GRANBERO HOLDINGS LTD

IFRS CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2022

Approved by Management with the independent Auditor's opinion

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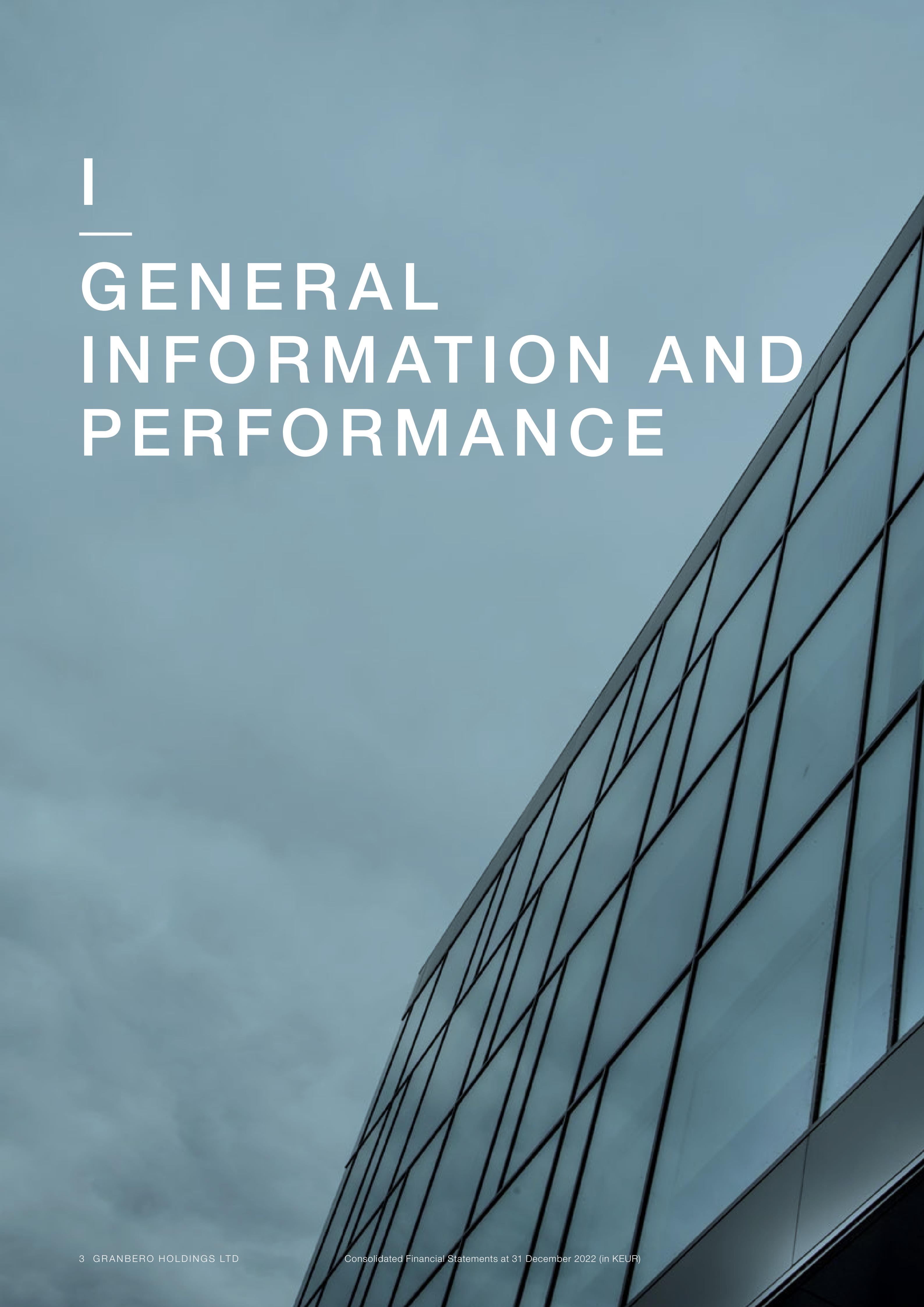


I

GENERAL INFORMATION AND PERFORMANCE

1. BUSINESS ACTIVITIES AND PROFILE

Granbero Holdings Ltd (as the legal Cyprus entity with all its Polish subsidiaries) represents the Polish activities of the Ghelamco Group, a leading European real estate investor mainly active in the offices, residential, leisure, retail and logistics markets.

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

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

In Poland, the project Warsaw UNIT won 5 stars, which is the highest possible rating, as Best Office Development at the European Property Awards competition. Furthermore, the commercial high rise architecture award has been given to the architect of the Warsaw UNIT, PROJEKT (Polish-Belgian Architecture Studio).

In addition, The Warsaw UNIT won several other awards this year as well. The project won a HOF award in the category Best of the Best High-Rise Development. The HOF Awards is an outgrowth of Central & Eastern Europe's longest running property awards tradition, the CIJ Awards. The UNIT also received an Ikona at the Rzeczpospolita Real Estate Impactor.

The Warsaw HUB, which has been sold in March 2022 to Google Poland won several awards: a Eurobuild Award in the category Investment Deal of the Year and a European Property award for the Investment deal of 500 mln EUR. The Warsaw HUB Hotel, which is still in portfolio, won a World Travel Award in the category Poland Leading Conference Hotel.

Ghelamco Group'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"**):

- Ghelamco Group Comm. VA acts as the **"Investment Holding"** and comprises resources invested in real estate projects in Belgium, France, UK and Poland and the intra-group financing vehicles, which may also to a certain extent provide funding to the other holdings – hereafter the "Ghelamco Group" or the "Group";
- International Real Estate Services Comm. VA acts as the **"Development Holding"** and represents international entities that provide construction, engineering and development services to the Investment Holding (and to an extent to third parties);
- Deus Comm. VA is the **"Portfolio Holding"** which groups the other activities and real estate investments controlled by the ultimate shareholders;
- Ghelamco European Property Fund NV is the **"Long-term Investment Holding"** and comprises the real estate projects that are kept as income generating products for a longer period of time. The fund is not regulated but acts as a separate legal entity within the consortium group.

2. LEGAL STATUS

Granbero Holdings Ltd (the "Company" or "Granbero Holdings") is the holding company of the Polish activities of Ghelamco Group Comm. VA, which is in turn the holding company of the **Investment Group**.
Granbero Holdings Ltd, together with its subsidiaries (also the "Company") (Note 5), constitute the reporting entity for the purpose of these financial statements.

Granbero Holdings Ltd is a limited liability company registered under Cypriot law, with its registered office at Arch. Makariou III, 229, Meliza Court, 3105 Limassol, Cyprus.

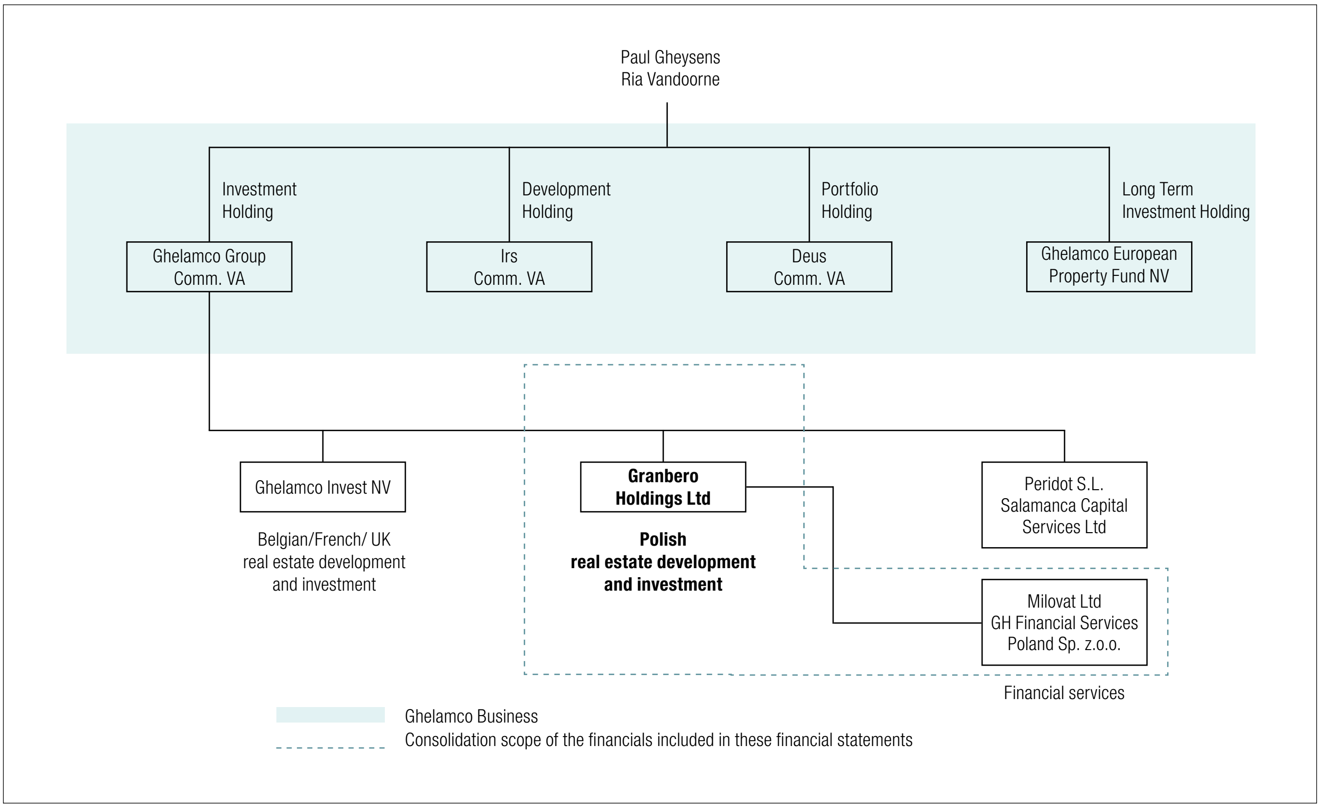
The Company is registered in the Cypriot commercial register under the number HE183542.

3. CONSOLIDATION SCOPE

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

At 31 December 2022 (the reporting date), all assets and liabilities of the reporting entity (the Company 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 represented an integral part of the Granbero Holdings activities, are included in the accounts of the legal subsidiaries of the Company at 31 December 2022 and at 31 December 2021.



4. STAFFING LEVEL

Given its nature, there is limited employment in the Company. 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 245 people on 31 December 2022 (vs. 242 on 31 December 2021).

5. BOARD AND MANAGEMENT COMMITTEE

Members of the Board and management committee of the Company as of 31 December 2022:

- Mr. Frixos Savvides – Executive director and member of the management committee
- Mr. Stavros Stavrou – Executive director and member of the management committee
- Mr. Christakis Klerides – Executive director
- Ms. Eva Agathangelou – Director

The statutory board of the Polish entities consists of usually 7 board members: the Managing Director Eastern Europe (president of the board) and the local Financial, Commercial, Legal, Technical, Investment and Sustainability Directors.

The Members of the Board actively coordinate and supervise the different Polish teams and support them.

6. BUSINESS ENVIRONMENT AND RESULTS

2022 PERFORMANCE AND RESULTS

After a year-end start that was still somewhat influenced by the latest anti-Covid measures and despite the outbreak of the war in Ukraine in February, the Company closed its 2022 accounts with an operating profit of 66,822 KEUR. The decrease compared to 2021 comes as no surprise, given the fact that 2021 was the Company's best year ever. The anticipated decline was mainly due to the expression of the added value due to the final delivery and commercialisation of two major projects The Warsaw HUB and UNIT in 2021. As such the Company was not directly confronted with a negative impact of this event on its portfolio due to management's actively monitoring and tracking. The Company believes that this active management resulted in further starting and/or completing of projects in 2022. It is to be expressed that the Company's key office projects are characterised by a low supply of high quality sustainable offices, with increasing rents. The Company's positioning will continue to be the key driver of the business as the Company's projects portfolio remains attractive to potential investors and tenants. The inflation context and increasing interest rate environment in which the economy finds itself has an impact on real estate companies and therefore also on the Company and this in various ways. On the one hand, the Company can benefit from contractual indexation of leases and thus significantly increase its current and future income. The lease increases were also able to offset the slight increase in yields, keeping the valuation of the portfolio stable. Additionally, raw materials, supplies, labor 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 and are exposed to cost inflation effects. However and despite substantially varying total construction prices during the past year, the Company succeeded in reducing its inflation exposure risk by having fixed price contracts or open book contracts with related and external companies. In addition, the Company's fully integrated business model with control over the total value chain including purchases, allowed the Company to adopt a strict cost control optimizing its supply chain purchases in terms of volumes and pre-agreed prices. On the other hand, the Company has seen increasing financing costs. Nevertheless, the Company has excellent financial sources, which enables them to closely monitor the development in the financial markets.

Additionally, the Company is further putting sustainable development at the heart of the projects (amongst others technical and environmental innovation), the Company kept the focus on its development and commercial activities in its core markets. The Company has in the current period once more considerably invested in a number of existing projects (mainly the Warsaw UNIT, the Bridge, Craft and Kreo as well as its residential projects Groen and Bliskie Piaseczno), resulting in the creation of significant added value on its current projects portfolio. In addition, the Company successfully sold the office towers and a part of the retail of one of its major projects, the Warsaw HUB to Google Poland. This is reflected in a decreased balance sheet total of 1,717,126 KEUR and an increased equity of 1,085,003 KEUR. The solvency ratio[1] increased significantly to 63.2%[1] as at 31 December 2022 (vs 52.1% at 31 December 2021).

Land bank

In Poland, the Company in first instance maintained its existing land bank.

Development and construction

During 2022, the Company further invested in the following projects in Poland:

- The finalisation of the fit-out works for the tenants in the **Warsaw HUB** (approx. 118,600 sqm leasable space spread over 3 towers on a podium, offering a unique combination of office and retail space, with complementary features and amenities). The office, retail, service passage as well as an underground part of the Warsaw HUB project was sold to Google Poland in March 2022.
- Finalisation of the fit-out works for the respective tenants in the delivered project **Warsaw UNIT**, approx. 59,000 sqm offices project comprising 46 floors and 400 parking spaces, at Rondo Daszynskieg. The Warsaw UNIT is the first project in Poland to be certified WELL v2 Core and Shell; which confirms the highest quality of building design as to health, convenience and employee comfort. The Warsaw UNIT is also the first project on the market, equipped with anti-pandemic solutions to prevent or act in emergency situations.
- Following the receipt of the occupancy permit in July 2022 for the sold-out first phase of **GROEN**, approx. 7,500 sqm of residential space (48 units), delivery and hand-over to the resp. buyers has been done. Also the construction works and commercialisation of phase 2 of this project are well advanced (offering another 7,600 sqm of residential space (48 units)) with a 58% (pre-)sale rate. The project consists of 5 phases for a total of 26,400 sqm of residential units.
- The continuation of the construction works of **The Bridge** in Warsaw on Plac Europejski (comprising an approx. 47,500 sqm new office tower and the renovation of an approx. 4,600 sqm existing office building).
- The continuation of the construction works of the **Kreo** project at Wadowicka Street in Krakow (9-storey office project which is to offer approx. 23,700 sqm of office space and retail functions on the ground floor and 325 parking spaces) and the **Craft** project (approx. 26,000 sqm office space with 240 underground parking lots) at Sciegiennego Street in Katowice. This project is located close to the railway station, in the immediate vicinity of commercial, residential and industrial projects.
- Further and well advanced construction of phase 1 (approx. 9,500 sqm residential

[1] Calculated as follows: equity / total assets

units) of the **Bliskie Piaseczno** project given the scheduled completion next year. The commercialisation of the project has been successful with a (pre-)sale rate of 70%. The building permit for phase 2 (approx. 6,700 sqm residential units) was obtained in October '22.

- On 31 May 2022, the Company acquired a plot of land in Warsaw for the development of the **VIBE** (previously: Towarowa) project, offering two office and commercial buildings in the Warsaw Wola District, with approx. 15,000 sqm and 40,000 sqm of office/commercial space and a car park with approx. 110 and 360 parking spaces. The building permit for Phase 1 (a 15,000 sqm office building) was obtained in September 2022 and the construction works started immediately thereafter.
- On 8 December 2022, the Company acquired 80% of **Nowa Marina Gdynia Sp. z o.o.**, owner of a plot facing Marina Yachtpark in Gdynia, for the future development of approx. 20,000 sqm of residential and commercial space together with a car park of approx. 215 parking spaces.

(Pre-)leasing and occupation of projects:

Ghelamco is aware of the challenges and/or difficulties that some of its customers may be facing as well as the current macro-economic headwinds and rising interest rates. Ghelamco is monitoring the situation closely and is confident that due to its resilient business model any impact will be reduced to the minimum. Despite the uncertain circumstances, Ghelamco was able to maintain the lease rates for the Plac Vogla retail project (+/- 5,200 sqm) at 100% and for the Prochownia Lomianki project (remaining part of the project) lease agreements for 98% were signed. Both projects were successfully sold in 2022. For the Warsaw UNIT (+/- 59,000 sqm) the lease rate is currently at approx. 85%.

Divestures

Regarding divestures, the company sold on 10 March 2022, the office, retail, service passage as well as the underground part of the Warsaw HUB project (previous called Sienna Towers) to Google Poland.

The building has a WELL Health-Safety Rating certificate and a BREEAM certificate on the Excellent level. The complex is also certified as 'Building without Barriers', confirming the full architectural accessibility and friendliness for all users of the buildings, including people with disabilities, parents with children, the elderly and people with temporary disabilities. Google has been a tenant in the complex since 2021.

The gross transaction value was agreed on the 10th of March 2022 for an amount close to EUR 583 million.

Furthermore, the Company successfully sold two of its delivered and leased retail projects:

- On 29 September 2020, already part of the Prochownia Łomianki project (shopping center of approx. 5,500 sqm) has been sold to a food retailer. The remaining retail part of 3,060 sqm has been sold end of September 2022 to a third party investor. The sale was structured as an asset deal, based on a transaction value of 5.4 MEUR.
- End of November 2022, Plac Vogla (project of +/- 5,200 sqm retail space spread over separate buildings composed into an integrated retail park) has been sold to a third party investor. The sale was structured as an asset deal, based on a transaction value of 11.6 MEUR.

Current period's revenues mainly relate to residential sales in Foksal (total (pre-)sales of 87%), Flisac (fully sold out), Groen project (phase 1 fully sold out) and the sale of the Akademik land plot and to rental income from the Warsaw HUB (till the moment of sale) and the Warsaw Unit.

Subsequent events

Redemption/Issue of Bonds:
After year-end, on 3 February 2023, a new bond tranche has been issued for an amount of 30,000 KPLN (series PZ1). These 3-year bonds mature on 3 February 2026 and bear an interest of WIBOR 6M + 5%.

On 27 February 2023, the Company issued new bonds for an amount of 30,000 KPLN (series PZ2). These bonds mature on 3 February 2026 and bear an interest of WIBOR 6M + 5%.

On 23 March 2023, the Company issued PZ3 series bonds amounting to 180,000 KPLN (2,9-year bonds maturing on 3 February 2026). The bonds have an interest rate of WIBOR 6M + 5%.

On 23 March 2023, the Company partially redeemed 700 KPLN of bonds (PPO series) maturing in October 2023 and undertook the resolution for redemption of the remaining bonds issued under PPO series for the amount of 49,300 KPLN.

On 23 March 2023, the Company partially redeemed PPR series of bonds maturing in January 2024 for the amount of 20,327 KPLN.

Sale of Investment Property:
On 23 February 2023, the Company signed an LOI with respect to the sale of the HUB hotel with an external party.

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. We refer to section II of the Consolidated Financial Statements for a detailed description of those risk factors.

The Company usually does not use financial instruments to hedge its exposure in connection to those risks.

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 2023, the Company will continue its sustained growth ambition. In addition, it will closely monitor specific evolutions in its active markets and real estate segments.

With respect to the Ukrainian armed conflict, management will further closely monitor and track the impact the political and economic situation might have on the Polish operations.

In the opinion of the Company's management, the armed conflict in Ukraine is not a circumstance that could result in a significant deterioration of the Company's financial situation and adversely affect the assumption that its business will continue in the foreseeable future.

Management has considered the unique circumstances and the risk exposures of the Company and has concluded that there is no significant impact in the Company’s profitability position. The event is not expected to have an immediate material impact on the business operations.

Management will closely monitor and track the impact of the political and economic situation in Ukraine on its operations, including its future financial condition and results, and will make efforts to mitigate any potential negative effects on the Company, its personnel and operations.

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

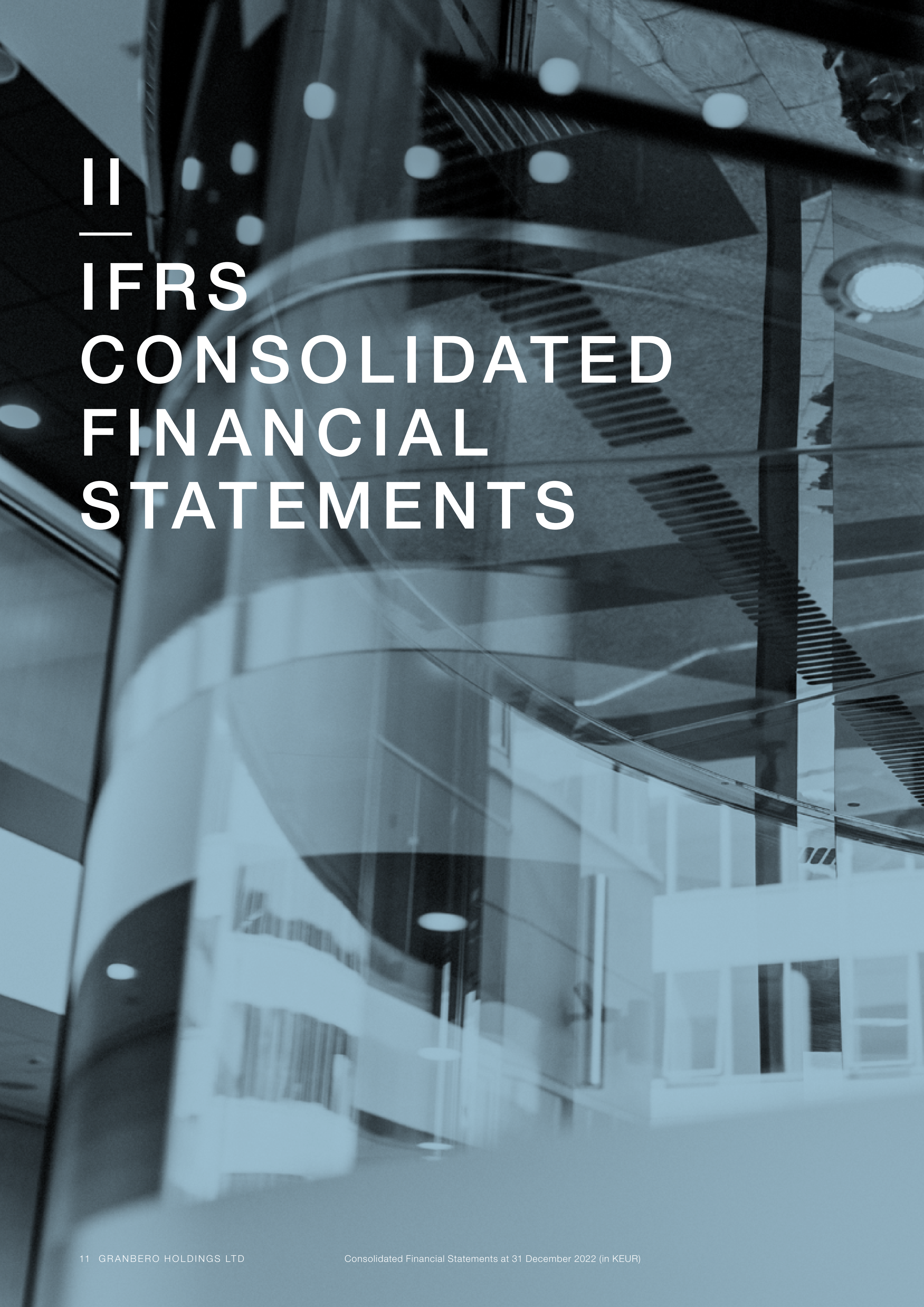
7. NOTICE TO THE READER

This document presents the IFRS Consolidated Financial Statements for the year ended on 31 December 2022, assuming the going concern of the consolidated companies.

As per today, the Company's core business is the development of and 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 7 in Section II for more details on their presentation.



II

IFRS CONSOLIDATED FINANCIAL STATEMENTS

This document presents the IFRS Consolidated Financial Statements for the year ended on 31 December 2022, assuming the going concern of the consolidated companies and which were approved by the Company's Management on 28 March 2023. 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**	**31/12/2022**	**31/12/2021**
Non-current assets			
Investment Property	6	786,200	667,087
Property, plant and equipment		2,778	198
Receivables and prepayments	9	597,060	438,791
Deferred tax assets	17	2,478	3,619
Other financial assets		-84	198
Total non-current assets		**1,388,432**	**1,109,893**
Current assets			
Property Development Inventories	7	100,553	95,199
Trade and other receivables	9	204,439	183,930
Current tax assets		0	5
Assets classified as held for sale	6	4,300	541,443
Cash and cash equivalents	11	19,402	72,024
Total current assets		**328,694**	**892,601**
TOTAL ASSETS		**1,717,126**	**2,002,494**

Capital and reserves attributable to the Group's equity holders	**Note**	**31/12/2022**	**31/12/2021**
Share capital	12	67	67
Share premiums	12	495,903	495,903
Currency Translation Adjustment	13	15,526	13,155
Retained earnings	13	571,598	531,321
		1,083,094	**1,040,446**
Non-controlling interests	12.2	1,909	2,107
TOTAL EQUITY		**1,085,003**	**1,042,553**
Non-current liabilities			
Interest-bearing loans and borrowings	14	421,962	404,886
Deferred tax liabilities	17	53,662	93,381
Other liabilities	18	2,999	7,995
Total non-current liabilities		**478,623**	**506,262**
Current liabilities			
Trade and other payables		68,385	47,208
Current tax liabilities	19	1,130	2,627
Interest-bearing loans and borrowings	20	83,985	403,844
	14		
TOTAL CURRENT LIABILITIES		**153,500**	**453,679**
TOTAL LIABILITIES		**632,123**	**959,941**
TOTAL EQUITY AND LIABILITIES		**1,717,126**	**2,002,494**

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	Note	31/12/2022	31/12/2021
Revenue	21	52,221	71,576
Other operating income	22	33,538	9,993
Cost of Property Development Inventories	23	-17,170	-33,640
Employee benefit expense		-1,354	-1,308
Depreciation amortisation and impairment charges		-58	-48
Gains from revaluation of Investment Property	6	48,947	155,749
Other operating expense	22	-49,277	-29,411
Share of results in equity accounted investees (net of tax)		-25	-4
Operating profit, incl. Share of profit in equity accounted investees, net of tax - result		**66,822**	**172,907**
Finance income	24	19,600	17,347
Finance costs	24	-38,991	-32,947
Profit before income tax		**47,431**	**157,307**
Income tax expense/income	25	-8,004	-34,302
Profit for the year		**39,427**	**123,005**
Attributable to:			
Owners of the Company		40,764	123,025
Non-controlling interests		-1,337	-20

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	31/12/2022	31/12/2021
Profit for the year	**39,427**	**123,005**
Exchange differences on translating foreign operations	2,371	-694
Other	0	0
Items that are or may be reclassified subsequently to profit or loss	**2,371**	**-694**
Total Comprehensive income for the year	**41,798**	**122,311**
Attributable to:		
Owners of the Company	43,135	122,331
Non-controlling interests	-1,337	-20

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C. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Note	Attributable to the owners of the Company			Non-controlling interests	TOTAL EQUITY
		Share capital + share premium	Cumulative translation reserve	Retained earnings		
Balance at 1 January 2021		**495,970**	**13,849**	**408,294**	**2,127**	**920,240**
Currency Translation Adjustment (CTA)			-694			**-694**
Profit/(loss) for the year				123,025	-20	**123,005**
Dividend distribution						**0**
Change in non-controlling interests						**0**
Change in the consolidation scope						**0**
Other				2		**2**
Balance at 31 December 2021		**495,970**	**13,155**	**531,321**	**2,107**	**1,042,553**
Currency Translation Adjustment (CTA)	13		2,371			**2,371**
Profit/(loss) for the year	13			40,764	-1,337	**39,427**
Dividend distribution						
Change in non-controlling interests	12.2					
Change in the consolidation scope	13			-481	1,132	**651**
Other				-6	7	**1**
Balance at 31 December 2022		**495,970**	**15,526**	**571,598**	**1,909**	**1,085,003**

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D. CONSOLIDATED CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT FOR 2022 AND 2021	Note	31/12/2022	31/12/2021
Operating Activities			
Profit / (Loss) before income tax		**47,431**	**157,307**
Adjustments for:			
• Change in fair value of investment property	6	-48,947	-155,749
• Depreciation, amortization and impairment charges		58	48
• Result on disposal investment property	22	-23,934	387
• Net interest charge	24	-116	7,322
• Movements in working capital:			
- Change in prop. dev. inventories		-8,702	23,397
- Change in trade & other receivables		-6,144	12,154
- Change in trade & other payables		1,992	16,967
•Movement in other non-current liabilities	18	-4,996	248
•Other non-cash items		308	81
Income tax paid		-48,074	-1,829
Interest paid	24	-16,604	-21,800
Net cash from / (used in) operating activities		**-107,728**	**38,533**
Investing Activities			
Interest received	24	4,438	4,106
Purchase/disposal of property, plant & equipment		-2,638	-19
Purchase of investment property	6	-81,797	-77,836
Capitalized interest in investment property (paid)	6	-14,097	-7,556
Proceeds from disposal of investment property / assets held for sale	6	589,971	55,656
Net cash outflow on acquisition of subsidiaries		-157	
Cash in-/outflow on other non-current financial assets		-157,987	-73,442
Net cash flow used from / (used in) in investing activities		**337,733**	**-99,091**
Financing Activities			
Proceeds from borrowings	14	111,326	223,425
Repayment of borrowings	14	-393,364	-126,895
Net cash inflow from / (used in) financing activities		**-282,038**	**96,530**
Net increase/ (decrease) in cash and cash equivalents		**-52,033**	**35,972**
Cash and cash equivalents at 1 January of the year		**72,024**	**39,163**
Other effects of exch. Rate changes in non-EUR countries		-589	-3,111
Cash and cash equivalents at 31 December of the year		**19,402**	**72,024**

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E. SEGMENT INFORMATION

As the vast majority of the assets (and resulting income) of the Company is geographically located in Poland, and Management has a regional approach in decision making, Management does not receive information disaggregated at a lower level than Granbero Holdings 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” and Note 5 “Group structure” of these consolidated 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 7 for more details on their presentation.

These financial statements are IFRS consolidated financial statements that include the resources and activities of Granbero Holdings Ltd and its legal subsidiaries that are part of the Ghelamco Investment Group at 31 December 2022.

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 publication by Management on 28 March 2023. 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 2022. The Company has adopted all new and revised standards and interpretations relevant which became applicable for the financial year starting 1 January 2022.

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 2022

Standards and Interpretations that the Company anticipatively applied in 2021 and 2022:
- None

Standards and Interpretations that became effective in 2022:

- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (applicable for annual periods beginning on or after 1 January 2022)
- 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)
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (applicable for annual periods beginning on or after 1 January 2022)
- Annual Improvements to IFRS Standards 2018–2020 (applicable for annual periods beginning on or after 1 January 2022)

The first time adoption of the aforementioned standards and interpretations did not have a significant impact on the financial statements as of 31 December 2022.

Standards and Interpretations which became effective in 2022 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:

- IFRS 17 Insurance Contracts, including amendments to Initial application of IFRS 17 and IFRS 9 – Comparative Information (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (applicable for annual periods beginning on or after 1 January 2024)
- Amendments to IAS 1 Presentation of Financial Statements: Non-current liabilities with Covenants (applicable for annual periods beginning on or after 1 January 2024).

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 2023.

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 intra-group transactions and are eliminated in full.

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

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

1.5.2. ACQUISITION OF SUBSIDIARIES

Although the 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 2022 and 2021, 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 2022 and 2021 business of the Company consists of developing commercial and residential real estate projects. Commercial properties are held for rental and/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 Statement of profit or loss 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 2022

No SPVs were sold in 2022.

Comments 2021

On 23 April 2021, the Woloska 24 project (23,250 sqm office space located in Warsaw's Mokotow District) was sold to ZFP Investments, a Czech institutional investor. The sale was completed through a share deal based on an underlying value of the property of 60.5 MEUR. The transaction has been presented in the financial statements as a disposal of IP.

In 2021, no residential SPVs were sold, in line with the general approach to sell residential projects through asset deals.

1.5.4. INCREASE IN OWNERSHIP INTERESTS IN SUBSIDIARIES

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 sheet currency rate. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are included in the income statement as a financial result.

Foreign entities

For the purpose of the IFRS consolidated financial statements, the results and financial position of each entity are 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.

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

		2022		2021
	Closing rate at 31 December	Average rate for 12 months	Closing rate at 31 December	Average rate for 12 months
Polish Zloty (PLN)	4.6899	4.6876	4.5994	4.5670
United States Dollar (USD)	1.0666	1.0530	1.1326	1.1827

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 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 on a pro rata temporis basis. The depreciable amount is the acquisition cost.

The applicable useful lives are:
Property, plant and equipment:

- Buildings: 20 to 40 years
- PV solar plants: 25 to 30 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.

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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 remeasurements of the lease lability.

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

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

To determine the incremental borrowing rate, the Group:

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

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

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 land and 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 (UC)) 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 the 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. The subsequent reclassification of investment property is based on an actual change in use rather than on changes in an entity's intentions. Where management has the intention to dispose of the property, it continues to be classified as investment property until the time of disposal unless it is classified as held-for-sale.

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 expenses).

The Company distinguishes four 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/or 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 received its exploitation permit.

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 (capitalized interest expenses included)

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.

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, and 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 a 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.

The most recent review indicated that the overall net realizable value of the Property Development Inventory of the Company exceeded its carrying amount measured on a historical cost basis (Note 7). For that, no write-downs have been recognized in the 2022 IFRS consolidated financial statements. The same goes for 2021.

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

The perpetual usufructs held by the Company are recognized in accordance with IFRS 16 “Leases”. In this respect, further reference is made to note 16.

1.12. TRADE AND OTHER RECEIVABLES

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

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

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

As the Company has opted for the simplified approach, loss allowances for trade receivables and contract 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 cash flow, 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, it 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 affects neither accounting nor taxable profit, temporary differences relating to the 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 17).

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 local laws and legislation, revenue from off-plan apartment sales is deferred (i.e. deferred income) till the recognition at delivery; i.e. revenue recognized at a point in time.

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 over the property, for an amount to which the Company expects to be entitled in exchange for the transfer of the property.

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

When an Investment Property project is disposed, the result on disposal is determined based on the difference between the sales value per date of disposal and the carrying/fair value per books at year-end of the previous accounting year.
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 risks including interest rate risk, price risk, credit risk and liquidity risk. Financial risks relate to the following financial instruments: trade receivables and other, cash and cash equivalents, trade and other payables and borrowings. The Company may use derivative financial instruments on an ad hoc basis to hedge against the exposures arising from the individual transactions significant to the Company as a whole.

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

2.1.1 FOREIGN EXCHANGE RISK

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

The Company concludes main part of financing, engineering, architectural and construction contracts in Euro and in PLN. Leasing of the properties is Euro based and eventual later disposal of assets or shares is usually expressed or negotiated in Euro.

In the above respect, the Company has over the past years issued significant amounts of Polish bearer bonds (with an outstanding amount of 1,045 MPLN as of 31 December 2022). The Polish Zloty risk is by consequence mainly related to the mentioned PLN bond issues, some local contracts and the sale of residential projects.

The Company mitigates its currency risk exposure by matching incoming and outgoing flows per currency as much as possible.

As stated, main net foreign currency position which the Company holds at the reporting date relates to the Polish bearer bonds in PLN for a (net) amount of 1,023.3 MPLN. A 10% strengthening/weakening of the EUR against the PLN rate at 31 December 2022 would resp. have increased/decreased the EBT by approx. 22.0 MEUR. This analysis assumes that all other variables (e.g. interest rates) remain constant.

In addition, trade payables in PLN are outstanding for an amount of 195.8 MPLN. A 10% strengthening/weakening of the EUR against the PLN rate at 31 December 2022 would resp. have increased/decreased the equity by approx. 4.2 MEUR. This analysis assumes that all other variables (e.g. interest rates) remain constant.

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

2.1.2. INTEREST RATE RISK

The Company actively uses external and related party borrowings to finance its property development projects. A property project's external financing is usually in the form of a bank loan denominated in Euro or PLN (see Note 14). Since Ghelamco Invest Sp. z o.o. is issuing bearer bonds (of which 1,045 MPLN outstanding per balance sheet date), Polish projects can also be partly financed through the proceeds of these bonds.

Except for some ad-hoc interest hedging in the past, the Company did not enter into significant external interest rate hedging transactions to eliminate exposure arising from the long-term investment loans over the last 5 years. The Company's management closely monitors the short-term floating rate borrowings and medium term fixed interest rates.

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

- Land acquisition loans (usually provided for a term of two years). The interest is payable at market floating rates (from 1 up to 6 months) increased by a margin.
- Construction loans provided until completion of construction and obtaining of the exploitation permit (usually for a term of about two years). The interest is payable at market floating rates (from 1 up to 6 months) increased by a margin. The land acquisition loan is at this stage integrated in the development loan.
- Once the property is completed, leased and meets all ongoing covenants, the development loan can be turned into an investment loan usually provided for a period of five years beginning from the signing of the investment loan agreement and repayable upon sale or refinancing of the property. The banks are usually willing to increase development loans up to an amount that reflects 65% to 75% of the property's market value, once all ongoing covenants are met. 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), payable on a quarterly, half-yearly or yearly base together with the accrued interest.
- For the Polish projects: 1,045 MPLN proceeds from bond issues with a term of 3.5 to 5 years and bearing an interest of Wibor 6 months + 4.3%-5.0% or a fixed interest at 5.5%-6.1%; proceeds of which can be used over the resp. project development stages.

The Company actively uses intra-group borrowings provided by the Ghelamco Group Financing Vehicles acting as financial intermediaries (mainly Milovat and GH Financial Services Sp. z o.o. at 31 December 2022) to finance the property development projects in Poland. These related party (EUR) loans bear interest at market floating interest rates.

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 projects 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 28.2).

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 Ghelamco Group'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 Ghelamco Group 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 Ghelamco Group. This avoids cost overruns and delivery delays.
The Company also maintains full control over the building site coordination of (sub) contractors through its team of site managers.

Engineering risk

The Company has to remain in control for the design, layout and structural or finishing elements of the building. Any change in engineering automatically leads to cost increases or decreases.

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 bearer bonds (1,045 MPLN total outstanding as of 31 December 2022, see infra).

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 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 from 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 reputable 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 in 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 9.

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 14.1 where the available financing is described.

The Company continuously monitors a wide range of measures to manage its short term cashflow needs such as:

- New external financing
- Refinancing options of existing loans (reference is made to note 14 describing the existing framework with banks in this context) and bonds
- Shareholders' contributions
- Intragroup cash downstreaming
- Accelerate sales process of assets
- Launch of new residential constructions projects depending on minimum pre-sale targets
- Working capital management

Management is confident that it has sufficient options available to meet its short term financial obligations.

2.1.6 ECONOMIC RISK

The Company's projects are operated through subsidiaries located and operated in Poland, held through a Cypriot holding structure. As a result, the operation of these projects and the upstreaming of related revenues are subject to certain inherent risks to these countries which may include, but are not limited to unfavourable political, regulatory and tax conditions.

2.2. CAPITAL RISK AND BALANCE SHEET STRUCTURE MANAGEMENT

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

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 international 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.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

This legal entity 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 based on the solvency ratio. This ratio is calculated as total equity divided by the balance sheet total. The solvency ratios at 31 December 2022 and 2021 were as follows:

	2022	2021
Equity	1,085,003	1,042,553
Total assets	1,717,126	2,002,494
Solvency ratio	**63.2%**	**52.1%**

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

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

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

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

Write-down of inventory

The risk of impairment arises from uncertainties typical to the real estate development industry. The net realizable value is supported by feasibility studies based on the expected development scenario or recent sales transactions.

No write-downs to net realizable value have been recognized on inventory items in 2022 and 2021.

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 into account the impact of changes in the tax laws and the probability of recovery.

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

- Poland: 19% (9% for companies whose income did not exceed 2 MEUR)
- Cyprus: 12.5%

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 business plan that includes different ongoing projects. We refer to note 17.

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.

In conformity with IFRS 9 and to the extent applicable, all 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

Granbero Holdings Ltd. Subsidiaries and equity accounted investees included in these IFRS consolidated financial statements are as follows:

Entity description	Country	31/12/2022 % voting rights	31/12/2021 % voting rights	Remarks
GRANBERO HOLDINGS Ltd.				
Apollo Invest Sp. z o.o	PL	100	100	
Prima Bud Sp. z o.o.	PL	70	70	
Ghelamco Invest Sp. z o.o	PL	100	100	
Ghelamco GP 1 Sp z o.o	PL	100	100	
Groen Konstancin I sp. z o.o. (former Ghelamco GP 1 Sp. z.o.o. Konstancin SKA)	PL	100	100	
Ghelamco Port Żerński sp. z o.o. (former Ghelamco GP 1 Sp. z.o.o. Port Żerański SKA)	PL	100	100	
Tilia BIS Sp. z o.o (former Ghelamco GP 1 SP. z.o.o. Tilia SKA)	PL	100	100	
Innovation Bud Bis Sp. z o.o. (former Innovation SKA)	PL	100	100	
Sobieski Towers Sp. z o.o. (formerly Ghelamco GP 9 Sp. z.o.o. Sobieski Towers Sp.k.)	PL	100	100	
Ghelamco Market sp. z o. o. (former Ollay Sp. z.o.o. Market SKA)	PL	100	100	
Erato Sp. z.o.o. (former Ghelamco GP 1 Sp. z.o.o. Erato SKA)	PL	100	100	
Ghelamco Bliskie Piaseczno sp. z o. o. (former Oaken Sp.z.o.o. Pattina SKA)	PL	100	100	
Ghelamco Plac Grzybowski sp. z o.o. (former Ghelamco GP 1 Sp. z.o.o. Unique SKA)	PL	70	70	
Ghelamco PIB Brzeście sp. z o. o. (former Octon Sp.z.o.o. PIB SKA)	PL	100	100	
Ghelamco Plac Vogla sp. z o.o. (former Ghelamco 1 Sp. z.o.o. Vogla SKA)	PL	100	100	
Ghelamco GP 5 Sp. z o.o. (former Fusion Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 11 Sp. z.o.o. the HUB SKA (former Ghelamco GP 5 Sp. z.o.o. Sienna Towers SKA)	PL	100	100	
Ghelamco SBP sp. z o.o. (former Ghelamco GP 4 Sp. z.o.o. SBP SKA)	PL	100	100	
Ghelamco Foksal sp. z o.o. (former Ghelamco GP 5 Sp. z.o.o. Foksal SKA)	PL	100	100	
Ghelamco GP 3 Sp. z o.o. (former Belle Invest Sp. z o.o)	PL	100	100	
Ghelamco Poland Holding Sp. z o.o (former Ghelamco GP 7 Sp. z o.o.)	PL	100	100	4.3
Ghelamco Postępu sp. z o.o. (former Ghelamco GP 7 Sp. z.o.o. Postepu SKA)	PL	100	100	
Ghelamco GP 2 Sp z o.o	PL	100	100	
Ghelamco GP 4 Sp. z o.o. (former Betula Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 2 Sp. z.o.o. M12 SKA	PL	0	100	4.3
Ghelamco GP 6 Sp. z o.o. (former Opportunity Invest Sp. z o.o)	PL	100	100	
Ghelamco HQ sp. z o.o. (former Ghelamco GP 6 Sp. z.o.o. HQ SKA)	PL	100	100	
Ghelamco The Bridge sp. z o.o.(former Ghelamco GP 9 Sp. z.o.o. Isola SKA)	PL	100	100	
Ghelamco GP 8 Sp.z o.o.	PL	0	100	4.3
Ghelamco Wronia sp. z o.o. (former Ghelamco GP 2 Sp. z.o.o. Sigma SKA)	PL	100	100	
Ghelamco Garden Station Sp.z o.o.	PL	99	99	
Creditero Holdings Ltd.	CY	100	100	
Ghelamco Gdanska PI Sp. z o.o.	PL	100	100	
Ghelamco GP 10 SP. Z o.o. (former Chopin Project sp. z o.o.)	PL	100	100	
Ghelamco Craft sp. z o.o. (former Ghelamco GP 2 Sp. z.o.o. Synergy SKA)	PL	100	100	
Ghelamco GP 5 Sp. z.o.o. Canna SKA	PL	0	100	4.3
Ghelamco NCŁ sp. z o.o. (former Ghelamco GP 10 Sp. z.o.o. Azira SKA)	PL	100	100	
Laboka Holdings Ltd	CY	0	100	4.3
Esperola Ltd	CY	100	100	
Woronicza Sp. z.o.o.	PL	0	100	4.3
Milovat Ltd	CY	100	100	
P22 Lódz Sp. z.o.o.	PL	50	50	*
Ghelamco Towarowa sp. z o.o. (former Ghelamco GP 1 Sp. z.o.o. Azalia SKA)	PL	70	70	
Estima Sp. z.o.o.	PL	70	70	
GH Financial Services Poland sp.z o.o (former Laboka Poland Sp. z.o.o.)	PL	100	100	4.3
Kemberton Sp. z.o.o.	PL	100	100	
Abisal Sp. z o.o.	PL	51	51	
Ghelamco Arifa Sp. z o.o.	PL	100	100	
Pianissima Sp. z o.o.	PL	70	70	
Qanta Sp. z o.o.	PL	100	100	
Ghelamco GP 9 Sp. z o.o.	PL	100	100	
Ghelamco PL 17 Sp. z o.o.	PL	100	100	
Nowa Marina Gdynia Sp. z o.o.	PL	80	0	4.1

(*) Held in a 50/50 joint venture structure and for that included in the financial statements under the equity method

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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 (except for the Holding, sub-holding(s) and Financing Vehicle) are such special purpose real estate entities created to structure real estate transactions (acquisition of land and real estate development 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 2022 is presented below. The acquisitions and disposals of real estate subsidiaries are treated in accordance with the accounting policy as described in section 1.5.2 and 1.5.3.

4.1. ACQUISITIONS AND INCORPORATIONS OF SUBSIDIARIES

On 8 December 2022, 80% of the shares of Nowa Marina Gdynia S.A. have been acquired in a JV agreement for an amount of 39.6M PLN. The purchase price was based on its land plot for a value of 61M PLN.

4.2. DISPOSAL OF SUBSIDIARIES

No disposal of subsidiaries took place in 2022.

4.3. MERGERS, DE-MERGERS AND LIQUIDATIONS OF SUBSIDIARIES

In the course of 2022, Ghelamco GP2 Sp. z o.o. M12 S.K.A, Ghelamco GP8 Sp. z o.o and Ghelamco GP5 Sp. z o.o. Canna S.K.A have been merged into GH Financial Services Poland sp.z o.o. (former Laboka Poland Sp. z o.o.).
In addition, Laboka Holding Ltd has been merged into Ghelamco Poland Holding Sp. z o.o. (former Ghelamco GP 7 Sp. z o.o.).
As a result of these mergers, the involved SPVs have been liquidated and their rights and obligations have to the extent applicable been transferred to the merged entities.

Woronicza Sp. z o.o. has been liquidated on 1 August 2022.

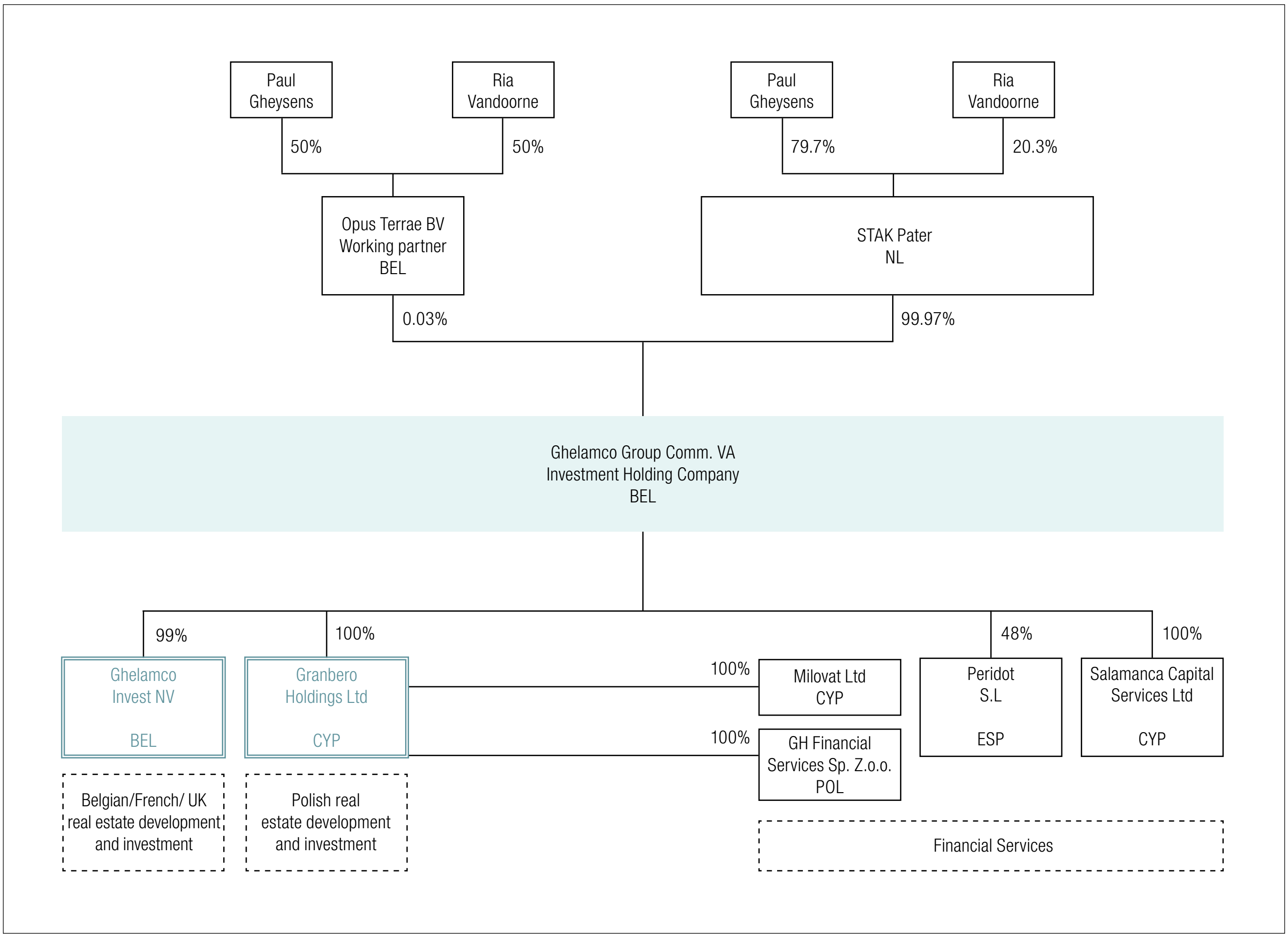
Above merger (and liquidation) operations have had limited to no impact on the Company's 2022 consolidated financial statements.

4.4. TRANSFER OF SUBSIDIARIES

During 2022, no (share) transactions with related parties took place.

5. GROUP STRUCTURE

5.1. INVESTMENT HOLDING AS PER 31 DECEMBER 2022



5.2. POLISH REAL ESTATE DEVELOPMENT AND INVESTMENT AS PER 31 DECEMBER 2022

GRANBERO HOLDINGS LTD
CYP

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

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

100% Ghelamco Market Sp. z.o.o. - POL

100% Ghelamco Bliskie Piaseczno Sp.z.o.o. - POL

100% Creditero Holdings - CYP
100% Esperola Ltd - CYP
100% P22 Lódz Sp. z.o.o. - POL
100% Ghelamco GP 5 Sp. z.o.o. - POL
100% Ghelamco GP 4 Sp. z.o.o. - POL
100% Ghelamco GP 2 Sp. z.o.o. - POL
100% Ghelamco GP 6 Sp. z.o.o. - POL
100% Ghelamco GP 11 Sp. z.o.o. - POL
100% Orston Sp. z.o.o. - POL
100% Ilderim Sp. z.o.o. - POL

P22 Lódz Sp. z.o.o. Sp.k. - POL

100% Ghelamco PIB Brzesie Sp. z.o.o. - POL

100% Nowe Soho 1 Sp. z.o.o. - POL
100% Nowe Soho 2 Sp. z.o.o. - POL
100% Nowe Soho 3 Sp. z.o.o. - POL

51% Abisal Sp. z.o.o. - POL

100% M6 Sp. z.o.o. - POL
98% Land S.A.- POL

100% Ghelamco Poland Holding Sp. z.o.o. - POL

100% Ghelamco GP 3 Sp. z.o.o. - POL
100% Ghelamco GP 10 Sp. z.o.o. - POL
100% Ghelamco GP 9 Sp. z.o.o. - POL
100% Ghelamco Port Zernski Sp. z.o.o. - POL
70% Ghelamco Towarowa Sp. z.o.o. - POL
98% Ghelamco Beta Sp. z.o.o. - POL
100% Ghelamco Plac Vogla Sp. z.o.o. - POL
100% Ghelamco NCL Sp. z.o.o. - POL
100% Tilia Bis Sp. z.o.o. - POL
100% Ghelamco The Bridge Sp. z.o.o. - POL
100% Ghelamco SBP Sp. z.o.o. - POL
100% Ghelamco Postepu Sp. z.o.o. - POL
100% Ghelamco Craft Sp. z.o.o. - POL
100% Ghelamco Zafina Sp. z.o.o. - POL
99% Ghelamco Epona Sp. z.o.o. - POL
70% Ghelamco Plac Grzybowski Sp. z.o.o. - POL
100% Groen Konstancin I Sp. z.o.o. - POL
70% Groen Konstancin II Sp. z.o.o. - POL
100% Ghelamco Foksal Sp. z.o.o. - POL
100% Ghelamco Wronia Sp. z.o.o. - POL
100% Ghelamco Eurema Sp. z.o.o. - POL
99% Ghelamco HQ Sp. z.o.o. - POL
100% Ghelamco GP 11 Sp. z.o.o. the HUB S.K.A. - POL
70% Estima Sp. z.o.o. - POL
100% Ghelamco Arifa Sp. z.o.o. - POL
100% Sobieski Towers Sp. z.o.o. - POL
100% Ghelamco PL 17 spzoo w organizacji
100% Ghelamco PL 18 spzoo w organizacji
100% Ghelamco PL 19 spzoo w organizacji
100% Kemberton Sp. z.o.o. - POL
100% GH Financial Services Poland Sp. z.o.o. - POL
100% NCL Hotel Sp. z.o.o. - POL
80% Nowa Marina Gdynia Sp. z.o.o. - POL
100% Qanta Sp. z.o.o. - POL

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

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

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 held, 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 2022 and 31 December 2021.

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

A. Land without pre-permit approval, held for capital appreciation or undetermined use (fair value usually based on comparative method);
B. Land with pre-permit 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).

SPV	Commercial Name	Valuation	Cat	31/12/2022 KEUR	31/12/2021 KEUR
POLAND					
Apollo Invest Sp.z.o.o.	The Warsaw UNIT	JLL	D	294,300	284,100
Ghelamco GP 11 Sp. z o.o. The HUB SKA	The Warsaw HUB Hotel	KNF	D	74,840	67,947
Sobieski Towers sp. z o.o.	Sobieski Tower	Axi Immo	B	55,567	37,251
Ghelamco Market sp. z o. o.	Mszczonow Logistics	Man	A	2,758	2,773
Ghelamco SBP sp. z o.o.	Synergy Business Park Wroclaw	JLL	B	23,756	24,112
Ghelamco The Bridge sp. z o.o.	The Bridge (former Bellona Tower)	BNP	C	79,034	62,033
Ghelamco Wronia sp. z o.o.	Wola project (former Chopin + Stixx)	Savills	B	55,478	51,098
Ghelamco Plac Vogla sp. z o.o.	Plac Vogla	n/a	n/a	0	16,800
Ghelamco Craft sp. z o.o.	Craft (Katowice)	Newmark	C	28,115	15,283
Estima Sp. z o.o.	Kreo (Kraków)	BNP	C	29,541	18,196
Prima Bud sp. z o. o.	Prochownia Lomianki	n/a	n/a	0	4,633
Abisal Spzoo	Land	Newmark	A	26,400	26,000
Ghelamco Plac Grzybowski sp. z o.o.	Plac Grzybowski	KNF	B	43,640	38,789
Ghelamco Towarowa sp. z o.o.	VIBE	BNP	C	56,722	
Right of use asset		Man	n/a	16,049	18,072
TOTAL				**786,200**	**667,087**

Legend: KNF = Knight Frank, JLL = Jones Lang Lasalle, BNP = BNP Paribas real estate, Savills = Savills, Axi Immo = Axi Immo, Man = Management valuation, Newmark = Newmark Polska

Balance at 31 December 2020	**1,061,655**
Acquisition of properties	
Subsequent expenditure	81,534
Transfers	
• Assets classified as held for sale	-541,443
• Other transfers	-36,772
Adjustment to fair value through P/L	155,749
Disposals	-56,080
Effect of movements in exchange rates	2,892
other	-448
Balance at 31 December 2021	**667,087**
Acquisition of properties	19,293
Subsequent expenditure	75,944
Transfers	
• Assets classified as held for sale	-4,300
• Other transfers	5,602
Adjustment to fair value through P/L	48,947
Disposals	-17,209
Effect of movements in exchange rates	-7,142
other	-2,022
Balance at 31 December 2022	**786,200**

Categories	A	B	C	D	Total
Balance at 1 January 2021	**72,070**	**147,942**	**745,363**	**76,303**	**1,041,678**
Acquisition of properties					0
Acquisition through business combinations					0
Subsequent expenditure (*)	16,977	4,164	34,996	29,746	85,883
Transfers					0
• Assets classified as held for sale				-541,443	-541,443
• Other transfers		-8,599	-736,065	707,892	-36,772
Adjustment to fair value	840	5,108	10,493	139,308	155,749
Disposals				-56,080	-56,080
Other					0
Balance at 31 December 2021	**89,887**	**148,615**	**54,787**	**355,726**	**649,015**
Right of use asset					**18,072**
					667,087
Acquisition of properties			19,293		19,293
Acquisition through business combinations					0
Subsequent expenditure (*)	-469	7,391	34,167	27,714	68,803
Transfers					
• Assets classified as held for sale				-4,300	-4,300
• Other transfers	-62,033		67,635		5,602
Adjustment to fair value	854	19,800	19,879	8,414	48,947
Disposals				-17,209	-17,209
Other					
Balance at 31 December 2022	**28,239**	**175,806**	**195,761**	**370,345**	**770,151**
Right of use asset					**16,049**
					786,200

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

On 31 May 2022, the Company acquired a plot of land in Warsaw, for the development of the VIBE project, offering two office and commercial buildings in the Warsaw Wola District with approx 15,000 sqm and 40,000 sqm of office/commercial space and a car park.

Main expenditures of the year have been incurred on the Bridge, Craft, Kreo and the Warsaw Unit.

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The disposals are related to the sale of the (remaining part of) Prochownia Lomianki project (3,060 sqm retail space) which has been sold end of September 2022 to a third party investor. The sale was structured as an asset deal, based on a transaction value of 5.4 MEUR and Plac Vogla (project of +/- 5,200 sqm retail space spread over separate buildings composed into an integrated retail park) has also been sold to a third party investor. The sale was structured as an asset deal, based on a transaction value of 11.6 MEUR. The remaining part of the Vogla project (4,300 KEUR) has been transferred from Investment Property to Assets classified as held for sale.

The other transfers are connected with the progress in the development process of the VIBE project which has been transferred from Property Development Inventories to Investment Property in view of the decision to sell the full commercial project as soon as it is finalized.

For the right of use balance in connection with the adoption of IFRS 16, reference is made to note 16.

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

KEUR	2022	2021
Rental Income	22,466	27,302

The rental income for 2022 relates to the rent from commercial projects (mainly The Warsaw HUB till the moment of sale in March 2022 and the Warsaw UNIT). The decrease of 4.8 MEUR compared to last year is connected with the sale of the HUB's 2 office towers and part of the retail to Google.

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 (UC)), 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 of 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 could be appropriate.

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

SIGNIFICANT ASSUMPTIONS

The average yields (or capitalization rates) used in the expert valuation reports on 31 December 2022 are as follows:

- 4.70% to 8.25% for Polish projects, depending on the location, specifics and nature of the project (vs. 4.00% to 8.00% last year).

To arrive at the relevant capitalization rates (yields) the valuers have considered the most recent investment transactions in the commercial property segment in Warsaw and locations where the Company is present, as well as the expectations of investors present in the Polish and international markets.

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

- 14.5 EUR/sqm/month to 25.5 EUR/sqm/month for office space (vs. 12.5 EUR to 23.0 EUR/sqm/month last year);
- 13.5 EUR/sqm/month to 24 EUR/sqm/month for retail space (vs. 8.0 EUR to 55.0 EUR/sqm/month last year), depending on the location, specifics and nature of the project; and
- 19.75 EUR/sqm/month for hotel space (vs. 13.00 EUR to 19.0 EUR/sqm/month last year).

The above market rents for the resp. projects are determined by the valuers based on their review of recently signed lease agreements for comparable projects in the same market. For the office projects in Warsaw, it concerns modern office buildings with retail part recently leased to domestic and international tenants on long-term leases. 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.

Other main considered assumptions and parameters 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). Average rent-free period on the Warsaw office market is currently 7 months (for 5-year lease agreements).

SENSITIVITY ANALYSIS

On 31 December 2022, the Company has a number of income producing investment property in portfolio which are valued at 369,140 KEUR (The Warsaw HUB hotel part and The Warsaw UNIT). An increase/decrease of 100 basis points in the yield, with all other variables held constant, decreases/increases the IP value by approx. 60,056 KEUR. The impact of the yield sensitivity on the value of the investment property is mainly driven by the delivery and operations of both projects.

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 DEVELOPMENT INVENTORY

The Property Development Inventories amount to 100,553 KEUR on 31 December 2022 (vs 95,199 KEUR as per 31 December 2021).

	Carrying value (at cost) at 31 December 2022 - KEUR	Carrying value (at cost) at 31 December 2021 - KEUR
POLISH PROJECTS		
Nowe Centrum Łodzi (former Azira)	29,281	26,924
Bliskie Piaseczno	13,419	5,454
Nowa Marina Gdynia	13,007	-
Postepu	12,851	11,453
GROEN/Konstancin	7,164	10,846
Port Zeranski	4,160	4,085
P.I.B.	3,267	3,337
Foksal 13/15	3,219	11,220
Erato	1,474	1,477
Isola - residential part	1,443	1,474
Garden Station	1,380	1,367
Pianissima	910	-
Innovation Bud Bis	21	21
Flisac	-	2,640
VIBE (Kemberton)	-	5,203
Abisal	-	2,593
VIBE (Towarowa)	-	400
Other	76	78
Right of use asset	8,881	6,627
TOTAL POLAND	**100,553**	**95,199**

The property development inventories increased by 5,354 KEUR compared to prior year. The main movements were related to:

- The Bliskie Piaseczno balance (+7,965 KEUR) in connection with the further and well advanced construction of phase 1 for 9,500 sqm;
- The Nowa Marina project (+13,007 KEUR) in connection with the acquisition end of December 2022;
- The transfer of the entities related to the VIBE project (-5,603 KEUR) from Property Development Inventory to Investment Property given the fact that the building permit is obtained for this office/commercial project;
- The Foksal project (-8,001 KEUR) related to the further delivery of the sold residential units.

The remaining movement is explained by development activities on several ongoing other projects. Reference is also made to note 6 and 16 for the updated Right of use balance (8,881 KEUR per 31 December 2022) in accordance with IFRS 16. The increase in the balance is a result of the acquisition of the Nowa Marina project.

The carrying value of inventories has been supported by feasibility studies based on the expected development scenario or recent sales transactions.

Further reference is also made to section 3.

8. EQUITY ACCOUNTED INVESTEES

Equity accounted investees amount to 0.1 KEUR and relate to the (50%) participating interest in P22 Lódz Sp. z o.o., which is connected to a plot for the future development of an office project.

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

2022		**P22 Lódz**
Current assets	3,353	
of which cash and cash equivalents		16
Non-current assets	4	
Current liabilities	474	
curr. fin. liab. (excl. trade and other payables and provisions)		472
Non-current liabilities	3,129	
non-curr. fin. liab. (excl. trade and other pay. and provisions)		3,129
Revenue	7	
Loss before income tax	-54	
Income tax expense (-) or income (+)	3	
Loss of the year	-50	

2021		**P22 Lódz**
Current assets	3,260	
of which cash and cash equivalents		16
Non-current assets	0	
Current liabilities	725	
curr. fin. liab. (excl. trade and other payables and provisions)		723
Non-current liabilities	2,736	
non-curr. fin. liab. (excl. trade and other pay. and provisions)		2,736
Revenue	7	
Loss before income tax	-10	
Income tax expense (-) or income (+)	2	
Loss of the year	-8	

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

9.1. NON-CURRENT RECEIVABLES & PREPAYMENTS

	Note	31/12/2022	31/12/2021
Non-current			
Receivables from related parties	28.3	579,418	420,728
Trade and other receivables		17,642	18,062
Total non-current receivables and prepayments		**579,060**	**438,790**

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 2022 were as follows: Euribor + margins in the range between 2% and 4%.

Further reference is made to Note 28.3.

Receivables from related parties mainly relate to loans receivable towards Peridot SL (Spain), Salamanca Ltd (Cyprus) and Ghelamco Group Comm. VA, parent company of the Company. These loans have been granted mainly for the financing of other projects under the control of the ultimate beneficial owners.

NON-CURRENT TRADE AND OTHER RECEIVABLES

Non-current trade and other receivables as of 31 December 2022 mainly consist of:

- Capitalised rent free and agency fees at the level of The Hub SKA, in connection with the leasing of the remaining HUB project: 3,031 KEUR;
- Capitalised rent free and agency fees at the level of Apollo Invest Sp. z.o.o., in connection with the leasing of the UNIT project: 11,645 KEUR;
- Other loans receivable: 2,966 KEUR.

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

9.2. CURRENT TRADE & OTHER RECEIVABLES

	Note	31/12/2022	31/12/2021
Current			
Receivables from related parties	28.3	3,225	2,511
Receivables from third parties		4,520	2,570
Less: allowance doubtful debtors (bad debt provision)		0	0
Net trade receivables		**7,745**	**5,081**
Other receivables		3,253	3,208
Related party current accounts	28.3	111,985	109,775
VAT receivable		7,588	7,433
Prepayments		1,072	1
Interest receivable		72,796	58,432
Total current trade and other receivables		**204,439**	**183,930**

CURRENT TRADE AND OTHER RECEIVABLE

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 prepayments, see below) include invoices for construction, engineering and other services as described in Note 28.3.

Outstanding balance on related party current accounts receivable (111,985 KEUR in total) is mainly towards Ghelamco Group (105,474 KEUR), Tallink Investments (2,473 KEUR) and Ghelamco European Property Fund (1,828 KEUR) and relates to short-term deposits of excess funds by the Company.

INTEREST RECEIVABLE

The interest receivable balance mainly includes interests receivable from related parties for an amount of 71,553 KEUR. The evolution compared to last year is attributable to the level of outstanding related party receivable balances and the timing of collection of outstanding interest receivables.

VAT RECEIVABLE

The outstanding balance as of 31 December 2022 relates to VAT receivables, mainly on the following projects: the Warsaw UNIT, The Bridge, Craft and Kreo.

The SPVs involved may either apply to the tax authorities for an immediate cash refund of the VAT receivables or may offset the VAT receivable against any VAT payables.

VAT receivables are the result of VAT paid on the development and construction expenditures.

CREDIT RISK EXPOSURE AND IMPAIRMENT

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

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

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

As of 31 December 2022 and 2021, 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 date of initial application or at year-end.

10. DERIVATIVES

There are no outstanding balances related to the market value of derivatives as of 31/12/22 and 31/12/21.

Also refer to section 2.1.1 above.

11. CASH AND CASH EQUIVALENTS

	31/12/2022	31/12/2021
Cash at banks and on hand	19,402	72,024

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are placed 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.

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

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12. SHARE CAPITAL AND SHARE PREMIUMS

	31/12/2022	31/12/2021
Authorised capital	67	67
Share premiums	495,903	495,903
issued and fully paid	**495,970**	**495,970**

Authorised capital consists of 67,335 shares, fully paid.

At 31 December 2022, the Company's direct shareholders are:

- **Ghelamco Group Comm VA** (Belgium) - 100%

12.1. DISTRIBUTION OF DIVIDENDS BY THE COMPANY

In the course of 2022 and 2021, no dividends have been declared or distributed.

12.2. NON-CONTROLLING INTERESTS

	31/12/2022	31/12/2021
Balance at beginning of the year	2,107	2,127
Share of profit for the year	-1,337	-20
Acquistions/disposals	1,139	0
Balance at end of the year	**1,909**	**2,107**

The result attributable to non-controlling interests increased in current year. The movement is related to the acquisition of 80% of Nowa Marina Gdynia Sp. z o.o.

13. RESERVED AND RETAINED EARNINGS

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

	Cumulative translation reserve	Retained earnings
At 1 January 2021	13,849	408,294
Cumulative translation differences	-694	
Dividend distribution to the ultimate shareholders		
Change in the consolidation scope		
Other		2
Profit for the year		123,025
At 31 December 2021	**13,155**	**531,321**
At 1 January 2022	13,155	531,321
Cumulative translation differences	2,371	
Dividend distribution to the ultimate shareholders		
Change in the consolidation scope		-481
Other		-6
Profit for the year		40,764
At 31 December 2022	**15,526**	**571,598**

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14. INTEREST-BEARING LOANS AND BORROWINGS

		31/12/2022	31/12/2021
Non-current			
Bank borrowings	14.1	176,927	144,884
Other borrowings - bonds	14.2	209,193	229,789
Other borrowings	14.3	14,323	12,287
Finance lease liabilities	16	23,134	17,927
		423,577	**404,887**
Current			
Bank borrowings	14.1	52,747	319,221
Other borrowings - bonds	14.2	9,006	54,128
Other borrowings	14.3	18,822	23,725
Finance lease liabilities	16	1,795	6,770
		82,370	**403,844**
TOTAL		**505,947**	**808,731**

14.1. BANK BORROWINGS

During the year, the Company obtained new secured bank loans expressed in EUR and PLN and drew on existing credit facilities for a total amount of 103.6 MEUR, all Euribor and Wibor based. On the other hand, reimbursements and refinancings have been done for an amount of 338.0 MEUR, net of prolongation of a number of borrowings; bringing the total outstanding amount of bank borrowings to 229.7 MEUR (compared to 464.1 MEUR at 31/12/2021).

The decrease in bank borrowings is mainly the result of the repayment of the HUB loan in respect of the sale to Google.

Bank borrowings	
Balance at 1 January 2022	**464,105**
Repayment of bank borrowings	-337,996
Proceeds from loans and borrowings	103,565
Other	0
Balance at 31 December 2022	**229,674**

When securing debt finance for its (larger) projects, the Company always negotiates long-term agreements with its banks. Under these agreements, the bank swaps land acquisition loans into development loans (additional approx. 2-4 year term) and swaps development loans into investment loans (usually 3 to 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 development loan” falls within the next accounting year (see Note 1.18 and 2.1.2.).

At 31 December 2022, the Company has bank loans available to be drawn for a total amount of 23.1 MEUR, which is merely related to the construction and facility agreement of 15 MEUR for the financing of the construction of the new VIBE project.

Concerning the outstanding short-term borrowings, it is to be mentioned that, in the course of 2023, part of remaining short-term debt will actually be reimbursed following the contractual terms and part will be prolonged or refinanced (e.g. through a swap to investment loan). In this respect, the construction loan of Apollo Invest Sp. z o.o. will mature on 31/03/2023 but will immediately converted into an investment loan (with maturity date 31/03/2026).

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

				31/12/2022				**31/12/2021**
	<1 y	**between 2 and 5 y**	**>5y**	**total**	**<1 y**	**between 2 and 5 y**	**>5y**	**total**
Land acquisition loans	-	-	-	-	-	-	-	-
Construction loans	59,422	191,946	-	251,368	12,941	148,604	-	161,545
Investment loans			-		321,132	-	-	321,132
Total	**59,422**	**191,946**	**0**	**251,368**	**334,073**	**148,604**	**0**	**482,676**
Percentage	24%	76%	0%	100%	69%	31%	0%	100%

BANK BORROWINGS BY CURRENCY

Main part of external bank borrowings are Euro denominated except for some VAT financing (PLN loans).

INTERESTS ON BANK BORROWINGS – INTEREST RATE RISK

Interests on land acquisition and development loans are considered as floating (although the variable component of the interest formula is fixed for a period not superseding one year).

On 31 December 2022, the Company had no outstanding investment loans.

Depending on the project and the securities required by the bank, following margins on floating rates are applicable in Poland: between 2.6% and 4.0%.

Average margin		Land acquisition loan		Construction loan		Investment loan
	2022	2021	2022	2021	2022	2021
Poland	N/A	N/A	2.6%-4.0%	3.1%-3.9%	N/A	2.15%-3.15%

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 other variables remaining stable, would have resulted in a 3,469 KEUR lower/higher profit before tax for 2022. This sensitivity analysis excludes borrowing costs that have been capitalized.

14.2. OTHER BORROWINGS: BONDS (218,199 KEUR; OF WHICH 207,578 KEUR LONG-TERM AND 10,621 KEUR SHORT-TERM)

Bank borrowings	Poland
Balance at 1 January 2022	289,970
Repayment of other borrowings	-90,341
Proceeds from other borrowings	28,785
Other (CTA, costs)	-5,595
Balance at 31 December 2022	**222,819**

On 2 February 2021, Ghelamco Invest Sp. z o.o. enacted its new Bonds Issue Programme (number IX) for an amount of max. 400,000 KPLN, allowing both public offerings and private placements of bonds to finance investment projects. Bonds series issued under this programme are secured by a guarantee granted by Granbero Holdings Ltd. Within this new programme, following bonds tranches have been issued:

- on 10 March 2021, an amount of 35,000 KPLN (series PU1). These bonds mature on 16 December 2024 and bear an interest of Wibor 6 months + 5.0%;
- on 25 March 2021, an amount of 285,000 KPLN (series PU2). These bonds mature on 16 December 2024 and bear an interest of Wibor 6 months + 5.0%; and
- on 8 June 2021, an amount of 80,000 KPLN (series PU3). These bonds mature on 16 December 2024 and bear an interest of Wibor 6 months + 5.0%.

On 10 June 2021, Ghelamco Invest Sp. z o.o. enacted its new Bonds Issue Programme (number X) for an amount of max. 200,000 KPLN, allowing both public offerings and private placements of bonds to finance investment projects. Bonds series issued under this programme are secured by a guarantee granted by Granbero Holdings Ltd. Within this new programme, following bonds tranches have been issued:

- on 16 July 2021, an amount of 30,000 KPLN (series PW1). These bonds mature on 16 July 2025 and bear an interest of Wibor 6 months + 5.0%;
- on 29 December 2021, an amount of 35,000 KPLN (series PW2). These bonds mature on 29 September 2025 and bear an interest of Wibor 6 months + 5.0%; and
- on 11 January 2022, an amount of 135,000 KPLN (series PW3). These bonds mature on 29 September 2025 and bear an interest of Wibor 6 months + 5.0%.

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

In September 2022, Ghelamco Invest Sp. z o.o. established the Ghelamco Invest Poland Green Bond Framework. An independent second party opinion has been received on the Ghelamco Invest Poland Green Bond Framework from Sustainalytics, a leading independent rating and analytics company. Ghelamco Invest Sp. z o.o. enacted its new Green Bonds Issue Programme (number XI) within this framework for an amount of max. 150,000 KEUR, allowing both public offerings and private placements. In accordance with the Ghelamco Invest Poland Green Bond Framework, one of the elements of the Ghelamco Invest Sp. z o.o. strategy is to expand its activities by conducting investment activities in projects eligible for financing or refinancing, implemented by the Project Company or Project Companies for the purpose of: (i) development or construction of office construction projects having or designed to obtain appropriate certificates; (ii) the development or construction of residential or institutional lease (PRS) projects or the acquisition of such buildings (or parts thereof) for regeneration and conversion; (iii) financing or refinancing projects, investments and expenditure on renewable energy sources such as solar and wind farms (offshore), installations or equipment (ultimately energy-neutral buildings).

The Company has in the current period redeemed outstanding bonds (partly through early redemption, partly on maturity date) for an amount of 423,688 KPLN namely:

- In January 2022, a number of bonds series (PG, PK and PL) have been redeemed for a total amount of 103,717 KPLN, through early redemption.
- In February 2022, a number of bonds series (PG and PK) have been redeemed for a total amount of 3,171 KPLN, through early redemption.
- In February 2022, a number of bonds series (PK) have been redeemed for a total amount of 17,332 KPLN, through redemption on maturity date.
- In March 2022, a number of bonds series (PM, PO and PR) have been redeemed for a total amount of 42,678 KPLN, through early redemption.
- In March 2022, a number of bonds series (PG and PL) have been redeemed for a total amount of 81,123 KPLN, through redemption on maturity date.
- In June 2022, a number of bonds series (PO, PP, PR and PQ) have been redeemed for a total amount of 124,260 KPLN, through early redemption.
- In July 2022 a number of bonds series (PM) have been redeemed for a total amount of 27,951 KPLN, through redemption at their maturity date.
- In August 2022, a number of bonds series (PN) have been redeemed for a total amount of 23,456 KPLN, through redemption at their maturity date.

The effect of the evolution in the PLN/EUR exchange rate on the net movement in outstanding bonds amounts to 5.6 MEUR (negative).

Total bonds balance outstanding per balance sheet date (218,199 KEUR) represents the amount of issue (1,045 MPLN) less capitalized issue costs, which are amortised over the term of the bonds.

After year-end, on 3 February 2023, a new bond tranche has been issued (within the XI bond issue programme) for an amount of 30,000 KPLN (series PZ1). These 3-year bonds mature on 3 February 2026 and bear an interest of WIBOR 6M + 5%.

On 27 February 2023, the Company issued new bonds (within the XI bond issue programme) for an amount of 30,000 KPLN (series PZ2). These bonds mature on 3 February 2026 and bear an interest of WIBOR 6M + 5%.

On 23 March 2023, the Company issued PZ3 series bonds amounting to 180,000 KPLN (2,9-year bonds maturing on 3 February 2026). The bonds have an interest rate of WIBOR 6M + 5%.

On 23 March 2023, the Company partially redeemed 700 KPLN of bonds (PPO series) maturing in October 2023 and undertook the resolution for redemption of the remaining bonds issued under PPO series for the amount of 49,300 KPLN.

On 23 March 2023, the Company partially redeemed PPR series of bonds maturing in January 2024 for the amount of 20,327 KPLN.

Summary of contractual maturities of bonds, including interest payments:

				31/12/2022				31/12/2021
	<1 y	between 2 and 5 y	>5y	total	<1 y	between 2 and 5 y	>5y	total
Bonds	31,858	229,823	0	261,681	74,435	259,525	0	333,960
Total	**31,858**	**229,823**	**0**	**261,681**	**74,435**	**259,525**	**0**	**333,960**
Percentage	12%	88%	0%	100%	22%	78%	0%	100%

INTEREST SENSITIVITY ANALYSIS

An increase/decrease of 100 basis points in the (average) interest rates on the floating rate bonds debt at the reporting date, with all variables held constant, would have resulted in a 2,564 KEUR lower/higher profit before tax for 2022.

14.3. OTHER BORROWINGS: (33,145 KEUR; OF WHICH 14,323 KEUR LONG-TERM AND 18,822 KEUR SHORT-TERM)

31/12/2022 – 33,145 KEUR

The other long-term borrowings as at 31 December 2022 included the following related party balances:

- Peridot SL: 2,224 KEUR
- Salamanca Capital Services Ltd: 71 KEUR
- Safe Invest : 2,200 KEUR
- Ghelamco Poland Sp. z o.o.: 4,710 KEUR

And also:

- 8,000 KEUR short-term loan from a third party investor, related to some specific Polish projects, maturing on 31/12/2023 and bearing an interest rate of 9.5%;
- 10,822 KEUR short-term loan towards the partner in the LAND project;
- 1,921 KEUR long-term loan from the partner in the newly acquired Nowa Marina project; and
- 3,198 KEUR long-term loan from a third party investor, bearing an interest rate of 7%.

31/12/2021 – 36,012 KEUR

The other borrowings as at 31 December 2021 included the following related party balances:

- Peridot SL: 2,238 KEUR
- Salamanca Capital Services Ltd: 71 KEUR
- Safe Invest : 2,000 KEUR
- Ghelamco Poland Sp. z o.o.: 4,710 KEUR

And also:

- 10,000 KEUR short-term loan from a third party investor, related to some specific Polish projects, maturing on 31/03/2022 and bearing an interest rate of 6%;
- 13,725 KEUR short-term loan towards the partner in the newly acquired LAND project.

INTEREST SENSITIVITY ANALYSIS

An increase/decrease of 100 basis points in the (average) interest rates on the intercompany debt at the reporting date, with all variables held constant, would have resulted in a 91 KEUR lower/higher profit before tax for 2022.

14.4. LEASE LIABILITIES (24,929 KEUR; OF WHICH 23,134 KEUR LONG-TERM AND 1,795 KEUR SHORT-TERM)

The lease liabilities (long-term and short-term) fully relate to non-cancellable leases for the land rights of the resp. Polish projects. These lease commitments have been recognised in accordance with the requirements of IFRS 16 "Leases". Further reference is made to note 16.

Summary of the undiscounted contractual maturities of lease liabilities:

	2022	2021
Within 1 year	3,160	34,006
After 1 year but not more than 5 years	6,987	5,905
More than 5 years	107,254	92,003
TOTAL	**117,401**	**131,913**

14.5. MISCELLANEOUS INFORMATION

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

- additional capacity on the debt ratio (Ghelamco 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 or mezzanine financing. In this respect reference is made to the resp. bearer bonds issues in Poland (1,045 MPLN total outstanding bonds at 31 December 2022).

No defaults of payments or breaches under borrowing agreements occurred as of 31 December 2022.

- 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 and/or suretyship agreements issued by Granbero Holdings Ltd on bank loans, reference is also made to note 26.1.

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

- The bonds are secured by a redemption surety granted by Granbero Holdings Ltd. (the Company).

In addition, the terms and conditions of the bond issues 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

The table below summarizes all financial instruments by category in accordance with IFRS 9 and discloses the fair values of each instrument and the fair value hierarchy:

Financial instruments (x € 1 000)	FVTPL	FVOCI	Measured at amortised cost/fin. liabilities measured at amortised cost	Fair value	31/12/2022 Fair value level
Other financial investments					
Other financial assets			-84	-84	2
Non-current receivables					
Receivables and prepayments			597,060	597,060	2
Restricted cash					
Current receivables			-	-	
Trade and other receivables			196,848	196,848	2
Derivatives			-	-	
Cash and cash equivalents	-	-	19,402	19,402	2
Total Financial Assets			**813,226**	**813,226**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			176,927	176,927	2
Bonds			207,578	202,851	1
Other borrowings			14,323	14,323	2
Lease labilities			23,134	23,134	2
Interest-bearing borrowings - current					
Bank borrowings			52,747	52,747	2
Bonds			10,621	10,721	1
Other borrowings			18,822	18,822	2
Lease liabilities			1,795	1,795	2
Current payables					
Trade and other payables			52,819	52,819	2
Total Financial Liabilities	**-**	**-**	**558,766**	**554,139**	

Financial instruments (x € 1 000)	FVTPL	FVOCI	Measured at amortised cost/fin. liabilities measured at amortised cost	Fair value	31/12/2021 Fair value level
Other financial investments					
Other financial assets			198	198	2
Non-current receivables					
Receivables and prepayments			438,791	438,791	2
Restricted cash			-	-	-
Current receivables					
Trade and other receivables			176,493	176,493	2
Derivatives			-	-	-
Cash and cash equivalents	-	-	72,024	72,024	2
Total Financial Assets			**687,506**	**687,506**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			144,884	144,884	2
Bonds			229,789	229,045	1
Other borrowings			12,287	12,287	2
Lease labilities			17,927	17,927	2
Interest-bearing borrowings - current					
Bank borrowings			319,221	319,221	2
Bonds			54,128	54,009	1
Other borrowings			23,725	23,725	2
Lease liabilities			6,770	6,770	2
Current payables					
Trade and other payables			34,970	34,970	2
Total Financial Liabilities	**-**	**-**	**843,701**	**842,838**	

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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 carrying amount, since all of them 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.

We also refer to section 1.9 for the description of the fair value determination.

16. LEASES

Amounts recognised in the consolidated statement of financial position and the consolidated statement of profit and loss regarding lease liabilities and related right of use assets are as follows:

Roll forward Right of Use Asset IFRS 16	Right of Use Assets Investment Property	Right of Use Assets Property Dev. Inventories	Total
In KEUR			
1/01/2021	**19,977**	**2,968**	**22,945**
Addition (new)	1,166	2,338	3,504
Disposal	-1,552	-105	-1,657
Revaluation	-180	9	-171
Transfer	-1,432	1,432	0
Foreign exchange revaluation	91	-15	77
31/12/2021	**18,070**	**6,627**	**24,697**
Addition (new)	3,360	2,758	6,119
Disposal	-5,006	-351	-5,357
Revaluation	-27	-25	-52
Transfer	0	0	0
Foreign exchange revaluation	-349	-128	-476
31/12/2022	**16,049**	**8,881**	**24,930**

Roll forward lease liability IFRS 16	Non-current lease liability	Current lease liability	Total
In KEUR			
1/01/2021	**21,304**	**1,641**	**22,945**
Addition (new)	3,504	0	3,504
Payments	0	-1,029	-1,029
Disposal	-1,657	0	-1,657
Interest charges on lease liabilities (*)	858	0	858
Classification non-curr. to curr. lease liab.	-1,154	1,154	0
Foreign exchange revaluation	71	6	77
31/12/2021	**22,925**	**1,772**	**24,697**
Addition (new)	6,119	0	6,119
Payment	0	-2,250	-2,250
Disposal	-5,357	0	-5,357
Interest charges on lease liabilities (*)	2,197	0	2,197
Classification non-curr. to curr. lease liab.	-2,307	2,307	0
Foreign exchange revaluation	-442	-34	-476
31/12/2022	**23,134**	**1,795**	**24,930**

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

The Company has entered into non-cancellable leases for the land rights with basic lease terms of usually 99 years (Poland rights of perpetual usufruct). All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The average lease-term per end 2022 is approx. 78 years in Poland.

All qualifying lease contracts have been recognised through a right-of-use asset and a corresponding lease liability.

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

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

To determine the incremental borrowing rate, the Company:

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

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

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

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

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

Further reference is also made section 1.7. above and notes 6,7,16 and 24.

17. 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 KEUR	**31/12/2022**	**31/12/2021**
Deferred tax assets	2,478	3,618
Deferred tax liabilities	-53,662	-93,381
TOTAL	**-51,184**	**-89,763**

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

In KEUR	Investment property	Temporary differences	Unused tax losses and credits	
		Other	Tax losses	Tax credits
Balance at 1 January 2021	**-54,136**	**-10,544**	**6,500**	**-**
Recognised in income statement	-26,866	-7,831	2,162	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other		952		
Balance at 31 December 2021	**-81,002**	**-17,423**	**8,662**	**-**
Recognised in income statement	35,406	4,735	-1,720	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other		158		
Balance at 31 December 2022	**-45,596**	**-12,530**	**6,942**	**-**

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. Current year's increase in recognised unused tax losses is based on updated tax planning, supporting the expected recovery of these losses in the foreseeable future.

Current year's investment property related deferred tax expense is as recognised in the income statement of 2022 consisted of:

- a deferred tax expense of 9,246 KEUR;
- a gain of 45,422 KEUR which is related to the reversal of deferred tax liabilities in connection with the sale of the office and retail part of the HUB project; and
- a gain of 314 KEUR which is related to the reversal of deferred tax liabilities in connection with the sale of (part of) the Vogla project.

Last year's investment property related deferred tax expense was attributable to the recognized fair value adjustments and a gain related to the reversal of deferred tax liabilities in connection with the sale of the Woloska 24 project.

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

in KEUR	31/12/2022	31/12/2021
DTA on unused tax losses	1,363	1,441
DTA on unused tax credits		
TOTAL	**1,363**	**1,441**

Tax losses in the Polish SPVs can be carried forward for a period of 5 years. In this respect, no deferred tax assets have been recognized on tax losses carried forward in these SPVs to the extent it is deemed not probable that sufficient taxable profit will be available to allow the benefit of part of these tax losses.

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

No deferred tax liability has been recognized on undistributed profits in the subsidiaries.

It should be noted that the distribution of dividends by Polish subsidiaries to the (Cypriot) Parent would normally generate no tax charge.

18. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities relate to a significant extent (2,736 KEUR) to deferred income related to the Warsaw UNIT project.

The prior year balance was mainly related to a significant extent (7,353 KEUR) to deferred income related to the Warsaw HUB project and Warsaw UNIT project.

19. TRADE AND OTHER PAYABLES

Trade and other payables are analysed as follows:

	31/12/2022	31/12/2021
Trade payables: third parties	12,372	3,628
Trade payables: related parties	29,382	25,498
Related parties current accounts payable	-	-
Misc. current liabilities	17,695	8,798
Deferred income	8,936	9,276
Current employee benefits	-	16
Total trade and other payables	**68,385**	**47,207**

Trade payables towards related parties include amongst others the amounts payable to the Service Holding for construction and engineering coordination services received. On 31/12/2022, the trade payables include 29,382 KEUR towards related parties (vs. 25,498 KEUR last year) and can be detailed as follows:

- Safe Invest Sp. z o.o.: 860 KEUR (vs. 340 KEUR last year);
- Ghelamco Poland Sp. z o.o: 27,758 KEUR (vs. 24,233 KEUR KEUR last year);
- Others: 764 KEUR (925 KEUR last year).

The trade payables balance increased significantly compared to prior year, mainly in connection with the acquisition of the new plot Nowa Marina. Previous year's outstanding balance was mainly connected with construction works on projects carried out during the last months of the year (mainly The Warsaw HUB, the Warsaw UNIT, The Bridge, Craft and Kreo).

Miscellaneous current liabilities mainly relate to interest payable (7,403 KEUR in total, mainly to third parties), rental guarantee provisions (3,300 KEUR in total), VAT payable (973 KEUR), additional guarantee for the newly acquired Towarowa plot for the VIBE project (2,802 KEUR) and some other accruals.

The outstanding deferred income balance mainly relates to deferred income from sales in the Bliskie Piaseczno residential project (6,260 KEUR vs. 509 KEUR last year), sales in the Groen residential project (1,610 KEUR vs. 5,973 KEUR last year), and to some deferred rent income on commercial projects. The significant increase in the Bliskie Piaseczno balance mainly goes together with the (commercial and construction) progress of the project.

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

20. CURRENT TAX LIABILITIES

The outstanding current tax payable (1,130 KEUR) is mainly related to income tax payable in Cyprus.

21. REVENUE

REVENUE IS MAINLY GENERATED FROM THE FOLLOWING SOURCES:

in KEUR	31/12/2022	31/12/2021
Sales of Residential Projects	29,755	44,274
Rental Income	22,466	27,302
TOTAL revenue	**52,221**	**71,576**

The residential projects revenue as of 31 December 2022 relates to the delivery of the sold houses in the Groen project (12,175 KEUR), the sold apartments in the Foksal project (8,470 KEUR), the sale of the Akademik plot (5,964 KEUR) and the sold apartments in the Flisac project (3,146 KEUR).
Revenue (and related cost of sales) for the sold residential units has been recognised based on the signing of the hand-over protocols by the resp. buyers. Last year's residential revenue related to the delivery of the sold apartments in the Foksal project (13,885 KEUR) and the sold apartments in the Flisac project (30,389 KEUR).

The rental income as of 31 December 2022 relates to the rent collected from commercial projects (mainly the Warsaw HUB office project till the moment of sale and the Warsaw UNIT). The decrease compared to prior year is connected to the sale of the Warsaw HUB office project in March 2022.

OVERVIEW OF FUTURE MINIMUM RENTAL INCOME

The investment properties are leased to tenants under lease contracts with rentals payable on a monthly or quarterly basis. Where considered necessary to reduce credit risk, the Company may obtain bank guarantees for the term of the lease. The cash value of future minimum rental income until the first expiry date of the non-cancellable leases is subject to the following collection terms:

in KEUR	31/12/2022	31/12/2021
Future minimum rental income:		
Less than 1 year	15,755	5,036
Between 1 and 2 years	19,180	13,356
Between 2 and 3 years	20,198	16,197
Between 3 and 4 years	20,822	16,068
Between 4 and 5 years	21,964	15,751
More than five years	23,272	35,947
TOTAL FUTURE MINIMUM RENTAL INCOME	**121,191**	**102,357**

The future minimum rental income slightly increased to 121,191 KEUR. The rental income is mainly related to the lease agreements signed in the Warsaw Unit and the HUB hotel.

22. OTHER ITEMS INCLUDED IN OPERATING PROFIT/LOSS

OTHER OPERATING INCOME AND EXPENSES IN 2022 AND 2021 INCLUDE THE FOLLOWING ITEMS:

Other operating income	2022	2021
Net gains on disposal of investment property	25,170	-
Other	8,368	9,993
TOTAL	**33,538**	**9,993**

The current period's net gains on disposal of investment property relates to the sale of the office and retail part of the HUB (24,473 KEUR) and the Łomianki retail project (697 KEUR).

The current year's other operating income mainly relates to the recharge of (finalisation) fit-out expenses to tenants in the UNIT and the Warsaw HUB and an insurance compensation.

Prior year's other operating income mainly related to the recharge of (finalisation) fit-out expenses to tenants in the Warsaw HUB and the UNIT.

	2022	2021
Gains from revaluation of Investment Property	48,947	155,749

Fair value adjustments over 2022 amount to 48,947 KEUR (vs 155,749 KEUR last year). This is mainly the result of current year's further engineering, development, construction and leasing efforts, in combination with evolution in market conditions (in terms of yields and rent rate levels). Main fair value adjustments have been recognised on the Sobieski Tower (15,639 KEUR), Towarowa (VIBE project) (27,426 KEUR) and the HUB hotel (6,737 KEUR).

	2022	2021
Other operating expenses		
Housing costs	-47	-19
Taxes and charges	-3,263	-1,355
Insurance expenses	-230	-297
Audit, legal and tax expenses	-6,569	-2,090
Promotion	-494	-292
Sales / agency expenses	-11,889	-1,239
Rental guarantee expenses	-3,000	-213
Maintenance and repair expenses (projects)	-7,997	-7,885
Operating expenses with related parties	-12,413	-13,297
Miscellaneous	-3,375	-2,724
TOTAL	**-49,277**	**-29,411**

The Other operating expenses increased significantly by 19,866 KEUR to 49,277 KEUR.

The increase (of -10,650 KEUR) in current year's sales/agency expenses is mainly related to the sale of the office and retail part of the Warsaw HUB project (-6,622 KEUR compared to last year).

Also the increased audit, legal and tax expenses are connected with the sale of the HUB (-4,321 KEUR compared to last year).

The rental guarantee expenses increased significantly which is due to the additional rental guarantee provision related to the sale of the Warsaw HUB (-2,787 KEUR).

23. COST OF PROPERTY DEVELOPMENT INVENTORIES

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

	2022	2021
Movement in inventory	2,582	-21,317
Purchases (*)	-19,752	-12,323
	-17,170	**-33,640**

(*) See Note 28.2
Purchases (mainly from related parties) related to Investment Property projects are not included in the above purchases, as those have directly been recorded on IP. It concerns an amount of 79,381 KEUR (vs 64,318 KEUR in 2021).

24. FINANCE INCOME AND FINANCE COSTS

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

	2022	2021
Interest income	18,803	14,739
Other interest and finance income	797	
Foreign exchange gains		2,608
Total finance income	**19,600**	**17,347**
Interest expense	-18,687	-22,059
Other interest and finance costs	-10,223	-10,888
Foreign exchange losses	-10,081	
Total finance costs	**-38,991**	**-32,947**

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

It is to be noted that interest expenses related to (not yet delivered) Investment Property projects are not included in the above 2022 and 2021 figures, as those have directly been capitalized on IP. It concerns an amount of 14,097 KEUR (vs. 7,566 KEUR last year).

The interest expenses mainly relate to interests on bank loans, bonds and to a lesser extent on related party financial payables. Financing costs on projects under construction are capitalized while financing costs on delivered/ income generating projects are expensed.

The other finance costs include the amortization of (capitalized) bond issue and bank (re-) financing expenses. In addition, the financial impact of the present value calculation of the finance lease liabilities in accordance with IFRS 16 is included (for an amount of 2,215 KEUR). In this respect, further reference is made to note 16.

The foreign exchange losses are mainly the result of realized exchange differences on the sale of the Warsaw HUB and for a smaller part of the relative weakening of the PLN vs. the EUR (mainly related to the conversion at spot rate of the outstanding (EUR) bank loans in Polish entities). It concerns a snapshot per year-end, impact of which mainly depends on the evolution of the EUR/PLN exchange rate.

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

25. INCOME TAXES

Income tax expense recognized in the consolidated income statement:

	31/12/2022	31/12/2021
Current income tax	-46,426	-1,767
Deferred tax	38,422	-32,535
Total	**-8,004**	**-34,302**

The deferred tax expenses are mainly related to the gain of 45,422 KEUR which is related to the reversal of deferred tax liabilities in connection with the sale of the office and retail part of the HUB project, the gain of 314 KEUR which is related to the reversal of deferred tax liabilities in connection with the sale of (part of) the Vogla project partly offset by the recognition of deferred tax liabilities on the fair value accounting of the investment properties (-9,246 KEUR).

The increase in current income tax is mainly related to the sale of the Warsaw HUB (-41,428 KEUR).

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 KEUR	**31/12/2022**	**31/12/2021**
Result before income taxes	47,431	157,307
Income tax expense calculated at 19%	-9,012	-29,888
Effect of different tax rates in other jurisdictions	861	1,467
Effect of non-deductible expenses	-1,089	-3,264
Effect of revenue that is exempt from taxation	54	571
Effect of use/recognition of previously unrecognized tax losses	54	333
Effect of current year losses for which no DTA is recognized	-2,563	-6,852
Effect of tax incentives not recognized in the income statement	2,555	2,160
Effect of under/over-accrued in previous years	959	158
Effect of change in local tax rates		
Effect of other tax increases	0	0
Reversal cumul DTL in connection with Woloska 24 (share) sale		1,520
Reversal cumul DTL in connection with Flisac sale	247	
Other	-70	-507
INCOME TAX EXPENSE RECOGNISED IN INCOME STATEMENT	**-8,004**	**-34,302**

The theoretical tax rate used for the above reconciliation is the (Polish) statutory corporate tax rate of 19% payable by corporate entities in Poland on taxable profits under tax law.

The relative significant amount of non-deductible expenses is related to withholding taxes on received interest.

The effect of revenue that is exempt from taxation mainly relates to received dividends by the (Cypriot) Parent of the Polish subsidiaries and gains on exchange differences, who are exempted of corporate tax.

26. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

26.1. (BANK) GUARANTEES

All external borrowings of the subsidiaries are secured by corporate guarantees and/or suretyship agreements issued by Granbero Holdings Ltd. These guarantees cover cash deficiency risk, cost overrun, completion risk and interest & repayment shortfall risk. No calls on the guarantees were made in 2022 and 2021.

Company	Project name	Amount of bank loan-books		Corporate guarantees as per 31/12/2022		
POLAND						**Guarantee by Granbero Holdings Ltd.**
Apollo Invest Sp. z o.o.	The Warsaw UNIT	KEUR	176,927			Suretyship agreement (mainly including cost overrun, own contribution input, claim amounts)
GH Financial Services Poland sp.z o.o (former Laboka Poland Sp. z o.o.)		KEUR	22,000	KEUR	40,500	Suretyship agreement, corporate guarantee
Estima Sp. z o.o.	Kreo	KEUR	5,251			Suretyship agreement, corporate guarantee
Ghelamco Craft sp. z o.o. (former GP 2 Sp. z o.o. Synergy SKA)	Craft (Katowice)	KEUR	5,882	KPLN	135,000	Suretyship agreement, corporate guarantee
The Bridge sp. z o.o. (former Isola SKA)	The Bridge (former Bellona Tower)	KEUR	14,844	KPLN	109,000	Suretyship agreement
Ghelamco NCL sp. z o.o. (former GP10 Azira SKA)	NCŁ Łódz	KEUR	4,770	KEUR	8,100	Suretyship agreement

(*): Bank loan itself is denominated in PLN

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 shareholders) at 31 December 2022 (but not subsidiary of the Company).

The Company does not apply cross liability, meaning that Granbero Holdings Ltd does not guarantee loans of affiliates belonging to other Ghelamco holdings.

26.2. 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.

26.3. GUARANTEES RECEIVED FROM THE CONTRACTORS

The statutory warranty obligations of construction service providers cover the risk of structural and other defects of the properties. Construction service providers (including related parties of the Company) in Poland have a legal obligation to remediate any structural defects that become apparent within the first five 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).

26.4. SECURITIES ON ASSETS

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

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

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

27. COMMITMENTS

27.1. (CAPITAL) COMMITMENTS

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

	2022	2021
Architectural and Engineering contracts	7,804	10,499
Construction contracts	124,705	166,198
Purchase of land plots	8,422	
Total	**140,932**	**176,696**

The evolution in the (capital) commitments goes together with the progress on the construction of the investment properties and the start up of new projects. The increase is in line with the development of the new projects The Bridge, Kreo and Craft.

ACQUISITION CONTRACTS

At 31 December 2022, an agreement was signed for the acquisition of a land plot for a total amount of 44,500K PLN. The Company paid already an advance of 5,000K PLN.

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SERVICES AND (SUB)CONTRACTOR AGREEMENTS

As a developer of commercial and residential properties, the Company is committed to continue the realisation 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, expenditures are 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 are contracted with related party entities belonging to the Development Holding.

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

Main construction contracts in the above overview relate to the following projects:
- The HUB Hotel (approx. 20,000 sqm hotel project): 2,762 KEUR
- Warsaw UNIT (approx. 59,000 sqm office space): 3,198 KEUR
- The Bridge (approx. 47,500 sqm office space): 89,971 KEUR
- Kreo (approx. 23,700 sqm office space): 13,751 KEUR
- Craft (approx. 26,000 sqm office space): 15,586 KEUR

27.2 RENTAL GUARANTEES

The outstanding rental guarantees at the date of 31 December 2022, are rental guarantees agreements regarding the office projects .BIG, Wronia and the HUB for resp. the not leased office and parking spaces. Rental guarantee agreements have a period of 5 years. In this respect, the remaining rental guarantee provision amounts to 3,300 KEUR in the consolidated financial statements at 31/12/2022.

In prior year a total rental guarantee provision of 283 KEUR was recognised regarding two office projects (.BIG and Wronia) for resp. the not leased office and parking spaces.

28. RELATED PARTY TRANSACTIONS

The Company is together with the other Ghelamco Group (sub-)holdings, the Service Holding, the Portfolio Holding and the Property Fund – all related parties – under common control of the ultimate shareholders, 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 & Development Holding, the Service Holding, the Portfolio Holding and the Property Fund Holding) are described below.

28.1. RELATIONSHIPS WITH THE DIRECTORS AND MANAGEMENT

For the year ending 31 December 2022, 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. 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. 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 the management committee.

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

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

CONSTRUCTION AND DEVELOPMENT SERVICES

The Company has entered into property development and construction contracts with property development and construction companies (“Contractors”) – the indirect subsidiaries of the Service Holding (International Real Estate Services Comm. VA (parent company of Ghelamco’s “Service Holding”)):

- Ghelamco Poland with its registered office in Warsaw;

This entity provides 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 occupancy 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 developed 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 Poland 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 5 years in Poland.

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% to 20%.

ENGINEERING AND ARCHITECTURAL DESIGN SERVICES

Safe Invest Sp. z o.o (a limited liability company registered under the laws of Poland), indirect legal subsidiary of International Real Estate Services Comm. VA, the parent company of Ghelamco's "Service Holding") coordinates engineering and architectural design services provided to the Company in accordance with terms of the respective contracts. Purchases of services from Safe Invest Sp. z o.o exceed 80% of all engineering, architectural design and other related services acquired by the Company. These services include:

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

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

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

2022

For the remainder, no other significant transactions with related parties took place in 2022.

2021

No other significant transactions with related parties took place in 2021.

OTHER

The excess cash balances generated by the Company's real estate development activities can, besides being reinvested in the entities belonging to the Investment Holding, to an extent and within the requirements of the terms and conditions of the recent bond issues, also invested in entities belonging to the Ghelamco Development Holding and Portfolio Holding in form of short and long-term loans.

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

	31/12/2022	31/12/2021
Purchases of construction, engineering and architectural design:	-74,561	-69,516
Related party trade receivable	3,225	2,511
Related party trade accounts payable	-29,382	-25,499
related party non-current loans receivable	579,418	417,446
related party current loans receivable	-	-
related party interests receivable	71,553	56,833
related party C/A receivable	111,985	109,775
Related party non-current loans payable	-8,316	-8,335
Related party interests payable	-962	-518
Related party C/A payable	-	-

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29. EVENTS AFTER BALANCE SHEET DATE

REDEMPTION/ISSUE OF BONDS:

After year-end, on 3 February 2023, a new bond tranche has been issued for an amount of 30,000 KPLN (series PZ1). These 3-year bonds mature on 3 February 2026 and bear an interest of WIBOR 6M + 5%.

On 27 February 2023, the Company issued new bonds for an amount of 30,000 KPLN (series PZ2). These bonds mature on 3 February 2026 and bear an interest of WIBOR 6M + 5%.

On 23 March 2023, the Company issued PZ3 series bonds amounting to 180,000 KPLN (2,9-year bonds maturing on 3 February 2026). The bonds have an interest rate of WIBOR 6M + 5%.

On 23 March 2023, the Company partially redeemed 700 KPLN of bonds (PPO series) maturing in October 2023 and undertook the resolution for redemption of the remaining bonds issued under PPO series for the amount of 49,300 KPLN.

On 23 March 2023, the Company partially redeemed PPR series of bonds maturing in January 2024 for the amount of 20,327 KPLN.

SALE OF INVESTMENT PROPERTY

On 23 February 2023, the Company signed an LOI with respect to the sale of the HUB hotel with an external party.

Signed by:

(signed) Stavros Stavrou Director	*(signed)* Frixos Savvides Director
(signed) Christakis Klerides Director	*(signed)* Eva Agathangelou Director

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30.
AUDITOR'S REPORT

Independent Auditors' Report on the consolidated financial statements of Granbero Holdings Ltd. as of and for the year ended 31 December 2022

Opinion

We have audited the consolidated financial statements of Granbero Holdings Ltd. ("the Company") and its subsidiaries (jointly "the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes, comprising significant accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to EUR 1.717.126 (000) and the consolidated statement of profit or loss shows a profit for the year of EUR 39.427 (000).

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board and as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Belgium and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises section 'I. General information and performance'.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Standards as issued by the International Accounting Standards Board and as adopted by the European Union, and for such internal control as management 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, management is responsible for assessing the Company'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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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.

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 management 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.

Zaventem, 30 March 2023

KPMG Réviseurs d'Entreprises SRL / Bedrijfsrevisoren BV
Independent auditor
represented by

Filip De Bock
Réviseur d'Entreprises / Bedrijfsrevisor