Challenging market conditions and recent balance sheet initiatives and events have impacted first half financial results but Ghelamco now well positioned for the future

Ghelamco Group ("Ghelamco" or the "Group"), a leading European real estate investor and developer, today announces results for the six months to 30 June 2024 and provides an update on current trading. During the first half of the year the Group faced continued macroeconomic headwinds which have both created a difficult trading environment and impacted valuations. Good progress has been made in strengthening Ghelamco's balance sheet through a number of actions, including asset sales, the deconsolidation of the Arc and the UNIT and ensuring reimbursement of its near-term bond maturity. As a result, the Group is now better positioned for the future and can focus on delivering its development pipeline and strategy for value creation.

Highlights of the results are as follows:

- Significant increase in revenue to €95.4m (H123: €34.2m) driven primarily by sales from residential projects (€84.1m) and rental income (€11.1m).

- The Group completed realisations of investment properties for €157m in sales value during the period, reducing liabilities through loan repayments. These included realisations of a number of successful projects including:
  - The €42m sale of Nova One upon completion of this Grade A, sustainably developed office building in Antwerp, which is now one of the most prestigious workplace destinations in Belgium
  - The €55m disposal of Nexus Datacenter in Brussels, following completion of this pre-sold development which set a new standard in digital infrastructure with strong environmental credentials
  - The sale of the Pomme De Pin hotel redevelopment in Courchevel, France for €62m

- Continued good progress made in delivering the Group's development pipeline with key activities comprising:
  - Commencing construction at the Copernicus mixed use residential, office (fully commercialised) and retail project in Antwerp upon receipt of the building permit in February 2024
  - Completing the c. 95% pre-let 15,800 sqm phase one office element of the VIBE development in Warsaw, with occupiers commencing fit outs in June 2024
  - Further progress at the Group's flagship Bridge office development in Warsaw, where pre-leasing increased to 47%. Once complete, the Bridge will deliver 50,000 sqm of sustainable, technologically advanced, wellbeing focused and amenity rich space, setting a new standard in the Polish capital
  - In Warsaw, the Group also commenced construction of phase 3 of Groen Konstancin in February 2024 and made significant progress on Phase 2 of Bliskie Piaseczno, with these projects set to deliver 11,170 sqm of residential space into this highly supply constrained market.

- Despite the Group's progress in strengthening its financial position, Ghelamco's projects were not immune from the difficult market conditions. This was most notable at:

  - The Arc in London where, following the bankruptcy of the external general contractor in 2023 and discussions with the project's lenders to assess the completion of the project, Ghelamco UK took over this role to successfully complete the building to the highest sustainability

standards, resulting in the UK's first triple-certified building. Despite ongoing discussions regarding an exit strategy, the project loans came to maturity in June 2024. After further consultation over the summer, one of the project lenders executed upon its security in Q3 2024, whereby full control of The Arc and the relevant legal entities have passed to the relevant lender, leading to the deconsolidation of the Arc project as at 30 June 2024. Meanwhile, a settlement agreement has been reached amongst all parties to the satisfaction of the Group. This agreement represents a full settlement and includes cooperation provisions between the parties, ensuring a smooth transition of the project. The foregoing has further delevered and derisked the Group while translating into an exceptional one-off impact of €94m in the condensed interim financial statements as at 30 June 2024. Whilst it is disappointing that the Group will no longer be able to benefit from the potential upside of the project, the current situation and the ensuing settlement stabilises the situation and removes any contingent exposure of the Group.
- Warsaw UNIT where the Group entered into a joint venture agreement with Signal Capital who invested €50m into the project in February which led to a balance sheet reclassification and deconsolidation under IFRS 10 and resulted in a loss of €38m, reflecting its current valuation.

- The Group maintains a position in the London market having acquired the c. 21,000 sqm 'HiLight' residential project in Battersea for €42m in March 2024. The project has planning permission and works to transform this former candle factory into 177 luxury apartments on the banks of the River Thames recently commenced. 35% of the units have already been pre-sold.

- Significant progress has been made in strengthening the Group's balance sheet, allowing it to continue its strategy on a stable footing. This was achieved through a number of key initiatives including:
  - The €157m of realisations of investment properties
  - A refinancing agreement with the Group's Belgian lenders which comprises the secured repayment of the bond maturing in November 2024, totalling €57 million.

- The value of the Group's portfolio was reduced from €2b to €1.3b as at 30 June 2024, as a result of the scheduled disposals and the accounting effects of the Arc and Warsaw UNIT as set out above.

- Significant progress in reducing the Group's debt which now stands at €1.1b compared to €1.5b at 31 December 2023, with solvency improving to 43.24% from 40.46% over the same period.

- Net result for the period amounts to €-199.5m, compared to €-38m at 30 June 2023. This loss primarily reflects the one-time impacts of the Arc (€-94m) and the Warsaw Unit (€-39m), as well as the impact of previous sharp interest rate rises on yields which, in turn, depressed portfolio valuations for the Group (€-46.5m), as well as across the entire sector. Higher interest rates also impacted the financial result (€-10m), and after adjusting for a further one-off net effects of €-14m, the Group sees an underlying operational result of €4m. Despite these challenges, the Group remains committed to its strategic objectives and is positioned for future growth.

Commenting on the results and the outlook for the business, Paul Gheysens CEO of Ghelamco commented: *"In terms of underlying performance the Group continued to achieve strong leasing and sales during the first half of the year and made further good progress on delivering our best-in-class developments across Europe.*

"However, the tough market conditions we have endured for the last couple of years, particularly in relation to interest rates and their impact on real estate valuations and the business environment more broadly, have meant that much of our time and resources have been on restoring the strength of the Group's financial position. These have included a successful sales programme, together with a number of one-off initiatives and events, which have led to a greater than previously anticipated loss for the period under review. However, while this is disappointing in the short term, we are a long term business and over our 35 year history have been through numerous market cycles and have come out of them stronger.

"I am pleased to say that our hard work has paid off and that we have now reached an agreement with our lenders which has stabilised our financial position and, importantly, allows us to once more fully focus on our day job of delivering superb real estate developments.

"Furthermore, we have begun to see the first change in sentiment in the market, with valuations continuing to stabilise and nearing, or in some cases at, the point of inflexion, as well as some increased liquidity in investment markets. The ECB's first rate cut in June, alongside similar moves from the Bank of England and the Fed, have provided further positive impetus to the sector and suggest that, all things being equal, the worst may now be behind us. Against this backdrop and with the Company's renewed financial stability, focus on prime locations, high quality mixed-use projects, as well as the strong demographic tailwinds supporting our urban residential markets, we are now well-positioned to transform the challenges of 2024 into valuable opportunities."