GHELAMCO INVEST NV

IFRS CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2022

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

EUROPEAN PROPERTY AWARDS DEVELOPMENT
★★★★★
BEST OFFICE DEVELOPMENT BELGIUM
The Wings by Ghelamco
2022-2023

EUROPEAN PROPERTY AWARDS DEVELOPMENT
★★★★★
BEST MIXED USE DEVELOPMENT BELGIUM
The Wings by Ghelamco
2022-2023

EUROPEAN PROPERTY AWARDS DEVELOPMENT
★★★★★
BEST NEW HOTEL CONSTRUCTION & DESIGN BELGIUM
The Wings by Ghelamco
2022-2023

EUROPEAN PROPERTY AWARDS DEVELOPMENT
★★★★★
BEST NEW SMALL HOTEL CONSTRUCTION & DESIGN BELGIUM
The Wings by Ghelamco
2022-2023

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ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR 2022[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 28 March 2023.

1. BUSINESS ACTIVITIES AND PROFILE

Ghelamco Invest NV (as the Belgian legal entity with all its subsidiaries) represents the 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.

In 2022, The Wings (a Brussels region located project which will offer approx. 48,500 sqm office space and hotel facilities, divided over 4 interconnected buildings ('wings')) won six awards at the European Property Awards 2022 in the categories of:

- Landscape Architecture Belgium
- Mixed Use Development Belgium
- New Hotel Construction & Design Belgium
- New Small Hotel Construction & Design Belgium
- Office Development Belgium
- Office Architecture Belgium

And the PwC Campus project (also a Brussels region based project offering +/- 30,000 sqm office space which was sold to Riyad Capital in 2021) received as well awards at the European Property Awards 2022 in the categories of:

- Office Architecture Belgium
- Office Development Belgium
- Landscape Architecture Belgium

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 the realization of 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;
- 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 beneficial owners;
- Ghelamco European Property Fund NV is the **"Long-term Investment Holding"** and comprises 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 consortium group.

2. LEGAL STATUS

Ghelamco Invest NV ("Ghelamco Invest") is the subholding company for the Belgian, French and 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.

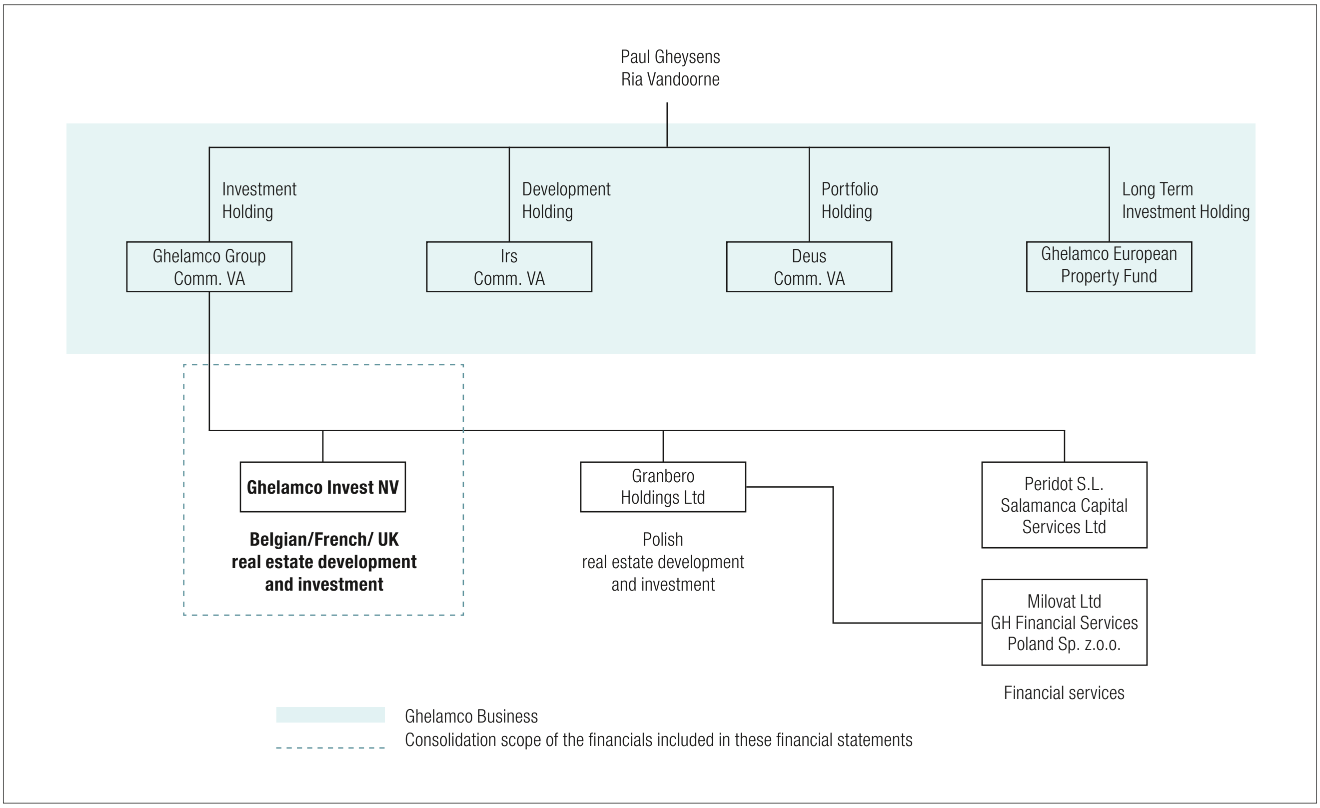
Ghelamco Invest is registered in the Belgian commercial register under the number 0431.572.596.

3. CONSOLIDATION SCOPE

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

At 31 December 2022 (the reporting date), all 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 2022 and at 31 December 2021.



4. STAFFING LEVEL

Given its nature, there is only limited employment in the Company. 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 243 people on 31 December 2022 (vs. 242 on 31 December 2021).

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 comprises 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 2022:

- BV Opus Terrae, represented by Mr. Paul Gheysens
- BV Sidlabz, represented by Mr. Simon Gheysens
- BV Ghemic, represented by 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 2022 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 is 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

2022 results:

After a year-end start that was still somewhat influenced by the latest anti-Covid measures and despite the outbreak of the war in Ukraine in February, the Company closed its 2022 accounts with an operating profit of 46,993 KEUR. As such 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 2022. It is to be expressed that the Company's key office projects are characterized 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. The inflation context and increasing interest rate environment in which the economy finds itself has an impact on real estate companies and therefore also on the Company and this in various ways. On the one hand, the Company can benefit from contractual indexation of leases and thus significantly increase its current and future income. The lease increases were also able to offset the slight increase in yields, keeping the valuation of the portfolio stable. Additionally, raw materials, supplies, labor and other costs directly related to the construction process constitute a major part of the property development assets capitalized in the accounts of the Company's project companies and are exposed to cost inflation effects. However and despite substantially varying total construction prices during the past year, the Company succeeded in reducing its inflation exposure risk by having fixed price contracts or open book contracts with related and external companies. In addition, the Company's fully integrated business model with control over the total value chain including purchases, allowed the Company to adopt a strict cost control optimizing its supply chain purchases in terms of volumes and pre-agreed prices. On the other hand, the Company has seen increasing financing costs. Nevertheless, the Company has excellent financial sources, which enables them to closely monitor the development in the financial markets.

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. The Company has in the current period once more considerably invested in a number of existing projects (mainly The Wings in Diegem (Belgium) and The Arc in London (UK)), resulting in the creation of added value on its current projects portfolio. This is reflected in an increased balance sheet total of 1,204,193 KEUR and an increased equity of 387,205 KEUR. The solvency ratio[2] evolved to 32.15% (vs. 33.86% last year). The Company realized a net profit for the year of 12,215 KEUR (vs. 25,870 KEUR last year). There is currently no intention to distribute a dividend over 2022.

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 has been delivered, commercialized and sold in the course of the last years.

Main 2022 development and construction activities:

- Continuation of the advanced construction works of The Arc in London (22-storey tower offering 100 residential units; 148,048 sq ft of sustainable, tech-focused office space and several retail units at City Road 225), given the scheduled practical completion mid 2023. The building will be triple certified; achieving BREEAM Excellent, WELL Gold and DGNB Golf certification. The commercialization of the project is ongoing and resulted in substantial reservation of residential units up to 38% per year-end. After year-end the commercialization of the residential units boosted, leading to a pre-sale of 55% per date of current report.
- Finalization of the construction works in the residential Lake District project in Knokke. First deliveries are scheduled in Q1-Q2 2023. The project offers 166 high-end apartments over 3 buildings and approx. 4,200 sqm retail function on the groundfloor and a hotel, spread over 3 buildings: The Tower (13 floors), 11 Lake Garden (6 floors) and 8 Lake Garden (4 floors). The commercialization of the project was a huge success as all residential and retail units are (pre-) sold.
- Continuation of the advanced construction works in the office and hotel project The Wings at the Culliganlaan in Diegem given the delivery end of Q1 2023 to its anchor tenant EY. As a result of current year's commercial efforts, the lease status increased up to 90% with blue chip tenants. Currently, negotiations are ongoing regarding the lease of the limited remaining available office space.
- Furthermore, in Q3 of 2022, the construction works of Nova One (single tenant building in Antwerp (Belgium) which will offer approx. 6,400 sqm office space, approx. 5,400 sqm warehouse facility and 200 underground parking spaces),

[2] Calculated as follows: equity / total assets

have been started. This new generation building will be double certified (BREEAM Excellent and WELL Gold) and delivery is scheduled for Q1 2024. The Company has signed a 15 years lease agreement with Dematic NV for the rent of this office and manufacturing building.

- Further development of the project sites Copernicus and Noorderlaan in Antwerp as well as in the Brussels region: The Cube in Diegem (Kouterveldstraat) and Lloyd George in Brussels. The Company is designing its projects to the latest needs of the stakeholders enabling submitting the respective permits with the local authorities.
- Receipt of building permit as per 1 August 2022 to develop the top-notch Nexus Datacenter project located at Zellik Research Park. The first construction works started in Q3 2022. This first triple-certified datacenter will be part of Green Energy Park which includes the development of offices, R&D, training and co-creation facilities and will provide housing to startups, spin-offs, knowledge institutions and companies. Furthermore, Ghelamco will focus on carbon neutrality through investing in brand new techniques such as heat recuperation techniques to deploy a heat network on site as well as incorporating solar panels for own electricity needs. Ghelamco will obtain an Edge attestation for this project.

In addition, the Company has expanded its portfolio through a number of acquisitions and/or has secured some positions:
On 1 February 2022, the company acquired 100% of the shares of M. Van Steenwinkel BV, a company holding land and an existing building at the Oude Bosuilbaan in Antwerp. The share purchase agreement is based on an underlying property value of 1,200 KEUR.

On 27 April 2022, the Company acquired 100% of the shares of Garage S.O.S. BV, a company holding land an existing building at the Natiënlaan in Knokke. The share purchase agreement is based on an underlying property value of 2,300 KEUR.

In May 2022, the Company acquired an additional plot connected to the French Pomme De Pin project in Courchevel for the future development of a (combined) residence/hotel project.

As to divestures/revenues:
Current year's revenue is mainly related to instalment invoicing (under the Breyne legislation) connected to the sale of apartments (and parking spaces) in the Lake District project in Knokke, the Senzafine project in Kortrijk and the sale of parking spaces in Knokke (Katelijne parking), all located in Belgium.

Main post balance sheet events
No post balance sheet events occurred.

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. We refer to section 2 of the Consolidated Financial Statements for a detailed description of those risk factors.

The Company usually does not enter into 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. The strategy to develop and sell remains.

For 2023, 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.

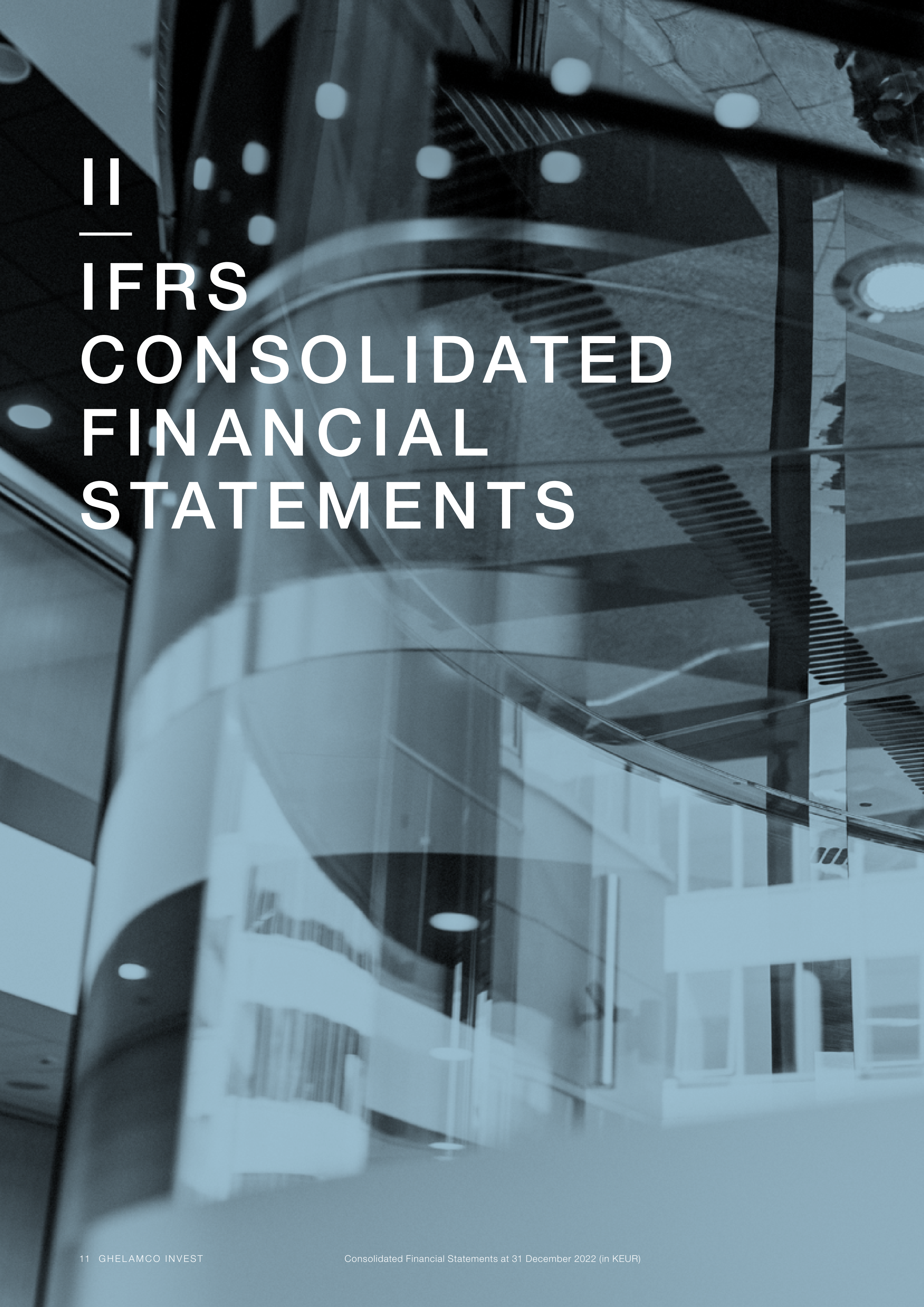
The Company will also continue to heavily focus on R&D and innovation to monitor and excel in the realisation of its qualitative development projects. Doing so, management is confident that the projects will remain attractive to international tenants and investors.

With respect to the Ukrainian armed conflict, management will further closely monitor and track the impact the political and economic situation might have on the Belgian and UK operations of the Company.
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.

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

The Board of Directors, hereby declares, 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 2022, assuming the going concern of the consolidated companies and which were approved by the Company's Board of Directors on 28 March 2023. The amounts in this document are expressed in thousands of EUR (KEUR), unless stated otherwise.

A. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	**Note**	**31/12/2022**	**31/12/2021**
Non-current assets			
Investment Property	6	645,479	488,121
Property, plant and equipment	7	275	350
Equity accounted investees	8	30,985	28,207
Receivables and prepayments	10	6,443	6,367
Deferred tax assets	16	12,029	15,665
Other financial assets		5,143	5,009
Total non-current assets		**700,354**	**543,719**
Current assets			
Property Development Inventories	9	253,621	240,684
Trade and other receivables	10	247,879	303,379
Current tax assets		7	15
Assets classified as held for sale	6	0	1,435
Cash and cash equivalents	11	2,332	17,880
Total current assets		**503,839**	**563,393**
TOTAL ASSETS		**1,204,193**	**1,107,112**

Capital and reserves attributable to the Group's equity holders	**Note**	**31/12/2022**	**31/12/2021**
Share capital	12	146,490	146,490
CTA		105	-45
Retained earnings	13	239,643	227,531
		386,238	**373,976**
Non-controlling interests	12.2	967	863
TOTAL EQUITY		**387,205**	**374,839**
Non-current liabilities			
Interest-bearing loans and borrowings	14	325,733	415,332
Deferred tax liabilities	16	30,142	18,772
Other liabilities		156	0
Total non-current liabilities		**356,031**	**434,104**
Current liabilities			
Trade and other payables	17	73,709	58,185
Current tax liabilities	22	2,816	752
Interest-bearing loans and borrowings	14	384,432	239,232
Total current liabilities		**460,957**	**298,169**
Total liabilities		**816,988**	**732,273**
TOTAL EQUITY AND LIABILITIES		**1,204,193**	**1,107,112**

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	Note	2022	2021
Revenue	18	51,132	69,733
Other operating income	19	7,253	5,449
Cost of Property Development Inventories	20	-28,309	-36,742
Employee benefit expense	19	-2	-1
Depreciation amortisation and impairment charges		-145	-191
Gains from revaluation of Investment Property	6	37,856	28,769
Other operating expense	19	-23,569	-27,125
Share of results in equity accounted investees (net of tax)	8	2,777	-4,749
Operating profit, including share of profit in equity accounted investees (net of tax) - result		**46,993**	**35,143**
Finance income	21	8,304	12,191
Finance costs	21	-23,905	-19,721
Profit before income tax		**31,392**	**27,613**
Income tax expense/income	22	-19,177	-1,743
Profit for the year		**12,215**	**25,870**
Attributable to:			
Owners of the Company		12,111	25,862
Non-controlling interests		104	8

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	2022	2021
Profit for the year	**12,215**	**25,870**
Exchange differences on translating foreign operations	150	-49
Other	0	-2
Items that are or may be reclassified subsequently to profit or loss	**150**	**-51**
Total Comprehensive income for the year	**12,365**	**25,819**
Attributable to:		
Owners of the Company	12,261	25,811
Non-controlling interests	104	8

13 GHELAMCO INVEST Consolidated Financial Statements at 31 December 2022 (in KEUR)

C. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to the owners of the Company			Non-controlling interests	TOTAL EQUITY
		Share capital	Currency Translation Adjustment	Retained earnings		
Balance at 1 January 2021		**146,490**	**4**	**201,671**	**854**	**349,019**
Capital increase						
Currency translation adjustment (CTA)			-49			-49
Profit/(loss) for the year				25,862	8	25,870
Dividend distribution						
Change in non-controlling interests						
Change in the consolidation scope				-2		-2
Other					1	1
Balance at 31 December 2021		**146,490**	**-45**	**227,531**	**863**	**374,839**
Capital increase	12					
Currency translation adjustment (CTA)	13		150			150
Profit/(loss) for the year	13			12,111	104	12,215
Dividend distribution						
Change in non-controlling interests	12.2					
Change in the consolidation scope	13					0
Other				1		1
Balance at 31 December 2022		**146,490**	**105**	**239,643**	**967**	**387,205**

14 GHELAMCO INVEST Consolidated Financial Statements at 31 December 2022 (in KEUR)

D. CONSOLIDATED CASH FLOW STATEMENT

Consolidated Cash Flow Statement for 2022 and 2021	Note	31/12/2022	31/12/2021
Operating Activities			
Profit / (Loss) before income tax		**31,392**	**27,613**
Adjustments for:			
• Share of results in equity accounted investees	8	-2,777	4,749
• Change in fair value of investment property	6	-37,856	-28,769
• Depreciation, amortization and impairment charges	7	145	191
• Result on disposal Investment Property		439	1,390
• Net interest charge	21	8,969	6,294
• Movements in working capital:			
- Change in prop. dev. inventories	9	-13,271	-59,677
- Change in trade & other receivables	10	62,974	-10,186
- Change in trade & other payables	17	-8,187	1,653
• Movement in other non-current liabilities		156	-1,311
• Other non-cash items		101	-204
Income tax paid		-2,099	-9,333
Interest paid (*)	21	-16,028	-9,260
Net cash from operating activities		**23,958**	**-76,850**
Investing Activities			
Interest received	21	830	1,199
Purchase of property, plant & equipment		-22	-307
Proceeds from disposal PP&E			
Purchase of investment property	6	-84,056	-105,277
Capitalized interest in investment property (paid)	6	-12,805	-9,897
Proceeds from disposal of investment property	6	1,648	121,986
Cash outflow on other non-current financial assets		-210	831
Net cash flow used in investing activities		**-94,615**	**8,535**
Financing Activities			
Proceeds from borrowings	14	149,393	185,705
Repayment of borrowings	14	-94,284	-124,590
Net cash inflow from / (used in) financing activities		**55,109**	**61,115**
Net increase in cash and cash equivalents		**-15,548**	**-7,200**
Cash and cash equivalents at 1 January		**17,880**	**25,080**
Cash and cash equivalents per end of the year		**2,332**	**17,880**

(*): Interests directly capitalized in IP not included (2022: 12,805 KEUR; 2021: 9,897 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 2022.

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 publication by the Board of Directors on 28 March 2023. 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 2022. The Company has adopted all new and revised standards and interpretations which became applicable for the financial year starting 1 January 2022.

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 2022

Standards and Interpretations that the Company anticipatively applied in 2021 and 2022:

- None

Standards and Interpretations that became effective in 2022:

- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts — Cost of Fulfilling a Contract
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework
- Annual Improvements to IFRS Standards 2018–2020

The first time adoption of the aforementioned standards and interpretations did not have a significant impact on the financial statements as of 31 December 2022.

Standards and Interpretations which became effective in 2022 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:

- IFRS 17 Insurance Contracts, including amendments to Initial application of IFRS 17 and IFRS 9 – Comparative Information (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (applicable for annual periods beginning on or after 1 January 2024)
- Amendments to IAS 1 Presentation of Financial Statements: Non-current liabilities with Covenants (applicable for annual periods beginning on or after 1 January 2024).

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 2023.

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 2022 and 2021, 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 2022 and 2021 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 2022

On 28 March 2022, 100% of the shares of Boutique Hotel Management BV (former Waterview BV) has been sold to International Real Estate Services Comm. VA (IRS). This related party transaction was decided upon the basis of the new nature of the company namely, exploitation of the hotel business in the project Boutique Hotel in Knokke.

Comments 2021

On 20 May 2021, the PwC Offices project (offering +/- 30,000 sqm office space) has been sold to Riyad Capital. The transaction was structured as a share deal. The share purchase agreement (which was signed in March 2021) 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) took place shortly after the delivery of the building end of April, to its anchor tenant PwC. The transaction has been presented in the consolidated financial statements as a disposal of investment property.

In 2021, no residential SPVs have been sold, in line with the general approach to sell residential projects through asset deals.

1.5.4. CHANGES 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. CURRENCY TRANSLATION ADJUSTMENT

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 "Currency Translation Adjustment". 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 in the UK, London market. Functional currency of the new UK companies is GBP. However, in 2022 and 2021 there is no significant impact on the financial statements.

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 as 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 (UC)) 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.

The subsequent reclassification of investment property is based on an actual change in use rather than on changes in an entity's intentions. Where management has the intention to dispose of the property, it continues to be classified as investment property until the time of disposal unless it is classified as held-for-sale.

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/or 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 (capitalized interest expenses included)

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 a 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. The Company estimates the costs necessary to make the sale in the ordinary course of business. 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 significant write-downs have been recognized in the 2022 IFRS consolidated financial statements. The same goes for 2021. (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 affects 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.

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 transaction 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 except for some specific projects (however impact is rather immaterial). 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 60% 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, UK and French projects are issued on the Ghelamco Invest NV level, at fixed interest rates:
    - 47.5 MEUR EMTN bond issue due 3 July 2023 and bearing an interest of 5.5%,
    - 54.2 MEUR EMTN bond issue due 20 November 2024 and bearing an interest of 4.8%,
    - 80.1 MEUR EMTN bond issues due 14 June 2025 and bearing an interest of 5.00%,
    - 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.

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 and insurance of 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, 201.8 MEUR unsecured EMTN bonds are outstanding as of 31 December 2022 (see infra). Since a number of years, the Company also has access to some other, investor loans from third party (institutional) investors.

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 from 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 reputable 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 in 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.

The Company continuously monitors a wide range of measures to manage its short term cashflow needs such as:

- New external financing
- Refinancing options of existing loans (reference is made to note 14 describing the existing framework with banks in this context) and bonds
- Shareholders' contributions
- Intragroup cash downstreaming
- Accelerate sales process of assets
- Launch of new residential constructions projects depending on minimum pre-sale targets
- Working capital management

Management is confident that it has sufficient options available to meet its short term financial obligations.

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.

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 2022 and 2021 were as follows:

	2022	2021
Equity	387,205	374,839
Total assets	1,204,193	1,107,112
Solvency ratio	**32.15%**	**33.86%**

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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.

	31/12/2022
a) Equity Issuer > 80 MEUR	387,205
b) Equity Guarantor > 400 MEUR	1,171,874
c) Unsecured Assets Issuer > 100 MEUR	698,650
d) Unsecured Assets Guarantor > 400 MEUR	1,889,433
e) Equity Issuer/total assets > 20%	32.15%
f) (Equity Guarantor)/total assets > 40%	44.65%
f) Green bonds: (Equity Issuer)/(total assets - cash) > 20%	32.22%
f) Green bonds: (Equity Guarantor)/(total assets - cash) > 40%	45.02%
g) Ratio Undeveloped land Issuer < 15 %	0.0%

Covenants are tested both at half-year and at year-end. As at 31 December 2022, the Issuer and the Guarantor have been in compliance with these covenants and most covenants show sufficient headroom. Meeting the solvency ratio at both test points in 2023 will depend on various factors which are driven by the operations of both Ghelamco Invest NV (approx. 50% of total real estate portfolio) and Granbero Holdings Ltd. (approx. 50% of total real estate portfolio) such as:

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

- Significant expected sales (and related profit margins) on the residential part of The Arc, a sizeable new project in London.
- 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 2022, no significant write-downs to net realizable value of inventory have been recognized. The same goes for 2021.

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: 25%
- UK: 19% (25% as from next year if certain conditions are met)

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.

4. LIST OF SUBSIDIARIES

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

Entity description	Country	31/12/2022 % voting rights	31/12/2021 % 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	*
LPI Development BV	BE	100	100	
Leisure Property Invest NV	BE	99	99	*
Golf Hotel RE BV	BE	100	100	
Golf MICE RE BV	BE	100	100	
Golf Hotel Units RE BV	BE	100	100	
Golf Co RE BV	BE	100	100	
Golf Amenities RE BV	BE	100	100	
Boutique Hotel Management BV	BE	0	99	4.4
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	80	***
MeetDistrict Gent NV	BE	80	80	***
Ring Hotel NV	BE	99	99	*
Viminalis III BV (former 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	*
Caboli NV	BE	99	99	*
Brussel Lloyd George BV (former DEREIF Brüssel Lloyd George S.à r.l.)	BE	100	100	
Viminalis BV	BE	85	85	
Viminalis II BV	BE	85	85	
225 City Ltd	UK	100	100	
Ghelamco Mezz HoldCo BV	BE	100	100	
Ghelamco Senior HoldCo BV	BE	100	100	
225 City Road Ltd	UK	100	100	
Scientia Holdings Ltd	UK	100	100	
225 City Residences Ltd	UK	100	100	
Verbena BV	BE	100	100	
Sogimes NV	BE	100	100	
Immobilière Cogimes NV	BE	100	100	
Copernicus site NV	BE	100	100	
D&Q BV	BE	100	100	
Ligora BV	BE	100	100	
99 York Road Residences Ltd	UK	100	0	4.1
Van Steenwinkel M. BV	BE	100	0	4.1
Green Energy Investments BV	BE	100	0	4.1
MEDTIL BV	BE	100	0	4.1

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DC Green BV	BE	100	0	4.1
Garage S.O.S. BV (BEL)	BE	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.

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 2022 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

On 1 February 2022, the Company acquired 100% of the shares of M. Van Steenwinkel BV, a company holding land and an existing building at the Oude Bosuilbaan in Antwerp. The share purchase agreement has been based on an underlying property value of 1,200 KEUR.

In connection with the financial and commercial structuring of the project Green Energy Park, following new entities have been incorporated during the course of the year:

- Green Energy Investments BV: holding company
- DC Green BV: project company of the datacenter
- Medtil BV: project company for the future development of the technological laboratory

On 27 April 2022, the Company acquired 100% of the shares of Garage S.O.S. BV, a company holding land and an existing building at the Natiënlaan in Knokke. The share purchase agreement has been based on an underlying property value of 2,300 KEUR.

These acquisitions have, in accordance with what has been stated in section 1.5.2 above, been booked as the purchase of inventory 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 acquisitions no significant other assets and/or liabilities have been acquired than the items booked in Inventory.

On 21 May 2022, the Company has signed a conditional contract for the acquisition of a land plot at York Way in London. In this respect, a new entity 99 York Road Residences Ltd was incorporated for this future project.

4.2. DISPOSAL OF SUBSIDIARIES

There have been no disposals of subsidiaries in 2022.

4.3. INCORPORATION OF NEW (SHELF) COMPANIES

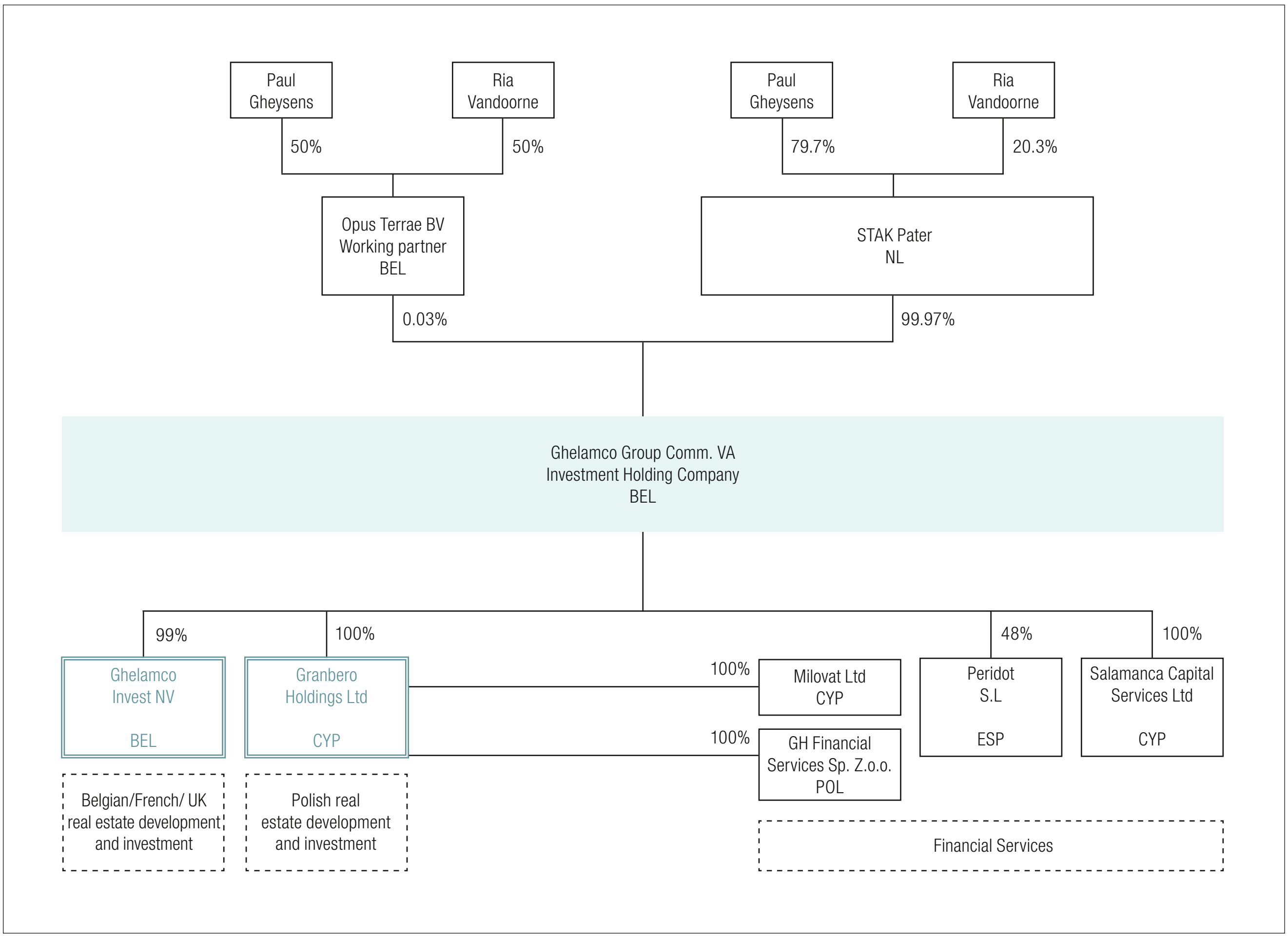
There have been no mergers, de-mergers and liquidations of subsidiaries in 2022.

4.4 MERGERS AND LIQUIDATIONS OF SUBSIDIARIES

On 28 March 2022, 100% of the shares of Boutique Hotel Management BV (former Waterview BV) has been sold to International Real Estate Services Comm. VA (IRS). This related party transaction was decided upon the basis of the new nature of the company namely, exploitation of the hotel business in the project Boutique Hotel in Knokke.

5.
GROUP STRUCTURE

5.1. INVESTMENT HOLDING AS PER 31 DECEMBER 2022



5.2. BELGIAN,FRENCH AND UK REAL ESTATE DEVELOPMENT AND INVESTMENT AS PER 31 DECEMBER 2022

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

100%	LPI Development BV - BEL
99%	Leisure Property Invest 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%	Leuven Student Housing - BEL
99%	Graminea NV- BEL
99%	Citrien NV - BEL
100%	Verbena BV - BEL
100%	Sogimes NV
100%	Immobilière Cogimes NV
85%	Viminalis BV - BEL
85%	Viminalis II BV - BEL
99%	Viminalis III BV - BEL
100%	225 City Ltd - UK
100%	Ghelamco Mezz HoldCo BV - BEL
100%	Blackwall Property Ltd - UK
100%	99 York Road Residences Ltd - UK

100%	Golf Hotel RE BV - BEL
100%	Golf MICE RE BV - BEL
100%	Golf Hotel Units RE BV - BEL
100%	Golf Co RE BV - BEL
100%	Golf Amenities RE 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%	225 City Road Management Company Ltd - UK

99%	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%	Brussel Lloyd George BV- BEL
100%	Ligora BV - BEL
100%	D&Q BV - BEL
100%	Copernicus Site NV - BEL
100%	Collaris BV - BEL
100%	Van steenwinkel M. BV - BEL
100%	Green Energy Investments BV - BEL
100%	Garage S.O.S - BEL
100%	Caballus BV - BEL

100%	Medtil BV - BEL
100%	DC Green BV - BEL

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

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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 2022 and 31 December 2021.

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. Permitted 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	31/12/2022 KEUR	31/12/2021 KEUR
BELGIUM					
225 City Road	The Arc	Avison Young	C	161,550	125,749
Sogimes/Verbena/Cogimes	The Wings	BNP RE	C	136,250	66,642
Leisure Property Invest	Knocke Village	Cushman	B	109,807	112,740
Docora	Rafc Tribune 1 & 4	Man	D	85,084	84,549
Viminalis	Antwerpen West	CBRE	A/D	47,860	43,580
Brussel Lloyd George	Lloyd George	Man	B	45,829	45,429
Ghelamco Invest	Boutique Hotel	Belsquare	C	24,730	0
Ligora	The Cube	CBRE	C	15,956	3,036
Viminalis III	Nova One	CBRE	C	8,522	0
DNF/Filature Retail	Filature/Tribeca Retail	Man	D	4,100	4,650
DC Green	Nexus Data Center	Man	C	3,553	0
Zeewind	Zeewind	Man	D	1,746	1,746
Right of use asset		Man	n/a	492	0
TOTAL				**645,479**	**488,121**

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

Balance at 1 January 2021	**273,239**
Acquisition of properties	17,333
Subsequent expenditure	65,246
Transfers	
• Assets classified as held for sale	-1,435
• Other transfers	104,969
Adjustment to fair value through P/L	28,769
Disposals	
other	
Balance at 31 December 2021	**488,121**
Acquisition of properties	
Subsequent expenditure	119,327
Transfers	
• Assets classified as held for sale	
• Other transfers	334
Adjustment to fair value through P/L	37,856
Disposals	-651
other	492
Balance at 31 December 2022	**645,479**

Categories	A	B	C	D	Total
Balance at 1 January 2021	**0**	**188,142**	**0**	**85,097**	**273,239**
Acquisition of properties		3,311	14,022		17,333
Acquisition through business combinations					0
Subsequent expenditure		11,201	46,762	7,283	65,246
Transfers					0
• Assets classified as held for sale				-1,435	-1,435
• Other transfers			104,969		104,969
Adjustment to fair value		2,131	26,638		28,769
Disposals					0
Balance at 31 December 2021	**0**	**204,785**	**192,391**	**90,945**	**488,121**
Acquisition of properties					0
Acquisition through business combinations					0
Subsequent expenditure		6,737	109,319	3,271	119,327
Transfers					0
• Assets classified as held for sale		0			0
• Other transfers		-56,745	12,499	43,580	334
Adjustment to fair value		859	35,352	1,645	37,856
Disposals				-651	-651
Balance at 31 December 2022	**0**	**155,636**	**350,561**	**138,790**	**644,987**
Right of use asset					**492**
					645,479

Main expenditures are related to projects the Arc and the Wings, disposals are related to project Tribeca. Transfers relate mainly to projects which changed to another category in the course of 2022.

In August 2022, the Company received the building permit for the Datacenter (including 3,300 sqm whitespace for 15 data modules), the construction works started shortly thereafter. The land lease connected to this project is presented as Right of Use Asset.

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Assets held for sale

There are no assets held for sale per 31/12/2022.

Last year's balance for the amount of 1,435 KEUR related to the freehold rights of the Spectrum office project in Brussels. On 20 December 2019, the leasehold rights on the Spectrum office project have been sold to Deka Immobilien and they were granted a call option to acquire the freehold rights of the project at the earliest on 1 February 2022 and the latest 31 July 2022. Deka Immobilien called the option at the end of July 2022.

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

- Rental income 2022: 12,117 KEUR
- Rental income 2021: 8,629 KEUR

The rental income of 2022 mainly relates to the lease income generated from the Lloyd George building in Brussels, the lease income received from the office building in Mechelen, the Copernicus site and the RAFC stands 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 (UC)), 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 (Assets Held for Sale) relates to office and multifunctional projects, which are valued based on the residual value method (for IPUC) and income approach/yield/DCF method (for delivered projects).

SIGNIFICANT ASSUMPTIONS

The average yields (or capitalization rates) used in the expert valuations on 31 December 2022 are as follows:

- 4.5% to 6.00% for Belgian office projects (vs. 5.10% last year), depending on the location, specifics and nature of the investment;
- 5.75% for UK office projects, depending on the location, specifics and nature of the investment;
- 6% to 6.25% for Belgian retail projects (vs. 6% to 6.25% last year), depending on the location, specifics and nature of the investment;
- 6.60% for multifunctional projects (vs. 6.50% % last year, depending on the location, specifics and nature of the investment;
- 4.25% to 6.50% for Belgian hotel projects, depending on the location, specifics and nature of the investment (vs. 5.75% per 31/12/2021).

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:

- 170 to 185 EUR/sqm/year for Belgian office space (vs. 170 EUR/sqm/year last year);
- 66.60 £/sq ft/year for UK office projects depending on the location, specifics and nature of the project;
- 120 EUR/sqm/year to 250 EUR/sqm/year for Belgian retail space (vs. 125 EUR/sqm/year to 250 EUR/sqm/year last year), depending on the location, specifics and nature of the project;
- 186 EUR/sqm/year (vs. 186 EUR/sqm/year last year) for multifunctional projects, depending on the location, specifics and nature of the investment.
- 200 EUR/sqm/year for Belgian hotel 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.

The 250 EUR upper retail lease rate is related to the unique multi-component leisure project, Knocke Village at the Belgian coast. Given the current status of the building permit, the valuer corrected the value with an urbanistic risk factor of 25%.

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).

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 2022, the Company has a number of income producing investment properties (category D) which are valued at 90,930 KEUR (Zeewind, Filature Retail and RAFC stands). An increase/decrease of 100 basis points in the yield, with all other variables held constant, decreases/increases the value by approx. 13,209 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	
	31/12/2022	31/12/2021
Cost	1,244	1,235
Accumulated depreciation/amortisation and impairment	-969	-885
TOTAL	**275**	**350**

in thousands €	Property, plant and equipment
COST	
Balance at 1 January 2021	**928**
Additions	307
Additions from internal developments	
Acquisitions through business combinations	
Disposals or classified as held for sale	
Revaluation increase	
Effect of foreign currency exchange differences	
Other	
Balance at 31 December 2021	**1,235**
Additions	22
Additions from internal developments	
Acquisitions through business combinations	
Disposals or classified as held for sale	
Revaluation increase	
Effect of foreign currency exchange differences	-13
Other	
Balance at 31 December 2022	**1,244**

in thousands €	
ACCUMULATED DEPRECIATION AND IMPAIRMENT	
Balance at 1 January 2021	**838**
Depreciation/Amortisation expense	191
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	-144
Balance at 31 December 2021	**885**
Depreciation/Amortisation expense	145
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	-7
Other	-54
Balance at 31 December 2022	**969**

8. EQUITY ACCOUNTED INVESTEES

Equity accounted investees amount to 30,985 KEUR as of 31 December 2022. 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, since year-end 2020 also 80% stakes in MeetDistrict Gent NV and Ring Multi NV are included as 20% of the shares of MeetDistrict Gent NV and Ring Multi NV have been sold to respectively International Real Estate Services Comm. VA (IRS) and Ghelamco European Property Fund NV (GEPF). These transactions have led to the loss of control by the Company.

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

	31/12/2022 Carlton Retail		31/12/2022 Ring Multi		31/12/2022 Meetdistrict Gent	
Current assets	27,003		1,025		1841	
of which cash and cash equivalents		86		67		163
Non-current assets	0		21,432		28,390	
of which investment property	0			21,300		28,390
Current liabilities	142		2,463		5,797	
curr. fin. liab. (excl. trade and other payables and provisions)		0		810		1,542
Non-current liabilities	0		9,250		11,987	
non-curr. fin. liab. (excl. trade and other pay. and provisions)		0		9,250		11,987
Revenue	0		1,209		5,585	
Profit before income tax	344		524		1,793	
income tax expense (-) or income (+)	116		-235		-336	
Profit of the year	461		289		1,457	
Share in result of equity accounted investees	230		687		1,860	

The share of the Company in the result of Carlton Retail amounts to 230 KEUR as per 31 December 2022. 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 NV amounts to 2,547 KEUR.

	31/12/2021 Carlton Retail		31/12/2021 Ring Multi		31/12/2021 Meetdistrict Gent	
Current assets	26,555		937		1,067	
of which cash and cash equivalents		3,278		71		324
Non-current assets	0		21,032		28,630	
of which investment property				20,800		26,990
Current liabilities	156		7,322		5,453	
curr. fin. liab. (excl. trade and other payables and provisions)		0		6,088		1,474
Non-current liabilities	0		6,635		13,528	
non-curr. fin. liab. (excl. trade and other pay. and provisions)		0		4,788		13,528
Revenue	3,708		1,191		3,176	
Profit before income tax	1,495		594		-776	
income tax expense (-) or income (+)	-540		-138		293	
Profit of the year	955		456		-483	
Share in result of equity accounted investees	-2,023		-1,427		-1,299	

The share of the Company in the result of equity accounted investees amounted to -4,749 KEUR.

9. PROPERTY DEVELOPMENT INVENTORY

The Property Development Inventories amount to 253,561 KEUR on 31 December 2022 (2021: 240,684 KEUR) and are detailed as follows:

	31/12/2022	31/12/2021
Property Development Inventories	253,621	240,684
Raw materials		
TOTAL	**253,621**	**240,684**

	Carrying value (at cost) at 31 December 2022 - KEUR	Carrying value (at cost) at 31 December 2021 - KEUR
BELGIAN/FRENCH/UK PROJECTS		
The Arc – residential part	48,927	39,157
Duinenwater	35,094	35,094
Pomme De Pin - Courchevel	34,090	31,400
Copernicus site	23,871	23,453
Eurostadium Brussels	23,648	23,648
Edition Zoute (former Kinder Siska)	21,194	19,584
Le Chalet 1850-Courchevel	14,163	13,553
Graminea/ Bleko Meensesteenweg/ Ever	11,257	10,501
Locarno Knokke	8,445	8,445
D&Q (Noorderlaan)	6,150	6,092
Garage SOS	2,941	-
RHR	2,847	2,727
Lake District	2,752	5,831
Dock-site	2,649	2,649
Belalan Louise/ Edition	2,294	1,855
Katelijne parkings	1,626	4,082
Eneman	1,500	1,500
Van Steenwinkel	1,277	-
De Nieuwe Filature/ Tribeca	974	1,041
Waterside	306	306
Kanonstraat Brussel	228	228
Bleko Doornstraat / Caboli / Senzafine	112	1,332
East Dune	-	48
Others	7,276	8,158
TOTAL	**253,621**	**240,684**

During the year, the Company did some main acquisitions, such as:

- On 1 February 2022, the company acquired 100% of the shares of M. Van Steenwinkel BV (+1,277 KEUR) a company holding land and an existing building at the Oude Bosuilbaan in Antwerp. The share purchase agreement has been based on an underlying property value of 1,200 KEUR.
- On 27 April 2022, the Company acquired 100% of the shares of Garage S.O.S. BV (+2,941 KEUR), a company holding land and an existing building at the Natiënlaan in Knokke. The share purchase agreement has been based on an underlying property value of 2,300 KEUR.
- In May 2022, the Company acquired an additional plot (for a value of 2,630 KEUR) connected to the Pomme De Pin project in Courchevel.

Main current year expenditures have been done on:

- The Arc in London (100 residential units) +9,770 KEUR, finalization of the construction works in view of the scheduled delivery in Q2 2023.
- The Edition Zoute project in Knokke (49 serviced boutique apartments with commercial functions on the ground floor) +1,620 KEUR, construction is currently in a final stage.

The carrying value of inventories has been supported by feasibility studies based on the expected development scenario or recent sales transactions. No significant write-downs have been recognized in the course of 2022, nor in 2021.

Main divestures/ sales:

- Lake District project in Knokke (-3,079 KEUR): land parts and instalment invoicing. This resi-dential project consists of 166 high-end apartments which has been fully sold out. Con-struction progress (and related instalment invoicing) of the sold residential units is at 85% on average over the 3 buildings;
- Senzafine project in Kortrijk (-1,220 KEUR): land parts and instalment invoicing on the last 4 apartments and 10 garages/parking spaces which were sold in the course of 2022. This pro-ject is fully sold out; and
- Katelijne parkings in Knokke (-2,456 KEUR): 46 parking spaces were sold.

Eurostadium Brussels:

Ghelamco Invest participated in 2014 to a public call to develop a stadium on Parking C. The 99-year leasehold right was 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.

Based on extensive analysis, the Company has deemed that sufficient legal factual elements 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 final.
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. The case is pending before the Court of First instance of Brussels. Pleadings took place in February 2023. Conclusion of these pleadings are scheduled in April 2023.

The above-mentioned elements lead to some legal uncertainty on the concrete progress of the project. Despite this current uncertainty, the Board of Directors remains, and having heard the opinions of its lawyers, of the opinion that the currently capitalized expenses w.r.t. the Eurostadium-file (amounting to 23.6 MEUR as of 31 December 2022 and 31 December 2021) 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	31/12/2022	31/12/2021
Non-current			
Receivables from related parties	25.3	1,837	1,722
Trade and other receivables		4,606	4,645
Total non-current receivables and prepayments		**6,443**	**6,367**

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 rate on non-current receivables to related parties for 2022 was 5.5%.
Further reference is made to Note 25.3.

The 2022 and 2021 balance mainly consists of receivables vs. related parties which are not consolidated in these financial statements but are part of the Consortium.

NON-CURRENT TRADE AND OTHER RECEIVABLES

The 2022 and 2021 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.

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	31/12/2022	31/12/2021
Current			
Receivables from related parties	25.3	599	1,351
Receivables from third parties		12,544	7,955
Less: allowance doubtful debtors (bad debt provision)			
Net trade receivables		**13,143**	**9,306**
Other receivables		12,977	8,526
Related party current accounts	25.3	176,895	253,995
VAT receivable		3,113	1,740
Prepayments		4,465	0
Interest receivable		37,286	29,812
Total current trade and other receivables		**247,879**	**303,379**

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 include invoices for construction, engineering and other services as described in Note 25.2.

Trade receivables with third parties are mostly related to Ghelamco Invest (4.9 MEUR and Docora (4.6 MEUR).

Related party current accounts consist of a 176,895 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. The decrease of the account is the result of additional funding requested by Ghelamco Invest to fund its portfolio.

Other receivables relate to receivable positions TM One Carlton, TM Albertplein and receivable positions towards related parties not included in Ghelamco Invest (1.6 MEUR).

INTEREST RECEIVABLE

The interest receivable mainly consists of interests receivable from related parties (36.8 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 paya-bles.
VAT receivables are the result of VAT paid on the SPVs' project expenditures. Current year's VAT receivable is mainly related to Ghelamco Invest.

PREPAYMENTS

Relates to a conditional agreement signed in 2022 for the acquisition of a land plot in the UK.

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 2022 and 2021, 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

	31/12/2022	31/12/2021
Cash at banks and on hand	2,332	17,880

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

	31/12/2022	31/12/2021
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**

54 GHELAMCO INVEST Consolidated Financial Statements at 31 December 2022 (in KEUR)

At 31 December 2022 and 2021, 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 2022 and 2021, no dividends have been distributed by Ghelamco Invest.

12.2. NON-CONTROLLING INTERESTS

	31/12/2022	31/12/2021
Balance at beginning of year	863	854
Share of profit for the year	104	8
Dividend distribution		
Acquistions/disposals		1
Balance at end of year	**967**	**863**

The share in the profit of the year attributable to non-controlling interests is mainly related to Viminalis BV and Viminalis II BV, 2 companies related to the Antwerp West project, in which the Company acquired in 2020 85% of the shares.

13. RESERVES AND RETAINED EARNINGS

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

	Currency Translation Adjustment	Retained earnings
At 1 January 2021	**4**	**201,671**
Currency Translation Adjustment	-49	
Dividend distribution to the ultimate shareholders		
Change in non-controlling interests		
Change in the consolidation scope		-2
Profit for the year		25,862
At 31 December 2021	**-45**	**227,531**
At 1 January 2022	**-45**	**227,531**
Currency Translation Adjustment	150	
Dividend distribution to the ultimate shareholders		
Change in non-controlling interests		
Change in the consolidation scope		
Profit for the year		12,111
At 31 December 2022	**105**	**239,642**

55 GHELAMCO INVEST Consolidated Financial Statements at 31 December 2022 (in KEUR)

14. INTEREST-BEARING LOANS AND BORROWINGS

		31/12/2022	31/12/2021
Non-current			
Bank borrowings	14.1	168,385	217,890
Other borrowings - Bonds	14.2	151,676	197,442
Other borrowings	14.3	5,206	
Lease Liabilities		466	
		325,733	**415,332**
Current			
Bank borrowings	14.1	337,158	159,084
Other borrowings - Bonds	14.2	47,248	80,147
Other borrowings	14.3		
Lease Liabilities		26	
		384,432	**239,231**
TOTAL		**710,165**	**654,563**

14.1. BANK BORROWINGS (505,543 KEUR; OF WHICH 168,385 KEUR LONG-TERM AND 337,158 KEUR SHORT-TERM)

During the year the Company contracted new bank borrowings and withdrew on existing credit facilities for a total amount of 142.7 MEUR. On the other hand, reimbursements and re-financings have been done for an amount of 14.1 MEUR; bringing the total outstanding bank borrowings to 505.5 MEUR (compared to 376.9 MEUR at 31/12/2021).

Balance at 1 January 2022			**376,974 KEUR**
Repayment of bank borrowings			-14,125 KEUR
Proceeds from bank borrowings			142,694 KEUR
Balance at 31 December 2022			**505,544 KEUR**

Significant part of the repayment of bank borrowings is connected with the sale of Lake District project in 2022. The proceeds from bank borrowings are mainly related to the new financing received on project Duinenwater and further withdrawals on the project 'The Arc' (London) and 'The Wings' (Diegem).

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.

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

	<1 y	between 2 and 5 y	>5y	31/12/2022 total	<1 y	between 2 and 5 y	>5y	31/12/2021 total
Land acquisition loans	113,334	6,208		119,542	85,498	17,981		103,479
Construction loans	246,812	180,272		427,085	91,906	215,949		307,855
Investment loans			1,000	1,000			1,000	1,000
Total	**360,146**	**186,480**	**1,000**	**547,626**	**177,404**	**233,930**	**1,000**	**412,334**

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 initially a Libor based interest rate and partly through mezzanine junior financing, at a fixed interest rate. Given the cessation of Libor last year, the City Road project facility is restated shortly after year-end 2021. As from 1 January 2022, the Libor-based interest rate changed into Sonia. The change of interest rate did not have a material impact on the financial statements.

Depending on the project and the securities required by the bank, following margins on floating rates are applicable in:
- Belgium: between 1.75% and 3.00% (Euribor based)
- UK: 7% (Libor based and as from 2022 Sonia based) and 13% (on mezzanine)

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 4,106 KEUR lower/higher profit before tax for 2022. This sensitivity analysis excludes borrowing costs that have been capitalized.

14.2. OTHER BORROWINGS: BONDS (198,924 KEUR; OF WHICH 151,676 KEUR LONG-TERM AND 47,248 KEUR SHORT-TERM)

On 20 November 2017, the Company has 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 tenor and bearing an interest of 4.8% and of a tranche of 47,400 KEUR with a 5 years tenor 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. The tranche of 47,400 KEUR has been reimbursed on 20/11/2022 (i.e. on its maturity date) via a new financing facility.

In addition, the Company has on 23 October 2018 issued bonds for a total amount of 33,000 KEUR under the above 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. These bonds were repaid at their maturity date being 23/05/2022.

Furthermore, the Commission de Surveillance du Secteur Financier (the CSSF) approved on 11 December 2019 the Company's base prospectus relating to a new 250 MEUR Green EMTN programme, under the prospectus regulation in the Grand-Duchy of Luxembourg. The bonds under this new programme are issued as 'green bonds', under the Company's 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, a first 20 MEUR tranche of Green bonds has been issued within the 250 MEUR Green EMTN bonds programme. This first tranche consisted of the roll-over of an existing short-term loan from an institutional investor. The tranche has a 7 years term and bears a fixed interest rate of 4.25%. On 3 July 2020, another tranche of 47,500 KEUR has been issued, bearing a fixed interest rate of 5.5% and maturing on 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.

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

On 14 June and 9 November 2021, the Company issued bonds for a total amount of 80,100 KEUR (split into a tranche of 50,100 KEUR and 30,000 KEUR). These bonds, which were issued under the current Green EMTN program of 350 MEUR (increased from 250 MEUR), mature on June 14, 2025, bear a fixed interest rate of 5% and are secured by a guarantee on first demand by Ghelamco Group Comm. VA.

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

Total balance of outstanding bonds per balance sheet date (198.9 MEUR) represents the amount of issue (201.8 MEUR) less capitalized issue costs (of which mainly the issuing banks' arrangement fees), which are amortized over the term of the bonds.

Summary of contractual maturities of bonds, including interest payments.

				31/12/2022				31/12/2021
	<1 y	between 2 and 5 y	>5y	total	<1 y	between 2 and 5 y	>5y	total
EMTN bonds '17 1st tranche				0	49,209			49,209
EMTN bonds '17 2nd tranche	2,602	56,516		59,118	2,602	59,118		61,720
EMTN bonds '18 1st tranche				0	33,582			33,582
EMTN bonds '20 1st tranche	48,817	0		48,817	2,613	48,817		51,430
EMTN bonds '20 2nd tranche	850	22,601		23,451	850	3,400	20,051	24,301
EMTN bonds '21 1st tranche	4,005	85,926		108,931	4,005	91,497		95,502
	56,274	**165,043**	**0**	**221,317**	**92,861**	**202,832**	**20,051**	**315,744**
	25%	75%	0%	100%	29%	64%	6%	100%

14.3 OTHER BORROWINGS: OTHER (5,206 KEUR)

The other long-term borrowings as at 31 December 2022 mainly relate to funding from the shareholder and from the partner in the Antwerp West project.

14.4. MISCELLANEOUS INFORMATION

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

- equity: profit of sold projects reinvested in the Company;
- 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 199 MEUR at 31 December 2022);
- access to debt funds.

No defaults of payments or breaches of borrowing agreements occurred as of 31 December 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. 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 2022, the Company has bank loans available to be drawn for a total amount of 111,180 KEUR. These are committed financing lines for the projects The Wings (44.1 MEUR), Nexus Datacenter (34.0 MEUR), Pine Project (12.0 MEUR) and UK project (21.1 MEUR).

- The bonds are secured by a first demand guarantee from 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	Loans and receivables/fin. liabilities measured at amortised cost	Fair value	31/12/2022 Fair value level
Other financial investments					
Other financial assets			5,144	5,144	2
Non-current receivables					
Receivables and prepayments			6,443	6,443	2
Restricted cash					
Current receivables					
Trade and other receivables			242,116	242,116	2
Derivatives					
Cash and cash equivalents			2,332	2,332	2
Total Financial Assets	**0**	**0**	**256,035**	**256,035**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			168,385	168,385	2
Bonds			151,676	144,439	1
Other borrowings			5,206	5,206	2
Lease Liabilities			466	466	2
Interest-bearing borrowings - current					
Bank borrowings			337,158	337,158	2
Bonds			47,248	46,862	1
Other borrowings					
Lease Liabilities			26	26	2
Current payables					
Trade and other payables			71,736	71,736	2
Total Financial Liabilities	**0**	**0**	**781,901**	**774,278**	

Financial instruments (x € 1 000)	FVTPL	FVOCI	Loans and receivables/fin. liabilities measured at amortised cost	Fair value	31/12/2021 Fair value level
Other financial investments					
Other financial assets			5,009	5,009	2
Non-current receivables					
Receivables and prepayments			6,367	6,367	2
Restricted cash					
Current receivables					
Trade and other receivables			299,935	299,935	2
Derivatives					
Cash and cash equivalents			17,880	17,880	2
Total Financial Assets	**0**	**0**	**329,191**	**329,191**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			182,890	182,890	2
Bonds (Euronext)			197,442	201,396	1
Other borrowings			35,000	35,000	2
Interest-bearing borrowings - current					
Bank borrowings			159,084	159,084	2
Bonds (Euronext)			80,147	79,251	1
Other borrowings					
Current payables					
Trade and other payables			55,288	55,288	2
Total Financial Liabilities	**0**	**0**	**709,851**	**712,909**	

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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 €	31/12/2022	31/12/2021
Deferred tax assets	12,029	15,665
Deferred tax liabilities	-30,142	-18,772
TOTAL	**-18,113**	**-3,107**

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 2021	**-19,271**	**-1,537**	**12,500**	
Recognised in income statement	-837	1,143	-2,000	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals	6,895			
Other				
Balance at 31 December 2021	**-13,213**	**-393**	**10,500**	
Recognised in income statement	-9,757	-3,230	-2,007	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other		-13		
Balance at 31 December 2022	**-22,970**	**-3,636**	**8,493**	

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 decrease 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 €	31/12/2022	31/12/2021
DTA on unused tax losses	8,642	4,542
DTA on unused tax credits		
TOTAL	**8,642**	**4,542**

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

	31/12/2022	31/12/2021
Trade payables: third parties	41,557	19,090
Trade payables: related parties	5,665	5,221
Related parties current accounts payable	9,729	8,154
Misc. current liabilities	16,744	25,179
Deferred income	-	527
Current employee benefits	14	14
Total trade and other payables	**73,709**	**58,185**

Trade payables towards third parties increased in view of the current ongoing construction works, mostly related to the projects the Wings, the Arc, Nexus Datacenter and Antwerp West.

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 5,665 KEUR (vs. 5,221 KEUR per 31/12/2021). Further reference is made to Note 25.3

The related parties current accounts payable mainly relate to a payable balance (9,729 MEUR) towards Carlton Retail, a 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: 9,237 KEUR) VAT payable (415 KEUR), accruals (1,558 KEUR), a prepayment in Ghelamco Invest (750 KEUR) and ICO payable balance towards related parties not included in Ghelamco Group (2,606 KEUR).

18. REVENUE

REVENUE IS MAINLY GENERATED FROM THE FOLLOWING SOURCES:

in thousands €	31/12/2022	31/12/2021
Sales of Residential Projects	39,015	60,992
Rental Income	12,117	8,629
Other		112
TOTAL revenue	**51,132**	**69,733**

The residential projects sales as of 31 December 2022 mainly relate to:

- Lake District project in Knokke (33,008 KEUR): land parts and instalment invoicing. This residential project consists out of 166 high-end apartments which has been fully sold out. Construction progress (and related instalment invoicing) of the sold residential units is at 85% on average over the 3 buildings;
- Senzafine project in Kortrijk (1,821 KEUR): Land parts and instalment invoicing on the last 4 apartments and 6 garages/parking spaces which were sold in the course of 2022. This project is fully sold out;
- Katelijne parkings in Knokke (3,663 KEUR): 46 parking spaces were sold.

Rental income as of 31 December 2022 mainly relates to the lease income generated from the Lloyd George building in Brussels, the lease income received from the office building in Mechelen, Copernicus Site and the RAFC stands in Antwerp. Rental income of 2021 included rent from Lloyd George building in Brussels, the lease income received from the office building in Mechelen and the RAFC stands in Antwerp.

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 €	31/12/2022	31/12/2021
Future minimum rental income:		
Less than 1 year	7,442	5,868
Between 1 and 2 years	11,931	5,031
Between 2 and 3 years	13,871	8,680
Between 3 and 4 years	14,595	9,112
Between 4 and 5 years	14,887	9,619
More than five years	199,329	142,471
TOTAL FUTURE MINIMUM RENTAL INCOME	**262,055**	**180,780**

The increase compared to last year goes together with the signing of a 9 years lease agreement with Devoteam and a 12 years lease agreement with Ordina in The Wings project. In addition an 18 years contract was signed with VDAB in the Copernicus site. Finally a 15 years lease agreement was finalized with Dematic for Building B in the Antwerp West project (Nova One).

19. OTHER ITEMS INCLUDED IN OPERATING PROFIT/LOSS

OTHER OPERATING INCOME AND EXPENSES IN 2022 AND 2021 INCLUDE THE FOLLOWING ITEMS:

Other operating income	2022	2021
Net gains on disposal of investment property		
Other	7,253	5,449
Net gains on disposals of property, plant and equipment	-	-
TOTAL	**7,253**	**5,499**

The current period's other operating income (7,253 KEUR) mainly includes (50%) share in the result of the TM Albertplein (1,234 KEUR) and an exceptional income (3,500 KEUR) relates to the termination fee of the lease agreement with VDAB in the Copernicus building. The remainder amongst others relates to some re-charges of real estate tax, co-owners expenses and fit-out expenses to tenants.

Last year's other operating income is mainly related to a (50%) share in the result of the TM One Carlton (1,724 KEUR) and the group contribution (2,124 KEUR) with respect to the tax consolidation regime. Furthermore, a one-time revenue for a use of right payment by a retailer on the Lake District project (597 KEUR) was also included in the other operating income. The remainder amongst others related to some re-charges of real estate tax, co-owners expenses and fit-out expenses to tenants.

	2022	2021
Gains from revaluation of Investment Property	37,856	28,769

Fair value adjustments over 2022 amount to 37,856 KEUR, which is mainly the result of current year's development and leasing efforts, in combination with the evolution in market conditions (yield and rent level evolution). Main fair value adjustments have been recognized on The Wings project (+15,183 KEUR), The Cube (+11,464 KEUR), Antwerp West incl. Nova One (+6,757 KEUR), the Arc (-9,663 KEUR) and Boutique Hotel (+13,182 KEUR).

Other operating expenses in 2022 and 2021 include the following items:

	2022	2021
Other operating expenses		
Lease/ rental/ housing expenses	-2,131	-2,323
Taxes and charges	-2,236	-4,393
Maintenance and repair expenses	-1,305	-724
Insurance expenses	-306	-295
Audit, legal and tax expenses	-7,819	-7,992
Sales expenses	-1,601	-6,685
Operating expenses with related par-ties	-3,496	-3,144
Promotion costs	-1,103	-599
Miscellaneous	-3,572	-970
Total	**-23,569**	**-27,125**

Current year's decrease in sales expenses is mainly related to the disposal of the PwC Offices project last year (offering +/- 30,000 sqm office space). Current year's sales expenses mainly relate to the commissions of the successful commercialisation of the residential Lake District project.

The maintenance costs are related to the Lloyd George building in Brussels.

The decrease in taxes and charges is mostly related to registration fees booked prior year for the Wings entities.

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.

	2022	2021
Employee benefit expenses		
Wages and salaries	-2	-1
Social security costs	0	0
Total	**-2**	**-1**

20. COST OF PROPERTY DEVELOPMENT INVENTORIES

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

	2022	2021
Movement in inventory	11,285	-3,249
Purchases (*)	-39,594	-33,493
Total	**-28,309**	**-36,742**

(*) 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 106,522 KEUR (vs. 72,682 KEUR in 2021).

21. FINANCE INCOME AND FINANCE COSTS

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

	2022	2021
Interest income	8,304	9,552
Other finance income		
Foreign exchange gains		2,639
Total finance income	**8,304**	**12,191**
Interest expense	-17,274	-15,846
Other interest and finance costs	-3,634	-3,875
Foreign exchange losses	-2,998	
Total finance costs	**-23,906**	**-19,721**

It is to be noted that interest expenses related to (not yet delivered) Investment Property projects are not included in the above 2022 and 2021 figures, as those have directly been capitalized on IP. It concerns an amount of 12,805 KEUR (vs. 9,897 KEUR last year), at an average capitalisation rate of 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 partial release to the profit and loss statement of the capitalized bond issue expenses and loan set-up fees (which are amortized over the duration of the respective bonds and loans).

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:

	31/12/2022	31/12/2021
Current income tax	-4,183	-49
Deferred tax	-14,994	-1,694
Total	**-19,177**	**-1,743**

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 €	**31/12/2022**	**31/12/2021**
Result before income taxes	**31,392**	**27,613**
Income tax expense calculated at 25%	-7,848	-6,903
Effect of non-deductible expenses	-5,301	-3,584
Effect of revenue that is exempt from taxation	574	13,164
Effect of use of previously unrecognized tax losses	3,163	6,617
Effect of current year losses for which no DTA is recognized	-2,809	-2,370
Effect of under/over-accrued in previous years	-4,427	220
Effect of reversal DTL re. sale PwC Campus		-6,985
Effect of gain/loss on equity method entities	-461	332
Effect of recognition of previously unrecognized tax losses	-2,007	-2,000
Other	-61	-234
INCOME TAX EXPENSE RECOGNISED IN INCOME STATEMENT	**-19,177**	**-1,743**

The theoretical tax rate used for the above reconciliation is the (Belgian) statutory corporate tax rate of 25% 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 use of previously unrecognized tax losses is a result to the tax consolidation regime. Under this tax consolidation regime, Belgian companies may compensate taxable profits of one group entity with current year tax losses of another group entity if certain conditions are fulfilled. The related loss-making entities receive a compensation (group contribution).

Prior year's impact of reversal of the deferred tax liabilities relate to the disposal of the PwC Campus.

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 2022 and 2021.

Company	Project name	Amount of bank loan-books (in '000)		Corporate guarantees as per 31/12/2022 (in '000)	
BELGIUM					**Guarantee by Ghelamco Invest NV**
Leisure Property Invest NV	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 225 City Residences Ltd	The Arc	GBP	96,953	96,953	Corporate Guarantee, shares pledge, suretyship agreement, subordination Ghelamco Invest
Graminea	Ever	EUR	7,500	7,500	Corporate Guarantee, shares pledge, cash deficiency
Brussel Lloyd George S.à r.l.	Lloyd George	EUR	30,250	30,250	Corporate Guarantee, cash deficiency, shares pledge
Sogimes NV Verbena BV Immobilière Cogimes NV	The Wings	EUR	60,679	60,676	Corporate Guarantee, share pledge, sponsor guarantee, subordination declaration
Copernicus Site NV	Copernicus	EUR	14,750	14,750	Corporate Guarantee, mortgage, cash deficiency
Brussel Urban Invest	Edition Zoute	EUR	9,095	9,095	Corporate Guarantee, shares pledge, mortgage, cash deficiency
Garage SOS	Natiënlaan, Knokke	EUR	180	180	Corporate Guarantee, shares pledge
DC Green BV	Nexus Datacenter	EUR	2,009	2,009	Corporate Guarantee, mortgage, shares pledge
Ghelamco Invest	Noorderlaan	EUR	4,219	4,219	Corporate Guarantee, shares pledge, mortgage, cash deficiency
Ghelamco Invest	Duinenwater	EUR	27,500	27,500	Corporate Guarantee, shares pledge, mortgage, cash deficiency

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 2022 (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 immaterial and very few 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 the 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:

	2022	2021
Architectural and Engineering contracts	52,408	56,034
Construction contracts	80,079	123,159
Purchase of land plots		
Total	**132,487**	**179,194**

ACQUISITION CONTRACTS

At 31 December 2022, no significant contracts were signed.

At 31 December 2021, no significant contracts were signed.

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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:

- Lake District project in Knokke: 4.7 MEUR architecture and engineering contracts and 10.9 MEUR construction contracts
- Knocke Village project: 37.2 MEUR architecture and engineering contracts and 0.3 MEUR construction contracts
- The Wings office project in Diegem: 1.3 MEUR architecture and engineering contracts and 31.5 MEUR construction contracts
- The Arc mixed project in London: 2.8 MEUR architecture and engineering contracts and 19.7 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 2022, 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 the concerned SPV 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 2022, there have been no share transactions or other significant transactions with related parties.

In 2021, there have been no share transactions or other significant transactions with related parties.

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 under the form of short and long-term loans.

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

	31/12/2022	31/12/2021
Purchases of construction, engineering and architectural design:	-1,264	-1,896
related party trade receivable	599	1,351
related party trade accounts payable	-5,665	-5,221
related party non-current loans receivable	1,837	1,722
related party interests receivable	36,825	29,594
related party C/A receivable	176,895	253,995
related party non-current loans payable		
related party interests payable	-728	-536
related party C/A payable	-9,729	-8,154

With respect to the decreased 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

No significant events to be mentioned.

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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	**2022**
Remuneration of the statutory auditor	**207**
Other audit-related services	14
Tax services	
Other	27
Remuneration for other services or assignments performed within the Company and its subsidiaries by the statutory auditor	**40**
Remuneration of the independent auditor's network with respect to a statutory audit mandate at the level of the group	
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	**247**

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 2022

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 2022, 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 12 June 2021, 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 2023. We have performed the statutory audit of the consolidated financial statements of the Group for five 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 2022, prepared in accordance with IFRS Standards as issued by the International Accounting Standards Board and 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 2022, 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 EUR 1.204.193 (000) and the consolidated statement of profit or loss shows a profit for the year of EUR 12.215 (000).

In our opinion, the consolidated financial statements give a true and fair view of the Group's equity and financial position as 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board and 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.

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 EUR 645.479 (000) as of 31 December 2022 and represents a significant part of the Group's total assets (54 %).

  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 2022 amount to EUR 37.856 (000) 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

  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.

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 EUR 253.621 (000) as of 31 December 2022 and represents a significant part of the assets of the Group (21%). 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.

- 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 EUR 201.800 (000) per 31 December 2022 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, tested both 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 ratio of 40% 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 2023 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 2023.

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 IFRS Standards as issued by the International Accounting Standards Board and 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 accounts 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, 30 March 2023

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises
Statutory Auditor
represented by

Filip De Bock
Bedrijfsrevisor / Réviseur d'Entreprises