

Granbero Holdings Ltd
Half year results 30/06/2022

Further added value creation through sustained development efforts, resulting in robust position within the real estate sector in Poland resulting in a strong balance sheet structure

- Net profit for the period amounted to 15,461 KEUR (vs. 65,959 KEUR as per 30/06/21). The decrease compared to the first half of 2022 comes as no surprise, given that two major projects namely the HUB and the Warsaw UNIT were being delivered to tenants and consequently already fully expressed at its market value in prior year.
- Improved solid solvency ratio of 65.09 % (vs. 52.06% as per 31/12/21). The increase in solvency ratio is as expected and resulted from the repayment of the bank loan in relation to the sale of the HUB's 2 office towers and part of the retail to Google in the first semester of 2022.
- On 24 January 2022, Ghelamco GP11 Sp. z.o.o. HUB S.K.A. signed a "Podium" lease with Google Poland, for the lease of 10,600 sqm office space. Afterwards, on 10 March 2022, Ghelamco GP11 Sp. z o.o HUB S.K.A., sold the office, retail, service passage as well as the underground part of the Warsaw HUB project (previous called Sienna Towers) to Google Poland. The gross transaction value was agreed for an amount close to EUR 583 million. The Company reimbursed EUR 312.5 million of bank loans.
- After finalisation of construction works on the Warsaw UNIT (a modern and timeless architecture office building offering +/- 59,000 sqm leasable office space in Warsaw CBD comprising 46 floors and 400 parking spaces) in March 2021, fit-out works are being carried out in view of the occupancy by tenants. The commercialisation of the project resulted in a current lease rate at approx. 96%. The Warsaw UNIT is certified BREEAM Outstanding, WELL v2 Core and shell (the first facility in Poland).
- Construction works started on the Bridge project (previously Bellona Tower) offering +/- 52,100 sqm of office space in the Warsaw CBD next to Plac Europejski (European Square). The 41-storey building will offer first-class office space including a restaurant and will provide approx. 280 parking spaces as well as bicycle facilities. It will also be equipped with state-of-the-art technical and environmental friendly solutions. The building will be BREEAM and WELL-certified as well as Green Building Standard.
- Furthermore, the Company advanced its construction works on the Craft project in Katowice offering +/- 26,000 sqm of office space, the Kreo project in Krakow offering +/- 24,000 sqm of office space, the Bliskie Piasczno 9,500 sqm residential project phase 1 and obtained the occupation permit for its 7,500 sqm residential phase 1 in project Groen.
- On 31 May, Ghelamco Towarowa Sp. z.o.o. acquired a plot of land in Warsaw, for the design of two office and commercial buildings in the Warsaw Wola District, providing respectively approx 15,000 sqm and 40,000 sqm of office/commercial space and a car park with approx. 150 and 400 parking spaces.



Preliminary remark

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

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

Summary

The first half year of 2022 has been characterised by unfavourable geopolitical conditions and macro-economic headwinds. The geopolitical situation in Eastern Europe intensified on 24 February 2022 with the commencement of the conflict between Russia and Ukraine. In addition to the impact of the events on entities that have operations in Russia, Ukraine, or Belarus or that conduct business with their counterparties, the conflict is increasingly affecting economies and financial markets globally and exacerbating ongoing economic challenges. Real estate investments declined in all segments with reduced liquidity in capital markets. The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the conflict prevails and the high level of uncertainties arising from the inability to reliably predict the outcome. The Company was not directly confronted with a negative impact of this event on its portfolio due to management's actively monitoring and tracking. The Company believes that this active management resulted in further starting and/or completing of projects in the first half of 2022. It is to be expressed that the Company's key office projects are characterised by a low supply of high quality sustainable offices, with increasing rents. The Company's positioning will continue to be the key driver of the business as the Company's projects portfolio remains attractive to potential investors and tenants.

Despite the unfavourable conditions, the Company closed its 2022 half-year accounts with a net profit of 15,461 KEUR. The decrease compared to the first half of 2021 comes as no surprise, also given the fact that 2021 was the Company's best year ever. The anticipated decline was mainly due to the expression of the added value due to the final delivery and commercialisation of two major projects The Warsaw HUB and UNIT in 2021. Additionally, the Company is further putting sustainable development at the heart of the projects (amongst others technical and environmental innovation), the Company kept the focus on its development and commercial activities in its core markets in the past half year. The Company has in the current period once more considerably invested in a number of existing projects (mainly the Warsaw UNIT, the Bridge, Craft and Kreo as well as its residential projects Groen and Bliskie Piasczno), resulting in the creation of significant added value on its current projects portfolio. In addition, the Company successfully sold the office towers and a part of the retail of one of its major projects, the Warsaw HUB to Google Poland. This is reflected in an decreased balance sheet total of 1,625,659 KEUR and an increased equity of 1,058,163 KEUR. The solvency ratio increased significantly per 30 June 2022 to 65.1%¹ (vs 52.1% at year-end 2021).

In Poland, the development activities have, during the first half of 2022, mainly been focused on:

- The finalisation of the fit-out works for the tenants in the **Warsaw HUB** (approx. 118,600 sqm leasable space spread over 3 towers on a podium, offering a unique combination of office and retail space, with complementary features and amenities). The office, retail, service passage as well as an underground part of the Warsaw HUB project was sold to Google Poland in March 2022.
- Following the receipt of the occupancy permit end March 2021 for the **Warsaw UNIT**, approx. 59,000 sqm offices project comprising 46 floors and 400 parking spaces, at Rondo Daszynskieg, fit-out works were

¹ Calculated as follows: equity / total assets * 100

initiated for the respective tenants. Furthermore the Warsaw UNIT is the first project in Poland to be certified WELL v2 Core and Shell; which confirms the highest quality of building design as to health, convenience and employee comfort. The Warsaw UNIT is also the first project on the market, equipped with anti-pandemic solutions to prevent or act in emergency situations. The intensified commercialization of the project has been successful to date, as currently approx. 96% (including expansions) of the available space has been (pre-) leased.

- The continuation of the construction works of **The Bridge** in Warsaw on Plac Europejski (comprising an approx. 47,500 sqm new office tower and the renovation of an approx. 5,300 sqm existing office building).
- The delivery and hand-over to the resp. buyers, after finalisation 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) and the receipt of the occupancy permit (i.e. 9 June 2021) in the Powisle district in Warsaw, is ongoing. The project's commercialization was successful to date, as currently the fully 100% available space has been (pre-)sold.
- The continuation of the construction works of the **Kreo** project at Wadowicka Street in Krakow (9-storey office project which is to offer approx. 23,700 sqm of office space and retail functions on the ground floor and 325 parking spaces) and the **Craft** project (approx. 26,000 sqm office space with 240 underground parking lots) at Sciegiennego Street in Katowice. This project is located close to the railway station, in the immediate vicinity of commercial, residential and industrial projects.
- Advanced construction of phase 1 of the **GROEN** project in Konstancin, which is to offer approx. 7,500 sqm of residential space (48 units). The commercialization process was successful, with a 100% pre-sale rate. The Company received the occupancy permit in July 2022. Currently, the construction works and commercialisation of phase 2 of this project has been started (offering another 7,600 sqm of residential space (48 units)). At the start of the commercialization process of phase 2 already a 35% pre-sale rate was obtained.
- Furthermore the construction works of phase 1 of the **Bliskie Piaseczno** multi-stage residential project, which is to offer approx. 9,500 sqm residential and commercial space with an underground garage, has been started. The commercialisation of the project has been successful with a presale rate of approx. 59.1%.
- On 31 May 2022 the Company acquired a plot of land **Towarowa**, in Warsaw, Wola district. The design of this project involves the construction of two office and commercial buildings in the Warsaw Wola District, with approx. 15,000 sqm and 40,000 sqm of office/commercial space and a car park with approx. 150 and 400 parking spaces. The Company submitted the building permit application for phase 1 - for approx. 15,000 sqm of office space.

Ghelamco is still aware of the challenges and difficulties that some of its customers may be facing as well as the current macro-economic headwinds and rising interest rates. Ghelamco is monitoring the situation closely and is confident that due to its resilient business model any impact will be reduced to the minimum. Despite the uncertain circumstances, Ghelamco was able to maintain the lease rates for the Plac Vogla retail project (+/- 5,200 sqm) at 100%. For the Warsaw UNIT (+/- 59,000 sqm) the lease rate is currently at approx. 96% (also taking into account extension options signed). Furthermore for the Prochownia Lomianki project, the remaining part of the project, lease agreements for 89% were signed.

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

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

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

At the moment of sale of the project the related bank loan was reimbursed for an amount of 312.5 MEUR.

Key figures (KEUR)

Results	30/06/2022	30/06/2021
Operating result	38,319	77,226
Profit for the period	15,461	65,959
Share of the group in the Profit for the period	16,342	66,294
Balance sheet	30/06/2022	31/12/2021
Total assets	1,625,659	2,002,494
Cash and cash equivalents	44,091	72,024
Net financial debt ²	421,723	736,706
Total equity	1,058,163	1,042,553

Revenue for the first semester of 2022 amounts to 27,057 KEUR and mainly relates to residential sales in the Foksal project (4,120 KEUR), the Flisac project (3,764 KEUR) on the one hand and to rental income on the other hand (19,172 KEUR, mainly from the The Unit and Warsaw HUB office project - period before the sale). The residential sales decreased compared to prior year, the evolution is related to the progress of commercialisation in the Foksal and the Flisac project. Revenue related to the sold apartments has been recognized based on the signing of the hand-over protocols by the resp. buyers. The relative increase in the rental income compared to prior year is mainly connected with the Warsaw HUB, 11,773 KEUR rental income for the period before the sale, and the UNIT, the subsequent move-in of the resp. tenants, having its full impact on the rental income.

The investment property (under construction) portfolio evolved from 667,087 KEUR per end 2021 to 684,118 KEUR per end of June 2022. This evolution is the combined result of current period's expenditures (30,751 KEUR), fair value adjustments (16,638 KEUR), reclass from investment property (under construction) to Assets classified as held for sale (-21,540 KEUR), currency translation impact (-6,420 KEUR) and the impact of the movement in the right of use asset in accordance with IFRS 16 "Leases" (-2,397 KEUR). The current period's favorable fair value adjustment is mainly the consequence of the Company's sustained development and leasing efforts, in combination with market evolution (in terms of yields and rent levels).

The operating result for the first half-year of 2022 totals to 38,319 KEUR; net profit for the period closes with 15,461 KEUR.

Property development inventories balance increased by 20,603 KEUR to 115,802 KEUR; evolution which is mainly the result of the acquisition of a plot of land Towarowa in Warsaw, Wola District.

During the period the Company was able to obtain new bank borrowings and withdrew on existing credit facilities for a total amount of 30,831 KEUR. On the other hand, reimbursements have been done for an amount of 314,106 KEUR, bringing the total outstanding amount of bank borrowings to 180,830 KEUR (compared to 464,105 KEUR per end 2021). Current period's reimbursements are mainly related to the repayment of the loan in connection to the sale of the HUB project in March 2022. In addition, bonds (private and public) are outstanding for an amount of 228,757 KEUR net, related party borrowings for an amount of 9,007 KEUR and some other third party loans for an amount of 24,692 KEUR. In addition, the lease liability which has been recognized in accordance with IFRS 16 "Leases" amounts to 22,528 KEUR. Considering the above, the Company has a solid balance sheet structure with a leverage³ amounting to 29% as a result of a sound solvency.

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

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



Overview

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

As stated, the Company further invested in the construction of mainly the Warsaw UNIT, for which the occupation permit was received end of March 2021 and for which the finishing works and fit-out works for the tenants are currently ongoing.

In addition, the construction works of The Bridge (new office tower of approx. 47,500 sqm) were continued and are well advanced. Furthermore, the construction works of the residential Flisac project in Powisle have been finalised, and the delivery of the units to the buyers is currently ongoing – the project has a pre-sale level at 100%.

Also the construction works of phase 1 of the residential Groen project in Konstancin have been continued as planned, and the construction works of phase 2 of the project have been started.

Finally, the construction works of the Kreo offices project in Krakow and the Craft offices project in Katowice have been continued and advance as planned.

As to (pre-)leasing and occupation of projects:

- The Warsaw HUB project (approx. 118,000 sqm offices) in Warsaw, Rondo Daszynskiego had a lease rate of 96% at the moment of its disposal in March 2022.
- The delivered Plac Vogla retail park has been leased for 100%.
- In the Warsaw UNIT project at Rondo Daszynskiego in Warsaw, lease agreements for approx. 56,100 sqm have been signed, bringing the lease rate at approx. 96% (taking into signed account extension options).
- In the Lomianki project, lease agreements for 89% of the remaining part of the project were signed, on 16 december 2021 a sale agreement for the sale of part of the project with the area of 2,300 sqm (approx. 45% of the project) was signed with a food operator.
- In the Craft project in Katowice a +/- 2,300 sqm lease agreement has been signed with a tenant.

As to divestures and/or revenues:

- Current period's revenues mainly related to residential sales in the Foksal and the Flisac projects, in connection with the hand-over of the sold apartments to the resp. buyers, and to rental income which is mainly derived from the Warsaw HUB (period before sale), The Unit and the Abisal project.
- In March 2022, the office towers, retail and part of the underground parking of the Warsaw HUB project located in Warsaw, Rondo Daszynskiego, has been disposed and sold to Google Poland. The deal has been based on an underlying property value of 583 MEUR.

Outlook

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

For the second half of 2022, 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 respect of the Ukrainian armed conflict, the management will further closely monitor and track the impact of the political and economic situation it might have on the Polish operations.



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

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

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

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

Risks

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


These risks, which are described in detail in the Granbero Holdings Ltd IFRS Consolidated Financial Statements at 31 December 2021, remain applicable for 2022 and are closely managed and monitored by the Company's management.

For the specific risk related to a crisis resulting from the Ukrainian armed conflict, further reference is made to note 1 "Basis of preparation".

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

The Management, acting in the name of and on behalf of GRANBERO HOLDINGS LTD, attest that to the best of their knowledge,

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



Paul Gheysens
CEO & Managing Director
Ieper
27/09/2022



Philippe Pannier
CFO
Ieper
27/09/2022

About Ghelamco

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

Condensed consolidated financial statements Granbero Holdings Ltd per June 30, 2022

Condensed Consolidated Statement of profit or loss (in KEUR)

	Note	30/06/2022	30/06/2021
Revenue	7	27,057	33,044
Other operating income	8	29,067	4,641
Cost of Property Development Inventories		-3,845	-14,128
Employee benefit expense		-670	-679
Depreciation amortisation and impairment charges		-18	-32
Gains from revaluation of Investment Property	8	16,638	69,006
Other operating expense	8	-29.898	-14,626
Share of results in equity accounted investees (net of tax)		-12	-1
Operating profit, incl. Share of profit in equity accounted investees (net of tax) - result		38,319	77,225
Finance income	9	8,908	19,169
Finance costs	9	-30,322	-13,182
Profit before income tax		16,905	83,212
Income tax expense	10	-1,444	-17,253
Profit for the period		15,461	65,959
Attributable to			
Owners of the Company		16,342	66,294
Non-controlling interests		-881	-355

Condensed Consolidated Statement of profit or loss and other comprehensive income (in KEUR)

	30/06/2022	30/06/2021
Profit for the period	15,461	65,959
Exchange differences on translating foreign operations	178	-2,634
Other		
Other recyclable comprehensive income of the period	178	-2,634
Total Comprehensive income for the period	15,639	63,325
Attributable to		
Owners of the Company	16,520	63,660
Non-controlling interests	-881	-335

Condensed Consolidated Statement of financial position (in KEUR)

		30/06/2022	31/12/2021
ASSETS			
Non-current assets			
Investment Property	4	684,118	667,087
Property, plant and equipment		179	198
Receivables and prepayments	11	559,040	438,791
Deferred tax assets		3,054	3,619
Other financial assets	11	188	198
Total non-current assets		1,246,579	1,109,893
Current assets			
Property Development Inventories	3	115,802	95,199
Trade and other receivables	11	197,647	183,930
Current tax assets		0	5
Assets classified as held for sale	4	21,540	541,443
Cash and cash equivalents	11	44,864	72,024
Total current assets		379,080	892,601
TOTAL ASSETS		1,625,659	2,002,494

Condensed Consolidated Statement of financial position (in KEUR) (cont'd)

		30/06/2022	31/12/2021
EQUITY AND LIABILITIES			
Capital and reserves attributable to the Group's equity holders			
Share capital		67	67
Share premiums		495,903	495,903
Currency Translation Adjustment (CTA)		13,333	13,155
Retained earnings		547,669	531,321
		1,056,972	1,040,446
Non-controlling interests		1,191	2,107
TOTAL EQUITY		1,058,163	1,042,553
Non-current liabilities			
Interest-bearing loans and borrowings	5, 11	423,142	404,886
Deferred tax liabilities	10	47,779	93,381
Other non-current liabilities		3,056	7,995
Total non-current liabilities		473,977	506,262
Current liabilities			
Trade and other payables	11	48,826	47,208
Current tax liabilities		2,021	2,627
Interest-bearing loans and borrowings	5, 11	42,672	403,844
Total current liabilities		93,519	453,679
Total liabilities		567,496	959,941
TOTAL EQUITY AND LIABILITIES		1,625,659	2,002,494

Condensed Consolidated cash flow statement (in KEUR)

	Note	30/06/2022	30/06/2021
Operating Activities			
Profit/(Loss) before income tax		16,905	83,212
<i>Adjustments for:</i>			
- Change in fair value of investment property	4, 8	-16,638	-69,006
- Depreciation, amortization and impairment charges		18	32
- Net result on disposal Investment Property	8	-24,491	387
- Change in provisions/ inventory write-down		0	0
- Net interest charge	9	2,443	2,510
- Movements in working capital:			
- Change in prop. dev. inventories		-20,375	8,423
- Change in trade & other receivables		-6,990	-8,621
- Change in trade & other payables		3,923	-922
- Movement in other non-current liabilities		-4,939	237
- Other non-cash items		-440	-185
Income tax paid	10	-47,082	-870
Interest paid (*)	9	-9,320	-10,296
Net cash from operating activities		-106,986	4,901
Investing Activities			
Interest received	9	1,622	1,295
Purchase of property, plant & equipment		37	-24
Purchase of investment property	4	-30,403	-27,478
Capitalized interest in investment property (paid)	4	-5,039	-5,406
Proceeds from disposal of investment property/assets held for sale	4	573,264	55,656
Net cash outflow on acquisition of subsidiaries			
Cash in-/ outflow on other non-current financial assets		-120,239	-36,492
Net cash inflow/outflow on NCI transactions			
Net cash flow used in investing activities		419,242	-12,449
Financing Activities			
Proceeds from borrowings	5	59,841	103,779
Repayment of borrowings	5	-395,831	-89,551
Capital increase		0	0



Dividends paid

Net cash inflow from / (used in) financing activities

Net increase in cash and cash equivalents

Cash and cash equivalents at 1 January

Effects of exch. rate changes in non-EUR countries

Cash and cash equivalents at the end of the period

	-335,990	14,228
	-23,734	6,680
	72,024	39,163
	-4,199	-11,589
	44,091	34,254

(*): Interests directly capitalized in IP not included (2022: 5,039 KEUR and 2021: 5,406 KEUR, separately presented under investing activities)

Condensed Consolidated Statement of changes in equity (in KEUR)

	Attributable to the Owners of the Company			Non- controlling interests	Total equity
	Share capital	Cumulative translation reserve	Retained earnings		
Balance at 1 January 2021	495,970	13,849	408,294	2,127	920,240
Currency Translation Adjustment (CTA)		-2,634			-2,634
Profit/(loss) for the period			66,294	0	66,294
Dividend distribution					0
Change in non-controlling interests				-335	-335
Change in the consolidation scope					0
Other			1	-1	0
Balance at 30 June 2021	495,970	11,215	474,589	1,791	983,565
Balance at 1 January 2022	495,970	13,155	531,321	2,107	1,042,553
Currency Translation Adjustment (CTA)		178			178
Profit/(loss) for the period			16,342	-881	15,461
Dividend distribution					0
Change in non-controlling interests				-34	-34
Change in the consolidation scope					0
Other			6	-1	5
Balance at 30 June 2022	495,970	13,333	547,669	1,191	1,058,163



Notes to the condensed consolidated interim financial statements at 30 June 2022

1. Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union, and should be read in conjunction with the Company's last annual consolidated financial statements for the year ended 31 December 2021 ('last annual financial statements'). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The condensed consolidated financial statements for the 6-months period ended June 30, 2022, were approved by the Management on 27 September 2022.

The new interpretations and standards that are applicable from 2022 did not have any significant impact on the Company's financial statements.

Risk related to a crisis resulting from the Ukrainian armed conflict

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

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

2. Significant accounting policies

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

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

The accounting policies adopted are consistent with those followed for the preparation of the Company's consolidated financial statements for the year ended 31 December 2021 and the new interpretations and standards that are applicable from 2022, to the extent applicable.

3. Property development inventories

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

	30/06/2022	31/12/2021
Property Development Inventories	115,802	95,199
Raw materials		
Finished goods		
	115,802	95,199

The Property Development Inventories increased by 20,603 KEUR compared to prior year-end. The main movement relates to the Towarowa project (400 KEUR to 18,296 KEUR) in connection with the acquisition of a plot of land in Warsaw, Wola district. 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 (8,287 KEUR per 30 June 2022) in accordance with IFRS 16.

4. Investment property

Balance at 31 December 2021	667,086
Acquisition of properties	
Acquisition through business combinations	
Subsequent expenditure	30,751
Transfers	
- Assets classified as held for sale	-21,540
- Other transfers	
Adjustment to fair value through Profit or Loss	16,638
Disposals	0
Currency Translation Adjustment	-6,420
Other	-2,397
Balance at 30 June 2022	684,118

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

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

SPV	Commercial Name	Valuation	Cat	30/06/2022	31/12/2021
				KEUR	KEUR
Apollo Invest Spzoo	The Warsaw UNIT	JLL	D	297,200	284,100
Ghelamco GP 11 Sp. z o.o. The HUB SKA	The HUB	KNF	D	68,220	67,947
Sobieski Towers Sp. z o.o.	Sobieski Tower	BNP	B	39,841	37,251
Ghelamco Market Sp. z o.o.	Mszczonow Logistics	Man	A	2,759	2,773
Ghelamco SBP Sp. z o.o.	Synergy Business Park Wroclaw	JLL	B	26,050	24,112
Ghelamco The Bridge Sp z o.o.	The Bridge (former Bellona Tower)	BNP	D/C	71,204	62,033
Ghelamco Wronia Sp. z o.o.	Wola project (former Chopin + Stixx)	Savills	B/D	52,909	51,098
Ghelamco Plac Vogla Sp. z o.o.	Wilanow Retail	Savills	D/A	0	16,800
Ghelamco Craft Sp. z o.o.	Katowice	JLL	C	17,589	15,283
Estima Sp. z o.o.	Kreo	BNP	C	23,426	18,196
Prima Bud Spzoo	Łomianki	Man	D/A	0	4,633
Abisal Spzoo	Abisal	Cresa	A	26,500	26,000
Ghelamco Plac Grzybowski Sp. z o.o.	Unique/Jewish Theatre	KNF	B	42,746	38,789
Right of Use Asset		Man	n/a	15,674	18,072
TOTAL :				684,118	667,087

Legend : KNF = Knight Frank, JLL= Jones Lang Lasalle, BNP = BNP Paribas, Cresa = Cresa, Savills = Savills, Man = management valuation

The average yields (or capitalisation rates) used in the expert valuations on 30 June are as follows:
4.50% to 8.00% for Polish projects, depending on the specifics, nature and location of the developments (vs. 4.00% to 8.00% per 31 December 2021).

To arrive at the relevant capitalization rates (yields) the valuers have considered the most recent investment transactions in the office and hotel segment in Warsaw as well as the expectation of investors present in the Polish and international markets.

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

- 12.5 EUR/sqm/month to 22.5 EUR/sqm/month for office space (vs. 12.5 EUR to 23.0 EUR last year);
- 8.5 EUR EUR/sqm/month to 40.0 EUR/sqm/month for retail space (vs. 8.0 EUR to 55.0 EUR), depending on the location, specifics and nature of the project; and
- 19 EUR/sqm/month for hotel space (vs. 13.0 EUR to 19.0 EUR).

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. For the office projects in Warsaw, it concerns modern office buildings with retail part recently leased to domestic and international tenants on long-term leases. This market rent analysis also takes into account the economic profile of the city, supply and demand of comparable office buildings, existing as well as potential competition, location within the city, unit size and specifications.

Other main 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). Average rent-free period on the Warsaw office market is currently 1.5 months/year (for 5-year lease agreements).

The transfer of the Wilanow Retail and the Lomianki projects (21,540 KEUR in total) from Investment Property to Asset Held for Sale as both projects were reconsidered by management regarding the pending sale of the projects. Additionally Asset Held for Sale decrease with 573 MEUR due to sale of The HUB.

For the Right of Use Asset balance, which is recognized in accordance with IFRS 16, reference is made to note 6.

5. Interest bearing loans and borrowings

	30/06/2022	31/12/2021
Non-current		
Bank borrowings – floating rate	170,654	144,844
Other borrowings – Bonds	219,466	229,789
Other borrowings – other	12,212	12,287
Lease liabilities	20,810	17,927
	423,142	404,887
Current		
Bank borrowings – floating rate	10,176	319,221
Other borrowings – Bonds	9,291	54,128
Other borrowings – other	21,487	23,725
Lease liabilities	1,718	6,770
	42,672	403,844
TOTAL	465,814	808,731

5.1 Bank borrowings (180,830 KEUR; of which 170,654 KEUR long-term and 10,176 KEUR short-term)

During the period, the Company obtained new secured bank loans mainly expressed in EUR and/or PLN and withdrew on existing credit facilities for a total amount of 30,831 KEUR, all Euribor and Wibor based. On the other hand, reimbursements (and/or refinancings) have been done for a total amount of 314,106 KEUR, net of prolongation of a number of borrowings. Current period's reimbursements are mainly related to the sale of the HUB project in March.

When securing debt finance for its (larger) projects, the Company always negotiates long term agreements with its banks, under these agreements, the bank swaps land acquisition loans into development loans (additional approx. 2-4 year term) and swaps development loans into investment loans (usually 5 years term) upon the fulfilment of pre-agreed conditions.

Most banking partners of the Company have accepted the above as a “framework” for past, current and future co-operation.

With respect to the limited amount of outstanding short-term bank borrowings, it is to be mentioned that in the second half of 2022, part will actually be reimbursed following the contractual terms and part will be prolonged or refinanced (e.g. through resp. swap to development or investment loan).

72% of the outstanding non-current bank borrowings is maturing between a 3-5 years period, the remaining 28% of the outstanding non-current bank borrowings is maturing within a 3 years-period.

5.2 Other borrowings: Bonds (228,757 KEUR; of which 219,466 KEUR long-term and 9,291 KEUR short-term)

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

on 11 January 2022, an amount of 135,000 KPLN (series PW3). These bonds mature on 29 September 2025 and bear an interest of Wibor 6 months + 5.0%.

The proceeds of the above bond issues have been applied to redeem other/existing outstanding bonds, to service the (interests on) the resp. bond programs and for the financing of the Company’s development 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 372,281 KPLN namely:

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

Total bonds balance outstanding per balance sheet date (228,757 KEUR) represents the amount of issue (1,071,084 KPLN) less capitalized issue costs and discounts, which are amortised over the term of the bonds.

5.3 Other borrowings: Other (33,699 KEUR of which 12,212 KEUR long-term and 21,487 KEUR short-term)

The remaining other borrowings outstanding mainly relate to long-term related party loans (9,007 KEUR) and some loans from other third parties (24,692 KEUR).

5.4 Lease liabilities (22,528 KEUR; of which 20,810 KEUR long-term and 1,718 KEUR short-term)

The lease liabilities (LT and ST) fully relate to non-cancellable leases for the land rights of the resp. projects. These lease commitments have been recognized in accordance with the requirements of IFRS 16 "Leases". Further reference is made to note 6.

No defaults of payments or breaches of borrowing agreements occurred as of 30 June 2022, Bank borrowings are secured by amongst others the property development projects of the Company, including land and in-process construction, pledge on SPV shares, etc. The bonds are secured by a redemption surety granted by Granbero Holdings Ltd, (the Company). The loan agreements granted by the bank are sometimes subject to a number of covenants (Loan to Value, Loan to Cost, Debt Service Cover). During the period and per end of the period, there were no events of default in respect of these borrowings. Also the terms and conditions of the bond issues have been complied with as of balance sheet date.

6. (Land) lease commitments (re. Rights of perpetual usufruct)

Amounts recognised in the condensed consolidated financial position and the condensed consolidated statement of profit and loss:

Roll forward Right of Use Asset IFRS 16			
	Right of Use Assets Investment Property	Right of Use Assets Property Dev. Inventories	Total
1/01/2021	19,977	2,968	22,945
Addition (new)	1,166	2,338	3,504
Disposal	-1,552	-105	-1,657
Revaluation	-180	9	-171
Transfert	-1,432	1,432	0
Foreign exchange revaluation	91	-15	76
31/12/2021	18,070	6,627	24.697
Addition (new)	2,550	535	3,085
Disposal	-3,992	0	-3,992
Revaluation	-690	-143	-833
Transfert	49	-49	0
Foreign exchange revaluation	-313	-115	-428
30/06/2022	15,674	6,855	22,529

Roll forward lease liability IFRS 16			
	Non-current lease liability	Current lease liability	Total
1/01/2021	21,304	1,641	22,945
Addition (new)	3,504	0	3,504
Payment	0	-1,029	-1,029
Disposal	-1,657	0	-1,657
Interest charges on lease liabilities (*)	858	0	858
Classification non-curr. to curr. lease liab.	-1,154	1,154	0
Foreign exchange revaluation	71	6	77
31/12/2021	22,926	1,772	24,698
Addition (new)	3,085	0	3,085
Payment	0	-2,288	-2,288
Disposal	-3,992	0	-3,992
Interest charges on lease liabilities (*)	1,455	0	1,455
Classification non-curr. to curr. lease liab.	-2,266	2,266	0
Foreign exchange revaluation	-398	-31	-429
30/06/2022	20,810	1,719	22,529

(*): Included in other finance costs, reference is made to note 9 Finance income and finance costs below.

The Company has entered into non-cancellable leases for the land rights with basic lease terms of usually 99 years (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 remaining lease-term per mid 2022 is approx. 76 years.

All qualifying lease contracts have been recognised through a right-of-use asset and a corresponding lease liability. The applied incremental borrowing rate for the Polish activities amounts to 7.7%. Right-of-use assets are measured at fair value comprising the present value amount of the initial measurement of the lease liability.

7. Revenue

Revenue can be detailed as follows:

Revenue is mainly generated from the following sources :

	30/06/2022	30/06/2021
Sales of Residential Projects	7,885	19,447
Rental Income	19,172	13,597
TOTAL REVENUE	27,057	33,044

The decrease in Sales of Residential Projects is related to the delivery of the sold apartments in the Foksal and the Flisac projects in Warsaw. Revenue (and related cost of sales) for the sold apartments has been recognized based on the signing of the hand-over protocols by the resp. buyers.

Rental income as of 30 June 2022 relates to rent from commercial projects (mainly the Warsaw HUB – period before the sale in March 2022 and The Unit). The increase compared to last year is mainly connected to the UNIT, the subsequent move-in of the resp. tenants, having its full impact on the rental income in the current period.

8. Other items included in operating profit/loss

	30/06/2022	30/06/2021
Other operating income	29,067	4,641

The current period's Other operating income mainly relates to the sale of the HUB (for approx. 24,941 KEUR). The remainder of the Other operating income can be attributed to smaller recharges to related parties.

Last year's other operating income, mainly related the charge-through of fit-out to tenants in the Unit (for approx. 4,182 KEUR) and related party recharges and the result of the sale of the Woloska 24 project (-387 KEUR).

	30/06/2022	30/06/2021
Gains from revaluation of Investment Property	16,638	69,006

Fair value adjustments over the first half of 2022 amount to 16,638 KEUR, which is mainly the result of current period's further engineering, development, construction and leasing efforts, in combination with evolution in market conditions (in terms of yields and rent rate levels). Main fair value adjustments have been recognized on the Unit (9,505 KEUR), Unique (3,259 KEUR), Synergie Business Park Wroclaw (1,892 KEUR), Sobieski Tower (1,666 KEUR) and Katowice (-2,602 KEUR). On the other projects, an overall, slightly positive fair value correction of 2.9

MEUR has been recognized, in relation to the impact the current economic situation on the main valuation parameters (mainly yields).

	30/06/2022	30/06/2021
Other operating expenses		
Housing costs	76	146
Taxes and charges	1,982	1,164
Bank costs	422	100
Insurance expenses	134	119
Audit, legal and tax expenses	915	641
Promotion	217	94
Sales / agency expenses	7,388	374
Maintenance and repair expenses (projects)	4,331	4,018
Rental guarantee expenses	3,635	426
Operating expenses with related parties	8,886	6,712
Miscellaneous	1,912	832
Total:	29,898	14,626

Current period's Other operating expenses have significantly increased by 15,272 KEUR to 29,898 KEUR. The increase is to a significant extent attributable to current year's relatively high Sales / agency expenses (7,014 KEUR). The increase is mainly the result of the sale of the Warsaw HUB.

Also rental guarantee expenses increased significantly, mainly related to the rental guarantee provision related to the sale of the Warsaw HUB (3,600 KEUR).

Furthermore, the related party expenses increased, this mainly related to fit-out expenses in the Warsaw UNIT (for approx. 2.3 MEUR) and the Warsaw HUB (5 MEUR) charged by Ghelamco Poland Sp. z o.o. (and which were in turn re-charged to tenants (through other income)).

9. Finance income and finance costs

	30/06/2022	30/06/2021
Foreign exchange gains	-	11,854
Interest income	8,349	7,299
Other finance income	559	15
Total finance income	8,908	19,168
Interest expense	-10,792	-9,809
Other finance costs	-6,616	-3,373
Foreign exchange losses	-12,926	-
Total finance costs	-30,334	-13,182

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. Financing costs on projects under construction are capitalized while financing costs on delivered/ income generating projects are expensed.

The other finance costs are mainly related to (the amortisation of) capitalized credit facility fees and expenses. The foreign exchange losses (-12,926 KEUR) are mainly the result of realized exchange differences on the sale of the Warsaw HUB and for a smaller part of the relative weakening of the PLN vs. the EUR (mainly related to the conversion at spot rate of the outstanding (EUR) bank loans in Polish entities).

10. Income taxes

	30/06/2022	30/06/2021
current income tax	-46.355	-397
deferred tax	44,911	-16,856
Total income tax	-1,444	-17,253

The increase in the current income tax is mainly related to the income tax paid on the sale of the HUB. Consequently upon realisation of the added value, the related deferred tax liability was released having a positive impact on the accounted deferred tax income compensated by a deferred tax expense related to fair value accounting on the current investment properties.

11. Financial instruments

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

Financial instruments (x € 1 000)	30/06/2022				
	FVTPL	FVOCI	Measured at amortised cost/fin. liabilities at amortised cost	Fair value	Fair value level
Other financial investments					
Other financial assets		-	188	188	2
Non-current receivables					
Receivables and prepayments			559,040	559,040	2
Restricted cash			-	-	2
Current receivables					
Trade and other receivables			187,450	187,450	2
Derivatives			-	-	2
Cash and cash equivalents			44,091	44,091	2
Total Financial Assets			790,769	790,769	
Interest-bearing borrowings - non-curr.					
Bank borrowings			170,654	170,654	2
Bonds			219,466	214,439	1
Other borrowings			12,212	12,212	2
Lease liabilities			20,810	20,810	2
Interest-bearing borrowings - current					
Bank borrowings			10,176	10,176	2
Bonds			9,291	9,260	1
Other borrowings			21,487	21,487	2
Lease liabilities			1,718	1,718	2
Current payables					
Trade and other payables			35,328	35,328	2
Total Financial Liabilities			501,142	496,084	

Financial instruments (x € 1 000)	31/12/2021				
	FVTPL	FVOCI	Measured at amortised cost/fin. liabilities at amortised cost	Fair value	Fair value level
Other financial investments					
Other financial assets			198	198	2
Non-current receivables					
Receivables and prepayments			438,791	438,791	2
Restricted cash			-	-	2
Current receivables					
Trade and other receivables			176,493	176,493	2
Derivatives			-	-	2
Cash and cash equivalents			72,024	72,024	2
Total Financial Assets	0	0	687,506	687,506	
Interest-bearing borrowings - non-curr.					
Bank borrowings			144,884	144,884	2
Bonds			229,789	229,045	1
Other borrowings			12,287	12,287	2
Lease liabilities			17,927	17,927	2
Interest-bearing borrowings - current					
Bank borrowings			319,221	319,221	2
Bonds			54,128	54,009	1
Other borrowings			23,725	23,725	2
Lease liabilities			6,770	6,770	2
Current payables					
Trade and other payables			34,970	34,970	2
Total Financial Liabilities	0	0	843,701	842,838	

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

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

12. Transactions with related parties

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

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

Granbero Holdings Ltd (the “Company”) is the holding company of the Polish activities of Ghelamco Group Comm, VA, which is in turn the holding company of the Investment Group. Granbero Holdings Ltd, together with its direct and indirect legal subsidiaries, constitute the reporting entity for the purpose of these interim condensed financial statements.

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

Trading transactions: purchase of construction, engineering and other related services from related parties

Construction and development services

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

- Ghelamco Poland with its registered office in Warsaw.



Engineering and architectural design services

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

13. Other related party transactions

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

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

	30/06/2022	30/06/2021
Purchases of construction, engineering and architectural design	-29,865	-27,089
Interest income	7,785	6,555
	30/06/2022	31/12/2021
related party trade receivable	1,227	2,511
related party trade accounts payable	-18,824	-25,499
related party non-current loans receivable	536,493	417,446
related party current loans receivable	-	-
related party interests receivable	64,117	56,833
related party C/A receivable	107,948	109,775
related party non-current loans payable	-8,120	-8,335
related party interests payable	-847	-518
related party C/A payable	-	-



14. Post balance sheet events

Sale of Lomianki:

On 29 August 2022, Prima Bud Sp.z.o.o. signed a preliminary sale agreement with an investor regarding the sale of Lomianki.

Other borrowings – Bonds:

In July 2022, a number of bonds series (PM) have been redeemed for a total amount of 27,951 KPLN, through redemption at their maturity date.

In August 2022, a number of bonds series (PN) have been redeemed for a total amount of 23,456 KPLN, through redemption at their maturity date.



Independent Auditor's Report to the management of Granbero Holdings Ltd. on the review of the condensed consolidated interim financial information as at June 30, 2022 and for the six-month period then ended

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Granbero Holdings Ltd. as at June 30, 2022, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). The management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at June 30, 2022 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Zaventem, September 28, 2022

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises
Independent Auditor
represented by

Filip De Bock
Bedrijfsrevisor / Réviseur d'Entreprises