

Granbero Holdings Ltd
Half year results 30/06/2021

Further added value creation through sustained development efforts, resulting in excellent results and a strong balance sheet structure

- Net profit for the period of 65,959 KEUR (vs. 85,455 KEUR as per 30/06/20).
- Stable solvency ratio of 53.7 % (vs. 53.1% as per 31/12/20).
- On 23 April 2021, the Company successfully sold the Woloska 24 project (23,250 sqm office and retail space) to an institutional investor. The property value was agreed at 60.5 mio EUR. At closing date, the Company reimbursed 32.5 mio EUR of bank loans.
- Further move-in of tenants in the Warsaw HUB at Rondo Daszynskiego in Warsaw CBD (+/- 118,600 sqm leasable space spread over 3 towers on a podium, offering a unique combination of office and retail space, with complementary features and amenities). Overall lease rate is currently at +/- 87%. The office, retail spaces, conference centre and hotels in the Warsaw HUB have been awarded with the WELL Health-Safety Rating in 2021.
- Finalisation of construction works on the Warsaw UNIT (+/- 59,000 sqm leasable office space in Warsaw CBD comprising 46 floors and 400 parking spaces) in March 2021. The occupation permit has been obtained on 24 March 2021. The first tenants moved in and the current lease rate is at approx. 60%.
- Start of the construction works of the Bridge in Warsaw (office project of approx. 52,800 sqm of office and retail space in total) on Plac Europejski in Warsaw.
- Nearly completion of the construction works of the residential Flisac project (+/- 5,700 sqm of residential space and approx. 980 sqm retail space on the ground floor, including a two-storey underground parking). The occupation permit has been obtained in June 2021 and delivery of the units has commenced subsequently. Currently approx. 95% of the available space has been (pre-)sold.



Preliminary remark

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

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

Summary

The first half of 2021 saw successive cycles of positive and negative developments in the COVID-19 pandemic. At the beginning of 2021, the European authorities maintained strict measures to control the COVID-19 health crisis. Once vaccination started, governments released strict measures, bringing economic life back to the (new) normal. Ghelamco has further focused on the health and safety of its staff, contractors, customers and other stakeholders, while safeguarding the continuity of its business. Considering the mandatory or structural evolution in home working, the Company has during the first half year of 2021 not been confronted with a decreased demand in office space; to the contrary. Therefore the activities and results for the first half year of 2021 have only slightly been impacted by COVID-19, proving the effectiveness of the applied strategy and the done efforts.

The Company closed its 2021 half-year accounts with a net profit of 65,959 KEUR. While further putting sustainable development at the heart of the projects (amongst others technical and environmental innovation), the Company kept the focus on its development and commercial activities in its core markets in the past half year. The Company has in the current period once more considerably invested in a number of existing projects (mainly the Warsaw UNIT and the Bridge), resulting in the creation of significant added value on its current projects portfolio. In addition, the Company successfully sold a sizable delivered project to a third party investor. This is reflected in an increased balance sheet total of 1,832,523 KEUR and an increased equity of 983,565 KEUR. The solvency ratio is per 30 June 2021 at 53.7%¹ (vs 53.1% at year-end 2020).

In Poland, the development activities have, during the first half of 2021, mainly been focused on:

- The finalisation of the construction works of the **Warsaw UNIT**, approx. 59,000 sqm offices project comprising 46 floors and 400 parking spaces, at Rondo Daszynskiego. The occupancy permit has been obtained end of March 2021. Currently finishing works and fit-out works for the resp. tenants are being carried out, while tenants move in. Furthermore the Warsaw UNIT is the first project in Poland to be certified WELL v2 Core and Shell; which confirms the highest quality of building design as to health, convenience and employee comfort. The Warsaw UNIT is also the first project on the market, equipped with anti-pandemic solutions to prevent or act in emergency situations.
- The continuation of the construction works of **The Bridge** (comprising an approx. 47,500 sqm new office tower and the renovation of an approx. 5,300 sqm existing office building). The commercialisation process is expected to be started in Q4 2021.
- The finalisation of the construction works of the **Flisac** project (5,700 sqm of residential space and approx. 980 sqm of retail space on the ground floor, including a two-storey underground parking) in the Powisle district in Warsaw. Final inspections have been carried out by the official services resulting in an occupancy permit obtained on 9 June 2021. Delivery and hand-over to the resp. buyers is ongoing. The commercialization of the project has been successful to date, as currently approx. 95% of the available space has been (pre-)sold.

¹ Calculated as follows: equity / total assets * 100

- Further construction of phase 1 of the **GROEN** project in Konstancin, which is to offer approx. 7,500 sqm of residential space (48 units). The commercialization process has been successful, with a 100% pre-sale rate. Currently also the commercialization of phase 2 (offering another 8,700 sqm of residential space (48 units)) has been kicked off.
- The continuation of the construction works of the **Kreo** project at Wadowicka Street in Krakow (9-storey office project which is to offer approx. 23,700 sqm of office space and retail functions on the ground floor and 325 parking spaces) and the **Craft** project (approx. 26,000 sqm office space with 240 underground parking lots) at Sciegiennego Street in Katowice. This project is located close to the railway station, in the immediate vicinity of commercial, residential and industrial projects.

Ghelamco is still aware of the challenges and difficulties that some of its customers may be facing and is monitoring the situation closely. Despite the uncertain circumstances, Ghelamco was able to maintain the lease rates for the delivered Woloska 24 project (+/- 23,200 sqm) and for the Plac Vogla retail project (+/- 5,200 sqm) at resp. 97% and 100%.

For the Warsaw HUB (+/- 118,600 sqm) lease agreements have been signed for approx. 102,085 sqm (i.e. 86.5% occupancy, taking into account extension options signed). The Company is in advanced negotiations with potential tenants for the still available commercial and office spaces. Furthermore, for the Warsaw UNIT (+/- 59,000 sqm) the lease rate is currently at approx. 60% (also taking into account extension options signed).

Regarding divestures, the Company sold the Woloska 24 project (23,250 sqm of office space located in Warsaw's Mokotow District) on 23 April 2021 to ZFP Investments, a Czech institutional investor. The share deal was based on a transaction value of 60.5 MEUR. At the moment of sale of the project the related bank loan was reimbursed for an amount of 32.5 MEUR.

Key figures (KEUR)

| Results | 30/06/2021 | 30/06/2020 |
|---|------------|------------|
| Operating result | 77,226 | 105,064 |
| Profit for the period | 65,959 | 85,455 |
| Share of the group in the Profit for the period | 66,294 | 85,455 |
| Balance sheet | 30/06/2021 | 31/12/2020 |
| Total assets | 1,832,523 | 1,734,117 |
| Cash and cash equivalents | 34,254 | 39,163 |
| Net financial debt ² | 693,230 | 669,479 |
| Total equity | 983,565 | 920,240 |

Revenue for the first semester of 2021 amounts to 33,044 KEUR and mainly relates to residential sales in the Foksal project (7,257 KEUR) and the Flisac project (12,190 KEUR) on the one hand and to rental income on the other hand (13,597 KEUR, mainly from the Woloska 24 office project, the Plac Vogla retail project and the Warsaw HUB project). The increase in the residential sales compared to prior year is related to the ongoing delivery of the Foksal and the Flisac project. Revenue related to the sold apartments has been recognized based on the signing of the hand-over protocols by the resp. buyers. The relative increase in the rental income compared to prior year is mainly connected with delivery of the Warsaw HUB in the 2nd half of 2020 and the subsequent move-in of the resp. tenants, having its full impact on the rental income in the current period.

² Calculated as follows: interest bearing loans and borrowings/ total assets

The investment property (under construction) portfolio evolved from 1,061,655 KEUR per end 2020 to 1,121,009 KEUR per end of June 2021. This evolution is the combined result of current period's expenditures (34,748 KEUR), fair value adjustments (69,006 KEUR), the disposal of the Woloska 24 project (-56,080 KEUR), currency translation impact (13,392 KEUR) and the impact of the movement in the right of use asset in accordance with IFRS 16 "Leases" (-1,712 KEUR). The current period's favorable fair value adjustment is mainly the consequence of the Company's sustained development and leasing efforts, in combination with market evolution (in terms of yields and rent levels).

The operating result for the first half-year of 2021 totals to 77,226 KEUR; net profit for the period closes with 65,959 KEUR.

Property development inventories balance decreased by 7,517 KEUR to 70,858 KEUR; evolution which is mainly the result of the sales (and related cost of sales) recognition in connection with the delivery of the Foksal (55 high-class apartments of which 63% are sold per mid 2021) and the Flisac (6,680 sqm apartments and retail of which 95% are pre-sold per mid 2021).

During the period the Company was able to obtain new bank borrowings and withdrew on existing credit facilities for a total amount of 24,103 KEUR. On the other hand, reimbursements have been done for an amount of 33,266 KEUR, bringing the total outstanding amount of bank borrowings to 367,764 KEUR (compared to 376,927 KEUR per end 2020). Current period's reimbursements are mainly related to the sale of the Woloska 24 project in April. In addition, bonds (private and public) are outstanding for an amount of 291,155 KEUR net, related party borrowings for an amount of 8,534 KEUR and some other third party loans for an amount of 37,892 KEUR. In addition, the lease liability which has been recognized in accordance with IFRS 16 "Leases" amounts to 22,139 KEUR. Considering the above, leverage² amounts to 40%.

Overview

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

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

In addition, the construction works of The Bridge (new office tower of approx. 47,500 sqm) were continued and are well advanced. Furthermore, the construction works of the residential Flisac project in Powisle have been finalised, the occupation permit has been received in June 2021 and the delivery of the units to the buyers is currently ongoing. Also the construction works of phase 1 of the residential Groen project in Konstancin have been continued as planned.

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

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

- The Woloska 24 project (+/- 23,250 sqm offices) in the Warsaw Mokotow District was leased for 97% at the moment of its disposal in April 2021.
- The delivered Plac Vogla retail park has been leased for 100%.



- The delivered Warsaw HUB project (approx 118,600 sqm) has a lease rate of 86,5% per end of June 2021, while advanced negotiations with potential tenants are ongoing for the still available commercial and office spaces.
- In the Warsaw UNIT project at Rondo Daszynskiego in Warsaw, lease agreements for approx. 35,700 sqm have been signed, bringing the lease rate at approx. 60% (taking into signed account extension options).
- After period-end, in July 2021 a first +/- 2,300 sqm lease agreement has been signed with a tenant in the Craft project in Katowice.

As to divestures and/or revenues:

- Current period's revenues mainly related to residential sales in the Foksal and the Flisac projects, in connection with the hand-over of the sold apartments to the resp. buyers, and to rental income which is mainly derived from the Warsaw HUB, Woloska 24 and Plac Vogla.
- In april 2021, the Woloska 24 office project in Warsaw's Mokotow District has been disposed and sold to ZFP Investments. The share deal has been based on an underlying transaction value of 60.5 MEUR.

Outlook

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

For the second half of 2021, the Company will continue its sustained growth ambition. In addition, it will closely monitor specific evolutions in its active markets and real estate segments and has already secured some important positions for sizable new projects.

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

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

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

Risks

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

These risks, which are described in detail in the Granbero Holdings Ltd IFRS Consolidated Financial Statements at 31 December 2020, remain applicable for 2021 and are closely managed and monitored by the Company's management.

For the specific risk related to a crisis resulting from the COVID-19 pandemic, further reference is made to note 1 "Basis of preparation".

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

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

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



Paul Gheysens
CEO & Managing Director
Ieper
28/09/2021



Philippe Pannier
CFO
Ieper
28/09/2021

About Ghelamco

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

Condensed consolidated financial statements Granbero Holdings Ltd per June 30, 2021

Condensed Consolidated Statement of profit or loss (in KEUR)

| | Note | 30/06/2021 | 30/06/2020 |
|--|------|---------------|----------------|
| Revenue | 6 | 33,044 | 14,295 |
| Other operating income | 7 | 4,641 | 996 |
| Cost of Property Development Inventories | | -14,128 | -9,814 |
| Employee benefit expense | | -679 | -689 |
| Depreciation amortisation and impairment charges | | -32 | -42 |
| Gains from revaluation of Investment Property | 7 | 69,006 | 103,821 |
| Other operating expense | 7 | -14,626 | -3,503 |
| Operating profit - result | | 77,226 | 105,064 |
| Finance income | 8 | 19,168 | 5,969 |
| Finance costs | 8 | -13,182 | -8,755 |
| Profit before income tax | | 83,212 | 102,278 |
| Income tax expense | 9 | -17,253 | -16,823 |
| Profit for the period | | 65,959 | 85,455 |
| Attributable to | | | |
| Owners of the Company | | 66,294 | 85,455 |
| Non-controlling interests | | -335 | |

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

| | 30/06/2021 | 30/06/2020 |
|--|---------------|---------------|
| Profit for the period | 65,959 | 85,455 |
| Exchange differences on translating foreign operations | -2,634 | 4,561 |
| Other | | -500 |
| Other recyclable comprehensive income of the period | -2,634 | 4,061 |
| Total Comprehensive income for the period | 63,325 | 89,516 |
| Attributable to | | |
| Owners of the Company | 63,660 | 89,516 |
| Non-controlling interests | -335 | |

Condensed Consolidated Statement of financial position (in KEUR)

| | | 30/06/2021 | 31/12/2020 |
|------------------------------------|----|-------------------|-------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Investment Property | 4 | 1,121,009 | 1,061,655 |
| Property, plant and equipment | | 219 | 227 |
| Investment in joint-ventures | | 0 | 0 |
| Receivables and prepayments | 11 | 401,801 | 365,314 |
| Deferred tax assets | | 4,068 | 3,500 |
| Other financial assets | 11 | 239 | 233 |
| Total non-current assets | | 1,527,336 | 1,430,929 |
| Current assets | | | |
| Property Development Inventories | 3 | 70,858 | 78,375 |
| Trade and other receivables | 11 | 200,075 | 185,451 |
| Current tax assets | | 0 | 199 |
| Assets classified as held for sale | 4 | 0 | 0 |
| Cash and cash equivalents | 11 | 34,254 | 39,163 |
| Total current assets | | 305,187 | 303,188 |
| TOTAL ASSETS | | 1,832,523 | 1,734,117 |

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

| | | 30/06/2021 | 31/12/2020 |
|--|-------|------------------|------------------|
| EQUITY AND LIABILITIES | | | |
| Capital and reserves attributable to the Group's equity holders | | | |
| Share capital | | 67 | 67 |
| Share premiums | | 495,903 | 495,903 |
| CTA | | 11,215 | 13,849 |
| Retained earnings | | 474,589 | 408,294 |
| | | 981,774 | 918,113 |
| Non-controlling interests | | 1,791 | 2,127 |
| TOTAL EQUITY | | 983,565 | 920,240 |
| Non-current liabilities | | | |
| Interest-bearing loans and borrowings | 5, 11 | 625,738 | 628,446 |
| Deferred tax liabilities | | 78,444 | 61,680 |
| Other non-current liabilities | | 7,984 | 7,747 |
| Long-term provisions | | 0 | 0 |
| Total non-current liabilities | | 712,166 | 697,873 |
| Current liabilities | | | |
| Trade and other payables | 11 | 33,123 | 33,878 |
| Current tax liabilities | | 1,923 | 1,930 |
| Interest-bearing loans and borrowings | 5, 11 | 101,746 | 80,196 |
| Short-term provisions | | 0 | 0 |
| Total current liabilities | | 136,792 | 116,004 |
| Total liabilities | | 848,958 | 813,877 |
| TOTAL EQUITY AND LIABILITIES | | 1,832,523 | 1,734,117 |

Condensed Consolidated cash flow statement (in KEUR)

| | Note | 30/06/2021 | 30/06/2020 |
|--|------|----------------|----------------|
| Operating Activities | | | |
| Profit/(Loss) before income tax | | 83,212 | 102,278 |
| <i>Adjustments for:</i> | | | |
| - Change in fair value of investment property | 4, 8 | -69,006 | -103,821 |
| - Depreciation, amortization and impairment charges | | 32 | 42 |
| - Net result on disposal Investment Property | 8 | 387 | 0 |
| - Change in provisions/ inventory write-down | | 0 | 0 |
| - Net interest charge | 9 | 2,510 | -4,918 |
| - Movements in working capital: | | | |
| - Change in prop. dev. inventories | | 8,423 | 3,969 |
| - Change in trade & other receivables | | -8,621 | -2,922 |
| - Change in trade & other payables | | -922 | -7,136 |
| - Change in MTM derivatives | | 0 | 0 |
| - Movement in other non-current liabilities | | 237 | 7,239 |
| - Other non-cash items | | -185 | 34 |
| Income tax paid | 10 | -870 | -278 |
| Interest paid (*) | 9 | -10,296 | -1,446 |
| Net cash from operating activities | | 4,901 | -6,959 |
| Investing Activities | | | |
| Interest received | 9 | 1,295 | 1,157 |
| Purchase of property, plant & equipment | | -24 | 73 |
| Purchase of investment property | 4 | -27,478 | -82,081 |
| Capitalized interest in investment property (paid) | 4 | -5,406 | -10,457 |
| Proceeds from disposal of investment property/assets held for sale | 4 | 55,656 | |
| Net cash outflow on acquisition of subsidiaries | | | |
| Cash in-/ outflow on other non-current financial assets | | -36,492 | -2,614 |
| Net cash inflow/outflow on NCI transactions | | | |
| Net cash flow used in investing activities | | -12,449 | -93,922 |
| Financing Activities | | | |
| Proceeds from borrowings | 5 | 103,779 | 142,321 |
| Repayment of borrowings | 5 | -89,551 | -39,752 |
| Capital increase | | 0 | 0 |
| Dividends paid | | | |



Net cash inflow from / (used in) financing activities

| | | |
|---|---------------|----------------|
| | | |
| | 14,228 | 102,569 |
| Net increase in cash and cash equivalents | 6,680 | 1,688 |
| Cash and cash equivalents at 1 January | 39,163 | 64,539 |
| Effects of exch. rate changes in non-EUR countries | -11,589 | 11,161 |
| Cash and cash equivalents at the end of the period | 34,254 | 77,388 |

Net increase in cash and cash equivalents

Cash and cash equivalents at 1 January

Effects of exch. rate changes in non-EUR countries

Cash and cash equivalents at the end of the period

(*): Interests directly capitalized in IP not included (2021: 5,406 KEUR and 2020: 10,457 KEUR, separately presented under investing activities)

Condensed Consolidated Statement of changes in equity (in KEUR)

| | Attributable to the Owners of the Company | | | Non-controlling interests | Total equity |
|-------------------------------------|---|--------------------------------|-------------------|---------------------------|----------------|
| | Share capital | Cumulative translation reserve | Retained earnings | | |
| Balance at 1 January 2020 | 495,970 | 3,215 | 310,668 | 11 | 809,864 |
| Foreign currency translation (CTA) | | 4,563 | | | 4,563 |
| Profit/(loss) for the period | | | 85,455 | 0 | 85,455 |
| Dividend distribution | | | | | 0 |
| Change in non-controlling interests | | | | 0 | 0 |
| Change in the consolidation scope | | | -500 | | -500 |
| Other | | | 10 | | 10 |
| Balance at 30 June 2020 | 495,970 | 7,778 | 395,633 | 11 | 899,392 |
| Balance at 1 January 2021 | 495,970 | 13,849 | 408,294 | 2,127 | 920,240 |
| Foreign currency translation (CTA) | | -2,634 | | | -2,634 |
| Profit/(loss) for the period | | | 66,294 | | 66,294 |
| Dividend distribution | | | | | 0 |
| Change in non-controlling interests | | | | -335 | -335 |
| Change in the consolidation scope | | | | | 0 |
| Other | | | 1 | -1 | 0 |
| Balance at 30 June 2021 | 495,970 | 11,215 | 474,589 | 1,791 | 983,565 |



Notes to the condensed consolidated interim financial statements at 30 June 2021

1. Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union, and should be read in conjunction with the Company's last annual consolidated financial statements as at and for the year ended 31 December 2020 ('last annual financial statements'). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The condensed consolidated financial statements for the 6-months period ended June 30, 2021, were approved by the Management on 28 September 2021.

The new interpretations and standards that are applicable from 2021 did not have any significant impact on the Company's financial statements.

Risk related to a crisis resulting from a COVID-19 pandemic

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

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

- The interruption or slow-down of work on construction sites of resp. projects: Ghelamco's management has adopted stringent health and safety measures on its construction sites. The constant monitoring of these measures has to date ensured that the anticipated and contractual delivery dates of the current projects (mainly the Warsaw HUB, Warsaw UNIT, Foksal and Flisac) to Ghelamco's tenants or owners (for Flisac and Foksal) are maintained.
- Lower demand for office spaces and/or changed expectations from tenants regarding working environment: Ghelamco is aware that the crisis may accelerate evolutions in the use and need of real estate. In this respect, it is expected that in the offering of office space, strong attention should be paid to flexibility (combination with teleworking), social distancing, and health (ventilation, air-conditioning with air exhaust ...). Ghelamco has always focused on R&D and innovation in order to ensure the realization of qualitative projects, to comply with the constant evolution in expectations or needs as to comfort, health, flexibility, safety, ... Ghelamco has introduced the co-working concept providing great flexibility to clients in terms of needed office space, meeting rooms, duration of lease contract, related services and equipment. Furthermore, significant parts of development projects which are currently under construction or in the pipeline are already pre-let (Warsaw UNIT approx. 58%). While the delivered HUB project is leased for approx. 86.5%. Ghelamco's management is confident that high quality real estate remains attractive to tenants and investors.
- Financial difficulties of tenants with affected business, which could have an impact on the Company's income and cash flow: Ghelamco's tenants are mainly reputable and credit-worthy national and international parties. There have been no significant lease terminations nor rent concessions granted to tenants and no important rent arrears were noted to date. Ghelamco's income from tenants as of 30 June 2021 represents +/- 41% of revenue.

- Valuation of investment properties and property development inventories:
 - o Investment properties: Net positive fair value adjustments have been recognized on the Company's portfolio. The main fair value adjustments have been recognized on the Warsaw HUB (+16,068 KEUR), the Warsaw UNIT (+45,607 KEUR) and The Bridge (former Bellona Tower) (+7,946 KEUR), as a result of the current period's development and commercial efforts, slightly compensated by a negative fair value adjustment (-0.6 MEUR) on other projects, to an extent reflecting the impact of COVID-19 on the main valuation parameters (mainly yields).
 - o Property development inventories: construction works, the sale of residential units and planned development in relation to property development inventories have not been significantly impacted by COVID-19. Based on management's review, no impairment adjustments have been required to reduce the cost of property development inventories to its net realizable value as of 30 June 2021.

- Permits: The necessary administrative permits have been difficult to obtain during 2020 and the first half of 2021 due to restrictions on the operation of authorities caused by the COVID-19 pandemic. The risks concerned are mitigated to the extent possible by ongoing open discussions with the involved parties.

- Less easy access to financing and/or increased interest rates required by banks and financial markets, with a potential impact on liquidity: The availability of credit facilities during 2020 and 2021 has significantly decreased, with banks tightening credit-granting criteria in response to highly volatile situation. The risks concerned are mitigated to the extent possible by ongoing open discussions with the involved parties. Still, Ghelamco currently has a sound spread of its financing sources, over different types of facilities: bank loans, bonds and some other mezzanine financing. Short-term bond repayment obligations amounting to 284.4 MPLN are mainly covered through reservations of currently available funds and refinancing through new bond issues in the first half of 2021. Short term bank loans mainly relate to loans which are covered through rental income and/or residential sales proceeds. In July 2021, the HUB bank loan has been refinanced and increased from 245 MEUR to 312.5 MEUR. As of 30 June 2021, the financing needs of Ghelamco in respect of the ongoing projects are sufficiently covered. Given the sound project pipeline, management continues to closely monitor its leverage and solvency ratios in accordance with its lender agreements, exploring the most optimal financing of its purchase commitments and ongoing development projects as well as timing of realization of its projects. As of 30 June 2021, the Company has been in compliance with its loan covenants.

2. Significant accounting policies

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

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

The accounting policies adopted are consistent with those followed for the preparation of the Company's consolidated financial statements for the year ended 31 December 2020 and the new interpretations and standards that are applicable from 2021, to the extent applicable.

3. Property development inventories

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

| | 30/06/2021 | 31/12/2020 |
|----------------------------------|-------------------|-------------------|
| Property Development Inventories | 70,858 | 78,375 |
| Raw materials | | |
| Finished goods | | |
| | 70,858 | 78,375 |

The Property Development Inventories decreased by 7,517 KEUR compared to prior year-end. The main movements were related to:

- the Foksal balance (-6,008 KEUR to 17,476 KEUR) in connection with the delivery of the project and the related recognition of (sales and) cost of sales;
- the Flisac project (-4,833 KEUR to 16,184 KEUR) in connection with the delivery of the project and the related recognition of (sales and) cost of sales;

The remaining movement is explained by development activities on several ongoing other projects. Reference is also made to note 6 for the updated right of use balance (3,874 KEUR per 30 June 2021) in accordance with IFRS 16.

4. Investment property (under construction)

| | |
|---|------------------|
| Balance at 31 December 2020 | 1,061,655 |
| Acquisition of properties | |
| Acquisition through business combinations | |
| Subsequent expenditure | 34,748 |
| Transfers | |
| - Assets classified as held for sale | |
| - Other transfers | |
| Adjustment to fair value through P/L | 69,006 |
| Disposals | -56,080 |
| CTA | 13,392 |
| other | -1,712 |
| Balance at 30 June 2021 | 1,121,009 |

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

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

In accordance with the Valuation Practice Alert of 02.04.2020 published by the Royal Institute of Chartered Surveyors ('RICS'), the independent real estate valuers' reports mention that the valuations for the hotel business have been prepared taking into account a 'material valuation uncertainty', as defined by the RICS standards. As a consequence a lower level of certainty, and more prudence is required, with regard to the obtained valuations of hotel projects as would be the case in normal market circumstances. For the avoidance of doubt, this explanatory note, including the 'material uncertainty' declaration for hotel projects, does not mean that the related valuations cannot be relied upon.

| SPV | Commercial Name | Valuation | Cat | 30/06/2021 | 31/12/2020 |
|---------------------|--------------------------------------|-----------|-----|------------------|------------------|
| | | | | KEUR | KEUR |
| Apollo Invest Spzoo | The Warsaw UNIT | JLL | C/D | 250,595 | 181,094 |
| Postępu SKA | Postępu Business Park | KNF | B | 7,166 | 7,090 |
| HUB SKA | The HUB | KNF | D | 554,234 | 526,798 |
| Sobieski SKA | Sobieski Tower | BNP | B | 36,274 | 35,095 |
| Market SKA | Mszczonow Logistics | Man | A | 2,787 | 2,770 |
| SBP SKA | Synergy Business Park Wroclaw | JLL | B | 23,645 | 23,459 |
| Isola SKA | The Bridge and Bellona Building | BNP | C/D | 53,327 | 40,700 |
| Sigma SKA | Wola project (former Chopin + Stixx) | Savills | B/D | 48,903 | 46,510 |
| Vogla SKA | Plac Vogla | Savills | D/A | 16,600 | 15,700 |
| Dahlia SKA | Woloska 24 | n/a | n/a | 0 | 56,080 |
| Synergy SKA | Craft (Katowice) | JLL | C | 3,500 | 3,600 |
| Azira SKA | Nowe Soho (Lodz) | BNP | C | 28,173 | 27,199 |
| Estima SKA | Kreo (Wadowicka Krakow) | BNP | C | 11,158 | 10,272 |
| Prima Bud Spzoo | Łomianki | Man | D/A | 4,713 | 4,523 |
| Abisal | Land | Cresa | A | 24,700 | 25,000 |
| Unique SKA | Pl. Grzybowski | KNF | B | 36,969 | 35,788 |
| Right of Use Asset | | Man | n/a | 18,265 | 19,977 |
| TOTAL : | | | | 1,121,009 | 1,061,655 |

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

The average yields (or capitalisation rates) used in the expert valuations on 30 June are as follows:
4.25% to 7.85% for Polish projects, depending on the specifics, nature and location of the developments (vs. 4.35% to 8.50% per 31 December 2020).

In the current period the Woloska 24 project in Warsaw's Mokotow District has been sold per 23 April 2021 to an Czech institutional investor ZFP Investments. The project comprises an office building with a retail functions on the ground floor of approx. 23.250 sqm and an underground garage. At closing of the sale the occupation rate of the project was at 97%. The property value in the deal was agreed at 60.5 MEUR. As the carrying (fair) value per end 2020 was nearly equal to the net sales value, current period's result from the disposal is negligible. At the moment of the transaction, bank loans have been reimbursed for an amount of 32.5 MEUR.

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

5. Interest bearing loans and borrowings

| | 30/06/2021 | 31/12/2020 |
|---------------------------------|----------------|----------------|
| Non-current | | |
| Bank borrowings – floating rate | 361,092 | 363,122 |
| Other borrowings – Bonds | 231,621 | 225,656 |
| Other borrowings – other | 12,462 | 18,364 |
| Lease liabilities | 20,563 | 21,304 |
| | 625,738 | 628,446 |
| Current | | |
| Bank borrowings – floating rate | 6,672 | 13,805 |
| Other borrowings – Bonds | 59,534 | 28,737 |
| Other borrowings – other | 33,964 | 36,013 |
| Lease liabilities | 1,576 | 1,641 |
| | 101,746 | 80,196 |
| TOTAL | 727,484 | 708,642 |

5.1 Bank borrowings (367,764 KEUR; of which 361,092 KEUR long-term and 6,672 KEUR short-term)

During the period, the Company obtained new secured bank loans mainly expressed in EUR and/or PLN and withdrew on existing credit facilities for a total amount of 24,103 KEUR, all Euribor and Wibor based. On the other hand, reimbursements (and/or refinancings) have been done for a total amount of 33,266 KEUR, net of prolongation of a number of borrowings. Current period's reimbursements are mainly related to the sale of the Woloska 24 project in April.

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

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



With respect to the limited amount of outstanding short-term bank borrowings, it is to be mentioned that in the second half of 2021, part will actually be reimbursed following the contractual terms and part will be prolonged or refinanced (e.g. through resp, swap to development or investment loan).

44% of the outstanding non-current bank borrowings is maturing within a 3 years-period and the remainder of 56% % is maturing after 5 years.

Shortly after period-end, in July 2021 the Company successfully refinanced its project financing (245 MEUR) of the Warsaw HUB for a total amount of 312.5 MEUR with Aareal Bank AG. The construction loan granted by the initial consortium of Polish banks have been repaid on 28 July 2021.

5.2 Other borrowings: Bonds (291,155 KEUR; of which 231,621 KEUR long-term and 59,534 KEUR short-term)

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

- on 10 March 2021, an amount of 35,000 KPLN (series PU1). These bonds mature on 16 December 2024 and bear an interest of Wibor 6 months + 5.0%;
- on 25 March 2021, an amount of 285,000 KPLN (series PU2). These bonds mature on 16 December 2024 and bear an interest of Wibor 6 months + 5.0%
- on 8 June 2021, an amount of 80,000 KPLN (series PU3). These bonds mature on 16 December 2024 and bear an interest of Wibor 6 months + 5.0%.

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

The Company has in the current period redeemed outstanding bonds (partly through early redemption, partly on maturity date) for an amount of 254,591 KPLN.

On 10 June 2021, Ghelamco Invest Sp. z o.o. enacted its new Bonds Issue Programme (number X) for an amount of max. 200,000 KPLN, allowing both public offerings and private placements of bonds to finance investment projects.

Total bonds balance outstanding per balance sheet date (291,155 KEUR) represents the amount of issue (1,347,771 KPLN) less capitalized issue costs and discounts, which are amortised over the term of the bonds.

After period-end (on 16 July 2021), the Company issued bonds within its new (number X) programme for an amount of 30,000 KPLN (PW1 series). These bonds have a tenor of 4 years and bear an interest of Wibor 6 months + 5.0%. The proceeds of these bonds will also be applied for the redemption and servicing of outstanding bonds (on maturity date or through early redemption) and for the financing of the Company's real estate projects.

5.3 Other borrowings: Other (46,426 KEUR of which 12,462 KEUR long-term and 33,964 KEUR short-term)

The remaining other borrowings outstanding mainly relate to long-term related party loans (8,534 KEUR) and some loans from other third parties (37,892 KEUR).

5.4 Lease liabilities (22,139 KEUR; of which 20,563 KEUR long-term and 1,576 KEUR short-term)

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

No defaults of payments or breaches of borrowing agreements occurred as of 30 June 2021, Bank borrowings are secured by amongst others the property development projects of the Company, including land and in-process construction, pledge on SPV shares, etc. The bonds are secured by a redemption surety granted by Granbero Holdings Ltd, (the Company). The loan agreements granted by the bank are sometimes subject to a number of covenants (Loan to Value, Loan to Cost, Debt Service Cover). During the period and per end of the period, there were no events of default in respect of these borrowings. Also the terms and conditions of the bond issues have been complied with as of balance sheet date.

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

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

| Roll forward Right of Use Asset IFRS 16 | | | |
|--|--|--|---------------|
| | Right of Use Assets Investment Property | Right of Use Assets Property Dev. Inventories | Total |
| 1/01/2020 | 20,677 | 3,295 | 23,972 |
| Addition (new) | 1,524 | 95 | 1,619 |
| Disposal | 0 | -48 | -48 |
| Revaluation | -629 | -118 | -747 |
| Foreign exchange revaluation | -1,597 | -254 | -1,851 |
| 31/12/2020 | 19,977 | 2,968 | 22,945 |
| Addition (new) | 259 | 936 | 1,195 |
| Disposal | -1,579 | -2 | -1,581 |
| Revaluation | -807 | -90 | -897 |
| Foreign exchange revaluation | 415 | 62 | 477 |
| 30/06/2021 | 18,265 | 3,874 | 22,139 |

| Roll forward lease liability IFRS 16 | | | |
|---|-----------------------------|-------------------------|---------------|
| | Non-current lease liability | Current lease liability | Total |
| 1/01/2020 | 21,787 | 2,185 | 23,972 |
| Addition (new) | 1,549 | 71 | 1,620 |
| Payment | 0 | -811 | -811 |
| Disposal | -48 | 0 | -48 |
| Interest charges on lease liabilities (*) | 63 | 0 | 63 |
| Classification non-curr. to curr. lease liab. | -364 | 364 | 0 |
| Foreign exchange revaluation | -1,683 | -168 | -1,851 |
| 31/12/2020 | 21,304 | 1,641 | 22,945 |
| Addition (new) | 1,123 | 73 | 1,196 |
| Payment | 0 | -768 | -768 |
| Disposal | -1,581 | 0 | -1,581 |
| Interest charges on lease liabilities (*) | -130 | 0 | -130 |
| Classification non-curr. to curr. lease liab. | -596 | 596 | 0 |
| Foreign exchange revaluation | 443 | 34 | 477 |
| 30/06/2021 | 20,563 | 1,576 | 22,139 |

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

The Company has entered into non-cancellable leases for the land rights with basic lease terms of usually 99 years (rights of perpetual usufruct). All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The average lease-term per mid 2021 is approx. 77 years.

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

7. Revenue

Revenue can be detailed as follows:

Revenue is mainly generated from the following sources :

| | 30/06/2021 | 30/06/2020 |
|-------------------------------|-------------------|-------------------|
| Sales of Residential Projects | 19,447 | 11,326 |
| Rental Income | 13,597 | 2,969 |
| TOTAL REVENUE | 33,044 | 14,295 |

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

Rental income as of 30 June 2021 relates to rent from commercial projects (mainly the Warsaw HUB, Woloska 24 and Plac Vogla). The increase compared to last year is mainly connected to the delivery of the HUB in the 2nd half of 2020 and the subsequent move-in of the resp. tenants, having its full impact on the rental income in the current period.

The evolution in the cost of property development inventories goes together and is in line with the evolution in sales. The gross margin is dependent on the type of projects sold and the market.

8. Other items included in operating profit/loss

| | 30/06/2021 | 30/06/2020 |
|-------------------------------|------------|------------|
| Other operating income | 4,640 | 996 |

The current period's Other operating income mainly relates the charge-through of fit-out to tenants in the Unit (for approx. 4,182 KEUR). The remainder of the Other operating income can be attributed to smaller related party recharges and the result of the sale of the Woloska 24 project (-387 KEUR).

Last year's other operating income, mainly related to the gain on the divesture of RE Commercial Services Sp. z o.o. to Hanseta Holding Ltd for an amount of 658 KEUR.

| | 30/06/2021 | 30/06/2020 |
|--|------------|------------|
| Gains from revaluation of Investment Property | 69,006 | 103,821 |

Fair value adjustments over the first half of 2021 amount to 69,006 KEUR, which is mainly the result of current period's further engineering, development, construction and leasing efforts, in combination with evolution in market conditions (in terms of yields and rent rate levels). Main fair value adjustments have been recognized on the Unit (45,607 KEUR), the HUB (16,068 KEUR) and the Bridge/Bellona Tower (7,946 KEUR). On the other projects, an overall, slightly negative fair value correction of 0.6 MEUR has been recognized, in relation to the impact of Covid-19 on the main valuation parameters (mainly yields).

| | 30/06/2021 | 30/06/2020 |
|--|------------|------------|
| Other operating expenses | | |
| Housing costs | 146 | 0 |
| Taxes and charges | 1,164 | 387 |
| Insurance expenses | 119 | 10 |
| Audit, legal and tax expenses | 641 | 618 |
| Promotion | 94 | 175 |
| Sales / agency expenses | 374 | 403 |
| Maintenance and repair expenses (projects) | 4,018 | 582 |
| Rental guarantee expenses | 426 | 322 |
| Operating expenses with related parties | 6,712 | 714 |

| | | |
|---------------|---------------|--------------|
| Miscellaneous | 932 | 292 |
| Total: | 14,626 | 3,503 |

Current period's Other operating expenses have significantly increased by 11,123 KEUR to 14,626 KEUR. The increase is to a significant extent attributable to current year's relatively high Taxes and charges and Maintenance and repair expenses (projects). The increase is mainly the result of the delivery of the Warsaw HUB. The Warsaw HUB was delivered in the second half of 2020. Subsequently tenants moved in and the hotel became operational, giving rise to operational expenses.

Also related party expenses increased significantly, mainly related to fit-out expenses in the Warsaw UNIT (for approx. 4,182 KEUR) charged by Ghelamco Poland Sp. z o.o. (and which were in turn re-charged to tenants (through other income)).

9. Finance income and finance costs

| | 30/06/2021 | 30/06/2020 |
|-----------------------------|----------------|---------------|
| Foreign exchange gains | 11,854 | |
| Interest income | 7,299 | 6,195 |
| Other finance income | 15 | -226 |
| Total finance income | 19,168 | 5,969 |
| Interest expense | -9,809 | -1,277 |
| Other finance costs | -3,373 | -2,972 |
| Foreign exchange losses | - | -4,506 |
| Total finance costs | -13,182 | -8,755 |

The significant increase in interest expenses mainly goes together with the delivery of the Warsaw HUB and the partly delivery of the Warsaw UNIT. Financing costs on projects under construction are capitalized while financing costs on delivered/ income generating projects are expensed.

The other finance costs are mainly related to (the amortisation of) capitalized credit facility fees and expenses. The foreign exchange gains (11,854 KEUR) are mainly the result of the relative strengthening of the PLN vs. the EUR (mainly related to the conversion at spot rate of the outstanding (EUR) bank loans in Polish entities).

10. Income taxes

| | 30/06/2021 | 30/06/2020 |
|-------------------------|----------------|----------------|
| current income tax | -397 | -216 |
| deferred tax | -16,856 | -16,607 |
| Total income tax | -17,253 | -16,823 |



The deferred tax expenses are mainly related to the recognition of deferred tax liabilities on the fair value accounting of the investment properties.

11. Financial instruments

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

| Financial instruments (x € 1 000) | 30/06/2021 | | | | |
|---|------------|-------|---|----------------|------------------|
| | FVTPL | FVOCI | Measured at amortised cost/fin. liabilities at amortised cost | Fair value | Fair value level |
| Other financial investments | | | | | |
| Other financial assets | | - | 239 | 239 | 2 |
| Non-current receivables | | | | | |
| Receivables and prepayments | | | 401,801 | 401,801 | 2 |
| Restricted cash | | | - | - | 2 |
| Current receivables | | | | | |
| Trade and other receivables | | | 195,715 | 195,715 | 2 |
| Derivatives | | | - | - | 2 |
| Cash and cash equivalents | | | 34,254 | 34,254 | 2 |
| Total Financial Assets | | | 632,009 | 632,009 | |
| Interest-bearing borrowings - non-curr. | | | | | |
| Bank borrowings | | | 361,092 | 361,092 | 2 |
| Bonds | | | 231,621 | 231,851 | 1 |
| Other borrowings | | | 12,462 | 12,462 | 2 |
| Finance Lease liabilities | | | 20,563 | 20,563 | 2 |
| Interest-bearing borrowings - current | | | | | |
| Bank borrowings | | | 6,672 | 6,672 | 2 |
| Bonds | | | 59,534 | 59,453 | 1 |
| Other borrowings | | | 33,964 | 33,964 | 2 |
| Finance Lease liabilities | | | 1,576 | 1,576 | 2 |
| Current payables | | | | | |
| Trade and other payables | | | 15,919 | 15,919 | 2 |
| Total Financial Liabilities | | | 743,403 | 743,552 | |

| Financial instruments (x € 1 000) | 31/12/2020 | | | | |
|---|------------|----------|---|----------------|------------------|
| | FVTPL | FVOCI | Measured at amortised cost/fin. liabilities at amortised cost | Fair value | Fair value level |
| Other financial investments | | | | | |
| Other financial assets | | | 233 | 233 | 2 |
| Non-current receivables | | | | | |
| Receivables and prepayments | | | 365,314 | 365,314 | 2 |
| Restricted cash | | | - | - | 2 |
| Current receivables | | | | | |
| Trade and other receivables | | | 176,657 | 176,657 | 2 |
| Derivatives | | | - | - | 2 |
| Cash and cash equivalents | | | 39,163 | 39,163 | 2 |
| Total Financial Assets | 0 | 0 | 581,367 | 581,367 | |
| Interest-bearing borrowings - non-curr. | | | | | |
| Bank borrowings | | | 363,122 | 363,122 | 2 |
| Bonds | | | 225,656 | 225,514 | 1 |
| Other borrowings | | | 18,362 | 18,362 | 2 |
| Finance lease liabilities | | | 21,304 | 21,304 | 2 |
| Interest-bearing borrowings - current | | | | | |
| Bank borrowings | | | 13,805 | 13,805 | 2 |
| Bonds | | | 28,737 | 28,720 | 1 |
| Other borrowings | | | 36,013 | 36,013 | 2 |
| Finance lease liabilities | | | 1,641 | 1,641 | 2 |
| Current payables | | | | | |
| Trade and other payables | | | 14,535 | 14,535 | 2 |
| Total Financial Liabilities | 0 | 0 | 723,175 | 723,016 | |

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

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

12. Transactions with related parties

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

- Investment Holding: comprises resources invested in the development of real estate projects in Belgium, France and the UK and the intra-group Financing Vehicles – referred to as “Investment Group” or the “Group”;
- Development Holding: represents international entities that provide construction, engineering and development services to the Investment Group;
- Portfolio Holding: consists of all other activities and real estate investments controlled by the ultimate shareholders; and
- Ghelamco European Property Fund: comprises since 2016 the real estate projects kept as income generating products for a longer time.

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

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

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

Construction and development services

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

- Ghelamco Poland with its registered office in Warsaw.

Engineering and architectural design services

Safe Invest Sp. z o.o. (a limited liability company registered under the laws of Poland), (in-)direct legal subsidiary of International Real Estate Services Comm, VA, the parent company of Ghelamco’s “Development Holding”, coordinates engineering and architectural design services provided to the Company in accordance with terms of

the respective contracts. Purchases of services from Safe Invest Sp. z o.o. exceed 80% of all engineering, architectural design and other related services acquired by the Company.

13. Other related party transactions

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

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

| | 30/06/2021 | 30/06/2020 |
|---|-------------------|-------------------|
| Purchases of construction, engineering and architectural design | -27,089 | -79,186 |
| Interest income | 6,555 | 5,443 |
| | 30/06/2021 | 31/12/2020 |
| related party trade receivable | 1 | 79 |
| related party trade accounts payable | -2,015 | -1,065 |
| related party non-current loans receivable | 378,811 | 348,642 |
| related party current loans receivable | 20,000 | 6,287 |
| related party interests receivable | 51,336 | 45,341 |
| related party C/A receivable | 107,948 | 109,975 |
| related party non-current loans payable | -8,534 | -7,712 |
| related party interests payable | -403 | -576 |
| related party C/A payable | 0 | 0 |

14. Post balance sheet events

After period-end (on 16 July 2021), the Company issued bonds within its new (number X) programme for an amount of 30,000 KPLN (PW1 series). These bonds have a tenor of 4 years and bear an interest of Wibor 6 months + 5.0%. The proceeds of these bonds will also be applied for the redemption and servicing of outstanding bonds (on maturity date or through early redemption) and for the financing of the Company's real estate projects.

Shortly after period-end, in July 2021 the Company successfully refinanced its project financing (245 MEUR) of the Warsaw HUB for a total amount of 312.5 MEUR with Aareal Bank AG. The construction loan granted by the initial consortium of Polish banks has been repaid on 28 July 2021.



Independent Auditor's Report to the management of Granbero Holdings Ltd. on the review of the condensed consolidated interim financial information as at June 30, 2021 and for the six-month period then ended

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Granbero Holdings Ltd. as at June 30, 2021, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). The management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at June 30, 2021 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Zaventem, September 30, 2021

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises
Statutory Auditor
represented by

Filip De Bock
Bedrijfsrevisor / Réviseur d'Entreprises