

Ghelamco Invest NV Half year results 30.06.2023

Considering the macroeconomic turbulence and an observed cooldown in global real estate markets, Ghelamco Invest handles very well the situation through its robust and integrated business model

- Net result for the period of -22,100 KEUR (compared to 4,034 KEUR as per 30.06.22). The decrease compared to the first half of 2022 relates mostly to the effect taken in respect of the outcome of the judgement from the Court of First Instance Brussels of the Eurostadium Brussels project (impairment of 23.6 MEUR) combined with the increasing market interest having effect on the yield (expectations) and consequently the portfolio valuations.
- Solvency ratio decreased to 28.21% (compared to 32.15% as per 31.12.22) in line with the build-up of the Companies' portfolio.
- Ghelamco intensifies its ongoing efforts on implementing new top-notch techniques to comply with highest ESG-norms and to obtain well-known green-certificates for its projects such as BREEAM, WELL and DGNB. Ghelamco is already adopting the highest sustainability standards for years on its portfolio. Ghelamco is a frontrunner in the market in respect of applying new techniques serving the worldwide set reduction programs in respect of reducing climate change.
- Ongoing fit-out works in the office and hotel project The Wings at the Culliganlaan in Diegem as well as already delivering office spaces to anchor tenants. Commercial efforts already led to a lease status over 92% (remaining space under negotiation).
- Finalization of the construction works in the residential Lake District project in Knokke (fully sold-out). The project offers 166 high-end apartments over 3 buildings and approx. 4,200 sqm retail function. Deliveries of the apartments and retail space is ongoing with a fast pace.
- Finalisation of the construction works of The Arc in London (mixed residential, offices and retail project at City Road 225), given the scheduled practical completion Q1 2024. The commercialization of the project is ongoing and resulted already in substantial reservation of residential units up to 62% and a retail space that is fully leased per 30 June. The office space is currently offered to the tenants market (including the required affordable office quota).
- Ongoing construction works of Nova One (single tenant building in Antwerp which offers office space, a warehouse facility and underground parking spaces). Delivery is still scheduled within the foreseen timing Q2 2024. This building is already fully pre-let to Dematic NV and pre-sold to an institutional investor.
- Ongoing construction works to develop a top-notch Nexus Datacenter located at the Zellik Green Energy Research Park. The first center in its kind in the Belgian territory. The project includes the development of offices, R&D, training and co-creation facilities and will provide space to startups, spin-offs, knowledge centers etc. Furthermore, Ghelamco focuses on carbon neutrality through investing in brand new

techniques such as heat recuperation techniques to deploy a heatnetwork on site as well as incorporating solar panels for own electricity needs. Ghelamco will obtain an Edge attestation for this project.

- **Further development of the project sites in Antwerp: Antwerp West, Copernicus Site and Noorderlaan as well as in the Brussels region: The Cube in Diegem and Lloyd George in Brussels. The Company is designing its projects to the latest needs of the stakeholders enabling submitting the respective permits with the local authorities.**

Preliminary remark

Ghelamco Invest NV (with all of its subsidiaries) represents the Belgian, French and UK activities of the Ghelamco Group, a leading European real estate investor and developer active in the offices, residential, retail and logistics markets.

Ghelamco Invest NV is hereafter referred to as “Ghelamco Invest” or the “Company”.

Summary

The first half year of 2023 has been characterised by challenging macro-economic conditions. The remaining high inflation context combined with increasing interest rate environment, in which the economy finds itself, cooled down global real estate transaction volumes. The Company was able to benefit from contractual indexation of leases and thus significantly increase its current and future lease income. The lease increase was able to offset the slight increase in yields, keeping the valuation of the portfolio stable, even slightly increasing. 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 periods, the Company succeeded in reducing its inflation exposure risk by having fixed price contracts with related and external companies. In addition, the Company's fully integrated robust business model with control over the total value chain, including purchases, allowed the Company to adopt a strict cost control in order to optimize 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. Ghelamco's ESG compliant offices (delivered or under construction) are highly sought for by tenants and institutional investors who look for high-end spaces meeting the highest sustainability standards. The Company believes through her active management starting and/or completing projects in the second half of 2023 as planned. 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.

Additionally, the Company is further putting sustainable development at the heart of the projects (amongst others technical and environmental innovation), the Company kept focus on its development and commercial activities in its core markets striving for operational excellence. The Company has in the current period once more considerably invested in a number of existing projects (mainly The Wings in Diegem (Belgium), Nova One (Antwerp), Nexus Datacenter (Zellik) and The Arc in London (UK)), resulting in the creation of added value on its current projects portfolio. This is reflected in an increased balance sheet total of 1,293,639 KEUR. In view of the judgement obtained from the Court of First Instance Brussels, in respect of the Eurostadium Brussel project, the

Company impaired its historical costs for 23.6 MEUR, resulting in an exceptional net loss of 21,100 KEUR for the current period following a decreased equity of 364.990 KEUR. The solvency ratio^[1] evolved to 28.21% (32.15% per 31/12/22) fully in line with the build-up portfolio of the Company.

In Belgium, the Company intensified its development activities over the last years (with on average over 40 projects in portfolio). As a consequence, a significant number of Belgian projects are to be delivered and to be sold in the coming years.

Continuation and good progress of the fit-out works made in the office and hotel project The Wings at the Culliganlaan in Diegem. In the past period the Company started to deliver office spaces to anchor tenants.

Finalisation of the construction works of The Arc in London (mixed residential, offices and retail project at City Road 225), given the scheduled practical completion Q1 2024. The commercialization of the project is ongoing and resulted already in substantial reservation of residential units up to 62% and a retail space that is fully leased per 30 June. The office space is currently offered to the tenants market (including the required affordable office quota).

The finalization of the construction works of the residential Lake District project in Knokke have been continued and are well advanced, with the result of starting first deliveries in the first year-half of 2023. The project offers 166 high-end apartments, approx. 4,200 sqm retail function on the groundfloor and a hotel, spread over 3 buildings: The Tower (13 floors), 11 Lake Garden (6 floors) and 8 Lake Garden (4 floors). All of the available apartments were already sold out.

During H1 2023, the company focused as well on the Brussels region in respect of its projects The Cube (Diegem) and Green Energy Park (Zellik). The Company received in the meantime the building permit to develop at the Zellik Research Park “state-of-the-art” research, development, training and co-creation facilities that will provide housing to startups, spin-offs, knowledge institutions and companies (Nexus project).

The Company further developed and designed its projects in the Antwerp region during the first half year of 2023 – Antwerp West, Copernicus Site and Noorderlaan. At the current date of this report, the Company was able to sell a part of the Copernicus Site (office part of Building C) to Federale Pensioendienst (delivery upon completion).

^[1] Calculated as follows: equity/total assets * 100

Key figures

Consolidated statement of profit or loss (in KEUR)	30.06.2023	30.06.2022
Operating result	-18,842	17,795
Result for the period	-22,100	4,034
Share of the owners of the Company in the result for the period	-22,028	4,051
Consolidated statement of financial position (in KEUR)	30.06.2023	31.12.2022
Total assets	1,293,639	1,204,193
Cash and cash equivalents	51,973	2,332
Net financial debt ²	755,325	707,833
Total equity	364,990	387,205

Revenue for the first semester of 2023 amounts to 13,891 KEUR and mainly relates to rental income (6,966 KEUR) and sales of residential projects (6,925 KEUR).

The investment property portfolio evolved from 645,479 KEUR per end 2022 to 730,282 KEUR per end of June 2023. This evolution is the combined result of current period's expenditures (78,635 KEUR) and fair value adjustments (6,188 KEUR). The current period's favorable fair value adjustment is mainly the consequence of the Company's sustained investment and leasing efforts, leading to stable yields and increasing rent levels in opposition to the current market evolution in the real estate sector.

The operating result for the first half-year of 2023 totals to -18,482 KEUR.

Property development inventories balance decreased by 13,510 KEUR to 240,111 KEUR. This evolution is mainly related to the impairment of the historical capitalised costs of the project Eurostadium Brussels (-23.6 MEUR) after the judgement obtained from the Court of First instance of Brussels . This decrease is partly offset by an increase expenditures for residential projects The Arc (+6.9 MEUR), Copernicus (+1.4 MEUR) and Droixhe project in Luik (+1 MEUR).

During the period the Company was able to obtain new bank borrowings and withdrew on existing credit facilities for a total amount of 97.2 MEUR, bringing the total outstanding amount of bank borrowings to 602.0 MEUR (compared to 505.5 MEUR at 31/12/2022) and in line with the increased portfolio.

Overview

The Company's main development activities during the first half of 2023 related to:

- Finalization of the construction works of the Lake District residential project in Knokke (offering 166 luxurious apartments, 4,200 sqm retail and 486 parking spaces);
- Finalization of the construction works in the mixed residential/offices/retail project The Arc in London (offering 100 residential units and 15,000 sqm of office and retail space);
- Continuation of the fit-out works in The Wings project (offering +/- 48,500 sqm leasable office space in total) at the Culliganlaan in Diegem in view of the delivery of the leased spaces to the tenants;

² Calculated as follows: interest bearing loans and borrowings - cash and cash equivalents

- Continuation of construction works in Nova One (single tenant building offering approx. 6,400 sqm office space, approx. 5,400 sqm warehouse facility and 200 underground parking spaces) in Antwerp; and
- Continuation of construction works in Nexus Datacenter (offering 3.300 sqm whitespace for 15 datamodules) in Zellik Research Park.

Following main lease agreements have been signed per date of the current report:

- Bayer, Securitas, Foodmaker and Pro League have signed a long term lease agreement within the office part of The Wings, bringing the lease status to 92%.

As to divestures and/or revenues:

- Current period's other, residential revenues mainly related to instalment invoicing (under the Breyne legislation) connected to the sale of apartments in the Lake District project in Knokke.
- Successful sale of Nova One at 30/06/23 to Ethias, delivery upon completion Q2 2024.
- Successful sale of office part to develop of Copernicus Site (building C) to Federale Pensioendienst (delivery upon completion Q3-Q4 2024).

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 the second half of 2023, the Company will continue its sustained growth ambition. Despite the disruptions in the financial and banking sector worldwide creating a wait and see position of investors, the Company has already secured some important positions for sizable new projects for the future.

Financial expenses will continue to rise in 2023 as a result of higher interest rates, higher bank margins and related financial costs. The slow down of sale of offices projects as well as residential units will continue putting pressure on yields negatively, possibly impacting valuations of investments properties at year-end 2023.

The consequences of the current real estate market situation is continuously monitored by the Companies management. The Companies management is confident to be able to minimize the effect of current situation on its full year financials.

Risks

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.

These risks, which are described in detail in the Ghelamco Invest NV IFRS Consolidated Financial Statements at 31 December 2022, remain applicable for 2023 and are closely managed and monitored by the Company's management.

Declaration in accordance with Art. 13 of the Belgian Royal Decree of 14 November 2007

The Management, acting in the name of and on behalf of GHELAMCO INVEST NV, attest that to the best of their knowledge,

- the interim condensed financial statements are prepared in accordance with applicable accounting standards and give, in all material respect, a true and fair view of the consolidated assets and liabilities, financial position and consolidated results of the Group and of its subsidiaries included in the consolidation for the six month period;
- the interim financial management report, in all material respect, gives a true and fair view of all important events and significant transactions with related parties that have occurred in the first six month period and their effects on the interim financial statements, as well as an overview of the most significant risks and uncertainties we are confronted with for the remaining six months of the financial year.



Paul Gheysens
CEO & Managing Director
Ieper
28/09/2023



Philippe Pannier
CFO
Ieper
28/09/2023

About Ghelamco

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

Condensed consolidated interim financial statements Ghelamco Invest NV per June 30, 2023

Condensed consolidated statement of profit or loss (in KEUR)

	Note	30/06/2023	30/06/2022
Revenue	7	13,891	27,165
Other operating income	8	3,242	1,499
Cost of Property Development Inventories	7	-10,174	-17,091
Employee benefit expense		0	-2
Depreciation amortisation and impairment charges		-50	-117
Gains from revaluation of Investment Property	4, 8	6,188	15,719
Other operating expense	8	-33,531	-11,024
Share of results in equity accounted investees (net of tax)	5	1,592	1,646
Operating result, including share of result in equity accounted investees (net of tax) - result		-18,842	17,795
Finance income	9	8,150	4,622
Finance costs	9	-13,201	-11,935
Profit/loss before income tax		-23,893	10,482
Income taxes	10	1,793	-6,448
Profit/loss for the period		-22,100	4,034
Attributable to			
Owners of the Company		-22,028	4,051
Non-controlling interests		-72	-17

Condensed consolidated statement of profit or loss and other comprehensive income (in KEUR)

	30/06/2023	30/06/2022
Profit/loss for the period	-22,100	4,034
Exchange differences on translating foreign operations	-256	67
Other		
Items that are or may be reclassified subsequently to profit or loss	-256	67
Total Comprehensive income for the period	-22,356	4,101
Attributable to		
Owners of the Company	-22,284	4,118
Non-controlling interests	-72	-17

Condensed consolidated statement of financial position (in KEUR)

	Note	30/06/2023	31/12/2022
ASSETS			
Non-current assets			
Investment Property	4	730,282	645,479
Property, plant and equipment		203	275
Equity accounted investees	5	32,576	30,985
Receivables and prepayments		3,605	6,443
Deferred tax assets	10	17,186	12,029
Other financial assets	11	3,570	5,143
Total non-current assets		787,422	700,354
Current assets			
Property Development Inventories	3	240,111	253,621
Trade and other receivables	12	214,126	247,879
Current tax assets		7	7
Assets classified as held for sale	4	0	0
Cash and cash equivalents		51,973	2,332
Total current assets		506,217	503,839
TOTAL ASSETS		1,293,639	1,204,193

Condensed consolidated statement of financial position (in KEUR) (cont'd)

	Note	30/06/2023	31/12/2022
EQUITY AND LIABILITIES			
Capital and reserves attributable to the Group's equity holders			
Share capital		146,490	146,490
Currency Translation Adjustment (CTA)		-151	105
Retained earnings		217,616	239,643
		363,955	386,238
Non-controlling interests		1,035	967
TOTAL EQUITY		364,990	387,205
Non-current liabilities			
Interest-bearing loans and borrowings	6	331,044	325,733
Deferred tax liabilities	10	32,719	30,142
Other liabilities		136	156
Total non-current liabilities		363,899	356,031
Current liabilities			
Trade and other payables	11	86,406	73,709
Current tax liabilities	10	2,090	2,816
Interest-bearing loans and borrowings	6	476,254	384,432
Total current liabilities		564,750	460,957
Total liabilities		928,649	816,988
TOTAL EQUITY AND LIABILITIES		1,293,639	1,204,193

Condensed consolidated cash flow statement (in KEUR)

	Note	30/06/2023	30/06/2022
Operating Activities			
Profit /Loss before income tax		-23,893	10,482
<i>Adjustments for:</i>			
- Share of results in equity accounted investees	5	-1,592	-1,646
- Change in fair value of investment property	4	-6,188	-15,719
- Depreciation, amortization and impairment charges		50	117
- Net interest charge	9	5,000	4,317
- Movements in working capital:			
- Change in prop. dev. inventories		-10,138	-8,241
- Impairment Eurostadium		23,648	
- Change in trade & other receivables		39,390	56,622
- Change in trade & other payables		1,502	-393
- Movement in other non-current liabilities		-20	0
- Other non-cash items		-113	123
Income tax paid	10	-1,513	-933
Interest paid (*)	9	-11,413	-7,370
Net cash from operating activities		14,720	37,359
Investing Activities			
Interest received	9	371	128
Purchase/disposal of PP&E		22	0
Purchase of investment property	4	-59,952	-44,884
Capitalized interest in investment property (paid)	4	-7,083	-6,114
Net cash inflow/outflow on other non-current financial assets		4,411	28
Net cash flow used in investing activities		-62,231	-50,842
Financing Activities			
Proceeds from borrowings	6	97,825	35,609
Repayment of borrowings	6	-673	-35,999
Net cash inflow from / (used in) financing activities		97,152	-390

GHELAMCO

INTERNATIONAL REAL ESTATE INVESTOR & DEVELOPER

Net increase/decrease in cash and cash equivalents

49,641

-13,873

Cash and cash equivalents at 1 January of the year

2,332

17,880

Cash and cash equivalents at the end of the period

51,973

4,007

(*): Interests directly capitalized in IP not included (30/06/2023: 7,083 KEUR; 30/06/2022: 6,114 KEUR, separately presented under investing activities)

Condensed consolidated statement of changes in equity (in KEUR)

	Attributable to the owners of the Company			Non-controlling interests	Total equity
	Share capital	Cumulative translation reserve	Retained earnings		
Balance at 1 January 2022	146,490	-45	227,531	863	374,839
Capital increase					0
Currency Translation Adjustment (CTA)		67			67
Profit/loss for the period			4,051	-17	4,034
Dividend distribution					0
Change in non-controlling interests					0
Change in the consolidation scope				-4	-4
Other					0
Balance at 30 June 2022	146,490	22	231,582	842	378,936
Balance at 1 January 2023	146,490	105	239,643	967	387,205
Capital increase					0
Currency Translation Adjustment (CTA)		-256			-256
Profit/loss for the period			-22,028	-72	-22.100
Dividend distribution					0
Change in non-controlling interests				151	151
Change in the consolidation scope					0
Other			1	-11	-10
Balance at 30 June 2023	146.490	-151	217.616	1.035	364.990

Segment reporting

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

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

Notes to the condensed consolidated interim financial statements at 30 June 2023

1. Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union, and should be read in conjunction with the Group's last annual consolidated financial statements for the year ended 31 December 2022 ('last annual financial statements'). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The condensed consolidated financial statements for the 6-months period ended June 30, 2023, were approved by the Board of Directors on 28 September 2023.

The new interpretations and standards that are applicable from 2023 did not have any significant impact on the Company's interim financial statements.

2. Significant accounting policies

The condensed consolidated interim financial statements are prepared on a historic cost basis, with the exception of investment property (under construction), assets held for sale and derivative financial instruments, which are stated at fair value.

All figures are in thousands of EUR (KEUR), unless stated otherwise.

The accounting policies adopted are consistent with those followed for the preparation of the Company's consolidated financial statements for the year ended 31 December 2022.

3. Going concern basis of accounting

Capital risk and balance sheet structure management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern and to support its strategic growth plans. The Group monitors capital/balance sheet structure primarily based on the solvency ratio.

The bonds issued by Ghelamco Invest NV under the existing EMTN-programs are guaranteed by Ghelamco Group Comm. VA, the parent company of Ghelamco Invest NV. Covenants in relation to bonds issued by Ghelamco Invest NV are tested both at half-year and at year-end. As at 30 June 2023, the Issuer and the Guarantor have been in compliance with these covenants and most covenants show sufficient headroom, except for the solvency ratio at the level of the Guarantor (40,60% vs. a minimum requirement of 40%). Meeting the solvency ratio at the next two test points will depend on various factors which are driven by the operations of both Ghelamco Invest NV (approx. 50% of total real estate portfolio) and Granbero Holdings Ltd. (approx. 50% of total real estate portfolio) such as:

- Evolution of key assumptions (e.g. yield, estimated rental value, passing rent, estimated completion costs) supporting the fair value of investment properties which will remain the Group's most significant income driver in 2023.
- Fair value adjustments also depend on timely obtaining of permits (e.g. Spatial Urbanization Plan, building, occupancy) which impact the start of construction and subsequently the valuation (in case of investment properties).
- Extent and timing of sale and delivery of residential inventory development projects at profit margins in line with budget
- Timing of execution of purchase commitments and capital expenditures in connection with projects under development which are (partially) financed through financial debt
- Timely completion and delivery of investment properties to tenants and investors under committed lease and sale agreements
- Timely disposal of stabilized investment properties which have been identified by management in order to manage its balance sheet
- Fund flows with related parties outside Ghelamco Group (a.o. sale of Blue Towers in Gent)
- Successful refinancing of short-term financial debt

A significant deviation of an individual factor or a modest deviation of more than one factor could lead to an increase of covenant headroom (upside) or pressure on covenants (downside). Based on its profit and balance

sheet forecasts, management is confident that there are no material uncertainties to comply with the debt covenants in the next 12 months because of the following reasons:

- Significant expected sales (and related profit margins) on the residential part of The Arc, a sizeable new project in London
- The anticipated sale of the Hub hotel
- Further value creation on the Group's real estate portfolio, in connection with the Group's continued and sustained development and commercial efforts

Liquidity forecasts

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 Group's liquidity needs. The Group's liquidity position is monitored by management, based on 12 months rolling forecasts. Due to the dynamic nature of the underlying business activities and the current economic environment, the Group actively evaluates a wide range of measures to ensure that adequate resources are available to finance the Group's capital needs such as:

- New external financing via banks and private lenders
- Issuance of bonds on the Polish capital market to refinance the Polish bonds and/or local bank loans maturing within one year
- Refinancing/prolonging project financing within the framework agreed with its banks
- Optimising leverage on standing assets and development projects
- Intragroup cash downstreaming of available cashflows (a.o. sale of Blue Towers in Gent)
- Shareholders' contributions
- Active portfolio management
- Delaying development of new projects (subject to predefined sale targets)
- Working capital management

Management is confident that it is realistic and feasible to meet its short term funding obligations through a combination of the measures mentioned above. Together with the events that have already occurred after the balance sheet date (see post balance sheet events), management is of the opinion that there is no risk of default to the settlement of current interest bearing loans and borrowings and there are no material uncertainties related to going concern.

4. Property development inventories

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

	30/06/2023	31/12/2022
Property Development Inventories	240,111	253,621
Raw materials	0	0
Finished goods	0	0
	240,111	253,621

The inventory mainly relates to:

- Residential units in the Arc project (UK) at 225 City Road, London;
- Copernicus site in Antwerp, for the future development of a mixed project;
- Residential projects at the Belgian coast, mainly in Knokke;
- The Edition Zoute project (49 serviced boutique apartments with commercial functions on the ground floor, in Knokke); construction is currently in a final stage; and
- Some plots in Courchevel for the development of (combined) residential/hotel projects.

Eurostadium Brussels

The Dutch-speaking Court of First Instance Brussels ruled in its judgment on 31 March 2023 that the ground lease agreements were validly terminated by the city of Brussels on 13 July 2018 for force majeure. The judgment, which is provisionally enforceable, has not currently been served on Ghelamco.

The Board of Directors is currently studying all options to still recover costs made. As a result the Board of Directors already filed an appeal against the judgement received. Any further actions will be taken whereas necessary.

In accordance with the applicable accounting rules (IAS2), the Board of Directors has decided to apply an impairment in the amount of the capitalised costs (MEUR 23.6).

5. Investment property

Balance at 31 December 2022	645,479
Acquisition of properties	
Acquisition through business combinations	
Subsequent expenditure	78,635
Transfers	
- Assets classified as held for sale	
- Other transfers	
Adjustment to fair value through P/L	6,188
Disposals	
CTA	
Other	-19
Balance at 30 June 2023	730,282

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

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

Country + SPV	Commercial Name	Valuation	Cat	30/06/2023	31/12/2022
BELGIUM + UK				KEUR	KEUR
225 City Road Ltd	The Arc	Avison Young	C	184,290	161,550
Sogimes NV/ Verbena NV/ Cogimes NV	The Wings	BNP	C	170,300	136,250
DC Green	Nexus Data Center	Man	C	10,009	3,553
Viminalis	Antwerpen West	CBRE	A/D	46,190	47,860
Viminalis III	Nova One	CBRE	C	20,160	8,522
Leisure Property Invest	Knocke Village	Cushman	B	119,152	109,807
Ghelamco Invest	Boutique Hotel	Colliers	C	23,910	24,730
Brussel Lloyd George	Lloyd George	Man	B	46,123	45,829
Zeewind	Zeewind	Man	D	1,746	1,746
DNF/Filature Retail	Filature/ Tribeca Retail	Man	D	4,100	4,100
Ligora	The Cube	CBRE	C	18,651	15,956
Docora	Rafc Tribune 1 & 4	Man	D/C	85,178	85,084
Right of use asset	Nexus Data Center	Man	n/a	473	492
TOTAL:				730,282	645,479

Legend : Man = Management valuation, Cushman = Cushman & Wakefield valuation report, BNP = BNP Paribas Real Estate.

The average yields used in the expert valuations (applying residual method) on 30 June 2023 are as follows:

- 4.65% to 6,17% for Belgian office projects, depending on the location, specifics and nature of the investment (vs. 4.5% to 6.00% per 31/12/2022);
- 5.90% for UK office projects, depending on the location, specifics and nature of the investment (vs. 5.75% per 31/12/2022);
- 6.65% for Belgian retail projects, depending on the specifics, nature and location of the investment (vs. 6% to 6.25% per 31/12/2022);
- 6.60% for multifunctional projects (vs. 6.60% per 31/12/2022);
- 4.30% to 6.75% for Belgian hotel projects, depending on the location, specifics and nature of the investment (vs. 4.25% to 6.50% per 31/12/2022);

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

- 170 EUR/sqm/year to 210 EUR/sqm/year for Belgian office space (vs. 170 to 185 EUR/sqm/year per 31/12/2022);
- 66,60 £/sq ft/year for UK office projects depending on the location, specifics and nature of the project (vs. 66,60 £/sq ft/year per 31/12/2022);
- 120-250 EUR/sqm/year for Belgian retail space (vs. 120-250 EUR/sqm/year per 31/12/2022), depending on the location, specifics and nature of the project;
- 186 EUR/sqm/year (vs. 186 EUR/sqm/year last year) for multifunctional projects, depending on the location, specifics and nature of the investment.
- 200 EUR/sqm/year to 322.81 EUR/sqm/year for Belgian hotel projects, depending on the location, specifics and nature of the investment (vs. 200 – 314.78 EUR/sqm/year per 31/12/2022).

With respect to the fair value adjustments which have been recognized in the current period, we refer to note 8 of the Consolidated interim Financial Statements.

There have been no disposals of investment property during the first half of 2023.

Assets held for sale

No assets held for sale per 30/06/2023.

6. Equity accounted investees

Equity accounted investees amount to 32,576 KEUR as of 30 June 2023. The outstanding balance relates on the one hand to the (50%) participating interests in Carlton Retail NV, which is connected with the One Carlton high-end residential project in Knokke Zoute (14,414 KEUR), and on the other hand, the remaining 80% stakes in Meetdistrict Gent NV (11,176 KEUR) and Ring Multi NV (6,986 KEUR).

The share of the Company in the result of equity accounted investees amounts to 1,592 KEUR as per 30 June 2023.

7. Interest bearing loans and borrowings

	30/06/2023	31/12/2022
Non-current		
Bank borrowings	173,243	168,385
Other borrowings - bonds	152,220	151,676
Other borrowings - other	5,133	5,206
Finance Lease Liabilities	448	466
	331,044	325,733
Current		
Bank borrowings	428,788	337,158
Other borrowings - bonds	47,441	47,248
Other borrowings - other		
Finance Lease Liabilities	25	26
	476,254	384,432
TOTAL	807,298	710,165

7.1 Bank borrowings (602,031 KEUR; of which 173,243 long-term and 428,788 short-term)

During the period, the Company contracted new bank borrowings and withdrew on existing credit facilities for a total amount of 97.2 MEUR. Bringing the total outstanding bank borrowings to 602.0 MEUR (compared to 505.5 MEUR at 31/12/2022).

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 (usually 2-year term) into development loans (usually additional 2-year term) and swaps development loans into investment loans (mostly 5 years term) upon the fulfilment of pre-agreed conditions. Most banking partners of the Company have accepted the above as a “framework” for past, current and future co-operation. The financing for the Company and the Companies projects are provided based on a short-term rate, the 1 to 12 month Euribor or Sonia (UK), plus a commercial margin.

As a consequence of the step-up loan structure 55% of the outstanding non-current bank borrowings is maturing within a 2 years-period, 45% is maturing after more than 2 years.

With respect to the outstanding short-term bank borrowings, it is to be mentioned that a significant part of the balance per books is currently in the advanced process of prolongation or refinancing (e.g. through a swap to investment loans), or has per date of the current report already been prolonged.

7.2 Other borrowings - Bonds (199,661 KEUR; of which 152,220 KEUR long-term and 47,441 KEUR short-term)

	Issue Date	Tranche (KEUR)	Capitalized costs (KEUR)	Net (KEUR)	% (fixed)	Maturity
LT	20/11/2017	54,200	-322	53,878	4.80%	20/11/2024
LT	21/01/2020	20,000	-168	19,832	4.25%	21/01/2027
LT	14/06/2021	50,100	-379	49,721	5.00%	14/06/2025
	14/06/2021	30,000	-1,211	28,789	5.00%	14/06/2025
	TOTAL LT	154,300	-2,080	152,220		
ST	3/07/2020	47,500	-59	47,441	5.50%	3/07/2023
	TOTAL ST	47,500	-59	47,441		
	Total	201,800	-2,140	199,660		

The respective issued prospectuses approved by the authorities can be found on the website of Ghelamco (<https://www.ghelamco.com/investor-relations/belgium/>) together with the terms and conditions of each tranche.

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

Total balance of outstanding bonds per balance sheet date (199,661 KEUR) represents the amount of issue (201,800 KEUR) less capitalized issue costs (of which mainly the issuing banks' arrangement fees and amortized over the term of the bonds).

The Company successfully repaid the bonds with the IN_SIN number BE6322489293 for the amount of 47.5 MEUR on its maturity date i.r. 3/07/2023.

No defaults of payments or breaches of borrowing agreements occurred as of 30 June 2023.

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

The bonds issued by Ghelamco Invest NV under the existing EMTN-programs are guaranteed by Ghelamco Group Comm. VA ('Ghelamco Group'), the parent company of Ghelamco Invest NV. Various covenants are applicable to Ghelamco Group (as guarantor) and Ghelamco Invest (as issuer) under the existing EMTN programs enacted by Ghelamco Invest NV. Covenants are tested both at half-year and at year-end. As at 30 June 2023, both the Issuer and the Guarantor have been in compliance with these covenants. We refer to note 2.2. of the last annual financial statements for an overview of the applicable covenants and the factors that could impact those covenants.

8. Revenue

Revenue can be detailed as follows:

	30/06/2023	30/06/2022
Sales of Residential Projects	6,925	21,176
Rental Income	6,966	5,989
TOTAL REVENUE	13,891	27,165

The rental income of 2023 mainly relates to the lease income generated from the Lloyd George building in Brussels, the lease income received from the Copernicus building, The Wings, Antwerpen West and the RAFC stands in Antwerp.

The (residential) projects sales as of 30 June 2023 mainly relate to:

- The Lake District project in Knokke (5,635 KEUR): land parts and instalment invoicing in accordance with Breyne legislation. This residential project consists of 166 high-end apartments and is fully sold out.
- 13 parking spaces in Katelijne project in Knokke (1,188 KEUR).
- Senzafine project in Kortrijk (102 KEUR): 3 garages/parking spaces which were sold during H1 2023.

The decrease in the total revenue is mainly related to the drop in sales of residential projects and is fully related to the sales proceeds on the Lake District project in prior year whereas in current year you only have mainly installment invoices and in prior year still initial sale of units.

The evolution in the cost of property development inventories goes together and is in line with the evolution in sales. The gross margin is dependent on the type of projects sold and the market.

9. Other items included in operating profit/loss

9.1 Other operating income

The current period's other operating income (3,242 KEUR) mainly includes some recoveries of real estate tax, co-owners expenses and fit-out expenses to tenants.

9.2 Gains from revaluation of Investment Property

	30/06/2023	30/06/2022
Gains/(Loss) from revaluation of Investment Property	6,188	15,719

Fair value adjustments over the first half of 2023 amount to 6,188 KEUR, which is mainly the result of current period's further investment, changing parameters and leasing efforts, in combination with evolution in market conditions (yield and rent level evolution).

Main fair value adjustments have been recognized on Knocke Village project (7.3 MEUR), Nova One (2.1 MEUR), The Wings (1.6 MEUR), Antwerpen West (-2.6 MEUR) and Boutique Hotel (-1.2 MEUR), in connection with the progress of the construction and commercialisation process.

9.3 Other operating expenses

	30/06/2023	30/06/2022
Other operating expenses		
Taxes and charges	-1,832	-1,098
Insurance expenses	-336	-198
Audit, legal and tax expenses	-2,514	-3,828
Promotional expenses	-266	-318
Sales expenses	-175	-719
Rental guarantee expenses	-353	-355
Housing costs (incl maintenance)	-798	-1,497
Operating expenses with related parties	-1,323	-1,479
Impairment ESB	-23,648	-
Miscellaneous	-2,286	-1,532
Total:	-33,531	-11,024

Current year's increase in other operating expenses is mainly related to the impairment cost of Eurostadium Brussels in accordance with the applicable accounting rules.

10. Finance income and finance costs

	30/06/2023	30/06/2022
Foreign exchange gains	2,142	-
Interest income	6,008	4,622
Other finance income	-	-
Total finance income	8,150	4,622
Interest expense	-11,008	-8,939
Other interest and finance costs	-2,193	-1,828
Foreign exchange losses	-	-1,168
Total finance costs	-13,201	-11,935

The evolution in interest expenses goes together with the extent of development and construction activities but also with the overall (development and construction) status of projects, based on which interest is expensed in the income statement vs. capitalized in inventory. It is also to be noted that interest expenses related to (not yet delivered) Investment Property projects are not included in the above 2023 and 2022 figures, as those have directly been capitalized on IP.

Other finance costs mainly relate to the amortisation of capitalized bond issue expenses and capitalized loan set-up costs on the UK loan.

Current period's exchange gains are mainly attributable to the relative strengthening of the EUR vs. the GBP, and its impact on the conversion of the GBP (mezzanine) loans.

It is to be mentioned that main part of current period's exchange differences is unrealized (and connected with the conversion at spot rate of the outstanding GBP (mezzanine) loans.

11. Income taxes

	30/06/2023	30/06/2022
Current income tax	-787	-756
Taxes previous years	-	-1,157
Deferred tax	2,580	-4,535
Total income tax	1,793	-6,448

In general, the deferred tax expenses are mainly related to the recognition of deferred tax liabilities on the fair value accounting of investment property.

In current period, the exceptional loss taken on Eurostadion Brussel project resulted in an additional deferred tax income.

12. Financial instruments

The table below summarizes all financial instruments by category and discloses the fair values of each instrument and the fair value hierarchy.

Financial instruments (x € 1 000)	30.06.2023				
	FVTPL	FVOCI	Measured at amortised cost/fin. liabilities at amortised cost	Fair value	Fair value level
Other financial investments					
Other financial assets			3,570	3,570	2
Non-current receivables					
Receivables and prepayments			3,605	3,605	2
Current receivables					
Trade and other receivables			208,276	208,276	2
Cash and cash equivalents			51,973	51,973	2
Total Financial Assets	0	0	267,424	267,424	
Interest-bearing borrowings - non-curr.					
Bank borrowings			173,243	173,243	2
Bonds			152,220	145,047	1
Other borrowings			5,133	5,133	2
Finance Lease Liabilities			448	448	2
Interest-bearing borrowings - current					
Bank borrowings			428,788	428,788	2
Bonds			47,441	47,500	1
Other borrowings			-	-	2
Finance Lease Liabilities			25	25	2
Current payables					
Trade and other payables			84,892	84,892	2
Total Financial Liabilities	0	0	892,190	885,076	

Financial instruments (x € 1 000)	31.12.2022				
	FVTPL	FVOCI	Loans and receivables/fin. liabilities measured at amortised cost	Fair value	Fair value level
Other financial investments					
Other financial assets			5,144	5,144	2
Non-current receivables					
Receivables and prepayments			6,443	6,443	2
Current receivables					
Trade and other receivables			242,116	242,116	2
Cash and cash equivalents			2,332	2,332	2
Total Financial Assets	0	0	256,035	256,035	
Interest-bearing borrowings - non-curr.					
Bank borrowings			168,385	168,385	2
Bonds			151,676	144,439	1
Other borrowings			5,206	5,206	2
Finance Lease Liabilities			466	466	2
Interest-bearing borrowings - current					
Bank borrowings			337,158	337,158	2
Bonds			47,248	46,862	1
Other borrowings			-		
Finance Lease Liabilities			26	26	2
Current payables					
Trade and other payables			71,736	71,736	2
Total Financial Liabilities	0	0	781,901	774,278	

The above table provides 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).

13. Transactions with related parties

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

- Investment Holding: comprises resources invested in the development of real estate projects in Belgium, France, UK and Poland and the intra-group Financing Vehicles – referred to as "Investment Group" or the "Group";
- Development Holding: represents international entities that provide construction, engineering and development services to the Investment Holding (and to an extent to third parties);
- Portfolio Holding: consists of all other activities and real estate investments controlled by the ultimate shareholders; and
- Ghelamco European Property Fund: is the long-term investment holding and comprises since 2016 the real estate projects kept as income generating products for a longer time. The fund is not regulated but acts as a separate legal entity within the group.

Ghelamco Invest NV (the "Company") is the holding company of the Belgian, French and UK activities of Ghelamco Group Comm. VA, which is in turn the holding company of the Investment Group. Ghelamco Invest NV, together with its subsidiaries, constitute the reporting entity for the purpose of these interim condensed financial statements.

Balances and transactions between the Company and related parties (belonging to the Development Holding and the Portfolio Holding) mainly relate to construction and development services on the one hand and financial related party transactions on the other hand.

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”), subsidiaries of the Development Holding:

- International Real Estate Services Comm. VA
- and to a lesser extent with Ghelamco NV.

Engineering and architectural design services

APEC Architectural Engineering Projects Limited (a limited liability company registered under the laws of Ireland), legal subsidiary of International Real Estate Services Comm. VA (the parent company of Ghelamco’s “Development Holding”) coordinates engineering and architectural design services provided to the Company’s larger projects, in accordance with terms of the respective contracts.

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

	30/06/2023	30/06/2022
Purchases of construction, engineering and architectural design	-1,544	-444
Operating expenses with related parties	-1,323	-1,479
Operating income with related parties		
Interest income	5,487	4,089
	30/06/2023	31/12/2022
Related party trade receivable	223	559
Related party trade accounts payable	-4,921	-5,665
Related party non-current loans receivable	1,666	1,837
Related party interest’s receivable (Ghelamco Group Comm. VA)	42,312	36,825
Related party C/A receivable (Ghelamco Group Comm. VA)	133,233	176,895
Related party non-current loans payable	-2,690	
Related party interests payable	-825	-728
Related party C/A payable	-9,729	-9,729

The related party current account receivable has decreased by 43.7 MEUR and is fully related to the Company’s receivable position towards its parent company Ghelamco Group Comm. VA.

14. Post balance sheet events

On 6 September 2023 the commercial property at Natiënlaan 106 (Knocke) was successfully sold based on an underlying property value of 3 MEUR.

Two lease agreements regarding The Wings (Diegem) were signed. On 15 September 2023 a 9 year lease agreement was signed with Bayer NV and on 17 July 2023 a 15 year lease agreement was signed with Pro League.

On 10 July 2023 Le Chalet at Courchevel was successfully sold based on an underlying value of 14.5 MEUR.

Within the bonds program of 2020 the tranche of 47.5 MEUR was successfully repaid on its maturity date 3 July 2023.

Two acquisitions took place:

- 1) On 1 September 2023, Ghelamco entered into an agreement with DEKA Immobilien to acquire the Boreal office building at the North Station in Brussels with a delayed payment schedule in accordance with milestones to achieve.
- 2) On 15 September 2023, Ghelamco signed an asset purchase agreement with Bayer (together with the lease agreement as mentioned above) to acquire their office building site located at Jan Mommaertslaan 14 in Machelen.



Statutory Auditor's Report to the board of directors of Ghelamco Invest NV on the review of the condensed consolidated interim financial information as at June 30, 2023 and for the six-month period then ended

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Ghelamco Invest NV as at June 30, 2023, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the interim financial information (“the condensed consolidated interim financial information”). The board of directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, “Interim Financial Reporting” as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at June 30, 2023, and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34, “Interim Financial Reporting” as adopted by the European Union.

Zaventem, September 28, 2023

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises
Statutory Auditor
represented by

Filip De Bock
Bedrijfsrevisor / Réviseur d'Entreprises