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Granbero Holdings Ltd
Half year results 30.06.2019

Excellent results and healthy balance sheet structure from continued development and commercialisation efforts in core Polish market segments

- **Net profit for the period of 39,913 KEUR (vs. 19,957 KEUR as per 30.06.18)**
- **Solvency ratio of 60.3 % (vs. 61.9% as per 31.12.18)**
- **Sale of the .BIG project in Krakow (approx. 10,200 sqm office space and 141 underground parking spaces) to Crédit Suisse in January 2019 for a gross transaction value of 32.9 MEUR**
- **Sale of the Wronia project in close vincity of Plac Europejski Square in Warsaw (approx. 16,000 sqm office space) in April 2019 to LaSalle Investment Management for a gross transaction value of 74.0 MEUR**
- **Well advanced progress in construction works on the Warsaw HUB (117,000 sqm leasable space comprising 3 towers on a podium with retail function in Warsaw CBD), the residential Foksal project (55 high-end apartments in Warsaw) and the Warsaw UNIT (59,000 sqm office space in the Warsaw CBD)**
- **Continued commercialisation efforts resulting in increased lease rates for the Warsaw HUB project (approx. 65.000 sqm pre-leased, taking into account extension options signed) and the Warsaw UNIT project (approx. 20,600 sqm pre-leased, taking into account extension options signed)**

Preliminary remark

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 and developer active in the offices, residential, retail and logistics markets.

As Granbero Holdings acts in Poland under the commercial name Ghelamco, we refer hereafter to Granbero Holdings under the reference 'Ghelamco' or the 'Company'.

Summary

The Company closed its 2019 half-year accounts with a net profit of 39,913 KEUR, resulting from its continued development, construction and commercialisation efforts. The Company has in the current period considerably invested in a number of existing projects (mainly the Warsaw HUB and the Warsaw UNIT) and was able to create considerable added value on its current projects portfolio. But furthermore, the Company was succesfull in the disposal of two of its delivered projects (.BIG in Krakow and Wronia in Warsaw) to third party investors in the first

half year of 2019. This is reflected in an increased balance sheet total of 1,274,892 KEUR and an increased equity of 768,260 KEUR. The solvency ratio is per 30 June 2019 at 60.3%[1] (vs 61.9% as at year end 2018).

In Poland, the development activities have during the first half of 2019 mainly been focused on:
- The continued construction of the Warsaw HUB project at Rondo Daszynskiego, comprising 3 towers on a podium with retail function of approx. 117,000 sqm in Warsaw CBD. The completion and delivery is expected by mid 2020.
- The continuation of the construction works of the Warsaw UNIT (formerly named Spinnaker), 59,000 sqm offices project at Rondo Daszynskiego in Warsaw. The project is expected to be completed and delivered in Q3 2021.
- The progressed construction works of the Foksal project, including the renovation of the historic buildings, located in the historic heart of Warsaw. Currently, the construction works of the underground car park and the above-ground part of the building have been completed. The project comprises the realisation of 55 high-class apartments (approx. 6,424 sqm in total) and commercial space of approx. 595 sqm. Per date of the current report, approx. 44% of available residential space has already been pre-sold.
- Receipt of the building permit and start of the construction works of the Flisac project (5,700 sqm of residential space and approx. 980 sqm of retail space on the ground floor, including two-storey underground parking) in the Powisle district in Warsaw. Per date of the current report, approx. 52% of the available space has already been pre-sold.
- Acquisition of a land plot at Wadowicka Street in Krakow for the development of a 24,100 sqm office project (with retail functions on the ground floor and 325 parking spaces). The building permit has been received in January 2019 and commencement of the construction works is expected for Q4 2019.

Continued leasing efforts have resulted in a lease rate of over 94% for the delivered Woloska 24 project located in the Mokotow district of Warsaw and a lease rate of approx. 96% in the Vogla retail project.

For the Warsaw HUB, the Company is in advance negotiations with potential tenants for still available commercial and office spaces. Currently lease agreements have signed for approx. 67,800 sqm (taking into account extension options signed, the level of rented space is approx. 72,400 sqm). Furthermore, the commercialisation process resulted in the signing of lease agreements for already 17,500 sqm in the Warsaw UNIT (and taking into account extension options signed, the lease level is approx. 20,600 sqm).

Regarding divestures, the Company has succesfully sold two of its delivered and leased projects in the first half of 2019:
- The .BIG project (10,200 sqm office space in Krakow) was sold as on 17 January to Credit Suisse. The sale was structured as an enterprise deal (sale of assets plus linked obligation for the buyer), based on a transaction value of 32.9 MEUR and a yield of 5.59%. The sale resulted in a gain on disposal of investment property of 2.2 MEUR. At the moment of the sale the related bank loan was reimbursed for an amount of 16.6 MEUR.
- The Wronia project (16,600 sqm office space in Warsaw CBD) was sold on 26 April 2019 to a LaSalle Investment Management. The share deal was based on a transaction value of 74 MEUR and resulted in a gain on disposal of investment property of 2.0 MEUR. At the moment of the sale the related bank loan was reimbursed for an amount of 40.7 MEUR.

[1] Calculated as follows: equity / total assets

Key figures (KEUR)

Results	30.06.2019	30.06.2018
Operating result	42,396	33,029
Profit for the period	39,913	19,957
Share of the group in the Profit for the period	39,913	19,957
Balance sheet	**30.06.2019**	**31.12.2018**
Total assets	1,274,892	1,173,613
Cash and cash equivalents	54,950	32,313
Net financial debt (-)[2]	381,033	338,708
Total equity	768,260	725,897

Revenue for the first semester of 2019 amounts to 4,081 KEUR and mainly relates to rental income mainly from the Woloska 24 office project (1,914 KEUR), the Wronia 31 project (499 KEUR) and the Plac Vogla retail project (324 KEUR). The relative decrease compared to prior year is mainly connected to the sale of a plot at Marynarska 12 in Warsaw, which was included in last year's revenue for an amount of 1.1 MEUR.

The investment property (under construction) portfolio evolved from 566,636 KEUR per end 2018 to 624,376 KEUR per end of June 2019; evolution which is the combined result of current period's expenditures (57,868 KEUR), fair value adjustments (39,949 KEUR), currency translation impact (4,310 KEUR), disposals (-64,386 KEUR, related to the Wronia project) and the impact of the first time adoption of IFRS 16 "Leases" for an amount of 19,999 KEUR. The current period's favorable fair value adjustment is mainly the consequence of the Company's sustained development, investment and leasing efforts, in combination with market evolution (in terms of yields and rent levels).

The operating result for the first half-year of 2019 totals to 42,396 KEUR; net profit for the period closes with 39,913 KEUR.

Property development inventories balance increased by 10,454 KEUR to 72,512 KEUR; evolution which is mainly the result of the progressed construction of apartments in the Foksal project (55 high-class apartments of which 39% is (pre-) sold per mid 2019), the commencement of the construction works of the Flisac residential project and the first time adoption of IFRS 16 "Leases" (for an amount of 3,179 KEUR).

During the period the Company was able to obtain new bank borrowings and withdrew on existing credit facilities for a total amount of 72,094 KEUR. On the other hand, reimbursements and refinancings have been done for an amount of 58,208 KEUR, bringing the total outstanding amount of bank borrowings to 178,380 KEUR (compared to 164,494 KEUR per end 2018). In addition, bonds (private and public) are outstanding for an amount of 214,894 KEUR net, related party borrowings for an amount of 9,250 KEUR and some other loans for an amount of 3,532 KEUR. Furthermore, the first time adoption of IFRS 16 "Leases" resulted in the recognition of a lease liability by 23,178 KEUR. Considering the above, leverage[3] amounts to 34%.

[2] Calculated as follows: Non current liabilities: Interest-bearing loans and borrowings + Current liabilities: Interest-bearing loans and liabilities - Cash and cash equivalents

[3] Calculated as follows: interest bearing loans and borrowings/ total assets

Overview

In Poland, the Company in first instance maintained its existing land bank, except for the acquisition of a plot in Krakow at Wadowicka street for the development of a 24,100 sqm office (and 325 parking spaces) project.

As stated, the Company further invested in the construction of mainly the Warsaw HUB project, for which construction works were kicked off end 2016. The construction status at 30 June 2019: construction works of the overground part of the buildings, including installation of the façade, are being carried out. Lease agreements have already been signed for approx. 60,900 sqm. The delivery of the project is expected by mid 2020.

Additionally, the Warsaw UNIT project construction works were continued as planned and in view of the delivery by Q3 2021.

Furthermore the construction works of the Foksal high-end residential project in Warsaw are well advanced. The underground car park and the above ground part of the building have been completed, while renovation works of the historic buildings will start shortly.

And also the construction of the residential Flisac project in the Warsaw Powisle district has been started.

As to (pre-)leasing and occupation of projects:
- The delivered Woloska 24 office project located in the Warsaw Mokotow District (+/- 23,200 sqm) has been leased for over 94%; while the lease rate of the delivered Plac Vogla retail project is at approx. 96%.
- In the Warsaw HUB project, in addition to the hotel contract signed in October 2017, lease agreements with a fitness club operator, agreements for a co-working space, office space, cafetaria and restaurant have been signed in the course of 2018 and 2019 and negotations with potential tenants of commercial and office sections are currently pending. In total, lease agreements were signed for approx. 60,900 sqm (and taking into account extension options signed, the level of rented space is approx. 64,800 sqm).
- In the Warsaw UNIT project at Rondo Daszynskiego in Warsaw, a lease agreement has already been signed with an anchor tenant for 17,500 sqm (or 20,600 sqm taking into account extension options signed).

As to divestures and/or revenues:
- Current period's (residential) revenues mainly related to rental income (from mainly Wronia and Woloska 24).
- In January 2019 the .BIG office project in Krakow has been sold to Credit Suisse, as an asset deal and based on a transaction value of 32.9 MEUR.
- In April 2019 the Wronia office project in Warsaw CBD has been sold to LaSalle, as a share deal and based on transaction value of 74 MEUR.

Outlook

It is the Company's strategy to further diversify its development portfolio by spreading its developments over different real estate segments.

For the second half of 2019, the Company will continue this strategy. In addition, it will closely monitor specific evolutions in its active markets and real estate segments and has already secured some positions for new projects. Considering its sound financial structure and the observed and expected further market evolutions (in terms of tenant activity and evolution in yields), the Company is confident to achieve this growth and its goals for 2019 in general.

Risks

Due to its activities, the Company is exposed to a variety of financial risks: market risk (including exchange rate risk, price risk and interest rate risk), credit risk and liquidity risk. Financial risks relate to the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables and borrowings.

These risks, which are described in detail in the Granbero Holdings Ltd Consolidated IFRS Financial Statements at 31 December 2018, remain applicable for 2019 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 GRANBERO HOLDINGS LTD, 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
24/09/2019

Philippe Pannier
CFO
Ieper
24/09/2019

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, Polish and Russian markets are generated by the Group's professional and enthusiastic staff that is driven by the vision and passion of its management.

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Condensed consolidated financial statements Granbero Holdings Ltd per June 30, 2019

Condensed consolidated statement of profit or loss (in KEUR)

	Note	30/06/2019	30/06/2018
Revenue	6	4,081	7,915
Other operating income	7	5,985	4,791
Cost of Property Development Inventories		-988	-1,545
Employee benefit expense		-219	-139
Depreciation amortisation and impairment charges		-10	-10
Gains from revaluation of Investment Property	7	39,949	31,221
Other operating expense	7	-6,402	-9,204
Share of results of equity accounted investees			
Operating profit - result		**42,396**	**33,029**
Finance income	8	7,908	8,541
Finance costs	8	-7,840	-14,222
Profit before income tax		**42,464**	**27,348**
Income tax expense	9	-2,551	-7,391
Profit for the period		**39,913**	**19,957**
Attributable to			
Owners of the Company		39,913	19,957
Non-controlling interests			

Condensed consolidated statement of profit or loss and other comprehensive income – items recyclable to the income statement (in KEUR)

	30/06/2019	30/06/2018
Profit for the period	39,913	19,957
Exchange differences on translating foreign operations	2,523	4,951
Other		-27
Other recyclable comprehensive income/(loss) for the period	2,523	4,924
Total Comprehensive income/(loss) for the period	**42,436**	**24,881**
Attributable to		
Owners of the Company	42,436	24,881
Non-controlling interests		

Condensed consolidated statement of financial position (in KEUR)

	Note	30/06/2019	31/12/2018
ASSETS			
Non-current assets			
Investment Property	4	624,376	566,636
Property, plant and equipment		316	329
Receivables and prepayments	10	341,071	316,658
Deferred tax assets		2,545	2,671
Other financial assets	10	178	139
Total non-current assets		**968,486**	**886,433**
Current assets			
Property Development Inventories	3	72,512	62,058
Trade and other receivables	10	178,706	163,614
Current tax assets		238	26
Assets classified as held for sale	3	0	29,169
Cash and cash equivalents	10	54,950	32,313
Total current assets		**306,406**	**287,180**
TOTAL ASSETS		**1,274,892**	**1,173,613**

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

	Note	30/06/2019	31/12/2018
EQUITY AND LIABILITIES			
Capital and reserves attributable to the Group's equity holders			
Share capital		67	67
Share premiums		495,903	495,903
Cumulative translation reserve		3,400	877
Retained earnings		268,883	229,043
		768,253	725,890
Non-controlling interests		7	7
TOTAL EQUITY		**768,260**	**725,897**
Non-current liabilities			
Interest-bearing loans and borrowings	5, 10	331,083	289,609
Deferred tax liabilities		26,151	25,909
Other non-current liabilities		2,419	7,029
Long-term provisions		0	0
Total non-current liabilities		**359,653**	**322,547**
Current liabilities			
Trade and other payables	10	40,519	42,291
Current tax liabilities		1,560	1,466
Interest-bearing loans and borrowings	5, 10	104,900	81,412
Short-term provisions		0	0
Total current liabilities		**146,979**	**125,169**
Total liabilities		**506,632**	**447,716**
TOTAL EQUITY AND LIABILITIES		**1,274,892**	**1,173,613**

Condensed consolidated cash flow statement (in KEUR)

	Note	30/06/2019	30/06/2018
Operating Acitivities			
Profit/(Loss) before income tax		**42,464**	**27,348**
Adjustments for:			
- Change in fair value of investment property	4, 7	-39,949	-31,221
- Depreciation, amortization and impairment charges		10	10
- Result on disposal investment property	7	-4,270	
- Change in provisions		0	
- Net interest charge	8	-3,814	-884
- Movements in working capital:			
- change in prop. dev. Inventories		-7,275	-315
- change in trade & other receivables		-15,092	20,315
- change in trade & other payables		10,258	-3,090
- Movement in other non-current liabilities		-4,610	4,084
- Other non-cash items		-5	398
Income tax paid	9	-2,301	-416
Interest paid	8	-1,347	-8,446
Net cash from operating activities		**-25,931**	**7,783**
Investing Activities			
Interest received	8	808	8,181
Purchase / disposal of property, plant & equipment		3	17
Purchase of investment property	4	-67,894	-32,659
Capitalized interest in investment property paid	4	-7,935	-5,350
Proceeds from disposal of investment property/ AHS	4	101,840	
Net cash outflow on acquisition of subsidiaries			
Cash outflow on other non-current financial assets		-24,452	-21,016
Net cash flow used in investing activities		**2,370**	**-50,827**
Financing Activities			
Proceeds from borrowings	5	132,890	31,525
Repayment of borrowings	5	-91,106	-22,262
Exch. rate impact on Po bonds			-9,862
Net cash inflow from / (used in) financing activities		**41,784**	**-599**
Net increase in cash and cash equivalents		**18,223**	**-43,643**

Cash and cash equivalents at 1 January of the year			**32,313**	**88,228**
Effects of exch. rate changes in non-EUR countries			4,414	10,600
Cash and cash equivalents at 30 June of the period			**54,950**	**55,185**

Condensed consolidated statement of changes in equity (in KEUR)

	Attributable to the owners of the Company			**Non-controlling interests**	**Total equity**
	Share capital/ premiums	**Cumulative translation reserve**	**Retained earnings**		
Balance at 1 January 2018	**495,970**	**-2,593**	**203,289**	**7**	**696,674**
Foreign currency translation (CTA)		4,951			**4,951**
Profit/(loss) for the period			19,957		**19,957**
Dividend distribution					
Change in non-controlling interests					
Change in the consolidation scope					
Other			-27		**-27**
Balance at 30 June 2018	**495,970**	**2,358**	**223,220**	**7**	**721,556**
Balance at 1 January 2019	**495,970**	**877**	**229,043**	**7**	**725,897**
Foreign currency translation (CTA)		2,523			**2,522**
Profit/(loss) for the period			39,913		**39,913**
Dividend distribution					
Change in non-controlling interests					
Change in the consolidation scope			-73		**-73**
Other					
Balance at 30 June 2019	**495,970**	**3,400**	**268,883**	**7**	**768,260**

Notes to the condensed consolidated interim financial statements at 30 June 2019

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 Company's last annual consolidated financial statements as at and for the year ended 31 December 2018 ('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-monhts period ended June 30, 2019, were approved by the Management on 25 September 2019.

The Company has adopted all new and revised standards and interpretations relevant for its activities and which became applicable for the financial year starting 1 January 2019. The new interpretations and standards that are applicable from 2019 did not have any significant impact on the Company's financial statements, except for IFRS 16 "Leases", as explained below.

IFRS 16 "Leases"
This standard has been published on 13 January 2016 and replaces existing prescriptions related to the accounting treatment of lease contracts, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the substance of transaction involving the legal form of a lease.. This standard is applicable on or as from 1st January 2019.

IFRS 16 introduces significant changes in accounting for leases for the lessee, removing the distinction between operating and finance leases and recognising Right-of-Use assets and lease liabilities for all leases (aside from exemptions for short-term leases or low-value assets). Unlike accounting for leases by the lessee, IFRS 16 keeps almost all provisions from IAS 17 Leases regarding accounting for leases by the lessor. This means that lessors must continue to classify leases as operating or finance leases. As the Company is mainly property owner en thus acting as a lessor, no changes are triggered and the Company will continue to value its investment property portfolio at fair value in accordance with IAS 40.

Still, the Company holds significant part of its land positions through long-term leaseholds (i.e. 'perpetual usufructs') and not full property. In the past, these lease contracts were classified as operating or finance leases based on the criteria defined by IAS 17 Leases. As a result of the adoption of IFRS 16, the Company has recognized a right-of-use asset and a lease liability for all qualifying contracts; except for low value contracts/assets.

All right-of-use assets complying with the definition of Investment property will be presented as Investment property. 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. The right-of-use assets presented as Investment property are recognized at fair value (while those were previously recorded at cost according to IAS 17). The lease liabilities are initially recognized at their discounted value and will going forward be updated, considering the incremental interest rate on the one hand and the actual lease payments on the other hand.

The Company has adopted IFRS 16 as from 1st January 2019 and applied the 'modified retrospective' approach. The comparative figures (and the opening equity) have not been adapted.

The impact of the adoption of IFRS 16 on the statement of profit or loss and on the statement of financial position is as follows. The impact on the 2019 statement of profit or loss is limited.

Roll forward Right of Use Asset IFRS 16			
	Investment Property	Assets Prop Dev Inventories	Total
31/12/2018	**0**	**0**	**0**
Initial recognition	20,169	3,166	23,335
1/01/2019	**20,169**	**3,166**	**23,335**
Addition (new)	69	0	69
Revaluation	-239	13	-226
30/06/2019	**19,999**	**3,179**	**23,178**

Roll forward lease liability IFRS 16			
	Non-current lease liability	Current lease liability	Total
31/12/2018	**0**	**0**	**0**
Initial recognition	21,776	1,559	23,335
1/01/2019	**21,776**	**1,559**	**23,335**
Addition (new)	64	5	69
Payment 1st semester 2019	0	-1,082	-1,082
Interest charges on lease liabilities (*)	856	0	856
Classification non-curr. to curr. lease liab.	-1,641	1,641	0
30/06/2019	**21,055**	**2,123**	**23,178**

(*): included in other finance costs. Reference is made to note 8 Finance income and finance costs below.

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) and derivative financials 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 2018 and the new interpretations and standards that are applicable from 2019, to the extent applicable.

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3. 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.

	30/06/2019	31/12/2018
Property Development Inventories	72,512	62,058
Raw materials		
Finished goods		
	72,512	**62,058**

The property development inventories increased by 10,454 KEUR compared to prior year-end. The main movements were noted in the Foksal balance (+5,240 KEUR to 31,643 KEUR) in connection with the progress of the construction works of this high-end residential project and the right of use balance in connection with the first-time adoption of IFRS 16 (+ 3,179 KEUR). Reference is also made to section 1 above. The remaining movement is explained by development activities on several other projects.

4. Investment property (under construction)

Balance at 31 December 2018	**566,636**
Acquisition of properties	
Acquisition through business combinations	
Subsequent expenditure	57,867
Transfers	
- Assets classified as held for sale	
- Other transfers	
Adjustment to fair value through P/L	39,949
Disposals	-64,385
Currency translation effect	4,310
Other	19,999
Balance at 30 June 2019	**624,376**

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

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

SPV	Commercial Name	Valuation	Cat	30/06/2019	31/12/2018
				KEUR	KEUR
Apollo Invest Spzoo	The Warsaw UNIT	JLL	C	77,620	69,719
Postępu SKA	Postępu Business Park	KNF	B	7,970	7,246
Sienna Towers SKA/ HUB SKA	The HUB	KNF	C	271,233	199,334
Sobieski SKA	Sobieski Tower	BNP	B	33,633	33,429
Market SKA	Mszczonow Logistics	ASB/Man	A	2,834	2,824
SBP SKA	Synergy Business Park Wroclaw	JLL	B	25,805	25,138
Grzybowska 77 Sp. K. + Isola SKA	Grzybowska	KNF	D/A	30,343	25,023
Wronia SKA	Wronia 31	KNF	D	0	64,386
Sigma SKA	Chopin + Stixx	KNF	B/D	43,618	41,896
Vogla SKA	Wilanow Retail	Savills	D/A	16,500	16,300
Dahlia SKA	Woloska 24	Cresa	D	56,420	56,222
Synergy SKA	Katowice	JLL	A	4,100	3,700
Azira SKA	NCL (Lodz)	Savills	C	26,172	21,419
Estima SKA	Kreo (Wadowicka Krakow)	Cresa	C	8,129	0
Right of use		Man	n/a	19,999	0
TOTAL :				**624,376**	**566,636**

Legend : KNF = Knight Frank, DTZ= DTZadelhof, JLL= Jones Lang Lasalle, ASB = Asbud, CRS = Colliers, BNP = BNP Paribas, Cresa = Cresa, Savills = Savills, Man = management valuation

The average yields used in the expert valuations (applying residual method) on 30 June are as follows:
5.00% to 7.50% depending on the specifics, nature and location of the developments (vs. 5.25% to 7.50% per 31 December 2018).

As stated above, The .BIG project (10,200 sqm office space in Krakow) has on 17 January been sold to Credit Suisse. The sale was structured as an enterprise deal (sale of assets plus linked obligation for the buyer), based on a transaction value of 32.9 MEUR and a yield of 5.59%. The sale resulted in a gain on disposal of investment property of 2.2 MEUR. In connection with the anticipated sale, this project was per end 2018 already transferred from Investment property to Assets held for sale.

Furthermore, the Wronia project (16,600 sqm office space in Warsaw CBD) was sold on 26 April 2019 to a LaSalle Investment Management. The share deal was based on a transaction value of 74 MEUR and resulted in a gain on disposal of investment property of 2.0 MEUR.

For the right of use balance which was recognized in connection with the first-time adoption of IFRS 16, reference is made to section 1 above.

5. Interest bearing loans and borrowings

	30/06/2019	31/12/2018
Non-current		
Bank borrowings – floating rate	127,530	132,348
Other borrowings – floating rate	182,493	157,178
Lease liabilities	21,060	83
	331,083	**289,609**
Current		
Bank borrowings – floating rate	50,850	32,146
Other borrowings	51,927	49,266
Lease liabilities	2,123	0
	104,900	**81,412**
TOTAL	**435,984**	**371,021**

5.1 Bank borrowings

During the period, the Company obtained new secured bank loans mainly expressed in EUR and/or PLN and withdrew on existing credit facilities for a total amount of 72,094 KEUR, all Euribor and Wibor based. On the other hand, reimbursements (and/or refinancings) have been done for a total amount of 58,208 KEUR, net of prolongation of a number of borrowings.

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 (2 year term) into development loans (additional 2 year term) and swaps development loans into investment loans (usually 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.

With respect to the outstanding short-term bank borrowings, it is to be mentioned that in the second half of 2019, part will actually be reimbursed following the contractual terms and part will be prolonged or refinanced (e.g. through resp. swap to development or investment loan).

8% of the outstanding non-current bank borrowings is maturing within a 3 years-period and 4% is maturing after more than 3 years but within 5 years. Remaining part is maturing after 5 years.

5.2 Bonds (214,894 KEUR; of which 173,449 KEUR long-term and 41,444 KEUR short-term)

The Company has in the current period (on 26 February, 28 March and 29 March 2019), via Ghelamco Invest Sp. z o.o.) within its pending programmes issued (private and retail) bonds (tranche PK, PL, PPM and PPN) for a total amount of 250,000 KPLN. These bonds have a term of 3 years and bear an interest of Wibor 6 months + 4.25% to 4.50%. The bonds series are secured by a guaranty granted by Granbero Holdings Ltd.

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

The Company has in the current period redeemed outstanding bonds (partly through early redemption, partly on maturity date) for a total amount of 133,892 KPLN.

Total bonds balance outstanding per balance sheet date (214,894 KEUR) represents the amount of issue (929,996 KPLN) less capitalized issue costs, which are amortised over the term of the bonds.

Shortly after period-end, on 25 July and 5 August 2019, new bonds have been issued for an amount of resp. 30,000 KPLN (series PM) and 24,756 KPLN (series PN). These bonds hae a term of 3 years and bear an interest of Wibor 6 months +4.25%. The proceeds of these bonds will be applied for the (early) redemption of outstanding bonds (series PPE, PPF and PPG) for a total amount of 60,000 KPLN.

5.3 Lease liabilities (23,183 KEUR)

Thelease liabilities balance increased significantly as a result of the first time adoption of IFRS 16 "Leases". Per 30/06/2019 outstanding IFRS 16 lease liabilities amount to resp. 21,054 KEUR long-term and 2,123 KEUR short-term. In this respect, further reference is made to section 1 above.

5.4 Other loans (19,532 KEUR)

Remaining outstanding loans mainly relate to related party loans (9,250 KEUR) and some short-term loans from other third parties (10,282 KEUR).

The related party loans are granted at arm's length conditions.

No defaults of payments or breaches of borrowing agreements occurred as of 30 June 2019. Bank borrowings are secured by amongst others the property development projects of the Company, including land and in-process construction, pledge on SPV shares, etc. The bonds are secured by a redemption surety granted by Granbero Holdings Ltd, (the Company). 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. Also the terms and conditions of the bond issues have been complied with as of balance sheet date.

6. Revenue

Revenue can be detailed as follows:

	30/06/2019	30/06/2018
Sales of residential projects	53	2,993
Rental income	4,028	4,922
TOTAL REVENUE	**4,081**	**7,915**

Rental income as of 30 June 2019 relates to rent from commercial projects (mainly Woloska, Wronia and Plac Vogla: 2.8 MEUR in total). The significant decrease compared to last year is mainly connected to the sale of the .Big (in January 2019) and the Wronia project (end of April 2019) to third party investors.

The decrease in revenue from residential sales is in first instance connected with the fact that the Woronicza Qbik project was per end of 2018 as good as fully sold out. In addition, last year's revenue included the sale of a plot at Marynarska 12, Warsaw for an amount of 1.2 MEUR.

7. Other items included in operating profit/losss

	30/06/2019	30/06/2018
Other operating income	5,985	4,791

The current period's other operating income mainly relates to the gains on disposal of the .Big and the Wronia projects for resp. amounts of 2,236 KEUR and 2,035 KEUR. Also included is some income or re-charges to related parties (1,180 KEUR) and a purchase price adjustment (193 KEUR) on the disposal of the Przystanek mBank project of 2017.

Last year's other operating income mainly related to fit-out re-charges to tenants (1,384 KEUR, mainly on Wronia) and the release to the profit and loss statement of the previously booked provision for rental guarantees connected to the Warsaw Spire sale of 2017 (3,300 KEUR).

	30/06/2019	30/06/2018
Gains from revaluation of Investment Property	39,949	31,221

Fair value adjustments over the first half of 2019 amount to 39,949 KEUR, which is mainly the result of current period'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 recognized on the HUB, Grzybowska 77 and the Nowe Centrum Lodzi.

	30/06/2019	30/06/2018
Other operating expenses		
Housing costs	0	11
Taxes and charges	69	793
Insurance expenses	69	30
Audit, legal and tax expenses	403	473
Promotion	130	151
Sales/agency expenses	1,986	831
Maintenance and repair expenses (projects)	197	166
Rental guarantee expenses	2,161	1,387
Operating expenses with related parties	1,257	3,097
PPA mBank sale	-	1,493
Miscellaneous	130	772
Total:	**6,402**	**9,204**

Current period's sales/agency expenses and rental guarantee expenses have increased, mainly in connection with the sale of the .Big and Wronia projects in the course of the first half of 2019.

Last year's relatively high operating expenses with related parties mainly related to fit-out expenses, which were in turn re-charged to tenants (through other operating income). In addition, also the impact of a purchase price adjustment on the sale of mBank realised end of 2017 was included.

8. Finance income and finance costs

	30/06/2019	30/06/2018
Foreign exchange gains	1,009	
Interest income	6,389	8,181
Other finance income	510	360
Total finance income	**7,908**	**8,541**
Interest expense	-2,575	-7,297
Other finance costs	-1,242	-1,103
Foreign exchange losses	-4,023	-5,822
Total finance costs	**-7,840**	**-14,222**

The interest expenses dropped significantly compared to last year's comparable period, mainly due to the sale of the (delivered and operational) Wronia and .Big projects in the first half of 2019. Furthermore, financing costs on not yet delivered projects (major part of the current portfolio) are capitalized while financing costs on delivered/income generating projects are expensed.

Apart from some realised exchange losses (4,023 KEUR), current period's financial result includes an amount of (mainly unrealized) FX gains, connected with the relative strengthening of the PLN vs. the EUR; while last year's financial result was significantly impacted by FX losses (mainly related to the conversion at spot rate of the outstanding (EUR) bank loans).

9. Income taxes

	30/06/2019	30/06/2018
Current income tax	-2,255	-474
Deferred tax	-296	-6,917
Total income tax	**-2,551**	**-7,391**

The increase in the current tax expenses is mainly connected with the sale of the .Big project; which was structured as an enterprise deal.

The deferred tax expenses are mainly related to the recognition of deferred tax liabilities on the fair value accounting of investment property. The significant decrease compared to last year is explained by the reversal of previously recognized cumulated deferred tax balances, in connection with the sale of the .Big project (1,492 KEUR) and the Wronia project (3,391 KEUR).

10. 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)	**30/06/2019**				
	FVTPL	**FVOCI**	**Measured at amortised cost/fin. liabilities at amortised cost**	**Fair value**	**Fair value level**
Other financial investments					
Other financial assets		-	178	178	2
Non-current receivables					
Receivables and prepayments			341,071	341,071	2
Restricted cash					2
Current receivables					
Trade and other receivables			149,625	149,625	2
Derivatives					2
Cash and cash equivalents			54,950	54,950	2
Total Financial Assets			**545,824**	**545,824**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			127,530	127,530	2
Bonds			173,449	177,838	1
Other borrowings			30,105	30,105	2
Lease liabilities			21,055	21,055	2
Interest-bearing borrowings - current					
Bank borrowings			50,850	50,850	2
Bonds			41,444	42,039	1
Other borrowings			12,606	12,606	2
Lease liabilities			2,123	2,123	2
Current payables					
Trade and other payables			40,025	40,025	2
Total Financial Liabilities			**499,187**	**504,171**	

Financial instruments (x € 1 000)	31/12/2018				
	FVTPL	FVOCI	Measured at amortised cost/fin. liabilities measured at amortised cost	Fair value	Fair value level
Other financial investments					
Other financial assets			139	139	2
Non-current receivables					
Receivables and prepayments			316,658	316,658	2
Restricted cash					
Current receivables					
Trade and other receivables			149,783	149,783	2
Derivatives					
Cash and cash equivalents			32,313	32,313	2
Total Financial Assets			**498,893**	**498,893**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			132,348	132,348	2
Bonds			146,042	147,031	1
Other borrowings			11,219	11,219	2
Interest-bearing borrowings - current					
Bank borrowings			32,146	32,146	2
Bonds			41,013	42,388	1
Other borrowings			8,253	8,253	2
Current payables					
Trade and other payables			39,701	39,701	2
Total Financial Liabilities			**410,722**	**413,086**	

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).

11. Transactions with related parties

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

- Investment Holding: comprises resources invested in the development of real estate projects in Belgium, Poland, Russia and Ukraine 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 Group;

- Portfolio Holding: consists of all other activities and real estate investments controlled by the ultimate shareholders.

- Ghelamco European Property Fund: comprises since 2016 the real estate projects kept as income generating products for a longer time.

Granbero Holdings Ltd (the "Company") 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 direct and indirect legal 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 International Real Estate Services Comm. VA, the parent company of Ghelamco's "Development Holding":

- Ghelamco Poland with its registered office in Warsaw.

Engineering and architectural design services
Safe Invest Sp. z o.o (a limited liability company registered under the laws of Poland), (in-)direct 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 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.

12. Other related party transactions

The gains which are realized and the related funds which are generated by the Company's real estate development activities can, besides being reinvested in Polish projects and within applicable covenants, also be invested in projects or entities in other countries or in entities belonging to the Development Holding and Portfolio Holding or Property Fund in the form of short and long-term loans. These loans are granted at arm's length conditions.

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

	30/06/2019	**30/06/2018**
Purchases of construction, engineering and architectural design:	-52,845	-29,044
related party trade receivable	663	466
related party trade accounts payable	-20,017	-14,701
related party non-current loans receivable	321,691	476,328
related party interests receivable	33,563	59,237
related party C/A receivable	107,652	112,898
related party non-current loans payable	-8,073	-156,360
related party interests payable	-171	-7,444
related party C/A payable	0	-3,935

13. Post balance sheet events

Shortly after period-end, on 25 July and 5 August 2019, new bonds have been issued for an amount of resp. 30,000 KPLN (series PM) and 24,756 KPLN (series PN). These bonds hae a term of 3 years and bear an interest of Wibor 6 months +4.25%. The proceeds of these bonds will be applied for the (early) redemption of outstanding bonds (series PPE, PPF and PPG) for a total amount of 60,000 KPLN bonds on 30 September 2019.

Also, on 1 August 2019 a bank loan agreement has been signed for the financing of the construction of the residential Flisac project for an amount of 71,208 KPLN (plus 3,000 KPLN VAT financing). Furthermore, on 2 August 2019 a bank loan agreement has been signed with a syndicate of banks for the financing of the construction of the Warsaw Unit project for an amount of 135,932 KEUR (plus 25,000 KPLN VAT financing).

GHELAMCO

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Independent Auditors' Report to the management of Granbero Holdings Ltd. on the review of the condensed consolidated interim financial information as at June 30, 2019 and for the six-month period then ended

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Granbero Holdings Ltd. as at June 30, 2019, the condensed consolidated statements of profit or loss and other comprehensive income, cash flows and changes in equity, for the six-month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). The management 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 the condensed consolidated interim financial information.

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, 2019 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.

Antwerp, September 30, 2019

KPMG Réviseurs d'Entreprises / Bedrijfsrevisoren
Independent Auditor
represented by

Filip De Bock
Réviseur d'Entreprises / Bedrijfsrevisor