



BREEVAST

Horizons ahead



Beethovenstraat, Amsterdam

ANNUAL REPORT **2019**

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*adopted by the Annual General
Meeting of Shareholders
on 17 July 2020*

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Profile and strategy



*Developing, realizing,
operating and managing.*

PROFILE

Breevast B.V., a property company, was incorporated in 1963. It focuses on developing, realizing, operating and managing commercial and residential real estate in the Netherlands, Belgium and the United States. Breevast aims to stretch its portfolio across sectors and countries with a view to spreading risk. The company has its registered office in Amsterdam, the Netherlands.

STRATEGY

Breevast is seeking to broaden and improve the quality of its property portfolio with a focus on high-quality sustainable properties. Within joint ventures, Breevast usually takes responsibility for asset management.

Breevast develops commercial real estate for its own portfolio in order to:

- ***Achieve higher initial yields.***
- ***Keep the property portfolio relatively young and maintain its high quality.***
- ***Retain market-relevant knowledge for the company.***

When developing property, Breevast does not only take the existing surroundings and the wishes of tenants into account, but focuses on sustainability aspects as well. Our vision goes beyond the conceptualization and construction

of new properties. We are also known to renovate and convert existing buildings so as to give them a new life cycle. Breevast develops property for sale to third parties as well.

Breevast mitigates the risk of property development by leasing out a substantial portion of a development before construction begins and by enforcing a strict budgetary discipline.

Breevast has had a presence in the United States since 1996 through its subsidiary Breevast U.S., Inc., a development and asset management company. In this geography, the focus is on creating added value by developing and redeveloping real estate. Breevast works with a relatively short lead time of two to five years.

Corporate Governance



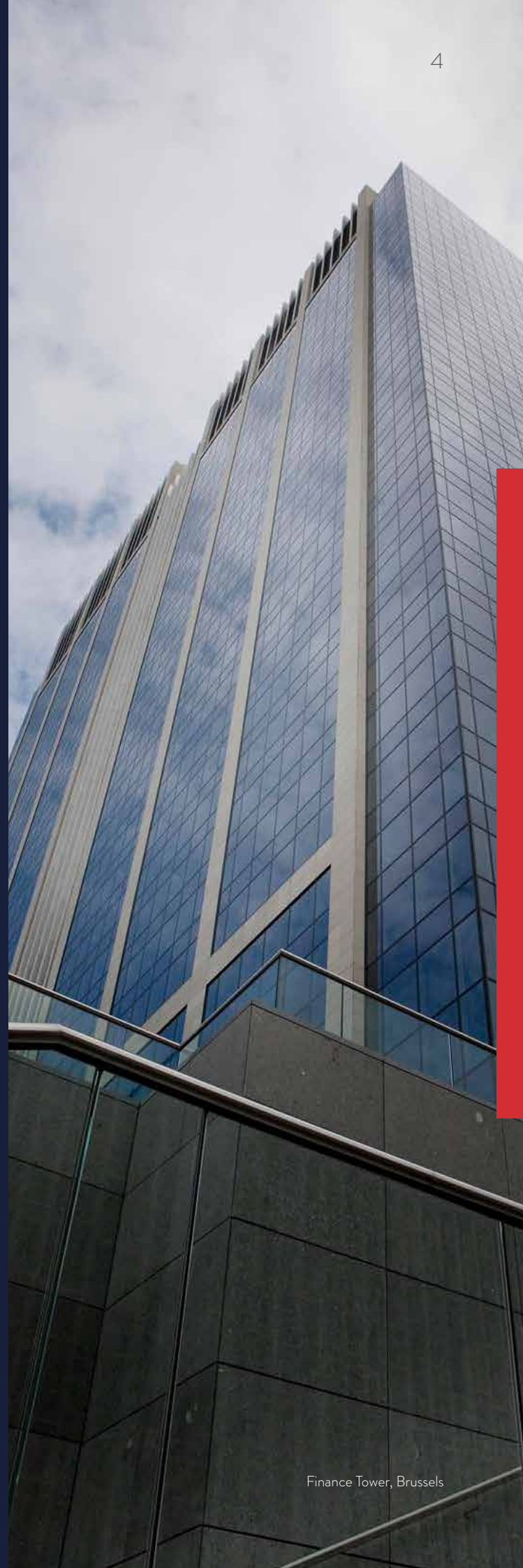
With a view to cost efficiency and retaining in-house knowledge, Breevast seeks to insource most of the back-office duties and the commercial and technical management associated with its portfolio. Direct and frequent contact with tenants and the property market allows Breevast to capitalize on market developments. Breevast also manages properties for financial partners. For Breevast, monitoring and optimizing cash flows play a key role in developing, realizing, operating and managing real estate.

Breevast actively monitors and manages risks inherent in investing in and developing real estate. Risk management, which includes assessing and, where necessary, adjusting internal business processes and procedures, focuses on strategic, operational, financial and reporting risks as well as on compliance risks.

CORPORATE GOVERNANCE

Although, as an unlisted company, Breevast is not governed by regulations and guidelines for listed companies, it does follow developments in this area. Breevast's policy is to assess the rules and standards for listed companies on their merit for Breevast and to follow them where this is practical for, and offers added value to, the company.

Breevast actively monitors and manages risks inherent in investing in and developing real estate.



Key Figures



Key Figures (in thousands of euros)

	2019	2018	2017
INVESTMENT PROPERTY			
Rental property	448.073	289.931	392.767
Rental income	18.577	19.962	21.441
Development property	80.155	83.314	31.592
Inventories	8.874	14.371	8.968
RESULTS			
Total operating income (including financial income)	43.441	44.587	67.598
Total operating expenses (including financial expenses)	(20.201)	(20.779)	(21.254)
Direct investment income	23.240	23.808	46.344
Realized gains/(losses) from changes in value of property	349	(8.158)	(550)
Unrealized gains/(losses) from changes in value of property	15.340	111.445	66.692
Indirect investment income	15.689	103.287	66.142
Group result before tax	38.929	127.095	112.486
Corporate income tax	(16.925)	(31.789)	(15.045)
Share of result from participating interests	(5.977)	(28.682)	67.584
NET GROUP RESULT	16.027	66.624	165.025
FUNDING			
Shareholders' equity	661.123	646.471	579.281
Minority interests	19.008	15.928	15.001
Group equity	680.131	662.399	594.282
Provisions	78.827	67.748	28.519
Long-term liabilities	195.860	128.108	107.767
Total equity and long-term liabilities	954.818	858.255	730.568
Short-term liabilities	55.311	66.755	184.266
Balance sheet total	1.010.129	925.010	914.834

RATIOS

Solvency ratio (shareholders' equity*/balance sheet total at year end)	75	79	68
Solvency ratio (shareholders' equity**/balance sheet total at year end)	67	72	65

* Group equity as per balance sheet including provisions

** Group equity as per balance sheet excluding provisions

Personal Details

EXECUTIVE BOARD



H.G. Brouwer MRE (born 1962)

Executive Board Member of Breevast B.V. Mr. Brouwer joined Breevast B.V. in 1993.



W.A.J. Vermeij RA MRE (born 1966)

Executive Board Member of Breevast B.V. Mr. Vermeij joined Breevast B.V. in 2005.



SUPERVISORY BOARD



W. Brounts (born 1936)

Chairman of the Supervisory Board since 1999, re-elected in 2003 and 2007. Mr. Brounts served as Director General of Risk Management at ABN AMRO Bank N.V. of Amsterdam, the Netherlands, until 1998.



J.H. van Heyningen Nanninga (born 1946)

Member of the Supervisory Board since 2009. Mr. Van Heyningen Nanninga was a partner in Egon Zehnder International, an executive search firm, which he joined in 1979. He holds various supervisory, advisory and executive positions in the Netherlands.



J. Meines (born 1951)

Member of the Supervisory Board since 2010. Mr. Meines served as Director of Credit Risk Management at ABN AMRO Bank N.V. of Amsterdam, the Netherlands, until 2010. He holds a number of other supervisory and executive positions as well.



E.A.J. van de Merwe (born 1950)

Member of the Supervisory Board since October 1, 2017. Mr. Van de Merwe held various executive roles in the banking sector and real estate sector and served on the Supervisory Boards of Rabobank and Achmea until 2016. He holds a number of other supervisory and executive positions as well.

Report of the Supervisory Board

*To the Annual General
Meeting of Shareholders*

We are pleased to present the Annual Report 2019 of Breevast B.V., which was prepared by the Executive Board. This document includes the Management Report, the financial statements and the other information.

The financial statements were audited by WVDB Accountants, who issued an unqualified audit opinion on them. WVDB Accountants' audit findings were discussed by the Supervisory Board in its annual meeting with the auditor. We propose that the shareholder adopt the financial statements in accordance with the proposal of the Executive Board and discharge the Executive Board from liability for its management and the Supervisory Board for its supervision. Adoption of the financial statements by the shareholder implies that the net result will be added to the other reserves.

Characterized by an exceedingly high investment volume, 2019 was a good year in the property segment. That said, the COVID-19-pandemic has caused a drastic change. The resulting economic damage is extensive and a deep, almost worldwide recession is inevitable. Uncertainties about further developments in COVID-19 infections also lead to greater insecurity about economic forecasts than usual. The health crisis directly affects investment dynamics in the property market. The impact will range from segment to segment, but the retail market will be hit hardest. The investment volume for 2020 for the market as a whole will be substantially lower than for 2019.

In the reporting period, the Supervisory Board devoted extra time and attention, both in and outside meetings, to monitor and to advise and support the Executive Board on the most urgent policy areas, focusing on debt reduction, investment and disposal policies, funding policy, risk management, liquidity planning and accounting policies. In addition, regular meetings were used to discuss strategy, developments in results and equity, and trends in the rental, development and investment markets, as well as legal and tax issues, financial accounting, organizational matters and HR issues.

Breevast has made considerable progress in recent years in implementing its disposal and debt reduction plan, and in improving its capital structure. It has consistently pursued this strategy since 2012. The plan was brought to a successful conclusion with the sale of the Financietoren office building in Brussels in January 2020.

In addition to optimizing existing investment portfolios in the Netherlands and the US, Breevast's current focus is on bringing the sizeable development pipeline to fruition.

We are grateful to everyone who contributed to the company's success in the reporting period.

Amsterdam, the Netherlands, 17 July 2020

The Supervisory Board

W. Brounts, Chairman

J.H. van Heyningen Nanninga

J. Meines

E.A.J. van de Merwe

Management Report

In accordance with the provisions of Article 26 of the company's Articles of Association, we hereby report on 2019, the company's 56th financial year.

STRATEGY AND DEVELOPMENTS IN REAL ESTATE BUSINESS

Strategy and core business

The company's real estate activities in its core markets of the Netherlands, Belgium and the United States are based on three strategic pillars, i.e.:

1. DEVELOPING

When developing property, Breevast not only makes express allowance for the existing environment and the wishes of tenants, but focuses on sustainability aspects as well. Our vision goes beyond the conceptualization and construction of new properties. We are also known to renovate and convert existing buildings so as to give them a new life cycle. By developing properties under its own management, Breevast seeks to achieve relatively high initial yields. Breevast can do so because it enforces a very strict budgetary discipline and mitigates risks by leasing out a substantial portion of a development before construction begins. What is more, market-relevant knowledge is retained for the company by way of its property development activities. After completion, young and marketable real estate is usually added to the rental portfolio. Breevast develops property for sale to third parties as well.

2. REALIZING

Realizing encompasses the process from initial concept development and planning to the final phase of construction and completion, or, in some cases, renovation and conversion. We commit to a property development from the outset and are closely involved in the entire process up to and including completion. Breevast holds portfolios with joint-venture partners; after these portfolios have been acquired, Breevast is responsible for managing the portfolio assets. The special-purpose asset management structure actively manages the assets with a view to further optimizing the portfolio and, as a rule, sell it in tranches in the medium term. Breevast also provides contracted asset and property management services to third parties.

3. OPERATING AND MANAGING

The asset management division is responsible for managing the administrative, commercial and technical aspects of the portfolio. It actively manages the portfolio with a focus on continuous improvement, aimed at keeping properties in top-notch condition as well as optimizing rental income and tenant quality. Breevast also manages properties for financial partners.

The property markets were generally still looking up in 2019. Factors such as economic growth, wide availability of capital and low interest rates, and consumer and business confidence in particular played a key role in this.



GENERAL

The rate of economic growth rate in the Netherlands was 1.8% in 2019. The outlook for the Dutch economy in the period from 2020 to 2022 is dominated entirely by the COVID-19 pandemic and the government measures to curb the spread of the coronavirus. The economic damage is extensive and a deep, almost worldwide recession is inevitable. Governments and monetary authorities have offered large support packages and taken easing measures to mitigate the economic impact of the virus outbreak. The Dutch Central Bank (DNB) projects Dutch GDP to fall by 6.4% in 2020, marking the largest contraction in Dutch post-war history, nearly twice the number reached during the credit crisis in 2009. Private consumption will shrink by an unprecedented 7.6% as a result of falling consumer confidence, more uncertainty and loss of income. Corporate spending is expected to drop significantly as well. Government spending, which is up 3.1%, will provide some relief. After 2020, a slow but steady recovery is expected to set in, with GDP growing by 2.9% in 2021 and 2.4% in 2022. The number of jobs will fall sharply in 2020 and 2021. As a result, the unemployment rate will climb to 4.6% in 2020, rising further to 7.3% in 2021. The unemployment rate in 2019 was 3.4%. There are many uncertainties about further developments in COVID-19 infections, as well as about the necessity, duration and effectiveness of future social distancing measures. What is more, it is uncertain at this time when a vaccine will become available. For this reason, our projections are surrounded by greater-than-usual uncertainty.

The property markets were generally still looking up in 2019. Factors such as economic growth, wide availability of capital and low interest rates, and consumer and business confidence in particular played a key role in this. At € 23.5 billion, the investment volume in 2019 was just below the record level of € 24.0 billion that was reached in 2018. The volume of investments in Dutch real estate was exceptionally high; the volume for the past five years corresponded to that for the preceding 16 years. That said, we did see signs as early as in 2019 of the cycle being at an advanced stage, possibly causing downside risks to be more likely than upward potential. Even before the outbreak of the COVID-19 pandemic, the investment volume was projected to be lower in 2020 due to the scarce investment offering. But the pandemic has a direct impact on investment dynamics, which is why the investment volume for 2020 will be substantially lower than that for 2019. The effect will range from segment to segment. The hotel and retail market will be hit harder than the office and industrial property market. The housing market is expected to be affected least.

The economic damage is extensive and a deep, almost worldwide recession is inevitable.

The take-up of office space of 1.4 million square meters in 2019 marked a 13% increase on 2018. The vacancy rate of office buildings fell for the fifth consecutive year, reaching 8.3%, the lowest level since 2002. The vacancy rate is approaching zero in the most sought-after office locations. The first quarter of 2020 already showed a decline in activity in the occupational market, which was mainly attributable to a lack of availability of high-quality office space in prime locations. The COVID-19 outbreak exacerbates this decline in take-up figures as uncertainties cause businesses to put their property searches on hold. The full-year impact will depend on developments in the spread of the virus and the effects on the economy. In the short and medium term, we do expect a lesser effect on the office market than the impact that was seen during the financial crisis.

The positive trend continued in 2019, with more industrial property being taken up than in 2018. Occupation was particularly strong in the first half of 2019, with a decline showing itself from the second half of the year onwards due to such as issues as nitrogen pollution and PFAS

contamination. Rentals for industrial property, which have risen since 2014, continued to climb in 2019. This was attributable to increasing scarcity of suitable offerings and the larger share of new buildings. The increase in take-up was also reflected in the take-up figures for logistical property. Despite COVID-19 and the associated economic effects, we do not expect the vacancy rate to rise sharply, the reasons being that new construction activities will largely be limited to build-to-suit developments on the one hand and that demand for logistical property will continue to be supported by the share of e-commerce and the increasing stockpiling and distribution of food and perishables on the other. Speculative developments will tend to be put on hold because they are more difficult to finance and less likely to be purchased by investors. The total take-up of industrial property for 2020 as a whole is expected to be substantially lower than that for 2019.



RAC Belair, Brussels

The demand for retail space in Dutch city centers fell in 2019, as it did in 2018. In the majority of large city centers, both the number of new retailers and the take-up of retail surface have stagnated. Back in 2016 and 2017, take-up levels were extremely high due to the major shift in the retail market after department store V&D had fallen into bankruptcy. These high take-up volumes could not but drop in the years after. The decision by Hudson's Bay to close all its department stores in the Netherlands was another setback for the retail market. The withdrawal of stores from property inventory stagnated as well. It tended to be impossible to convert chronically vacant retail properties, particularly in areas with a shrinking population. The COVID-19 outbreak has a major impact on the retail market. Although the Dutch government did not force stores to close during the lockdown, multiple retail chains closed temporarily anyway. Footfall in the high street was significantly lower in recent months, with the decline in the last week of March and the first week of April dropping by as much as 85% against the first two months of 2020. Consumer confidence, and consumer spending in particular, fell sharply in April and May. As a result, retail revenue has dropped dramatically and retail businesses have difficulty meeting their rent obligations. Not all segments are hit equally hard. There is a clear difference between fashion and convenience-driven retail. District malls whose largest tenant is a supermarket chain and individual buildings housing a supermarket continue to be stable and sought-after investment properties. The existing imbalance in the

stores will require less retail space. Sold-off retail space potentially offers opportunities for conversion.

Making up a share of about 35%, the residential property sector was the largest segment in the investment property market in 2019. A new transaction volume record was reached in the first half of 2020. The transaction volume for rental properties totaled € 4.8 billion, up 6.4% from the previous record that was achieved in 2019 (H1: € 4.5 billion). The fundamentals of the residential housing market are favorable. Strong population growth is expected, especially in metropolitan areas. The housing shortage will continue and is likely to become even more pressing due to a decline in new-builds and the growing population. Expectations are that, because of the reliability and stability of the Dutch residential property market, demand for residential investment property will remain high in the long term. In the short term, the Dutch residential property investment market is expected to be least affected by the COVID-19 pandemic.

The fundamentals of the residential housing market are favorable. Strong population growth is expected, especially in metropolitan areas.

retail market and the surplus of retail space, plus the extra pressure due to the COVID-19 outbreak, will inevitably cause rental prices – and hence the value of retail properties – to be weighed down in the near future. A new balance will emerge between online and offline sales, based on which



*The health crisis directly
affects investment dynamics
in the property market.*

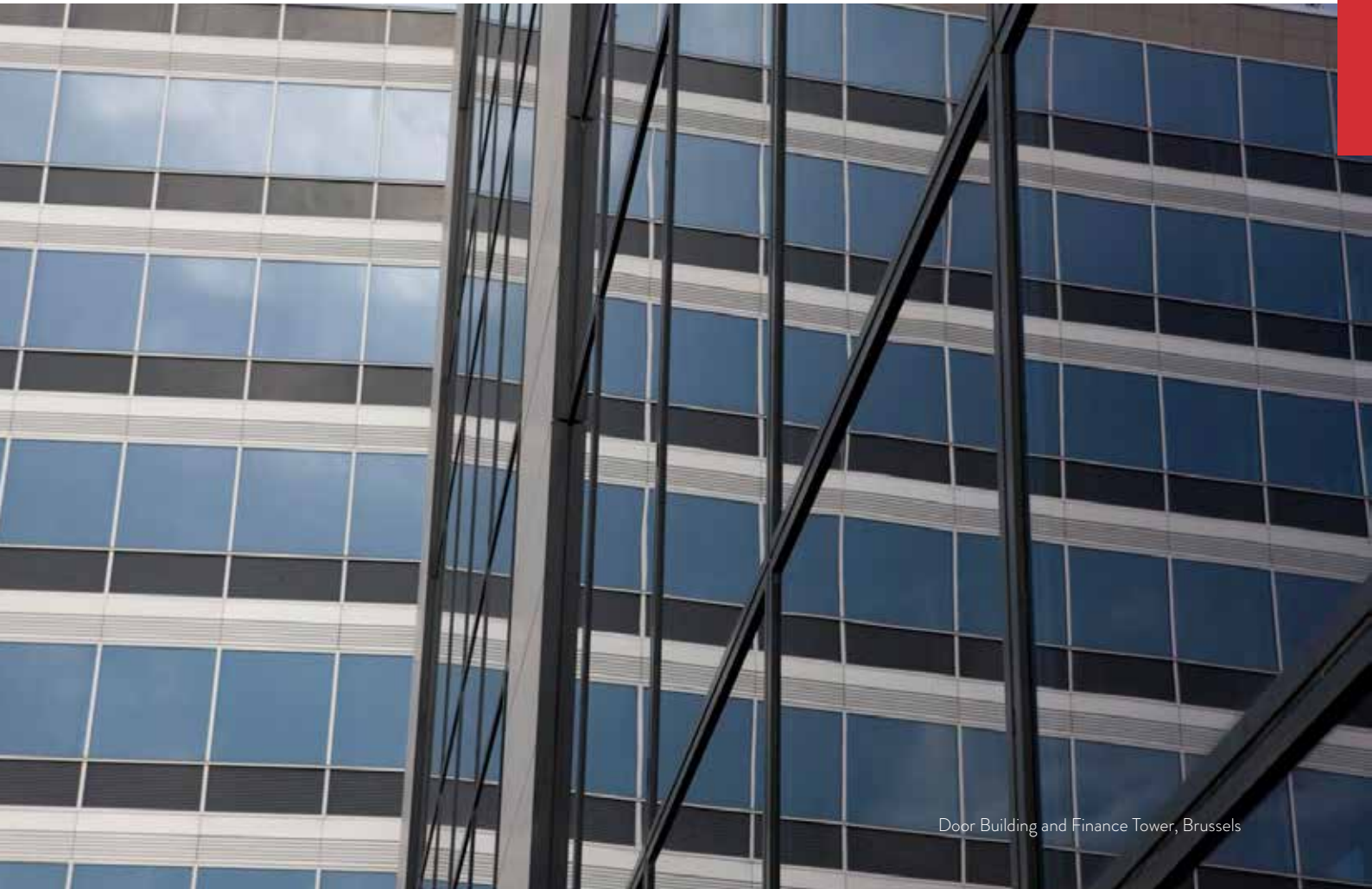
In summary, we would argue that, thanks to another exceedingly high investment volume, 2019 was a good year for the property market. That said, the COVID-19-pandemic has caused a drastic change. The resulting economic damage is extensive and a deep, almost worldwide recession is inevitable. Uncertainties about further developments in COVID-19 infections also lead to greater insecurity about economic forecasts than usual. The health crisis directly affects investment dynamics in the property market. The impact will range from segment to segment, but the retail market will be hit hardest. The investment volume for 2020 for the market as a whole will be substantially lower than for 2019.

In addition to optimizing existing investment portfolios in the Netherlands and the US, Breevast's current focus is on bringing the sizeable development pipeline with developments in Amsterdam, Zoetermeer (the Netherlands) and Beveren (Belgium) to fruition. The value of properties acquired in the US was € 134.8 million in the reporting period. The value of properties sold (in Belgium and Curaçao) was € 8.1 million (2018: € 172.5 million). The gross return on the rental portfolio (after revaluation) stood at 5.0% (2018: 5.5%), based on theoretical annual rents. The occupancy rate was 83.1% at year-end (2018: 80.1%). At year end, Breevast's rental portfolio was worth € 448.1 million (2018: € 289.9 million). The value of the development portfolio including inventories was € 89.0 million (2018: € 97.7 million). This brings the total

value of the property portfolio to € 537.1 million based on current value (2018: € 387.6 million). The average value of Breevast's rental portfolio was 20.0 times theoretical rental income (2018: 18.2). The valuation is based on fair values; in 2019, 65.7% of the total property portfolio (rental, development and inventories) in and outside the Netherlands was valued by an external valuer to verify this (2018: 75.9%).



Rental, development and inventories



Door Building and Finance Tower, Brussels

**GEOGRAPHICAL SPREAD OF PROPERTY PORTFOLIO
(RENTAL AND DEVELOPMENT PROPERTY AND INVENTORIES)
(AS OF DECEMBER 31, 2019)**

Based on fair value (in millions of euros)

The Netherlands	327.999	61,1%
Belgium	7.086	1,3%
Spain	3.142	0,6%
Poland	216	0,0%
Curaçao	1.572	0,3%
United States	197.087	36,7%
	537.102	100,0%

**FUNCTIONAL SPREAD OF RENTAL PORTFOLIO
(AS OF DECEMBER 31, 2019)**

Based on theoretical annual rents as of January 1, 2020 (in millions of euros)

Office	21,6	96,0%
Retail	0,0	0,0%
Industrial	0,6	2,5%
Other	0,3	1,5%
	22,5	100,0%

Based on fair value as of December 31, 2019 (in millions of euros)

Office	438	98,1%
Retail	0	0,0%
Industrial	5	1,1%
Other	4	0,8%
	447	100,0%

Based on rentable floor area as of December 31, 2019 (in thousands of square meters)

Office	94	91,2%
Retail	0	0,0%
Industrial	8	7,8%
Others	1	1,0%
	103	100,0%

THE NETHERLANDS

No properties were acquired or sold in 2019.

ZOETERMEER - BOERHAAVELAAN

In 2019, work continued in Zoetermeer on the development of the land holdings at Boerhaavelaan. Early in 2016, a zoning plan, which was drawn up in dialogue with the City in previous years, became irrevocable, offering space for 80,000 square meters in GFA for housing and 120,000 square meters in GFA for offices and amenities. The housing market in Zoetermeer is under great pressure and this pressure is increasing rapidly. That is why, the City took the initiative to improve the entrance to Zoetermeer and put the land to more intensive use by building additional residential units. As a result, Breevast's land holdings have now become part of a larger area development with a focus on quality. The majority of this area development will involve residential units, which will require a more intensive program for Breevast's land holdings than that described in the current development agreement. To accomplish this, Breevast drew up an urban development plan for its land in 2019. This continued development is a priority on the political agenda. The De Entree Masterplan, which encompasses Breevast's land holdings, was adopted by the Zoetermeer City Council on February 18, 2019. The initial memorandum for the new zoning plan was presented in September 2019. The City is now working on the preparations for the EIR and the area development zoning plan with the aim of getting it adopted early in 2021. Prior to this, the City is looking to sign pre-agreements with all parties involved in the third quarter of 2020. Parallel to this, talks with the City are ongoing about starting the construction of the residential units that have already been approved under the current zoning plan and the conversion of an existing office building as soon as possible. Construction of the first stage (i.e. the conversion) is scheduled to start in 2021.



*Breevast's land holdings
have now become part
of a larger area
development with a
focus on quality.*





Sparklerweg, Amsterdam



Breevast engaged with the City of Amsterdam in 2019 about the conditions for redevelopment and the urban development plan.

AMSTERDAM - SPAKLERWEG

Breevast owns the Toorop building at Spaklerweg in Amsterdam. This building formerly housed the head office of Delta Lloyd, which was acquired by Nationale-Nederlanden in 2017. It is currently being occupied by the Dutch Central Bank (DNB). DNB signed a temporary lease with Nationale-Nederlanden for the duration of the renovation of their head office at Frederiksplein in Amsterdam

In the context of the future redevelopment of this site, Breevast engaged with the City of Amsterdam in 2019 about the conditions for redevelopment and the urban development plan. In June 2020, Breevast signed a terms of agreement with the City for a mixed-program development of up to 106,000 square meters in GFA for offices, residential units and amenities. The development will be above-ground and does not include the parking garage. The urban development plan will be made available for inspection shortly. After this, the dialogue with the City will be continued so as to convert the terms of agreement into a pre-agreement by the end of 2021 at the latest.



Antonio Vivaldistraat, Amsterdam

The preliminary design stage will be initiated in 2020 after the details of the arrangements with the City of Amsterdam have been formalized.

AMSTERDAM - ANTONIO VIVALDISTRAAT

This concerns the redevelopment of the parking lot located in front of the multi-tenant office building at Antonio Vivaldistraat, where Breevast is based. There is room for a 115-meter-high residential tower offering 21,500 square meters in GFA, including some amenities at ground-floor level. The development will be above-ground and does not include the parking garage. Due to expansion of the program, arrangements with the City of Amsterdam were fleshed out in 2019, as were the further conditions for the development of this site in the area planning framework. The sketch design was adjusted accordingly. The preliminary design stage will be initiated in 2020 after the details of the arrangements with the City of Amsterdam have been formalized. The zoning plan is being prepared. The building height has already been approved. Construction is scheduled to start in the second half of 2022.



Antonio Vivaldistraat, Amsterdam

Beethovenstraat, Amsterdam



It involves 27,000 square meters in GFA for residential units and some amenities.

Construction will start at the end of 2021.

AMSTERDAM - BEETHOVENSTRAAT

This development is situated on the edge of Beatrixpark in Amsterdam. It involves 27,000 square meters in GFA for residential units and some amenities. The development will be above-ground and does not include the parking garage. Due to expansion of the program, arrangements with the City of Amsterdam were fleshed out for this development in 2019, as were the further conditions for the development of this site in the area planning framework. The design stage was initiated in 2020. Construction is scheduled to start by the end of 2021.

Breevast holds an indirect equity stake of 25% in Accres Real Estate B.V., a company focusing on real estate investments in the Netherlands. The portfolio is made up of offices, industrial properties, stores, residential units and a resort village. Accres sold € 25.1 million worth of properties in 2019 (2018: € 69.7 million). Its property purchases (including investments) amounted to € 1.7 million (2018: € 6.3 million). At year end, the current value of the portfolio stood at € 325.2 million (2018: € 349.3 million). The occupancy rate was 90% (2018: 88%).

Breevast holds an indirect equity stake of 35% in Tasman Properties C.V. The last property in this portfolio was sold in July 2019.



BELGIUM

In Belgium, Breevast holds an equity stake of 30% stake in Financietoren N.V. In January 2020, this company successfully completed the sale of the Financietoren office building after having signed a conditional purchase agreement with a South Korean institutional investor in December 2019. The sale marked the largest single-asset transaction in Belgium ever. The Financietoren building in Brussels measures about 200,000 square meters.

A long-term lease for the office building, which houses 4,600 civil servants working in various federal government departments, has been signed with the Belgian Government Buildings Agency. The carrying amount of the 30% equity stake was € 150.5 million at year-end 2019.

Construction of the first stage (block F) of a development in Beveren started in the spring of 2019. This development comprises a total of 18 single-family homes and 74 apartments.



SPAIN

Breevast owns an empty office building in Marbella, which it is trying to sell in its current condition.

UNITED STATES

In March 2019, Breevast reinvested the proceeds from the sale in 2018 of an office building in two office buildings at Wilshire Boulevard in Beverly Hills, Los Angeles. 8942 Wilshire Boulevard is a single-tenant building. The tenant, which has signed a long-term lease for the entire building, is Paradigm Talent Agency. 4525 Wilshire Boulevard is an office building that has been fully overhauled and converted

into a creative contemporary workplace. It is a multi-tenant building housing various leading companies in the entertainment industry. The total investment in the two buildings located at Wilshire Boulevard amounted to US\$ 153.5 million.

Breevast also owns a fully let office building at Townsend Street, San Francisco.



Wilshire Boulevard, Beverly Hills, LA

CURAÇAO

Thirteen lots of the Zuurzak development, a reallocation with a residential designation, were sold in the reporting period; as a result, a total of 93% of the available lots had been sold at year-end 2019. There are 19 lots left for sale.

*The net result was
€ 12.9 million.*

A woman with long blonde hair, wearing a black long-sleeved top and dark pants, is hanging from a rope that is attached to a large black beam on the ceiling. She is facing away from the camera, looking towards a large window with sheer white curtains. The room is modern and bright, with light-colored wooden flooring. To the left, there is a wooden dining table with a red chair and a grey chair. To the right, there is a grey sofa with a red cushion and a black cushion with white stars. A small white coffee table with three legs is in front of the sofa. A potted plant is on the coffee table. A white arrow points to the right, starting from the end of the text.

RESULTS AND EQUITY

Income from rental property (i.e. rental income from investment property less property operating expense) fell by 12% to € 14.8 million in 2019. This fall was attributable to the sales that were made at the end of 2018, the proceeds of which were reinvested in March 2019. As a result, these properties did not contribute to profit until that date. The share of result from participating interests was € 6.0 million negative (2018: € 28.7 million negative). Breevast incurred an exceptional cost item of € 23.5 million in 2018 due to the consolidation of the Mesdag Delta companies. This amount corresponded to the total equity deficit of these companies when Breevast regained decisive control. These companies were deconsolidated in 2016.

Compared with 2018, financial income rose by € 300,000 in 2019. Financial expense fell by € 20,000 against 2018.

Unrealized gains from changes in the value of investment property were € 15.3 million (2018: € 111.4 million). The unrealized gains and losses from changes in the value of investment property relate to changes in the fair value of investment property during the reporting period. The fair value of a property is determined using external and internal valuations at market value. The unrealized gain and from changes in the value of investment property of € 15.3 million in 2019 mainly consisted of an overall balance of € 8.7 million in the Netherlands (2018: € 99.4 million) and € 6.7 million in the United States (2018: € 12.2 million).

Realized gains from changes in value as a result of disposals were € 349,000 (2018: € 8.2 million in losses). Realized gains and losses from changes in the value of investment property include the difference between the selling price and the carrying amount based on the fair value in the year of sale.

Net currency gains of € 1.8 million (2018: € 4.0 million) on the translation of equity and results of foreign participating interests have been added directly to shareholders' equity.

The net result was € 12.9 million (2018: € 63.2 million). The decrease in net result compared to 2018 was mainly caused by lower unrealized gains from changes in the value of investment property.

Shareholders' equity amounted to € 661.1 million as of December 31, 2019 (2018: € 646.5 million). The solvency ratio stood at 67.3% (2018: 71.6%).

***Shareholders' equity
amounted to € 661.1
million as of December 31,
2019.***

Risk appetite and Risk management

Breevast is prepared to incur risks that are prudent and in line with the interests of its stakeholders.

Finance Tower and RAC Belair, Brussels

RISK APPETITE AND RISK MANAGEMENT

Breevast is prepared to incur risks that are prudent and in line with the interests of its stakeholders. Breevast actively monitors and manages risks inherent in investing in and developing real estate. Risk management focuses on strategic, operational, financial and compliance risks. Internal business processes are reviewed periodically and adjusted where required based on internal and external reports. The objective is always to strike the right balance between identifiable risks on the one hand and expected returns on the other.

STRATEGIC RISKS

The extent of the strategic risks is largely determined by the strategic choices Breevast makes in its investment policy. The relevant question is what amount Breevast is willing to invest in what type of property where and when. Given that economic and property cycles usually do not run parallel, Breevast aims to achieve a balanced distribution of the portfolio in sectors as well as in countries in order to spread these risks.

A 1% rise in vacancy rate will have a downward effect of € 227,000 on direct investment income. To manage the cost control risk, Breevast uses budgets at development and property level as well as at company level, periodically offsets estimated costs against actual costs, and has in place approval procedures for entering into maintenance and investment obligations. To mitigate credit risk, tenants are screened when they sign a new lease, security deposits or bank guarantees are usually requested for new leases, and procedures are in place to ensure the timely collection of rents receivable and timely reports on arrears.

OPERATIONAL RISKS

Operational risks arise from day-to-day activities and transactions conducted within the strategic framework. They include investment risks, rental risks, cost control risks, credit risks, legal and tax risks, and reporting risks. Before an investment is made, Breevast undertakes an in-depth due diligence process and follows an internal approval procedure. To mitigate rental risk, the portfolio is periodically screened for the nature and location of the property, the quality of the property and the quality of tenants and leases. In addition, reports on vacancy levels and the risk of vacancy are submitted at least once a month, making allowance for the expiration calendar of the leases.

Legal risks are mitigated by having contracts and agreements screened by the in-house legal counsel with the support of external legal advisors where required. Breevast seeks the advice and support of expert external tax specialists when it comes to mitigating tax risks. Reporting risk is a key aspect of operational risk; it relates to the failure to report information promptly or correctly, as a result of which incorrect decisions would be made or external parties would receive incorrect information. Breevast seeks to mitigate this risk as much as possible. The reports, most of which are drawn up once every quarter, are analyzed internally and discussed in detail with the Executive Board.

Financial risks that are relevant to Breevast are financing risk, liquidity risk, valuation risk, interest rate risk and currency risk.



Weesperstraat, Amsterdam

FINANCIAL RISKS

Financial risks that are relevant to Breevast are financing risk, liquidity risk, valuation risk, interest rate risk and currency risk. When it comes to financing risk, Breevast regularly weighs up improving its returns through leverage against mitigating the risk of no longer being able to meet its interest and repayment obligations in an economic decline. In that context, Breevast formulated a disposal and debt reduction plan early in 2012, which has consistently been implemented since. The final stage of this disposal and debt reduction plan was completed with the sale of the Financietoren office building in January 2020. To manage the liquidity risk, liquidity exposures are regularly assessed and cash flow forecasts drawn up. To monitor the valuation risk, at least 25% of the total portfolio is subject to rotational external valuations every year in addition to internal valuations of the portfolio being conducted. The risk of changes in the value of the property pertains to a potential

decline in value of the property that will have a negative impact on Breevast's financial position. A 1% change in the value of the property portfolio will have an effect of approximately € 4.5 million on indirect investment income.

Returns also depend on interest rate developments because of leveraged financing. A 1% interest rate adjustment (of the floating-rate loans) will have an effect of € 1.1 million on direct investment income. The currency risk is mainly limited to capital invested in US-dollar-based investments.



Gardens and view Finance Tower and RAC Belair, Brussels

COMPLIANCE RISK

Compliance risk includes the risk that rules and regulations are not or insufficiently observed. For this reason, Breevast attaches great value to effective internal supervision of compliance with external and internal rules and regulations. Breevast aims to maintain sufficient knowledge of changes in relevant rules and regulations; in this endeavor, it is supported by its in-house legal counsel and external legal and other advisors.

Breevast focuses heavily on managing the risks listed above. Breevast has opted to limit its headcount so as to remain an agile organization that is spread over the various geographies. In practice, the organization is characterized by its informal character. Given the limited complexity of the day-to-day transactions and the short internal lines of communication, we consider this justified from a risk management perspective, subject to strict compliance with the four-eye principle.

Breevast has implemented a corporate compliance policy, including a code of conduct, an integrity policy for managers and staff, and a client acceptance and CDD policy.

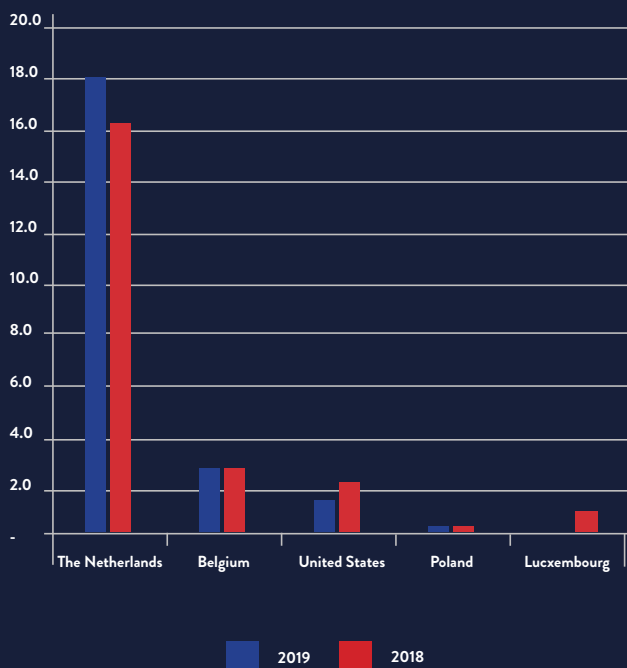
The risk management function is periodically reviewed for meeting the relevant requirements. Such a review has been scheduled for the coming year.

Breevast has opted to limit its headcount so as to remain an agile organization that is spread over the various geographies.



HUMAN RESOURCES

The group's headcount at year-end 2019 was 26 (2018: 26). This corresponds to 23.0 FTEs (2018: 23.2 FTEs). The Executive Board and the Supervisory Board are made up entirely of men. As a result, Breevast does not comply with the standard specified in the Dutch Management and Supervision (Public and Private Companies) Act (at least 30% women in board positions). Breevast does not pursue an active policy to change the male/female ratio on the Executive Board and Supervisory Board.



OUTLOOK

Breevast has made considerable progress in recent years in implementing its disposal and debt reduction plan, and in improving its capital structure. It has consistently pursued this strategy since 2012. The plan was brought to a successful conclusion with the sale of the Financietoren office building in January 2020.

In addition to optimizing existing investment portfolios in the Netherlands and the US, Breevast's current focus is on bringing the sizeable development pipeline, which is geared to the growing demand for high-grade urban properties, to fruition with greater emphasis on residential units.

In view of the structure of the investment portfolio with high-quality offices, no exposure to retail and the emphasis on residential in the development portfolio, Breevast is well positioned.

Amsterdam, the Netherlands, 17 July 2020

The Executive Board

H.G. Brouwer MRE

W.A.J. Vermeij RA MRE

Consolidated financial statements 2019



Antonio Vivaldistraat, Amsterdam

CONSOLIDATED FINANCIAL STATEMENTS 2019

Consolidated Balance sheet as of December 31, 2019 (after Result Appropriation) (in thousands of euros)

ASSETS	#	12-31-2019	12-31-2018
INVESTMENT PROPERTY			
Rental property	1.	448.073	289.931
Development property	2.	80.155	83.314
Participating interests	3.	154.604	163.064
		682.832	536.309
OTHER FIXED ASSETS			
Other tangible fixed assets	4.	244	334
Other financial fixed assets	5.	256.534	278.138
		256.778	278.472
NON-CURRENT ASSETS		939.610	814.781
INVENTORIES	6.	8.874	14.371
RECEIVABLES	7.	52.368	10.841
CASH AND CASH EQUIVALENTS	8.	9.277	85.017
CURRENT ASSETS		70.519	110.229
TOTAL ASSETS		1.010.129	925.010
LIABILITIES			
GROUP EQUITY			
Shareholders' equity	9.	661.123	646.471
Minority interests	10.	19.008	15.928
		680.131	662.399
PROVISIONS	11.	78.827	67.748
LONG-TERM LIABILITIES			
Mortgage loans	12.	195.860	128.108
CURRENT LIABILITIES	13.	55.311	66.755
TOTAL LIABILITIES		1.010.129	925.010

= Note no.



Consolidated Profit and Loss Account

Consolidated Profit and Loss Account (in thousands of euros)

	#	2019	2018
Rental income from investment property	14.	18.577	19.962
Other operating income	15.	10.867	10.928
TOTAL OPERATING INCOME		29.444	30.890
OPERATING EXPENSES			
Property operating expense	16.	(3.798)	(3.208)
Administrative expenses	17.	(7.694)	(7.888)
Other operating expenses	18.	(27)	(981)
TOTAL OPERATING EXPENSES		(11.519)	(12.077)
FINANCIAL INCOME AND EXPENSES			
Financial income	19.	13.997	13.697
Financial expenses	20.	(8.682)	(8.702)
		5.315	4.995
DIRECT INVESTMENT INCOME BEFORE TAX		23.240	23.808
REALIZED GAINS/(LOSSES) FROM CHANGES IN VALUE OF PROPERTY	21.	349	(8.158)
UNREALIZED GAINS/(LOSSES) FROM CHANGES IN VALUE OF PROPERTY	22.	15.340	111.445
INDIRECT INVESTMENT INCOME BEFORE TAX		15.689	103.287
GROUP RESULT BEFORE TAX		38.929	127.095
CORPORATE INCOME TAX	23.	(16.925)	(31.789)
Share of result from participating interests	24.	(5.977)	(28.682)
NET GROUP RESULT		16.027	66.624
Minority interests	10.	(3.160)	(3.423)
NET RESULT		12.867	63.201

Statement of Comprehensive Income

Net result	2019	2018
	12.867	63.201
Changes in currency translation reserve	1.785	3.989
TOTAL COMPREHENSIVE INCOME	14.652	67.190

= Note no.

Consolidated Cash Flow Statement



Cash flow from operating activities	2019	2018
Net result	12.867	63.201
<i>Adjustments to profit items without cash impact</i>		
Depreciation of other tangible fixed assets	181	186
Effect of lease incentives	(1.801)	443
Unrealized gains/(losses) from changes in value	(15.162)	(111.840)
Share of result from participating interests	5.977	28.682
Dividends received	1.541	-
Amortization of financial fixed assets	338	654
(Increase)/decrease in financial fixed assets (interest/guarantee fee)	(14.384)	(13.163)
(Increase)/decrease in loan to shareholder (interest)	(2.970)	(3.648)
Gains/(losses) from minority interests	3.160	3.397
Changes in loan to shareholder (corporate income tax)	5.991	16.559
Changes in other provisions	(1.250)	-
Changes in provision for deferred tax	12.020	13.365
<i>Changes in working capital:</i>		
(Increase)/decrease in trade receivables	(1.295)	2.751
(Increase)/decrease in other receivables	(21.206)	(1.910)
Increase/(decrease) in trade payables	2.331	(2.806)
Increase/(decrease) in other current liabilities	(12.871)	(9.446)
Changes in inventories	5.555	365
Total	(20.978)	(13.210)
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in investment property	(136.969)	(786)
Investments in other tangible fixed assets	(93)	(219)
Investments in financial fixed assets	(1.992)	(3.144)
Property disposals	-	165.410
Disposals of other tangible fixed assets	1	183
Disposals of other financial fixed assets	15.558	4.165
Total	(123.495)	165.609
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from short-term loans	-	1.420
Proceeds from long-term loans	114.390	95.000
Repayment of short-term loans	(28.420)	(115.021)
Repayment of long-term loans	(18.560)	(84.875)
Changes in minority interests	(156)	4.602
	67.254	(98.874)
<i>Increase/(decrease) in cash and cash equivalents</i>	(77.219)	53.525
Net cash flow as of January 1	85.017	26.454
Exchange rate and translation differences	1.479	627
Increase due to consolidation	-	4.411
Net cash flow as of December 31	9.277	85.017

A photograph of a modern interior space, likely a dining or lounge area. A large window on the left side of the frame provides a view of a cityscape, including a prominent building with a blue roof. A large potted plant with broad green leaves stands near the window. In the foreground, a dark, rectangular dining table with a marble-like pattern is set with a small basket and a vase. Several modern chairs are visible around the table. The floor is made of light-colored wood in a herringbone pattern. A blue and green rug is partially visible in the bottom left corner.

Accounting Policies

Blaak, Rotterdam

GENERAL

The Annual Report 2019 includes both the consolidated and the company financial statements of Breevast B.V. The accounting policies for the balance sheet and profit and loss account used in the consolidated financial statements and the company financial statements are the same, provided that consolidated group companies are recognized at net asset value in the company financial statements. All amounts

specified in this Annual Report are in thousands of euros, unless stated otherwise. The reporting period coincides with the calendar year.

Breevast B.V. is registered with the Dutch Chamber of Commerce under number 30037036.

The shareholder of Breevast B.V. is ZBG Holdings N.V. The group is headed up by Drienim B.V.

BASIS OF PREPARATION

The financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code and the firm pronouncements of the Dutch Accounting Standards as issued by the Dutch Accounting Standards Board.

Asset or liabilities are presented as current when they are expected to be realized within 12 months of the balance sheet date.

Where required, the financial information for 2018 has been reclassified to allow comparison with that for 2019. Any significant changes in accounting policies are described in the notes.

The consolidated financial statements include the full financial statements of the companies in which Breevast B.V. has direct or indirect control.

BASIS OF CONSOLIDATION

The consolidated financial statements include the full financial statements of the companies in which Breevast B.V. has direct or indirect control. The minority interests in group equity and results of companies in which Breevast B.V. holds less than 100% of the shares is stated separately. See pages 85 and 86 for a list of group companies and participating interests. The company profit and loss account has been condensed in accordance with the provisions of Section 402, Book 2, of the Netherlands Civil Code.

Companies in which Breevast B.V. has an equity stake of more than 50%, but in which it has no decisive control, are

consolidated proportionally, meaning that their assets and liabilities and their income and expense are recognized in the consolidated financial statements by reference to the equity stake or the share of result, as the case may be. If a partnership is based on joint ownership of assets (not in a legal entity), the joint assets, liabilities, income and expense are recognized in the financial statements on a proportional basis.

ACCOUNTING POLICIES FOR PARTICIPATING INTERESTS

Companies in which Breevast B.V. does not have decisive or shared control are recognized in the financial statements as participating interests. Participating interests over which Breevast B.V. exercises significant influence are recognized using the equity method of accounting. Other participating interests are recognized at cost.

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date. Gains and losses denominated in foreign currencies are translated at the average exchange rate for the reporting period. Any resulting exchange differences are directly added to or charged against shareholders' equity.

Assets and liabilities of foreign group companies denominated in foreign currencies are translated at the rate of exchange on the balance sheet date. Gains and losses denominated in foreign currencies are translated at the average exchange rate for the reporting period. Any resulting currency translation differences are directly added to or charged against shareholders' equity. If a foreign operation is sold, the cumulative amount of currency translation differences is recognized within proceeds from the sale of participating interests in the profit and loss account.

ACCOUNTING POLICIES FOR THE BALANCE SHEET

Estimates: The preparation of the financial statements in accordance with Dutch rules and regulations requires the use of judgements and estimates that affect the recognition and reported amounts of assets and liabilities, disclosures about contingent assets and liabilities at the balance sheet date and reported income and expense for the reporting period. Although these estimates regarding current events and actions are made to the best of management's knowledge, these estimates may not correspond to the actual outcomes. In the opinion of the Executive Board, the financial statement items *rental property, development property, participating interests and provisions (deferred tax)* require the use of estimates and assumptions in particular.

Investment property is recognized at fair value. The fair value is based on the estimated amount for which a property can be sold in an arm's length transaction at the balance sheet date. The fair value of a property is determined using external and internal valuations at market value. At least 25% of the portfolio is subject to rotational external valuations every year. The market value of a property is determined based on the capitalized rental value method (GIY/NIY), in which process market rents are capitalized net of the property operating expense. The capitalization factor, the present value of the differences between market rent and contractual rent, vacancy levels and maintenance costs are determined for each property. Selling expenses payable by the buyer, including transfer tax, are deducted from the market value.

The measurement is based on observed market data and/or transactions at arm's length conditions. A property valuation

is a time-critical estimate; the value reflects market conditions on the valuation date. A property's fair value in the market can only be determined with certainty when the property is actually sold.

Development property refers to real estate under construction or development for future use as an investment. This property is presented in the financial statements under investment property in accordance with Dutch Accounting Standard 213.106.

Owner-occupied property is stated at historical cost in principle.

Determining the fair value of development property that will not be realized or sold in the near future typically entails a high degree of uncertainty. In such cases, historical cost or market value, whichever is lower, is used as the best estimate of fair value.

Changes in the fair value of rental and development property are recognized in the profit and loss account within unrealized gains and losses from changes in the value of investment property. Any resulting deferred tax liabilities are added to the provisions in the profit and loss account.

Participating interests are recognized at net asset value or cost. Net asset value is determined based on the accounting policies in effect for Breevast B.V. If a participating interest is recognized at cost, the associated share of result is based on dividends.

Other tangible fixed assets are stated at cost, less any investment grants, net of accumulated depreciation and impairments, where appropriate. Other tangible fixed assets are depreciated on a straight-line basis over 60 months without making allowance for residual value.

Other financial fixed assets include receivables that are expected to fall due in more than one year. These receivables are recognized at amortized cost less any allowances deemed necessary. By applying the effective interest method, transaction costs and any paid-in surplus or discounts are recognized in the profit and loss account within amortization.

Capitalized finance costs are also recognized within this item. These costs are amortized on a straight-line basis over the term of the loan in question.

Inventories: development property, whether or not under construction or held for sale, is recognized within inventories. This property is measured at historical cost or market value, whichever is lower.

Receivables are initially measured at fair value and subsequently at amortized cost less any allowances deemed necessary. By applying the effective interest method, transaction costs and any paid-in surplus or discounts are recognized in the profit and loss account within amortization.

Financial instruments are recognized at cost; their fair value is specified in the notes. Breevast B.V. has chosen to apply cost price hedging to derivatives (mainly interest rate swaps) in accordance with Dutch Accounting Standard 290. Hedge documentation is prepared for each individual derivative; this documentation includes a description of the hedge relationship and how it ties in with the overall interest rate risk management strategy. The documentation also provides a description of the prospective effectiveness of the derivative and the periodic tests of that effectiveness.

The financial effects of derivatives are recognized over the duration of the contract or when the hedged position is realized. Any changes in the value of the derivatives themselves are described in the notes.

Cash and cash equivalents are measured at nominal value. They are freely available, unless otherwise stated.

The *revaluation reserve* is charged against other reserves for gains or losses arising from a change in the fair value of investment property. The revaluation reserve corresponds to



the difference between the fair value of investment property and its carrying amount based on cost or manufacturing price less deferred tax liabilities. The carrying amount is determined based on cost or manufacturing price without making allowance for any depreciation or impairment losses.

Pension liabilities are recognized at the best estimate of the amount that will be required to settle the obligation at the balance sheet date. The pension costs for all employees of Breevast B.V. are based on the contributions paid during the reporting period net of the members' own contributions. Members accrue their pension on an individual basis.

Where pension contributions have not yet been paid at the balance sheet date, a liability is recognized within current liabilities. Proland N.V. offers its employees a supplementary pension plan. The annual contributions are based on an employee's annual salary and their years of service in line with a statutory graduated scale. The Belgian pension plan is modeled after the Dutch pension system in terms of the elements referred to in Dutch Accounting Standard 271.320.

Deferred tax liabilities concern liabilities arising from temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Similar to tax losses, they are recognized at the applicable tax rate and discounted at the net interest rate making allowance for their term to maturity. The net interest rate is defined as the interest rate governing Breevast's long-term loans net of tax. The net interest rate is determined separately for each country in which Breevast operates. Changes in deferred tax as a result of interest accrual are recognized as a tax gain or tax expense. In forming the provision for deferred tax liabilities, allowance is made for the possibility of forming a reinvestment reserve upon sale.

Deferred tax assets and liabilities are netted only if they have arisen within the same tax group.

Other provisions include liabilities and losses arising from a past event resulting in the company having no realistic alternative to settling the obligation. These provisions are recognized at the nominal value of the expenditure that is expected to be required to settle the obligation or the loss.

Mortgage loans are initially measured at fair value and subsequently at amortized cost. Mortgage loans with a remaining term to maturity of less than one year will continue to be included in this item if the company has the

intention and the right to renew the loan at the balance sheet date. Mortgage loans are broken down further by remaining term to maturity. Installments due on all mortgage loans in the coming year are recognized within current liabilities.

Other *long-term liabilities* are initially measured at fair value and subsequently at amortized cost. These liabilities have remaining terms to maturity of more than one year.

Current liabilities are initially measured at fair value and subsequently at amortized cost. These liabilities fall due in less than one year.

ACCOUNTING POLICIES FOR THE PROFIT AND LOSS ACCOUNT

General: With due observance of the accounting principles, income and expense are allocated to the reporting period to which they relate. Income and expense are shown on a net basis, i.e. before indirect taxes such as sales tax.

Investment income concerns rentals from rental property net of the property operating expense and share of result from participating interests. Rent-free periods and other lease incentives are amortized by reference to the term of the contracts and deducted from rentals. In determining the term, a break option is used as the end date, unless the break option involves considerable costs for the tenant.

The property operating expense refers to the costs associated with rental property insofar as they have not led to an increase in value and to the extent that they are not borne by tenants. Service charges charged to tenants and any associated expenses are presented on a net basis.

Realized gains and losses from changes in the value of investment property include the difference between the selling price and the carrying amount based on the fair value in the year of sale. The notes disclose what the outcome would have been on a historical cost basis.

Unrealized gains and losses from changes in the value of investment property relate to changes in the fair value of investment property during the reporting period. The corresponding deferred tax liability is recognized within corporate income tax.

Amortization and depreciation are based on economic life and calculated as a fixed percentage of cost or manufacturing price of other tangible fixed assets.

Corporate income tax is calculated based on result, making allowance for tax-exempt profit components and tax loss utilization options.

Share of result from participating interests includes both the share of the operating result from participating interests and unrealized gains and losses from changes in the value of property held by participating interests.

ACCOUNTING POLICIES FOR THE CASH FLOW STATEMENT

The consolidated cash flow statement has been prepared using the indirect method. Cash flow from operating activities is split into two categories. The first category matches the net result to the related cash flow. This is in line with the guideline provided in Dutch Accounting Standard 360.211. Interest received and paid, dividends received and income taxes are included in this category. In the second category, cash flow from operating activities is broken down by changes in working capital.



Notes to the Consolidated Financial Statements



Notes to the Consolidated Balance Sheet (in thousands of euros)

INVESTMENT PROPERTY

1. RENTAL PROPERTY	2019	2018
Movements in this item were as follows:		
Balance as of January 1	289.931	392.767
Investments	136.519	415
Capitalization of lease incentives and letting commission	2.515	63
Amortization of lease incentives and letting commission	(714)	(506)
Disposals	-	(165.410)
Unrealized gains/(losses) from changes in value	18.766	54.829
Currency translation differences	1.056	7.773
Balance as of December 31	448.073	289.931

In line with the accounting policies, at least 25% of the portfolio is subject to rotational external valuations every year. Of rental property, 65.7% had been valued externally and 34.3% internally at the balance sheet date. The external valuations are verified and adopted by the Executive Board.

The external valuation was performed in accordance with the mandatory rules and best practice guidance of the RICS Valuation-Professional Standards ("Red Book") of July 2017, as prescribed by the Royal Institution of Chartered Surveyors and/or the International Valuation Standards (IVS). The valuer is a certified expert and the valuation is an independent and objective opinion (PS 2).

The valuation of vacancy levels depends on the nature, size and location of the specific property and makes allowance for frictional vacancy, period to reletting and possible incentives.

Rental property has effectively been valued at a gross initial yield of 5.0% (2018: 5.5%). An increase in average initial yield by 0.1% will have a downward effect of € 8.7 million on profit before tax (2018: € 4.5 million). A deduction of 3.9% on average has been applied to the valuation to account for purchaser costs.

The valuers incorporate any lease incentives offered into the property valuation; they may result in a downward adjustment of the valuation. In the reporting period, an amount of € 2.5 million was offered in the way of lease incentives (2018: € 63,000). On balance, this will lead to a reduction in total reported rentals.

The average vacancy rate stood at 16.9% at year-end 2019 (2018: 19.9%).

Unrealized gains and losses from changes in value in 2019 consisted of a downgrade of € 1.7 million (2018: € 17,000) and an upgrade of € 20.5 million (2018: € 54.8 million).

Breevast B.V. has a right of leasehold on a property with a carrying amount of € 51.8 million (2018: € 42.5 million). The annual obligation by virtue of this leasehold is € 22,000 (2018: € 22,000). The average remaining term to maturity is 20 years (2018: 21 years).

Based on the effective gross initial yield, the capitalized value of the leasehold obligation is € 436,000 (2018: € 412,000). This has been netted against the value of rental property.

Geographical spread of rental property

	12-31-2019	12-31-2018
The Netherlands	250.985	237.277
United States	197.088	52.654
	448.073	289.931

Of rental property, approximately € 8.3 million worth is owner-occupied (2018: € 5.9 million). Of this amount, € 7.9 million relates to properties located in the Netherlands (2018: € 5.6 million) and € 0.4 million to properties located in the United States (2018: € 0.3 million). Small sections of buildings are owner-occupied.

The value of rental property used as mortgage collateral for loans amounted to € 446 million in 2019 (2018: € 280 million).

2. DEVELOPMENT PROPERTY

Movements in this item were as follows:

	2019	2018
Balance as of January 1	83.314	31.592
Investments	286	370
Transfers (to)/from inventories	-	(5.660)
Unrealized gains/(losses) from changes in value	(3.609)	57.012
Consolidation effect of acquired companies	164	-
Balance as of December 31	80.155	83.314

Of the value of development property, € 3.5 million is measured based on historical cost or market value, whichever is lower (2018: € 3.3 million). This is the best approximation of fair value for this particular segment of development property.

The valuation makes allowance for € 70.5 million worth of redevelopment potential (2018: € 74.0 million).

Geographical spread of development property

	12-31-2019	12-31-2018
The Netherlands	77.013	80.091
Spain	3.142	3.223
	80.155	83.314

3. PARTICIPATING INTERESTS

Movements in this item were as follows:

	2019	2018
Balance as of January 1	163.064	168.141
Investments/(disposals)	-	-
Share of result	(5.977)	(5.173)
Dividends and other distributions	(2.558)	-
Disposals	-	-
Transfers (to)/from other items	75	96
Balance as of December 31	154.604	163.064

The value of property held by participating interests amounted to € 1,529 million (2018: € 1,557 million).

Breevast's pro rata share in property held by participating interests was € 442 million in 2019 (2018: € 451 million); this amount can be broken down as follows:

- The Netherlands: approximately € 82 million (2018: € 97 million), of which approximately € 2 million (2018: € 8 million) will be held for a period of up to two years and € 80 million (2018: € 89 million) will be held for a period of two to five years.

- In Belgium: € 360 million (2018: € 354 million), sold in January 2020.

Breevast holds an equity stake of 30% stake in Financietoren N.V. The sale of Financietoren office building was completed in January 2020. Financietoren N.V. distributed a net dividend of € 138 million to Breevast in March 2020.

Property held by participating interests is largely financed by mortgage loans.

OTHER FIXED ASSETS

4. OTHER TANGIBLE FIXED ASSETS

	12-31-2019	12-31-2018
Cost	1.533	1.453
Accumulated depreciation	(1.289)	(1.119)
Carrying amount	244	334
Movements in this item were as follows:		
Balance as of January 1	334	483
Investments	93	219
Disposals	(1)	(183)
Currency translation differences	(1)	1
Depreciation	(181)	(186)
Balance as of December 31	244	334

5. OTHER FINANCIAL FIXED ASSETS

	12-31-2019		12-31-2018
Loan to non-consolidated participating interests	18.171		44.398
Loan to shareholder	58.030		61.050
Loans to related parties	179.221		172.173
Other financial fixed assets	1.112		517
	256.534		278.138

	2019		2018
Movements in this item were as follows:			
Balance as of January 1	278.138		279.538
Payments	1.145		3.143
Repayments	(15.424)		(4.165)
Interest accrual	17.354		16.811
Amortization	(338)		(150)
Set-off	(5.144)		(17.063)
Transfers from/(to) other items	(19.062)		24
Consolidation effect	(135)		-
Balance as of December 31	256.534		278.138

Loans to non-consolidated participating interests concern loans for which no repayment schedule has been agreed. Repayments depend on the sale of property by the associates in question; the average interest rate in 2019 was 4.9% (2018: 5.5%).

The set-off relates to the corporate income tax charge that will be deducted from the loan to the parent company for tax purposes. The average interest rate in 2019 was 5% (2018: 5%). The average interest rate on loans to related parties was 4.5% (2018: 4.5%).

After a series of assignments in April 2020, most of the loans to related parties were transferred to the indirect shareholder. The balance of the loan to the shareholder after the assignments was approximately € 226 million. Breevast plans to set off most of this amount against a dividend and a capital repayment in 2020.

6. INVENTORIES

Movements in this item were as follows:

	12-31-2019	12-31-2018
Balance as of January 1	14.371	8.968
Investments/(disposals)	2.585	3.323
Impairment/(reversal) to lower market value	6	(1)
Transfers (to)/from development property	-	5.660
Increase due to consolidation	-	3.418
Disposals	(8.140)	(7.106)
Currency translation differences	52	109
Balance as of December 31	8.874	14.371

7. RECEIVABLES

	12-31-2019	12-31-2018
Rent receivables	1.584	588
Other trade receivables	653	353
Loans to non-consolidated participating interests	28.112	414
Loans to related parties	16.367	4.392
Prepayments and accrued income	1.204	2.587
Tax	2.253	411
Other receivables	2.195	2.096
	52.368	10.841

In January 2020, Breevast received a repayment of € 28 million on loans to non-consolidated participating interests.

Other receivables include a deposit for a guarantee provided for a sale in Belgium in 2016 (€ 1 million).

8. CASH AND CASH EQUIVALENTS

	12-31-2019	12-31-2018
The Netherlands	1.757	4.374
Belgium	2.453	7.030
Luxembourg	60	3
Poland	9	36
Spain	8	5
United States	4.425	73.434
Curaçao	565	135
	9.277	85.017

Of cash and cash equivalents, US\$ 482,000 was not freely available in the United States in 2019 (2018: US\$ 68.5 million). In March 2019, cash and cash equivalents that tax rules dictated were to be held in a blocked account, were used for a replacement investment.

9. SHAREHOLDERS' EQUITY

	Share capital	Share premium reserve	Reserve for unrealized gains and losses from changes in value	Reserve for share of result from participating interest	Currency translation reserve	Other reserves	Total shareholders' equity for 2019	Total shareholders' equity for 2018
Balance as of January 1	85.827	61.355	186.427	150.511	(3.516)	165.867	646.471	579.281
Changes in 2019:								
Realized gains/(losses) from changes in value							-	-
Unrealized gains/(losses) from changes in value			10.195			(10.195)	-	-
Changes in share of result from participating interests				(8.721)		8.721	-	-
Reserve for unrealized currency gains and losses					1.785		1.785	3.989
Retained earnings						12.867	12.867	63.201
Balance as of December 31	85.827	61.355	196.622	141.790	(1.731)	177.260	661.123	646.471

10. MINORITY INTERESTS

Movements in this item were as follows:

	2019	2018
Balance as of January 1	15.928	15.001
Increase due to consolidation	-	4.602
Transfers from/(to) other items	-	(7.599)
Result	3.160	3.397
Dividends	(155)	-
Currency translation differences	75	527
Balance as of December 31	19.008	15.928

The minority interest is valued at the relative stake of the parties in the company's shareholders' equity.

11. PROVISIONS

	Balance as of January 1, 2019	Effect of rate change	Through shareholders' equity	Through profit and loss account at new rate	To other item	Balance as of December 31, 2019
Tax loss	(141)	(28)	-	(4.986)	-	(5.155)
Deferred tax on unrealized gains/ (losses) from changes in value	13.407	2.191	77	12.573	-	28.248
Amortization and depreciation	17.008	3.334	39	(12.118)	-	8.263
Revaluation/(impairment) for tax purposes	1.135	-	-	(1.135)	-	-
Reinvestment reserve	33.528	6.503	193	5.910	-	46.134
Other deferred tax	1.561	447	-	(671)	-	1.337
Other provisions	1.250				(1.250)	-
TOTAL	67.748	12.447	309	(427)	(1.250)	78.827

Direct changes in equity relate to currency translation differences.

DEFERRED TAX LIABILITIES

The deferred tax expense concerns the liabilities arising from the differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets also give rise to tax losses. Deferred tax assets and liabilities are measured at present value. With effect from 2019, the accounting policies of revised Dutch Accounting Standard 272 have been used to calculate present value. In each country in which Breevast operates, a rate is determined based on the nominal tax rate in that country, the average term of liabilities and a discount rate based on the net interest rate in that country. The rates applied in these financial statements are 15% for the Netherlands, 22.78% for Belgium and 14.35% for the United States. In 2018, a flat rate of 12.5% was applied for all countries.

DEFERRED TAX ON UNREALIZED GAINS AND LOSSES FROM CHANGES IN VALUE

Deferred tax on unrealized gains and losses from changes in value. Deferred tax on unrealized gains and losses from changes in value are formed for the difference between the carrying amount of property and its historical cost on the balance sheet date.

AMORTIZATION AND DEPRECIATION

Amortization and depreciation represent deferred tax liabilities for the difference between historical cost and the value for tax purposes of the property on the balance sheet date. These differences are due, on the one hand, to a tax write-down of 2.25% per year, the property value permitting, while being attributable to the forming of reinvestment reserves that are deducted from the purchase price of the newly acquired property for tax purposes on the other.

REINVESTMENT RESERVE

A provision for deferred tax has been formed under the reinvestment reserve for the tax gain on the sale of property that can be deducted for tax purposes from newly acquired property subject to conditions.

OTHER CURRENT LIABILITIES

This item relates to deferred tax liabilities formed for receivables valued differently for tax purposes than for financial reporting purposes, the maintenance provision and financial expenses.

OTHER PROVISIONS

In 2015, a provision of € 1,250,000 was formed for the possible outcome of a legal dispute. The outcome of this dispute has been documented in two out-of-court settlements. The related amount of € 2 million was recognized within current liabilities at year-end 2019 and was paid in 2020. This caused the provision to be released.

LONG-TERM LIABILITIES

Repayment obligations and mortgages with a term of less than one year are recognized within current liabilities.

12. MORTGAGE LOANS	2019	2018
Movements in this item were as follows:		
Balance as of January 1	128.108	107.767
Current portion	4.930	12.762
Transfers (to)/from current liabilities	(29.290)	(831)
New mortgages	114.390	95.000
Repayments	(18.560)	(84.875)
Currency translation differences	422	3.215
Balance as of December 31	200.000	133.038
Recognized within current liabilities	(4.140)	(4.930)
Remaining balance	195.860	128.108

The fair value of the mortgage debts virtually corresponds to the amounts at which they were incurred. No allowance is made for credit risk in approximating this fair value.



Door Building and Finance Tower, Brussels

Geographical spread of mortgage loans	12-31-2019	12-31-2018
The Netherlands	128.749	108.870
Belgium	-	1.400
Spain	3.060	3.223
United States	97.481	20.945
	229.290	134.438
Recognized within current liabilities	(29.290)	(1.400)
	200.000	133.038
Remaining terms to maturity of mortgage loans	2019	2018
1-2 years	-	20.945
2-5 years	109.300	18.018
5-10 years	90.012	93.338
10+ years	688	737
Balance as of December 31	200.000	133.038

The average remaining terms to maturity of all mortgages (including those with terms of less than one year) is 4.1 years (2018: 5.2 years).

Average interest rates on mortgage loans	2019	2018
The Netherlands	1,9%	2,9%
Spain	1,8%	1,8%
United States	4,2%	4,4%

Loan conditions

A number of loan agreements contain a provision on a maximum LtV or a minimum debt/yield ratio of the property of Breevast or a group company. The requirements were met at the balance sheet date.

Securities

In addition to the first right of mortgage, a number of loan agreements contain a first right of pledge on rental income to the lender.

13. CURRENT LIABILITIES	12-31-2019	12-31-2018
Borrowings, mortgage loans < 1 year	29.290	1.400
Borrowings, other facilities	3.874	30.874
Borrowings, other	-	20
Repayments on non-current liabilities	4.140	4.930
Trade payables	5.211	2.880
Loans from non-consolidated participating interests	721	1.675
Loans from related parties	382	8.186
Accruals and deferred income	6.031	4.307
Security deposits	699	586
Income tax expense	337	2.086
Value added tax and social security contributions	725	335
Other current liabilities	3.901	9.476
	55.311	66.755

Of mortgage loans with a remaining term to maturity of less than one year (€ 29.3 million), € 8.5 million was repaid after the balance sheet date. Breevast received a refinancing offer for the remaining € 20.8 million after the balance sheet date.

Other current liabilities include a liability of € 2.0 million for the settlement of a legal dispute. This payment was made in 2020. The relevant earlier provision of € 1,250,000 was released.



OBLIGATIONS NOT RECORDED IN THE BALANCE SHEET

Guarantees

Breevast B.V. has provided guarantees for loans to non-consolidated participating interests and a related party; the guarantees were for an amount of € 439 million in total (2018: € 456 million). The non-consolidated participating interest that leases out Financietoren in Brussels has issued a guarantee of € 12.5 million for the renovation works to the building, which are scheduled for 2026. This amount has been index-linked since 2001. Breevast B.V. has issued a guarantee for this obligation.

Following the sale of Financietoren in January 2020, the associated guarantees have been cancelled. The remaining guarantee amounts to € 1 million.

Ground lease

The annual obligation by virtue of this ground lease is € 22,000 (2018: € 22,000).

Tax entity

Breevast B.V. and a large number of its subsidiaries form a tax entity that is headed up by a higher-tier company. In accordance with the prevailing tax group requirements, Breevast and the other companies are jointly and severally liable for the tax obligations of the entire tax entity.

FINANCIAL RISKS

Financial risks that are relevant to Breevast are financing risk, liquidity risk, credit risk, valuation risk, interest rate risk and currency risk. When it comes to financing risk, Breevast regularly weighs up improving its returns through leverage against mitigating the risk of no longer being able to meet its interest and repayment obligations in an economic decline. In that context, Breevast formulated a disposal and debt reduction plan early in 2012, which has consistently been implemented since. The final stage of this disposal and debt reduction plan was completed with the sale of the Financietoren office building in January 2020.

To manage the liquidity risk, liquidity exposures are regularly assessed and cash flow forecasts drawn up. Credit risk is mitigated by an active reminder and collection policy. To monitor the valuation risk, at least 25% of the total (i.e. Dutch and international) portfolio is subject to cyclical external valuations every year in addition to internal valuations of the portfolio being conducted. Returns also depend on interest rate developments because of leveraged financing.

Breevast's exposure to interest rate risk can be summarized as follows:

(in millions of euros)

Year	Interestrate	2020	2021	2022
Interest profile				
Floating-rate loans	3,6%	110	110	109
Fixed-rate loans	1,7%	120	116	112
Total loans	2,6%	230	226	221

The interest rate profile is based on the applicable (average) percentages in 2019.

The currency risk consists mainly of net capital invested in US-dollar-based investments of US\$ 90 million (2018: US\$ 89 million). Breevast also has limited exposures in Netherlands Antillean guilders (NAF) of 1.8 million (2018: 3.2 million) and in Polish zlotys (PLN) of 1.0 million (2018: 1.1 million).

To manage the liquidity risk, liquidity exposures are regularly assessed and cash flow forecasts drawn up.



Corporate income tax

Finance Tower and RAC Belair, Brussels

THE NETHERLANDS

Breevast B.V. and a large number of its subsidiaries form a tax entity that is headed up by a higher-tier company. The tax entity's corporate income tax liability is deducted from the loan to the shareholder in accordance with option a. offered by Dutch Accounting Standard 272.803. Deferred tax is recognized in line with option b. of Dutch Accounting Standard 272.806. The other autonomous taxpayers in the Netherlands have filed their tax returns up to and including 2018.

BELGIUM

The tax returns have been filed up to and including the year 2018. The total tax loss of Proland N.V. was approximately € 5.6 million at year-end 2019. The related deferred tax asset was recognized at the reporting date. The total tax loss of Abfin N.V., which amounted to € 31.7 million, was not recognized at the balance sheet date.

UNITED STATES

The tax returns have been filed up to and including the year 2018. Breevast U.S. Inc. had a tax loss of US\$ 1.3 million at year-end 2019. The replacement reserve of US\$ 91.9 million, which was formed in 2018, was used for the purchase of the two office buildings in Los Angeles in March 2019.

Notes to the Consolidated Profit and Loss Account (in thousands of euros)

INVESTMENT INCOME

14. RENTAL INCOME FROM INVESTMENT PROPERTY	2019	2018
The Netherlands	9.659	9.413
Belgium	31	393
Poland	23	24
United States	8.864	10.132
	18.577	19.962

The actual rent is the product of a theoretical rent of € 22.7 million (2018: € 24.2 million) and vacancy costs of € 4.1 million (2018: € 4.2 million).

The remaining terms to maturity of the leases can be broken down as follows:

	01-01-2020	01-01-2019
0-1 years	18.200	12.330
1-5 years	62.565	38.032
5+ years	43.295	19.602
	124.060	69.964

15. OTHER OPERATING INCOME	2019	2018
Management fees	1.837	2.259
Development fees	4.093	183
Asset management fees	553	3.191
Guarantee commission	3.868	3.926
Other current liabilities	516	1.369
	10.867	10.928

In 2019, an amount of € 891,000 in management and asset management fees was recharged to non-consolidated participating interests (2018: € 1.6 million).

The development fees are based on a percentage of the all-in building costs. The € 4 million development fee has been charged to a related party.

In 2019, an amount of € 3.9 million in guarantee commissions was charged to non-consolidated participating interests and a related party (2018: € 3.9 million). These amounts mainly consist of the fee that Breevast recharges to Financietoren N.V., a non-consolidated participating interest, because it has provided a guarantee for the loan. This guarantee expired with the sale of Financietoren in January 2020.

16. PROPERTY OPERATING EXPENSE	2019	2018
The Netherlands	681	1.510
Belgium	1	95
Poland	34	31
Curaçao	14	43
United States	3.032	1.520
Spain	36	9
	3.798	3.208

Of the property operating expense, an amount of € 0.5 million related to vacancy levels (2018: € 0.2 million). The property operating expense is made up of costs of work contracted out and other external expenses.

17. ADMINISTRATIVE EXPENSES	2019	2018
Gross salaries	3.180	3.361
Social security contributions and pension costs	480	526
Other personnel expenses	1.001	404
Accommodation expenses	506	510
Consulting fees	1.168	1.735
Depreciation	181	186
Office expenses	290	323
Car expenses	211	231
Due diligence expenses	178	158
Entertainment expenses	215	143
Other current liabilities	284	311
	7.694	7.888

The group's headcount at year-end 2019 was 23.0 FTEs (2018: 23.2 FTEs). Of these, 18.1 FTEs were based in the Netherlands (2018: 16.3 FTEs).

The remuneration of the Executive Board of Breevast B.V. amounted to € 904,000 in 2019 (2018: € 882,000). Of this amount, € 741,000 qualified as salary (2018: € 723,000) and € 163,000 as pension costs (2018: € 159,000).

The remuneration of the Supervisory Board amounted to € 95,000 in 2019 (2018: € 103,000).

18. OTHER OPERATING EXPENSES

Other operating expenses mainly concern write-downs of or provisions formed for receivables or relevant reversals.

FINANCIAL INCOME AND EXPENSES

19. FINANCIAL INCOME

	2019	2018
Interest received on loan to shareholder	2.970	3.648
Interest received on loans to related parties	10.701	10.006
Other financial income	326	43
	13.997	13.697

20. FINANCIAL EXPENSES

	2019	2018
Interest paid on Dutch mortgage loans	2.249	2.451
Interest paid on Belgian mortgage loans	-	128
Interest paid on Spanish mortgage loans	58	61
Interest paid on US mortgage loans	3.549	3.337
Interest paid on loans from related parties	443	549
Other financial expenses	2.383	2.176
	8.682	8.702



21. REALIZED GAINS/(LOSSES) FROM CHANGES IN VALUE OF INVESTMENT PROPERTY

	2019	2018
Rental property		
The Netherlands	(122)	-
Belgium	7	(696)
United States	-	(7.740)
	(115)	(8.436)
Development property		
Belgium	-	(431)
Inventories		
Belgium	305	441
Poland	15	10
Curaçao	144	258
	464	709
TOTAL	349	(8.158)

Based on historical cost, sales proceeds would have been lower by € 121,000 (2018: lower by € 71.5 million).

This amount was recognized within unrealized gains and losses from changes in the value of investment property in previous reporting periods; it was realized in the reporting period.

Proceeds from sales of inventories amounted to € 8.7 million (2018: € 7.9 million).



Finance Tower, Brussels

22. UNREALIZED GAINS/(LOSSES) FROM CHANGES IN VALUE OF INVESTMENT PROPERTY

	The Netherlands	Belgium	Poland	Spain	United States	Total
In 2019:						
Rental property	12.226	-	-	-	6.717	18.943
Development property	(3.528)	-	-	-	-	(3.528)
Inventories	-	-	6	(81)	-	(75)
	8.698	-	6	(81)	6.717	15.340
In 2018:						
Rental property	42.202	-	-	-	12.232	54.434
Development property	57.173	-	-	(161)	-	57.012
Inventories	-	(1)	-	-	-	(1)
	99.375	(1)	-	(161)	12.232	111.445

23. CORPORATE INCOME TAX

	2019	2018
Current tax	4.905	18.640
Deferred tax	12.020	13.149
	16.925	31.789

Of the current income tax expense of € 4.9 million (2018: € 18.6 million), € 6.0 million is set off against the loan to the shareholder as the principal of the tax entity (2018: € 16.6 million).

Deferred tax liabilities

The deferred tax expense concerns the liabilities arising from the differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets also give rise to tax losses. Deferred tax assets and liabilities are measured at present value. With effect from 2019, the accounting policies of revised Dutch Accounting Standard 272 have been used to calculate present value. In each country in which Breevast operates, a rate is determined based on the nominal tax rate in that country, the average term of liabilities and a discount rate based on the net interest rate in that country. The rates applied in these financial statements are 15% for the Netherlands, 22.78% for Belgium and 14.35% for the United States. In 2018, a flat rate of 12.5% was applied for all countries.

In total, € 50 million worth of tax losses have not been recognized (2018: € 40 million).

The table below shows the nominal corporate income tax rates of the countries in which Breevast operates:

	2019	2018
The Netherlands	25,0%	25,0%
Belgium	29,6%	25,0%
Luxembourg	24,0%	18,0%
Spain	25,0%	25,0%
Poland	19,0%	19,0%
United States	29,8%	29,8%
Curaçao	25,0%	25,0%

The table below explains the difference between the expected tax burden based on profit for financial reporting purposes at the weighted average tax rate of the countries in which Breevast operates and the actual tax burden.

		2019	2018
Average tax burden based on applicable rate	(8.727)	27%	(25.038) 25%
Non-deductible expenses	(46)	0%	(52) 0%
Depreciation allowance	368	(1%)	283 (0%)
Revaluation/(impairment) for tax purposes	-	0%	33 0%
Tax losses	4.723	(14%)	16 0%
Gains/(losses) governed by participation exemption	(1.494)	5%	(1.422) 1%
Unrealized gains/(losses) from changes in value	260	(1%)	14.538 (15%)
Realized gains/(losses) from changes in value	87	(0%)	(10.550) 11%
Changes in reinvestment reserve	(5.317)	16%	9.422 (10%)
Effect of consolidation of Mesdag Delta companies	-	0%	(5.880) 6%
<i>Prior-year changes and miscellaneous</i>			
Reversal of write-down	-	0%	(4.969) 5%
Release of provision for maintenance	54	(0%)	(4.012) 4%
Utilization of tax loss	-	(0%)	(4.322) 4%
Deferred tax rate adjustments	(8.058)	25%	- 0%
Other differences	1.225	(4%)	162 (0%)
	(16.925)	51,0%	(31.789) 32%

The difference in the average tax burden based on the applicable rates in 2019 (27%) and 2018 (25%) was attributable to the composition of the profits for tax purpose in the various countries in combination with the rates applicable in those countries and prior-year adjustments.

24. SHARE OF RESULT FROM PARTICIPATING INTERESTS

The share of result from participating interests was € 6.0 million negative (2018: € 28.7 million negative). Breevast incurred an exceptional cost item of € 23.5 million in 2018 due to the consolidation of the Mesdag Delta companies. This amount corresponded to the total equity deficit of these companies when Breevast regained decisive control. These companies were deconsolidated in 2016.



Wilshire Boulevard, Beverly Hills, LA

Company *Balance Sheet*



Company Balance Sheet as of December 31, 2019 (after Result Appropriation) (in thousands of euros)

ASSETS	#	12-31-2019	12-31-2018
INVESTMENT PROPERTY			
Participating interests	25.	873.756	830.871
		873.756	830.871
OTHER FIXED ASSETS			
Other tangible fixed assets	26.	163	262
Other financial fixed assets	27.	318.807	336.885
		318.970	337.147
RECEIVABLES	28.	37.341	4.853
CASH AND CASH EQUIVALENTS		462	461
TOTAL ASSETS		1.230.529	1.173.332
LIABILITIES			
SHAREHOLDERS' EQUITY	29.	661.123	646.471
PROVISIONS	30.	42.779	37.906
LONG-TERMLIABILITIES	31.	8.058	7.674
CURRENT LIABILITIES	32.	518.569	481.281
TOTAL LIABILITIES		1.230.529	1.173.332
# = Note no.			

**COMPANY PROFIT
AND LOSS ACCOUNT**

	2019	2018
Share of result from participating interests	11.171	103.688
Other income and expense	1.696	(40.487)
Net result	12.867	63.201

Accounting Policies

Reference is made to the notes to the consolidated financial statements.

NOTES TO THE COMPANY BALANCE SHEET

25. PARTICIPATING INTERESTS

	Group companies	“Other participating interests”	Total	Group companies	“Other participating interests”	Total
Balance as of January 1	830.710	161	830.871	729.932	161	730.093
Consolidation	-	-	-	(163.088)	-	(163.088)
Currency translation differences	2.503	-	2.503	5.511	-	5.511
Dividends	-	(7)	(7)	(27)	-	(27)
Transfers from/(to) other items	24.366	-	24.366	116.892	-	116.892
Provisions	4.852	-	4.852	37.802	-	37.802
Net result	11.164	7	11.171	103.688	-	103.688
Balance as of December 31	873.595	161	873.756	830.710	161	830.871

Share of result from participating interests can be broken down as follows:

Net result	(4.176)	7	(4.169)	5.278	-	5.278
Unrealized gains/(losses) from changes in value	15.340	-	15.340	98.410	-	98.410
	11.164	7	11.171	103.688	-	103.688

OTHER NON-CURRENT ASSETS

26. OTHER TANGIBLE FIXED ASSETS

	12-31-2019	12-31-2018
Cost	1.193	1.153
Accumulated depreciation	(1.030)	(891)
Carrying amount	163	262
	2019	2018
Movements in this item were as follows:		
Balance as of January 1	262	380
Investments	55	35
Disposals	(2)	(1)
Depreciation	(152)	(152)
Balance as of December 31	163	262

27. OTHER FINANCIAL FIXED ASSETS	2019	2018
Loans to group companies	179.493	180.397
Loans to non-consolidated participating interests	12.159	30.789
Loans to related parties	71.589	66.994
Loan to shareholder	55.566	58.705
Balance as of December 31	318.807	336.885
Movements in this item were as follows:		
Balance as of January 1	336.885	315.637
Payments/distributions	8.088	5.541
Repayments	(16.911)	(22.108)
Interest accrual	15.253	15.753
Increase due to consolidation	-	19
Set-off	(8.566)	20.636
Transfers from/(to) other items	(15.942)	1.407
Balance as of December 31	318.807	336.885

The average interest rate on loans to related parties was 6.3% (2018: 6.0%).

28. RECEIVABLES

	12-31-2019	12-31-2018
Loans to non-consolidated participating interests	28.069	1.277
Loans to related parties	7.671	-
Other current liabilities	1.601	3.576
	37.341	4.853

29. SHAREHOLDERS' EQUITY

The company's authorized share capital was € 271,800,000 at the balance sheet date. The issued and paid-up capital amounted to € 85,827,192. The capital consists of 18,946,400 shares with a nominal value of € 4.53 each.

Any changes in the reserve for unrealized gains and losses from changes in value are presented as a change in shareholders' equity.

The amounts in this reserve that relate to participating interests are recognized within the reserve for share of result from participating interests.

Of shareholders' equity, € 338.4 million qualifies as a statutory reserve (2018: € 336.9 million). This balance is made up of the revaluation reserve, the reserve for share of result from participating interests and the reserve for exchange differences.

There were no changes in issued and paid-up capital in 2019 and 2018.

Breevast distributed a dividend of € 138 million to its shareholder in April 2020.

After a series of assignments in April 2020, most of the loans to related parties were transferred to the indirect shareholder. The balance of the loan to the shareholder after the assignments was approximately € 226 million. Breevast plans to set off most of this amount against a dividend and a capital repayment in 2020.

	Share capital	Share premium reserve	Reserve for unrealized gains and losses from changes in value	Reserve for share of result from participating interests	Currency translation reserve	Other reserves	Total shareholders' equity for 201	Total shareholders' equity for 2018
Balance as of January 1	85.827	61.355	186.427	150.511	(3.516)	165.867	646.471	579.281
Changes in 2019:								
Realized gains/(losses) from changes in value				-	-	-	-	
Unrealized gains/(losses) from changes in value	-	-	10.195	-	-	(10.195)	-	
Changes in share of result from participating interests	-	-	-	(8.721)	-	8.721	-	
Reserve for unrealized currency gains and losses	-	-	-	-	1.785	-	1.785	3.989
Retained earnings	-	-	-	-		12.867	12.867	63.201
Balance as of December 31	85.827	61.355	196.622	141.790	(1.731)	177.260	661.123	646.471

30. PROVISIONS

Movements in this item were as follows:

	2019	2018
Balance as of January 1	37.906	104
Allocation	4.873	37.802
Release	-	-
Balance as of December 31	42.779	37.906

The provision was mainly formed for participating interests with an equity deficit.

31. LONG-TERM LIABILITIES

This item consists of a loan from a group company of € 8.0 million (2018: € 7.7 million).

Movements in this item were as follows:

	2019	2018
Balance as of January 1	7.674	7.431
Drawdown	-	-
Repayments	-	(126)
Transfers from/(to) other items	-	-
Interest	384	369
Balance as of December 31	8.058	7.674

32. CURRENT LIABILITIES

	2019	2018
Loans from group companies	512.963	443.547
Borrowings	-	27.000
Loans from related parties	883	8.186
Loans from non-consolidated participating interests	428	1.011
Other current liabilities	4.295	1.537
	518.569	481.281

NOTES TO THE COMPANY PROFIT AND LOSS ACCOUNT

The fee (as referred to in Section 382a, Book 2, Part 9 of the Netherlands Civil Code) charged by WVDB Accountants, the independent external auditor, amounted to € 130,000 in 2019 (2018: € 165,000). This fee can be broken down as follows:

	2019		2018
Audit of financial statements	130		165
Other audit services	-		-
Tax services	-		-
Other non-audit services	-		-
	130		165



Antonio Vivaldistraat, Amsterdam

***Obligations**
not recorded
in the balance sheet*



GUARANTEES

Breevast B.V. has provided guarantees for loans to non-consolidated participating interests and a related party; the guarantees were for an amount of € 439 million in total (2018: € 456 million). The non-consolidated participating interest that leases out Financietoren in Brussels has issued a guarantee of € 12.5 million for the renovation works to the building, which are scheduled for 2026.

Following the sale of Financietoren in January 2020, the associated guarantees have been cancelled. The remaining guarantee amounts to € 1 million.

TAX ENTITY

Breevast B.V. and a large number of its subsidiaries form a tax entity that is headed up by a higher-tier company. In accordance with the prevailing tax group requirements, Breevast and the other companies are jointly and severally liable for the tax obligations of the entire tax entity.



Subsequent events





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Breevast holds an equity stake of 30% stake in Financietoren N.V. The sale of Financietoren office building was completed in January 2020. Financietoren N.V. repaid a debt to Breevast of € 28 million in January 2020 and distributed a net dividend of € 138 million to Breevast in March 2020. Breevast then proceeded to distribute a dividend of € 138 million to its shareholder in April 2020.

After a series of assignments in April 2020, most of the loans to related parties were transferred to the indirect shareholder. The balance of the loan to the shareholder after the assignments was approximately € 226 million. Breevast plans to set off most of this amount against a dividend and a capital repayment in 2020.

The COVID-19 pandemic developed rapidly in 2020. Measures taken by various governments to curb the spread of the virus have had an adverse effect on economic activity. Breevast has taken a number of measures to mitigate the effects of the outbreak of COVID-19, such as enforcing social distancing and having employees work from home. At this stage, the impact on our operations and results is limited. However, in the United States, we have negotiated lease holidays with some of our tenants. Given that we do not know how the COVID-19 pandemic will develop, the impact of the public health crisis on Breevast's results and equity is uncertain in the long term.

Group Companies and Participating Interests

Consolidated Companies (wholly owned unless stated otherwise).

BREEVAST B.V. OF AMSTERDAM, THE NETHERLANDS, AND ITS SUBSIDIARIES:

Aemstel Monuments B.V. of Amsterdam, the Netherlands
 Amsut Properties B.V. of Amsterdam, the Netherlands
 Abfin N.V. of Zaventem, Belgium
 Almere Landdrost B.V. of Amsterdam, the Netherlands
 Boerhaavalaan Holding B.V. of Amsterdam, the Netherlands
 Boerhaavalaan Development B.V. of Amsterdam,
 the Netherlands
 Breevast Asset Management B.V. of Amsterdam,
 the Netherlands
 Breevast Development Sp.z.o.o. of Warsaw, Poland
 Breevast Engetrim N.V. of Amsterdam, the Netherlands
 Breevast GP Holding B.V. of Amsterdam, the Netherlands
 Breevast International Holdings N.V. of Amsterdam,
 the Netherlands
 Breevast Invest B.V. of Amsterdam, the Netherlands
 Breevast Luxembourg Sarl of Luxembourg, Luxembourg
 Breevast Management B.V. of Amsterdam, the Netherlands
 Breevast Nederland B.V. of Amsterdam, the Netherlands

Breevast Participaties B.V. of Amsterdam, the Netherlands
 Breevast Projecten B.V. of Amsterdam, the Netherlands
 Breevast Properties III B.V. of Amsterdam, the Netherlands
 Breevast SPP Amsterdam B.V. (75.01%) of Amsterdam,
 the Netherlands
 Breevast SPP Amsterdam II B.V. (75.01%) of Amsterdam,
 the Netherlands
 Breevast SPP Holding B.V. of Amsterdam, the Netherlands
 Breevast U.S. B.V. of Amsterdam, the Netherlands
 Breevast U.S., Inc. of Newport Beach, California,
 United States
 Breevast Vastgoed Rotterdam B.V. of Amsterdam,
 the Netherlands
 Breemu Vastgoed B.V. of Amsterdam, the Netherlands
 Europea Ventures Properties S.L. of Marbella, Spain
 Drentestraat 11 B.V. (75%) of Amsterdam, the Netherlands
 Europea Real Estate 2007 S.L. of Marbella, Spain
 Eurostate Investment I B.V. of Amsterdam, the Netherlands
 Exploitatiemaatschappij Zuurzak N.V. of Willemstad,
 Curaçao, Netherlands Antilles
 Financieringsmaatschappij Wetering B.V. of Amsterdam,

the Netherlands

Firebird Investments B.V. of Amsterdam, the Netherlands

Kleinhandelsgebouw B.V. of Amsterdam, the Netherlands

Marbella Properties B.V. of Amsterdam, the Netherlands

MP Participatie N.V. of Amsterdam, the Netherlands

Nedmaco Beheer B.V. of Amsterdam, the Netherlands

Office Fund Participatie B.V. of Amsterdam, the Netherlands

Omval Investments B.V. of Amsterdam, the Netherlands

Oudegracht Monumenten B.V. of Amsterdam, the Netherlands

Palumbus Holding 1 B.V. of Amsterdam, the Netherlands

Palumbus Holding 2 B.V. of Amsterdam, the Netherlands

Palumbus Properties 1 B.V. of Amsterdam, the Netherlands

Palumbus Properties 2 B.V. of Amsterdam, the Netherlands

Palumbus Properties 3 B.V. of Amsterdam, the Netherlands

Palumbus Properties 7 B.V. of Amsterdam, the Netherlands

Palumbus Properties 8 B.V. of Amsterdam, the Netherlands

Palumbus Properties 9 B.V. of Amsterdam, the Netherlands

Palumbus Properties 10 B.V. of Amsterdam, the Netherlands

Park North Holding B.V. of Amsterdam, the Netherlands (from 19 June 2019)

Park North Development B.V. of Amsterdam (from 19 June 2019)

Parkeerexploitatie Amsterdam B.V. of Amsterdam, the Netherlands

Portalen Properties B.V. of Amsterdam, the Netherlands

Proland N.V. (84.78%) of Antwerp, Belgium

RAC 3 N.V. (60%) of Antwerp, Belgium (*)

RAC 5 N.V. (60%) of Antwerp, Belgium (*)

Residential Management Sp.z.o.o. of Warsaw, Poland

Telined Beheer B.V. of Amsterdam, the Netherlands

Valôme Eindhoven N.V. of Amsterdam, the Netherlands

NON-CONSOLIDATED COMPANIES:

Accres Real Estate B.V. (24.7%) and subsidiaries of Amsterdam, the Netherlands

Accres Management B.V. (24.75%) of Amsterdam, the Netherlands

Ark Portfolio Owner Prinses B.V. (50%) of Amsterdam, the Netherlands

Cooktown GP B.V. (50%) and subsidiary of Amsterdam, the Netherlands

De Ceder Holding B.V. (32.3%) and subsidiary of Heemstede, the Netherlands

Donauweg Amsterdam B.V. (50%) of Amsterdam, the Netherlands

Financietoren N.V. (30%) of Antwerp, Belgium

Fundinvest N.V. (50%) of Antwerp, Belgium

HeRaSi Properties B.V. (50%) of Amsterdam, the Netherlands

Woodway B.V. (1.7%) of Amsterdam, the Netherlands

(*) proportionately consolidated companies

Amsterdam, the Netherlands, 17 July 2020

SUPERVISORY BOARD

W. Brounts, Chairman

J.H. van Heyningen Nanninga

J. Meines

E.A.J. van de Merwe

EXECUTIVE BOARD

H.G. Brouwer MRE

W.A.J. Vermeij RA MRE

Other Information



PROVISIONS IN THE ARTICLES OF ASSOCIATION GOVERNING RESULT APPROPRIATION

Result appropriation is governed by Article 28 of the Articles of Association of Breevast B.V. The net result will be added to the other reserves..

INDEPENDENT AUDITOR'S REPORT

To: the shareholders and supervisory board of Breevast B.V.

A. REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2019 INCLUDED IN THE ANNUAL REPORT

Our opinion

We have audited the financial statements 2019 of Breevast B.V., based in Amsterdam. In our opinion, the accompanying financial statements give a true and fair view of the financial position of Breevast B.V. as at 31 December 2019, and of its result for 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the consolidated and company balance sheet as at 31 December 2019;
2. the consolidated and company profit and loss account for 2019; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Breevast B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten

(ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

B. REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the management report; and
- other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C. DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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 users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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;
- obtaining an understanding of internal control 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 company's internal control;



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- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Waalre, July 17, 2020

Witlox Van den Boomen Accountants N.V.

drs. S.G.C. Seijkens RA



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