PUSHING THE BOUNDARIES

ANNUAL REPORT 2017

IMMOBEL
since 1863

CONTENT

O'SEA – OSTEND

OUR IDENTITY

IMMOBEL IS THE LARGEST LISTED BELGIAN PROPERTY DEVELOPER.

EVER SINCE IT WAS FOUNDED IN 1863, THE GROUP HAS DEVELOPED AND MARKETED INNOVATIVE URBAN PROJECTS IN RESPONSE TO THE NEEDS OF CITIES AND THEIR INHABITANTS.

THANKS TO ITS BOLD STRATEGY AND A TALENTED WORKFORCE OF AROUND A HUNDRED PEOPLE, IMMOBEL HAS SUCCEEDED IN DIVERSIFYING ITS EXPERTISE IN THE RESIDENTIAL, OFFICE, RETAIL AND LANDBANKING SECTORS AND HAS SUCCESSFULLY EXPANDED INTERNATIONALLY TO THE GRAND DUCHY OF LUXEMBOURG, POLAND AND MORE RECENTLY IN FRANCE.

ITS PORTFOLIO NOW TOTALS MORE THAN 800,000 M^2 (EXCLUDING FRANCE) UNDER DEVELOPMENT AND THE GROUP HAS A MARKET CAPITALISATION OF MORE THAN 500 MEUR, ESTABLISHING ITS **POSITION AS A MARKET LEADER**.

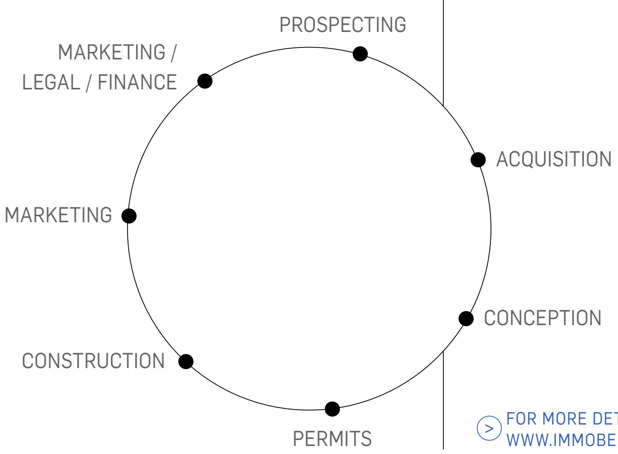
FOR MORE INFORMATION, GO TO WWW.IMMOBELGROUP.COM

OUR STRATEGY

- A PORTFOLIO OF ICONIC AND COMPLEMENTARY PROJECTS
- A GROUP ORIENTED TOWARDS GROWTH, PROFITABILITY AND THE HUMAN ASPECT
- FOCUS ON OPTIMISATION

FOR MORE DETAILS, GO TO WWW.IMMOBELGROUP.COM

A 360° APPROACH



FOR MORE DETAILS, GO TO WWW.IMMOBELGROUP.COM

MESSAGE FROM OUR CHAIRMAN

2017 HAS BEEN A YEAR WHERE WE CONTINUED SOWING IN ORDER TO HARVEST IN THE COMING YEARS.

MARNIX GALLE,
EXECUTIVE CHAIRMAN

Dear reader,

IMMOBEL accelerated and exceeded in 2016 its five-year business plan and had a better year than expected. 2017 became thus the transition year with less profit where we continued sowing in order to harvest in the coming years. This is exactly what is happening. Our net income for 2017 stands at EUR 11 million not a grand cru year indeed. However, the current business plan is on schedule and the reorganization of IMMOBEL will enable it to become a successful pan-European player.

We have been thinking and executing, adjusting our strategy to the ever-changing real estate horizon, upgrading our teams, designing, developing and building our projects and extending our geographic and sectorial reach.

IN BELGIUM

Belgium is doing well and several projects have started up and enjoy excellent sales: O'Sea, Ernest (Solvay) phase II, Universalis Park, Parc Seny, Greenhill Park, Royal Louise and Lake Front (Knokke-Heist).

RAC 4 and the last phases of Universalis Park prove to be a bit of a permitting nightmare with continuous resets after in both cases already ten years of design

"WE HAVE BEEN THINKING AND EXECUTING, ADJUSTING OUR STRATEGY TO THE EVER-CHANGING REAL ESTATE HORIZON, UPGRADING OUR TEAMS,..."

and permitting history. We do hope to clear this out in 2018-2019. We are in full design phase for our 40,000 m² Brussels Sablon and our 50,000 m² Place de Brouckère projects. The construction of the new Allianz headquarters in Möbius I is in full execution.

We are continuously fine tuning our Belgian team. Additional management control systems and other support tools have been put in place. The close relationships between our various departments allow the efficient execution of projects. A matrix structure has been put in place so that the Group's highly qualified talents can add know how and value throughout our international markets when needed.

We have developed a new activity within our Landbanking department and created a team to develop residential units on our existing landbanking sites. Landbanking has done well this year and profits should increase in the coming years thanks to this additional business model.

IN POLAND

The Polish team has been completely reshuffled, a new CEO has joined and additional competencies have been recruited to further bring our organization to our international standards. Our Warsaw office project Cedet is nearing completion and currently 74 % has been leased to high quality tenants. We expect a sale in 2018. We won the lawsuit that impeded the development of our other Warsaw project Central Point (formerly known as CBD One) and the start of the construction is foreseen in the coming months. Our Gdansk Granary Island project has, as Cedet, not been a smooth technical ride, but it is going forward and sales are excellent. We remain cautious on Poland.

IN LUXEMBOURG

Luxembourg is enjoying the development of INFINITY where 80 % of apartments have been sold. The office building and retail area have been leased and pre-sold. Our 26,000 m² mainly residential development Polvermillen in Luxembourg City is a year behind schedule but sales prices keep rising. All other projects are doing well, are on target, and we remain keen on Luxembourg.

IN FRANCE

Following a strategic assessment, we have found a 4th market and it is Paris where we are in process to acquire, in three stages, NAFILYAN & PARTNERS, a leader in the French residential market. We plan to expand our Paris platform over the coming years into several asset classes and it could very well become our largest market.

2017

A TRANSITION YEAR

"WE ARE AMBITIOUS YET CAUTIOUS, AWARE OF THE FACT THAT WE CARRY THE HEAVY FIDUCIARY RESPONSIBILITY OF A 150-YEAR YOUNG JEWEL."

ACQUISITION PLAN, BOND ISSUE AND ASSET PRICES

Our purchases were below our business plan in 2017. We are happy with the Brussel ING site (in partnership) but we did not hit our 100,000 m² acquisition goal across geographies. The French purchase does mitigate this disappointment.

We successfully placed a more than doubly oversubscribed EUR 100 million bond with a five-year duration at 3 % interest, confirming the markets confidence in our company. This bond will replace repaid bonds and further provides the required capacity to realize our ambitious business plan. IMMOBEL could again consult the financial markets in the coming years, in order to expand its financial capacity.

Asset prices are ever increasing which is great for our stock but worrisome for every new purchase. We are adjusting our products to rapidly changing user demand. We seek out the last uncrowded asset classes in Europe. And we are studying an update of our business model to decrease its risk level and assure long term steady income. Risk is less and less rewarded but it has not gone away, to the contrary.

We are ambitious yet cautious, aware of the fact that we carry the heavy fiduciary responsibility of a 150-year young jewel. The world is evolving faster than ever. We have to adjust to an ever-changing Darwinian environment. Count on us to devote our intense professional lives to continue to navigate your fantastic company through the next phases.

DIVIDEND

The Board of Directors has confirmed its intention to propose a recurring and increasing dividend to Shareholders. The outlook confirms this possibility.

The Board will propose to the General Meeting to grant for financial year 2017 a gross dividend of EUR 2.2 to the Shareholders, an amount that is expected to increase every year, subject to the absence of any currently unforeseen exceptional events.

Kind regards,

Marnix Galle
Executive Chairman

MESSAGE FROM OUR CEO

DETERMINED TO GROW THE IMMOBEL GROUP SUSTAINABLY, ALEXANDER HODAC HAS DEVOTED HIMSELF, SINCE HIS ARRIVAL, TO CREATING A SOLID FOUNDATION AND STRONG CORPORATE AND FINANCIAL PILLARS FOR THIS LISTED COMPANY, TO ALLOW FOR AN EXPANSION OF ACTIVITIES.

ALEXANDER HODAC, CEO

“ Since I took up my job as CEO in December 2015, the Group has gone through a number of phases. Even though IMMOBEL has existed for over 150 years, its merger with ALLFIN has propelled it to another level, in a market that is more demanding and competitive than ever, with huge stakes.

While 2016 was a transition year, a year of revelation even, 2017 showed the first signs of expansion.

But it is impossible to expand without reliable back-up. That is why, over the past months, my role has been first and foremost to check the quality of our internal structures and to consolidate our assets, to ensure they can support international expansion. This work seems to have borne fruit already, because we are expanding every day in Belgium, the Grand Duchy of Luxembourg and Poland and, from now on, in France as well. My objectives have not changed, and the vision I share with Marnix Galle, our Executive Chairman, remains ambitious. We want to turn IMMOBEL into a company with a sustainable portfolio and international reach. The initial results of the implementation of this strategy were evident in 2017 and we should see them confirmed in the years to come.

I would also like to emphasise, as a fervent advocate of human values, that these new construction sites in Belgium and abroad, could not have seen the light of day without the exceptional skills of our nearly 100 talented employees, guided everyday by a particularly dedicated Management Team. They are devoted professionals who put IMMOBEL’s values at the centre of their work, so that knowhow, a passion for excellence, respect and a team spirit are omnipresent at every stage of development. These principles are already reflected in every one of our projects and they should help us to enlarge. ”

OUR KEY FIGURES 2017

The financial data before IFRS 11 correspond to the data used by the main decision-makers to assess the company's performance by ensuring sufficient visibility on the main items of the balance sheet and income statement and a coherent presentation between the differenct activities, regardless the group interest percentage. These data are also used to calculate the main economic and financial ratios presented internally and externally. This internal view before IFRS 11 implies that all the results of the projects are accounted in the income statement for their share, except for those arising from associates.

KEY CONSOLIDATED FIGURES

KEY FIGURES IMMOBEL GROUP (MEUR)

	2013	2014	2015	2016	2017
	IMMOBEL SA INTERNAL VIEW				
Net result, Group's share	1.5	20.0	0.7	52.5	**11.0**
Equity, Group's share	183.2	196.7	194.4	311.0	**303.6**
Market capitalization (including own shares)	148.4	177.5	174.2	530.0	**551.8**
Market capitalization (excluded own shares)	148.4	177.5	174.2	464.7	**484.2**

FIGURES PER SHARE (EUR) (INCLUDING OWN SHARES)

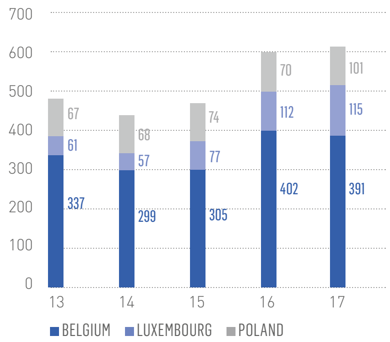
	2013	2014	2015	2016	2017
	IMMOBEL SA INTERNAL VIEW				
Number of shares at year-end (thousand)	4,122	4,122	4,122	9,997	**9,997**
Net result, Group's share	0.4	4.9	0.2	5.2	**1.1**
Value of equity	44.4	47.7	47.2	31.1	**30.4**
Gross ordinary dividend	0.00	2.40	0.00	2.00	**2.20**
Net ordinary dividend	0.00	1.80	0.00	1.40	**1.54**

STOCK MARKET RATIOS

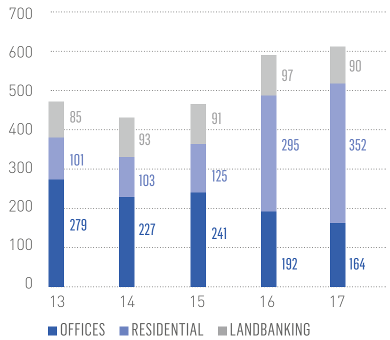
	2013	2014	2015	2016	2017
	IMMOBEL SA INTERNAL VIEW				
Stock price on 31 December (EUR)	36.0	43.1	42.3	53.0	**55.2**
Maximum quotation (EUR)	37.4	44.5	52.7	53.8	**59.7**
Minimum quotation (EUR)	28.4	36.5	40.1	38.2	**51.0**
Stock price / book value	81.0 %	90.3 %	89.7 %	170.4 %	**181.8 %**
Gross return for 1 year[1]	32.0 %	24.0 %	0.0 %	25.3 %	**9.8 %**
Gross ordinary dividend / last stock price	0.0 %	5.6 %	0.0 %	3.8 %	**4.0 %**
Net ordinary dividend / last stock price	0.0 %	4.2 %	0.0 %	2.6 %	**2.8 %**

PORTFOLIO

EVOLUTION OF THE PORTFOLIO BY COUNTRY (MEUR)

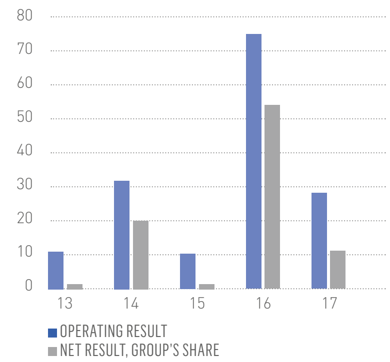


EVOLUTION OF THE PORTFOLIO BY SEGMENT (MEUR)



RESULT

OPERATING RESULT / NET RESULT (MEUR)



SUMMARY OF THE CONSOLIDATED FINANCIAL STATEMENTS (MEUR)

INCOME STATEMENT

	2013	2014	2015	2016	2017
	IMMOBEL SA INTERNAL VIEW				
Operating income	65.1	183.1	103.6	346.1	**226.7**
Operating expenses	-54.5	-151.8	-93.2	-273.4	**-198.9**
Operating result	**10.6**	**31.2**	**10.5**	**72.7**	**27.8**
Financial result	-9.3	-9.6	-8.9	-5.4	**-6.4**
Share in the results of associates	0.2	-0.2	-0.3	-2.0	**-0.3**
Result before taxes	**1.5**	**21.4**	**1.3**	**65.3**	**21.1**
Income taxes	0.0	-1.4	-0.6	-11.6	**-10.1**
Result for the year	**1.5**	**20.0**	**0.7**	**53.6**	**10.9**
Share of IMMOBEL	**1.5**	**20.0**	**0.7**	**52.5**	**11.0**

FINANCIAL POSITION

ASSETS	2013	2014	2015	2016	2017
	IMMOBEL SA INTERNAL VIEW				
Non-current assets	**6.5**	**5.0**	**4.6**	**18.5**	**15.8**
Intangible assets and goodwill	0.1	0.2	0.2	0.1	**0.4**
Tangible assets and investment property	3.6	3.6	3.6	3.8	**4.0**
Financial assets	1.1	0.8	0.4	3.7	**1.3**
Other	1.7	0.5	0.5	10.9	**10.1**
Current assets	**520.4**	**492.2**	**506.9**	**767.9**	**855.2**
Inventories	464.7	423.5	456.8	584.0	**606.6**
Cash	31.4	32.0	24.5	128.9	**169.3**
Other	24.4	36.7	25.6	55.1	**79.3**
TOTAL ASSETS	**527.0**	**497.2**	**511.6**	**786.4**	**871.0**

EQUITY AND LIABILITIES	2013	2014	2015	2016	2017
	IMMOBEL SA INTERNAL VIEW				
Equity	**183.2**	**196.7**	**194.4**	**314.9**	**303.6**
Non-current liabilities	**152.4**	**166.8**	**156.9**	**324.1**	**384.0**
Financial debts	151.5	164.5	155.0	319.0	**368.7**
Other	0.9	2.3	1.8	5.1	**15.3**
Current liabilities	**191.4**	**133.7**	**160.3**	**147.3**	**183.4**
Financial debts	148.8	99.4	110.4	68.4	**63.4**
Other	42.7	34.3	49.9	79.0	**120.0**
TOTAL EQUITY AND LIABILITIES	**527.0**	**497.2**	**511.6**	**786.4**	**871.0**

227 MEUR

OPERATING INCOME IN 2017

607 MEUR

PROJECTS IN PORTFOLIO

1. Gross return for 1 year: (last closing price + dividends paid during the year - first stock price for the period) / first stock price for the period.

INFORMATION TO OUR SHAREHOLDERS

SHARE PRICE EVOLUTION

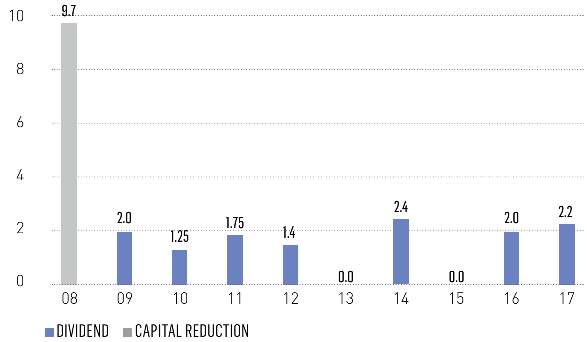
SHARE PRICE EVOLUTION IN 2017 (EUR)

SHARE PRICE EVOLUTION OVER A 5-YEAR PERIOD (EUR)

ERNEST – BRUSSELS

DIVIDEND POLICY

DIVIDEND EVOLUTION OVER THE PAST 10 YEARS (EUR)



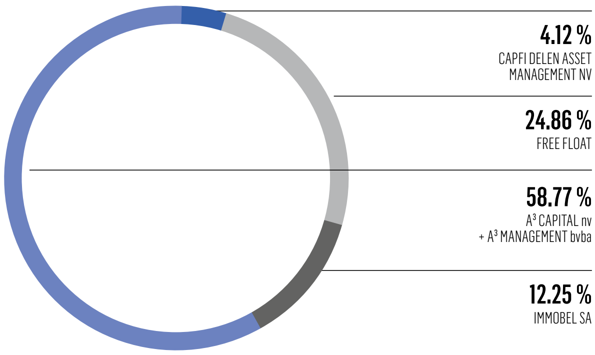
The Board of Directors has adopted a new dividend policy since 2016: a dividend that is expected to increase by up to 10 % every year, subject to the absence of any currently unforeseen exceptional events.

For the fiscal year 2017 the proposed gross dividend amounts to EUR 2.20 per share.

For reference, the following amounts were paid in previous years: EUR 2 in 2016, no dividend in 2015, EUR 2.40 for 2014, no dividend in 2013, EUR 1.40 in 2012, EUR 1.75 in 2011 and EUR 1.25 in 2010. In the period 2010-2017, the average gross yearly dividend amounted to EUR 1.37 gross per share.

SHAREHOLDING STRUCTURE

SHAREHOLDERS AS 19/12/2017 (%)



In accordance with article 29 of the Law of 2 May 2007 on the disclosure of stakes held in issuers whose shares are admitted to trading on a regulated market, IMMOBEL has been informed by the following Shareholders that they hold the following shares:

SHAREHOLDERS	VOTING RIGHTS	% OF TOTAL SHARES
A³ CAPITAL nv + A³ MANAGEMENT bvba, all having its registered seat at 1000 Brussels, quai des Péniches 52	5,875,369	58.77 %
IMMOBEL SA, having its registered seat at 1000 Brussels 1000 Brussels, rue de la Régence 58	1,225,603	12.25 %
CAPFI DELEN ASSET MANAGEMENT NV having its registered seat at 2020 Antwerp, Jan Van Rijswijcklaan 178	412,196	4.12 %
FREE FLOAT	2,479,393	24.86 %
TOTAL	**9,997,356**	**100 %**

2.20 EUR / SHARE

GROSS DIVIDEND

55.20 EUR / SHARE

SHARE PRICE AS AT 31/12/2017

FINANCIAL CALENDER

Publication of annual accounts 2017	13 March 2018
Ordinary General Meeting 2018	24 May 2018
Publication of 2017 half-year results	30 August 2018
Publication of 2018 annual accounts	29 March 2019
Ordinary General Meeting 2019	23 May 2019

OUR HIGHLIGHTS IN 2017

MARCH

THE CHAMBON WINS "BEST REFURBISHED BUILDING" AT THE MIPIM AWARDS 2017

A historic building right in the centre of Brussels, the former headquarters of the Caisse Générale d'Epargne et de Retraite (CGER) has undergone major renovation. The brainchild of IMMOBEL and the architects A2RC at Jaspers-Eyers, this 50,000 m² restoration project includes a hotel, offices, retail and student accommodation. It has revitalised this emblematic location long term.

MARCH

THE KONS BUILDING IS COMPLETED AND DELIVERED

After completion of the renovation of the Kons building, in the centre of Luxembourg City, IMMOBEL, BPI Luxembourg and BESIX RED transfer their shares in PEF KONS INVESTMENT SA, the owner of the building, to AXA IM - Real Assets. The transaction brings new life to the area and allows ING Luxembourg to take possession of this 14,600 m² new urban complex.

MAY

SUCCESSFUL LAUNCH OF 100 MEUR BOND ISSUE

The Group launches a private placement of bonds due in 2022, with an annual coupon of 3 %, and raises the top of the target range in one day. This successful transaction confirms the Group's strategy of growth and asset optimisation to the benefit of all its shareholders.

AUGUST

WORK STARTS ON 5 SAPINS IN WAVRE

With the start of work on public amenities and access roads, an extremely well-situated new neighbourhood is emerging from the ground in the south of Wavre. The project, developed in collaboration with residents, consists of fifty residential units divided between two apartment buildings and forty one-family homes.

APRIL

INFINITY: IMMOBEL LUXEMBOURG LAYS THE FIRST STONE

The construction of this pioneering urban complex officially began when the first stone was laid in the presence of Prime Minister Xavier Bettel and the Mayor of Luxembourg City, Lydie Polfer. Delivery of this magnificent 33,300 m² project, which will give a new élan to the Kirchberg plateau, is planned for late 2019/early 2020.

APRIL

GREEN, SUSTAINABLE AND WELL-INTEGRATED: THE VERGER DE FAYENBOIS

The inauguration of this real green lung on the outskirts of Liege unveils a new residential neighbourhood comprising 150 housing units that meet all the current environmental standards. Situated along Line 38 of the Ravel, the Verger de Fayenbois offers a contemporary lifestyle in the midst of pleasant, well-thought out public spaces.

SEPTEMBER

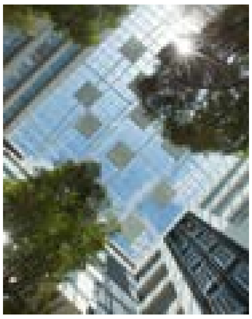
A NEW CEO FOR IMMOBEL POLAND

IMMOBEL announces the appointment of Jacek Wachowicz as CEO of IMMOBEL Poland. Educated at Warsaw University, he has had an active career in Poland and the United Kingdom, as a trader and then as a manager of major real estate investments. He has been a Member of the Board of IMMOBEL for 2 years already.

SEPTEMBER

IMMOBEL MAIN SPONSOR OF THE 9TH EDITION OF IMMORUN

An annual sporting challenge reserved for real estate professionals, IMMORUN 2017 took place along the paths of Osseghem Park, at the foot of the Atomium. In collaboration with the King Baudouin Foundation, IMMOBEL sponsors this edition for the benefit of the MW Fund. It is a success. More than 1,300 participants, including 9 teams from IMMOBEL, line up for the start of the race.



NOVEMBER

GATEWAY WINS A PROPERTY AWARD

Successfully combining performance and comfort, the new headquarters of Deloitte Belgium win renown at the European Property Awards in the category Best Office Architecture. This 35,000 m² building, developed by IMMOBEL and CODIC, enjoys a choice location at Brussels Airport, making it perfectly accessible from the airport, the station and other public transport.

DECEMBER

INTERNATIONAL EXPANSION: ACQUISITION OF NAFILYAN & PARTNERS

The Group plans the 3-phase acquisition of French real estate promoter NAFILYAN & PARTNERS, a key residential actor in Île-de-France. Aimed at fostering strong synergies, this partnership confirms IMMOBEL's strategy of international diversification. It also strengthens the development of its portfolio in the European market.

DECEMBER

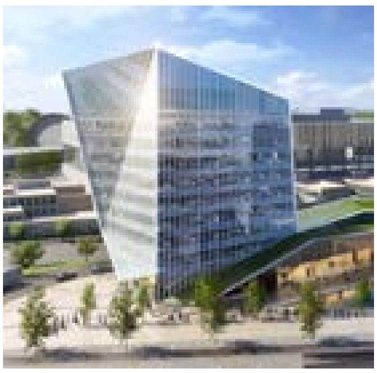
CEDET: 7,400 M² OF OFFICES LEASED TO A POLISH DEVELOPMENT FUND

IMMOBEL Poland signs a pre-leasing agreement with the Polish development fund PFR for 7,400 m² of offices for a period of 7 years. Thanks to this new contract, the pre-leasing rate has reached 74 %. The top-quality renovation of this historic building is also attracting attention from other companies. They are keen to take advantage of Cedet's strategic location, as well as the magnificent modern spaces that are tailored to meet the needs of professionals and retail.

DECEMBER

TRANSFER OF 100 % OF SHARES IN INFINITY WORKING & SHOPPING SA

The transaction, which will become effective after completion of construction, allows the German asset manager and investor REAL I.S. AG to acquire the company piloting the exceptional INFINITY project in Luxembourg. This transfer, for the sum of 80 MEUR, demonstrates the success of this strategic project, which includes 6,800 m² of offices and a 6,500 m² shopping centre.



DECEMBER

THE GROUP ACQUIRES A NEW COO

Adel Yahia joins IMMOBEL as Chief Operating Officer in charge of Development, Construction, Sales and Landbanking. Trained as a developer, the new COO of IMMOBEL gained his experience with major real estate groups (AG Real Estate, Matexi).

DECEMBER

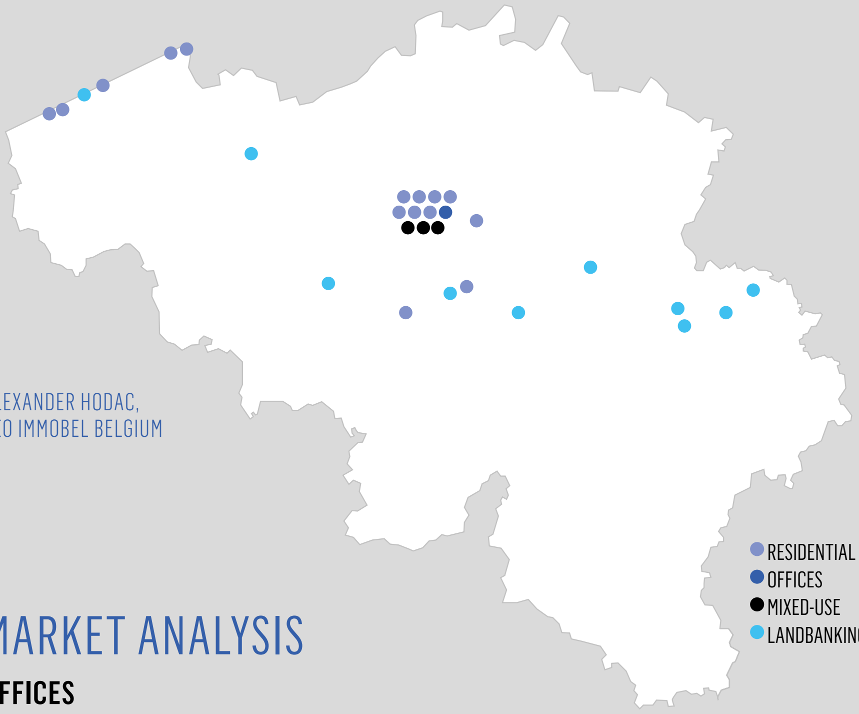
ING COURS SAINT-MICHEL: IMMOBEL AND BESIX RED MAKE A WINNING DUO

Following the sale and leaseback of the ING headquarters in Brussels (currently 60,000 m² above ground), the IMMOBEL and BESIX RED partnership succeed in convincing the Board of Directors of the banking institution with their bid to redevelop the building. The ambitious project is a huge challenge: to rethink an emblematic site, strategically situated in a green environment, offering a wealth of mobility solutions.

OUR ACTIVITIES IN BELGIUM

"AS SET OUT IN OUR FIVE-YEAR BUSINESS PLAN, 2017 WAS A YEAR OF TRANSITION AND INTERNATIONAL EXPANSION."

ALEXANDER HODAC,
CEO IMMOBEL BELGIUM



665,300 M²
TOTAL OF BELGIAN PORTFOLIO

73,000 M²
OFFICES

3,500
RESIDENTIAL UNITS

410 HA
LANDBANKING

MARKET ANALYSIS

OFFICES

- Prime rental rates increase to 315 EUR/m²/year for the best Brussels offices.
- Take-up of flexible offices in 2017 is estimated at 20,250 m² in Brussels.
- New space in larger regional cities are experiencing strong corporate activity.

RESIDENTIAL

- Preliminary apartment prices through Q3 2017 in Belgium increased 2.6 % y-o-y to 227,100 EUR.
- Residential construction is among record highs, adding more than 50,000 new units last year.
- In Wallonia, Namur and Charleroi saw marginal increases in residential prices.

LANDBANKING

- The sale of building plots has been falling over the long term.
- Average building lot prices have roughly doubled in the last decade and are at 119 EUR/m² in Belgium (2014).
- Land scarcity and planning departments have been encouraging brownfield and in-town development.

FOR MORE DETAILS, GO TO
WWW.IMMOBEL.BE/EN/PROJECTS/

RESIDENTIAL

UNIVERSALIS PARK
BRUSSELS

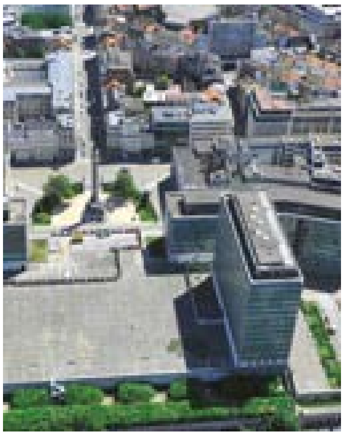
Phase 1: 15,000 m² - 65 % sold.

BELAIR (RAC 4)
BRUSSELS

The procedure of the environmental impact study is ongoing, whereby a different architecture is being examined.

Architect Max Dudler joined the project team and a first proposal was presented.

The environmental permit should be obtained by the end of 2018.



DOMAINE DES VALLÉES
GREZ-DOICEAU

Phase 1: 90 % sold.

Phase 2: 50 % sold.

169 units out of 210 are sold.

O'SEA
OSTEND

Phase 1 (O'Sea Charme): ongoing - 50 % sold.

ERNEST
BRUSSELS

Phase 1: Residence for students and the elderly - 100 % sold and delivered in full.

Residential spaces: 99 % sold and delivered in full.

Phase 2: dwellings for sale (more than 50 % sold), retail, kindergartens and liberal professions on sale. Construction site ongoing.

Hotel part - 100 % sold.

Parking "Keyenveld" - 53 % sold.

ÎLOT SAINT-ROCH
NIVELLES

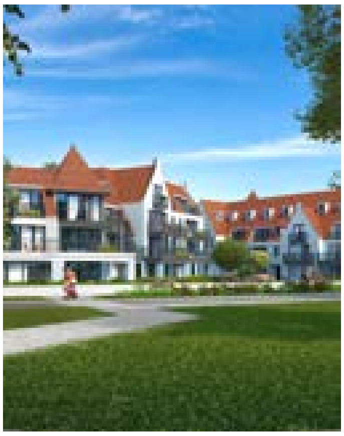
First phase of remediation finalized and approved.

Optimization of the program.

Regular meetings with the City of Nivelles.

Validation of the schedule and the new masterplan with the City of Nivelles.

RESIDENTIAL



LAKE FRONT
KNOKKE-HEIST

Phase 1: delivered - 100 % sold.

Phase 2: delivery planned in Q2/3 2018 - 95 % sold.

PARC SENY
AUDERGHEM

Dismantling finalised.

Finalisation of the work contract.

Definitive amending permit obtained in Q4 2017.

Marketing started in June 2017 – 35 % sold.

VAARTKOM
LEUVEN

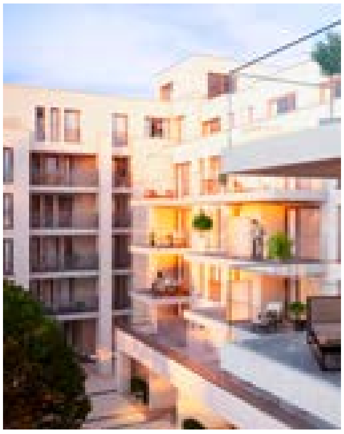
Obtention of a planning permission in Q4 2017.

The offices were sold to an end user.

Finalizing of agreements on the services residences, after which the sale can take place.

RIVERVIEW
NIEUWPOORT

Provisional acceptance of the first apartments in Q3 2017 – 83 % sold.



ROYAL LOUISE
BRUSSELS

Executable planning permission obtained in Q3 2017.

Preparation of the commercialization.

GREENHILL PARK
BRUSSELS

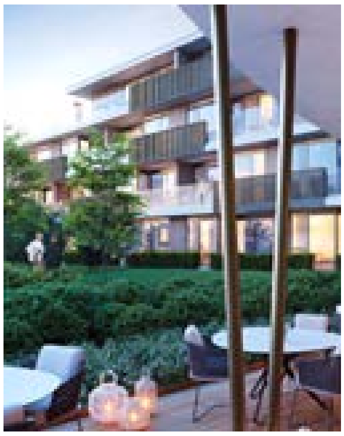
Construction started Q3 2017.

15 units out of 31 sold - 48 % sold.

KONINGSLAAN
KNOKKE-HEIST

Submission of planning permission.

Public investigation started in January 2018.



'T ZOUT
KOKSIJDE

Start of commercialization in Q3 2017.

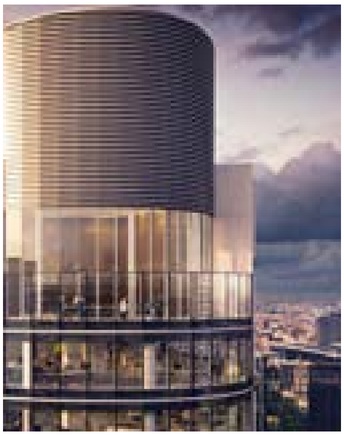
Start of construction Q4 2017.

7 units out of 54 sold – 13 % sold.

PARC SAINTE-ANNE
AUDERGHEM

22 units out of 26 are sold – 85 % sold.

OFFICES



MÖBIUS
BRUSSELS

Permits obtained in December 2017.

Tower I (fully occupied by Allianz): the definitive program has been developed.

Tower II: contacts with potential occupants have been made, without concrete discussions yet.

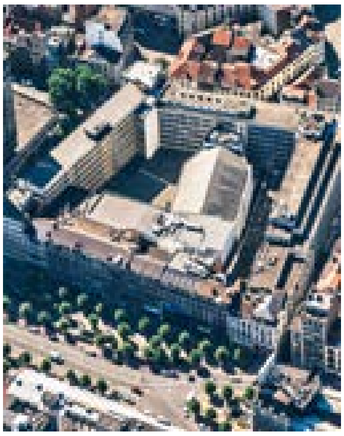
MIXED-USE

COURS SAINT-MICHEL
BRUSSELS

Sales agreement signed (no condition precedent).

Deed foreseen in March 2018.

Leaseback by ING for 5 to 7 years starting in March 2018.



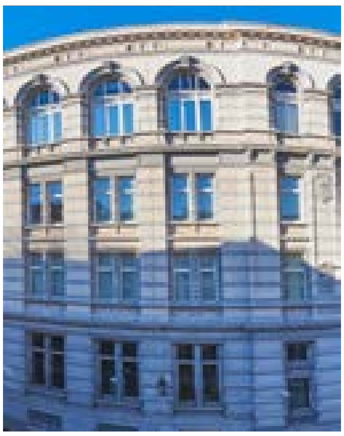
DE BROUCKÈRE
BRUSSELS

Program under way.

Finalization of the choice of architects and the team for the project.

LEBEAU
BRUSSELS

Program was determined.



LANDBANKING

LE VERGER DE FAYENBOIS
GRIVEGNÉE

Inauguration of the project on the 24th of April 2017 in collaboration with the municipality of Liège.

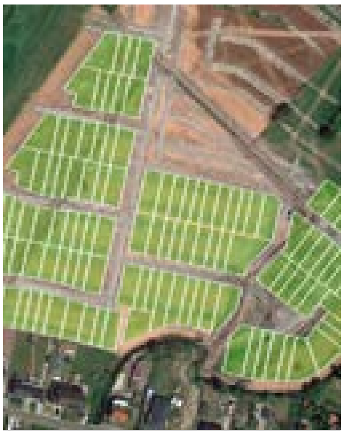
23 signed deeds of sale.

MIDDELKERKE
ZEELAAN

Start of construction of the first 20 lots.

Sale of the first 10 lots (notarial deeds).

Application was introduced for planning permission for 53 new lots.



WAREMME
RUE DOCQUIER

12 signed deeds of sale.

PETIT-RECHAIN
VERVIERS

First year of sale with 5 lots sold.

The remaining 6 lots are already under reservation at 31st December 2017.

SOIGNIES
RUE DES CHASSEURS

Sale of 9 lots in 2017 (notarial deeds).

LONTZEN
ESSER

Very good year of sale: 17 signed deeds.

DE PINTE
WARANDE

Option agreement with guaranteed annual income signed with a partner for a period of 5 years.

5 SAPINS
WAVRE

Start of infrastructure works.

Many signs of interest.

Preparation of permits for houses and apartments to carry out the first project of 'Landbanking Development'.

BEAUFAYS
CHAUDFONTAINE

Sale of 2 ha to the realization of a retail park.

Finalization of the permit file for the residential portion.

LONGCHAMPS
EGHEZÉE

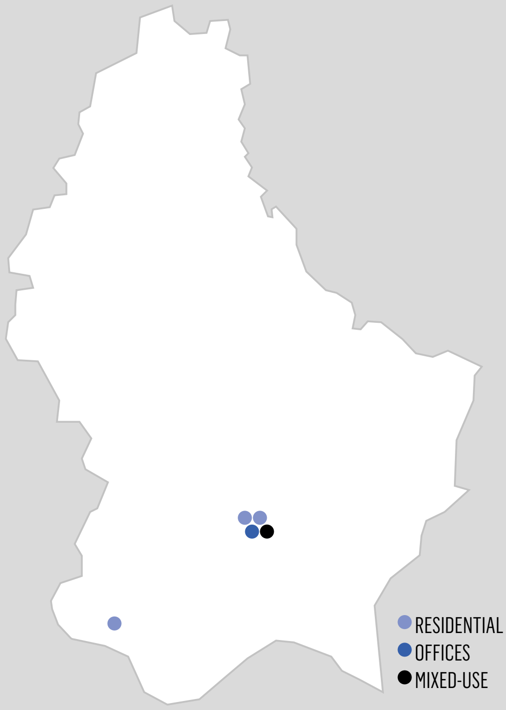
10 signed deeds of sale.

"WE HAVE CREATED A TEAM TO DEVELOP RESIDENTIAL UNITS ON OUR EXISTING LANDBANKING SITES."

OUR ACTIVITIES IN LUXEMBOURG

"IN 2017 WE WERE ABLE TO TAKE ADVANTAGE OF A PARTICULARLY DYNAMIC REAL ESTATE MARKET IN LUXEMBOURG, WITH THE LAUNCH OF TWO LARGE-SCALE PROJECTS, INFINITY AND POLVERMILLEN."

OLIVIER BASTIN,
CEO IMMOBEL LUXEMBOURG



MARKET ANALYSIS

OFFICES

- A robust economy is helping to support strong office take-up.
- Office investment in Luxembourg totalled more than 1 billion EUR in 2017.
- Office availabilities count just 4.4 % at the end of 2017.

RESIDENTIAL

- Sustained demand has pushed prices of new apartments in the city above 7,000 EUR/m².
- More than half of new residential development in Luxembourg concerns apartments.
- Growth in housing prices has far exceeded rental growth.

RETAIL

- High street prime rent of 215 EUR/m²/month has seen impressive growth in recent years.
- Retail take-up of 30,000 m² was roughly unchanged from 2016.
- Projects totalling 66,500 m² were completed in 2017.

107,400 M²
TOTAL OF THE LUXEMBOURG PORTFOLIO

11,800 M²
OFFICES

655
RESIDENTIAL UNITS

14,000 M²
RETAIL

FOR MORE DETAILS, GO TO WWW.IMMOBEL.LU/EN/PROJECTS/

RESIDENTIAL

LIVINGSTONE
CITY OF LUXEMBOURG

Phase 1: Submission of the planning permission application in early July 2017.

101 units out of 135 are reserved - 77 % reserved.

A long-term lease contract was concluded on the most important commercial surface.

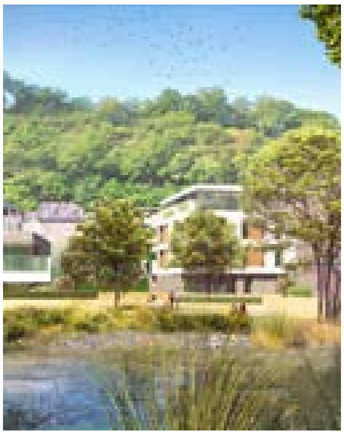
Phase 2: Submission of the planning permission application in end of July 2017.

Marketing started mid-October 2017.

22 units out of 42 are reserved - 19 % reserved.

POLVERMILLEN
CITY OF LUXEMBOURG

Phase 1: Submission of the planning permission application in November 2017.



FUUSSBANN
DIFFERDANGE

The construction has started in February 2017.

36 units out of 48 are sold – 75 % sold.

The most important commercial surface is sold.

OFFICES

CENTRE ETOILE
CITY OF LUXEMBOURG

Currently rented until 2020.

Program to be revised based on the new PAG (Plan d'Aménagement Général).

MIXED-USE

INFINITY
CITY OF LUXEMBOURG

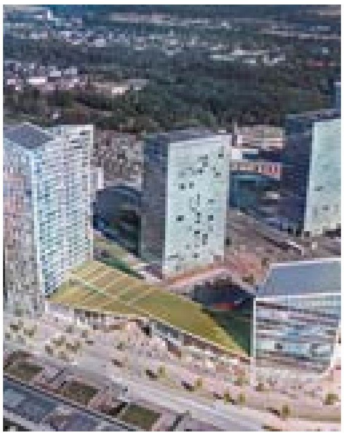
Start of construction in October 2017.

Earthworks achieved for the Working & Shopping part.

118 units out of 150 are reserved - 80 % reserved.

100 % of the commercial and office areas are already rented.

2 of the 3 conditions precedent were raised in December 2017 for the sale of the company Working & Shopping scheduled for end 2019. The construction of the building is the only condition precedents remaining before the transfer.



"THE PROJECTS UNDER DEVELOPMENT IN LUXEMBOURG ARE DOING WELL AND ARE ON TARGET."

OUR ACTIVITIES IN POLAND

"OUR NEW TEAM HAS SIGNED SOME PRE-LEASING AGREEMENTS WITH HIGH QUALITY TENANTS FOR CEDET AND WILL SOON START ON CENTRAL POINT, A VISIONARY PROJECT."

JACEK WACHOWICZ,
CEO IMMOBEL POLAND

MARKET ANALYSIS

OFFICES

- Warsaw accounted for 54.9 % of the office take-up in Poland in 2017.
- Office demand in Warsaw was almost entirely from corporates last year.
- CRE investment volume grew by 11 % y-o-y to more than 5 billion EUR in 2017.

RESIDENTIAL

- Further growth has seen average prices of new builds exceed 2,000 EUR/m².
- The economy and spending have been increasing despite relatively flat population growth.
- Residential sales totalled 72,700 units in 2017, of which 93 % occurred in the six major markets.

96,400 M²

TOTAL OF THE POLISH PORTFOLIO

839

RESIDENTIAL UNITS

18,000 M²

OFFICES

FOR MORE DETAILS, GO TO
WWW.IMMOBELPOLAND.COM/PROJECTS

RESIDENTIAL

GRANARY ISLAND
GDANSK

Phase 1: Start of construction works of footbridge Q4 2017.

Construction works of apartments, apart-hotels and hotel are ongoing.

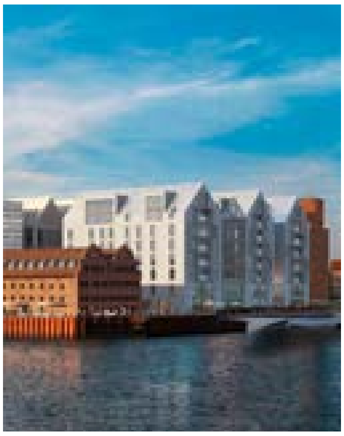
Hotel is presold to UBM.

Apart hotel: 63 units out of 84 are sold.

Retail units on ground floor: 9 units out of 10 are sold.

Retail units on 1st/2nd floor: 15 units out of 32 are sold.

Parking: 73 units out of 133 are sold.



CENTRAL POINT
WARSAW

Redesign of the underground part of the building and the lobby.

OFFICES

CEDET
WARSAW

Under construction.

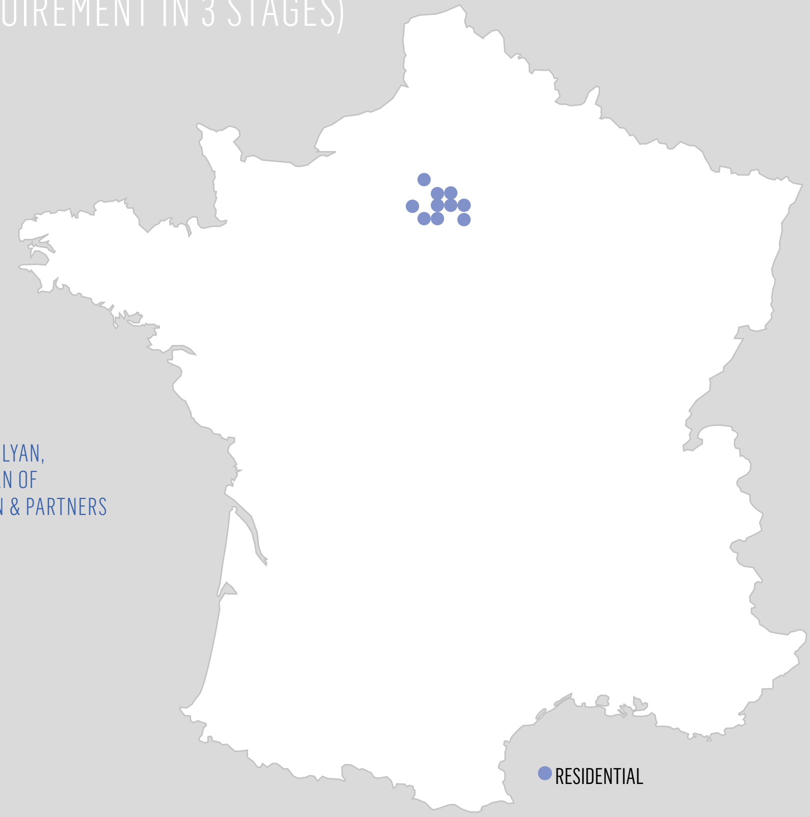
The pre-rental ratio reached nearly 74 %.

The delivery of the building will take place during the first half of 2018.

"ADDITIONAL COMPETENCIES HAVE BEEN RECRUITED TO FURTHER BRING OUR ORGANIZATION TO OUR INTERNATIONAL STANDARDS."

OUR ACTIVITIES IN FRANCE

(ACQUIREMENT IN 3 STAGES)



"WE ARE EXCITED ABOUT THIS PARTNERSHIP, WHICH WILL ALLOW IMMOBEL TO GET INTO ONE OF THE LARGEST MARKETS IN EUROPE!"

GUY NAFILYAN,
CHAIRMAN OF
NAFILYAN & PARTNERS

MARKET ANALYSIS

RESIDENTIAL

- Average apartment prices in Paris are almost 2.5 times those of Lyon and Bordeaux.
- French households have been shrinking, with more than two-thirds counting 1 or 2 people.
- Residential prices in Paris continue to surge, increasing 7.8 % y-o-y.

144,000 M²
UNDER DEVELOPMENT

2,416
RESIDENTIAL UNITS

16
RETAIL UNITS

FOR MORE DETAILS, GO TO
WWW.IMMOBELFRANCE.COM/EN

RESIDENTIAL

LE DOMAINE DE MONTLHERY

MONTLHERY

Ongoing project to build 319 dwellings and retail units, broken down as follows:

- 93 dwellings for first-time buyers (more than 62 % sold)
- 226 social housing units for sale (more than 90 % sold)
- retail.

LES IMPRESSIONNISTES

CROISSY-SUR-SEINE

Construction of a project comprising 208 dwellings, broken down as follows:

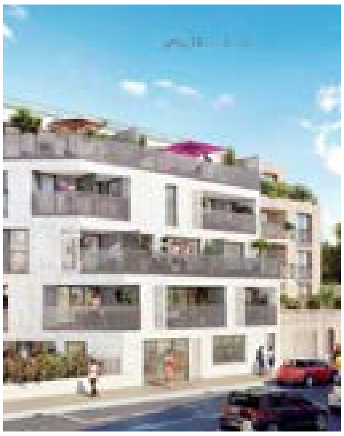
- 8 buildings
- 60 dwellings for first-time buyers (more than 86 % sold)
- 148 social housing units for sale (100 % sold).

OPUS VERDE

BESSANCOURT

End of marketing for the project comprising 134 dwellings, broken down as follows:

- 3 lots in the ZAC des Meuniers (ZAC - zone d'aménagement concerté / joint development zone)
- 80 apartments for first-time buyers (100 % sold)
- 54 social housing units for sale (6 detached houses and 48 multi-dwelling units) (100 % sold).



LES TERRASSES DE LA MARNE

VAIRES-SUR-MARNE

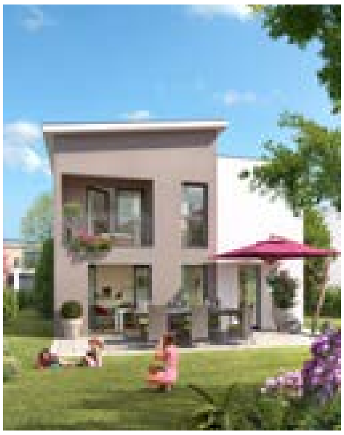
Acquisition of the land on 26/12/2017:

- 172 dwellings for first-time buyers (more than 5 % sold)
- 70 social housing units for sale (100 % sold)
- one retail unit for sale.

RESIDENCES

AUBERVILLIERS

Construction of two residences containing 300 social rental units for students (100 % sold).



LE DOMAINE SISLEY

LOUVECIENNES

Project comprising 99 dwellings, broken down as follows:

- 34 dwellings for first-time buyers (14 detached houses and 20 multi-dwelling units) (more than 52 % sold)
- 42 social housing units for sale (100 % sold)
- 23 dwellings in division of property (usufruct sold, 4 % of the bare ownership sold).

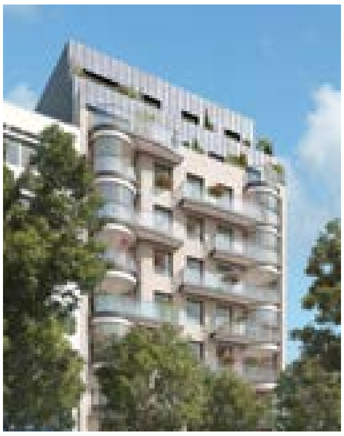
RESIDENTIAL

SYMPHONIE
VILLIERS-SUR-MARNE

Construction of 92 dwellings for first-time buyers (more than 77 % sold) and one retail unit.

CŒUR SAINT-AMBROISE
PARIS 11TH

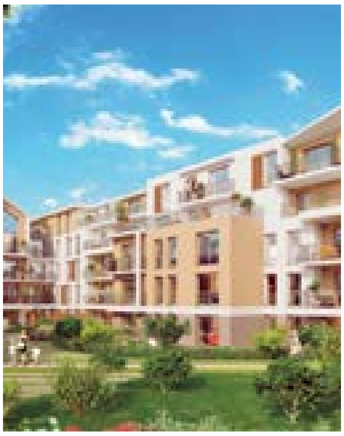
24 dwellings for first-time buyers, 7 social housing units and one retail unit for sale.



LE PACIFIQUE
ISSY-LES-MOULINEAUX

Building project broken down as follows:

- 25 dwellings for first-time buyers (more than 92 % sold)
- 15 dwellings in division of property (usufruct sold, 93 % of the bare ownership sold)
- one retail unit.



TRANSPARENCE
ASNIÈRES-SUR-SEINE

96 % sold and fully delivered.

"WE PLAN TO EXPAND OUR PARIS PLATFORM OVER THE COMING YEARS INTO SEVERAL ASSET CLASSES."

CORPORATE SOCIAL RESPONSABILITY

CONSCIOUS OF ITS RESPONSIBILITY AS A MAJOR URBAN ACTOR, IMMOBEL HAS CREATED A FUND TO SUPPORT PHILANTHROPIC INITIATIVES.

IMMOBEL develops large-scale projects that have a direct impact on the areas concerned and their inhabitants. Conscious, therefore, of its role in regional planning and urban development, the company makes sustainable development a priority.

IMMOBEL chooses to strategically locate its projects in town centres, for example, so as to encourage maximum 'soft mobility'. Likewise, it designs innovative housing concepts (mixed urban housing, communal housing and transgenerational housing) that include green areas and facilities such as shared workspaces, nurseries, retirement homes and hotels, which are also compliant with – or even anticipate – the most demanding energy standards. Furthermore, the company promotes buildings with excellent energy performance, green roofs, optimal acoustic and thermal insulation, solar panels and much, much more. As an urban player, IMMOBEL has a social responsibility to ensure maximum well-being for its residents.

IMMOBEL has therefore established a Fund for philanthropic purposes. This Fund is intended to provide financial support for constructive initiatives originating from Belgian professional organisations and to insure a leveraging effect on innovative solutions in the three sectors in which IMMOBEL will give its support: **social inclusion, health** and **culture**.

SOCIAL INCLUSION

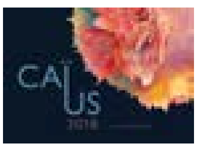
In collaboration with the King Baudouin Foundation, IMMOBEL will support the creation of **more inclusive cities**. To do this, the Fund will give financial support to positive initiatives by professional associations located in Brussels, which help youngsters (6-18 years old) from disadvantaged areas to discover their talents, to regain self-confidence and to integrate socially, so that they may become socially responsible citizens.

IN THE DOMAIN OF HEALTH

IMMOBEL will support **medical research**.

IN THE DOMAIN OF CULTURE

IMMOBEL will support Associations that work to **disseminate, protect and promote** all the arts, as well as **heritage conservation**. IMMOBEL structurally supports La Monnaie opera house and the Queen Elisabeth Music Chapel. It also supports artists on a one-off basis.The Group won the **Caïus Award 2018 as Mecene Company of the Year** for its support for the artist Denis Meyers, whom it gave the opportunity to use the Ernest Building (formerly the Solvay Building) for his monumental work 'Remember/ Souvenir'.



WWW.PROMETHEA.BE/CAIUS2018

MANAGEMENT REPORT

Ladies and Gentlemen,

We have great pleasure in presenting our report on the activities of the IMMOBEL Group during 2017.

The IMMOBEL Group published its annual results on 31st December 2017. The consolidated net income stood at EUR 11 million, which confirms that the year 2017, as previously announced, was a year of transition.

The year 2017 was marked by the sale of a number of new residential projects such as: Ernest the Park (198 units), Greenhill Park (31 untis), O'Sea (171 units), Parc Seny (120 units), Universalis Park (161 units) in Belgium, INFINITY (150 units) in the Grand-Duchy of Luxembourg and Granary Island (120 units) in Poland.

Residential activities have contributed to the annual results, notably thanks to the Lake Font projects (12,000 m² in Knokke-Heist), Riverview (11,000 m² in Nieuwpoort), O'Sea (88,500 m² in Ostend) and the sale of the Chien Vert project (5,000 m² in Woluwe-Saint-Pierre).

The landbanking activities have also made a significant contribution to the results with 222 plots and units sold, representing a total turnover of EUR 22.2 million.

We detail the activities for the year 2017 below.

I. BUSINESS DEVELOPMENT (art. 96 § 1, 1° and art. 119, 1° Companies Code)

A. IMMOBEL GROUP BUSINESS

The turnover for the past financial year came to EUR 145 million (before IFRS 11: EUR 222.17 million) compared to EUR 262.18 million (before IFRS 11: EUR 307.39 million) in 2016.

A) BELGIUM

Landbanking

The bookvalue of the Landbanking inventory amounts to EUR 89.6 million.

After the major acquisition in 2016 (40 hectares of land acquired from the Bostoen family construction group) the acquisitions in 2017 mainly concern land for the extension of the existing site. After obtaining the permit, the Raeren Lichtenbusch project (31 units) was acquired at the end of the year and the infrastructure works begin in the spring. Infrastructure works have been started at Wavre 5 Sapins, Evergem, Petit-Rechain.

In terms of sales 2017 can be considered an excellent year with 222 building plots sold, including in the landbankings at Grivegnée ("Le Verger de Fayenbois" inaugurated on April 24, 2017), Middelkerke, Waremme, Petit-Rechain, Soignies, Lontzen, De Pinte, Bredene, Geel, Eghezée. In addition, IMMOBEL sold alone or in partnership more than 71 houses and apartments in the following projects: Clos Bourgeois in Brussels, Brasseries in Eupen, Grands Prés and Trois Ruisseaux in Chastre, George Grard in Oostduinkerke and Domaine des Vallées in Grez-Doiceau.

Sales and rentals

- During 2017, IMMOBEL sold alone or in partnership 367 houses and apartments in the following projects Universalis Park, Greenhill Park, Parc Seny, Ernest (Solvay) and Chambon in Brussels, Georges Grard in Oostduinkerke, Lakefront in Knokke-Heist, O'Sea in Ostend, Riverview in Nieuwpoort, Flint and Vesalius in Leuven, 't Zout in Coxyde.
- IMMOBEL sold, with a permit, the Chien Vert project (Woluwe-Saint-Pierre) to a development company in June 2017.
- IMMOBEL holding 50 % of VILPRO shares and the other shareholders (50 %) finalised the sale of 100 % of the VILPRO shares in October 2017.

Acquisitions

In December 2017, IMMOBEL signed in partnership with BESIX RED a compromise on the purchase of ING headquarters, Cours Saint-Michel in Etterbeek.

This site is strategically located in the urban center of the European capital in a green setting with multiple mobility solutions.

The sale procedure with a temporary lease (sale & leaseback) by ING will be finalised in the first quarter of 2018.

Permits and works:

- The permits for the development of the second phase of Ernest (Solvay) were obtained in March 2017 and work began thereafter.
- The permits for the Royal Louise and Greenhill Park development projects were obtained in May 2017 and February 2017, respectively. The work on the Parc Seny project (13,200 m² in Auderghem) began in the second half of 2017.
- The permits for the Möbius offices development project were obtained late in 2017 and the work on the first tower has started. For the record, this tower will be sold on delivery to Allianz who will establish its headquarters there.
-

B) GRAND DUCHY OF LUXEMBOURG

Sales/Reservations:

- IMMOBEL Holding Luxembourg concluded an agreement on the transfer of 100 % of the shares of INFINITY WORKING & SHOPPING SA to REAL I.S. AG. The transfer will be effective only after the completion of the construction of the "INFINITY WORKING" building and the "INFINITY SHOPPING" retail centre, planned for the second half of 2019.
- 47 % of the apartments of the INFINITY LIVING project, located in the Kirchberg district, were sold in 2017.
- 73 % of the residential units of the "Fuussbann" project (in partnership – 33 %), located in Differdange, were sold in 2017.

Perrmits and works

- During 2017, IMMOBEL Luxembourg started the work for the INFINITY project, on both the residential part and on offices and commercial part.
- The receipt and rental of ING Luxembourg's head office (Galerie Kons) as well as the sale to AXA finalised in March did not generate any margin because this project was the subject of a revaluation recorded directly in own funds.

C) POLAND

Sales/Reservations:

- The reservation rate for the residential section of the first phase in the Granary Island project (120 apartments) reached 87 % as of 31 December 2017. Delivery is scheduled for the first half of 2019.

Rental

- The pre-rental ratio of the Cedet project in Warsaw reached nearly 74 % as at 31 December 2017.

Permits and works

- IMMOBEL Poland has started work on the first phase of the Granary Island project.
- In a judgment on 9 August the Warsaw Court of Appeal rejected all the actions against the Central Point project (formerly known as CBD One), which had been suspended due to claims. Work should be able to start in the first half of 2018.
- The current works at the Cedet project have been continued and the delivery of the building will take place during the first half of 2018.

D) FRANCE

On 1st December 2017 IMMOBEL announced its intention to acquire the French real estate group NAFILYAN & PARTNERS in three stages and thus confirms its strategy of international diversification.

The acquisition is planned in three stages: the first stage took place in December 2017, via a capital increase of NAFILYAN & PARTNERS at the end of which IMMOBEL holds 15 % of the company. Subsequently, cross-options will allow IMMOBEL to proceed with the acquisition of an additional 36 % of the French group in 2019 and then, in 2020 the balance of the shares (49 %) and other securities of the capital of NAFILYAN & PARTNERS. The valuation of the shares is based on the multiple method on EBIDTA performed at year-end; in any case it will not exceed EUR 130 million. IMMOBEL confirms its wish to rely on the current NAFILYAN & PARTNERS management team, including Guy Nafilyan who retains his position as President of the company

NAFILYAN & PARTNERS is a real estate development company founded in 2014 by two professionals in the sector, Guy Nafilyan, former CEO of Kaufman & Broad, and Bruce Karatz, former Chairman & CEO of the American Group, KB Home, both major actors in the residential market in France. The company has 54 employees and has become a reference in the development of apartments, grouped single-family houses and managed housing residences.

NAFILYAN & PARTNERS, like IMMOBEL, differentiates itself by the effectiveness and performance of its sales teams. With more than 30 real estate operations being marketed - an average of a hundred houses per site and 3,500 homes in the property portfolio, the sales team of the French developer has already secured more than 50 % of the marketing programs open for sale and reservations of accommodation of the order of EUR 180 million in 2017.

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B. COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS

A) Key indicators

CONSOLIDATED TURNOVER PER SECTOR AND PER COUNTRY (MEUR)

	BEFORE IFRS 11				AFTER IFRS 11			
	Belgium	Grand-Duchy of Luxemburg	Poland	Total	Belgium	Grand-Duchy of Luxemburg	Poland	Total
Offices	65,00	0,00	0,00	65,00	5,10	0,00	0,00	5,10
Residential	110,50	24,50	0,00	135,00	94,60	23,10	0,00	117,70
Landbanking	22,20	0,00	0,00	22,20	22,20	0,00	0,00	22,20
Total	197,70	24,50	0,00	222,20	121,90	23,10	0,00	145,00

CONSOLIDATED STOCK PER SECTOR AND PER COUNTRY (MEUR)

	BEFORE IFRS 11				AFTER IFRS 11			
	Belgium	Grand-Duchy of Luxemburg	Poland	Total	Belgium	Grand-Duchy of Luxemburg	Poland	Total
Offices	46,30	33,70	84,40	164,40	46,20	33,70	73,40	153,30
Residential	255,00	81,30	16,30	352,60	197,10	62,20	16,30	275,60
Landbanking	89,60			89,60	89,60			89,60
Total	390,90	115,00	100,70	606,60	332,90	95,90	89,70	518,50

B) Consolidated accounts

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IN THOUSANDS €)

	NOTES	31/12/2017	31/12/2016
OPERATING INCOME		148 999	298 634
Turnover	2	145 000	262 174
Other operating income	3	3 999	36 460
OPERATING EXPENSES		-127 082	-238 657
Cost of sales	4	-106 711	-220 132
Cost of commercialisation	5	-2 177	
Administration costs	6	-18 194	-18 525
JOINT VENTURES AND ASSOCIATES		3 379	7 719
Gain (loss) on disposal of joint ventures and associates	7	4 368	8 249
Share in the net result of joint ventures and associates	7	- 989	- 530
OPERATING RESULT		25 296	67 696
Interest income		2 199	1 951
Interest expenses		-4 178	-4 793
Other financial income		1 152	1 507
Other financial expenses		-3 941	-2 539
FINANCIAL RESULT	8	-4 768	-3 874
RESULT FROM CONTINUING OPERATIONS BEFORE TAXES		20 529	63 822
Income taxes	9	-9 596	-10 183
RESULT FROM CONTINUING OPERATIONS		10 933	53 639
RESULT OF THE YEAR		10 933	53 639
share of non-controlling interests		- 102	1 165
SHARE OF IMMOBEL		11 035	52 474
RESULT OF THE YEAR		10 933	53 639
Other comprehensive income - items subject to subsequent recycling in the income statement			27
Currency translation			27
Other comprehensive income - items that are not subject to subsequent recycling in the income statement		- 560	158
Actuarial gains and losses (-) on defined benefit pension plans	21	- 560	158
Deferred taxes			
TOTAL OTHER COMPREHENSIVE INCOME		- 560	185
COMPREHENSIVE INCOME OF THE YEAR		10 373	53 824
share of non-controlling interests		- 102	1 165
SHARE OF IMMOBEL		10 475	52 659
NET RESULT PER SHARE (€) (DILUTED AND BASIC)	10	1,26	5,99
COMPREHENSIVE INCOME PER SHARE (€) (DILUTED AND BASIC)	10	1,18	6,01

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IN THOUSANDS €)

ASSETS	NOTES	31/12/2017	31/12/2016
NON-CURRENT ASSETS		68 097	88 346
Intangible assets	11	405	142
Property, plant and equipment	12	1 034	898
Investment property	13	2 960	2 874
Investments in joint ventures and associates	14	52 650	70 215
Other non-current financial assets		1 259	3 730
Deferred tax assets	15	4 167	7 042
Other non-current assets		5 623	3 445
CURRENT ASSETS		732 145	627 886
Inventories	16	518 514	443 115
Trade receivables	17	11 694	12 112
Tax receivables		165	837
Other current assets	18	36 063	32 471
Advances to joint ventures and associates		17 016	17 641
Other current financial assets		768	1 072
Cash and cash equivalents	19	147 926	120 638
TOTAL ASSETS		800 242	716 232

EQUITY AND LIABILITIES	NOTES	31/12/2017	31/12/2016
TOTAL EQUITY	20	303 578	314 949
EQUITY SHARE OF IMMOBEL		303 561	311 032
Share capital		97 256	97 189
Retained earnings		206 224	213 248
Reserves		82	595
NON-CONTROLLING INTERESTS		17	3 917
NON-CURRENT LIABILITIES		338 838	286 685
Employee benefit obligations	21	672	102
Deferred tax liabilities		6 507	2 803
Financial debts	19	330 090	281 578
Derivative financial instruments	19	1 568	1 699
Trade payables	23		503
CURRENT LIABILITIES		157 826	114 598
Provisions	22	1 355	1 780
Financial debts	19	63 340	40 532
Derivative financial instruments	19		90
Trade payables	23	41 493	33 763
Tax payables		6 211	11 934
Other current liabilities	24	45 428	26 499
TOTAL EQUITY AND LIABILITIES		800 242	716 232

C) IMMOBEL SA company accounts

Income Statement

The operating profit amounts to EUR -2.7 million for the past financial year, the overheads being only partially absorbed by the sales in the Landbanking activity and residential projects (Parc Saint-Anne, Oostduinkerke, Gastuche).

The financial result amounts to EUR 21.6 million. It is mainly composed of the capital gains on the sale of 100 % of the shares of Chien Vert and 50 % of the shares of VILPRO SA on the one hand and interest charges on group financing (bonds and corporate lines) on the other hand, partially sett-off by the interest from loans to the various subsidiaries.

IMMOBEL's financial year ended with a net profit of EUR 19.4 million.

The Balance Sheet

The total Balance Sheet amounts to EUR 606.7 million and is mainly composed of financial investments in subsidiaries and claims on these subsidiaries (EUR 351.8 million), the project stock directly held by IMMOBEL SA (EUR 69 million), own shares (EUR 54.8 million) and cash (EUR 94.2 million).

The equity amounts to EUR 326,9 million as of 31 December 2017. The liabilities are mainly composed of long term debts (EUR 189.7 million) and short term debts (EUR 83.3 million).

Allocation of results

The profit to be allocated, taking into account the amount carried forward from the previous year amounts to EUR 122.5 million.

Given the dividend policy approved by the Board of Directors and the results as of 31 December 2017, the Board of Directors proposes to the General Meeting of Shareholders of 24th May 2018 to distribute a gross dividend of 2.2 EUR per share in circulation for the year 2017, an amount that should increase every year, subject to the absence of any currently unforeseen exceptional events.

Main risks and uncertainties

The IMMOBEL Group faces the risks and uncertainties inherent to the property development sector as well as those associated with the economic situation and the financial world.

Without the list being exhaustive, we would like to mention the following in particular:

- Market risk

  Changes in general economic conditions in the markets in which IMMOBEL's properties are located can adversely affect the value of IMMOBEL's property development portfolio, as well as its development policy and, consequently, its growth prospects.

  IMMOBEL is exposed to the national and international economic conditions and other events and occurrences that affect the markets in which IMMOBEL's property development portfolio is located: the office property market in Belgium (mainly in Brussels), Luxembourg and Poland; and the residential (apartments and plots) property market in Belgium, Luxembourg, Poland and France.

  This diversification of both business and countries means it can target different clients, economic cycles and sales volumes.

  Changes in the principal macroeconomic indicators, a general economic slowdown in Belgium or one or more of IMMOBEL's other markets, or on a global scale, could result in a fall in demand for office buildings or residential property or building plots, higher vacancy rates and higher risk of default of service providers, building contractors, tenants and other counterparties, any of which could materially adversely affect IMMOBEL's value of its property portfolio, and, consequently, its development prospects.

  IMMOBEL has spread its portfolio of projects under development or earmarked for development so as to limit the impact of any deterioration in the real estate market by spreading the projects in terms of time and nature.

- Operational risk

  IMMOBEL may not be able to dispose of some or all of its real estate projects.

  IMMOBEL's revenues are determined by disposals of real estate projects. Hence, the results of IMMOBEL can fluctuate significantly from year to year depending on the number of projects that can be put up for sale and can be sold in a given year.

  Furthermore, it cannot be guaranteed that IMMOBEL will find a buyer for the transfer of its assets or that the transfer price of the assets will reach a given level. IMMOBEL's inability to conclude sales can give rise to significant fluctuations of the results.

  The policy of diversification implemented by IMMOBEL for the last years and the merger with ALLFIN has allowed it to reduce its concentration on and therefore its exposure to offices in Brussels with an increased portfolio of residential and landbanking projects, which should give it a revenue base and regular cash flows.

  The development strategy adopted by IMMOBEL may prove to be inappropriate.

  When considering property development investments, IMMOBEL makes certain estimates as to economic, market and other conditions, including estimates relating to the value or potential value of a property and the potential return on investment. These estimates may prove to differ from reality, rendering IMMOBEL's strategy inappropriate with consequent negative effects for IMMOBEL's business, results of operations, financial condition and prospects.

  IMMOBEL takes a prudent approach to the acquisition and development of new projects and applies precise selection criteria. Each investment follows a clear and strict approval process.

  IMMOBEL's development projects may experience delays and other difficulties.

  Before acquiring a new project, IMMOBEL carries out feasibility studies with regard to urban planning, technology, the environment and finance, usually with the help of specialised consultants. Nevertheless, these projects are always subject to a variety of risks, each of which could cause late delivery of a project and consequently increase the length of time before it can be sold, engender a budget overrun or cause the loss or decrease of expected income from a project or even, in some cases, its actual termination.

  Risks involved in these activities include but are not limited to: (i) delays resulting from amongst other things adverse weather conditions, work disputes, construction process, insolvency of construction contractors, shortages of equipment or construction materials, accidents or unforeseen technical difficulties; (ii) difficulty in acquiring occupancy permits or other approvals required to complete the project; (iii) a refusal by the planning authorities in the countries in which IMMOBEL operates to approve development plans; (iv) demands of planning authorities to modify existing plans; (v) intervention by pressure groups during public consultation procedures or other circumstances; and (vi) upon completion of the development project, occupancy rates, actual income from sale of properties or fair value being lower than forecasted.

  Taking into account these risks, IMMOBEL cannot be sure that all its development projects (i) can be completed in the expected timeframe, (ii) can be completed within the expected budgets or (iii) can even be completed at all. It is in the framework of controlling this risk and others that IMMOBEL has increased the diversification of its business/countries/clients, which allows it to reduce its concentration on any particular project or another.

Furthermore, IMMOBEL has some projects where an asset under development is preleased or pre-sold to a third party and where IMMOBEL could incur substantial liabilities if and when such projects are not completed within the pre-agreed timeline.

IMMOBEL may be liable for environmental issues regarding its property development portfolio.

IMMOBEL's operations and property development portfolio are subject to various laws and regulations in the countries in which it operates concerning the protection of the environment, including but not limited to regulation of air, soil and water quality, controls of hazardous or toxic substances and guidelines regarding health and safety.

Such laws and regulations may also require IMMOBEL to obtain certain permits or licenses, which it may not be able to obtain in a timely manner or at all. IMMOBEL may be required to pay for clean-up costs (and in specific circumstances, for aftercare costs) for any contaminated property it currently owns or may have owned in the past.

As a property developer, IMMOBEL may also incur fines or other penalties for any lack of environmental compliance and may be liable for remedial costs. In addition, contaminated properties may experience decreases in value.

IMMOBEL may lose key management and personnel or fail to attract and retain skilled personnel.

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

IMMOBEL believes that its performance, success and ability to fulfil its strategic objectives depend on retaining its current executives and members of its managerial staff who are experienced in the markets and business in which IMMOBEL operates. IMMOBEL might find it difficult to recruit suitable employees, both for expanding its operations and for replacing employees who may resign, or recruiting such suitable employees may entail substantial costs both in terms of salaries and other incentive schemes.

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

The conduct of its management teams, in Belgium, Luxembourg and in Poland, is therefore monitored regularly by the CEO and the Nomination Committee, one of the organs of the Board of Directors.

IMMOBEL is subject to the risk of litigation, including potential warranty claims relating to the lease, development or sale of real estate.

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

In particular, IMMOBEL may be subject to warranty claims due to defects in quality or title relating to the leasing and sale of its properties. This liability may apply to defects in properties that were unknown to IMMOBEL but could have, or should have, been revealed.

IMMOBEL may also be subject to claims by purchasers of its properties as a result of representations and warranties about those properties given by IMMOBEL at the time of disposal.

IMMOBEL makes sure to control these risks with a systematic policy of taking out adequate insurance cover.

IMMOBEL is exposed to risk in terms of liquidity and financing.

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

IMMOBEL does not initiate the development of a project unless financing for it is assured by both internal and external sources for the estimated duration of its development.

IMMOBEL gets its financing from several first-rate Belgian banking partners with which it has maintained longstanding good relations and mutual trust.

IMMOBEL is exposed to risk linked to the interest rate which could materially impact its financial results.

Given its current and future indebtedness, IMMOBEL is affected by a short or long-term change in interest rates, by the credit margins taken by the banks and by the other financing conditions.

IMMOBEL's financing is mainly provided on the basis of short-term interest rates (based on the Euribor rates for 1 to 12 months) with the exception of the 2011 and 2013 bond issues, which are fixed-rate. As part of a comprehensive risk management coverage programme, IMMOBEL introduced a policy to implement, as appropriate, adequate coverage against the risks associated with the interest rates on its debt through financial instruments.

Feasibility studies for each project are based on the predictions for long-term rates.

IMMOBEL is exposed to a currency exchange risk which could materially impact its results and financial position.

Following its entering in the Polish market, IMMOBEL is subject to currency exchange risks. There is the foreign currency transaction risk and the foreign currency translation risk.

IMMOBEL also makes sure whenever possible to carry out all of its operations outside the Eurozone in EUR, by having purchase, lease and sales contracts drawn up for the most part in EUR.

IMMOBEL is subject to regulatory risk.

Any development project depends on obtaining urban planning, subdivision, urban development, building and environmental permits.

A delay in granting them or failure to grant them could impact on IMMOBEL's activities. Furthermore, the granting of a subdivision permit does not mean that it is immediately enforceable. An appeal against it is still possible.

Furthermore, IMMOBEL has to respect various urban planning regulations. Local authorities or public administrations might embark on a revision and/or modification of these regulations, which could have a material impact on IMMOBEL's activities.

IMMOBEL is exposed to counterparty risk.

IMMOBEL has contractual relations with multiple parties, such as partners, investors, tenants, contractors, financial institutions, architects. The inability of such counterparty to live up to their contractual obligations could have an impact on IMMOBEL's operational and financial position. IMMOBEL pays great attention, through appropriate studies, to the choice of its counterparties.

Changes in direct or indirect taxation rules could impact the financial position of IMMOBEL.

IMMOBEL is active in Belgium, Luxemburg, Poland and France. Changes in direct or indirect fiscal legislation in any of these could impact IMMOBEL's financial position.

IMMOBEL is exposed to the risk associated with the preparation of financial information.

The preparation of financial information in terms of the adequacy of the systems, the reporting and compilation of financial information, taking into account changes in scope or changes in accounting standards is a major challenge for IMMOBEL, the more so given the complexity of the Group and the number of its subsidiaries (nearly a hundred). Please also note in this risk the complexity of the IMMOBEL Group is active in Belgium, Luxembourg, France and Poland. Competent teams in charge of producing it and suitable tools and systems must be able to prevent this financial information from not being produced on time or presenting deficiencies with regard to the required quality.

II. IMPORTANT EVENTS AFTER THE END OF THE FINANCIAL YEAR (art. 96 § 1, 2 and art. 119, 2 Belgian Companies' Code)

There were no events after the balance sheet date that had a significant impact on the company's accounts.

III. CIRCUMSTANCES LIKELY TO HAVE A SIGNIFICANT INFLUENCE ON THE DEVELOPMENT OF THE GROUP (art. 96 § 1, 3° and 119, 3° Belgian Companies' Code)

To the Directors' knowledge, there should not be any circumstances likely to have any significant influence on the development of the Group.

IV. ACTIVITIES IN TERMS OF RESEARCH & DEVELOPMENT (art. 96 § 1, 4° and art. 119, 4° Companies Code)

In as much as it is necessary the Board of Directors reiterates that, given the nature of its business, the Group did not engage in any research and development activities during the year which has just ended.

V. USE OF FINANCIAL INSTRUMENTS (art. 96 § 1, 8° and art. 119, 5° Companies Code)

The Board of Directors confirms that IMMOBEL used financial instruments intended to cover any rise in interest rates. The market value of these financial instruments was EUR 1.1 million at 31st December 2017.

VI. JUSTIFICATION OF THE INDEPENDENCE AND COMPETENCE OF AT LEAST ONE MEMBER OF THE AUDIT & FINANCE COMMITTEE (art. 96 § 1, 9 and art. 119, 6 Belgian Companies' Code)

Mrs Karin KOKS - van der SLUIJS and Mr Pierre NOTHOMB[1], appointed to the positions of Directors on November 17th, 2016 and September 25th, 2015 respectively, meet all the independence criteria stated in art. 524 and art. 526ter of the Belgian Companies' Code and sit on the Board of Directors and the Audit & Finance Committee of IMMOBEL as independent Directors. They hold university degrees, occupy positions as Directors in international groups and, as such, hold mandates in the Audit Committees of other companies and organisations.

[1] In his capacity of permanent representative of ARFIN sprl.

VII. ADDITIONAL INFORMATION

In as far as it is necessary, the Board of Directors reiterates:

- That IMMOBEL has not set up any branches (art. 96 § 1, 5° Companies Code) and
- that, given the results of the Company, there has been no reason to justify the application of continuity accounting rules (art. 96 § 1, 6° Companies Code).

Concerning the information to be inserted in accordance with art. 96 § 1, 7 of the Belgian Companies' Code, the Board reports:

- that during the past financial year the Board of Directors of the Company did not decide to increase the capital of IMMOBEL within the framework of the authorised capital (art. 608 Company Code);
- that neither IMMOBEL nor any direct subsidiary or any other person acting in their own name but on behalf of IMMOBEL or a direct subsidiary has acquired or sold IMMOBEL shares (art. 624 Company Code).

VIII. APPLICATION OF ARTICLE 523/524 BCC – « CORPORATE OPPORTUNITIES »

The Board of Directors reports that it has not applied the conflict of interest procedure and that the "Corporate Opportunities" procedure has been applied to a recovery and more specifically in August 2017.

IX. CORPORATE GOVERNANCE STATEMENT (art. 96 § 2 Companies Code), INCLUDING THE REMUNERATION REPORT (art. 96 § 3 Companies Code) AND THE DESCRIPTION OF THE INTERNAL CONTROL SYSTEMS AND THE RISK MANAGEMENT (art. 119, 7° Companies Code)

The Corporate Governance Statement is part of this Director's report.

X. TAKE OVER BID

Pursuant to article 34 of the Royal Decree of 14th November 2007 concerning the obligations of issuers of financial instruments admitted for trading on a regulated market, the Board of Directors of IMMOBEL states that the following information could have an incidence in case of takeover bid (being understood that the other elements are currently not applicable for IMMOBEL):

1° the capital amounts to EUR 97,356,533.86 represented by 9,997,356 shares, without par value, each representing an equal part of the capital (art. 4 of the Articles of Association).

2° the Board of Directors is authorised to increase the share capital to a maximum amount of EUR 97,000,000.00 (article 13 of the Articles of Association), in view of the fact that the exercise of this power is limited in the event of a public takeover bid by article 607 of the Company Code – the Board is authorised, for a period of 3 years from the publication in the Belgian official journal thereof to acquire and dispose of shares of the company when this acquisition or disposal is necessary to avoid serious and imminent damage (art. 14 of the Articles of Association);

- regarding the appointment and replacement of members of the Board of Directors, the Articles of Association specify that the Board of Directors consists of at least 5 members, appointed by the General Assembly, on the proposal of the Nomination Committee, and for a period of at most 4 years;
- for amendments to the Articles of Association, there is no regulation other than that determined by the Company Code.

XI. MANAGEMENT OF THE COMPANY – EXECUTIVE COMMITTEE

A. BOARD OF DIRECTORS

During the General Shareholders Meeting that will take place on 24th May 2018, you will have to vote on the renewal of the mandate of the companies A³ MANAGEMENT sprl[2], and A.V.O.-MANAGEMENT civil company having taken the form of a sprl[3]; for a duration of 4 years expiring at the General Shareholders Meeting that will be hold in 2022.

Moreover, we remind you that the mandate of Mr Jacek WACHOWICZ as Director has come to an end on August 31st, 2017. The Board of Directors warmly thanks him.

B. EXECUTIVE COMMITTEE

You are also reminded that the functions exercised by Mr Karim ZOUAOUI* and Mr Nicolas BILLEN as Members of the Executive Committee of IMMOBEL reached an end during the second half of 2017. The Board of Directors thanks them.

On the Board of Directors of December 6th, 2017, Mr. Adel YAHIA* was asked to join as Member of the Executive Committee, which is composed as follows since January 1st, 2018:

- Alexander HODAC*, Chief Executive Officer, Chairman of the Executive Committee;
- Marnix GALLE*, Executive Chairman;
- Valéry AUTIN*, Chief Financial Officer;
- Hilde DE VALCK*, Head of Project Structuring & Financing;
- Rudi op 't ROODT*, Head of Technical Department; and
- Adel YAHIA*, Chief Operational Officer.

* * *

We therefore ask you to approve the terms of this report and grant discharge to the Members of the Board and the Statutory Auditor.

* * *

Agreed at the Meeting of the Board of Directors on 13th March 2018.

AHO CONSULTING bvba
represented by Alexander Hodac
Managing Director

A³ MANAGEMENT bvba
represented by Marnix Galle
Chairman of the Board

* acting for a company.

[2] represented by its permanent representative, Mr Marnix GALLE.
[3] represented by its permanent representative, Mrs Annick VAN OVERSTRAETEN.

CORPORATE GOVERNANCE STATEMENT

IMMOBEL adheres to the principles of corporate governance contained in the Belgian Corporate Governance Code published on March 12th, 2009 (hereafter Code 2009), which is available on the GUBERNA website: www.guberna.be.

IMMOBEL believes that its Corporate Governance Charter and the present Corporate Governance Statement reflect both the spirit and the rules of the Belgian Corporate Governance Code.

The Corporate Governance Charter describes in detail the structure of the Company's governance and its policies and procedures in matters of governance. This Charter can be consulted on the Company's website: www.immobelgroup.com.

In terms of diversity policy, IMMOBEL's Board of Directors wishes to point out that it meets the criteria that at least one-third of the Members are of different sexes: indeed, currently there is gender equality. More information on diversity is included under: III. Regulations and Procedures (see below).

This section of the Annual Financial Report contains information concerning the way IMMOBEL put the principles of governance into practice during the past year.

I. DECISION-MAKING BODIES (AS PER MARCH 13TH, 2018)

A. THE BOARD OF DIRECTORS

A) COMPOSITION

Name *Function*	Date first appointment	End of term	Professional address	Directorships in other listed companies
Marnix GALLE[1] *Executive Chairman*	25/09/2014	AGM 2018	Regentschapsstraat 58, 1000 Brussel	None
Alexander HODAC[2] *Managing Director*	01/12/2015	AGM 2019	Regentschapsstraat 58, 1000 Brussel	None
Astrid DE LATHAUWER[3] *(Independant) Director*	26/08/2015	AGM 2020	c/o Ontex BVBA – Aalst Office Korte Keppestraat 21, 9320 Erembodegem	Etablissements Fr. Colruyt – Etablissementen Fr. Coruyt NV, listed on Euronext Brussels
Karin KOKS - van der SLUIJS *(Independant) Director*	17/11/2016	AGM 2020	't Breede Weer 10, 2265 EH Leidschendam (Nederland)	NSI N.V., listed on Euronext Amsterdam
Sophie LAMBRIGHS[4] *Director*	25/09/2014	AGM 2021	c/o Home Invest Belgium SA, Woluwelaan 60, 1200 Brussel	Home Invest Belgium SA, listed on Euronext Brussels
Pierre NOTHOMB[5] *(Independant) Director*	25/09/2015	AGM 2019	c/o Deminor SA/NV Joseph Stevensstraat 7, 1000 Brussel	None

[1] In carrying out the functions concerned in the present report, Mr Marnix GALLE acts as the permanent representative of the company A³ Management sprl.

[2] In carrying out the functions concerned in the present report, Mr Alexander HODAC acts as the permanent representative of the company AHO Consulting sprl.

[3] In carrying out the functions concerned in the present report, Mrs Astrid DE LATHAUWER acts as the permanent representative of the company ADL Comm.V.

[4] In carrying out the functions concerned in the present report, Mrs Sophie LAMBRIGHS acts as the permanent representative of the company ZOU2 sprl.

[5] In carrying out the functions concerned in the present report, Mr Pierre NOTHOMB acts as the permanent representative of the company ARFIN sprl.

Annick VAN OVERSTRAETEN[6] *(Independant) Director*	28/09/2016	AGM 2018	c/o Lunch Garden SA/NV Olympiadenlaan 2, 1140 Brussel	None
Piet VERCRUYSSE *Director*	25/09/2014	AGM 2020	Rue Clément Delpierre 67, 1310 La Hulpe	None

The curriculum vitae of each Director in function (or of its permanent representative) can be summarized as follows:

Marnix GALLE, 54, completed a "Bachelor Degree in Arts & Sciences" with Economics as a major and Law as a minor at Tulane University in New Orleans, Louisana, USA. He began his professional career at Cegos Belgium in 1987 as a consultant and made his first steps in real estate in 1989 (family portfolio) until 2002. He created his own company ALLFIN in 2001, which became one of Belgium's leading real estate developers. ALLFIN Group acquired in 2014 a 29% stake in IMMOBEL, listed on Euronext Stock Exchange since 1863. ALLFIN and IMMOBEL merged in 2016 after which he became its Executive Chairman. He is also Chairman of Urban Land Institute Belgium (2015-2018) as well as Director, Member and Trustee of several leading European and American associations. He is married to Michèle SIOEN; they have six children.

Alexander HODAC, 37, after having obtained a degree in business engineering (Solvay/VUB), he started his professional career at Deloitte Corporate Finance-Real Estate (2005-2013) and served as Chief Commercial Officer of the Belgian residential REIT Home Invest Belgium from 2013 till 2015. In this last function, he was responsible for the entire acquisition and disposal process of existing assets/ portfolios and development projects.

Astrid DE LATHAUWER, 54, after studying art history in Ghent and international politics and diplomatic sciences at KU Leuven, she started her career at Monsanto, first in the Marketing department, then as HR Manager for Eastern Europe. Afterwards she joined AT & T, where she works for eight years at various positions in Europe and the United States. In 2000 she went back in Belgium and joined Belgacom where she became Executive Vice President Human Resources for the Group in 2003. From January 2012 till September 2014, she worked at Acerta as General Manager of the branch Acerta Consult. Since October 2014 she is Group HR Director at Ontex. She is also an Independent Director at Colruyt Group since September 2011.

Karin KOKS - van der SLUIJS, 49, has a Master Degree in Business Economics and a Bachelor degree in Commercial Economics and is a CFA Charterholder. During her 26-year career in the property industry, of which 17 years in international non-listed real estate, she worked with institutional clients, selecting and managing European and global real estate funds. In her five years with MN Vermogensbeheer she managed the European property portfolio. Subsequently she was at Aberdeen Asset Management for 10 years. Currently she holds the position of non-executive board member of Genesta Nordic Capital Fund Management S.à r.l., as well as Chairman of the Investment Committee. In addition, she serves as Supervisory Board member (and member of the Audit Committee) of the Dutch stock listed real estate company NSI N.V. , as External consultant for Accord Europe Ltd and as Senior Advisor at Masterdam B.V. two real estate corporate finance companies.

Sophie LAMBRIGHS, 46, started her career within the construction industry, in Brussels and Paris with a degree in civil engineering and construction (ULB) and an Executive Master in Management (Solvay Business School). Currently she is CEO of the regulated real estate company Home Invest Belgium. Before joining Home Invest Belgium in June 2014, she was Consultant and Member of the Executive Committee of IMMOBEL. Precedently she was working within the real estate department of Axa Belgium, first as Project Manager and finally as Investment Manager. She was also a member of the Board of Directors of the REIT Retail Estates.

[6] In carrying out the functions concerned in the present report, Mrs Annick VAN OVERSTRAETEN acts as the permanent representative of the civil company A.V.O. - Management sprl..

Pierre NOTHOMB, 55, obtained a Master's degree in applied economics (UCL Louvain-la-Neuve). He joined Deminor at its launch more than 25 years ago, and has had (or still holds) numerous assignments with the Board of Directors of various companies or associations (such as ForSettlement (Fortis), Modulart, Imperbel, DBAssociates, Cercle de Lorraine, Domaine du Pont d'Oye, Epsylon) and of several Deminor group companies. Additionally, he is also active as a member of the audit committee of Sabam, Imperbel and of the Epsylon psychiatric hospitals group (La Ramée - Fond'Roy). Prior to joining Deminor in 1991, he served with Coopers & Lybrand (now PriceWaterhouse Coopers) as Senior Auditor, and afterwards as corporate finance consultant with Petercam Securities.

Annick VAN OVERSTRAETEN, 52, has a Degree in Economics (KUL – 1987) and obtained a Master's in Management (IAG-UCL – 1992) and began her career in 1987 at Philips, as Project Leader within the Human Resources department. During the period 1991 till 1999, she continued her career in retail, specifically in the textile sector (New-D, Mayerline) and then moved into food world at Confiserie Leonidas, where she held the post of Commercial & Marketing Director (1999-2004). From 2004 to 2009, she served as Director of Operations of Quick Restaurants Belux SA. Currently she is Chief Executive Officer and Director of Lunch Garden Group since 2010, Independent Director of QSR Belgium NV/SA and Independent Board Member of Euro Shoe Group NV.

Piet VERCRUYSSE, 68, graduated in law (magna cum laude) at KU Leuven in 1973 after technical studies. Admitted to the Brussels Bar in 1973, he also was assistant at KU Leuven from 1976 till 1979. He is co-founder of the law firm Vercruysse & Kadaner. He became Honorary Solicitor in 2003 and was a director of ALLFIN and ALLFIN Group between 2004 and 2010. He currently is Director of four non-listed holding companies.

B) ACTIVITY REPORT

Pursuant to article 18 of the Articles of Association, the Board shall be convened by the Chairman of the Board of Directors, the Managing Director or two Directors.

In principle, the Board meets at least three times a year (in March, September and December). Additional meetings may be organized at any time, with reasonable notice. This frequency enables the Directors, among other things, to review the half-yearly accounts in August and the annual accounts in March, as well as the budgets in December. In 2017, the Board met on six occasions.

B. THE COMMITTEES OF THE BOARD OF DIRECTORS

A) THE AUDIT & FINANCE COMMITTEE

The Audit & Finance Committee shall have at least the following roles:

- monitoring the statutory audit of the annual and consolidated accounts, including following up on any questions and recommendations made by the External Auditor;
- monitoring the financial reporting process;
- monitoring the effectiveness of the Company's internal control and risk management systems;
- if there is an internal audit, monitoring the internal audit and its effectiveness; and
- reviewing and monitoring the independence of the External Auditor, particularly regarding the provision of additional -services to the Company (Article 526bis of the Belgian Companies Code).

The Charter foresees that the Audit & Finance Committee is made up of at least three members, which are all non-executive Directors and of which a majority are independent Directors. At least one member is competent in accounting and auditing matters. Since the entry into force of the Law of December 7th, 2016, the Chairman of the Audit & Finance Committee is appointed by the Board of Directors himself and may not be its Chairman.

The Board of Directors ensures that the Audit & Finance Committee has sufficient relevant expertise to fulfil its role effectively, notably in accounting, audit, and financial matters.

COMPOSITION:

Pierre NOTHOMB, Chairman,

Karin KOKS - van der SLUIJS, and

Piet VERCRUYSSE, Members.

In 2017, the Audit & Finance Committee met five times, at the request of its Chairman.

B) THE REMUNERATION COMMITTEE

The task of the Remuneration Committee consists of:

- making proposals to the Board of Directors on:
    - the remuneration policy for non-executive Directors and members of the Executive Committee, as well as, where appropriate, on the resulting proposals to be submitted by the Board of Directors to the shareholders; and
    - the remuneration of Directors and members of the Executive Committee, including variable remuneration and long-term incentives, stock-related or not, in the form of stock options or other financial instruments, and regarding the arrangements on early termination, and where applicable, on the resulting proposals to be submitted by the Board of Directors to the shareholders.
- submitting a remuneration report to the Board of Directors (see attachment);
- explaining this report during the annual general shareholders' meeting.

The Remuneration Committee consists of only non-executive Directors. At least most them are independent Directors which have the necessary expertise in remuneration policy.

A non-executive Director chairs the Remuneration Committee.

COMPOSITION:

Astrid DE LATHAUWER, Chairwoman,

Annick VAN OVERSTRAETEN, and

Piet VERCRUYSSE, Members.

In 2017 the Remuneration Committee met three times, at the request of its Chairwoman.

C) THE NOMINATION COMMITTEE

The task of the Nomination Committee consists of:

- drafting appointment procedures for members of the Board of Directors, the Chief Executive Officer and the other members of the Executive Committee;
- periodically assessing the size and composition of the Board of Directors and making recommendations to the Board of Directors regarding any changes;
- identifying and nominating, for the approval of the Board of Directors, candidates to fill vacancies as they arise;
- ensuring that the appointment and re-election process is organised objectively and professionally;
- advising on proposals for appointment originating from shareholders; and
- properly considering issues related to succession planning.

The Nomination Committee consists of most independent non-executive Directors.

The Chairman of the Board chairs the Committee. The Chairman can be involved but should not chair the Nomination Committee when dealing with the appointment of his successor.

COMPOSITION:

Marnix GALLE, Chairman,

Astrid DE LATHAUWER, and

Annick VAN OVERSTRAETEN, Members.

In 2017 the Nomination Committee met four times, at the request of its Chairman.

D) THE INVESTMENT COMMITTEE

The Investment Committee is in charge of:

- formulating the objectives, policies and strategies of the Company's real estate investments; and
- monitoring ongoing projects when these projects entail a substantial part of the Company's portfolio and when Executive Management has flagged a project as considerably deviating from its original business plan.

The Board of Directors convenes in principle four times a year which does not allow investment decisions-making in line with industry's expectations. The Board of Directors therefore delegates purchasing powers to the Executive Committee for all investments up to MEUR 40 per project, including acquisition price and total development costs (including e.g. construction costs, financing costs, fees and taxes) based on the proposed feasibilities, taking into account the Company's share in case of a project in partnership. This means that the Executive Committee can, at its discretion, purchase property or similar rights for projects, the total cost of which amounting up to MEUR 40 without prior consent of the Investment Committee or the Board of Directors. Both the Investment Committee and the Board of Directors will ratify the purchase decision at their first subsequent meeting.

The Board of Directors further delegates purchasing powers to the Investment Committee for all investments up to MEUR 140, including acquisition price and total development costs (including e.g. construction costs, financing costs, fees and taxes), taking into account the Company's share in case of a project in partnership. This means that the Investment Committee can, at its discretion, mandate the Executive Committee to purchase property or similar rights for projects, the total cost of which not exceeding up to MEUR 140 per project without prior consent of the Board of Directors. The Board of Directors will ratify the purchase decision at is first subsequent meeting.

All investment processes must be based on extensive research, including a feasibility survey.

The Investment Committee consists of at least four Directors, including the Executive Chairman and the Chief Executive Officer.

COMPOSITION:

Alexander HODAC, Chairman,

Marnix GALLE,

Karin KOKS – van der SLUIJS,

Sophie LAMBRIGHS,

Jacek WACHOWICZ[7] and

Piet VERCRUYSSE[8], Members.

In 2017 the Investment Committee met seven times, at the request of its Chairman.

C. THE EXECUTIVE COMMITTEE

The Executive Committee of the Company is composed of the Executive Chairman, the Chief Executive Officer and of the Members of the Executive Committee. He is primarily in charge of following tasks:

- consider, define and prepare, under the leadership of the Executive Chairman and the Chief Executive Officer, proposals and strategic options that could contribute to the Company's development. This responsibility covers (i) strategic planning, including the analysis of strategies, activity plans and budgets submitted by the Company's departments; and (ii) drawing up the business plan and budgets of the Company for proposal, discussion and approval by the Board of Directors;
- monitor the developments of the Company by analysing the compliance of the feasibility, the deadlines and the quality of the projects while making sure to maintain or improve quality standards of the Group;
- present to the Board of Directors a complete, timely, reliable and accurate preparation of the Company's financial statements, in accordance with the applicable accounting standards and policies of the Company;
- prepare the Company's required disclosure of the annual accounts and other material, financial and non-financial, information;
- propose the financial strategy to the Board of Directors;
- monitor the performance of the Company's departments in line with their strategic objectives, business plans and budgets; and
- draw up and implement the Company's policies which the Executive Chairman and the Chief Executive Officer consider to fall within the competence of the Executive Committee.

[7] Member until August 31st, 2017.

[8] Member since December 6th, 2017.

COMPOSITION (as per January 1st, 2018):

Alexander HODAC, Chairman,

Valéry AUTIN,

Hilde DE VALCK,

Marnix GALLE,

Rudi op 't ROODT, and

Adel YAHIA[9], Members.

The Members of the Executive Committee are not related to each other.

The "curriculum vitae" of the Members of the Executive Committee in function (except for Marnix GALLE and Alexander HODAC, already listed above) can be summarized as follows:

Valéry AUTIN, 40, before joining IMMOBEL in February 2016, he worked for the real estate investor Teychené Finance, in charge of research, purchasing and financing of real estate assets in Belgium and the Grand Duchy of Luxembourg (since November 2012). After studying at the Solvay Business School (1996-2001) and having obtained a degree in Finance & Business Administration, he began his professional career with Arthur Andersen (which became Deloitte afterwards). In early 2008 he returned to Deloitte (after an interlude at CFE, as Chief Financial Officer of the division "International Real Estate", responsible for legal and financial structuring of real estate transactions) and became Senior Manager in charge of clients in the real estate sector and the development of the business line "Real Estate Services". Between January 2010 and October 2012, he was Chief Financial Officer and member of the Executive Committee of Ascensio. Since September 2010, he was also assistant of the course "Advanced Accounting" at the Solvay Business School.

Hilde DE VALCK, 54, has joined IMMOBEL since the merger with ALLFIN Group in June 2016. In 2009, she became Chief Financial Officer at ALLFIN Group. She is Master in Commercial and Financial Sciences (EHSAL) and graduated from the «International Management Program » of the Vlerick Business School; she started her career in 1986 at VGD Auditors. Afterwards she was, for more than 15 years, Financial Manager, then Chief Financial Officer at Group Staels, a group internationally active in the textile and clothing industry.

Rudi op 't ROODT, 54, joined ALLFIN in 2013 as Head of Technical Department. Since the merger with ALLFIN, he is responsible for the technical management and smooth development of all projects of IMMOBEL. He started his career at Van Roey SA (General Contractor), where, as Project Manager, he was responsible for the execution of large construction projects (industrial, hospitals, offices, hotels ...). In 1996, he became Director of the company Vernibouw / Eribel, involved in outfitting buildings. In 2006, after more than 19 years in the field of construction, he joined the real estate sector: first at CIP and CIP Luxembourg (Project Director), and later at Project T & T (Operational Director). He has a degree in Civil Engineering (KUL 1987).

Adel YAHIA, 39, joined IMMOBEL in December 2017 as Chief Operating Officer in charge of Development, Construction, Sales and Landbanking. He worked for AG Real Estate since 2015 as Head of the Residential department and was also Co-Head of Development. Between 2010 and 2015 he worked for Matexi as Head of different business units. He began his career in 2004 as a real estate developer and also worked in real estate investment banking. He completed his law degree at KU Leuven and his Master degree in General Management (PUB) at Vlerick Management School. He obtained a Master in Real Estate (Postgraduaat Vastgoedkunde) at the KU Leuven in 2006 and graduated in 2014 from the Executive Program in Real Estate at the Solvay Business School (ULB). He lectures at the KU Leuven since 2010 and at the Solvay Business School since 2015.

[9] Since January 1st, 2018.

D. THE MANAGEMENT TEAM

The Executive Chairman and the Chief Executive Officer have established a Committee that assist them in the practical implementation of the executive powers (the "Management Team"). The Board of Directors have approved the creation of this Committee.

The Management Team is accountable for the exercise of its powers vis-à-vis the Executive Chairman and the Chief Executive Officer, and is in charge with the introduction of efficient systems of internal control and risk management as well as to ensure the day-to-day management of operations. It draws up and implements the policies of IMMOBEL the Executive Chairman and the Chief Executive Officer esteems to be of its competences.

Under the responsibility of the Executive Chairman and the Chief Executive Officer, he:

- gives leadership, advise and support to IMMOBEL's various subsidiaries and departments;
- manages and organizes the support functions within IMMOBEL covering areas such as legal, tax, accounting and financial matters.

COMPOSITION (as per January 1st, 2018):

Alexander HODAC[10], CEO IMMOBEL, Chairman,

Marnix GALLE[11], Executive Chairman,

Valéry AUTIN[12], Head of Finance,

Olivier BASTIN, CEO IMMOBEL Luxembourg,

Hilde DE VALCK[13], Head of Project Structuring & Financing,

Sophie GRULOIS[14], Head of Legal Services,

Sandrine JACOBS[15], Head of Marketing and Communication,

Joëlle MICHA[16], Head of Corporate Affairs,

Rudi op 't ROODT[17], Head of Technical Department,

Jacek WACHOWICZ, CEO IMMOBEL Poland,

Olivier XHONNEUX[18], Head of Landbanking, and

Adel YAHIA[19], Chief Operating Officer.

The "curriculum vitae" of the Members of the Management Team (except those for the Members of the Executive Committee, already listed above) can be summarized as follows:

Olivier BASTIN, 47, began his career in the banking sector (BACOB, 1994-1995) before joining the real estate sector at Intermarché where he contributed to the expansion of the brand in Wallonia (1995-1996). In 1997, he joined Jones Lang LaSalle where he was Head of the Office Agency Department for Belgium (1997-2005) before becoming Managing Director of the Luxembourg offices of the group (2005-2011). In 2010, he combined this function with that of Head of Capital Markets for Belux. He left JLL in late 2011 to join ALLFIN as CEO of the Luxembourg entity. He owns a degree in Applied Economics (ULG, 1988-1992) and an MBA (ULG & Maastricht University, 1993-1994).

Sophie GRULOIS, 42, joined IMMOBEL further to the merger with ALLFIN Group in June 2016; she served as legal counsel of the latter since 2013. Previously, she worked for 2 years at PwC - Financial Services & Real Estate (FSRE) and acquired her experience in real estate at Goodman where she worked for more than 7 years as in-house lawyer. She started her career at the bar and worked for Freshfields for 2 years. She obtained her law degree at the KUL and has a LL.M. in "International Business Law" from King's College London.

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[10] Permanent representative of the company AHO Consulting sprl.
[11] Permanent representative of the company A³ Management sprl.
[12] Permanent representative of the company Val U Invest sprl.
[13] Permanent representative of the company DV Consulting, H. De Valck SCS.
[14] Permanent representative of the company SG Management sprl.
[15] Permanent representative of the company Happybizz sprl.
[16] Permanent representative of the company JOMI sprl.
[17] Permanent representative of the company 2Build Consultancy sprl.
[18] Permanent representative of the company Avimore sprl.
[19] Permanent representative of the company Adel Yahia Consult sprl.

Sandrine JACOBS, 43, joined IMMOBEL further to the merger with ALLFIN in June 2016, where she was in charge of Marketing and Communications department since January 2015. In 2007 she integrated the real estate sector by joining the stock listed developer Atenor Group, which then began its large-scale projects and created for them its Marketing & Communications department, Corporate and projects identity. After obtaining her degree in Economic, Political and Social sciences at UCL (1997), she began her career in the field of advertising, managing for 10 years of major accounts within Publicis and DDB agencies.

Joëlle MICHA, 48, joined the Group in 2000 as Company Secretary of the real estate investment trust Cibix. Then, since 2007, Head of Corporate Affairs and Compliance Officer of IMMOBEL. Prior she worked as a Lawyer for Loeff Claeys Verbeke (currently Allen & Overy), as an authorised agent in a private bank (Bank Delen), and at the BFIC (currently FSMA) in the Markets Supervision department. She holds a Master in Law (UCL), a Master in Taxation (HEC-Liège), she also obtained the "Certified European Financial Analyst" qualification (ABAF) and is Member of the IPI (Owner, Broker and Trustee). She is a Company Director.

Jacek WACHOWICZ, 51, joined IMMOBEL in September 2017 as CEO of the Polish subsidiary. After studying at University of Warsaw, he started his career at Raiffeisen Bank in Warsaw. Afterwards he joined Cargill in Cobham (UK). In 2007, after working five years at Heitman in London and Warsaw, he joined TriGranit Development as Managing Director for Poland. Afterwards he went in a temporary partnership with ALLFIN Lux, to acquire and develop real estate assets in Poland. Formerly he served also as Consultant to Warimpex (2009-2010) as well as Chief Investment Officer and Member of the Management Board of GTC (2010-2017), two Warsaw stock listed developers. From February 2016 until the end of August 2017, he also was a Board Member of IMMOBEL.

Olivier XHONNEUX, 46, joined IMMOBEL in 2012 as Operations and Project Manager with the aim of developing and optimizing the activities of the "Lanbanking" department of the Group. In this context, he helped to develop a new strategy and targeted marketing tools for the Landbanking Department. Passionated about real estate and landbanking, he started his career at Redevco (1996-2002) as a Business lawyer in real estate management and real estate development. He then managed the project development of shopping malls by Foruminvest (2002-2010) and by City Mall (2010-2012). He holds a Master in Law (UCL), a certificate in European and International Law (Leiden - NL), and followed the program "Executive Programme en Immobilier" at the Solvay Business School. He is also a member of IPI.

II. INTERNAL CONTROL AND RISK MANAGEMENT

The Belgian legislative framework for internal controls and risk management consists in the Law of 17 December 2008 (in application of the European Directive 2006/43 concerning corporate financial control), the Belgian Corporate Governance Code 2009 and Law of 6 April 2010 (CG Law).

The IFRS 7 likewise defines additional requirements with regards to management of risks related to financial instruments.

Nevertheless, the current Belgian legislative and normative framework specify neither the model of internal control to which the companies for which it is intended should conform, nor the modalities for implementing it (level of detail required).

IMMOBEL uses a system of risk management and internal control that was drawn up internally based on the "COSO[20]" model of internal control.

The COSO methodology is organized around five elements:

- the internal control environment
- risk analysis
- control activities
- information and communication, as well as
- supervision and monitoring.

[20] Abbreviation of "Committee of Sponsoring Organizations of the Treadway Commission".

A. THE INTERNAL CONTROL ENVIRONMENT

The element "internal control environment" focuses on the following components:

A) Precise definition of the Company's objectives

IMMOBEL is the largest listed Belgian property developer. Since its foundation in 1863, the Group has devised, developed and marketed innovative urban projects in response to the needs of cities and their inhabitants. Thanks to its bold strategy and a talented workforce of around a hundred people, IMMOBEL has succeeded in diversifying its expertise and currently operates in the residential, office, retail and landbanking development sectors. Already in a leading position in the Belgian property market, IMMOBEL has also expanded internationally, in the Grand Duchy of Luxembourg, in Poland, and, since the acquisition of a stake in the French property group NAFILYAN & PARTNERS, also in France. Its portfolio now totals more than 800,000 m² (except France) of projects under development and the Group has a market capitalisation in excess of 550 MEUR.

IMMOBEL draws on all its skills and expertise to implement iconic projects whose hallmarks are sophisticated urban thinking and a pioneering approach. The Chambon project, a tour de force of urban regeneration in the centre of Brussels, the ambitious Infinity complex in Luxembourg and the redevelopment of the historic Granary Island site in Gdansk (Poland) are all examples of its outstanding development work.

B) A definition of the roles of the decision-making bodies

IMMOBEL has a Board of Directors, an Investment Committee, an Audit & Finance Committee, a Remuneration Committee, a Nomination Committee and an Executive Committee.

Responsibility for drawing up IMMOBEL's strategy and for controlling the way it does business belongs primarily to the Board of Directors. The main responsibilities of the different Committees have been mentioned above (cfr. Decision-making bodies).

C) Risk culture

IMMOBEL takes a prudent attitude. Managing a portfolio of diversified projects that create long-term value through its three lines of activity.

D) Application of ethical standards and integrity

IMMOBEL has a Good Behaviour Code that describes the principles of ethics and integrity that apply to each of the Directors and the Members of the Executive Committees as well as all the employees and external collaborators. This Code deals with aspects of conflict of interest, professional secrecy, corruption, and misuse of corporate funds and even business gifts.

IMMOBEL has also a Dealing and Disclosure Code whose main purpose is, among others, to ensure that Persons Discharging Managerial Responsibilities do not misuse, or place themselves under suspicion of misusing certain price sensitive information, ("Inside Information" as defined in the Dealing and Disclosure Code). Certain obligations are also imposed on persons closely associated with them (such as certain of their relatives or entities controlled by them).

The position of Compliance Officer has been created.

E) Measures geared to ensuring the level of competence

- Competence of the Directors: Given their experience, the Directors possess the competencies and qualifications necessary to assume their responsibilities, particularly in matters of finance, accounting, investment and remuneration policy.
- Competence of the Members of the Executive Committee and other staff: a recruitment process geared to the profiles required, adequate training and a policy of remuneration and evaluation based on the achievement of realistic and measurable goals make it possible to ensure the competence of IMMOBEL's staff.
- IMMOBEL has introduced a remuneration procedure dealing with remuneration policy for the Directors and the Members of the Executive Committees, that complies with the requirements of the Law of 6 April 2010 on Corporate Governance. During 2016, it has been more in particularly decided to
    - modify the remuneration of the Directors (approved by the Extraordinary General Meeting of November 17th latest), regarding, on the one side, the approval of the "Performance Share Plan 2017-2019" to the benefit of the Executive Chairman and the Chief Executive Officer, and on the other side, on the revision of the remuneration of the non-executive Directors as from that Extraordinary General Meeting; and
    - uniformize the principles and modalities of the variable remuneration in the contracts of the Members of the Executive Committee, active in Belgium.
- During the Ordinary General Meeting of May 24th, 2017, the Shareholders have approved an eventual extension of the said plan to other Members of the Executive Committee. In application of this Plan, and likewise foreseen for the Executive Chairman and the Chief Executive Officer, other Members of the Executive Committee have been granted Performance Shares, annually, under certain conditions.

B. RISK ANALYSIS

IMMOBEL regularly carries out risk identification and evaluation exercises. They are mapped out and formal action plans are drawn up to deal with those risks for which the level of control is deemed to be inadequate. The Audit & Finance Committee monitors the implementation of these action plans.

The principle risks to which IMMOBEL is exposed are set out in detail in section I.B of the Directors' Report.

C. CONTROL ACTIVITIES

The control activities correspond to the regulations and procedures used to deal with the principal risks identified. Here are the main regulations and procedures established within IMMOBEL, we would like to mention:

- Feasibility studies are carried out systematically, allowing project margins to be monitored. The feasibility studies are then analysed by the financial controller, the developer, the technical director, the Chief Operating Officer, the Head of Technical, the Head of Project Structuring & Financing and the CFO, together with the Executive Chairman and/or the Chief Executive Officer.
- The Executive Committee can, at its discretion, purchase property or similar rights for projects, the total cost (including e.g. construction costs, financing costs, fees and taxes) of which amounting up to MEUR 40 without prior consent of the Investment Committee or the Board of Directors. Furthermore, the Investment Committee can, at its discretion, mandate the Executive Committee to purchase property or similar rights for projects, the total cost (including e.g. construction costs, financing costs, fees and taxes) of which not exceeding up to MEUR 140 per project, without prior consent of the Board of Directors. The Board of Directors will ratify the purchase decision at is first subsequent meeting.
- A review of the discrepancies between the budget and the actual financial situation of the projects is carried out monthly for large projects by the Head of Project Structuring & Financing, and quarterly for others. Any significant differences observed are submitted to the Management bodies.
- The accounts department and future financial requirements are monitored, and regular reports submitted to the Management bodies.
- The principle of multiple approvals exists at every phase of the engagement process. So, the double signature procedure applies to approval of all transactions and the signatories are specified in function of the sums involved in the transaction.

D. INFORMATION AND COMMUNICATION

IMMOBEL uses an appropriate software program as its financial management information system. In the transition period after the merger with the ALLFIN Group, IMMOBEL also uses another specific accounting and financial software. The maintenance and development of these systems is subcontracted to a partner.

Data continuity is also subcontracted to a partner who is contractually bound to follow a strict procedure to establish a reliable and secure information storage system.

Since the beginning of October 2017, the accounting services are organised in-house; which were formerly, partially outsourced to a firm specialised in financial services. The finance department of IMMOBEL is in charge of the closure process and drafting the Annual Report, the Consolidated Financial Statements drawn up according to IFRS standards and the Annual Accounts.

Communication with the personnel and the various employees of IMMOBEL is appropriate to the size of the business. It is based mainly on work sessions, verbal communications from the management to the personnel as a whole, or internal e-mail notes signed mostly by the Chief Executive Officer.

In order to ensure rapid communication and equal treatment of all Shareholders, IMMOBEL publishes the Agenda and the Minutes of the Annual General Meetings, the half-yearly and annual Financial Results, Press Releases, the Articles of Association, the Corporate Governance Charter and the Annual Report on its website. Certain information is also published in the press.

E. SUPERVISION AND MONITORING

The Audit & Finance Committee is responsible for supervising internal control. For the year 2017 and previously the Audit & Finance Committee did not consider it necessary to create the position of internal auditor to assist it in his mission, given the size and the activities of the Company and the Group.

Given the increase size and the activities of the Company and the Group, the Audit & Finance Committee will reassess in 2018 whether it is necessary or not to create a position of internal auditor to assist it in this mission.

In order to evaluate the control environment regularly, the Audit & Finance Committee entrusts the auditor with certain specific missions involving more thorough examination of internal control, consisting of testing the existing controls and identifying possible weaknesses compared to best practice. The Audit & Finance Committee ensures that the recommendations are implemented if the need arises.

III. RULES AND PROCEDURES

A. TRANSACTIONS AND OTHER CONTRACTUAL RELATIONSHIPS BETWEEN THE COMPANY, INCLUDING ASSOCIATED COMPANIES, WITH THE DIRECTORS, THE MEMBERS OF THE EXECUTIVE COMMITTEE, AND THE OTHER STAFF

Furthermore, the Board of Directors has also applied the Corporate Opportunities-procedure once, and more especially in August 2017.

Application of the rules cited above has not given rise to any difficulty.

B. LAW OF SEPTEMBER 3RD, 2017 ON THE PUBLICATION OF NON-FINANCIAL INFORMATION AND INFORMATION RELATING TO DIVERSITY

By virtue of the new provisions of aforementioned Law, IMMOBEL points particularly out that the following information concerning diversity is mentioned:

<u>Diversity policy applied on the Members of the Board of Directors</u>

IMMOBEL's Corporate Governance Charter states that the composition of its Board of Directors guarantees decision-making in the interest of the company. To this end, the Board of Directors is attentive to gender diversity and diversity in general, as well as complementarity of skills, experiences, and knowledge. The provisions of Article 518bis of the Companies Code relating to gender diversity are respected in this regard.

Currently the Board of Directors is composed of eight Members. Following his adherence to the principles of Corporate Governance contained in the 2009 Belgian Code on Corporate Governance, and more particularly provision 2.1 of the Code, he believes that this number is small enough to allow effective decision-making, and sufficiently expanded so that Members bring experience and knowledge of different areas and changes in membership are managed without disruption. Indeed, the Board of Directors shares the opinion of the European Commission that diversity feeds the debate, promotes vigilance, and raises issues within it. The quality of decisions is improved.
Following the diversity policy in force at IMMOBEL during the year under review, the breakdown of the composition of the Board of Directors is as follows (per 31st December 2017):

- Experience & (Educational) Background mix:
  - Real Estate & Finance: 6
  - Other (HR, Legal): 2
- Gender mix:
  - 4 M/4 F
- Generation mix:
  - < 50: 3
  - > 50: 5
- Executive v. Non-Executive:
  - Executive: 2
  - Non-Executive: 6
- National v. Non-National:
  - National: 7
  - Non-national: 1
- Linguistic mix:
  - NL: 5
  - FR: 3.

C. DIVERSITY POLICY APPLIED TO ALL STAFF OF IMMOBEL, MEMBERS OF THE EXECUTIVE COMMITTEE AND OF THE MANAGEMENT TEAM INCLUDED

IMMOBEL places its desire for dialogue, continuous progress and the sharing of best practices central to its staff policy. These ambitions are manifested by the recruitment, talent development and retention of talented people with additional knowledge and experience. The IMMOBEL staff is the ambassador of its core values. The management philosophy is based on teamwork and mutual trust. The diversity of the teams, the gender diversity, the mix of talents are the source of wealth and innovation.

IMMOBEL considers the development of the employability of its staff as a priority. It ensures the motivation and involvement of its staff and ensures that they always have the skills required for the success of their assignments.
In other words, IMMOBEL's HR ambition reflects its promises: improving and developing the Group's human capital, rich in diversity, through an open and innovative human resources policy and thus creating opportunities "*Creating opportunities*." for everyone and building the future "*Building the future*.", as well for IMMOBEL as for its staff and customers. This ambition is reflected in the management culture of the Group, the association of the staff with the results and the strategic objectives, and the development of a quality social dialogue.

To make team diversity an effective reality, IMMOBEL ensures compliance with the principle of equal opportunities in access to employment, with attention to:

- Gender diversity and professional equality: the Group takes initiatives to attract the talents of men and women, to promote the feminisation of the professions, their promotion to women and equal opportunities for recruitment.

- Intergenerational diversity: convinced of the richness of the meeting of different generations, the Group relies on this diversity, especially for the transfer of knowledge and skills (encouraging seniors to the training of the youngest, reverse mentoring or training by alternation).

- Religious diversity: IMMOBEL undertakes that no candidate or employee is unfavourably treated because of his religious beliefs.

The status of the staff (employee / self-employed), the selection and promotion policy and the evaluation systems do not discriminate based on gender, religion, origin or sexual orientation. The Group also prohibits any form of discrimination in recruitment and promotion.

Following the diversity policy that IMMOBEL implemented in the year under review, the breakdown of the IMMOBEL operational teams is as follows (per 31st December 2017):

- Gender mix (management/ employees):
  - Male: 40
    - Employees (ETP): 13
    - Management: 5
    - Senior Management (ExCo): 4
  - Female: 27
    - Employees (ETP): 18
    - Management: 4
    - Senior Management (ExCo): 1
- Generation mix :
  - < 50: 48
  - > 50: 19
- Linguistic mix:
  - NL: 31
  - FR: 36.

As part of its diversity policy, IMMOBEL promotes diversity at all levels of the Company (operational team, members of the Management Team, Members of the Executive Committee & Directors).

D. COMMENTS ON THE MEASURES TAKEN BY THE COMPANY IN THE CONTEXT OF THE DIRECTIVE ON INSIDER TRADING AND MANIPULATION OF THE MARKET

The Dealing and Disclosure Code intends to ensure that Directors, senior executives and other staff of IMMOBEL and affiliated entities do not misuse information which they may have about IMMOBEL which is not available to other investors.

These rules have been supplemented by an internal note summarizing the main legal obligations in this matter, particularly taking into account the new Regulation on Market Abuse as entered into force on July 3rd, 2016, with a view to increasing an awareness of their obligations in those concerned.

The Compliance Officer is tasked with ensuring compliance with said rules in order to reduce the risk of abuse of the market by insider trading. The Compliance Officer keeps lists of people who have or are liable to have privileged information and who know or cannot reasonably be unaware of the privileged nature of this information.

These rules provide, among others, in:

- A prohibition against Persons exercising managerial responsibilities to carry out transactions on their own behalf or on behalf of a third party, whether directly or indirectly, relating to the shares or debt instruments of IMMOBEL or to derivatives or other Financial Instruments linked thereto during the Closed Periods and the Prohibited Periods;
- The possibility given to the Compliance Officer, without being obliged, to authorize a Person exercising managerial responsibilities to negotiate during a Closed Period or a Prohibited Period (in specific cases);
- The obligation of Persons exercising managerial responsibilities to inform the Compliance Officer prior to the transaction, for their own account, on their own responsibility, relating to the shares or debt instruments of IMMOBEL or to derivatives or other related Financial Instruments, outside the Closed Periods and the Prohibited Periods;
- The obligation of Persons exercising managerial responsibilities and persons closely associated with them to notify the Compliance Officer and the FSMA of any transactions they have made for their own account in shares or debt instruments of such Issuers or on derivative instruments or other related financial instruments. Such notification shall be made within three working days from the date of the transaction. This notification obligation does not apply as long as the total amount of transactions carried out during the same calendar year does not exceed the threshold of EUR 5,000. These persons obliged to notify may, but must not, authorize IMMOBEL to make such notifications to FMSA on their behalf. In such cases, they must always notify IMMOBEL of such relevant transactions promptly and no later than two working days from the date of the transaction;
- The obligation for Persons exercising managerial responsibilities to ensure that their investment managers, persons who organize or carry out business transactions on their behalf or any other person who organizes or carries out transactions on their behalf do not trade during the Closed Periods or the Prohibited Periods, including when the investment managers are authorized financial intermediaries acting under a fully discretionary investment management mandate.

During the past financial year, the job of Compliance Officer at IMMOBEL was carried out by Mrs Joëlle MICHA.

Application of the rules cited above has not given rise to any difficulty.

E. LEGAL AND ARBITRATION PROCEDURES

The Board of Directors of IMMOBEL assesses that, except those disclosed in the Note 27 to the Consolidated Financial Statements "Main contingent assets and liabilities", no governmental, legal or arbitration proceeding exists that may have, or have had in the recent past, significant effects on the financial position or rentability of the Company and that the Company is not aware of proceedings which are pending that could cause these governmental, legal or arbitration proceedings.

IV. INFORMATION ABOUT THE ISSUED CAPITAL

A. SHAREHOLDING STRUCTURE

Based on the transparency declarations received by IMMOBEL, following shareholders are the most important (since December 19th, 2017):

<table>
<tr><th>Shareholder at December 31, 2017</th><th>Voting rights</th><th>% of the gross number of shares[21]</th></tr>
<tr><td>A^3 CAPITAL nv[22]
having its registered seat at 1000 Brussel,
Akenkaai 52</td><td rowspan="2">5,875,369</td><td rowspan="2">58.77 %</td></tr>
<tr><td>A^3 MANAGEMENT bvba[23]
having its registered seat at 1000 Brussel,
Akenkaai 52</td></tr>
<tr><td>IMMOBEL sa/nv (own shares / Treasury shares)
having its registered seat at 1000 Brussel,
Regentschapsstraat 58</td><td>1,225,603</td><td>12.26 %</td></tr>
<tr><td>CAPFI DELEN ASSET MANAGEMENT nv[24]
having its registered seat at 2020 Antwerpen,
Jan Van Rijswijcklaan 178</td><td>412,196</td><td>4.12 %</td></tr>
</table>

There are no special voting rights and, to the extent known by the Company, no shareholder agreements. Further to a decision of the Board of Directors, the dividend rights of the treasury shares kept by IMMOBEL are suspended. In application of the Belgian Companies Code, these shares have no voting rights.

B. ELEMENTS THAT COULD HAVE AN INFLUENCE IN CASE OF A TAKEOVER BID ON SECURITIES ISSUED BY THE COMPANY

During the General Meeting of November 17th, 2016, the Shareholders have authorized the Board of Directors to increase the Company's capital by a maximum amount of 97,000,000 EUR, in one or more occasions, dates and manner to be determined by the Board of Directors, and for a term of five years from the publication of this authorization in the Belgian Official Gazette.

The Company may acquire or take as security its own shares under the conditions determined by the law. The Board of Directors is authorized to sell, on the stock exchange or outside, at the conditions it determines, without prior authorization of the General Meeting, in accordance with the law.

By decision of the Extraordinary General Meeting of Shareholders of November 17th, 2016 the Board of Directors is authorized, for a term of 3 years dating from said Extraordinary General Meeting, to purchase or dispose of shares in the Company when this purchase or disposal is necessary to prevent any serious imminent harm. This authorization is granted for a period of three (3) years dating from publication of this authorization in the Annexes to the Belgian Official Gazette. Such authorization shall also be valid for the acquisition or the alienation of shares of the Company by a direct subsidiary according to article 627 of the BCC.

Furthermore, by decision of the Extraordinary General Meeting of November 17th, 2016, the Board of Directors is authorized to acquire or alienate shares of the Company to a maximum of twenty percent (20 %) of the issued shares at a price which will not be less than ten (10) EUR nor more than twenty percent (20 %) during the highest closing of the last twenty trading days of the Company shares on Euronext Brussels before the acquisition or alienation. This authorization is granted for a period of five (5) years from the date of the Extraordinary General Meeting of November 17th, 2016. This authorization also applies to the acquisition of shares of the Company by a direct subsidiary according to article 627 of the BCC.

The Board of Directors has full powers to cancel the shares acquired by the company in this way, to have the cancelation certified by notarial act and to amend and coordinate the Articles of Association to bring them into line with the decisions taken.

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[21] A gross number of 9,997,356 shares were issued.

[22] Company controlled by Mr. Marnix GALLE.

[23] Company controlled by Mr. Marnix GALLE.

[24] Mutual fund.

The rules governing the appointment and replacement of Directors and the amendment of the Articles of Association shall be those provided by the Companies Code, as well as by the Corporate Governance Charter of IMMOBEL.

The terms of change of control contained in credit agreements with financial institutions were approved by the Ordinary General Meeting of 24^{th} May 2017, pursuant to section 556 of the Companies Act.

V. OTHER CONTRIBUTORS

A. STATUTORY AUDITOR

The Statutory Auditor is Deloitte Reviseurs d'Entreprises, represented by Kurt Dehoorne, which is headquartered at 1930 Zaventem, Gateway building, Luchthaven Nationaal 1J. Flat fees of Deloitte Reviseurs d'Entreprises charged to IMMOBEL SA for the examination and review of statutory and consolidated accounts amounted to 127 KEUR (excluding VAT). His fee for the review of the statutory accounts of subsidiaries amounted to 131 KEUR (excluding VAT).

Total fees charged by the Statutory Auditor and his network in 2017 in the exercise of the mandate on Group level amounted to 365 KEUR (excluding VAT).

B. CENTRAL PAYING AGENT

BNP Paribas Fortis Bank is the Central Paying Agent of IMMOBEL for an indefinite period. The remuneration of the commission amounts up to 0.20 % of the net amount (VAT excluded) of the coupon and of the income securities presented in a securities account.

AHO Consulting bvba
represented by Alexander Hodac
Managing Director

A^3 Management bvba
represented by Marnix Galle
Chairman of the Board

REMUNERATION REPORT

I. PROCEDURE APPLIED DURING THE YEAR 2017 FOR THE CREATION OF THE REMUNERATION POLICY

A. FOR THE DIRECTORS

In 2017, the Company has continued the remuneration policy for the Directors described in Appendix 2 of the Corporate Governance Charter available on the Company's website (www.immobelgroup.com).

- The Remuneration Committee makes detailed proposals to the Board of Directors in respect of the remuneration of Directors.
- The General Meeting of Shareholders decides henceforth about the remuneration of the Directors upon proposal of the Board of Directors.

The level and structure of the remuneration of the non-executive Directors are determined based on their general and specific responsibilities and market practice. This remuneration includes a basic fixed remuneration and a variable remuneration for the participation in the meetings of the Board, as well as for their participation to one or more Committees of the Board or for each chairmanship of a Committee.

Non-executive Directors receive no annual bonus, nor share options, nor participation in retirement plans. They are not entitled to any kind of compensation when their mandate ends.

During 2017, no changes were made to the remuneration policy for the Directors.

B. FOR THE MEMBERS OF THE EXECUTIVE COMMITTEE

In 2017, the Company has continued the remuneration policy for the Members of the Executive Committee as described in Appendix 2 of the Corporate Governance Charter available on the Company's website (www.immobelgroup.com).

The Board of Directors approves the appointment propositions of the Members of the Executive Committee, upon proposal by the Nomination Committee, and decides on their remuneration, based on the recommendations of the Remuneration Committee.

The level and structure of remuneration for the Members of the Executive Committee at IMMOBEL are reviewed annually, and are such that they allow IMMOBEL to recruit, retain and motivate qualified and competent professionals considering the nature and the extent of their individual responsibilities on an ongoing basis.

A procedure exists for the evaluation of their performances. The final decision regarding the variable remuneration to be paid out belongs to the Board of Directors (bearing in mind that the final decision will be taken upon evaluation of the performance in view of the objectives/performances criteria). The Board of Directors analyses the competitiveness of IMMOBEL's remuneration structure on the initiative of the Remuneration Committee.

Remuneration of the Members of the Executive Committee aims to:

- enable IMMOBEL to attract, motivate and retain first-rate, high-potential managers, bearing in mind the competitive environment in which it operates;
- encourage the achievement of ambitious performance targets by ensuring consistency between the interests of the managers and the Shareholders in the short, medium, and long term;
- stimulate, recognize, and compensate both significant individual contributions and strong collective performances.

It is reminded that the Extraordinary General Meeting of November 17th, 2016 approved, amongst others, the "Performance Share Plan 2017-2019" to the benefit of the Executive Chairman and of the Chief Executive Officer. During the year 2017, the Shareholders have approved the extension of the "Performance Share Plan 2017-2019" to other Members of the Executive Committee than the Executive Chairman and the Chief Executive Officer, which will be granted, as decided by the Extraordinary General Meeting of 17th November 2016 for the benefit of the Executive Chairman and the Chief Executive Officer, annually Performance Shares, under certain conditions.

II. INDIVIDUAL REMUNERATION AND PROCEDURE APPLIED IN 2017 FOR DETERMINING THIS REMUNERATION

A. FOR THE EXECUTIVE CHAIRMAN

The Corporate Governance Charter provides, the Board of Directors elects a Chairman from among its Members. The Chairman is designated based on his knowledge, skills, experience, and mediation strength.

The remuneration of the Chairman of the Board amounts to 50,000 EUR per year (VAT excluded), for its non-executive responsibilities, which do, among others comprise:

- the lead of the Board of Directors. He takes the necessary measures to develop a climate of trust within the Board of Directors which contributes to open discussions, constructive criticism, and support for the Board of Directors' decisions; in this framework, he is among others in charge with
    - ensuring
        - the Directors receive accurate, timely and clear information before the meetings and, where necessary, between meetings;
        - that all Directors can make a knowledgeable and informed contribution to discussions in the Board of Directors and that there is sufficient time for consideration and discussion before deciding;
        - that the newly appointed Directors and the Members of the specific Committees receive, when necessary and upon their request, an appropriate training to ensure their effective contribution to the Board of Directors and the different Committees.
    - to set – after consultation with the Chief Executive Officer – the agenda of the Board Meetings, and to ensure that procedures relating to preparatory work, deliberations, passing of resolutions and implementation of decisions are properly followed. The minutes of the meeting should provide a summary of the discussions, specify any decisions taken and state any reservations voiced by Directors;
- promotion of effective interaction between the Board of Directors and the Executive Committee.

In addition to his governance role as Chairman of the Board, he has been charged, in his capacity as Executive Chairman, among others with the task to lead and supervise (i) the establishment of a Real Estate Development strategy within the guidelines defined by the Board of Directors and (ii) together with the Chief Executive Officer, the departments "Development", "Technical" and "Marketing & Communication".

Upon proposal of an independent external expert, the Board of Directors has decided to attribute the following remuneration to the Chairman of the Board of Directors, for the exercise of its executive responsibilities within the Company:

- a yearly basic remuneration amounting EUR 325,000 (monthly instalments);
- a variable remuneration « Short Term Incentive »: if all the objectives (quantitative and qualitative) have been realised for 100 %: the variable remuneration will be equal to 50 % of the fixed remuneration, paid for 2017 (weight of the quantitative – qualitative criteria: 50 % - 50 % for 2017);
- a « Long Term Incentive »: « Performance Share Plan 2017-2019 » approved by the Shareholders during the Extraordinary General Meeting of Shareholder of November 17th, 2016 (see detail under point V.).

More in particular, the applied criteria to fix the individual remuneration of the Executive Chairman include, on the one hand, the Return on Equity as quantitative criterion, as defined and decided by the Board of Directors. On the other hand, the qualitative criteria include (with an identical weight for each of them):

- general qualitative criteria (applicable to all the Members of the Executive Committee) as mentioned below (point IV.A.) and which are analysed in function of the responsibilities of each one;
- specific qualitative criteria, specific to the function of Executive Chairman, including
    - *"Development, Technical and Marketing & Communication Department responsibilities;*
    - *Acquisitions and international expansion;*
    - *IMMOBEL Poland- define and implement new organization;*
    - *Develop and support activities to create shareholder value;*
    - *Represent values of IMMOBEL to the outside world."*

The Remuneration Committee assesses whether the predefined criteria have been met. Finally, the Ordinary General Meeting of Shareholders will pronounce itself on the Remuneration Report and approve it or not.

B. FOR THE CHIEF EXECUTIVE OFFICER

Upon proposal of an independent external expert, the remuneration to the Chief Executive Officer consists of:

- a yearly basic remuneration amounting EUR 310,000 (monthly instalments);
- a variable remuneration « Short Term Incentive »: if all the objectives (quantitative and qualitative) have been realised for 100 %, the variable remuneration will be equal to 50 % of the fixed remuneration (weight of the quantitative – qualitative criteria: 50 % - 50 % for 2017);
- a « Long Term Incentive »: « Performance Share Plan 2017-2019 » approved by the Shareholders during the Extraordinary General Meeting of Shareholder of November 17th, 2016 (see detail under point V. below).

More in particular, the applied criteria to fix the individual remuneration of the Chief Executive Officer include, on the one hand, the Return on Equity as quantitative criterion, as defined and decided by the Board of Directors. On the other hand, the qualitative criteria include (with an identical weight for each of them):

- the general qualitative criteria (applicable to all the Members of the Executive Committee) as mentioned below (point IV.A.) and which are analysed in function of the responsibilities of each one;
- the specific qualitative criteria, specific to the function of Chief Executive Officer, including:
    - *"Finance, Landbanking, Corporate Affairs and Legal Services Department responsibilities;*
    - *Corporate criteria (eg. Risk Management and Compliance, Represent values of IMMOBEL to outside world);*
    - *Acquisitions and international expansion;*
    - *IMMOBEL Poland – Define and implement new organization;*
    - *Support functions (HR & IT);*
    - *Analyse and optimize organisational structure and cost."*

The Remuneration Committee assesses whether the predefined criteria have been met. Finally, the Ordinary General Meeting of Shareholders will pronounce itself on the Remuneration Report and approve it or not.

C. FOR THE NON-EXECUTIVE DIRECTORS

Below you will find the summary table containing the remunerations applicable:

	Estimated frequency of meetings	Remuneration & Attendance fee
Board of Directors	4	Chairman = 50,000 EUR (forfait) Director : ▪ 14,000 EUR (forfait) ▪ 2,100 EUR / physical meeting ▪ 1,050 EUR / phone meeting
Audit & Finance Committee	4	Chairman : ▪ 3,100 EUR / physical meeting ▪ 1,050 EUR / phone meeting Members : ▪ 2,100 EUR / physical meeting ▪ 1,050 EUR/ phone meeting
Investment Committee	4 (+ 6 – in function of the necessities, over the phone)	Chairman = CEO - None Members : ▪ 2,100 EUR / physical meeting ▪ 1,050 EUR / phone meeting
Nomination Committee	2	Chairman = None Members : ▪ 1,050 EUR / physical meeting ▪ 525 EUR / phone meeting
Remuneration Committee	2	Chairman : ▪ 1,200 EUR / physical meeting ▪ 525 EUR / phone meeting Members : ▪ 1,050 EUR / physical meeting ▪ 525 EUR/ phone meeting

The Company reimburses the Directors' travel and accommodation expenses for attendance at the meetings and the exercise of their functions in the Board of Directors and its Committees. Furthermore, the Company ensures it takes the usual insurance policies to cover the activities that the Members of the Board of Directors carry out within the scope of their mandates.

D. FOR MEMBERS OF THE EXECUTIVE COMMITTEE

The remuneration of the Members of the Executive Committee and the quantitative and qualitative criteria of their variable remuneration are fixed by the Board of Directors, on recommendation of the Remuneration Committee; and upon proposal of the Executive Chairman and of the Chief Executive Officer.

III. THE AMOUNT OF REMUNERATION AND OTHER BENEFITS ACCORDED, DIRECTLY OR INDIRECTLY, TO NON-EXECUTIVE DIRECTORS AND TO THE CHAIRMAN OF THE BOARD, IN THE EXECUTION OF ITS NON-EXECUTIVE RESPONSIBILITIES, BY IMMOBEL OR BY AN ASSOCIATED COMPANY

The individual sums of remuneration given directly or indirectly to (non-executive) Directors and to the Chairman of the Board in the execution of its non-executive responsibilities, for 2017 are shown in the table below. All the amounts shown are, where appropriate, gross, i.e. before the deduction of tax.

	Attendances					Basic remuneration
	BoD	AFC	RC	NC	IC	(VAT excl.)
A^3 MANAGEMENT bvba[1]	6			3	7	50,000
ADL Comm.V[2]	6		3	4		32,825
ARFIN sprl[3]	5	5				36,900
ZOU2 sprl[4]	6				7	37,100
Piet VERCRUYSSE	6	5	3			38,150
Jacek WACHOWICZ[5]	4				4	26,250
A.V.O.-MANAGEMENT bvba[6]	6		3	4		32,375
Karin KOKS-van der SLUIJS	6	5			7	46,550
GROSS TOTAL REMUNERATION						**300,150**

IV. REMUNERATION OF THE EXECUTIVE CHAIRMAN, OF THE CHIEF EXECUTIVE OFFICER AND OF THE OTHER MEMBERS OF THE EXECUTIVE COMMITTEE RELATED TO FINANCIAL YEAR 2017

A. THE PRINCIPLES OF REMUNERATION AND THE LINK BETWEEN REMUNERATION AND PERFORMANCE

Remuneration of the Members of the Executive Committee (Executive Chairman and Chief Executive Officer included, as detailed below) is divided into a fixed part, a variable part STI ("Short Term Incentive") and a variable part LTI ("Long Term Incentive").

The variable part STI includes:

- a variable quantitative remuneration exclusively based on the level of Return on Equity;
- a measurable variable qualitative remuneration determined in function of the general criteria applicable to all the Members of the Executive Committee. These general criteria are the following:
  - *"sense of urgency and optimal management of priorities;*
  - *respecting general/ internal deadlines;*
  - *ownership of the projects;*
  - *added-value business partner for other departments;*
  - *people management/ teamwork; and*
  - *leadership."*
- a measurable variable qualitative remuneration determined in function of the responsibilities, the missions, and the targets to be achieved, on an individual basis by each of the Members of the Executive Committee, during the reviewed financial year.

Regarding the variable part LTI, the main rules of the IMMOBEL Performance Share Plan, are listed below:

"Under this plan, you will receive a conditional grant of shares ("Performance Shares") that vest at the end of the Performance Period, subject to and upon realization of the Performance Conditions.

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[1] Represented by its permanent representative Mr Marnix GALLE.
[2] Represented by its permanent representative Mrs Astrid DE LATHAUWER.
[3] Represented by its permanent representative Mr Pierre NOTHOMB.
[4] Represented by its permanent representative Mrs Sophie LAMBRIGHS.
[5] Until August 31st, 2017, date of its resignation.
[6] Represented by its permanent representative Mrs Annick van OVERSTRAETEN.

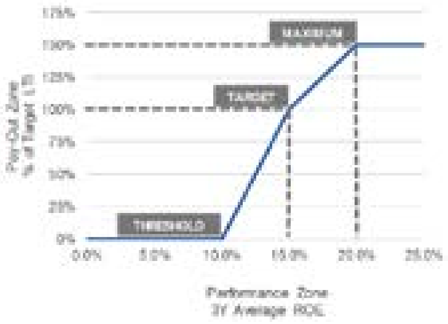
Performance Conditions

The Performance Shares granted will become unconditional / will vest following a Performance Period / vesting period of three full calendar years, conditional to the achievement of two Performance Conditions which are equally weighted:

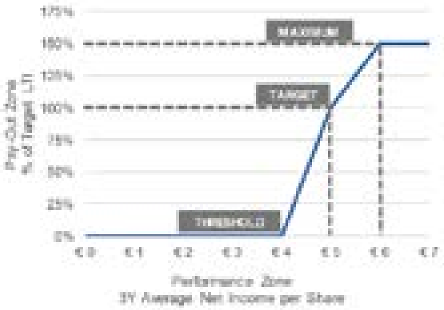
- *3Y Average Return on Equity (ROE) at IMMOBEL Group level*
- *3Y Average Net Income per Share at IMMOBEL Group level (excluding Treasury Shares)*

The precise vesting level of the Performance Shares will depend upon the actual achievement level of the Performance Conditions:

3Y Average ROE		
Performance		Pay-Out % of Target
≤ Threshold	3Y Average ROE ≤ 10%	0%
At Target	3Y Average ROE = 15%	100%
≥ Maximum	3Y Average ROE ≥ 20%	150%



3Y Average Net Income per Share		
Performance		Pay-Out % of Target
≤ Threshold	3Y Average Net Income per Share ≤ € 4	0%
At Target	3Y Average Net Income per Share = € 5	100%
≥ Maximum	3Y Average Net Income per Share ≥ € 6	150%



Performance Period

The achievement of the Performance Conditions will be determined over a three-full calendar year Performance Period, i.e. January 1st, 2017 – December 31st, 2019.

Dividends

Upon vesting, you will not receive the value of the dividends relating to the previous three years with respect to the Performance Shares vested.

Vesting

The Performance Shares granted under the Plan will vest at the end of the Performance Period, subject to and upon realization of the Performance Conditions. Performance Shares that do not become vested are forfeited and lapse. In addition, good leaver / bad leaver provisions apply in case of termination of the management services agreement entered into between the Member of the Executive Committee and IMMOBEL during the Performance Period."

B. THE RELATIVE IMPORTANCE OF THE VARIOUS COMPONENTS OF REMUNERATION

Some Members of the Executive Committee do benefit from a weighted remuneration, at 80 % for quantitative aspects, and at 20 % for qualitative aspects, compared to total variable remuneration. The others do benefit from a weight 50 % - 50 %s.

Based on the global performance of the Company during 2017 and on the realization of the individual targets of the Members of the Executive Committee between January 1st and December 31st, 2017, the variable part of the global remuneration (qualitative and quantitative) paid for 2017, represents 19.20 % of the basic remuneration for the Members of the Executive Committee in function at December 31st, 2017 (with exclusion of the one of the Executive Chairman and of the Chief Executive Officer, detailed below).

The variable remuneration of the Executive Chairman, of the Chief Executive Officer and of one other Member of the Executive Committee amounts more than 25 % of their respective remuneration per year. Further to the Extraordinary General Meeting of November 17th, 2016 it was expressly foreseen in article 16 of the articles of association that the Company may derogate from the provisions of article 520ter paragraph 1 and 2 as well as of article 525 last paragraph of the Belgian Company Law, for each person falling within the scope of these provisions. Thus, their remuneration is not spread over time.

IMMOBEL has introduced a long-term incentive plan to the benefit of the Executive Chairman, the Chief Executive Officer and other Members of the Executive Committee (as detailed below).

V. REMUNERATION AND OTHER BENEFITS ACCORDED, DIRECTLY OR INDIRECTLY, TO THE EXECUTIVE CHAIRMAN, TO THE CHIEF EXECUTIVE OFFICER AND TO THE OTHER MEMBERS OF THE EXECUTIVE COMMITTEE

(01.01.2017-31.12.2017)	Executive Chairman	CEO	Executive Committee[7]
Basic remuneration	325,000	310,000	1,080,167[8]
Variable remuneration STI	67,031	100,000	207,381
Variable remuneration LTI	1,806 shares	1,722 shares	1,451 shares
Individual pension commitment	None	None	None
Other	25,000[9]	None	2,758[10]

The Board of Directors has decided that the variable remuneration (« Short Term Incentive ») will be paid to the Members of the Executive Committee after the Board of Directors of March 2018 establishing the Annual Accounts per December 31st, 2017, subject to final approval by the General Meeting of May 2018.

It is reminded that the Shareholders have decided on November 17th, 2016 and on May 24th, 2017 to approve a performance share plan « Performance Share Plan 2017-2019 ». This plan will grant yearly, under certain conditions, Performance Shares to the Executive Chairman, to the Chief Executive Officer and to other Members of the Executive Committee. These "Performance Shares", offered free of charge to the beneficiaries, will vest definitively after a period of three full calendar years, if they meet the predefined performance targets based on the average return on equity over three years and the average net income per share (excluding Treasury Shares) over three years. These Performance Shares are ordinary shares and entitle the same rights as the existing shares. The Board of Directors annually set the objectives, in accordance with the Company's strategy.

The exact degree to which the Performance Shares will be definitively acquired, will depend on the level of performance of the objectives achieved:

- no definitive acquisition when the performance is below or equal to the defined minimum threshold;
- the full implementation of the objectives will lead to a nominal acquisition of 100 % of the allocated Performance Shares;
- a maximum definitive acquisition of 150 % of the Performance Shares awarded when the performance is equal to or greater than the agreed upper limit;
- between these values, the final acquisition will be proportional.

Upon the final vesting, the beneficiaries will not receive the dividend value of the last three years to which the acquired Performance Shares relate.

There will be an allotment of Performance Shares in each of the years 2017 to 2019 and the total number of Performance Shares, to the benefit of the Executive Chairman and of the Chief Executive Officer, will be 25 % (target) per year of the base compensation, as well as 10 % or 15 % to the benefit of some other Members of the Executive Committee. In 2017, a total of 4,979 shares have been granted subject to the achievement of the 100 % performance objectives, split-off as follows:

Executive Chairman:	1,806 Performance Shares.
Chief Executive Officer:	1,722 Performance Shares.
Head of Technical Department:	647 Performance Shares.
Head of Project Structuring & Financing:	421 Performance Shares.
Chief Financial Officer:	383 Performance Shares.

[7] See composition of the Executive Committee at December 31st, 2017 above.
[8] The amounts paid to Mr Karim ZOUAOUI and Mr Nicolas BILLEN, and/or their respective companies, until respectively July 12th, 2017 and September 30th, 2017 included.
[9] This amount represents a contribution for vehicle expenses.
[10] This amount represents the reimbursement of GSM costs.

In 2018, a total of 4,368 shares will be granted subject to the achievement of the 100 % performance objectives, broken down as follows (based on the value of the IMMOBEL share as at January 1st, 2018):

Executive Chairman:	1,477 Performance Shares.
Chief Executive Officer:	1,477 Performance Shares.
Head of Technical Department:	614 Performance Shares.
Chief Financial Officer:	400 Performance Shares.
Head of Project Structuring & Financing:	400 Performance Shares.

VI. PERFORMANCE EVALUATION

The Corporate Governance Charter provides the Board of Directors regularly examines and evaluates its own performance and that of its Committees, as well as the efficacy of IMMOBEL's governance structure, including the number, role and responsibilities of the various Committees set up by the Board of Directors, under the leadership of its Chairman.

Seen the numerous changes that have taken place in the composition of the Executive Management (Executive Committee) during the financial year 2017, it has been decided to assess the interaction between the non-executive Directors and the Executive Management during 2018.

A periodic evaluation of the contribution made by each Director is carried out with a view to fine-tuning the composition of the Board of Directors to consider changing circumstances. Individual Directors' performance is evaluated as part of the re-election procedure.

Each year, at the proposal of the Remuneration Committee, the Board of Directors decides on the objectives of the Executive Chairman and of the Chief Executive Officer for the coming financial year and evaluates their performance for the period ending, in conformity with the procedure currently in place. This performance evaluation is also used to fix the variable part of their annual remuneration.

VII. NUMBER AND MAIN FEATURES OF (OPTIONS ON) SHARES/WARRANTS – INCENTIVES

The Shareholders have, on November 17th, 2016 and May 24th, 2017, accepted a performance share plan ("Performance Share Plan 2017-2019") for the benefit of the Executive Chairman, the Chief Executive Officer and other Members of the Executive Committee for the years 2017, 2018 and 2019 (see the conditions and concerned Shares in detail above).

As mentioned previously, the Performance Shares are "ordinary shares", and do entitle the same rights to the beneficiaries as those as the existing shares, without right to dividends for the past.

VIII. INFORMATION REGARDING REMUNERATION POLICY FOR THE FINANCIAL YEARS TO COME

The remuneration policy has been reviewed during 2016 and 2017 for the coming years (cfr. above, point II).

IX. THE MOST IMPORTANT TERMS OF THEIR CONTRACTUAL RELATIONSHIP WITH IMMOBEL AND/OR A RELATED COMPANY, INCLUDING THE TERMS CONCERNING REMUNERATION IN CASE OF EARLY DEPARTURE

A. APPOINTMENT

The Members of the Executive Committee fulfil their duties to the Company based on a service provision contract. These contracts are like those generally agreed to with Members of their Executive Committee by other listed companies.

B. DEPARTURE

Any indemnity due to a Member of the Executive Committee/ Executive Director by the IMMOBEL Group in the event of the termination of his service provision contract, will vary in function of the terms and conditions of the contract concerned, as specified hereafter, increased, if appropriate, by part of the variable remuneration linked to IMMOBEL's results.

The list below shows the periods of notice or compensatory severance payment due by the Group in case of termination of contracts with the Members of the Executive Committee/ Executive Directors, active within the Group per December 31st, 2017:

Marnix Galle	: 12 month
Alexander Hodac	: 6 month
Hilde De Valck	: 6 month
Valéry Autin	: 4 month[11]
Rudi op 't Roodt	: 3 month.

Below you will find the periods of notice or compensatory severance payment effectively owed by the Group when the termination of contracts with the following Members of the Executive Committee happened:

Nicolas Billen	: 3 month
Karim Zouaoui	: 4 month.

To the extent necessary, it is specified that the compensations paid were under existing contractual arrangements.

C. RIGHT OF RECOVERY

There is no specific right to recover the variable remuneration awarded based on incorrect financial information, except in the above-mentioned Performance Share Plan which contains a Claw Back Clause. As indicated above (point V.), the Board of Directors has decided that the variable remuneration ("Short Term Incentive") will be paid to the Members of the Executive Committee/ Executive Director after the Board of Directors of March 2018 which draws up the Annual Accounts as at December 31st, 2017, subject to final approval by the Shareholders' Meeting of May 2018.

ADL Comm.V
(represented by Astrid De Lathauwer)
Chairwoman of the Remuneration Committee

A³ Management bvba
(represented by Marnix Galle)
Chairman of the Board of Directors

[11] 5 month as from January 1st, 2019.

ACCOUNTS

I. CONSOLIDATED ACCOUNTS

A. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IN THOUSANDS EUR)

	NOTES	31/12/2017	31/12/2016
OPERATING INCOME		148 999	298 634
Turnover	2	145 000	262 174
Other operating income	3	3 999	36 460
OPERATING EXPENSES		-127 082	-238 657
Cost of sales	4	-106 711	-220 132
Cost of commercialisation	5	-2 177	
Administration costs	6	-18 194	-18 525
JOINT VENTURES AND ASSOCIATES		3 379	7 719
Gain (loss) on disposal of joint ventures and associates	7	4 368	8 249
Share in the net result of joint ventures and associates	7	- 989	- 530
OPERATING RESULT		25 296	67 696
Interest income		2 199	1 951
Interest expenses		-4 178	-4 793
Other financial income		1 152	1 507
Other financial expenses		-3 941	-2 539
FINANCIAL RESULT	8	-4 768	-3 874
RESULT FROM CONTINUING OPERATIONS BEFORE TAXES		20 529	63 822
Income taxes	9	-9 596	-10 183
RESULT FROM CONTINUING OPERATIONS		10 933	53 639
RESULT OF THE YEAR		10 933	53 639
share of non-controlling interests		- 102	1 165
SHARE OF IMMOBEL		11 035	52 474
RESULT OF THE YEAR		10 933	53 639
Other comprehensive income - items subject to subsequent recycling in the income statement		21	27
Currency translation		21	27
Other comprehensive income - items that are not subject to subsequent recycling in the income statement		- 560	158
Actuarial gains and losses (-) on defined benefit pension plans	21	- 560	158
Deferred taxes			
TOTAL OTHER COMPREHENSIVE INCOME		- 539	185
COMPREHENSIVE INCOME OF THE YEAR		10 394	53 824
share of non-controlling interests		- 102	1 165
SHARE OF IMMOBEL		10 496	52 659
NET RESULT PER SHARE (€) (DILUTED AND BASIC)	10	1,26	5,99
COMPREHENSIVE INCOME PER SHARE (€) (DILUTED AND BASIC)	10	1,20	6,01

The presentation of the consolidated statement of comprehensive income has been modified to improve the classification of costs by "function" in accordance with IAS 1. The comparative figures are restated accordingly. Personnel charges, amortisations and other operating expenses at December 31, 2016, for an amount of 18.525 KEUR, are now divided into costs of commercialisation and administration costs.

B. CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IN THOUSANDS EUR)

ASSETS	NOTES	31/12/2017	31/12/2016
NON-CURRENT ASSETS		66 179	88 346
Intangible assets	11	405	142
Property, plant and equipment	12	1 034	898
Investment property	13	2 960	2 874
Investments in joint ventures and associates	14	26 387	35 388
Advances to joint ventures and associates	14	24 345	34 827
Other non-current financial assets		1 259	3 730
Deferred tax assets	15	4 167	7 042
Other non-current assets		5 623	3 445
CURRENT ASSETS		734 063	627 886
Inventories	16	518 514	443 115
Trade receivables	17	11 694	12 112
Tax receivables		165	837
Other current assets	18	36 063	32 471
Advances to joint ventures and associates		18 934	17 641
Other current financial assets		768	1 072
Cash and cash equivalents	19	147 926	120 638
TOTAL ASSETS		800 242	716 232

EQUITY AND LIABILITIES	NOTES	31/12/2017	31/12/2016
TOTAL EQUITY	20	303 578	314 949
EQUITY SHARE OF IMMOBEL		303 561	311 032
Share capital		97 256	97 189
Retained earnings		206 224	213 248
Reserves		82	595
NON-CONTROLLING INTERESTS		17	3 917
NON-CURRENT LIABILITIES		338 838	286 685
Employee benefit obligations	21	672	102
Deferred tax liabilities	15	6 507	2 803
Financial debts	19	330 090	281 578
Derivative financial instruments	19	1 568	1 699
Trade payables	23		503
CURRENT LIABILITIES		157 826	114 598
Provisions	22	1 355	1 780
Financial debts	19	68 816	40 532
Derivative financial instruments	19		90
Trade payables	23	41 493	33 763
Tax payables		6 211	11 934
Other current liabilities	24	39 952	26 499
TOTAL EQUITY AND LIABILITIES		800 242	716 232

C. CONSOLIDATED STATEMENT OF CASH FLOW POSITION (IN THOUSANDS EUR)

	NOTES	31/12/2017	31/12/2016
Operating income		148.999	298.634
Non-cash items resulting from the merger:			
Badwill			-14.940
Fair value of IMMOBEL shares - treasury shares			-2.832
Operating expenses		-127.082	-238.657
Amortisation, depreciation and impairment of asset	6	470	965
Changes in fair value of investment property	13	-86	-45
Change in provisions	22	-468	-1.173
Disposals of joint ventures and associates	14	15.361	14.025
Reimbursement of capital and advances by joint ventures and associates	14	24.841	18.724
Acquisitions, capital injections and loans to joint ventures and associates	14	-9.269	-7.209
CASH FLOW FROM OPERATIONS BEFORE CHANGES IN WORKING CAPITAL		52.766	67.492
Change in working capital	26	-45.862	26.106
CASH FLOW FROM OPERATIONS BEFORE PAID INTERESTS AND PAID TAXES		6.904	93.598
Paid interests	8	-14.020	-9.693
Interest received	8	2.199	1.951
Other financing cash flows	8	-1.638	-1.246
Paid taxes	9	-7.997	-9.323
CASH FROM OPERATING ACTIVITIES		-14.552	75.287
Acquisitions of intangible, tangible and other non-current assets		-895	-335
Sale of intangible, tangible and other non-current assets		215	
Acquisition of joint ventures and associates	14	-10.000	
Cash and cash equivalents from reverse acquisition			16.116
CASH FROM INVESTING ACTIVITIES		-10.680	15.781
Increase in financial debts	19	168.833	107.009
Reimbursement of financial debts	19	-95.944	-133.627
Gross dividends paid		-20.369	-30.499
CASH FROM FINANCING ACTIVITIES		52.520	-57.117
NET INCREASE OR DECREASE (-) IN CASH AND CASH EQUIVALENTS		27.288	33.951
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		120.638	86.687
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		147.926	120.638

Acquisitions and sales of projects, either directly or indirectly through the acquisition or the sale of project company (subsidiaries, joint ventures and associates), are not considered as investing activities and are directly included in the cash flows from the operating activities, mainly "Operating income / Operating expenses and change in working capital".

D. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IN THOUSANDS EUR)

2016	SHARE CAPITAL	RETAINED EARNINGS	ACQUISI-TION RESERVE	CURRENCY TRANS-LATION	DEFINED BENIFT PLANS	EQUITY TO BE ALLOCATED TO THE GROUP	NON CONTROL-LING INTERESTS	TOTAL EQUITY
January 1, 2016	60 302	119 184	-23 248	56	53	156 347	9 119	165 466
Result of the year	-	52 474	-	27	158	52 659	1 165	53 824
Merger IMMOBEL / ALLFIN GROUP	37 054		148 117	- 126	480	185 525	- 36	185 489
Dividendes paids1	-	-27 979	-	-	-	-27 979	-4 200	-32 179
Other changes	- 167	15		-	-	- 152	-2 131	-2 283
Changes in the year	36 887	24 510	148 117	- 99	638	210 053	-5 202	204 851
Treasury shares held :								
Fair value as of 29-06-2016	-	-	-55 368	-	-	-55 368	-	-55 368
Value of treasury shares held	-	-	-55 368	-	-	-55 368	-	-55 368
December 31, 2016	97 189	143 694	69 501	- 43	691	311 032	3 917	314 949

2017	SHARE CAPITAL	RETAINED EARNINGS	ACQUISI-TION RESERVE	CURRENCY TRANS-LATION	DEFINED BENIFT PLANS	EQUITY TO BE ALLOCATED TO THE GROUP	NON CONTROL-LING INTERESTS	TOTAL EQUITY
January 1, 2017	97 190	143 694	69 501	- 43	691	311 032	3 916	314 948
Before treasury shares	97 190	143 694	124 869	- 43	691	366 400	3 917	370 317
Treasury shares	-	-	-55 368	-	-	-55 368		-55 368
Result of the year	-	10 820	214		-	11 035	- 102	10 933
Other comprehensive income				21	- 560	- 539		- 539
Dividendes paids	-	-18 059				-18 059	-2 310	-20 369
Other changes	66	26				92	-1 488	-1 396
Changes in the year	66	-7 213	214	21	- 560	-7 472	-3 900	-11 372
December 31, 2017	97 256	136 481	69 715	- 22	131	303 561	17	303 578
Before treasury shares	97 256	136 481	124 869	- 22	131	358 715	17	358 732
Treasury shares			-55 154			-55 154		-55 154

A gross dividend of EUR 2.20 per share (excluding treasury shares) was proposed by the Board of Directors on March 13, 2018. It will be submitted to the shareholders for approval at the general meeting. The appropriation of income has not been recognized in the financial statements as of December 31, 2017.

On December 31, 2017 the treasury shares, resulting from the merger with ALLFIN, are valued at the share price on June 29, 2016. This is the date of the merger and this valuation method will no longer be changed in the future.

The other changes relate to the amortization of the costs related to the merger (66 KEUR) and the performance share plan (26 KEUR).

E. ACCOUNTING PRINCIPLES AND METHODS

1) GENERAL INFORMATION

IMMOBEL (hereafter named the "Company") is a limited company incorporated in Belgium. The address of its registered office is Rue de la Régence 58 at 1000 Brussels.

2) STATEMENT OF COMPLIANCE WITH IFRS

The consolidated financial statements have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted in the European Union. The Board of Directors settled the consolidated financial statements and approved their publication on March 13, 2018.

Some balance sheet reclassifications were made after the press release of March 14, 2018. These reclassifications relate to the presentation of advances to joint ventures, the presentation of the acquisition of NAFILYAN & PARTNERS reclassified for 10 MEUR from “cash and cash equivalents” to “investments in joint ventures and associates” (see note 14), reclassification between other non-current and current liabilities and the reclassification of interests payable from “other current liabilities” to “current financial debts”.

ASSETS	Press release	Reclassifications	31/12/2017
NON-CURRENT ASSETS	74.975	-8.796	66 179
Intangible assets	405		405
Property, plant and equipment	1 034		1 034
Investment property	2 960		2 960
Investments in joint ventures and associates	59 528	-33 141	26 387
Advances to joint ventures and associates		24 345	24 345
Other non-current financial assets	1 259		1 259
Deferred tax assets	4 167		4 167
Other non-current assets	5 623		5 623
CURRENT ASSETS	725.267	8.796	734 063
Inventories	518 514		518 514
Trade receivables	11 694		11 694
Tax receivables	165		165
Other current assets	36 201	- 138	36 063
Advances to joint ventures and associates		18 934	18 934
Other current financial assets	768		768
Cash and cash equivalents	157 926	-10 000	147 926
TOTAL ASSETS	800 242	0	800 242

EQUITY AND LIABILITIES			31/12/2017
TOTAL EQUITY	303.578	0	303 578
EQUITY SHARE OF IMMOBEL	303 561		303 561
Share capital	97 256		97 256
Retained earnings	206 224		206 224
Reserves	82		82
NON-CONTROLLING INTERESTS	17		17
NON-CURRENT LIABILITIES	346.190	-7.352	338 838
Employee benefit obligations	672		672
Deferred tax liabilities	6 507		6 507
Financial debts	330 090		330 090
Derivative financial instruments	1 568		1 568
Other non-current liabilities	7 352	-7 352	0
CURRENT LIABILITIES	150.474	7.352	157 826
Provisions	1 355		1 355
Financial debts	63 340	5 476	68 816
Trade payables	41 493		41 493
Tax payables	6 211		6 211
Other current liabilities	38 075	1 877	39 952
TOTAL EQUITY AND LIABILITIES	800 242	0	800 242

The accounting principles and methods used for the interim consolidated financial statements are the same principles and methods used for the consolidated financial statements of 2016, except for the standards and interpretations which are applicable as from 1 January 2017:

- Annual improvements to IFRS Standards 2014-2016 Cycle: Amendments to IFRS 12 (applicable for annual periods beginning on or after 1 January 2017);
- Amendments to IAS 7 Statement of Cash Flows - Disclosure Initiative (applicable for annual periods beginning on or after 1 January 2017);
- Amendments to IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealized Losses (applicable for annual periods beginning on or after 1 January 2017);

These standards and interpretations won't have any significant impact on the consolidated financial statements of IMMOBEL.

STANDARDS AND INTERPRETATIONS ISSUED APPLICABLE IN 2018 BUT NOT YET ANTICIPATED BY THE GROUP

IMMOBEL has not anticipated to new, or improvements to, standards and interpretations which are not yet applicable for the annual period beginning on 1 January 2017.

Though, the Group has determined the potential impact of two new standards:

IFRS 9 FINANCIAL INSTRUMENTS AND SUBSEQUENT AMENDMENTS (APPLICABLE FOR ANNUAL PERIODS BEGINNING ON OR AFTER 1 JANUARY 2018)

This new standard consists of 3 components:

CLASSIFICATION AND EVALUATION OF THE FINANCIAL ASSETS AND LIABILITIES

IFRS 9 introduces a logical and unique classification for all financial assets. Amortised cost or fair value. The Group must choose between fair value reporting in profit and loss or fair value reporting in other comprehensive income.

This new standard does not have any impact on the results of the Group.

IMPAIRMENT

IFRS 9 contains requirements for a new impairment model which will result in earlier recognition of credit losses. This should not have any significant impact on the results of the Group.

The impact has been estimated at 213 EUR, which is an insignificant amount.

It represents the recognition of the expected impairment losses for credit risk as of the initial recognition of the receivables, or as of the commitments of loans or financial guarantees. The main items concerned are advances to joint ventures and associates and the guarantees that may be granted to them.

HEDGE ACCOUNTING

This will not have any impact on the results of the Group, because the Group does not use any hedging instruments.

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS (APPLICABLE FOR ANNUAL PERIODS BEGINNING ON OR AFTER 1 JANUARY 2018)

The preliminary analysis conducted by the Group led to the identification of themes, which relate to the recognition of sales in the different segments of the Group, which are likely to impact the consolidated turnover:

SALE OF OFFICE BUILDINGS

IMMOBEL will have to use the new guidelines to assess on a case by case basis whether the sales agreement, the sale of the land and the development are separate performance obligations.

The new guidelines could also have an impact on the projects which satisfy the criteria to recognize revenue at the moment the performance obligation is satisfied. These are mainly the projects which satisfy the third criteria defined by IFRS 15.36 ("The entity's performance creates an asset and the entity has an enforceable right to payment for performance completed to date").

No impact has been identified on the Group's financial statements as of December 31, 2017.

SALE OF RESIDENTIAL PROJECTS

The analysis led to the conclusion that the sales of residential projects result in a single performance obligation.

Belgium / Grand-Duchy of Luxembourg

The legal framework of Belgium and Luxembourg gradually transfers ownership of the units to the buyer during the construction period. In such a situation, the performance obligation is gradually satisfied when control over the asset is transferred as construction progresses. Considering a single performance obligation (regardless of "land" and "construction") represents a change in the current accounting methods. The Group has recognized a margin on "land" and a margin on "construction".

A single margin will now be recognized for each sale when the control over the asset is transferred as construction progresses.

The impact on the operating result of 2017: +2.822 KEUR

The impact on the total equity of 2017: + 2.121 KEUR

Poland

The analysis of the legal framework concluded the obligation to recognize the fulfilment of the performance obligation on delivery of the unit sold.

This has no impact on the Group's financial statements as of December 31, 2017.

LANDBANKING

The Group has not identified any impact on this sector. The revenue is recognized when the asset is transferred to the new owner.

OTHER STANDARDS AND INTERPRETATIONS ISSUED AND APPLICABLE IN 2018, BUT NOT YET ANTICIPATED BY THE GROUP

- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)

STANDARDS AND INTERPRETATIONS APPLICABLE AFTER 2018

The analysis of the following standards, amendments and interpretations is ongoing:

- 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)
- Amendements to IAS 40 Transfer of investment property (applicable for the annual periods beginning on or after 1 January 2018, 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, but not yet endorsed in the EU)

The potential impact of these standards and interpretations on the consolidated financial statements are being determined.

3) PREPARATION END PRESENTATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements are presented in thousands of EUR.

They are prepared on the historical cost basis, except for investment property, securities held for trading, available-for-sale securities and derivative financial instruments which are measured at fair value.

4) CONSOLIDATION RULES

The consolidated financial statements include the financial statements of the Company and its subsidiaries, as well as interests in joint ventures and in associated companies accounted for using the equity method.

All intragroup balances, transactions, revenue and expenses are eliminated.

SUBSIDIARIES

Subsidiaries are companies controlled by the Group.

Control is achieved when the Company:

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

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

The financial statements of subsidiaries are included in the consolidated financial statements from the date when control begins until the date when control ends.

INTERESTS IN JOINT VENTURES

A joint venture is a contractual agreement whereby the Group and one or several parties agree to undertake an economic activity under joint control. The joint venture agreement generally results in the creation of one or more distinct jointly controlled entities.

Since 1st January 2014, joint ventures, which were previously consolidated using the proportional method, are included in the consolidated financial statements using the equity method.

INTERESTS IN ASSOCIATES

Associates are entities over which the Group has significant influence through its participation in their financial and operating policy decisions. They are neither subsidiaries, nor joint ventures of the Group.

Significant influence is presumed if the Group, directly or indirectly, holds 20 % or more but less than 50 % of the voting rights through its subsidiaries.

Interests in associates are accounted for in the consolidated financial statements using the equity method, from the date when significant influence begins until the date when it ends. The book value of interests is decreased, if applicable, so as to record any impairment of individual interests.

DIFFERENT REPORTING DATES

The financial statements of subsidiaries, joint ventures and associates with reporting dates other than 31 December (reporting date of the Company) are adjusted so as to take into account the effect of significant transactions and events that occurred between the reporting date of the subsidiary, joint venture or associate and 31 December. The difference between 31 December and the reporting date of the subsidiary, joint venture or associate never exceeds 3 months.

BUSINESS COMBINATIONS AND GOODWILL

IMMOBEL analyses any acquisition of subsidiaries based on IFRS 3 and integrates the criteria suggested by IFRS 3 §B5 to B12 to identify any business combination and to define a business. In accordance with IFRS 3, if the acquired assets do not constitute a business, the acquisition is treated as an "acquisition of assets".

GOODWILL

Goodwill represents the excess of the price of the business combination over the Group's share in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity at the date of acquisition. Goodwill is reported as an asset and is not amortised but annually subject to an impairment in value test at reporting date (or more frequently if there are indications of loss in value). Impairment losses are recognised immediately under income and are not reversed in subsequent periods.

Goodwill resulting from the acquisition of an associate is included in the book value of the associate. Goodwill resulting from the acquisition of subsidiaries and joint ventures is presented separately in the balance sheet.

On disposal of a subsidiary, a joint venture or an associate, the book value of the goodwill is included so as to determine the profit or loss on the disposal.

NEGATIVE GOODWILL

Negative goodwill represents the excess of the net fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, a joint entity or an associate over the price of business combination at the date of acquisition. To the extent that a surplus subsists after review and re-evaluation of the values, the negative goodwill is immediately recognised in profit and loss.

5) FOREIGN CURRENCIES

TRANSLATION OF FINANCIAL STATEMENTS OF FOREIGN ENTITIES

The balance sheets of foreign companies are translated in EUR at the official year-end exchange rate and income statements are translated at the average exchange rate for the financial year.

Translation differences resulting therefrom are included under shareholders' equity under "translation differences". Upon disposal of an entity, translation differences are recognised in profit and loss.

TRANSACTIONS IN FOREIGN CURRECIES IN GROUP COMPANIES

Transactions are first recorded at the exchange rate prevailing on the transaction date. At each end of the financial year, monetary assets and liabilities are converted at the exchange rates on the balance sheet date. Gains or losses resulting from this conversion are recorded as financial result.

6) INTANGIBLE ASSETS

Intangible assets are recorded in the balance sheet if it is likely that the expected future economic benefits which may be allocated to assets will flow to the entity and if the cost of the assets can be measured reliably.

Intangible assets are measured at cost less accumulated amortisation and any impairment losses.

Intangible assets are amortised using the straight-line method on the basis of the best estimate of their useful lives. The amortisation period and method are reviewed at each reporting date.

7) TANGIBLE ASSETS

Tangible assets are measured at cost less accumulated depreciation and any impairment losses. Fixed assets are depreciated prorata temporis on a straight-line basis over their useful lives. Useful lives have been determined as follows:

- buildings: 20 to 50 years,
- furniture and equipment: 3 to 10 years,
- right of building, emphyteutic lease or long lease: according to the duration of the right or the life span of the related asset, whichever is shorter,
- installations, complexes, machinery and specific equipment's: 5 to 20 years.

Land has an unlimited useful life and therefore it is not depreciated.

Subsequent expenses related to tangible assets are only capitalised if it is likely that future economic benefits associated with the item will flow to the entity and if the cost of the item can be measured reliably.

Buildings under construction for manufacturing, leasing or administrative purposes are recorded at cost less any impairment loss. Depreciation of these assets begins when the assets are ready to be used.

8) INVESTMENT PROPERTY

Investment property is measured in accordance with the fair value model of IAS 40 - Investment property. It represents real property (land and/or buildings under construction or available) held by the Group so as to earn rent and/or create value for property rather than use or sell it. Investment property (under construction) is initially measured at cost and subsequently carried at fair value. Any change in fair value is directly recognised in the income statement.

9) LEASES

The Group distinguishes finance leases and operating leases by determining if objective criteria indicate that the major part of the value of the asset will be used by the Group:

- because the present value of the lease payments approximates the majority of the fair value of assets,
- because the lease period covers the major part of the useful life of the asset
- because the Group has a purchase option for a price lower than the estimated value of the asset at the exercise date
- based on other indicators

FINANCE LEASE

Assets held by the Group under finance lease are initially recognised at their fair value or at the present value of the minimum lease payments, whichever is lower. The corresponding obligation to the lessor regarding this asset is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between financial expenses and the decrease in lease obligation at a constant interest rate with respect to the remaining debt balance. Financial expenses are directly recognised in profit and loss. Assets held under finance leases are depreciated on a straight-line basis over their expected useful lives or the lease term, whichever is shorter.

IMMOBEL does not have any contracts for which IMMOBEL would own asset under finance lease or for which IMMOBEL would be the lessor.

OPERATING LEASE

Lease payments under an operating lease are recognised as expenses in the income statement on a straight-line basis over the lease term.

10) FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

TRADE RECEIVABLES

Short term trade receivables are measured at nominal value less appropriate allowances for estimated irrecoverable amounts. An assessment of the permanent character of doubtful trade receivables is carried out and any write-downs are recorded.

CASH AND CASH EQUIVALENTS

Cash includes cash on hand and demand deposits (deposits of less than 3 months). Cash equivalents are very short term, highly liquid investments that are subject to an insignificant risk of change in value.

Cash and cash equivalents are carried in the balance sheet at amortized cost.

CASH FLOWS

Cash flows are inflows and outflows of cash and cash equivalents.

Operating activities are the principal revenue-producing activities of the entity and other activities that are not investing or financing activities. Acquisitions and sales of projects, either directly through the purchase of sale of assets, or indirectly through the acquisition or sale of project companies, are considered as operating activities and are presented as part of the cash flows from operating activities.

Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

SHAREHOLDER'S EQUITY

Issue costs that may be directly allocated to an equity transaction are recorded as a deduction from equity. As a consequence, capital increases are recorded at the proceeds received, net of issue costs. Similarly, equity transactions on own participation are recognised directly under shareholders' equity.

BANK BORROWINGS AND OVERDRAFTS

Interest-bearing bank borrowings and overdrafts are recorded at the cash amount, less any transaction costs. After the initial recording, they are measured at amortised cost. Any difference between the received consideration and the expected exit value is recognised under income over the term of the borrowing using the effective interest rate.

TRADE PAYABLES

Short-term trade payables are recorded at their nominal value.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING TRANSACTIONS

Derivative financial instruments are initially measured at cost and subsequently carried at their fair values. The method of recognising the unrealised result from derivatives depends on the nature of the hedged item. On the date a derivative contract is entered into, the instrument is designated either as a hedge of the fair value of recognised assets or liabilities (fair value hedge) or as a hedge of future cash flows (cash flow hedge). Changes in the fair value of derivative financial instruments designated as fair value hedge are recorded in profit and loss, in addition to the changes in the fair value of the hedged asset or liability. With respect to cash flow hedges, the changes in the fair value are recognised in the other elements of comprehensive income. The ineffective hedging portion is recorded directly in profit and loss.

The changes in the fair value of derivative instruments that do not meet the hedge accounting requirements are recognised directly under income.

11) INVENTORIES

Inventories are measured at cost or net realisable value, whichever is lower. Net realizable value is the estimated selling price in the ordinary course of business, less estimated completion costs and costs to sell.

The acquisition cost of purchased goods includes acquisition cost and incidental expenses. For finished goods and work in progress, the cost price takes into account direct expenses and a portion of production overhead without including administrative and financial expenses.

Interests during construction are capitalised, for the projects started after 1 January 2009.

When specific identification is not possible, cost is determined using the weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated cost necessary to make the sale. The impairment in value or loss on inventories to bring them to their net realisable value is recognised as an expense in the year when the impairment in value or loss occurs.

For projects acquired and whose purchase price contains rents to be collected before the acquired project can be developed, these rents are, as of July 1, 2016, considered as a separate asset and capitalized as a reduction of the inventories. At December 31, 2017, these are the rents for the projects Centre Etoile in Luxembourg and Lebeau Sablon in Brussels.

The costs of borrowings are activated depending on the nature of the funding. The cost of funding "project financing" are fully allocated to projects funded. The costs of "Corporate" and "Bonds" financing are partially allocated based on an allocation key taking into account the projects under development and the amounts invested. The activation of the borrowing costs stops at the provisional acceptance of the project or at the receipt of an advance which would be greater than the value of the stock

12) PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, when it is likely that an outflow of resources will be necessary to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation if necessary.

WARRANTIES

A provision for warranties is made when underlying products or services are sold. The measurement of the provision is based on historical data and by weighing all possible outcomes to which probabilities are associated (expected value method).

CONTINGENT LIABILITIES AND CONTRINGENT ASSETS

Contingent liabilities, which occurrence is not probably, are not recognized as a provision and are mentioned in the notes to the financial statements, provided that the risk is significant.

Contingent assets are not recognized in the financial statements.

13) EMPLOYEE BENEFITS

POST-EMPLOYMENT BENEFITS

The Group operates a defined-benefit pension plan and a defined-contribution pension plan.

- « Defined-contribution » pension plan

Contributions to these pension plans are recognized as an expense in the income statement when incurred.

- « Defined-benefit » pension plan

For such a plan, the cost of corresponding commitments is determined using the Projected Unit Credit Method, with present values being calculated at year end.

The amount recognised in the balance sheet represents the present value of commitments in terms of the defined benefit pension plans, less the fair value of plan assets and costs of rendered services not yet recognised. Any asset resulting from this calculation is limited to the present value of possible payments for the Group and the decreases in future contributions to the plan.

Actuarial gains and losses are directly recorded in the other elements of comprehensive income and are presented in the statement of comprehensive

BONUSES

Bonuses granted to company employees and senior executives are based on targets relating to key financial indicators. The estimated amount of bonuses is recognized as an expense in the year to which they relate.

14) GRANTS RELATED TO ASSETS OR INVESTMENT SUBSIDIES

Received government grants related to assets or investment subsidies are recognised in the balance sheet (presented under other long-term liabilities or other short-term liabilities) as deferred income. They are recognised as income in the same way as the asset margin to which they relate

15) REVENUE FROM ORDINARY OPERATION

Group revenue comes mainly from Real Estate Development activities (including Project Management services) and also from lease agreements. IMMOBEL does not work, for 2016 and 2017, under the construction contracts.

Revenue from Real Estate Development activities is measured at the fair value of the consideration received or receivable.

To the extent that the sale contract contains several distinct parts and whose delivery is separate, the different parts are recognised separately for the proceeds of the sale.

To the extent that the contract of sale of a property development (or part of this contract) qualifies as a construction contract, the proceeds of the sale is recognized at the advancement of the project.

To the extent that the sale contract of a property development (or part of this contract) does not qualifies as a construction contract, the proceeds of the sale is recognised at delivery, unless the contract states that there is continuing transfer of ownership in order to be possible to recognise the revenue of the sale over the period of the transfer of ownership, or at the advancement of the project.

For projects "Residential - Breyne law", revenues and costs are recognized in the income statement as follows:

- margin on the land: revenues and costs are recorded at the deed
- construction margin: revenues and costs are accounted for using the percentage of completion method.

The amount of income recognized on contracts for which the contractual provisions and the legal framework organize a progressive transfer (Breyne Law in Belgium or equivalent in Luxembourg) organizes the transfer of the control of the assets to the buyer, as well as the risks and significant benefits inherent in the ownership of work in progress in its current state, as construction progresses. This results in recognition by reference to the stage of completion using the percentage of completion method (IFRIC 15.7). The method of legal ownership has no impact on the recognition of the margin but on its presentation, which will differ depending on whether it is:

- Direct property, subsidiary: the results are recorded in sales and cost of sales irrespective of the legal structure of ownership of the asset;

- Joint ventures: in accordance with IFRS 11, when a partnership gives rise to joint control over net assets, IMMOBEL recognizes an investment for its interest in the joint venture and recognizes it using the equity method (IAS 28). The result of the sales is therefore presented under the heading "Share in the profit or loss of joint ventures and associates"

- Joint activities: in accordance with IFRS 11, in the case of a partnership under which the parties exercising joint control have asset rights, and liability obligations, IMMOBEL recognizes assets, liabilities and results for its jointly held share (proportionate consolidation method).

With respect to operating leases, rent is recognised under income on a straight-line basis over the term of the lease, even if payments are not made on this basis. Lease incentives granted by the Group in negotiating or renewing an operating lease are recognised as a reduction of the lease income on a straight-line basis over the term of the lease. Rent income are presented as other operating income in the consolidated statement of comprehensive income. This method of accounting applies only in the case of buildings rented after their development and waiting to be sold.

For projects acquired and whose purchase price contains rents to be collected before the acquired project can be developed, these rents are, as of July 1, 2016, considered as a separate asset. These rents are considered as a part of the purchase price regardless of the actual value of the building in stock. At December 31, 2017, these are rents for the projects Centre Etoile in Luxembourg and Lebeau Sablon in Brussels.

16) IMPAIRMENT ON VALUE ASSETS

The carrying amount of non-current assets (other than financial assets in the scope of IAS 39, deferred taxes and non-current assets held for sale) is reviewed at the end of each reporting period in order to determine if an indication exists that an asset has impaired. If such indication exists, the recoverable amount is then determined. Regarding intangible assets with indefinite useful lives and goodwill, the recoverable amount is estimated at the end of each reporting period. An impairment loss is recognized if the carrying amount of the asset or the cash-generating unit exceeds its recoverable amount. Impairment losses are presented in the income statement.

When the recoverable amount cannot be individually determined for an asset, including goodwill, it is measured at the level of the cash generating unit to which the asset belongs.

The recoverable amount of receivables and investments of the company held to maturity is the present value of the future cash flows, discounted at the original effective interest rate inherent to those assets.

The recoverable amount of other assets or cash-generating unit is its fair value less selling costs or its use value, whichever is higher. The latter is the present value of expected future cash flows from the asset or the respective cash generating unit. In order to determine the value in use, the future cash flows are discounted using a pre-tax discount rate which reflects both the current market rate and the specific risks of the asset.

A reversal of impairment loss is recognised under income if the recoverable amount exceeds the net book value. However, the reversal may not lead to a higher book value than the value that would have been determined if no impairment loss had been initially recorded on this asset (cash-generating unit). No reversal of impairment loss is recognized on goodwill.

17) BORROWING COSTS

Borrowing costs include interests on bank overdrafts and short- and long-term borrowings, amortisation of share premiums or repayment of borrowings, amortisation of accrued incidental borrowing costs. The costs are capitalised into the cost of qualifying assets. The fair value adjustments of financial derivatives associated to financial debts related to specific projects are capitalised, even if the derivative is not accounted as hedging instrument.

18) TAXES

Income tax for the year includes current and deferred tax. Current and deferred income taxes are recognised in profit and loss only if they relate to items recognised directly under shareholders' equity, in which case they are also recognised under shareholders' equity.

Current tax is the amount of income taxes payable (or recoverable) on the profit (or loss) in a financial year and the adjustments to tax charges of previous years.

Deferred tax is recognised using the liability method of tax allocation, based on timing differences between the book value of assets and liabilities in the consolidated accounts and their tax basis.

Deferred tax liabilities are recognised for all taxable timing differences.

Deferred tax assets are only recognised for deductible timing differences if it is likely that in the future they may be charged against taxable income. This criterion is re-evaluated at each reporting date.

19) DISCONTINUED OPERATIONS

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale. Such component represents a separate major line of business or geographical area of operations that can be clearly distinguished, operationally and for financial reporting purposes. The net result of discontinued operations (including possible results on disposal and taxes) is presented separately from the continued operations in the income statement.

20) MAIN SOURCES OF UNCERTAINTIES RELATED TO THE ESTIMATIONS AND MAIN JUDGEMENTS

The deferred tax assets are only recorded as far that they may be in the future used against taxable income.

The tangible and intangible assets with a fixed useful live are straight line depreciated based on the estimation of the live time of these fixed assets.

The fair value of the investment properties is estimated by independent experts in accordance with the principles as described under note 14 of the financial statements.

As part of the impairment tests, the recoverable value of an asset is estimated based on the present value of the expected cash flows generated by this asset.

For the provisions, the book value fits with the best estimation of the expense necessary to pay off the present obligation (legal or implicit) at closing date.

The projects in inventory and construction contracts are subject to feasibility studies used in determining the net realisable value and any required write down, and if applicable for the release of margin and the computation of the rate of completion. At each closing date, the expenses to be incurred are estimated.

The assessment of the recoverable amount of a project involves assumptions about future events that are inherently subject to change. These assumptions include the expected selling price (depending on the nature of the project, its location, etc…), the estimated total cost per project, the economic market conditions. These assumptions are monitored during the project by the project manager through the update of the feasibility and on a quarterly basis by the management.

The valuation of the revenues from the sale of real estate development is based on important assessments, mainly with regard to the time at which the rights and obligations of the property transfer to the buyer (at a specific time or as the construction progresses based on the percentage of completion), the evaluation the costs to be incurred and, in case the results are recognized at percentage of completion, the determination of the completion rate, taking into account the costs already incurred and the total estimated cost price.

As mentioned in note E.15, income from the sale of a project is recognized in gross (sales price and cost of sales) regardless of the structure of the transaction (asset deal / share deal). Disposals of controlled companies dedicated to a project are therefore considered part of the Group’s normal business and are therefore recognized as revenue and cost of sales. The Group has decided this presentation taking into account the specificities of its sector and activity.

21) TEMPORARY JOINT VENTURES

The accounts of the temporary joint venture are accounted for in the financial statements using the proportionate consolidation method, each heading of the balance sheet and of the income statement is included in proportion to the share held by the partner in the temporary joint venture.

IMMOBEL considers that the activities carried out through temporary companies, which do not have a legal personality, meet the definition proposed by the standard IFRS 11 of joint activity, which is a joint agreement by which parties that exercise joint control have rights over the assets, and obligations.

22) SEGMENT REPORTING

A segment is a distinguishable component of the company, which generates revenues and costs.

The operating results are regularly reviewed by the Management Committee in order to monitor the performance of the various segments in terms of strategic goals, plans and budgets.

The company is composed of 3 segments: “offices”, “residential development” and “land development”.

F. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS EUR)

1) OPERATING SEGMENT - FINANCIAL INFORMATION BY BUSINESS SEGMENT

The segment reporting is presented in respect of the operational segments. The results and asset and liability items of the segment include items that can be attributed to a sector, either directly, or allocated on an allocation formula.

The core business of the Company, real estate development, includes the activities of “offices”, “residential development" and "land development”.

There are no transactions between the different sectors. The Group’s activity is carried out in Belgium, Grand Duchy of Luxembourg and Poland.

The breakdown of sales by country depends on the country where the activity is executed.

In accordance with IFRS, the Company applied since 1st January 2014, IFRS 11, which amends the strong readings of the financial statements of the Company but does not change the net income and shareholders’ equity.

The Board of Directors believes that the financial data in application of the proportional consolidated method (before IFRS 11) give a better view of the activities and financial statements. This internal view before IFRS 11 implies that all the results of the projects are accounted in the income statement for their share, except for those arising from associates (see note 29).

The “Internal” financial statements are those used by the Board and Management to monitor the financial performance of the Group and are presented below.

SUMMARY OF THE CONSOLIDATED FINANCIAL STATEMENTS (INTERNAL VIEW)

INCOME STATEMENT	31/12/2017	31/12/2016
OPERATING INCOME	226 716	346 058
Turnover	222 165	307 391
Other operating income	4 551	38 667
OPERATING EXPENSES	-198 940	-273 371
Cost of sales	-176 778	-253 601
Cost of commercialisation	-2 741	-7 338
Administration costs	-19 421	- 978
JOINT VENTURES AND ASSOCIATES	- 326	-2 007
Gain (loss) on disposal of associates		
Share in the net result of associates	- 326	-2 007
OPERATING RESULT	27 450	70 680
Interest income	1 732	893
Interest expenses	-5 159	-5 043
Other financial income / expenses	-3 895	-1 271
FINANCIAL RESULT	-6 381	-5 421
RESULT FROM CONTINUING OPERATIONS BEFORE TAXES	21 069	65 259
Income taxes	-10 140	-11 620
RESULT FROM CONTINUING OPERATIONS	10 930	53 639
RESULT OF THE YEAR	10 930	53 639
share of non-controlling interests	- 102	1 165
SHARE OF IMMOBEL	11 032	52 474

	TURNOVER 31/12/2017	OPERATING RESULT 31/12/2017	TURNOVER 31/12/2016	OPERATING RESULT 31/12/2016
OFFICES				
Belgium	9 963	4 608	125 642	17 694
Grand-Duchy of Luxembourg	55 050	- 769		- 517
Poland		-1 959		- 593
SUBTOTAL OFFICES	65 012	1 880	125 642	16 584
RESIDENTIAL				
Belgium	110 448	18 161	165 565	22 389
Grand-Duchy of Luxembourg	24 515	3 114		- 503
Poland		- 792		- 220
SUBTOTAL RESIDENTIAL	134 963	20 482	165 565	21 666
LANDBANKING				
Belgium	22 190	5 087	16 184	4 302
SUBTOTAL LANDBANKING	22 190	5 087	16 184	4 302
UNALLOCATED				
Belgium				28 128
SUBTOTAL UNALLOCATED				28 128
Belgium	142 601	27 857	307 391	72 513
Grand-Duchy of Luxembourg	79 565	2 344		-1 020
Poland		-2 751		- 813
TOTAL CONSOLIDATED	222 165	27 450	307 391	70 680

SUMMARY OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (INTERNAL VIEW)

	31/12/2017	31/12/2016
NON-CURRENT ASSETS	25 804	18 477
Intangible and tangible assets	4 399	3 914
Investments in joint ventures and associates	9 627	- 36
Deferred tax assets	4 487	7 421
Other non-current assets	7 291	7 178
CURRENT ASSETS	845 170	767 915
Inventories	606 585	584 001
Trade receivables	11 773	15 017
Tax receivables and other current assets	67 477	40 042
Cash and cash equivalents	159 334	128 855
TOTAL ASSETS	870 974	786 392
TOTAL EQUITY	303 578	314 949
NON-CURRENT LIABILITIES	383 990	324 121
Financial debts	368 671	319 014
Deferred tax liabilities	6 507	2 803
Other non-current liabilities	8 812	2 304
CURRENT LIABILITIES	183 406	147 322
Financial debts	68 888	68 356
Trade payables	46 068	41 710
Tax payables and other current liabilities	68 450	37 256
TOTAL EQUITY AND LIABILITIES	870 974	786 392

FINANCIAL POSITION ITEMS	OFFICES	RESIDENTIAL	LANDBANKING	CONSOLIDATED
Segment assets	189 929	409 994	95 037	694 960
Unallocated items[1]				176 014
TOTAL ASSETS				870 974
Segment liabilities	30 476	84 046	5 281	119 803
Unallocated items[1]				447 593
TOTAL LIABILITIES				567 396

	BELGIUM	GRAND-DUCHY OF LUXEMBOURG	POLAND	CONSOLIDATED
Segment assets	451 856	132 056	111 048	694 960
Non-current segment assets	9 844	131	83	10 058

1. Unallocated items: Assets: Deferred tax assets - Other non-current financial assets - Other non-current assets - Tax receivables - Other current financial assets - Cash and equivalents - Liabilities: Deferred tax liabilities - Financial debts - Tax liabilities – Derivative financial instruments. Intangible assets, property plan and equipment are allocated to segments based on an allocation formula.

INVENTORIES

Allocation of inventories by segment is as follows:	31/12/2017	31/12/2016
Offices	164 412	192 120
Residential	352 575	294 989
Landbanking	89 598	96 892
TOTAL INVENTORIES	606 585	584 001
Allocation of inventories by geographical area is as follows:		
Belgium	390 895	402 365
Grand-Duchy of Luxembourg	114 944	112 036
Poland	100 746	69 600
TOTAL INVENTORIES	606 585	584 001

RECONCILIATION TABLE

	31/12/2017		
	Operating Segment	Adjustments	Published Information
Turnover	222 165	-77 165	145 000
Operating result	27 450	-2 154	25 296
Total balance sheet	870 974	-70 732	800 242

For segment information, joint ventures are consolidated using the proportional method. The adjustment results from the application of IFRS 11, resulting in the consolidation of joint ventures using the equity method.

2) TURNOVER

Turnover is allocated as follows per segment:

	31/12/2017	31/12/2016
Offices	5 098	103 200
Residential	117 713	142 790
Landbanking	22 189	16 184
TOTAL TURNOVER	145 000	262 174

Turnover is allocated as follows per country:

	31/12/2017	31/12/2016
Belgium	121 879	262 174
Grand-Duchy of Luxembourg	23 121	
Poland		
TOTAL TURNOVER	145 000	262 174

The diversification of the Group's "customers' portfolio guarantees its independence in the market.

Turnover of the office segment is mainly influenced by the sale of "Beyaert" (Chambon).

IMMOBEL sold alone or in partnership 367 houses and apartments in the following projects Universalis Park, Greenhill Park, Parc Seny, Ernest (Solvay) and Chambon in Brussels, Georges Grard in Oostduinkerke, Lakefront in Knokke-Heist, O'Sea in Ostend, Riverview in Nieuwpoort, Flint and Vesalius in Leuven, 't Zout in Coxyde.

IMMOBEL sold, with a permit, the Chien Vert project (Woluwe-Saint-Pierre) to a development company in June 2017.

2017 can be considered an excellent year for landbanking with 222 building plots sold, including in the landbankings at Grivegnée ("Le Verger de Fayenbois" inaugurated on April 24, 2017), Middelkerke, Waremme, Petit-Rechain, Soignies, Lontzen, De Pinte, Bredene, Geel, Eghezée. In addition, IMMOBEL sold alone or in partnership more than 71 houses and apartments in the following projects: Clos Bourgeois in Brussels, Brasseries in Eupen, Grands Prés and Trois Ruisseaux in Chastre, George Grard in Oostduinkerke and Domaine des Vallées in Grez-Doiceau.

A part of the turnover is carried out under contracts which provide the continuous transfer of ownership. In 2016 and 2017 it's the total of residential turnover.

3) OTHER OPERATING INCOME

Break down as follows:

	31/12/2017	31/12/2016
Rental income on properties available for sale or awaiting for development		2 832
Gain on disposal of "non-core (carve-out)" activities		13 326
Badwill resulting from the merger IMMOBEL / ALLFIN GROUP		14 940
Revaluation of IMMOBEL shares held prior to the reverse acquisition		2 832
Other income (recoveries of taxes and withholdings, miscellaneous reinvoicing...)	3 999	2 530
TOTAL OTHER OPERATING INCOME	3 999	36 460

From 1st July 2016, rental income from projects waiting for development are capitalized as a reduction of the purchase price of the inventories heading. For the year 2016, these are the projects Lebeau in Brussels, acquired in 2014 and Etoile in Luxembourg, acquired in 2016. The amounts capitalized for the second half of 2016 amounted to EUR 2 874 thousand. This change of rule was desirable in order to adapt to market changes and the greater share of buildings to be renovated.

The other income is mainly composed of various recoveries. Please note that in 2016 the impact of the merger with ALLFIN Group were accounted as an other operating income for an amount of 31.098 KEUR.

4) COST OF SALES

Cost of sales is allocated as follows per segment:

	31/12/2017	31/12/2016
Offices	-2 697	-91 649
Land Development	-91 357	-120 032
Lotissement	-12 657	-8 451
TOTAL COST OF SALES	-106 711	-220 132

Cost of sales is allocated as follows per country:

	31/12/2017	31/12/2016
Belgium	-87 151	-220 132
Grand-Duchy of Luxembourg	-19 560	
Poland		
TOTAL COST OF SALES	-106 711	-220 132

And are related to the turnover and the projects mentioned in note 2.

5) COST OF COMMERCIALISATION

The cost of commercialisation consists of fees paid to third parties relating to the turnover and costs which are not capitalised in stock.

6) ADMINISTRATION COSTS

Break down as follows:

	31/12/2017	31/12/2016
Personnel expenses	-8 584	-7 338
Amortisation, depreciation and impairment of assets	- 470	- 965
Other operating expenses	-9 140	-10 267
Change in fair value recognized in the statement of comprehensive income		45
TOTAL ADMINISTRATIION COSTS	-18 194	-18 525

PERSONNEL EXPENSES

	31/12/2017	31/12/2016
Salaries and fees of personnel and members of the Executive Committee	-12 773	-9 127
Project monitoring costs capitalized under "Inventories"	5 399	2 633
Salaries of the non-executive Directors	- 300	- 122
Social security charges	- 670	- 534
Pension costs	- 12	- 79
Other	- 228	- 109
TOTAL PERSONNEL EXPENSES	-8 584	-7 338

AMORTISATION, DEPRECIATION AND IMPAIRMENT OF ASSETS

Break down as follows:

	31/12/2017	31/12/2016
Amortisation of intangible and tangible assets	- 496	- 234
Write down on inventories		- 5
Write down on trade receivables	26	- 726
TOTAL AMORTISATION, DEPRECIATION AND IMPAIRMENT OF ASSETS	- 470	- 965

OTHER OPERATING EXPENSES

Break down as follows:

	31/12/2017	31/12/2016
Services and other goods	-7 963	-9 172
Other operating expenses	-1 645	-2 268
Provisions	468	1 173
TOTAL OTHER OPERATING EXPENSES	-9 140	-10 267

Main components of services and other goods:

	31/12/2017	31/12/2016
Rent and service charges, including mainly rent and service charges for the registered office	-1 124	- 688
Third party payment, including in particular the fees paid to third parties and related to the turnover	-5 464	-3 647
Costs related to the study of the proposed merger IMMOBEL / ALLFIN GROUP		-3 170
Other services and other goods, including company supplies, advertising, maintenance and repari expense of properties available for sale or awaiting for development	-1 375	-1 667
TOTAL SERVICES AND OTHER GOODS	-7 963	-9 172

Operating lease obligations:

	31/12/2017	31/12/2016
Total amount of payments recognised under expenses for the year	- 846	- 628
Total minimum payments to be made:		
- within one year	- 827	- 794
- after one year but within 5 years	-2 043	-1 113
- more than 5 years	- 1	- 131

These amounts correspond mainly to the rent for the registered seat and cars.

Amount of fees allocated during the year to SC s.f.d. SCRL Deloitte Reviseurs d'Entreprises and its network:

	31/12/2017	31/12/2016
Audit fees at consolidation level	-258	-306
Fees for extraordinary services and special missions accomplished within the Group /	-104	-429
- Missions of legal advice		-243
- Tax advice and other missions	-7	-45
- Other missions outside the audit mission	-97	-141

The missions outside the audit mission were approved by the Audit & Finance Committee.

The other expenses of EUR -1 645 thousand mainly concern taxes (property withholding taxes, regional and municipal taxes) not capitalised on assets included in inventory.

Main components of variations in provisions:

	31/12/2017	31/12/2016
Provisions related to the sales		1 167
Other provisions	468	6
TOTAL VARIATIONS IN PROVISIONS	468	1 173
Increase		- 603
Use	468	1 776

7) JOINT VENTURES AND ASSOCIATES

Gains on sales of joint ventures and associates relate to the sale of the 33,33 % interest held in the company PEF KONS INVESTMENTS, owner of the "KONS" building in Grand-Duchy of Luxembourg. IMMOBEL holding 50 % of VILPRO shares and the other shareholders (50 %) finalised the sale of 100 % of the VILPRO shares in October 2017.

These gains can be summarized as follows:

	31/12/2017	31/12/2016
Sale price of joint ventures	15 361	14 025
Book value of sold investments	10 993	-5 776
GAIN (LOSS) ON DISPOSAL OF JOINT VENTURES AND ASSOCIATES	4 368	8 249

Further information related to joint ventures and associates are described in note 14.

8) FINANCIAL RESULT

The financial result breaks down as follows:

	31/12/2017	31/12/2016
Cost of gross financial debt at amortised cost	-15 806	-11 643
Activated interests on projects in development	9 648	3 259
the reversal of the fair value adjustment recorded in the merger ALLFIN GROUP / IMMOBEL relating to the "Bond 2013-2018" issue due December 2018	1 980	3 591
TOTAL INTEREST EXPENSES	-4 178	-4 793
Interest income	2 199	1 951
Other financial charges & income	-2 789	-1 032
FINANCIAL RESULT	-4 768	-3 874
Cost of gross financial debt at amortised costs	-15 806	-11 643
Amortization of loan expenses	410	339
Change in interest paid / unpaid	1 376	1 611
PAID INTERESTS (STATEMENT OF CASH FLOW)	-14 020	-9 693

The deterioration of the financial result is mainly caused by an impairment of an advance to an associate.

9) INCOME TAXES

Income taxes are as follows:

	31/12/2017	31/12/2016
Current income taxes for the current year	-3 481	-13 003
Current income taxes for the previous financial years	535	-1 600
Deferred taxes on temporary differences	-5 950	4 420
Write down of a deferred tax asset	- 700	
TOTAL OF TAX EXPENSES RECOGNIZED IN THE STATEMENT OF COMPREHENSIVE INCOME	-9 596	-10 183
Current taxes	-2 946	-14 603
Change in tax receivables / tax payables	-5 051	5 280
PAID INCOME TAXES (STATEMENT OF CASH FLOW)	-7 997	-9 323

The reconciliation of the actual tax charge with the theoretical tax charge is summarised as follows:

	31/12/2017	31/12/2016
Result from continuing operations before taxes	20 529	63 822
Result from joint ventures and associates	989	530
RESULT BEFORE TAXES AND SHARE IN THE RESULT OF JOINT VENTURES AND ASSOCIATES	21 518	64 352
THEORETICAL INCOME TAXE CHARGE AT 33.99%	-7 314	-21 873
Tax impact:		
- non-taxable income	1 542	14 454
- non-deductible expenses	- 646	- 662
- use of taxes losses and notional interests deduction carried forward on which no DTA was recognised in previous years	142	1 503
- losses on which no DTA is recognised	-3 855	-2 005
- differences in taxation		
Income taxes for the previous financial years	535	-1 600
TAX CHARGE	-9 596	-10 183
EFFECTIVE TAX RATE OF THE YEAR	44,59%	15,82%

The decline of the non-taxable income is caused by the non-recurring elements of 2016, caused by the merger.

10) EARNINGS PER SHARE

Due to the absence of potential dilutive ordinary shares in circulation, the basic result per share is the same as the diluted result per share.

Basic earnings and diluted earnings per share are determined using the following information:

The calculation of the basic earnings per share is based on the following data:

	31/12/2017
Result of the year (share of the Group)	
Net result of the year	4 368
Comprehensive income of the year	10 933
Weighted average shares outstanding	
Ordinay shares as at 1 January	9.997.356
Treasury shares as at 1 January	-1.230.398
Treasury shares granted to a member of the executif comité	4.795
Ordinary shares as at 31 December	8.771.753
Weighted average ordinary shares outstanding	8.767.169
Net result per share	0,498
Comprehensive income per share	1,247

The calculation of the diluted earnings per share is based on the following data:

	31/12/2017
Dilutive elements	
Net result of the year	4 368
Comprehensive income of the year	10 933
Weighted average ordinary shares outstanding	8.767.169
Weighted average shares for diluted earnings per share	8.767.169
Diluted net result per share	0,498
Diluted comprehensive income per share	1,247
Anti-dilutive elements	
Impact on the net result of the year	
Impact of the performance share plan	26
Impact on the weighted average ordinary shares outstanding	
Performance shares	4 377

The performance shares are anti-dilutive at 31 December 2017.

11) INTANGIBLE ASSETS

Intangible assets evolve as follows:

	31/12/2017	31/12/2016
ACQUISITION COST AT THE END OF THE PREVIOUS PERIOD	474	64
Acquisitions	349	10
Merger IMMOBEL / ALLFIN GROUP		400
ACQUISITION COST AT THE END OF THE YEAR	823	474
AMORTISATION AND IMPAIRMENT AT THE END OF THE PREVIOUS PERIOD	- 333	- 40
Amortisation	- 86	- 35
Merger IMMOBEL / ALLFIN GROUP		- 258
AMORTISATION AND IMPAIRMENT AT THE END OF THE YEAR	- 419	- 333
NET CARRYING AMOUNT AS AT 31 DECEMBER	405	142

12) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment evolve as follows:

	31/12/2017	31/12/2016
ACQUISITION COST AT THE END OF THE PREVIOUS PERIOD	3 655	1 199
Acquisitions	546	298
Merger IMMOBEL / ALLFIN GROUP		2 386
Disposals		- 228
ACQUISITION COST AT THE END OF THE YEAR	4 201	3 655
DEPRECIATIONS AND IMPAIRMENT AT THE END OF THE PREVIOUS PERIOD	-2 757	- 903
Merger IMMOBEL / ALLFIN GROUP		-1 688
Depreciations	- 410	- 166
DEPRECIATIONS AND IMPAIRMENT AT THE END OF THE YEAR	-3 167	-2 757
NET CARRYING AMOUNT AS AT 31 DECEMBER	1 034	898

Property, plant and equipment consist primarily of installation costs of the headquarters, amortized over the lease term, or 9 years.

13) INVESTMENT PROPERTY

Investment property is measured by independent experts in accordance with the fair value model of the IAS 40 standard.

Investment property evolve as follows:

	31/12/2017	31/12/2016
FAIR VALUE ON 1 JANUARY	2 874	2 715
Merger IMMOBEL / ALLFIN GROUP		2 829
Disposals		-2 715
Change in the fair value recognized in the statement of comprehensive income	86	45
FAIR VALUE ON 31 DECEMBER	2 960	2 874

This account contains a land under leasehold of an office building with a long lease expiring October 31, 2025. The fair value of this asset is estimated considering the transfer charges to be on charge of the purchaser.

Key assumptions used to determine fair value:

	31/12/2017
Rental price per m² of residential (EUR)	115
Discount rate	6.75 %

14) INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The contributions of joint ventures and associates in the statement of financial position and the statement of comprehensive income is a:

	31/12/2017	31/12/2016
Investments in associates	9 627	- 36
Investments in joint ventures	16 759	35 424
TOTAL INVESTMENTS INCLUDED IN THE STATEMENT OF FINANCIAL POSITION	26 386	35 388

	31/12/2017	31/12/2016
Share in the net result of joint ventures	- 663	1 476
Share in the net result of associates	- 326	-2 007
SHARE OF JOINT VENTURES AND ASSOCIATES IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	- 989	- 530

	31/12/2017	31/12/2016
Gain on sales of joint ventures and associates	4 368	8 249
Book value of sold investments	10 993	5 776
CASH FLOW FROM DISPOSAL OF JOINT VENTURES AND ASSOCIATES	15 361	14 025

The book value of investments in joint ventures and associates evolve as follows:

	31/12/2017	31/12/2016
VALUE AS AT 1 JANUARY	35 388	59 345
Share in result	- 989	- 530
Assets from the reverse acquisition		20 881
Revaluation of IMMOBEL shares held prior to the reverse acquisition		2 832
Presentation in deduction from the shareholders' equity of the IMMOBEL shares became treasury shares following the reverse acquisition		-55 368
Fair value adjustments resulting from the business combination		9 855
Acquisitions	10 000	
capital injections to joint ventures and associates	2 893	4 907
Disposals of joint ventures and associates	-10 993	-5 776
Reimbursements of capital and advances by joint ventures and associates	-9 902	- 766
Currency translation	- 10	8
CHANGES FOR THE YEAR	-9 001	-23 957
VALUE AS AT 31 DECEMBER	26 387	35 388

On 1st December 2017 IMMOBEL announced its intention to acquire the French real estate group NAFILYAN & PARTNERS in three stages and thus confirms its strategy of international diversification. The acquisition is planned in three stages: the first stage took place in December 2017, via a capital increase of NAFILYAN & PARTNERS at the end of which IMMOBEL holds 15 % of the company. Subsequently, cross-options will allow IMMOBEL to proceed with the acquisition of an additional 36 % of the French group in 2019 and then, in 2020 the balance of the shares (49 %) and other securities of the capital of NAFILYAN & PARTNERS. The valuation of the shares is based on the multiple method on EBIDTA performed at year-end; in any case it will not exceed EUR 130 million.

Through this transaction, IMMOBEL acquires an associate, i.e. an entity over which it has significant influence (but not control or joint control) considering the contracts in place whereby until the last potential transaction IMMOBEL is not able to govern the NAFILYAN & PARTNERS business and thus has no control. According to IAS 28, on acquisition of the investment in an associate, any difference (whether positive or negative) between the cost of acquisition and the investor's share of the fair values of the net identifiable assets of the associate is accounted for like goodwill in accordance with IFRS 3 Business Combinations. Net assets of NAFILYAN & PARTNERS have been re-measured at Fair Value and the resulting difference with the purchase price has been accounted for as an implicit goodwill.

ACQUISITION OF 15% OF NAFILYAN & PARTNERS		
Non-current assets		1 805
Current assets		81 641
TOTAL ASSETS		83 446
Equity		1 022
Non-controlling interests		831
Non-current liabilities		28 903
Current liabilities		52 690
TOTAL EQUITY AND LIABILITIES		83 446
NET ASSETS AT 31 DECEMBER 2016		1 022
Estimated result of 2017	Nihil	
Capital increase		8 442
NET ASSETS AT DATE OF ACQUISITION		9 464
Fair value adjustments		
Options on land and projects		6 100
Financial debts at fixed rate		- 665
Deferred taxes on fair value adjustments		-1 522
Deferred taxes on fiscal losses		2 918
Total fair value adjustments		6 831
NET ASSETS AFTER FAIR VALUE ADJUSTMENTS (100%)		25 759
SHARE IMMOBEL (15%)		3 864
Goodwill		6 099
Cap		38
ACQUISITION PRICE (cap included)		10 000

The purchase price will not exceed EUR 130 million. This cap has been valued by IMMOBEL and estimated at 37,5 KEUR, taking into account the probabilities that the market value will exceed 130 MEUR. The purchase price allocation is preliminary and will be finalized within 12 months from the date of acquisition.

The table below shows the contribution of joint ventures and associates in the statement of financial position and the statement of comprehensive income.

	% INTEREST		BOOK VALUE OF THE INVESTMENTS		SHARE IN THE COMPREHENSIVE INCOME	
NAME	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Argent Office	-	50,0%	-	-	-	91
Bella Vita	50,0%	50,0%	2 670	5 924	- 250	284
CBD International	50,0%	50,0%		- 988	- 476	- 194
Château de Beggen	50,0%	50,0%	546	312	234	83
Fanster Enterprise	50,0%	50,0%	0	1 285	25	33
Fonc. du Parc	50,0%	50,0%	119	172	0	- 1
Gateway	50,0%	50,0%	328	572	- 17	- 31
Ilot Ecluse	50,0%	50,0%	177	188	- 11	- 1
Immo Keyenveld 1	50,0%	50,0%		- 5	- 15	- 13
Immo Keyenveld 2	50,0%	50,0%		- 17	- 10	- 10
Immo PA 33 1	50,0%	50,0%	1 849	5 457	- 709	1 912
Immo PA 44 1	50,0%	50,0%	909	1 445	214	- 118
Immo PA 44 2	50,0%	50,0%	2 897	4 314	736	- 334
Kons Investment	33,3%	33,3%	0	21 614	- 116	- 304
Les Deux Princes Develop.	50,0%	50,0%	1 847	33	- 83	- 2
M1	33,3%	33,3%	6 290	4 808	- 448	- 71
M7	33,3%	33,3%	951	682	104	- 18
ODD Construct	50,0%		30		- 1	
RAC2		40,0%				164
RAC3	40,0%	40,0%	2 982	3 597	55	287
RAC4	40,0%	40,0%	3 614	7 226	- 448	- 197
RAC4 Developt	40,0%		396		- 4	
RAC5	40,0%	40,0%	4 848	4 922	- 74	15
Société Espace Léopold	-	50,0%	-	-	-	- 21
SPV WW 13	50,0%					
Unipark	50,0%		2 530		68	
Universalis Park 2	50,0%	50,0%	4 003	3 888	- 42	- 27
Universalis Park 3	50,0%	50,0%	5 085	4 931	- 55	- 35
Universalis Park 3AB	50,0%	50,0%	269	- 239	434	- 7
Universalis Park 3C	50,0%	50,0%	278	18	231	- 4
Vilpro	50,0%	50,0%		111	- 7	- 5
TOTAL JOINT VENTURES			42 616	70 251	- 664	1 476
DHR Clos du Château	33,3%	33,3%	33	36	- 3	- 84
Graspa Dev.	25,0%	25,0%		- 72	- 323	- 153
Immobel		29,9%				-1 769
Nafilyan	15,0%		10 000			
TOTAL ASSOCIATES			10 033	- 36	- 326	-2 006
TOTAL JOINT VENTURES AND ASSOCIATES			52 650	70 215	- 989	- 530

The table below presents condensed financial information of joint ventures and associates of the Group. The amounts reported are the amounts determined in accordance with IFRS, before elimination of intercompany.

AS AT 31 DECEMBER 2017	FIGURES 100% TURNOVER	COMPRE-HENSIVE INCOME	TOTAL ASSETS	TOTAL LIABILITIES	TOTAL EQUITY	TOTAL EQUITY ALLOCATED TO THE GROUP	SHARE-HOLDER LOANS BY THE GROUP
Bella Vita	6 554	- 500	6 481	1 142	5 339	2 670	
CBD International		- 952	22 057	25 408	-3 352	-1 465	8 975
Château de Beggen		469	2 346	1 255	1 092	546	
Fanster Enterprise		50	0		0	0	
Fonc. du Parc	23	- 1	240	3	237	119	
Gateway		- 33	659	2	657	328	
Ilot Ecluse		- 22	361	8	354	177	
Immo Keyenveld 1		- 31	522	564	- 41	- 21	280
Immo Keyenveld 2		- 20	523	576	- 53	- 26	286
Immo PA 33 1	4 652	-1 417	7 280	3 582	3 697	1 849	530
Immo PA 44 1	2 950	429	3 928	3 085	842	421	488
Immo PA 44 2	8 850	1 472	12 301	9 199	3 102	1 551	1 345
Kons Investment		-68 470				0	
Les Deux Princes Develop.	3 024	- 167	11 394	11 495	- 101	- 51	1 898
M1		-1 343	52 351	54 901	-2 550	- 850	7 141
M7	4 039	312	9 020	8 609	411	137	814
ODD Construct		- 2	62	2	60	30	
RAC3	396	137	9 223	1 766	7 456	2 983	723
RAC4		-1 120	27 921	18 887	9 034	3 614	7 596
RAC4 Develop.		- 11	1 096	107	989	396	
RAC5		- 185	12 471	350	12 121	4 848	
SPV WW 13		- 3	2	3	- 1		
Unipark	4 683	137	16 034	10 973	5 061	2 530	
Universalis Park 2		- 84	20 582	23 229	-2 648	-1 324	5 326
Universalis Park 3		- 110	29 165	32 898	-3 733	-1 867	6 952
Universalis Park 3AB	3 248	869	6 556	6 469	87	43	226
Universalis Park 3C	1 724	462	1 185	942	243	121	156
Vilpro		- 15					
TOTAL JOINT VENTURES	40 143	-70 148	253 761	215 457	38 303	16 759	42 735
Dhr Clos du Châteaı	32	- 8	1 576	1 476	100	33	138
Graspa Dev.		-1 292	24 551	26 173	-1 622	- 406	406
Nafilyan*	94 657	3 185	83 446	81 593	1 853	10 000	
TOTAL ASSOCIATES	94 689	1 885	109 573	109 242	331	9 628	544
TOTAL JOINT VENTURES AND ASSOCIATES	134 832	-68 263	363 334	324 699	38 635	26 387	43 279

Main components of assets and liabilities :		
Inventories	225 757	
Cash and cash equivalents	24 804	
Receivables and other assets	13 151	
Non-current financial debts		88 315
Current financial debts		12 227
Shareholder's loans		111 692
Other liabilities		30 872
TOTAL	263 712	243 106

	INVENTORIES	FINANCIAL DEBTS
CBD International	21 780	-
M1 M7	57 281	33 678
RAC(s)	27 004	
Universalis Park	66 428	44 758
Solvay	27 562	10 096
Graspa	24 120	11 632
Other	1 583	377
Total	225 758	100 541

AS AT 31 DECEMBER 2016	FIGURES 100%					TOTAL EQUITY ALLOCATED TO THE GROUP	SHARE-HOLDER LOANS BY THE GROUP
	TURNOVER	COMPRE-HENSIVE INCOME	TOTAL ASSETS	TOTAL LIABILITIES	TOTAL EQUITY		
Argent Office	-	181	-	-	-	-	-
Bella Vita	9 941	567	16 306	4 459	11 847	5 924	-
CBD International	-	- 388	21 692	23 667	-1 975	- 988	8 155
Château de Begger	-	167	2 144	1 521	623	312	-
Fanster Enterprise	-	66	2 609	39	2 571	1 285	-
Foncière du Parc	-	- 2	346	3	344	172	-
Gateway	-	- 62	1 205	61	1 144	572	-
Ilot Ecluse	-	- 2	385	9	376	188	-
Immo Keyenveld 1	-	- 26	581	592	- 11	- 5	122
Immo Keyenveld 2	-	- 20	553	586	- 33	- 17	122
Immo PA 33 1	31 710	3 823	17 483	6 568	10 914	5 457	-
Immo PA 44 1	-	- 236	5 814	5 400	414	207	1 238
Immo PA 44 2	-	- 668	17 472	15 841	1 630	815	3 499
Pef Kons Invest.	-	- 912	156 029	125 287	30 742	10 246	11 368
Les Deux Princes Develop.	-	- 3	5 105	5 039	66	33	1 884
M1	-	- 212	47 076	48 284	-1 208	- 402	5 210
M7	-	- 55	4 248	4 149	99	33	649
RAC 2	2 200	- 110	-	-	-	-	-
RAC 3	4 874	719	9 092	1 773	7 319	2 928	670
RAC 4	-	- 493	26 930	8 866	18 064	7 226	3 429
RAC 5	12 267	4 395	12 305	0	12 305	4 922	-
Société Espace Léopold	-	- 41	-	-	-	-	-
Universalis Park 2	-	- 54	20 332	22 895	-2 563	-1 282	5 170
Universalis Park 3	-	- 70	28 790	32 413	-3 624	-1 812	6 743
Universalis Park 3A	-	- 15	6 227	7 008	- 782	- 391	152
Universalis Park 3C	-	- 9	1 712	1 931	- 219	- 110	128
Vilpro	-	- 10	1 084	863	221	111	434
TOTAL JOINT VENTURES	60 992	6 531	405 521	317 257	88 265	35 424	48 973
DHR Clos du Châte	-	- 253	1 594	1 485	109	36	300
Graspa Develop.	-	- 612	23 377	23 667	- 290	- 72	3 195
TOTAL ASSOCIATES	-	- 865	24 971	25 152	- 181	- 36	3 495
TOTAL JOINT VENTURES AND ASSOCIATES	60 992	5 666	430 492	342 409	88 084	35 387	52 468

Main components of assets and liabilities :				INVENTORIES	FINANCIAL DEBTS
Inventories	379 219		CBD International	21 060	-
Cash and cash equivalents	18 180		Pef Kons Investment	154 451	83 240
Receivables and other assets	33 093		M1 M7	49 932	34 048
Non-current financial debts		85 956	RAC(s)	26 330	
Current financial debts		94 719	Universalis Park	57 025	40 000
Shareholder's loans		137 131	Immo Keyenveld / PA	39 013	12 139
Other liabilities		24 603	Autres	31 408	11 248
TOTAL	430 492	342 409	Total	379 219	180 675

In case of financial debts towards credit institutions, the shareholder's loans reimbursements (reimbursement of cash to the mother company) are subordinated to the reimbursements towards credit institutions.

Book value of assets pledged for debt securities	176 866	314 308
Amount of debts guaranteed by above securities	100 541	180 675

For the main debts towards credit institutions mentioned above, the company IMMOBEL SA has engaged itself to provide the necessary financial means in order to bring the different projects to a good end ("cash deficiency" and "cost overrun" engagements). There are no significant restrictions which limit the Group's ability to access the assets of joint ventures and associates, nor specific risks or commitments other than those relating to bank loans.

15) DEFERRED TAX

Deferred tax assets or liabilities are recorded in the balance sheet on deductible or taxable temporary differences, tax losses and tax credits carried forward. Changes in the deferred taxes in the balance sheet having occurred over the financial year are recorded in the statement of income unless they refer to items directly recognised under other comprehensive income.

Deferred taxes on the balance sheet refer to the following temporary differences:

	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Tax losses		700	-	-
Inventories	3 487	4 988	6 361	2 544
Financial debts	112	785		
Derivative financial instruments	568	568	32	32
Other assets and liabilities	-	-	114	227
TOTAL	4 168	7 041	6 507	2 803
VALUE AS AT 1 JANUARY	7 041		2 803	
Assets / Liabilities from the reverse acquisition				
Disposals	-			
Deferred tax recognised in the consolidated statement of comprehensive income	-2 875		3 704	
VALUE AS AT 31 DECEMBER	4 166		6 507	

TEMPORARY DIFFERENCES OR TAX LOSSES FOR WHICH NO DEFERRED TAX ASSETS ARE RECOGNISED IN THE BALANCE SHEET, FROM WHICH:	52 384
Expiring at the end of 2018	1 132
Expiring at the end of 2019	9 149
Expiring at the end of 2020	794
Expiring at the end of 2021	687
Expiring at the end of 2022	
Not time-limited	40 623

16) INVENTORIES

Inventories consist of buildings and land acquired for development and resale. Allocation of inventories by segment is as follows:

	31/12/2017	31/12/2016
Offices	153 239	120 842
Residential	275 676	225 381
Landbanking	89 599	96 892
TOTAL INVENTORIES	518 514	443 115

Allocation of the inventories by country is as follows:

	31/12/2017	31/12/2016
Belgium	333 020	340 144
Grand-Duchy of Luxembourg	95 850	43 901
Poland	89 644	59 070
TOTAL INVENTORIES	518 514	443 115

The inventories break down as follows:

	31/12/2017	31/12/2016
INVENTORIES AS AT 1 JANUARY	443 115	175 414
Assets from the reverse acquisition		294 789
Fair value adjustments resulting from the business combination		3 633
Changes in scope of consolidation		-17 201
Capitalization of rents received and to be received		-18 424
Purchases of the year	56 926	108 039
Developments	115 538	114 183
Disposals of the year	-106 713	-219 902
Borrowing costs	9 648	2 589
Write off		- 5
CHANGES FOR THE YEAR	75 399	267 701
INVENTORIES AS AT 31 DECEMBER	518 514	443 115

Break down of the movements of the year per segment:	Purchases	Development	Disposals	Borrowing costs	Net
Offices	246	38 071	-7 395	1 644	32 566
Residential	56 680	70 014	-86 412	7 833	48 115
Landbanking		7 452	-12 906	171	-5 283
Total	56 926	115 538	-106 713	9 648	75 399

Break down of the movements of the year per geographical area :	Purchases	Development	Disposals	Borrowing costs	Net
Belgium	10 728	63 362	-87 053	6 018	-6 945
Grand-Duchy of Luxembourg	46 198	22 465	-19 660	2 767	51 770
Poland		29 711		863	30 574
Total	56 926	115 538	-106 713	9 648	75 399

The value of the stock to be recovered in :	
12 months	98 823
> 12 months	419 690

Breakdown of the stock by type:	
Without permit	208 103
Permit obtained, but not yet in development	24 779
In development	285 631

17) TRADE RECEIVABLES

Trade receivables refer to the following segments:

	31/12/2017	31/12/2016
Offices	839	1 163
Residential	10 078	5 642
Landbanking	777	5 307
TOTAL TRADE RECEIVABLES	11 694	12 112

The analysis of the delay of payment arises as follows:		
Due < 3 months	6 650	6 088
Due > 3 months < 6 months	231	401
Due > 6 months < 12 months	406	386
Due > 1 year	1 962	2 672

CREDIT RISK

The credit risk is related to the possible failure of the customers in respecting their commitments towards the Group.

Due to the nature of the customers, being mainly known investors, public clients or equivalent, the Group does not use instruments to cover the customer credit risk. The customers are closely followed up and adequate impairments are recorded as to cover the amounts that are considered being not recoverable.

At 31 December 2017 there was no concentration of credit risk with a sole third party. The maximum risk amounts to the book value of the receivables.

The recorded impairments of trade receivables are as follows:

	31/12/2017	31/12/2016
BALANCE AT 1 JANUARY	301	22
Additions	-26	65
Merger IMMOBEL / ALLFIN GROUP		214
MOVEMENTS OF THE YEAR	-26	301
BALANCE AT 31 DECEMBER	275	323

18) OTHER CURRENT ASSETS

The components of this line item are:

	31/12/2017	31/12/2016
Other receivable	28 217	29 053
of which : advances and guarantees paid acomptes et garanties versées	6 974	3 600
taxes (other than income taxes) and VAT receivable	7 445	5 307
advances and guarantees paid	1 094	-
receivable on sale (escrow account)	358	1 066
grants and allowances receivable	11 033	16 311
other	1 313	2 769
Deferred charges and accrued income	7 846	3 418
of which: on projects in development	7 474	3 082
other	372	336
TOTAL OTHER CURRENT ASSETS	36 063	32 471

and are related to the following segments:	31/12/2017	31/12/2016
Offices	14 587	3 052
Residential	20 391	26 712
Landbanking	1 085	2 707
TOTAL OTHER CURRENT ASSETS	36 063	32 471

19) INFORMATION RELATED TO THE NET FINANCIAL DEBT

The Group’s net financial debt is the balance between the cash and cash equivalents and the financial debts (current and non-current). It amounts to EUR - 235 504 thousand as at 31 December 2017 compared to EUR - 201 472 thousand as at 31 December 2015.

	31/12/2017	31/12/2016
Cash and cash equivalents	147 926	120 638
Financial debts	330 090	281 578
Financial debts	68 816	40 532
NET FINANCIAL DEBT	-250 980	-201 472

The Group’s gearing ratio (net financial debt / equity) is 81 % at 31 December 2017.

CASH AND CASH EQUIVALENTS

Cash deposits and cash at bank and in hand amount to EUR 147 926 thousand compared to EUR 120 638 thousand at the end of 2065, representing an increase of EUR 27 288 thousand. The available cash are as follows:

	31/12/2017	31/12/2016
Term deposits with an initial duration of maximum 3 months	60 000	-
Cash at bank and in hand	87 926	120 638
AVAILABLE CASH AND CASH EQUIVALENTS	147 926	120 638

The explanation of the change in available cash is given in the consolidated cash flow statement. Cash and cash equivalents are fully available, either for distribution to the shareholders or to finance projects owned by different companies. An amount of EUR 12.705 thousand relates to cash at bank pledged as a security for debt obligations. The relating bank accounts can only be used for expenditures directly linked to the related construction project.

FINANCIAL DEBTS

Financial debts increase with EUR 71 320 thousand, from EUR 322 110 thousand at 31 December 2016 to EUR 393 430 thousand at 31 December 2017. The components of the financial debts are as follows:

	31/12/2017	31/12/2016
Non subordinated debentures:		
- Bond issue maturity 28-03-2018 at 5,50% - nominal amount 60 MEUR		59 666
- Bond issue maturity 28-03-2018 at 5,50% - fair value adjustment		2 310
- Bond issue maturity 27-06-2019 at 6,75% - nominal amount 36.65 MEUR	35 518	35 425
- Bond issue maturity 31-05-2022 at 3,00% - nominal amount 100 MEUR	99 647	
Credit institutions	194 925	184 177
NON CURRENT FINANCIAL DEBTS	330 090	281 578
Non subordinated debentures:		
- Bond issue maturity 28-03-2018 at 5,50% - nominal amount 60 MEUR	59 936	
- Bond issue maturity 28-03-2018 at 5,50% - fair value adjustment	330	
Credit institutions	3 074	36 581
Bonds - not yet due interest	5 476	3 951
CURRENT FINANCIAL DEBTS	68 816	40 532
TOTAL FINANCIAL DEBTS	398 906	322 110
Financial debts at fixed rates	195 431	97 401
Financial debts at variable rates	197 999	220 758
Bonds - not yet due interest	5 476	3 951
Amount of debts guaranteed by securities	197 999	220 758
Book value of Group's assets pledged for debt securities	385 919	402 374

Financial debts evolve as follows:

	31/12/2017	31/12/2016
FINANCIAL DEBTS AS AT 1 JANUARY	322 110	178 751
Contracted debts	168 833	107 009
Repaid debts	-95 944	-133 627
Financial debts from the reverse acquisition		165 717
Fair value adjustments resulting from the business combination		5 834
Change in the fair value recognized in the statement of comprehensive income	-1 980	-3 524
Bons - paid interest		-2 340
Bonds - not yet due interest	5 476	3 951
Amortization of deferred debt issue expenses	411	339
CHANGES FOR THE YEAR	76 796	143 359
FINANCIAL DEBTS AS AT 31 DECEMBER	398 906	322 110

All the financial debts are denominated in EUR. Except the bonds, the financing of the Group and the financing of the Group's projects are provided based on a short-term rate, the 1 to 12-month Euribor, increased by commercial margin.

IMMOBEL disposes at December 31, 2017 of a Corporate credit line of 10 MEUR, unused at December 31, 2017. This credit line is due in June 2020. At December 31, 2016 IMMOBEL had two Corporate credit lines, one of 60 MEUR and another one of 30 MEUR. These two credit lines have expired in 2017.

Moreover, IMMOBEL disposes at December 31, 2017 of confirmed bank credit lines for EUR 385 million of which EUR 198 million used at end of December 2017. At December 31, 2016 IMMOBEL had confirmed bank credit lines for EUR 234 million of which EUR 195 were used. These credit lines (project financing credits) are specific for certain projects in development.

At December 31, 2017, the book value of Group's assets pledged to secure the corporate credit and the project financing credits amounts to EUR 386 million, compared to EUR 402 million at 31 December 2016.

The table below summarizes the maturity of the financial liabilities of the Group:

DUE IN	2018	2019	2020	2021	2022	2024	Total
Bonds	60 000	35 650	-		100 000	-	195 650 *
Project financing credits	80 319	87 682	45 803		8 600	11 150	233 554
Interests to be paid	12 425	9 048	3 843	3 257	3 257	145	31 975
TOTAL AMOUNT OF DEBTS	152 744	132 380	49 646	3 257	111 857	11 295	461 179

* The amount on the balance sheet, EUR 97 401 thousand, includes EUR 559 thousand charges to be amortized until maturity in 2018 and 2019.

INTEREST RATE RISK

Based on the situation as per 31 December 2017, each change in interest rate of 1 % involves an annual increase or decrease of the interest charge on debts at variable rate of EUR 2 208 thousand. In the frame of the availability of long term credits, Corporate or Project Financing, the Group uses financial instruments mainly for the hedging of interest rates.

At 31 December 2016, the derivative financial instruments have been concluded to hedge future risks and are the following:

Period	Instru-ments	Strike	Notional amounts
09/2015 - 09/2018	IRS bought	0,10%	26 000
09/2014 - 12/2019	IRS bought	0,86%	47 074
		Total	73 074

Based on the situation as per December 31, 2017, each change in interest rate of 1 % involves an annual increase or decrease of the fair value of the financial instruments of EUR 917 thousand.

The fair value of derivatives is determined based on valuation models and future interest rates ("level 2"). The change in fair value of financial instruments is recognized through the statement of income as those have not been designated as cash flow hedges.

INFORMATION ON FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table list the different classes of financial assets and liabilities with their carrying amounts in the balance sheet and their respective fair value and analysed by their measurement category.

The fair value of financial instruments is determined as follows:

- If their maturities are short-term (e.g.: trade receivables and payables), the fair value is assumed to be similar at amortized cost.
- For fixed rate debts, based on discounted future cash flows estimated based on market rates at closing,
- For variable rate debts, the fair value is assumed to be similar at amortized cost,
- For derivative financial instruments, the fair value is determined based on discounted future cash flows estimated based on curves of forward interest rates. This value is mentioned by the counterparty financial institution,
- For quoted bonds, based on the quotation at the closing.

The fair value measurement of financial assets and financial liabilities can be characterized in one of the following ways:

- Level 1: the fair values of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices in active markets for identical assets and liabilities,
- Level 2: the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments. This mainly relates to derivative financial instruments,
- Level 3: the fair values of the remaining financial assets and financial liabilities are derived from valuation techniques which include inputs which are not based on observable market data.

	Level of the fair value	Amounts recognized Carrying amount 31-12-2017	Amortized cost	Fair value trough profit or loss	Fair value 31-12-2017
ASSETS					
Cash and cash equivalents	Niveau 1	147 926	147 926		147 926
Other non-current financial assets	Niveau 2	1 259	1 259		1 259
Other non-current assets	Niveau 2	5 623	5 623		5 623
Advances to joint ventures and associates	Niveau 2	43 279	43 279		43 279
Trade receivables	Niveau 2	11 694	11 694		11 694
Other operating receivables	Niveau 2	36 063	36 063		36 063
Other current financial assets	Niveau 2	768	768		768
TOTAL		203 333	203 333		246 612
LIABILITIES					
Interest-bearing debt	Niveaux 1 et 2	393 100	393 100		393 430
Trade payables	Niveau 2	41 493	41 493		41 493
Other operating payables	Niveau 2	45 428	45 428		45 428
Derivative financial instruments	Niveau 2	1 568		1 568	1 568
TOTAL		481 589	480 021	1 568	481 919

LIQUIDITY RISK

The Company starts only new projects in case of appropriate financing by corporate, specific financing or pre-sale. Therefore, the cash risk related to the progress of a project is very limited.

FINANCIAL COMMITMENTS

The Group is, for the majority of the mentioned financial debts, subject to a number of financial commitments.

These commitments are taking into account the equity, the net financial debt and its relation with the equity and the inventories. At 31 December 2017, as for the previous years, the Group was in conformity with all these financial commitments.

RISK OF FLUCTUATION IN FOREIGN CURRENCIES

The Group does not currently hedge the foreign exchange rates risks on its development activities. However, the functional currency of the offices activity currently developed in Poland has been determined to be the EUR, reducing significantly the exchange risk.

20) EQUITY

The equity amounts to EUR 303 578 thousand compared to EUR 314 949 thousand as at 31 December 2016, representing a decrease of EUR 11 371 thousand. The explanation of the change in equity is given in the consolidated statement of changes in equity.

A gross dividend of EUR 2.20 per share (excluding treasury shares) was proposed by the Board of Directors on March 13, 2018. It will be submitted to the shareholders for approval at the general meeting. The appropriation of income has not been recognized in the financial statements as of December 31, 2017.

Number of shares at 31 December 2017	9.997.356
Number of shares fully paid at 31 December 2017	9.997.356
Treasury shares at 31 December 2017	1.225.603
Nominal value per share	9,74

Number of shares at 1 January 2017	9.997.356
Number of treasury shares at 1 January 2017	-1.225.603
Treasury shares granted to a member of the executif comité	4.795
Number of shares at 31 December 2017	8.776.548

It is reminded that the Shareholders have decided on November 17th, 2016 and on May 24th, 2017 to approve a performance share plan « Performance Share Plan 2017-2019 ». This plan will grant yearly, under certain conditions, Performance Shares to the Executive Chairman, to the Chief Executive Officer and to other Members of the Executive Committee. These "Performance Shares", offered free of charge to the beneficiaries, will vest definitively after a period of three full calendar years, if they meet the predefined performance targets. In 2017, a total of 4,979 shares have been granted subject to the achievement of the 100 % performance objectives.

RISK MANAGEMENT RELATED TO THE CAPITAL

IMMOBEL is optimising the structure of its permanent capital through a balance between capital and long-term debts.

The target is to maximise the value for the shareholder while maintaining the required flexibility to achieve the development projects. Other elements, like the expected return on each project and the respect of a number of balance sheet ratios, influence the decision taking.

21) PENSIONS AND SIMILAR OBLIGATIONS

The pensions and similar obligations cover the obligations of the Company as far as the group insurance is concerned.

The amount recognised in the balance sheet represents the present value of obligations in terms of defined benefit pension plans less the fair value of plan assets.

	31/12/2017
STATEMENT OF FINANCIAL POSITION	
Present value of the defined benefit obligations	1 870
Fair value of plan assets at the end of the period	-1 198
NET LIABILITY ARISING FROM DEFINED BENEFIT OBLIGATION	672
SATEMENT OF COMPREHENSIVE INCOME	
Current service cost	- 73
Interest cost on the defined benefit obligation	- 15
Interest income on plan assets	15
Administration costs	- 4
DEFINED BENEFIT COSTS RECOGNIZED IN PROFIT OR LOSS	- 77
Actuarial (gains) / losses on defined benefit obligation arising from	
- changes in financial assumptions	106
- return on plan assets (excluding interest income)1	
- experience adjustments	- 666
REMEASUREMENTS OF NET DEFINED BENEFIT LIABILITY RECOGNISED IN OTHER COMPREHENSIVE INCOME	- 560
DEFINED BENEFIT COSTS	- 637

PRESENT VALUE OF THE OBLIGATIONS AS AT 1 JANUARY	2 899
Current service cost	73
Interest cost	15
Contributions from plan participants	16
Actuarial (gains) losses	452
Benefits paid	-1 585
PRESENT VALUE OF THE OBLIGATIONS AS AT 31 DECEMBER	1 870

FAIR VALUE OF THE PLAN ASSETS AS AT 1 JANUARY	2 797
Interest income	15
Contributions from employer	67
Contributions from plan participants	16
Benefits paid	-1 585
Return on plan assets (excluding interest income)1	- 108
Administration costs	- 4
FAIR VALUE OF THE PLAN ASSETS AS AT 31 DECEMBER	1 198
CONTRIBUTION OF THE EMPLOYER EXPECTED FOR 2017	68

ACTUARIAL ASSUMPTIONS USED TO DETERMINE OBLIGATIONS	
Discount rate	1,10%
Future salary increases	3,30%
Inflation rate	1,80%
Mortality Table	MR/FR-3

SENSITIVITY ANALYSIS OF THE DBO 31-12-2017			
Discount rate	0,60%	1,10%	1,60%
Amount of the DBO	1 977	1 870	1.771

The pension plans are funded through a group insurance. The underlying assets of the insurance contracts are primarily invested in bonds. The actuarial loss recognized in the statement of other comprehensive income equals EUR -560 thousand. The accumulated amount of actuarial gains and losses recognized in other comprehensive income equals EUR 691 thousand.

Belgian pension plan with guaranteed return: 20 employees benefit from contribution plans subject to Belgian law on supplementary pensions (minimum guaranteed return). The law of 18 December 2015 set the minimum guaranteed rate as follows:

- For contributions paid until 31 December 2015, the rates applied since 2004 continue to be apply (3.25 % and 3.75 % respectively on the contributions paid by the employer and the employee)
- For contributions paid from 1 January 2016: guaranteed minimum rate based on the OLO rate with a minimum of 1.75 % and a maximum of 3.75 %.

EMPLOYER CONTRIBUTIONS IN THE DEFINED CONTRIBUTION PLAN (DC)	77

22) PROVISIONS

The components of provisions are as follows:

	31/12/2017	31/12/2016
Provisions related to the sales	1 354	1 776
Other provisions	1	4
TOTAL PROVISIONS	1 355	1 780

	Related to the sales	Other	
PROVISIONS AS AT 1 JANUARY	1 776	4	1 780
Increase			
Use	- 422	- 3	- 425
Reversal			
Merger IMMOBEL / ALLFIN GROUP			
CHANGES FOR THE YEAR	- 422	- 3	- 425
PROVISIONS AS AT 31 DECEMBER	1 354	1	1 355

Allocation by segment is as follows:

	31/12/2017	31/12/2016
Offices	1 041	1 466
Residential	219	219
Landbanking	95	95
TOTAL PROVISIONS	1 355	1 780

These provisions made correspond to the best estimate of outgoing resources considered as likely by the Board of Directors. The Group has no indication on the final amount of disbursement or the timing of the disbursement, it depends on court decisions. The provisions are made up based on the risks related to the sales and to the litigations, in particular when the recognition conditions of those liabilities are met.

The provisions related to the sales mainly consist of rental guarantees, good end of execution...

No provision has been recorded for the other litigations that mainly concern:

- problems of decennial guarantee for which the Group has recourse on the contractor who is generally covered by an insurance of “decennial liability coverage” for this purpose,
- pure administrative recourses concerning planning and environmental permits introduced by third parties at the without any financial consequence for the Group.

23) TRADE PAYABLES

This account is allocated by segment as follows:

	31/12/2017	31/12/2016
Offices	17 412	13 637
Residential	20 001	16 276
Landbanking	4 080	4 353
TOTAL TRADE PAYABLES	41 493	34 266
Of which current trade payables	41 493	33 763

24) OTHER CURRENT LIABILITIES

The components of this account are:

	31/12/2017	31/12/2016
Personnel debts	450	749
Taxes (other than income taxes) and VAT payable	2 784	5 804
Advance on sales	8 894	1 610
Advances from joint ventures and associates	7 166	9 220
Accrued charges and deferred income	1 749	1 086
Operating grants	1 498	4 711
Acquisition price	13 320	
Other	4 091	3 319
TOTAL OTHER CURRENT LIABILITIES	39 952	26 499

Other current liabilities are related to the following segments:

	31/12/2017	31/12/2016
Offices	10 013	12 674
Residential	29 003	11 291
Landbanking	936	2 534
TOTAL OTHER CURRENT LIABILITIES	39 952	26 499

25) MAIN CONTINGENT ASSETS AND LIABILITIES

	31/12/2017	31/12/2016
Guarantees from third parties on behalf of the Group with respect to:		
- inventories	189 353	126 176
- other assets	114	111
TOTAL GUARANTEES FROM THIRD PARTIES ON BEHALF OF THE GROUP	189 467	126 287
These guarantees consist of:		
- guarantees "Real estate trader" (acquisitions with registration fee at reduced rate)	27 409	31 409
- guarantees "Law Breyne" (guarantees given in connection with the sale of houses or apartments under construction)	139 995	71 513
- guarantees "Good end of execution" (guarantees given in connection with the execution of works) and "other" (successful completion of payement, rental,...)	22 063	23 365
TOTAL GUARANTEES FROM THIRD PARTIES ON BEHALF OF THE GROUP	189 467	126 287
Mortgage power - Amount of inscription	751 271	593 139
Book value of Group's assets pledged for debt securities related to investment property and inventory as a whole	385 919	402 374
BOOK VALUE OF PLEDGED GROUP'S ASSETS	385 919	402 374
Amount of debts guaranteed by above securities		
- Non current debts	194 925	184 177
- current debts	3 074	36 581
TOTAL AMOUNT OF DEBTS GUARANTEED	197 999	220 758

26) CHANGE IN WORKING CAPITAL

The change in working capital by nature is established as follows:

	31/12/2017	31/12/2016
Inventories, including acquisition and sales of entities that are not considered as business combinations	-65 751	13 371
Trade receivables & Other current assets	-3 999	33 550
Trade payables & Other current liabilities	23 888	-20 815
CHANGE IN WORKING CAPITAL	-45 862	26 106

27) INFORMATION ON RELATED PARTIES

RELATIONSHIPS WITH SHAREHOLDERS – MAIN SHAREHOLDERS

	31/12/2017	31/12/2016
A^3 Capital NV & A^3 Management BVBA	58,77%	58,77%
Capfi Delen Asset Management n.v.	4,12%	4,12%
IMMOBEL (treasury shares)	12,30%	12,30%
Number of representative capital shares	9 997 356	9 997 356

RELATIONSHIPS WITH SENIOR EXECUTIVES

These are the remuneration of members of the Executive Committee and of the Board of Directors.

(01.01.2017-31.12.2017)	Executive Chairman	CEO	Executive Committee[1]
Basic remuneration	325,000	310,000	1,080,167[2]
Variable remuneration STI	67,031	100,000	207,381
Variable remuneration LTI	1,806 shares	1,722 shares	1,451 shares
Individual pension commitment	None	None	None
Other	25,000[3]	None	2,758[4]

RELATIONSHIPS WITH JOINT VENTURES AND ASSOCIATES

The relationships with joint ventures and associates consist mainly of loans or advances, whose amounts are recorded in the balance sheet in the following accounts:

	31/12/2017	31/12/2016
Investments in joint ventures and associates - shareholder's loans (note 14)	24 345	34 827
Other current assets	18 934	17 788
Other current liabilities	7 166	9 220
Interest income	1 092	1 184
Interest expense	344	72

See note 14 for further information on joint ventures and associates.

28) EVENTS SUBSEQUENT TO REPORTING DATE

No significant event that may have an impact on the financial statements occurred from the reporting date on 31st December 2015 up to 13th March 2018 when the financial statements were approved by the Board of Directors.

[1] See composition of the Executive Committee at December 31st, 2017 above.

[2] The amounts paid to Mr Karim ZOUAOUI and Mr Nicolas BILLEN, and/or their respective companies, until respectively July 12th, 2017 and September 30th, 2017 included.

[3] This amount represents a contribution for vehicle expenses.

[4] This amount represents the reimbursement of GSM costs.

29) COMPANIES OWNED BY THE IMMOBEL GROUP

Companies forming part of the Group as at 31 December 2017:

SUBSIDIARIES – FULLY CONSOLIDATED

NAME	COMPANY NUMBER	HEAD OFFICE	INTEREST (%) (Economic interest)
ALLFIN NV	0475 729 174	Brussels	100,00
ARGENT RESIDENTIAL NV	0837 845 319	Brussels	100,00
BEYAERT NV	0837 807 014	Brussels	100,00
BOITEUX RESIDENTIAL NV	0837 797 314	Brussels	100,00
BRUSSELS EAST REAL ESTATE SA	0478 120 522	Brussels	100,00
BULL'S EYE PROPERTY LUX SA	B 138 135	Luxembourg	100,00
CEDET Sp. z.o.o.	0000 30 58 51	Warsaw	100,00
CEDET DEVELOPMENT Sp. z.o.o.	0000 31 88 63	Warsaw	100,00
CENTRE ETOILE SARL	B 204 563	Luxembourg	100,00
CHAMBON NV	0837 807 509	Brussels	100,00
CLUSTER CHAMBON NV	0843 656 906	Brussels	100,00
COMPAGNIE IMMOBILIÈRE DE PARTICIPATIONS FINANCIÈRES (CIPAF) SA	0454 107 082	Brussels	100,00
COMPAGNIE IMMOBILIÈRE DE WALLONIE (CIW) SA	0401 541 990	Brussels	100,00
COMPAGNIE IMMOBILIÈRE LUXEMBOURGEOISE SA	B 29 696	Luxembourg	100,00
EMPEREUR FROISSART NV	0871 449 879	Brussels	100,00
ENTREPRISE ET GESTION IMMOBILIÈRES (EGIMO) SA	0403 360 741	Brussels	100,00
ESPACE NIVELLES SA	0472 279 241	Brussels	100,00
FLEX PARK	CZ 262 09 691	Prague	100,00
FLINT CONSTRUCT NV	0506 899 135	Brussels	65,00
FLINT LAND NV	0506 823 614	Brussels	65,00
FONCIÈRE JENNIFER SA	0464 582 884	Brussels	100,00
FONCIÈRE MONTOYER SA	0826 862 642	Brussels	100,00
GARDEN POINT Sp. z.o.o.	0000 38 84 76	Warsaw	100,00
GRANARIA DEVELOPMENT GDANSK Sp. z.o.o.	0000 51 06 69	Warsaw	90,00
GRANARIA DEVELOPMENT GDANSK BIS Sp. z.o.o.	000,48 02 78	Warsaw	90,00
GREEN DOG SA	0897 498 339	Brussels	100,00
HERMES BROWN II NV	0890 572 539	Brussels	100,00
HOTEL GRANARIA DEVELOPMENT Sp. z.o.o.	0000 51 06 64	Warsaw	90,00
IMMOBEL HOLDING LUXEMBOURG SARL	B 138 090	Luxembourg	100,00
IMMOBEL LUX SA	B 130 313	Luxembourg	100,00
IMMOBEL POLAND Sp. z.o.o.	0000 37 22 17	Warsaw	100,00
IMMOBILIËN VENNOOTSCHAP VAN VLAANDEREN NV	0403 342 826	Brussels	100,00
IMMO-PUYHOEK NV	0847 201 958	Brussels	100,00
INFINITY LIVING SA	-	Luxembourg	100,00
INFINITY WORKING & SHOPPING SA	-	Luxembourg	100,00
LAKE FRONT NV	0562 818 447	Brussels	100,00
LEBEAU SABLON SA	0551 947 123	Brussels	100,00
LES JARDINS DU NORD SA	0444 857 737	Brussels	96,20
LOTINVEST DEVELOPMENT SA	0417 100 196	Brussels	100,00
MÖBIUS I SA	0662 473 277	Brussels	100,00
MÖBIUS II SA	0662 474 069	Brussels	100,00
MÖBIUS CONSTRUCT NV		Brussels	100,00
MONTAGNE RESIDENTIAL NV	0837 806 420	Brussels	100,00
MOULIN SA	B 179 263	Luxembourg	100,00

SUBSIDIARIES – FULLY CONSOLIDATED

NAME	COMPANY NUMBER	HEAD OFFICE	INTEREST (%) (Economic interest)
OD 214 Sp. z.o.o.	0000 53 59 20	Warsaw	100,00
OKRAGLAK DEVELOPMENT Sp. z.o.o.	0000 26 74 81	Warsaw	100,00
PERCIPI NV	0478 273 940	Brussels	100,00
POLVERMILLENSARL	B 207 813	Luxembourg	100,00
QUOMAGO SA	0425 480 206	Brussels	100,00
RIGOLETTO NV	0536 987 545	Brussels	100,00
PRINCE ROYAL CONSTRUCT NV	0633 872 927	Brussels	100,00
t ZOUT CONSTRUCT NV	0656 754 831	Brussels	100,00
TORRES INVESTMENT Sp. z.o.o.	0000 34 75 83	Warsaw	100,00
TRACTIM SARL	B 98 174	Luxembourg	100,00
VAARTKOM NV	0656 758 393	Brussels	100,00
VAL D'OR CONSTRUCT NV	0656 752 257	Brussels	100,00
VELDIMMO SA	0430 622 986	Brussels	100,00
VESALIUS CONSTRUCT NV	0543 851 185	Brussels	100,00
ZIELNA DEVELOPMENT Sp. z.o.o.	0000 52 76 58	Warsaw	100,00

JOINT VENTURES – ACCOUNTED FOR UNDER THE EQUITY METHOD

NAME	COMPANY NUMBER	HEAD OFFICE	INTEREST (%) (Economic interest)
BELLA VITA SA	0890 019 738	Brussels	50,00
CBD INTERNATIONAL Sp. z.o.o.	0000 22 82 37	Warsaw	50,00
CHÂTEAU DE BEGGEN SA	B 133 856	Luxembourg	50,00
FANSTER ENTERPRISE Sp. z.o.o.	0000 39 60 31	Warsaw	50,00
FONCIÈRE DU PARC SA	0433 168 544	Brussels	50,00
GATEWAY SA	0501 968 664	Brussels	50,00
ILOT ECLUSE SA	0441 544 592	Gilly	50,00
IMMO KEYENVELD 1 NV	0845 714 096	Brussels	50,00
IMMO KEYENVELD 2 NV	0845 714 492	Brussels	50,00
IMMO PA 33 1 NV	0845 710 336	Brussels	50,00
IMMO PA 44 1 NV	0845 708 257	Brussels	50,00
IMMO PA 44 2 NV	0845 709 049	Brussels	50,00
LES 2 PRINCES DEVELOPMENT NV	0849 400 294	Brussels	50,00
M1 SA	B 197 932	Strassen	33,33
M7 SA	B 197 934	Strassen	33,33
PEF KONS INVESTMENT SA	B 288 48	Luxembourg	33,33
RAC 3 NV	0819 588 830	Antwerp	40,00
RAC 4 NV	0819 593 481	Brussels	40,00
RAC5 NV	0665 775 535	Antwerp	40,00
UNIVERSALIS PARK 2 SA	0665 921 529	Brussels	50,00
UNIVERSALIS PARK 3 SA	0665 921 133	Brussels	50,00
UNIVERSALIS PARK 3AB SA	0665 922 420	Brussels	50,00
UNIVERSALIS PARK 3C SA	0665 921 430	Brussels	50,00
VILPRO NV	0437 858 295	Brussels	50.00

ASSOCIATES – ACCOUTEND FOR UNDER THE EQUITY METHOD

NAME	COMPANY NUMBER	HEAD OFFICE	INTEREST (%) (Economic interest)
DHR CLOS DU CHÂTEAU SA	0895 524 784	Brussels	33,33
NAFILYAN & PARTNERS SAS	800 676 850	Paris	15,00
GRASPA DEVELOPMENT Sp. z.o.o.	0000 37 38 66	Warsaw	25,00

Except the mentioned elements on note 14, there are no significant restrictions that limit the Group's ability to access assets and settle the liabilities of subsidiaries.

In case of financial debts towards credit institutions, the shareholder's loans reimbursements (reimbursement of cash to the mother company) are subordinated to the reimbursements towards credit institutions.

G. STATEMENT FROM THE RESPONSIBLE PERSONS

The undersigned persons state that, to the best of their knowledge:

- the Consolidated Financial Statements of IMMOBEL SA and its subsidiaries as of 31st December 2016 have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), and give a true and fair view of the assets and liabilities, financial position and results of the whole of the companies of the IMMOBEL Group as well as the subsidiaries included in the consolidation;
- the Director's Report on the financial year ended at 31st December 2016 gives a fair overview of the development, the results and of the position of the IMMOBEL Group as well as the subsidiaries included in the consolidation, as well as a description of the principal risks and uncertainties faced by the IMMOBEL Group.

On behalf of the Board of Directors:

Alexander Hodac[5]	Marnix Galle[6]
Chief Executive Officer	Chairman of the Board of Directors

[5] Vaste vertegenwoordiger van de vennootschap AHO Consulting bvba
[6] Vaste vertegenwoordiger van de vennootschap A^3 Management bvba

H. STATUTORY AUDITOR'S REPORT

Statutory auditor's report to the shareholders' meeting of Immobel SA/NV for the year ended 31 December 2017

(Consolidated financial statements)

In the context of the statutory audit of the consolidated financial statements of Immobel SA/NV ("the company") and its subsidiaries (jointly "the group"), we hereby submit our statutory audit report to you. This report includes our report on the consolidated financial statements together with our report on other legal, regulatory and professional requirements. These reports are one and indivisible.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 24 May 2017, in accordance with the proposal of the board of directors issued upon recommendation of the audit committee. Our mandate will expire on the date of the shareholders' meeting deliberating on the financial statements for the year ending 31 December 2019. We have performed the statutory audit of the consolidated financial statements of Immobel SA/NV for at least 20 consecutive periods.

Report on the audit of the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the group, which comprise the consolidated statement of financial position as of 31 December 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated statement of financial position shows total assets of 800,2 million EUR and the consolidated income statement shows a consolidated net profit for the year then ended of 10,9 million EUR.

In our opinion, the consolidated financial statements of Immobel SA/NV give a true and fair view of the group's net equity and financial position as of 31 December 2017 and of its consolidated results and its consolidated cash flow for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the consolidated financial statements" section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.

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 obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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.

Key audit matters	How our audit addressed the key audit matters
Project development costs and revenue, including those costs and revenue in investments accounted for under the equity method	
• The group recognized 222 million EUR of project development revenue and 177 million EUR of cost of sales (including an amount reported in the net result of joint ventures and associates of respectively 77 million EUR and 70 million EUR). • The group contracts in a variety of ways. Each project has a different risk and revenue profile based on its individual contractual and delivery characteristics. • The measurement of revenue from the sale of development projects is a key audit matter due to the significant expertise and high level of judgment required in particular for: - assessing the contractual terms of sale and settlement risks to determine when the risks and rewards of ownership transfer to the purchaser: at a single point in time (at completion upon or after delivery) or as construction progress (on the percentage of completion basis); - determining the total costs to complete, including land acquisition costs, construction costs, development related costs and eligible capitalized interest; - assessing, when the revenue should be recognized on percentage of completion basis, the stage of completion of the project based on the proportion of contract costs incurred and the estimated costs to complete and the expected margin of the project.	• We designed our audit procedures to be responsive to this key audit matter. Our audit procedures included: - Understanding of the group's processes regarding project management covering sales, purchases and project feasibilities. The relevant controls were subject to testing of both the design & implementation and the operating effectiveness; - Reviewing the main projects on a discussion basis with the relevant project manager to assess the management estimates and the margin recognized during the period. This review was covering construction status and commercialization and was performed by comparison with the updated feasibilities and prior year figures. Any material deviations were investigated; - Testing a sample of projects based on quantitative and qualitative information such as sales value, potential settlement risk and complexity of the contractual terms. For the sample selected we have: ▪ Traced a sample of sales recorded to the underlying sale documents and the receipt of cash; ▪ Assessed the group's determination of the risks and rewards related to ownership transfer by a detailed analysis of the contractual terms of sale against the criteria in the accounting standards; ▪ Recalculated the recognized margin over the period considering the actual recognized cost of goods sold and the project's expected profit margin.

Reference to disclosure:

The revenue from the sale of projects recognized in the period is disclosed in Note F.2 of the consolidated financial statements. Projects costs are disclosed in Note F.4.

Note E.15 of the financial report discloses the accounting policy for recognition of such amounts.

Recoverability of Projects under Development – carrying value of inventories, including those in investments accounted for under the equity method

- The group capitalizes development costs into inventory over the life of its projects. The inventories amount to 607 million EUR as of 31 December 2017 (including an amount of 88 million EUR reported in the investments in joint ventures and associates).
- Development costs include the acquisition costs, development costs, borrowing costs and all other costs directly related to specific projects. An allocation of direct overhead expenses is also included.
- Inventories are stated at the lower of the acquisition cost and net realizable value for each development project.
- The recoverability of these costs is a significant judgment as this assessment includes assumptions about future events which inherently are subject to the risk of change. These assumptions include future sales prices, total estimated costs of completion, selling costs, the nature and quality of inventory held, location and economic growth factors. Changes in the group's assumptions may have a material impact on net realizable value and therefore in determining whether the value of the project should be written down (impaired).
- This is a key audit matter given the relative size of the inventory balance in the consolidated statement of financial position and the significant judgment involved in the estimates used to calculate the net realizable value and the release of development expenses into the income statement.

- We designed our audit procedures to be responsive to this key audit matter. Our audit procedures included:
  - Understanding of the group's processes regarding project management covering sales, purchases and project feasibilities. The relevant controls were subject to testing of both the design & implementation and the operating effectiveness;
  - For a sample of projects, we performed a risks analysis to review the ability of the group to sell those projects with a positive margin. Our selection of projects was based on quantitative and qualitative information such as inventory value, permit risks, economic conditions. We also selected projects, which have previously been impaired or where sales realized were not in line with projections. For the sample selected, we:
    - Enquired with project manager and management to develop an understanding of the progress of development, the risks associated to the project and the projected performance. We also assessed their basis of estimates of net realizable value used;
    - Inspected project feasibility and assessed the assumptions used in forecasting revenues and costs to complete by comparison with market data or similar transactions;
    - Agreed a sample of costs capitalized over the period to invoice, including testing whether they were allocated to the appropriate development;
    - Assessed the calculation of revenue and the related cost of sales recognized in the period against the criteria in the accounting standards;
    - Assessed whether the carrying value is the lower of the expected net realizable value and cost.
  - Testing of the financial cost allocated to the development business and thereafter capitalized to individual projects.

Reference to disclosure:

The costs of the projects under development are disclosed in Note F.14 (for projects owned in investments accounted for under the equity method) and F.16 (Inventories) of the Consolidated Financial Statements.

Note E.11 discloses the accounting policy for recognition of such amounts.

Responsibilities of the board of directors for the consolidated financial statements

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

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 to be considered for 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 other realistic alternative but to do so.

Responsibilities of the statutory auditor for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the 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 ISA 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 users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control 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 the board of directors;
- conclude on the appropriateness of management's 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 auditor's 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 auditor's 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, 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 and 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, amongst 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 we communicate with them about all relationships and other matters that may reasonably be thought to bear our independence, and where applicable, related safeguards.

From the matters communicated to 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 any public disclosure about the matter.

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Report on 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 directors' report on the consolidated financial statements and other matters disclosed in the annual report.

Responsibilities of the statutory auditor

As part of our mandate and in accordance with the Belgian standard complementary (Revised in 2018) to the International Standards on Auditing (ISA), our responsibility is to verify, in all material respects, the director's report on the consolidated financial statements, as well as to report on this matter.

Aspects regarding the directors' report on the consolidated financial statements and other matters disclosed in the annual report

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for the period ended 31 December 2017 and it has been established in accordance with the requirements of article 119 of the Companies Code.

In the context of our statutory audit of the consolidated financial statements we are responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the consolidated financial statements and other information disclosed in the annual report, i.e.:

- « Our identity, our strategy and a 360° approach »
- « Message from our Chairman »
- « Message from our CEO »
- « Our key figures 2017 »
- « Information to our shareholders »
- « Our highlights in 2017 »
- « Our activities »
- « Corporate Social Responsibility »

is free of material misstatements, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such a material misstatement. We do not express any kind of assurance on the annual report.

Statements regarding independence

- Our audit firm and our network have not performed any prohibited services and our audit firm has remained independent from the company during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit of the consolidated financial statements, as defined in article 134 of the Companies Code, have been properly disclosed and disaggregated in the notes to the consolidated financial statements.

Other statements

- This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) No 537/2014.

Gent, 19 April 2018

The statutory auditor

DELOITTE Bedrijfsrevisoren / Réviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Kurt Dehoorne

II. STATUTORY CONDENSED FINANCIAL STATEMENTS

The financial statements of the parent company, IMMOBEL SA, are presented below in a condensed form.

In accordance with Belgian company law, the Directors' Report and Financial Statements of the parent company, IMMOBEL SA, together with the Statutory Auditor's Report, have been filed at the National Bank of Belgium.

They are available on request from:

IMMOBEL SA

Rue de la Régence 58

BE-1000 Brussels

Belgium

www.immobelgroup.com

The statutory auditor issued an unqualified report on the financial statements of IMMOBEL SA.

A. STATEMENT OF FINANCIAL POSITION (IN THOUSANDS EUR)

ASSETS	31/12/2017	31/12/2016
FIXED ASSETS	353 692	240 386
Start-up costs	650	726
Intangible fixed assets	405	142
Tangible fixed assets	820	925
Financial fixed assets	351 818	238 593
CURRENT ASSETS	242 968	342 811
Amounts receivable after one year	1 802	5 367
Stocks and contracts in progress	68 987	92 906
Amounts receivable within one year	28 889	116 934
Treasury shares	54 786	55 000
Cash equivalents	84 156	67 229
Deferred charges and accrued income	4 349	5 375
TOTAL ASSETS	596 660	583 197

LIABILITIES	31/12/2017	31/12/2016
SHAREHOLDERS' EQUITY	307 598	307 530
Capital	97 357	97 357
Reserves	107 076	107 076
Accumulated profits	103 166	103 097
PROVISIONS AND DEFERRED TAXES	789	1 486
Provisions for liabilities and charges	789	1 486
DEBTS	288 273	274 181
Amounts payable after one year	179 743	204 603
Amounts payable within one year	102 577	63 975
Accrued charges and deferred income	5 953	5 603
TOTAL LIABILITIES	596 660	583 197

B. STATEMENT OF COMPREHENSIVE INCOME (IN THOUSANDS EUR)

	31/12/2017	31/12/2016
Operating income	14 286	28 045
Operating charges	-16 986	-18 785
OPERATING RESULT	-2 701	9 260
Financial income	33 908	27 078
Financial charges	-12 358	-12 093
FINANCIAL RESULT	21 551	14 985
PROFIT OF THE FINANCIAL YEAR BEFORE TAXES	18 850	24 245
Taxes	517	-2 772
PROFIT OF THE FINANCIAL YEAR	19 367	21 473
PROFIT OF THE FINANCIAL YEAR TO BE APPROPRIATED	19 367	21 473

C. APPROPRIATION ACCOUNT (IN THOUSANDS EUR)

	31/12/2017	31/12/2016
PROFIT TO BE APPROPRIATED	122 464	176 156
Profit for the financial year available for appropriation	19 367	21 473
Profit carried forward	103 097	154 683
APPROPRIATION TO EQUITY		55 000
To other reserves		55 000
RESULT TO BE CARRIED FORWARD	103 166	103 097
Profit to be carried forward	103 166	103 097
PROFIT AVAILABLE FOR DISTRIBUTION	19 298	18 059
Dividends	19 298	17 534
Other beneficiaries		525

D. SUMMARY OF ACCOUNTING POLICIES

Tangible assets are recorded as assets net of accumulated depreciation, at either their cost price or contribution value (value at which they were brought into the business), including ancillary costs and non-deductible VAT. Depreciation is calculated by the straight-line method. The main depreciation rates are the following:

- Buildings	3 %
- Buildings improvements	5 %
- Office furniture and equipment	10 %
- Computer equipment	33 %
- Vehicles	20 %

Financial Fixed Assets are entered either at their purchase price, after taking into account any amounts still not paid up and any write-offs made. They are written down if they suffer a capital loss or a justifiable long-term loss in value.

Amounts Receivable within one year and those receivable after one year are recorded at their nominal value. Write-downs are applied in case of permanent impairment or if the repayment value at the closing date is less than the book value.

Stocks are recorded at their purchase price or contribution value, including, in addition to the purchase price, the ancillary costs, duties and taxes relating to them. The infrastructure costs are recorded at their cost price. Realisation of stocks is recorded at the weighted average price. Work in progress is valued at cost price. Profits are, in principle, recorded on the basis of the percentage of completion of the work. Write-downs are applied as appropriate, according to the selling price or the market value.

The sales and the purchases of properties are recorded at the signature of the notarial act in so far as the eventual conditions precedents are lifted and a clause of deferred property transfer is foreseen in the compromise under private signature

Short term investments are recorded as assets at their purchase price (ancillary costs excluded) or contribution value. Their values are adjusted, provided that the depreciation is lasting.

Cash at bank and in hand are recorded at their nominal value. Values are adjusted if the estimated value at the end of the financial year is lower than the book value.

At the close of each financial year, the Board of Directors, acting with prudence, sincerity and in good faith, examines the provisions to be set aside to cover the major repairs or major maintenance and the risks arising from completion of orders placed or received, advances made, technical guarantees after sale or delivery and current litigations.

Amounts Payable are recorded at their nominal value.

GENERAL INFORMATION

COMPANY NAME
IMMOBEL

REGISTERED OFFICE
Rue de la Régence, 58 - 1000 Brussels - Belgium
RPM / RPR (Legal Entitites Register) - VAT BE 0405.966.675

FORM OF THE COMPANY
Belgian registered joint stock company, constituted on 9 July 1863, authorised by the Royal Decree of 23 July 1863.

TERM
Indefinite

CROSSING STATUTORY THRESHOLDS
(Art. 12 of the Articles of Association – excerpt)

Any physical or moral person who acquires securities in the Company, whether representative of capital or not, conferring the right to vote, must declare to the Company and to the Belgian Banking, Finance and Insurance Commission the number of securities s/he holds, when the voting rights pertaining to these securities reach the level of three percent or more of the total voting rights that exist.

She/he must make the same declaration in the event of an additional acquisition of securities referred to in paragraph 1, if when this acquisition is completed, the voting rights pertaining to the securities that she/he possesses reach the level of five, ten, fifteen percent, and so on in tranches of five points, of the total number of existing voting rights.

He must make the same declaration in the event of disposal of securities when, following the disposal, his voting rights are reduced to below one of the thresholds referred to in paragraph 1 or paragraph 2.

When a physical or moral person acquires or transfers control, be it direct or indirect, de jure or de facto, of a company which possesses three percent at least of the voting power of the company, she/he must declare this to the company and to the Banking, Financial and Insurance Commission.

The aforementioned declarations must be addressed to the Banking, Financial and Insurance Commission, as well as to the Company, at the latest on the second work day after the completion of the acquisition or transfer concerned, without prejudice to the special legal provisions regarding securities acquired by succession.

WEBSITE
www.immobelgroup.com

FINANCIAL CALENDAR
Publication of annual accounts 2017: 13 March 2018
Ordinary General Meeting 2018: 24 May 2018
Publication of 2017 half-year results: 30 August 2018
Publication of 2018 annual accounts: 29 March 2019
Ordinary General Meeting 2019: 23 May 2019

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GENERAL INFORMATION
IMMOBEL does its utmost to respect the legal prescriptions related to copy-rights. It kindly invites any person whose rights may have been infringed to contact the Company.

This report is available in English, in Dutch and in French. Dit verslag is beschikbaar in het Nederlands, in het Frans en in het Engels. Ce rapport est disponible en français, en néerlandais et en anglais.

The original text of this report is in French. De oorspronkelijke tekst van dit verslag is in het Frans. Le texte original de ce rapport est en français.

IMMOBEL

since 1863