GHELAMCO INVEST NV

IFRS CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2020

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

CONTENTS

I

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR 2020[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 26 March 2021.

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, UK and Poland and the intra-group financing entities 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, French and since recently UK 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 a number of real estate projects.

Ghelamco Invest, together with its subsidiaries (jointly referred to as the "**Company**") (see 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.

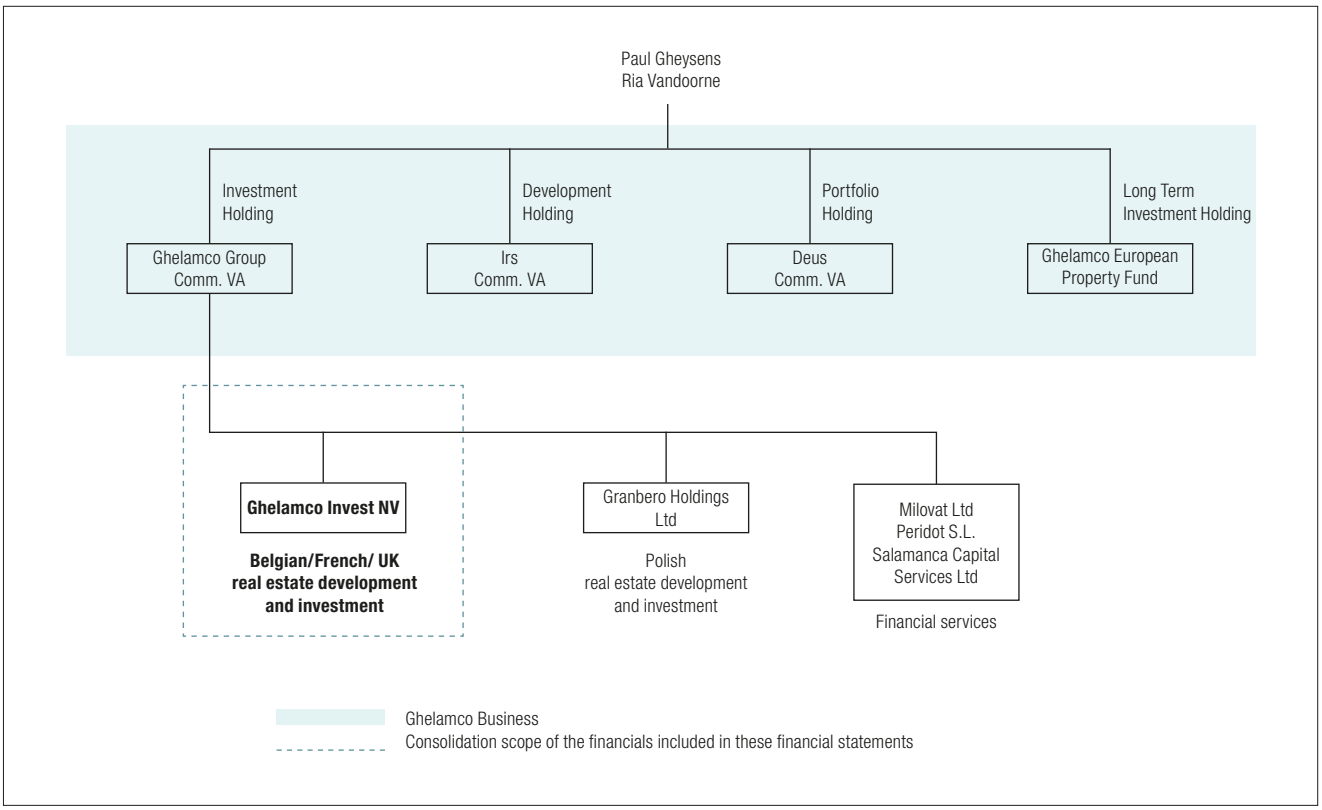
Ghelamco Invest is registered in the Belgian commercial register under the number BE0431.572.596.

3. CONSOLIDATION SCOPE

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

At 31 December 2020 (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 the corporate structure as detailed in Note 5 Group Structure.

All assets, liabilities, income and expenses that represent an integral part of the Company activities, are included in the accounts of the legal subsidiaries of Ghelamco Invest at 31 December 2020 and at 31 December 2019.



4. STAFFING LEVEL

Given its nature, there is only limited employment in the Company. At 31 December 2020, Ghelamco Invest and subsidiaries employed 1 person. 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 309 people on 31 December 2020 (vs. 322 on 31 December 2019).

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 2020:

- BV Opus Terrae, represented by mr. Paul Gheysens
- Mr. Simon Gheysens
- Mr. Michael Gheysens
- BV Ghlobal, represented by Ms. Marie-Julie 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 2020 consists of:

- Mr. Paul Gheysens (Chief Executive Officer)
- Mr. Simon Gheysens (Chief Technology and Project Design Officer)
- Mr. Michael Gheysens (Managing Director Belgium)
- Ms. Marie-Julie Gheysens (Managing Director UK)
- Mr. Philippe Pannier (Chief Financial Officer)
- Mr. Chris Heggerick (Chief Operational 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 3 to 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

2020 results:

The Company closed its 2020 accounts with an operating profit of 50,065 KEUR. While further paying strong attention to (amongst others technical and environmental) innovation and sustainability, the Company kept the focus on its development and commercial activities in its core markets in the past year. As a result, the Company successfully disposed of several sizable investment properties and in addition created significant added value on a number of existing projects, despite some uncertainties the markets are currently facing in connection with the Covid-19 crisis. This is reflected in an increased balance sheet total of 1,024,602 KEUR and an increased equity of 349,019 KEUR. The solvency ratio increased to 34.1% (vs. 33.6% last year). The Company realized a profit for the year of 41,494 KEUR (vs. 40,816 KEUR last year). There is currently no intention to distribute a dividend over 2020.

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

Main 2020 development and construction activities:

- Construction works of the Silver Tower project in Brussels (offering +/ 43,900 sqm leasable office space in total) have been continued at a really fast pace. Delivery of the building has taken place as planned, end of October 2020.
- Also, the construction works of the Focus project (offering +/- 30,000 sqm leasable office space in total) at the Culliganlaan in Diegem have advanced according to plan. Per end of December 2020, the construction progress was at about 60%. Delivery is expected by end of April 2021, in view of the move-in of PWC Belgium, anchor tenant, in the following months.
- The construction works of the residential Senzafine project in Kortrijk – offering 86 luxurious apartments and 108 parking spaces – have continued and are in the finalization stage. Construction progress (and related instalment invoicing) is at 90% to 100% per 31 December 2020. Per date of the current report, the sales rate is at 85%.
- Furthermore, in Q3 of 2020, the (under-)ground works of the Lake District residential project in Knokke have been started. The project will consist out of 166 high-end apartments, approx. 4,200 sqm retail function on the groundfloor and a hotel, spread over 3 buildings. Shortly after year-end, the underground works have been finalised with the placement of the (ground) floor plate.
- Finally, the ground works of the Company's first project in London, The Arc, have started shortly after the acquisition of the land plot in November 2020. The project will offer a mix of residential units, office space and some retail space, in a 7 to 22 storey tower.

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

- 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) took place early November 2020.
- On 2 July 2020, the Company has been granted a building right on a plot of land in the Duinenwater area in Knokke for the development of the Lake District project,

offering 166 high-end apartments, approx. 4,200 sqm retail function on the groundfloor and a hotel, spread over 3 buildings. The indirect price for the building right amounts to 34 MEUR. This amount is not a current liability for the Company as the Company did not acquire the land but this amount will be gradually paid to the land owner in accordance with the sales process and progress, through the proceeds of the resp. land parts. The commercialization of the project has been kicked off immediately after the signing of the deal. Per date of the current report, already approx. 53% of the available residential units have been (pre-)sold, while all (7) retail space units have been (pre-)sold.

- On 16 July 2020 the Company acquired 85% of the shares of Viminalis BV, project company holding a plot (and a recently delivered office building of approx. 6,700 sqm) at the Katwilgweg in Antwerp, Linkeroever. The planned development size of the project is +/- 100,000 sqm in total. The project will be developed in a (85%-15%) cooperation with a third party. The share price was based on an underlying property value of 38.9 MEUR. The deal also included the take-over of an adjacent plot from a third party, for the future development of a +/- 20,000 sqm office project. The purchase of this 2nd plot took place end September 2020 for an amount of 4.5 MEUR, in the same 85%-15% cooperation.
- After the signing of a share purchase agreement in April 2019 and an addendum to this agreement on 26 August 2020, on 30 November 2020 the Company acquired the shares of DEREIF Brüssel Lloyd George S.à.r.l., project company owning the Lloyd George building in Brussels, in view of the development of a mixed project. The purchase price has been based on an agreed property value of 46.3 MEUR.

As to divestures/revenues:

On 22 January 2020, the Ring Hotel project in Ghent, 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 26 June 2020, the Company signed a share purchase agreement with Deka Immobilien regarding the sale of the shares of Silver Tower NV. The share purchase agreement was based on an underlying property value of 205 MEUR and a yield of 3.25%. The Silver Tower building has been delivered to its (single) tenant, the Brussels Region, on 31 October 2020. The closing of the sale (and transfer of ownership) has taken place on 10 November 2020. The sale resulted in a gain on disposal of investment property of 7.9 MEUR. At closing date, the outstanding bank loans (and related interests) have been reimbursed for a total amount of 128 MEUR.

On 1 October 2020, the Company sold 20% of the shares of Meetdistrict Gent NV and Ring Multi NV to resp. International Real Estate Services Comm. VA (IRS) and Ghelamco European Property Fund NV. The share price of Meetdistrict Gent NV was based on an underlying value of the property of 32.4 MEUR. The share price of Ring Multi NV was based on an underlying value of the property of 20.9 MEUR. Property values have been determined based on external expert valuation reports.

Other sales related mainly to the retail space in the Edition project in Brussels, apartments (and parking spaces) in the Senzafine project in Kortrijk, apartments (and parking spaces) in the East Dune project in Oostduinkerke and a high-end villa at the Blinckaertlaan in Knokke.

Main post balance sheet events

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 the 'The Wings' office project. The SPA was based on a transaction amount of 13,800 KEUR. At signing date, an advance payment of 5 MEUR has already been done. The closing (and transfer of ownership) has taken place on 26 February 2021.

On 2 March 2021, a share purchase agreement has been signed with a third party investor for the sale of the Focus/PWC project. The purchase agreement was based on an underlying property value of 131.3 MEUR and a yield of 4.72%. The closing of the deal (and transfer of ownership) is expected shortly after the delivery of the building, which is foreseen by end of April 2021, to its anchor tenant, PwC.

Risk factors

Due to its activities, the Company is exposed to a variety of financial and operational risks: including interest rate risk, price risk, credit risk and liquidity risk. We refer to section 2 of the Consolidated Financial Statements for a detailed description of those risk factors. For the specific risk related to a crisis resulting from the Covid-19 pandemic, also further reference is made to section 2 below.
The Company usually does not use financial instruments to hedge its exposure in connection to those risks. With respect to the status of the Eurostadium project, reference is made 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 2021, the Company will continue its sustained growth ambition. In addition, it will closely monitor specific evolutions in its active markets and real estate segments. In this respect, it has already secured some positions for sizable new projects.

In respect of the COVID-19 pandemic the management has taken all necessary and preventive measures to protect the Company's staff and co-operators the best possible. Management has in addition taken various actions and initiatives to ensure the continuity of its business activities.

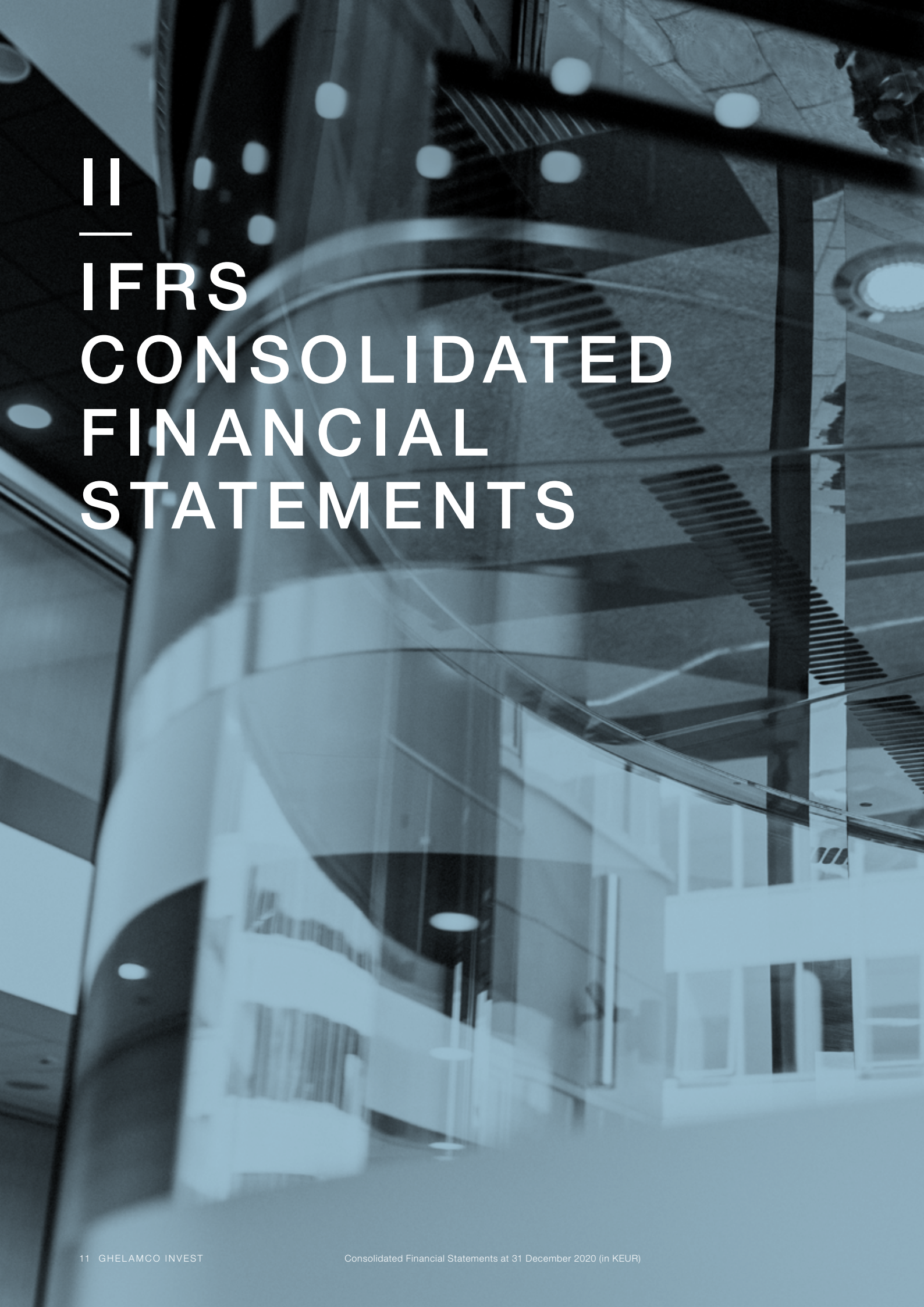
Nevertheless, the management is conscious that the pandemic will affect certain ongoing and planned real estate and/or financial transactions. The risks concerned are mitigated as much as possible in open discussions with the involved counterparties or partners. The management will closely monitor and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

The Company will also continue to focus on R&D and innovation to monitor and improve the realisation of its qualitative development projects. Doing so, management is confident that the projects will remain attractive to tenants and investors.

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 2020, assuming the going concern of the consolidated companies and which were approved by the Company's Board of Directors on 26 March 2021. 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	31/12/2020	31/12/2019
Non-current assets			
Investment Property	6	273,239	355,131
Property, plant and equipment	7	90	721
Equity accounted investees	8	32,947	15,456
Receivables and prepayments	10	7,927	12,071
Deferred tax assets	16	13,289	9,911
Other financial assets		4,280	3,993
Total non-current assets		**331,772**	**397,283**
Current assets			
Property Development Inventories	9	285,976	182,788
Trade and other receivables	10	284,840	264,538
Current tax assets		0	0
Assets classified as held for sale	6	96,934	24,575
Cash and cash equivalents	11	25,080	43,408
Total current assets		**692,830**	**515,309**
TOTAL ASSETS		**1,024,602**	**912,592**

Capital and reserves attributable to the Group's equity holders	Note	31/12/2020	31/12/2019
Share capital	12	146,490	146,490
CTA		4	0
Retained earnings	13	201,671	160,079
		348,165	**306,569**
Non-controlling interests	12.2	854	159
TOTAL EQUITY		**349,019**	**306,728**
Non-current liabilities			
Interest-bearing loans and borrowings	14	413,999	296,198
Deferred tax liabilities	16	21,597	29,000
Other liabilities		1,311	690
Total non-current liabilities		**436,907**	**325,888**
Current liabilities			
Trade and other payables	17	49,204	50,590
Current tax liabilities	22	10,022	9,222
Interest-bearing loans and borrowings	14	179,450	220,164
Total current liabilities		**238,676**	**279,976**
Total liabilities		**675,583**	**605,864**
TOTAL EQUITY AND LIABILITIES		**1,024,602**	**912,592**

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	Note	2020	2019
Revenue	18	61,831	35,033
Other operating income	19	12,300	12,279
Cost of Property Development Inventories	20	-46,303	-20,159
Employee benefit expense	19	-219	-311
Depreciation amortisation and impairment charges		-116	-314
Gains from revaluation of Investment Property	6	47,421	52,783
Other operating expense	19	-23,253	-22,281
Share of results in equity accounted investees (net of tax)	8	-1,596	891
Operating profit, including share of profit in equity accounted investees (net of tax) - result		**50,065**	**57,921**
Finance income	21	8,479	6,673
Finance costs	21	-25,000	-16,267
Profit before income tax		**33,544**	**48,327**
Income tax expense/income	22	7,950	-7,511
Profit for the year		**41,494**	**40,816**
Attributable to:			
Owners of the Company		41,565	40,877
Non-controlling interests		-71	-61

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	2020	2019
Profit for the year	**41,494**	**40,816**
Exchange differences on translating foreign operations	4	0
Other	27	0
Items that are or may be reclassified subsequently to profit or loss	**31**	**0**
Total Comprehensive income for the year	**41,525**	**40,816**
Attributable to:		
Owners of the Company	41,596	40,877
Non-controlling interests	-71	-61

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 2019		**146,490**	**0**	**120,289**	**350**	**267,129**
Capital increase						**0**
Profit/(loss) for the year				40,877	-61	**40,816**
Dividend distribution						**0**
Change in non-controlling interests				68	-133	**-65**
Change in the consolidation scope				-1,155		**-1,155**
Other					3	**3**
Balance at 31 December 2019		**146,490**	**0**	**160,079**	**159**	**306,728**
Capital increase	12					**0**
Foreign currency translation (CTA)	13		4			**4**
Profit/(loss) for the year	13			41,565	-71	**41,494**
Dividend distribution						**0**
Change in non-controlling interests	12.2				766	**766**
Change in the consolidation scope	13			27		**27**
Other						**0**
Balance at 31 December 2020		**146,490**	**4**	**201,671**	**854**	**349,019**

D. CONSOLIDATED CASH FLOW STATEMENT

Consolidated Cash Flow Statement for 2020 and 2019	Note	31/12/2020	31/12/2019
Operating Activities			
Profit / (Loss) before income tax		**33,544**	**48,327**
Adjustments for:			
• Share of results of associates		1,596	-891
• Change in fair value of investment property	6	-47,421	-52,783
• Depreciation, amortization and impairment charges	7	116	314
• Result on disposal Investment Property		-8,560	-9,105
• Change in provisions/ inventory write-down			3,698
• Net interest charge	21	13,646	7,567
• Movements in working capital:			
- Change in prop. dev. inventories	9	-103,188	-65
- Change in trade & other receivables	10	-9,942	-48,363
- Change in trade & other payables	17	34	-2,924
- Change in MTM derivatives		-	-
• Movement in other non-current liabilities		621	690
• Other non-cash items		275	-72
Income tax paid		-2,031	-1,923
Interest paid (*)	21	-26,516	-11,964
Net cash from operating activities		**-147,826**	**-67,503**
Investing Activities			
Interest received	21	3,119	283
Purchase of property, plant & equipment		-557	-140
Proceeds from disposal PP&E		322	0
Purchase of investment property	6	-205,499	-67,773
Capitalized interest in investment property (paid)	6	-1,582	-5,055
Proceeds from disposal of investment property	6	229,772	183,515
Net cash outflow on acquisition of subsidiaries		0	0
Cash outflow on other non-current financial assets		-1,143	-9,364
Net cash inflow/outflow on NCI transactions			
Movement in restricted cash accounts		-	0
Net cash flow used in investing activities		**24,432**	**101,467**
Financing Activities			
Proceeds from borrowings	14	244,040	90,698
Repayment of borrowings	14	-138,974	-103,543
Capital increase			
Dividends paid			-61
Net cash inflow from / (used in) financing activities		**105,066**	**-12,906**
Net increase in cash and cash equivalents		**-18,328**	**21,058**
Cash and cash equivalents at 1 January		**43,408**	**22,350**
Cash and cash equivalents per end of the year		**25,080**	**43,408**

(*): Interests directly capitalized in IP not included (2020: 1,582 KEUR; 2019: 5,055 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 2020.

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 26 March 2021. 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 2020. The Company has adopted all new and revised standards and interpretations which became applicable for the financial year starting 1 January 2020.

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 2020

Standards and Interpretations that the Company anticipatively applied in 2019 and 2020:

- None

Standards and Interpretations that became effective in 2020:

- Amendments to IAS 1 and IAS 8 Definition of Material
- Amendments to IFRS 3 Business Combinations: Definition of a Business
- Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform – Phase 1
- Amendments to references to the Conceptual Framework in IFRS standards
- Amendment to IFRS 16 Leases Covid 19-Related Rent Concessions (issued on 28 May 2020)

The first time adoption of the aforementioned standards and interpretations did not have a significant impact on the financial statements as of 31 December 2020.

Standards and Interpretations which became effective in 2020 but which are not relevant to the Company:

- None

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 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021) (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU);
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021) (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU);
- Amendment to IFRS 4 Insurance Contracts – deferral of IFRS 9 (applicable for annual periods beginning on or after 1 January 2021, endorsed in the EU)
- Amendment to IFRS 16 Leases: COVID-19-Related Rent Concessions beyond 30 June 2021 (issued on 11 February 2021, applicable as from 1/4/2021, not yet endorsed)
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts — Cost of Fulfilling a Contract (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- Annual Improvements to IFRS Standards 2018–2020 (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (applicable for annual periods beginning on or after 1 January 2021, endorsed in the EU)

At this stage, the Company does not expect the first adoption of these Standards and Interpretations to have a 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 2021.

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 2020 and 2019, 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 2020 and 2019 business of the Company consists of developing commercial and residential real estate projects. Commercial properties are held for rental or capital appreciation. 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 2020

On 10 November 2020, the Silver Tower project (offering approx. 43,000 sqm office space and 139 parking spaces and fully leased to its single tenant, the Brussels Region) was sold to Deka Immobilien. The transaction was structured as a share deal. The share purchase agreement was based on an underlying property value of 205 MEUR and a yield of 3.25%. The transaction has in the consolidated financial statements been presented as a disposal of investment property.

On 1 October 2020, the Meetdistrict Gent project has been disposed and transferred to International Real Estate Services Comm. VA (IRS). The transaction was structured as a share deal, based on an underlying value of the property of 32.4 MEUR. The transaction has in the consolidated financial statements been presented as a disposal of investment property.

On 1 October 2020, the Ring Multi project (multifunctional space in the Ghelamco Arena in Ghent) has been disposed and transferred to Ghelamco European Property Fund NV. The transaction was structured as a share deal, based on an underlying value of the property of 20.9 MEUR. Again, the transaction has in the consolidated financial statements been presented as a disposal of investment property.

Further reference is made to note 25.3 - Acquisitions and disposals of shares and other related party transactions.

In 2020, no residential SPVs have been sold, in line with the general approach to sell residential projects through asset deals.

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.

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

1.5.4. INCREASE IN OWNERSHIP INTERESTS IN SUBSIDIARIES

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 not measured at fair value, 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 mainly EU (and Eurozone) companies, with functional currency Euro, and mainly involved in Euro-transactions, foreign currency impact is not material in the Company's financial statements. As stated, the Company is since November 2020 also active on the UK, London market. Functional currency of the new UK companies is GBP. Impact on the financial statements as of 31 December 2020 is however immaterial.

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

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 subsequently 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, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements 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.

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 initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss. Fair value is determined by independent, external or property valuers, having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued, or by management. In the former case, renowned external appraisers carry out an external inspection of the property and they are provided with the necessary supporting documentation (regarding property title over the involved property, copies of (building) permits, architectural plans, renderings, copies of (preliminary) lease contracts), based on which they prepare their resp. valuation reports.

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

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

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

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

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

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

3. Based on residual method.

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

- Projects under (A): fair value of the land plus cost of in process development
- Projects under (B): fair value of the land, to the extent the valuation expert has considered the value of the master plan and/or building permit OR fair value of the land plus cost of in process development, to the extent the valuation expert has not yet considered the value of the master plan and/or building permit
- Projects under (C): fair value of the (permitted) land plus construction part at cost plus capitalized borrowing costs, 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);
- Projects under (B): fair value of the land minus gross land cost;
- Projects under (C): fair value of the land minus gross land cost, plus fair value of the construction part minus cost of the construction part, to the extent the below conditions are met.

In assessing the fair value, the 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.

1.9.2 COMPLETED INVESTMENT PROPERTIES (D)

Investment Properties are considered completed as from the moment the project is delivered.

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

As stated above and to the extent applicable, borrowing costs are included in the construction cost. Borrowing expenses are being capitalized until delivery of the project.

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, no write-downs have been recognized in the 2020 IFRS consolidated financial statements. In the 2019 financial statements, write-downs were recognized 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 (NON-CURRENT AND CURRENT)

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 assets 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 cashflow, 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 required to be measured at fair value. The Company determines that cost is an appropriate estimate of fair value (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, recognized against goodwill.

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 considered as one performance obligation (no distinction between land and building) and 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 in the first half of the year, 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.
When an Investment property project is disposed in the second half of the year, 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 30 June.

2. FINANCIAL RISK MANAGEMENT

2.1. FINANCIAL RISK FACTORS

Due to its activities, the Company is exposed to a variety of financial and operational risks: including interest rate risk, price risk, credit risk and liquidity risk. Financial risks relate to the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables and borrowings. 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 mainly operate in Belgium and Western Europe, such currency risk is rather limited.

The Company concludes main part of 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.
Still and as stated above, the Company is since November 2020 also active on the UK, London market. Functional currency of the new UK companies is GBP. For the current UK project (The Arc) external financing is in GBP, while contracting is also in GBP. In addition, future sales will also be realised in GBP. As a consequence incoming and outgoing (GBP) flows will be matched, mitigating the foreign currency translation risk.

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, mostly 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. 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 is 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 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, half-yearly or yearly 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:

- 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%
- 47.5 MEUR EMTN bond issue due 3 July 2023 and bearing an interest of 5.5%,
- 20 MEUR EMTN bond issue due 21 January 2027 and bearing an interest of 4.25%.

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.
The Company has in addition been able to call upon alternative financing through the issue of bonds. In total, 273 MEUR unsecured EMTN bonds are outstanding as of 31 December 2020 (see infra). Since end 2019, the Company also has access to a 3-year commercial paper programme. Commercial paper outstanding as of 31 December 2020 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

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivable from customers.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

Some limited credit risk may arise from credit exposures with respect to rental customers/ tenants (mostly renowned international companies) and outstanding balances with related parties. Outstanding non-current loans receivable, current loans receivable and interests receivable are mainly towards related parties, which are under control of the Ghelamco Consortium and/or the ultimate beneficial owners.

The credit risks on residential buyers are limited by the conditions in the notary deeds.

Trade receivables and contract assets

The Company's exposure to credit risk is influenced mainly by individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Company's entities are setting credit limits based on financial information (amongst others external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references) and business knowledge, which are duly approved by management.

The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one to three months for its customers.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.
The Company considers a financial asset to be default when:

- The debtor is unlikely to pay its credit obligation to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The financial asset is more than 120 days past due.

Given the nature and specific characteristics of the Company's business, no concentrations of credit risks are to be mentioned. No significant allowances for non-payment were necessary in the current or previous year.

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 where the available financing is described.

2.1.6 RISK RELATED TO A CRISIS RESULTING FROM THE COVID-19 PANDEMIC

The management of the Covid-19 global pandemic has led and could in the future lead to economic activities being shut down as well as lockdowns imposed by the government. The crisis may accelerate evolutions in the use and need of residential, office and commercial real estate.

The potential impact on Ghelamco's business is assessed as follows:

- The interruption or slow-down of work on construction sites of resp. projects: Ghelamco's management has adopted stringent health and safety measures on its construction sites. The constant monitoring of these measures has to date ensured that the anticipated and contractual delivery dates of the current projects (mainly Silver Tower in Brussels and Focus/PwC in Diegem) to Ghelamco's tenants are maintained.

- Lower demand for office spaces and/or changed expectations from tenants

regarding working environment: Ghelamco is aware that the crisis may accelerate evolutions in the use and need of real estate. In this respect, it is expected that in the offering of office space, strong attention should be paid to flexibility (combination with teleworking), social distancing, health (ventilation, …). Ghelamco has always focused on R&D and innovation in order to ensure the realisation of qualitative projects, to comply with the constant evolution in expectations or needs as to comfort, health, flexibility, safety, …
Ghelamco has e.g. created the co-working concept of MeetDistrict, providing great flexibility to clients in terms of needed office space, meeting rooms, duration of lease contract, related services and equipment. Furthermore, significant parts of development projects which are currently under construction or in the pipeline are already pre-let (Focus/PwC: 100%).
Ghelamco's management is confident that high quality real estate remains attractive to tenants and investors.

- Financial difficulties of tenants with affected business, which could have an impact on the Company's income and cash flow: Ghelamco's tenants are mainly reputable and credit-worthy national and international parties. There have been no significant lease terminations nor rent concessions granted to tenants and no important rent arrears were noted to date. Also, Ghelamco's income from tenants is as of 31 December 2020 only representing 11% of revenue.

- Valuation of investment properties and property development inventories:
  - Investment properties: Positive fair value adjustments have been recognized on the Silver Tower project (15.8 MEUR), in connection with the closing of the sales transaction with Deka in November 2020, at a yield of 3.25%. In addition, positive fair value adjustments have been recognized on the Focus/PWC project, in connection with sales agreement with a third party investor which has been signed early March 2021, at a yield of 4.72%. Also, positive fair value adjustments have been recognized on the Knocke Village project (7.1 MEUR), in connection with the significant progress in the development process. These positive adjustments have been slightly compensated by a negative fair value adjustment (1.3 MEUR) on other projects a.o. reflecting the impact of the Covid-19 crisis on the main valuation parameters (mainly yields). For hotel and leisure projects only: In accordance with the Valuation Practice Alert of 02/04/2020 published by the Royal Institute of Chartered Surveyors ("RICS"), the independent real estate valuers' reports mention that the valuations have been prepared taking into account a "material valuation uncertainty", as defined by the RICS standards. As a consequence a lower level of certainty, and more prudency is required, with regard to the obtained valuations as would be the case in normal circumstances. For the Company this statement only relates to the valuation of Knocke Village as of 31/12/2020.
  - Property development inventories: construction works, the sale of residential units and planned development in relation to property development inventories have not been significantly impacted by Covid-19. Based on management's review, no impairment adjustments have been required to reduce the cost of property development inventories to its net realizable value as of 31 December 2020.

- Less easy access to financing and/or increased interest rates required by banks and financial markets, with a potential impact on liquidity: Ghelamco currently has a sound spread of its financing sources, over different types of facilities: i.e. bank loans, EMTN/Green bonds, commercial paper and some other mezzanine financing.

Short term bond repayment obligations have been refinanced early July with the next tranche only maturing in June 2021 and to date Ghelamco Invest NV has only drawn 67.5 MEUR within the new 250 MEUR EMTN programme which was approved on 11 December 2019 (refer also to note 14.2). Short-term bank loans primarily relate to Focus/PWC which will be redeemed upon the anticipated closing of the sale of the project in May 2021. Other short-term bank loans are currently in the process of being prolonged or have at the date of this report already been prolonged. As of 31 December 2020, the financing needs of Ghelamco in respect of the ongoing projects are sufficiently covered. Given the sound project pipeline, management continues to closely monitor its leverage and solvency ratios in accordance with its lender agreements, exploring the most optimal financing of its purchase commitments and ongoing development projects as well as timing of realization of projects. As of 31 December 2020, Ghelamco has been in compliance with its loan covenants (see compliance certificates available on the company's website).

2.2. CAPITAL RISK AND BALANCE SHEET STRUCTURE MANAGEMENT

2.2.1 GHELAMCO INVEST NV

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 during the year (at least at half-year and year-end) and at different stages of the life cycle of the projects.
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 2020 and 2019 were as follows:

	2020	2019
Equity	349,019	306,728
Total assets	1,024,602	912,592
Solvency ratio	**34.1%**	**33.6%**

2.2.2 GHELAMCO GROUP COMM. VA

The bonds issued by Ghelamco Invest NV under the existing EMTN-programs are guaranteed by Ghelamco Group Comm. VA ('Ghelamco Group'), the parent company of Ghelamco Invest NV. Given the nature of the Group's activities and its planned future investments in Belgium, France, UK and Poland, the abovementioned capital risk and

balance sheet management objectives also apply to Ghelamco Group.

The following covenants apply to Ghelamco Group (as guarantor) and Ghelamco Invest (as issuer) under the existing EMTN programmes enacted by Ghelamco Invest NV.

	31/12/2020
a) Equity Issuer > 80 MEUR	349,019
b) Equity Guarantor > 400 MEUR	997,457
c) Unsecured Assets Issuer > 100 MEUR	736,196
d) Unsecured Assets Guarantor > 400 MEUR	1,819,571
e) Equity Issuer/total assets > 20%	34.1%
f) Equity Guarantor/total assets > 40%	40.1%
f) Green bonds: (Equity Guarantor)/(total assets – cash) > 40%	41.2%
g) Ratio Undeveloped land Issuer < 15 %	0%

Covenants are tested both at half-year and at year-end. As at 31 December 2020, the Issuer and the Guarantor have been in compliance with these covenants and most covenants show sufficient headroom, except for the solvency ratio with respect to Ghelamco Group Comm. VA. Meeting the solvency ratio at both test points in 2021 will depend on various factors which are driven by the operations of both Ghelamco Invest NV (approx. 37% of total real estate portfolio) and Granbero Holdings Ltd. (approx. 63% of total real estate portfolio) such as:

- Evolution of key assumptions (e.g. yield, estimated rental value, passing rent, estimated completion costs) supporting the fair value of investment properties which will remain the Group's most significant income driver in 2021. Fair value adjustments also depend on timely obtaining of permits (e.g. RUP, building, occupancy) which impact the start of construction and subsequently the valuation (in case of investment properties).
- Extent and timing of sale and delivery of residential inventory development projects at profit margins in line with budget
- Timing of execution of purchase commitments and capital expenditures in connection to projects under development which are (partially) financed through financial debt
- Timely completion and delivery of investment properties to tenants and investors under committed lease and sale agreements
- Timely disposal of stabilized investment properties which have been identified by management in order to manage its balance sheet
- Fund flows with related parties outside Ghelamco Group
- Successful refinancing of short-term financial debt

A significant deviation of an individual factor or a modest deviation of more than one factor could lead to an increase of covenant headroom (upside) or pressure on covenants (downside).
Based on its profit and balance sheet forecasts, management is confident that there are no material uncertainties to comply with the debt covenants in 2021 because of the following reasons:

- Anticipated closing of the sale of the Focus/PwC project in connection with the sales agreement which has been signed early March 2021
- Anticipated disposals of some sizable projects in Poland, for which currently firm interest is shown from investors or for which currently the negotiation process is already well advanced.
- Significant expected sales and profit margins on the residential projects in Poland, for which revenue is recognized at delivery. Deliveries are currently ongoing.

- Significant expected sales (and related profit margins on the main Belgian residential projects (mainly Lake District in Knokke)
- Significant expected sales (and related profit margins) on the residential part of The Arc, sizable new project in London.
- Further value creation on the Group's real estate portfolio, in connection with the Group's continued and sustained development and commercial efforts.

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. The net realizable value is supported by feasibility studies based on the expected development scenario or recent sales transactions.

Per 31 December 2020, no write-downs to net realizable value of inventory have been recognized.

In 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.

Reference is made to section 9 for more information regarding the estimates considered for the valuation of inventory related to Eurostadium.

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: 25%
- France: 28%
- UK: 19%

The recognition of deferred tax assets is based on the estimated available future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised. The available future taxable profit is derived from a five-year business plan that includes different ongoing projects. We refer to section 16.

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 and section 2.1.6.

4. LIST OF SUBSIDIARIES

Ghelamco Invest subsidiaries and equity accounted investees included in these IFRS consolidated financial statements are as follows:

Entity description	Country	31/12/2020 % voting rights	31/12/2019 % voting rights	Remarks
GHELAMCO INVEST NV	**BE**	**99**	**99**	*
The White House Zoute NV	BE	100	100	
Dock-Site NV	BE	99	99	*
Nepeta NV	BE	99	99	*
Eurostadium Events NV (former De Leewe III NV)	BE	99	99	*
Eurostadium Park NV (former Immo Simava 13 NV)	BE	99	99	*
Leisure Property Invest NV	BE	99	99	*
Waterview NV	BE	99	99	*
Leuven Student Housing NV	BE	99	99	*
Parking Leuven NV (former Ring Congress Centre NV)	BE	99	99	*
RHR-Industries NV	BE	99	99	*
Zeewind NV	BE	99	99	*
Docora NV	BE	99	99	*
Ring Multi NV (former Ring Retail NV)	BE	80	99	*** 4.2
MeetDistrict Gent NV	BE	80	99	*** 4.2
Ring Hotel NV	BE	99	99	*
Forest Parc NV	BE	99	99	*
Bischoffsheim Freehold NV	BE	99	99	*
Belalan Louise Leasehold NV	BE	99	99	*
Louise Freehold NV	BE	99	99	*
De Nieuwe Filature NV	BE	99	99	*
Pomme de Pin Expansion SAS	FR	100	100	
Société Immobilière de Courchevel SARL	FR	100	100	
Pomme de Pin SAS	FR	100	100	
Le Chalet 1850	FR	100	100	
Brussels Urban Invest NV	BE	99	99	*
Construction Link NV	BE	99	99	*
Kubel NV	BE	99	99	*
Filature Retail NV	BE	99	99	*
Carlton 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	0	99	4.2
Caboli NV	BE	99	99	*
Domein Culligan BV	BE	100	100	
DEREIF Brüssel Lloyd George S.à r.l.	LU	100	0	4.1
Viminalis BV	BE	85	0	4.1
Viminalis II BV	BE	85	0	4.1
225 City Ltd	UK	100	0	4.1
Ghelamco Mezz HoldCo BV	BE	100	0	4.1
Ghelamco Senior HoldCo BV	BE	100	0	4.1
225 City Road Ltd	UK	100	0	4.1
Scientia Holdings Ltd	UK	100	0	4.1

(*) The 1% remaining voting rights are owned directly or indirectly by Mr. P. Gheysens, the ultimate beneficial owner
(**) Held in a 50/50 joint venture structure and for that included in the financial statements under the equity method
(***) As of 01/10/20 20% of shares were sold and buyer has been granted an in the money option for the remaining 80%.
In addition, buyer has appointed 1 director. 80% remaining participating interest is going forward included 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 2020 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

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. Acquisition price amounted to 75 MGBP (excl. VAT, stamp duties, transfer of IP and other related expenses). Closing of the deal (and transfer of ownership) took place on 6 November 2020. In connection with the financial and commercial structuring of the project, following new entities have been incorporated:

- Ghelamco Mezz HoldCo BV (BE) (holding company)
- Ghelamco Senior HoldCo BV (BE) (holding company)
- 225 City Limited (UK) (financing company)
- 225 City Road Ltd (UK) (project company)
- 225 City Residences Limited (UK) (project company)
- Scientia Holdings Limited (UK) (contracting company)
- 225 City Services Limited (UK) (ground rent company)

On 16 July 2020 the Company acquired 85% of the shares of Viminalis BV, project company which holds a plot (and a recently delivered office building of approx. 6,700 sqm) at the Katwilgweg in Antwerp, Linkeroever for the future development of a mixed project. The share price has been based on an underlying property value of 38.9 MEUR. The deal also included the take-over of an adjacent plot (for the future development of an approx. 20,000 sqm office project), which has been acquired per end September 2020 by the newly incorporated project company Viminalis II BV for an amount of 4.7 MEUR, in the same 85%-15% cooperation.

After the signing of a share purchase agreement in April 2019 and an addendum to this agreement on 26 August 2020, on 30 November 2020 the Company acquired the shares of DEREIF Brüssel Lloyd George S.à r.l., project company owning the Lloyd George building in Brussels, in view of the development of a mixed project. The purchase price has been based on an agreed property value of 46.3 MEUR.

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 26 June 2020, a share purchase agreement has been signed with Deka Immobilien regarding the sale of the shares of Silver Tower NV. The share purchase agreement was based on an underlying property value of 205 MEUR and a yield of 3.25%. The Silver Tower building has been delivered to its (single) tenant, the Brussels Region, on 31 October 2020. The closing of the sale (and transfer of ownership) has taken place on 10 November 2020. The sale resulted in a gain on disposal of investment property of 7.9 MEUR. At closing date, the outstanding bank loans (and related interests) have been reimbursed for a total amount of 128 MEUR.

On 1 October 2020, 20% of the shares of Meetdistrict Gent NV have been sold to International Real Estate Services Comm. VA (IRS). At the same time, the buyer has been granted an in the money option for the remaining 80% of the shares and the right to appoint one director. In accordance with the transfer of control, the investment property has been disposed. The transaction was based on a transaction value of 32.4 MEUR and resulted in a gain on disposal of investment property of 0.1 MEUR. At closing also an amount of 16.9 MEUR of bank loans has been transferred.

On 1 October 2020, 20% of the shares of Ring Multi NV have been sold to Ghelamco European Property Fund NV. At the same time, the buyer has been granted an in the money option for the remaining 80% of the shares and the right to appoint one director. In accordance with the transfer of control, the investment property has been disposed. The transaction was based on a transaction value of 20.9 MEUR and resulted in a loss on disposal of investment property of 1.2 MEUR. At closing also an amount of 11.9 MEUR of bank loans has been transferred.

Further reference is made to note 25.3 - Acquisitions and disposals of shares and other related party transactions.

4.3. INCORPORATION OF NEW (SHELF) COMPANIES

In connection with the plot acquisition and future development of the The Arc project in London, City Road, a number of new Belgian and UK entities have been incorporated. Reference is made to section 4.1 above.

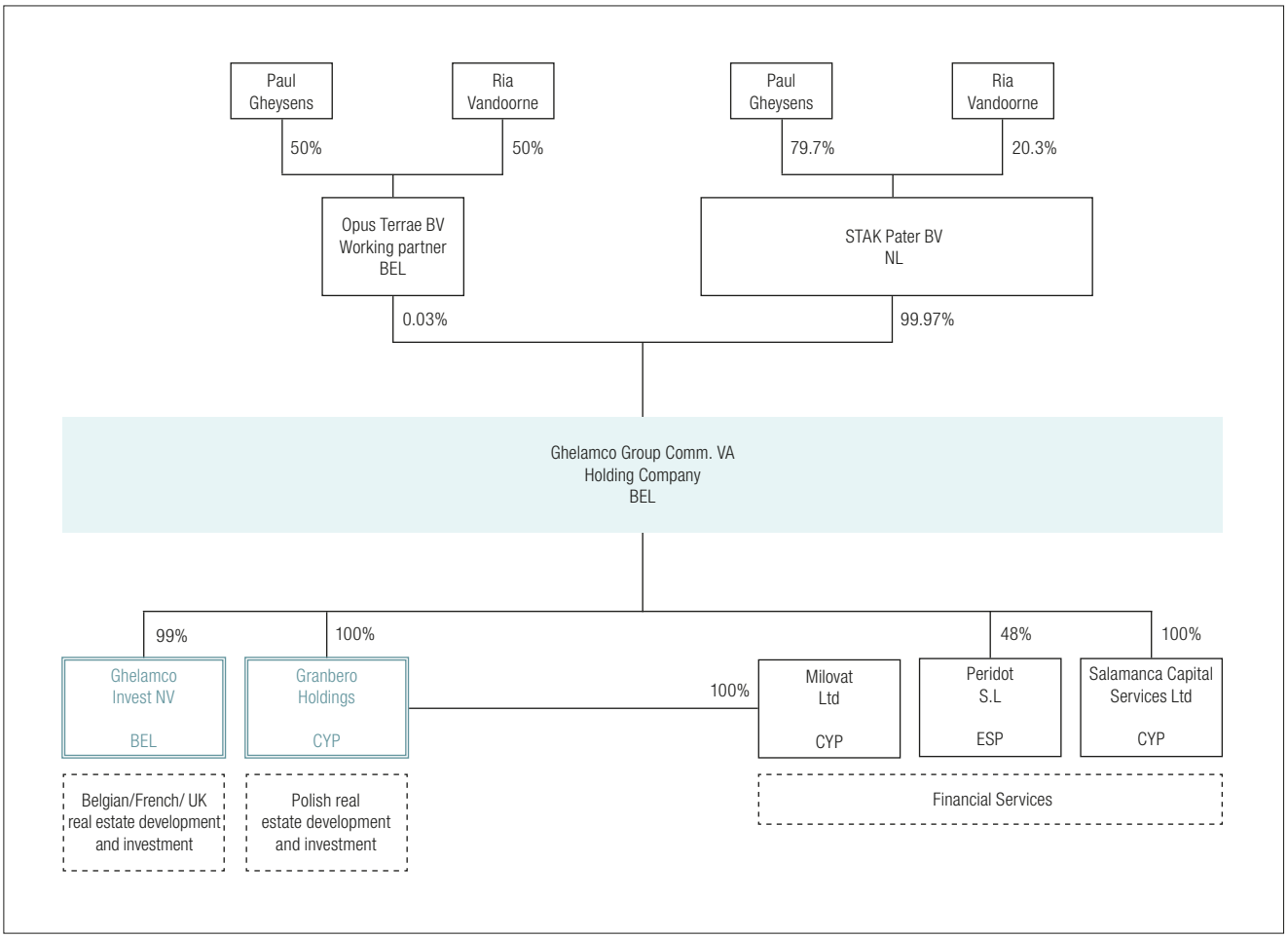
In connection with the acquisition of a plot of land for the future development of an office project in Antwerp, Linkeroever the project company Viminalis II has been incorporated. 85% of the shares have been subscribed by Ghelamco Invest and 15% by a third party partner.

4.4 MERGERS AND LIQUIDATIONS OF SUBSIDIARIES

In 2020, there have been no mergers or liquidations of subsidiaries.

5.1. INVESTMENT HOLDING AS PER 31 DECEMBER 2020

5. GROUP STRUCTURE



5.2. BELGIAN,FRENCH AND UK REAL ESTATE DEVELOPMENT AND INVESTMENT AS PER 31 DECEMBER 2020

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%	Pine projects S.à.r.l - LUX

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
80%	Ring-Multi NV - BEL
99%	Forest Parc NV - BEL
99%	Leuven Student Housing - BEL
99%	Graminea NV- BEL
99%	Citrien NV - BEL
100%	Verbena BV - BEL
85%	Viminalis BV - BEL
85%	Viminalis II BV - BEL
100%	225 City Ltd - UK
100%	Ghelamco Mezz HoldCo BV - BEL

100%	Ghelamco Senior HoldCo BV - BEL

100%	225 City Road Ltd - UK
100%	225 City Residences Ltd - UK
100%	Scientia Holdings Ltd - UK
100%	225 City Services Ltd - UK

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
80%	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(*)
100%	Domein Culligan BV - BEL
100%	DEREIF Brüssel Lloyd George S.à.r.l. - LUX

(*)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 2020 and 31 December 2019.

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 realising leasable sqm, based on the residual method);
C. Land + Construction ongoing (fair value based on the residual method);
D. Completed Projects held for investment (fair value based on income/yield/DCF method).

Country + SPV	Commercial Name	Valuation	Cat	31/12/2020	31/12/2019
				KEUR	KEUR
BELGIUM					
Leisure Property Invest/ Ghelamco Invest	Knocke Village	Cushman	B/C	100,460	61,606
Ghelamco Invest	Wellness Hotel (former Zoute House)			0	26,039
Zeewind	Zeewind	Man	D	1,746	1,746
Ring Multi	Ghelamco Arena Multifunctional space			0	19,425
Meetdistrict	Meetdistrict business center			0	33,910
Bischoffsheim Leasehold + Freehold	Spectrum	Man	D	1,435	1,435
DNF/Filature Retail	Filature/Tribeca Retail	Man	D	4,650	4,675
Docora	Rafc Tribune 1 & 4	Man	D/C	77,266	52,379
Silver Tower	Silver Tower			0	108,062
Domein Culligan	PWC Offices			0	45,854
Viminalis	Antwerpen West	Man	B	42,253	
Brussel Lloyd George	Lloyd George	Man	B	45,429	
TOTAL				**273,239**	**355,131**

Legend: Man = Management valuation, Cushman = Cushman & Wakefield valuation report

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**
Acquisition of properties	87,682
Subsequent expenditure	122,370
Transfers	
• Assets classified as held for sale	-96,934
• Other transfers	
Adjustment to fair value through P/L	47,421
Disposals	-242,431
other	
Balance at 31 December 2020	**273,239**

Categories	A	B	C	D	Total
Balance at 1 January 2019	**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					0
• 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**
Acquisition of properties		87,682			87,682
Acquisition through business combinations					0
Subsequent expenditure		5,738	90,893	25,739	122,370
Transfers					0
• Assets classified as held for sale			-96,934		-96,934
• Other transfers		26,039	-26,039		0
Adjustment to fair value		7,077	41,599	-1,255	47,421
Disposals			-189,474	-52,957	-242,431
Other					0
Balance at 31 December 2020	**0**	**188,142**	**0**	**85,097**	**273,239**

On 26 June 2020, a share purchase agreement has been signed with Deka Immobilien regarding the sale of the shares of Silver Tower NV. The share purchase agreement was based on an underlying property value of 205 MEUR and a yield of 3.25%. The Silver Tower building has been delivered to its (single) tenant, the Brussels Region, on 31 October 2020. The closing of the sale (and transfer of ownership) has taken place on 10 November 2020. The sale resulted in a gain on disposal of investment property of 7.9 MEUR. At closing date, the outstanding bank loans (and related interests) have been reimbursed for a total amount of 128 MEUR.

On 1 October 2020, the Meetdistrict Gent (approx. 10,000 sqm flexible office) project has been disposed and transferred to International Real Estate Services Comm. VA (IRS). The transaction was based on a transaction value of 32.4 MEUR and resulted in a gain on disposal of investment property of 0.1 MEUR. At closing also an amount of 14.9 MEUR of bank loans has been transferred.

On 1 October 2020, the Ring Multi (approx. 11,000 sqm multifunctional space) project has been disposed and transferred to Ghelamco European Property Fund NV. The transaction was based on a transaction value of 20.9 MEUR and resulted in a loss on disposal of investment property of 1.2 MEUR. At closing also an amount of 12.1 MEUR of bank loans has been transferred.

The transfer to Assets classified as held for sale (-96,934 KEUR) is related to the Focus/ PWC office project, which is further explained below.

As the Wellness Hotel is considered as being part of the larger Knocke Village project, it has in the above overview been presented and included in the Knocke Village balance. This unique multi-functional leisure project will mainly consist of a Golf Hotel (featuring 150 hotel rooms and 200 branded residences) with ancillary facilities (like meeting and event space, a theatre, spa and fitness, multiple restaurants and bars, a medical centre, a cinema and other recreational leisure facilities), 2 golf courses with club house, driving range building and maintenance building, and the boutique Wellness Hotel on

a separate site. The pre-permit masterplan ("RUP") has been received in May 2018. A positive advise on the environmental impact report ("MER") has been received end of January 2021 and the building permit request has been submitted early March 2021. As a result of Covid-19, the independent real estate valuers' report mentions that valuation as of 31 December 2020 has been prepared taking into account a 'material valuation uncertainty', as defined by the RICS standard in accordance with the Valuation Practice Alert of 02.04.2020 published by the Royal Institute of Chartered Surveyors ('RICS').

On 16 July 2020 the Company acquired 85% of the shares of Viminalis BV, project company which holds a plot (and a recently delivered office building of approx. 6,700 sqm) at the Katwilgweg in Antwerp, Linkeroever for the future development of a (> 100,000 sqm) mixed project. The share price was based on an underlying property value of 38.9 MEUR. The deal also included the take-over of an adjacent plot (for the future development of an approx. 20,000 sqm office project), which has been acquired per end September 2020 by the newly incorporated project company Viminalis II BV for an amount of 4.7 MEUR, in the same 85%-15% cooperation.

After the signing of a share purchase agreement in April 2019 and an addendum to this agreement on 26 August 2020, on 30 November 2020 the Company acquired the shares of DEREIF Brüssel Lloyd George S.à r.l., project company owning the Lloyd George building in Brussels, in view of the development of a mixed project. The purchase price has been based on an agreed property value of 46.3 MEUR.

Assets held for sale

Assets held for sale amount to 96,934 KEUR per 31 December 2020.

Last year's balance mainly related to the Ring Hotel project in Ghent (24,000 KEUR). This project has on 22 January 2020 been sold to Van Der Valk hotel group at a sales price of 24,000 KEUR. At closing of the sales transaction, bank loans have been reimbursed for an amount of 23.7 MEUR. As at 31 December 2020 a vendor loan of 4,000 KEUR is outstanding and presented in non-current receivables and prepayments.

On 2 March 2021, a share purchase agreement has been signed with a third party investor for the sale of the Focus/PWC project. The purchase agreement was based on an underlying property value of 131.3 MEUR and a yield of 4.72%. The closing of the deal (and transfer of ownership) is expected shortly after the delivery of the building, which is foreseen by end of April 2021, to its anchor tenant, PwC. In this respect, the project has per 31 December 2020 been transferred from Investment Property to Assets held for sale, at its estimated contractual net sales price taking into account estimated costs to incur towards completion of the construction. The amount of 96,934 KEUR is the fair value at the present status of construction per 31 December 2020.

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

- Rental income 2020: 6,924 KEUR
- Rental income 2019: 8,940 KEUR

The rental income of 2020 mainly relates to lease agreements in Ring Multi (retail space in the Ghelamco Arena) and Meetdistrict Gent till the date of disposal and the RAFC stand in Antwerp.

FAIR VALUE HIERARCHY

The independent valuers provide the fair value of the Company's investment property portfolio every six months in their resp. valuation reports. The fair value measurement for all of the Investment Property (Under Construction), valued by the independent valuers, is categorized as a level 3 fair value based on the inputs to the valuation technique used.

VALUATION TECHNIQUES

Income approach method:
The valuation model converts the future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount, reflecting current market expectations about those future amounts. The yield / capitalisation method and the discounted cash flow (DCF) method are the most commonly used valuation techniques within the income approach category.

Yield method or capitalisation model:
The valuation model determines the value based on the expected net operating income of the property for a stabilised year and a yield which reflects a risk free rate of investment, a market risk and non-market or unsystematic risk factors which are factors associated with the individual asset.

DCF method:
The valuation model considers the present value of net cash flows to be generated from the property, taking into account the expected rental growth rate, voids periods, occupancy rate, lease incentives costs such as rent-free periods and other costs paid by tenants. The expected net cash flows are discounted using risk adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location, tenant credit quality and lease terms.

Residual valuation method:
The residual valuation method is based on the concept that the value of a property with development potential is derived from the value of the delivered property minus the cost of undertaking that development, including a profit for the developer.

In some cases, a single valuation technique will be appropriate, whereas in others multiple valuation techniques will be appropriate.

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

SIGNIFICANT ASSUMPTIONS

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 2020 are as follows:

- 4.72% for Belgian office projects (vs. 3.60% to 8.00% last year), depending on the location, specifics and nature of the investment;
- 5.50% to 6.25% for Belgian retail projects (vs. 6.00% to 6.35% last year), depending on the location, specifics and nature of the investment; and
- 6.30% for multifunctional projects, depending on the location, specifics and nature of the investment.

To arrive at the relevant capitalization rates (yields) the valuers have considered the most recent investment transactions in the office, retail and multifunctional segment in Belgium as well as the expectations of investors present in the Belgian and international markets.

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

- 165 EUR/sqm/year for office space (vs. 149 EUR/sqm/year to 165 EUR/sqm/year last year),
- 125 EUR/sqm/year to 250 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.
- 186 EUR/sqm/year for multifunctional projects, depending on the location, specifics and nature of the investment.

The above market rents for the resp. projects are determined by the valuers based on their review of recently signed lease agreements in comparable projects in the same market. This market rent analysis also takes into account the economic profile of the city, supply and demand of comparable office buildings, existing as well as potential competition, location within the city, unit size and specifications.

Current year's 250 EUR upper retail lease rate is related to the unique multi-component leisure Knocke Village project at the Belgian coast. Given the current status of the building permit, the valuer corrected the value with an urbanistic risk factor of 40%.

Other main assumptions and parameters which are considered are average applicable vacancy rates and (re-letting) void periods and incentives offered by landlords to tenants (like fit-out budgets and rent-free periods).

SENSITIVITY ANALYSIS

On 31 December 2020, the Company has a number of income producing investment properties (category D) which are valued at 85,097 KEUR (Zeewind, 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. 14,294 KEUR.

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

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

7. PROPERTY, PLANT AND EQUIPMENT

in thousands €	Property, plant and equipment	
	31/12/2020	31/12/2019
Cost	928	2,098
Accumulated depreciation/amortisation and impairment	-838	-1,377
TOTAL	**90**	**721**

in thousands €	Property, plant and equipment
COST	
Balance at 1 January 2019	**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**
Additions	557
Additions from internal developments	
Acquisitions through business combinations	
Disposals or classified as held for sale	-1,727
Revaluation increase	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2020	**928**

in thousands €	
ACCUMULATED DEPRECIATION AND IMPAIRMENT	
Balance at 1 January 2019	**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**
Depreciation/Amortisation expense	116
Disposals or classified as held for sale	-655
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 2020	**838**

8. EQUITY ACCOUNTED INVESTEES

Equity accounted investees amount to 32,947 KEUR as of 31 December 2020. The outstanding balance on the one hand relates to the (50%) participating interests in Carlton Retail NV, which is connected with the One Carlton high-end residential project in Knokke Zoute. On the other hand, as of 31/12/2020 also the remaining 80% stakes in Meetdistrict Gent NV and Ring Multi NV are included. On 1 October 2020, 20% of the shares of Meetdistrict Gent NV and Ring Multi NV have been sold to International Real Estate Services Comm. VA (IRS) and Ghelamco European Property Fund NV (GEPF) respectively. These transactions have led to the loss of control by the Company (see note 25.3 - Acquisitions and disposals of shares and other related party transactions).

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

		31/12/2020		31/12/2020		31/12/2020
		Carlton Retail		Ring Multi		Meetdistrict Gent
Current assets	25,577		4,621		1,463	
of which cash and cash equivalents		113		48		222
Non-current assets	0		21,225		29,775	
of which investment property				21,225		29,775
Current liabilities	151		3,776		2,687	
curr. fin. liab. (excl. trade and other payables and provisions)		0		1,123		1,783
Non-current liabilities	0		11,895		16,833	
non-curr. fin. liab. (excl. trade and other pay. and provisions)		0		11,895		16,833
Revenue	0		1,211		3,217	
Profit before income tax	322		337		-1,669	
income tax expense (-) or income (+)	-100		-419		0	
Profit of the year	222		-82		-1,669	
Share in result of equity accounted investees	111		497		-2,204	

The share of the Company in the result of equity accounted investees amounts to 111 KEUR as per 31 December 2020. In addition, current year's adjustment of the remaining participating interests in Meetdistrict Gent NV and Ring Multi NV to the (80%) proportion in the equity of resp. Ring Multi and Meetdistrict Gent amounts to -1,707 KEUR.

		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 amounted to 891 KEUR as per 31 December 2019.

9. PROPERTY DEVELOPMENT INVENTORY

The Property Development Inventories amount to 285,976 KEUR on 31 December 2020 (2019: 182,788 KEUR) and are detailed as follows:

	31/12/2020	31/12/2019
Property Development Inventories	285,943	182,749
Raw materials	33	39
TOTAL	**285,976**	**182,788**

	Carrying value (at cost) at 31 December 2020 - KEUR	Carrying value (at cost) at 31 December 2019 - KEUR
BELGIAN/FRENCH/UK PROJECTS		
East Dune	2,106	8,053
Locarno Knokke	8,445	8,445
Blinckaertlaan Knokke	-	11,419
Kanonstraat Brussel	258	404
Bleko Doornstraat / Caboli / Senzafine	6,708	4,634
Dock-site	2,649	2,649
Katelijne parkings	5,863	6,037
Project Waterside	327	1,078
Duinenwater	35,094	34,250
Lake District	4,589	0
Edition Zoute (former Kinder Siska)	19,182	13,545
RHR	1,750	1,789
De Nieuwe Filature/ Tribeca	1,019	1,431
Belalan Louise/ Edition	1,940	4,756
Pomme De Pin - Courchevel	31,400	31,400
Eurostadium Brussels	23,648	23,648
Le Chalet 1850-Courchevel	12,949	10,503
Graminea/ Bleko Meensesteenweg/ Helix Towers	10,174	9,360
Eneman	1,500	1,500
The Arc	106,117	-
Others	10,258	7,887
TOTAL	**285,976**	**182,788**

Early November 2020 the Company acquired a plot of land at 225 City Road, London, for the development of a mixed offices and residential project. The acquisition price amounted to approx. 95 MGBP (stamp duties, transfer of IP and other related expenses included). The project will offer 100 residential units, approx. 16 Ksqm office space, fitness facilities and some retail. The ground works have started shortly after acquisition. The marketing process has been kicked of end of February 2021.

On 2 July 2020, the Company has been granted a building right on a plot of land in the Duinenwater area in Knokke for the development of the Lake District project, offering 166 high-end apartments, approx. 4,200 sqm retail function on the groundfloor and a hotel, spread over 3 buildings. The indirect price for the building right amounts to 34 MEUR. This amount is not a current liability for the Company as the Company did not acquire the land as the amount will be gradually paid to the land owner in accordance with the sales process and progress, through the proceeds of the resp. land parts. The commercialization of the project has been kicked off immediately after the signing of the deal. Per date of the current report, already approx. 53% of the available residential units have been (pre-)sold, while all (7) retail space units have been (pre-)sold.

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)

The carrying value of inventories has been supported by feasibility studies based on the expected development scenario or recent sales transactions. No write-downs have been recognized in the course of 2020. During 2019 write-downs were recognized for an amount of 3.7 MEUR on a limited number of inventory items. The carrying value of inventories carried at fair value less cost to sell amounts to 2.3 MEUR.

Main divestures/ sales:

- Senzafine project in Kortrijk: construction progress invoicing on 49 apartments (and 54 garages/parking spaces) which were sold in previous year as well as land parts and instalment invoicing on 10 apartments (and 11 garages/parking spaces) sold in the current year. Deliveries are ongoing. Construction progress (and related instalment invoicing) is at 90% to 100% per 31 December 2020. Per date of the current report, the sales rate is at 85%;
- East Dune Oostduinkerke: 18 apartments and 24 garages/parking spaces have been sold in 2020. Per date of the current report, the project is fully sold out;
- Sale of the available retail space in the Edition project in Brussels to an investor, for a sales amount of 2.4 MEUR; and
- Sale of the high-end villa at the Blinckaertlaan in Knocke Zoute for an amount of 12,850 KEUR.

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 multifunctional 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 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. The higher appeal has been rejected by the Council of State on 15 October 2020; meaning that the refusal of the original environmental permit is definitive. However the Company still has the possibility to submit a permit request for a revised project.

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 granted 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 2020 and 31 December 2019) can be recovered through the outcome of the ongoing proceedings, either through execution of the leasehold agreement, or a new, revised permit request, or indemnification.

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

10.1. NON-CURRENT RECEIVABLES & PREPAYMENTS

	Note	31/12/2020	31/12/2019
Non-current			
Receivables from related parties	25.3	3,347	1,860
Trade and other receivables		4,580	10,211
Total non-current receivables and prepayments		**7,927**	**12,071**

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 2020 were as follows: Euribor + margins in the range between 1% and 3%.
Further reference is made to Note 25.3.

The 2020 and 2019 balance mainly consists of receivables vs. equity accounted investees and related parties which are not consolidated in these financial statements but are part of the Consortium.

NON-CURRENT TRADE AND OTHER RECEIVABLES

The 2020 balance mainly relates to the vendor loan of 4 MEUR in connection with the sale of the Ring Hotel project which has been sold to Van Der Valk hotel group early 2020.

In the 2019 balance a retention amount of 5 MEUR was included related to the sale of the Spectrum project. This amount has in the course of 2020 been recovered in exchange for a bank guarantee (to remain in place until full clearing and/or solving of the contractually agreed conditions). In addition, an advance payment of 5 MEUR was 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. As the closing and transfer of control has taken place

shortly after year-end (on 26 February 2021) this amount has in the current financial statements been transferred to short-term receivables.

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	31/12/2020	31/12/2019
Current			
Receivables from related parties	25.3	482	10,723
Receivables from third parties		5,640	9,171
Less: allowance doubtful debtors (bad debt provision)			
Net trade receivables		**6,122**	**19,894**
Other receivables		10,951	8,122
Related party current accounts	25.3	227,052	218,233
VAT receivable		19,256	2,190
Prepayments		0	0
Interest receivable		21,459	16,099
Total current trade and other receivables		**284,840**	**264,538**

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 226,852 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 to a significant extent relate to the advance payment of 5 MEUR in connection with 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 closing of the acquisition has taken place on 26 February 2021.

INTEREST RECEIVABLE

The interest receivable mainly consists of interests receivable from related parties (21.3 MEUR) referred to above.

VAT RECEIVABLE

The SPVs having 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 the SPVs' project expenditures. The outstanding balance as of 31 December 2020 mainly (17.0 MEUR) relates to the acquisition of the City Road plot in London early November 2020.

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 2020 and 2019, 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

	31/12/2020	31/12/2019
Cash at banks and on hand	25,080	43,408

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.

12. SHARE CAPITAL

	31/12/2020	31/12/2019
Authorized 313,549 ordinary shares without par value	161,490	161,490
part not paid	-15,000	-15,000
issued and fully paid	**146,490**	**146,490**

At 31 December 2020 and 2019, 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 2020 and 2019, no dividends have been distributed by Ghelamco Invest.

12.2. NON-CONTROLLING INTERESTS

	31/12/2020	31/12/2019
Balance at beginning of year	159	350
Share of profit for the year	-71	-61
Dividend distribution		
Acquistions/disposals	766	-130
Balance at end of year	**854**	**159**

The increase in non-controlling interests is mainly related to Viminalis BV, project company holding a plot (and a recently delivered office building of approx. 6,700 sqm) at the Katwilgweg in Antwerp, Linkeroever in which the Company acquired shares in a 85%-15% cooperation.

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 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**
At 1 January 2020	**0**	**160,079**
Cumulative translation differences (CTA)	4	
Dividend distribution to the ultimate shareholders		
Change in non-controlling interests		
Change in the consolidation scope		27
Profit for the year		41,565
At 31 December 2020	**4**	**201,671**

14. INTEREST-BEARING LOANS AND BORROWINGS

		31/12/2020	31/12/2019
Non-current			
Bank borrowings	14.1	214,856	93,494
Other borrowings - bonds	14.2/3	199,143	202,704
Other borrowings - other			
		413,999	**296,198**
Current			
Bank borrowings	14.1	73,550	86,314
Other borrowings - bonds	14.2	70,900	78,850
Other borrowings - other	14.3	35,000	55,000
		179,450	**220,164**
TOTAL		**593,449**	**516,362**

14.1. BANK BORROWINGS (288,406 KEUR)

During the year the Company contracted new bank borrowings and withdrew on existing credit facilities for a total amount of 196.7 MEUR. On the other hand, reimbursements and re-financings have been done for an amount of 88.1 MEUR; bringing the total outstanding bank borrowings to 288.4 MEUR (compared to 179.8 MEUR at 31/12/2019).

Significant part of reimbursements is connected with the sale of a number of sizable projects in the course of 2020 (Ring Hotel and Silver Tower).

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 or refinancing (e.g. through a swap to investment loans), or has per date of the current report already been prolonged. In addition, the bank financing connected to the Focus/PWC project in Diegem (30.1 MEUR) will be reimbursed at the moment of sale of the project in May 2021.

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

				31/12/2020				31/12/2019
	<1 y	between 2 and 5 y	>5y	total	<1 y	between 2 and 5 y	>5y	total
Credit institutions withdrawn credits	87,710	210,678	26,723	325,111	89,900	64,943	39,624	194,467
Other	0	0	0	0	0	0	0	0
Total	**87,710**	**210,678**	**26,723**	**325,111**	**89,900**	**64,943**	**39,624**	**194,467**
Percentage	27%	65%	8%	100%	46%	33%	20%	100%

INTERESTS ON BANK BORROWINGS – INTEREST RATE RISK

Interests on bank loans are usually floating (although the variable component of the interest percentage is fixed for an interest-period not superseding one year). The UK acquisition in November 2020 has partly been financed through project senior bank loans, bearing a Libor-based interest rate and partly through mezzanine junior financing, at a fixed interest rate.

On 31 December 2020, the Company has no outstanding investment loans. On 31 December 2019, the Company had outstanding investment loans for a total amount of 27,979 KEUR on Meetdistrict Gent and Ring Multi. Investment loans are serviced by the actual rental income of the resp. properties.

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

- Belgium: between 1.50% and 3.00% (Euribor based)
- UK: 7% (Libor based)

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 2,630 KEUR lower/higher profit before tax for 2020. This sensitivity analysis excludes borrowing costs that have been capitalized.

14.2. OTHER BORROWINGS: BONDS (270,043 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 was 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.

Furthermore, 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.

In January 2020, the 20 MEUR short-term stand-alone private bond which was granted to the Company in November 2019, has been rolled over into a first tranche of Green bonds, within the above new 250 MEUR EMTN bonds programme. The tranche has a 7 years term and bears a fixed interest rate of 4.25%.

On 3 July 2020, the above mentioned EMTN tranche of 79,100 KEUR came to maturity and has been redeemed, partly through the issue of new bonds for an amount of 47,500 KEUR. The mentioned 47,500 KEUR Green bonds tranche has been issued within the new 250 MEUR EMTN bonds programme, bears a fixed interest rate of 5.5% and has as maturity date 03/07/23. The transaction has been coordinated by Belfius, BNP Paribas Fortis and KBC as joint bookrunners and has been subscribed by professional and institutional investors.

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

On 23 November 2020, the Commission de Surveillance du Secteur Financier (the CSSF) has approved the Company's new base prospectus in connection with a new 250 MEUR EMTN programme, under the prospectus regulation of in the Grand-Duchy of Luxemburg. As was the case for the previous programme, the bonds under this new programme will be issued as 'green bonds', under the Company's Green Finance Framework.

Total balance of outstanding bonds per balance sheet date (270,043 KEUR) represents the amount of issue (273 MEUR) less capitalized issue costs (of which mainly the issuing banks' arrangement fees), which are amortized over the term of the bonds.

On 14 June 2021, the bonds tranche of 70.9 MEUR which was issued under the 2015 EMTN programme will come to maturity. The redemption of this bonds tranche could be

done through a new bonds issue under the above new Green EMTN programme, available cash or other bridging facilities, or a combination of these.

Summary of contractual maturities of bonds, including interest payments.

				31/12/2020				31/12/2019
	<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
EMTN bonds '15 2nd tranche	72,362			72,362	2,925	72,363		75,287
EMTN bonds '17 1st tranche	2,038	49,268		51,307	2,038	51,476		53,515
EMTN bonds '17 2nd tranche	2,602	61,788		64,390	2,602	64,606		67,208
EMTN bonds '18 1st tranche	1,485	33,619		35,104	1,485	35,228		36,713
EMTN bonds '20 1st tranche	2,613	51,419		54,031				0
EMTN bonds '20 2nd tranche	850	3,400	20,921	25,171				
	81,950	**199,494**	**20,921**	**302,364**	**89,929**	**223,673**	**0**	**313,602**
	27%	66%	7%	100%	29%	71%	0%	100%

14.3 OTHER BORROWINGS: OTHER (35,000 KEUR)

As stated above, the 20 MEUR short-term stand-alone private bond which was granted to the Company in November 2019, has in January 2020 been rolled over in to a first tranche of Green Bonds.

In November 2019, the Company for the first time issued commercial paper (CP) for an amount of 35 MEUR, bearing an interest rate of euribor 3 months + 2% margin and with a term of 3 months (and extendable by/per 3 months). The CP was issued within a new 3-year Commercial Paper Programme for a maximum amount of 35 MEUR. The issue was fully underwritten by an external investor. On past maturity dates, the facility has been extended. On 7 February 2021, full amount of outstanding CP has been extended for another 3 months (i.e. until 7 May 2021).

14.4. MISCELLANEOUS INFORMATION

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 273 MEUR at 31 December 2020).

No defaults of payments or breaches of borrowing agreements occurred as of 31 December 2020.

- 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, Net Assets Value, 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 2020, the Company has bank loans available to be drawn for a total amount of 131,214 KEUR. These are committed financing lines for the projects Focus/ PwC offices (40.4 MEUR), Lake District (15 MEUR) and UK project (75.8 MEUR).

- 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	31/12/2020 Fair value level
Other financial investments					
Other financial assets			4,280	4,280	2
Non-current receivables					
Receivables and prepayments			7,927	7,927	2
Restricted cash					
Current receivables					
Trade and other receivables			264,250	264,250	2
Derivatives					
Cash and cash equivalents			25,080	25,080	2
Total Financial Assets	**0**	**0**	**301,537**	**301,537**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			214,856	214,856	2
Bonds (Euronext)			199,143	194,236	1
Other borrowings					
Interest-bearing borrowings - current					
Bank borrowings			73,550	73,550	2
Bonds (Euronext)			70,900	68,493	1
Other borrowings			35,000	35,000	2
Current payables					
Trade and other payables			43,176	43,176	2
Total Financial Liabilities	**0**	**0**	**636,625**	**629,311**	

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**	

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 €	31/12/2020	31/12/2019
Deferred tax assets	13,289	9,911
Deferred tax liabilities	-21,597	-29,000
TOTAL	**-8,308**	**-19,089**

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 2019	**-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**	
Recognised in income statement	7,667	-387	3,500	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other		1		
Balance at 31 December 2020	**-19,271**	**-1,537**	**12,500**	

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. Those future taxable profits are expected when selling/leasing/disposing currently owned projects (mainly within Ghelamco Invest NV) at the last available market conditions. Current year's increase in recognised unused tax losses is based on updated tax planning, supporting the expected recovery of these losses in the foreseeable future.

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

in thousands €	31/12/2020	31/12/2019
DTA on unused tax losses	6,972	9,552
DTA on unused tax credits		
TOTAL	**6,972**	**9,552**

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

	31/12/2020	31/12/2019
Trade payables: third parties	20,763	22,697
Trade payables: related parties	2,806	2,431
Related parties current accounts payable	9,276	9,165
Misc. current liabilities	16,359	14,464
Deferred income	-	1,792
Current employee benefits	-	41
Total trade and other payables	**49,204**	**50,590**

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 2,806 KEUR (vs. 2,431 KEUR per 31/12/2019).

The related parties current accounts payable mainly relate to a payable balance (8.2 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: 990 KEUR), VAT payable (640 KEUR), accruals (5,388 KEUR) and the postponed payment of part (4,025 KEUR; i.e. 25%) of the Antwerpen West acquisition price, which is conditional to the progress of the ongoing development process.

18. REVENUE

REVENUE IS MAINLY GENERATED FROM THE FOLLOWING SOURCES:

in thousands €	31/12/2020	31/12/2019
Sales of Residential Projects	39,963	25,261
Rental Income	6,924	8,940
Other	14,944	832
TOTAL revenue	**61,831**	**35,033**

The residential projects sales as of 31 December 2020 mainly relate to:

- Senzafine project in Kortrijk (11,130 KEUR): construction progress invoicing on 49 apartments (and 54 garages/parking spaces) which were sold in previous year as well as land parts and instalment invoicing on 10 apartments (and 11 garages/parking spaces) sold in the current year. Deliveries are ongoing. Construction progress (and related instalment invoicing) is at 90% to 100% per 31 December 2020. Per date of the current report, the sales rate is at 85%;
- East Dune Oostduinkerke (7,251 KEUR): 18 apartments and 24 garages/parking spaces have been sold in 2020. Per date of the current report, the project is fully sold out;
- Sale of the available retail space in the Edition project in Brussels to an investor, for a sales amount of 2.4 MEUR;
- Sale of a high-end villa at the Blinckaertlaan in Knocke Zoute for an amount of 12,850 KEUR;
- Sale of a project in Antwerp for an amount of 4,300 KEUR.

Rental income as of 31 December 2020 (and 2019) relates to rent from commercial

projects, mainly Ring Multi and Meetdistrict Gent till the date of disposal and the RAFC stand.

Other revenue mainly relates to the re-charge of fit-out expenses to the Brussels Region, single tenant of the Silver Tower, which has been delivered and sold in Q4 2020.

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 €	31/12/2020	31/12/2019
Future minimum rental income:		
Less than 1 year	3,724	8,132
Between 1 and 2 years	3,757	12,748
Between 2 and 3 years	3,832	15,862
Between 3 and 4 years	3,908	17,415
Between 4 and 5 years	3,987	17,713
More than five years	29,430	205,702
TOTAL FUTURE MINIMUM RENTAL INCOME	**48,638**	**277,572**

The decrease compared to last year goes together with the signing of a sales agreement for the Focus/PWC agreement with a third party investor early March 2021 on the one hand and with the disposal of Meetdistrict Gent (flexible office space in the Ghelamco Arena) and Ring Multi (multifunctional space in the Ghelamco Arena) on the other hand.

19. OTHER ITEMS INCLUDED IN OPERATING PROFIT/LOSS

OTHER OPERATING INCOME AND EXPENSES IN 2020 AND 2019 INCLUDE THE FOLLOWING ITEMS:

Other operating income	2020	2019
Net gains on disposal of investment property	8,560	9,414
Other	3,740	2,865
TOTAL	**12,300**	**12,279**

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

- Silver Tower: 7,897 KEUR
- Purchase Price Adjustment of 1,493 KEUR in connection with the Spectrum project, which was sold in December 2019
- Purchase Price Adjustment of 216 KEUR in connection with the Arval retail project, which was sold in December 2019
- Net loss of -1,046 KEUR on the disposal of Meetdistrict Gent and Ring Multi on 1 October 2020

In addition, some related party recharges (1,153 KEUR) are included, and the (50%) share in the result of the THV One Carlton (740 KEUR), which realises the construction part of the high-end residential project in Knokke. The remainder amongst others

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

Last year's other operating income mainly related to the gains on the sale of following projects: Spectrum (8,723 KEUR), Arval site (978 KEUR), The Link (-556 KEUR) and Filature Retail commercial units (269 KEUR).

	2020	2019
Gains from revaluation of Investment Property	47,421	52,783

Fair value adjustments over 2020 amount to 47,421 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 (in connection with the sale of the project in November 2020, at a yield of 3.25%), the Focus/PwC offices project (in connection with the signing of the sales contract in March 2021, at a yield of 4.72%) and Knocke Village. On some other projects, a slightly negative fair value correction of 1.3 MEUR in total has been recognized, in relation to the impact of the Covid-19 crisis on the main valuation parameters (mainly yields).

	2020	2019
Other operating expenses		
Lease/ rental/ housing expenses	3,233	3,503
Taxes and charges	2,374	1,679
Insurance expenses	1,658	278
Audit, legal and tax expenses	6,843	4,971
Sales expenses	3,650	2,330
Operating expenses with related parties	2,488	2,853
Inventory impairment	-	3,168
Promotion costs	1,317	896
Fit-out costs	-	-
Indemnity provision	-	1,360
Miscellaneous	1,690	1,243
Total	**23,253**	**22,281**

Current year's increase in legal and tax expenses and sales expenses is related to both the acquisition and disposal of a number of sizable investment property projects in the current year.

Last year's other operating expenses included some impairment write-downs (3,689 KEUR) recognized on a limited number of inventory projects, mainly resulting from the evolution in some commercial parameters. In addition, an indemnity provision was recognized in connection with the termination of a lease agreement of a tenant.

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.

	2020	2019
Employee benefit expenses		
Wages and salaries	203	244
Social security costs	16	67
Other		
Total	**219**	**311**

20. COST OF PROPERTY DEVELOPMENT INVENTORIES

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

	2020	2019
Movement in inventory	104,032	16,759
Purchases (*)	-150,335	-36,917
Total	**-46,303**	**-20,158**

(*) 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 208,470 KEUR (vs. 76,054 KEUR in 2019).

The increase in purchases and movement in inventory is mainly related to the UK project, The Arc.

21. FINANCE INCOME AND FINANCE COSTS

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

	2020	2019
Foreign exchange gains		
Interest income	8,479	6,673
Other finance income		
Total finance income	**8,479**	**6,673**
Interest expense	-22,125	-14,257
Other interest and finance costs	-2,875	-2,010
Foreign exchange losses		
Total finance costs	**-25,000**	**-16,267**

It is to be noted that interest expenses related to (not yet delivered) Investment Property projects are not included in the above 2020 and 2019 figures, as those have directly been capitalized on IP. It concerns an amount of 1,582 KEUR (vs. 5,055 KEUR last year), at an average capitalisation rate of 4.5%.

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). Per end of December 2020 the other finance costs also include foreign exchange differences an amount of 611 KEUR, which is connected to the (new) UK business. The interest income mainly relates to interests on related party current accounts receivable.

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:

	31/12/2020	31/12/2019
Current income tax	2,830	7,667
Deferred tax	-10,780	-156
Total	**-7,950**	**7,511**

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 €	**31/12/2020**	**31/12/2019**
Result before income taxes	**33,544**	**48,327**
Income tax expense calculated at 25% (and 29.58% for 2019)	8,386	14,295
Effect of different tax rates in other jurisdictions	-	-
Effect of non-deductible expenses	3,369	2,931
Effect of revenue that is exempt from taxation	-5,985	-484
Effect of use of previously unrecognized tax losses	-51	-1,162
Effect of current year losses for which no DTA is recognized	3,411	2,635
Effect of tax incentives not recognized in the income statement	-	-249
Effect of under/over-accrued in previous years	14	-88
Effect of change in local tax rates	-	-2,025
Effect of reversal DTL re. sale of Arval retail park		10
Effect of reversal DTL re. sale of Spectrum		-5,077
Effect of reversal DTL re. disposal of Meetdistrict Gent	-343	
Effect of reversal DTL re. disposal of Ring Multi	-1,788	
Effect of reversal DTL re. sale Silver	-12,080	
Effect of reversal DTL re. signing SPA re. sale Focus	227	
Effect of gain/loss on equity method entities	399	-264
Effect of recognition of previously unrecognized tax losses	-3,500	-3,000
Other	-8	-11
INCOME TAX EXPENSE RECOGNISED IN INCOME STATEMENT	**-7,950**	**7,511**

The theoretical tax rate used for the above reconciliation is the (Belgian) statutory corporate tax rate of 25% (29.58% in 2019) payable by corporate entities in Belgium on taxable profits under tax law.

The relative significant amount of non-deductible expenses is related to 'thin cap' regulations in Belgium, which are applicable from 1 January 2019 onwards (and more in particular the fiscal treatment of interest expenses and the resulting calculation of the 'financieringskostensurplus').

The effect of revenue that is exempt from taxation mainly relates to the gains on the disposal of the Silver Tower and the received purchase price adjustments on the disposals of Spectrum and the Arval Site of December 2019.

Current year's reversals of cumulated deferred tax liabilities relate to the resp. disposals of the Silver Tower, Ring Multi and Meetdistrict Gent.

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 2020 and 2019.

Company	Project name	Amount of bank loan-books (in '000)		Corporate guarantees as per 31/12/2020 (in '000)	
BELGIUM					**Guarantee by Ghelamco Invest NV**
Leisure Property Invest	Knocke Village	EUR	27,500	5,000	Corporate Guarantee, cash deficiency, cost overrun, subordination declaration Peridot
Viminalis BV	Antwerpen West	EUR	19,950	19,950	Corporate Guarantee, shares pledge
Viminalis II BV	Torengrond Antwerpen West	EUR	2,925	2,925	Corporate Guarantee, cash deficiency, cost overrun, shares pledge
Ghelamco Mezz HoldCo	The Arc	GBP	29,325	29,325	Corporate Guarantee, shares pledge, suretyship agreement, subordination Ghelamco Invest
225 City Road Ltd	The Arc	GBP	61,823	61,823	Corporate Guarantee, shares pledge, suretyship agreement, subordination Ghelamco Invest
Graminea	Helix Towers	EUR	7,500	7,500	Corporate Guarantee, shares pledge
Dereif Brussel Lloyd George Sarl	Lloyd George	EUR	30,250	30,250	Corporate Guarantee, cash deficiency, shares pledge
Domein Culligan	PWC Offices	EUR	30,085	30,085	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 2020 (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:

	2020	2019
Architectural and Engineering contracts	46,468	11,949
Construction contracts	131,641	79,377
Purchase of land plots	8,800	55,125
Total	**186,909**	**146,451**

ACQUISITION CONTRACTS

At 31 December 2020, the Company has entered into a number of contracts with third parties for the acquisition of the following assets (plots) or shares:

Binding contracts

- 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 the 'The Wings' 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 already been done, which as in the current financial statements been presented under current receivables and prepayments. The closing (and transfer of ownership) has taken place on 26 February 2021.

- Last year's balance mainly related to the acquisition of the shares of the project company owning the Lloyd George building in Brussels, for which a share purchase agreement was signed on 26 April 2019. The share purchase agreement was signed based on an underlying value of the property of 46.3 MEUR. At signing, the seller was provided with a bank guarantee covering an amount of 4,650 KEUR to secure the payment of the price at closing date. The closing of the transaction (together with transfer of ownership and payment) has taken place on 30 November 2020.

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: 2.1 MEUR construction contracts
- Lake District project in Knokke: 7.1 MEUR architecture and engineering contracts and 22.5 MEUR construction contracts
- Knocke Village project: 28.2 MEUR architecture and engineering contracts in total
- Focus/ PWC Offices: 1.0 MEUR architecture and engineering contracts and 17.9 MEUR construction contracts
- Edition Zoute serviced apartments project in Knokke: 3.0 MEUR construction contracts in total
- The Wings office project in Diegem: 3.2 MEUR architecture and engineering contracts and 5.6 MEUR construction contracts
- The Arc mixed project in London: 6.5 MEUR architecture and engineering contracts and 79.1 MEUR construction contracts.

25. RELATED PARTY TRANSACTIONS

The Company is together with the other Investment Holding sub-holdings, the Development Holding, the Portfolio Holding and the Ghelamco European Property Fund under common control of the ultimate beneficial owners, Mr. & Mrs. Gheysens (together "the Consortium"). The companies which make part of the Consortium are considered related parties.

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 2020, 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 2020, there have been no share transactions or other significant transactions with related parties, except for the sale of 20% of the shares of Meetdistrict Gent NV and Ring Multi NV to resp. International Real Estate Services Comm. VA (IRS) and Ghelamco European Property Fund NV. At the same time, IRS and GEPF have been granted an 'in the money' call option to acquire the remaining 80% of the shares of the respective entity at any time and the right to appoint one director. The share price of Meetdistrict Gent NV was based on an underlying value of the property of 32.4 MEUR. The share price of Ring Multi NV was based on an underlying value of the property of 20.9 MEUR. Property values have been determined based on external expert valuation reports. The transactions have in the consolidated financial statements been presented as a disposal of investment property. The impact of the transactions on the profit and loss statement of these financial statements was rather limited.
These related party transactions were decided upon the basis of the nature, the status of both projects and Ghelamco's long-term strategy. Meetdistrict Gent provides flexible (co-)work spaces and related services to third parties; activities which are more in line with the business and strategy of IRS, which is the Service Holding of the Ghelamco Consortium, that has all kinds of service activities as its mission. The more recent Meetdistrict sites and/or companies are owned and controlled by IRS. Ring Multi, in turn, owns retail spaces in the Ghelamco Arena and is actually part of the resp. delivered and operational projects near or around the Ghelamco Arena in Ghent which are owned and controlled by GEPF. Ghelamco owns Meetdistrict and Ring Multi already for a number of years and has not the intention to sell it to third parties. The transfer of the project to GEPF is by consequence logic and in line with the mission of GEPF, which is to keep, in first instance, real estate projects as income generating products in portfolio for a longer period of time. The terms and conditions of the call option are substantive as the option will be in the money at all times and IRS/GEPF would benefit from the exercise of the call option as the underlying transactions result in synergies with the existing activities/assets of IRS and GEPF respectively and the long-term strategy of Ghelamco as discussed above. As a result, these transactions have led to the loss of control by the Company. The remaining 80% has been accounted for in the consolidated financial statements using the equity method (see note 8 – Equity accounted investees).

Furthermore, a small project in Antwerp has been sold to INSP NV, a subsidiary of the Portfolio holding, for an amount of 4,300 KEUR.

In 2019, there were 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 2019, some office and meeting room space was 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 the financial statements.

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 resp. bonds issues, also be invested/deposited in entities belonging to the Investment Holding in form of short and long-term loans.

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

	31/12/2020	31/12/2019
Purchases of construction, engineering and architectural design:	-2,085	-6,681
related party trade receivable	482	10,723
related party trade accounts payable	-2,806	-2,431
related party non-current loans receivable	3,347	1,860
related party interests receivable	21,299	13,807
related party C/A receivable	227,052	218,233
related party non-current loans payable		
related party interests payable	-416	-197
related party C/A payable	-9,276	-9,165

With respect to the increased related party C/A receivable, further reference is made to note 10.2. Management closely monitors excess cash balances generated by the Company within the requirements of the terms and conditions of the bond issues.

26. EVENTS AFTER BALANCE SHEET DATE

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 the 'The Wings' 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 already been done. The closing of the transaction (and transfer of ownership) has taken place on 26 February 2021.

On 2 March 2021, a share purchase agreement has been signed with a third party investor for the sale of the Focus/PWC project. The purchase agreement was based on an underlying property value of 131.3 MEUR and a yield of 4.72%. The closing of the deal (and transfer of ownership) is expected shortly after the delivery of the building, which is foreseen by end of April 2021, to its anchor tenant, PwC. In this respect, the project has per 31 December 2020 been transferred from Investment Property to Assets held for sale, at its estimated contractual net sales price taking into account estimated costs to incur towards completion of the construction.

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 '000 EUR	**2020**
Remuneration of the statutory auditor	**124**
Other audit-related services	0
Tax services	
Other	65
Remuneration for other services or assignments performed within the Company and its subsidiaries by the statutory auditor	**65**
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	**189**

KPMG

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 2020

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 2020, 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 three 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 2020, 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 2020, 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 1.024.602 (000) EUR and the consolidated statement of profit or loss shows a profit for the year of 41.494 (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 2020 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 and 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 273.239 (000) EUR as of 31 December 2020 and represents a significant part of the Group's total assets (27 %).

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 2020 amount to 47.421 (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

The valuation report of Knocke Village as at 31 December 2020 includes a material uncertainty clause to emphasize the increased valuation uncertainty within the hotel and leisure market due to a lack of market references following the COVID-19 pandemic.

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. We have, in particular, evaluated whether the material valuation uncertainty clause as included in the external valuation report for Knocke Village has been appropriately disclosed in the notes to the consolidated financial statements.

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 285.976 (000) EUR as of 31 December 2020 and represents a significant part of the assets of the Group (28%). 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 under the Euro Medium Term Note ("EMTN") programs

We refer to note '1.18 Borrowings', note '2.1.2. Interest Rate Risk', note '2.2. Capital risk and balance sheet structure management' and note '14.2 Other borrowings: bonds'.

— Description

The nominal value of the EMTN notes issued by Ghelamco Invest NV amounts to 273.000 (000) MEUR per 31 December 2020 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) which are tested at half-year and at year-end. 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.

Most covenants show sufficient headroom except for the solvency ratio with respect to the Guarantor. Meeting the minimum solvency ratio depends on the realization of a variety of factors such as changes in fair value of investment properties, timely completion of anticipated sales of investment properties and property development inventories and anticipated fund flows between the Guarantor and related parties. We draw the attention to note 2.2.2 where management describes the reasons why they are of the opinion that no material uncertainty exists to comply with the 2021 debt covenants.

— *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 have obtained management's assessment of forecasted covenant compliance and have challenged the assumptions used in relation to the estimated future cash flows and forecasted results.
— We also considered the adequacy of the disclosures in the consolidated financial statements and more specifically note 2.2.2 which describes the covenants applicable to the Issuer and the Guarantor under the EMTN programs, the sensitivity factors impacting the solvency covenant at the level of the Guarantor and management's assessment to comply with the respective covenants for 2021.

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. Our responsibilities regarding the going concern basis of accounting applied by the board of directors are described below.

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 engagement 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 2021

KPMG Bedrijfsrevisoren / Réviseurs d'Entreprises
Statutory auditor
represented by

Filip De Bock
Réviseur d'Entreprises / Bedrijfsrevisor