BASE PROSPECTUS SUPPLEMENT N°1
dated 7 May 2021

Ghelamco Invest NV
EUR 250,000,000 Euro Medium Term Note Programme
Guaranteed by Ghelamco Group Comm. VA

This base prospectus supplement n°1 (the "**Supplement N°1**") constitutes a supplement for the purposes of Article 23(1) of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). The Supplement N°1 is supplemental to, forms part of, and must be read in conjunction with the base prospectus dated 23 November 2020 (the "**Base Prospectus**"), prepared in connection with the EUR 250,000,000 Euro Medium Term Note Programme (the "**Programme**") established by Ghelamco Invest NV, a limited liability company (*naamloze vennootschap/société anonyme*) organised under Belgian law, having its statutory seat at Zwaanhofweg 10, 8900 Ieper, Belgium and registered with the Crossroads Bank for Enterprises (*Kruispuntbank van Ondernemingen/Banque-Carrefour des Entreprises*) under number 0431.572.596 (RLE Ghent, subdivision Ieper) (the "**Issuer**") and guaranteed by Ghelamco Group Comm. VA, a partnership limited by shares (*commanditaire vennootschap op aandelen/société en commandite par actions*) organised under Belgian law, having its statutory seat at Zwaanhofweg 10, 8900 Ieper, Belgium and registered with the Crossroads Bank for Enterprises (*Kruispuntbank van Ondernemingen/Banque-Carrefour des Entreprises*) under number 0879.623.417 (RLE Ghent, subdivision Ieper) (the "**Guarantor**") for the purpose of giving information with regard to the issue of Notes under the Programme.

Terms defined in the Base Prospectus shall, unless the context requires otherwise, have the same meaning when used in this Supplement N°1.

This Supplement N°1 has been approved on 7 May 2021 by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") in Luxembourg in its capacity as competent authority under the Prospectus Regulation. This Supplement N°1 will be published on the website of the Issuer (https://www.ghelamco.com/investor-relations/belgium/supplement-prospectus-emtn-programme-2020/) and on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Supplement N°1. The Issuer will be responsible for all the information contained therein. The Guarantor will only be responsible for the information relating to itself and the Guarantee. To the best of the knowledge of the Issuer and the Guarantor (the latter however only with respect to the information for which it is responsible), the information contained in this Supplement N°1 is in accordance with the facts and does not omit anything likely to affect the import of such information.

1 New information

In order to ensure that the information contained in the Base Prospectus is up-to-date, as required by the Prospectus Regulation, the Base Prospectus is deemed to be amended as set out below.

1.1 Part II – Risk factors

- The risk factor entitled "*The COVID-19 pandemic could adversely impact the business, financial condition, results of operations and prospects of the Issuer and the Issuer Group.*" on page 14 of the Base Prospectus will be deemed deleted and replaced by the following risk factor:

  *"**The COVID-19 pandemic could adversely impact the business, financial condition, results of operations and prospects of the Issuer and the Issuer Group.***

  The outbreak and spread of the COVID-19 pandemic in Europe and elsewhere, together with any resulting restrictions and/or imposition of quarantines, has had and could in the future have a negative impact on the economy and the business activities in the various countries where the Issuer and the Issuer Group operates. While the impact on the Issuer and the Issuer Group has been relatively limited and manageable so far, there can be no assurance that this will remain the case in the future as it is currently not possible to estimate the overall effect, depth or timing of the various restrictive government measures that have been taken in response to the COVID-19 pandemic.

  In particular, if the restrictions imposed as a result of the COVID-19 pandemic were to continue over a prolonged period, the Issuer and the Issuer Group could face further interruptions or slow-downs of works on construction sites (including amongst others due to delays in obtaining the necessary permits) and hence, delays in the delivery of their development projects. The Issuer and the Issuer Group could also face disruptions in their supply chain and in their ability to staff and continue work on their construction sites. The COVID-19 pandemic may also lead to lower demand for office spaces and/or accelerate evolutions in the use and need of real estate such as stronger focus on flexibility, social distance and health in particular in the office segment on the basis of which current and future projects may need to be revisited. Tenants with affected businesses may also get into financial difficulties which could have an impact on the Issuer's or the Group's cash flows. Valuations of investment properties (and of hotel and leisure projects in particular) and property development inventories may also be adjusted as a result of the COVID-19 impact and uncertainty. It may also be more difficult for the Issuer or the Group to have access to funding or such funding may become more expensive, which may potentially impact the Issuer's or the Issuer Group's liquidity. Furthermore, it cannot be excluded that the COVID-19 pandemic could have an impact on the yield expected by investors or interest rates, which could, in turn, have an impact on the exit value and valuation of certain projects and/or make access to financing more difficult or expensive. Any of these factors could adversely affect the Issuer's or the Issuer Group's business, results of operations, financial condition and prospects. For more information on the risk and impact of the COVID-19 pandemic on the Issuer and the Group, please also refer to pages 34-36 of the audited IFRS consolidated financial statements of the Issuer for the financial year ended 31 December 2020, and pages 39-41 of the audited IFRS financial statements of the Guarantor for the financial year ended 31 December 2020, as enclosed in Annex I of the Base Prospectus."

- The risk factor entitled "*Notes issued with a "green" purpose may not be a suitable investment for all investors seeking exposure to green assets.*" on pages 28 and 29 of the Base Prospectus will be deemed deleted and replaced by the following risk factor:

  "***Notes issued with a "green" purpose may not be a suitable investment for all investors seeking exposure to green assets.***

  *The Final Terms relating to a specific Series of Notes may provide that such Notes will constitute "Green Bonds" (as defined in the section entitled "Green Bond Framework" below) under the Programme. In such case, the Issuer intends to apply the net proceeds of such Green Bonds to finance Eligible Projects (as defined in the section entitled "Green Bond Framework" below). Green Bonds may not be a suitable investment for all investors seeking exposure to green assets. The Issuer and the Guarantor have obtained an independent opinion from Sustainalytics B.V. ("**Sustainalytics**"), a sustainability rating agency (the "**Second Party Opinion**") confirming that the Framework (as defined in the section entitled "Green Bond Framework" below) is in compliance with the ICMA Green Bond Principles (the "**ICMA GBP**") and the LMA Green Loan Principles (the "**LMA GLP**"). The ICMA GBP and LMA GLP are sets of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green bond and loan markets which may be updated from time to time. The Second Party Opinion dated October 2019 is available on the website of the Guarantor (https://www.ghelamco.com/site/assets/files/25479/ir_corp-76-5df37f0ca5b4f.pdf). The contents of the Framework and the Second Party Opinion or any other information on such website shall not be incorporated into this Base Prospectus.*

  *There is currently no market consensus on what precise attributes are required for a particular project to be defined as 'green'. The European Union is currently developing and has already adopted various sustainability related rules and regulations, including the Regulation (EU) No 2020/852 on the establishment of a framework to facilitate sustainable investment (the "**EU Taxonomy**"), establishing the criteria for determining whether an economic activity qualifies as environmentally sustainable for the purposes of establishing the degree to which an investment is environmentally sustainable. The EU Taxonomy is subject to further development through delegated regulations. The European Commission launched on 12 June 2020 a public consultation on the creation of an EU Green Bond Standard. In light of the continuing development of legal, regulatory and market conventions in the green and sustainable market, there is a risk that any Eligible Projects will not satisfy, whether in whole or in part, any future legislative or regulatory requirements, or any present or future investor expectations or requirements with respect to investment criteria or guidelines with which any investor or its investments are required to comply under its own by-laws or other governing rules or investment portfolio mandates. Accordingly, each prospective investor should have regard to the factors described in the "Green Bond Framework" and determine for itself the relevance of the information contained in this Base Prospectus and any applicable Final Terms regarding the use of proceeds and its purchase of each of the Green Bonds, based upon such investigation as it deems necessary.*

  While it is the intention of the Issuer and the Guarantor to apply the net proceeds of any Green Bonds in the manner described in this Base Prospectus and any applicable Final Terms and the Issuer and the Guarantor may agree at the time of each issue of Green Bonds to certain reporting and use of proceeds (including in the case of certain divestments described under "Green Bond Framework"), the application of such amount *to finance or refinance in whole or in part, the relevant Eligible Projects may not be capable of being implemented in, or substantially in, such manner and/or in accordance with any timeframe, or that such proceeds may not be totally or partially disbursed as planned for reasons outside the Issuer's control or which the Issuer is unable to anticipate. Green Bonds or the Eligible Projects they finance or refinance may not have the results or outcome (whether or not related to environmental or other objectives) as originally expected or anticipated by the Issuer. There can also be no guarantee that no adverse environmental and/or social impacts will occur during the design, construction, commissioning and operation of the Eligible Projects. Where negative impacts are insufficiently mitigated, the Eligible Projects may become controversial, and/or may be criticised by activist groups or other stakeholders. Even though the Guarantor intends to report on and provide information on the use of proceeds of the Green Bonds, the Guarantor has no contractual obligation to do so and any failure to report or provide such information shall not constitute an Event of Default. In addition, the Guarantor may change its Framework or the criteria it uses to select the Eligible Projects at any time. The examples of Eligible Projects in "Green Bond Framework" are for illustrative purposes only. In particular, the Framework and criteria and definitions may (or may not) need to be modified to any update made to the ICMA GBP and/or LMA GLP on which the Framework is based. Any of the aforementioned events or changes (including any failure to apply the proceeds of any issue of Green Bonds for Eligible Projects, withdrawal of any opinion or certification as described above or any such opinion or certification attesting that the Issuer or the Guarantor is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on, and/or the Green Bonds no longer being listed or admitted to trading on any (green) stock exchange or securities market as aforesaid) (i) will not constitute an Event of Default under the Green Bonds, (ii) may have a material adverse effect on the value of the Green Bonds and their liquidity or trading market and/or (iii) may have consequences for certain investors with portfolio mandates to invest in green assets.*

Noteholders should be aware that payment of principal and of interest on each of the Green Bonds will be made from the Group's general funds and will not be directly linked to the performance of any Eligible Projects. Pending the allocation of the net proceeds of issued Green Bonds to the portfolio of Eligible Projects, or in case insufficient Eligible Projects are available, the Guarantor Group will manage the unallocated proceeds in line with its regular treasury criteria, in accordance with the Framework.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer and the Guarantor, including the Second Party Opinion) which may be made available in connection with each issue of any Green Bonds and in particular as to whether or not any Eligible Projects fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or certification (including the Second Party Opinion) (i) is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus, (ii) may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed in this section and other factors that may affect the value of any Green Bonds, (iii) is not, nor should be deemed to be, a recommendation by the Issuer, the Guarantor, the Arranger or the Dealers or any other person to buy, sell or hold Green Bonds and (iv) would only be current as of the date that it was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the *provider of such opinion or certification for the purpose of any investment in the Green Bonds. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.*

*If Green Bonds are listed, displayed on or admitted to trading on any dedicated "green", "environmental", "sustainable" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), including without limitation the Luxembourg Green Exchange ("**LGX**"), no representation or assurance is given by the Issuer, the Guarantor, the Arranger or the Dealers or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, for example with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Projects. Additionally, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Furthermore, no representation or assurance is given or made by the Issuer, the Guarantor, the Arranger, the Dealers or any other person that any such listing or admission to trading will be obtained in respect of any Green Bonds or, if obtained, that any such listing or admission to trading will be maintained during the life of such Green Bonds.*"

1.2 Part III – Documents enclosed in Annex I

Part III – Documents enclosed in Annex I on pages 34 and 35 of the Base Prospectus will be deemed to be amended as follows:

- the first paragraph on page 34 will be deemed deleted and replaced by the following paragraph:

  "*This Base Prospectus shall be read and construed in conjunction with (i) the audited IFRS financial statements of the Issuer and the Guarantor for the years ended 31 December 2018, 31 December 2019 and 31 December 2020, consolidated in accordance with IFRS, together with the audit reports thereon as well as (ii) the unaudited IFRS condensed consolidated financial statements of the Issuer and the Guarantor for the first six months ended 30 June 2020 together with the limited review reports thereon. These documents are enclosed in Annex I to this Base Prospectus, and form part of this Base Prospectus.*"

- the third paragraph on page 34 will be deemed deleted and replaced by the following paragraph:

  "*The tables below include references to the relevant pages of (i) the audited IFRS consolidated financial statements of the Issuer and the Guarantor for the financial years ended 31 December 2018, 31 December 2019 and 31 December 2020 and (ii) the unaudited IFRS condensed consolidated financial statements of the Issuer and the Guarantor for the first six months ended 30 June 2020, as set out in the relevant reports of the Issuer and the Guarantor.*"

- the following table will be deemed to be included below the table "*Annex 1.3: unaudited IFRS condensed consolidated financial statements of the Issuer, report and explanatory notes for the period ending 30 June 2020.*" on pages 34 and 35 of the Base Prospectus:

Annex 1.4: audited IFRS consolidated financial statements of the Issuer, audit report and explanatory notes of the Issuer for the financial year ended 31 December 2020.	
Consolidated statement of financial position	p. 12

Consolidated statement of profit or loss and other comprehensive income	p. 13
Consolidated statement of changes in equity	p. 14
Consolidated cash flow statement	p. 15
Explanatory notes	p. 17-79
Auditor's report	p. 80-89

- the following table will be deemed to be included below the table "*Annex 2.3: unaudited IFRS condensed consolidated financial statements of the Guarantor, report and* explanatory *notes for the period ending 30 June 2020.*" on page 35 of the Base Prospectus:

Annex 2.4: audited IFRS consolidated financial statements of the Guarantor, audit report and explanatory notes of the Issuer for the financial year ended 31 December 2020.	
Consolidated statement of financial position	p. 14
Consolidated statement of profit or loss and other comprehensive income	p. 15
Consolidated statement of changes in equity	p. 16
Consolidated cash flow statement	p. 17
Explanatory notes	p. 20-107
Auditor's report	p. 108-112

1.3 Part VII – Description of the Issuer

- The first paragraph under section 5 (*Recent events and developments*) on pages 100 to 101 of the Base Prospectus will be deemed deleted and replaced by the following paragraph:

  "*There have not been any recent events relevant to the evaluation of the Issuer's solvency since 31 December 2020, except for those circumstances or events mentioned or referred to below or under note 26 on page 78 of the consolidated financial statements of the Issuer for the financial year ended 31 December 2020, as enclosed in Annex I of the Base Prospectus.*"

- The second paragraph under section 6.2 (*No material adverse change in the prospects of the Issuer*) on page 101 of the Base Prospectus will be deemed deleted and replaced by the following paragraph:

  "*Except as stated above, there has been no material adverse change in the prospects of the Issuer since 31 December 2020.*"

- The paragraph under section 7 (*No significant change in financial performance or the financial position*) on pages 101 and 102 of the Base Prospectus will be deemed deleted and replaced by the following paragraph:

  "*There has been no significant change in the financial performance or the financial position of the Issuer Group since 31 December 2020.*"

1.4 Part VIII – Description of the Guarantor

- The first paragraph under section 4 (*Recent events and developments*) on page 110 of the Base Prospectus will be deemed deleted and replaced by the following paragraph:

"*There have not been any recent events relevant to the evaluation of the Guarantor's solvency since 31 December 2020, except for those circumstances or events mentioned or referred to below or under note 30 on page 107 of the consolidated financial statements of the Guarantor for the financial year ended 31 December 2020, as enclosed in Annex I of the Base Prospectus.*"

- The following new paragraph will be added below the fifth paragraph under section 4 (*Recent events and developments*) on page 111 of the Base Prospectus:

  "*On 23 April 2021, a share purchase agreement was signed with a third-party investor for the sale of the Woloska 24 office building at a value of over EUR 60 million.*"

- The last paragraph under section 5.2 (*No material adverse change in the prospects of the Guarantor*) on page 111 of the Base Prospectus will be deemed deleted and replaced by the following paragraph:

  "*Except as stated above, there has been no material adverse change in the prospects of the Guarantor since 31 December 2020.*"

- The paragraph under section 6 (*No significant change in financial performance or the financial position*) on page 111 of the Base Prospectus will be deemed deleted and replaced by the following paragraph:

  "*There has been no significant change in the financial performance or the financial position of the Guarantor Group since 31 December 2020.*"

1.5 Part XI – Selected financial information concerning the Issuer's assets and liabilities, financial position and profit and losses

- The title of Part XI – Selected financial information concerning the Issuer's assets and liabilities, financial position and profit and losses on page 119 of the Base Prospectus (as well as in the table of contents on page 7 of the Base Prospectus) will be deemed deleted and replaced by the following title:

  "*Part XI – Selected financial information concerning the Issuer's and the Guarantor's assets and liabilities, financial position and profit and losses*"

- Part XI – Selected financial information concerning the Issuer's assets and liabilities, financial position and profit and losses on pages 119 to and including 128 of the Base Prospectus will be deemed deleted in its entirety and replaced with the updated section "*Selected financial information concerning the Issuer's and the Guarantor's assets and liabilities, financial position and profit and losses*" set out in Annex A to this Supplement N°1.

1.6 Part XVII – General information

Item (b) of paragraph 7 of Part XVII – General information on page 153 of the Base Prospectus will be deemed deleted and replaced by the following item:

"*(b) the audited IFRS consolidated financial statements of the Issuer and the Guarantor for each of the three* financial *years ended 31 December 2020, 31 December 2019 and 31 December 2018, in each case together with the audit reports thereon;*"

1.7 “Annex I – Financial statements

- The following paragraph will be deemed to be included below paragraph 1.3 on page 157 of the Base Prospectus:

  “*1.4 the audited IFRS consolidated financial statements of the Issuer for the financial year ended 31 December 2020, together with the audit report in connection therewith.*”

- The following paragraph will be deemed to be included below paragraph 2.3 on page 157 of the Base Prospectus:

  “*2.4 the audited IFRS consolidated financial statements of the Guarantor for the financial year ended 31 December 2020, together with the audit report in connection therewith.*”

- Annex I – Financial statements on pages 158 to and including 579 of the Base Prospectus will be deemed to be supplemented by incorporating (i) the audited IFRS consolidated financial statements of the Issuer for the financial year ended 31 December 2020, together with the audit report in connection therewith (as set out in Annex B to this Supplement N°1) and (ii) the audited IFRS consolidated financial statements of the Guarantor for the financial year ended 31 December 2020, together with the audit report in connection therewith (as set out in Annex C to this Supplement N°1) in Annex I – Financial statements, in each case after the respective unaudited IFRS condensed consolidated financial statements of the Issuer or the Guarantor for the half year ended 30 June 2020, together with the limited review reports thereto.

2 General

Save as disclosed in this Supplement N°1, there has been no other significant new factor, material mistake or material inaccuracy relating to the information included in the Base Prospectus since the date of the Base Prospectus.

For so long as Notes may be issued pursuant to the Base Prospectus, copies of this Supplement N°1 will be available on the website of the Issuer (https://www.ghelamco.com/investor-relations/belgium/supplement-prospectus-emtn-programme-2020/).

To the extent that there is an inconsistency between (a) any statement in this Supplement N°1 and (b) any statement in, or enclosed in Annex to, the Base Prospectus, the statements in (a) above will prevail.

Date: 7 May 2021

The Issuer

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Name: Philippe Pannier
Title: Authorised signatory
on behalf of Ghelamco Invest NV

The Guarantor

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Name: Philippe Pannier
Title: Authorised signatory
on behalf of Ghelamco Group Comm. VA

ANNEX A

PART XI – SELECTED FINANCIAL INFORMATION CONCERNING THE ISSUER'S AND GUARANTOR'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFIT AND LOSSES

1 Financial information of the Issuer

Selected financial information for the periods ended 31 December 2018, 31 December 2019 and 31 December 2020 and the periods ended 30 June 2019 and 30 June 2020 is included below. The information below is extracted from the IFRS (condensed) consolidated financial statements of the Issuer. In relation to the annual IFRS consolidated financial statements for the periods ended 31 December 2018, 31 December 2019 and 31 December 2020, an unqualified auditor's opinion has been issued. In relation to the unaudited IFRS condensed consolidated financial statements for the periods ended 30 June 2019 and 30 June 2020, the auditor issued a limited review report.

1.1 Consolidated statement of financial position ('000 EUR)

	31/12/2018	**31/12/2019**	**31/12/2020**	**30/06/2019**	**30/06/2020**
ASSETS					
Non-current assets					
Investment Property	321,890	355,131	273,239	391,442	212,202
Property, plant and equipment	895	721	90	997	450
Equity accounted investees	14,564	15,456	32,947	14,611	15,469
Receivables and prepayments	2,958	12,071	7,927	2,092	16,208
Deferred tax assets	6,963	9,911	13,289	6,938	10,514
Other financial assets	3,743	3,993	4,280	3,743	4,293
Total non-current assets	**351,013**	**397,283**	**331,772**	**419,823**	**259,136**
Current assets					
Property Development Inventories	186,978	182,788	285,976	186,203	184,373
Trade and other receivables	209,785	264,538	284,840	237,050	288,745
Current tax assets	-	-	-	-	-
Assets classified as held for sale	97,698	24,575	96,934	24,575	209,154
Cash and cash equivalents	22,350	43,408	25,080	11,557	1,910
Total current assets	**516,811**	**515,309**	**692,830**	**459,385**	**684,182**
TOTAL ASSETS	**867,824**	**912,592**	**1,024,602**	**879,208**	**943,318**

	31/12/2018	31/12/2019	31/12/2020	30/06/2019	30/06/2020
EQUITY AND LIABILITIES					
Capital and reserves attributable to the Group's equity holders					
Share capital	146,490	146,490	146,490	146,490	146,490
CTA	-	-	4	-	-
Retained earnings	120,289	160,079	201,671	146,171	177,422
	266,779	306,569	348,165	292,661	323,912
Non-controlling interests	350	159	854	275	185
TOTAL EQUITY	**267,129**	**306,728**	**349,019**	**292,936**	**324,097**
Non-current liabilities					
Interest-bearing loans and borrowings	384,064	296,198	413,999	379,479	200,508
Deferred tax liabilities	26,208	29,000	21,597	31,970	15,026
Other non-current liabilities	-	690	1,311	-	1,271
Total non-current liabilities	**410,272**	**325,888**	**436,907**	**411,449**	**216,805**
Current liabilities					
Trade and other payables	41,802	50,590	49,204	42,718	60,141
Current tax liabilities	3,478	9,222	10,022	8,888	10,456
Interest-bearing loans and borrowings	145,143	220,164	179,450	123,217	331,819
Total current liabilities	**190,423**	**279,976**	**238,676**	**174,823**	**402,416**
Total liabilities	**600,695**	**605,864**	**675,583**	**586,272**	**619,221**
TOTAL EQUITY AND LIABILITIES	**867,824**	**912,592**	**1,024,602**	**879,208**	**943,318**

1.2 Consolidated income statement ('000 EUR)

	31/12/2018	31/12/2019	31/12/2020	30/06/2019	30/06/2020
Revenue	47,030	35,033	61,831	17,645	15,898
Other operating income	13,978	12,279	12,300	799	3,681
Cost of Property Development Inventories	-27,932	-20,159	-46,303	-10,398	-10,881
Employee benefit expense	-312	-311	-219	-161	-70
Depreciation amortisation and impairment charges	-290	-314	-116	-299	-125
Gains from revaluation of Investment Property	35,910	52,783	47,421	44,966	13,313
Other operating expense	-17,625	-22,281	-23,253	-7,803	-8,626
Share of results in equity accounted investees	1,827	891	-1,596	46	61
Operating profit	**52,586**	**57,921**	**50,065**	**44,795**	**13,251**
Finance income	3,692	6,673	8,479	3,219	3,951
Finance costs	-15,097	-16,267	-25,000	-8,028	-11,747
Profit before income tax	**41,181**	**48,327**	**33,544**	**39,986**	**5,455**
Income tax expense/income	-5,930	-7,511	7,950	-13,024	11,911
Profit for the year / period	**35,251**	**40,816**	**41,494**	**26,962**	**17,366**
Attributable to:					
Owners of the Company	35,227	40,877	41,565	27,030	17,340
Non-controlling interests	24	-61	-71	-68	26

1.3 Consolidated cash flow statement ('000 EUR)

	31/12/2018	31/12/2019	31/12/2020	30/06/2019	30/06/2020
Operating activities					
Profit / (Loss) of the year/period before income tax	**41,181**	**48,327**	**33,544**	**39,986**	**5,455**
Adjustments for:					
- Share of results of equity accounted investees	-1,827	-891	1,596	-46	-61
- Change in fair value of investment property	-35,910	-52,783	-47,421	-44,966	-13,313
- Depreciation, amortization and impairment charges	290	314	116	299	125
- Net result on disposal Investment Property	647	-9,105	-8,560	287	-
- Change in provisions / inventory write-down	-	3,698		-	-
- Net interest charge	8,300	7,567	13,646	3,697	6,243
- Movements in working capital:					
- Change prop. dev. inventories	12,484	-65	-103,188	775	-1,585
- Change in trade & other receivables	-34,807	-48,363	-9,942	-24,208	-20,748
- Change in trade & other payables	16,209	-2,924	34	-11,369	190
- Movement in other non-current liabilities	-	690	621	-	581
- Other non-cash items	-234	-72	275	97	51
Income tax paid	1,515	-1,923	-2,031	-1,827	-1,432
Interest paid	-12,190	-11,964	-26,516	-770	-5,481
Net cash from / (used in) operating activities	**-4,342**	**-67,503**	**-147,826**	**-38,045**	**-29,975**
Investing activities					
Interest received	2,144	283	3,119	162	492
Purchase of property, plant & equipment	-181	-140	-557	-401	146
Proceeds from disposal PP&E	-	-	322	-	-
Purchase of investment property	-93,225	-67,773	-205,499	-16,886	-46,737
Capitalized interest in investment property (paid)	-4,648	-5,055	-1,582	-2,592	-952
Proceeds from disposal of investment property / assets held for sale	20,966	183,515	229,772	73,859	24,000
Net cash outflow on acquisition of subsidiaries	1,689	-	-	-	-
Net cash outflow on other non-current financial assets	324	-9,364	-1,143	866	-4,437
Net cash inflow/outflow on NCI transactions	-	-	-	-1,155	-
Net cash flow from / (used in) investing activities	**-72,931**	**101,467**	**24,432**	**53,853**	**-27,488**

Financing activities

Proceeds from borrowings	120,428	90,698	244,040	30,954	42,616
Repayment of borrowings	-47,214	-103,543	-138,974	-57,555	-26,651
Dividends paid	-	-61	-	-	-
Net cash inflow from / (used in) financing activities	**73,214**	**-12,906**	**105,066**	**-26,601**	**15,965**
Net increase / (decrease) in cash and cash equivalents	-4,059	21,058	-18,328	-10,793	-41,498
Cash and cash equivalents at 1 January	26,409	22,350	43,408	22,350	43,408
Cash and cash equivalents per end of the year / period	22,350	43,408	25,080	11,557	1,910

2 Financial information of the Guarantor

Selected financial information for the periods ended 31 December 2018, 31 December 2019 and 31 December 2020 and the periods ended 30 June 2019 and 30 June 2020 is included below. The information below is extracted from the IFRS (condensed) consolidated financial statements of the Guarantor. In relation to the annual IFRS consolidated financial statements for the periods ended 31 December 2018, 31 December 2019 and 31 December 2020, an unqualified auditor's opinion has been issued. In relation to the unaudited IFRS condensed consolidated financial statements for the periods ended 30 June 2019 and 30 June 2020, the auditor issued a limited review report.

2.1 Consolidated statement of the financial position ('000 EUR)

	31/12/2018	31/12/2019	31/12/2020	30/06/2019	30/06/2020
ASSETS					
Non-current assets					
Investment Property	1,034,988	1,271,365	1,334,894	1,163,722	1,314,520
Property, plant and equipment	515	513	272	625	250
Intangible assets	3,651	3,836	3,965	3,929	4,046
Equity accounted investees	14,485	15,371	32,859	14,529	15,385
Receivables and prepayments	236,239	211,659	242,359	243,702	197,377
Deferred tax assets	10,997	19,655	16,789	12,923	24,093
Other financial assets	3,961	4,379	4,602	4,003	4,597
Total non-current assets	**1,304,836**	**1,526,778**	**1,635,740**	**1,443,433**	**1,560,268**
Current assets					
Property Development Inventories	249,039	283,282	364,351	258,715	263,939
Trade and other receivables	162,073	228,429	322,640	201,085	277,385
Current tax assets	31	213	199	238	5
Assets classified as held for sale	126,867	24,575	96,934	24,575	209,154
Cash and cash equivalents	59,072	115,811	65,040	71,218	85,075
Total current assets	**597,082**	**652,310**	**849,164**	**555,831**	**835,558**
TOTAL ASSETS	**1,901,918**	**2,179,088**	**2,484,904**	**1,999,264**	**2,395,826**

	31/12/2018	31/12/2019	31/12/2020	30/06/2019	30/06/2020
EQUITY AND LIABILITIES					
Capital and reserves attributable to the Group's equity holders					
Share capital	28,194	28,194	28,194	28,194	28,194
CTA	2,749	4,110	13,846	4,504	9,421
Retained earnings	724,329	836,089	944,608	787,787	924,031
	755,272	868,393	986,648	820,485	961,646
Non-controlling interests	7,955	7,866	10,809	7,898	8,013
TOTAL EQUITY	**763,227**	**876,259**	**997,457**	**828,383**	**969,659**
Non-current liabilities					
Interest-bearing loans and borrowings	750,274	790,921	1,041,450	778,674	794,520
Deferred tax liabilities	46,617	65,157	79,777	52,621	67,749
Other non-current liabilities	7,029	6,211	9,058	2,419	16,530
Total non-current liabilities	**803,919**	**862,289**	**1,130,285**	**833,714**	**878,799**
Current liabilities					
Trade and other payables	93,802	112,669	84,021	88,419	103,208
Current tax liabilities	6,056	11,499	13,494	11,599	13,155
Interest-bearing loans and borrowings	234,914	316,372	259,647	237,149	431,005
Total current liabilities	**334,772**	**440,540**	**357,162**	**337,167**	**547,368**
Total liabilities	**1,138,691**	**1,302,829**	**1,487,447**	**1,170,881**	**1,426,167**
TOTAL EQUITY AND LIABILITIES	**1,901,918**	**2,179,088**	**2,484,904**	**1,999,264**	**2,395,826**

2.2 Consolidated Income Statement ('000 EUR)

	31/12/2018	31/12/2019	31/12/2020	30/06/2019	30/06/2020
Revenue	69,211	56,825	89,408	27,094	37,247
Other operating income	28,126	22,681	34,267	10,510	4,685
Cost of Property Development Inventories	-28,431	-19,606	-47,198	-11,389	-20,685
Employee benefit expense	-1,161	-1,916	-1,660	-754	-1,062
Depreciation amortisation and impairment charges	-817	-854	-674	-569	-423
Gains from revaluation of Investment Property	56,524	143,995	173,266	84,915	103,650
Other operating expense	-52,842	-46,546	-65,613	-20,016	-17,329
Share of results in equity accounted investees (net of tax)	1,738	887	-1,607	45	58
Operating profit	**72,348**	**155,466**	**180,189**	**89,836**	**106,141**
Finance income	17,970	14,855	15,545	8,239	6,167
Finance costs	-29,930	-36,951	-69,613	-19,610	-22,183
Profit before income tax	**60,388**	**133,370**	**126,121**	**78,465**	**90,125**
Income tax expense	-21,983	-20,366	-15,405	-13,828	-1,537
Profit for the year / period	**38,405**	**113,004**	**110,716**	**64,637**	**88,588**
Attributable to:					
Owners of the Company	37,221	112,966	108,817	64,685	88,441
Non-controlling interests	1,184	38	1,899	-48	147

2.3 Cash Flow Statement ('000 EUR)

	31/12/2018	31/12/2019	31/12/2020	30/06/2019	30/06/2020
Operating activities					
Profit / (Loss) of the year/period before income tax	**60,388**	**133,370**	**126,121**	**78,465**	**90,125**
Adjustments for:					
- Share of results in equity accounted investees	-1,738	-887	1,607	-45	-58
- Change in fair value of investment property	-56,524	-143,995	-173,266	-84,915	-103,650
- Depreciation, amortisation and impairment charges	817	854	674	569	423
- Result on disposal investment property	647	-17,157	-6,534	-7,765	-
- Change in provisions / inventory write-down	-	3,689	-	-	-
- Net interest charge	11,962	13,469	20,013	4,999	7,063
- Movements in working capital:					
- Change in prop. dev. inventories	7,678	-35,205	-104,655	-6,497	2,347
- Change in trade & other receivables	20,037	-59,866	-25,183	-30,523	-44,028
- Change in trade & other payables	-36,675	5,276	419	-3,566	-8,139
- Movement in other non-current liabilities	4,780	-818	2,847	-4,610	10,319
- Other non-cash items	-118	-94	168	-299	224
Income tax paid	-384	-5,222	1,393	-4,413	-1,519
Interest paid	-26,825	-23,760	-38,555	-5,732	-8,742
Net cash from / (used in) operating activities	**-15,955**	**-130,346**	**-194,951**	**-64,332**	**-55,635**
Investing activities					
Interest received	18,060	6,296	-17,480	-1,553	1,226
Purchase / disposal of property, plant & equipment and intangibles	-748	-1,037	-240	-957	-370
Purchase of investment property	-176,262	-204,114	-382,713	-88,841	-130,364
Capitalized interest in investment property	-17,300	-23,046	-16,982	-11,043	-11,423
Proceeds from disposal of investment property	20,966	293,505	234,367	183,849	24,000
Net cash outflow on acquisition of subsidiaries	1,689	-	-	-	-
Cash outflow on other non-current financial assets	14,866	24,162	6,130	-7,505	13,406
Net cash inflow/outflow on NCI transactions	-	-	-	-1,155	-
Net cash flow from / (used in) investing activities	**-138,729**	**95,766**	**-176,918**	**72,795**	**-103,525**

Financing activities

Proceeds from borrowings	207,495	333,954	530,123	164,272	184,023
Repayment of borrowings	-117,035	-240,474	-216,152	-159,289	-66,760
Dividends paid	-	-61	-	-	-
Net cash inflow from / (used in) financing activities	**90,460**	**93,419**	**313,971**	**4,983**	**117,263**
Net increase / (decrease) in cash and cash equivalents	**-64,224**	**58,839**	**-57,898**	**13,446**	**-41,897**
Cash and cash equivalents at 1 January of the year	**129,526**	**59,072**	**115,811**	**59,072**	**115,811**
Effects of exch. rate changes, in non-EUR countries	-6,230	-2,100	7,127	-1,300	11,161
Cash and cash equivalents at the end of the year / period	**59,072**	**115,811**	**65,040**	**71,218**	**85,075**

ANNEX B

Annex 1.4 The audited IFRS consolidated financial statements of the Issuer for the financial year ended 31 December 2020, together with the audit report in connection therewith

GHELAMCO INVEST NV

IFRS CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2020

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

EUROPEAN PROPERTY AWARDS

AWARD WINNER

Best Office
Arcitecture Belgium

2021

CONTENTS

I

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR 2020[1]

[1] This report has been prepared in accordance with article 3:32 of the Belgian Companies and Associations' Code and approved by the Board on 26 March 2021.

1. BUSINESS ACTIVITIES AND PROFILE

Ghelamco Invest NV (as the Belgian legal entity with all its subsidiaries) represents the Belgian and Western European activities of Ghelamco Group Comm. VA, a leading European real estate investor mainly active in the offices, residential, leisure and retail markets.

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

Ghelamco group's successes are generated by the group's professional and enthusiastic staff that is driven by the vision and passion of its management.

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

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

- **Investment Holding**: comprises resources invested in the realization of real estate projects in Belgium, France, UK and Poland and the intra-group financing entities which may also to a certain extent provide funding to the other holdings;
- **Development Holding**: represents international entities that provide construction, engineering and development services to the Investment Holding;
- **Portfolio Holding**: consists of all other activities and real estate investments controlled by the ultimate beneficial owners.
- **Ghelamco European Property Fund**: keeps in first instance real estate projects as income generating products in portfolio for a longer time period. This allows the Investment Holding to realise and sell delivered projects, for which the occupation rate and lease status has been optimized in the past years, at an optimal market value. This longer-term strategy also demands a specific (long-term) financing structure. The fund is not regulated but acts as a separate legal entity within the group.

2. LEGAL STATUS

Ghelamco Invest NV ("Ghelamco Invest") is the holding company of the Belgian, French and since recently UK activities of Ghelamco Group Comm. VA, which is in turn the holding company of the **Investment Holding**. Besides its holding activities, Ghelamco Invest also has direct stakes in a number of real estate projects.

Ghelamco Invest, together with its subsidiaries (jointly referred to as the "**Company**") (see Note 5), constitute the reporting entity for the purpose of these financial statements.

Ghelamco Invest is a limited liability company registered under Belgian law, with its registered office at Zwaanhofweg 10, 8900 Ieper, Belgium.

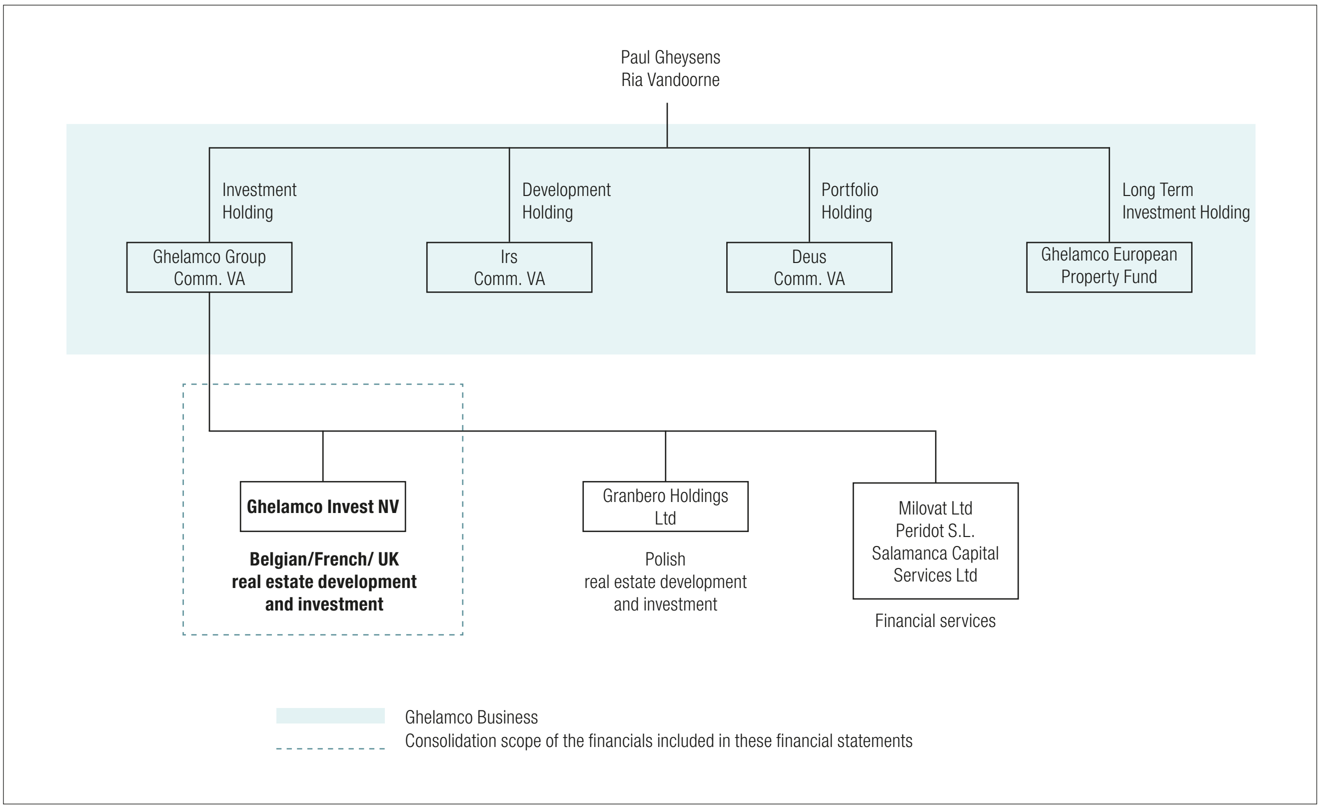
Ghelamco Invest is registered in the Belgian commercial register under the number BE0431.572.596.

3. CONSOLIDATION SCOPE

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

At 31 December 2020 (the reporting date), all the assets and liabilities of the reporting entity (Ghelamco Invest and its direct and indirect legal subsidiaries) are legally linked through the corporate structure as detailed in Note 5 Group Structure.

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



4. STAFFING LEVEL

Given its nature, there is only limited employment in the Company. At 31 December 2020, Ghelamco Invest and subsidiaries employed 1 person. The construction, engineering and other related services are mainly provided to the Company by the Development Holding's legal subsidiaries. Ghelamco as a whole employed 309 people on 31 December 2020 (vs. 322 on 31 December 2019).

5. BOARD AND MANAGEMENT COMMITTEE

In connection with the growing importance which management attaches to corporate governance and the further professional structuring of the Company, the Board of Directors of Ghelamco Invest has been extended with a non-executive member and an independent member. In addition, the Board has formally installed an audit committee, chaired by the independent board member, who complies with the independence and competence criteria in the area of accounting and audit as required by Belgian law.

Members of the board as of 31 December 2020:

- BV Opus Terrae, represented by mr. Paul Gheysens
- Mr. Simon Gheysens
- Mr. Michael Gheysens
- BV Ghlobal, represented by Ms. Marie-Julie Gheysens
- BV Pure F, represented by mr. Philip Neyt (non-executive board member)
- BV JINVEST, represented by mr. Jürgen Ingels (independent board member)

The Company's Management as of 31 December 2020 consists of:

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

The Management actively coordinates and supervises the different teams and supports them in all commercial, legal, financial and technical aspects of their activities. The Belgian teams mainly consist of a technical, commercial, legal & financial department.

The statutory board of Ghelamco Invest's subsidiaries usually consists of 3 to 4 directors.

The Management is responsible for the Company's internal control and risk system including those regarding financial reporting. Internal control over financial reporting includes the assessment of the relevant risks, the identification and monitoring of key controls and actions taken to correct deficiencies as identified. The Audit Committee reviews the effectiveness of the internal control and risk management systems. Ghelamco Invest's control environment comprises of central finance functions such as consolidation and reporting, accounting, tax, treasury and investor relations. All finance functions report directly to the Chief Financial Officer. One of the responsibilities of the financial department is to improve the procedures used to prepare and process financial information. Regular reviews are conducted on the key control procedures in the preparation of financial information in the subsidiaries and at Company level in order to ensure proper application of instructions and guidelines with regards to financial reporting. The consolidation process is performed on a semi-annual basis and reviewed by the Management and the Audit Committee. Based on regular meetings, the Management has a process in place to identify, assess and follow-up on risks including those with regard to the financial reporting process on a regular basis. These risks are being discussed with the Audit Committee who might define further actions to the Management.

6. BUSINESS ENVIRONMENT AND RESULTS

2020 results:

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

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

Main 2020 development and construction activities:

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

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

- In the first half of March 2020, the Company has signed agreements in connection with the acquisition of a land plot in London, City Road for the future development of a mixed offices and residential project. The site (with building permit) extends to 0.37 hectares within the London Borough of Hackney. The project is expected to offer approx. 21,286 sqm of net lettable/sellable area. Acquisition price amounts to 75 MGBP (excl. VAT, stamp duties, transfer of IP and other related expenses). Closing of the deal (and transfer of ownership) took place early November 2020.
- On 2 July 2020, the Company has been granted a building right on a plot of land in the Duinenwater area in Knokke for the development of the Lake District project,

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

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

As to divestures/revenues:

On 22 January 2020, the Ring Hotel project in Ghent, adjacent to the Ghelamco Arena in Ghent and offering 250 hotel rooms, has been sold to the Van Der Valk hotel group for a sales amount of 24 MEUR. The closing of the deal was based on preliminary agreement which was signed in 2018. At the moment of the transaction, bank loans have been reimbursed for an amount of 23.7 MEUR.

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

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

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

Main post balance sheet events

On 17 November 2019 Ghelamco Invest NV has signed a share purchase agreement for the acquisition of 100% of the shares of Cogimes SA and Sogimes SA, companies holding land plots at the Culliganlaan in Diegem, for the future development of the 'The Wings' office project. The SPA was based on a transaction amount of 13,800 KEUR. At signing date, an advance payment of 5 MEUR has already been done. The closing (and transfer of ownership) has taken place on 26 February 2021.

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

Risk factors

Due to its activities, the Company is exposed to a variety of financial and operational risks: including interest rate risk, price risk, credit risk and liquidity risk. We refer to section 2 of the Consolidated Financial Statements for a detailed description of those risk factors. For the specific risk related to a crisis resulting from the Covid-19 pandemic, also further reference is made to section 2 below.
The Company usually does not use financial instruments to hedge its exposure in connection to those risks. With respect to the status of the Eurostadium project, reference is made to note 9 of the Consolidated Financial Statements.

Outlook

It is the Company's strategy to further diversify its development portfolio by spreading its developments over different real estate segments and/or mixed projects.
For 2021, the Company will continue its sustained growth ambition. In addition, it will closely monitor specific evolutions in its active markets and real estate segments. In this respect, it has already secured some positions for sizable new projects.

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

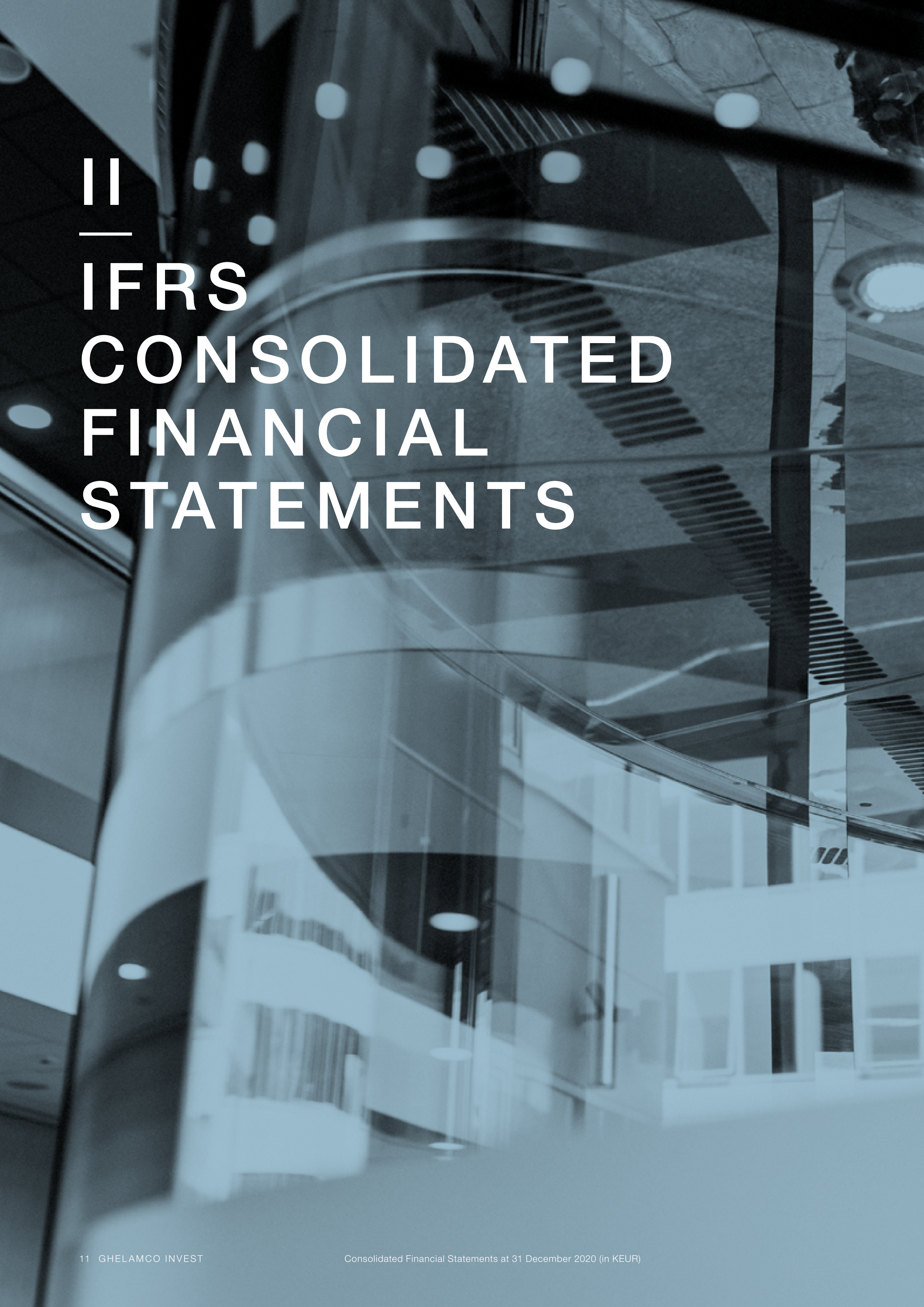
Nevertheless, the management is conscious that the pandemic will affect certain ongoing and planned real estate and/or financial transactions. The risks concerned are mitigated as much as possible in open discussions with the involved counterparties or partners. The management will closely monitor and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

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

7.
OPINION ON THE FAIR PRESENTATION IN ACCORDANCE WITH THE ROYAL DECREE OF 14 NOVEMBER 2007

The Board of Directors, hereby declares that, to the best of their knowledge, that:

- the consolidated financial statements give a true and fair view of the Company's net worth and financial position and of its results in accordance with International Financial Reporting Standards as adopted by the European Union;
- the annual report gives a true and fair view of the developments and results of the Company and its subsidiaries included in the consolidated financial statements, as well as a description of the main risks and uncertainties which the Company is facing.



II

IFRS CONSOLIDATED FINANCIAL STATEMENTS

This document presents the IFRS Consolidated Financial Statements for the year ended on 31 December 2020, assuming the going concern of the consolidated companies and which were approved by the Company's Board of Directors on 26 March 2021. The amounts in this document are expressed in thousands of EUR (KEUR), unless stated otherwise.

A. CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IN KEUR)

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

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

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

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

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

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C. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

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D. CONSOLIDATED CASH FLOW STATEMENT

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

(*): Interests directly capitalized in IP not included (2020: 1,582 KEUR; 2019: 5,055 KEUR, separately presented under investing activities)

E. SEGMENT INFORMATION

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the IFRS consolidated financial statements, are set out below.

1.1. INTRODUCTION

We refer to the section "Business activities and profile" of the Board of Directors' annual report on the consolidated financial statements and Note 5 "Group structure" of these financial statements for more information on the business activities and the structure of the Company and its position within the Ghelamco business.

As per today, the Company's core business is the investment in commercial and residential properties. The Company's strategy is to keep commercial property in portfolio for rental purposes while residential properties are dedicated for sale. According to IAS 2, Property Development Inventories have to be measured at the lower of cost and net realizable value. Investment Properties (Under Construction) are carried at fair value.
As such, residential properties are presented as Property Development Inventories. Most of the commercial property is presented as Investment Property. We refer to the Notes 6 and 9 for more details on their presentation.

These financial statements are IFRS consolidated financial statements that include the resources and activities of Ghelamco Invest NV and its legal subsidiaries that are part of the Company at 31 December 2020.

A list of legal entities included in these IFRS consolidated financial statements and major changes in the organizational structure of the reporting entity are outlined in Notes 4 and 5.

1.2. BASIS OF PREPARATION

These consolidated financial statements include those of the Company and its subsidiaries. The consolidated financial statements were approved for issue by the Board of Directors on 26 March 2021. The consolidated financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards ("IFRS") as adopted by the European Union at 31 December 2020. The Company has adopted all new and revised standards and interpretations which became applicable for the financial year starting 1 January 2020.

These financial statements have been prepared under the historical cost convention except for Investment Properties, assets classified as held for sale and derivative financial instruments that have been measured at fair value.

1.3. STANDARDS AND INTERPRETATIONS THAT BECAME APPLICABLE IN 2020

Standards and Interpretations that the Company anticipatively applied in 2019 and 2020:
- None

Standards and Interpretations that became effective in 2020:

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

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

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

- None

1.4. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Standards and Interpretations issued at the date of these IFRS consolidated financial statements, which were authorized for issue but not yet mandatory and have not been early adopted by the Company:

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

At this stage, the Company does not expect the first adoption of these Standards and Interpretations to have a material financial impact on the financial statements at the moment of initial application.

The Company is currently assessing the possible impact, if any, of standards to be applied as from 2021.

1.5. PRINCIPLES OF CONSOLIDATION

1.5.1. CONSOLIDATION SCOPE

The entities included in the consolidation scope are those that are under control of the Company (see Notes 4 and 5). The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Control is achieved when the Company:

- has power over the investee; and
- is exposed or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company re-assesses whether or not it controls an investee if fact and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The transactions, balances and unrealized gains and losses between these legal entities are deemed to be intra-group transactions and are eliminated in full.

The transactions with other entities owned directly or indirectly by the ultimate beneficial owners of the Company are deemed transactions with related parties and are not eliminated, but are presented as balances and transactions with related parties in Note 25.

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

1.5.2. ACQUISITION OF SUBSIDIARIES

Although the Company obtained control over several subsidiaries over the past years, these transactions are not considered business combinations as defined under IFRS 3 "Business Combinations". In these transactions, the Company primarily acquired land and therefore these transactions are to be considered as a purchase of selective assets and liabilities and not as a purchase of a "business". The purchase consideration has been allocated to each of the assets and liabilities acquired based on their relative fair values.

During the course of 2020 and 2019, there were no acquisitions of subsidiaries that qualified as an acquisition of a business as defined in IFRS 3 "Business Combinations".

1.5.3. SALE OF SUBSIDIARIES

As was the case in the past, the 2020 and 2019 business of the Company consists of developing commercial and residential real estate projects. Commercial properties are held for rental or capital appreciation. Residential properties are held for sale in the ordinary course of business.

General rule:

- sale of commercial projects subsidiaries (in which real estate is developed and valued as IP(UC)) is presented in the Income Statement as a disposal of IP and not as a disposal of a subsidiary;
- sale of residential projects subsidiaries (in which real estate is developed and valued as property development inventories) is presented in the Income Statement on a gross basis (i.e. revenue from the sale of inventories and cost of sales) and not as a disposal of a subsidiary. Still, a sale of residential projects is generally structured as a sale of assets.

Comments 2020

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

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

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

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

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

Comments 2019

In February 2019, the ‘The Link’ project in Antwerp (27,000 sqm leasable office space and approx. 540 underground parking spaces, divided over 2 buildings) was disposed and sold to Baloise for a total gross sales value of 89.3 MEUR. The deal was structured as an asset deal.

On 19 December, the Arval project in Evere (approx. 5,275 sqm retail park) was sold to a third party investor. The transaction was structured as a share deal. The share deal was based on an underlying value of the property of 13 MEUR. The transaction has in the consolidated financial statements been presented as a disposal of IP.

On 20 December, the Spectrum project in Brussels (offering approx. 16,365 sqm leasable office space and 150 parking spaces) was sold to Deka Immobilien. The transaction was again structured as share deal, based on an underlying value of 103 MEUR. The transaction has in the financial statements been presented as a disposal of IP.

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

1.5.4. INCREASE IN OWNERSHIP INTERESTS IN SUBSIDIARIES

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

1.5.5. FOREIGN CURRENCY TRANSLATION

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

Foreign currency transactions

Foreign currency transactions are recognized initially at the exchange rate prevailing at the transactions' date. Subsequently, at closing, monetary assets and liabilities not measured at fair value, denominated in foreign currencies are translated at the balance date currency rate. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are included in the income statement as a financial result.

Foreign entities

For the purpose of the IFRS consolidated financial statements, the results and financial position of each entity are translated in Euro, which is the functional currency of the Company and the presentation currency for the IFRS consolidated financial statements. In consolidation, the assets and liabilities of the group companies using a different functional currency than the Euro are translated in Euro using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified in equity, within the "Cumulative translation reserve". Such translation differences are recognized as income or as expenses in the period in which the entity is sold, disposed of or liquidated.

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

1.6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at acquisition cost less any accumulated depreciation and less any accumulated impairment loss.

Cost includes the fair value of the consideration given to acquire the asset and any directly attributable cost of bringing the asset to working condition for its intended use (taxes included).

The depreciable amount is allocated on a systematic basis over the useful life of the asset, using the straight-line method. The depreciable amount is the acquisition cost.

The applicable useful lives are:
- Property, plant and equipment
  - Buildings: 20 to 40 years
  - Vehicles: 5 years
  - Equipment: 5 to 10 years

1.7. LEASES

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. All right-of-use assets complying with the definition of Investment property will be presented as Investment property and are subsequently recognized at fair value.

The other right-of-use assets will be presented in the most appropriate caption, taking into account the nature of the assets on which the right-of-use has been granted. These other right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. These other right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease lability.

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

1.8. IMPAIRMENT OF ASSETS

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the unit to which the asset belongs.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

1.9. INVESTMENT PROPERTY

Investment Property is defined as property (land or a building – or part of a building – or both) held by the owner to earn rentals, realize capital appreciation or both, rather than for: (a) use in the production or supply of goods or services or for administrative purposes; or (b) sale in the ordinary course of business.

Investment Property, principally comprising commercial buildings ("commercial property"), is held for capital appreciation or for the long-term rental yields and is not occupied by the Company.

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

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

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

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

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

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

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

3. Based on residual method.

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

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

By consequence, fair value adjustments have been recognized as follows:

- Projects under (A): fair value of the land minus the gross land cost (including purchase price of the land, costs on the purchase, capitalized financial costs);
- Projects under (B): fair value of the land minus gross land cost;
- Projects under (C): fair value of the land minus gross land cost, plus fair value of the construction part minus cost of the construction part, to the extent the below conditions are met.

In assessing the fair value, the Company considers whether both following conditions have been met:

- Building permit on the property has been obtained; and
- Binding lease agreements have been signed for over 40% of the net leasable area of the property.

In case the above mentioned conditions are not fulfilled, the fair value of the IPUC (part not included in land) is deemed to be the cost of the in-process development.

In case the conditions are fulfilled, the fair value of IPUC (both land and construction part) will be determined by an independent appraiser report, based on RICS Valuation Standards.

1.9.2 COMPLETED INVESTMENT PROPERTIES (D)

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

Completed Investment Properties are valued by internationally qualified appraisers as of the end of the period, based on market values in accordance with the RICS Valuation Standards or based on managements' valuation assessment.
They are recognized at fair value reflecting the market conditions at the balance sheet date. Market values of the project are calculated based on the Yield method or Discounted Cash Flow method, depending on the type of project, its status and the location.

Fair value of IP is determined as follows

- Projects under (D): fair value of the completed project

By consequence, fair value adjustments have been recognized as follows:

- Projects under (D): fair value of the completed project minus gross land cost, minus cost of the construction part

In the case of a contingent consideration payable for a property acquired, the asset is recognized initially at cost, determined based on the fair value of the total consideration paid or payable. The fair value of the contingent consideration is determined based on management's best estimate and recognized as a financial liability. Subsequent changes in the fair value of the liability are recorded via the income statement (and are not part of the asset value).

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

1.10. (NON)-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

A (non-)current asset or disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. A discontinued operation is a component of an entity which the entity has disposed of or which is classified as held for sale, which represents a separate major line of business or geographical area of operations and which can be distinguished operationally and for financial reporting purposes.

For a sale to be highly probable, the entity should be committed to a plan to sell the asset (or disposal group), to an active program to locate a buyer or to complete a plan which was already initiated. In addition, the asset (or disposal group) should be actively marketed at a price which is reasonable in relation to its current fair value, and the sale should be expected to be completed within one year from the date of classification.

Investment property which is classified as held for sale is measured at fair value. Other assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs necessary to make the sale. Any excess of the carrying amount over the fair value less costs to sell is included as an impairment loss. Depreciation of such assets is discontinued as from their classification as held for sale. Comparative balance sheet information for prior periods is not restated to reflect the new classification in the balance sheet.

1.11. PROPERTY DEVELOPMENT INVENTORY

Land and premises acquired and held for future development as well as in-process development projects (other than Investment Properties) are classified as inventories. Property Development Inventories mainly comprise residential properties.

Inventories are measured at the lower of cost and net realizable value at the balance sheet date.

The cost of in-process development projects comprises architectural design, engineering studies, geodesic studies, raw materials, other production materials, direct labour, other direct and external borrowing costs directly attributable to the acquisition or construction of the qualifying inventories.

External borrowing costs directly related to the acquisition, construction or production of a qualifying asset are capitalized. A qualifying asset is an asset that takes a substantial period of time to get ready for its intended use or sale. Capitalization commences when expenditures and borrowings are being incurred for the asset, and ceases when all the activities that are necessary to prepare the asset for its intended use are complete or sale in its current condition is possible. The capitalization criteria are usually met as from the date of acquisition of land for building purposes, as activities related to development are usually being undertaken by the Company as from that date.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write-down is necessary when the net realizable value at balance sheet date is lower than the carrying value. The Company performs regular reviews of the net realizable value of its Property Development Inventory, based on feasibility studies, recent transaction data and other available information.

Based on the most recent review, no write-downs have been recognized in the 2020 IFRS consolidated financial statements. In the 2019 financial statements, write-downs were recognized for an amount of 3,689 KEUR, on a limited number of inventory items, related to the adjustment of some commercial parameters (see also section 3. Accounting estimates and judgements).

1.12. TRADE AND OTHER RECEIVABLES (NON-CURRENT AND CURRENT)

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

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

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

As the Company has opted for the simplified approach, loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

In determining the amount of credit losses the Company has considered both quantitative and qualitative information and prepared an analysis, based on the Company's historical experience and macro-economic information including forward-looking information.

The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cashflow, discounted at the original effective interest rate. The asset's carrying amount is reduced through the use of an allowance account, and the amount of the loss is recognized in the Income Statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written down are credited in the Income Statement.

1.13. FINANCIAL ASSETS

The Company classifies its financial assets in the following categories: measured at amortised cost, Fair Value through Other Comprehensive Income ('FVOCI) and Fair Value Through Profit and Loss ('FVTPL'). The classification is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

The investments in equity instruments that do not have a quoted market price in an active market are required to be measured at fair value. The Company determines that cost is an appropriate estimate of fair value (this valuation principle applies mainly to the investments in entities under the control of the ultimate beneficial owners of the Company, not included in the consolidation scope of these financial statements).

Derivative financial instruments are measured at fair value with changes recognized in profit or loss.

For an overview of financial assets (and liabilities) by category in accordance with IFRS 9, reference is made to note 15 below.

1.14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

1.15. SHARE CAPITAL

Ordinary shares are classified as equity under the caption "share capital". When share capital recognized as equity is (re)purchased, the amount of the consideration paid, including directly attributable costs and taxes, is recognized as a change in equity.

Dividends are recognized as a liability only in the period in which they are approved by the Company's shareholders.

1.16. CURRENT AND DEFERRED INCOME TAXES

Income tax on the profit or loss for the year comprises current and deferred income tax.

Income tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years. It is calculated using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is recognized, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values. Deferred tax is recognized on all temporary differences.
The recognition of deferred tax liabilities on fair value adjustments is based on the assumption that the land and buildings held by the Company will be realized through asset deals. Sales through asset deals mainly apply to the residential projects held by the Company (which are classified as inventory; which is not subject to fair value accounting).

As it is expected that the value of commercial projects will in first instance be realized through use (and not through sale), the recognition of deferred tax liabilities on fair value adjustments is also applied here. Still, the potential capital gain (in the case a commercial project would be sold through a share deal) might be exempted from income tax in some jurisdictions if certain conditions are met. Although the Company is confident that in the case of a share deal these conditions will be complied with, deferred tax liabilities have consistently been recognized, without taking into account those potential tax exemptions.

Currently or substantially enacted tax rates are used to determine deferred income tax. Under this method, the Company is also required to make a provision for deferred income tax on the difference between the fair values of the net assets acquired and their tax base as a result of a business combination, recognized against goodwill.

No deferred taxes are accounted for temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that at the time of the transaction affect neither accounting or taxable profit; temporary differences relating to investments in subsidiaries, associates and joint arrangements to the extent that they will probably not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. A deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized (Note 16).

1.17. TRADE AND OTHER PAYABLES

Trade and other payables are measured at amortized cost. As the impact of discounting is immaterial, trade and other payables are measured at the nominal value.

1.18. BORROWINGS

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the Income Statement over the period of the borrowings using the effective interest method.
Borrowings are classified as current liabilities unless the Company has a contractual right (provided all covenants are fulfilled) to defer settlement of the liability for at least 12 months after the balance sheet date.

1.19. REVENUE RECOGNITION AND RESULT ON DISPOSAL

Revenue mainly includes sales of property development inventory and rental income.

Sale of Property Development Inventory
Revenue is recognised as control is passed to the customer, either over time or at a point in time.
Revenue is recognised in the income statement (on the line-item Revenue) based on the transaction price in the contract, which is the amount to which the Company expects to be entitled in exchange for the transfer of the property.

In accordance with IFRS 15, the company assesses on a case-by-case basis:

- Whether the agreement, the contract or the transaction falls within the scope of IFRS 15, including by taking into account the probability of the entity recovering the consideration to which it is entitled;
- Whether, under a contract, the sale of the land, the development and the commercialisation represent distinct performance obligations;
- Whether, for each obligation, the revenue is subject to a gradual transfer of control, particularly for projects which satisfy the third criterion defined by IFRS 15.36 ("Performance creating a specific asset and giving rise to an enforceable right to payment for performance completed to date"), and must be recognised gradually.

In accordance with Belgian Breyne legislation, it is assessed that sold properties have no alternative use and that right to payment for the Company exists. For that, revenue from off-plan apartment sales is considered as one performance obligation (no distinction between land and building) and is recognized over-time; i.e. through percentage of completion.

To the extent a contract contains elements of variable or contingent consideration, the Company will estimate the amount of variable consideration to which it will be entitled under the contract. A variable consideration is only included in the transaction price and will only be recognised to the extent it is highly probable that its inclusion will not result in significant revenue reversal in the future, when the underlying uncertainty has been resolved.

The property disposals might be structured as a sale of shares in a legal entity that holds the property. The sales of real estate projects structured as a sale of shares are presented in these financial statements in accordance with the substance and economic reality of the transactions and not merely with their legal form. Thus, the amount of inventories recognized as an expense during the period referred to as "Cost of Property Development Inventories sold" comprises costs directly related to the property development projects sold during the year. The revenue from sales of properties reflects the consideration transferred of the properties sold.

Rental income

Rental income from Investment Properties leased is recognized on a straight-line basis over the lease term. Lease incentives granted are recognized as an integral part of the total rental income (i.e. are spread over the lease term).
The Company did not enter into any financial lease agreements with tenants; all lease contracts qualify as operating leases.

Sale of Investment Property

Other operating income from the sale of investment property is recognized when the buyer obtains control of the property, for an amount to which the Company expects to be entitled in exchange for the transfer of the property.

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

When an Investment property project is disposed in the first half of the year, the result on disposal is determined based on the difference between the sales value per date of disposal and the carrying/ fair value per books at year-end of the previous accounting year.
When an Investment property project is disposed in the second half of the year, the result on disposal is determined based on the difference between the sales value per date of disposal and the carrying/ fair value per books at 30 June.

2. FINANCIAL RISK MANAGEMENT

2.1. FINANCIAL RISK FACTORS

Due to its activities, the Company is exposed to a variety of financial and operational risks: including interest rate risk, price risk, credit risk and liquidity risk. Financial risks relate to the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables and borrowings. The Company may use derivative financial instruments (external or internal) on an ad hoc basis to hedge against the exposures arising from the individual transactions significant to the Company as a whole. However, no derivative financial instruments were used at the balance sheet date.

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

2.1.1. FOREIGN EXCHANGE RISK

To the extent the Company enters in transactions in foreign currencies, other than its functional currency, being the Euro, it is subject to the following currency exchange risks: (i) the foreign currency transaction risk: which occurs when a member of the Company enters into a transaction where the settlement of the transaction occurs in a currency other than the functional currency of that member of the group; and (ii) the foreign currency translation

risk: which occurs at the translation of the foreign operations of the group into Euro.
A change in exchange rates or authorities imposing exchange controls could affect the Company's business, financial condition, results and prospects.
However, since Ghelamco Invest and its subsidiaries mainly operate in Belgium and Western Europe, such currency risk is rather limited.

The Company concludes main part of financing, engineering, architectural and construction contracts in Euro; leasing of the properties is in Euro and eventual later disposal of assets or shares are also expressed and negotiated in Euro.
Still and as stated above, the Company is since November 2020 also active on the UK, London market. Functional currency of the new UK companies is GBP. For the current UK project (The Arc) external financing is in GBP, while contracting is also in GBP. In addition, future sales will also be realised in GBP. As a consequence incoming and outgoing (GBP) flows will be matched, mitigating the foreign currency translation risk.

2.1.2. INTEREST RATE RISK

The Company actively uses external and related party borrowings to finance its property projects. A property project's external financing is either in the form of a bank loan or a bond issue, mostly denominated in Euro (see Note 14).
The Company did not enter into external interest rate hedging transactions to eliminate exposure arising from the long-term investment loans over the last 5 years. The Company's management closely monitors the short-term floating rate borrowings and medium term fixed interest rates.

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

- Land acquisition loans (usually provided for a term of two years). The interest is payable at market floating rates (from 1 up to 6 months) increased by a margin.
- Construction loans provided until completion of construction and obtaining of the exploitation permit (usually for a term of two years). The interest is payable at market floating rates (from 1 up to 6 months) increased by a margin. The land acquisition loan is at this stage integrated in the construction loan.
- Once the property is completed, leased and meets all ongoing covenants, the construction financing is swapped into an investment loan, usually provided for a period of five years beginning from the signing of the investment loan agreement and repayable gradually with rental income or fully upon sale of the property. The banks are usually willing to offer investment loans up to an amount that reflects 65% to 70% of the property's market value. The interest is usually a mix of floating and fixed rates. In addition, the capital is reimbursed at a level between 4% and 7% per annum (on average), usually payable on a quarterly, half-yearly or yearly basis together with the accrued interest.

Bonds for the Belgian and French projects are issued on the Ghelamco Invest NV level, at fixed interest rates:

- 70.9 MEUR EMTN bond issue due 14 June 2021 and bearing an interest of 4.125%,
- 33 MEUR EMTN bond issue due 23 May 2022 and bearing an interest of 4.5%,
- 47.4 MEUR EMTN bond issue due 20 November 2022 and bearing an interest of 4.3%,
- 54.2 MEUR EMTN bond issue due 20 November 2024 and bearing an interest of 4.8%
- 47.5 MEUR EMTN bond issue due 3 July 2023 and bearing an interest of 5.5%,
- 20 MEUR EMTN bond issue due 21 January 2027 and bearing an interest of 4.25%.

Proceeds of the bonds can be used over the resp. project investment stages.

Since end 2019, the Company also has a 3-year commercial paper programme in place, for a maximum amount of 35 MEUR and bearing an interest rate of Euribor 3 months + 2% margin.

For sensitivity analysis, reference is made to disclosure 14 on interest-bearing loans and borrowings.

2.1.3. OPERATIONAL RISK (PRICE RISK IN FIRST INSTANCE)

Price risk

Raw materials, supplies, labour and other costs directly related to the construction process constitute a major part of the property development assets capitalized in the accounts of the Company's project companies.
Although construction prices may substantially vary during each accounting year, the Company succeeds in reducing its operational risk by either entering into fixed price contracts or into open book contracts with related and unrelated companies.
Property projects are usually realized in cooperation with parties related to the Company (see Note 25.2).

Market research

Before starting an investment, the Company's management teams have performed their market research, comprising the following:

- status of the project's current zoning (and in the forthcoming case timing for necessary rezoning)
- attitude of the local government towards a particular project
- are comparable projects being launched (timing and location)
- type of potential buyers/tenants - reasonable delivery date of the project
- projected sale/lease prices at the date of delivery
- yield expectations at that time
- time frame to achieve 50%-60% leasing level

Permit risk

A detailed advance study of the existing master plan or zoning plans substantially reduces the risks on obtaining building permits. On this issue, it is the Company's policy to closely monitor new construction regulations or esthetical preferences of the city authorities. One should of course differentiate between the type of projects, their location and specific country principles.

Construction risk

Construction risks are monitored by the Consortium in-house engineers. They define the construction cost as from the date of the feasibility study and take full responsibility for material discrepancies. Therefore, fine-tuning of budgets, choice of materials, construction techniques and construction prices is a constant process within the Consortium. This avoids cost overruns and delivery delays for the Company.
The Company also maintains full control over the building site coordination of (sub) contractors.

Engineering risk

The Company has to remain in control for the design, lay-out and structural or finishing elements of the building. Any change in engineering automatically leads to cost increases or decreases. That is why the Company hardly ever outsources these tasks.

Financing risk

The Company relies since years on framework agreements with the majority of its banking partners. The parameters of the framework can vary due to economic circumstances, but the framework remains workable as a whole. Before starting up the construction works (or contracting with subcontractors), the Company expects to have received already a (non-)binding term sheet from its banking relations.
The Company has in addition been able to call upon alternative financing through the issue of bonds. In total, 273 MEUR unsecured EMTN bonds are outstanding as of 31 December 2020 (see infra). Since end 2019, the Company also has access to a 3-year commercial paper programme. Commercial paper outstanding as of 31 December 2020 amounts to 35 MEUR.

Commercial risk

Certain major projects require (internal) pre-lease levels, depending on different parameters, mostly triggered by the project's (large) scale, changed market circumstances or project type. Smaller projects are started up without pre-leases. This set-up immediately triggers the intense involvement of both the Consortium's internal commercial departments and the external brokers. So far, the Company's track record shows a significant leasing level (of already 50% or more) before the end of construction works.

Investment market risk

Each developer or investment fund is influenced by the currently applicable yield expectations. Therefore, good project timing is essential. While securing the construction financing, the Company also negotiates a binding transition from construction loan into investment loan. This allows us to keep the property in portfolio and to wait for attractive offers of investors.

2.1.4. CREDIT RISK

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

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

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

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

Trade receivables and contract assets

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

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

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

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

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

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

For further analysis, reference is made to note 10.

2.1.5 LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to meet the Company's liquidity needs. Due to the dynamic nature of the underlying business activities, the Company actively uses external and related party funds to ensure that adequate resources are available to finance the Company's capital needs. The Company's liquidity position is monitored by management, based on 12 months rolling forecasts.

The maturity analysis for financial liabilities that shows the remaining contractual maturities is presented in Note 14.

We also refer to note 11 and note 14 where the available financing is described.

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

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

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

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

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

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

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

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

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

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

2.2. CAPITAL RISK AND BALANCE SHEET STRUCTURE MANAGEMENT

2.2.1 GHELAMCO INVEST NV

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

The management's focus is to a significant extent set on financial support of its expansion plans. In order to maintain or optimize the balance sheet structure, the Company may decide to issue bonds or similar financial instruments in the (inter-)national financial markets. Company management closely monitors solvency, liquidity, return on invested capital and profitability levels during the year (at least at half-year and year-end) and at different stages of the life cycle of the projects.
In the same respect, the Ghelamco European Property Fund was put in place end 2016. This enables the Investment Holding to transfer delivered projects which will be kept in portfolio for a longer period; and which for that purpose require different (long-term, 'loan to value', or even mezzanine (re-) financing).

The Company monitors capital/balance sheet structure primarily on the basis of the solvency ratio. This ratio is calculated as total equity, divided by the balance sheet total. The solvency ratios at 31 December 2020 and 2019 were as follows:

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

2.2.2 GHELAMCO GROUP COMM. VA

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

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

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

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

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

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

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

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.
The estimates and assumptions are based on historical experience and various other factors that are considered reasonable under the circumstances, the results of which form the basis of judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

Write-down of inventory

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

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

In 2019, write-downs to net realizable value for an amount of 3.9 MEUR were recognized on a limited number of inventory items, related to the adjustment of some commercial parameters.

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

Income taxes

The Company operates within a thoroughly regulated environment. Deferred tax is determined based on each legal entity's tax position and is reviewed on each balance sheet date to take account of the impact of changes in the tax laws and the probability of recovery.

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

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

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

Fair value estimation

The carrying value less impairment write-down of trade receivables and payables are assumed to reflect their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

Derivatives are recognized at fair value in the balance sheet.

With respect to the determination of fair value of IP(UC), we refer to section 1.9 above and section 2.1.6.

4. LIST OF SUBSIDIARIES

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

Entity description	Country	31/12/2020 % voting rights	31/12/2019 % voting rights	Remarks
GHELAMCO INVEST NV	**BE**	**99**	**99**	*
The White House Zoute NV	BE	100	100	
Dock-Site NV	BE	99	99	*
Nepeta NV	BE	99	99	*
Eurostadium Events NV (former De Leewe III NV)	BE	99	99	*
Eurostadium Park NV (former Immo Simava 13 NV)	BE	99	99	*
Leisure Property Invest NV	BE	99	99	*
Waterview NV	BE	99	99	*
Leuven Student Housing NV	BE	99	99	*
Parking Leuven NV (former Ring Congress Centre NV)	BE	99	99	*
RHR-Industries NV	BE	99	99	*
Zeewind NV	BE	99	99	*
Docora NV	BE	99	99	*
Ring Multi NV (former Ring Retail NV)	BE	80	99	*** 4.2
MeetDistrict Gent NV	BE	80	99	*** 4.2
Ring Hotel NV	BE	99	99	*
Forest Parc NV	BE	99	99	*
Bischoffsheim Freehold NV	BE	99	99	*
Belalan Louise Leasehold NV	BE	99	99	*
Louise Freehold NV	BE	99	99	*
De Nieuwe Filature NV	BE	99	99	*
Pomme de Pin Expansion SAS	FR	100	100	
Société Immobilière de Courchevel SARL	FR	100	100	
Pomme de Pin SAS	FR	100	100	
Le Chalet 1850	FR	100	100	
Brussels Urban Invest NV	BE	99	99	*
Construction Link NV	BE	99	99	*
Kubel NV	BE	99	99	*
Filature Retail NV	BE	99	99	*
Carlton Retail NV	BE	50	50	**
Eneman & Co NV	BE	100	100	
Graminea NV	BE	99	99	*
Citrien NV	BE	99	99	*
Silver Tower NV	BE	0	99	4.2
Caboli NV	BE	99	99	*
Domein Culligan BV	BE	100	100	
DEREIF Brüssel Lloyd George S.à r.l.	LU	100	0	4.1
Viminalis BV	BE	85	0	4.1
Viminalis II BV	BE	85	0	4.1
225 City Ltd	UK	100	0	4.1
Ghelamco Mezz HoldCo BV	BE	100	0	4.1
Ghelamco Senior HoldCo BV	BE	100	0	4.1
225 City Road Ltd	UK	100	0	4.1
Scientia Holdings Ltd	UK	100	0	4.1

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

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Real estate acquisitions and disposals (including plots of land) often involve the transfer of a company that holds the property and/or real estate activities.
Most subsidiaries are such special purpose real estate entities created to structure real estate transactions (acquisition of land and real estate investment activities).
The summary of incorporations, acquisitions and disposals of subsidiaries (and other business units) realized by the Company during the year ended on 31 December 2020 is presented below. The acquisitions and disposals of real estate subsidiaries are treated in accordance with the accounting policy as described in sections 1.9 and 1.11 (and not in accordance with IFRS 3 on Business Combinations) and section 1.19.

4.1. ACQUISITIONS OF STAKES AND/OR SUBSIDIARIES

In the first half of March 2020, the Company has signed agreements in connection with the acquisition of a land plot in London, City Road for the future development of a mixed offices and residential project. Acquisition price amounted to 75 MGBP (excl. VAT, stamp duties, transfer of IP and other related expenses). Closing of the deal (and transfer of ownership) took place on 6 November 2020. In connection with the financial and commercial structuring of the project, following new entities have been incorporated:

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

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

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

Past acquisitions have, in accordance with what has been stated in section 1.5.2 above, been booked as the purchase of investment property and have been considered as investing cash (out-)flow items. Also in accordance with what has been stated in section 1.5.2, in these acquisition no significant other assets and/or liabilities have been acquired than the items booked in investment property.

4.2. DISPOSAL OF SUBSIDIARIES

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

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

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

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

4.3. INCORPORATION OF NEW (SHELF) COMPANIES

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

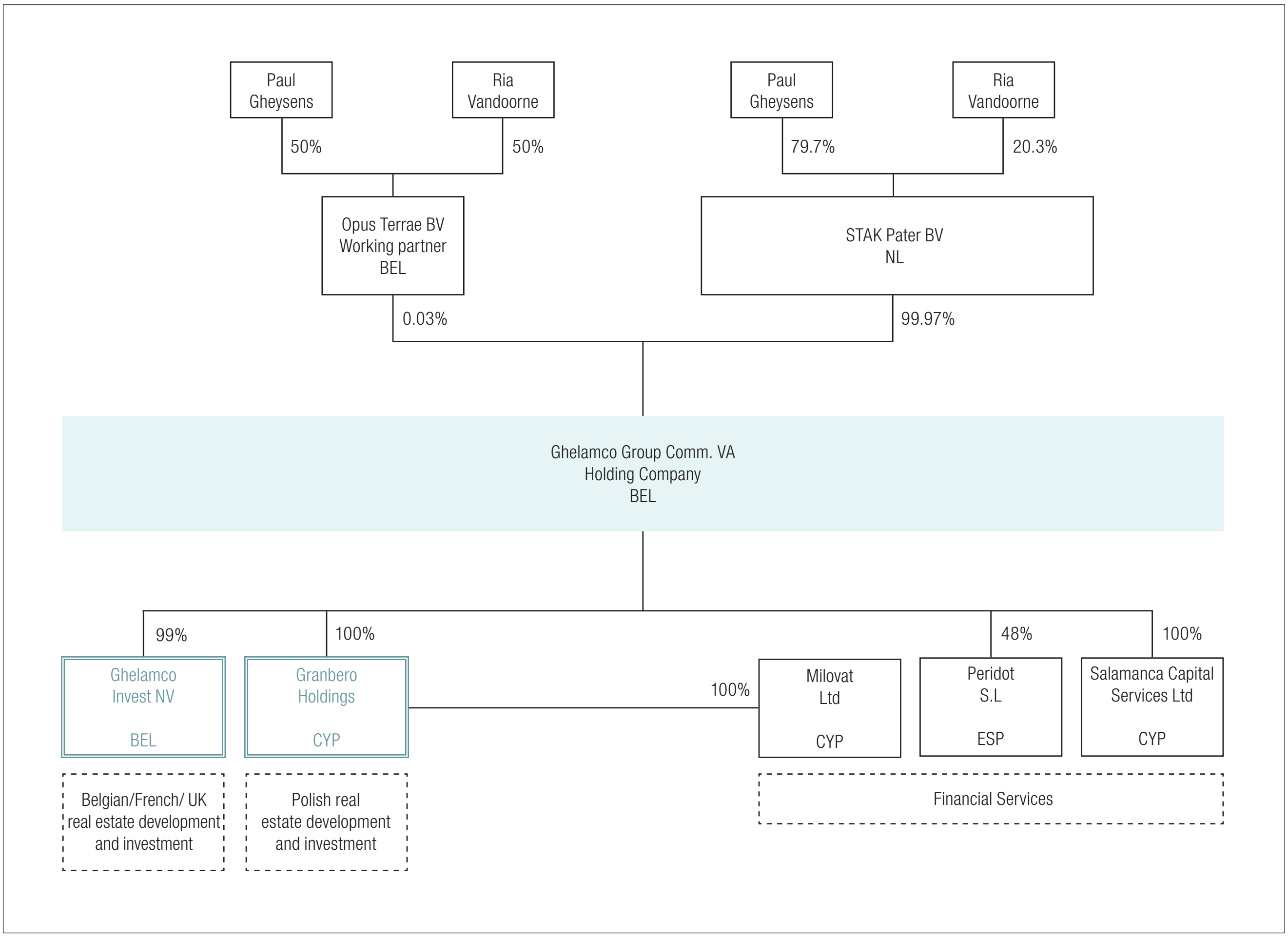
In connection with the acquisition of a plot of land for the future development of an office project in Antwerp, Linkeroever the project company Viminalis II has been incorporated. 85% of the shares have been subscribed by Ghelamco Invest and 15% by a third party partner.

4.4 MERGERS AND LIQUIDATIONS OF SUBSIDIARIES

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

5.1. INVESTMENT HOLDING AS PER 31 DECEMBER 2020

5.
GROUP STRUCTURE



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

GHELAMCO INVEST NV
BEL

100% The White House Zoute NV - BEL
99% Dock-site NV - BEL
99% Brussels & Regional NV - BEL
99% Nepeta NV - BEL
99% Eurostadium Events NV - BEL
99% Eurostadium Park NV - BEL
99% Eurostadium Offices NV - BEL
99% Eurostadium Parking NV - BEL
99% Eurostadium Storage NV - BEL
99% Eurostadium Foot & Hospitality NV - BEL
99% Pavilion NV - BEL
99% Ghelamco Campus NV - BEL
100% Pine projects S.à.r.l - LUX

100% Pomme de Pin Expansion SAS - FRA

100% Société Immobilière de Courchevel SARL - FRA
100% Pomme de Pin SAS - FRA
100% Le Chalet 1850 - FRA

99% Leisure Property Invest NV - BEL
99% Waterview NV - BEL
99% RHR-Industries - BEL
99% Zeewind NV- BEL
99% Ring Hotel NV - BEL
99% Parking Leuven - BEL
99% Docora NV - BEL
11% Artevelde-Stadion CV - BEL
80% Ring-Multi NV - BEL
99% Forest Parc NV - BEL
99% Leuven Student Housing - BEL
99% Graminea NV- BEL
99% Citrien NV - BEL
100% Verbena BV - BEL
85% Viminalis BV - BEL
85% Viminalis II BV - BEL
100% 225 City Ltd - UK
100% Ghelamco Mezz HoldCo BV - BEL

100% Ghelamco Senior HoldCo BV - BEL

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

100% De Nieuwe Filature NV - BEL
99% Filature Retail NV - BEL
99% Bischoffsheim Freehold NV - BEL
99% Belalan Louise Leasehold NV - BEL
99% Louise Freehold NV - BEL
80% Meetdistrict Gent NV - BEL
99% Brussels Urban Invest NV - BEL
99% Construction Link NV - BEL
99% Caboli NV - BEL
99% Kubel NV - BEL
100% Eneman & Co NV - BEL
50% Carlton Retail NV - BEL(*)
100% Domein Culligan BV - BEL
100% DEREIF Brüssel Lloyd George S.à.r.l. - LUX

(*)19% owned by Ghelamco Invest; and
31% owned by RHR

6. INVESTMENT PROPERTY

The Company's current strategy is to keep commercial property for rental purposes while residential properties are dedicated for sale.
Plots of land, for which the management determines that the plot will be used in a project generating rental income, are classified as Investment Properties on 31 December 2020 and 31 December 2019.

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

A. Land without pre-permit approval, held for capital appreciation or undetermined use (fair value usually based on comparative method);
B. Land with pre-permit approval held for development and investment (fair value based on the potential of realising leasable sqm, based on the residual method);
C. Land + Construction ongoing (fair value based on the residual method);
D. Completed Projects held for investment (fair value based on income/yield/DCF method).

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

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

Balance at 31 December 2018	**321,890**
Acquisition of properties	150
Subsequent expenditure	80,959
Transfers	
• Assets classified as held for sale	
• Other transfers	
Adjustment to fair value through P/L	52,783
Disposals	-100,651
other	
Balance at 31 December 2019	**355,131**
Acquisition of properties	87,682
Subsequent expenditure	122,370
Transfers	
• Assets classified as held for sale	-96,934
• Other transfers	
Adjustment to fair value through P/L	47,421
Disposals	-242,431
other	
Balance at 31 December 2020	**273,239**

Categories	A	B	C	D	Total
Balance at 1 January 2019	**59,000**	**15,500**	**133,822**	**113,567**	**321,890**
Acquisition of properties		150			150
Acquisition through business combinations					0
Subsequent expenditure		8,163	42,426	30,371	80,959
Transfers					0
• Assets classified as held for sale					0
• Other transfers	-59,000	49,500	-52,964	62,464	0
Adjustment to fair value			56,671	-3,888	52,783
Disposals		-11,707		-88,944	-100,651
Other					0
Balance at 31 December 2019	**0**	**61,606**	**179,955**	**113,570**	**355,131**
Acquisition of properties		87,682			87,682
Acquisition through business combinations					0
Subsequent expenditure		5,738	90,893	25,739	122,370
Transfers					0
• Assets classified as held for sale			-96,934		-96,934
• Other transfers		26,039	-26,039		0
Adjustment to fair value		7,077	41,599	-1,255	47,421
Disposals			-189,474	-52,957	-242,431
Other					0
Balance at 31 December 2020	**0**	**188,142**	**0**	**85,097**	**273,239**

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

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

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

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

As the Wellness Hotel is considered as being part of the larger Knocke Village project, it has in the above overview been presented and included in the Knocke Village balance. This unique multi-functional leisure project will mainly consist of a Golf Hotel (featuring 150 hotel rooms and 200 branded residences) with ancillary facilities (like meeting and event space, a theatre, spa and fitness, multiple restaurants and bars, a medical centre, a cinema and other recreational leisure facilities), 2 golf courses with club house, driving range building and maintenance building, and the boutique Wellness Hotel on a separate site. The pre-permit masterplan (“RUP”) has been received in May 2018. A positive advise on the environmental impact report (“MER”) has been received end of January 2021 and the building permit request has been submitted early March 2021. As a result of Covid-19, the independent real estate valuers’ report mentions that valuation as of 31 December 2020 has been prepared taking into account a ‘material valuation uncertainty’, as defined by the RICS standard in accordance with the Valuation Practice Alert of 02.04.2020 published by the Royal Institute of Chartered Surveyors (‘RICS’).

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

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

Assets held for sale

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

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

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

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

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

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

FAIR VALUE HIERARCHY

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

VALUATION TECHNIQUES

Income approach method:

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

Yield method or capitalisation model:

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

DCF method:

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

Residual valuation method:

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

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

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

SIGNIFICANT ASSUMPTIONS

Main part of Belgian IP(UC) relates to office and retail projects, which are valued based on the residual method (for IPUC) and income approach/yield/DCF method (for delivered projects).
For IFRS 13 purposes, IP(UC) projects are categorized in level 3.

The average yields (or capitalization rates) used in the expert valuations on 31 December 2020 are as follows:

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

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

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

- 165 EUR/sqm/year for office space (vs. 149 EUR/sqm/year to 165 EUR/sqm/year last year),
- 125 EUR/sqm/year to 250 EUR/sqm/year for retail space (vs. 75 EUR/sqm/year to 155 EUR/sqm/year last year), depending on the location, specifics and nature of the project.
- 186 EUR/sqm/year for multifunctional projects, depending on the location, specifics and nature of the investment.

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

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

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

SENSITIVITY ANALYSIS

On 31 December 2020, the Company has a number of income producing investment properties (category D) which are valued at 85,097 KEUR (Zeewind, Filature Retail and RAFC stand). An increase/decrease of 100 basis points in the yield, with all other variables held constant, decreases/increases the value by approx. 14,294 KEUR.

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

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

7. PROPERTY, PLANT AND EQUIPMENT

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

in thousands €	Property, plant and equipment
COST	
Balance at 1 January 2019	**1,960**
Additions	153
Additions from internal developments	
Acquisitions through business combinations	
Disposals or classified as held for sale	-15
Revaluation increase	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2019	**2,098**
Additions	557
Additions from internal developments	
Acquisitions through business combinations	
Disposals or classified as held for sale	-1,727
Revaluation increase	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2020	**928**

in thousands €	
ACCUMULATED DEPRECIATION AND IMPAIRMENT	
Balance at 1 January 2019	**1,065**
Depreciation/Amortisation expense	314
Disposals or classified as held for sale	-2
Impairment losses recognised in profit or loss	
Reversals of impairment losses recognised in profit or loss	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2019	**1,377**
Depreciation/Amortisation expense	116
Disposals or classified as held for sale	-655
Impairment losses recognised in profit or loss	
Reversals of impairment losses recognised in profit or loss	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2020	**838**

8. EQUITY ACCOUNTED INVESTEES

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

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

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

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

	31/12/2019 Carlton Retail	
Current assets	27,509	
of which cash and cash equivalents		168
Non-current assets	0	
Current liabilities	2,208	
curr. fin. liab. (excl. trade and other payables and provisions)		0
Non-current liabilities	0	
non-curr. fin. liab. (excl. trade and other pay. and provisions)		0
Revenue	4,925	
Profit before income tax	2,601	
income tax expense (-) or income (+)	-818	
Profit of the year	1,783	

The share of the Company in the result of equity accounted investees amounted to 891 KEUR as per 31 December 2019.

9. PROPERTY DEVELOPMENT INVENTORY

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

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

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

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

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

Main current year expenditures have been done on:

- The Edition Zoute project in Knokke (49 serviced boutique apartments with

commercial functions on the ground floor)
- The Senzafine project in Kortrijk (86 high-end apartments)

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

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

Eurostadium Brussels:
Ghelamco Invest has in 2014 subscribed to a public call to develop a stadium on Parking C. The 99-year leasehold right has been granted to the Company through notarial deed on 25 March 2016.

The request for an environmental permit ('Omgevingsvergunning') for constructing a multifunctional stadium has been rejected by the Flemish authorities in January 2018.

An administrative appeal launched against the abolishment of a neighbourhood road impeding progress of the project ('buurtweg') was rejected by the Flemish Government on 7 December 2017.

The Company has based on extensive analysis deemed that sufficient legal means are available to appeal against the refusal of the permit. In this respect, it submitted an appeal with the Council of Permit Disputes on 15 March 2018. The Council of Permit Disputes has on 27 August 2019 rejected the Company's appeal. In turn, the Company went into higher appeal (on points of law) before the Council of State (Raad van State) on 4 October 2019. The higher appeal has been rejected by the Council of State on 15 October 2020; meaning that the refusal of the original environmental permit is definitive. However the Company still has the possibility to submit a permit request for a revised project.

On 26 March 2018 the City Council of Brussels has granted the mandate to the College of Mayor and Aldermen to terminate the Eurostadium project. This mandate granted the College of Mayor and Aldermen three (not mutually exclusive) options to act, in conjunction with Brussels Expo: it might attempt to settle the case, it can sue in court to terminate or it might notify the European Commission. The mandate clarifies that the College of Mayor and Aldermen may adopt all acts required to pursue the aforementioned options. On 27 March 2018, Ghelamco has received an invitation from the side of the City of Brussels and the VZW PEB for a consultation meeting on how to deal with the decision to reject the building and environmental permit. However, the City of Brussels took further legal action on 18 December 2018 with the purpose of annulling or reneging on the leasehold agreement.

In the latter procedure, a conclusion calendar has been agreed between parties. Pleadings have been planned in February 2023.

The above-mentioned elements bring about some legal uncertainty on the concrete progress of the project. Despite this current uncertainty, the Board of Directors remains of the opinion that the currently capitalized expenses w.r.t. the Eurostadium-file (amounting to 23.6 MEUR as of 31 December 2020 and 31 December 2019) can be recovered through the outcome of the ongoing proceedings, either through execution of the leasehold agreement, or a new, revised permit request, or indemnification.

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

10.1. NON-CURRENT RECEIVABLES & PREPAYMENTS

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

NON-CURRENT RECEIVABLES FROM RELATED PARTIES

All non-current loans to related parties are granted for a term of 3 to 5 years.
Contractual interest rates on non-current receivables to related parties for 2020 were as follows: Euribor + margins in the range between 1% and 3%.
Further reference is made to Note 25.3.

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

NON-CURRENT TRADE AND OTHER RECEIVABLES

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

In the 2019 balance a retention amount of 5 MEUR was included related to the sale of the Spectrum project. This amount has in the course of 2020 been recovered in exchange for a bank guarantee (to remain in place until full clearing and/or solving of the contractually agreed conditions). In addition, an advance payment of 5 MEUR was included in connection with the signing by the Company of a share purchase agreement on 17 November 2019 for the acquisition of 100% of the shares of Cogimes SA and Sogimes SA; companies holding land plots at the Culliganlaan in Diegem, for the future development of an office project. As the closing and transfer of control has taken place shortly after year-end (on 26 February 2021) this amount has in the current financial statements been transferred to short-term receivables.

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

10.2. CURRENT TRADE & OTHER RECEIVABLES

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

CURRENT TRADE AND OTHER RECEIVABLES

The carrying amounts of trade and other receivables reflect their fair values determined based on the future cash flows discounted at the prevailing rate for a similar instrument of an issuer with a similar credit rating.

Trade receivables with related parties (and to the extent applicable, prepayments) include invoices for construction, engineering and other services as described in Note 25.2.

Related party current accounts consist of 226,852 KEUR current account which Ghelamco Invest holds vs. Ghelamco Group Comm. VA. and relates to a short-term deposit of excess funds with its parent company.

Other receivables to a significant extent relate to the advance payment of 5 MEUR in connection with the acquisition of 100% of the shares of Cogimes SA and Sogimes SA; companies holding land plots at the Culliganlaan in Diegem, for the future development of an office project. The closing of the acquisition has taken place on 26 February 2021.

INTEREST RECEIVABLE

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

VAT RECEIVABLE

The SPVs having VAT receivable balances may either apply to the tax authorities for an

immediate cash refund of the VAT receivables or may offset the VAT receivable against any (future) VAT payables.
VAT receivables are the result of VAT paid on the SPVs' project expenditures. The outstanding balance as of 31 December 2020 mainly (17.0 MEUR) relates to the acquisition of the City Road plot in London early November 2020.

CREDIT RISK EXPOSURE AND IMPAIRMENT

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

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

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

As of 31 December 2020 and 2019, trade and other receivables disclosed above do not include significant amounts which are past due at the end of the reporting period and against which the Company has not recognized an allowance for doubtful receivables, as deemed necessary.

Based on the ECL analysis, the Company did not identify material impairment losses on the date of initial application or at year-end.

11. CASH AND CASH EQUIVALENTS

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

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for various periods not more than three months, depending on the Company's immediate cash requirements, and earn interest at the respective short-term deposit rates.

12. SHARE CAPITAL

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

At 31 December 2020 and 2019, the Company's direct shareholders are:

- Ghelamco Group Comm. VA – 99.998% (313,544 shares)
- Paul Gheysens – 0.002% (5 shares)

12.1. DISTRIBUTION OF DIVIDENDS BY THE COMPANY

During 2020 and 2019, no dividends have been distributed by Ghelamco Invest.

12.2. NON-CONTROLLING INTERESTS

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

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

13. RESERVES AND RETAINED EARNINGS

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

	Cumulative translation reserve	Retained earnings
At 1 January 2019	**0**	**120,289**
Cumulative translation differences (CTA)		
Dividend distribution to the ultimate shareholders		
Change in non-controlling interests		68
Change in the consolidation scope		-1,155
Profit for the year		40,877
At 31 December 2019	**0**	**160,079**
At 1 January 2020	**0**	**160,079**
Cumulative translation differences (CTA)	4	
Dividend distribution to the ultimate shareholders		
Change in non-controlling interests		
Change in the consolidation scope		27
Profit for the year		41,565
At 31 December 2020	**4**	**201,671**

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14. INTEREST-BEARING LOANS AND BORROWINGS

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

14.1. BANK BORROWINGS (288,406 KEUR)

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

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

When securing debt finance for its (larger) projects, the Company negotiates long-term agreements with its banks. Under these agreements, the bank swaps land acquisition loans (2 years term) into construction loans (additional 2 year term) and swaps construction loans into investment loans (mostly 5 years term) upon the fulfilment of pre-agreed conditions.
Most banking partners of the Company have accepted the above as a "framework" for past, current and future co-operation.

For the purpose of these financial statements, the Company treated its bank borrowings (or the maturing part of it) as current when the swap date from "acquisition loan into construction loan" falls within the next accounting year (see Note 1.18 and 2.1.2.).

With respect to the outstanding short-term bank borrowings, it is to be mentioned that a significant part of the balance per books is currently in the advanced process of prolongation or refinancing (e.g. through a swap to investment loans), or has per date of the current report already been prolonged. In addition, the bank financing connected to the Focus/PWC project in Diegem (30.1 MEUR) will be reimbursed at the moment of sale of the project in May 2021.

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

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

INTERESTS ON BANK BORROWINGS – INTEREST RATE RISK

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

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

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

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

INTEREST SENSITIVITY ANALYSIS

An increase/decrease of 100 basis points in the (average) interest rates on the floating rate bank debt at the reporting date, with all variables held constant, would have resulted in a 2,630 KEUR lower/higher profit before tax for 2020. This sensitivity analysis excludes borrowing costs that have been capitalized.

14.2. OTHER BORROWINGS: BONDS (270,043 KEUR)

The Company has on 24 June 2015 launched a new EMTN program for a maximum amount of 150 MEUR. First tap on this program has resulted in the issue of a first tranche of 79,100 KEUR and in December the remaining amount of 70,900 KEUR has been raised. The bonds, which are listed on Euronext, have as maturity date 3/07/2020 (first tranche) and 14/06/2021 (second tranche), bear an interest rate of 4.5% (first tranche) and 4.125% (second tranche) and are secured by a first demand guarantee from Ghelamco Group Comm. VA. The program was coordinated by Belfius, BNP and KBC. Both tranches have been underwritten by institutional investors and high-net-worth individuals. Since its bond listing on Euronext, Ghelamco Invest is formally considered as a Public Interest Entity (PIE), with related transparency, governance and reporting requirements to the benefit of the investors.

On 20 November 2017, the Company has again issued bonds for a total amount of 101,600 KEUR, within a second 250 MEUR EMTN program. First tap on this program resulted in the issue of a tranche of 54,200 KEUR with a 7 years term and bearing an interest of 4.8% and of a tranche of 47,400 KEUR with a 5 years term and bearing an interest of 4.3%. The bonds are secured by a first demand guarantee from Ghelamco Group Comm. VA. The transaction has been coordinated by KBC, BNP, Société Générale and ABN Amro as managers and has been underwritten by professionals and institutional investors.

Bond proceeds have partly (i.e. for an amount of 54,230 KEUR) been used for the early redemption of the existing 70 MEUR 2013 bonds, in connection with a tender offer on the latter bonds. The remainder of the proceeds has been used for further investments in the

Company's core markets.

In addition, the Company has on 23 October 2018 issued bonds for a total amount of 33,000 KEUR within the same existing 250 MEUR EMTN bonds program. The bonds have as maturity date 23/05/2022, bear an interest rate of 4.5% and are secured by a first demand guarantee from Ghelamco Group Comm. VA. The transaction has been coordinated by KBC, BNP Paribas Fortis and Société Générale as managers and has been subscribed by professionals and institutional investors.

Furthermore, the Commission de Surveillance du Secteur Financier (the CSSF) has on 11 December 2019 approved the Company's new base prospectus relating to a new 250 MEUR EMTN programme, under the prospectus regulation in the Grand-Duchy of Luxemburg. The bonds under this new programme will be issued as 'green bonds', under the Company's new Green Finance Framework. Under its Green Finance Framework, the Company intends to issue green bonds that will finance and/or refinance the development and implementation of sustainable and energy efficient green building projects which will be certified with high standards by internationally-recognized verifiers, namely BREEAM Excellent or above, LEED Gold or above, DGNB Gold or above, and HQE Excellent or above, EPC Label A, and meeting the NZEB as defined by local building legislation across European countries. The Green Finance Framework has been rated by Sustainalytics, a leading independent ratings and analytics firm. Based on its analysis, Sustainalytics is in its Second Party Opinion of the opinion that Ghelamco's Green Finance Framework is credible, transparent, and aligned with the Green Bond Principles (GBP) 2018 and the Green Loan Principles (GLP) 2018.

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

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

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

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

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

On 14 June 2021, the bonds tranche of 70.9 MEUR which was issued under the 2015 EMTN programme will come to maturity. The redemption of this bonds tranche could be done through a new bonds issue under the above new Green EMTN programme, available cash or other bridging facilities, or a combination of these.

Summary of contractual maturities of bonds, including interest payments.

				31/12/2020				31/12/2019
	<1 y	between 2 and 5 y	>5y	total	<1 y	between 2 and 5 y	>5y	total
EMTN bonds '15 1st tranche					80,880			80,880
EMTN bonds '15 2nd tranche	72,362			72,362	2,925	72,363		75,287
EMTN bonds '17 1st tranche	2,038	49,268		51,307	2,038	51,476		53,515
EMTN bonds '17 2nd tranche	2,602	61,788		64,390	2,602	64,606		67,208
EMTN bonds '18 1st tranche	1,485	33,619		35,104	1,485	35,228		36,713
EMTN bonds '20 1st tranche	2,613	51,419		54,031				0
EMTN bonds '20 2nd tranche	850	3,400	20,921	25,171				
	81,950	**199,494**	**20,921**	**302,364**	**89,929**	**223,673**	**0**	**313,602**
	27%	66%	7%	100%	29%	71%	0%	100%

14.3 OTHER BORROWINGS: OTHER (35,000 KEUR)

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

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

14.4. MISCELLANEOUS INFORMATION

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

- additional capacity on the debt ratio (the Company chooses to keep a substantial margin on the Loan to Value ratio);
- potential to take up further financing on completed projects based on Loan to Value (LTV) instead of Loan to Cost (LTC);
- access to alternative financing, mainly in the form of bond issues. In this respect reference is made to the resp. private and (regular or green) EMTN bond issues (for a total outstanding amount of 273 MEUR at 31 December 2020).

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

- Bank borrowings are secured by amongst others the property development projects of the Company, including land and in-process construction, pledge on SPV shares, etc. For corporate guarantees (granted by Ghelamco Invest NV) on bank loans, reference is also made to note 23.1.

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

At 31 December 2020, the Company has bank loans available to be drawn for a total amount of 131,214 KEUR. These are committed financing lines for the projects Focus/ PwC offices (40.4 MEUR), Lake District (15 MEUR) and UK project (75.8 MEUR).

- The bonds are secured by a first demand guarantee by Ghelamco Group Comm. VA.

Also the terms and conditions of the bond issue have been complied with as of balance sheet date. In this respect, reference is made to the related bi-annual covenant testing which is published on the Company's website.

The observed evolution in the above financial debt includes an immaterial amount of non-cash movements, related to capitalized transaction costs which are amortized over the duration of the debts.

15. FINANCIAL INSTRUMENTS

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

Financial instruments (x € 1 000)	FVTPL	FVOCI	Measured at amortised cost/ fin. liabilities at amortised cost	Fair value	31/12/2019 Fair value level
Other financial investments					
Other financial assets			3,993	3,993	2
Non-current receivables					
Receivables and prepayments			12,071	12,071	2
Restricted cash					
Current receivables					
Trade and other receivables			260,973	260,973	2
Derivatives					
Cash and cash equivalents			43,408	43,408	2
Total Financial Assets	**0**	**0**	**320,445**	**320,445**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			93,494	93,494	2
Bonds (Euronext)			202,704	205,260	1
Other borrowings					
Interest-bearing borrowings - current					
Bank borrowings			86,314	86,314	2
Bonds (Euronext)			78,850	79,298	1
Other borrowings			55,000	55,000	2
Current payables					
Trade and other payables			41,260	41,260	2
Total Financial Liabilities	**0**	**0**	**557,622**	**560,626**	

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The above tables provide an analysis of financial instruments grouped into Levels 1 to 3 based on the degree to which the fair value (recognized on the statement of financial position or disclosed in the notes) is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.
- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The fair value of interest bearing liabilities does not materially differ from the carrying amount, to the extent these are floating interest bearing debts. The fair value of long term interest bearing debts (in absence of published price quotations in an active market) is calculated as the present value of cash flows discounted at the relevant current market interest rates adjusted for a company-specific margin. The fair value of short term interest bearing debts and floating interest bearing debts is assumed to be equivalent to their carrying amount.

The Company's interest bearing liabilities are mainly floating interest bearing debts, except for the bonds, which are fixed interest bearing.

16. DEFERRED TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. Deferred taxes arise mainly from the temporary differences in respect of valuation of IP(UC), external borrowing costs capitalized and tax losses carried forward.

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

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

In thousands €	Temporary differences		Unused tax losses and credits	
	Investment property	Other	Tax losses	Tax credits
Balance at 1 January 2019	**-29,833**	**-492**	**11,080**	
Recognised in income statement	2,895	-659	-2,080	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other				
Balance at 31 December 2019	**-26,938**	**-1,151**	**9,000**	
Recognised in income statement	7,667	-387	3,500	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other		1		
Balance at 31 December 2020	**-19,271**	**-1,537**	**12,500**	

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. Those future taxable profits are expected when selling/leasing/disposing currently owned projects (mainly within Ghelamco Invest NV) at the last available market conditions. Current year's increase in recognised unused tax losses is based on updated tax planning, supporting the expected recovery of these losses in the foreseeable future.

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

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

Tax losses in Belgium can be carried forward for an indefinite period of time.

Further reference is made to note 1.16.

17. TRADE AND OTHER PAYABLES

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

Trade payables towards related parties include amongst others the amounts payable to the Development Holding for construction and engineering coordination services received for an amount of 2,806 KEUR (vs. 2,431 KEUR per 31/12/2019).

The related parties current accounts payable mainly relate to a payable balance (8.2 MEUR) towards Carlton Retail, company which holds the land parts in the One Carlton residential project in Knokke, and which is included in these financial statements following the equity method.

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

18. REVENUE

REVENUE IS MAINLY GENERATED FROM THE FOLLOWING SOURCES:

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

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

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

Rental income as of 31 December 2020 (and 2019) relates to rent from commercial projects, mainly Ring Multi and Meetdistrict Gent till the date of disposal and the RAFC stand.

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

OVERVIEW OF FUTURE MINIMUM RENTAL INCOME

The cash value of future minimum rental income till the first expiry date of the non-cancellable leases is subject to the following collection terms:

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

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

19. OTHER ITEMS INCLUDED IN OPERATING PROFIT/LOSS

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

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

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

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

In addition, some related party recharges (1,153 KEUR) are included, and the (50%) share in the result of the THV One Carlton (740 KEUR), which realises the construction part of the high-end residential project in Knokke. The remainder amongst others relates to some re-charges of real estate tax, co-owner expenses and fit-out expenses to tenants are included.

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

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

Fair value adjustments over 2020 amount to 47,421 KEUR, which is mainly the result of current year's further development and leasing efforts, in combination with evolution in market conditions (yield and rent level evolution). Main fair value adjustments have been recognized on the Silver Tower (in connection with the sale of the project in November 2020, at a yield of 3.25%), the Focus/PwC offices project (in connection with the signing of the sales contract in March 2021, at a yield of 4.72%) and Knocke Village. On some other projects, a slightly negative fair value correction of 1.3 MEUR in total has been recognized, in relation to the impact of the Covid-19 crisis on the main valuation parameters (mainly yields).

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

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

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

Other operating expenses with related parties mainly concern the re-invoicing of costs within the framework of Service Level Agreements with Ghelamco Group Comm. VA, IRS Comm. VA and Deus Comm. VA. Also refer to note 25.2.

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

20. COST OF PROPERTY DEVELOPMENT INVENTORIES

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

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

(*) Purchases (to an extent from related parties) related to Investment Property projects are not included in the above purchases, as those have directly been recorded on IP. It concerns an amount of 208,470 KEUR (vs. 76,054 KEUR in 2019).

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

21. FINANCE INCOME AND FINANCE COSTS

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

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

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

Interest expenses mainly relate to interests on bank loans and bonds. The evolution in interest expenses goes together with the extent of development and construction activities but also with the overall (development and construction) status of projects, based on which interest is expensed in the income statement vs. capitalized in inventory.

Other finance costs mainly relate to the partly release to the profit and loss statement of the capitalized bond issue expenses (which are amortized over the duration of the respective bonds). Per end of December 2020 the other finance costs also include foreign exchange differences an amount of 611 KEUR, which is connected to the (new) UK business. The interest income mainly relates to interests on related party current accounts receivable.

The interest income mainly relates to interests on related party current accounts receivable.

22. INCOME TAXES

Income tax expense recognized in the consolidated income statement:

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

The tax charge on the Company's result before taxes differs from the theoretical amount that would have resulted from applying the average applicable tax rates to the profits of the consolidated companies.

The income tax expense for the period can be reconciled to the accounting profit as follows:

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

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

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

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

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

23. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

23.1. (BANK) GUARANTEES

All external borrowings of the subsidiaries are secured by corporate guarantees and/ or surety ship agreements issued by Ghelamco Invest. These guarantees cover cash deficiency risk, cost overrun, completion risk and interest & repayment shortfall risk. No calls on the guarantees were made in 2020 and 2019.

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

No corporate guarantees were given by the Company to ensure repayment of the bank loans of the related parties (under the common control of the ultimate beneficial owners) at 31 December 2020 (but not subsidiary of the Company).

The Company does not apply cross liability, meaning that Ghelamco Invest does not guarantee loans of affiliates belonging to other Ghelamco Group Comm. VA holdings.

23.2. REPRESENTATIONS AND WARRANTIES PROVIDED WITH RESPECT TO THE REAL ESTATE PROJECTS SOLD

As a seller of shares of its subsidiaries, the Company acts as a guarantor with respect to the representations and warranties contained in the real estate sales contracts concluded in the past. This mainly concerns representations regarding the title on shares, property, permit matters, technical matters, financial matters, tax matters and contractual matters. The Company's liability for the breach of these representations and warranties generally covers a period of 2 to 3 years from the date of sale (except representations regarding the tax matters covering the period of five to seven years in accordance with local regulations).

Management's past experience shows that the Company receives very limited amounts of warranty claims on its properties. Based on its assessment of the risk, the Company has not deemed it necessary to recognize any provision for representations and warranty obligations.

23.3. GUARANTEES RECEIVED FROM THE CONTRACTORS

The statutory warranty obligations of construction service providers cover the risk of structural and other defects of the properties. Construction service providers (including related parties of the Company) in Belgium have a legal obligation to remediate any structural defects that become apparent within the first 10 years after completion of the construction for structural elements. Shorter guarantee periods apply for other elements, depending on the nature of such elements (each sub-contractor bears similar “back-to-back” obligations).

23.4. SECURITIES ON ASSETS

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

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

In general, no cross guarantees on assets are granted by the different SPV’s, or other types of surety-ships, cost overruns or debt service commitments.

24. COMMITMENTS

24.1. (CAPITAL) COMMITMENTS

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

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

ACQUISITION CONTRACTS

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

Binding contracts

- On 17 November 2019 Ghelamco Invest NV has signed a share purchase agreement for the acquisition of 100% of the shares of Cogimes SA and Sogimes SA, companies holding land plots at the Culliganlaan in Diegem, for the future development of the ‘The Wings’ office project.
  The SPA has been based on a transaction amount of 13,800 KEUR. At signing date,

an advance payment of 5 MEUR has already been done, which as in the current financial statements been presented under current receivables and prepayments. The closing (and transfer of ownership) has taken place on 26 February 2021.

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

Non-binding contracts

- Different other option contracts or rights to acquire property without the obligation for the Company to take up the property.

SERVICES AND (SUB)CONTRACTOR AGREEMENTS

As an investor in commercial and residential properties, the Company is committed to continue the realization of properties under the contracts with construction companies, often in cooperation with related parties of the Company.

As to the above architectural and engineering contracts and construction contracts, significant part of the expenditures is spread over the coming 2 to 3 years, depending on management decision to move forward with the involved projects.

The Company in addition declares sufficient flexibility on the commitments, as significant part of those commitments might be contracted with related party entities belonging to the Development Holding.

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

Main contracts in the above overview relate to the following projects:

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

25. RELATED PARTY TRANSACTIONS

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

Balances and transactions between the Company and its subsidiaries have been eliminated in consolidation and are not disclosed in this note. Details of transactions between the Company and other related parties (belonging to the Investment Holding, the Development Holding and the Portfolio Holding) are described below.

25.1. RELATIONSHIPS WITH THE DIRECTORS AND MANAGEMENT

For the year ending 31 December 2020, the Consortium (of which the Company is part) paid a total amount of approx. 12,000 KEUR (vs. 12,000 KEUR last year) to the members of the board and management committee. The Company, in turn, paid a total amount of approx. 5,000 KEUR (vs. 5,000 KEUR last year) to the members of the board and management committee. This amount includes management service fees charged by the management committee members to the legal entities included in the scope of these consolidated financial statements.

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

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

CONSTRUCTION AND DEVELOPMENT SERVICES

The Company has entered into property development and construction contracts with property development and construction companies (“Contractors”) – the indirect subsidiaries of the Development Holding:

- International Real Estate Services Comm. VA with its registered office in Ypres;
- and to a lesser extent with Ghelamco NV with its registered office in Ypres.

These entities provide services to the real estate companies of the Company, in accordance with the terms of the property development contracts, including but not limited to:

- obtaining pre-approvals and design documents necessary to the development of the project;
- performing construction works in accordance with the required permits, approvals, regulations, plans and specifications;
- ordering materials and equipment necessary for completion of the construction works;
- entering into contracts with utility providers, other entities and authorities, enabling exploitation of the constructed buildings;
- obtaining required socio-economical permits;
- ensuring compliance with local regulations, namely regarding safety, fire protection,

labour and health conditions, construction law;
- maintaining insurance in relation to the construction works throughout the entire construction period.

In accordance with the conditions of the property development contracts, the Contractor has the right to use building sites during the entire period of construction. The Contractor transfers this right to use the site, together with the constructed buildings, to the Company after the occupancy permit has been granted by the local authorities or after signature of the building's delivery protocol between the Company's real estate company and the Contractor. The Contractor retains an obligation to remedy all defects noted in the minutes of hand-over from the Company to the company and its tenants (when tenants take possession of their premises).
Construction service providers (including Contractors) in Belgium have a legal obligation to bear repair costs of any construction defects that become apparent within a warranty period after the construction is completed. The Contractors have an obligation to remedy all structural construction defects that become apparent during the statutory warranty period of 10 years in Belgium.

The price for the construction and other related services is the fixed price agreed at the inception of the contract. The payments are executed based on the invoices issued on a bi-weekly to monthly basis. With regards to completed and handed-over works, the parties sign a works protocol every fortnight to month after approval by an independent project monitor appointed by the external financial party. The prices for the services reflect normal commercial terms and conditions, with average margins between 10% and 20%.

ENGINEERING AND ARCHITECTURAL DESIGN SERVICES

APEC Architectural Engineering Projects Limited (a limited liability company registered under the laws of Ireland), legal subsidiary of the Development Holding) coordinates engineering and architectural design services provided to the Company's larger projects, in accordance with the terms of the respective contracts.
Apec's services include:
- detailed functional, technical, structural and surface-related programs and finishing work;
- assistance in selection of engineers in charge of assignments;
- detailed preliminary architectural project and establishment of the building project in accordance with the local statutory requirements;
- establishment of all documents, permit application and verification and obtaining all approvals required to submit a building permit application and submission of a building application;
- detailed architectural implementation plan, coordination of the technical studies, definition of specifications and details;
- supervision of the work during the entire construction period;
- assistance during the preliminary acceptance and with obtaining the operating permit;
- commercial costs;
- legal and financial advisory.

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

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

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

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

In 2019, there were no share transactions or other significant transactions with related parties, except for the sale of the shares of (empty shelf company) Liberica to mr. Gheysens for an amount of 499 KEUR, equalling the share capital value.
Also, end of November 2019, some office and meeting room space was sold by Ring Multi to International Real Estate Services, holding company of the Development Holding. Sales value amounted to 2,000 KEUR. The transaction was closed at arms’ length conditions and had limited impact on the profit and loss statement of the financial statements.

OTHER

The excess cash balances generated by the Company's real estate investing activities can, besides being reinvested in own projects and subsidiaries' projects, to an extent and within the requirements of the terms and conditions of the resp. bonds issues, also be invested/deposited in entities belonging to the Investment Holding in form of short and long-term loans.

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

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

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

26. EVENTS AFTER BALANCE SHEET DATE

On 17 November 2019 Ghelamco Invest NV has signed a share purchase agreement for the acquisition of 100% of the shares of Cogimes SA and Sogimes SA, companies holding land plots at the Culliganlaan in Diegem, for the future development of the 'The Wings' office project.
The SPA has been based on a transaction amount of 13,800 KEUR. At signing date, an advance payment of 5 MEUR has already been done. The closing of the transaction (and transfer of ownership) has taken place on 26 February 2021.

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

27. AUDIT FEES

The Statutory Auditor for the Company is KPMG Bedrijfsrevisoren, represented by Mr. Filip De Bock. For the entire Ghelamco Invest group, the mandates and remuneration can be summarized as follows:

Ghelamco Invest in '000 EUR	2020
Remuneration of the statutory auditor	**124**
Other audit-related services	0
Tax services	
Other	65
Remuneration for other services or assignments performed within the Company and its subsidiaries by the statutory auditor	**65**
Remuneration for persons associated to the statutory auditor for the performance of a mandate as statutory auditor	
Other audit-related services	
Tax services	
Other	
Remuneration for other services or assignments performed within the Company and its subsidiaries by persons associated to the statutory auditor	
Total	**189**

28.
AUDITOR'S
REPORT

Statutory auditor's report to the general meeting of Ghelamco Invest NV on the consolidated financial statements as of and for the year ended 31 December 2020

In the context of the statutory audit of the consolidated financial statements of Ghelamco Invest NV ("the Company") and its subsidiaries (jointly "the Group"), we provide you with our statutory auditor's report. This includes our report on the consolidated financial statements for the year ended 31 December 2020, as well as other legal and regulatory requirements. Our report is one and indivisible.

We were appointed as statutory auditor by the general meeting of 9 June 2018, in accordance with the proposal of the board of directors issued on the recommendation of the audit committee. Our mandate will expire on the date of the general meeting deliberating on the annual accounts for the year ended 31 December 2020. We have performed the statutory audit of the consolidated financial statements of Ghelamco Invest NV for three consecutive financial years.

Report on the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the Group as of and for the year ended 31 December 2020, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to 1.024.602 (000) EUR and the consolidated statement of profit or loss shows a profit for the year of 41.494 (000) EUR.

In our opinion, the consolidated financial statements give a true and fair view of the Group's equity and consolidated financial position as at 31 December 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Basis for our unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") as adopted in Belgium. In addition, we have applied the ISAs as issued by the IAASB and applicable for the current accounting year while these have not been adopted in Belgium yet. Our responsibilities under those standards are further described in the "Statutory auditors' responsibility for the audit of the consolidated financial statements" section of our report. We have complied with the ethical requirements that are relevant to our audit of the consolidated financial statements in Belgium, including the independence requirements.

We have obtained from the board of directors and the Company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – uncertainty realization Eurostadium project

We draw attention to note 9 of the consolidated financial statements which describes the legal uncertainty regarding the realization of the Eurostadium project and the Board of Directors' assessment of the recoverability of capitalized expenses related to this project. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment property

We refer to note '1.9 Investment Property' and note '6 Investment property' of the consolidated financial statements.

— Description

  The carrying value of investment property amounts to 273.239 (000) EUR as of 31 December 2020 and represents a significant part of the Group's total assets (27 %).

  In accordance with IAS 40 `Investment Property' and the accounting policies of the Group, investment properties are measured at fair value. Changes in the fair value of the investment properties during 2020 amount to 47.421 (000) EUR and have a significant impact on the consolidated net result, financial position and equity.

The valuation of investment properties is complex and requires significant management judgement. The fair value of investment property is determined by management, and is in most cases supported by valuation reports prepared by external valuation experts. The fair value is dependent on the valuation methodology adopted and on the inputs into the valuation model. Factors such as prevailing market conditions, the individual nature, condition and location of each property have a direct impact on the fair value.

The following assumptions are key in determining fair value:

- Estimated future cash flows
- Projected costs to complete
- Market rent
- Yield factors
- Discount rate

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

Due to the relative size of the Group's investment property portfolio in the consolidated statement of financial position and the estimation uncertainties around the determination of fair value, we consider this a key audit matter.

- *Our audit procedures*

With the assistance of our property valuation specialists, we performed the following audit procedures:

- We read recent independent property market reports to develop our understanding of the prevailing market conditions in which the Group invests.
- We obtained an understanding of the valuation methodologies applied by the Group and assessed the appropriateness of these valuation methodologies.
- We assessed the competence, objectivity and capabilities of the external experts engaged by management.
- For all significant investment properties, we obtained the external valuation reports or internal management valuations, agreed the fair value to the Group's accounting records and reviewed the accuracy and integrity of the information used in these calculations on a sample basis. For a sample of valuations, we reconciled the tenancy schedules and other property related data extracted from the accounting records with the data used as input for the valuations performed by the external experts engaged by management and the internal management valuations and reconciled a sample of tenancy contracts to the tenancy schedules.

- We evaluated, assessed and challenged the appropriateness of key assumptions used in the valuation reports such as estimated future cash flows, projected cost to complete, market rent levels, yield factors and discount rates. We compared the yield factors and discount rates used to the market data. Where yield factors and discount rates differ significantly from market data, we challenged the rationale supporting the rate applied in the valuation by discussing with management and, if applicable, the external expert, the reasons to support the adopted value.
- We considered the adequacy of the disclosures in the consolidated financial statements relating to investment properties appropriately reflect the exposure to valuation risk, including the valuation methodologies applied and the key assumptions used. We have, in particular, evaluated whether the material valuation uncertainty clause as included in the external valuation report for Knocke Village has been appropriately disclosed in the notes to the consolidated financial statements.

Valuation of property development inventories

We refer to note '1.11 Property Development Inventory' and note '9 Property Development Inventory' of the consolidated financial statements.

— Description

The carrying value of property development inventories amounts to 285.976 (000) EUR as of 31 December 2020 and represents a significant part of the assets of the Group (28%). Property development inventories mainly comprise residential properties and are measured at the lower of cost and net realizable value at the balance sheet date. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write-down is necessary when the net realizable value at balance sheet date is lower than the carrying value. Group management performs regular reviews of the net realizable value of its property development inventories, mainly based on an internal management valuation.

We identified the valuation of property development inventories as a key audit matter, due to the significance of the balance and the management judgement associated with determining net realizable value. We also refer to our emphasis of matter paragraph with regard to the uncertainty regarding the realization of the Eurostadium project and the recoverability of capitalized expenses related to this project.

— *Our audit procedures*

We performed the following audit procedures:

- We obtained an understanding of the development status of the property development inventories, their related risks and basis of estimates of net realizable value used and assessed the appropriateness of the valuation methodologies applied by the Group.
- We obtained the internal valuation for a sample of properties and assessed the reasonableness of key assumptions used and the integrity of the relevant inputs used in these calculations.
- For residential projects where sales are being recognized, we analyzed the realized margins for impairment indicators in the remaining property development inventories.
- For a sample of properties, we assessed the reasonableness of the recognized costs based on the forecasted profit margin.
- We obtained management's assessment with regard to the uncertainty in connection to the Eurostadium project and obtained lawyers letters in this respect. We evaluated, assessed and challenged the judgments and assumptions made by the Board of Directors in this respect.
- Furthermore, we considered the adequacy of the disclosures in the consolidated financial statements in respect of property development inventories.

Compliance with covenants under the Euro Medium Term Note ("EMTN") programs

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

— Description

The nominal value of the EMTN notes issued by Ghelamco Invest NV amounts to 273.000 (000) MEUR per 31 December 2020 and represents a significant part of the liabilities of the Group. These notes are subject to a number of covenants both at the level of the Issuer (Ghelamco Invest NV) and the Guarantor (Ghelamco Group Comm. VA) which are tested at half-year and at year-end. We identified compliance with covenants as a key audit matter, due to the significance of the balance to the financial statements and the fact that if the Issuer or the Guarantor would not meet their respective covenants, the Issuer could be required to repay a large amount of its debt before the contractual due date.

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

— *Our audit procedures*

We performed the following audit procedures:

- We obtained an understanding of the group's process and controls to ensure compliance with debt covenants.
- We inspected the respective debt agreements to identify restrictive covenants clauses.
- We obtained the Group's calculation of the covenant ratios, tested their mathematical accuracy, assessed compliance with the provisions of the respective debt agreements and considered the appropriateness of the presentation of the EMTN notes in the consolidated financial statements.
- We have obtained management's assessment of forecasted covenant compliance and have challenged the assumptions used in relation to the estimated future cash flows and forecasted results.
- We also considered the adequacy of the disclosures in the consolidated financial statements and more specifically note 2.2.2 which describes the covenants applicable to the Issuer and the Guarantor under the EMTN programs, the sensitivity factors impacting the solvency covenant at the level of the Guarantor and management's assessment to comply with the respective covenants for 2021.

Board of directors' responsibilities for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as board of directors determines, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these consolidated financial statements.

When performing our audit we comply with the legal, regulatory and professional requirements applicable to audits of the consolidated financial statements in Belgium. The scope of the statutory audit of the consolidated financial statements does not extend to providing assurance on the future viability of the Group nor on the efficiency or effectivity of how the board of directors has conducted or will conduct the business of the Group. Our responsibilities regarding the going concern basis of accounting applied by the board of directors are described below.

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

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

— Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by board of directors.
— Conclude on the appropriateness of board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the board of directors' annual report on the consolidated financial statements.

Statutory auditor's responsibilities

In the context of our engagement and in accordance with the Belgian standard which is complementary to the International Standards on Auditing as applicable in Belgium, our responsibility is to verify, in all material respects, the board of directors' annual report on the consolidated financial statements, and to report on these matters.

Aspects concerning the board of directors' annual report on the consolidated financial statements

Based on specific work performed on the board of directors' annual report on the consolidated financial statements, we are of the opinion that this report is consistent with the consolidated financial statements for the same period and has been prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated financial statements, we are also responsible for considering, in particular based on the knowledge gained throughout the audit, whether the board of directors' annual report on the consolidated financial statements contains material misstatements, that is information incorrectly stated or misleading. In the context of the procedures carried out, we did not identify any material misstatements that we have to report to you.

Information about the independence

- Our audit firm and our network have not performed any engagement which is incompatible with the statutory audit of the consolidated financial statements and our audit firm remained independent of the Group during the term of our mandate.
- The fees for the additional engagements which are compatible with the statutory audit referred to in article 3:65 of the Companies' and Associations' Code were correctly stated and disclosed in the notes to the consolidated financial statements.

Other aspect

— This report is consistent with our additional report to the audit committee on the basis of Article 11 of Regulation (EU) No 537/2014.

Zaventem, 31 March 2021

KPMG Bedrijfsrevisoren / Réviseurs d'Entreprises
Statutory auditor
represented by

Filip De Bock
Réviseur d'Entreprises / Bedrijfsrevisor

ANNEX C

Annex 2.4 The audited IFRS consolidated financial statements of the Guarantor for the financial year ended 31 December 2020, together with the audit report in connection therewith

GHELAMCO GROUP COMM. VA

IFRS CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2020

Approved by Management with the independent Auditor's opinion

CONTENTS

I

ANNUAL REPORT OF THE MANAGER FOR 2020[1]

[1] This report has been prepared in accordance with article 3:32 of the Belgian Companies and Associations' Code and approved by the Manager on 30 March 2021.

1. BUSINESS ACTIVITIES AND PROFILE

Ghelamco Group Comm. VA is a leading European real estate investor mainly active in the offices, residential, retail, leisure 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, sustainable green designs and correct timing. Its successes are generated by the group's professional and enthusiastic staff that is driven by the vision and passion of its management.

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

In Poland, Ghelamco received two awards at the 2020 European Property Awards competition. The Sky-High Art Gallery located on top of The Warsaw HUB has been awarded in the Development Marketing category. It concerns an abstract painting by the recognized artist Łukasz Stokowski, which was placed last year on one of the towers of The Warsaw HUB project.

Foksal 13/15 was awarded in the Residential Renovation/Redevelopment category. The buildings, which had not been renovated since the war, have undergone thorough revitalisation to become luxury downtown residences, which was very much appreciated by the jury.

Furthermore, the Warsaw HUB has been awarded in Prime Property Prize, the prestigious competition of the real estate industry. The HUB has won in the Investment of the Year: Commercial Space Market category.

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

- Ghelamco Group Comm. VA acts as the "**Investment Holding**" and comprises resources invested in real estate projects in Belgium, France, UK and Poland and the intra-group Financing Vehicles, which may also to a certain extent provide funding to the other holdings – hereafter the "Ghelamco Group" or the "Group";

- International Real Estate Services Comm. VA acts as the "**Development Holding**" and represents international entities that provide construction, engineering and development services to the Investment Holding (and to an extent to third parties);

- Deus Comm. VA is the "**Portfolio Holding**" which groups the other activities and real estate investments controlled by the ultimate shareholders

- Ghelamco European Property Fund NV ("**GEPF**") comprises since 2016 the real estate projects that are kept as income generating products for a longer period of time. The fund is not regulated but acts as a separate legal entity within the group.

2. LEGAL STATUS

Ghelamco Group Comm. VA (the "Company" or "Ghelamco Group") is the holding company of the **Investment Holding** that, together with its direct and indirect legal subsidiaries (Note 5), constitutes the reporting entity for the purpose of these consolidated financial statements.

Ghelamco Group Comm. VA is a limited partnership ("commanditaire vennootschap op aandelen") registered under Belgian law, with its registered office at Zwaanhofweg 10, 8900 Ypres, Belgium.

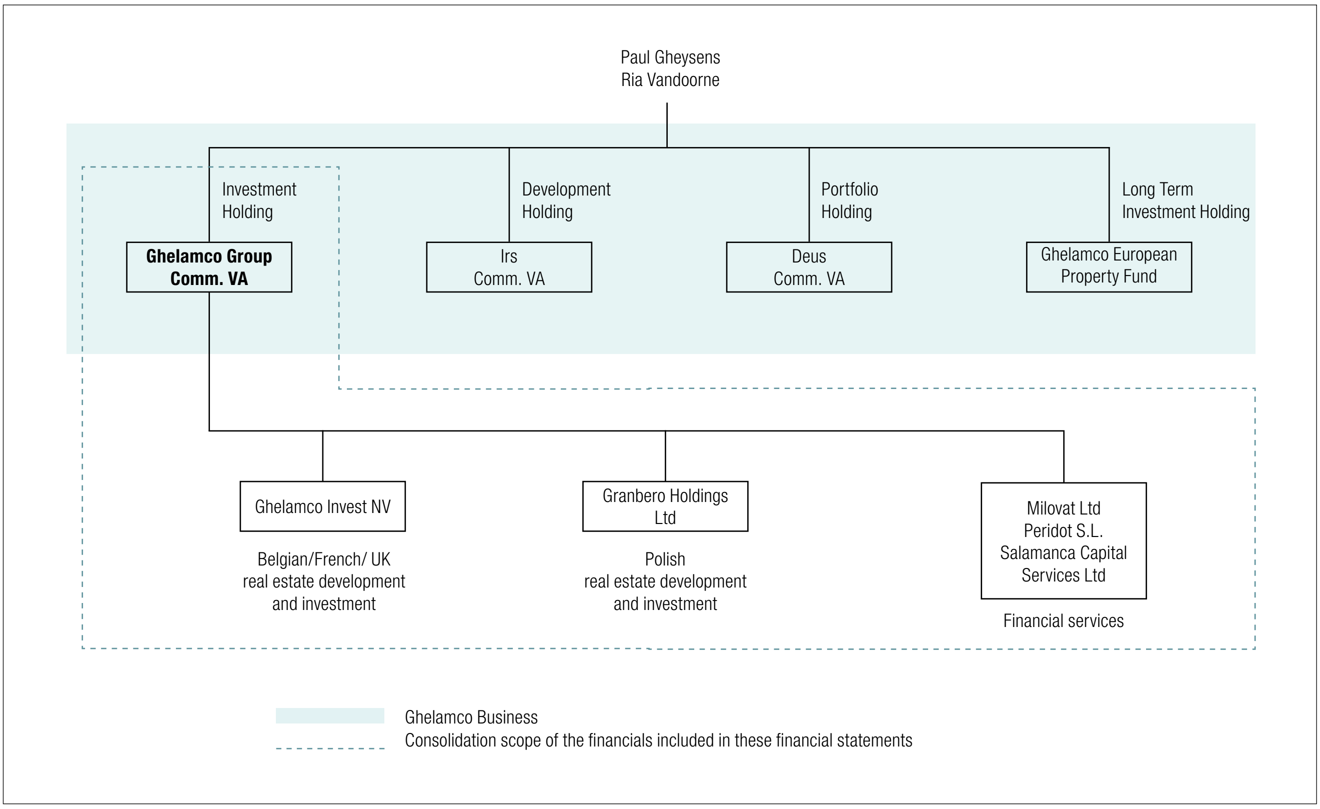
The Company is registered in the Belgian commercial register under the number BE 0879.623.417.

3. CONSOLIDATION SCOPE

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

At 31 December 2020 (the reporting date), all the assets and liabilities of the reporting entity (the Company and its direct and indirect legal subsidiaries) are legally linked through the corporate structure as detailed in Note 5 Group Structure.

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



4. STAFFING LEVEL

Given its nature, there is only limited employment in the Company. At 31 December 2020, Ghelamco Group Comm. VA and its subsidiaries employed 55 people (56 on 31 December 2019). The construction, engineering and other related services are mainly provided to the Investment Holding by the Development Holding's legal subsidiaries. Ghelamco as a whole employed 309 people on 31 December 2020 (vs. 322 on 31 December 2019).

5. MANAGEMENT AND BOARD

Ghelamco's Management consists of:

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

The Management actively coordinates and supervises the different (group country) management teams and supports them in all commercial, legal, financial and technical aspects of their activities. The local teams mainly consist of a technical, commercial, legal & financial department.

The statutory board consists of 3 to 4 directors (of which the CEO is part) for most of the Belgian entities and the Managing Director Eastern Europe and 5 local Polish directors for the Polish entities. The reason lies mostly in local regulations and practical solutions.

6. BUSINESS ENVIRONMENT AND RESULTS

2020 PERFORMANCE AND RESULTS

The Group closed its 2020 accounts with a net profit of 110,716 KEUR. While further paying strong attention to (amongst others technical and environmental) innovation and sustainability, the Group continued its development, investment and commercial efforts. The Group has in the current year once more considerably invested in a number of existing projects, successfully disposed of a number of sizable investment properties and in addition managed to create significant added value on existing and new projects. This is reflected in an increased balance sheet total of 2,484,904 KEUR and an increased equity of 997,457 KEUR. The solvency ratio remained stable at the level of 40.1% per 31 December 2020 (vs. 40.2% per 31 December 2019). There is currently no intention to distribute a dividend over 2020.

BELGIUM

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

2020 development and construction activities mainly related to:

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

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

- In the first half of March 2020, the Company has signed agreements in connection with the acquisition of a land plot in London, City Road for the future development of a mixed offices and residential project. The site (with building permit) extends to 0.37 hectares within the London Borough of Hackney. The project is expected to offer approx. 21,286 sqm of net lettable/sellable area. Acquisition price amounts to 75 MGBP (excl. VAT, stamp duties, transfer of IP and other related expenses). Closing of the deal (and transfer of ownership) took place early November 2020.
- On 2 July 2020, the Company has been granted a building right on a plot of land in the Duinenwater area in Knokke for the development of the Lake District project, offering 166 high-end apartments, approx. 4,200 sqm retail function on the groundfloor and a hotel, spread over 3 buildings. The indirect price for the building right amounts to 34 MEUR. This amount is not a current liability for the Company as the Company did not acquire the land but this amount will be gradually paid to the land owner in accordance with the sales process and progress, through the proceeds of the resp. land parts. The commercialization of the project has been kicked off immediately after the signing of the deal. Per date of the current report, already approx. 53% of the available residential units have been (pre-)sold, while all (7) retail space units have been (pre-)sold.
- On 16 July 2020 the Company acquired 85% of the shares of Viminalis BV, project company holding a plot (and a recently delivered office building of approx. 6,700 sqm) at the Katwilgweg in Antwerp, Linkeroever. The planned development size of the project is +/- 100,000 sqm in total. The project will be developed in a (85%-15%) cooperation with a third party. The share price was based on an underlying property value of 38.9 MEUR. The deal also included the take-over of an adjacent plot from a third party, for the future development of a +/- 20,000 sqm office project. The purchase of this 2nd plot took place end September 2020 for an amount of 4.5 MEUR, in the same 85%-15% cooperation.

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

As to divestures/revenues:
On 22 January 2020, the Ring Hotel project in Ghent, adjacent to the Ghelamco Arena in Ghent and offering 250 hotel rooms, has been sold to the Van Der Valk hotel group for a sales amount of 24 MEUR. The closing of the deal was based on preliminary agreement which was signed in 2018. At the moment of the transaction, bank loans have been reimbursed for an amount of 23.7 MEUR.

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

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

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

POLAND

In Poland, the Group has in the current period mainly 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 projects portfolio.

Land bank
In Poland, the Company in first instance maintained its existing land bank but also took advantage of some expansion opportunities. In this respect, end of April 2020 a last 5 MPLN instalment has been paid in connection with the acquisition of a land plot in Piaseczno (suburb of Warsaw) for the future development of approx. 16,000 sqm residential and retail space.
Also, in November 2020, the Company acquired 50% (plus one) of the shares of Abisal Sp. z o.o. in a cooperation with an external partner. Subsequently, this company has (indirectly) acquired the rights on a plot in Warsaw for the development of a commercial project of approx. 42,000 sqm lettable office and retail space.

Development and construction

During 2020, the Company further invested in the following projects in Poland:

- The finalization of the construction works of the **Warsaw HUB** project at Rondo Daszynskiego in Warsaw CBD, comprising 3 skyscrapers on a podium that offers a unique combination of office and retail space, with features and amenities such as first-class, unparalleled office space, a conference centre, 3- and 4-star hotel, as well as cafes, restaurants and shops for a total of approx. 118,556 multifunctional lettable sqm. The final and binding occupation permit has been received in July 2020. Finishing works and fit-out for the resp. tenants are being carried out, while tenants are moving in. Final completion and delivery is expected by the end of H1 2021.
- Further and well advanced construction of the **Warsaw UNIT**, approx. 59,000 sqm offices project comprising 46 floors and 400 parking spaces, also at Rondo Daszynskiego in Warsaw CBD. The construction is expected to be finalized by end of March 2021. At the date of the current report, final inspections are being carried out by the official services. The occupancy permit is expected to be obtained in April 2021.
- The finalization of construction works of the **Foksal 13/15** project, including the renovation of the historic buildings, located in the historic heart of Warsaw. In April 2020 the final and binding occupation permit was obtained. The project comprises the realization of 55 unique high-class apartments (approx. 6,400 sqm in total) and five commercial units of approx. 660 sqm. Delivery and hand-over to the resp. buyers is ongoing. Per date of the current report, approx. 55% of available residential space has been sold.
- The continuation 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 a two-storey underground parking) in the Powisle district in Warsaw. The project is expected to be completed and delivered in May 2021. Commercialization appears successful, as per date of this report, approx. 87% of the available space has already been (pre-)sold.
- Receipt of the building permit in January 2020 and start of the construction works of the **Kreo** project at Wadowicka Street in Krakow (9-storey office project which is to offer approx. 23,700 sqm of office space and retail functions on the ground floor and 325 parking spaces). At the date of this report the ground works have been finished.
- The finalization of the construction works and delivery of the **Prochownia Lomianki** project (shopping center of approx. 5,500 sqm with 153 above ground parking spots, 'Prima Bud SKA') to the resp. tenants. The occupation permit was obtained in November 2019. In December 2020, a 2,300 sqm unit (approx. 45% of the project) has been sold to a food retailer at a sales price of 4.3 MEUR, while another 32% of the available space has been leased.
- Furthermore, mid-March 2020 the building permit has been received for the realization of phase 1 of the **GROEN** project (former working name Konstancin), which is to offer approx. 7,500 sqm of residential space (48 units). The ground works commenced in autumn 2020. Also the commercialization process has been started and currently approx. 52% of the available units have already been (pre-)sold.
- In addition, in October 2020, the building permit has been obtained for the realization of the **Craft** project (approx. 24,000 sqm office space with 240 underground parking lots) at Sciegiennego Street in Katowice. The construction works have been started in November 2020.
- Finally, on 15 December 2020, the building permit has been received for the realization of **The Bridge** (formerly named Bellona Tower). The permit foresees in the construction of a new approx. 47,500 sqm office building and the renovation of an

approx. 5,300 sqm existing office building. Construction works have been started shortly after receipt of the building permit.

(Pre-)leasing and occupation of projects:
Ghelamco is aware of the challenges and/or difficulties that some of its customers may be facing and is monitoring the situation closely, on a case-by-case basis. Despite particular circumstances, Ghelamco was able to maintain the lease rates for the delivered Woloska 24 project located in the Warsaw Mokotow District (+/- 23,200 sqm) and for the Plac Vogla retail project (+/- 5,200 sqm) at resp. 97% and 93%.

For the Warsaw HUB, the Company is in advanced negotiations with potential tenants for still available commercial and office spaces. In March 2020 WeWork has – in connection with the actions undertaken by this group at the global level and the reorganization of WeWork's business model in Poland – requested to terminate lease contracts for approx. 10,500 sqm. Currently, lease agreements have been signed for approx. 100,500 sqm (i.e. approx. 85% occupancy).
Furthermore, the commercialization process resulted in the signing of lease agreements for already approx. 25,700 sqm in the Warsaw UNIT (taking into account extension options signed) (i.e. approx. 44% occupancy).

Divestures
Except for the sale of a 2,300 sqm unit the Lomianki retail project to a third party investor at a sales price of 4.3 MEUR, there have been no other disposals of investment property in 2020.

Current period's residential revenues mainly related to the Foksal project (55 high-class apartments and 5 commercial units, located at 13/15 Foksal Street in the historic hart of Warsaw). As stated, the sold units are currently being delivered and handed over; which triggers the revenue recognition in the Company's consolidated statement of profit and loss.

RUSSIA

On 16 November 2020, the Group sold the shares of Safe Holding Belgium NV to Ghelamco European Property Fund NV. Safe Holding Belgium NV holds the following subsidiaries:

- Avalanti Holdings Ltd (CYP): owns a plot of land in Cyprus, Limassol Omonoia Street, for the future development of an approx. 5,000 sqm mixed office/retail project
- Creletine Ltd (CYP): holding 100% of the shares of Ermolino Ltd, Russian entity holding a land plot
- Millor Enterprises Ltd (CYP): holding 100% of the shares of Belyrast Logistics Ltd, Russian entity holding the delivered and leased Dmitrov Logistic Park project (approx. 243,000 sqm of logistic space (including ancillary office accomodations) in the northern part of the Moscow Region)

The share transaction was based on the fair value of the projects/land plots per 30 June 2020. The divesture of this portfolio fits in the Group's evolved strategy to geographically focus on the Belgian, Polish and London market. This sales transaction had little to no impact on these consolidated financial statements. In connection with the transactions, an amount of 73.8 MEUR of bank loans has also been disposed/transferred.

Main post balance sheet events

On 17 November 2019 Ghelamco Invest NV has signed a share purchase agreement for the acquisition of 100% of the shares of Cogimes SA and Sogimes SA, companies holding land plots at the Culliganlaan in Diegem, for the future development of the 'The Wings' office project. The SPA was based on a transaction amount of 13,800 KEUR. At signing date, an advance payment of 5 MEUR has already been done. The closing (and transfer of ownership) has taken place on 26 February 2021.

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

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

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

In March 2021, a number of bonds series (PG, PK, and PL) have been redeemed for a total amount of 125,411 KPLN, through early redemption.

Risk factors

Due to its activities, the Group is exposed to a variety of financial and operational risks: including interest rate risk, price risk, credit risk and liquidity risk. We refer to section 2 of the Consolidated Financial Statements for a detailed description of those risk factors. The Group usually does not use financial instruments to hedge its exposure in connection to those risks. For the specific risk related to a crisis resulting from the Covid-19 pandemic, also further reference is made to section 2 below. With respect to the status of the Eurostadium project, reference is made to note 10 of the Consolidated Financial Statements.

Outlook

It is the Investment Group's strategy to further diversify its investment portfolio in mainly Belgium and Poland by spreading its investments over different real estate segments and/or mixed projects.

For 2021, the Group will continue this strategy. In addition, it will closely monitor specific evolutions in its active markets and real estate segments. In this respect, it has already secured some important positions for sizable new projects.

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

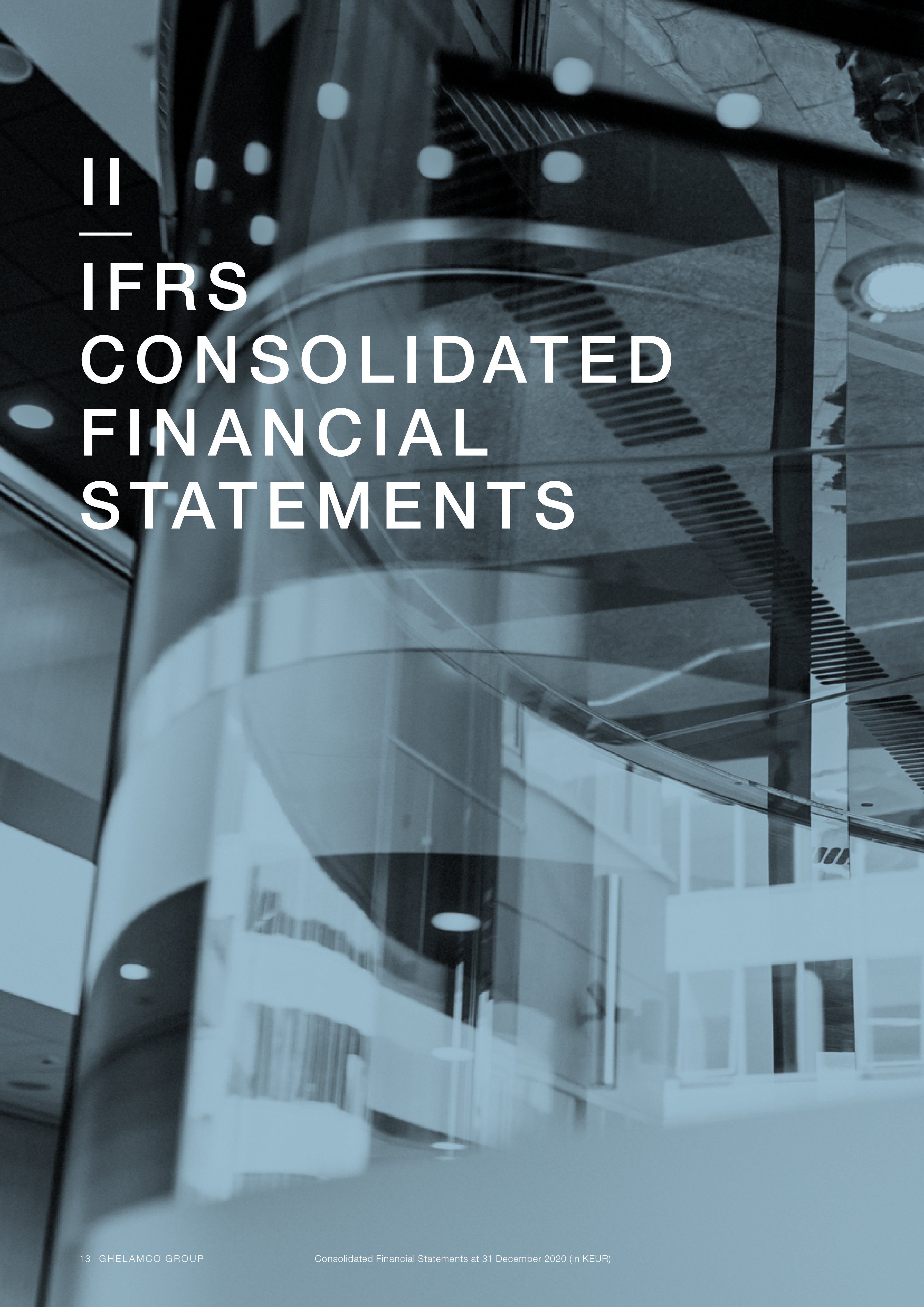
Nevertheless the management is conscious that the pandemic will affect certain on-going and scheduled real estate and/or financial transactions. The risks concerned are mitigated as much as possible in open discussions with the involved counterparties. The management will closely monitor and follow up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

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

7. OPINION ON THE FAIR PRESENTATION IN ACCORDANCE WITH THE ROYAL DECREE OF 14 NOVEMBER 2007

The Manager, hereby declares that, to the best of his knowledge, that:

- the consolidated financial statements give a true and fair view of the Group's net worth and financial position and of its results in accordance with International Financial Reporting Standards as adopted by the European Union;
- the annual report gives a true and fair view of the developments and results of the Group and its subsidiaries included in the consolidated financial statements, as well as a description of the main risks and uncertainties which the Group is facing.



II

IFRS CONSOLIDATED FINANCIAL STATEMENTS

This document presents the IFRS Consolidated Financial Statements for the year ended on 31 December 2020, assuming the going concern of the consolidated companies and which were approved by Investment Holding Management on 30 March 2021. The amounts in this document are expressed in thousands of EUR (KEUR), unless stated otherwise.

A. CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IN KEUR)

ASSETS	Note	31/12/2020	31/12/2019
Non-current assets			
Investment Property	6	1,334,894	1,271,365
Property, plant and equipment	7	272	513
Intangible assets	8	3,965	3,836
Equity accounted investees	4	32,859	15,371
Receivables and prepayments	11	242,359	211,659
Deferred tax assets	19	16,789	19,655
Other financial assets	4	4,602	4,379
Total non-current assets		**1,635,740**	**1,526,778**
Current assets			
Property Development Inventories	9	364,351	283,282
Trade and other receivables	10	322,640	228,429
Current tax assets		199	213
Assets classified as held for sale	6	96,934	24,575
Cash and cash equivalents	12	65,040	115,811
Total current assets		**849,164**	**652,310**
TOTAL ASSETS		**2,484,904**	**2,179,088**

EQUITY AND LIABILITIES	Note	31/12/2020	31/12/2019
Capital and reserves attributable to the Group's equity holders			
Share capital	14	28,194	28,194
CTA	15	13,846	4,110
Retained earnings	15	944,608	836,089
		986,648	**868,393**
Non-controlling interests	14.2	10,809	7,866
TOTAL EQUITY		**997,457**	**876,259**
Non-current liabilities			
Interest-bearing loans and borrowings	16	1,041,450	790,921
Deferred tax liabilities	19	79,777	65,157
Other liabilities		9,058	6,211
Long-term provisions		0	0
Total non-current liabilities		**1,130,285**	**862,289**
Current liabilities			
Trade and other payables	20	84,021	112,669
Current tax liabilities	21	13,494	11,499
Interest-bearing loans and borrowings	16	259,647	316,372
Short-term provisions			
Total current liabilities		**357,162**	**440,540**
TOTAL LIABILITIES		**1,487,447**	**1,302,829**
TOTAL EQUITY AND LIABILITIES		**2,484,904**	**2,179,088**

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	**Note**	**2020**	**2019**
Revenue	22	89,408	56,825
Other operating income	23	34,267	22,681
Cost of Property Development Inventories	24	-47,198	-19,606
Employee benefit expense	23	-1,660	-1,916
Depreciation amortisation and impairment charges	7	-674	-854
Gains from revaluation of Investment Property	6	173,266	143,995
Other operating expense	23	-65,613	-46,546
Share of results in equity accounted investees (net of tax)		-1,607	887
Operating profit, including share of profit in equity accounted investees (net of tax) - result		**180,189**	**155,466**
Finance income	25	15,545	14,855
Finance costs	25	-69,613	-36,951
Profit before income tax		**126,121**	**133,370**
Income tax expense	26	-15,405	-20,366
Profit for the year		**110,716**	**113,004**
Attributable to:			
Owners of the Company		108,817	112,966
Non-controlling interests		1,899	38

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	**Note**	**2020**	**2019**
Profit for the year		**110,716**	**113,004**
Exchange differences on translating foreign operations	15	9,736	1,361
Other		-297	0
Items that are or may be reclassified subsequently to profit or loss		**9,439**	**1,361**
Total Comprehensive income for the year		**120,155**	**114,365**
Attributable to:			
Owners of the Company		118,256	112,966
Non-controlling interests		1,899	38

15 GHELAMCO GROUP Consolidated Financial Statements at 31 December 2020 (in KEUR)

C. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to the Owners of the Company			Non-controlling interests	TOTAL EQUITY
		Share capital	Cumulative translation reserve	Retained earnings		
Balance at 1 January 2019		**28,194**	**2,749**	**724,329**	**7,955**	**763,227**
Foreign currency translation (CTA)			1,361			**1,361**
Profit/(loss) for the year				112,966	38	**113,004**
Capital decrease						**0**
Dividend distribution						
Change in non-controlling interests				71	-127	**-56**
Change in the consolidation scope				-1,277		**-1,277**
Other						
Balance at 31 December 2019		**28,194**	**4,110**	**836,089**	**7,866**	**876,259**
Foreign currency translation (CTA)	15		9,736			**9,736**
Profit/(loss) for the year	15			108,817	1,899	**110,716**
Capital decrease						**0**
Dividend distribution						
Change in non-controlling interests	14.2				1,044	**1,044**
Change in the consolidation scope	15			-297		**-297**
Other				-1		**-1**
Balance at 31 December 2020		**28,194**	**13,846**	**944,608**	**10,809**	**997,457**

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D. CONSOLIDATED CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT FOR 2020 AND 2019	**Note**	**2020**	**2019**
Operating Activities			
Profit / (Loss) before income tax		**126,121**	**133,370**
Adjustments for:			
• Share of results in equity accounted investees		1,607	-887
• Change in fair value of investment property	6	-173,266	-143,995
• Depreciation, amortization and impairment charges	7	674	854
• Result on disposal investment property	23	-6,534	-17,157
• Change in provisions / inventory write-down		0	3,689
• Net interest charge	25	20,013	13,469
• Movements in working capital:			
- Change in prop. dev. inventories		-104,655	-35,205
- Change in trade & other receivables		-25,183	-59,866
- Change in trade & other payables		419	5,276
• Movement in other non-current liabilities		2,847	-818
• Other non-cash items		168	-94
Income tax paid		1,393	-5,222
Interest paid (*)		-38,555	-23,760
Net cash from operating activities		**-194,951**	**-130,346**
Investing Activities			
Interest received	25	-17,480	6,296
Purchase/disposal of PP&E and intangibles	7-8	-240	-1,037
Purchase of investment property	6	-382,713	-204,114
Capitalized interest in investment property		-16,982	-23,046
Proceeds from disposal of investment property	6	234,367	293,505
Net cash outflow on acquisition of subsidiaries			
Net cash inflow on disposal of subsidiaries			
Cash inflow/outflow on other non-current financial assets		6,130	24,162
Net cash flow used in investing activities		**-176,918**	**95,766**
Financing Activities			
Proceeds from borrowings	16	530,123	333,954
Repayment of borrowings	16	-216,152	-240,474
Capital decrease			
Dividends paid		0	-61
Net cash inflow from / (used in) financing activities		**313,971**	**93,419**
Net increase/decrease in cash and cash equivalents		**-57,898**	**58,839**
Cash and cash equivalents at 1 January of the year		**115,811**	**59,072**
Effects of exch. Rate changes in non-EUR countries		7,127	-2,100
Cash and cash equivalents at 31 December of the year		**65,040**	**115,811**

(*): Interests directly capitalized in IP not included (2020: 16,982; 2019: 23,047 KEUR) – separately presented under investing activities

E. SEGMENT REPORTING

A segment is a distinguishable component of the Group 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 majority of the assets (and resulting income) of the Group is geographically located in Europe (Belgium and Poland) and considering the specifics of the assets located in Russia and the economic and political risks and circumstances in this regions, a distinction between Europe and Russia has been made. Still, in this respect, reference is made to the fact that the Russian business has in November 2020 been disposed. As a result no balance sheet lines related to the Russian business are remaining per 31/12/2020.

The segment assets, liabilities and income statement components include all items directly attributable to the segments, as well as those elements which can reasonably be allocated to a segment. Unallocated amounts (mainly related to (non-)current receivables and prepayments, loans and borrowings and trade & other payables on the balance sheet level and financial result and taxes on the income statement level) are shown separately.

ASSETS				**2020**				**2019**
	Europe	**Russia**	**unallocated**	**TOTAL**	**Europe**	**Russia**	**unallocated**	**TOTAL**
Non-current assets								
Investment Property	1,334,894			1,334,894	1,119,360	152,005		1,271,365
Property, plant and equipment	272			272	513			513
Intangible assets	3,965			3,965	3,836			3,836
Investments in associates	32,859			32,859	15,371			15,371
Receivables and prepayments	242,359			242,359			211,659	211,659
Deferred tax assets	16,789			16,789	12,271	7,384		19,655
Other financial assets	4,602			4,602	4,379			4,379
Total non-current assets	**1,635,740**	**0**	**0**	**1,635,740**	**1,155,730**	**159,389**	**211,659**	**1,526,778**
Current assets								
Property Development Inventories	364,351			364,351	277,017	6,265		283,282
Trade and other receivables	322,640			322,640			228,429	228,429
Current tax assets	199			199	213			213
Assets classified as held for sale	96,934			96,934	24,575			24,575
Cash and cash equivalents	65,040			65,040	110,268	5,543		115,811
Total current assets	**849,164**	0	0	**849,164**	**412,073**	**11,808**	**228,429**	**652,310**
TOTAL ASSETS	**2,484,904**	**0**	**0**	**2,484,904**	**1,567,803**	**171,197**	**440,088**	**2,179,088**

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EQUITY AND LIABILITIES				**2020**				**2019**
	Europe	**Russia**	**unallocated**	**TOTAL**	**Europe**	**Russia**	**unallocated**	**TOTAL**
Capital and reserves attributable to the Group's equity holders								
Share capital	28,194			28,194			28,194	28,194
CTA	13,846			13,846	3,206	904		4,110
Retained earnings	944,608			944,608	875,453	-39,364		836,089
	986,648			**986,648**	**878,659**	**-38,460**	**28,194**	**868,393**
Non-controlling interests	10,809			10,809	7,874	-8		7,866
Total equity	**997,457**	**0**	**0**	**997,457**	**886,533**	**-38,468**	**28,194**	**876,259**
Non-current liabilities								
Interest-bearing loans and borrowings	1,041,450			1,041,450			790,921	790,921
Deferred tax liabilities	79,777			79,777	65,157			65,157
Other non-current liabilities	9,058			9,058	6,211			6,211
Long-term provisions								
Total non-current liabilities	**1,130,285**	**0**	**0**	**1,130,285**	**71,368**	**0**	**790,921**	**862,289**
Current liabilities	84,021			84,021				
Trade and other payables	13,494			13,494			112,669	112,669
Current tax liabilities	259,647			259,647	11,499			11,499
Interest-bearing loans and borrowings							316,372	316,372
Short-term provisions	**357,162**			**357,162**				
Total current liabilities		**0**	**0**		**11,499**	**0**	**429,041**	**440,540**
Total liabilities	**1,487,447**	**0**	**0**	**1,487,447**	**82,867**	**0**	**1,219,962**	**1,302,829**
TOTAL EQUITY AND LIABILITIES	**2,484,904**	**0**	**0**	**2,484,904**	**969,400**	**-38,468**	**1,248,156**	**2,179,088**

STATEMENT OF PROFIT OR LOSS				**2020**				**2019**
	Europe	**Russia**	**unallocated**	**TOTAL**	**Europe**	**Russia**	**unallocated**	**TOTAL**
Revenue	78,188	11,220		89,408	44,665	12,160		56,825
Other operating income	34,267			34,267	18,899	3,782		22,681
Cost of Property Development Inventories	-47,198			-47,198	-19,606			-19,606
Employee benefit expense	-1,660			-1,660	-1,916			-1,916
Depreciation amortisation and impairment charges	-674			-674	-854			-854
Gains/losses from revaluation of Investment Property	186,750	-13,484		173,266	146,230	-2,235		143,995
Other operating expense	-61,308	-4,305		-65,613	-36,804	-9,742		-46,546
Share of results in equity accounted investees (net of tax)	-1,607			-1,607	887			887
Operating profit, including share of profit in equity accounted investees (net of tax) - result	**186,758**	**-6,569**	**0**	**180,189**	**151,501**	**3,965**	**0**	**155,466**
Finance income			15,545	15,545			14,855	14,855
Finance costs			-69,613	-69,613			-36,951	-36,951
Profit before income tax				**126,121**				**133,370**
Income tax expense	-15,527	122		-15,405	-23,413	3,047		-20,366
Profit for the year				**110,716**				**113,004**
Attributable to:								
Owners of the Company				108,817				112,966
Non-controlling interests	1,899			1,899	38			38

19 GHELAMCO GROUP Consolidated Financial Statements at 31 December 2020 (in KEUR)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the IFRS consolidated financial statements, are set out below.

1.1. INTRODUCTION

We refer to the section ”Business activities and profile” of the Managers’ annual report on the consolidated financial statements and Note 5 “Group structure” of these financial statements for more information on the business activities and the structure of the Group and its position within the Ghelamco business.

As per today, the Group’s core business is the investment in commercial and residential properties. The Group’s strategy is to keep commercial property in portfolio for rental purposes while residential properties are dedicated for sale. According to IAS 2, Property Development Inventories have to be measured at the lower of cost and net realizable value. Investment Properties (Under Construction) are carried at fair value.

As such, residential properties are presented as Property Development Inventories. Most of the commercial property is presented as Investment Property. We refer to the Notes 6 and 10 for more details on their presentation.

These financial statements are IFRS consolidated financial statements that include the resources and activities of Ghelamco Group Comm. VA and its legal subsidiaries that are part of the Investment Holding at 31 December 2020.

A list of legal entities included in these IFRS consolidated financial statements and major changes in the organizational structure of the reporting entity are outlined in Notes 4 and 5.

1.2. BASIS OF PREPARATION

The Investment Holding’s consolidated financial statements include those of the Ghelamco Group Comm. VA and its subsidiaries (together referred to as the “Investment Holding”). The consolidated financial statements were approved for issue by Management on March 30, 2021. The consolidated financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards (“IFRS”) as adopted by the European Union at 31 December 2020. The Investment Holding has adopted all new and revised standards and interpretations which became applicable for the financial year starting 1 January 2020.

These financial statements have been prepared under the historical cost convention except for Investment Properties, assets classified as held for sale and derivative financial instruments that have been measured at fair value.

1.3. STANDARDS AND INTERPRETATIONS THAT BECAME APPLICABLE IN 2020

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

- None

Standards and Interpretations that became effective in 2020:

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

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

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

- None

1.4. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Standards and Interpretations issued at the date of these IFRS consolidated financial statements, which were authorized for issue but not yet mandatory and have not been early adopted by the Company:

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

At this stage, the Company does not expect the first adoption of these Standards and Interpretations to have a material financial impact on the financial statements at the moment of initial application.

The Company is currently assessing the possible impact, if any, of standards to be applied as from 2021.

1.5. PRINCIPLES OF CONSOLIDATION

1.5.1. CONSOLIDATION SCOPE

The entities included in the consolidation scope are those that are under control of the Company (see Notes 4 and 5). The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Control is achieved when the Company:

- has power over the investee; and
- is exposed or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company re-assesses whether or not it controls an investee if fact and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The transactions, balances and unrealized gains and losses between these legal entities are deemed to be intra-group transactions and are eliminated in full.

The transactions with other entities owned directly or indirectly by the ultimate beneficial owners of the Investment Holding are deemed transactions with related parties and are not eliminated, but are presented as balances and transactions with related parties in Note 29.

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

1.5.2. ACQUISITION OF SUBSIDIARIES

Although the Investment Holding obtained control over several subsidiaries over the past years, these transactions are not considered business combinations as defined under IFRS 3 "Business Combinations". In these transactions, the Investment Holding primarily acquired land and therefore these transactions are to be considered as a purchase of selective assets and liabilities and not as a purchase of a "business". The purchase consideration has been allocated to each of the assets and liabilities acquired based on their relative fair values.

During the course of 2020 and 2019, there were no acquisitions of subsidiaries that qualified as an acquisition of a business as defined in IFRS 3 "Business Combinations".

1.5.3. SALE OF SUBSIDIARIES

As was the case in the past, the 2020 and 2019 business of the Investment Holding consists of investing in commercial and the creation of residential real estate projects. Commercial properties are held for rental or capital appreciation. Residential properties are held for sale in the ordinary course of business.

General rule:

- sale of commercial projects subsidiaries (in which real estate is developed and valued as IP(UC)) is presented in the Income Statement as a disposal of IP and not as a disposal of a subsidiary;
- sale of residential projects subsidiaries (in which real estate is developed and valued as property development inventories) is presented in the Income Statement on a gross basis (i.e. revenue from the sale of inventories and cost of sales) and not as a disposal of a subsidiary. Still, a sale of residential projects is generally structured as a sale of assets.

Comments 2020

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

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

On 1 October 2020, the Ring Multi project (multifunctional space in the Ghelamco Arena in Ghent) has been disposed and transferred to Ghelamco European Property Fund NV. The transaction was structured as a share deal, based on an underlying value of the property of 20.9 MEUR. Again, the transaction has in the consolidated financial statements been presented as a disposal of investment property.
Further reference is made to Note 29.3 – Acquisitions and disposals of shares and other related party transactions.

On 16 November 2020, the Group sold the shares of Safe Holding Belgium NV to Ghelamco European Property Fund NV. The share transaction was based on the fair value of the projects/land plots per 30 June 2020. Also this transaction has in the consolidated financial statements been presented as a disposal of investment property.

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

Comments 2019

On 17 January 2019, the .BIG project in Krakow (approx. 10,200 sqm office space and 141 underground parking spaces) was sold to Crédit Suisse. In deviation of the above general approach, the sale was completed through an enterprise deal (sale of assets plus linked obligations for the buyer), based on an underlying value of the property of 32.9 MEUR.

In February 2019, the ‘The Link’ project in Antwerp (27,000 sqm leasable office space and approx. 540 underground parking spaces, divided over 2 buildings) was disposed and sold to Baloise for a total gross sales value of 89.3 MEUR. The deal was structured as an asset deal.

On 26 April 2019, The Wronia project (16,600 sqm office space in Warsaw CBD) was sold to LaSalle Investment Management. The transaction was completed through a share deal based on an underlying value of the property of 74 MEUR. The transaction has in the financial statements been presented as a disposal of IP.

On 19 December, the Arval project in Evere (approx. 5,275 sqm retail park) was sold to a third party investor. The transaction was structured as a share deal, in line with the general approach to sell commercial projects. The share deal was based on an underlying value of the property of 13 MEUR. The transaction has in the financial statements been presented as a disposal of IP.

On 20 December, the Spectrum project in Brussels (offering approx. 16,365 sqm leasable office space and 150 parking spaces) was sold to Deka Immobilien. The transaction was again structured as share deal, based on an underlying value of 103 MEUR. The transaction has in the financial statements been presented as a disposal of IP.

Also on 20 December the Company sold 499 shares (of 500 in total) of its (empty, shelf) subsidiary Liberica NV (formerly Ring Offices NV). This transaction has no material impact on the consolidated financial statements.

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

1.5.4. INCREASE IN OWNERSHIP INTERESTS IN SUBSIDIARIES

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

1.5.5. FOREIGN CURRENCY TRANSLATION

The individual financial statements of each Group’s entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

Foreign currency transactions

Foreign currency transactions are recognized initially at the exchange rate prevailing at the transactions’ date. Subsequently, at closing, monetary assets and liabilities not measured at fair value, denominated in foreign currencies are translated at the balance sheet currency rate. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are included in the income statement as a financial result.

Foreign entities

For the purpose of the IFRS consolidated financial statements, the results and financial position of each entity are translated in Euro, which is the functional currency of the Investment Holding and the presentation currency for the IFRS consolidated financial statements. In consolidation, the assets and liabilities of the Group companies using a different functional currency than the Euro are translated in Euro using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified in equity, within the "Cumulative translation reserve". Such translation differences are recognized as income or as expenses in the period in which the entity is sold, disposed of or liquidated.

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

		2020		2019
	Closing rate at 31 December	Average rate for 12 months	Closing rate at 31 December	Average rate for 12 months
Polish Zloty (PLN)	4.6148	4.4449	4.2585	4.2988
Russian Rouble (RUB)	90.6824	82.8358	69.3406	72.3187
United States Dollar (USD)	1.2271	1.1422	1.1234	1.1195
British Pound (GBP)	0.8994	0.8889	-	-

1.5.6. HYPERINFLATIONARY ECONOMIES

None of the Group's entities operated in a hyperinflationary economy in 2020 and 2019.

1.6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at acquisition cost less any accumulated depreciation and less any accumulated impairment loss.

Cost includes the fair value of the consideration given to acquire the asset and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of taxes).

The depreciable amount is allocated on a systematic basis over the useful life of the asset, using the straight-line method. The depreciable amount is the acquisition cost.

The applicable useful lives are:

- Property, plant and equipment
  - Buildings: 20 to 40 years
  - Vehicles: 5 years
  - Equipment: 5 to 10 years

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1.7. LEASES

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. All right-of-use assets complying with the definition of Investment property will be presented as Investment property and are subsequently recognized at fair value.

The other right-of-use assets will be presented in the most appropriate caption, taking into account the nature of the assets on which the right-of-use has been granted. These other right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. These other right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease lability.

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

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

To determine the incremental borrowing rate, the Company:

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

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

1.8. IMPAIRMENT OF ASSETS

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Investment Holding estimates the recoverable amount of the unit to which the asset belongs.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

1.9. INVESTMENT PROPERTY

Investment Property is defined as property (land or a building – or part of a building – or both) held by the owner to earn rentals, realize capital appreciation or both, rather than for: (a) use in the production or supply of goods or services or for administrative purposes; or (b) sale in the ordinary course of business.

Investment Property, principally comprising commercial buildings ("commercial property"), is held for capital appreciation or for the long-term rental yields and is not occupied by the Investment Holding.

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

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

The Investment Holding distinguishes 4 different stages for Investment Property:

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

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

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

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

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

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

- Projects under (A): fair value of the land plus cost of in process development
- Projects under (B): fair value of the land, to the extent the valuation expert has considered the value of the master plan and/or building permit OR fair value of the land plus cost of in process development, to the extent the valuation expert has not yet considered the value of the master plan and/or building permit
- Projects under (C): fair value of the (permitted) land plus construction part at cost, if the below (building permit and) lease conditions are not (yet) fulfilled
- Projects under (C): fair value of the (permitted) land plus fair value of the construction part, if the below building permit and lease conditions are fulfilled

By consequence, fair value adjustments have been recognized as follows:

- Projects under (A): fair value of the land minus the gross land cost (including purchase price of the land, costs on the purchase, capitalized financial costs);
- Projects under (B): fair value of the land minus gross land cost;
- Projects under (C): fair value of the land minus gross land cost, plus fair value of the construction part minus cost of the construction part, to the extent the below conditions are met.

In assessing the fair value, the Investment Holding considers whether both following conditions have been met:

- Building permit on the property has been obtained and
- Binding lease agreements have been signed for over 40% of the net leasable area of the property.

In case the above mentioned conditions are not fulfilled, the fair value of the IPUC (part not included in land) is deemed to be the cost of the in-process development.

In case the conditions are fulfilled, the fair value of IPUC (both land and construction part) will be determined by an independent appraiser report, based on RICS Valuation Standards.

2. COMPLETED INVESTMENT PROPERTIES (D)

Investment Properties are considered completed:

- In Poland as from the moment the project received its exploitation permit;
- In Belgium and France as from the signature of the delivery protocol between investor and general contractor.

Completed Investment Properties are valued by internationally qualified appraisers as of the end of the period, based on market values in accordance with the RICS Valuation Standards or based on management's valuation assessment.
They are recognized at fair value reflecting the market conditions at the balance

sheet date. Market values of the project are calculated based on the Yield method or Discounted Cash Flow method, depending on the type of project, its status and the location.

Fair value of IP is determined as follows
- Projects under (D): fair value of the completed project

By consequence, fair value adjustments have been recognized as follows:
- Projects under (D): fair value of the completed project minus gross land cost, minus cost of the construction part

In the case of a contingent consideration payable for a property acquired, the asset (inventory or IP) is recognized initially at cost, determined based on the fair value of the total consideration paid or payable. The fair value of the contingent consideration is determined based on management’s best estimate and recognized as a financial liability. Subsequent changes in the fair value of the liability are recorded via the income statement (and are not part of the asset value).

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

1.10. (NON)-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

A (non-)current asset or disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. A discontinued operation is a component of an entity which the entity has disposed of or which is classified as held for sale, which represents a separate major line of business or geographical area of operations and which can be distinguished operationally and for financial reporting purposes.

For a sale to be highly probable, the entity should be committed to a plan to sell the asset (or disposal group), an active program to locate a buyer and to complete the plan should have been initiated, and the asset (or disposal group) should be actively marketed at a price which is reasonable in relation to its current fair value, and the sale should be expected to be completed within one year from the date of classification.

Investment property which is classified as held for sale is measured at fair value. Other assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs necessary to make the sale. Any excess of the carrying amount over the fair value less costs to sell is included as an impairment loss. Depreciation of such assets is discontinued as from their classification as held for sale. Comparative balance sheet information for prior periods is not restated to reflect the new classification in the balance sheet.

1.11. PROPERTY DEVELOPMENT INVENTORY

Land and premises acquired and held for future development as well as in-process development projects (other than Investment Properties) are classified as inventories. Property Development Inventories mainly comprise residential properties.

Inventories are measured at the lower of cost and net realizable value at the balance sheet date.

The cost of in-process development projects comprises architectural design, engineering studies, geodesic studies, raw materials, other production materials, direct labour, other direct and external borrowing costs directly attributable to the acquisition or construction of the qualifying inventories.

External borrowing costs directly related to the acquisition, construction or production of a qualifying asset are capitalized. A qualifying asset is an asset that takes a substantial period of time to get ready for its intended use or sale. Capitalization commences when expenditures and borrowings are being incurred for the asset, and ceases when all the activities that are necessary to prepare the asset for its intended use are complete or sale in its current condition is possible. The capitalization criteria are usually met as from the date of acquisition of land for building purposes, as activities related to development are usually being undertaken by the Investment Holding as from that date.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write-down is necessary when the net realizable value at balance sheet date is lower than the carrying value. The Investment Holding performs regular reviews of the net realizable value of its Property Development Inventory, based on feasibility studies, recent transaction data and other available information.

Based on the most recent review, no write-downs have been recognized in the 2020 IFRS consolidated financial statements. In the 2019 financial statements, write-downs were recognized for an amount of 3,689 KEUR, on a limited number of inventory items, related to the adjustment of some commercial parameters (see also section 3. Accounting estimates and judgements).

Perpetual usufruct and operating lease contracts of land

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

The perpetual usufruct held by the Company are recognized in accordance with IFRS 16 “Leases”. In this respect, further reference is made to Note 18.

1.12. TRADE AND OTHER RECEIVABLES

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

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

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

As the Company has opted for the simplified approach, loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

In determining the amount of credit losses the Company has considered both quantitative and qualitative information and prepared an analysis, based on the Company’s historical experience and macro-economic information including forward-looking information.

The amount of the provision is the difference between the asset’s carrying amount and the present value of estimated future cashflow, discounted at the original effective interest rate. The asset‘s carrying amount is reduced through the use of an allowance account, and the amount of the loss is recognized in the Income Statement. When a trade receivable is uncollectible, it is written down against the allowance account for trade receivables. Subsequent recoveries of amounts previously written down are credited in the Income Statement.

1.13. FINANCIAL ASSETS

The Company classifies its financial assets in the following categories: measured at amortised cost, Fair Value through Other Comprehensive Income (‘FVOCI) and Fair Value Through Profit and Loss (‘FVTPL’). The classification is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

The investments in equity instruments that do not have a quoted market price in an active market are required to be measured at fair value. The Company determines that cost is an appropriate estimate of fair value (this valuation principle applies mainly to the investments in entities under the control of the ultimate beneficial owners of the Company, not included in the consolidation scope of these financial statements).

Derivative financial instruments are measured at fair value with changes recognized in profit or loss.

For an overview of financial assets (and liabilities) by category in accordance with IFRS 9, reference is made to note 17 below.

1.14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

1.15. SHARE CAPITAL

Ordinary shares are classified as equity under the caption “share capital”. When share capital recognized as equity is (re)purchased, the amount of the consideration paid, including directly attributable costs and taxes, is recognized as a change in equity.

Dividends are recognized as a liability only in the period in which they are approved by the Investment Holding’s shareholders.

1.16. CURRENT AND DEFERRED INCOME TAXES

Income tax on the profit or loss for the year comprises current and deferred income tax.

Income tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years. It is calculated using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is recognized, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values. Deferred tax is recognized on all temporary differences.

The recognition of deferred tax liabilities on fair value adjustments is based on the assumption that the land and buildings held by the Investment Holding will be realized through asset deals. Sales through asset deals however mainly apply to the residential projects held by the Investment Holding (which are classified as inventory; which is not subject to fair value accounting).

As it is expected that the value of commercial projects will in first instance be realized through use (and not through sale), the recognition of deferred tax liabilities on fair value adjustments is also applied here. Still, the potential capital gain (in the case a commercial project would be sold through a share deal) might be exempted from income tax in some jurisdictions if certain conditions are met. Although the Investment Holding is confident that in the case of a share deal these conditions will be complied with, deferred tax liabilities have consistently been recognized, without taking into account those potential tax exemptions.

Currently or substantially enacted tax rates are used to determine deferred income tax. Under this method, the Investment Holding is also required to make a provision for deferred income tax on the difference between the fair values of the net assets acquired and their tax base as a result of a business combination, recognized against goodwill.

No deferred taxes are accounted for temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that at the time of the transaction affect neither accounting or taxable profit; temporary differences relating to investments in subsidiaries, associates and joint arrangements to the extent that they will probably not reverse in the foreseeable future; and taxable temporary differences arinsing on the initial recoginition of goodwill.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. A deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized (Note 18).

1.17. TRADE AND OTHER PAYABLES

Trade and other payables are measured at amortized cost. As the impact of discounting is immaterial, trade and other payables are measured at the nominal value.

1.18. BORROWINGS

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Investment Holding has a contractual right (provided all covenants are fulfilled) to defer settlement of the liability for at least 12 months after the balance sheet date.

1.19. REVENUE RECOGNITION AND RESULT ON DISPOSAL

Revenue mainly includes sales of property development inventory and rental income.

Sale of Property Development Inventory
Revenue is recognised as control is passed to the customer, either over time or at a point in time.

Revenue is recognised in the income statement (on the line-item Revenue) based on the transaction price in the contract, which is the amount to which the Company expects to be entitled in exchange for the transfer of the property.

In accordance with IFRS 15, the company assesses on a case-by-case basis:

- Whether the agreement, the contract or the transaction falls within the scope of IFRS 15, including by taking into account the probability of the entity recovering the consideration to which it is entitled;
- Whether, under a contract, the sale of the land, the development and the commercialisation represent distinct performance obligations;
- Whether, for each obligation, the revenue is subject to a gradual transfer of control, particularly for projects which satisfy the third criterion defined by IFRS 15.36 (“Performance creating a specific asset and giving rise to an enforceable right to

payment for performance completed to date"), and must be recognised gradually.

In accordance with Belgian Breyne legislation, it is assessed that sold properties have no alternative use and that right to payment for the Company exists. For that, revenue from off-plan apartment sales is recognized over-time; i.e. through percentage of completion. In accordance with Polish local laws and legislation, revenue from off-plan apartment sales is deferred (i.e. deferred income) till the recognition at delivery; i.e. through revenue recognized at a point in time.

To the extent a contract contains elements of variable or contingent consideration, the Company will estimate the amount of variable consideration to which it will be entitled under the contract. A variable consideration is only included in the transaction price and will only be recognised to the extent it is highly probable that its inclusion will not result in significant revenue reversal in the future, when the underlying uncertainty has been resolved.

The property disposals might be structured as a sale of shares in a legal entity that holds the property. The sales of real estate projects structured as a sale of shares are presented in these financial statements in accordance with the substance and economic reality of the transactions and not merely with their legal form. Thus, the amount of inventories recognized as an expense during the period referred to as “Cost of Property Development Inventories sold” comprises costs directly related to the property development projects sold during the year. The revenue from sales of properties reflects the consideration transferred of the properties sold.

Rental income

Rental income from Investment Properties leased is recognized on a straight-line basis over the lease term. Lease incentives granted are recognized as an integral part of the total rental income (i.e. are spread over the lease term).

The Investment Holding did not enter into any financial lease agreements with tenants; all lease contracts qualify as operating leases.

Sale of Investment Property

Other operating income from the sale of investment property is recognized when the buyer obtains control of the property, for an amount to which the Company expects to be entitled in exchange for the transfer of the property.

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

When an Investment property project is disposed, the result on disposal is determined based on the difference between the sales value per date of disposal and the carrying/ fair value per books at year-end of the previous accounting year. When an Investment property project is disposed in the second half of the year, the result on disposal is determined based on the difference between the sales value per date of disposal and the carrying/ fair value per books at 30 June.

2. FINANCIAL RISK MANAGEMENT

2.1. FINANCIAL RISK FACTORS

Due to its activities, the Group is exposed to a variety of financial risks: including interest rate risk, price risk, credit risk and liquidity risk. Financial risks relate to the following financial instruments: trade receivables, and other, cash and cash equivalents, trade and other payables and borrowings. The Group may use derivative financial instruments on an ad hoc basis to hedge against the exposures arising from the individual transactions significant to the Investment Holding as a whole.

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

2.1.1 FOREIGN EXCHANGE RISK

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

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

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

In the above respect, the Group has over the past years issued significant amounts of Polish bearer bonds (with an outstanding amount of 1,202.4 MPLN as of 31/12/20). The Polish Zloty risk is for that mainly related to the mentioned PLN bond issues, some local contracts and the sale of residential projects.

In general, the Group mitigates its currency risk exposure by matching incoming and outgoing flows per currency as much as possible.

As stated, main net foreign currency position which the Company holds at the reporting date relates to the Polish bearer bonds in PLN for a (net) amount of 1,174.0 MPLN. A 10% strengthening/weakening of the EUR against the PLN rate at 31 December 2020 would resp. have increased/decreased the EBT by approx. 25.7 MEUR. This analysis assumes that all other variables (e.g. interest rates) remain constant.
In addition, trade payables in PLN are outstanding for an amount of 102.9 MPLN. A 10% strengthening/weakening of the EUR against the PLN rate at 31 December 2020 would resp. have increased/decreased the equity by approx. 2.3 MEUR. This analysis assumes that all other variables (e.g. interest rates) remain constant.

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

2.1.2 INTEREST RATE RISK

The Group actively uses external and internal borrowings to finance its property projects in Belgium, France, UK and Poland. A property project's external financing is usually in the form of a bank loan denominated in Euro or PLN (see Note 16). Since Ghelamco Invest Sp. z o.o. is issuing bearer bonds (of which 1,202.4 MPLN actually still outstanding per balance sheet date), Polish projects can also be partly financed through the proceeds of these bonds. The same goes for Belgium since the bond issues (of which 273 MEUR actually still outstanding per balance sheet date).

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

- The **bank financing** structure reflects major project investment phases (acquisition of land, construction and holding of the properties) as follows, and usually structured within the involved project entity:
  - Land acquisition loans (usually provided for a term of two years). The interest is payable at market floating rates (from 1 up to 6 months) increased by a margin.
  - Construction loans provided until completion of construction and obtaining of the exploitation permit (usually for a term of about two years). The interest is calculated at market floating rates (from 1 up to 6 months) increased by a margin and mostly capitalized in the construction loan. The land acquisition loan is at this stage integrated in the construction loan.
  - Once the property is completed, leased and meets all ongoing covenants, the construction financing is swapped into an investment loan, usually provided for a period of five years beginning from the signing of the investment loan agreement and repayable gradually with rental income or fully upon sale of the property. The banks are usually willing to offer investment loans up to an amount that reflects 65% to 70% of the property's market value. The interest is usually a mix of floating and fixed rates. In addition, the capital is reimbursed at a level between 4% and 7% per annum (on average), usually payable on a quarterly, half-yearly or yearly basis together with the accrued interest.

- **Bonds for the Polish projects** (issued on the Ghelamco Invest Sp. z o.o. level): 1,202.4 MPLN proceeds from bond issues with a term of 3.5 to 5 years and bearing an interest of Wibor 6 months + 3.6%-5% or a fixed interest at 5.5%-6.1%; proceeds of which can be used over the resp. project development stages.

- **Bonds for the Belgian and French projects** (issued on the Ghelamco Invest NV level);
  - 70.9 MEUR EMTN bond issue due 14 June 2021 and bearing an interest of 4.125%,
  - 33 MEUR EMTN bond issue due 23 May 2022 and bearing an interest of 4.5%,
  - 47.4 MEUR EMTN bond issue due 20 November 2022 and bearing an interest of 4.3%,
  - 54.2 MEUR EMTN bond issue due 20 November 2024 and bearing an interest of 4.8%
  - 47.5 MEUR EMTN bond issue due 3 July 2023 and bearing an interest of 5.5%,
  - 20 MEUR EMTN bond issue due 21 January 2027 and bearing an interest of 4.25%.

Proceeds of the bonds can be used over the resp. project investment stages.

Since end 2019, the Company also has a 3-year commercial paper programme in place, for a maximum amount of 35 MEUR and bearing an interest rate of Euribor 3 monhts +2% margin.

- The Group actively uses **intra-group borrowings** provided by the Financing Vehicles acting as financial intermediaries (mainly Milovat and Salamanca Capital Services Ltd per 31 December 2020 and 2019) to finance the property projects in Poland, Belgium, France and UK. These intra-group loans bear interest at market floating interest rates and are fully eliminated from these IFRS consolidated financial statements.

For sensitivity analysis, reference is made to Note 16 on interest-bearing loans and borrowings.

2.1.3 OPERATIONAL RISK (PRICE RISK IN FIRST INSTANCE)

Price risk

Raw materials, supplies, labour and other costs directly related to the construction process constitute a major part of the property development assets capitalized in the accounts of the Group's project companies.
Although construction prices may substantially vary during each accounting year, the Group succeeds in reducing its operational risk by either entering into fixed price contracts or into open book contracts with related and unrelated companies.
Property projects are usually realized in cooperation with parties related to the Group (see Note 29.2).

Market research

Before starting an investment, the Group's management teams have performed their market research, comprising the following:

- status of the project's current zoning (and in the forthcoming case timing for necessary rezoning)
- attitude of the local government towards a particular project
- are comparable projects being launched (timing and location)
- type of potential buyers/tenants - reasonable delivery date of the project
- projected sale/lease prices at the date of delivery
- yield expectations at that time
- time frame to achieve 50%-60% leasing level

Permit risk

A detailed advance study of the existing master plan or zoning plans substantially reduces the risks on obtaining building permits. On this issue, it is the Group's policy to closely monitor new construction regulations or esthetical preferences of the city authorities. One should of course differentiate between the type of projects, their location and specific country principles.

Construction risk

Construction risks are monitored by the Consortium in-house engineers. They define the construction cost as from the date of the feasibility study and take full responsibility for material discrepancies. Therefore, fine-tuning of budgets, choice of materials, construction techniques and construction prices is a constant process within the Consortium. This avoids cost overruns and delivery delays.
The Group also maintains full control over the building site coordination of (sub) contractors.

Engineering risk

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

Financing risk

The Group relies since more than 10 years on framework agreements with the majority of its banking partners. The parameters of the framework can vary due to economic circumstances, but remains workable as a whole. Before starting up the construction works (or contracting with subcontractors), the Group expects to have received already a (non-)binding term sheet from its banking relations.
The Group has in addition been able to call upon alternative financing through the issue of bonds in Belgium (273 MEUR unsecured bonds are outstanding as of 31 December 2020) and Poland (1.202,4 MPLN bearer bonds outstanding as of 31 December 2020). Since recently the Group has also access to a 3-year commercial paper programme. Commercial paper outstanding as of 31 December 2020 amounts to 35 MEUR.

Commercial risk

Certain major projects require (internal) pre-lease levels, depending on different parameters, mostly triggered by the project's (large) scale, changed market circumstances or project type. Smaller projects are started up without pre-leases. This set-up immediately triggers the intense involvement of both the Consortium's internal commercial departments and its external brokers. So far, the Group's track record shows a significant leasing level (of already 50% or more) before the end of construction works.

Investment market risk

Each developer or investment fund is influenced by the currently applicable yield expectations. Therefore, good project timing is essential. While securing the construction financing, the Group also negotiates a binding transition from construction loan into investment loan. This allows us to keep the property in portfolio and to wait for attractive offers of investors.

2.1.4 CREDIT RISK

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

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

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

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

Trade receivables and contract assets:
The Group's exposure to credit risk is influenced mainly by individual characteristics of each customer. However, management also considers the factors that may influence

the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

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

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be default when:

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

Given the nature and specific characteristics of the Group's business, no concentrations of credit risks are to be mentioned. No significant allowances for non-payment were necessary in the current or previous year.
For further analysis, reference is made to note 11.

2.1.5 LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to meet the Group's liquidity needs. Due to the dynamic nature of the underlying business activities, the Group actively uses external and internal funds to ensure that adequate resources are available to finance the Group's capital needs. The Group's liquidity position is monitored by management, based on 12 months rolling forecasts.

The maturity analysis for financial liabilities that shows the remaining contractual maturities is presented in Note 16.

We also refer to note 13 and 16 where the available financing is described.

2.1.6 ECONOMIC RISK

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

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

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

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

- The interruption or slow-down of work on construction sites of resp. projects: Ghelamco's management has adopted stringent health and safety measures on its construction sites. The constant monitoring of these measures has to date ensured that the anticipated and contractual delivery dates of the current projects (mainly Silver Tower in Brussels, Focus/PwC in Diegem, HUB, Warsaw UNIT, Foksal 13/15 and Flisac in Poland) to Ghelamco's tenants or owners (for Flisac and Foksal 13/15) are maintained.

- Lower demand for office spaces and/or changed expectations from tenants regarding working environment: Ghelamco is aware that the crisis may accelerate evolutions in the use and need of real estate. In this respect, it is expected that in the offering of office space, strong attention should be paid to flexibility (combination with teleworking), social distancing, health (ventilation, …). Ghelamco has always focused on R&D and innovation in order to ensure the realisation of qualitative projects, to comply with the constant evolution in expectations or needs as to comfort, health, flexibility, safety, …
  Ghelamco has e.g. created the co-working concept of MeetDistrict, providing great flexibility to clients in terms of needed office space, meeting rooms, duration of lease contract, related services and equipment. Furthermore, significant parts of development projects which are currently under construction or in the pipeline are already pre-let (Focus/PwC: 100%, HUB approx. 85%, Warsaw UNIT approx. 45%).
  Ghelamco's management is confident that high quality real estate remains attractive to tenants and investors.

- Financial difficulties of tenants with affected business, which could have an impact on the Company's income and cash flow: Ghelamco's tenants are mainly reputable and credit-worthy national and international parties. There have been no significant lease terminations nor rent concessions granted to tenants and no important rent arrears were noted to date. Also, Ghelamco's income from tenants is as of 31 December 2020 only representing 28% of revenue.

- Valuation of investment properties and property development inventories:
  - Investment properties: In Belgium, positive fair value adjustments have been recognized on the Silver Tower project (15.8 MEUR), in connection with the closing of the sales transaction with Deka in November 2020, at a yield of 3.25%. In addition, positive fair value adjustments have been recognized on the Focus/PWC project, in connection with sales agreement with a third party investor which has been signed early March 2021, at a yield of 4.72%. Also, positive fair value adjustments have been recognized on the Knocke Village project (7.1 MEUR), in connection with the significant progress in the development process. These positive adjustments have been slightly compensated by a negative fair value adjustment (1.3 MEUR) on other projects a.o. reflecting the impact of the Covid-19 crisis on the main valuation parameters (mainly yields).
    For hotel and leisure projects only: In accordance with the Valuation Practice Alert of 02/04/2020 published by the Royal Institute of Chartered Surveyors ("RICS"), the independent real estate valuers' reports mention that the valuations have been prepared taking into account a "material valuation uncertainty", as defined by the RICS standards. As a consequence a lower level of certainty, and more prudency is required, with regard to the obtained valuations as would be the case in normal circumstances. For the Company this statement only relates

to the valuation of Knocke Village as of 31/12/2020.
And in Poland, main fair value adjustments have been recognized on the Warsaw HUB (+90,229 KEUR), Unique (+27,142 KEUR), the Warsaw UNIT (+8,940 KEUR), The Bridge (former Bellona Tower) (+7,894 KEUR), Abisal (+5,074 KEUR) and Woloska 24 (+3,138 KEUR), as a result of the current period's development and commercial efforts, slightly compensated by a negative fair value adjustment (-3.1 MEUR) on other projects, a.o. reflecting the impact of the COVID-19 crisis on the main valuation parameters (mainly yields).

- Property development inventories: construction works, the sale of residential units and planned development in relation to property development inventories have not been significantly impacted by Covid-19. Based on management's review, no impairment adjustments have been required to reduce the cost of property development inventories to its net realizable value as of 31 December 2020.

• Permits: Mainly in Poland, necessary administrative permits have been difficult to obtain during 2020 due to restrictions on the operation of many authorities caused by the COVID-19 pandemic. The risks concerned are mitigated to the extent possible by ongoing open discussions with the involved parties.

• Less easy access to financing and/or increased interest rates required by banks and financial markets, with a potential impact on liquidity: The availability of credit facilities during 2020 has significantly decreased, with banks tightening credit-granting criteria in response to highly volatile situation. The risks concerned are mitigated to the extent possible by ongoing open discussions with the involved parties. Still, Ghelamco currently has a sound spread of its financing sources, over different types of facilities: i.e. bank loans, (EMTN/Green) bonds, commercial paper and some other mezzanine financing. Belgian short-term bond repayment obligations have been refinanced early July with the next tranche only maturing in June 2021 and to date Ghelamco Invest NV has only drawn 67.5 MEUR within the 250 MEUR EMTN programme which was approved on 11 December 2019 (refer also to note 16.2). Polish short-term bond repayment obligations amounting to 141.9 MPLN are mainly covered through reservations of currently available funds and refinancing through new bond issues in Q1 2021.
Short-term bank loans primarily relate to Focus/PWC which will be redeemed upon the anticipated closing of the sale of the project in May 2021, Polish VAT bridging loans and loans which are covered through rental income and/or residential sales proceeds. Other short-term bank loans are currently in the process of being prolonged or have at the date of this report already been prolonged. As of 31 December 2020, the financing needs of Ghelamco in respect of the ongoing projects are sufficiently covered. Given the sound project pipeline, management continues to closely monitor its leverage and solvency ratios in accordance with its lender agreements, exploring the most optimal financing of its purchase commitments and ongoing development projects as well as timing of realization of projects. As of 31 December 2020, Ghelamco has been in compliance with its loan covenants (see compliance certificates available on the company's website).

2.2. CAPITAL RISK 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 management's focus is to a significant extent set on financial support of its expansion plans. In order to maintain or optimize the balance sheet structure, the Group may decide to issue bonds or similar financial instruments in the international financial markets. Group management closely monitors solvency, liquidity, return on invested capital and profitability levels during the year (at least at half-year and year-end) and at different stages of the cycle of the projects.
In the same respect, the Ghelamco European Property Fund was put in place end 2016. This enables the Group to transfer delivered projects which will be kept in portfolio for a longer period; and which for that purpose require different (long-term, 'loan to value', or even mezzanine (re-) financing).

The Group monitors capital/balance sheet structure primarily based on the solvency ratio. This ratio is calculated as total equity divided by the balance sheet total. The solvency ratios at 31 December 2020 and 2019 were as follows:

	2020	2019
Equity	997,457	876,259
Total assets	2,484,904	2,179,088
Solvency ratio	**40.14%**	**40.21%**

When also considering the cash balance of 65,040 KEUR as of 31 December 2020 (115,811 KEUR as of 31 December 2019), the (adjusted) solvency ratio would be at 41.2% (42.5% as of 31 December 2019).

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

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

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

Covenants are tested both at half-year and at year-end. As at 31 December 2020, the Issuer and the Guarantor have been in compliance with these covenants and most covenants show sufficient headroom, except for the solvency ratio with respect to Ghelamco

Group Comm. VA. Meeting the solvency ratio at both test points in 2021 will depend on various factors which are driven the operations of both Ghelamco Invest NV (approx. 37% of total real estate portfolio) and Granbero Holdings Ltd. (approx. 63% of total real estate portfolio) such as:

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

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

Based on its profit and balance sheet forecasts, management is confident that there are no material uncertainties to comply with the debt covenants in 2021 because of the following reasons:

- Anticipated closing of the sale of the Focus/PwC project in connection with the sales agreement which has been signed early March 2021
- Anticipated disposals of some sizable projects in Poland, for which currently firm interest is shown from investors or for which currently the negotiation process is already well advanced
- Significant expected sales and profit margins on the residential projects in Poland, for which revenue is recognized at delivery. Deliveries are currently ongoing.
- Significant expected sales (and related profit margins on the main Belgian residential projects (mainly Lake District in Knokke)
- Significant expected sales (and related profit margins) on the residential part of The Arc, sizable new project in London
- Further value creation on the Group's real estate portfolio, in connection with the Group's continued and sustained development and commercial efforts.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

Write-down of inventory

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

At the balance sheet date no write downs to net realizable value have been recognized on inventory items.

In 2019, write-downs to net realizable value for an amount of 3.9 MEUR were recognized on a limited number of inventory items, related to the adjustment of some commercial parameters.

Reference is made to section 10 for more information regarding the estimates considered for the valuation of inventory related to Eurostadium.

Income taxes

Given the diversity of its geographical locations, the Investment Holding operates within a thoroughly regulated environment. Deferred tax is determined based on each legal entity's tax position and is reviewed on each balance sheet date to take account of the impact of changes in the tax laws and the probability of recovery.

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

- Belgium: 25%
- France: 28%
- UK: 19%
- Poland: 19% (to 15% if some conditions are met)
- Russia: 20%
- Cyprus: 12.5%
- Spain: 25%

Fair value estimation

The carrying value less impairment write down of trade receivables and payables are assumed to reflect their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Investment Holding for similar financial instruments.

Derivatives are recognized at fair value in the balance sheet.

With respect to the determination of fair value of IP(UC), we refer to section 1.9 above and section 2.1.7.

4. LIST OF SUBSIDIARIES

Ghelamco Group Comm. VA subsidiaries and equity accounted investees included in these IFRS consolidated financial statements are as follows:

Entity description	Country	31/12/2020 % voting rights	31/12/2019 % voting rights	Remarks
GHELAMCO INVEST NV	**BE**	**99**	**99**	*****
The White House Zoute NV	BE	100	100	
Dock-Site NV	BE	99	99	*
Nepeta NV	BE	99	99	*
Eurostadium Events NV (former De Leewe III NV)	BE	99	99	*
Eurostadium Park NV (former Immo Simava 13 NV)	BE	99	99	*
Leisure Property Invest NV	BE	99	99	*
Waterview NV	BE	99	99	*
Leuven Student Housing NV	BE	99	99	*
Parking Leuven NV (former Ring Congress Centre NV)	BE	99	99	*
RHR-Industries NV	BE	99	99	*
Zeewind NV	BE	99	99	*
Docora NV	BE	99	99	*
Ring Multi NV (former Ring Retail NV)	BE	80	99	*** 4.2
MeetDistrict Gent NV	BE	80	99	*** 4.2
Ring Hotel NV	BE	99	99	*
Forest Parc NV	BE	99	99	*
Bischoffsheim Freehold NV	BE	99	99	*
Belalan Louise Leasehold NV	BE	99	99	*
Louise Freehold NV	BE	99	99	*
De Nieuwe Filature NV	BE	99	99	*
Pomme de Pin Expansion SAS	FR	100	100	
Société Immobilière de Courchevel SARL	FR	100	100	
Pomme de Pin SAS	FR	100	100	
Le Chalet 1850	FR	100	100	
Brussels Urban Invest NV	BE	99	99	*
Construction Link NV	BE	99	99	*
Kubel NV	BE	99	99	*
Filature Retail NV	BE	99	99	*
Carlton Retail NV	BE	50	50	**
Eneman & Co NV	BE	100	100	
Graminea NV	BE	99	99	*
Citrien NV	BE	99	99	*
Silver Tower NV	BE	0	99	4.2
Caboli NV	BE	99	99	*
Domein Culligan BV	BE	100	100	
DEREIF Brüssel Lloyd George S.à r.l.	LU	100	0	4.1
Viminalis BV	BE	85	0	4.1
Viminalis II BV	BE	85	0	4.1
225 City Ltd	UK	100	0	4.1
Ghelamco Mezz HoldCo BV	BE	100	0	4.1
Ghelamco Senior HoldCo BV	BE	100	0	4.1
225 City Road Ltd	UK	100	0	4.1
Scientia Holdings Ltd	UK	100	0	4.1

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Entity description	Country	31/12/2020 % voting rights	31/12/2019 % voting rights	Remarks
GRANBERO HOLDINGS Ltd.	**CY**	**100**	**100**	
Apollo Invest Sp. z o.o	PL	100	100	
Prima Bud Sp. z o.o.	PL	70	70	
Ghelamco Invest Sp. z o.o	PL	100	100	
Ghelamco GP 1 Sp. z o.o	PL	100	100	
Ghelamco GP 1 Sp. z o.o. Konstancin SKA	PL	100	100	
Ghelamco GP 1 Sp. z o.o. Port Żerański SKA	PL	100	100	
Ghelamco GP 8 Sp. z o.o. Dahlia SKA	PL	100	100	
Tilia BIS Sp. z o.o (former Ghelamco GP 1 SP. z o.o. Tilia SKA)	PL	100	100	
Innovation Bud Bis Sp. z o.o. (former Innovation SKA)	PL	100	100	
Sobieski Towers Sp. z o.o. (formerly Ghelamco GP 9 Sp. z o.o. Sobieski Towers Sp.k.)	PL	100	100	
Ollay Sp. z o.o. Market SKA	PL	100	100	
Erato Sp. z o.o. (former Ghelamco GP 1 Sp. z o.o. Erato SKA)	PL	100	100	
Oaken Sp.z o.o. Pattina SKA	PL	100	100	
Ghelamco GP 1 Sp. z o.o. Unique SKA	PL	70	70	
Octon Sp.z.o.o. PIB SKA	PL	100	100	
Ghelamco GP 1 Sp. z o.o. Vogla SKA	PL	100	100	
Ghelamco GP 5 Sp. z o.o. (former Fusion Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 11 Sp. z o.o. the HUB SKA (former Ghelamco GP 5 Sp. z.o.o. Sienna Towers SKA)	PL	100	100	
Ghelamco GP 4 Sp. z o.o. SBP SKA	PL	100	100	
Ghelamco GP 5 Sp. z o.o. Foksal SKA	PL	100	100	
Ghelamco GP 3 Sp. z o.o. (former Belle Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 7 Sp. z o.o. (former Power Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 7 Sp. z o.o. Postępu SKA	PL	100	100	
Ghelamco GP 2 Sp z o.o	PL	100	100	
Ghelamco GP 4 Sp. z o.o. (former Betula Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 2 Sp. z o.o. M12 SKA	PL	100	100	
Ghelamco GP 6 Sp. z o.o. (former Opportunity Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 6 Sp. z o.o. HQ SKA	PL	100	100	
Ghelamco GP 9 Sp. z o.o. Isola SKA	PL	100	100	
Ghelamco GP 8 Sp.z o.o.	PL	100	100	
Ghelamco GP 2 Sp. z o.o. Sigma SKA	PL	100	100	
Ghelamco Garden Station Sp.z o.o.	PL	99	99	
Creditero Holdings Ltd.	CY	100	100	
Ghelamco Gdanska Pl Sp. z o.o.	PL	100	100	
RE Commercial Services Sp.z o.o. (former Warsaw Spire Management Sp. z o.o.)	PL	0	100	4.4
Ghelamco GP 10 SP. z o.o. (former Chopin Project sp. z o.o.)	PL	100	100	
Ghelamco GP 2 Sp. z o.o. Synergy SKA	PL	100	100	
Ghelamco GP 5 Sp. z.o.o. Canna SKA	PL	100	100	
Ghelamco GP 10 Sp. z o.o. Azira SKA	PL	100	100	
Laboka Holdings Ltd	CY	100	100	
Esperola Ltd	CY	100	100	
Woronicza Sp. z o.o.	PL	100	100	
Milovat Ltd	CY	100	100	
P22 Lódz Sp. z o.o. Sp k	PL	50	50	*
Ghelamco GP 1 Sp. z o.o. Azalia SKA	PL	70	70	
Estima Sp. z o.o.	PL	70	70	
Laboka Poland Sp. z o.o.	PL	100	100	
Kemberton Sp. z o.o.	PL	100	0	4.1
Abisal Sp. z o.o.	PL	51	0	4.1

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Entity description	Country	31/12/2020 % voting rights	31/12/2019 % voting rights	Remarks
SAFE HOLDING BELGIUM NV	**BE**	**0**	**99**	**4.4**
Creletine Ltd.	CY	0	0	4.4
Logistic Park Ermolino Ltd.	RU	0	0	4.4
Millor Enterprises Ltd.	CY	0	0	4.4
Belyrast Logistics Ltd.	RU	0	0	4.4
Avalanti Holdings Ltd.	CY	0	0	4.4
Salamanca Capital Services Ltd.	CY	100	100	
Peridot SL	ES	48	48	

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

A brief description of the main subsidiaries' business activities is given below:

- **Ghelamco Invest NV**, is an investment holding in **Belgian, French and UK** real estate entities and also directly has a number of real estate projects on its own balance sheet.
- **Granbero Holdings Ltd** is an investment holding company that directly and indirectly owns equity interests in **Polish** real estate entities of the Investment Holding.
- Peridot SL, Salamanca Capital Services Ltd, Milovat Limited are all **Financing Vehicles** used in the Consortium's financial activities.

Real estate acquisitions and disposals (including plots of land) often involve the transfer of a company that holds the property and/or real estate activities.
Most Investment Holding entities (except for the Holdings, Sub-holdings and Financing Vehicles) are such special purpose real estate entities created to structure real estate transactions (acquisition of land and real estate investment activities).

The summary of incorporations, acquisitions and disposals of subsidiaries (and other business units) realized by the Group during the year ended on 31 December 2020 is presented below. These acquisitions and disposals of subsidiaries are treated in accordance with the accounting policy as described in section 1.5.2 and 1.5.3.

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4.1. ACQUISITIONS OF SUBSIDIARIES

In the first half of March 2020, the Group has signed agreements in connection with the acquisition of a land plot in London, City Road for the future development of a mixed offices and residential project. Acquisition price amounted to 75 MGBP (excl. VAT, stamp duties, transfer of IP and other related expenses). Closing of the deal (and transfer of ownership) took place on 6 November 2020. In connection with the financial and commercial structuring of the project, following new entities have been incorporated:

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

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

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

During 2020 the Group acquired 100% of the shares of Kemberton Sp. z o.o., and this way obtained a position in a real estate property, in view of the re-development of the property.

Also, in November 2020, the Group acquired 50% (plus one) of the shares of Abisal Sp. z o.o. in a cooperation with an external partner. Subsequently, this company has (indirectly) acquired the rights on a plot in Warsaw for the development of a commercial project of approx. 42,000 sqm lettable office and retail space. The transaction was based on an underlying property value of approx. 22.5 MEUR.

Past acquisitions have, in accordance with what has been stated in section 1.5.2 above, been booked as the purchase of investment property and have been considered as investing cash (out-)flow items. Also in accordance with what has been stated in section 1.5.2, in these acquisition no significant other assets and/or liabilities have been acquired than the items booked in investment property.

In the course of 2020 also some other, new SPV's have been acquired or incorporated and are (directly or indirectly) held for 100% by the Company. All have in addition been acquired or incorporated for (directly or indirectly) holding future real estate developments. These transactions have had limited to no impact on the Company's 2020 consolidated financial statements.

4.2. DISPOSAL OF SUBSIDIARIES

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

4.3. MERGERS AND LIQUIDATIONS OF SUBSIDIARIES

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

4.4. TRANSFER OF SUBSIDIARIES TO RELATED PARTIES

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

On 1 October 2020, 20% of the shares of Ring Multi NV have been sold to Ghelamco European Property Fund NV. At the same time, the buyer has been granted an in the money option for the remaining 80% of the shares and the right to appoint one director. In accordance with the transfer of control, the investment property has been disposed. The transaction was based on a transaction value of 20.9 MEUR and resulted in a loss on disposal of investment property of 1.2 MEUR. At closing also an amount of 11.9 MEUR of bank loans has been transferred.
Further reference is made to Note 29.3 – Acquisitions and disposals of shares and other related party transactions.

On 23 January 2020, 100% of the shares of Ghelamco PL Management Sp. z o.o., have been sold to Hanseta Holdings Limited, related party of the Company. The share price amounted 1,000 PLN. The transaction resulted in a gain of 658 KEUR in the Company's 2020 consolidated financial statements.

In November 2020, the Group sold the shares of Safe Holding Belgium NV to Ghelamco European Property Fund NV. Safe Holding Belgium NV holds the following subsidiaries:

- Avalanti Holdings Ltd (CYP): owns a plot of land in Cyprus, Limassol Omonoia Street, for the development of an approx. 5,000 sqm mixed office/retail project
- Creletine Ltd (CYP): holding 100% of the shares of Ermolino Ltd, Russian entity holding a land plot
- Millor Enterprises Ltd (CYP): holding 100% of the shares of Belyrast Logistics Ltd, Russian entity holding the delivered and leased Dmitrov Logistic Park project (approx. 243,000 sqm of logistic space (including ancillary office accomodations)

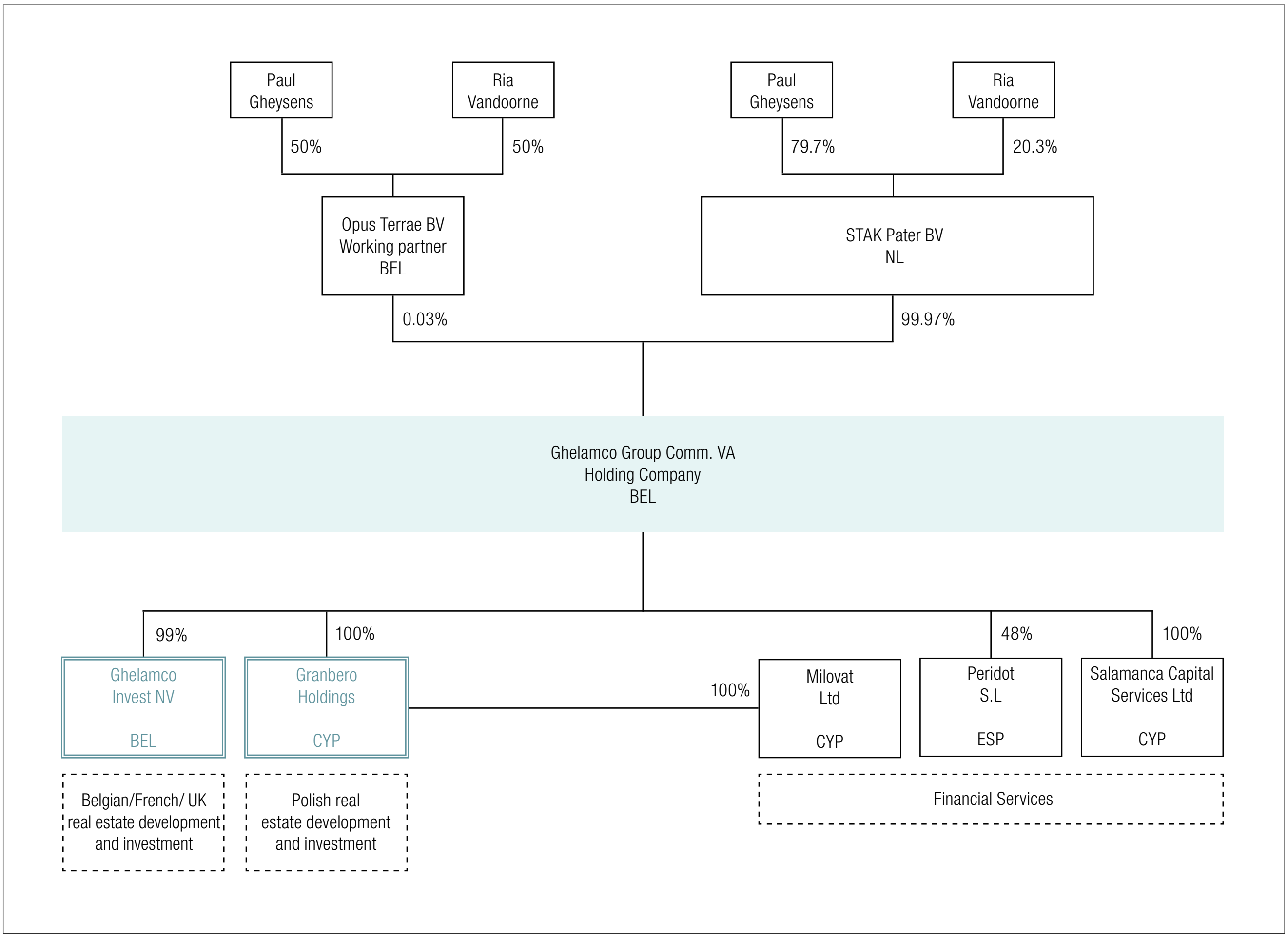
in the northern part of the Moscow Region

The share transaction was based on the fair value of the projects/land plots per 30 June 2020. The divesture of this portfolio fits in the Group's evolved strategy to geographically focus on the Belgian, Polish and London market. This sales transaction had little to no impact on these consolidated financial statements. In connection with the transactions, an amount of 73.8 MEUR of bank loans has also been disposed/transferred.

For the remainder, no other (share) transactions with related parties took place in 2020.

5.1. INVESTMENT HOLDING AS PER 31 DECEMBER 2020

5.
GROUP STRUCTURE



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

GHELAMCO INVEST NV
BEL

100%	The White House Zoute NV - BEL
99%	Dock-site NV - BEL
99%	Brussels & Regional NV - BEL
99%	Nepeta NV - BEL
99%	Eurostadium Events NV - BEL
99%	Eurostadium Park NV - BEL
99%	Eurostadium Offices NV - BEL
99%	Eurostadium Parking NV - BEL
99%	Eurostadium Storage NV - BEL
99%	Eurostadium Foot & Hospitality NV - BEL
99%	Pavilion NV - BEL
99%	Ghelamco Campus NV - BEL
100%	Pine projects S.à.r.l - LUX

100%	Pomme de Pin Expansion SAS - FRA

100%	Société Immobilière de Courchevel SARL - FRA
100%	Pomme de Pin SAS - FRA
100%	Le Chalet 1850 - FRA

99%	Leisure Property Invest NV - BEL
99%	Waterview NV - BEL
99%	RHR-Industries - BEL
99%	Zeewind NV- BEL
99%	Ring Hotel NV - BEL
99%	Parking Leuven - BEL
99%	Docora NV - BEL
11%	Artevelde-Stadion CV - BEL
80%	Ring-Multi NV - BEL
99%	Forest Parc NV - BEL
99%	Leuven Student Housing - BEL
99%	Graminea NV- BEL
99%	Citrien NV - BEL
100%	Verbena BV - BEL
85%	Viminalis BV - BEL
85%	Viminalis II BV - BEL
100%	225 City Ltd - UK
100%	Ghelamco Mezz HoldCo BV - BEL

100%	Ghelamco Senior HoldCo BV - BEL

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

100%	De Nieuwe Filature NV - BEL
99%	Filature Retail NV - BEL
99%	Bischoffsheim Freehold NV - BEL
99%	Belalan Louise Leasehold NV - BEL
99%	Louise Freehold NV - BEL
80%	Meetdistrict Gent NV - BEL
99%	Brussels Urban Invest NV - BEL
99%	Construction Link NV - BEL
99%	Caboli NV - BEL
99%	Kubel NV - BEL
100%	Eneman & Co NV - BEL
50%	Carlton Retail NV - BEL(*)
100%	Domein Culligan bv - BEL
100%	DEREIF Brüssel Lloyd George S.à.r.l. - LUX

(*)19% owned by Ghelamco Invest; and
31% owned by RHR

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5.3. POLISH REAL ESTATE DEVELOPMENT AND INVESTMENT AS PER 31 DECEMBER 2020

GRANBERO HOLDINGS LTD
CYP

100%	Milovat Ltd - CYP
100%	Ghelamco Invest Spzoo - POL
70%	Prima Bud Sp. z.o.o. - POL
100%	Apollo Invest Sp. z.o.o. - POL
100%	Innovation Bud Bis Sp. z.o.o. - POL
100%	Oscroft Sp. z.o.o. - POL
100%	Orrin Sp. z.o.o. - POL
100%	Oaken Sp. z.o.o. - POL
70%	Pianissima Sp. z.o.o. - POL
100%	Woronicza Sp. z.o.o. - POL
100%	Qanta Sp. z.o.o. - POL
100%	Erato Sp. z.o.o. - POL
100%	Ghelamco GP 1 Sp. z.o.o. - POL
100%	Ghelamco GP 2 Sp. z.o.o. M12 S.K.A. - POL[2]

100%	Ollay Sp. z.o.o. Market S.K.A. - POL

100%	Oaken Sp. z.o.o. Pattina S.K.A. - POL

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

100%	Creditero Holdings - CYP
100%	Esperola Ltd - CYP
51%	P22 Lódz Sp. z.o.o. - POL[12]
100%	Ghelamco GP 5 Sp. z.o.o. - POL
100%	Ghelamco GP 3 Sp. z.o.o. - POL
100%	Ghelamco GP 4 Sp. z.o.o. - POL
100%	Ghelamco GP 10 Sp. z.o.o. - POL
100%	Ghelamco GP 7 Sp. z.o.o. - POL
100%	Ghelamco GP 2 Sp. z.o.o. - POL
100%	Ghelamco GP 6 Sp. z.o.o. - POL
100%	Ghelamco GP 8 Sp. z.o.o. - POL
100%	Ghelamco GP 9 Sp. z.o.o. - POL
100%	Ghelamco GP 11 Sp. z.o.o. - POL
100%	Orston Sp. z.o.o. - POL
100%	Ghelamco GP 16 Sp. z.o.o.
100%	Laboka Poland Sp. z.o.o. - POL

	P22 Lódz Sp. z.o.o. Sp.k. - POL

100%	Octon Sp. z.o.o. PIB S.K.A. - POL

100%	Headland Holdings Polska Sp. z.o.o. - POL

47% 51%

	LAND S.A. - POL

100%	Laboka Holdings Ltd - CYP

100%	Ghelamco GP 1 Sp. z.o.o. Port Zeranski S.K.A. - POL[1]
70%	Ghelamco GP 1 Sp. z.o.o. Azalia S.K.A. - POL
100%	Ghelamco GP 1 Sp. z.o.o. Beta S.K.A. - POL[1]
100%	Ghelamco GP 1 Sp. z.o.o. Vogla S.K.A. - POL[1]
100%	Ghelamco GP 10 Sp. z.o.o. Azira S.K.A. - POL[10]
100%	Tilia Bis Sp. z.o.o. - POL
100%	Ghelamco GP 9 Sp. z.o.o. Isola S.K.A. - POL[9]
100%	Ghelamco GP 4 Sp. z.o.o. SBP S.K.A. - POL[4]
100%	Ghelamco GP 7 Sp. z.o.o. Postępu S.K.A. - POL[7]
100%	Ghelamco GP 2 Sp. z.o.o. Synergy S.K.A. - POL[2]
100%	Ghelamco GP 2 Sp. z.o.o. Zafina S.K.A. - POL[2]
100%	Ghelamco GP 8 Sp. z.o.o. Dahlia S.K.A. - POL[8]
100%	Ghelamco GP 17 Sp. z.o.o. Hotel S.K.A. - POL[17]
100%	MeetDistrict Sp. z.o.o. - POL
100%	Ghelamco GP 5 Sp. z.o.o. Canna S.K.A. - POL[5]
100%	Ghelamco GP 11 Sp. z.o.o. Epona S.K.A. - POL[11]
70%	Ghelamco GP 1 Sp. z.o.o. Unique S.K.A. - POL
100%	Ghelamco GP 1 Sp. z.o.o. Konstancin S.K.A. - POL[1]
70%	Ghelamco GP 1 Sp. z.o.o. Tarima S.K.A. - POL[1]
100%	Ghelamco GP 5 Sp. z.o.o. Foksal S.K.A. - POL[5]
100%	Ghelamco GP 2 Sp. z.o.o. Sigma S.K.A. - POL[2]
100%	Ghelamco GP 2 Sp. z.o.o. Eurema S.K.A. - POL[2]
100%	Ghelamco GP 6 Sp. z.o.o. HQ S.K.A. - POL[6]
100%	Ghelamco GP 11 Sp. z.o.o. the HUB S.K.A. - POL[11]
70%	Estima Sp. z.o.o. - POL
100%	Ghelamco GP 10 Sp. z.o.o. NCL B1 SKA - POL [10]
100%	Ghelamco GP 10 Sp. z.o.o. NCL B2 SKA - POL [10]
100%	Ghelamco GP 10 Sp. z.o.o. NCL B3 SKA - POL [10]
100%	Ghelamco GP 10 Sp. z.o.o. Arifa SKA - POL [10]
100%	Sobieski Towers Sp. z.o.o. - POL
99%	Ghelamco PL 17 spzoo w organizacji
99%	Ghelamco PL 18 spzoo w organizacji
99%	Ghelamco PL 19 spzoo w organizacji
100%	Kemberton Sp. z.o.o. - POL
51%	Abisal Sp. z.o.o. - POL

100%	NCL Hotel Sp. z.o.o. - POL

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

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

(1) remaining participation at general partner Ghelamco GP 1 Spzoo, (2) remaining participation at general partner Ghelamco GP 2 Spzoo,
(3) remaining participation at general partner Ghelamco GP 3 Spzoo, (4) remaining participation at general partner Ghelamco GP 4 Spzoo,
(5) remaining participation at general partner Ghelamco GP 5 Spzoo, (6) remaining participation at general partner Ghelamco GP 6 Spzoo,
(7) remaining participation at general partner Ghelamco GP 7 Spzoo, (8) remaining participation at general partner Ghelamco GP 8 Spzoo,
(9) remaining participation at general partner Ghelamco GP 9 Spzoo, (10) remaining participation at general partner Ghelamco GP 10 Spzoo,
(11) remaining participation at general partner Ghelamco GP 11 Spzoo, (12) remaining participation at Budomal Estate (not a Ghelamco company)
(17) remaining participation at general partner Ghelamco GP 17 Spzoo

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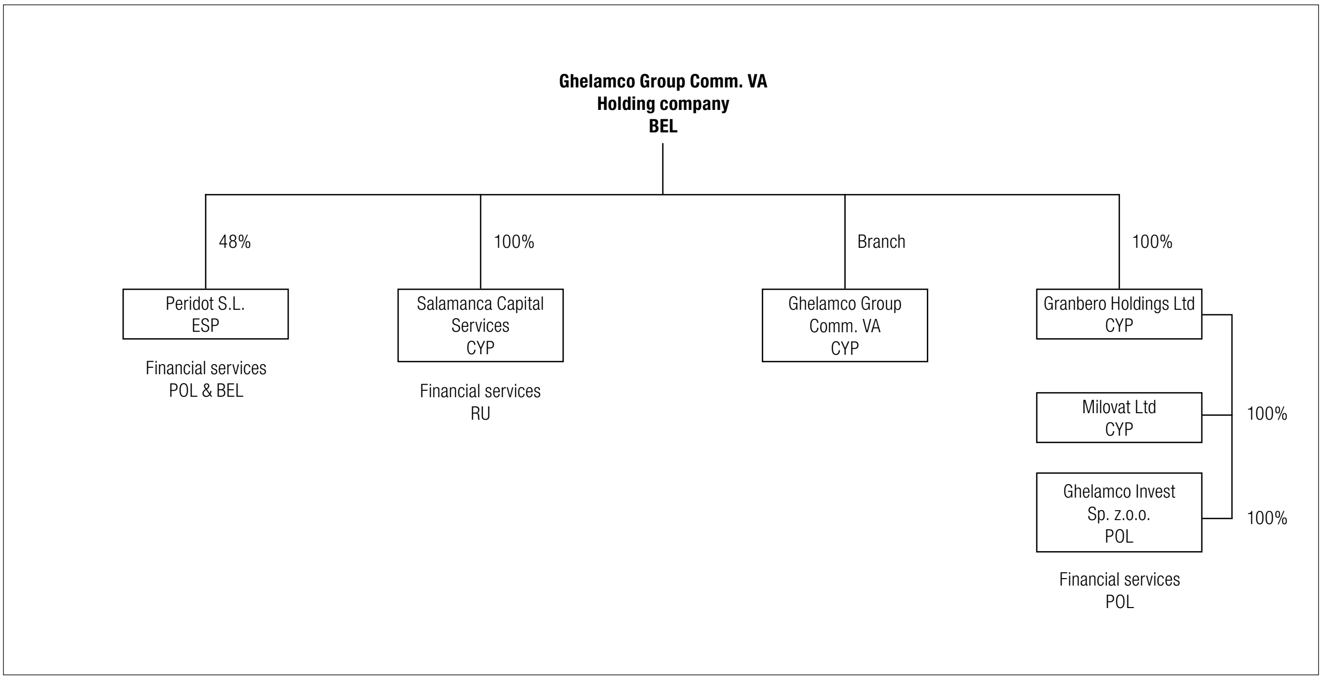
5.4. FINANCIAL SERVICES AS PER 31 DECEMBER 2020



6. INVESTMENT PROPERTY

The Investment Holding's current strategy is to keep commercial property for rental purposes while residential properties are dedicated for sale.
Plots of land, for which the management determines that the plot will be used in a project generating rental income, are classified as Investment Properties on 31 December 2020 and 31 December 2019.

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

A. Land without pre-permit approval, held for capital appreciation or undetermined use (fair value usually based on comparative method);
B. Land with pre-permit approval held for development and investment (fair value based on the potential of realising leasable sqm, based on the residual method);
C. Land + construction ongoing (fair value based on the residual method);
D. Completed Projects held for investment (fair value based on income/yield/DCF method).

Country + SPV	Commercial Name	Valuation	Cat	31/12/2020 KEUR	31/12/2019 KEUR
BELGIUM					
Leisure Property Invest/Ghelamco Invest	Knocke Village	Cushman	B/C	100,460	61,606
Ghelamco Invest	Wellness Hotel (former Zoute House)			0	26,039
Zeewind	Zeewind	Man	D	1,746	1,746
Ring Multi	Ghelamco Arena Multifunctional space			0	19,425
Meetdistrict	Meetdistrict business center			0	33,910
Bischoffsheim Leasehold + Freehold	Spectrum	Man	D	1,435	1,435
DNF/Filature Retail	Filature/Tribeca Retail	Man	D	4,650	4,675
Docora	Rafc Tribune 1 & 4	Man	D/C	77,266	52,379
Silver Tower	Silver Tower			0	108,062
Domein Culligan	PWC Offices			0	45,854
Viminalis	Antwerpen West	Man	B	42,253	
Brussel Lloyd George	Lloyd George	Man	B	45,429	
Subtotal Belgium				**273,239**	**355,131**
POLAND					
Apollo Invest	The Warsaw UNIT	Savills	C	181,094	108,651
Postepu SKA	Postepu Business Park	KNF	B	7,090	7,190
HUB SKA	The HUB	KNF	C/D	526,798	373,170
Sobieski SKA	Sobieski Tower	BNP	B	35,095	34,447
Market SKA	Mszczonow Logistics	Man	A	2,770	2,832
SBP SKA	Synergy Business Park Wroclaw	JLL	B	23,459	25,782
Isola SKA	The Bridge (Former Bellona Tower)	BNP	D/A	40,700	32,143
Sigma SKA	Wola project (former Chopin + Stixx)	Savills	B/D	46,510	44,335
Vogla SKA	Wilanow Retail/Plac Vogla	Savills	D/A	15,700	16,200
Dahlia SKA	Woloska 24	KNF	D	56,080	57,890
Synergy SKA	Craft (Katowice)	JLL	A	3,600	3,900
Azira SKA	Nowe Soho (Lodz)	BNP	C	27,199	27,891
Estima SKA	Kreo (Wadowicka Krakow)	BNP	C	10,272	9,121
Prima Bud Sp. z o.o.	Lomianki	Man	C/D	4,523	0
Abisal Sp. z o.o.	Abisal	Cresa	A	25,000	0
Unique SKA	Pl. Grzybowski	KNF	B	35,788	0
Right of use asset		Man	n/a	19,977	20,677
Subtotal Poland				**1,061,655**	**764,229**
RUSSIA					
Bely Rast e.a.	Dmitrov Logistic Park			0	142,000
Ermolino	Logistic Park Ermolino			0	7,446
Right of Use Asset				0	2,559
Subtotal Russia				**0**	**152,005**
TOTAL				**1,334,894**	**1,271,365**

Legend : Man = Management valuation, KNF = Knight Frank, JLL = Jones Lang Lasalle, CBRE = CBRE, Cushman = Cushman & Wakefield, BNP = BNP Paribas Real Estate, Savills = Savills, Cresa=Cresa

Balance at 31 December 2018	**1,034,988**
Acquisition of properties	150
Subsequent expenditure	233,739
Transfers	0
• Assets classified as held for sale	0
• Other transfers	0
Adjustment to fair value through profit or loss	143,995
Disposals	-169,405
Effect of movements in exchange rates	4,662
other	23,236
Balance at 31 December 2019	**1,271,365**
Acquisition of properties	107,607
Subsequent expenditure	289,489
Transfers	0
• Assets classified as held for sale	-96,934
• Other transfers	16,435
Adjustment to fair value through profit or loss	173,266
Disposals	-388,988
Effect of movements in exchange rates	-36,406
other	-940
Balance at 31 December 2020	**1,334,894**

Categories	A	B	C	D	Total
Balance at 1 January 2019	**98,414**	**148,225**	**402,875**	**385,474**	**1,034,988**
Acquisition of properties		150			150
Subsequent expenditure (*)	2,308	10,611	184,739	40,743	238,400
Transfers					0
- Assets classified as held for sale					0
- Other transfers	-59,000	28,081	-31,545	62,464	0
Adjustment to fair value	5,371	1,597	142,719	-5,692	143,995
Disposals	-772	-15,303	0	-153,330	-169,405
Other	0	0	0		0
Balance at 31 December 2019	**46,321**	**173,361**	**698,788**	**329,659**	**1,248,129**
Right of use asset					**23,236**
					1,271,635
Acquisition of properties	19,926	87,682	0	0	107,608
Subsequent expenditure (*)	1,109	7,862	219,749	24,363	253,083
Transfers	0	0	0	0	0
- Assets classified as held for sale	0	0	-96,934	0	-96,934
- Other transfers	0	34,131	-26,039	8,343	16,435
Adjustment to fair value	11,605	33,049	139,273	-10,661	173,266
Disposals	-6,891	0	-189,474	-190,305	-386,670
Other	0	0	0	0	0
Balance at 31 December 2020	**72,070**	**336,085**	**745,363**	**161,399**	**1,041,678**
Right of use asset					**19,977**
					1,334,894

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

Belgium

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

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

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

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

As the Wellness Hotel is considered as being part of the larger Knocke Village project, it has in the above overview been presented and included in the Knocke Village balance. This unique multi-functional leisure project will mainly consist of a Golf Hotel (featuring 150 hotel rooms and 200 branded residences) with ancillary facilities (like meeting and event space, a theatre, spa and fitness, multiple restaurants and bars, a medical centre, a cinema and other recreational leisure facilities), 2 golf courses with club house, driving range building and maintenance building, and the boutique Wellness Hotel on a separate site. The pre-permit masterplan ("RUP") has been received in May 2018. A positive advise on the environmental impact report ("MER") has been received end of January 2021 and the building permit request has been submitted early March 2021. As a result of Covid-19, the independent real estate valuers' report mention that valuation as of 31 December 2020 has been prepared taking into account a 'material valuation uncertainty', as defined by the RICS standard in accordance with the Valuation Practice Alert of 02.04.2020 published by the Royal Institute of Chartered Surveyors ('RICS').

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

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

Poland

In December 2020, a 2,300 sqm unit (approx. 45% of the total available space) in the Lomianki retail project has been sold to a food retailer at a sales price of 4.3 MEUR. On the transaction, a gain on disposal has been realized of 325 KEUR.

On the other hand, part of the project plot of Woloska 24 has been expropriated by the City of Warsaw. This expropriation did however not have an impact on the fair value of the project.

In connection with the progress in their resp. development processes, the Lomianki retail project and the Pl. Grzybowski project have been transferred from property development inventories to investment property. The Lomianki project is a shopping center of approx. 5,500 sqm with 153 above ground parking spots for which the construction works have been finalized in the course year and which has been delivered to the resp. tenants.

Also, in November 2020, the Company acquired 50% (plus one) of the shares of Abisal Sp. z o.o. in a cooperation with an external partner, this way obtaining control over the company and the future project. Subsequently, this company has (indirectly) acquired the rights on a plot in Warsaw for the development of a commercial project of approx. 42,000 sqm lettable office and retail space.

Main expenditures of the year have been incurred on the Warsaw HUB and the Warsaw Unit.

Russia

On 16 November 2020, the Dmitrov Logistic Park project and the Ermolino plot have been disposed and sold to Ghelamco European Property Fund NV. The sales transaction was based on the fair value of the resp. projects per 30 June 2020. The transaction had little to no impact on these financial statement. At closing also an amount of 73.8 MEUR of bank loans has been transferred.

For the right of use balance, which was recognized for the first-time in 2019 in connection with the adoption of IFRS 16, reference is made to note 18.

Assets held for sale

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

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

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

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

- Rental income 2020: 28,901 KEUR
- Rental income 2019: 29,278 KEUR

Rental income mainly relates to rent agreements in Belgium (Ring Multi (retail space in the Ghelamco Arena), Meetdistrict Gent and the RAFC stand in Antwerp), Poland (Woloska 24, The Warsaw HUB and Plac Vogla) and Russia (Dmitrov Logistics Park) till the date of disposal.

FAIR VALUE HIERARCHY

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

VALUATION TECHNIQUES

Income approach method:

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

Yield method or capitalisation model:

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

DCF method:

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

Residual valuation method:

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

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

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

SIGNIFICANT ASSUMPTIONS

For IFRS 13 purposes, IP(UC) projects are categorized in level 3.

The average yields (or capitalization rates) used in the expert valuations on 31 December 2020 are as follows:

- 4.35% to 8.50% for Polish projects, depending on the location, specifics and nature of the project (vs. 4.25% to 7.50% last year);
- 4.72% for Belgian office projects (vs. 3.60% to 8.00% last year), depending on the location, specifics and nature of the investment;
- 5.50% to 6.25% for Belgian retail projects (vs. 6.00% to 6.35% last year), depending on the location, specifics and nature of the investment; and
- 6.30% for Belgian multifunctional projects, depending on the location, specifics and nature of the investment.

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

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

- 12.5 EUR/sqm/month to 23.0 EUR/sqm/month for Polish office space (vs. 12.5 EUR to 23.0 EUR last year);
- 8.0 EUR/sqm/month to 55.0 EUR/sqm/month for Polish retail space (vs. 8.30 EUR to 45.0 EUR last year);
- 13.00 EUR/smq/month to 19.0 EUR/sqm/month for Polish hotel space;
- 165 EUR/sqm/year for Belgian office space (vs. 149 EUR/sqm/year to 165 EUR/sqm/year last year);
- 125 EUR/sqm/year to 250 EUR/sqm/year for Belgian retail space (vs. 75 EUR/sqm/year to 155 EUR/sqm/year last year); and
- 186 EUR/sqm/year for Belgian multifunctional projects, depending on the location, specifics and nature of the investment.

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

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

SENSITIVITY ANALYSIS

On 31 December 2020, the Investment Holding has a number of income producing investment properties which are valued at 688,198 KEUR (Zeewind, Filature Retail, RAFC stand, the Warsaw HUB partly, Woloska 24, Wilanow Retail and Lomianki). An increase/decrease of 100 basis points in the yield, with all other variables held constant, decreases/increases the value by approx. 116,758 KEUR.

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

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

7. PROPERTY, PLANT AND EQUIPMENT

in thousands €	Property, plant and equipment	
	31/12/2020	31/12/2019
Cost	1,145	1,466
Accumulated depreciation/amortisation and impairment	-873	-953
TOTAL	**272**	**513**

in thousands €	Property, plant and equipment
COST	
Balance at 1 January 2019	**1,459**
Additions	58
Additions from internal developments	
Acquisitions through business combinations	
Disposals or classified as held for sale	-53
Revaluation increase	
Effect of foreign currency exchange differences	2
Other	
Balance at 31 December 2019	**1,466**
Additions	573
Additions from internal developments	
Acquisitions through business combinations	
Disposals or classified as held for sale	-883
Revaluation increase	
Effect of foreign currency exchange differences	-11
Other	
Balance at 31 December 2020	**1,145**

in thousands €	
ACCUMULATED DEPRECIATION AND IMPAIRMENT	
Balance at 1 January 2019	**944**
Depreciation/Amortisation expense	67
Disposals or classified as held for sale	-53
Impairment losses recognised in profit or loss	
Reversals of impairment losses recognised in profit or loss	
Effect of foreign currency exchange differences	
Other	-5
Balance at 31 December 2019	**953**
Depreciation/Amortisation expense	72
Disposals or classified as held for sale	-147
Impairment losses recognised in profit or loss	
Reversals of impairment losses recognised in profit or loss	
Effect of foreign currency exchange differences	-5
Other	
Balance at 31 December 2020	**873**

8. INTANGIBLE ASSETS

in thousands €		Intangible assets
	31/12/2020	31/12/2019
Cost	8,012	7,796
Accumulated depreciation/amortisation and impairment	-4,047	-3,960
Total	**3,965**	**3,836**

The intangible assets balance mainly relates to the naming rights which the Investment Holding has since mid-2013 on the Ghelamco Arena in Gent. Balance is amortized over the duration of the contract; i.e. 10 years.

Furthermore, the Company has been implementing a new ERP system, which explains current year's (and last year's) significant additions.

in thousands €	Intangible assets
COST	
Balance at 1 January 2019	**6,824**
Additions	984
Additions from internal developments	
Acquisitions through business combinations	
Disposals or classified as held for sale	-14
Revaluation increase	
Effect of foreign currency exchange differences	2
Other	
Balance at 31 December 2019	**7,796**
Additions	1,171
Additions from internal developments	
Acquisitions through business combinations	
Disposals or classified as held for sale	-942
Revaluation increase	
Effect of foreign currency exchange differences	-13
Other	
Balance at 31 December 2020	**8,012**

in thousands €	Intangible assets
ACCUMULATED DEPRECIATION AND IMPAIRMENT	
Balance at 1 January 2019	**3,173**
Depreciation/Amortisation expense	787
Disposals or classified as held for sale	
Impairment losses recognised in profit or loss	
Reversals of impairment losses recognised in profit or loss	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2019	**3,960**
Depreciation/Amortisation expense	602
Disposals or classified as held for sale	-514
Impairment losses recognised in profit or loss	
Reversals of impairment losses recognised in profit or loss	
Effect of foreign currency exchange differences	-1
Other	
Balance at 31 December 2020	**4,047**

9. EQUITY ACCOUNTED INVESTEES

Investments in equity accounted investees amount to 32,859 KEUR as of 31 December 2020. The outstanding balance on the one hand relates to the (50%) participating interests in Carlton Retail NV, which is connected with the One Carlton high-end residential project in Knokke Zoute. On the other hand, as of 31/12/2020 also the remaining 80% stakes in Meetdistrict Gent NV and Ring Multi NV are included. On 1 October 2020, 20% of the shares of Meetdistrict Gent NV and Ring Multi NV have been sold to International Real Estate Services Comm. VA (IRS) and Ghelamco European Property Fund NV (GEPF) respectively. These transactions have led to the loss of control by the Group (see note 29.3 – Acquisitions and disposals of shares and other related party transactions). Also the (50%) participating interest in P22 Lódz Sp. z o.o., which is connected to a plot for the future development of an office project, is included in the investments in equity accounted investees.

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

	31/12/2020 Carlton Retail		31/12/2020 Ring Multi		31/12/2020 Meetdistrict Gent		31/12/2020 P22 Łódz	
Current assets	25,577		4,621		1,463		3,109	
of which cash and cash equivalents		113		48		222		1
Non-current assets	0		21,225		29,775		0	
of which investment property				21,225		29,775		
Current liabilities	151		3,776		2,687		610	
curr. fin. liab. (excl. trade and other payables and provisions)		0		1,123		1,783		606
Non-current liabilities	0		11,895		16,833		2,690	
non-curr. fin. liab. (excl. trade and other pay. and provisions)		0		11,895		16,833		2,689
Revenue	0		1,211		3,217		7	
Profit before income tax	322		337		-1,669		-17	
income tax expense (-) or income (+)	-100		-419		0		-4	
Profit of the year	222		-82		-1,669		-21	
Share in result of equity accounted investees	111		497		-2,204		-11	

The share of the Company in the result of equity accounted investees amounts to 100 KEUR as per 31 December 2020. In addition, current year's adjustment of the remaining participating interests in Meetdistrict Gent NV and Ring Multi NV to the (80%) proportion in the equity of resp. Ring Multi and Meetdistrict Gent amounts to -1,707 KEUR.

	31/12/2019 Carlton Retail	
Current assets	27,509	
of which cash and cash equivalents		168
Non-current assets	0	
Current liabilities	2,208	
curr. fin. liab. (excl. trade and other payables and provisions)		0
Non-current liabilities	0	
non-curr. fin. liab. (excl. trade and other pay. and provisions)		0
Revenue	4,925	
Profit before income tax	2,601	
Income tax expense (-) or income (+)	-818	
Profit of the year	1,783	

The share of the Company in the result of equity accounted investee amounted to 891 KEUR as per 31 December 2019.

		31/12/2019 P22 Lódz
Current assets	3,279	
of which cash and cash equivalents		107
Non-current assets	3	
Current liabilities	655	
curr. fin. liab. (excl. trade and other payables and provisions)		491
Non-current liabilities	2,812	
non-curr. fin. liab. (excl. trade and other pay. and provisions)		2,812
Revenue	8	
Loss before income tax	-12	
Income tax expense (-) or income (+)	4	
Loss of the year	-8	

The share of the Group in the result of the equity accounted investee amounted to -4 KEUR per 31 December 2019.

10. PROPERTY DEVELOPMENT INVENTORY

The Property Development Inventories amount to 364,351 KEUR on 31 December 2020 (2019: 283,282 KEUR) and are detailed as follows:

	31/12/2020	31/12/2019
Property Development Inventories	364,318	283,243
Raw materials	33	39
Finished goods	0	0
TOTAL	**364,351**	**283,282**

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

	31/12/2020	31/12/2019
Inventories – Poland	78,375	94,229
Inventories – Belgium	285,976	182,788
Inventories – Other countries	0	6,265
TOTAL	**364,351**	**283,282**

Property development inventories of the Investment Holding are located in Belgium and Poland.

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

	Carrying value (at cost) at 31 December 2020 - KEUR	Carrying value (at cost) at 31 December 2019 - KEUR
POLISH PROJECTS		
GROEN/Konstancin	6,053	5,656
Foksal 13/15	23,484	36,234
Port Zeranski	3,662	3,579
Erato (Danilowiczkowska)	3,472	3,627
Pattina Invest – Piasecno	3,161	2,962
P.I.B. Sp. z o.o. (Gora Kalwaria)	3,180	3,017
Woronicza - Q-Bik soft lofts	-	-
Innovation Bud Bis (former Signal)	21	23
Unique SKA (Pl Grzybowski)	-	8,228
Garden Station SP. z o.o.	1,343	1,372
Tillia – Flisac	21,017	11,798
Prima Bud - Lomianki	-	8,424
Kemberton	4,824	5,932
Abisal	2,638	-
Isola – residential part	1,467	
Azalia	162	
ROU - Property Development Inventories	2,968	3,293
Other	923	84
SUBTOTAL POLAND	**78,375**	**94,229**

	Carrying value (at cost) at 31 December 2020 - KEUR	Carrying value (at cost) at 31 December 2019 - KEUR
CYPRIOT PROJECTS		
Subtotal Cyprus	-	6,265
GRAND TOTAL	**364,351**	**283,282**

In Belgium the main current year expenditures have been done on:

- The Edition Zoute project in Knokke (49 serviced boutique apartments with commercial functions on the ground floor)
- The Senzafine project in Kortrijk (86 high-end apartments)

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

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

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

The main divestures/ sales in Belgium:

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

In Poland, the property development inventories decreased by 15,854 KEUR compared to prior year. The main movements were related to:

- the Foksal 13/15 balance (-12,750 KEUR to 23,484 KEUR) in connection with the delivery of the project and the related recognition of (sales and) cost of sales;
- the Flisac project (+9,219 KEUR to 21,017 KEUR) in connection with the progress of the construction works;
- the acquisition of the Abisal plot (+2,638 KEUR) in a cooperation with a third party, for the development of a commercial project of approx. 42,000 sqm lettable office and retail space; and
- the transfer of the Lomianki and the Unique projects (16,996 KEUR in total) to Investment Property.

The remaining movement is explained by development activities on several ongoing other projects. Reference is also made to note 6 for the updated right of use balance (2,968 KEUR per 31 December 2020) in accordance with IFRS 16.

The carrying value of inventories has been supported by feasibility studies based on the expected development scenario or recent sales transactions.
Further reference is also made to section 3.

As stated, on 16 November, the Avalanti plot in Limassol, Cyprus (allowing the future development of an approx. 5,000 sqm mixed office/retail project) hasve been disposed and sold to Ghelamco European Property Fund NV. The sales transaction was based on the on the fair value of the plot per 30 June 2020. The transaction had little to no impact on these financial statement.

For the Right of Use Asset balance which was recognized in connection with IFRS 16, reference is made to note 18.

Eurostadium Brussels

Ghelamco Invest has in 2014 subscribed to a public call to develop a stadium on Parking C. The 99-year leasehold right has been granted to the Company through notarial deed on 25 March 2016.

The request for an environmental permit ('Omgevingsvergunning') for constructing a multi-functional stadium has been rejected by the Flemish authorities in January 2018.

An administrative appeal launched against the abolishment of a neighbourhood road impeding progress of the project ('buurtweg') was rejected by the Flemish Government on 7 December 2017.

The Company has based on extensive analysis deemed that sufficient legal means are available to appeal against the refusal of the permit. In this respect, it submitted an appeal with the Council of Permit Disputes on 15 March 2018. The Council of Permit Disputes has on 27 August 2019 rejected the Company's appeal. In turn, the Company went into higher appeal (on points of law) before the Council of State (Raad van State) on 4 October 2019. The higher appeal has been rejected by the Council of State on 15 October 2020; meaning that the refusal of the original environmental permit is definitive. However the Company still has the possibility to submit a permit request for a revised project.

On 26 March 2018 the City Council of Brussels has granted the mandate to the College of Mayor and Aldermen to terminate the Eurostadium project. This mandate granted the College of Mayor and Aldermen three (not mutually exclusive) options to act, in conjunction with Brussels Expo: it might attempt to settle the case, it can sue in court to terminate or it might notify the European Commission. The mandate clarifies that the College of Mayor and Aldermen may adopt all acts required to pursue the aforementioned options. On 27 March 2018, Ghelamco has received an invitation from the side of the City of Brussels and the VZW PEB for a consultation meeting on how to deal with the decision to reject the building and environmental permit. However, the City of Brussels took further legal action on 18 December 2018 with the purpose of annulling or reneging on the leasehold agreement.

In the latter procedure, a conclusion calendar has been agreed between parties. Pleadings have been planned in February 2023.

The above-mentioned elements bring about some legal uncertainty on the concrete progress of the project. Despite this current uncertainty, the Board of Directors remains of the opinion that the currently capitalized expenses w.r.t. the Eurostadium-file (amounting to 23.6 MEUR as of 31 December 2020 and 31 December 2019) can be recovered through the outcome of the ongoing proceedings, either through execution of the leasehold agreement, or a new, revised permit request, or indemnification.

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

11.1. NON-CURRENT RECEIVABLES & PREPAYMENTS

	Note	31/12/2020	31/12/2019
Non-current			
Receivables from related parties	29.3	225,928	196,149
Trade and other receivables		16,431	15,510
Total non-current receivables and prepayments		**242,359**	**211,659**

NON-CURRENT RECEIVABLES FROM RELATED PARTIES

All non-current loans to related parties are granted for a term of 3 to 5 years.
Contractual interest rates on non-current receivables to related parties for 2020 were as follows: Euribor/Libor + margins in the range between 1% and 4%.

Non-current receivables from related parties primarily relate to loans granted by the Group to related parties outside the Investment Holding and to the controlling shareholder. These loans have been granted mainly for the financing of other projects under the control of the ultimate beneficial owners.

The increase compared to last year is to an extent connected with the disposal of Safe Holding Belgium NV to Ghelamco European Property Fund NV, resulting in an outstanding loan granted by Salamanca Capital Services Ltd in connection with the Dmitrov Logistic Parc and the Ermolino plot (37,478 KEUR).

Further reference is made to Note 29.3.

NON-CURRENT TRADE AND OTHER RECEIVABLES

Non-current trade and other receivables as of 31 December 2020 mainly consist of:

- A vendor loan of 4 MEUR in connection with the sale of the Ring Hotel project which has been sold to Van Der Valk hotel group early 2020;
- Master lease and rental guarantee retentions in connection with the disposal of Marynarska 12/T-Mobile Office Park: 267 KEUR;
- Capitalised rent free and agency fees at the level of Apollo Invest Spzoo, in connection with the leasing of the Warsaw Unit project: 1,321 KEUR;
- Capitalised rent free and agency fees at the level of Dahlia SKA, in connection with the leasing of the Woloska 24 project: 923 KEUR;
- Capitalised rent free and agency fees at the level of The Hub SKA, in connection with the leasing of the HUB project: 6,878 KEUR; and
- Other loans receivable: 2,842 KEUR.

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

11.2. CURRENT TRADE & OTHER RECEIVABLES

	Note	31/12/2020	31/12/2019
Current			
Receivables from related parties		945	11,363
Receivables from third parties		13,465	13,268
Less: allowance doubtful debtors (bad debt provision)			
Net trade receivables		**14,410**	**24,631**
Other receivables		15,817	13,270
Related party current accounts	29.3	188,928	130,537
VAT receivable		29,765	18,124
Prepayments		833	2,006
Interest receivable		72,887	39,862
Total current trade and other receivables		**322,640**	**228,429**

CURRENT TRADE AND OTHER RECEIVABLES

The carrying amounts of trade and other receivables reflect their fair values determined based on the future cash flows discounted at the prevailing rate for a similar instrument of an issuer with a similar credit rating.

Trade receivables from related parties (and prepayments, see below) include invoices for construction, engineering and other services as described in Note 29.2.

Current Accounts receivable from related parties mainly consist of:

- 162.1 MEUR vs. IRS Comm. VA
- 2.5 MEUR vs. Tallink Investments Ltd.
- 13.8 MEUR vs. Ghelamco European Property Fund
- 10.5 MEUR vs. Safe Holding Belgium NV

and relates to a short-term deposit of excess funds by the Group.

Other receivables to an extent relate to the advance payment of 5 MEUR in connection with the acquisition of 100% of the shares of Cogimes SA and Sogimes SA; companies holding land plots at the Culliganlaan in Diegem, for the future development of an office project. The closing of the acquisition has taken place on 26 February 2021.

PREPAYMENTS

The current year prepayments fully relate to down payments for the ongoing construction works in the Kreo office project in Krakow, whereas prior year prepayments mainly related to the residential Foksal and Flisac projects in Warsaw.

INTEREST RECEIVABLE

The interest receivable mainly consists of an amount of 60,105 KEUR from consolidated related parties (29,759 KEUR last year). The evolution compared to last year is attributable to the significant level of outstanding related party receivable balances and the timing of collection of outstanding interest receivables.

VAT RECEIVABLE

The outstanding balance as of 31 December 2020 mainly relates to VAT receivables in the following countries:

- Belgium: 4,014 KEUR
- UK: 16,960 KEUR (mainly related to the acquisition of the City Road plot in London early November 2020)
- Poland: 8,791 KEUR (mainly on the Warsaw UNIT, the Warsaw HUB, Woloska 24, Flisac, Plac Vogla/Wilanow Retail and Prochownia Lomianki).

The SPV's involved may either apply to the tax authorities for an immediate cash refund of the VAT receivables or may offset the VAT receivable against any VAT payables. VAT receivables are the result of VAT paid on their investment expenditures.

CREDIT RISK EXPOSURE AND IMPAIRMENT

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

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

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

As of 31 December 2020 and 2019, trade and other receivables disclosed above do not include significant amounts which are past due at the end of the reporting period and against which the Company has not recognized an allowance for doubtful receivables, as deemed necessary.

Based on the ECL analysis, the Company did not identify material impairment losses on the date of initial application or at year-end.

12. DERIVATIVES

There are no outstanding balances related to the market value of derivatives as of 31 December 2020 and 2019.

Also refer to section 2.1.1 above.

13. CASH AND CASH EQUIVALENTS

	31/12/2020	31/12/2019
Cash at banks and on hand	65,040	115,811
Short-term deposits		
	65,040	**115,811**

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for various periods not more than three months, depending on the Investment Holding's immediate cash requirements, and earn interest at the respective short-term deposit rates.

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

14. SHARE CAPITAL

	31/12/2020	31/12/2019
Authorized 35,908 ordinary shares without par value	28,194	28,194
issued and fully paid	28,194	28,194

At 31 December 2020 and 2019, the Company's direct shareholders are:

- **Stak Pater** (the Netherlands) - 99.97% (35,898 shares) (Dutch company).
- **Opus Terrae BV** (Belgium) - 0.03% (10 shares) (Belgian Ltd, acting as the working partner).

Mr. Paul Gheysens and Mrs. Ria Vandoorne are the ultimate beneficial owners of Pater BV and Opus Terrae BV.

14.1. DISTRIBUTION OF DIVIDENDS BY THE INVESTMENT HOLDING

No dividends have been distributed in the course of 2020 (and 2019).

14.2. NON-CONTROLLING INTERESTS

	31/12/2020	31/12/2019
Balance at beginning of year	7,866	7,955
Share of profit for the year	1,899	38
Acquistions/disposals	1,044	-127
Balance at end of year	**10,809**	**7,866**

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The increase in non-controlling interests is mainly related to Viminalis BV, project company holding a plot (and a recently delivered office building of approx. 6,700 sqm) at the Katwilgweg in Antwerp, Linkeroever in which the Company acquired shares in a 85%-15% cooperation. Also the 50% (plus one) non-controlling interest in Abisal Sp. z o.o., which has been acquired in November 2020, is included for the first time. As stated, Abisal has (indirectly) acquired the rights on a plot in Warsaw for the development of a commercial project of approx. 42,000 sqm lettable office and retail space.

15. RESERVES AND RETAINED EARNINGS

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

	Cumulative translation reserve	Retained earnings
At 1 January 2019	2,749	724,329
Cumulative translation differences (CTA)	1,361	
Dividend distribution to the ultimate shareholders		
Change in non-controlling interests		71
Change in the consolidation scope		-1,277
Other		0
Profit for the year		112,966
At 31 December 2019	**4,110**	**836,089**
At 1 January 2020	4,110	836,089
Cumulative translation differences (CTA)	9,736	
Dividend distribution to the ultimate shareholders		
Change in non-controlling interests		
Change in the consolidation scope		-297
Other		-1
Profit for the year		108,817
At 31 December 2020	**13,846**	**944,608**

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16. INTEREST-BEARING LOANS AND BORROWINGS

		31/12/2020	31/12/2019
Non-current			
Bank borrowings	16.1	577,978	394,716
Other borrowings - bonds	16.2	424,799	367,231
Other borrowings - other	16.3	17,369	4,892
Lease liabilities	16.4/18	21,304	24,082
		1,041,450	**790,921**
Current	16.1		
Bank borrowings	16.2	87,355	104,100
Other borrowings - bonds	16.3	99,637	140,295
Other borrowings - other	16.4/18	71,014	69,522
Lease liabilities		1,641	2,455
		259,647	**316,372**
TOTAL		**1,301,097**	**1,107,293**

16.1. BANK BORROWINGS

During the year the Group obtained new secured bank borrowings mainly expressed in EUR and withdraw on existing credit facilities for a total amount of 343.9 MEUR, large part of which are Euribor based. On the other hand, reimbursements and refinancings have been done for a total amount of 177.4 MEUR (mainly 88.1 MEUR in Belgium, 14.9 MEUR in Poland and 74.4 MEUR in Russia, in connection with the disposal of the Russian activities). This brings the total outstanding amount of bank borrowings to 665.3 MEUR (compared to 498.8 MEUR at 31/12/2019).

in KEUR	Bank Borrowings
Balance at 1 January 2020	**498,816**
Repayment of bank borrowings	-177,350
Proceeds from bank borrowings	343,867
Other	
Balance at 31 December 2020	**665,333**

For all countries: When securing debt finance for its (larger) projects, the Group always negotiates long-term agreements with its banks. Under these agreements, the bank swaps land acquisition loans (2-year term) into construction loans (additional 2 year term) and swaps construction loans into investment loans (mostly 5 years term) upon the fulfilment of pre-agreed conditions.

Most banking partners of the Group have accepted the above as a “framework” for past, current and future co-operation.

For the purpose of these financial statements, the Investment Holding treated its bank borrowings (or the maturing part of it) as current when the swap date from “acquisition loan into construction loan” falls within the next accounting year (see Note 1.18 and 2.1.2.).

At 31 December 2020, the Group has bank loans available to be drawn for a total amount of 245.6 MEUR which is merely related to the construction and facility agreement of 300.0 MEUR for the financing of the construction of the (mixed use office, hotel and retail) Warsaw Hub project and the construction and facility agreement of 135.9 MEUR for the financing of the construction of the Warsaw Unit project. The Warsaw Hub financing agreement has in March 2020 been renewed and increased (from 221 MEUR to 300 MEUR). In addition, the Group has agreed facility agreements of 130 MGBP for the financing of the Arc, first project in London, UK.

As stated above, the Ring Hotel in Ghent and Silver Tower in Brussels have in the course of 2020 been sold to third party investors. A significant part of current year's reimbursements is connected with the sale of these sizable Belgian projects. Also in the course of 2020, the remaining bank loan related to the Foksal residential project has been fully reimbursed (-6,921 KEUR), in connection with current year's sales.

With respect to the outstanding short-term borrowings, it is to be mentioned that in the course of 2021, part of remaining short-term debt will actually be reimbursed following the contractual terms and part will be prolonged or refinanced (e.g. through a swap to investment loan). In this respect, a significant part of the short-term balance per books is currently in the advanced process of prolongation and/or refinancing. In addition, the bank financing connected to the Focus/PWC project in Diegem (30.1 MEUR) will be reimbursed at the moment of sale of the project in May 2021.

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

				31/12/2020				31/12/2019
	<1 y	between 2 and 5 y	>5y	total	<1 y	between 2 and 5 y	>5y	total
Land acquisition loans	36,933	72,022		108,955	52,963			52,963
Construction loans	69,702	280,889	244,958	595,549	26,643	248,858	30,477	305,978
Investment loans	3,942	31,739	1,000	36,681	38,773	72,901	78,285	189,960
Financial lease				0				0
Total	**110,576**	**384,650**	**245,958**	**741,185**	**118,379**	**321,759**	**108,762**	**548,901**
Percentage	15%	52%	33%	100%	22%	59%	20%	100%

EXTERNAL BANK BORROWINGS BY CURRENCY

Main part of external bank borrowings are Euro denominated except for some VAT financing (PLN loans). In connection with the new activities in London, the bank borrowings related to the financing of the UK project is in GBP.

INTERESTS ON BANK BORROWINGS – INTEREST RATE RISK

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

On 31 December 2020, the Investment Holding had the following investment loan(s):

- Dahlia SKA: 33,246 KEUR loan granted by Deutsche Hypothekenbank, bearing an Euribor 3M based (+1.50% margin) interest rate. The debt is serviced by the rental income of the property (Woloska 24).
- Vogla SKA: 2,135 KEUR loan granted by Bank BGZ BNP Paribas, bearing an Euribor 1M based (+ 2.75% margin) interest rate. The debt is fully serviced by the rental

income of the property (Wilanow Retail).

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

- Belgium: between 1.5% and 3.00% (Euribor based)
- UK: 7% (Libor based)
- Poland: between 1.25% and 3.90%.

INTEREST SENSITIVITY ANALYSIS

An increase/decrease of 100 basis points in the (average) interest rates on the floating rate bank debt at the reporting date, with all variables held constant, would have resulted in a 6,110 KEUR lower/higher profit before tax for 2020. This sensitivity analysis excludes borrowing costs that have been capitalized.

16.2. OTHER BORROWINGS BONDS (424,799 KEUR LONG-TERM – 99,637 KEUR SHORT-TERM)

BELGIUM

Ghelamco Invest NV has on 24 June 2015 launched a new EMTN program for a maximum amount of 150 MEUR. First tap on this program has resulted in the issue of a first tranche of 79,100 KEUR and in December the remaining amount of 70,900 KEUR has been raised. The bonds, which are listed on Euronext, have as maturity date 3/07/2020 (first tranche) and 14/06/2021 (second tranche), bear an interest rate of 4.5% (first tranche) and 4.125% (second tranche) and are secured by a first demand guarantee from Ghelamco Group Comm. VA. The program was coordinated by Belfius, BNP and KBC. Both tranches have been underwritten by institutional investors and high-net-worth individuals. Since its bond listing on Euronext, Ghelamco Invest is formally considered as a Public Interest Entity (PIE), with related transparency, governance and reporting requirements to the benefit of the investors.

On 20 November 2017, the Company has again issued bonds for a total amount of 101,600 KEUR, within a second 250 MEUR EMTN program. First tap on this program resulted in the issue of a tranche of 54,200 KEUR with a 7 years term and bearing an interest of 4.8% and of a tranche of 47,400 KEUR with a 5 years term and bearing an interest of 4.3%. The bonds are secured by a first demand guarantee from Ghelamco Group Comm. VA. The transaction has been coordinated by KBC, BNP, Société Générale and ABN Amro as managers and has been underwritten by professionals and institutional investors.

Bond proceeds have partly (i.e. for an amount of 54,230 KEUR) been used for the early redemption of the existing 70 MEUR 2013 bonds, in connection with a tender offer on the latter bonds. The remainder of the proceeds has been used for further investments in the Company's core markets.

In addition, the Company has on 23 October 2018 issued bonds for a total amount of 33,000 KEUR within the same existing 250 MEUR EMTN bonds program. The bonds have as maturity date 23/05/2022, bear an interest rate of 4.5% and are secured by a first demand guarantee from Ghelamco Group Comm. VA. The transaction has been coordinated by KBC, BNP Paribas Fortis and Société Générale as managers and has been subscribed by professionals and institutional investors.

Furthermore, the Commission de Surveillance du Secteur Financier (the CSSF) has on 11 December 2019 approved the Company's new base prospectus relating to a new 250 MEUR EMTN programme, under the prospectus regulation in the Grand-Duchy of Luxemburg. The bonds under this new programme will be issued as 'green bonds', under the Company's new Green Finance Framework. Under its Green Finance Framework, the Company intends to issue green bonds that will finance and/or refinance the development and implementation of sustainable and energy efficient green building projects which will be certified with high standards by internationally-recognized verifiers, namely BREEAM Excellent or above, LEED Gold or above, DGNB Gold or above, and HQE Excellent or above, EPC Label A, and meeting the NZEB as defined by local building legislation across European countries. The Green Finance Framework has been rated by Sustainalytics, a leading independent ratings and analytics firm. Based on its analysis, Sustainalytics is in its Second Party Opinion of the opinion that Ghelamco's Green Finance Framework is credible, transparent, and aligned with the Green Bond Principles (GBP) 2018 and the Green Loan Principles (GLP) 2018.

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

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

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

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

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

On 14 June 2021, the bonds tranche of 70.9 MEUR which was issued under the 2015 EMTN programme will come to maturity. The redemption of this bonds tranche could be done through a new bonds issue under the above new Green EMTN programme, available cash or other bridging facilities, or a combination of these.

POLAND

On 27 February 2020, the Polish financial supervision authority (KNF) approved Ghelamco Invest Sp. z o.o.'s new Base Prospectus in connection with its new Bonds Issue Programme (number VIII) for an amount of max. 350,000 KPLN.

The Company has in the course of the current year (on 3 January, 10 January, 8 April, 16 July, 31 July, 12 August, 25 September, 30 September and 16 December 2020, via Ghelamco Invest Sp. z o.o.) within its pending programmes issued bonds (tranche PR, PQ, PPO, PPP1, PPP2, PPR, PPP3, PPP4, PS, PPS and PT) for a total amount of 489,889 KPLN. These bonds have a term between of 3 and 4 years and bear an interest of Wibor 6 months with a margin between 4.3% and 5.0% or a fixed rate between 5.0% and 6.1%. The bonds series are secured by a guarantee 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 programmes 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 an amount of 269,307 KPLN.

The effect of the evolution in the PLN/EUR exchange rate on the net movement in outstanding bonds amounts to 17.8 MEUR (negative).

Total bonds balance outstanding per balance sheet date (254,393 KEUR) represents the amount of issue (1,202.4 MPLN) less capitalized issue costs, which are amortised over the term of the bonds.

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

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

In March 2021, a number of bonds series (PG, PK and PL) have been redeemed for a total amount of 125,411 KPLN, through early redemption.

Summary of contractual maturities of (Belgian and Polish) bonds, including interest payments.

				31/12/2020				31/12/2019
	<1 y	between 2 and 5 y	>5y	total	<1 y	between 2 and 5 y	>5y	total
Belgian EMTN '15 1st tranche				0	80,880	0		80,880
Belgian EMTN '15 2nd tranche	72,362			72,362	2,925	72,363		75,287
Belgian EMTN '17 1st tranche	2,038	49,268		51,307	2,038	51,476		53,515
Belgian EMTN '17 2nd tranche	2,602	61,788		64,390	2,602	64,606	0	67,208
Belgian EMTN '18 1st tranche	1,485	33,619		35,104	1,485	35,228		36,713
EMTN bonds '20 1st tranche	2,613	51,419		54,031				
EMTN bonds '20 2nd tranche	850	3,400	20,921	25,171				
Polish bonds	43,642	245,139	0	288,782	75,911	178,979		254,890
TOTAL	**125,592**	**444,633**	**20,921**	**591,146**	**165,840**	**402,652**	**0**	**568,492**
	21%	75%	4%	100%	29%	71%	0%	100%

INTEREST SENSITIVITY ANALYSIS

An increase/decrease of 100 basis points in the (average) interest rates on the (Polish) floating rate bonds debt at the reporting date, with all variables held constant, would have resulted in a 2,455 KEUR lower/higher profit before tax for 2020.

16.3. OTHER BORROWINGS: OTHER (17,369 KEUR LONG-TERM –71,014 KEUR SHORT-TERM)

31/12/2020 - 88,383 KEUR

The other borrowings in EUR at 31 December 2020 include the following:

- 35 MEUR commercial paper (CP) issued by Ghelamco Invest NV, bearing an interest rate of euribor 3 months + 2% margin and with a term of 3 months (and extendable by/per 3 months). The CP was issued within a new 3-year Commercial Paper Programme for a maximum amount of 35 MEUR. The issue was fully underwritten by an external investor. On past maturity dates, the facility has been extended. On 7 February 2021, full amount of outstanding CP has been extended for another 3 months (i.e. until 7 May 2021).
- 10,000 KEUR long-term loan from a third party investor, related to some specific Polish projects, maturing on 31/03/2022 and bearing an interest rate of 6%;
- 18,000 KEUR short-term loans from third party investors, related to some specific Polish projects, maturing mid 2021 and bearing interest rates between 6.75% and 7.20%;
- 3,250 KEUR short-term loan from a third party investor, related to a specific Polish project;
- 13,680 KEUR short-term loan towards the partner in the newly acquired LAND project;
- 4,890 KEUR long-term loan from Ghelamco Poland Sp. z o.o.

31/12/2019 - 74,414 KEUR

The other borrowings in EUR at 31 December 2019 include the following:

- 35 MEUR commercial paper (CP) issued by Ghelamco Invest NV, bearing an interest rate of euribor 3 months + 2% margin
- 20 MEUR related to a short-term stand-alone private bond issued by Ghelamco Invest NV for an amount of 20 MEUR, bearing a fixed interest rate of 4.25% and with maturity date 21 January 2020. This bond has been underwritten by an external investor and has on maturity date been rolled over into a first tranche of Green bonds, within the new 250 MEUR EMTN bonds programme which was approved by CSSF on 11 December 2019.
- 11,000 KEUR short-term loan from a third party investor, related to some specific Polish projects, maturing on 30/06/2020 and bearing an interest rate of 5.50%
- 3,522 KEUR short-term loan from a third party investor, related to a specific Polish project
- Ghelamco Poland Sp. z o.o.: 4,890 KEUR

16.4. LEASE LIABILITIES

The lease liabilities (long-term and short-term) fully relate to non-cancellable leases for the land rights of the resp. Polish projects. These lease commitments have been recognised in accordance with the requirements of IFRS 6 "Leases". In this respect, further reference is made to section 1.7 above and note 18.

Summary of contractual maturities of lease liabilities:

		Poland		Russia
	2020	2019	2020	2019
Within 1 year	3,165	2,177	0	274
After 1 year but not more than 5 years	6,950	6,781	0	1,097
More than 5 years	117,106	116,269	0	8,149
TOTAL	**127,221**	**125,227**	**0**	**9,520**

Contractual maturities of Russian lease liabilities have per 31 December 2020 dropped to zero in connection with the disposal of Russian activities.

16.5. MISCELLANEOUS INFORMATION

The Investment Holding also has access to the following additional resources of financing:

- additional capacity on the debt ratio (the Investment Holding chooses to keep a substantial margin on the Loan to Value ratio);
- potential to take up further financing on completed projects based on Loan to Value (LTV) instead of Loan to Cost (LTC);
- access to alternative financing, mainly in the form of bond issues. In this respect reference is made the bearer bonds issues in Poland (1,202.4 MPLN total outstanding bonds at 31 December 2020) and to the resp. private and (regular or

green) EMTN bond issues Belgium (for a total outstanding amount of 273 MEUR at 31 December 2020).

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

- Bank borrowings are secured by amongst others the respective property development projects, including land and in-process construction, pledge on the respective SPV shares, etc. For corporate guarantees on bank loans, reference is also made to note 27.1.

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

- The Polish bonds are secured by a redemption surety granted by Granbero Holdings Ltd.
  The Belgian bonds are secured by a first demand guarantee by Ghelamco Group Comm. VA.

  In addition, the terms and conditions of the resp. bond issues have been complied with as of balance sheet date. For the Belgian bonds, reference is made to the related bi-annual covenant testing which is published on the Company's website.

The observed evolution in the above financial debt includes (except for the above mentioned foreign exchange movements) an immaterial amount of other non-cash movements, related to capitalized transaction costs which are amortized over the duration of the debts.

17. FINANCIAL INSTRUMENTS

Financial instruments (x € 1,000)	FVTPL	FVOCI	Measured at amortised cost/ fin. liabilities at amortised cost	Fair value	31/12/2020 Fair value level
Other financial investments					
Other financial assets			4,602	4,602	2
Non-current receivables					
Receivables and prepayments			242,359	242,359	2
Restricted cash					
Current receivables					
Trade and other receivables			290,602	290,602	2
Derivatives					
Cash and cash equivalents			65,040	65,040	2
Total Financial Assets	**0**	**0**	**602,603**	**602,603**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			577,978	577,978	2
Bonds Poland			225,656	225,514	1
Bonds Belgium (Euronext)			199,143	194,236	1
Other borrowings			17,369	17,369	2
Lease liabilities			21,304	21,304	2
Interest-bearing borrowings - current					
Bank borrowings			87,355	87,355	2
Bonds Poland			28,737	28,720	1
Bonds Belgium			70,900	68,493	1
Other borrowings			71,014	71,014	2
Lease liabilities			1,641	1,641	2
Current payables					
Trade and other payables			58,691	58,691	2
Total Financial Liabilities	**0**	**0**	**1,359,788**	**1,352,315**	

Financial instruments (x € 1,000)	FVTPL	FVOCI	Measured at amortised cost/ fin. liabilities at amortised cost	Fair value	31/12/2019 Fair value level
Other financial investments					
Other financial assets			4,379	4,379	2
Non-current receivables					
Receivables and prepayments					
Restricted cash			211,659	211,659	2
Current receivables					
Trade and other receivables			208,702	208,702	2
Derivatives					
Cash and cash equivalents			115,811	115,811	2
Total Financial Assets	**0**	**0**	**540,551**	**540,551**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			394,716	394,716	2
Bonds Poland			164,527	168,220	1
Bonds Belgium (Euronext)			202,704	205,260	1
Other borrowings			4,892	4,892	2
Lease liabilities			24,082	24,082	2
Interest-bearing borrowings - current					
Bank borrowings			104,100	104,100	2
Bonds Poland			61,445	63,653	1
Bonds Belgium			78,850	79,298	1
Other borrowings			69,522	69,522	2
Lease liabilities			2,455	2,455	2
Current payables					
Trade and other payables			90,339	90,339	2
Total Financial Liabilities	**0**	**0**	**1,197,632**	**1,206,537**	

The above tables provide an analysis of financial instruments grouped into Levels 1 to 3 based on the degree to which the fair value (recognized on the statement of financial position or disclosed in the notes) is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.
- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The fair value of interest bearing liabilities does not materially differ from carrying amount, since largest part relates to floating interest bearing debts. The fair value of long term interest bearing debts (in absence of published price quotations in an active market) is calculated as the present value of cash flows discounted at the relevant current market interest rates adjusted for a company-specific margin. The fair value of short-term interest bearing debts and floating interest-bearing debts is assumed equivalent to their carrying amount.

Largest part of the Investment Holding's interest bearing liabilities are mainly floating interest bearing debts, except for the Belgian bonds, which are fixed interest bearing.

We also refer to note 11.1 for the description of the fair value determination.

18. LEASES

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

Roll forward Right of Use Asset IFRS 16	Right of Use Assets Investment Property	Right of Use Assets Property Dev. Inventories	Total
In KEUR			
1/01/2019 initial recognition	**22,703**	**3,161**	**25,863**
Addition (new)	68	3	72
Disposal	0	0	0
Revaluation	465	129	595
Foreign exchange revaluation	0	0	0
31/12/2019	**23,236**	**3,293**	**26,530**
Addition (new)	1,524	95	1,619
Disposal	-2,559	-48	-2,607
Revaluation	-629	-118	-747
Foreign exchange revaluation	-1,597	-254	-1,851
31/12/2020	**19,977**	**2,968**	**22,945**

Roll forward lease liability IFRS 16	Non-current lease liability	Current lease liability	Total
In KEUR			
1/01/2019 initial recognition	**24,030**	**1,834**	**25,863**
Addition (new)	64	8	72
Payments	0	-1,371	-1,371
Interest charges on lease liabilities (*)	1,967	0	1,966
Classification non-curr. to curr. lease liab.	-1,984	1,984	0
31/12/2019	**24,077**	**2,455**	**26,530**
Addition (new)	1,549	71	1,620
Payment	0	-811	-811
Disposal	-2,338	-270	-2,608
Interest charges on lease liabilities (*)	63	0	63
Classification non-curr. to curr. lease liab.	-364	364	0
Foreign exchange revaluation	-1,683	-168	-1,851
31/12/2020	**21,304**	**1,641**	**22,943**

(*): included in other finance costs. Reference is made to note 25 Finance income and finance costs.

The Group has entered into non-cancellable leases for the land rights with basic lease terms of usually 99 years (Poland rights of perpetual usufruct). All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The average lease-term per end 2020 is approx. 78 years in Poland.

Current year's disposals in both lease liabilities and right of use assets are mainly connected with the disposal of the Russian activities in November 2020. Russian right of use assets (and related lease liabilities) per end of last year amounted to 2,560 KEUR.

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

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

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

To determine the incremental borrowing rate, the Group:

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

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

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

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

Further reference is also made section 1.7. above and notes 6,7,16 and 26.

19. DEFERRED TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. Deferred taxes arise mainly from the temporary differences in respect of valuation of IP(UC), external borrowing costs capitalized and tax losses carried forward.

in thousands €	31/12/2020	31/12/2019
Deferred tax assets	16,789	19,655
Deferred tax liabilities	-79,777	-65,156
TOTAL	**-62,988**	**-45,501**

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

In thousands €	Temporary differences		Unused tax losses and credits	
	Investment property	Other	Tax losses	Tax credits
Balance at 1 January 2019	**-40,394**	**-14,449**	**19,223**	
Recognised in income statement	-8,877	1,473	-2,117	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other		-360		
Balance at 31 December 2019	**-49,271**	**-13,336**	**17,106**	
Recognised in income statement	-19,547	676	8,250	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals	-4,528		-2,856	
Other		518		
Balance at 31 December 2020	**-73,346**	**-12,142**	**22,500**	**-**

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. Those future taxable profits are expected when selling/leasing/disposing currently owned projects at the last available market conditions. Current year's increased balance of recognised unused tax losses is based on updated tax planning, supporting the expected recovery of these losses in the foreseeable future.

Current year's investment property related deferred tax expense is attributable to the recognized fair value adjustments, to an extent compensated by a reversal of deferred tax liabilities in connection with the sale of the Silver Tower, Ring Multi and Meetdistrict. The in the current year disposed deferred tax (assets) balances relate to the disposal of the Russian activities.

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

in thousands €	31/12/2020	31/12/2019
DTA on unused tax losses	19,663	24,000
DTA on unused tax credits		
TOTAL	**19,663**	**24,000**

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

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

No deferred tax liability has been recognized on undistributed profits in the subsidiaries as the Investment Holding is able to control the distribution of profits and as such, distribution to the Investment Holding is not probable in the foreseeable future. It should in addition be noted that the distribution of dividends by Polish subsidiaries to the (Cypriot) Parent and by Belgian subsidiaries to the (Belgian) Parent would generate no tax charge. Further reference is made to note 1.16.

20. TRADE AND OTHER PAYABLES

Trade and other payables are analysed as follows:

	31/12/2020	31/12/2019
Trade payables: third parties	28,974	32,485
Trade payables: related parties	3,901	34,228
Related parties current accounts payable	9,497	9,271
Misc. current liabilities	23,972	22,325
Deferred income	17,577	14,136
Current employee benefits	100	224
Total trade and other payables	**84,021**	**112,669**

The evolution in third party trade payables is mainly related to the extent of construction works on projects carried out in the last months of the year.

Trade payables towards related parties include amongst others the amounts payable to the Development Holding for construction and engineering coordination services received. On 31/12/2020, the trade payables include 3,901 KEUR towards related parties (vs. 34,228 KEUR last year), as follows:

- IRS: 485 KEUR (447 KEUR last year)
- Apec: 820 KEUR (0 KEUR last year)
- CLD: 395 KEUR (784 KEUR last year)
- Ghelamco Russia: 0 KEUR (604 KEUR last year)
- Safe Invest Sp.z o.o.: 293 KEUR (1,676 KEUR last year)
- Ghelamco Poland Sp. z o.o: 161 KEUR (28,890 KEUR last year)
- Others: 1,747 KEUR (1,827 KEUR last year)

The related parties trade payables balance decreased significantly compared to prior year, mainly in connection with the decrease in outstanding balance towards Ghelamco Poland, which has been +/- fully settled per end 2020. Previous year's outstanding balance was mainly connected with construction works on projects carried out during the last months of the year (mainly The HUB and the Warsaw Unit).

The related parties current accounts payable mainly relate to a payable balance (8.2 MEUR) towards Carlton Retail, company which holds the land parts in the One Carlton residential project in Knokke, and which is included in these financial statements following the equity method.

Miscellaneous current liabilities mainly relate to interest payable (6.2 MEUR in total, of which 0.7 MEUR to related and 5.5 MEUR to third parties), VAT payable (1.6 MEUR), accruals (6.2 MEUR) and the postponed payment of part (4,025 KEUR; i.e. 25%) of the Antwerpen West acquisition price, which is conditional to the progress of the ongoing development process.

The outstanding deferred income is mainly related to deferred income from sales in the Flisac residential project (15,287 KEUR vs. zero last year) and from sales in the Foksal residential project (2,000 KEUR vs. 12,045 KEUR last year) and to some deferred rent income on commercial projects. The significant increase in the Flisac balance mainly goes together with the (commercial and construction) progress of the project. The decrease in the Foksal balance goes together with the ongoing delivery of the project and the resulting recognition of revenue (and cost of sales).

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

21. CURRENT TAX LIABILITIES

Current tax payables can be allocated to the following countries (in KEUR):
- Belgium: 10,022 KEUR (vs 9,222 KEUR last year)
- Spain: 63 KEUR (vs -362 KEUR last year)
- Cyprus: 3,489 KEUR (vs 2,640 KEUR last year)
- Poland: -80 KEUR (vs 0 KEUR last year)

Total current tax payable balance per 31 december 2020: 13,494 KEUR (vs 11,499 KEUR in 2019).

22. REVENUE

REVENUE IS MAINLY GENERATED FROM THE FOLLOWING SOURCES:

in thousands €	31/12/2020	31/12/2019
Sales of Residential Projects		
Projects Belgium	39,963	25,261
Projects Poland	20,224	950
Rental Income	28,901	29,278
Other	320	1,336
TOTAL REVENUE	**89,408**	**56,825**

The residential projects sales as of 31 December 2020 mainly relate to:
- Senzafine project in Kortrijk (11,130 KEUR): construction progress invoicing on 49 apartments (and 54 garages/parking spaces) which were sold in previous year as well as land parts and instalment invoicing on 10 apartments (and 11 garages/ parking spaces) sold in the current year. Deliveries are ongoing. Construction progress (and related instalment invoicing) is at 90% to 100% per 31 December 2020. Per date of the current report, the sales rate is at 85%;
- East Dune Oostduinkerke (7,251 KEUR): 18 apartments and 24 garages/parking spaces have been sold in 2020. Per date of the current report, the project is fully sold out.
- Sale of the available retail space in the Edition project in Brussels to an investor, for a sales amount of 2.4 MEUR
- Sale of a high-end villa at the Blinckaertlaan in Knokke Zoute for an amount of 12,850 KEUR
- Sale of a project in Antwerp for an amount of 4,300 KEUR
- Sale of apartments in the Foksal project (20,224 KEUR). Revenue (and related cost of sales) for the sold apartments has been recognised based on the signing of the hand-over protocols by the resp. buyers.

Rental income as of 31 December 2020 relates to rent from commercial projects in Belgium (6,924 KEUR vs 8,940 KEUR last year), Poland (10,757 KEUR vs 8,178 KEUR last year) and Russia till mid November 2020, i.e. the date of disposal of the Russian activities (11,220 KEUR vs 12,160 KEUR last year).

The rental income mainly relates to:

- Belgium: Ring Multi, Meetdistrict Gent and the RAFC stand.
- Poland: Warsaw HUB, Woloska 24 and Wilanow Retail/Plac Vogla.
- Russia: Dmitrov Logistics Park.

OVERVIEW OF FUTURE MINIMUM RENTAL INCOME

The cash value of future minimum rental income until the first expiry date of the non-cancellable leases is subject to the following collection terms:

in thousands €	31/12/2020	31/12/2019
Future minimum rental income:		
Less than 1 year	20,290	29,466
Between 1 and 2 years	27,029	44,329
Between 2 and 3 years	36,176	51.807
Between 3 and 4 years	38,186	53,742
Between 4 and 5 years	37,410	51,756
More than five years	174,066	412,260
TOTAL FUTURE MINIMUM RENTAL INCOME	**333,157**	**643,360**

The future minimum rental income decreased significantly compared to prior year. The decrease is mainly attributable to:

- the signing of a sales agreement for the Focus/PWC agreement with a third party investor early March 2021;
- the disposal of Meetdistrict Gent (flexible office space in the Ghelamco Arena) and Ring Multi (multifunctional space in the Ghelamco Arena) on 1 October 2020;
- the cancellation of the WeWork contract in the HUB project;
- to an extent compensated by an increase in the minimum rental income for the Warsaw UNIT due to an expansion signed by the tenant Warta in 2020.

23. OTHER ITEMS INCLUDED IN OPERATING PROFIT/LOSS

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

Other operating income	2020	2019
Net gains on disposal of investment property	6,535	17,744
Other	27,732	4,937
TOTAL	**34,267**	**22,681**

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

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

October 2020
- Gain on the sale of a 2,300 sqm unit (approx. 45% of the total available space) in the Lomianki retail project to a food retailer, at a sales price of 5.1 MEUR
- Loss of 2,350 KEUR on the expropriation of a small part of the plot of the Woloska 24 project.

In addition, some related party recharges (1,710 KEUR in Belgium) are included, the charge-through of fit-out expenses to tenants in the Warsaw HUB and the Unit (for approx. 7,180 KEUR), re-charge of fit-out expenses to the Brussels Region (14,941 KEUR), single tenant of the Silver Tower, which has been delivered and sold in Q4 2020 and the (50%) share in the result of the THV One Carlton (740 KEUR), which realises the construction part of the high-end residential project in Knokke. Also, the gain on the divesture of RE Commercial Services Sp. z o.o. (658 KEUR) to Hanseta Holding Ltd. is included. The remainder amongst others relates to some re-charges of real estate tax and co-owner expenses to tenants.

Last year's other operating income mainly related to the disposal of the following investment property projects:
- Arval: 978 KEUR
- Spectrum: 8,723 KEUR
- The Link: -556 KEUR
- Filature Retail commercial units: 269 KEUR
- .BIG: 2,236 KEUR
- Wronia: 2,210 KEUR
- Ukrainian land plots which have been sold to the Development Holding: 3,782 KEUR

	2020	2019
Gains from revaluation of Investment Property	173,266	143,995

Fair value adjustments over 2020 amount to 173,266 KEUR, which is mainly the result of current year's further engineering, development, construction and leasing efforts, in combination with evolution in market conditions (in terms of yields and rent rate levels).

In Poland, main fair value adjustments have been recognised on the HUB (90,229 KEUR), the Warsaw Unit (8,940 KEUR), Grzybowska/The Bridge (7,894 KEUR), Woloska 24 (3,138 KEUR), Abisal (5,074 KEUR) and Unique/Jewish Theatre (27,142 KEUR). On the other projects, an overall, slightly negative fair value correction of 3.1 MEUR has been recognised, in relation to the impact of the COVID-19 pandemic on the main valuation parameters (mainly yields).

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

In Russia, the political and economic situation and its effects on markets and (warehouse) tenant activity has been furher closely monitored. The yields remained quite stable (despite a slight decompression), the market rental levels for (refrigerated) warehousing remained stable but are still under pressure, while the RUB has again weakened to a considerable extent. As a result, per mid 2020 an additional downward fair value adjustment (of 13.5 MEUR) has been recognised on the Russian projects. As stated above, the Russian activities have in November 2020 been disposed.

A detail of current year's total fair value adjustment can be given as follows:

	2020	2019
Belgium	47,421	52,783
Poland	139,329	93,447
Russia	-13,484	-2,235
Ukraine		0
Total	**173,266**	**143,995**

	2020	2019
Other operating expenses		
Rental/housing expenses	1,834	2,600
Taxes and charges	4,562	3,540
Insurance expenses	1,944	1,224
Audit, legal and tax expenses	9,550	7,788
Traveling	891	1,728
Promotion	2,867	3,379
Bank fees	345	147
Sales/agency expenses	5,345	6,691
Rental guarantee expenses	2,309	4,216
Operating expenses with related parties	14,271	6,671
Fit-out expenses upon tenant request	13,500	
Inventory impairment (reversal)	-	3,168
Maintenance & management	4,899	2,028
Liquidation losses	-	14
Indemnity provision	-	1,360
Miscellaneous	3,296	1,992
Total	**65,613**	**46,546**

The other operating expenses increased by 19,067 KEUR to 65,613 KEUR. This is mainly attributable to the increase in fit-out expenses in connection with the Warsaw HUB and the Unit projects (charged by Ghelamco Poland Sp. z o.o., which were in-turn re-charged to tenants (through other income) and in connection with the fit-out expenses to the Silver Tower (which was in-turn re-charged to its single tenant, the Brussels Region (through other income)).

Other operating expenses with related parties for the remainder concern the re-invoicing of costs within the framework of Service Level Agreements with IRS Comm. VA and Deus Comm. VA.

Current year's significant legal and tax expenses and sales expenses are related to both the acquisition and disposal of a number of sizable investment property projects, but also to the signing of a number of significant lease contracts and to the sales of residential units.

Rental guarantee expenses, in turn, decreased mainly after a partly reversal of the outstanding rental guarantee provision (by 1,155 KEUR to 700 KEUR), in connection with the leasing of previously vacant space in the resp. sold Polish projects.

The increase in maintenance and repair expenses is to a significant extent connected to the delivery of the Foksal (residential) and the Warsaw HUB (commercial) projects in the course of the year.

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

	2020	2019
Employee benefit expenses		
Wages and salaries	1,478	1,695
Social security costs	182	221
Other		
TOTAL	**1,660**	**1,916**

24. COST OF PROPERTY DEVELOPMENT INVENTORIES

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

	2020	2019
Movement in inventory	105,954	45,957
Purchases (*)	-153,152	-65,563
TOTAL	**-47,198**	**-19,606**

(*) See Note 29.2
Purchases (mainly from related parties) related to Investment Property projects are not included in the above purchases, as those have directly been recorded on IP. It concerns an amount of 397,096 KEUR (vs. 233,889 KEUR last year).

25. FINANCE INCOME AND FINANCE COSTS

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

	2020	2019
Foreign exchange gains		2,069
Interest income	15,545	12,786
Other finance income		
Total finance income	**15,545**	**14,855**
Interest expense	-35,558	-26,255
Other finance costs	-7,975	-6,673
Foreign exchange losses	-26,080	-4,023
Total finance costs	**-69,613**	**-36,951**

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

It is to be noted that interest expenses related to (not yet delivered) Investment Property projects are not included in the above 2020 and 2019 figures, as those have directly been capitalized on IP. It concerns an amount of 16,982 KEUR (vs. 23,046 KEUR last year).

Interest expenses mainly relate to interests on bank loans and bonds. The evolution in interest expenses goes together with the extent of development and construction activities but also with the overall (development and construction) status of projects, based on which interest is expensed in the income statement vs. capitalized in inventory.

The other finance costs include the amortization of (capitalized) bond issue and bank(re-) financing expenses. In addition, the financial impact of the present value calculation of the finance lease liabilities in accordance with IFRS 16 is included (for an amount of 63 KEUR). In this respect, further reference is made to note 18.

It is to be mentioned that a significant part of the exchange differences is unrealized (and connected with the conversion of outstanding loans). It concerns a snapshot per year-end, impact of which mainly depends on the evolution of the EUR/PLN/GBP exchange rate.

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

26. INCOME TAXES

Income tax expense recognized in the consolidated income statement:

	31/12/2020	31/12/2019
Current income tax	4,783	10,845
Deferred tax	10,621	9,521
TOTAL	**15,404**	**20,366**

The tax charge on the Investment Holding's result before taxes differs from the theoretical amount that would have resulted from applying the average applicable tax rates to the profits of the consolidated companies. The analysis is as follows:

The income tax expense for the period can be reconciled to the accounting profit as follows:

in thousands €	**31/12/2020**	**31/12/2019**
Result before income taxes	126,121	133,370
Income tax expense/gain calculated at 29,58% (and 33,99% in '17)	31,530	39,451
Effect of different tax rates in other jurisdictions	-7,400	-11,980
Effect of non-deductible expenses	14,123	8,445
Effect of revenue that is exempt from taxation	-8,377	-2,527
Effect of use/recognition of previously unrecognized tax losses	-1,425	-3,574
Effect of current year losses for which no DTA is recognized	6,116	7,155
Effect of tax incentives not recognized in the income statement	-2,229	-2,838
Effect of under/over-accrued in previous years	-28	-7
Effect of change in local tax rates	-	-2,025
Effect of reversal DTLs re. sale Arval retail park and Spectrum		-5,067
Effect of reversal DTL re. Wronia sale		-3,709
Effect of reversal DTL re. disposal of Meetdistrict Gent/ Ring Multi	-2,131	
Effect of reversal DTL re. sale Silver	-12,080	
Effect of reversal DTL re. signing SPA re. sale Focus	227	
Effect of gain on equity method entities	399	-264
Effect of other tax increases	32	159
Effect of recognition of previously unrecognized tax losses	-3,500	-3,000
Other	147	147
INCOME TAX EXPENSE RECOGNISED IN INCOME STATEMENT	**15,404**	**20,366**

The theoretical tax rate used for the above reconciliation is the statutory corporate tax rate of 25.0% (29.58% in 2019) payable by corporate entities in Belgium on taxable profits under tax law.

Tax incentives not recognized in the income statement mainly relate to notional interest deduction in Cyprus.

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

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

Beginning of January 2020, the Company received an additional tax assessment relating to FY 2016 for a total amount of 153 MEUR, tax increases included. The main element of discussion concerns the application of the Dividend Received Deduction (DRD) on 430 MEUR dividend received from the Company's subsidiary Granbero Holdings Ltd in 2016. The Company has timely filed an administrative appeal against the assessment in full.
The Company is convinced, thereby supported by opinions issued by its tax and legal advisors Deloitte Legal and PwC Business Advisory Services BV to the sole benefit of the Company, that it can successfully challenge this tax assessment. The Company intends to pursue each dispute through the judicial system as necessary. Hence, the Company does not consider it appropriate to make provision for these amounts.

27. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

27.1. (BANK) GUARANTEES

All external borrowings of the Investment Holding are secured by corporate guarantees and/or surety ship agreements issued by the respective sub-holding (Ghelamco Invest NV, Granbero Holdings Ltd.). These guarantees cover mostly cash deficiency risk, cost overrun, completion risk and interest & repayment shortfall risk. No calls on the guarantees were made in 2020 and 2019.

Company	Project name	Amount of bank loan-books (in '000)		Corporate guarantees as per 31/12/2020 (in '000)	
BELGIUM					**Guarantee by Ghelamco Invest NV**
Leisure Property Invest	Knocke Village	EUR	27,500	5,000	Corporate Guarantee, cash deficiency, cost overrun, subordination declaration Peridot
Viminalis BV	Antwerpen West	EUR	19,950	19,950	Corporate Guarantee, shares pledge
Viminalis II BV	Torengrond Antwerpen West	EUR	2,925	2,925	Corporate Guarantee, cash deficiency, cost overrun, shares pledge
Ghelamco Mezz HoldCo	The Arc	GBP	29,325	29,325	Corporate Guarantee, shares pledge, suretyship agreement, subordination Ghelamco Invest
225 City Road Ltd	The Arc Helix Towers	GBP	61,823	61,823	Corporate Guarantee, shares pledge, suretyship agreement, subordination Ghelamco Invest
Graminea	Lloyd George	EUR	7,500	7,500	Corporate Guarantee, shares pledge
Dereif Brussel Lloyd George Sarl	PWC Offices	EUR	30,250	30,250	Corporate Guarantee, cash deficiency, shares pledge
Domein Culligan		EUR	30,085	30,085	Corporate Guarantee, cost overrun, shares pledge
POLAND					**Guarantee by Granbero Holdings Ltd.**
Apollo Invest Sp. z o.o.	The Warsaw Unit	EUR	93,603		Suretyship agreement (mainly including cost overrun, own contribution input, claim amounts)
The HUB SKA	HUB	EUR	236,061	125,275	Corporate guarantee, Suretyship agreement
Isola SKA	The Bridge (former Bellona Tower)	EUR	5,356	5,356	Suretyship agreement
Vogla SKA	Plac Vogla	EUR	2,135	2,135	Corporate Guarantee
Dahlia SKA	Woloska 24	EUR	33,246		Suretyship and cash deficiency
Azira SKA	Nowe Centrum Lodzi	EUR	6,526	6,526	Suretyship agreement

No corporate guarantees were given by the Investment Holding to ensure repayment of the bank loans of the related parties under the common control of the ultimate beneficial owners at 31 December 2020 (but not part of the Investment Group).

The Investment Holding does not apply cross liability, meaning that Ghelamco Invest NV, Safe Holding Belgium NV and Granbero Holdings Ltd do not guarantee loans of affiliates belonging to other internal holdings.

27.2. REPRESENTATIONS AND WARRANTIES PROVIDED WITH RESPECT TO THE REAL ESTATE PROJECTS SOLD

Each seller of shares in the Investment Holding acts as a guarantor with respect to the representations and warranties contained in the real estate sales contracts concluded in the past. This mainly concerns representations regarding the title on shares, property, permit matters, technical matters, financial matters, tax matters and contractual matters. The resp. sellers' liability for the breach of these representations and warranties generally covers a period of 2 to 3 years from the date of sale (except representations regarding the tax matters covering the period of five to seven years in accordance with local regulations).

Management's past experience shows that the resp. sellers received very limited amounts of warranty claims on its properties. Based on its assessment of the risk, the Investment Holding has not deemed it necessary to recognize any provision for representations and warranty obligations.

27.3. GUARANTEES RECEIVED FROM THE CONTRACTORS

The statutory warranty obligations of construction service providers cover the risk of structural and other defects of the properties. Construction service providers (including related parties of the Investment Holding) have a legal obligation to remediate any structural defects that become apparent within the first five years (in Poland; and up to ten years in Belgium) after completion of the construction for structural elements. Shorter guarantee periods apply for other elements, depending on the nature of such elements (each sub-contractor bears similar "back-to-back" obligations).

27.4. SECURITIES ON ASSETS

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

- first ranking ceiling mortgage on the property belonging to the SPV (land + buildings) (limited mortgage amount in Belgium, combined with a power of attorney to establish further mortgages);
- registered pledge on the borrower's shares;
- assignment of most receivables (inter alia leases, rents, sales, performance bonds, insurance income, …);
- cash deficiency/cost overrun (letter of comfort) by the shareholder (if applicable);
- submission to execution (only for Polish projects).

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

28. COMMITMENTS

28.1. (CAPITAL) COMMITMENTS

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

	2020	2019
Architectural and Engineering contracts	59,302	28,024
Construction contracts	160,488	205,142
Purchase of land plots	8,800	55,125
TOTAL	**228,590**	**288,291**

ACQUISITION CONTRACTS

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

Binding contracts

- Poland: None significant per end 2020
- Belgium:
  On 17 November 2019 Ghelamco Invest NV has signed a share purchase agreement for the acquisition of 100% of the shares of Cogimes SA and Sogimes SA, companies holding land plots at the Culliganlaan in Diegem, for the future development of the 'The Wings' office project.
  The SPA has been based on a transaction amount of 13,800 KEUR. At signing date, an advance payment of 5 MEUR has already been done, which as in the current financial statements been presented under current receivables and prepayments. The closing (and transfer of ownership) has taken place on 26 February 2021.

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

Non-binding contracts

- Different other option contracts or rights to acquire property without the obligation for the Investment Holding to take up the property.

SERVICES AND (SUB)CONTRACTOR AGREEMENTS

As an investor in commercial and residential properties, the Investment Holding is committed to continue investment in properties in different countries under the contracts with construction companies, often in cooperation with related parties of the Investment Holding.

As to the above architectural and engineering contracts and construction contracts, expenditures are spread over the coming 2 to 3 years, depending on management decision to move forward with the involved projects.

The Investment Holding in addition declares sufficient flexibility on the commitments, as significant part of those commitments are contracted with related party entities belonging to the Development Holding.

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

Main construction contracts in the above overview relate to the following projects:

- Senzafine residential project in Kortrijk: 2.1 MEUR construction contracts
- Lake District project in Knokke: 7.1 MEUR architecture and engineering contracts and 22.5 MEUR construction contracts
- Knocke Village project: 28.2 MEUR architecture and engineering contracts in total
- Focus/ PWC Offices: 1.0 MEUR architecture and engineering contracts and 17.9 MEUR construction contracts
- Edition Zoute serviced apartments project in Knokke: 3.0 MEUR construction contracts in total
- The Wings office project in Diegem: 3.2 MEUR architecture and engineering contracts and 5.6 MEUR construction contracts
- The Arc mixed project in London: 6.5 MEUR architecture and engineering contracts and 79.1 MEUR construction contracts.
- The Warsaw HUB (approx. 117,000 sqm mixed project): 6,902 KEUR
- Warsaw UNIT (approx. 59,000 sqm office space): 21,760 KEUR
- Flisac (mixed residential and retail project): 185 KEUR.

28.2. RENTAL GUARANTEES

POLAND:

In connection with the sale of the Marynarska 12/T-Mobile Office Park, rental guarantee and master lease agreements have been closed for resp. the (at the time of the sale) not leased office and parking space. Rental guarantee agreements have a period of 60 months, master lease agreements have an 84 months period. With respect to the remaining master lease guarantee period, a provision of 235 KEUR has been recognized in the consolidated financial statements at 31/12/2020.

In connection with the sale of two office projects in prior year (.BIG and Wronia), rental guarantee agreements have been closed for resp. the (at the time of the sale) not leased office and parking spaces. Rental guarantee agreements have a period of 5 years. In this respect, the remaining rental guarantee provision amounts to 462 KEUR in the consolidated financial statements at 31/12/2020.

In prior year a total rental guarantee provision of 1,855 KEUR was recognised in connection with the sale of one office projects in 2014 (Marynarska 12/T-Mobile Office Park) and the sale of two office projects in 2019 (.BIG and Wronia).

BELGIUM:

In Belgium, a total rental guarantee provision of 1,251 KEUR has been recognized, mainly in connection with the Spectrum sale of December 2019.

29. RELATED PARTY TRANSACTIONS

The Investment Holding is together with the Development Holding and the Portfolio Holding – related parties – under common control of the ultimate beneficial owners, Mr. & Mrs. Gheysens (together “the Consortium”).

Balances and transactions between the Company and its subsidiaries have been eliminated in consolidation and are not disclosed in this note. Details of transactions between the Investment Holding and other related parties (belonging to the Development Holding, the Portfolio Holding and GEPF) are described below.

29.1. RELATIONSHIPS WITH THE DIRECTORS AND MANAGEMENT

For the year ending 31 December 2020, the Consortium (of which the Group is part) paid a total amount of approx. 12,000 KEUR (vs. 12,000 KEUR last year) to the members of the board and management committee. This amount includes management service fees charged by the Management Committee members to the legal entities included in the scope of these consolidated financial statements.

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

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

CONSTRUCTION AND DEVELOPMENT SERVICES

The Investment Holding has entered into property development and construction contracts with property development and construction companies (“Contractors”) – the indirect subsidiaries of the Development Holding:

- International Real Estate Services Comm.VA with its registered office in Ypres;
- Ghelamco Poland with its registered office in Warsaw;
- and to a lesser extent with Ghelamco NV with its registered office in Ypres

These entities provide services to the real estate companies of the Investment Holding in their respective geographical areas, in accordance with the terms of the property development contracts, including but not limited to:

- obtaining pre-approvals and design documents necessary to the development of the project;
- performing construction works in accordance with the required permits, approvals, regulations, plans and specifications;
- ordering materials and equipment necessary for completion of the construction works;
- entering into contracts with utility providers, other entities and authorities, enabling exploitation of the constructed buildings;
- obtaining required occupancy permits and/or socio-economical permits;
- ensuring compliance with local regulations, namely regarding safety, fire protection, labour and health conditions, construction law;
- maintaining insurance in relation to the construction works throughout the entire construction period.

In accordance with the conditions of the property development contracts, the Contractor has the right to use building sites during the entire period of construction. The Contractor transfers this right to use the site, together with the constructed buildings, to the Investment Holding after the occupancy permit has been granted by the local authorities or after signature of the building's delivery protocol between the Investment Holding's real estate company and the Contractor. The Contractor retains an obligation to remedy all defects noted in the minutes of hand-over from the Investment Holding to the company and its tenants (when tenants take possession of their premises).

Construction service providers (including Contractors) in Belgium, Poland and other countries have a legal obligation to bear repair costs of any construction defects that become apparent within a warranty period after the construction is completed. The Contractors have an obligation to remedy all structural construction defects that become apparent during the statutory warranty period of 10 years in Belgium and 5 years in Poland and Russia.

The price for the construction and other related services is the fixed price agreed at the inception of the contract. The payments are executed based on the invoices issued on a bi-weekly to monthly basis. With regards to completed and handed-over works, the parties sign a works protocol every fortnight to month after approval by an independent project monitor appointed by the external financial party. The prices for the services reflect normal commercial terms and conditions in each territory, with average margins between 10% to 20%.

ENGINEERING AND ARCHITECTURAL DESIGN SERVICES

APEC Architectural Engineering Projects Limited (a limited liability company registered under the laws of Ireland) and Safe Invest Sp. z o.o (a limited liability company registered under the laws of Poland), both direct and indirect legal subsidiaries of the Development Holding) coordinate engineering and architectural design services provided to the Investment Holding in accordance with terms of the respective contracts. Purchases of services from Apec Ltd and Safe Invest Sp. z o.o comprise a significant part of all engineering, architectural design and other related services acquired by the Investment Holding. These services include:

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

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

Since end 2018, no new architectural and engineering design contracts with Apec Ltd are closed anymore by Polish project companies. Going forward, coordination services in Poland are provided by Safe Invest Sp. z o.o. only.

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

2020

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

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

On 16 November 2020, the Group sold the shares of Safe Holding Belgium NV to Ghelamco European Property Fund NV. Safe Holding Belgium NV holds the following subsidiaries:

- Avalanti Holdings Ltd (CYP): owner plot of land in Cyprus, Limassol Omonoia Street, for the future development of an approx. 5,000 sqm mixed office/retail project
- Creletine Ltd (CYP): Holding 100% of the shares of Ermolino Ltd, Russian entity holding a land plot
- Millor Enterprises Ltd (CYP): holding 100% of the shares of Belyrast Logistics Ltd, Russian entity holding the delivered and leased Dmitrov Logistic Park project (approx. 243,000 sqm of logistic space (including ancillary office accomodations) in the northern part of the Moscow Region)

The share transaction was based on the fair value of the projects/land plots per 30 June 2020. The divesture of this portfolio fits in the Group's evolved strategy to geographically focus on the Belgian, Polish and London market. This sales transaction had little to no impact on these consolidated financial statements. In connection with the transactions, an amount of 73.8 MEUR of bank loans has also been disposed/transferred.

Furthermore, the Investment Holding has sold 100% of its shares in RE Commercial Services Sp.z o.o. (former Ghelamco PL Management Sp.z o.o. to Hanseta Holding Ltd.

2019

In 2019, there were no share transactions or other significant transactions with related parties, except for the sale of the shares of (empty shelf company) Liberica to mr. Gheysens for an amount of 499 KEUR, equalling the share capital value.

Also, end of November, some office and meeting room space was sold by Ring Multi to International Real Estate Services, holding company of the Development Holding. Sales value amounted to 2,000 KEUR. The transaction was closed at arms' length conditions and had limited impact on the profit and loss statement of these financials statements.

In the course of 2019, Ghelamco GP 9 Sp. z o.o. Sobieski Towers Sp.k. and Ghelamco GP 9 Sp. z o.o. Altona S.K.A. were merged into a new entity Sobieski Towers Sp. z o.o. As a result of the merger, the involved SPV's have been liquidated and there rights and obligations of these entities have been transferred into the merged entity.

In addition, Laboka Ltd (subsidiary of the Company) sold 30% of its shares in Azalia and Estima to Deus Comm. VA, which is the holding company of the Portfolio Holding. Also, Granbero Ltd. has sold 30% of its shares in Pianissima Sp. z o.o., shelf company, to Deus Comm. VA.

Furthermore, per 30 June 2019, the shares of Cypriot holding companies Algowood Investments Ltd – (in-) directly holding 100% of the shares of Instant Invest Ltd. (UA) and Urban Invest Ltd. (UA) – and Motaro Holdings Ltd – (in-) directly holding the shares of Challenge Invest Ltd. (UA) and Vision Invest Ltd. (UA) – were sold by Safe Holding Belgium NV to International Real Estate Services Comm. VA (holding company of the Development Holding). Doing so, the remaining Ukrainian activities (mainly related to the hodling of 2 land plots in the Kiev region) have been disposed. These sales transactions resulted in a gain on disposal of investment property of 3,782 KEUR in the Company's consolidated financial statements as of 31 December 2019.

For the remainder, no other significant transactions with related parties took place in 2019.

OTHER

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

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

	31/12/2020	31/12/2019
Purchases of construction, engineering and architectural design:	-139,225	-152,249
related party trade receivable	945	11,363
related party trade accounts payable	-3,901	-34,228
related party non-current loans receivable	225,928	196,149
related party interests receivable	60,105	29,759
related party C/A receivable	188,928	130,537
related party non-current other receivable		-
related party non-current loans payable	-4,890	-4,890
related party interests payable	-667	-325
related party C/A payable	-9,497	-9,271

With respect to the evolution non-current loans and C/A receivable balances, further reference is made to note 11.

Non-current loans receivable primarily relate to loans granted by subsidiaries of Ghelamco Group to the controlling shareholder and to related entities outside the Investment Holding (Ghelamco Group) which are either directly controlled by the controlling shareholder or indirectly controlled through the Development Holding (IRS), Portfolio Holding (DEUS) or Long Term Investment Holding (GEBF). These entities operate either in real estate (owner of land banks or stabilized investment properties located in Belgium, Cyprus, France, Poland, Russia or Ukraine), media, sports & leisure or agricultural activities.

These loans are presented as non-current due to their long term nature. The term of these loans ranges is 5 years on average with interest conditions based on Euribor 6 months or 1 year for EUR loans, Libor 1 year for USD loans and Wibor 1 year for PLN loans with a margin between 2.25% and 5.5% depending on the terms of the loan and the entity's underlying assets or operational activities.

Non-current loans receivable are measured at amortised cost. Management has assessed impairment of these loans considering the current market value of underlying assets, cash flow forecasts of activities, collateral available to the lender, intragroup guarantees and financial support of the controlling shareholder. Management concluded that no impairment write-down was required on the outstanding non-current loans receivable as at the reporting date.

Management closely monitors excess cash balances generated by the Investment Holding within the requirements of the terms and conditions of the bond issues.

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30. EVENTS AFTER BALANCE SHEET DATE

On 17 November 2019 Ghelamco Invest NV has signed a share purchase agreement for the acquisition of 100% of the shares of Cogimes SA and Sogimes SA, companies holding land plots at the Culliganlaan in Diegem, for the future development of the 'The Wings' office project.
The SPA has been based on a transaction amount of 13,800 KEUR. At signing date, an advance payment of 5 MEUR has already been done. The closing of the transaction (and transfer of ownership) has taken place on 26 February 2021.

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

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

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

In March 2021, a number of bonds series (PG, PK and PL) have been redeemed for a total amount of 125,411 KPLN, through early redemption.

31. AUDIT FEES

The Statutory Auditor for the Company is KPMG Bedrijfsrevisoren, represented by Mr. Filip De Bock. For the entire Group, the mandates and remuneration can be summarized as follows:

Ghelamco Group in KEUR	**2020**
Remuneration of the statutory auditor	**308**
Other audit-related services	0
Tax services	
Other	105
Remuneration for other services or assignments performed within the Company and its subsidiaries by the statutory auditor	**105**
Remuneration for persons associated to the statutory auditor for the performance of a mandate as statutory auditor	
Other audit-related services	
Tax services	
Other	
Remuneration for other services or assignments performed within the Company and its subsidiaries by persons associated to the statutory auditor	
TOTAL	**413**

32. AUDITOR'S REPORT

Statutory auditor's report to the general meeting of Ghelamco Group Comm. VA on the consolidated financial statements as of and for the year ended 31 December 2020

In the context of the statutory audit of the consolidated financial statements of Ghelamco Group Comm. VA ("the Company") and its subsidiaries (jointly "the Group"), we provide you with our statutory auditor's report. This includes our report on the consolidated financial statements for the year ended 31 December 2020, as well as other legal and regulatory requirements. Our report is one and indivisible.

We were appointed as statutory auditor by the general meeting of 9 June 2018, in accordance with the proposal of the sole director. Our mandate will expire on the date of the general meeting deliberating on the annual accounts for the year ended 31 December 2020. We have performed the statutory audit of the consolidated financial statements of Ghelamco Group Comm. VA for three consecutive financial years.

Report on the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the Group as of and for the year ended 31 December 2020, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to 2.484.904 (000) EUR and the consolidated statement of profit or loss shows a profit for the year of 110.716 (000) EUR.

In our opinion, the consolidated financial statements give a true and fair view of the Group's equity and consolidated financial position as at 31 December 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Basis for our unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") as adopted in Belgium. In addition, we have applied the ISAs as issued by the IAASB and applicable for the current accounting year while these have not been adopted in Belgium yet. Our responsibilities under those standards are further described in the "Statutory auditors' responsibility for the audit of the consolidated financial statements" section of our report.

We have complied with the ethical requirements that are relevant to our audit of the consolidated financial statements in Belgium, including the independence requirements.

We have obtained from the sole director and the Company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – uncertainty realization Eurostadium project

We draw attention to note 10 of the consolidated financial statements which describes the legal uncertainty regarding the realization of the Eurostadium project and the sole director's assessment of the recoverability of capitalized expenses related to this project.

Emphasis of matter – compliance with covenants under the Euro Medium Term Note ("EMTN") programs

We draw attention to note 2.2 of the consolidated financial statements which describes the covenants applicable to the Group under the EMTN programs, the sensitivity factors impacting the solvency covenant at the level of the Guarantor (Ghelamco Group Comm. VA) and management's assessment that no material uncertainty exists to comply with the 2021 debt covenants.

Our opinion is not modified in respect of these matters.

Sole director's responsibilities for the preparation of the consolidated financial statements

The sole director is responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as sole director determines, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the sole director is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the sole director either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these consolidated financial statements.

When performing our audit we comply with the legal, regulatory and professional requirements applicable to audits of the consolidated financial statements in Belgium. The scope of the statutory audit of the consolidated accounts does not extend to providing assurance on the future viability of the Group nor on the efficiency or effectivity of how the sole director has conducted or will conduct the business of the Group. Our responsibilities regarding the going concern basis of accounting applied by the sole director are described below.

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

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

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

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by sole director.

— Conclude on the appropriateness of sole director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the sole director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other legal and regulatory requirements

Responsibilities of the sole director

The sole director is responsible for the preparation and the content of the sole director's annual report on the consolidated financial statements.

Statutory auditor's responsibilities

In the context of our engagement and in accordance with the Belgian standard which is complementary to the International Standards on Auditing as applicable in Belgium, our responsibility is to verify, in all material respects, the sole director's annual report on the consolidated financial statements, and to report on these matters.

Aspects concerning the sole director's annual report on the consolidated financial statements

Based on specific work performed on the sole director's annual report on the consolidated financial statements, we are of the opinion that this report is consistent with the consolidated financial statements for the same period and has been prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated financial statements, we are also responsible for considering, in particular based on the knowledge gained throughout the audit, whether the sole director's annual report on the consolidated financial statements contains material misstatements, that is information incorrectly stated or misleading. In the context of the procedures carried out, we did not identify any material misstatements that we have to report to you.

Information about the independence

Our audit firm and our network have not performed any engagement which is incompatible with the statutory audit of the consolidated financial statements and our audit firm remained independent of the Group during the term of our mandate.

The fees for the additional engagements which are compatible with the statutory audit referred to in article 3:65 of the Companies' and Associations' Code were correctly stated and disclosed in the notes to the consolidated financial statements.

Zaventem, 31 March 2021

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

Filip De Bock
Bedrijfsrevisor / Réviseur d'Entreprises