GHELAMCO INVEST NV

IFRS CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2019

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

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I

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR 2019[1]

[1] This report has been prepared in accordance with article 3:32 of the Belgian Companies and Associations' Code and approved by the Board on 20 March 2020.

1. BUSINESS ACTIVITIES AND PROFILE

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

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

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

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

Ghelamco's business activities are structured in four major holdings under common control of the ultimate beneficial owners (jointly referred to as "**Ghelamco**" 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 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 Invest NV ("Ghelamco Invest") is the holding company of the Belgian and Western European activities of Ghelamco Group Comm. VA, which is in turn the holding company of the **Investment Holding**. Besides its holding activities, Ghelamco Invest also has direct stakes in some real estate projects.

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

Ghelamco Invest is a limited liability company registered under Belgian law, with its registered office at Zwaanhofweg 10, 8900 Ieper, Belgium.

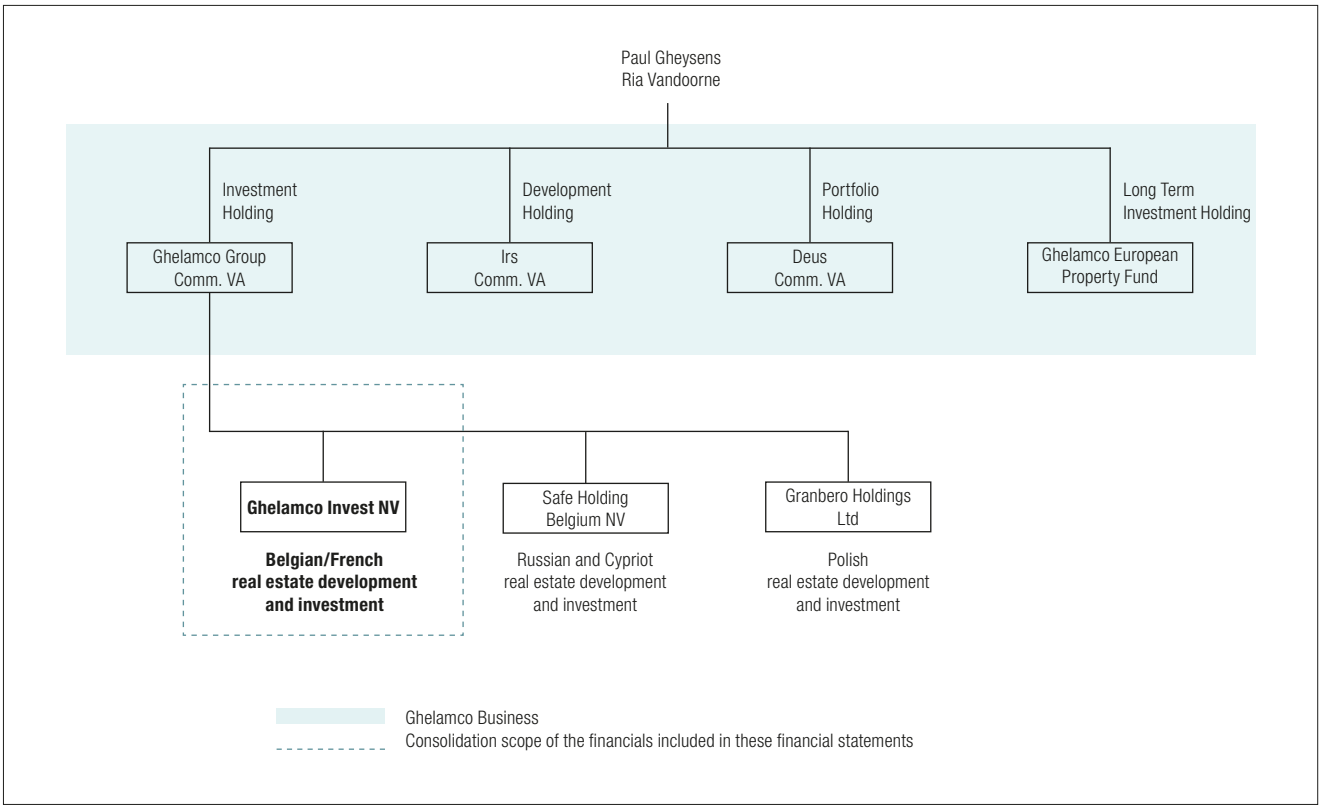
Ghelamco Invest is registered in the Belgian commercial register under the number BE0431.572.596.

3. CONSOLIDATION SCOPE

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

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

All assets, liabilities, income and expenses that represented an integral part of the Company activities, are included in the accounts of the legal subsidiaries of Ghelamco Invest at 31 December 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 Invest and subsidiaries employed 7 people. The construction, engineering and other related services are mainly provided to the Company by the Development Holding's legal subsidiaries. Ghelamco as a whole employed 322 people on 31 December 2019 (vs. 304 on 31 December 2018).

5. BOARD AND MANAGEMENT COMMITTEE

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

Members of the board as of 31 December 2019:

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

The Company's Management as of 31 December 2019 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)

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

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

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

6. BUSINESS ENVIRONMENT AND RESULTS

2019 results:

The Company closed its 2019 accounts with an operating profit of 57,921 KEUR. While paying thorough and still increasing attention to (amongst others technical and environmental) innovation and sustainability, the Company once more continued its development and commercial efforts in the past year. As a result, the Company successfully disposed of a number of sizable investment properties and in addition managed to create significant added value on existing projects. This is reflected in a growing qualitative and green project portfolio, a stable balance sheet total of 912,592 KEUR and an equity of 306,728 KEUR. The solvency ratio increased by approx. 3% to 33.6% (vs. 30.8% last year). The Company realized a profit for the year of 40,816 KEUR, an increase of 16% compared to prior year. There is currently no intention to distribute a dividend over 2019.

In Belgium, the Company has been intensifying 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.

Main 2019 development and construction activities:

- 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 technical installations 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 Company has expanded its portfolio through a number of acquisitions and/or has secured some positions:

- 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 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 positions at the Belgian coast, Sint-Niklaas and Antwerp.

As to divestures/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 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.
- Other, residential sales related mainly to apartments and parking spaces in the Edition and Spectrum projects in Brussels and the Senzafine project in Kortrijk.

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.

In the first half of March 2020, the Company 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 Company is exposed to a variety of risks: market risk (including exchange rate risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. We refer to section 2 of the Consolidated Financial Statements for a detailed description of those risk factors. The Company does not use financial instruments to hedge

its exposure in connection to those risks. With respect to the status of the Eurostadium project, we refer to note 9 of the Consolidated Financial Statements.

Outlook

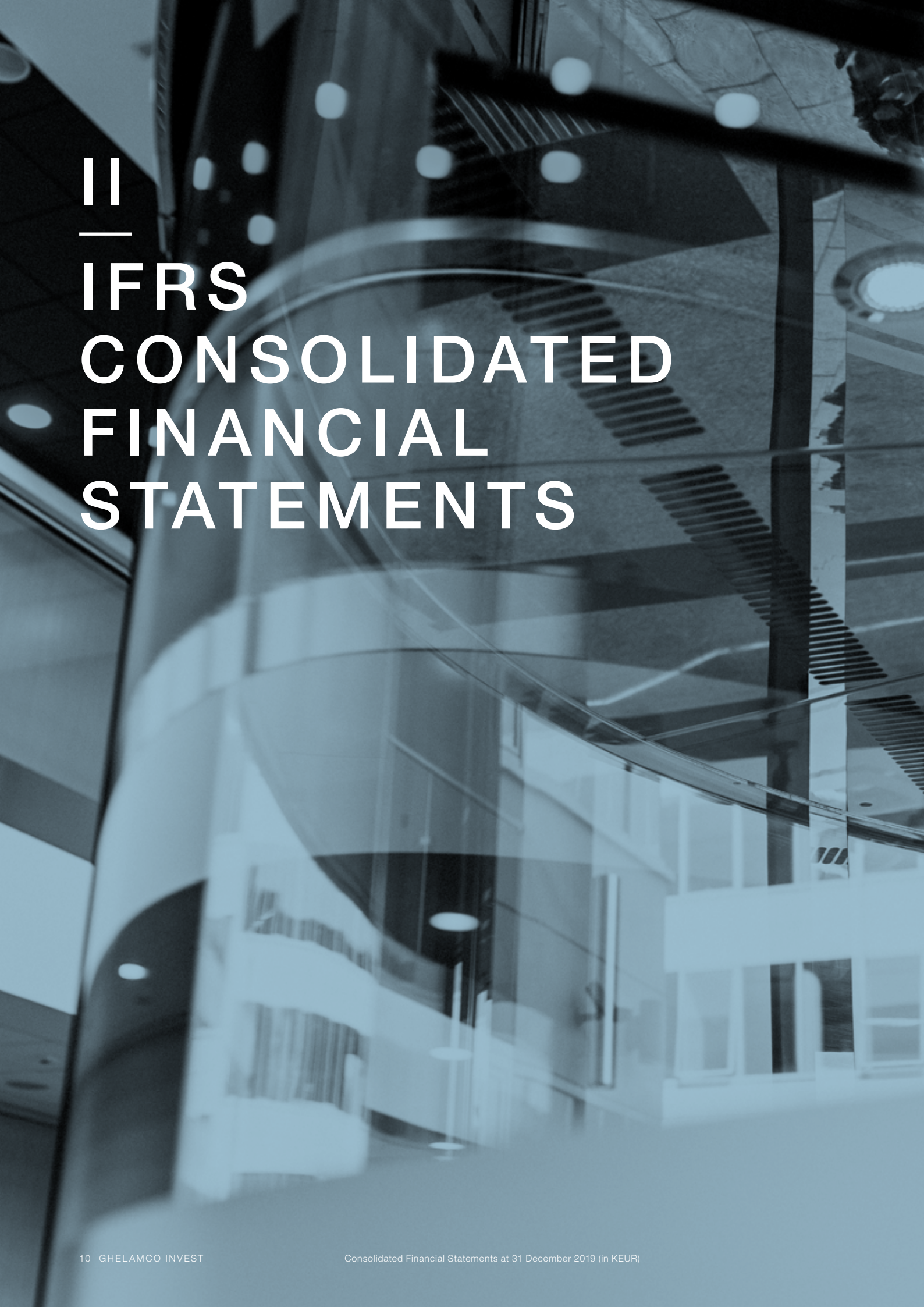
It is the Company's strategy to further diversify its development portfolio by spreading its developments over different real estate segments and/or mixed projects.
For 2020, the Company will continue its sustained growth ambition. In addition, it will closely monitor specific evolutions in its active 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 qualitative development projects.

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

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

- the consolidated financial statements give a true and fair view of the Company'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 Company and its subsidiaries included in the consolidated financial statements, as well as a description of the main risks and uncertainties which the Company 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 the Company's Board of Directors on 20 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	355,131	321,890
Property, plant and equipment	7	721	895
Equity accounted investees	8	15,456	14,564
Receivables and prepayments	10	12,071	2,958
Deferred tax assets	16	9,911	6,963
Other financial assets		3,993	3,743
Total non-current assets		**397,283**	**351,013**
Current assets			
Property Development Inventories	9	182,788	186,978
Trade and other receivables	10	264,538	209,785
Current tax assets		0	0
Derivatives		0	0
Assets classified as held for sale	6	24,575	97,698
Cash and cash equivalents	11	43,408	22,350
Total current assets		**515,309**	**516,811**
TOTAL ASSETS		**912,592**	**867,824**

Capital and reserves attributable to the Group's equity holders	Note	31/12/2019	31/12/2018
Share capital	12	146,490	146,490
CTA		0	0
Retained earnings	13	160,079	120,289
		306,569	**266,779**
Non-controlling interests	12.2	159	350
TOTAL EQUITY		**306,728**	**267,129**
Non-current liabilities			
Interest-bearing loans and borrowings	14	296,198	384,064
Deferred tax liabilities	16	29,000	26,208
Other non-current liabilities		690	0
Total non-current liabilities		**325,888**	**410,272**
Current liabilities			
Trade and other payables	17	50,590	41,802
Current tax liabilities	22	9,222	3,478
Interest-bearing loans and borrowings	14	220,164	145,143
Total current liabilities		**279,976**	**190,423**
Total liabilities		**605,864**	**600,695**
TOTAL EQUITY AND LIABILITIES		**912,592**	**867,824**

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	Note	2019	2018
Revenue	18	35,033	47,030
Other operating income	19	12,279	13,978
Cost of Property Development Inventories	20	-20,159	-27,932
Employee benefit expense	19	-311	-312
Depreciation amortisation and impairment charges		-314	-290
Gains from revaluation of Investment Property	6	52,783	35,910
Other operating expense	19	-22,281	-17,625
Share of results in equity accounted investees (net of tax)	8	891	1,827
Operating profit - result		**57,921**	**52,586**
Finance income	21	6,673	3,692
Finance costs	21	-16,267	-15,097
Profit before income tax		**48,327**	**41,181**
Income tax expense/income	22	-7,511	-5,930
Profit for the year		**40,816**	**35,251**
Attributable to:			
Owners of the Company		40,877	35,227
Non-controlling interests		-61	24

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	2019	2018
Profit for the year	**40,816**	**35,251**
Exchange differences on translating foreign operations	0	0
Other	0	0
Other comprehensive income of the period	**0**	**0**
Total Comprehensive income for the year	**40,816**	**35,251**
Attributable to:		
Owners of the Company	40,877	35,227
Non-controlling interests	-61	24

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		**146,490**	**0**	**85,322**	**300**	**232,112**
Capital increase						**0**
Profit/(loss) for the year				35,227	24	**35,251**
Dividend distribution						**0**
Change in non-controlling interests					26	**26**
Change in the consolidation scope				-252		**-252**
Other				-8		**-8**
Balance at 31 December 2018		**146,490**	**0**	**120,289**	**350**	**267,129**
Capital increase	12					**0**
Profit/(loss) for the year	13			40,877	-61	**40,816**
Dividend distribution						**0**
Change in non-controlling interests	12.2			68	-133	**-65**
Change in the consolidation scope	13			-1,155		**-1,155**
Other					3	**3**
Balance at 31 December 2019		**146,490**	**0**	**160,079**	**159**	**306,728**

D. CONSOLIDATED CASH FLOW STATEMENT

Consolidated Cash Flow Statement for 2019 and 2018	Note	31/12/2019	31/12/2018
Operating Activities			
Profit / (Loss) before income tax		**48,327**	**41,181**
Adjustments for:			
• Share of results of equity accounted investees		-891	-1,827
• Change in fair value of investment property	6	-52,783	-35,910
• Depreciation, amortization and impairment charges	7	314	290
• Net result on disposal Investment Property	19	-9,105	647
• Change in provisions/ inventory write-down	19	3,698	-
• Net interest charge	21	7,567	8,300
• Movements in working capital:			
- Change in prop. dev. inventories	9	-65	12,484
- Change in trade & other receivables	10	-48,363	-34,807
- Change in trade & other payables	17	-2,924	16,209
- Change in MTM derivatives		-	-
• Movement in other non-current liabilities		690	-
• Other non-cash items		-72	-234
Income tax paid		-1,923	1,515
Interest paid (*)	21	-11,964	-12,190
Net cash from operating activities		**-67,503**	**-4,342**
Investing Activities			
Interest received	21	**283**	**2,144**
Purchase of property, plant & equipment		-140	-181
Purchase of investment property	6	-67,773	-93,225
Capitalized interest in investment property (paid)	6	-5,055	-4,648
Proceeds from disposal of investment property / assets held for sale	6	183,515	20,966
Net cash outflow on acquisition of subsidiaries		-	1,689
Cash outflow on other non-current financial assets		-9,364	324
Net cash flow used in investing activities		**101,467**	**-72,931**
Financing Activities			
Proceeds from borrowings		90,698	120,428
Repayment of borrowings		-103,543	-47,214
Capital increase			
Dividends paid	14	-61	-
Net cash inflow from / (used in) financing activities	14	**-12,906**	**73,214**
Net increase in cash and cash equivalents		**21,058**	**-4,059**
Cash and cash equivalents at 1 January		**22,350**	**26,409**
Cash and cash equivalents per end of the year		**43,408**	**22,350**

(*): Interests directly capitalized in IP not included (2019: 5,055 KEUR; 2018: 4,648 KEUR, separately presented under investing activities)

E. SEGMENT INFORMATION

As the vast majority of the assets (and resulting income) of the Company is geographically located in Belgium, and Management has a regional approach in decision making, Management does not receive information disaggregated at a lower level than Ghelamco Invest as a whole. Hence no segment information has been included in this financial reporting.

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 Board of Directors' 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 Company and its position within the Ghelamco business.

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

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

These consolidated financial statements include those of the Company and its subsidiaries. The consolidated financial statements were approved for issue by the Board of Directors on 20 March 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 Company has adopted all new and revised standards and interpretations relevant for its activities and which became applicable for the financial year starting 1 January 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 introduces significant changes in accounting for leases for the lessee, removing the distinction between operating and finance leases and recognising assets and liabilities for all leases (aside from exemptions for short-term leases or low-value assets). Unlike accounting for leases by the lessee, IFRS 16 keeps almost all provisions from IAS 17 Leases regarding accounting for leases by the lessor. This means that lessors must continue to classify leases as operating or finance leases. The Company has adopted this standard as from 1 January 2019 and applied the 'modified retrospective approach'. The comparative figures have not been adapted. However, as the Company has currently not entered into significant lease contracts (as a lessee), this adoption has not generated any significant impact on the financial statements as of 31 December 2019.

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 either.

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 Company are deemed transactions with related parties and are not eliminated, but are presented as balances and transactions with related parties in Note 25.

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

1.5.2. ACQUISITION OF SUBSIDIARIES

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

During the course of 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 Company consists of developing commercial and residential real estate projects. Commercial properties are held for rental. Residential properties are held for sale in the ordinary course of business.

General rule:

- sale of commercial projects subsidiaries (in which real estate is developed and valued as IP(UC)) is presented in the Income Statement as a disposal of IP and not

as a disposal of a subsidiary;

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

Comments 2019

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 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. The share deal was based on an underlying value of the property of 13 MEUR. The transaction has in the consolidated 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 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 date currency rate. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are included in the income statement as a financial result.

Foreign entities

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

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

1.6. PROPERTY, PLANT AND EQUIPMENT

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

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

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

The applicable useful lives are:

- 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 lability.

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.

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

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

1.9. INVESTMENT PROPERTY

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

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

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

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

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

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

<u>INVESTMENT PROPERTIES UNDER CONSTRUCTION (A), (B), (C)</u>

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 above conditions are met.

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

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

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

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

COMPLETED INVESTMENT PROPERTIES (D)

Investment Properties are considered completed as from the moment the project is delivered.
Completed Investment Properties are valued by internationally qualified appraisers as of the end of the period, based on market values in accordance with the RICS Valuation Standards.

They are recognized at fair value reflecting the market conditions at the balance sheet date. Market values of the project are calculated based on the Yield method or Discounted Cash Flow method, depending on the type of project, its status and the location.

Fair value of IP is determined as follows

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

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

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

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

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

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

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

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

1.11. PROPERTY DEVELOPMENT INVENTORY

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

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

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

External borrowing costs directly related to the acquisition, construction or production of a qualifying asset are capitalized. A qualifying asset is an asset that takes a substantial

period of time to get ready for its intended use or sale. Capitalization commences when expenditures and borrowings are being incurred for the asset, and ceases when all the activities that are necessary to prepare the asset for its intended use 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 Company as from that date.

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

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).

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

1.13. FINANCIAL ASSETS

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 15 below.

1.14. CASH AND CASH EQUIVALENTS

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

1.15. SHARE CAPITAL

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

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

1.16. CURRENT AND DEFERRED INCOME TAXES

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

Income tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year and any adjustment

to tax payable in respect of previous years. It is calculated using tax rates enacted or substantively enacted at the balance sheet date.

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

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

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

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

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

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

1.17. TRADE AND OTHER PAYABLES

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

1.18. BORROWINGS

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

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

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

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

2.1.1. FOREIGN EXCHANGE RISK

To the extent the Company enters in transactions in foreign currencies, other than its functional currency, being the Euro, it is subject to the following currency exchange risks: (i) the foreign currency transaction risk: which occurs when a member of the Company enters into a transaction where the settlement of the transaction occurs in a currency other than the functional currency of that member of the group; and (ii) the foreign currency translation risk: which occurs at the translation of the foreign operations of the group into Euro.
A change in exchange rates or authorities imposing exchange controls could affect the Company's business, financial condition, results and prospects.
However, since Ghelamco Invest and its subsidiaries exclusively operate in Belgium and Western Europe, such currency risk is very limited to not applicable.

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

2.1.2. INTEREST RATE RISK

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

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

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

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

Bonds for the Belgian and French projects are issued on the Ghelamco Invest NV level, at fixed interest rates:

- 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.

For sensitivity analysis, reference is made to disclosure 14 on interest-bearing loans and borrowings.

2.1.3. OPERATIONAL RISK (PRICE RISK IN FIRST INSTANCE)

Price risk

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

Although construction prices may substantially vary during each accounting year, the Company succeeds in reducing its operational risk by either entering into fixed price contracts or into open book contracts with related and unrelated companies.
Property projects are usually realized in cooperation with parties related to the Company (see Note 25.2).

Market research

Before starting an investment, the Company's management teams have performed their market research, comprising the following:
- status of the project's current zoning (and in the forthcoming case timing for necessary rezoning)
- attitude of the local government towards a particular project
- are comparable projects being launched (timing and location)
- type of potential buyers/tenants - reasonable delivery date of the project
- projected sale/lease prices at the date of delivery
- yield expectations at that time
- time frame to achieve 50%-60% leasing level

Permit risk

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

Construction risk

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

Engineering risk

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

Financing risk

The Company relies since years on framework agreements with the majority of its banking partners. The parameters of the framework can vary due to economic circumstances, but the framework remains workable as a whole. Before starting up the construction works (or contracting with subcontractors), the Company expects to have received already a (non-)binding term sheet from its banking relations.
In the past years the Company has in addition been able to call upon alternative financing through the issue of bonds. (In total 284.6 MEUR unsecured EMTN bonds and 20 MEUR other, private bonds are outstanding as of 31 December 2019, see infra). Since recently the Company also 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 the external brokers. So far, the Company's track record shows a significant leasing level (of already 50% or more) before the end of construction works.

Investment market risk

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

2.1.4. CREDIT RISK

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

For further analysis, reference is made to note 10.

2.1.5 LIQUIDITY RISK

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

The maturity analysis for financial liabilities that shows the remaining contractual maturities is presented in Note 14.

We also refer to note 11 and note 14.4 where the available financing is described.

2.2. CAPITAL RISK AND BALANCE SHEET STRUCTURE MANAGEMENT

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

The management's focus is to a significant extent set on financial support of its expansion plans. In order to maintain or optimize the balance sheet structure, the Company may decide to issue bonds or similar financial instruments in the (inter-)national financial markets. Company management closely monitors solvency, liquidity, return on invested capital and profitability levels.
In the same respect, the Ghelamco European Property Fund was put in place end 2016. This enables the Investment Holding to transfer delivered projects which will be kept in

portfolio for a longer period; and which for that purpose require different (long-term, 'loan to value', or even mezzanine (re-) financing).

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

	2019	2018
Equity	306,728	267,129
Total assets	912,592	867,824
Solvency ratio	**33.6%**	**30.8%**

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.
The estimates and assumptions are based on historical experience and various other factors that are considered reasonable under the circumstances, the results of which form the basis of judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

Write-down of inventory

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

The Company operates within a thoroughly regulated environment. Deferred tax is determined based on each legal entity's tax position and is reviewed on each balance sheet date to take account of the impact of changes in the tax laws and the probability of recovery.

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

- Belgium: 29.58% (decreasing to 25% from 2020)
- France: 32.02% (decreasing to 25.38% from 2020)

Fair value estimation

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

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

Derivatives are recognized at fair value in the balance sheet.

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

4. LIST OF SUBSIDIARIES

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

Entity description	Country	31/12/2019 % 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	

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

Real estate acquisitions and disposals (including plots of land) often involve the transfer of a company that holds the property and/or real estate activities.
Most subsidiaries are such special purpose real estate entities created to structure real estate transactions (acquisition of land and real estate investment activities).

The summary of incorporations, acquisitions and disposals of subsidiaries (and other business units) realized by the Company during the year ended on 31 December 2019 is presented below. The acquisitions and disposals of real estate subsidiaries are treated in accordance with the accounting policy as described in sections 1.9 and 1.11 (and not in accordance with IFRS 3 on Business Combinations) and section 1.19.

4.1. ACQUISITIONS OF STAKES AND/OR SUBSIDIARIES

There have been no acquisitions in 2019.

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.

4.2. DISPOSAL OF SUBSIDIARIES

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. INCORPORATION OF NEW (SHELF) COMPANIES

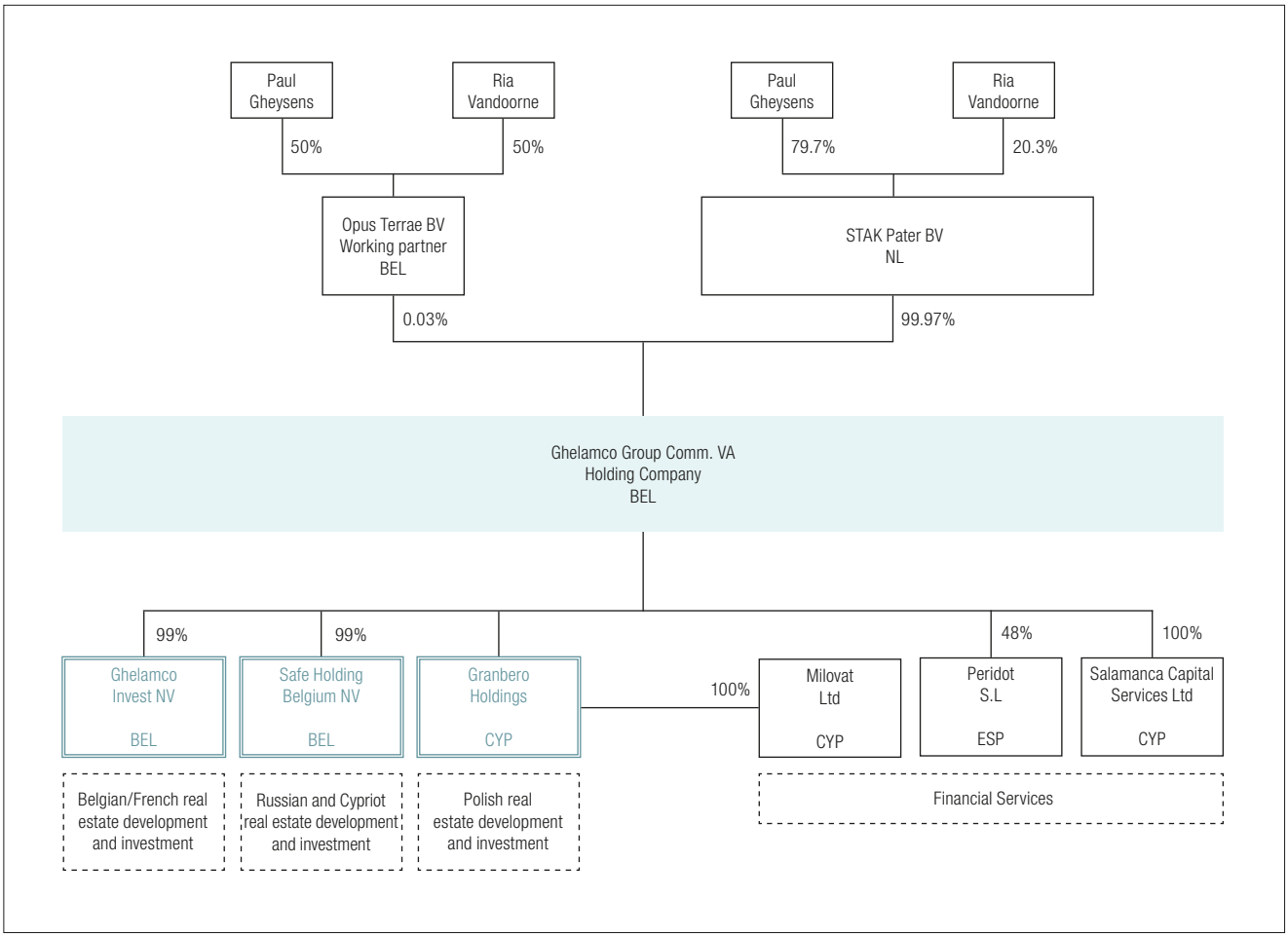
In 2019, no new SPVs have been incorporated.

4.4 MERGERS AND LIQUIDATIONS OF SUBSIDIARIES

In 2019, there have been no mergers or liquidations of subsidiaries.

5. GROUP STRUCTURE

5.1. INVESTMENT HOLDING AS PER 31 DECEMBER 2019



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

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

99%	Leisure Property Invest NV - BEL
99%	Waterview NV - BEL
99%	RHR-Industries - BEL
99%	Zeewind NV- BEL
99%	Ring 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

(*)19% owned by Ghelamco Invest; and
31% owned by RHR

6. INVESTMENT PROPERTY

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

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

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

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

Country + SPV	Commercial Name	Valuation	Cat	31/12/2019	31/12/2018
				KEUR	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	Man	D/C	52,379	49,696
Dianthus	Arval retail park	Man	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
TOTAL				**355,131**	**321,890**

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

Balance at 1 January 2018	**317,851**
Acquisition of properties	32,137
Subsequent expenditure	47,090
Transfers	
• Assets classified as held for sale	-97,123
• Other transfers	7,638
Adjustment to fair value through P/L	35,910
Disposals	-21,613
Other	
Balance at 31 December 2018	**321,890**
Acquisition of properties	150
Subsequent expenditure	80,959
Transfers	
• Assets classified as held for sale	
• Other transfers	
Adjustment to fair value through P/L	52,783
Disposals	-100,651
Other	
Balance at 31 December 2019	**355,131**

Categories	A	B	C	D	Total
Balance at 1 January 2018	**52,541**	**0**	**152,993**	**112,317**	**317,851**
Acquisition of properties	447	9,500	22,190		32,137
Acquisition through business combinations					0
Subsequent expenditure	2,017	0	28,487	16,585	47,090
Transfers					
• Assets classified as held for sale			-24,000	-73,123	-97,123
• Other transfers		5,162	-73,123	75,599	7,638
Adjustment to fair value	11,995	838	27,275	-4,198	35,910
Disposals	-8,000			-13,613	-21,613
Other					
Balance at 31 December 2018	**59,000**	**15,500**	**133,822**	**113,567**	**321,890**
Acquisition of properties		150			150
Acquisition through business combinations					0
Subsequent expenditure		8,163	42,426	30,371	80,959
Transfers					
• Assets classified as held for sale					0
• Other transfers	-59,000	49,500	-52,964	62,464	0
Adjustment to fair value			56,671	-3,888	52,783
Disposals		-11,707		-88,944	-100,651
Other					0
Balance at 31 December 2019	**0**	**61,606**	**179,955**	**113,570**	**355,131**

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.

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.

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.

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

- Rental income 2019: 8,940 KEUR
- Rental income 2018: 9,969 KEUR

The 2019 rental income mainly relates to lease agreements in Ring Multi (retail space in the Ghelamco Arena), Meetdistrict Gent and the RAFC stand in Antwerp.

SIGNIFICANT ASSUMPTIONS AND SENSITIVITY ANALYSIS

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

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

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

- 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.

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

- 149 EUR/sqm/year to 165 EUR/sqm/year for office space (vs. 150 EUR/sqm/year to 230 EUR/sqm/year last year),
- 75 EUR/sqm/year to 155 EUR/sqm/year for retail space (vs. 75 EUR/sqm/year to 155 EUR/sqm/year last year), depending on the location, specifics and nature of the project.

Previous year's 230 EUR upper office lease rate was related to the (prime location) Spectrum project in Brussels, which was sold in 2019.

On 31 December 2019, the Company has a number of income producing investment properties (category D) which are valued at 113,570 KEUR (Ring Multi, Zeewind, Meetdistrict Gent, Filature Retail and RAFC stand). An increase/decrease of 100 basis points in the yield, with all other variables held constant, decreases/increases the value by approx. 7,078 KEUR.

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

7. PROPERTY, PLANT AND EQUIPMENT

in thousands €	Property, plant and equipment	
	31/12/2019	31/12/2018
Cost	2,098	1,960
Accumulated depreciation/amortisation and impairment	-1,377	-1,065
TOTAL	**721**	**895**

in thousands €	Property, plant and equipment
COST	
Balance at 1 January 2018	**1,779**
Additions	181
Additions from internal developments	
Acquisitions through business combinations	
Disposals or classified as held for sale	
Revaluation increase	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2018	**1,960**
Additions	153
Additions from internal developments	
Acquisitions through business combinations	
Disposals or classified as held for sale	-15
Revaluation increase	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2019	**2,098**

in thousands €	
ACCUMULATED DEPRECIATION AND IMPAIRMENT	
Balance at 1 January 2018	**775**
Depreciation/Amortisation expense	290
Disposals or classified as held for sale	
Impairment losses recognised in profit or loss	
Reversals of impairment losses recognised in profit or loss	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2018	**1,065**
Depreciation/Amortisation expense	314
Disposals or classified as held for sale	-2
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	**1,377**

8. EQUITY ACCOUNTED INVESTEES

Equity accounted investees amount to 15,456 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.

Main balance sheet and income statement captions for this entity 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 892 KEUR as 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 amounts to 1,827 KEUR as per 31 December 2018.

9. PROPERTY DEVELOPMENT INVENTORY

The Property Development Inventories amount to 182,788 KEUR on 31 December 2019 (2018: 186,978 KEUR) and are detailed as follows:

	31/12/2019	31/12/2018
Property Development Inventories	182,749	186,925
Raw materials	39	53
TOTAL	**182,788**	**186,978**

	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 (former Kinder Siska)	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	**182,788**	**186,978**

Main current year expenditures have been done on:

- The Edition Zoute project in Knokke (49 serviced boutique apartments with commercial functions on the ground floor)
- The Senzafine project in Kortrijk (86 high-end apartments)

In 2019, there have been no significant acquisitions of plots and/or sites (for residential development).
The carrying value of inventories has been supported by feasibility studies based on the expected development scenario or recent sales transactions. Write-downs have been recognised during 2019 for an amount of 3.7 MEUR on a limited number of inventory items, in connection to the change of some commercial parameters. The carrying value of inventories carried at fair value less cost to sell amounts to 9.5 MEUR.

Main divestures/ sales:

- Senzafine Kortrijk: Land parts and 55% construction instalments have been invoiced relating to the sale of 49 apartments and 54 garages / parking spaces.
- Tribeca: The 2 remaining houses, 2 remaining lofts, 13 apartments and 19 parking spaces of this (delivered) mixed project at the Nieuwevaart in Ghent have been sold. Per year-end 99% of the available residential units were sold.
- East Dune: 6 apartments and 10 garages / parking spaces have been sold in 2019.

- Edition / Avenue Louise: 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 by consequence 100% invoiced) per year-end; remaining part is currently under delivery. Except for the last remaining unit, 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.

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.

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

10.1. NON-CURRENT RECEIVABLES & PREPAYMENTS

	Note	31/12/2019	31/12/2018
Non-current			
Receivables from related parties	25.3	1,860	2,768
Trade and other receivables		10,211	190
Total non-current receivables and prepayments		**12,071**	**2,958**

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 3%.
Further reference is made to Note 25.3.

The 2019 and 2018 balance mainly consists of receivables vs. related parties which are not consolidated in these financial statements but are part of the Consortium.

NON-CURRENT TRADE AND OTHER RECEIVABLES

In the 2019 balance 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. In addition, 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.

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

10.2. CURRENT TRADE & OTHER RECEIVABLES

	Note	31/12/2019	31/12/2018
Current			
Receivables from related parties	25.3	10,723	9,554
Receivables from third parties		9,171	5,463
Less: allowance doubtful debtors (bad debt provision)			
Net trade receivables		**19,894**	**15,017**
Other receivables		8,122	4,636
Related party current accounts	25.3	218,233	173,149
VAT receivable		2,190	9,013
Prepayments		0	0
Interest receivable		16,099	7,970
Total current trade and other receivables		**264,538**	**209,785**

CURRENT TRADE AND OTHER RECEIVABLES

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

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

Related party current accounts consist of 218,233 KEUR current account which Ghelamco Invest holds vs. Ghelamco Group Comm. VA. and relates to a short-term deposit of excess funds with its parent company.

Other receivables mainly relate to amounts receivable and retention amounts (for 4,651 KEUR in total) in connection with the sale of the Spectrum project. Involved amounts will be collected in the coming months, upon realisation of the contractually agreed conditions.

INTEREST RECEIVABLE

The interest receivable mainly consists of interests receivable from related parties referred to above.

VAT RECEIVABLE

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

CREDIT RISK EXPOSURE AND IMPAIRMENT

Trade and other receivables disclosed above are classified as amortised cost items and thus measured at amortised 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.

11. CASH AND CASH EQUIVALENTS

	31/12/2019	31/12/2018
Cash at banks and on hand	43,408	22,350

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

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

- additional capacity on the debt ratio (the Company chooses to keep a substantial margin on the Loan to Value ratio);
- potential to take up further financing on completed projects based on Loan to Value (LTV) instead of Loan to Cost (LTC);
- access to alternative financing, mainly in the form of bond issues. In this respect reference is made to the resp. private and (regular or green) EMTN bond issues (for a total outstanding amount of resp. 20 MEUR and 281.6 MEUR at 31 December 2019).

12. SHARE CAPITAL

	31/12/2019	31/12/2018
Authorized 313,549 ordinary shares without par value	161,490	161,490
part not paid in	-15,000	-15,000
issued and fully paid in	**146,490**	**146,490**

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

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

12.1. DISTRIBUTION OF DIVIDENDS BY THE COMPANY

During 2019 and 2018, no dividends have been distributed by Ghelamco Invest.

12.2. NON-CONTROLLING INTERESTS

	31/12/2019	31/12/2018
Balance at beginning of year	350	300
Share of profit for the year	-61	24
Dividend distribution		
Acquistions/disposals	-130	26
Balance at end of year	**159**	**350**

13. RESERVES AND RETAINED EARNINGS

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

	Cumulative translation reserve	Retained earnings
At 1 January 2018	**0**	**85,322**
Cumulative translation differences (CTA)		
Dividend distribution to the ultimate shareholders		
Change in non-controlling interests		
Change in the consolidation scope		-260
Profit for the year		35,227
At 31 December 2018	**0**	**120,289**
At 1 January 2019	0	120,289
Cumulative translation differences (CTA)		
Dividend distribution to the ultimate shareholders		
Change in non-controlling interests		68
Change in the consolidation scope		-1,155
Profit for the year		40,877
At 31 December 2019	**0**	**160,079**

14. INTEREST-BEARING LOANS AND BORROWINGS

		31/12/2019	31/12/2018
Non-current			
Bank borrowings – floating rate	14.1	93,494	103,792
Other borrowings - bonds	14.2/3	202,704	280,272
Other borrowings - other			
		296,198	**384,064**
Current			
Bank borrowings – floating rate	14.1	86,314	145,143
Other borrowings - bonds		78,850	
Other borrowings - other		55,000	
		220,164	**145,143**
TOTAL		**516,362**	**529,207**

14.1. BANK BORROWINGS (179,808 KEUR)

During the year the Company contracted new bank borrowings and withdrew on existing credit facilities for a total amount of 34.4 MEUR, all of which are Euribor based. On the other hand, reimbursements and re-financings have been done for an amount of 103.5 MEUR; bringing the total outstanding bank borrowings to 179.8 MEUR (compared to 248.9 MEUR at 31/12/2018).

Significant part of reimbursements is connected with the sale of a number of sizable projects in the course of 2019 (The Link, Spectrum and Arval retail park).

When securing debt finance for its (larger) projects, the Company negotiates long term agreements with its banks. Under these agreements, the bank swaps land acquisition loans (2 years term) into construction loans (additional 2 year term) and swaps construction loans into investment loans (mostly 5 years term) upon the fulfilment of pre-agreed conditions.
Most banking partners of the Company have accepted the above as a "framework" for past, current and future co-operation.
For the purpose of these financial statements, the Company treated its bank borrowings (or the maturing part of it) as current when the swap date from "acquisition loan into construction loan" falls within the next accounting year (see Note 1.18 and 2.1.2.).

With respect to the outstanding short-term bank borrowings, it is to be mentioned that a significant part of the balance per books is currently in the advanced process of prolongation and/or refinancing (e.g. through a swap to investment loans). In addition, the bank financing connected to the Ring Hotel project in Ghent (23.7 MEUR) has actually been reimbursed at the moment of sale of the project in January 2020.

Summary of contractual maturities of external bank borrowings, 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	89,900	64,943	39,624	194,467	149,587	74,608	42,007	266,202
Other	0	0	0	0	0	0	0	0
Total	**89,900**	**64,943**	**39,624**	**194,467**	**149,587**	**74,608**	**42,007**	**266,202**
Percentage	46%	33%	20%	100%	56%	28%	16%	100%

INTERESTS ON BANK BORROWINGS – INTEREST RATE RISK

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

On 31 December 2019, the Company has outstanding investment loans for a total amount of 27,979 KEUR on Meetdistrict Gent and Ring Multi; which are serviced by the actual rental income of the resp. properties. On 31 December 2018, the Company had outstanding investment loans for a total amount of 28,222 KEUR on Meetdistrict Gent and Ring Multi.

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

- Belgium: between 1.50% and 3.0%

INTEREST SENSITIVITY ANALYSIS

An increase/decrease of 100 basis points in the (average) interest rates on the floating rate bank debt at the reporting date, with all variables held constant, would have resulted in a 2,207 KEUR lower/higher profit before tax for 2019.

14.2. OTHER BORROWINGS: BONDS (281,554 KEUR)

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

On 20 November 2017, the Company has again issued bonds for a total amount of 101,600 KEUR, within a 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, the Company 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 Company's new base prospectus relating to a new 250 MEUR EMTN programme, under the prospectus regulation in the Grand-Duchy of Luxemburg. 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.

Summary of contractual maturities of 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
EMTN bonds '15 1st tranche	80,880			80,880	3,560	80,880		84,440
EMTN bonds '15 2nd tranche	2,925	72,363		75,287	2,925	75,288		78,212
EMTN bonds '17 1st tranche	2,038	51,476		53,515	2,038	53,515		55,553
EMTN bonds '17 2nd tranche	2,602	64,606		67,208	2,602	10,406	56,802	69,810
EMTN bonds '18 1st tranche	1,485	35,228		36,713	1,485	36,713		38,198
	89,929	**223,673**	**0**	**313,602**	**12,609**	**256,801**	**56,802**	**326,212**
	29%	71%	0%	100%	4%	79%	17%	100%

14.3 OTHER BORROWINGS: OTHER (55,000 KEUR)

On 7 November 2019, the Company issued commercial paper (CP) for an amount of 35 MEUR, 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).

On 13 November 2019, the Company 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 (7-year) first tranche of Green bonds, within the new 250 MEUR EMTN bonds programme which was approved by CSSF on 11 December 2019.

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

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

  At 31 December 2019, the Company has bank loans available to be drawn for a total amount of 117,096 KEUR.

- The bonds are secured by a first demand guarantee by Ghelamco Group Comm. VA.

  Also the terms and conditions of the bond issue have been complied with as of balance sheet date. In this respect, reference is made to the related bi-annual covenant testing which is published on the Company's website.

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

15. FINANCIAL INSTRUMENTS

Financial instruments (x € 1 000)	FVTPL	FVOCI	Measured at amortised cost/ fin. liabilities at amortised cost	Fair value	31/12/2019 Fair value level
Other financial investments					
Other financial assets			3,993	3,993	2
Non-current receivables					
Receivables and prepayments			12,071	12,071	2
Restricted cash					
Current receivables					
Trade and other receivables			260,973	260,973	2
Derivatives					
Cash and cash equivalents			43,408	43,408	2
Total Financial Assets	**0**	**0**	**320,445**	**320,445**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			93,494	93,494	2
Bonds (Euronext)			202,704	205,260	1
Other borrowings					
Interest-bearing borrowings - current					
Bank borrowings			86,314	86,314	2
Bonds (Euronext)			78,850	79,298	1
Other borrowings			55,000	55,000	2
Current payables					
Trade and other payables			41,260	41,260	2
Total Financial Liabilities	**0**	**0**	**557,622**	**560,626**	

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

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

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

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

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

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

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

16. DEFERRED TAXES

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

in thousands €	31/12/2019	31/12/2018
Deferred tax assets	9,911	6,963
Deferred tax liabilities	-29,000	-26,208
TOTAL	**-19,089**	**-19,245**

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	**-20,358**	**115**	**5,250**	
Recognised in income statement	-9,475	-606	5,830	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other		-1		
Balance at 31 December 2018	**-29,833**	**-492**	**11,080**	
Recognised in income statement	2,895	-659	-2,080	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other				
Balance at 31 December 2019	**-26,938**	**-1,151**	**9,000**	

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 decrease in recognised unused tax losses is based on updated tax planning, supporting the expected recovery of these losses in the foreseeable future.

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

in thousands €	31/12/2019	31/12/2018
DTA on unused tax losses	9,552	8,621
DTA on unused tax credits		
TOTAL	**9,552**	**8,621**

Tax losses in Belgium can be carried forward for an indefinite period of time.

Further reference is made to note 1.16.

17. TRADE AND OTHER PAYABLES

	31/12/2019	31/12/2018
Trade payables: third parties	22,697	15,793
Trade payables: related parties	2,431	157
Related parties current accounts payable	9,165	7,370
Misc. current liabilities	14,464	18,444
Deferred income	1,792	0
Current employee benefits	41	38
Total trade and other payables	**50,590**	**41,802**

Trade payables towards related parties include amongst others the amounts payable to the Development Holding for construction and engineering coordination services received for an amount of 2,431 KEUR (vs. 157 KEUR per 31/12/2018).

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.

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 (to third parties: 5.6 MEUR), VAT payable (1.9 MEUR), accruals (554 KEUR), advance payments with regards to THV One Carlton (5.4 MEUR) and others.

Current year deferred income relates to some deferred revenue on the Senzafine residential project in Kortrijk (1.8 MEUR).

18. REVENUE

REVENUE IS MAINLY GENERATED FROM THE FOLLOWING SOURCES:

in thousands €	31/12/2019	31/12/2018
Sales of Residential Projects	25,261	36,470
Rental Income	8,940	9,969
Other	832	591
TOTAL revenue	**35,033**	**47,030**

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

- Senzafine Kortrijk (12,621 KEUR): Land parts and 55% construction progress invoicing 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.

Rental income as of 31 December 2019 (and 2018) relates to rent from commercial projects, mainly Ring Multi, Meetdistrict Gent and the RAFC stand.

OVERVIEW OF FUTURE MINIMUM RENTAL INCOME

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

in thousands €	31/12/2019	31/12/2018
Future minimum rental income:		
Less than 1 year	8,132	6,642
Between 1 and 2 years	12,748	6,209
Between 2 and 3 years	15,862	6,012
Between 3 and 4 years	17,415	5,806
Between 4 and 5 years	17,713	5,907
More than five years	205,702	37,302
TOTAL FUTURE MINIMUM RENTAL INCOME	**277,572**	**67,879**

The increase compared to last year goes together with 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.

19. 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	9,414	-
Other	2,865	13,978
TOTAL	**12,279**	**13,978**

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

In addition, some related party recharges (446 KEUR) 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 included some related party recharges (9,554 KEUR study and know-how to Apec Ltd. and 2,376 KEUR fit-out to Meetdistrict NV) and the (50%) in the result of the THV One Carlton.

	2019	2018
Gains from revaluation of Investment Property	52,783	35,910

Fair value adjustments over 2019 amount to 52,783 KEUR, which is mainly the result of current year's further development and leasing efforts, in combination with evolution in market conditions (yield and rent level evolution). Main fair value adjustments have been recognized on the Silver Tower and the Focus/PWC offices projects.

	2019	2018
Other operating expenses		
Lease/ rental/ housing expenses	3,503	2,005
Taxes and charges	1,679	2,400
Insurance expenses	278	337
Audit, legal and tax expenses	4,971	5,291
Sales expenses	2,330	1,139
Operating expenses with related parties	2,853	2,016
Inventory impairment (reversal)	3,168	-207
Promotion costs	896	1,236
Fit-out costs	-	2,375
Indemnity provision	1,360	-
Miscellaneous	1,243	1,033
Total	**22,281**	**17,625**

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 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.

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

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

	2019	2018
Employee benefit expenses		
Wages and salaries	244	245
Social security costs	67	67
Other		
Total	**311**	**312**

20. COST OF PROPERTY DEVELOPMENT INVENTORIES

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

	2019	2018
Movement in inventory	16,759	-10,205
Purchases (*)	-36,917	-17,727
Total	**-20,158**	**-27,932**

(*) Purchases (to an extent from related parties) related to Investment Property projects are not included in the above purchases, as those have directly been recorded on IP. It concerns an amount of 76,054 KEUR (vs. 74,579 KEUR in 2018).

21. FINANCE INCOME AND FINANCE COSTS

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

	2019	2018
Foreign exchange gains		
Interest income	6,673	3,692
Other finance income		
Total finance income	**6,673**	**3,692**
Interest expense	-14,257	-11,992
Other interest and finance costs	-2,010	-3,100
Foreign exchange losses		
Total finance costs	**-16,267**	**-15,092**

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 5,055 KEUR (vs. 4,648 KEUR last year), at an average capitalisation rate of 3.5%.

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.

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

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

22. INCOME TAXES

Income tax expense recognized in the consolidated income statement:

	31/12/2019	31/12/2018
Current income tax	7,667	1,679
Deferred tax	-156	4,251
Total	**7,511**	**5,930**

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

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

in thousands €	**31/12/2019**	**31/12/2018**
Result before income taxes	**48,327**	**41,181**
Income tax expense calculated at 29.58%	14,295	12,181
Effect of different tax rates in other jurisdictions	-	-
Effect of non-deductible expenses	2,931	482
Effect of revenue that is exempt from taxation	-484	-399
Effect of use of previously unrecognized tax losses	-1,162	-912
Effect of current year losses for which no DTA is recognized	2,635	2,367
Effect of tax incentives not recognized in the income statement	-249	-8
Effect of under/over-accrued in previous years	-88	16
Effect of change in local tax rates	-2,025	-1,582
Effect of reversal DTL re. sale of Arval retail park	10	-
Effect of reversal DTL re. sale of Spectrum	-5,077	-
Effect of reversal DTA re. sale WRP	-	146
Effect of gain on equity method entities	-264	-540
Effect of recognition of previously unrecognized tax losses	-3,000	-5,830
Other	-11	8
INCOME TAX EXPENSE RECOGNISED IN INCOME STATEMENT	**7,511**	**5,930**

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

The increase in non-deductible expenses is related to the changed 'thin cap' regulations in Belgium from 1 January 2019 onwards (and more in particular the fiscal treatment of interest expenses and the resulting calculation of the 'financieringskostensurplus').

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

23. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

23.1. (BANK) GUARANTEES

All external borrowings of the subsidiaries are secured by corporate guarantees and/or surety ship agreements issued by Ghelamco Invest. These guarantees cover cash deficiency risk, cost overrun, completion risk and interest & repayment shortfall risk. No calls on the guarantees were made in 2019 and 2018.

Company	Project name	Amount of bank loan-books (KEUR)		Corporate guarantees as per 31/12/2019 (KEUR)	
BELGIUM					**Guarantee by Ghelamco Invest NV**
Leisure Property Invest	Golf Knokke Zoute	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

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

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

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

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

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

23.3. GUARANTEES RECEIVED FROM THE CONTRACTORS

The statutory warranty obligations of construction service providers cover the risk of structural and other defects of the properties. Construction service providers (including

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

23.4. SECURITIES ON ASSETS

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

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

In general, no cross guarantees on assets are granted by the different SPV's, or other types of surety-ships, cost overruns or debt service commitments.

24. COMMITMENTS

24.1. (CAPITAL) COMMITMENTS

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

	2019	2018
Architectural and Engineering contracts	11,949	6,398
Construction contracts	79,377	35,841
Purchase of land plots		
Acquisition of shares (connected with landbank)	55,125	-
Total	**146,451**	**42,239**

ACQUISITION CONTRACTS

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

Binding contracts

- 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. 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.
- None significant per end 2018

Non-binding contracts

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

SERVICES AND (SUB)CONTRACTOR AGREEMENTS

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

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

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

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

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

- Senzafine residential project in Kortrijk: 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.

25. RELATED PARTY TRANSACTIONS

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

25.1. RELATIONSHIPS WITH THE DIRECTORS AND MANAGEMENT

For the year ending 31 December 2019, the Consortium (of which the Company 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. The Company, in turn, paid a total amount of approx. 5,000 KEUR (vs. 5,000 KEUR last year) to the members of the board and management committee. This amount includes management service fees charged by the management committee members to the legal entities included in the scope of these consolidated financial statements.

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

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

CONSTRUCTION AND DEVELOPMENT SERVICES

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

- International Real Estate Services Comm. VA with its registered office in Ypres;
- 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 Company, in accordance with the terms of the property development contracts, including but not limited to:

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

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

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

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

ENGINEERING AND ARCHITECTURAL DESIGN SERVICES

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

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

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

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

In 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 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.

OTHER

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

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

	31/12/2019	31/12/2018
Purchases of construction, engineering and architectural design:	-6,681	-7,020
related party trade receivable	10,723	9,554
related party trade accounts payable	-2,431	-157
related party non-current loans receivable	1,860	2,768
related party interests receivable	13,807	7,970
related party C/A receivable	218,233	173,149
related party non-current loans payable		
related party interests payable	-197	-50
related party C/A payable	-9,165	-7,370

With respect to the increased related party C/A receivable, further reference is made to note 10.2.

26. EVENTS AFTER BALANCE SHEET DATE

On 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, the Company 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 the first half of March 2020, the Company 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.

27. AUDIT FEES

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

Ghelamco Invest in KEUR	**2019**
Remuneration of the statutory auditor	**118**
Other audit-related services	27
Tax services	
Other	50
Remuneration for other services or assignments performed within the Company and its subsidiaries by the statutory auditor	**77**
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	**194**

28.
AUDITOR'S
REPORT

Statutory auditor's report to the general meeting of Ghelamco Invest NV on the consolidated financial statements as of and for the year ended 31 December 2019

In the context of the statutory audit of the consolidated financial statements of Ghelamco Invest NV ("the Company") and its subsidiaries (jointly "the Group"), we provide you with our statutory auditor's report. This includes our report on the consolidated financial statements for the year ended 31 December 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 board of directors issued on the recommendation of the audit committee. Our mandate will expire on the date of the general meeting deliberating on the annual accounts for the year ended 31 December 2020. We have performed the statutory audit of the consolidated financial statements of Ghelamco Invest NV for 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 912.592 (000) EUR and the consolidated statement of profit or loss shows a profit for the year of 40.816 (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 board of directors and the Company's officials the explanations and information necessary for performing our audit.

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

Emphasis of matter – uncertainty realization Eurostadium project

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

Key audit matters

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

Valuation of investment property

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

— Description

The carrying value of investment property amounts to 355.131 (000) EUR as of 31 December 2019 and represents a significant part of the Group's total assets (39 %).

In accordance with IAS 40 `Investment Property' and the accounting policies of the Group, investment properties are measured at fair value. Changes in the fair value of the investment properties during 2019 amount to 52.783 (000) EUR and have a significant impact on the consolidated net result, financial position and equity.

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

The following assumptions are key in determining fair value:

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

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

— *Our audit procedures*

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

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

Valuation of property development inventories

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

— Description

The carrying value of property development inventories amounts to 182.788 (000) EUR as of 31 December 2019 and represents a significant part of the assets of the Group (20%). Property development inventories mainly comprise residential properties and are measured at the lower of cost and net realizable value at the balance sheet date. Net realizable value is the

estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write-down is necessary when the net realizable value at balance sheet date is lower than the carrying value. Group management performs regular reviews of the net realizable value of its property development inventories, mainly based on an internal management valuation.

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

— *Our audit procedures*

We performed the following audit procedures:

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

Compliance with covenants

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

— Description

The nominal value of the EMTN notes issued by Ghelamco Invest NV amounts to 284.600 (000) MEUR per 31 December 2019 and represents a significant part of the liabilities of the Group. These notes are subject to a number of covenants both at the level of the issuer,Ghelamco Invest NV),and the Guarantor,Ghelamco Group Comm. VA. We identified compliance with covenants as a key audit matter, due to the significance of the balance to the financial statements and the fact that if the Issuer or the Guarantor would not

meet their respective covenants, the issuer could be required to repay a large amount of its debt before the contractual due date.

— *Our audit procedures*

We performed the following audit procedures:

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

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

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

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

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

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

When performing our audit we comply with the legal, regulatory and professional requirements applicable to audits of the consolidated financial statements in Belgium. The scope of the statutory audit of the consolidated financial statements does not extend to providing assurance on the future viability of the Group nor on the efficiency or effectivity of how the board of directors has conducted or will conduct the business of the Group.

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

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

— Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

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

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

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

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

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

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

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

Other legal and regulatory requirements

Responsibilities of the Board of Directors

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

Statutory auditor's responsibilities

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

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

Based on specific work performed on the board of directors' annual report on the consolidated financial statements, we are of the opinion that this report is consistent with the consolidated financial statements for the same period and has been prepared in accordance with 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 board of directors' annual report on the consolidated financial statements contains material misstatements, that is information incorrectly stated or misleading. In the context of the procedures carried out, we did not identify any material misstatements that we have to report to you.

Information about the independence

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

— The fees for the additional engagements which are compatible with the statutory audit referred to in article 3:65 of the Companies' and Associations' Code were correctly stated and disclosed in the notes to the consolidated financial statements.

Other aspect

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

Zaventem, 31 March 2020

KPMG Bedrijfsrevisoren / Réviseurs d'Entreprises
Statutory auditor
represented by

Filip De Bock
Réviseur d'Entreprises / Bedrijfsrevisor