemed that sufficient legal means are available to appeal against the refusal of the permit. In this respect, it has submitted an appeal with the Raad van Vergunningsbetwistingen on 15 March 2018.

Given the fact that the decision of the Raad van Vergunningsbetwistingen is not expected to rule before 2020, the Company will in cooperation with the stakeholders look for solutions to the (claimed) objections in the permit decision, within the provisions/boundaries determined by the BAFO (Best and Final Offer) which has resulted in the granting of the leasehold for the development on Parking C.

In addition, the lessor (i.e. the City of Brussels) is obliged, under the leasehold agreement to actively cooperate in the realisation of a stadium, even when the stadium will not be used to host EU2020. As to mobility, the Company strives for sustainable mobility solutions on and around the leasehold area, but of course this assumes and requires an active cooperation from both the side of the Flemish and Brussels authorities regarding mobility connections and public transport around the leasehold area.

Also, the Flemish decree modifying several provisions regarding urban planning and environment, often referred to as 'Codex-trein' dd. 8 December 2017, allows that going forward the project-MER (environmental effects report) procedure is integrated in the building and environmental permit procedure. As a consequence, remarks in connection with the (MER and permit) procedure can be remediated immediately and within the (duration of the combined) procedure. This results in more legal certainty.

On 26 March 2018 the City Council of Brussels has granted the mandate to the College of

Mayor and Aldermen to terminate the Eurostadium project. The scope and consequences of this mandate is not clear to us for the time being. On 27 March 2018, Ghelamco has received an invitation from the side of the City of Brussels and the VZW PEB for a consultation meeting on how to deal with the decision to reject the building and environmental permit. However, the City of Brussels took further legal action on 18 December 2018 with the purpose of annulling or reneging on the leasehold agreement.

The above-mentioned elements bring about some legal uncertainty on the concrete progress of the project. Despite this current uncertainty, the Board of Directors is of the opinion that the currently capitalized expenses w.r.t. the Eurostadium-file (amounting to 23.6 MEUR as of 31 December 2018 and 31 December 2017) can be recovered either in the framework of the latter proceedings, through separate legal action for damages or in execution of the leasehold agreement.

Further reference is also made to section 3.

10. NON-CURRENT RECEIVABLES & PREPAYMENTS AND CURRENT TRADE & OTHER RECEIVABLES

10.1. NON-CURRENT RECEIVABLES & PREPAYMENTS

	Note	31/12/2018	31/12/2017
Non-current			
Receivables from related parties	25.3	2,768	2,767
Trade and other receivables		190	297
Total non-current receivables and prepayments		**2,958**	**3,064**

NON-CURRENT RECEIVABLES FROM RELATED PARTIES

All non-current loans to related parties are granted for a term of 3 to 5 years.
Contractual interest rates on non-current receivables to related parties for 2018 were as follows: Euribor + margins in the range between 1% and 3%.
Further reference is made to Note 25.3.

The 2018 balance mainly consists of receivables vs. related parties which are not consolidated in these financial statements.
The same goes for 2017.

NON-CURRENT TRADE AND OTHER RECEIVABLES

No significant amounts included.

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

10.2. CURRENT TRADE & OTHER RECEIVABLES

	Note	31/12/2018	31/12/2017
Current			
Receivables from related parties	25.3	9,554	2,605
Receivables from third parties		5,463	8,006
Less: allowance doubtful debtors (bad debt provision)			
Net trade receivables		**15,017**	**10,611**
Other receivables		4,636	3,949
Related party current accounts	25.3	173,149	150,507
VAT receivable		9,013	1,358
Prepayments		0	0
Interest receivable		7,970	7,005
Total current trade and other receivables		**209,785**	**173,430**

CURRENT TRADE AND OTHER RECEIVABLES

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

Trade receivables with related parties (and to the extent applicable, prepayments) include invoices for construction, engineering and other services as described in Note 25.2.

Current account receivables from related parties consist of:

- 170,485 KEUR current account which Ghelamco Invest holds vs. Ghelamco Group Comm. VA.
- 2,602 KEUR current account which Ghelamco Invest holds vs. MeetDistrict NV.
- 62 KEUR other.

INTEREST RECEIVABLE

The interest receivable fully consists of interests receivable from related parties.

VAT RECEIVABLE

The SPVs holding VAT receivable balances may either apply to the tax authorities for an immediate cash refund of the VAT receivables or may offset the VAT receivable against any (future) VAT payables.
VAT receivables are the result of VAT paid on their investment expenditures.

CREDIT RISK EXPOSURE AND IMPAIRMENT

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

Allowances are determined on a case-by-case basis. An allowance for impairment is

booked when there is an identified loss event that, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. In addition and from 1 January 2018 onwards, the Company recognises loss allowances for ECLs on trade and other receivables, in connection with the requirements of IFRS 9.

The maximum exposure to credit risk on the reporting date is the carrying amount of each class of financial assets mentioned above. The Company does not hold any collateral as security over these balances, as a large part of accounts receivable balances are with related parties, controlled by the ultimate beneficial owners of the Consortium.

As of 31 December 2018 and 2017, trade and other receivables disclosed above do not include amounts which are past due at the end of the reporting period and against which the Company has not recognized an allowance for doubtful receivables, as deemed necessary.

Based on the ECL analysis, the Company did not identify material impairment losses on the date of initial application or at year-end.

11. CASH AND CASH EQUIVALENTS

	31/12/2018	31/12/2017
Cash at banks and on hand	22,350	26,409
	22,350	**26,409**

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

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

- additional capacity on the debt ratio (the Company chooses to keep a substantial margin on the Loan to Value ratio);
- potential to take up further financing on completed projects based on Loan to Value (LTV) instead of Loan to Cost (LTC);
- access to alternative financing in the form of bond issues. In this respect reference is made to the resp. private and EMTN bond issues (for a total outstanding amount of 280.3 MEUR at 31 December 2018).

12. SHARE CAPITAL

	31/12/2018	31/12/2017
Authorized 313,549 ordinary shares without par value	161,490	161,490
part not paid in	-15,000	-15,000
issued and fully paid in	**146,490**	**146,490**

In June 2015 the capital was increased by 50 MEUR (in cash) through the issue of 97,080 new shares.
In December 2015 the capital was increased another time:

- by 25 MEUR (in cash, of which 10 MEUR was paid in) through the issue of 48,540 new shares on the one hand and
- by 25 MEUR (via contribution in kind and) through the issue of another 48,540 new shares on the other hand.

The mentioned capital increases were fully subscribed by Ghelamco Group Comm. VA, parent company of Ghelamco Invest NV.

At 31 December 2018 and 2017, the Company's direct shareholders are:

- Ghelamco Group Comm. VA – 99.998% (313,544 shares)
- Paul Gheysens – 0.002% (5 shares)

12.1. DISTRIBUTION OF DIVIDENDS BY THE COMPANY

During 2018 and 2017, no dividends have been distributed by Ghelamco Invest.

12.2. NON-CONTROLLING INTERESTS

	31/12/2018	31/12/2017
Balance at beginning of year	300	185
Share of profit for the year	24	149
Devidend distribution		
Acquistions/disposals	26	-34
Balance at end of year	**350**	**300**

13. RESERVES AND RETAINED EARNINGS

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

	Cumulative translation reserve	Retained earnings
At 1 January 2017	**0**	**63,733**
Cumulative translation differences (CTA)		
Dividend distribution to the ultimate shareholders		
Change in non-controlling interests		
Change in the consolidation scope		2
Profit for the year		21,587
At 31 December 2017	**0**	**85,322**
At 1 January 2018	0	85,322
Cumulative translation differences (CTA)		
Dividend distribution to the ultimate shareholders		
Change in non-controlling interests		
Change in the consolidation scope		-260
Profit for the year		35,227
At 31 December 2018	**0**	**120,289**

14. INTEREST-BEARING LOANS AND BORROWINGS

		31/12/2018	31/12/2017
Non-current			
Bank borrowings – floating rate	14.1	103,792	95,151
Other borrowings	14.2/3	280,272	246,688
Finance lease liabilities			
		384,064	**341,839**
Current			
Bank borrowings – floating rate	14.1	145,143	98,384
Other borrowings			15,770
Finance lease liabilities			
		145,143	**114,154**
TOTAL		**529,207**	**455,993**

14.1. BANK BORROWINGS (248,935 KEUR)

During the year the Company contracted new bank borrowings and withdrew on existing credit facilities for a total amount of 86.8 MEUR, all of which are Euribor based. On the other hand, reimbursements and re-financings have been done for an amount of 31.4 MEUR; bringing the total outstanding bank borrowings to 248.9 MEUR (compared to 193.5 MEUR at 31/12/2017).

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

For the purpose of these financial statements, the Company treated its bank borrowings

(or the maturing part of it) as current when the swap date from "acquisition loan into construction loan" falls within the next accounting year (see Note 1.18 and 2.1.2.).

With respect to the outstanding short-term bank borrowings, it is to be mentioned that a significant part of the balance per books is currently in the advanced process of prolongation and/or refinancing (e.g. through a swap to investment loans). In addition, the bank financing connected to the The Link project in Antwerp has actually been reimbursed at the moment of sale of the project, in February 2019.

Summary of contractual maturities of external bank borrowings, including interest payments:

				31.12.2018				31.12.2017
	<1 y	**between 2 and 5 y**	**>5y**	**total**	**<1 y**	**between 2 and 5 y**	**>5y**	**total**
Credit institutions withdrawn credits	149,587	74,608	42,007	266,202	101,947	81,645	17,652	201,244
Financial lease	0	0	0	0	0	0	0	0
Total	**149,587**	**74,608**	**42,007**	**266,202**	**101,947**	**81,645**	**17,652**	**201,244**
Percentage	56%	28%	16%	100%	51%	41%	9%	100%

INTERESTS ON BANK BORROWINGS – INTEREST RATE RISK

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

On 31 December 2018, the Company has outstanding investment loans for a total amount of 28,222 KEUR on Meetdistrict Gent and Ring Multi; which are serviced by the actual rental income of the resp. properties. On 31 December 2017, the Company had outstanding investment loans for a total amount of 28,455 KEUR on Meetdistrict Gent and Ring Multi.

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

- Belgium: between 1.50% and 3.0%

INTEREST SENSITIVITY ANALYSIS

An increase/decrease of 100 basis points in the (average) interest rates on the floating rate bank debt at the reporting date, with all variables held constant, would have resulted in a 2,048 KEUR lower/higher profit before tax for 2018.

14.2. OTHER BORROWINGS: BONDS (280,272 KEUR)

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

after early redemption of bonds for an amount of 54,230 KEUR in November 2017. The remainder has been reimbursed on maturity date in February 2018.

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

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

Bond proceeds have partly (i.e. for an amount of 54,230 KEUR) been used for the early redemption of the existing 70 MEUR 2013 bonds (maturing on 28/02/2018), in connection with a tender offer on the latter bonds. In February 2018, the Company redeemed the remainder of the 2013 bonds for an amount of 15,770 KEUR.

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

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

Total balance of outstanding bonds per balance sheet date (280,272 KEUR) represents the amount of issue (284.6 MEUR) less capitalized issue costs (of which mainly the issuing banks' arrangement fees), which are amortized over the term of the bonds.

Summary of contractual maturities of bonds, including interest payments.

				31.12.2018				31.12.2017
	<1 y	between 2 and 5 y	>5y	total	<1 y	between 2 and 5 y	>5y	total
2013 bonds					16,756			16,756
EMTN '15 1st tranche	3,560	80,880		84,440	3,560	86,220		89,780
EMTN '15 2nd tranche	2,925	75,288		78,212	2,925	78,213		81,137
EMTN '17 1st tranche	2,038	53,515		55,553	2,038	55,553		57,591
EMTN '17 2nd tranche	2,602	10,406	56,802	69,810	2,602	10,406	59,403	72,411
EMTN '18 1st tranche	1,485	36,713		38,198				
Total	**12,609**	**256,801**	**56,802**	**326,212**	**27,880**	**230,392**	**59,403**	**317,674**
Percentage	4%	79%	17%	100%	9%	73%	19%	100%

14.3. MISCELLANEOUS INFORMATION

No defaults of payments or breaches of borrowing agreements occurred as of 31 December 2018.

• Bank borrowings are secured by amongst others the property development projects of the Company, including land and in-process construction, pledge on SPV shares, etc. For corporate guarantees (granted by Ghelamco Invest NV) on bank loans, reference is also made to note 23.1.

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

At 31 December 2018, the Company has bank loans available to be drawn for a total amount of 103,140 KEUR.

• The bonds are secured by a first demand guarantee by Ghelamco Group Comm. VA. Also the terms and conditions of the bond issue have been complied with as of balance sheet date. In this respect, reference is made to the related bi-annual covenant testing which is published on the company's website.

The observed evolution in the above financial debt includes an immaterial amount of non-cash movements, related to capitilized transaction costs which are amortized over the duration of the debts.

15. FINANCIAL INSTRUMENTS

The effect of initially applying IFRS 9 on the Company's financial instruments is described in not 1.3 above. Due to the transition method chosen, comparative information has not been restated to the new requirements.

					31/12/2018
Financial instruments (x € 1 000)	**FVTPL**	**FVOCI**	**Measured at amortised cost/ fin. liabilities at amortised cost**	**Fair value**	**Fair value level**
Other financial investments					
Other financial assets			3,743	3,743	2
Non-current receivables					
Receivables and prepayments			2,958	2,958	2
Restricted cash					
Current receivables					
Trade and other receivables			199,134	199,134	2
Derivatives					
Cash and cash equivalents			22,350	22,350	2
Total Financial Assets	**0**	**0**	**228,185**	**228,185**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			103,792	103,792	2
Bonds (Alternext)					
Bonds (Euronext)			280,272	280,185	1
Other borrowings					
Interest-bearing borrowings - current					
Bank borrowings			145,143	145,143	2
Bonds (Alternext)					
Other borrowings					
Current payables					
Trade and other payables			39,959	39,959	2
Total Financial Liabilities	**0**	**0**	**569,166**	**569,079**	

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

					31/12/2017
Financial instruments (x € 1 000)	**At fair value through P/L-held for trading**	**Available for sale**	**Loans and receivables/fin. liabilities at amortised cost**	**Fair value**	**Fair value level**
Other financial investments					
Other financial assets			3,961	3,961	2
Non-current receivables					
Receivables and prepayments			3,064	3,064	2
Restricted cash					
Current receivables					
Trade and other receivables			171,377	171,377	2
Derivatives					
Cash and cash equivalents			26,409	26,409	2
Total Financial Assets	**0**	**0**	**204,811**	**204,811**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			95,151	95,151	2
Bonds (Alternext)					
Bonds (Euronext)			246,688	250,491	1
Other borrowings					
Interest-bearing borrowings - current					
Bank borrowings			98,384	98,384	2
Bonds (Alternext)			15,770	15,770	2
Other borrowings					
Current payables					
Trade and other payables			39,270	39,270	2
Total Financial Liabilities	**0**	**0**	**495,263**	**483,296**	

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

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

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

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

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

The company's interest bearing liabilities are mainly floating interest bearing debts, except for the bonds, which are fixed interest bearing.

16. DEFERRED TAXES

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

in thousands €	31/12/2018	31/12/2017
Deferred tax assets	6,963	4,537
Deferred tax liabilities	-26,208	-19,530
TOTAL	**-19,245**	**-14,993**

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

In thousands €	Temporary differences		Unused tax losses and credits	
	Investment property	Other	Tax losses	Tax credits
Balance at 1 January 2017	**-19,414**	**8**	**5,250**	
Recognised in income statement	-944	106		
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other				
Balance at 31 December 2017	**-20,358**	**115**	**5,250**	
Recognised in income statement	-9,475	-606	5,830	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other		-1		
Balance at 31 December 2018	**-29,832**	**-492**	**11,080**	

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. Current year's increase in recognised unused tax losses is based on updated tax planning, supporting the expected recovery of these losses in the foreseeable future.

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

in thousands €	31/12/2018	31/12/2017
DTA on unused tax losses	8,621	12,999
DTA on unused tax credits		
TOTAL	**8,621**	**12,999**

Tax losses in Belgium can be carried forward for an indefinite period of time.
Further reference is made to note 1.16.

17. TRADE AND OTHER PAYABLES

	31/12/2018	31/12/2017
Trade payables: third parties	15,793	30,983
Trade payables: related parties	157	603
Related parties current accounts payable	7,370	1,350
Misc. current liabilities	18,444	11,449
Deferred income	0	0
Current employee benefits	38	52
Total trade and other payables	**41,802**	**44,437**

Trade payables towards related parties include amongst others the amounts payable to the Development Holding for construction and engineering coordination services received for an amount of 157 KEUR (vs. 603 KEUR per 31/12/2017).

The evolution in third party trade payables is mainly related to construction works on projects carried out in the last months of the year.

The related parties current accounts payable mainly relate to a payable balance (7.3 MEUR) towards Carlton Retail, company which holds the land parts in the One Carlton residential project in Knokke, and which is included in these financial statements following the equity method.

Miscellaneous current liabilities mainly relate to interest payable (to third parties: 3.5 MEUR), VAT payable (1.2 MEUR), accruals (0.6 MEUR), a leasehold payable towards RAFC (6.3 MEUR), other payables towards THV One Carlton (4.0 MEUR) and others.

18. REVENUE

REVENUE IS MAINLY GENERATED FROM THE FOLLOWING SOURCES:

in thousands €	31/12/2018	31/12/2017
Sales of Residential Projects	36,470	61,924
Rental Income	9,969	4,194
Other	591	769
TOTAL REVENUE	**47,030**	**66,887**

Rental income as of 31 December 2018 (and 2017) relates to rent from commercial projects, mainly The Link, Ring Multi, Meetdistrict Gent and the RAFC stand.

The residential projects sales as of 31 December 2018 mainly relate to:

- Waterview Leuven: all 36 remaining student homes (4,271 KEUR)
- Villas and apartments at the Belgian coast (5,092 KEUR, mainly on Neptune and Sylt)
- Tribeca: 2 houses, 1 apartment and 2 parking spaces in phase 1 and 2 of this mixed project at the Nieuwevaart in Ghent (+/- 1,132 KEUR). Phase 1 and 2 have been delivered and sold units have per end 2018 fully been invoiced. All 72 available apartments have been sold and a limited number of houses and lofts are still being sold.
- Tribeca: invoicing under the Breyne legislation connected to (77 of 91 available apartments and parking spaces in) phase 3 of this project (+/- 6,165 KEUR). Per end 2018 phase 3 has been finalized and sold units have been 100% invoiced.
- Edition (16,477 KEUR): Installments on previous year (39 apartments and 42 parking spaces) and current year (18 apartments, 19 parking spaces and 17 storage rooms) sales. Progress and invoicing is at approx. 90%, deliveries are currently ongoing.
- Spectrum (2,959 KEUR): Installments on previous year (17 apartments and 20 parking spaces) and current year (remaining 5 apartments, 1 parking space and 5 storage rooms) sales. Progress and invoicing is at 55%.

OVERVIEW OF FUTURE MINIMUM RENTAL INCOME

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

in thousands €	31/12/2018	31/12/2017
Future minimum rental income:		
Less than 1 year	6,642	7,519
Between 1 and 2 years	6,209	8,291
Between 2 and 3 years	6,012	7,750
Between 3 and 4 years	5,806	7,222
Between 4 and 5 years	5,907	6,814
More than five years	37,302	47,863
TOTAL FUTURE MINIMUM RENTAL INCOME	**67,879**	**85,460**

The decrease compared to last year goes together with the sale of the 'The Link' project in Antwerp shortly after year-end. Related rental income in not included anymore in the 2018 overview.

19. OTHER ITEMS INCLUDED IN OPERATING PROFIT/LOSS

OTHER OPERATING INCOME AND EXPENSES IN 2018 AND 2017 INCLUDE THE FOLLOWING ITEMS:

Other operating income	2018	2017
Net gains on disposal of investment property	-	5,251
Other	13,978	2,478
Net gains on disposals of property, plant and equipment		
TOTAL	**13,978**	**7,729**

Current year's other operating income mainly relates to some related party recharges (9,554 KEUR study and know-how to Apec Ltd. and 2,376 KEUR fit-out to Meetdistrict NV) and the (50%) in the result of the THV One Carlton (which realises the construction part of the high-end residential project in Knokke). For the remaining, mainly re-charges of real estate tax, co-owners expenses and fit-out expense to tenants are included.

Last year's other operating income mainly included a purchase price adjustment on the 2016 sale of the Dacar site (4,935 KEUR) and a gain on disposal of Retail Leuven for an amount of 316 KEUR. Also a settlement fee in connection with the sanitation of a previously acquired plot was included (697 KEUR).

	2018	2017
Gains from revaluation of Investment Property	35,910	27,060

Fair value adjustments over 2018 amount to 35,910 KEUR, which is mainly the result of current year's further investment and leasing efforts (mainly on the Silver Tower in Brussels, Knocke Village and Ring Hotel), in combination with evolution in market conditions (yield and rent level evolution).

	2018	2017
Other operating expenses		
Operating lease/ rental/ housing expenses	2,005	1,694
Taxes and charges	2,400	1,841
Insurance expenses	337	192
Audit, legal and tax expenses	5,291	3,421
Sales expenses	1,139	1,294
Operating expenses with related parties	2,016	2,532
Inventory impairment (reversal)	-207	3,003
Promotion costs	1,236	1,419
Fit-out costs	2,375	
Miscellaneous	1,033	896
Total	**17,625**	**16,292**

Current year's other operating expenses include an amount of 2,375 KEUR related to fit-out expenses (which have through other operating income been re-charged to Meetdistrict NV, a related party being part of the Development Holding).

Last year's operating expenses included some impairment write-downs recognized on

a limited number of inventory projects, mainly resulting from the evolution in some commercial parameters.

Other operating expenses with related parties mainly concern the re-invoicing of costs within the framework of Service Level Agreements with Ghelamco Group Comm. VA, IRS Comm. VA and Deus Comm. VA. Also refer to note 25.2.

	2018	2017
Employee benefit expenses		
Wages and salaries	245	270
Social security costs	67	63
Other		
Total	**312**	**333**

20. COST OF PROPERTY DEVELOPMENT INVENTORIES

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

	2018	2017
Movement in inventory	-10,205	16,482
Purchases (*)	-17,727	-62,683
	-27,932	**-46,201**

(*) Purchases (to an extent from related parties) related to Investment Property projects are not included in the above purchases, as those have directly been recorded on IP. It concerns an amount of 74,579 KEUR (vs. 71,171 KEUR in 2017).

21. FINANCE INCOME AND FINANCE COSTS

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

	2018	2017
Foreign exchange gains		
Interest income	3,692	3,792
Other finance income		
Total finance income	**3,692**	**3,792**
Interest expense	-11,997	-15,826
Other interest and finance costs	-3,100	-2,237
Foreign exchange losses		
Total finance costs	**-15,097**	**-18,063**

It is to be noted that interest expenses related to (not yet delivered) Investment Property projects are not included in the above 2018 and 2017 figures, as those have directly been capitalized on IP. It concerns an amount of 4,648 KEUR (vs. 4,729 KEUR last year), at an average capitalisation rate of 3.5%.

Interest expenses mainly relate to interests on bank loans and bonds. Last year's relatively high interest expenses were connected to the fact that in 2017, given the overall (development and construction) status of projects, proportionally more interest was expensed (vs. capitalized) in the income statement. In addition, early redemption of bonds (for an amount of 54,230 KEUR) in connection with the tender offer on the 2013 70 MEUR bonds program resulted in 2 months additional interest expense on the redeemed amount.

Other finance costs mainly relate to the partly release to the profit and loss statement of the capitalized bond issue expenses (which are amortized over the duration of the respective bonds).

The interest income mainly relates to interests on related party current accounts receivable.

22. INCOME TAXES

Income tax expense recognized in the consolidated income statement:

	31.12.2018	31.12.2017
Current income tax	1,679	2,572
Deferred tax	4,251	837
Total	**5,930**	**3,409**

The tax charge on the Company's result before taxes differs from the theoretical amount that would have resulted from applying the average applicable tax rates to the profits of the consolidated companies.

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

in thousands €	**31.12.2018**	**31.12.2017**
Result before income taxes	41,181	25,146
Income tax expense calculated at 29.58% (and 33.99% LY)	12,181	8,547
Effect of different tax rates in other jurisdictions	-	-
Effect of non-deductible expenses	482	670
Effect of revenue that is exempt from taxation	-399	-1,945
Effect of use of previously unrecognized tax losses	-912	-497
Effect of current year losses for which no DTA is recognized	2,367	4,901
Effect of tax incentives not recognized in the income statement	-8	5
Effect of under/over-accrued in previous years	16	350
Effect of change in local tax rates	-1,582	-7,826
Effect of reversal DTL re. sale of Retail Leuven	-	-810
Effect of reversal DTA re. sale WRP	146	-
Effect of gain on equity method entities	-540	-
Effect of recognition of previously unrecognized tax losses	-5,830	-
Other	8	14
INCOME TAX EXPENSE RECOGNISED IN INCOME STATEMENT	**5,930**	**3,409**

The theoretical tax rate used for the above reconciliation is the (Belgian) statutory corporate tax rate of 29.58% payable by corporate entities in Belgium on taxable profits under tax law.

In connection with the change of Belgian tax rates (as from 1 January 2018), cumulated deferred tax balances were per end 2018 re-calculated at the rate of 25% (vs. 34% previously). This resulted in a deferred tax gain of approx. 5.5 MEUR in the 2017 income statement. In addition, the deferred tax impact on timing differences is going forward recognized at 25% (with an additional impact in 2017 of approx. 2.3 MEUR and an impact of approx. 1.6 MEUR in 2018).

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

23. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

23.1. (BANK) GUARANTEES

All external borrowings of the subsidiaries are secured by corporate guarantees and/or suretyship agreements issued by Ghelamco Invest. These guarantees cover cash deficiency risk, cost overrun, completion risk and interest & repayment shortfall risk. No calls on the guarantees were made in 2018 and 2017.

Company	Project name	Amount of bank loan-books (KEUR)		Corporate guarantees as per 31/12/2018 (KEUR)	
BELGIUM					**Guarantee by Ghelamco Invest NV**
Leisure Property Invest	Golf Knokke Zoute	EUR	17,500	5,000	Corporate Guarantee, cash deficiency, cost overrun, subordination declaration Peridot
Zeewind	Zeewind	EUR	278	278	Corporate Guarantee, cash deficiency
Bischoffsheim Freehold	Spectrum	EUR	1,545	1,545	Corporate Guarantee, cash deficiency
Belalan Bischoffsheim Leasehold	Spectrum	EUR	5,804	5,804	Corporate Guarantee, cash deficiency
MeetDistrict Gent	MeetDistrict Gent	EUR	16,775	5,000	Corporate Guarantee, cash deficiency, cost overrun
Ring Multi	part Ghelamco Arena	EUR	11,447	4,000	Corporate Guarantee, cash deficiency
Silver Tower	Silver Tower	EUR	15,400	15,400	Corporate Guarantee, cash deficiency cost overrun, shares pledge
Kubel	The Link	EUR	6,250	6,250	Corporate Guarantee, cash deficiency
Construction Link	The Link	EUR	48,750	48,750	Corporate Guarantee, cash deficiency, shares pledge
Ring Hotel	Ring Hotel	EUR	23,718	23,718	Corporate Guarantee
Dianthus	Arval Site	EUR	2,400	2,400	Corporate Guarantee, cash deficiency, shares pledge
Filature Retail	Tribeca	EUR	6,934	6,934	Corporate Guarantee, cash deficiency, shares pledge
Graminea	Helix Towers	EUR	7,500	7,500	Corporate Guarantee, shares pledge

No corporate guarantees were given by the Company to ensure repayment of the bank loans of the related parties (under the common control of the ultimate beneficial owners) at 31 December 2018 (but not subsidiary of the Company).

The Company does not apply cross liability, meaning that Ghelamco Invest does not guarantee loans of affiliates belonging to other Ghelamco Group Comm. VA holdings.

23.2. REPRESENTATIONS AND WARRANTIES PROVIDED WITH RESPECT TO THE REAL ESTATE PROJECTS SOLD

As a seller of shares of its subsidiaries, the Company acts as a guarantor with respect to the representations and warranties contained in the real estate sales contracts concluded in the past. This mainly concerns representations regarding the title on shares, property, permit matters, technical matters, financial matters, tax matters and contractual matters. The Company's liability for the breach of these representations and warranties generally covers a period of 2 to 3 years from the date of sale (except representations regarding the tax matters covering the period of five to seven years in accordance with local regulations).

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

23.3. GUARANTEES RECEIVED FROM THE CONTRACTORS

The statutory warranty obligations of construction service providers cover the risk of structural and other defects of the properties. Construction service providers (including related parties of the Company) in Belgium have a legal obligation to remediate any structural defects that become apparent within the first 10 years after completion of the construction for structural elements. Shorter guarantee periods apply for other elements, depending on the nature of such elements (each sub-contractor bears similar "back-to-back" obligations).

23.4. SECURITIES ON ASSETS

Special Purpose Vehicles (SPV's) entering into external financing are offering following collaterals:

- first ranking ceiling mortgage on the property belonging to the SPV (land + buildings)
- registered pledge on the borrower's shares;
- assignment of most receivables (inter alia leases, rents, sales, performance bonds, insurance income, …);
- cash deficiency/cost overrun (letter of comfort) by the shareholder (if applicable);

Generally no cross guarantees on assets are granted by the different SPV's, or other types of suretyships, cost overruns or debt service commitments

24. COMMITMENTS

24.1. (CAPITAL) COMMITMENTS

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

	2018	2017
Architectural and Engineering contracts	6,398	2,513
Construction contracts	35,841	45,480
Purchase of land plots		
Acquisition of shares (connected with landbank)	-	-
Total	**42,239**	**47,993**

ACQUISITION CONTRACTS

At 31 December 2018, the Company has entered into a number of contracts with third parties for the acquisition of the following assets (plots) or shares:

Binding contracts

- None significant per end 2018
- None significant per end 2017

Non-binding contracts

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

SERVICES AND (SUB)CONTRACTOR AGREEMENTS

As an investor in commercial and residential properties, the Company is committed to continue the realization of properties under the contracts with construction companies, often in cooperation with related parties of the Company.

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

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

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

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

- Senzafine residential project in Kortrijk: 8.2 MEUR construction contracts in total
- Culligan/ PWC Offices: 3.3 MEUR architecture and engineering contracts in total
- Edition Zoute serviced apartments project in Knokke: 4.9 MEUR construction contracts in total
- Spectrum mixed offices and residential project in Brussels: 6.9 MEUR construction contracts in total
- Silver Tower office project in Brussels: 22.6 MEUR construction contracts in total.

25. RELATED PARTY TRANSACTIONS

The Company is together with the other Investment Holding (sub-)holdings, the Development Holding and the Portfolio Holding – all related parties – under common control of the ultimate beneficial owners, Mr. & Mrs. Gheysens.

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

25.1. RELATIONSHIPS WITH THE DIRECTORS AND MANAGEMENT

For the year ending 31 December 2018, the Consortium (of which the Company is part) paid a total amount of approx. 12,000 KEUR (vs. 10,000 KEUR last year) to the members of the board and management committee. The Company, in turn, paid a total amount of approx. 5,000 KEUR (vs. 2,000 KEUR last year) to the members of the board and management committee. This amount includes management service fees charged by the management committee members to the legal entities included in the scope of these consolidated financial statements.

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

25.2. TRADING TRANSACTIONS: PURCHASE OF CONSTRUCTION, ENGINEERING AND OTHER RELATED SERVICES FROM RELATED PARTIES

CONSTRUCTION AND DEVELOPMENT SERVICES

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

- International Real Estate Services Comm. VA with its registered office in Ypres;
- Ghelamco NV with its registered office in Ypres

This entity provides services to the real estate companies of the Company, in accordance with the terms of the property development contracts, including but not limited to:

- obtaining pre-approvals and design documents necessary to the development of the project;
- performing construction works in accordance with the required permits, approvals, regulations, plans and specifications;
- ordering materials and equipment necessary for completion of the construction works;
- entering into contracts with utility providers, other entities and authorities, enabling exploitation of the constructed buildings;
- obtaining required socio-economical permits;
- ensuring compliance with local regulations, namely regarding safety, fire protection, labour and health conditions, construction law;
- maintaining insurance in relation to the construction works throughout the entire construction period.

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

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

The price for the construction and other related services is the fixed price agreed at the inception of the contract. The payments are executed based on the invoices issued on a bi-weekly to monthly basis. With regards to completed and handed-over works, the parties sign a works protocol every fortnight to month after approval by an independent project monitor appointed by the external financial party. The prices for the services reflect normal commercial terms and conditions, with average margins of around 10% to 20%.

ENGINEERING AND ARCHITECTURAL DESIGN SERVICES

APEC Architectural Engineering Projects Limited (a limited liability company registered under the laws of Ireland), legal subsidiary of the Development Holding) coordinates engineering and architectural design services provided to the Company's larger projects, in accordance with the terms of the respective contracts.
Apec's services include:

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

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

25.3. ACQUISITIONS AND DISPOSALS OF SHARES AND OTHER RELATED PARTY TRANSACTIONS

In 2018, there have been no share transactions or other significant transactions with related parties, except for the sale of the shares of Meetdistrict NV to IRS Comm. VA, parent company of the Development Holding for a total amount of 62 KEUR.

In 2017 the Cromme Bosch site in Knokke-Zoute was sold to Deus Comm. VA, for a total amount of 12,310 KEUR; an at arm's length transaction closed in the normal course of business. In addition, there was a purchase price adjustment on the sale of the Dacar site to Ghelamco European Property Fund NV for an amount of 4,935 KEUR.

OTHER

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

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

	31/12/2018	31/12/2017
Purchases of construction, engineering and architectural design:	-7,020	-39,906
related party trade receivable	9,554	2,605
related party trade accounts payable	-157	-603
related party non-current loans receivable	2,768	2,767
related party interests receivable	7,970	7,005
related party C/A receivable	173,149	150,507
related party non-current loans payable		
related party interests payable	-50	-51
related party C/A payable	-7,370	-1,350

Last year's related party purchases were relatively high, in connection with the construction phase and timing of projects under development at that time.
With respect to the increased related party C/A receivable, further reference is made to note 10.2.

26. EVENTS AFTER BALANCE SHEET DATE

On 17 January 2019, a lease contract has been signed with PWC for the lease of 23,000 sqm office space and 700 parking spaces in the building to be raised on the recently acquired Culligan plot. The project will going forward be referred to as the PWC Offices. The lease agreement will start on 1 May 2021, with a duration of 15 years. Considering fit-out works starting at inception of the lease agreement, it is expected that PWC will actually move in into the premises end of 2021.

On 27 February 2019, the 'The Link' project in Antwerp (27,000 sqm office space and approx. 540 underground parking spaces, divided over 2 buildings) has been sold to Baloise for a total sales value (acte en main) of 89,250 KEUR. The transaction has been realized at a new prime yield for office investments in Flanders of 5.2%. At the moment of sale, the related bank financing has for an amount of 55 MEUR been reimbursed.

27. AUDIT FEES

The Statutory Auditor for the Company is KPMG Bedrijfsrevisoren, represented by Mr. Filip De Bock. For the entire Group, the mandates and remuneration can be summarized as follows:

Ghelamco Invest in KEUR	**2018**
Remuneration of the statutory auditor	**112**
Other audit-related services	7
Tax services	
Other	20
Remuneration for other services or assignments performed within the Company and its subsidiaries by the statutory auditor	**27**
Remuneration for persons associated to the statutory auditor for the performance of a mandate as statutory auditor	
Other audit-related services	
Tax services	
Other	
Remuneration for other services or assignments performed within the Company and its subsidiaries by persons associated to the statutory auditor	
Total	**138**

28.
AUDITOR'S
REPORT

Statutory auditor's report to the general meeting of Ghelamco Invest NV on the consolidated financial statements as of and for the year ended 31 December 2018

In the context of the statutory audit of the consolidated financial statements of Ghelamco Invest NV ("the Company") and its subsidiaries (jointly "the Group"), we provide you with our statutory auditor's report. This includes our report on the consolidated financial statements for the year ended 31 December 2018, as well as other legal and regulatory requirements. Our report is one and indivisible.

We were appointed as statutory auditor by the general meeting of 9 June 2018, in accordance with the proposal of the board of directors issued on the recommendation of the audit committee. Our mandate will expire on the date of the general meeting deliberating on the annual accounts for the year ended 31 December 2020. We have performed the statutory audit of the consolidated financial statements of Ghelamco Invest NV for one financial year.

Report on the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the Group as of and for the year ended 31 December 2018, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to 867.824 (000) EUR and the consolidated statement of profit or loss shows a profit for the year of 35.251(000) EUR.

In our opinion, the consolidated financial statements give a true and fair view of the Group's equity and consolidated financial position as at 31 December 2018 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Basis for our unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") as adopted in Belgium. In addition, we have applied the ISAs as issued by the IAASB applicable for the current accounting year while these have not been adopted in Belgium yet. Our responsibilities under those standards are further described in the "Statutory auditors' responsibility for the audit of the consolidated financial statements" section of our report. We have complied with the ethical requirements that are relevant to our audit of the consolidated financial statements in Belgium, including the independence requirements.

We have obtained from the board of directors and the Company's officials the explanations and information necessary for performing our audit.

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

Emphasis of matter

We draw attention to note 9 of the consolidated financial statements which describes the uncertainty regarding the realization of the Eurostadium project and the Board of Directors' assessment of the recoverability of capitalized expenses related to this project. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment property

We refer to note '1.9 Investment Property' and note '6 Investment property' of the consolidated financial statements.

— Description

The carrying value of investment property amounts to 321.890 (000) EUR as of 31 December 2018 and represents a significant part of the Group's total assets (37 %).

In accordance with IAS 40 `Investment Property' and the accounting policies of the Group, investment properties are measured at fair value. Changes in the fair value of the investment properties during 2018 amount to 35.910 (000) EUR and have a significant impact on the consolidated net result and equity.

The valuation of investment properties is complex and requires significant management judgement. The fair value of investment property is determined by management, and is in most cases supported by valuation reports prepared by external valuation experts. The fair value is dependent on the valuation methodology adopted and on the inputs into the valuation model. Factors such as prevailing market conditions, the individual nature, condition and location of each property have a direct impact on the fair value.

The following assumptions are key in determining fair value:

- Estimated future cash flows
- Projected costs to complete
- Market rent
- Yield factors
- Discount rate

Due to the relative size of the Group's investment property portfolio in the consolidated statement of financial position and the estimation uncertainties around the determination of fair value, we consider this a key audit matter.

— *Our audit procedures*

With the assistance of our property valuation specialists, we performed the following audit procedures:

- We read recent independent property market reports to develop our understanding of the prevailing market conditions in which the Group invests.
- We obtained an understanding of the valuation methodologies applied by the Group and assessed the appropriateness of these valuation methodologies.
- We assessed the competence, objectivity and capabilities of the external experts engaged by management.
- For all significant investment properties, we obtained the valuation report, agreed the fair value to the Group's accounting records and reviewed the accuracy and integrity of the information used in these calculations on a sample basis.
- For a sample of valuations,we reconciled the tenancy schedules and other property related data extracted from the accounting records with the data used as input for the valuations performed by the external experts engaged by management and reconciled a sample of tenancy contracts to the tenancy schedules.
- We evaluated, assessed and challenged the appropriateness of key assumptions used in the valuation reports such as estimated future cash flows, projected cost to complete, market rent levels, yield factors and discount rates. We compared the yield factors and discount rates used to the market data. Where yield factors and discount rates differ significantly from market data, we challenged the rationale supporting the rate applied in the valuation by discussing with management and, if applicable, the external expert, the reasons to support the adopted value.
- We considered the adequacy of the disclosures in the consolidated financial statements relating to investment properties appropriately reflect the exposure to valuation risk, including the valuation methodologies applied and the key assumptions used.

Valuation of property development inventories

We refer to note '1.11 Property Development Inventory' and note '9 Property Development Inventory' of the consolidated financial statements.

— Description

The carrying value of property development inventories amounts to 186.978 (000) EUR as of 31 December 2018 and represents a significant part of the assets of the Group (22%). Property development inventories mainly comprise residential properties and are measured at the lower of cost and net realizable value at the balance sheet date. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write-down is necessary when the net realizable value at balance sheet date is lower than the carrying value. Group management performs regular reviews of the net realizable value of its property development inventories, mainly based on an internal management valuation.

We identified the valuation of property development inventories as a key audit matter, due to the significance of the balance and the management judgement associated with determining net realizable value. We also refer to our emphasis of matter paragraph with regard to the uncertainty regarding the realization of the Eurostadium project and the recoverability of capitalized expenses related to this project.

— *Our audit procedures*

We performed the following audit procedures:

- We obtained an understanding of the development status of the property development inventories, their related risks and basis of estimates of net realizable value used and assessed the appropriateness of the valuation methodologies applied by the Group.
- We obtained the internal valuation for a sample of properties and assessed the reasonableness of key assumptions used and the integrity of the relevant inputs used in these calculations.
- For residential projects where sales are being recognized, we analyzed the realized margins for impairment indicators in the remaining property development inventories.
- For a sample of properties, we assessed the reasonableness of the recognized costs based on the forecasted profit margin.
- We obtained management's assessment with regard to the uncertainty in connection to the Eurostadium project and obtained lawyers letters in this respect. We evaluated, assessed and challenged the judgments and assumptions made by the Board of Directors in this respect.
- Furthermore, we considered the adequacy of the disclosures in the consolidated financial statements in respect of property development inventories.

Compliance with covenants

We refer to note '1.18 Borrowings', note '2.1.2. Interest Rate Risk' and note '14.2 Other borrowings: bonds'.

— Description

The nominal value of the EMTN notes issued by Ghelamco Invest NV amounts to 280.272 (000) MEUR per 31 December 2018 and represents a significant part of the liabilities of the Group. These notes are subject to a number of covenants both at the level of the issuer (being Ghelamco Invest NV) and the Guarantor (being Ghelamco Group Comm. VA). We identified the compliance with covenants as a key audit matter, due to the significance of the balance to the financial statements and the fact that if the Issuer or the Guarantor would not meet their respective covenants, the issuer could be required to repay a large amount of its debt before the contractual due date.

— *Our audit procedures*

We performed the following audit procedures:

- We obtained an understanding of the group's process and controls to ensure compliance with debt covenants.
- We inspected the respective debt agreements to identify restrictive covenants clauses.
- We obtained the Group's calculation of the covenant ratios, tested their mathematical accuracy, assessed compliance with the provisions of the respective debt agreements and considered the appropriateness of the presentation of the EMTN notes in the consolidated financial statements.
- We also considered the adequacy of the disclosures in the consolidated financial statements.

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

The board of directors is responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as board of directors determines, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these consolidated financial statements.

When performing our audit we comply with the legal, regulatory and professional requirements applicable to audits of the consolidated financial statements in Belgium.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also perform the following procedures:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

— Obtain an understanding of internal controls relevant to the audit 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;

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by board of directors.

— Conclude on the appropriateness of board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on the other legal, regulatory and professional requirements

Responsibilities of the Board of Directors

The board of directors is responsible for the preparation and the content of the board of directors' annual report on the consolidated financial statements.

Statutory auditor's responsibilities

In the context of our mandate and in accordance with the Belgian standard (revised in 2018) which is complementary to the International Standards on Auditing as applicable in Belgium, our responsibility is to verify, in all material respects, the board of directors' annual report on the consolidated financial statements, and to report on these matters.

Aspects concerning the board of directors' annual report on the consolidated financial statements

Based on specific work performed on the board of directors' annual report on the consolidated financial statements, we are of the opinion that this report is consistent with the consolidated financial statements for the same period and has been prepared in accordance with articles 119 of the Companies' Code.

In the context of our audit of the consolidated financial statements, we are also responsible for considering, in particular based on the knowledge gained throughout the audit, whether the board of directors' annual report on the consolidated financial statements contains material misstatements, that is information incorrectly stated or misleading. In the context of the procedures carried out, we did not identify any material misstatements that we have to report to you.

Information about the independence

— Our audit firm and our network have not performed any engagement which is incompatible with the statutory audit of the consolidated financial statements and our audit firm remained independent of the Group during the term of our mandate.

— The fees for the additional engagements which are compatible with the statutory audit referred to in article 134 of the Companies' Code were correctly stated and disclosed in the notes to the consolidated financial statements.

Other aspect

— This report is consistent with our additional report to the audit committee on the basis of Article 11 of Regulation (EU) No 537/2014.

Zaventem, 29 March 2019

KPMG Bedrijfsrevisoren / Réviseurs d'Entreprises
Statutory auditor
represented by

Filip De Bock
Réviseur d'Entreprises / Bedrijfsrevisor