

# GHELAMCO

INTERNATIONAL REAL ESTATE INVESTOR & DEVELOPER

30 September 2023 – GHELAMCO Group in the first half of 2023.

**Press release – Ghelamco Group is resisting the macroeconomic headwinds well due to its robust business model of vertical integration and targeted geographical diversification.**

- **Underlying net result <sup>1</sup>: -13.4 million almost entirely due to the fair value adjustment of the investment property resulting from the upward yield shift, but these were partially offset by higher market rents.**
- **Robust business model enforces the solid balance sheet structure and future-proof liquidity position:**
  - **The Group has a large stock of (historical) land positions valued at cost with significant development potential. The pipeline has a development value of 6.4 billion euros, with a guaranteed profitability through the vertically integrated value chain within the Group.;**
  - **As at 30 June 2023, the Group has a cash position of 88.2 million euros. The future liquidity position is ensured by the expected delivery of a number of high-quality projects (including the Hub Hotel in Warsaw and The Arc in London) and the easy access to the Polish capital market for its local projects. Moreover, the Group's portfolio and pipeline only include new, sustainable, ESG-resistant and high-tech offices in prime locations with almost complete rental to "blue chip" multinationals. The pre-letting of office buildings under construction is on average 95%. Given the demand for high-quality "future-proof" office locations, the Group is able to achieve several recent pre-sales, ensuring future liquidity in a more volatile macroeconomic environment.**
- **Growth plan 2023-2026: Given the development potential of 6.4 billion euros of projects, Ghelamco differentiates itself through the targeted geographical diversification with a focus on Warsaw, London and Belgium (capitals & prime locations). The dynamics of these markets allow the Group to grow agile and more resilient in a more volatile macro environment.**
- **Ghelamco's state-of-the-art projects enable the Group to offset interest rate increases thanks to a sharp increase in rental prices, which gives the Group an inflation-proof cash flow profile.**

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<sup>1</sup> Net result (Group share) before depreciation of the Eurostadium project.

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## **Explanation:**

Despite the turbulent macro climate, Ghelamco Group reports robust half-year results and resilient growth prospects in 2023.

## **Net result:**

- Net result (Group share) of -36.9 million as a result of, on the one hand, a one-off accounting impairment in respect of the Eurostadium project following the judgment of the Court of First Instance on 29 March 2023 and, on the other hand, a negative adjustment (-3%) to the fair value of its investment properties in Poland. In Belgium, despite the upward yield shift, the fair value increased slightly due to successful commercial efforts (+ 6.2 million euros). The one-off impairment for the Eurostadium project was fully booked out of prudence, despite the Group's confidence in a successful outcome of the appeal.
- Consistent with its international accounting rules, Ghelamco adjusts the value of its commercial real-estate in function of the expected market returns (yields) on the real-estate market. The Group is convinced that its real-estate products are less subject to the increase in yields than most competitors, since office buildings will have to be "2050 proof" to achieve the 2050 climate targets and Ghelamco can meet this need and demand. All completed buildings from the Group will meet these objectives so that companies, governments and individuals can achieve the "net zero" energy target.

## **Solvency & liquidity:**

- Solvency remains robust and the decrease is mainly due to the constant strong build-up of investments under construction for buildings that already have a very high degree of pre-letting. In addition, the solvency ratio for the next half year will improve further due to the repayment of its Belgian bond maturing on 3 July 2023. The future pipeline of sustainable products and fast construction turnaround times will keep the financing cost under control, despite higher interest rates, and create sufficient wide margins to further strengthen solvency in the coming years. The strong profitability due to the vertical integration model and the fact that the shareholder offers the prospect of reinvesting the profits will perpetuate Ghelamco's healthy growth.

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## Portfolio and Pipeline:

- Fundamentals of the office market remain good, mainly due to the automatic rental indexation and especially because Ghelamco only has "new" buildings under development and portfolio with the highest standards for Breeam, Well and DGNB, as well as very high rental rates to blue chip tenants in its core countries, Poland (Warsaw), UK (London) and Belgium (capital and central locations).
- The geographical diversification between Poland (Warsaw), UK (London) and Belgium is an important strategic objective. Warsaw will continue to be an important market for Ghelamco in the coming years as Poland is the fastest growing economy within the EU over the last 15 years. The home market Warsaw is also characterized by the scarcity of permits for offices so that the supply of ESG-compliant offices remains limited and Ghelamco can continue to develop demand-driven on the basis of the permits already in its possession. Given the sound fundamentals and the very good reputation that Ghelamco has as a market leader in real-estate developments in Warsaw, Ghelamco has easy access to the local capital market. The occupancy rate of the office buildings is on average more than 95%.

The development value of pipeline portfolio amounts to EUR 6.4 billion. Prime "future proof" in line with ESG completed investment products "ready for sale" support Ghelamco's robust business model with long-term rental to blue chip companies and sales to international institutional parties. Most of the office locations are ESG, Well-being- Platinum certified. (Amongst others The Unit has a Well-Platinum certification with a result of 99/100)

In addition, the Group has expanded its strategy to niches with, among other things, data centers and laboratories, "assets" that are less cyclically sensitive.

In residential development, the Group focuses on core cities, and more specifically on the niches; "affordable housing" and on the luxury segment.

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## Key figures:<sup>2</sup>

<b>Consolidated condensed profit and loss account (in KEUR)</b>	<b>30.06.2023</b>	<b>30.06.2022</b>
Operating result	-45.161	50.339
Result for the period	-38.202	9.187
Group share in the result for the period	-36.850	9.803
<b>Consolidated summary of financial situation (in KEUR)</b>	<b>30.06.2023</b>	<b>31.12.2022</b>
Total active	2.803.455	2.624.650
Cash and cash equivalents	88.211	21.897
Net financial debt (*)	1.299.212	1.194.419
Total equity	1.138.557	1.171.874

<b>Solvency ratio 1 (total equity / total asset)</b>	<b>40,61%</b>	<b>44,65%</b>
<b>Solvency ratio 2 (total equity / (total assets - cash and cash equivalents))</b>	<b>41,93%</b>	<b>45,02%</b>

\*Net financial debt = Long-term and short-term interest-bearing loan – Cash and cash equivalents

## Governance:

Ghelamco Invest has decided to expand its Board of Directors with one additional independent director; Karel De Boeck. Karel is former CEO & Chairman of major Belgian banks and has extensive international experience. He is currently Vice-Chairman of the Board of Directors of Piraeus Bank (Greece) and a director of the Willemen construction group.

## Half-yearly financial report:

The half-yearly financial report of Ghelamco Group Comm. VA can be found at <https://www.ghelamco.com/investor-relations/group/financial-statements/>. This financial report contains the condensed consolidated financial statements prepared in accordance with IAS 34 as well as the statutory auditor's statement without comment on his limited review.

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<sup>2</sup> Key figures represent consolidated figures of Ghelamco Group Comm. VA prepared in accordance with IFRS as adopted by the European Union

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## **Financial calendar:**

The annual financial report for 2023 will be published on the company's website on 29 March 2024.

The General Shareholders' Meeting will be held on 8 July 2024.

The outlook is based on current knowledge and subject to unforeseen circumstances and external factors.

Ghent, 30 September 2023

Ghelamco Group Comm VA

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