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Ghelamco Invest NV
Half year results 30.06.2019

Commercial successes and chrystallizing development efforts resulting in excellent results and optimized balance sheet structure

- **Net profit for the period of 26,962 KEUR (compared to 11,027 KEUR as per 30.06.18)**
- **Solvency ratio at 33.3% (compared to 30.8% as per 31.12.18)**
- **Sale of the Link project in Antwerp (27,000 sqm office space and approx. 540 underground parking spaces, divided over 2 buildings) to Baloise in February 2019, for a gross transaction value of 89.3 MEUR.**
- **Signing of a (23,000 sqm + 700 parking spaces) 15-year lease contract with PWC in January 2019 in the Focus project to be raised at the Culliganlaan in Diegem**
- **Signing of a (+ 37,000 sqm + 141 parking spaces) 18-year lease contract with the Brussels Region on 16/05/2019 in the Silver Tower project in Brussels**
- **Start of the construction works in the residential Senzafine project in Kortrijk; while per date of the current report approx. 57% of the available apartements have been (pre-)sold or reserved.**

Preliminary remark

Ghelamco Invest NV (with all of its subsidiaries) represents the Belgian and French activities of the Ghelamco Group, a leading European real estate investor and developer active in the offices, residential, retail and logistics markets.

Ghelamco Invest NV is hereafter referrred to as “Ghelamco Invest” or the “Company”.

Summary

The Company closed its 2019 half-year accounts with a net profit of 26,962 KEUR. While paying thorough and still increasing attention to (amongst others technical and environmental) innovation and sustainability, the Company continued its development and commercial efforts in the past half year. As a result, the Company successfully disposed of some investment property and in addition managed to create significant added value on existing

projects. This is reflected in a relatively stable balance sheet total of 879,208 KEUR and an increased equity of 292,936 KEUR. The solvency ratio[1] increased from 30.8% per 31/12/18 to 33.3% per 30/6/19 .

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

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

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

On 16/05/2019 a (+ 37,000 sqm + 141 parking spaces) 18-year lease contract has been signed with the Brussels Region for the Silver Tower project (offering +/- 43,900 sqm leasable office space in total) at the Boulevard St. Lazare in Brussels. The concrete structure construction works have per date of the current report well advanced, considering the expected delivery date of end of October 2020, which is also the inception date of the lease contract.

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

Also the construction works of the prestigious Edition Zoute project in Knokke – offering 49 serviced boutique apartments and 32 parking spaces, combined with some commercial functions on the ground floor – have started. Per mid-year the underground structure was finalized and delivery of the project is expected by end 2020. Per date of the current report already approx. 10% of the apartments have been reserved (as well as part of the available commercial units).

[1] Calculated as follows: equity/total assets

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Key figures

Results	30.06.2019	30.06.2018
Operating result	44,795	22,368
Profit for the period	26,962	11,027
Share of the Company in the profit for the period	27,030	10,992
Balance sheet	**30.06.2019**	**31.12.2018**
Total assets	879,208	867,824
Cash and cash equivalents	11,557	22,350
Net financial debt (-)[2]	491,139	506,857
Total equity	292,936	267,129

Revenue for the first semester of 2019 amounts to 17,645 KEUR and mainly relates to rental income (3,481 KEUR) and sales of residential projects (13,712 KEUR).

The investment property (under construction) portfolio evolved from 321,890 KEUR per end 2018 to 391,442 KEUR per end of June 2019; evolution which is the combined result of current period's expenditures (25,617 KEUR), disposals (-1,031 KEUR) and fair value adjustments (44,966 KEUR). The current period's favorable fair value adjustment is mainly the consequence of the Group's sustained investment and leasing efforts, in combination with market evolution (in terms of yields and rent levels).

The operating result for the first half-year of 2019 totals to 44,795 KEUR; net profit for the period closes with 26,962 KEUR.

Property development inventories balance remained stable at 186,203 KEUR; evolution which is the combined effect of further expenditures on Belgian residential projects (mainly connected with the construction of the Edition and Spectrum projects in Brussels and the Senzafine project in Kortrijk), the sale of some residential projects (mainly units in the Tribeca project in Ghent) and invoicing of installments under the Breyne legislation in the Edition, Spectrum and Senzafine projects.

During the period the Company was able to obtain new bank borrowings and withdraw on existing credit facilities for a total amount of 30.3 MEUR. On the other hand, reimbursements and refinancings have been done for an amount of 57.6 MEUR, bringing the total outstanding amount of bank borrowings to 221.7 MEUR (compared to 248.9 MEUR at 31/12/2018).

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

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Overview

The Company's main development activities during the first half of 2019 related to:

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

As to divestures and/or revenues:

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

Outlook

It is the Company's strategy to further diversify its development portfolio by spreading its developments over different real estate segments and/or mixed projects.
For the second half of 2019, the Company will continue its sustained growth. In addition, it will closely monitor specific evolutions in its active markets and real estate segments and is currently securing some important positions for sizable new projects. Considering its sound financial structure and the expected further market evolutions (in terms of tenant activity and evolution in yields), the Company is confident to achieve this growth and its goals for 2019 in general.

Risks

Due to its activities, the Company is exposed to a variety of financial and operational risks: including interest rate risk, price risk, credit risk and liquidity risk. Financial risks relate to the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables and borrowings.
These risks, which are described in detail in the Ghelamco Invest NV IFRS Consolidated Financial Statements at 31 December 2018, remain applicable for 2019 and are closely managed and monitored by the Company's management.

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

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

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

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

Philippe Pannier
CFO
Ieper
24/09/2019

About Ghelamco

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

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Condensed interim financial statements Ghelamco Invest NV per June 30, 2019

Condensed consolidated statement of profit or loss (in KEUR)

	Note	30/06/2019	30/06/2018
Revenue	7	17,645	26,129
Other operating income	8	799	1,470
Cost of Property Development Inventories	7	-10,398	-16,518
Employee benefit expense		-161	-180
Depreciation amortisation and impairment charges		-299	-184
Gains from revaluation of Investment Property	4	44,966	18,995
Other operating expense	8	-7,803	-7,305
Share of results of equity accounted investees		46	-39
Operating result		**44,795**	**22,368**
Finance income	9	3,219	1,854
Finance costs	9	-8,028	-7,206
Result before income tax		**39,986**	**17,016**
Income tax expense	10	-13,024	-5,989
Profit for the period		**26,962**	**11,027**
Attributable to			
Owners of the Company		27,030	10,992
Non-controlling interests		-68	35

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

	30/06/2019	30/06/2018
Profit for the period	26,962	11,027
Exchange differences on translating foreign operations		
Other		
Other recyclable comprehensive income of the period		
Total Comprehensive income for the period	**26,962**	**11,027**
Attributable to		
Owners of the Company	27,030	10,992
Non-controlling interests	-68	35

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Condensed consolidated statement of financial position (in KEUR)

	Note	30/06/2019	31/12/2018
ASSETS			
Non-current assets			
Investment Property	4	391,442	321,890
Property, plant and equipment		997	895
Equity accounted investees	5	14,611	14,564
Receivables and prepayments		2,092	2,958
Deferred tax assets		6,938	6,963
Other financial assets	11	3,743	3,743
Restricted cash			
		419,823	**351,013**
Current assets			
Property Development Inventories	3	186,203	186,978
Trade and other receivables	11	237,050	209,785
Current tax assets		0	0
Derivatives		0	0
Assets classified as held for sale	4	24,575	97,698
Restricted cash			
Cash and cash equivalents	11	11,557	22,350
Total current assets		**459,385**	**516,811**
TOTAL ASSETS		**879,208**	**867,824**

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

	Note	30/06/2019	31/12/2018
EQUITY AND LIABILITIES			
Capital and reserves attributable to the Company's equity holders			
Share capital		146,490	146,490
CTA		0	0
Retained earnings		146,171	120,289
		292,661	266,779
Non-controlling interests		275	350
TOTAL EQUITY		**292,936**	**267,129**
Non-current liabilities			
Interest-bearing loans and borrowings	6	379,479	384,064
Deferred tax liabilities	11	31,970	26,208
Other non-current liabilities			0
Long-term provisions		0	0
Total non-current liabilities		**411,449**	**410,272**
Current liabilities			
Trade and other payables	11	42,718	41,802
Current tax liabilities		8,888	3,478
Interest-bearing loans and borrowings	6	123,217	145,143
Short-term provisions		0	0
Total current liabilities		**174,823**	**190,423**
Total liabilities		**586,272**	**600,695**
TOTAL EQUITY AND LIABILITIES		**879,208**	**867,824**

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Condensed consolidated cash flow statement (in KEUR)

	Note	30/06/2019	30/06/2018
Cash flow from operating activities			
Result of the period before income tax		**39,986**	**17,016**
Adjustments for:			
- Share of results of associates		-46	39
- Change in fair value of investment property	4	-44,966	-18,995
- Depreciation, amortization and impairment charges		299	184
- Result on disposal investment property	8	287	647
- Change in provisions		0	0
- Net finance costs	9	3,697	4,350
- Movements in working capital:			
- change in inventory		775	5,183
- change in trade & other receivables		-24,208	4,100
- change in trade & other payables		-11,369	-454
- Movement in other non-current liabilities		0	0
- Other non-cash items		97	236
Income tax paid	10	-1,827	1,426
Interest paid	9	-770	-1,209
Net cash from / (used in) operating activities		**-38,045**	**12,523**
Cash flow from investing activities			
Interest received	9	162	1,780
Purchase of property, plant & equipment		-401	-303
Purchase of investment property	4	-16,886	-33,624
Capitalized interest in investment property	4	-2,592	-2,131
Proceeds from disposal of investment property/ AHS	4	73,859	14,466
Net cash outflow on acquisition of subsidiaries		0	1,689
Net cash outflow on other non-current financial assets		866	
Net cash inflow/outflow on scope changes		-1,155	
Net cash flow used in investing activities		**53,853**	**-18,123**
Cash flow from financing activities			
Proceeds from borrowings	6	30,954	30,650
Repayment of borrowings	6	-57,555	-31,543
Capital increase			
Dividends paid			

Net cash inflow from / (used in) financing activities		**-26,601**	**-893**
Net increase in cash and cash equivalents		**-10,793**	**-6,493**
Cash and cash equivalents at 1 January		**22,350**	**26,409**
Cash and cash equivalents at the end of the period		**11,557**	**19,915**

Condensed consolidated statement of changes in equity (in KEUR)

	Attributable to the owners of the Company			**Non-controlling interests**	**Total equity**
	Share capital	**Cumulative translation reserve**	**Retained earnings**		
Balance at 1 January 2018	**146,490**	**0**	**85,322**	**300**	**232,112**
Capital increase					
Profit/(loss) for the period			10,992	35	**11,027**
Dividend distribution					
Change in non-controlling interests				6	**6**
Change in the consolidation scope					
Other			-8		**-8**
Balance at 30 June 2018	**146,490**	**0**	**96,306**	**341**	**243,137**
Balance at 1 January 2019	**146,490**	**0**	**120,289**	**350**	**267,129**
Capital increase					
Profit/(loss) for the period			27,030	-68	**26,962**
Dividend distribution					
Change in non-controlling interests			7	-7	**0**
Change in the consolidation scope			-1,155		**-1,155**
Other					
Balance at 30 June 2019	**146,490**	**0**	**146,171**	**275**	**292,936**

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Segment reporting

A segment is a distinguishable component of the Company which is engaged either in providing products or services (business segment), or in providing products or services within a particular economic area (geographic segment) and which is subject to risks and rewards that are different to those of other segments.
As the vast majority of the assets (and resulting income) of the Company is geographically located in Belgium, and Management has a regional approach in decision taking, no segmenting has been included in this financial reporting.

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

1. Basis of preparation

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

The condensed consolidated financial statements for the 6-monhts period ended June 30, 2019, were approved by the Board of Directors on 25 September 2019.

The new interpretations and standards that are applicable from 2019 did not have any significant impact on the Company's financial statements.

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 or finance leases. The Company has adopted this standard as from 1 January 2019 and applied the 'modified retrospective approach'. The comparative figures have not been adapted. However as the Company has currently not entered into significant lease contracts (as a lessee), this adoption has not generated any significant impact on the financial statements as of 30 June 2019.

2. Significant accounting policies

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

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

The accounting policies adopted are consistent with those followed for the preparation of the Company's consolidated financial statements for the year ended 31 December 2018.

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3. Property development inventories

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

	30/06/2019	31/12/2018
Property Development Inventories	186,155	186,925
Raw materials	48	53
Finished goods	0	0
	186,203	**186,978**

The inventory mainly relates to:

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

Eurostadium Brussels

The board of the directors confirms its statement mentioned in the Consolidated Financial Statements as at December 31, 2018 (p. 44/45). Since that date the situation has not significantly changed, except for the fact that the Council of Permit Disputes has rejected the Company's appeal on 5 September 2019. As a matter of cautious governance the company has registered any additional costs related to the Eurostadium project in its P&L. As to the capitalised Eurostadium expenditures which still amount to 23.6 MEUR, the board of directors acknowledges that the current status of the file constitutes an uncertainty but remains of the opinion that the capitalized expenses will be recovered in the future either through a new permit request or, if necessary, a claim.

4. Investment property (under construction)

Balance at 31 December 2018	**321,890**
Acquisition of properties	226
Acquisition through business combinations	
Subsequent expenditure	25,391
Transfers	
- Assets classified as held for sale	
- Other transfers	
Adjustment to fair value through P/L	44,966
Disposals	-1,031
other	
Balance at 30 June 2019	**391,442**

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

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

Country + SPV	Commercial Name	Valuation	Cat	30/06/2019	31/12/2018
				KEUR	KEUR
BELGIUM					
Leisure Property Invest	Knocke Village	Man	B	60,708	59,000
Zeewind	Zeewind	Man	D	1,746	1,746
Ring Multi	Ghelamco Arena Multifunctional space	Cushman	D	22,775	22,675
Meetdistrict	Meetdistrict business center	Cushman	D	34,550	33,950
Ghelamco Invest	Zoute House	Man	C	25,189	24,101
Dianthus	Arval site	Man	C	7,733	6,000
Bischoffsheim Leasehold + Freehold	Spectrum	CBRE	C	80,578	62,464
DNF/Filature Retail	Tribeca/ Filature Retail	Man	D	4,675	5,500
Docora	Rafc Stands	Man	D	50,352	49,696
Silver Tower	Silver Tower	Belsq	C	63,372	47,257
Domein Culligan	Focus/ PWC Offices	JLL	B	39,764	9,500
TOTAL :				**391,442**	**321,890**

Legend : Man = Management valuation, CBRE = CBRE valuaton report, Cushman = Cushman & Wakefield valuation report, JLL = Jones Lang Lasalle, Belsq = Belsquare valuation report.

The average yields used in the expert valuations (applying residual method) on 30 June 2019 are as follows:

- 3.60% to 8.65% for Belgian office projects, depending on the location, specifics and nature of the investment (vs. 4.25% to 8.65% per 31/12/2018);
- 5.47% to 6.35% for other Belgian (mainly retail) projects, depending on the specifics, nature and location of the investment (vs. 6.00% to 6.50% per 31/12/2018).

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

And as stated above, in February 2019, the 'The Link' project (27,000 sqm office space and approx. 540 underground parking spaces) has been sold to Baloise. The net transaction value approximated the carrying value per 31/12/2018 plus the expenditures still incurred. The sales transaction was structured as an asset deal. In connection with the anticipated sale, this project was per end 2018 already transferred from Investment property to assets held for sale.

Commitments

Ghelamco Invest NV has signed a share purchase agreement on April 26th 2019 concerning the acquisition of 100% of the shares in DEREIF Brüssel Lloyd George S.à.r.l, owner of a property located at 1000 Brussels, 6-7 Avenue Lloyd George and 36 Boulevard de la Cambre. Closing (and transfer of ownership) will take place on August 26th 2020.

The purchase price will be calculated on closing date on the basis of the underlying value of the property, which is determined at EUR 46.325.000,00. Ghelamco Invest NV provided the seller with a first demand bank guarantee covering an amount of EUR 4.650.000,00 on the date of the signing of the share purchase agreement to secure the payment of the purchase price on closing.

5. Equity accounted investees

Equity accounted investees amount to 14,611 KEUR and relate to the (50%) participating interest in Carlton Retail NV, which is connected with the One Carlton high-end residential project in Knokke Zoute.

6. Interest bearing loans and borrowings

	30/06/2019	31/12/2018
Non-current		
Bank borrowings – floating rate	98,501	103,792
Other borrowings	280,978	280,272
Finance lease liabilities		
	379,479	**384,064**
Current		
Bank borrowings – floating rate	123,217	145,143
Other borrowings – floating rate		
Finance lease liabilities		
	123,217	**145,143**
TOTAL	**502,696**	**529,207**

6.1 Bank borrowings

During the period, the Company obtained new secured bank loans expressed in EUR and withdrew on existing credit facilities for a total amount of 30.3 MEUR, all of which are Euribor based. On the other hand, reimbursements (and/or refinancings) have been done for a total amount of 57.6 MEUR, net of prolongation of

a number of bank borrowings. Significant part of the reimbursements (55 MEUR) is related to the disposal of the 'The Link' project, as mentioned above.

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

52% of the outstanding non-current bank borrowings is maturing within a 3 years-period, 48% is maturing after more than 3 years.

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

6.2 Bonds (280,978 KEUR non-current)

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

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

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

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

6.3 Other loans

There are no other loans outstanding as of 30 June 2019.

No defaults of payments or breaches of borrowing agreements occurred as of 30 June 2019.
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.
The bonds are secured by a first demand guarantee by Ghelamco Group Comm. VA.
The loan agreements granted by the bank are sometimes subject to a number of covenants (Loan to Value, Loan to Cost, Debt Service Cover). During the period and per end of the period, there were no events of default in respect of these borrowings.
Also the terms and conditions of the resp. bond issues have been complied with as of balance sheet date.

7. Revenue

Revenue can be detailed as follows:

	30/06/2019	30/06/2018
Sales of Residential Projects	13,712	23,519
Rental Income	3,482	2,322
Other	451	288
TOTAL REVENUE	**17,645**	**26,129**

The rental income as of 30 June 2019 relates to rent from commercial projects (mainly Ring Multi and Meetdistrict in the Ghelamco Arena and the RAFC stand 1).

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

- Sale of the last remaining units in the delivered Tribeca project in Ghent (4,134 KEUR). In the course of the first half year of 2019, 10 apartments, 1 loft and 14 parking spaces have been sold. Sales rate for the whole project (phase 1 to 3) is per date of the current report at over 95%.
- Land parts and first 15% construction installment invoicing re. 31 apartments and garages and 5 parking spots in the new high-end Senzafine project in Kortrijk (5,548 KEUR). Combined reservation and sales rate is per date of the current report already at 57%.
- Edition (1,499 KEUR): Installments on previous year (57 apartments, 61 parking spaces and 17 storage rooms) and current year (1 apartment, parking and storage room) sales. Progress and sales invoicing is at approx. 95%. Deliveries are ongoing.
- Spectrum (1,677 KEUR): Installments on all 22 apartments (and 21 parking spaces), which were sold in previous year(s). Progress and sales invoicing is at 90%.
- Villas and apartments at the Belgain coast (854 KEUR)

The evolution in the cost of property development inventories goes together and is in line with the evolution in sales. The gross margin is dependent on the type of projects sold and the market.

8. Other items included in operating profit/loss

Other operating income

The current period's other operating income (799 KEUR) includes the gain on disposal of 4 retail units in the Tribeca project (269 KEUR). The remainder amongst others relates to some re-charges of real estate tax, co-owners expenses and fit-out expenses to tenants.

	30/06/2019	30/06/2018
Gains from revaluation of Investment Property	44,966	18,995

Fair value adjustments over the first half of 2019 amount to 44,966 KEUR, which is mainly the result of current period's further investment and leasing efforts, in combination with evolution in market conditions (yield and rent level evolution).
Main fair value adjustments have been recognized on the Spectrum, Silver Tower and Focus/PWC Offices projects.

Other operating expenses	30/06/2019	30/06/2018
Taxes and charges	652	622
Insurance expenses	243	246
Audit, legal and tax expenses	2,226	2,302
Traveling	-	-
Promotional expenses	465	570
Sales expenses	1,238	930
Rental guarantee expenses	403	125
Housing costs (incl. maintenance)	744	568
Operating expenses with related parties	1,291	912
Impairment on inventory	-	53
Miscellaneous	541	977
Total:	**7,803**	**7,305**

The relative increase is to an extent connected with the sales expenses related to the disposal of the The Link project in Antwerp which took place in February 2019.

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9. Finance income and finance costs

	30/06/2019	30/06/2018
Foreign exchange gains		
Interest income	3,219	1,854
Other finance income		
Total finance income	**3,219**	**1,854**
Interest expense	-6,910	-6,204
Other finance costs	-1,113	-1,002
Foreign exchange losses		
Total finance costs	**-8,023**	**-7,206**

The increase in interest income is mainly related to the increased related party current receivables. Other finance costs mainly relate to the amortisation of capitalized bond issue expenses.

10. Income taxes

	30/06/2019	30/06/2018
Current income tax	-7,237	-4,626
Deferred tax	-5,787	-1,363
Total income tax	**-13,024**	**-5,989**

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

The deferred tax expenses are mainly related to the recognition of deferred tax liabilities on the fair value accounting of investment property. The increase compared to last year's comparable period is mainly related to current period's higher recognized fair value adjustments.

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11. Financial instruments

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

Financial instruments (x € 1 000)	**30/06/2019**				
	FVTPL	**FVOCI**	**Measured at amortised cost/fin. liabilities 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			2,092	2,092	2
Restricted cash					
Current receivables					
Trade and other receivables			234,283	234,283	2
Derivatives					
Cash and cash equivalents			11,557	11,557	2
Total Financial Assets	**0**	**0**	**251,675**	**251,675**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			98,501	98,501	2
Bonds (Alternext)					
Bonds (Euronext)			280,978	277,822	1
Other borrowings					
Interest-bearing borrowings - current					
Bank borrowings			123,217	123,217	2
Bonds (Alternext)					
Other borrowings					
Current payables					
Trade and other payables			40,640	40,640	2
Total Financial Liabilities	**0**	**0**	**543,336**	**540,180**	

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Financial instruments (x € 1 000)	**31/12/2018**				
	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 above table provides an analysis of financial instruments grouped into Levels 1 to 3 based on the degree to which the fair value (recognized on the statement of financial position or disclosed in the notes) is observable:

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

12. Transactions with related parties

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

- Investment Holding: comprises resources invested in the development of real estate projects in Belgium, Poland, Russia and Ukraine and the intra-group Financing Vehicles – referred to as "Investment Group" or the "Group";

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

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

- Ghelamco European Property Fund: comprises since 2016 the real estate projects kept as income generating products for a longer time.

Ghelamco Invest NV (the "Company") is the holding company of the Belgian and French activities of Ghelamco Group Comm. VA, which is in turn the holding company of the Investment Group. Ghelamco Invest NV, together with its subsidiaries, constitute the reporting entity for the purpose of these interim condensed financial statements.

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

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

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

- Ghelamco Belgium with its registered office in Ypres.

Engineering and architectural design services
APEC Architectural Engineering Projects Limited (a limited liability company registered under the laws of Ireland), legal subsidiary of International Real Estate Services Comm. VA (the parent company of Ghelamco's "Development Holding") coordinates engineering and architectural design services provided to the Company's larger projects, in accordance with terms of the respective contracts.

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

	30/06/2019	30/06/2018
Purchases of construction, engineering and architectural design:	-2,034	-5,391
related party trade receivable	12,057	2,681
related party trade accounts payable	-2,364	-2,274
related party non-current loans receivable	1,617	-
related party non-current trade and other receivable	-	-
related party interests receivable	10,818	6,492
related party C/A receivable	198,836	138,401
related party non-current loans payable	-	-
related party interests payable	-118	-66
related party C/A payable	-7,074	-67

13. Post balance sheet events

- None significant to be mentioned.

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

Introduction

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

Scope of Review

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

Conclusion

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

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RPR Brussel - RPM Bruxelles

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

Emphasis of matter

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

Antwerp, September 30, 2019

KPMG Réviseurs d'Entreprises / Bedrijfsrevisoren
Statutory Auditor
represented by

Filip De Bock
Réviseur d'Entreprises / Bedrijfsrevisor