
GHELAMCO GROUP COMM. VA

IFRS CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2019

Approved by Management with the independent Auditor's opinion



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I — ANNUAL REPORT OF THE MANAGER FOR 2019¹

¹ This report has been prepared in accordance with article 3:32 of the Belgian Companies and Associations' Code and approved by the Manager on 27 March 2020.

1. BUSINESS ACTIVITIES AND PROFILE

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

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

In Poland, Ghelamco received two awards at CIJ Awards 2019. Foksal 13/15 project was chosen as 'Best Residential Development' and the sale of the Warsaw Spire as 'Best Investment Transaction'. The transaction value of the Warsaw Spire sale amounted to EUR 386 million, which was a new record on the Warsaw office real estate market. Therefore, the tower was chosen as 'Investment Deal €100 Million Plus' at the EuropaProperty CEE Investment Awards. The sale of building C of the Warsaw Spire complex received the title as 'Investment Deal €50 Million Plus'.

Wronia 31, another office project next to the Warsaw Spire, won the international BREEAM Awards 2019 competition in the category of Regional Award Central and Eastern Europe.

In addition, the Warsaw UNIT, office project of 59,000 sqm, has been awarded as the best 'Commercial High-rise Development' at the prestigious European Property Awards.

Furthermore, in December 2019, Ghelamco received prizes at the Eurobuild Awards in the following categories: 'Office Developer of the Decade', 'Office Developer of the Year' and 'Best Investment Deal of the Year' for selling the Warsaw Spire.

Finally, Ghelamco also won the main prize in the Belgian Business Chamber Award 2019.

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

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

2. LEGAL STATUS

Ghelamco Group Comm. VA (the “Company” or “Ghelamco Group”) is the holding company of the Investment Holding that, together with its direct and indirect legal subsidiaries (Note 5), constitutes the reporting entity for the purpose of these consolidated financial statements.

Ghelamco Group Comm. VA is a limited partnership (“commanditaire vennootschap op aandelen”) registered under Belgian law, with its registered office at Zwaanhofweg 10, 8900 Ypres, Belgium.

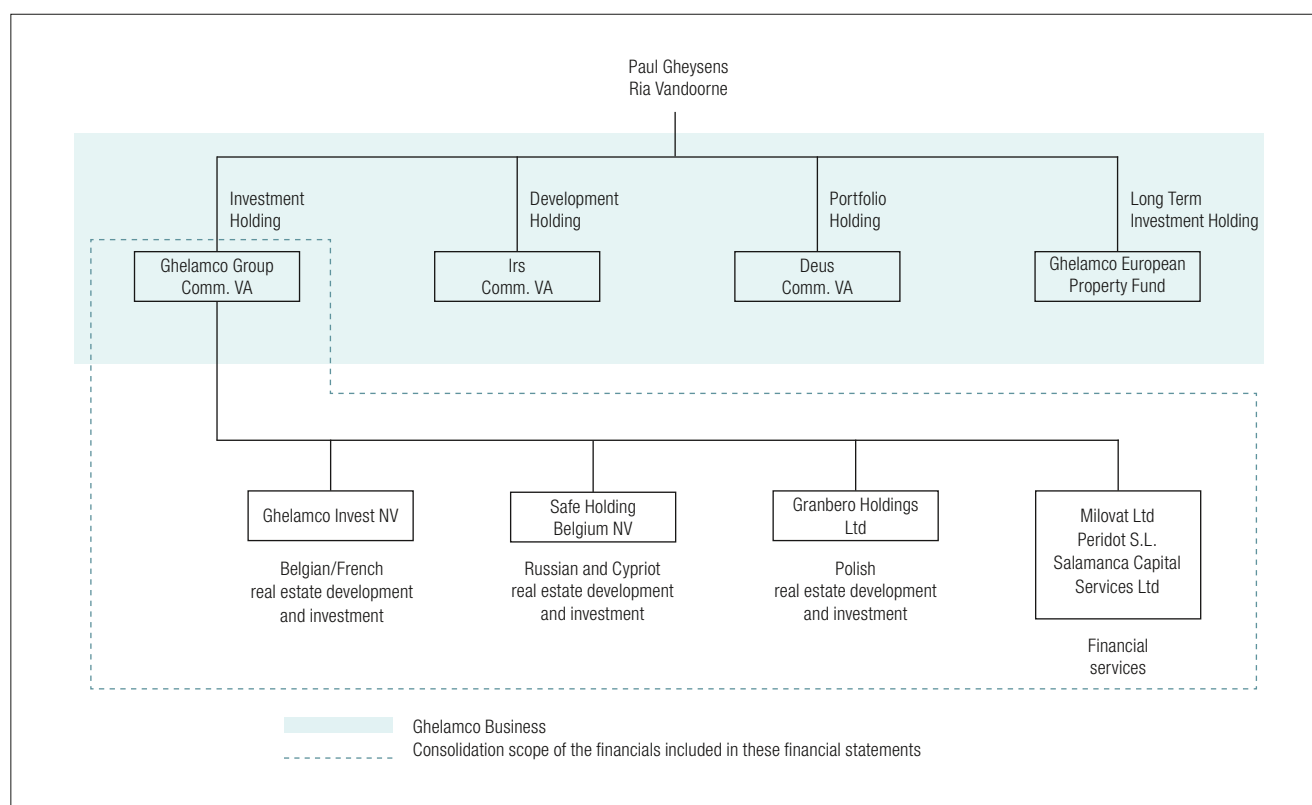
The Company is registered in the Belgian commercial register under the number BE 0879.623.417.

3. CONSOLIDATION SCOPE

These consolidated financial statements comprise the resources and activities of the Investment Holding (i.e. of the Company and its direct and indirect legal subsidiaries).

At 31 December 2019 (the reporting date), all the assets and liabilities of the reporting entity (the Company and its direct and indirect legal subsidiaries) are legally linked through a corporate structure that was introduced in 2006 and was accomplished prior to 31 December 2007 (overview in Note 5).

All assets, liabilities, income and expenses that represented an integral part of the Investment Holding activities, are included in the accounts of the legal subsidiaries of the Company at 31 December 2019 and at 31 December 2018.



4. STAFFING LEVEL

Given its nature, there is only limited employment in the Company. At 31 December 2019, Ghelamco Group Comm. VA and its subsidiaries employed 56 people (56 on 31 December 2018). The construction, engineering and other related services are mainly provided to the Investment Holding by the Development Holding's legal subsidiaries. Ghelamco as a whole employed 322 people on 31 December 2019 (vs. 304 on 31 December 2018).

5. MANAGEMENT AND BOARD

Ghelamco's Management consists of:

- Mr. Paul Gheysens (Chief Executive Officer)
- Mr. Simon Gheysens (Chief Technology and Project Design Officer)
- Mr. Michael Gheysens (Chief Commercial and Business Development Officer)
- Mr. Philippe Pannier (Chief Financial Officer)
- Mr. Chris Heggerick (Chief Operational Officer)
- Mrs. Barbara De Saedeleer (Chief Investments and Operations Officer)
- Mr. Jeroen van der Toolen (Managing Director CEE)

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

The statutory board consists of 3 to 4 directors (of which the CEO is part) for most of the Belgian entities, the Managing Director Eastern Europe and 5 local Polish directors for the Polish entities and the CFO with the local general manager for the other countries. The reason lies mostly in local regulations and practical solutions.

6. BUSINESS ENVIRONMENT AND RESULTS

2019 PERFORMANCE AND RESULTS

The Group closed its 2019 accounts with a net profit of 113,004 KEUR, an increase by 74,599 KEUR compared to prior year. While paying thorough and still increasing attention to (amongst others technical and environmental) innovation and sustainability, the Group once more continued its development, investment and commercial efforts. As a result, the Group successfully disposed of a number of sizable investment properties and in addition managed to create significant added value on existing and new projects. This is reflected in a growing qualitative and green project portfolio, an increased balance sheet total of 2,179,088 KEUR and an equity of 876,259 KEUR. The solvency ratio remained stable at the level of 40.2% per 31 December 2019 (vs. 40.1% per 31 December 2018). There is currently no intention to distribute a dividend over 2019.

BELGIUM

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

2019 development and construction activities mainly related to:

- Construction works of the Silver Tower project in Brussels (offering +/- 43,900 sqm leasable office space in total) have started and advance at a really fast pace, considering the expected delivery date of end of October 2020. Per balance sheet date, above ground concrete construction was at floor 26 and (simultaneous) underground construction at floor -8; while at the same time also techniques have been started;
- Also, the construction works of the Focus project (offering +/- 30,000 sqm leasable office space in total) at the Culliganlaan in Diegem have been kicked off, after receipt of the building permit end of July. Per balance sheet date, underground digging and construction are ongoing and well advanced.
- In addition, the construction of the new Senzafine project in Kortrijk – offering 86 luxurious apartments and 108 parking spaces – has started early 2019 and the above ground works are per balance sheet date well advanced. Delivery is expected by end of August 2020, while per date of the current report, approx. 60% of the available apartments have been (pre-)sold.
- Finally, the construction works of the prestigious Edition Zoute project in Knokke – offering 49 serviced boutique apartments and 32 parking spaces, combined with some commercial functions on the ground floor – have started. Delivery of the project is expected by end 2020. Per date of the current report already approx. 10% of the apartments have been reserved (as well as part of the available commercial units).

In addition, the Group has expanded its portfolio through a number of acquisitions and/or has secured some positions:

- The Group, through its subsidiary Ghelamco Invest NV, has signed a share purchase agreement on 26 April 2019 concerning the acquisition of 100% of the shares in DEREIF Brüssel Lloyd George S.à.r.l, owner of a property located at 1000 Brussels, 6-7 Avenue Lloyd George and 36 Boulevard de la Cambre, for the future development of an office project. Closing (and transfer of ownership) will take place on 26 August 2020. The purchase price will be calculated on closing date on the basis of the underlying value of the property, which is determined at 46,325 KEUR.
- On 17 November 2019 the Group, through its subsidiary Ghelamco Invest NV, has signed a share purchase agreement for the acquisition of 100% of the shares of Cogimes SA and Sogimes SA, companies holding land plots at the Culliganlaan in Diegem, for the future development of an office project. The SPA has been based on a transaction amount of 13.800 KEUR. At signing date, an advance payment of 5 MEUR has been done. Closing (and transfer of ownership) will take place on 15 November 2021.
- In the course of the second half of 2019 also a number of framework agreements and/or option agreements have been signed regarding the acquisition of plots or rights in rem on plots, for the future development of sizable office, residential and retail projects. It mainly concerns position at the Belgian coast, Sint-Niklaas and Antwerp.

As to divestitures/revenues:

- In February 2019, the 'The Link' project in Antwerp (27,000 sqm leasable office space and approx. 540 underground parking spaces, divided over 2 buildings) has been sold to Baloise for a total gross sales value of 89.3 MEUR. The transaction has been realized at a new prime yield for office investments in Flanders of 5.2% and resulted in the realization of previously recognized fair value adjustments of +/- 24 MEUR. At closing also bank loans have been reimbursed for an amount of 55 MEUR.

- In the course of the first half year of 2019 also 4 commercial units in the Tribeca project in Ghent have been sold to third-party investors. Total sales value amounted to 1,300 KEUR.
- On 19 December 2019 the Arval retail park in Evere has been sold to a third party investor. The transaction was structured as a share deal, based on a transaction value of 13.0 MEUR and resulted in a gain on disposal of investment property of 978 KEUR. At closing also an amount of 7.9 MEUR of bank loans has been reimbursed.
- On 20 December 2019, the (leasehold right on the) Spectrum office project in Brussels, has been sold to Dekam Immobilien. The transaction was based on a transaction value of 103 MEUR and resulted in a gain on disposal of investment property of 8.7 MEUR. At closing also an amount of 31 MEUR of bank loans has been reimbursed. The freehold rights on the project have remained in portfolio and are subject to a purchase option which can be exercised by the investor at the earliest on 1 February 2022.
- Other, residential sales related mainly to apartments and parking spaces in the Edition and Spectrum projects in Brussels and the Senzafine project in Kortrijk.

POLAND

In Poland, the Group has in the current period mainly invested in a number of existing projects (mainly the Warsaw HUB and the Warsaw Unit) and was able to create considerable added value on its projects portfolio.

Land bank

The Group in first instance maintained its existing land bank but also took advantage of some expansion opportunities. In this respect, in the first half of 2019 a plot at Wadowicka Street in Krakow was acquired for the development of a 24,100 sqm office project (with retail function on the ground floor and 325 parking space). Furthermore, end of October 2019, the Company's subsidiary Prima Bud Sp. z o.o. acquired a plot of land in Lomianki (suburb of Warsaw) for the future construction of approx. 5,500 sqm of retail space.

Development and construction

During 2019, the Group further invested in the following projects in Poland:

- The continued construction of the Warsaw HUB project at Rondo Daszynskiego in Warsaw, comprising 3 towers on a podium with retail function of approx. 117,000 sqm in Warsaw CBD. Currently the above ground construction works are well advanced and the façade works are ongoing as well. The completion of the construction is scheduled by the end of Q2 2020.
- The continuation of the construction works of the Warsaw UNIT (formerly named Spinnaker), 57,200 sqm offices project, also at Rondo Daszynskiego. Underground and above ground construction works are currently ongoing. The project is expected to be completed and delivered by Q3 2021.
- The progressed construction works of the Foksal project, including the renovation of the historic buildings, located in the historic heart of Warsaw. Per end of 2019 the construction works of the two-storey underground car park and the above-ground part of the building have been completed. The renovation of the historic buildings and the construction works are ongoing, while delivery is scheduled for Q2 2020. The project comprises the realisation of 55 high-class apartments (approx. 6,424 sqm in total) and commercial space of approx. 595 sqm. Per date of the current report, approx. 50% of available residential space has already been pre-sold.
- The (receipt of the building permit and) start of the construction works in March 2019 of the Flisac project (5,700 sqm of residential space and approx. 980 sqm of

retail space on the ground floor, including a two-storey underground parking) in the Powisle district in Warsaw. Per date of the current report, approx. 65% of the available space has already been pre-sold.

- The (receipt of the building permit and) demolition of the old building on the land plot which was acquired at Wadowicka Street in Krakow related to the Kreo project, for the development of a 24,100 sqm office project (with retail functions on the ground floor and 325 parking spaces). The demolition works have started end 2019 and have been finalised early 2020. The construction works are expected to start Q1 2020.
- The continuation and finalisation of the construction works of the Lomianki project (shopping center of approx. 5,500 sqm with 50 above ground parking spots). The occupation permit has been obtained in November 2019 and delivery is expected by the end of Q1 2020.

(Pre-)leasing and occupation of projects:

Continued leasing efforts have resulted in a lease rate of approx. 95% for the delivered Woloska 24 project located in the Warsaw Mokotow District (+/- 23,200 sqm) and a lease rate of approx. 93% in the Vogla retail project (+/- 5,200 sqm).

For the Warsaw HUB, the Company is in advanced negotiations with potential tenants for the still available commercial and office spaces. Currently, lease agreements have been signed for approx. 93,500 sqm (taking into account extension options signed, the level of rented space is approx. 96,500 sqm). Furthermore, the commercialization process resulted in the signing of lease agreements for already 17,500 sqm in the Warsaw UNIT (and taking into account extension options signed, the lease level is approx. 20,600 sqm).

In the Lomianki project, finally, the combined pre-lease/ pre-sale level is currently already at 77%.

Divestitures

In 2019, the Group has successfully sold two of its delivered and leased projects:

- The .BIG project (10,200 sqm office space in Krakow) was sold as on 17 January 2019 to Credit Suisse. The project was for 91% leased to a single tenant (StateStreet). The sale was structured as an enterprise deal (sale of assets plus linked obligations), based on a transaction value of 32.9 MEUR and a yield of 5.59%. The sale resulted in a gain on disposal of investment property of 2.2 MEUR. At the moment of the sale the related bank loan was reimbursed for an amount of 16.8 MEUR.
- The Wronia project (16,600 sqm office space in Warsaw CBD) was sold on 26 April 2019 to LaSalle Investment Management. The project was leased for approx. 80% (the level of rented space, including signed extension options was at approx. 89%). The share deal was based on a transaction value of 74 MEUR and resulted in a gain on disposal of investment property of 2.0 MEUR. At the moment of the sale the related bank loan was reimbursed for an amount of 40.7 MEUR.

Current period's residential revenues mainly related to the sale of the remaining units in the Woronicza Qbik project (355 residential soft lofts and 16 ground floor commercial units, in the Mokotow District of Warsaw).

RUSSIA

In Russia, the first (building A, approx. 60,000 sqm) and second phase (building B, approx. 76,000 sqm) of the Dmitrov Logistics Park – class A warehouse complex of four

buildings totalling approx. 243,000 sqm of lettable area (including ancillary office accommodations) in the northern part of the Moscow Region – have in the past years been delivered and are currently leased for resp. 98% and 99%. The occupation permit of building C1 (20,000 sqm) has been received early 2017 and building C2 and C3 (26,000 sqm) have been delivered in September 2017. The C buildings are currently leased for approx. 78%. Construction works for the first (8,250 sqm) part of building D were started end 2018. First part of building D has been delivered in December 2019 and is fully leased. Construction of the second part (9,800 sqm) of Building D will start in 2020. The second part of the building should be delivered and fully leased by December 2020s.

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

UKRAINE

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

Main post balance sheet events

On 22 January 2020, the (long-term leasehold rights on) Ring Hotel, adjacent to the Ghelamco Arena in Ghent and offering 250 hotel rooms, has been sold to the Van Der Valk hotel group for a sales amount of 24 MEUR. The closing of the deal was based on preliminary agreement which was signed in 2018. At the moment of the transaction, bank loans have been reimbursed for an amount of 23.7 MEUR.

Shortly after year-end, on 3 January and 10 January 2020, new Polish bonds have been issued for an amount of resp. 30,000 KPLN (series PR) and 14,889 KPLN (series PQ). These Polish bonds have a term of 3 years and bear an interest of resp. Wibor 6 months +4.50% (series PR) and +4.35% (series PQ).

Also, on 27 February 2020, the Polish financial supervision authority (KNF) approved Ghelamco Invest Sp. z o.o.'s new Base Prospectus in connection with its new Bonds Issue Programme (number VIII) for an amount of max. 350,000 KPLN. On 23 March 2020 and within this new programme, bonds have been subscribed by investors for an amount of 50,000 KPLN (series PPO). These bonds mature on 7 October 2023 and bear an interest of Wibor 6 months +4.30%. The issue is planned on 7 April 2020.

On 30 March 2020, Ghelamco Invest Sp. z o.o. has redeemed bonds (on maturity date) for a total amount of 68,744 KPLN (series PPE, PPF and PPG).

In the first half of March 2020, Ghelamco Invest NV has signed agreements in connection with the acquisition of a land plot in London, City Road for the future development of a mixed offices and residential project. The site (with building permit) extends to 0.37 hectares within the London Borough of Hackney. The project is expected to offer approx. 21,286 sqm of net lettable/sellable area. Acquisition price amounts to 75 MGBP (excl. VAT, stamp duties, transfer of IP and other related expenses). Closing of the deal (and transfer

of ownership) will take place on 30 October 2020. Construction works are expected to start shortly after the acquisition.

Risk factors

Due to its activities, the Group is exposed to a variety of risks: market risk (including exchange rate risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. We refer to section 2 of the Consolidated Financial Statements for a detailed description of those risk factors. With respect to the status of the Eurostadium project, we refer to note 10 of the Consolidated Financial Statements.

Outlook

It is the Investment Group's strategy to further diversify its investment portfolio in mainly Belgium and Poland by spreading its investments over different real estate segments.

For 2020, the Group will continue this strategy. In addition, it will closely monitor specific evolutions in its active markets and real estate segments and has already secured some important positions for sizable new projects. In respect of the COVID-19 pandemic the management has taken all necessary concrete and preventive measures to protect the Companies' staff and co-operators. In the meantime the management ensured the continuity of its business activities through different actions and initiatives.

Nevertheless the management is conscious that the pandemic will affect certain on-going and scheduled real estate and financial transactions. The risks concerned are mitigated as much as possible in open discussions with the involved counterparties. The management will closely monitor and follow up all evolutions concerned and will act diligently to reduce any negative effect on the Company, its staff and its business.

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

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

The Manager, hereby declares that, to the best of his knowledge, that:

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



II — IFRS CONSOLIDATED FINANCIAL STATEMENTS

This document presents the IFRS Consolidated Financial Statements for the year ended on 31 December 2019, assuming the going concern of the consolidated companies and which were approved by Investment Holding Management on 27 March 2020. The amounts in this document are expressed in thousands of EUR (KEUR), unless stated otherwise.

A. CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IN KEUR)

ASSETS	Note	31/12/2019	31/12/2018
Non-current assets			
Investment Property	6	1,271,365	1,034,988
Property, plant and equipment	7	513	515
Intangible assets	8	3,836	3,651
Equity accounted investees	4,9	15,371	14,485
Receivables and prepayments	11	211,659	236,239
Deferred tax assets	18	19,655	10,997
Other financial assets	4	4,379	3,961
Total non-current assets		1,526,778	1,304,836
Current assets			
Property Development Inventories	10	283,282	249,039
Trade and other receivables	11	228,429	162,073
Current tax assets		213	31
Derivatives	12	0	0
Assets classified as held for sale	6	24,575	126,867
Cash and cash equivalents	13	115,811	59,072
Total current assets		652,310	597,082
TOTAL ASSETS		2,179,088	1,901,918

EQUITY AND LIABILITIES	Note	31/12/2019	31/12/2018
Capital and reserves attributable to the Group's equity holders			
Share capital	14	28,194	28,194
CTA	15	4,110	2,749
Retained earnings	15	836,089	724,329
		868,393	755,272
Non-controlling interests	14.2	7,866	7,955
TOTAL EQUITY		876,259	763,227
Non-current liabilities			
Interest-bearing loans and borrowings	16	790,921	750,274
Deferred tax liabilities	18	65,157	46,617
Other non-current liabilities		6,211	7,029
Total non-current liabilities		862,289	803,919
Current liabilities			
Trade and other payables	19	112,669	93,802
Current tax liabilities	20	11,499	6,056
Interest-bearing loans and borrowings	16	316,372	234,914
Total current liabilities		440,540	334,772
TOTAL LIABILITIES		1,302,829	1,138,691
TOTAL EQUITY AND LIABILITIES		2,179,088	1,901,918

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	Note	2019	2018
Revenue	21	56,825	69,211
Other operating income	22	22,681	28,126
Cost of Property Development Inventories	23	-19,606	-28,431
Employee benefit expense	22	-1,916	-1,161
Depreciation amortisation and impairment charges	7	-854	-817
Gains from revaluation of Investment Property	6	143,995	56,524
Other operating expense	22	-46,546	-52,842
Share of results in equity accounted investees (net of tax)		887	1,738
Operating profit - result		155,466	72,348
Finance income	24	14,855	17,970
Finance costs	24	-36,951	-29,930
Profit before income tax		133,370	60,388
Income tax expense	25	-20,366	-21,983
Profit for the year		113,004	38,405
Attributable to:			
Owners of the Company		112,966	37,221
Non-controlling interests		38	1,184

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Note	2019	2018
Profit for the year		113,004	38,405
Exchange differences on translating foreign operations	15	1,361	1,361
Other		0	-31
Other comprehensive income of the period		1,361	1,330
Total Comprehensive income for the year		114,365	39,735
Attributable to:			
Owners of the Company		112,966	38,551
Non-controlling interests		38	1,184

C. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to the Owners of the Company			Non-controlling interests	TOTAL EQUITY
		Share capital	Cumulative translation reserve	Retained earnings		
Balance at 1 January 2018		28,194	7,147	687,402	6,746	729,489
Foreign currency translation (CTA)			-4,398			-4,398
Profit/(loss) for the year				37,221	1,184	38,405
Capital decrease						0
Dividend distribution						0
Change in non-controlling interests					25	25
Change in the consolidation scope				-252		-252
Other				-42		-42
Balance at 31 December 2018		28,194	2,749	724,329	7,955	763,227
Foreign currency translation (CTA)	15		1,361			1,361
Profit/(loss) for the year	15			112,966	38	113,004
Capital decrease						0
Dividend distribution						0
Change in non-controlling interests	14.2			71	-127	-56
Change in the consolidation scope	15			-1,277		-1,277
Other						0
Balance at 31 December 2019		28,194	4,110	836,089	7,866	876,259

D. CONSOLIDATED CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT FOR 2019 AND 2018	Note	2019	2018
Operating Activities			
Profit / (Loss) before income tax		133,370	60,388
Adjustments for:			
• Share of results in equity accounted investees		-887	-1,738
• Change in fair value of investment property	6	-143,995	-56,524
• Depreciation, amortization and impairment charges	7	854	817
• Result on disposal investment property	22	-17,157	647
• Change in provisions / inventory write-down	10	3,689	0
• Net interest charge	24	13,469	11,962
• Movements in working capital:			
- Change in prop. dev. inventories		-35,205	7,678
- Change in trade & other receivables		-59,866	20,037
- Change in trade & other payables		5,276	-36,675
• Movement in other non-current liabilities		-818	4,780
• Other non-cash items		-94	-118
Income tax paid		-5,222	-384
Interest paid (*)		-23,760	-26,825
Net cash from operating activities		-130,346	-15,955
Investing Activities			
Interest received	24	6,296	18,060
Purchase/disposal of PP&E and intangibles	7-8	-1,037	-748
Purchase of investment property	6	-204,114	-176,262
Capitalized interest in investment property		-23,046	-17,300
Proceeds from disposal of investment property	6	293,505	20,966
Net cash outflow on acquisition of subsidiaries		0	1,689
Cash inflow/outflow on other non-current financial assets		24,162	14,866
Net cash flow used in investing activities		95,766	-138,729
Financing Activities			
Proceeds from borrowings	16	333,954	207,495
Repayment of borrowings	16	-240,474	-117,035
Dividends paid		-61	0
Net cash inflow from / (used in) financing activities		93,419	90,460
Net increase/decrease in cash and cash equivalents		58,839	-64,224
Cash and cash equivalents at 1 January of the year		59,072	129,526
Effects of exch. Rate changes in non-EUR countries		-2,100	-6,230
Cash and cash equivalents at 31 December of the year		115,811	59,072

(*): Interests directly capitalized in IP not included (2019: 23,047 KEUR; 2018: 17,300 KEUR) – separately presented under investing activities

E. SEGMENT REPORTING

A segment is a distinguishable component of the Group which is engaged either in providing products or services (business segment), or in providing products or services within a particular economic area (geographic segment) and which is subject to risks and rewards that are different to those of other segments.

As the majority of the assets (and resulting income) of the Group is geographically located in Europe (Belgium and Poland) and considering the specifics of the assets located in Russia and Ukraine and the economic and political risks and circumstances in those regions, a distinction between Europe and Russia & Ukraine has been made.

The segment assets, liabilities and income statement components include all items directly attributable to the segments, as well as those elements which can reasonably be allocated to a segment. Unallocated amounts (mainly related to (non-)current receivables and prepayments, loans and borrowings and trade & other payables on the balance sheet level and financial result and taxes on the income statement level) are shown separately.

ASSETS	2019				2018			
	Europe	Russia/ Ukraine	unallocated	TOTAL	Europe	Russia/ Ukraine	unallocated	TOTAL
Non-current assets								
Investment Property	1,119,360	152,005		1,271,365	888,526	146,462		1,034,988
Property, plant and equipment	513			513	515			515
Intangible assets	3,836			3,836	3,651			3,651
Investments in equity accounted investees	15,371			15,371	14,485			14,485
Receivables and prepayments			211,659	211,659			236,239	236,239
Deferred tax assets	12,271	7,384		19,655	6,634	4,363		10,997
Non-current assets held for sale				-				-
Other financial assets	4,379			4,379	3,961			3,961
Restricted cash				-				-
Total non-current assets	1,155,730	159,389	211,659	1,526,778	917,772	150,825	236,239	1,304,836
Current assets								
Property Development Inventories	277,017	6,265		283,282	249,036	3		249,039
Trade and other receivables			228,429	228,429			162,073	162,073
Current tax assets	213			213	26	5		31
Derivatives				-				-
Assets classified as held for sale	24,575			24,575	126,867			126,867
Restricted cash				-				-
Cash and cash equivalents	110,268	5,543		115,811	56,022	3,050		59,072
Total current assets	412,073	11,808	228,429	652,310	431,951	3,058	162,073	597,082
TOTAL ASSETS	1,567,803	171,197	440,088	2,179,088	1,349,723	153,883	398,312	1,901,918

EQUITY AND LIABILITIES	2019				2018			
	Europe	Russia/ Ukraine	unallocated	TOTAL	Europe	Russia/ Ukraine	unallocated	TOTAL
Capital and reserves attributable to the Group's equity holders								
Share capital			28,194	28,194			28,194	28,194
CTA	3,206	904		4,110	866	1,883		2,749
Retained earnings	875,453	-39,364		836,089	763,876	-39,547		724,329
	878,659	-38,460	28,194	868,393	764,742	-37,664	28,194	755,272
Non-controlling interests	7,874	-8		7,866	7,961	-6		7,955
Total equity	886,533	-38,468	28,194	876,259	772,703	-37,670	28,194	763,227
Non-current liabilities								
Interest-bearing loans and borrowings			790,921	790,921			750,274	750,274
Deferred tax liabilities	65,157			65,157	46,617			46,617
Other non-current liabilities	6,211			6,211	7,029			7,029
Total non-current liabilities	71,368	0	790,921	862,289	53,645	0	750,274	803,919
Current liabilities								
Trade and other payables			112,669	112,669			93,802	93,802
Current tax liabilities	11,499			11,499	6,056			6,056
Interest-bearing loans and borrowings			316,372	316,372			234,914	234,914
Total current liabilities	11,499	0	429,041	440,540	6,056	0	328,716	334,772
Total liabilities	82,867	0	1,219,962	1,302,829	59,701	0	1,078,990	1,138,691
TOTAL EQUITY AND LIABILITIES	969,400	-38,468	1,248,156	2,179,088	832,404	-37,670	1,107,184	1,901,918

STATEMENT OF PROFIT OR LOSS	2019				2018			
	Europe	Russia/ Ukraine	unallocated	TOTAL	Europe	Russia/ Ukraine	unallocated	TOTAL
Revenue	44,665	12,160		56,825	59,527	9,684		69,211
Other operating income	18,899	3,782		22,681	27,075	1,051		28,126
Cost of Property Development Inventories	-19,606			-19,606	-28,431			-28,431
Employee benefit expense	-1,916			-1,916	-1,157	-4		-1,161
Depreciation amortisation and impairment charges	-854			-854	-817			-817
Gains/losses from revaluation of Investment Property	146,230	-2,235		143,995	74,323	-17,799		56,524
Other operating expense	-36,804	-9,742		-46,546	-47,559	-5,283		-52,842
Share of results in equity accounted investees (net of tax)	887			887	1,738			1,738
Operating profit - result	151,501	3,965	0	155,466	84,699	-12,351	0	72,348
Finance income			14,855	14,855			17,970	17,970
Finance costs			-36,951	-36,951			-29,930	-29,930
Profit before income tax				133,370				60,388
Income tax expense	-23,413	3,047		-20,366	-24,519	2,536		-21,983
Profit for the year				113,004				38,405
Attributable to:								
Owners of the Company				112,966				37,221
Non-controlling interests	38			38	1,184			1,184

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1.1. INTRODUCTION

We refer to the section "Business activities and profile" of the Managers' annual report on the consolidated financial statements and Note 5 "Group structure" of these financial statements for more information on the business activities and the structure of the Investment Holding and its position within the Ghelamco business.

As per today, the Group's core business is the investment in commercial and residential properties. The Group's strategy is to keep commercial property in portfolio for rental purposes while residential properties are dedicated for sale. According to IAS 2, Property Development Inventories have to be measured at the lower of cost and net realizable value. Investment Properties (Under Construction) are carried at fair value. As such, residential properties are presented as Property Development Inventories. Most of the commercial property is presented as Investment Property. We refer to the Notes 6 and 10 for more details on their presentation.

These financial statements are IFRS consolidated financial statements that include the resources and activities of Ghelamco Group Comm. VA and its legal subsidiaries that are part of the Investment Holding at 31 December 2019.

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

1.2. BASIS OF PREPARATION

The Investment Holding's consolidated financial statements include those of the Ghelamco Group Comm. VA and its subsidiaries (together referred to as the "Investment Holding"). The consolidated financial statements were approved for issue by Management on March 27, 2020. The consolidated financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards ("IFRS") as adopted by the European Union at 31 December 2019. The Investment Holding has adopted all new and revised standards and interpretations relevant for its activities and which became applicable for the financial year starting 1 January 2019.

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

1.3. STANDARDS AND INTERPRETATIONS THAT BECAME APPLICABLE IN 2019

Standards and Interpretations that the Company anticipatively applied in 2018 and 2019:

- None

Standards and Interpretations that became effective in 2019:

- IFRS 16 Leases
- Annual Improvements to IFRS Standards 2015-2017 Cycle
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures
- Amendments to IFRS 9: Prepayment Features with Negative Compensation

IFRS 16 “Leases”

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

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

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

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

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

For the impact of the adoption of IFRS 16 on the statement of profit or loss and on the statement of financial position we refer to note 27.2. The impact on the 2019 statement of profit or loss is limited.

The first time adoption of the other aforementioned standards and interpretations did not have a significant impact on the financial statements as of 31 December 2019.

Standards and Interpretations which became effective in 2019 but which are not relevant to the Company:

- Amendments to IAS 19: Plan Amendment, Curtailment of Settlement

1.4. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

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

- Amendments to IAS 1 and IAS 8 Definition of Material (applicable for annual periods beginning on or after 1 January 2020, and endorsed in the EU)
- Amendments to IFRS 3 Business Combinations (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in the EU)
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (the effective date has been deferred indefinitely, and therefore the endorsement in the EU has been postponed)
- Amendments to references to the Conceptual Framework in IFRS standards (applicable for annual periods beginning on or after 1 January 2020, and endorsed in the EU)
- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2021, but not yet endorsed in the EU)

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

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

1.5. PRINCIPLES OF CONSOLIDATION

1.5.1. CONSOLIDATION SCOPE

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

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

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

The transactions, balances and unrealized gains and losses between these legal entities are deemed to be intra-group transactions and are eliminated in full.

The transactions with other entities owned directly or indirectly by the ultimate beneficial owners of the Investment Holding are deemed transactions with related parties and are not eliminated, but are presented as balances and transactions with related parties in Note 28.

Investments in joint-ventures are included in the consolidated financial statements in

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

1.5.2. ACQUISITION OF SUBSIDIARIES

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

During the course of 2019 and 2018, there were no acquisitions of subsidiaries that qualified as an acquisition of a business as defined in IFRS 3 "Business Combinations".

1.5.3. SALE OF SUBSIDIARIES

As was the case in the past, the 2019 and 2018 business of the Investment Holding consists of investing in commercial and the creation of residential real estate projects. Commercial properties are held for rental. Residential properties are held for sale in the ordinary course of business.

General rule:

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

Comments 2019

On 17 January 2019, the .BIG project in Krakow (approx. 10,200 sqm office space and 141 underground parking spaces) was sold to Crédit Suisse. In deviation of the above general approach, the sale was completed through an enterprise deal (sale of assets plus linked obligations for the buyer), based on an underlying value of the property of 32.9 MEUR.

In February 2019, the 'The Link' project in Antwerp (27,000 sqm leasable office space and approx. 540 underground parking spaces, divided over 2 buildings) was disposed and sold to Baloise for a total gross sales value of 89.3 MEUR. The deal was structured as an asset deal.

On 26 April 2019, The Wronia project (16,600 sqm office space in Warsaw CBD) was sold to LaSalle Investment Management. The transaction was completed through a share deal based on an underlying value of the property of 74 MEUR. The transaction has in the financial statements been presented as a disposal of IP.

On 19 December, the Arval project in Evere (approx. 5,275 sqm retail park) was sold to a third party investor. The transaction was structured as a share deal, in line with the general approach to sell commercial projects. The share deal was based on an underlying value of the property of 13 MEUR. The transaction has in the financial statements been presented as a disposal of IP.

On 20 December, the Spectrum project in Brussels (offering approx. 16,365 sqm leasable office space and 150 parking spaces) was sold to Deka Immobilien. The transaction was again structured as share deal, based on an underlying value of 103 MEUR. The transaction has in the financial statements been presented as a disposal of IP.

Also on 20 December the Company sold 499 shares (of 500 in total) of its (empty, shelf) subsidiary Liberica NV (formerly Ring Offices NV). This transaction has no material impact on the consolidated financial statements.

In 2019, no residential SPVs have been sold, in line with the general approach to sell residential projects through asset deals.

Comments 2018

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

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

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

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

1.5.4. INCREASE IN OWNERSHIP INTERESTS IN SUBSIDIARIES

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

1.5.5. FOREIGN CURRENCY TRANSLATION

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

Foreign currency transactions

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

Foreign entities

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

The principal exchange rates versus EUR that have been used are as follows:

	2019		2018	
	Closing rate at 31 December	Average rate for 12 months	Closing rate at 31 December	Average rate for 12 months
Polish Zloty (PLN)	4.2585	4.2988	4.3000	4.2617
Russian Rouble (RUB)	69.3406	72.3187	79.4605	74.1330
United States Dollar (USD)	1.1234	1.1195	1.1450	1.1810
Ukrainian Hryvnia (UAH)	26.4220	28.9518	31.7141	32.1429

1.5.6. HYPERINFLATIONARY ECONOMIES

None of the Group's entities operated in a hyperinflationary economy in 2019 and 2018.

1.6. PROPERTY, PLANT AND EQUIPMENT

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

Cost includes the fair value of the consideration given to acquire the asset and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of taxes).

The depreciable amount is allocated on a systematic basis over the useful life of the asset, using the straight-line method. The depreciable amount is the acquisition cost.

The applicable useful lives are:

- Property, plant and equipment
 - Buildings: 20 to 40 years
 - Vehicles: 5 years
 - Equipment: 5 to 10 years

1.7. LEASES

Policy applicable from 1 January 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. All right-of-use assets complying with the definition of Investment property will be presented as Investment property and are recognized at fair value.

The other right-of-use assets will be presented in the most appropriate caption, taking into account the nature of the assets on which the right-of-use has been granted. These other right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. These other right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The incremental borrowing rate is determined as the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- to the extent possible, uses recent third-party financing received by the Company as a starting point, adjusted to reflect changes in financing conditions since the third party financing was received, and
- makes adjustments specific to the lease, e.g. considering term, country, currency and applicable securities.

Policy applicable before 1 January 2019

A finance lease that substantially transfers all the risks and rewards incident to ownership, is recognized as an asset and a liability at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

The depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy the lessee adopts for depreciable assets that are owned. If there is reasonable certainty

that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise the asset is depreciated over the shorter of the lease term and its useful life.

1.8. IMPAIRMENT OF ASSETS

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

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

1.9. INVESTMENT PROPERTY

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

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

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

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

The Investment Holding distinguishes 4 different stages for Investment Property:

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

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

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

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

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

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

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

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

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

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

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

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

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

2. COMPLETED INVESTMENT PROPERTIES (D)

Investment Properties are considered completed:

- In Russia and Poland as from the moment the project received its exploitation permit;
- In Belgium and France as from the signature of the delivery protocol between investor and general contractor.

Completed Investment Properties are valued by internationally qualified appraisers as of the end of the period, based on market values in accordance with the RICS Valuation Standards.

They are recognized at fair value reflecting the market conditions at the balance sheet date. Market values of the project are calculated based on the Yield method or

Discounted Cash Flow method, depending on the type of project, its status and the location.

Fair value of IP is determined as follows

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

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

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

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

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

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

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

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

1.11. PROPERTY DEVELOPMENT INVENTORY

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

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

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

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

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

Based on the most recent review, impairment losses have been recognized in the 2019 IFRS consolidated financial statements for an amount of 3,689 KEUR, on a limited number of inventory items, related to the adjustment of some commercial parameters (see also section 3. Accounting estimates and judgements and Note 10).

Perpetual usufruct and operating lease contracts of land

The Investment Holding holds land in Poland under the right of perpetual usufruct. The right of perpetual usufruct is in substance a long-term land lease that grants the lessee the right to use and administer land owned by the state or local authorities under the terms and conditions of a contract usually concluded for 99 years. The holder of such right is obliged to pay an annual fee during the term of the perpetual usufruct estimated by the state or local authority.

The Investment Holding holds land in Russia under operating lease contracts covering a 49-year period. These contracts are quite similar in substance to the perpetual usufruct contracts in Poland.

Payments, including prepayments, made under the perpetual usufruct contracts are capitalized to the Property Development Inventories.

The perpetual usufruct held by the Company are recognized in accordance with IFRS 16 "Leases". In this respect, further reference is made to section 1.3 above and Note 27.2.

1.12. TRADE AND OTHER RECEIVABLES

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

The Company recognises loss allowances for Expected Credit Losses (“ECLs”) mainly on financial assets measured at amortised cost and contract assets.

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

As the Company has opted for the simplified approach, loss allowances for trade receivables and contract leases are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

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

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

1.13. FINANCIAL ASSETS

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

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

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

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

For an overview of financial assets (and liabilities) by category in accordance with IFRS 9, reference is made to note 17 below.

1.14. CASH AND CASH EQUIVALENTS

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

1.15. SHARE CAPITAL

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

Dividends are recognized as a liability only in the period in which they are approved by the Investment Holding's shareholders.

1.16. CURRENT AND DEFERRED INCOME TAXES

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

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

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

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

As it is expected that the value of commercial projects will in first instance be realized through use (and not through sale), the recognition of deferred tax liabilities on fair value adjustments is also applied here. Still, the potential capital gain (in the case a commercial project would be sold through a share deal) might be exempted from income tax in some jurisdictions if certain conditions are met. Although the Investment Holding is confident that in the case of a share deal these conditions will be complied with, deferred tax liabilities have consistently been recognized, without taking into account those potential tax exemptions.

Currently or substantially enacted tax rates are used to determine deferred income tax. Under this method, the Investment Holding is also required to make a provision for deferred income tax on the difference between the fair values of the net assets acquired and their tax base as a result of a business combination.

No deferred taxes are accounted for temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that

at the time of the transaction affect neither accounting or taxable profit; temporary differences relating to investments in subsidiaries, associates and joint arrangements to the extent that they will probably not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. A deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized (Note 18).

1.17. TRADE AND OTHER PAYABLES

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

1.18. BORROWINGS

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

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

1.19. REVENUE RECOGNITION AND RESULT ON DISPOSAL

Revenue mainly includes sales of property development inventory and rental income.

Sale of Property Development Inventory

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

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

In accordance with IFRS 15, the company assesses on a case-by-case basis:

- Whether the agreement, the contract or the transaction falls within the scope of IFRS 15, including by taking into account the probability of the entity recovering the consideration to which it is entitled;
- Whether, under a contract, the sale of the land, the development and the commercialisation represent distinct performance obligations;
- Whether, for each obligation, the revenue is subject to a gradual transfer of control, particularly for projects which satisfy the third criterion defined by IFRS 15.36 ("Performance creating a specific asset and giving rise to an enforceable right to

payment for performance completed to date"), and must be recognised gradually.

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

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

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

Rental income

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

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

Sale of Investment Property

Other operating income from the sale of investment property is recognized the buyer obtains control of the property, for an amount to which the Company expects to be entitled in exchange for the transfer of the property.

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

When an Investment property project is disposed, the result on disposal is determined based on the difference between the sales value per date of disposal and the carrying/fair value per books at year-end of the previous accounting year.

2. FINANCIAL RISK MANAGEMENT

2.1. FINANCIAL RISK FACTORS

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

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

2.1.1 FOREIGN EXCHANGE RISK

The Investment Holding operates internationally and enters into transactions in currencies (US Dollar, Polish Zloty and Russian Rouble) other than the Investment Holding's functional currency being Euro. The major part of the Investment Holding's financial assets and financial liabilities are however denominated in Euro.

Within the Eurozone, the Investment Holding concludes all engineering and architectural contracts, main construction contracts and main part of (project) financing contracts in Euro. On the other hand, the Investment Holding has over the past four years and via its financial vehicle Ghelamco Invest SP. z o.o., issued significant amounts of Polish bearer bonds (with an outstanding amount of 981.8 MPLN as of 31/12/19). Leasing of the properties is Euro-based and eventual later disposal of assets or shares is usually expressed or negotiated in Euro. The Polish Zloty's risk is for that mainly related to the mentioned PLN bond issues, some local construction contracts and the sale amounts of residential projects.

In Russia, bank financing for the construction of the Dmitrov Logistics Park Project has since 2012 been expressed in USD but has in Q4 2019 been converted into EUR. The semi-equity is provided through related party loans, expressed in both Euro and USD. The Group manages the USD/Euro/RUB risk internally.

In short, the Investment Holding mitigates its currency risk exposure by matching as much as possible the currency of the income with that of the expenditure.

As stated, main net foreign currency position which the Company holds at the reporting date relates to the Polish bearer bonds in PLN for a (net) amount of 962,311 KPLN. A 10% strengthening/weakening of the EUR against the PLN rate at 31 December 2019 would resp. have increased/decreased the EBT by approx. 22.8 MEUR. This analysis assumes that all other variables (e.g. interest rates) remain constant.

In addition, trade payables in PLN are outstanding for an amount of 160.3 MPLN. A 10% strengthening/weakening of the EUR against the PLN rate at 31 December 2019 would resp. have increased/decreased the equity by approx. 3.8 MEUR. This analysis assumes that all other variables (e.g. interest rates) remain constant.

When a member of the Development Holding is exposed to eventual currency risks, the

Investment Holding may choose to enter into an intra-group hedging. Over 2019, there have been no such hedging transactions. Per end of December 2019, there were no outstanding amounts/positions to be covered by hedging contracts. The same goes for 2018.

Despite those closely monitored initiatives and as a consequence of its international activity, foreign exchange risks may still affect the Investment Holding's financials and results.

2.1.2 INTEREST RATE RISK

The Investment Holding actively uses external and internal borrowings to finance its property projects in Belgium, France, Poland and Russia. A property project's external financing is usually in the form of a bank loan denominated in Euro or PLN (see Note 16). Since Ghelamco Invest Sp. z o.o. is issuing bearer bonds (of which 981.8 MPLN actually still outstanding per balance sheet date), Polish projects can also be partly financed through the proceeds of these bonds. The same goes for Belgium since the bond issues (of which 284.6 MEUR actually still outstanding per balance sheet date).

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

- The **bank financing** structure reflects major project investment phases (acquisition of land, construction and holding of the properties) as follows, and usually structured within the involved project entity:
 - Land acquisition loans (usually provided for a term of two years). The interest is payable at market floating rates (from 1 up to 6 months) increased by a margin.
 - Construction loans provided until completion of construction and obtaining of the exploitation permit (usually for a term of about two years). The interest is calculated at market floating rates (from 1 up to 6 months) increased by a margin and mostly capitalized in the construction loan. The land acquisition loan is at this stage integrated in the construction loan.
 - Once the property is completed, leased and meets all ongoing covenants, the construction financing is swapped into an investment loan, usually provided for a period of five years beginning from the signing of the investment loan agreement and repayable gradually with rental income or fully upon sale of the property. The banks are usually willing to offer investment loans up to an amount that reflects 65% to 70% of the property's market value. The interest is usually a mix of floating and fixed rates. In addition, the capital is reimbursed at a level between 4% and 7% per annum (on average), usually payable on a quarterly basis together with the accrued interest.
- **Bonds for the Polish projects** (issued on the Ghelamco Invest Sp. z o.o. level): 981.8 MPLN proceeds from bond issues with a term of 3 to 5 years and bearing an interest of Wibor 6 months + 3.5%-4.5%; proceeds of which can be used over the resp. project development stages.
- **Bonds for the Belgian and French projects** (issued on the Ghelamco Invest NV level):
 - 79.1 MEUR EMTN bond issue due 3 July 2020 and bearing an interest of 4.5%,
 - 70.9 MEUR EMTN bond issue due 14 June 2021 and bearing an interest of

- 4.125%,
- 33 MEUR EMTN bond issue due 23 May 2022 and bearing an interest of 4.5%.
- 47.4 MEUR EMTN bond issue due 20 November 2022 and bearing an interest of 4.3%,
- 54.2 MEUR EMTN bond issue due 20 November 2024 and bearing an interest of 4.8%.

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

Since end 2019, the Company also has a 3-year commercial paper programme in place, for a maximum amount of 35 MEUR and bearing an interest rate of Euribor 3 months +2% margin.

- The Investment Holding actively uses **intra-group borrowings** provided by the Financing Vehicles acting as financial intermediaries (mainly Milovat, Peridot SL and Salamanca Capital Services Ltd per 31 December 2019 and 2018) to finance the property projects in Poland, Belgium, France and Russia. These intra-group loans bear interest at market floating interest rates and are fully eliminated from these IFRS consolidated financial statements.

For sensitivity analysis, reference is made to Note 16 on interest-bearing loans and borrowings.

2.1.3 OPERATIONAL RISK (PRICE RISK IN FIRST INSTANCE)

Price risk

Raw materials, supplies, labour and other costs directly related to the construction process constitute a major part of the property development assets capitalized in the accounts of the Investment Holding's project companies.

Although construction prices may substantially vary during each accounting year, the Investment Holding succeeds in reducing its operational risk by either entering into fixed price contracts or into open book contracts with related and unrelated companies.

Most property projects are realized in cooperation with parties related to the Investment Holding (see Note 29.2).

Market research

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

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

Permit risk

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

Construction risk

Construction risks are monitored by the Consortium in-house engineers. They define the construction cost as from the date of the feasibility study and take full responsibility for material discrepancies. Therefore, fine-tuning of budgets, choice of materials, construction techniques and construction prices is a constant process within the Consortium. This avoids cost overruns and delivery delays.

The Investment Holding also maintains full control over the building site coordination of (sub) contractors.

Engineering risk

The Investment Holding has to remain in control for the design, layout and structural or finishing elements of the building. Any change in engineering automatically leads to cost increases or decreases. That is why the Investment Holding hardly ever outsources these tasks outside the Consortium.

Financing risk

The Company relies since more than 10 years on framework agreements with the majority of its banking partners. The parameters of the framework can vary due to economic circumstances, but remains workable as a whole. Before starting up the construction works (or contracting with subcontractors), the Company expects to have received already a (non-)binding term sheet from its banking relations.

In the past five-six years, the Company has in addition been able to call upon alternative financing through the issue of bonds in Belgium (284.6 MEUR unsecured bonds and 20 MEUR other, private bonds are outstanding as of 31 December 2019) and Poland (981.8 MPLN bearer bonds outstanding as of 31 December 2019). Since recently the Company has access to a 3-year commercial paper programme. Commercial paper outstanding as of 31 December 2019 amounts to 35 MEUR

Commercial risk

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

Investment market risk

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

2.1.4 CREDIT RISK

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

For further analysis, reference is made to note 11.

2.1.5 LIQUIDITY RISK

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

The maturity analysis for financial liabilities that shows the remaining contractual maturities is presented in Note 16.

We also refer to note 13 and 16 where the available financing is described.

2.1.6 FOREIGN POLITICAL AND ECONOMIC RISK

Significant part of projects operated through subsidiaries of the Investment Holding are located and operated in Poland and Russia and are held through Belgian and Cypriot holding structures. As a result, the operation of these projects and the upstreaming of related revenues are subject to certain inherent risks to these countries which may include, but are not limited to unfavourable political, regulatory and tax conditions.

2.2. CAPITAL RISK MANAGEMENT

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

The management's focus is to a significant extent set on financial support of its expansion plans. In order to maintain or optimize the capital structure, the Investment Holding may decide to issue bonds or similar financial instruments in the international financial markets. Group management closely monitors solvency, liquidity, return on invested capital and profitability levels.

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

The Investment Holding monitors capital/balance sheet structure primarily based on the solvency ratio. This ratio is calculated as total equity divided by the balance sheet total. The solvency ratios at 31 December 2019 and 2018 were as follows:

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

	2019	2018
Equity	876,259	763,227
Total assets	2,179,088	1,901,918
Solvency ratio	40.21%	40.13%

When also considering the cash balance of 115,811 KEUR as of 31 December 2019 (59,072 KEUR as of 31 December 2018), the (adjusted) solvency ratio would be at 42.5% (41.4% as of 31 December 2018).

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

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

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

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

Write-down of inventory

The risk of impairment arises from uncertainties typical to the real estate development industry.

Per 31 December 2019, write-downs to net realizable value for an amount of 3.9 MEUR were recognized on a limited number of inventory items, related to the adjustment of some commercial parameters.

Limited impairment losses were recognized in 2018.

Income taxes

Given the diversity of its geographical locations, the Investment Holding operates within a thoroughly regulated environment. Deferred tax is determined based on each legal entity's tax position and is reviewed on each balance sheet date to take account of the impact of changes in the tax laws and the probability of recovery.

Basic Company Income Tax levels (excluding tax exemptions or other incentives):

- Belgium: 29.58 % (decreasing to 25% from 2020)
- France: 32.02 % (decreasing to 25.38% from 2020)
- Poland: 19% (to 15% if some conditions are met)
- Russia: 20%
- Cyprus: 12.5%
- Luxemburg: 22.80%
- Spain: 25%

Fair value estimation

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

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Investment Holding for similar financial instruments.

Derivatives are recognized at fair value in the balance sheet.

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

Ghelamco Group Comm. VA subsidiaries included in these IFRS consolidated financial statements are as follows:

4. LIST OF SUBSIDIARIES

Entity description	Country	31/12/2019 % voting rights	31/12/2018 % voting rights	Remarks
GHELAMCO INVEST NV	BE	99	99	*
The White House Zoute NV	BE	100	100	
Dock-Site NV	BE	99	99	*
Dianthus NV	BE	0	99	4.2
Nepeta NV	BE	99	99	*
Eurostadium Events NV (former De Leewe III NV)	BE	99	99	*
Eurostadium Park NV (former Immo Simava 13 NV)	BE	99	99	*
Leisure Property Invest NV	BE	99	99	*
Waterview NV	BE	99	99	*
Leuven Student Housing NV	BE	99	99	*
Parking Leuven NV (former Ring Congress Centre NV)	BE	99	99	*
RHR-Industries NV	BE	99	99	*
Zeewind NV	BE	99	99	*
Docora NV	BE	99	99	*
Ring Multi NV (former Ring Retail NV)	BE	99	99	*
MeetDistrict Gent NV	BE	99	99	*
Liberica NV (former Ring Offices NV)	BE	0	99	4.2
Ring Hotel NV	BE	99	99	*
Forest Parc NV	BE	99	99	*
Belalan Bischoffsheim Leasehold NV	BE	0	99	4.2
Bischoffsheim Freehold NV	BE	99	99	*
Belalan Louise Leasehold NV	BE	99	99	*
Louise Freehold NV	BE	99	99	*
De Nieuwe Filature NV	BE	99	99	*
Pomme de Pin Expansion SAS	FR	100	100	
Société Immobilière de Courchevel SARL	FR	100	100	
Pomme de Pin SAS	FR	100	100	
Le Chalet 1850	FR	100	100	
Brussels Urban Invest NV	BE	99	99	*
Construction Link NV	BE	99	99	*
Kubel NV	BE	99	99	*
Filature Retail NV	BE	99	99	*
Carlton Retail NV	BE	50	50	**
Eneman & Co NV	BE	100	100	
Graminea NV	BE	99	99	*
Citrien NV	BE	99	99	*
Silver Tower NV	BE	99	99	*
Caboli NV	BE	99	99	*
Domein Culligan bv	BE	100	100	

Entity description	Country	31/12/2018 % voting rights	31/12/2017 % voting rights	Remarks
GRANBERO HOLDINGS Ltd.	CY	100	100	
Apollo Invest Sp. z o.o.	PL	100	100	
Prima Bud Sp. z o.o.	PL	70	70	
Ghelamco Invest Sp. z o.o.	PL	100	100	
Ghelamco GP 1 Sp z o.o.	PL	100	100	
Ghelamco GP 1 Sp. z o.o. Konstancin SKA	PL	100	100	
Ghelamco GP 1 Sp. z o.o. Port Żerański SKA	PL	100	100	
Ghelamco GP 8 Sp. z o.o. Dahlia SKA	PL	100	100	
Tilia BIS Sp. z o.o. (former Ghelamco GP 1 SP. z o.o. Tilia SKA)	PL	100	100	
Innovation Bud Bis Sp. z o.o. (former Innovation SKA)	PL	100	100	
Sobieski Towers Sp. z o.o. (formerly Ghelamco GP 9 Sp. z o.o. Sobieski Towers Sp.k.)	PL	100	100	4.3
Ollay Sp. z o.o. Market SKA	PL	100	100	
Erato Sp. z o.o. (former Ghelamco GP 1 Sp. z o.o. Erato SKA)	PL	100	100	
Oaken Sp. z o.o. Pattina SKA	PL	100	100	
Ghelamco GP 1 Sp. z o.o. Unique SKA	PL	70	70	
Octon Sp. z o.o. PIB SKA	PL	100	100	
Ghelamco GP 1 Sp. z o.o. Vogla SKA	PL	100	100	
Ghelamco GP 5 Sp. z o.o. (former Fusion Invest Sp. z o.o)				
Ghelamco GP 11 Sp. z o.o. the HUB SKA (former Ghelamco GP 5 Sp. z o.o. Sienna Towers SKA)	PL	100	100	
Ghelamco GP 4 Sp. z o.o. SBP SKA	PL	100	100	
Ghelamco GP 5 Sp. z o.o. Foksal SKA	PL	100	100	
Ghelamco GP 3 Sp. z o.o. (former Belle Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 3 Sp. z o.o. Wronia SKA	PL	0	100	4.2
Ghelamco GP 7 Sp. z o.o. (former Power Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 7 Sp. z o.o. Postępu SKA	PL	100	100	
Ghelamco GP 2 Sp z o.o.	PL	100	100	
Ghelamco GP 4 Sp. z o.o. (former Betula Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 2 Sp. z o.o. M12 SKA	PL	100	100	
Ghelamco GP 6 Sp. z o.o. (former Opportunity Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 6 Sp. z o.o. HQ SKA	PL	100	100	
Ghelamco GP 3 Sp. z o.o. Isola SKA	PL	100	100	
Ghelamco GP 8 Sp. z o.o.	PL	100	100	
Ghelamco GP 2 Sp. z o.o. Sigma SKA	PL	100	100	
Ghelamco Garden Station Sp. z o.o.	PL	99	99	
Creditero Holdings Ltd.	CY	100	100	
Ghelamco Gdanska PI Sp. z o.o.	PL	100	100	
Warsaw Spire Management Sp. z o.o.	PL	100	100	
Ghelamco GP 10 SP. Z o.o. (former Chopin Project sp. z o.o.)	PL	100	100	
Ghelamco GP 2 Sp. z o.o. Synergy SKA	PL	100	100	
Ghelamco GP 16 Sp. z o.o. Canna SKA	PL	100	100	
Ghelamco GP 10 Sp. z o.o. Azira SKA	PL	100	100	
Laboka Holdings Ltd	CY	100	100	
Esperola Ltd	CY	100	100	
Woronicza Sp. z o.o.	PL	100	100	
Milovat Ltd	CY	100	100	
P22 Łódź Sp. z o.o.	PL	50	50	**
Ghelamco GP 1 Sp. z o.o. Azalia SKA	PL	70	100	4.4
Estima Sp. z o.o.	PL	70	n/a	4.4
Laboka Poland Sp. z o.o.	PL	100	n/a	

Entity description	Country	31/12/2019 % voting rights	31/12/2018 % voting rights	Remarks
SAFE HOLDING BELGIUM NV	BE	99	99	
Motaro Holdings Ltd.	CY	0	99	4.4
Challenge Invest Ltd.	UA	0	99	4.4
Vision Invest Ltd.	UA	0	99	4.4
Algowood Investments Ltd.	CY	0	99	4.4
Instant Invest Ltd.	UA	0	99	4.4
Urban Invest Ltd.	UA	0	99	4.4
Farota Trading Ltd.	CY	0	99	4.3
Creletine Ltd.	CY	99	99	
Logistic Park Ermolino Ltd.	RU	99	99	
Millor Enterprises Ltd.	CY	99	99	
Belyrast Logistics Ltd.	RU	99	99	
Avalanti Holdings Ltd.	CY	99	0	4.1
Finaris SA	LU	0	100	4.3
Salamanca Capital Services Ltd.	CY	100	100	
Peridot SL	ES	48	48	

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

A brief description of the main subsidiaries' business activities is given below:

- **Ghelamco Invest NV**, is an investment holding in **Belgian and French** real estate entities and also directly has a number of real estate projects on its own balance sheet.
- **Granbero Holdings Ltd** is an investment holding company that directly and indirectly owns equity interests in **Polish** real estate entities of the Investment Holding.
- **Safe Holding Belgium NV** is an investment holding company with (indirect) equity interests in **Russian and Cypriot** real estate entities (via a number of intermediate holding entities incorporated in Cyprus).
- Peridot SL, Salamanca Capital Services Ltd, Milovat Limited are all Financing Vehicles used in the Consortium's financial activities.

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

Most Investment Holding entities (except for the Holdings, Sub-holdings and Financing Vehicles) are such special purpose real estate entities created to structure real estate transactions (acquisition of land and real estate investment activities).

The summary of incorporations, acquisitions and disposals of subsidiaries (and other business units) realized by the Investment Holding during the year ended on 31 December 2019 is presented below. These acquisitions and disposals of subsidiaries are treated in accordance with the accounting policy as described in section 1.5.2 and 1.5.3 (and not in accordance with IFRS 3 on Business Combinations).

4.1. ACQUISITIONS OF SUBSIDIARIES

In the course of 2019 some new SPV's have been acquired or incorporated in Poland and are (directly or indirectly) held for 100% by the Company. All have in addition been acquired or incorporated for (directly or indirectly) holding future real estate developments. It concerns the following SPV's: Arifa SKA, NCL B1 SKA, NCL B2 SKA, and NCL B3 SKA. Above transactions have had limited to no impact on the Company's 2019 consolidated financial statements.

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

In the course of 2019, a new Cypriot project company Avalanti Holdings Ltd has been incorporated for the development of a future (office with retail) real estate project. The share capital amounts to 1.000 EUR and all shares have been subscribed and paid in by Safe Holding Belgium NV.

4.2. DISPOSAL OF SUBSIDIARIES

On 26 April 2019, the shares of Ghelamco GP 3 Sp. z o.o., project company holding the Wronia project (16,600 sqm office space in Warsaw CBD) have been sold to LaSalle Investment Management. The transaction was completed through a share deal based on an underlying value of the property of 74 MEUR. At closing also an amount of 40.7 MEUR of bank loans has been reimbursed.

On 19 December 2019, the shares of Dianthus NV, project company holding the Arval retail park in Evere, have been sold to a third party investor. The transaction was based on a transaction value of 13.0 MEUR and resulted in a gain on disposal of investment property of 978 KEUR. The closing of the deal was based on a share purchase agreement which was signed between parties on 26 September 2019. At closing also an amount of 7.9 MEUR of bank loans has been reimbursed.

On 20 December 2019, the shares of Belalan Bischoffsheim NV, holding the leasehold right on the Spectrum office project in Brussels, have been sold to Deka Immobilien. The transaction was based on a transaction value of 103 MEUR and resulted in a gain on disposal of investment property of 8.7 MEUR. At closing also an amount of 31 MEUR of bank loans has been reimbursed.

Also on 20 December 2019, the shares of shelf company Liberica NV (formerly Ring Offices NV) were sold. This transaction resulted in a limited gain (of approx. 105 KEUR) in the underlying consolidated financial statements.

4.3. MERGERS AND LIQUIDATIONS OF SUBSIDIARIES

In the course of 2019, Ghelamco GP 9 Sp. z o.o. Sobieski Towers Sp.k. and Ghelamco GP 9 Sp. z o.o. Altona S.K.A. have been merged into a new entity Sobieski Towers

Sp. z o.o. As a result of the merger, the involved SPV's have been liquidated and there rights and obligations of these entities have been transferred into the merged entity. The merger transaction had a limited to zero impact on the Company's consolidated financial statements as of 31 December 2019.

In the course of 2019, also the Luxembourg (former financial services) company Finaris SA and the Cypriot (empty shelf) company Farota Trading Ltd have been liquidated. These liquidations had no material impact on the Company's 2019 financial statements.

4.4. TRANSFER OF SUBSIDIARIES TO RELATED PARTIES

2019

In the course of 2019, Laboka Ltd (subsidiary of the Company) has sold 30% of its shares in Azalia and Estima to Deus Comm. VA, which is the holding company of the Portfolio Holding. Also, Granbero Ltd. has sold 30% of its shares in Pianissima Sp. z o.o., shelf company, to Deus Comm. VA. The shares have been sold at arm's length. These sales transactions only had a limited impact on the Company's consolidated financial statements as of 31 December 2019.

Furthermore, per 30 June 2019, the shares of Cypriot holding companies Algowood Investments Ltd – (in-) directly holding 100% of the shares of Instant Invest Ltd. (UA) and Urban Invest Ltd. (UA) – and Motaro Holdings Ltd – (in-) directly holding the shares of Challenge Invest Ltd. (UA) and Vision Invest Ltd. (UA) – have been sold by Safe Holding Belgium NV to International Real Estate Services Comm. VA (holding company of the Development Holding). Doing so, the remaining Ukrainian activities (mainly related to the holding of 2 land plots in the Kiev region) have been disposed. These sales transactions have resulted in a gain on disposal of investment property of 3,782 KEUR in the Company's consolidated financial statements as of 31 December 2019.

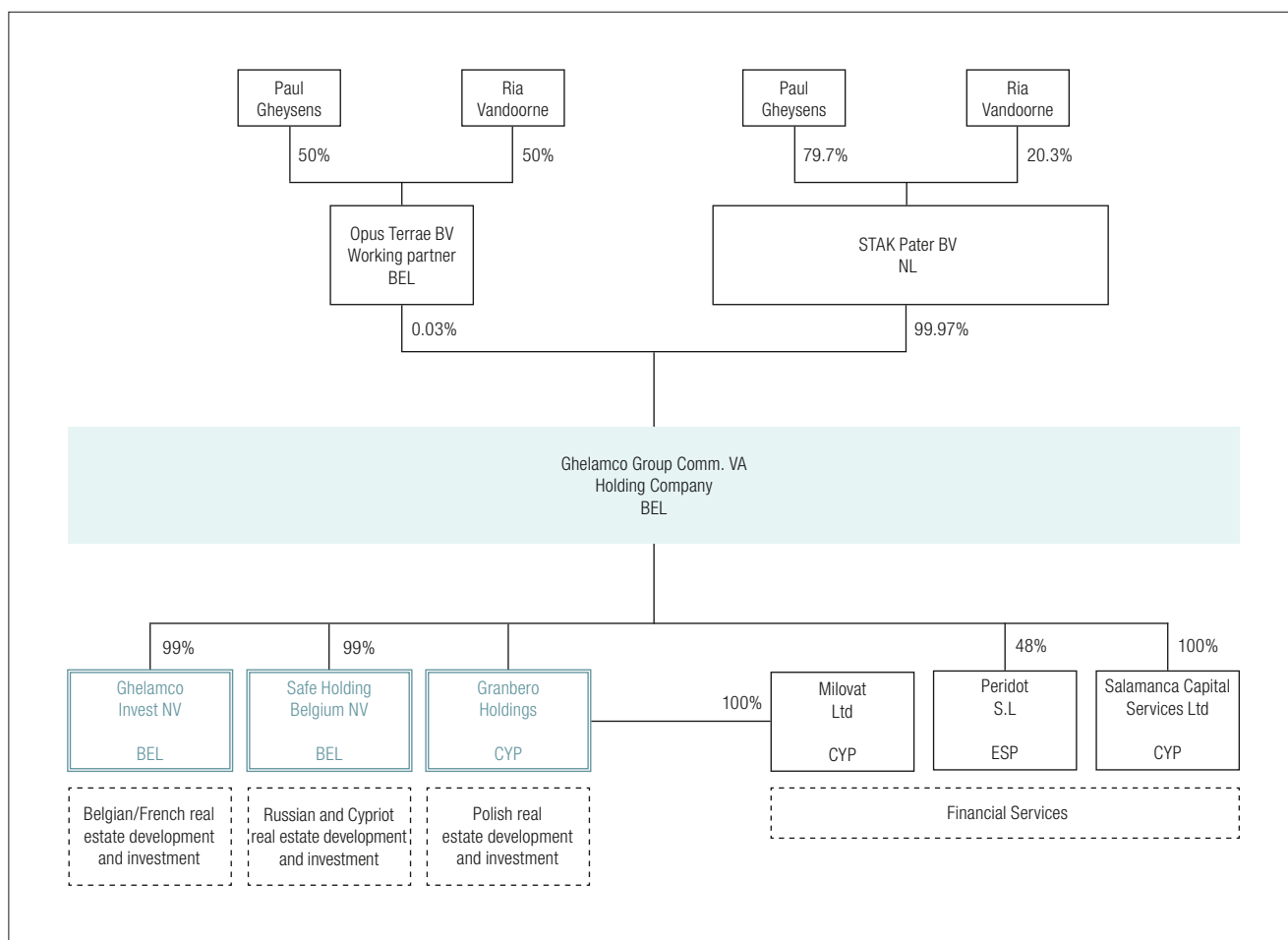
For the remainder, no other (share) transactions with related parties took place in 2019.

2018

No share transactions with related parties took place in 2018.

5.1. INVESTMENT HOLDING AS PER 31 DECEMBER 2019

5. GROUP STRUCTURE



5.2. BELGIAN AND FRENCH REAL ESTATE DEVELOPMENT AND INVESTMENT AS PER 31 DECEMBER 2019

GHELAMCO INVEST NV BEL		
100% The White House Zoute NV - BEL 99% Dock-site NV - BEL 99% Brussels & Regional NV - BEL 99% Nepeta NV - BEL 99% Eurostadium Events NV - BEL 99% Eurostadium Park NV - BEL 99% Eurostadium Offices NV - BEL 99% Eurostadium Parking NV - BEL 99% Eurostadium Storage NV - BEL 99% Eurostadium Foot & Hospitality NV - BEL 99% Pavilion NV - BEL 99% Ghelamco Campus NV - BEL 100% Pomme de Pin Expansion SAS - FRA	99% Leisure Property Invest NV - BEL 99% Waterview NV - BEL 99% RHR-Industries - BEL 99% Zeewind NV - BEL 99% Ring Hotel NV - BEL 99% Parking Leuven - BEL 99% Docora NV - BEL 11% Artevelde-Stadion CV - BEL 99% Ring-Multi NV - BEL 99% Forest Parc NV - BEL 99% Leuven Student Housing - BEL 99% Graminea NV - BEL 99% Citrien NV - BEL	100% De Nieuwe Filature NV - BEL 99% Filature Retail NV - BEL 99% Bischoffsheim Freehold NV - BEL 99% Belalan Louise Leasehold NV - BEL 99% Louise Freehold NV - BEL 99% Meetdistrict Gent NV - BEL 99% Brussels Urban Invest NV - BEL 99% Construction Link NV - BEL 99% Caboli NV - BEL 99% Kubel NV - BEL 100% Eneman & Co NV - BEL 50% Carlton Retail NV - BEL(*) 99% Silver Tower NV - BEL 100% Domein Culligan bv - BEL
100% Société Immobilière de Courchevel SARL - FRA 100% Pomme de Pin SAS - FRA 100% Le Chalet 1850 - FRA		(*)19% owned by Ghelamco Invest; and 31% owned by RHR

5.3. POLISH REAL ESTATE DEVELOPMENT AND INVESTMENT AS PER 31 DECEMBER 2019

GRANBERO HOLDINGS LTD CYP

100% Milovat Ltd - CYP
100% Ghelamco Invest Spzoo - POL
70% Prima Bud Sp. z.o.o. - POL
100% Apollo Invest Sp. z.o.o. - POL
100% Innovation Bud Bis Sp. z.o.o. - POL
100% Ghelamco PL Management Sp. z.o.o. - POL
100% Oscroft Sp. z.o.o. - POL
100% Orrin Sp. z.o.o. - POL
100% Oaken Sp. z.o.o. - POL
70% Pianissima Sp. z.o.o. - POL
100% Woronicza Sp. z.o.o. - POL
100% Qanta Sp. z.o.o. - POL
100% Erato Sp. z.o.o. - POL
100% Ghelamco GP 1 Sp. z.o.o. - POL

100% Ollay Sp. z.o.o. Market S.K.A. - POL
9% Kemberton Sp. z.o.o. - POL

100% Oaken Sp. z.o.o. Pattina S.K.A. - POL
9% Kemberton Sp. z.o.o. - POL

9% Kemberton Sp. z.o.o. - POL

9% Kemberton Sp. z.o.o. - POL

100% Octon Sp. z.o.o. - POL
100% Ollay Sp. z.o.o. - POL

100% Creditero Holdings - CYP
100% Esperola Ltd - CYP
100% Ilderim Sp. z.o.o. - POL
51% P22 Łódź Sp. z.o.o. - POL⁽¹²⁾
100% Ghelamco GP 5 Sp. z.o.o. - POL
100% Ghelamco GP 3 Sp. z.o.o. - POL
100% Ghelamco GP 4 Sp. z.o.o. - POL
100% Ghelamco GP 10 Sp. z.o.o. - POL
100% Ghelamco GP 7 Sp. z.o.o. - POL
100% Ghelamco GP 2 Sp. z.o.o. - POL
100% Ghelamco GP 6 Sp. z.o.o. - POL
100% Ghelamco GP 8 Sp. z.o.o. - POL
100% Ghelamco GP 9 Sp. z.o.o. - POL
100% Ghelamco GP 11 Sp. z.o.o. - POL
100% Orston Sp. z.o.o. - POL
100% Ghelamco GP 16 Sp. z.o.o.
100% Laboka Poland Sp. z.o.o. - POL
99% Ghelamco PL 17 spzoo w organizacji⁽³⁾
99% Ghelamco PL 18 spzoo w organizacji⁽³⁾
99% Ghelamco PL 19 spzoo w organizacji⁽³⁾

9% Kemberton Sp. z.o.o. - POL

P22 Łódź Sp. z.o.o. Sp.k. - POL

100% Octon Sp. z.o.o. PIB S.K.A. - POL
9% Kemberton Sp. z.o.o. - POL

100% Laboka Holdings Ltd - CYP

99% Ghelamco GP 1 Sp. z.o.o. Port Zeranski S.K.A. - POL⁽¹⁾
70% Ghelamco GP 1 Sp. z.o.o. Azalia S.K.A. - POL⁽¹⁾
99% Ghelamco GP 1 Sp. z.o.o. Beta S.K.A. - POL⁽¹⁾
99% Ghelamco GP 1 Sp. z.o.o. Vogla S.K.A. - POL⁽¹⁾
99% Ghelamco GP 10 Sp. z.o.o. Azira S.K.A. - POL⁽¹⁰⁾
99% Tilia Bis Sp. z.o.o. - POL⁽¹⁾
99% Ghelamco GP 9 Sp. z.o.o. Isola S.K.A. - POL⁽⁹⁾
99% Ghelamco GP 4 Sp. z.o.o. SBP S.K.A. - POL⁽⁴⁾
99% Ghelamco GP 7 Sp. z.o.o. Postępu S.K.A. - POL⁽⁷⁾
99% Ghelamco GP 2 Sp. z.o.o. Synergy S.K.A. - POL⁽²⁾
99% Ghelamco GP 2 Sp. z.o.o. Zafina S.K.A. - POL⁽²⁾
99% Ghelamco GP 8 Sp. z.o.o. Dahlia S.K.A. - POL⁽⁸⁾
99% Ghelamco GP 11 Sp. z.o.o. Hotel S.K.A. - POL⁽¹¹⁾
100% MeetDistrict Sp. z.o.o. - POL
99% Ghelamco GP 16 Sp. z.o.o. Canna S.K.A. - POL⁽¹⁶⁾
99% Ghelamco GP 11 Sp. z.o.o. Epona S.K.A. - POL⁽¹¹⁾
70% Ghelamco GP 1 Sp. z.o.o. UNIQUE S.K.A. - POL
99% Ghelamco GP 1 Sp. z.o.o. Konstancin S.K.A. - POL⁽¹⁾
70% Ghelamco GP 1 Sp. z.o.o. Tarima S.K.A. - POL⁽¹⁾
99% Ghelamco GP 5 Sp. z.o.o. Foksal S.K.A. - POL⁽⁵⁾
99% Ghelamco GP 2 Sp. z.o.o. Sigma S.K.A. - POL⁽²⁾
99% Ghelamco GP 2 Sp. z.o.o. M12 S.K.A. - POL⁽²⁾
99% Ghelamco GP 2 Sp. z.o.o. Eurema S.K.A. - POL⁽²⁾
99% Ghelamco GP 6 Sp. z.o.o. HQ S.K.A. - POL⁽⁶⁾
99% Ghelamco GP 11 Sp. z.o.o. the HUB S.K.A. - POL⁽¹¹⁾
70% Estima Sp. z.o.o. - POL
100% Ghelamco GP 10 Sp. z.o.o. NCL B1 SKA - POL
100% Ghelamco GP 10 Sp. z.o.o. NCL B2 SKA - POL
100% Ghelamco GP 10 Sp. z.o.o. NCL B3 SKA - POL
100% Ghelamco GP 1 Sp. z.o.o. Arifa SKA - POL
99% Sobieski Towers Sp. z.o.o. - POL

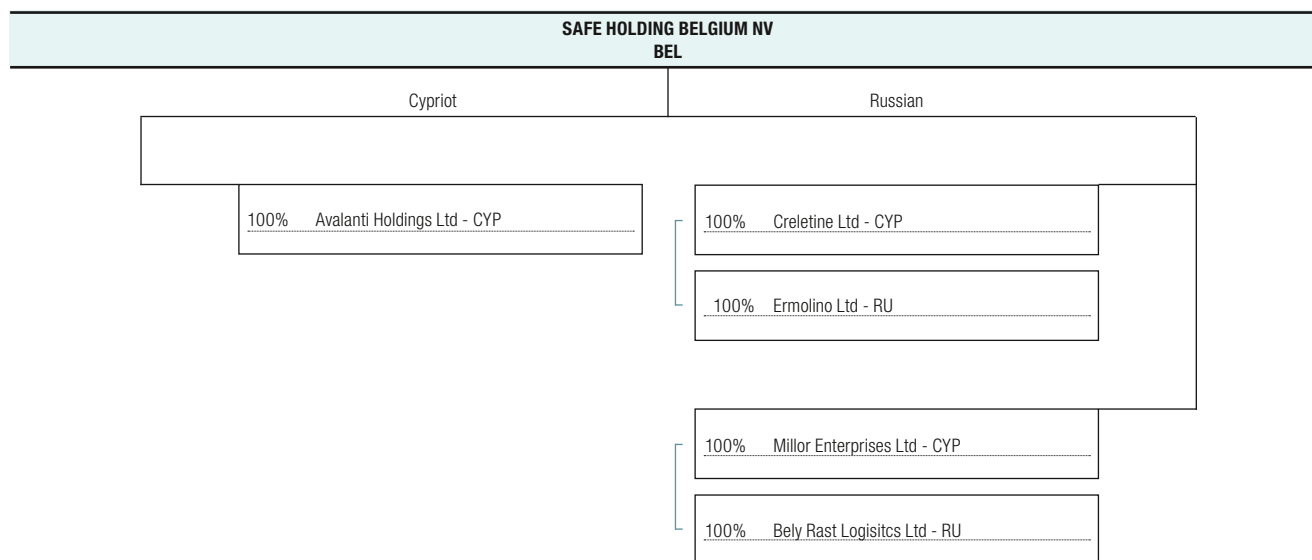
100% NCL Hotel Sp. z.o.o. - POL

100% Ghelamco Gdanska PI Sp. z.o.o. - POL

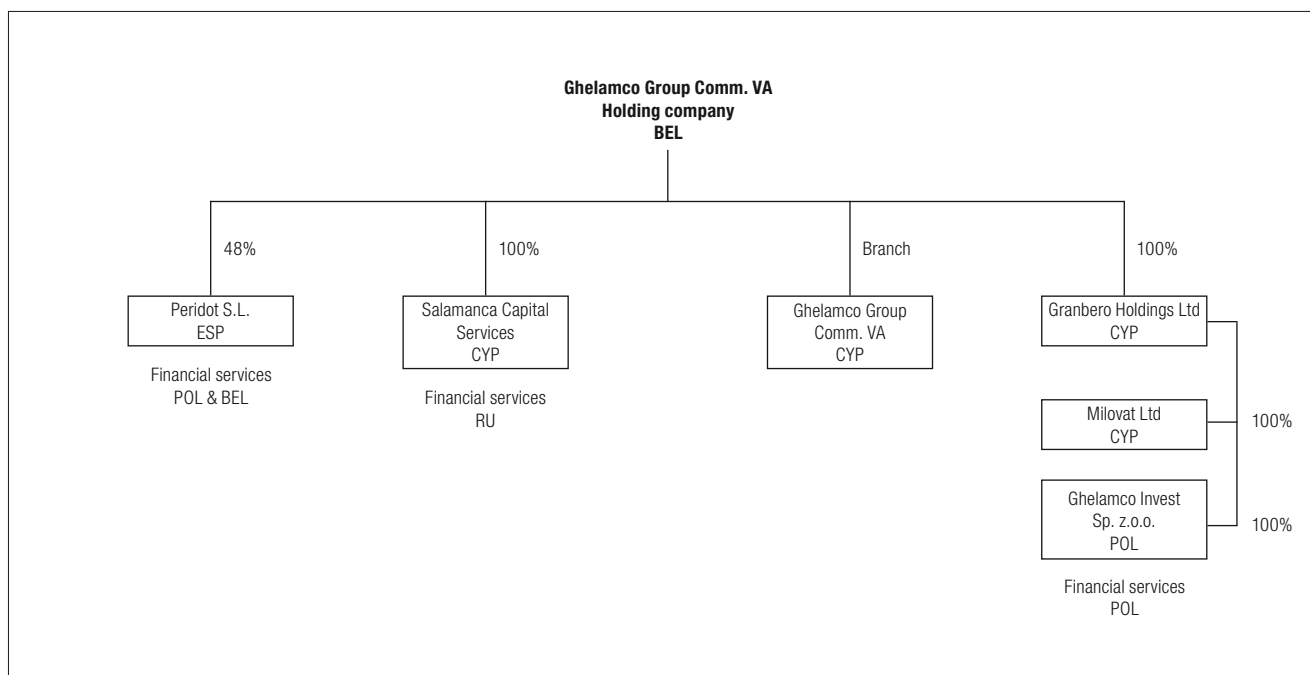
99% Ghelamco Garden Station Sp. z.o.o. - POL

⁽¹⁾ remaining participation at general partner Ghelamco GP 1 Spzoo, ⁽²⁾ remaining participation at general partner Ghelamco GP 2 Spzoo, ⁽³⁾ remaining participation at general partner Ghelamco GP 3 Spzoo, ⁽⁴⁾ remaining participation at general partner Ghelamco GP 4 Spzoo, ⁽⁵⁾ remaining participation at general partner Ghelamco GP 5 Spzoo, ⁽⁶⁾ remaining participation at general partner Ghelamco GP 6 Spzoo, ⁽⁷⁾ remaining participation at general partner Ghelamco GP 7 Spzoo, ⁽⁸⁾ remaining participation at general partner Ghelamco GP 8 Spzoo, ⁽⁹⁾ remaining participation at general partner Ghelamco GP 9 Spzoo, ⁽¹⁰⁾ remaining participation at general partner Ghelamco GP 10 Spzoo, ⁽¹¹⁾ remaining participation at general partner Ghelamco GP 11 Spzoo, ⁽¹²⁾ remaining participation at Budomal Estate (not a Ghelamco company)
⁽¹⁶⁾ remaining participation at general partner Ghelamco GP 16 Spzoo

5.4. RUSSIAN AND CYPRIOT REAL ESTATE DEVELOPMENT AND INVESTMENT AS PER 31 DECEMBER 2019



5.5. FINANCIAL SERVICES AS PER 31 DECEMBER 2019



6. INVESTMENT PROPERTY

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

Plots of land, for which the management determines that the plot will be used in a project generating rental income, are classified as Investment Properties on 31 December 2019 and 31 December 2018.

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

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

Country + SPV	Commercial Name	Valuation	Cat	31/12/2019 KEUR	31/12/2018 KEUR
BELGIUM					
Leisure Property Invest	Knocke Village	Belsq	B	61,606	59,000
Zeewind	Zeewind	Man	D	1,746	1,746
Ring Multi	Ghelamco Arena Multifunctional space	Cushman	D	19,425	22,675
Meetdistrict	Meetdistrict business center	Cushman	D	33,910	33,950
Ghelamco Invest	Zoute House	Cushman	C	26,039	24,101
Bischoffsheim Leasehold + Freehold	Spectrum	CBRE	D	1,435	62,464
DNF/Filature Retail	Filature/Tribeca Retail	Man	D	4,675	5,500
Docora	Rafc Tribune 1 & 4	Cost	D/C	52,379	49,696
Dianthus	Arval retail park	n/a	n/a	0	6,000
Silver Tower	Silver Tower	Belsq	C	108,062	47,257
Domein Culligan	Focus/PwC Offices	JLL	C	45,854	9,500
Subtotal Belgium				355,131	321,890
POLAND					
Apollo Invest	The Warsaw UNIT	Savills	C	108,651	69,719
Postepu SKA/Business Bud SKA	Postepu Business Park	KNF	B	7,190	7,246
Sienna Towers SKA	The HUB	KNF	C	373,170	199,334
Sobieski SKA	Sobieski Tower	BNP	B	34,447	33,429
Market SKA	Mszczonow Logistics	ASB	A	2,832	2,824
SBP SKA	Synergy Business Park Wroclaw	JLL	B	25,782	25,138
Grzybowska 77 Sp.k. + Isola SKA	Grzybowska/Bellona Tower	KNF	D/A	32,143	25,023
Wronia SKA	Wronia 31	KNF	n/a	0	64,386
Sigma SKA	Chopin + Stixx	KNF	B/D	44,335	41,896
Vogla SKA	Wilanow Retail	Savills	D/A	16,200	16,300
Dahlia SKA	Woloska 24	Cresa	D	57,890	56,222
Synergy SKA	Katowice	JLL	A	3,900	3,700
Azira	NCL (Lodz)	Savills	C	27,891	21,419
Estima - Kreo	Kreo	Cresa	C	9,121	0
Right of Use Asset		Man	n/a	20,677	0
Subtotal Poland				764,229	566,636
RUSSIA					
Bely Rast e.a.	Dmitrov Logistic Park	JLL	C/D	142,000	135,000
Ermolino	Logistic Park Ermolino	JLL	A	7,446	7,094
Right of Use Asset		Man	n/a	2,559	0
Subtotal Russia				152,005	142,094
UKRAINE					
Urban Invest	Kopylov Logistics Park 2	n/a	n/a	0	772
Vision Invest	Warsaw Road Dev.	n/a	n/a	0	3,596
Subtotal Ukraine				0	4,368
TOTAL				1,271,365	1,034,988

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

Balance at 31 December 2017	910,579
Acquisition of properties	32,137
Subsequent expenditure	165,426
Transfers	
• Assets classified as held for sale	-126,292
• Other transfers	20,777
Adjustment to fair value through profit or loss	56,524
Disposals	-21,613
CTA	-2,550
other	0
Balance at 31 December 2018	1,034,988
Acquisition of properties	150
Subsequent expenditure	233,739
Transfers	
• Assets classified as held for sale	0
• Other transfers	0
Adjustment to fair value through profit or loss	143,995
Disposals	-169,405
CTA	4,662
other	23,236
Balance at 31 December 2019	1,271,365

Categories	A	B	C	D	Total
Balance at 1 January 2018	106,662	165,552	254,472	383,894	910,579
Acquisition of properties	447	9,500	22,190	0	32,137
Subsequent expenditure (*)	1,914	4,652	113,114	43,195	162,876
Transfers					
- Assets classified as held for sale	0	0	-24,000	-102,292	-126,292
- Other transfers	-14,899	-31,866	-15,266	82,808	20,777
Adjustment to fair value	12,290	387	52,365	-8,518	56,524
Disposals	-8,000	0	0	-13,613	-21,613
Other	0	0	0	0	0
Balance at 31 December 2018	98,414	148,225	402,875	385,474	1,034,988
Acquisition of properties	0	150	0	0	150
Subsequent expenditure (*)	2,308	10,611	184,739	40,743	238,400
Transfers					
- Assets classified as held for sale	0	0	0	0	0
- Other transfers	-59,000	28,081	-31,545	62,464	0
Adjustment to fair value	5,371	1,597	142,719	-5,692	143,995
Disposals	-772	-15,303	0	-153,330	-169,405
Other	0	0	0	0	0
Balance at 31 December 2019	46,321	173,361	698,788	329,659	1,248,129
Right of use asset					23,236
					1,271,365

(*) in this detailed overview net of CTAs (and other)

Belgium

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

End of November, some office and meeting room space has been sold by Ring Multi to International Real Estate Services, a related party within the Consortium. Sales value amounted to 2,000 KEUR.

On 19 December 2019 the Arval retail park in Evere has been sold to a third party investor. The transaction was structured as a share deal, based on a transaction value of 13.0

MEUR and resulted in a gain on disposal of investment property of 978 KEUR. At closing also an amount of 7.9 MEUR of bank loans has been reimbursed.

On 20 December 2019, the (leasehold right on the) Spectrum office project in Brussels, has been sold to Deka Immobilien. The transaction was based on a transaction value of 103 MEUR and resulted in a gain on disposal of investment property of 8.7 MEUR. At closing also an amount of 31 MEUR of bank loans has been reimbursed. The freehold rights on the project have remained in portfolio and are subject to a purchase option which can be exercised by the investor at the earliest on 1 February 2022.

[Poland](#)

In the first half of 2019, project company Estima acquired a plot of land in Krakow at a purchase price of approx. 5.9 MEUR for the development of a 24,100 sqm office project. Demolition (of the existing, old building) has started end 2019 and has been finalised early 2020.

The .BIG project (10,200 sqm office space in Krakow) has on 17 January 2019 been sold to Credit Suisse. The sale was structured as an enterprise deal (sale of assets plus linked obligation for the buyer), based on a transaction value of 32.9 MEUR and a yield of 5.59%. The sale resulted in a gain on disposal of investment property of 2.2 MEUR. In connection with the anticipated sale, this project was per end 2018 already transferred from Investment property to Assets held for sale.

The Wronia project (16,600 sqm office space in Warsaw CBD) was sold on 26 April 2019 to a LaSalle Investment Management. The share deal was based on a transaction value of 74 MEUR and resulted in a gain on disposal of investment property of 2.0 MEUR (and the realisation of previously recognized cumulated fair value adjustments of 31.7 MEUR).

For the right of use balance which was recognized in connection with the first-time adoption of IFRS 16 (20,677 KEUR in Poland and 2,559 KEUR in Russia), reference is made to section 1.3 above and note 27.2.

[Assets held for sale](#)

Assets held for sale amount to 24,575 KEUR as of 31 December 2019 and mainly relate to the Ring Hotel in Ghent.

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

The .BIG project (10,200 sqm office space in Krakow) has on 17 January 2019 been sold to Credit Suisse. The sale was structured as an enterprise deal (sale of assets plus linked obligation for the buyer), based on a transaction value of 32.9 MEUR and a yield of 5.59%. The sale resulted in a gain on disposal of investment property of 2.2 MEUR. In connection with the anticipated sale, this project was per end 2018 already transferred from Investment property to Assets held for sale.

Shortly after year-end, On 22 January 2020, the (long-term leasehold rights on) Ring Hotel, adjacent to the Ghelamco Arena in Ghent and offering 250 hotel rooms, has been sold to the Van Der Valk hotel group for a sales amount of 24 MEUR. As the

closing of the deal was based on preliminary agreement which was signed in 2018, the project was already reclassified from investment property to assets held for sale in the 31 December 2018 financial statements. At the moment of the transaction, bank loans have been reimbursed for an amount of 23.7 MEUR.

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

- Rental income 2019: 29,278 KEUR
- Rental income 2018: 28,610 KEUR

Rental income mainly relates to rent agreements in Belgium (Ring Multi (retail space in the Ghelamco Arena), Meetdistrict Gent and the RAFC stand in Antwerp), Poland (Woloska 24, Wronia and Plac Vogla) and Russia (Dmitrov Logistics Park).

SIGNIFICANT ASSUMPTIONS AND SENSITIVITY ANALYSIS

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

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

Main part of Russian IP(UC) relates to logistics projects, which are valued based on the comparative method (for plots/projects in the A/B category), the residual method (for IPUC) and yield/DCF method (for delivered projects).

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

The average yields (or capitalization rates) used in the expert valuations on 31 December 2019 are as follows:

- 4.25% to 7.50% for Polish projects, depending on the location, specifics and nature of the project (vs. 5.25% to 7.50% last year),
- 3.60% to 8.00% for Belgian office (incl. business center) projects (vs. 4.25% to 8.65% last year), depending on the location, specifics and nature of the investment,
- 6.00% to 6.35% for Belgian retail projects (vs. 6.00% to 6.50% last year), depending on the location, specifics and nature of the investment,
- 11.25%-15.00% DCF discount rates and 10.25% on terminal value for Russian projects (vs. 11.25%-15.00% DCF discount rates and 10.50% on terminal value last year).

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

- 149 EUR/sqm/year to 165 EUR/sqm/year for Belgian office space (vs. 150 EUR/sqm/year to 230 EUR/sqm/year last year),
- 75 EUR/sqm/year to 155 EUR/sqm/year for Belgian retail space (vs. 75 EUR/sqm/year to 155 EUR/sqm/year last year), depending on the location, specifics and nature of the project,
- 12.5 EUR/sqm/month to 23.0 EUR/sqm/month for Polish office space (vs. 12.5 EUR/sqm/month to 23.0 EUR/sqm/month last year),
- 8.30 EUR/sqm/month to 45.0 EUR/sqm/month for Polish retail space (vs. 8.26 EUR/sqm/month to 24.21 EUR/sqm/month last year), depending on the location, specifics and nature of the project,
- 60 USD/sqm/year for Russian warehouse space and 125 USD/sqm/year for office space (part of the logistics projects) (vs. resp. 53 USD/sqm/year and 108 USD/sqm/year last year). These concern the average market rates which are applied to the void

space, while contractual rates for the existing leases are to an extent higher.

On 31 December 2019, the Investment Holding has a number of income producing investment properties (category D) which are valued at 329,659 KEUR (Ring Multi, Zeewind, Meetdistrict Gent, Filature Retail, RAFC stand, Woloska 24, Wilanow Retail and Dmitrov Logistic Park Building A, B, C and D). An increase/decrease of 100 basis points in the yield, with all other variables held constant, decreases/increases the value by approx. 28,625 KEUR.

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

We also refer to note 1.9 for a description of the valuation process and methodology.

7. PROPERTY, PLANT AND EQUIPMENT

in thousands €	Property, plant and equipment	
	31/12/2019	31/12/2018
Cost	1,466	1,459
Accumulated depreciation/amortisation and impairment	-953	-944
TOTAL	513	515

in thousands €	Property, plant and equipment	
	COST	
Balance at 1 January 2018		1,418
Additions		54
Additions from internal developments		
Acquisitions through business combinations		
Disposals or classified as held for sale		-4
Revaluation increase		
Effect of foreign currency exchange differences		-9
Other		
Balance at 31 December 2018		1,459
Additions		58
Additions from internal developments		
Acquisitions through business combinations		
Disposals or classified as held for sale		-53
Revaluation increase		
Effect of foreign currency exchange differences		2
Other		
Balance at 31 December 2019		1,466

in thousands €	ACCUMULATED DEPRECIATION AND IMPAIRMENT	
Balance at 1 January 2018		891
Depreciation/Amortisation expense		53
Disposals or classified as held for sale		
Impairment losses recognised in profit or loss		
Reversals of impairment losses recognised in profit or loss		
Effect of foreign currency exchange differences		
Other		
Balance at 31 December 2018		944
Depreciation/Amortisation expense		67
Disposals or classified as held for sale		-53
Impairment losses recognised in profit or loss		
Reversals of impairment losses recognised in profit or loss		
Effect of foreign currency exchange differences		
Other		-5
Balance at 31 December 2019		953

8. INTANGIBLE ASSETS

in thousands €		Intangible assets
	31/12/2019	31/12/2018
Cost	7,796	6,824
Accumulated depreciation/amortisation and impairment	-3,960	-3,173
Total	3,836	3,651

The intangible assets balance mainly relates to the naming rights which the Investment Holding has since mid-2013 on the Ghelamco Arena in Gent. Balance is amortized over the duration of the contract; i.e. 10 years.

Furthermore, the Company is currently implementing a new ERP system, which explains current year's significant additions.

in thousands €	Intangible assets
COST	
Balance at 1 January 2018	6,118
Additions	709
Additions from internal developments	
Acquisitions through business combinations	
Disposals or classified as held for sale	
Revaluation increase	
Effect of foreign currency exchange differences	-3
Other	
Balance at 31 December 2018	6,824
Additions	984
Additions from internal developments	
Acquisitions through business combinations	
Disposals or classified as held for sale	-14
Revaluation increase	
Effect of foreign currency exchange differences	2
Other	
Balance at 31 December 2019	7,796

in thousands €	Intangible assets
ACCUMULATED DEPRECIATION AND IMPAIRMENT	
Balance at 1 January 2018	2,410
Depreciation/Amortisation expense	763
Disposals or classified as held for sale	
Impairment losses recognised in profit or loss	
Reversals of impairment losses recognised in profit or loss	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2018	3,173
Depreciation/Amortisation expense	787
Disposals or classified as held for sale	
Impairment losses recognised in profit or loss	
Reversals of impairment losses recognised in profit or loss	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2019	3,960

9. EQUITY ACCOUNTED INVESTEES

Investments in equity accounted investees amount to 15,371 KEUR and relate to the (50%) participating interests in Carlton Retail NV, which is connected with the One Carlton high-end residential project in Knokke Zoute, and the (50%) participating interest in P22 Łódź Spzoo, which is connected to a plot for the future development of an office project

Main balance sheet and income statement captions as of 31 December 2019 and 2018 for both entities are the following:

	31/12/2019	
	Carlton Retail	
Current assets	27,509	
of which cash and cash equivalents		168
Non-current assets	0	
Current liabilities	2,208	
curr. fin. liab. (excl. trade and other payables and provisions)		0
Non-current liabilities	0	
non-curr. fin. liab. (excl. trade and other pay. and provisions)		0
Revenue	4,925	
Profit before income tax	2,601	
Income tax expense (-) or income (+)	-818	
Profit of the year	1,783	

The share of the Company in the result of equity accounted investees amounts to 1,827 KEUR per 31 December 2019.

	31/12/2018	
	Carlton Retail	
Current assets	27,908	
of which cash and cash equivalents		1,900
Non-current assets	0	
Current liabilities	4,391	
curr. fin. liab. (excl. trade and other payables and provisions)		0
Non-current liabilities	0	
non-curr. fin. liab. (excl. trade and other pay. and provisions)		0
Revenue	16,890	
Profit before income tax	5,706	
Income tax expense (-) or income (+)	-2,053	
Profit of the year	3,653	

The share of the Company in the result of equity accounted investees amounted to 892 KEUR per 31 December 2018.

	31/12/2019	
	P22 Łódź	
Current assets	3,279	
of which cash and cash equivalents		107
Non-current assets	3	
Current liabilities	655	
curr. fin. liab. (excl. trade and other payables and provisions)		491
Non-current liabilities	2,812	
non-curr. fin. liab. (excl. trade and other pay. and provisions)		2,812
Revenue	8	
Loss before income tax	-12	
Income tax expense (-) or income (+)	4	
Loss of the year	-8	

The share of the Group in the result of the equity accounted investees amounts to -4 KEUR per 31 December 2019.

	31/12/2018	
	P22 Łódź	
Current assets	3,102	
of which cash and cash equivalents		110
Non-current assets		
Current liabilities	492	
curr. fin. liab. (excl. trade and other payables and provisions)		492
Non-current liabilities	2,785	
non-curr. fin. liab. (excl. trade and other pay. and provisions)		2,785
Revenue	8	
Loss before income tax	-175	
Income tax expense (-) or income (+)	-1	
Loss of the year	-176	

The share of the Group in the result of the equity accounted investees amounts to -88 KEUR per 31 December 2018.

10. PROPERTY DEVELOPMENT INVENTORY

The Property Development Inventories amount to 283,282 KEUR on 31 December 2019 (2018: 249,039 KEUR and are detailed as follows:

	31/12/2019	31/12/2018
Property Development Inventories	283,243	285,982
Raw materials	39	53
Finished goods	0	4
TOTAL	283,282	249,039

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

	31/12/2019	31/12/2018
Inventories – Poland	94,229	62,058
Inventories – Belgium	182,788	186,978
Inventories – Other countries	6,265	3
TOTAL	283,282	249,039

Major part of inventories of the Investment Holding are located in Belgium and Poland. The main assets located in Russia are reported under Investment Properties as they are held for investment purposes.

	Carrying value (at cost) at 31 December 2019 - KEUR	Carrying value (at cost) at 31 December 2018 - KEUR
BELGIAN/FRENCH PROJECTS		
East Dune Oostduinkerke	8,053	12,130
Locarno Knokke	8,445	8,209
Blinckaertlaan Knokke	11,419	9,767
Kanonstraat Brussel	404	794
Senzafine / Doornstraat Kortrijk	4,634	4,158
Dock-site	2,649	2,649
Katelijne parkings	6,037	6,195
Project Waterside	1,078	1,057
Duinenwater	34,250	33,076
Edition Zoute	13,545	9,034
RHR	1,789	1,720
De Nieuwe Filature / Tribeca	1,431	8,989
Edition / Avenue Louise	4,756	4,719
Spectrum/ Avenue Bischoffsheim	-	412
Pomme De Pin - Courchevel	31,400	31,400
Eurostadium Brussels	23,648	23,648
Le Chalet 1850-Courchevel	10,503	10,503
Helix Towers / Meensesteenweg Kortrijk	9,360	9,021
Eneman Brugge	1,500	1,500
Others	7,887	7,997
TOTAL BELGIUM	182,788	186,978

the project is fully sold out.

- Spectrum: Instalments on all 22 apartments (and 21 parking spaces), which were sold in previous year(s). Main part of apartments has been delivered (and by consequence 100% invoiced) per year-end; remaining part is currently being delivered.

In Poland, the property development inventories increased by 32,171 KEUR compared to prior year. The main movements are noted in the Woronicza Qbik balance (-1,096 KEUR to 0 KEUR) in line with current year's sales of the last units, the Foksal balance (+9,831 KEUR to 36,234 KEUR) in connection with the progress of the construction works of this high-end residential project and the Tillia balance (+3,664 KEUR to 11,798 KEUR) connected to the construction works of the residential Flisac project.

In addition in Poland, end October 2019, project company Prima Bud acquired a plot of land in Lomianki (suburb of Warsaw) for the future construction of approx. 5,500 sqm of retail space. Purchase price amounted to 9,618 KPLN (+23% VAT). Construction works already started earlier, based in 'land rental agreement' (right in rem) with the seller. Per year-end construction works were in the finalisation stage.

Also, Kemberton Sp. z o.o. incurred some acquisition costs and/or advance payments in connection with the acquisition of a plot in Warsaw.

Further reference is also made to section 3.

For the Right of Use Asset balance which was recognized in connection with the first-time adoption of IFRS 16, reference is made to section 1.3 above and note 27.2.

On 13 September 2019, Avalanti Ltd., new Cypriot project company, has acquired a plot of land in **Cyprus**, Limassol Omonoia Street, for the future development of an office with retail project. The plot has a surface of 2,700 sqm; the project is expected to offer +/- 5,000 sqm of net lettable/ sellable area. Application for planning permint has been submitted; construction works are scheduled to start in the course of Q4 2020.

Eurostadium Brussels

Ghelamco Invest has in 2014 subscribed to a public call to develop a stadium on Parking C. The 99-year leasehold right has been granted to the Company through notarial deed on 25 March 2016.

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

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

The Company has based on extensive analysis deemed that sufficient legal means are available to appeal against the refusal of the permit. In this respect, it has submitted an appeal with the Council of Permit Disputes on 15 March 2018. The Council of Permit Disputes has on 27 August 2019 rejected the Company's appeal. In turn, the Company went into higher appeal (on points of law) before the Council of State (Raad van State) on 4 October 2019. Such a higher appeal (on points of law) procedure usually takes about 6 to 10 months, so that a judgement can be expected in or around the summer of 2020.

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

Mayor and Aldermen to terminate the Eurostadium project. This mandate grants the College of Mayor and Aldermen three (not mutually exclusive) options to act, in conjunction with Brussels Expo: it might attempt to settle the case, it can sue in court to terminate or it might notify the European Commission. The mandate clarifies that the College of Mayor and Aldermen may adopt all acts required to pursue the aforementioned options. On 27 March 2018, Ghelamco has received an invitation from the side of the City of Brussels and the VZW PEB for a consultation meeting on how to deal with the decision to reject the building and environmental permit. However, the City of Brussels took further legal action on 18 December 2018 with the purpose of annulling or reneging on the leasehold agreement.

In the latter procedure, a conclusion calendar has been agreed between parties. Pleadings have been planned in February 2023.

The above-mentioned elements bring about some legal uncertainty on the concrete progress of the project. Despite this current uncertainty, the Board of Directors remains of the opinion that the currently capitalized expenses w.r.t. the Eurostadium-file (amounting to 23.6 MEUR as of 31 December 2019 and 31 December 2018) can be recovered in the framework of the above proceedings, either through execution of the leasehold agreement, a new, revised permit request, or indemnification.

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

11.1. NON-CURRENT RECEIVABLES & PREPAYMENTS

	Note	31/12/2019	31/12/2018
Non-current			
Receivables from related parties	28.3	196,149	227,639
Trade and other receivables		15,510	8,600
Total non-current receivables and prepayments		211,659	236,239

NON-CURRENT RECEIVABLES FROM RELATED PARTIES

All non-current loans to related parties are granted for a term of 3 to 5 years. Contractual interest rates on non-current receivables to related parties for 2019 were as follows: Euribor + margins in the range between 1% and 4%. Further reference is made to Note 28.3.

The decrease compared to last year is mainly connected to the loans receivable towards Pl. Europejski 1 SKA (related party company holding the Warsaw Spire Building A) and Stareti Holdings, which amounted to 84.3 MEUR per end of last year and which have been reimbursed in July of the current year, at the moment of sale of Building A to a third party investor. This decrease has to an extent been compensated by other loans granted mainly for the financing of other projects under the control of the ultimate beneficial owners.

NON-CURRENT TRADE AND OTHER RECEIVABLES

Non-current trade and other receivables as of 31 December 2019 mainly consist of:

- A retention amount of 5 MEUR is included related to the sale of the Spectrum

project. This amount will gradually be recovered upon clearing and/or solving of the contractually agreed conditions.

- An advance payment of 5 MEUR is included in connection with the signing by the Company of a share purchase agreement on 17 November 2019 for the acquisition of 100% of the shares of Cogimes SA and Sogimes SA; companies holding land plots at the Culliganlaan in Diegem, for the future development of an office project. Closing and transfer of control will take place on 15 November 2021.
- Master lease and rental guarantee retentions in connection with the disposal of Marynarska 12/T-Mobile Office Park: 267 KEUR
- Capitalised rent free and agency fees at the level of Dahlia SKA, in connection with the leasing of the Woloska 24 project: 582 KEUR
- Capitalised rent free and agency fees at the level of The Hub SKA, in connection with the leasing of the HUB project: 687 KEUR
- Other loans receivable: 2,886 KEUR.

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

11.2. CURRENT TRADE & OTHER RECEIVABLES

	Note	31/12/2019	31/12/2018
Current			
Receivables from related parties		11,363	11,797
Receivables from third parties		13,268	9,294
Less: allowance doubtful debtors (bad debt provision)			
Net trade receivables		24,631	21,091
Other receivables		13,269	7,613
Related party current accounts	28.3	130,537	76,147
VAT receivable		18,124	21,930
Prepayments		2,006	1,920
Interest receivable		39,862	33,372
Total current trade and other receivables		228,429	162,073

CURRENT TRADE AND OTHER RECEIVABLES

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

Trade receivables from related parties (and prepayments, see below) include invoices for construction, engineering and other services as described in Note 28.2.

Current Accounts receivable from related parties mainly consist of:

- 118.0 MEUR vs. IRS Comm. VA
- 2.5 MEUR vs. Tallink Investments Ltd.
- 10.0 MEUR vs. Ghelamco European Property Fund

and relates to a short-term deposit of excess funds with its parent company.

PREPAYMENTS

The current year prepayments mainly relate to downpayments for the ongoing construction works in the residential Foksal and Flisac projects in Warsaw.

Last year's prepayments balance mainly represented down payments (and related costs) for an amount of 1,620 KEUR at SPV Prima Bud for the acquisition of the Lomianki land plot, for the development of a trade and service centre.

INTEREST RECEIVABLE

The interest receivable mainly consists of an amount of 29,759 KEUR from consolidated related parties (27,051 KEUR last year).

VAT RECEIVABLE

The outstanding balance as of 31 December 2019 mainly relates to VAT receivables in the following countries:

- Belgium: 2,190 KEUR.
- Poland: 15,188 KEUR (mainly on the Warsaw UNIT, the Warsaw Hub and Woloska 24).

The SPV's involved may either apply to the tax authorities for an immediate cash refund of the VAT receivables or may offset the VAT receivable against any VAT payables. VAT receivables are the result of VAT paid on their investment expenditures.

CREDIT RISK EXPOSURE AND IMPAIRMENT

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

The Company recognises loss allowances for ECLs on trade and other receivables, in connection with the requirements of IFRS 9.

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

As of 31 December 2019 and 2018, trade and other receivables disclosed above do not include significant amounts which are past due at the end of the reporting period and against which the Company has not recognized an allowance for doubtful receivables, as deemed necessary.

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

12. DERIVATIVES

There are no outstanding balances related to the market value of derivatives as of 31 December 2019 and 2018.

Also refer to section 2.1.1 above.

13. CASH AND CASH EQUIVALENTS

	31/12/2019	31/12/2018
Cash at banks and on hand	115,811	59,072

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

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

- additional capacity on the debt ratio (the Investment Holding chooses to keep a substantial margin on the Loan to Value ratio);
- potential to take up further financing on completed projects based on Loan to Value (LTV) instead of Loan to Cost (LTC);
- access to alternative financing, mainly in the form of bond issues. In this respect reference is made the bearer bonds issues in Poland (981.8 MPLN total outstanding bonds at 31 December 2019) and to the resp. private and (regular or green) EMTN bond issues Belgium (for a total outstanding amount of resp. 20 MEUR and 284.6 MEUR total outstanding bonds at 31 December 2019).

Cash is held with reputable banks. For that, the credit risk on cash balances is deemed low.

14. SHARE CAPITAL

	31/12/2019	31/12/2018
Authorized 35,908 ordinary shares without par value	28,194	28,194
issued and fully paid	28,194	28,194

At 31 December 2019 and 2018, the Company's direct shareholders are:

- **Stak Pater** (the Netherlands) - 99.97% (35,898 shares) (Dutch company).
- **Opus Terrae BV** (Belgium) - 0.03% (10 shares) (Belgian Ltd, acting as the working partner).

Mr. Paul Gheysens and Mrs. Ria Vandoorne are the ultimate beneficial owners of Pater BV and Opus Terrae BV.

14.1. DISTRIBUTION OF DIVIDENDS BY THE INVESTMENT HOLDING

No dividends have been distributed in the course of 2019 (and 2018).

14.2. NON-CONTROLLING INTERESTS

	31/12/2019	31/12/2018
Balance at beginning of year	7,955	6,746
Share of profit for the year	38	1,184
Acquisitions/disposals	-127	25
Balance at end of year	7,866	7,955

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

	Cumulative translation reserve	Retained earnings
At 1 January 2018	7,147	687,402
Cumulative translation differences (CTA)	-4,398	
Dividend distribution to the ultimate shareholders		
Change in non-controlling interests		
Change in the consolidation scope		-252
Other		-42
Profit for the year		37,221
At 31 December 2018	2,749	724,329
At 1 January 2019		
Cumulative translation differences (CTA)	2,749	724,329
Dividend distribution to the ultimate shareholders	1,361	
Change in non-controlling interests		71
Change in the consolidation scope		-1,277
Other		
Profit for the year		112,966
At 31 December 2019	4,110	836,089

15. RESERVES AND RETAINED EARNINGS

16. INTEREST-BEARING LOANS AND BORROWINGS

		31/12/2019	31/12/2018
Non-current			
Bank borrowings – floating rate	16.1	394,716	318,042
Other borrowings	16.2/16.3	372,123	432,149
Lease liabilities	16.4/27.2	24,082	83
		790,921	750,274
Current			
Bank borrowings – floating rate	16.1	104,100	181,398
Other borrowings	16.2/16.3	209,817	53,516
Lease liabilities	16.4/27.2	2,455	0
		316,372	234,914
TOTAL		1,107,293	985,188

16.1. BANK BORROWINGS

During the year the Group obtained new secured bank borrowings mainly expressed in EUR and withdraw on existing credit facilities for a total amount of 178.6 MEUR, large part of which are Euribor based. On the other hand, reimbursements and refinancings have been done for a total amount of 179.2 MEUR (mainly 103.5 MEUR in Belgium, 62.5 MEUR in Poland, 3.5 MUSD in Russia). This brings the total outstanding amount of bank borrowings to 498.8 MEUR (compared to 499.4 MEUR at 31/12/2018). The effect of the evolution in the USD/EUR exchange rate on the net movement amounts to 1.6 MEUR (positive, above included in the amount of new borrowings).

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

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

For the purpose of these financial statements, the Investment Holding treated its bank borrowings (or the maturing part of it) as current when the swap date from “acquisition loan into construction loan” falls within the next accounting year (see Note 1.18 and 2.1.2.).

At 31 December 2019, the Group has bank loans available to be drawn for a total amount of 340.6 MEUR which is merely a result of the Company entering into a construction and facility agreement of 221.1 MEUR for the financing of the construction of the (mixed use office, hotel and retail) Warsaw Hub project in the previous year and a new construction and facility agreement of 135.9 MEUR for the financing of the construction of the Warsaw Unit project in the current year. In addition, the Group has entered into a new facility agreement of 85.4 MEUR for the financing of the realisation of the Silver Tower project in Brussels in the previous year and a new facility agreement of 76.2 MEUR for the financing of the realisation of the Focus project in Brussel.

As stated above, the .Big project in Krakow, the Wronia project in Warsaw, the The Link project in Berchem and the Spectrum project in Brussels have in the course of 2019 been sold to third party investors. A significant part of current year's reimbursements (124.4 MEUR in total) is connected with the sale of these sizable projects.

With respect to the outstanding short-term borrowings, it is to be mentioned that in the course of 2020, part will actually be reimbursed following the contractual terms and part will be prolonged or refinanced (e.g. through a swap to investment loan). In this respect, a significant part of the short-term balance per books is currently in the advanced process of prolongation and/or refinancing. In addition, the bank loan connected to Ring Hotel Link project in Gent (23.7 MEUR) has actually been reimbursed at the moment of sale of the project, shortly after year-end.

Summary of contractual maturities of external bank borrowings and future finance lease payments, including interest payments:

	31/12/2019				31/12/2018			
	<1 y	between 2 and 5 y	>5y	total	<1 y	between 2 and 5 y	>5y	total
Credit institutions withdrawn credits	118,379	321,759	108,762	548,901	197,035	238,566	124,850	560,451
TOTAL	118,379	321,759	108,762	548,901	197,035	238,566	124,850	560,451
Percentage	22%	59%	20%	100%	35%	43%	22%	100%

EXTERNAL BANK BORROWINGS BY CURRENCY

Large parts of external bank borrowings are Euro denominated, except for mainly Tilia, Postepu and Foksal (and some VAT financing, mainly on the level of Apollo Invest Sp. z o.o. and The Hub SKA) in Poland (PLN loans).

INTERESTS ON BANK BORROWINGS – INTEREST RATE RISK

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

On 31 December 2019, the Investment Holding had the following investment loan(s):

- 27,979 KEUR in total on Belgian projects Meetdistrict Gent and Ring Multi; loans which are serviced by the actual rental income of the resp. properties.
- 36,915 KEUR in total on Polish projects Woloska 24 and Willanow Retail; loans which is serviced by the the rental income of the properties.
- 74,388 KEUR for the Belyrast project in Russia, bearing a 4.85% fixed interest rate. The debt is fully serviced by the actual rental income of phase 1 (building A), 2 (building B), 3 (building C) and 4 (building D) of the Dmitrov Logistic Park project.

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

- Belgium: between 1.5% and 3.00%.
- Poland: between 1.25% and 4.6%.
- Russia : currently not applicable (as the interest rate is on Dmitrov is fixed).

INTEREST SENSITIVITY ANALYSIS

An increase/decrease of 100 basis points in the (average) interest rates on the floating rate bank debt at the reporting date, with all variables held constant, would have resulted in a

5,055 KEUR lower/higher profit before tax for 2019.

16.2. OTHER BORROWINGS BONDS (367,231 KEUR LONG-TERM – 140,295 KEUR SHORT-TERM)

BELGIUM

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

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

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

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

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

Total balance of outstanding bonds per balance sheet date (281,554 KEUR) represents the amount of issue (284.6 MEUR) less capitalized issue costs (of which mainly the issuing banks' arrangement fees), which are amortized over the term of the bonds.

Also, the Commission de Surveillance du Secteur Financier (the CSSF) has on 11 December 2019 approved the Ghelamco Invest's new base prospectus relating to a new 250 MEUR EMTN programme, under the prospectus regulation in the Grand-Duchy of Luxembourg. The bonds under this new programme will be issued as 'green

bonds', under the Company's new Green Finance Framework. Under its Green Finance Framework, the Company intends to issue green bonds that will finance and/or refinance the development and implementation of sustainable and energy efficient green building projects which will be certified with high standards by internationally-recognized verifiers, namely BREEAM Excellent or above, LEED Gold or above, DGNB Gold or above, and HQE Excellent or above, EPC Label A, and meeting the NZEB as defined by local building legislation across European countries. The Green Finance Framework has been rated by Sustainalytics, a leading independent ratings and analytics firm. Based on its analysis, Sustainalytics is in its Second Party Opinion of the opinion that Ghelamco's Green Finance Framework is credible, transparent, and aligned with the Green Bond Principles (GBP) 2018 and the Green Loan Principles (GLP) 2018.

POLAND

Ghelamco Invest Sp. z o.o. has in the current period (on 26 February, 28 March, 29 March, 25 July, 5 August, 19 December and 30 December 2019) within its pending programmes issued public retail bonds (tranche, PK, PL, PPM, PPN, PM, PN, PO, PP) for a total amount of 424,756 KPLN. These bonds have a term between of 3 and 3.5 years and bear an interest of Wibor 6 months with a margin between 4.25% and 4.50%. The bonds series is secured by a guaranty granted by Granbero Holdings Ltd.

The proceeds of the above bond issues have been applied to redeem other/existing outstanding bonds, to service the (interests on) the resp. bond programs and for the financing of the Company's further investment projects within the Warsaw metropolitan area, in Wroclaw or Katowice.

Ghelamco Invest Sp. z o.o. has in the current period redeemed outstanding bonds (partly through early redemption, partly on maturity date) for an amount of 256,856 KPLN.

The effect of the evolution in the PLN/EUR exchange rate on the net movement in outstanding bonds amounts to 1.8 MEUR (positive).

Total bonds balance outstanding per balance sheet date (225,972 KEUR) represents the amount of issue (981.8 MPLN) less capitalized issue costs, which are amortised over the term of the bonds.

Shortly after year-end, on 3 January and 10 January 2020, new bonds have been issued for an amount of resp. 30,000 KPLN (series PR) and 14,889 KPLN (series PQ). These bonds have a term of 3 years and bear an interest of resp. Wibor 6 months +4.5% (series PR) and +4.35% (series PQ).

Also, on 27 February 2020, the Polish financial supervision authority (KNF) approved Ghelamco Invest Sp. z o.o.'s new Base Prospectus in connection with its new Bonds Issue Programme (number VIII) for an amount of max. 350,000 KPLN. On 23 March 2020 and within this new programme, bonds have been subscribed by investors for an amount of 50,000 KPLN (series PPO). These bonds mature on 7 October 2023 and bear an interest of Wibor 6 months +4.30%. The issue is planned on 7 April 2020.

Summary of contractual maturities of (Belgian and Polish) bonds, including interest payments.

	31/12/2019				31/12/2018			
	<1 y	between 2 and 5 y	>5y	total	<1 y	between 2 and 5 y	>5y	total
Belgian EMTN '15 1st tranche	80,880			80,880	3,560	80,880		84,440
Belgian EMTN '15 2nd tranche	2,925	72,363		75,287	2,925	75,288		78,212
Belgian EMTN '17 1st tranche	2,038	51,476		53,515	2,038	53,515		55,553
Belgian EMTN '17 2nd tranche	2,602	64,606		67,208	2,602	10,406	56,802	69,810
Belgian EMTN '18 1st tranche	1,485	35,228		36,713	1,485	36,713		38,198
Polish bonds	75,911	178,979		254,890	51,703	156,846		208,550
TOTAL	165,840	402,652	0	568,492	64,312	413,647	56,802	534,761
	29%	71%	0%	100%	12%	77%	11%	100%

INTEREST SENSITIVITY ANALYSIS

An increase/decrease of 100 basis points in the (average) interest rates on the (Polish) floating rate bonds debt at the reporting date, with all variables held constant, would have resulted in a 2,099 KEUR lower/higher profit before tax for 2019.

16.3. OTHER BORROWINGS: OTHER

31/12/2019 - 74,414 KEUR

The other borrowings in EUR at 31 December 2019 include the following:

- 35 MEUR commercial paper (CP) issued by Ghelamco Invest NV, bearing an interest rate of euribor 3 months + 2% margin and with maturity date 7 February 2020. The CP has been issued within a new 3-year Commercial Paper Programme for a maximum amount of 35 MEUR. The issue has been fully underwritten by an external investor. On maturity date, full amount of outstanding CP has been extended for another 3 months (i.e. until 7 May 2020).
- 20 MEUR related to a short-term stand-alone private bond issued by Ghelamco Invest NV for an amount of 20 MEUR, bearing a fixed interest rate of 4.25% and with maturity date 21 January 2020. This bond has been underwritten by an external investor and has on maturity date been rolled over into a first tranche of Green bonds, within the new 250 MEUR EMTN bonds programme which was approved by CSSF on 11 December 2019.
- Ghelamco Poland Sp. z o.o.: 4,890 KEUR;
- 11,000 KEUR short-term loan from a third party investor, related to some specific Polish projects, maturing on 30/06/2020 and bearing an interest rate of 5.50%;
- 3,522 KEUR short-term loan from a third party investor, related to a specific Polish project.

31/12/2018 - 18,421 KEUR

Other borrowings in EUR at 31 December 2018 include:

- Tallink Investments Ltd.: 897 KEUR
- Ghelamco Poland Sp. z o.o.: 4,890 KEUR
- 9 MEUR short-term loan from a third party investor, related to a specific Polish project, maturing on 30/06/2019 and bearing an interest rate of 5.50%.

- 3,488 KEUR short-term loan from a third party investor, related to a specific Polish project.

16.4. LEASE LIABILITIES

The lease liabilities balance increased significantly as a result of the first time adoption of IFRS 16 “Leases”. Per 31 December 2019 outstanding IFRS 16 related lease liabilities amount to resp. 24,077 KEUR long-term and 2,455 KEUR short-term. In this respect, further reference is made to section 1.3 above and note 27.2.

Summary of contractual maturities of lease liabilities:

	Poland		Russia	
	2019	2018	2019	2018
Within 1 year	2,177	1,609	274	210
After 1 year but not more than 5 years	6,781	7,089	1,097	840
More than 5 years	116,269	123,578	8,149	6,465
TOTAL	125,227	132,276	9,520	7,515

16.5. MISCELLANEOUS INFORMATION

- No defaults of payments or breaches of borrowing agreements occurred as of 31 December 2019.

- Bank borrowings are secured by amongst others the respective property development projects, including land and in-process construction, pledge on the respective SPV shares, etc. For corporate guarantees on bank loans, reference is also made to note 26.1.

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

- The Polish bonds are secured by a redemption surety granted by Granbero Holdings Ltd.
The Belgian bonds are secured by a first demand guarantee by Ghelamco Group Comm. VA.

Also, the terms and conditions of the resp. bond issues have been complied with as of balance sheet date. For the Belgian bonds, reference is made to the related bi-annual covenant testing which is published on the Company’s website.

- First time adoption of IFRS 16 “Leases” resulted in an increase of financial liabilities by 26.5 MEUR, impacting the calculation of the solvency of the Company by the same amount.
- The observed evolution in the above financial debt includes (except for the above mentioned foreign exchange movements) an immaterial amount of other non-cash

movements, related to capitalized transaction costs which are amortized over the duration of the debts.

17. FINANCIAL INSTRUMENTS

Financial instruments (x € 1,000)					31/12/2019
	FVTPL	FVOCI	Measured at amortised cost/ fin. liabilities at amortised cost	Fair value	Fair value level
Other financial investments					
Other financial assets			4,379	4,379	2
Non-current receivables					
Receivables and prepayments					
Restricted cash			211,659	211,659	2
Current receivables					
Trade and other receivables			208,702	208,702	2
Derivatives					
Cash and cash equivalents			115,811	115,811	2
Total Financial Assets	0	0	540,551	540,551	
Interest-bearing borrowings - non-curr.					
Bank borrowings			394,716	394,716	2
Bonds Poland			164,527	168,220	1
Bonds Belgium (Euronext)			202,704	205,260	1
Other borrowings			4,892	4,892	2
Lease liabilities			24,082	24,082	2
Interest-bearing borrowings - current					
Bank borrowings			104,100	104,100	2
Bonds Poland			61,445	63,653	1
Bonds Belgium			78,850	79,298	1
Other borrowings			69,522	69,522	2
Lease liabilities			2,455	2,455	2
Current payables					
Trade and other payables			90,339	90,339	2
Total Financial Liabilities	0	0	1,197,632	1,206,537	

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

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

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

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

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

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

Largest part of the Investment Holding's interest bearing liabilities are mainly floating interest bearing debts, except for the Belgian bonds, which are fixed interest bearing.

We also refer to note 11.1 for the description of the fair value determination.

18. DEFERRED TAXES

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

in thousands €	31/12/2019	31/12/2018
Deferred tax assets	19,655	10,997
Deferred tax liabilities	-65,156	-46,617
TOTAL	-45,501	-35,620

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

In thousands €	Temporary differences		Unused tax losses and credits	
	Investment property	Other	Tax losses	Tax credits
Balance at 1 January 2018	-28,066	-4,043	14,848	
Recognised in income statement	-12,328	-10,622	4,375	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other		216		
Balance at 31 December 2018	-40,394	-14,449	19,223	
Recognised in income statement	-8,877	1,473	-2,117	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other		-360		
Balance at 31 December 2019	-49,271	-13,336	17,106	-

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. Current year's balance of recognised unused tax losses is based on updated tax planning, supporting the expected recovery of these losses in the foreseeable future. The decrease compared to previous year is partly attributable to some actual recovery in connection with (taxable) gains of the year and in addition to an extent related to the

new and more stringent thin cap regulations which have become effective in Poland as from 1 January 2018 onwards.

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

in thousands €	31/12/2019	31/12/2018
DTA on unused tax losses	24,000	20,401
DTA on unused tax credits		
TOTAL	24,000	20,401

Tax losses in the Polish SPVs can be carried forward for a period of 5 years. In this respect, no deferred tax assets have been recognized on tax losses carried forward in these SPVs to the extent it is deemed not probable that sufficient taxable profit will be available to allow the benefit of part of these tax losses. The increase in not recognized deferred tax assets goes together with new and more stringent thin cap regulations which have become effective in Poland as from 1 January 2018 onwards.

Tax losses in the other countries can be carried forward for an indefinite period of time.

No deferred tax liability has been recognized on undistributed profits in the subsidiaries as the Investment Holding is able to control the distribution of profits and as such, distribution to the Investment Holding is not probable in the foreseeable future. It should in addition be noted that the distribution of dividends by Polish subsidiaries to the (Cypriot) Parent and by Belgian subsidiaries to the (Belgian) Parent would generate no tax charge.

Further reference is made to note 1.16.

19. TRADE AND OTHER PAYABLES

Trade and other payables are analysed as follows:

	31/12/2019	31/12/2018
Trade payables: third parties	32,485	19,559
Trade payables: related parties	34,228	36,863
Related parties current accounts payable	9,271	7,410
Misc. current liabilities	22,325	29,163
Deferred income	14,136	669
Current employee benefits	224	138
Total trade and other payables	112,669	93,802

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

Trade payables towards related parties include amongst others the amounts payable to the Development Holding for construction and engineering coordination services received. On 31/12/2019, the trade payables include 34,228 KEUR towards related parties (vs. 36,863 KEUR last year), as follows:

- CLD: 784 KEUR (536 KEUR last year)
- Ghelamco Russia: 604 KEUR (2,352 KEUR last year)
- Safe Invest Sp.z o.o.: 1,676 KEUR (0 KEUR last year)
- Ghelamco Poland Sp. z o.o.: 28,890 KEUR (33,485 KEUR last year)
- Others: 2,274 KEUR (490 KEUR last year)

The related parties trade payables balance is mainly related to the outstanding balance with Ghelamco Poland and is mainly connected with significant construction works on projects carried out during the last months of the year (which is, in turn, related to the construction stage of the projects). Main projects under construction per year-end are The Hub and the Warsaw Unit.

The related parties current accounts payable mainly relate to a payable balance (9.2 MEUR) towards Carlton Retail, company which holds the land parts in the One Carlton residential project in Knokke, and which is included in these financial statements following the equity method.

Miscellaneous current liabilities mainly relate to interest payable (9.2 MEUR in total, of which 0.5 MEUR to related and 8.7 MEUR to third parties), rental guarantee provisions (2.5 MEUR in total), VAT payable (2.4 MEUR), advance payments with regards to THV One Carlton (5.4 MEUR) and some accruals and others.

The outstanding deferred income is mainly related to some deferred revenue on the Senzafine residential project in Kortrijk (1.8 MEUR) and the Foksal residential project in Warsaw (12.0 MEUR) and some deferred rent income on commercial projects. The significant increase compared to last year mainly goes together with the progress of the Foksal project. Related deferred income was last year still presented as long-term deferred income (for an amount of 6,185 KEUR).

Trade and other payables are non-interest bearing and are settled in accordance with the contractual terms. The carrying amounts of trade and other payables approximate their fair value, as those balances are short-term.

20. CURRENT TAX LIABILITIES

Current tax payables can be allocated to the following countries (in KEUR):

- Belgium: 9,222 KEUR (vs 3,467 KEUR last year)
- Luxembourg: 0 KEUR (vs 443 KEUR last year)
- Spain: -362 KEUR (vs 350 KEUR last year)
- Cyprus: 2,640 KEUR (vs 1,793 KEUR last year)
- Poland: 0 KEUR (vs 3 KEUR last year)

Total for 2019: 11,499 KEUR (vs 6,056 KEUR in 2018).

21. REVENUE

REVENUE IS MAINLY GENERATED FROM THE FOLLOWING SOURCES:

in thousands €	31/12/2019	31/12/2018
Sales of Residential Projects		
Projects Belgium	25,261	36,470
Projects Poland	950	3,145
Rental Income	29,278	28,610
Other	1,336	986
TOTAL REVENUE	56,825	69,211

The residential projects sales as of 31 December 2019 mainly relate to:

- Senzafine Kortrijk (12,621 KEUR): Land parts and 55% construction progress in-voicing on 49 apartments (of 86 in total) and 54 garages and/or parking spaces
- Villas and apartments at the Belgian coast (2,839 KEUR, mainly on East Dune, Oostduinkerke)
- Tribeca (+/- 6,579 KEUR): Sale of the 2 remaining houses, 2 remaining lofts, 13 apartments and 19 parking spaces of this mixed project at the Nieuwevaart in Ghent. Per year-end the project has been sold out for approx. 99%.
- Edition (1,556 KEUR): Instalments on previous year (57 apartments and 61 parking spaces) and current year (1 apartment, parking and storage room) sales. Main part of apartments has been delivered and fully invoiced; remaining apartments are under delivery. Except for the last remaining unit, the project is per year-end fully sold out.
- Spectrum (2,156 KEUR): Instalments on all 22 apartments (and 21 parking spaces), which were sold in previous year(s). Main part of apartments has been delivered and fully invoiced; remaining part is under delivery.
- The sale of the remaining residential (and some commercial) units in the Woronicza Qbik project, Warsaw for 887 KEUR (vs 1,973 KEUR in prior year).

Rental income as of 31 December 2019 relates to rent from commercial projects in Belgium (8,940 KEUR vs 9,696 KEUR last year), Poland (8,178 KEUR vs 8,957 KEUR last year) and Russia (12,160 KEUR vs 9,684 KEUR).

The rental income mainly relates to:

- Belgium: Ring Multi, Meetdistrict Gent and the RAFC stand.
- Poland: Woloska 24, Grzybowska and Willanow Retail
- Russia: Dmitrov Logistics Park.

OVERVIEW OF FUTURE MINIMUM RENTAL INCOME

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

in thousands €	31/12/2019	31/12/2018
Future minimum rental income:		
Less than 1 year	29,466	23,740
Between 1 and 2 years	44,329	22,962
Between 2 and 3 years	51,807	19,436
Between 3 and 4 years	53,742	17,457
Between 4 and 5 years	51,756	11,271
More than five years	412,260	49,738
TOTAL FUTURE MINIMUM RENTAL INCOME	643,360	144,604

The future minimum rental income increased significantly compared to prior year. The increase is mainly attributable to:

- the signing of the 15-year lease contract with PwC in the Focus project at the Culliganlaan in Diegem and the 18-year lease contract with the Brussels Region in the Silver Tower project in Brussels
- the significant number of rent agreements signed in the current year for the HUB project and the Warsaw Unit project (both under construction but already leased for resp. approx. 80% and 30%).

22. OTHER ITEMS INCLUDED IN OPERATING PROFIT/LOSS

OTHER OPERATING INCOME AND EXPENSES IN 2019 AND 2018 INCLUDE THE FOLLOWING ITEMS:

Other operating income	2019	2018
Net gains on disposal of investment property	17,744	-
Other	4,937	28,126
TOTAL	22,681	28,126

Current year's other operating income mainly relates to the disposal of a number of investment property projects:

- Arval: 978 KEUR
- Spectrum: 8,723 KEUR
- The Link: -556 KEUR
- Filature Retail commercial units: 269 KEUR
- .BIG: 2,236 KEUR
- Wronia: 2,210 KEUR
- Ukrainian land plots which have been sold to the Development Holding: 3,782 KEUR

In addition a positive purchase price adjustment of 192 KEUR is included regarding the Przystank mBank project sale of 2017.

In addition, some related party recharges (446 KEUR in Belgium and 1,194 KEUR in Poland) are included and the (50%) share in the result of the THV One Carlton (1,050 KEUR), which realises the construction part of the high-end residential project in

Knokke. For the remaining, some re-charges of real estate tax, co-owner expenses and fit-out expenses to tenants are included.

Last year's other operating income mainly related to related party recharges (9,554 KEUR study and know-how to Apec Ltd. and 2,376 KEUR fit-out to Meetdistrict NV), fit-out re-charges to tenants (7.9 MEUR, mainly on Big and Wronia), the release to the profit and loss statement of the previously booked provision for rental guarantees connected to the Warsaw Spire sale of last year (3.3 MEUR) and some re-charges to related parties (2.3 MEUR). Also included was the result of the equity accounted investees (Carlton Retail NV and P22 Lodz Sp. z o.o.) and some re-charges of real estate tax and other co-owners expenses to tenants.

	2019	2018
Gains from revaluation of Investment Property	143,995	56,524

Fair value adjustments over 2019 amount to 143,995 KEUR, which is mainly the result of current year's further engineering, development, construction and leasing efforts, in combination with evolution in market conditions (in terms of yields and rent rate levels). Main fair value adjustments have been recognised on the HUB, the Warsaw Unit, Grzybowska/Bellona and the Nowe Centrum Lodzi project in Poland and on the Silver Tower and the Focus/PwC office project in Belgium.

In Russia, the political and economic situation and its effects on markets and (warehouse) tenant activity is further closely monitored. The yields remained stable, the RUB recovered to an extent, while the market rental levels for (refrigerated) warehousing are however still under pressure. As a result, per year-end 2019 an additional, limited downward fair value adjustment has been recognised on the Russian projects.

It is to be noted that main part of the Group's investments in Russia consists of the largely delivered Dmitrov project, which is to a significant extent leased to mainly renowned multinational companies. In addition, Group management expects that the above difficult situation is of a temporary nature.

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

	2019	2018
Belgium	52,783	35,910
Poland	93,447	38,413
Russia	-2,235	-18,000
Ukraine	0	201
Total	143,995	56,524

	2019	2018
Other operating expenses		
Operating lease/rental/housing expenses	2,600	2,801
Taxes and charges	3,540	4,536
Insurance expenses	1,224	1,523
Audit, legal and tax expenses	7,788	7,848
Traveling	1,728	1,234
Promotion	3,379	4,103
Bank fees	147	101
Sales/agency expenses	6,691	5,413
Rental guarantee expenses	4,216	477
Fit-out costs	-	2,375
Operating expenses with related parties	6,671	16,224
Inventory impairment (reversal)	3,168	-207
Maintenance & management	2,028	828
PPA mBank sale	-	1,493
Liquidation losses	14	1,023
Indemnity provision	1,360	-
Miscellaneous	1,992	3,070
Total	46,546	52,842

The other operating expenses decreased by 6,296 KEUR to 46,546 KEUR, which is to an extent related to the significant decrease in the Operating expenses with related parties. Last year's relatively high operating expenses with related parties mainly concerned fit-out expenses charged by Ghelamco Poland, which were in turn re-charged to tenants (through other income).

Other operating expenses with related parties mainly concern the re-invoicing of costs within the framework of Service Level Agreements with IRS Comm. VA and Deus Comm. VA. and fit-out expenses charged by Ghelamco Poland (and afterwards further re-charged to tenants).

The increase of sales expenses compared to previous year is in line with the disposal of a number of sizable investment property projects in the current year.

Current year's other operating expenses include some impairment write-downs (3,689 KEUR) recognized on a limited number of inventory projects, mainly resulting from the evolution in some commercial parameters. Also, an amount of 521 KEUR (credit) is included regarding the use and/or reversal of formerly recognized impairment amounts upon sale of the related inventory items.

In addition, an indemnity provision has been recognized in connection with the termination of a lease agreement of a tenant. Settlement of the case is expected in the coming months.

The increase in rental guarantee expenses is mainly connected to the sale of the .BIG and Wronia projects in Poland and the sale of the Spectrum project in Belgium.

Last year's other operating expenses included an amount of 2,375 KEUR related to fit-out expenses (which were re-charged to Meetdistrict NV through other operating income/development Holding) and a purchase price adjustment of 1,493 KEUR on the sale of mBank realised end of 2017.

23. COST OF PROPERTY DEVELOPMENT INVENTORIES

	2019	2018
Employee benefit expenses		
Wages and salaries	1,695	970
Social security costs	221	191
Other		
TOTAL	1,916	1,161

The increase in the employee benefit expenses is mainly related to the expansion of the Cypriot organisation.

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

	2019	2018
Movement in inventory	45,957	-1,190
Purchases (*)	-65,563	-27,241
TOTAL	-19,606	-28,431

(*) See Note 28.2

Purchases (mainly from related parties) related to Investment Property projects are not included in the above purchases, as those have directly been recorded on IP. It concerns an amount of 233,889 KEUR (vs. 197,563 KEUR last year, transfers of 20,777 KEUR not included).

24. FINANCE INCOME AND FINANCE COSTS

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

	2019	2018
Foreign exchange gains	2,069	5,698
Interest income	12,786	12,272
Other finance income		
Total finance income	14,855	17,970
Interest expense	-26,255	-24,234
Other finance costs	-6,673	-5,696
Foreign exchange losses	-4,023	
Total finance costs	-36,951	-29,930

The interest income mainly includes interests on loans receivable from related parties.

It is to be noted that interest expenses related to (not yet delivered) Investment Property projects are not included in the above 2019 and 2018 figures, as those have directly been capitalized on IP. It concerns an amount of 23,046 KEUR (vs. 17,300 KEUR last year).

Interest expenses mainly relate to interests on bank loans and bonds. The evolution in interest expenses goes together with the extent of development and construction activities but also with the overall (development and construction) status of projects, based on which interest is expensed in the income statement vs. capitalized in inventory.

The other finance costs include the amortization of (capitalized) bond issue and bank(re-) financing expenses. In addition, the financial impact of the present value calculation of the finance lease liabilities in accordance with IFRS 16 is included (for an amount of 1,965 KEUR). In this respect, further reference is made to note 27.2.

It is to be mentioned that a significant part of the exchange differences is unrealized (and connected with the conversion of outstanding loans). It concerns a snapshot per year-end, impact of which mainly depends on the evolution of the EUR/PLN-RUB exchange rate.

All financial income and expenses mentioned in the table above are related to financial instruments measured at amortized cost.

25. INCOME TAXES

Income tax expense recognized in the consolidated income statement:

	31/12/2019	31/12/2018
Current income tax	10,845	3,408
Deferred tax	9,521	18,575
TOTAL	20,366	21,983

The tax charge on the Investment Holding's result before taxes differs from the theoretical amount that would have resulted from applying the average applicable tax rates to the profits of the consolidated companies. The analysis is as follows:

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

in thousands €	31/12/2019	31/12/2018
Result before income taxes	133,370	60,388
Income tax expense/gain calculated at 29,58% (and 33,99% in '17)	39,451	17,863
Effect of different tax rates in other jurisdictions	-11,980	-4,300
Effect of non-deductible expenses	8,445	6,718
Effect of revenue that is exempt from taxation	-2,527	-3,528
Effect of use/recognition of previously unrecognized tax losses	-3,574	-888
Effect of current year losses for which no DTA is recognized	7,155	12,116
Effect of tax incentives not recognized in the income statement	-2,838	-1,961
Effect of under/over-accrued in previous years	-7	190
Effect of change in local tax rates	-2,025	-1,582
Effect of reversal DTA re. sale WRP		146
Effect of reversal DTLs re. sale Arval retail park and Spectrum	-5,067	
Effect of reversal DTL re. Wronia sale	-3,709	
Effect of gain on equity method entities	-264	-540
Effect of other tax increases	159	
Effect of recognition of previously unrecognized tax losses	-3,000	-2,080
Other	147	-171
INCOME TAX EXPENSE RECOGNISED IN INCOME STATEMENT	20,366	21,983

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

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

Last year's significant effect of not recognized deferred tax assets is connected with new and more stringent thin cap regulations which have become effective in Poland as from 1 January 2018 onwards. The same goes for 2019.

26. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

26.1. (BANK) GUARANTEES

All external borrowings of the Investment Holding are secured by corporate guarantees and/or surety ship agreements issued by the respective sub-holding (Ghelamco Invest NV, Safe Holding Belgium NV or Granbero Holdings Ltd.). These guarantees cover mostly cash deficiency risk, cost overrun, completion risk and interest & repayment shortfall risk. No calls on the guarantees were made in 2019 and 2018.

Company	Project name	Amount of bank loan-books (KEUR/KUSD)		Corporate guarantees as per 31/12/2018 (KEUR/KUSD)	
BELGIUM					Guarantee by Ghelamco Invest NV
Leisure Property Invest	Knocke Village	EUR	27,500	5,000	Corporate Guarantee, cash deficiency, cost overrun, subordination declaration Peridot
MeetDistrict Gent	MeetDistrict Gent	EUR	15,480	5,000	Corporate Guarantee, cash deficiency, cost overrun
Ring Multi	part Ghelamco Arena	EUR	12,500	4,000	Corporate Guarantee, cash deficiency
Silver Tower	Silver Tower	EUR	34,009	34,009	Corporate Guarantee, cash deficiency, cost overrun, shares pledge
Ring Hotel	Ring Hotel	EUR	23,718	16,718	Corporate Guarantee
Filature Retail	Tribeca	EUR	1,918	1,918	Corporate Guarantee, cash deficiency, shares pledge
Graminea	Helix Towers	EUR	7,500	7,500	Corporate Guarantee, shares pledge
Domein Culligan	PwC Offices	EUR	4,754	4,794	Corporate Guarantee, cost overrun, shares pledge
POLAND					Guarantee by Granbero Holdings Ltd.
Apollo Invest Sp. z o.o.	The Warsaw Unit	EUR	32,075		Suretyship agreement (mainly including cost overrun, own contribution input, claim amounts)
The HUB SKA	HUB	EUR	145,225	65,000	Corporate guarantee
SBP SKA	Wroclaw Business Park	EUR	1,950	1,950	Corporate guarantee, cash deficiency
Foksal SKA (*)	Foksal 13/15	EUR	6,042	6,042	Suretyship agreement
Isola SKA	Bellona Tower	EUR	5,552	5,552	Suretyship agreement
Vogla SKA	Plac Vogla	EUR	2,265	2,265	Corporate Guarantee
Dahlia SKA	Woloska 24	EUR	34,650		Suretyship and cash deficiency
Postepu SKA (*)	Postepu	EUR	2,192	2,192	Suretyship agreement
Azira SKA	Nowe Centrum Lodzi	EUR	8,100	8,100	Suretyship agreement
Tillia Bis Sp. z o.o. (*)	Flisac	EUR	456	456	Suretyship agreement
RUSSIA					Guarantee by Safe Holding Belgium
BelyRast	Dmitrov Logistics Park	EUR	74,388	8,540 USD	support deed re. cash deficiency guarantee (and in the event of default by Safe Holding Belgium, by Ghelamco Group)

(*): Bank loan itself is denominated in PLN

No corporate guarantees were given by the Investment Holding to ensure repayment of the bank loans of the related parties under the common control of the ultimate beneficial owners at 31 December 2019 (but not part of the Investment Group).

The Investment Holding does not apply cross liability, meaning that Ghelamco Invest NV, Safe Holding Belgium NV and Granbero Holdings Ltd do not guarantee loans of affiliates belonging to other internal holdings.

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

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

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

26.3. GUARANTEES RECEIVED FROM THE CONTRACTORS

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

26.4. SECURITIES ON ASSETS

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

- first ranking ceiling mortgage on the property belonging to the SPV (land + buildings) (limited mortgage amount in Belgium, combined with a power of attorney to establish further mortgages);
- registered pledge on the borrower's shares;
- assignment of most receivables (inter alia leases, rents, sales, performance bonds, insurance income, ...);
- cash deficiency/cost overrun (letter of comfort) by the shareholder (if applicable);
- submission to execution (only for Polish projects).

No cross guarantees on assets have been granted by the different SPV's, nor other types of surety ships, cost overruns or debt service commitments.

27. COMMITMENTS

27.1. (CAPITAL) COMMITMENTS

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

	2019	2018
Architectural and Engineering contracts	28,024	20,396
Construction contracts	205,142	244,433
Purchase of land plots	-	-
Acquisition of shares (connected with landbank)	55,125	-
TOTAL	288,291	264,829

ACQUISITION CONTRACTS

At 31 December 2019, the Investment Holding has entered into a number of contracts with third parties for the acquisition of the following assets (land plots) or shares:

Binding contracts

- Poland: None significant per end 2019
- Belgium: Ghelamco Invest NV has signed a share purchase agreement on April 26th 2019 concerning the acquisition of 100% of the shares in DEREIF Brüssel Lloyd George S.à.r.l, owner of a property located at 1000 Brussels, 6-7 Avenue Lloyd George and 36 Boulevard de la Cambre. Closing (and transfer of ownership) will take place on 26 August 2020. The purchase price will be calculated on closing date on the basis of the underlying value of the property, which is determined at 46,325 KEUR. Ghelamco Invest NV provided the seller with a first demand bank guarantee covering an amount of 4,650 KEUR on the date of the signing of the share purchase agreement to secure the payment of the purchase price on closing.

On 17 November 2019 Ghelamco Invest NV has signed a share purchase agreement for the acquisition of 100% of the shares of Cogimes SA and Sogimes SA, companies holding land plots at the Culliganlaan in Diegem, for the future development of an office project. The SPA has been based on a transaction amount of 13.800 KEUR. An advance payment was done for an amount of 5 MEUR. Closing (and transfer of ownership) will take place on 15 November 2021.

Non-binding contracts

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

SERVICES AND (SUB)CONTRACTOR AGREEMENTS

As an investor in commercial and residential properties, the Investment Holding is committed to continue investment in properties in different countries under the contracts with construction companies, often in cooperation with related parties of the Investment Holding.

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

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

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

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

- Senzafine residential project in Kortrijk: 9.1 MEUR construction contracts in total
- Focus/ PwC Offices: 3.9 MEUR architecture and engineering contracts in total and 24.2 MEUR construction contracts in total
- Edition Zoute serviced apartments project in Knokke: 5.3 MEUR construction contracts in total
- Silver Tower office project in Brussels: 5.0 MEUR architecture and engineering contracts in total and 29.4 MEUR construction contracts in total
- RAFC Stand 4: 11.2 MEUR construction contracts in total.
- The Warsaw HUB (approx. 117,000 sqm mixed project): 34,150 KEUR
- Warsaw UNIT (approx. 59,000 sqm office space): 81,246 KEUR
- Flisac (mixed residential and retail project): 10,782 KEUR

27.2. (LAND) LEASE COMMITMENTS (RE. RIGHTS OF PERPETUAL USUFRUCT)

In KEUR	Right of Use Assets Investment Property	Right of Use Assets Property Dev. Inventories	Total
Initial recognition 1/01/2019	22.703	3.161	25.863
Addition (new)	68	3	72
Revaluation	465	129	595
31/12/2019	23.236	3.293	26.530

	Non-current lease liability	Current lease liability	Total
Initial recognition 1/01/2019	24.030	1.834	25.863
Addition (new)	64	8	72
Payments	0	-1.370	-1.370
Interest charges on lease liabilities (*)	1.966	0	1.966
Classification non-curr. to curr. lease liab.	-1.984	1.984	0
31/12/2019	24.077	2.455	26.530

(*): included in other finance costs. Reference is made to note 24 Finance income and finance costs see above.

The Group has entered into non-cancellable leases for the land rights with basic lease terms of usually ranging from 49 years (Russia) to 99 years (Poland rights of perpetual usufruct). All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The average lease-term per end 2019 is approx. 80 years for Poland and 40 years for Russia.

In the past, these lease contracts were classified as operating leases based on the criteria defined by IAS 17 "Leases". As a result of the adoption of IFRS 16 "Leases" from 1 January 2019, all qualifying lease contracts have been recognised through a

right-of-use asset and a corresponding lease liability.

The right-of-use assets are presented as Investment property, at fair value. The lease liabilities are initially recognized at their discounted value and are (at each reporting date) updated, considering the incremental interest rate on the one hand and the actual lease payments on the other hand.

The incremental borrowing rate is determined as the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- to the extent possible, uses recent third-party financing received by the Company as a starting point, adjusted to reflect changes in financing conditions since the third party financing was received, and
- makes adjustments specific to the lease, e.g. considering term, country, currency and applicable securities.

The applied incremental borrowing rate for the Polish activities amounts to 7.7% and for the Russian activities amounts to 11.9%.

The Company is exposed to potential future evolutions in lease payments, like indexations or rate increases, which are not included in the lease liability until they take effect. When adjustments to lease payments do take effect, the lease liability is reassessed and adjusted accordingly. As to lease payments, an allocation is done between principal amount and finance cost. The finance cost is charged to profit or loss over the lease period. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Right-of-use assets are measured at fair value comprising the present value amount of the initial measurement of the lease liability.

To the extent applicable, payments associated with short-term leases of equipment and vehicles and leases of low-value assets are (still) recognised on a straight-line basis as an expense in profit or loss, in accordance with the provisions of IAS 17 "Leases". Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Further reference is also made section 1.3. above and notes 6,10,16 and 24.

27.3 RENTAL GUARANTEES

POLAND

In connection with the sale of the Marynarska 12/T-Mobile Office Park, rental guarantee and master lease agreements have been closed for resp. the (at the time of the sale) not leased office and parking space. Rental guarantee agreements have a period of 60 months, master lease agreements have a 84 months period. With respect to the remaining master lease guarantee period, a provision of 636 KEUR has been recognized in the consolidated financial statements at 31/12/19.

28. RELATED PARTY TRANSACTIONS

In connection with the sale of two office projects in current period (.BIG and Wronia), rental guarantee agreements have been closed for resp. the (at the time of the sale) not leased office and parking spaces. Rental guarantee agreements have a period of 5 years. In this respect, a rental guarantee provision of 1,219 KEUR in total has been recognized in the consolidated financial statements at 31/12/2019.

In prior year a total rental guarantee provision of 1,000 KEUR was recognised in connection with the sale of two office projects in 2014 (Marynarska 12/T-Mobile Office Park and Lopuszanska Business Park) and the sale of the mBank project in Krakow in 2017.

BELGIUM

In Belgium, a total rental guarantee provision of 691 KEUR has been recognized, mainly in connection with the Spectrum sale of December 2019.

The Investment Holding is together with the Development Holding and the Portfolio Holding – related parties – under common control of the ultimate beneficial owners, Mr. & Mrs. Gheysens (together “the Consortium”).

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

28.1. RELATIONSHIPS WITH THE DIRECTORS AND MANAGEMENT

For the year ending 31 December 2019, the Consortium (of which the Group is part) paid a total amount of approx. 12,000 KEUR (vs. 12,000 KEUR last year) to the members of the board and management committee. This amount includes management service fees charged by the Management Committee members to the legal entities included in the scope of these consolidated financial statements.

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

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

CONSTRUCTION AND DEVELOPMENT SERVICES

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

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

- Ghelamco Poland with its registered office in Warsaw;
- and to a lesser extent with Ghelamco NV with its registered office in Ypres

These entities provide services to the real estate companies of the Investment Holding in their respective geographical areas, in accordance with the terms of the property development contracts, including but not limited to:

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

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

Construction service providers (including Contractors) in Belgium, Poland and other countries have a legal obligation to bear repair costs of any construction defects that become apparent within a warranty period after the construction is completed. The Contractors have an obligation to remedy all structural construction defects that become apparent during the statutory warranty period of 10 years in Belgium and 5 years in Poland and Russia.

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

ENGINEERING AND ARCHITECTURAL DESIGN SERVICES

APEC Architectural Engineering Projects Limited (a limited liability company registered under the laws of Ireland) and Safe Invest Sp. z o.o (a limited liability company registered under the laws of Poland), both direct and indirect legal subsidiaries of the Development Holding) coordinate engineering and architectural design services provided to the Investment Holding in accordance with terms of the respective contracts. Purchases of services from Apec Ltd and Safe Invest Sp. z o.o comprise a significant part of all engineering, architectural design and other related services acquired by the Investment Holding. These services include:

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

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

Since end 2018, no new architectural and engineering design contracts with Apec Ltd are closed anymore by Polish project companies. Going forward, coordination services in Poland are provided by Safe Invest Sp. z o.o. only.

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

2019

In 2019, there have been no share transactions or other significant transactions with related parties, except for the sale of the shares of (empty shelf company) Liberica to mr. Gheysens for an amount of 499 KEUR, equalling the share capital value.

Also, end of November, some office and meeting room space has been sold by Ring Multi to International Real Estate Services, holding company of the Development Holding. Sales value amounted to 2,000 KEUR. The transaction was closed at arms' length conditions and had limited impact on the profit and loss statement of these financials statements.

In the course of 2019, Ghelamco GP 9 Sp. z o.o. Sobieski Towers Sp.k. and Ghelamco GP 9 Sp. z o.o. Altona S.K.A. have been merged into a new entity Sobieski Towers Sp. z o.o. As a result of the merger, the involved SPV's have been liquidated and their rights and obligations of these entities have been transferred into the merged entity.

In addition, Laboka Ltd (subsidiary of the Company) has sold 30% of its shares in Azalia and Estima to Deus Comm. VA, which is the holding company of the Portfolio Holding. Also, Granbero Ltd. has sold 30% of its shares in Pianissima Sp. z o.o., shelf company,

to Deus Comm. VA.

Furthermore, per 30 June 2019, the shares of Cypriot holding companies Algowood Investments Ltd – (in-) directly holding 100% of the shares of Instant Invest Ltd. (UA) and Urban Invest Ltd. (UA) – and Motaro Holdings Ltd – (in-) directly holding the shares of Challenge Invest Ltd. (UA) and Vision Invest Ltd. (UA) – have been sold by Safe Holding Belgium NV to International Real Estate Services Comm. VA (holding company of the Development Holding). Doing so, the remaining Ukrainian activities (mainly related to the holding of 2 land plots in the Kiev region) have been disposed. These sales transactions have resulted in a gain on disposal of investment property of 3,782 KEUR in the Company's consolidated financial statements as of 31 December 2019.

For the remainder, no other significant transactions with related parties took place in 2019.

2018

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

End December 2018, a significant amount of related party loans receivable (and related accrued interests, for a total combined amount of 280 MEUR) which Peridot SL (Spain) held towards Polish SPVs, were transferred to Milovat Ltd, Cypriot cash pool and financing entity of the Granbero group. And subsequently the resulting Peridot receivable towards Milovat was compensated with the existing Peridot loans payable balance towards Milovat. These transactions were executed in connection with a reorganisation process which is in first instance meant to increase interco financing efficiency and to further simplify the group structure.

OTHER

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

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

	31/12/2019	31/12/2018
Purchases of construction, engineering and architectural design:	-152,249	-104,347
related party trade receivable	11,363	11,797
related party trade accounts payable	-34,228	-36,863
related party non-current loans receivable	196,149	168,094
related party interests receivable	29,759	27,051
related party C/A receivable	130,537	76,148
related party non-current other receivable	-	-
related party non-current loans payable	-4,890	-5,787
related party interests payable	-325	-987
related party C/A payable	-9,271	-7,410

Current year's related party purchases are relatively high, in connection with the construction phase and timing of projects under development near balance sheet date. With respect to the evolution non-current loans and C/A receivable balances, further reference is made to note 11.

29. EVENTS AFTER BALANCE SHEET DATE

Beginning of January 2020, the Company received an additional tax assessment relating to FY 2016 for a total amount of 153 MEUR, tax increases included. The main element of discussion concerns the application of the Dividend Received Deduction (DRD) on 430 MEUR dividend received from the Company's subsidiary Granbero Holdings Ltd in 2016. The Company has timely filed an administrative appeal against the assessment in full.

The Company is convinced, thereby supported by opinions issued by its tax and legal advisors Deloitte Legal and PwC Business Advisory Services BV to the sole benefit of the Company, that it can successfully challenge this tax assessment. The Company intends to pursue each dispute through the judicial system as necessary. Hence, the Company does not consider it appropriate to make provision for these amounts.

On 22 January 2020, the (long-term leasehold rights on) Ring Hotel, adjacent to the Ghelamco Arena in Ghent and offering 250 hotel rooms, has been sold to the Van Der Valk hotel group for a sales amount of 24 MEUR. The closing of the deal was based on preliminary agreement which was signed in 2018. At the moment of the transaction, bank loans have been reimbursed for an amount of 23,7 MEUR.

On 13 November 2019, Ghelamco Invest NV issued a short-term stand-alone private bond for an amount of 20 MEUR, bearing a fixed interest rate of 4.25% and with maturity date 21 January 2020. This bond has been underwritten by an external investor and has on maturity date been rolled over into a first tranche of green bonds, within the new 250 MEUR EMTN bonds programme which was approved on 11 December 2019.

In Poland, shortly after year-end, on 3 January and 10 January 2020, new bonds have been issued for an amount of resp. 30,000 KPLN (series PR) and 14,889 KPLN (series PQ). These bonds have a term of 3 years and bear an interest of resp. Wibor 6 months +4.50% (series PR) and +4.35% (series PQ).

Also, on 27 February 2020, the Polish financial supervision authority (KNF) approved Ghelamco Invest Sp. z o.o.'s new Base Prospectus in connection with its new Bonds Issue Programme (number VIII) for an amount of max. 350,000 KPLN. On 23 March 2020 and within this new programme, bonds have been subscribed by investors for an amount of 50,000 KPLN (series PPO). These bonds mature on 7 October 2023 and bear an interest of Wibor 6 months +4.30%. The issue is planned on 7 April 2020. On 30 March 2020, Ghelamco Invest Sp. z o.o. has redeemed bonds (on maturity date) for a total amount of 68,744 KPLN (series PPE, PPF and PPG).

In the first half of March 2020, Ghelamco Invest NV has signed agreements in connection with the acquisition of a land plot in London, City Road for the future development of a mixed offices and residential project. The site (with building permit) extends to 0.37 hectares within the London Borough of Hackney. The project is expected to offer approx. 21,286 sqm of net lettable/sellable area. Acquisition price amounts to 75 MGBP (excl. VAT, stamp duties, transfer of IP and other related expenses). Closing of the deal (and transfer of ownership) will take place on 30 October 2020. Construction works are expected to start shortly after the acquisition.

In respect of the COVID-19 pandemic the management has taken all necessary concrete and preventive measures to protect the Companies' staff and co-operators. In the meantime the management ensured the continuity of its business activities through different actions and initiatives.

Nevertheless the management is conscious that the pandemic will affect certain on-going and scheduled real estate and financial transactions. The risks concerned are mitigated as much as possible in open discussions with the involved counterparties. The management will closely monitor and follow up all evolutions concerned and will act diligently to reduce any negative effect on the Company, its staff and its business.

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

Ghelamco Group in KEUR	2019
Remuneration of the statutory auditor	351
Other audit-related services	27
Tax services	
Other	182
Remuneration for other services or assignments performed within the Company and its subsidiaries by the statutory auditor	209
Remuneration for persons associated to the statutory auditor for the performance of a mandate as statutory auditor	
Other audit-related services	
Tax services	
Other	
Remuneration for other services or assignments performed within the Company and its subsidiaries by persons associated to the statutory auditor	
TOTAL	559

30. AUDIT FEES

31. AUDITOR'S REPORT

Statutory auditor's report to the general meeting of Ghelamco Group Comm. VA on the consolidated financial statements as of and for the year ended 31 December 2019

In the context of the statutory audit of the consolidated financial statements of Ghelamco Group Comm. VA ("the Company") and its subsidiaries (jointly "the Group"), we provide you with our statutory auditor's report. This includes our report on the consolidated financial statements for the year ended 31 December 2019, as well as other legal and regulatory requirements. Our report is one and indivisible.

We were appointed as statutory auditor by the general meeting of 9 June 2018, in accordance with the proposal of the manager. Our mandate will expire on the date of the general meeting deliberating on the annual accounts for the year ended 31 December 2020. We have performed the statutory audit of the consolidated financial statements of Ghelamco Group Comm. VA for two consecutive financial years.

Report on the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the Group as of and for the year ended 31 December 2019, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to 2.179.088 (000) EUR and the consolidated statement of profit or loss shows a profit for the year of 113.004 (000) EUR.

In our opinion, the consolidated financial statements give a true and fair view of the Group's equity and consolidated financial position as at 31 December 2019 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Basis for our unqualified opinion

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



We have complied with the ethical requirements that are relevant to our audit of the consolidated financial statements in Belgium, including the independence requirements.

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

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

Emphasis of matter – uncertainty realization Eurostadium project

We draw attention to note 10 of the consolidated financial statements which describes the legal uncertainty regarding the realization of the Eurostadium project and the manager's assessment of the recoverability of capitalized expenses related to this project. Our opinion is not modified in respect of this matter.

Manager's responsibilities for the preparation of the consolidated financial statements

The manager is responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as manager 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 manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the manager either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by manager;
- Conclude on the appropriateness of manager'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 auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



Other legal and regulatory requirements

Responsibilities of the manager

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

Statutory auditor's responsibilities

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

Aspects concerning the manager's annual report on the consolidated financial statements

Based on specific work performed on the manager's annual report on the consolidated financial statements, we are of the opinion that this report is consistent with the consolidated financial statements for the same period and has been prepared in accordance with article 3:32 of the Companies' and Associations' Code.

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

Information about the independence

- Our audit firm and our network have not performed any engagement which is incompatible with the statutory audit of the consolidated financial statements and our audit firm remained independent of the Group during the term of our mandate.
- The fees for the additional engagements which are compatible with the statutory audit referred to in article 3:65 of the Companies' and Associations' Code were correctly stated and disclosed in the notes to the consolidated financial statements.

Zaventem, 31 March 2020

KPMG Bedrijfsrevisoren / Réviseurs d'Entreprises
Statutory auditor
represented by

Filip De Bock
Bedrijfsrevisor / Réviseur d'Entreprises