TEXAF

Annual Report 2019

PHILIPPE CROONENBERGHS
Chairman

"The TEXAF group had a good year in 2019, not only because our real estate development continues to develop along the lines set out by the group, but also due to other positive indicators, primarily at CARRIGRES, where sales have rebounded in spite of the absence of major road building projects.

We have had the opportunity to tell President Tshisekedi, in a private meeting, about our wish to continue to be a privileged witness in the international financial community for the measures he is trying to implement. He heard that TEXAF is the only listed group exclusively active in the DRC.

The group also began developing its digital business in DRC in 2019. We are convinced that this is a source of hope for the country's young people, who are eager to learn. The preparations led to the opening of TEXAF DIGITAL CAMPUS in 2020. TEXAF very quickly gained a role as a major force in the digital industry, whose development is one of the government's priorities.

At the time of writing, the country is faced with the problem of covid-19. Our main concern is the health of our staff and tenants. It is an opportunity to thank all of our people, who are working in often difficult conditions under the professional guidance of Jean-Philippe Waterschoot.

This virus has hit our economies and our habits with full force. We need to reassess our lives and the limits of our comfort zones.

Throughout its long history, TEXAF has always responded to disruptive events with prudent management and its business model is fundamentally different from that of real estate companies in Europe, if only due to the desire to maintain a low level of debt. Our financial debt was negative at the end of 2019. Because of this prudent management, the group has been able to pay out a dividend without endangering its growth prospects.

The main shareholders opt for a dividend payable in shares: a sign of confidence in the future of the TEXAF group."

JEAN-PHILIPPE WATERSCHOOT
CEO

"I would like to take the opportunity afforded by this annual report, which highlights the results of the work of all our teams, to thank them and congratulate them for their total commitment. What with the uncertainties, the attempted appropriation of property during the political transition and the current self-isolation imposed by the pandemic, there have been few moments when we were able to work totally undisturbed. As you will read in these pages, this has not prevented us from launching new construction projects, working on new initiatives, particularly in the digital industry, reestablishing conditions that benefit our extraction business and completing a major sale at a profit. This shows the group's capacity for adapting to an ever-changing environment."

CONTENTS

2019 IN SUMMARY

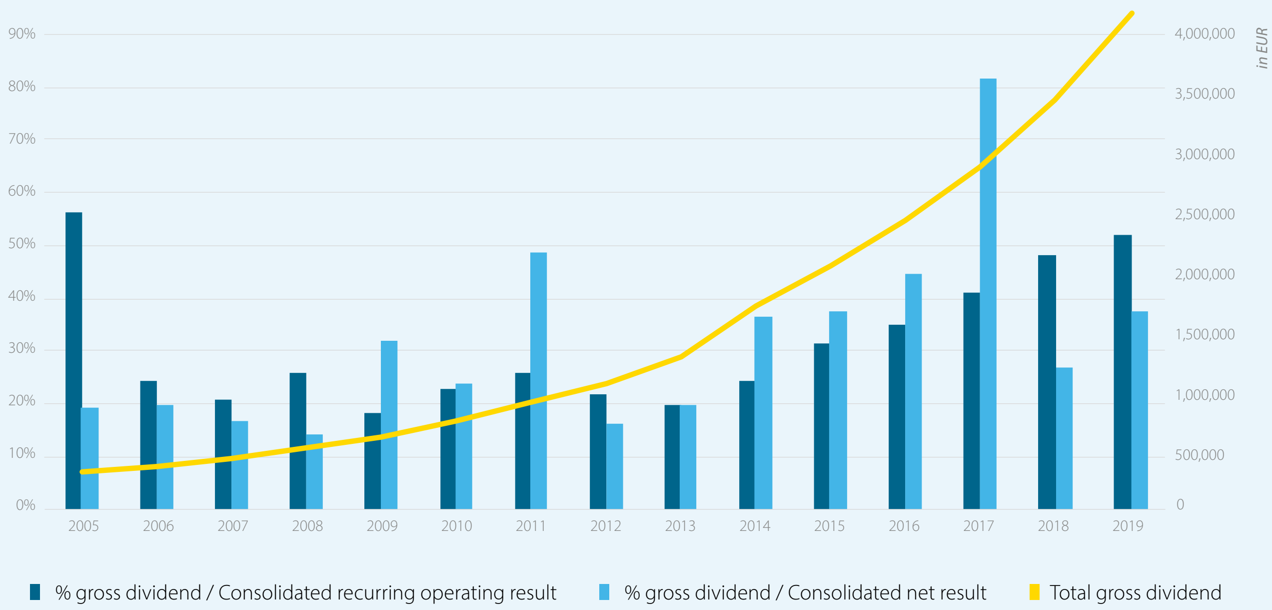
KEY FIGURES

RESULT (in thousands of euros)	2015	2016	2017	2018	2019	Average growth
Revenue	19,648	18,392	18,208	18,869	**21,691**	
Growth	4%	(6%)	(1%)	4%	15%	3%
Recurring EBITDA *	9,598	9,740	10,038	10,111	**11,213**	
Growth	(4%)	1%	3%	1%	11%	4%
Recurring operating result **	6,486	6,953	7,020	7,168	**7,831**	
Growth	(7%)	7%	1%	2%	9%	5%
Net result (share of the group)	5,456	5,454	4,542	12,909	**10,771**	
Growth	16%	0%	(17%)	184%	(17%)	19%

(*) Recurring EBITDA: recurring operating result before interest, taxes, depreciation and amortization.
(**) Recurring operating result: operating result minus income or expenses that are not expected to be repeated in each accounting year, such as:
- Gain or loss on disposals of non-current assets
- Allocations to (or reversals of) write-downs on non-current assets
- Costs relating to major restructuring, purchase or disposal of a business (such as redundancy costs, plant closure and commissions paid to third parties to acquire or dispose of an activity)

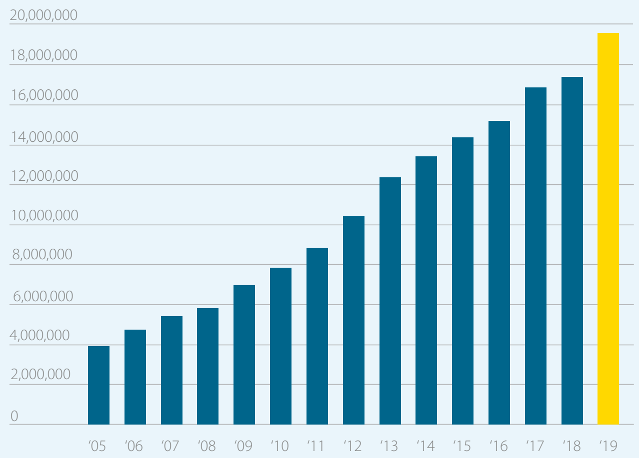
CASH FLOW (in thousands of euros)	2015	2016	2017	2018	2019	Average growth
Cash flow from operating activities	6,819	8,666	8,706	11,742	**10,744**	12%
Cash flow from investing activities	(9,401)	(7,149)	(6,421)	(5,416)	**(1,040)**	(42%)
Cash flow from financing activities	4,061	(3,067)	(2,532)	(4,436)	**(6,501)**	-
CASH AND CASH EQUIVALENTS ON DECEMBER 31	**5,461**	**3,911**	**3,674**	**5,564**	**8,767**	-

Dividend



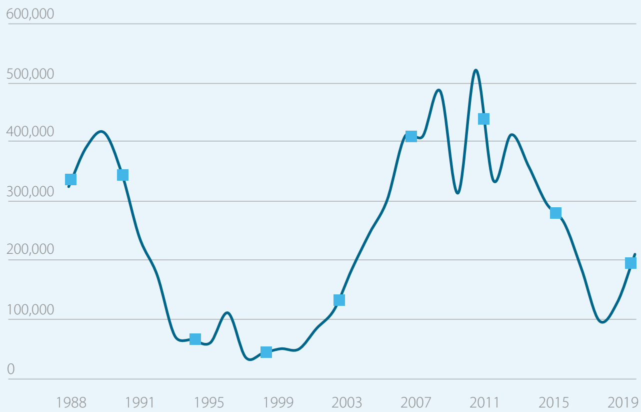
Real estate

Rental revenue (in EUR)

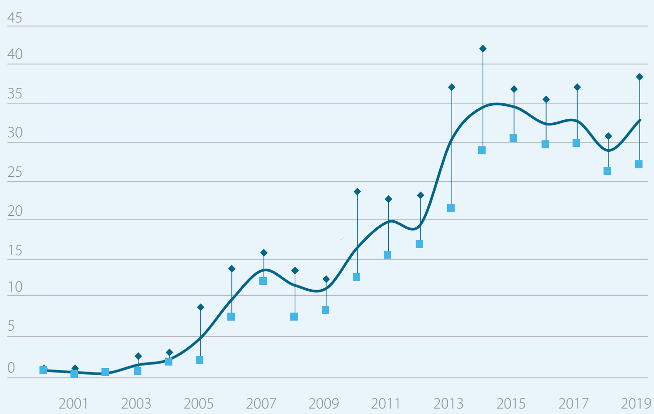


Carrigrès

Sales (in metric tons)



Average TEXAF price + max & min (in EUR)



Highlights

VIRTUALLY
100%
OCCUPATION RATE

LAUNCH OF THE
TEXAF DIGITAL CAMPUS

CARRIGRÈS
SALES REBOUND

CAPITAL GAIN
€ 5.1 M

OPTIONAL DIVIDEND
+ 20%

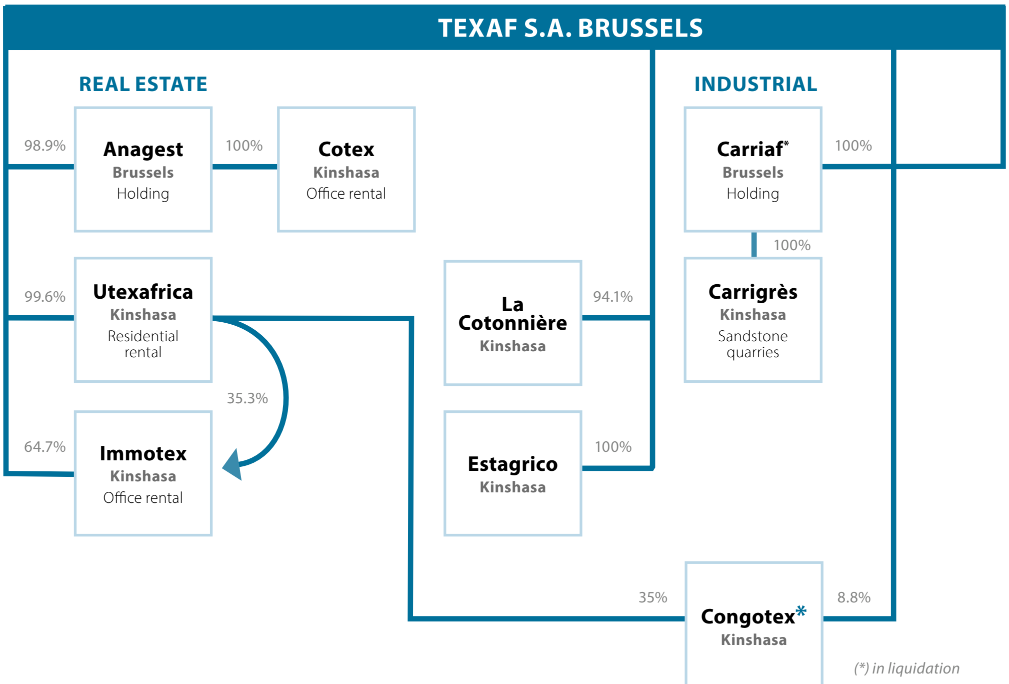
01

Profile

A history of trailblazers from textiles to digital

WHO ARE WE?

Organigram



Our history - A destiny linked to DRC

TEXAF is a public company, formed on August 14, 1925 on the initiative of visionary trailblazing entrepreneurs, registered and domiciled in Belgium. It is unique in that it is the only company, listed since its formation on an international stock exchange, that has all its assets concentrated in the Democratic Republic of Congo.

Between its formation and the early 2000s, the group's business was centered on textile. Its primary subsidiary, UTEXAFRICA, whose plants produced more than 30 million meters of fabric annually, was involved in every step of cotton processing. At its peak, the group's textile business employed up to 6,000 people in Kinshasa, making it the city's biggest private employer at the time, and supervised more than 100,000 smallholders in the cotton sector, spread over several provinces in the center and east of the country.

TEXAF had also diversified its business interests into metal construction, a sandstone quarry and agriculture.

It owns many properties in today's provinces of Sankuru, Maniema, South Kivu, Tanganyika, Lomami and Kasaï Oriental.

The plunderings of 1991 and 1993 had a profound impact on the country's economy. The deterioration of the roads and railways made trade with the interior of the country very difficult. Political instability, armed conflict, a failing banking system and contraband copies of UTEXAFRICA textiles significantly weakened the group's textile business.

> Textile origins

In this situation, BNP-PARIBAS, the last in a succession of financial groups to hold a shareholding, decided to pull out of DRC in 2002, selling its majority stake in TEXAF to Philippe Croonenberghs, the current chairman of TEXAF group.

With Albert Yuma and Jean-Philippe Waterschoot, the two managers heading the group in DRC, every possible step was taken to save the textile business by focusing on niche markets generating higher added value for African print, developing its clothing business and going into partnership with another textile group in Africa. These efforts could not prevent the plant from closing in 2007.

Our DNA: resilience

The group opted for a radical transformation, focusing its business on the development of a large real estate portfolio (around 150 hectares), ideally located along the Congo river in Kinshasa.

Within a decade it became an important name in the field, offering a unique quality concept in Kinshasa.

As such, TEXAF has come through the many periods of unrest that have punctuated the political, economic and social history of the country. Initially, by becoming one of the main real estate investors and operators in the country and now as the first actor to commit to developing the digital economy.

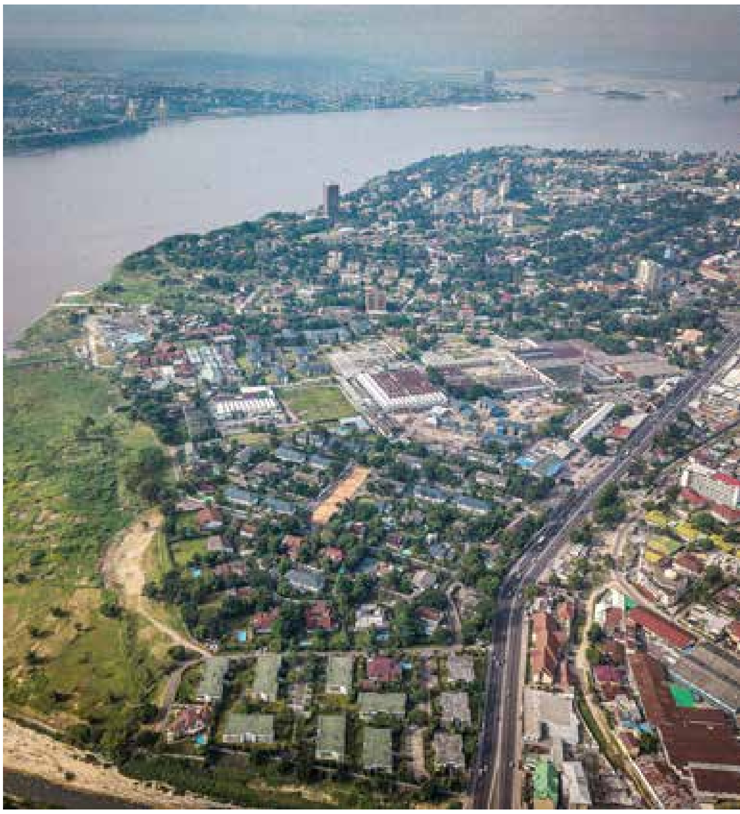
Its capacity to reinvent itself and explore new opportunities in a constantly changing environment has made it a leading operator in DRC.

Given this resilience, we can justifiably hope that the group comes out of the coronavirus crisis relatively unaffected and so benefits from greater client confidence.

Our rules of conduct

TEXAF wishes to realize its ambitions:

- By purposefully working within the formal economy;
- By pursuing a good governance policy toward all economic and social actors;
- By communicating transparently;
- By preferring partnerships with Congolese operators and bringing in high-quality Congolese and expatriate managers when business is running smoothly;
- By maintaining the listing of TEXAF shares on Euronext and favoring measures that help improve the liquidity of shares to give the largest number of savers the opportunity to participate in the anticipated growth of DRC.



OUR ACTIVITIES IN DRC

1. REAL ESTATE BUSINESS

In 1926 the textile plant and the compound to house its managers were located on a 48 ha site in what at the time was a large unoccupied suburb of the future city of Kinshasa.

This area, ideally located along the Congo river is bounded by the Gombe and Makelele rivers. These natural borders have traditionally protected the site from the frenzy of the metropolis that gradually grew into the city of Kinshasa.

After the closure of its textile plant, in 2007 the group decided to focus on its real estate portfolio, which had until then been a secondary business.

	2015	2016	2017	2018	2019
Occupancy rate*	100.0%	95.9%	97.6%	98.2%	**98.7%**

** Occupancy rate: total rent billed over the period versus total billable rent*

Just over a decade later, there are 300 homes on the site, where more than 1.000 people of 35 different nationalities live together. It has become Kinshasa's leading residential concession.

The domain has a great many green areas, various walking paths, sports grounds, a swimming pool, a bar/lounge and a restaurant, making it a unique location in Kinshasa. New gyms and group classrooms were recently added in 2019, along with a new children's playground.

Security is effective but discrete. Overall, there is a family atmosphere, characterized by mutual respect among everyone in the "UTEXAFRICA community".

Our ambitions

Real estate continues to be TEXAF's main business.

There are very substantial future development opportunities in various areas:

1. The construction of homes on free space estimated at 15 hectares of industrial wasteland
2. The construction of office blocks on spaces estimated at 10 hectares along Avenue Colonel Mondjiba, including the very attractive 3.5 ha site opposite the French embassy.
3. Development of the "Les Jardins de Kinsuka" project for the construction on a 87 ha space of about a thousand ecologically responsible homes and several thousand square meters of commercial, educational, medical and office premises, as well as many sports and recreational grounds along with a large proportion of green space.

> Still 25 hectares to be developed downtown

There are development opportunities in the agro-industrial domain, particularly based on the group's assets in the interior of the country through its subsidiaries LA COTONNIERE and ESTAGRICO, but they can only be envisaged as part of a huge infrastructure renovation project to open up these areas by road and rail.

The group constantly and regularly invests in growing its portfolio and has now started the second phase of the Bois Nobles project (33 apartments) and the Petit Pont building (3,000 m^2 net of office space).

It is also important to note that the Texaf Bilembo cultural center, which opened in a preserved part of the plant on the site in 2014, has become one of the leading venues for the exhibition and promotion of contemporary art in all of its forms.


RENT IN DECEMBER 2019 BY PROPERTY TYPE
10% Warehouses
3% Retail
68% Residential
19% Offices
RENT IN DECEMBER 2019 BY CONDITION
5% Run-down
12% Old but in good condition
71% New or completely renovated
12% Due for renovation
2019 REVENUE BY CLIENT CATEGORY
2% Congolese bodies
16% Private individuals
25% Embassies and cooperations
18% International institutions
40% Private businesses

8 LEISURE
POOL
RESTAURANT
TENNIS
FITNESS

10 District
PETIT PONT
- 3,000 m² of office space under construction.

3 District
LES BOIS NOBLES
- 42 villas and apartments – 33 under construction

Utexafrica and Cotex concessions:

21 ha occupied by new buildings or old ones in good condition

14 ha occupied by old buildings earmarked for demolition

9 ha of land to be built on

16 ha of sites that cannot be built on and roads

9 CULTURAL CENTER
TEXAF BILEMBO

Boulevard du 30 Juin

7 **District**
OFFICES
- loft offices on industrial wasteland (2011-2015) – 5,300 m^2
- gradual development of offices in former COTEX industrial buildings (2007-2013) – 3,500m^2

4 **District**
LES MUSICIENS
- 81 apartments, with the last 33 units rented in October 2016.

5 **District**
NEW COMPOUND
- 18 villas (new build) and apartments (duplexes in the former clothes workshops of the textile factory)
- first real estate developments between 2003 and 2005

1 **District**
CHAMP DE COTON
- 52 apartments
- Contemporary style
- Three-phase project put on the market between 2013 and 2015.

6 **District**
COTEX
- 3,200m^2 office development
- Texaf Digital Campus

2 **District**
HISTORICAL COMPOUND
- 99 villas and apartments, 51 of which renovated.
- “Garden neighborhood” architectural style from the end of the 1920s.
- Currently being renovated

Valuation of the real estate portfolio

The Board of Directors has calculated the value of the Group's investment property since 2018. The detail of this calculation and the underlying assumptions are provided in appendix 7 to the consolidated financial statements.

The main points are as follows:

DISTRIBUTION OF THE REAL ESTATE PORTFOLIO	Surface area		Value	
Undeveloped land		**415 ha**		**EUR 97 m**
– *Downtown Kinshasa*	13 ha		EUR 65 m	
– *Undevelopable*	13 ha		EUR 2 m	
– *Kinsuka (suburb of Kinshasa)*	84 ha		EUR 29 m	
– *Province*	306 ha		EUR 1 m	
Run-down buildings destined for demolition		17 ha		EUR 92 m
New or renovated rented buildings		21 ha		EUR 137 m
TOTAL		**453 ha**		**EUR 327 M**

The group holds 453 ha, valued at EUR 327 m, the greater part of which - EUR 230 m - relates to built land in the concessions in downtown Kinshasa.

These built zones cover 38 ha, but 84% of the EUR 19.8 m in potential rental revenue is generated by new buildings or old buildings that are in good condition, which cover only 56% of this area.

In other words, the development potential of the Group solely in its downtown concessions includes not only 10 ha of building land, but also 18 ha of old industrial buildings that are to be renovated or are run-down and are currently rented at very low rents per m^2.

Ongoing projects

TEXAF is constantly looking to improve and diversify the range of services it offers to its clients.

The only project that was completed in 2019 was the six additional villas in the Bois Nobles project. The remainder of the project, three buildings with 33 apartments in all, is expected to be completed at the beginning of 2021. At the same time, a 3,000-m^2 office complex is under construction on the Petit Pont site at the end of Boulevard du 30 Juin, the city's main artery.

A gym and a group classroom have been built, along with a new playground for the youngest children.

We are also considering new commercial and office projects along both sides of the important Avenue Colonel Mondjiba. The aim is the develop a variety of multi-use spaces to meet the expectations of occupants and offer workspaces close to homes.

Jardins de Kinsuka

After selling 17 ha in 2017 for the construction of a line from the new Zongo II hydroelectric station and an electrical substation, the TEXAF group has a large 87 ha site on the outskirts of Kinshasa, more than half of which runs along the Congo river.

The higher elevation and location by the Congo river make this an exceptional site.

However, it is situated in a highly urbanized area. In the absence of any regional development plan, the access roads are no longer able to guarantee free-flowing traffic to this part of Kinshasa. Studies are expected to identify solutions to the traffic and site access problems with the assistance of the public authorities.

Studies are ongoing with the architectural firm ORG2 (http://orgpermod.com) for the design, with the support of Congolese architects, of a sustainable development project that is environmentally friendly and fits in with the surrounding area. The aim is to offer a wide enough portfolio of services on the site (schools, polyclinics, commercial spaces, and sports and leisure spaces) to limit the need of occupants to take their cars.

This project adopts a different business model from other group developments, which are build-for-rent projects. The properties in the Jardins de Kinsuka will be sold to the Congolese middle class.

> Becoming the first point of contact for the technology in DRC.

2. DIGITAL BUSINESS

At the end of 2018 TEXAF decided to invest in Africa's digital economy, based on various observations:

- 40% of 1.25 billion Africans are under 15 years of age;
- The economic and social needs of this population; cannot be met without resorting to adapted, inexpensive technologies;
- Mobile internet penetration is advancing very rapidly;
- African startups are emerging and raised USD 2 bn in venture capital in 2019.

The economic stakes of this demographic evolution are enormous. TEXAF believes that the digital revolution is on the way to becoming a significant economic growth industry in Africa, because these technologies can help accelerate development, and has therefore decided to invest in African businesses that are innovative in these technologies.

To start with, TEXAF has decided to back specialists with a long history of investing in technology with a EUR 1 m commitment to the new PARTECH AFRICA venture capital fund (https://partechpartners.com). Through this investment, the group expects to quickly gain a better understanding of this sector, enabling it to invest in companies and create a new growth hub alongside real estate and the sandstone quarry, either in association with PARTECH AFRICA or on its own.

It subsequently formed TEXAF DIGITAL CAMPUS on the COTEX site at the end of Boulevard du 30 Juin, the city's main artery. This fully renovated 700 m^2 complex is a digital economy training venue for entrepreneurs who are looking for a pleasant and efficient co-working space. But, above all, as Kinshasa's main meeting and innovation center, it is a vibrant hub for undergraduates, local entrepreneurs and international groups.

It already plays host to the KINSHASA DIGITAL ACADEMY, which has 40 students (80 from September 2020) taking intensive courses leading to qualifications with a direct link to jobs. This has immediately raised the profile of the TEXAF DIGITAL CAMPUS among Congolese authorities and global players in the industry, which are looking to gain foothold in one of the main markets of the future.

The goal is to make TEXAF the first point of contact for all African groups and other groups that wish to establish themselves in DRC and find a partner.

At the same time, the COTEX site, which covers 3.2 ha, is available for office-based, education or connectivity technology activities. The dream is to create a real digital village.

PARTECH AFRICA

Partech Africa fund is a €125 million fund backed by a unique set of financial institutions, major corporate partners and successful entrepreneurs. It set out as the largest VC fund dedicated to technology startups in Africa. Partech Africa is positioned for series A and B financing rounds in startups which are changing the way technology is used in education, mobility, finance, delivery or energy on the African continent and thus creating opportunity to become new regional champions.

VERY ACTIVE 2019 YEAR

2019 started with the final closing of the fund in January at €125 million, doubling the size compare to the first closing one year earlier.

Partech Africa Fund hit full speed in 2019 achieving eight (8) transactions compared to three (3) in 2018. This places Partech Africa as the most active early stage investor in Africa in 2019 together with IFC and Goodwell in terms of number of transactions and the most active investor in Series A.

Two (2) transactions were re-investment in portfolio companies and Partech Africa welcomed six (6) new companies into the growing Partech Africa Family.

Partech Africa portfolio is now comprised of nine (9) portfolio companies out of which the following five (5) companies : Trade Depot, Yoco, Kudi, Gebeya, Terrapay.

DIVERSIFYING PORTFOLIO

The nine (9) companies are based in six (6) markets (Nigeria, South Africa, Senegal, Egypt, Ethiopia, and Ghana) and operating across 30+ African countries, serving 100.000+ business and 20m+ direct users.

From an industry perspective, Partech Africa portfolio is engaged in key parts of fast-growing economies. In financial Services, the four (4) portfolio companies are present across the value chain from the underlying interoperability infrastructure to the local financial services aggregation, from merchant payments to domestic and cross-border remittances, in both B2B and B2C models. Partech Africa companies also support the largest economic sectors by tackling structural challenges in FMCG supply and distribution, cross-border logistics and last mile delivery. Partech Africa also entered the health space with an innovative startup breaking barrier to insurance penetration and access to health. Partech Africa also ventured early in seed, with a company providing a Saas and AI based platform for customer support and another training African talent to offer global outsourcing services. Both companies will serve global markets and earn revenues in hard currencies.

DISCLOSED PORTFOLIO COMPANIES

Trade Depot (2018): a B2B Marketplace company founded in 2015, providing ordering and distribution planning platform for consumer goods. Through TradeDepot's platform, small retailers have a real time view of all prices and discounts available from every major brand; they can directly order products which are then delivered to them as the order is routed to the appropriate nearby depot. At the same time, manufacturers have full visibility over their distribution and can leverage the platform to optimize deliveries to their distributors, improve their pricing and have a direct channel towards their end-retailers.
Round: Series A, USD 3m.
Investor: Partech Africa.

Terrapay (2019): a fintech company providing payment infrastructure services. The company is helping more people around the world to transfer money quickly, safely, and affordably. The company does this by enabling payment service providers such as banks, mobile money operators, money transfer operators or other payment providers to instantly connect to each other at a low cost.
Round: Series A, USD 9.6m.
Investors: Partech Africa, Prime Ventures, IFC (World bank group).

Yoco (2018): a fintech company founded in 2015, providing a merchant payment aggregation platform offering underserved African SMBs an easy-to-use card and digital payment solution.
Round: Series B, USD 16m.
Investors: Partech Africa, Orange Digital Ventures, FMO, Quona Capital, Velocity Capital.

Kudi (2019): a fintech company founded in 2016, providing a digital payment and collection platform for the cash economy. Kudi leverage an agent network to offer cash deposit and withdrawal as well as bill and airtime payment to end-consumers.
Round: Series A, USD 5m.
Investors: Partech Africa, Khosla Ventures, Y Combinator

Gebeya (2019): an edtech company founded in 2016, both as an IT training platform and a project-oriented IT talent outsourcing marketplace. By doing so, Gebeya fulfills the very strong demand of IT talents in Africa and enable them to find jobs and missions easily on its marketplace for African and international companies.
Round: Seed, USD 2m.
Investors: Partech Africa, Orange Digital Venture, Consonance Investment Managers.

3. SANDSTONE QUARRY

The CARRIGRES open-air quarry opened at the beginning of the 1950s. It is located in the nearby suburb of Kinshasa, which was completely unoccupied back then.

The anarchic development of the city has hampered its operations for many years.

It is the biggest gravel production unit of all Inkisi pink sandstone grades in Kinshasa, with its installed annual capacity of 600 kT, a sandstone deposit estimated at 25 million tons and a primary crusher that can get through 400 metric tons per hour. This material is used in the production of concrete and asphalt for roads and civil engineering projects.

The company operates in a highly competitive environment dominated by the informal sector. It distinguishes itself from its competitors by the quality of its products and the strict control of the quantities delivered.

> Carrigrès is the main supplier for infrastructure projects in Kinshasa

CARRIGRES employs about forty people, working under operations manager Hilarion Mwayesi and commercial manager Paulo Barril, who rely on the services of TEXAF's real estate business for all other aspects (finance, legal, administration, human resources, security).

> A historical presence in eight of the 26 of the country's provinces

4. COTTON COMPANIES

The group holds real estate assets through its subsidiaries LA COTONNIERE and ESTAGRICO in several provinces of the DRC (Kasaï Oriental, Sankuru, Lomami, Haut Lomami, Maniema, Tanganyika and Sud Kivu), the legacy of cotton cultivation business to supply its textile plant in Kinshasa.

These assets could be used to develop new agricultural activities.

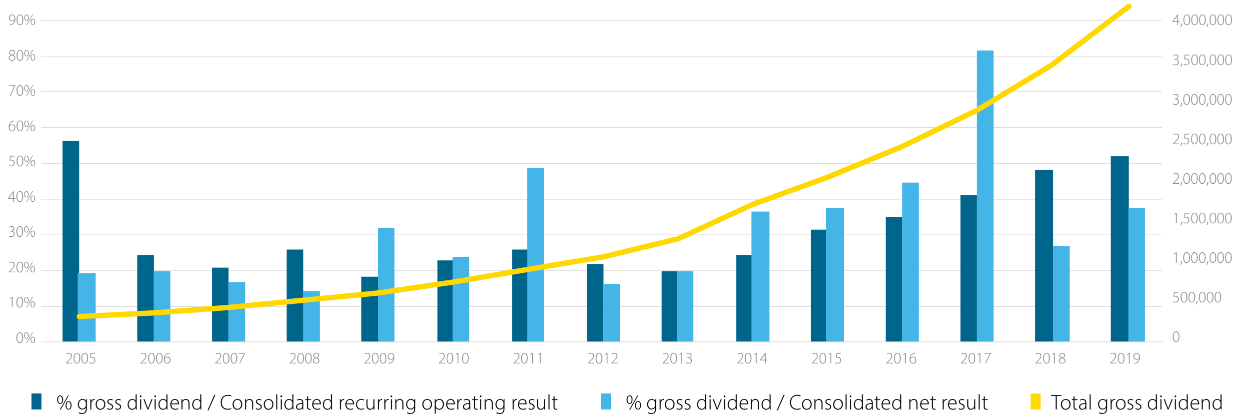
INFORMATION FOR SHAREHOLDERS

Dividend

TEXAF has distributed a dividend since 2005

IN EUR	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Gross dividend par share	0.19	0.23	0.28	0.33	0.40	0.48	0.58	0.69	0.81	0.97	1.16
Net dividend per share	0.14	0.17	0.21	0.25	0.30	0.36	0.42	0.48	0.57	0.68	0.81
TOTAL GROSS DIVIDEND (in thousands of euros)	**612**	**736**	**893**	**1,063**	**1,276**	**1,701**	**2,039**	**2,430**	**2,886**	**3,442**	**4,101**
Difference	21%	20%	21%	19%	20%	33%	20%	19%	19%	19%	19%

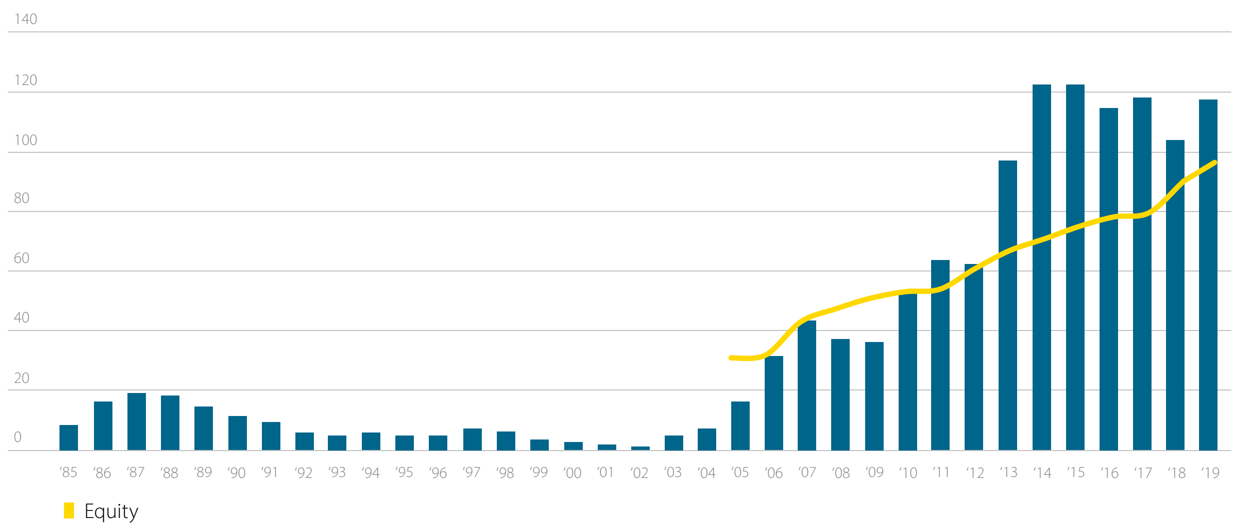
Payout ratios (in EUR)



THE TEXAF SHARE

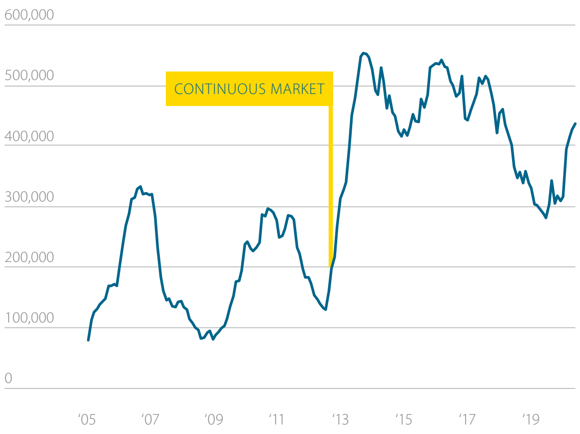
The TEXAF share has been listed on the continuous market since December 12, 2012. It was added to the BEL Small index on March 18, 2013, which has led to an improvement in the liquidity of the share. On February 21, 2017, Euronext launched a new index to highlight European family companies: Euronext Family Business Index. TEXAF is part of this index, which comprises 90 family companies from France, Belgium, the Netherlands and Portugal.

Market capitalization (average price) **Equity (in millions of euros)**

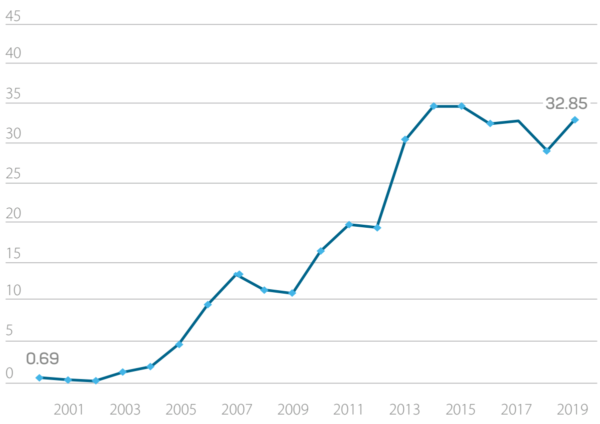


Volume of shares handled (in EUR)

12 month mobile average



Share price (in EUR per share)



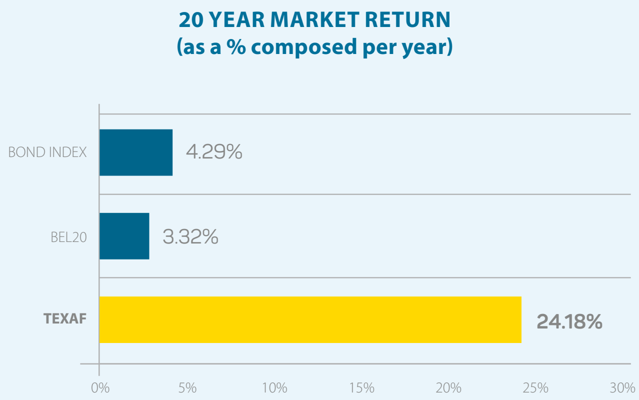
Shareholding structure

TOTAL SHARES ISSUED	3,543,700	100%
Holders:		
Société Financière Africaine	2,215,990	62.53%
Middle Way Ltd	354,370	10.00%

Société Financière Africaine is controlled by Chagawirald SCS, which in turn is controlled by Philippe Croonenberghs.

Middle Way Ltd is wholly owned by Member Investments Ltd. The ultimate beneficiary of Member Investments Ltd is CCM Trust (Cayman) Ltd, a trust of the Cha family in Hong Kong.

Market return



Shareholders' calendar

Friday 10 April 2020
Publication of the 2020 annual report

Friday 08 May 2020
Publication of the quarterly press release

Tuesday 12 May 2020
(11am): Annual General Meeting

Friday 29 May 2020
Dividend payment

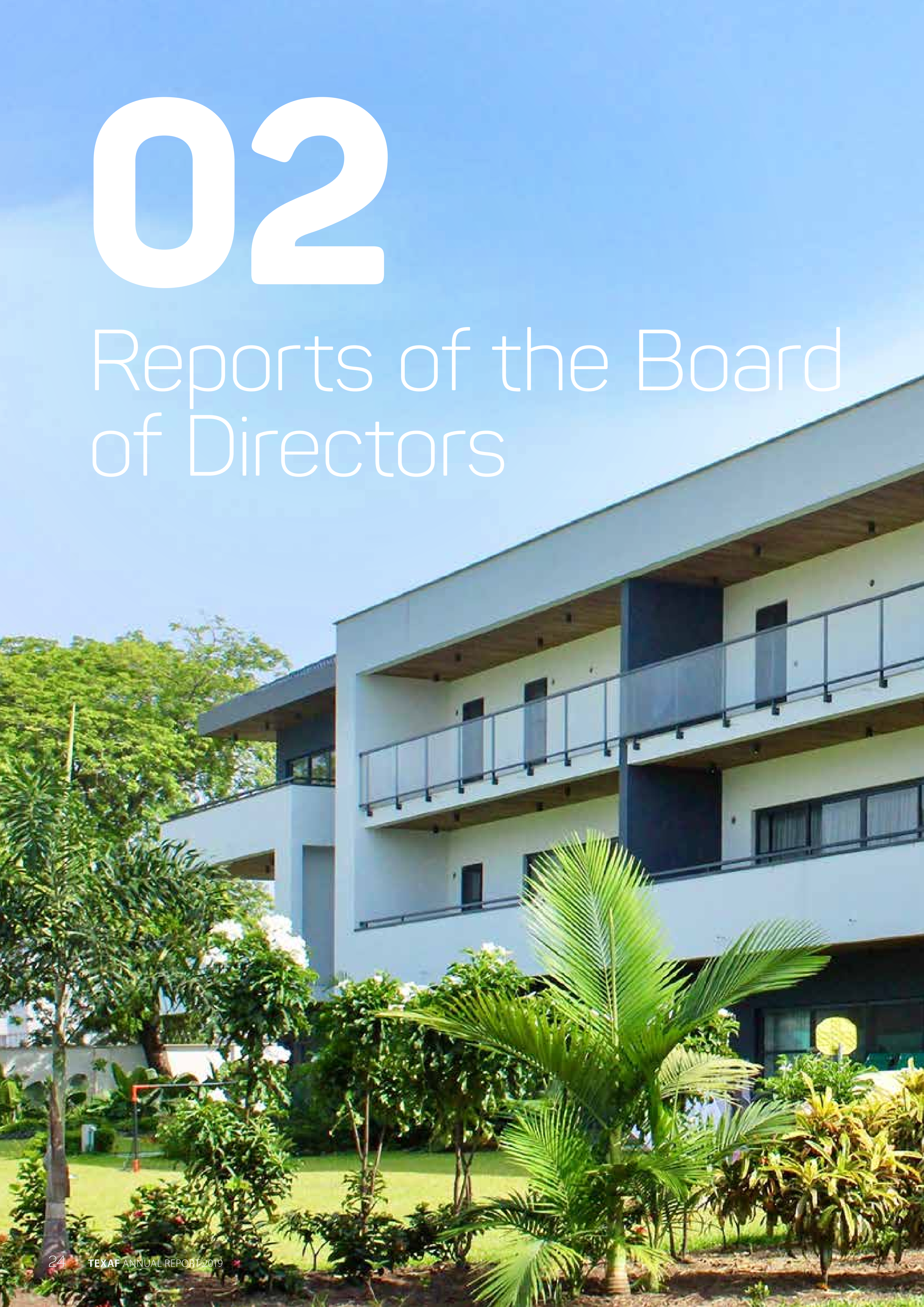
Friday 04 September 2020
Publication of half-yearly results

Friday 13 November 2020
Publication of the quarterly press release

Friday 26 February 2021
Publication of the 2020 annual results

The TEXAF website is at www.texaf.be.
This website contains all information useful to shareholders.

02
Reports of the Board of Directors



2019, best result before tax in the history of TEXAF

DIRECTORS' REPORT

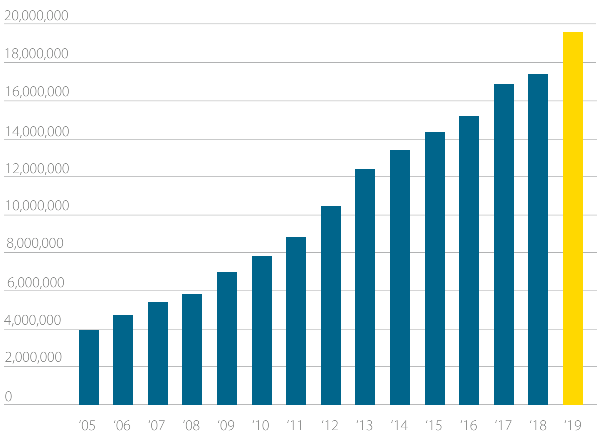
General context in 2019

The country's economic growth slowed to 4.4% in 2019, mainly due to a fall in the price of export materials and mining production. Inflation remained under control at 4.6% and the exchange rate was stable. However, the political transition went hand in hand with the escalated expenditure of public funds and currency reserves.

The security situation in the east of the country remained difficult and this seriously complicated the health response to the Ebola epidemic in the region, which is, however, far from the centers of activity of the group.

On the other hand, the new President of the Republic managed to reestablish positive relations with the international community, both neighboring countries and potential donors. The ambassadors of the Kingdom of Belgium and the European Union have been accredited, the Belgian prime minister made an official visit in early 2020, the International Monetary Fund granted a loan of USD 368 m to bolster the budget at the end of 2019, the United States announced a big increase in development aid and General Electric announced an investment worth USD 1 bn. The President also welcomed the group executives for a private audience.

Rental revenue (in EUR)



Real estate business

In 2019 the group enjoyed the full benefit of earlier investments, particularly phase I of the Bois Nobles project. Phase I comprising 36 homes (24 apartments and 12 villas) was completed in September 2018. It generates EUR 1.6 m in annual rents. It benefits from new facilities: a ready-installed fiber-optic network, a water reserve and the general use of LED lighting.

An additional six villas were completed and immediately rented out in June 2019 as part of the same project.

As a consequence, the group portfolio comprises 300 homes (247 apartments and 53 villas), with a total residential rental surface area of 58,500 m^2, 22,000 m^2 of office and commercial space and 36,000 m^2 of warehousing. The occupancy rate was 98% on December 31, 2019.

The investments totaled EUR 7.1 m in 2019. They are mainly focused on phase II of the Bois Nobles project and the construction of an office complex on the Petit Pont site. Phase II of the Bois Nobles project comprises 33 apartments of between one to four bedrooms over three four-story buildings. They will have access to the same facilities as the phase I homes, and, given their high-rise nature, they will also be equipped with elevators. They will be completed in early 2021 and will generate EUR 1.2 m in annual rent. Petit Pont, located a couple of hundred meters from the Utexafrica concession, at the end of Boulevard du 30 Juin, the city's main artery, is a three-story building with a net floor space of 3,000 m^2. It will be available at the end of 2020. Brussels Airlines has already rented one story under a long-term contract. It will be Kinshasa's first environmentally friendly building, with solar panels, rainwater capture and LED lighting.

The group has also fully renovated an old 700-m^2 modernist building on the Cotex concession directly opposite the Petit Pont building to house the Texaf Digital Campus (see below for more information). For the wellbeing of its residential clients, it has also upgraded its recreation area with a playground for the youngest children and a gym with fully equipped fitness room and space for yoga and other collective classes.

The "Jardins de Kinsuka" project development studies initiated in 2016 with the assistance of the architectural firm ORG2 (http://orgpermod.com) continued at the desired pace. Certain parties tried to take advantage of the political transition by appropriating the Kinsuka site, which forced the group to react and so slowed down the work on the site. More positively, in mid 2019 the group sold 17 ha of this 104 ha site to the Société Nationale d'Electricité (SNEL) for a net price very close to the fair value published in the annexes to the financial statements. SNEL will set up the end of the line from the new Zongo II hydroelectric station and its electrical substation, which will ensure that all parts of the site have access to a stable source of power. The studies on Jardins de Kinsuka moved from the urban development phase to the engineering phase at the beginning of 2020.

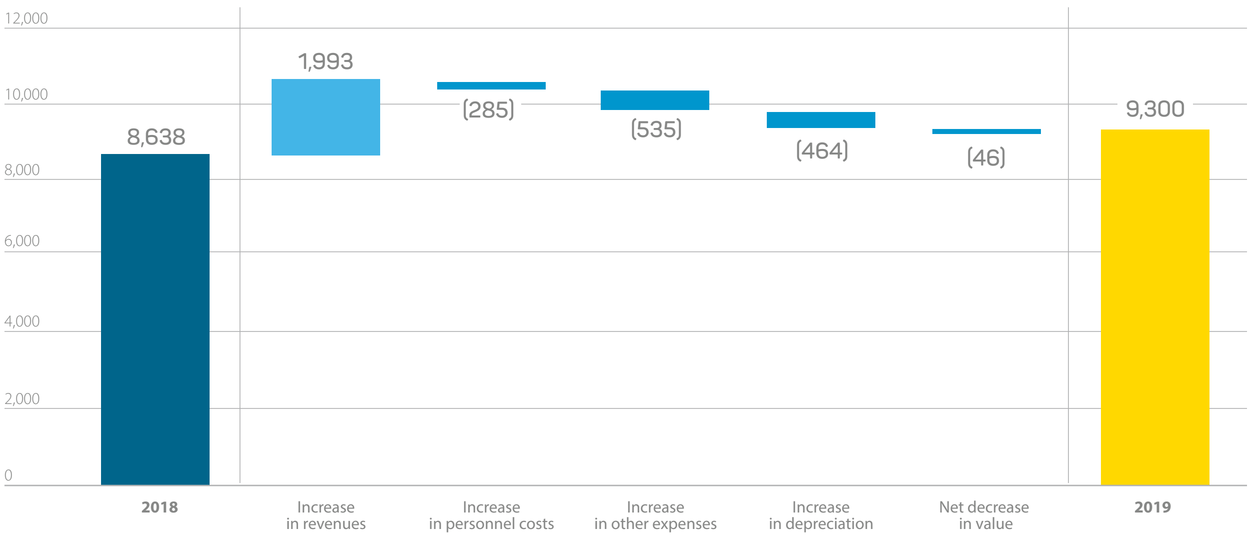
In 2019 rents from the real estate business increased by 12% to EUR 19.5 m, as the Bois Nobles homes were rented for the full year. International institutions account for 43% of these rents and 40% of large companies.

The expenses have increased due to the strengthening of the management team and attempts at appropriation that led to major legal and security costs. Furthermore, the doubling of social security contributions and the rise of the dollar have also driven these expenses up. As a consequence, the recurring operating result increased by only 8% to EUR 9.3 m.

The sale of a site to SNEL, as mentioned above, generates a non-recurring result before tax of EUR 5.1 m, with an operating result of EUR 14.4 m (+40%).

The net operating result was EUR 10.0 m (+39%) and the net result EUR 10.9 m (-17%) (share of the group). In 2018 this net result benefited from an exceptional revaluation of the deferred tax, which was not repeated to the same degree in 2019.

Real estate operating result trend



Results of the real estate business

IMMO (in thousands of euros)	2015	2016	2017	2018	2019	Diff.
Revenue from ordinary activities	14,534	15,268	16,730	17,305	**19,474**	12.5%
Recurring operating result	6,183	7,952	8,861	8,638	**9,300**	7.7%
Operating result	5,679	8,100	8,861	10,016	**14,420**	44.0%
Result before deferred taxes	3,779	5,764	6,141	7,224	**10,013**	38.6%
Net result (share of the group)	4,256	6,249	7,604	13,148	**10,923**	(16.9%)

* The classification of charges by sector has been refined compared with previous financial years.

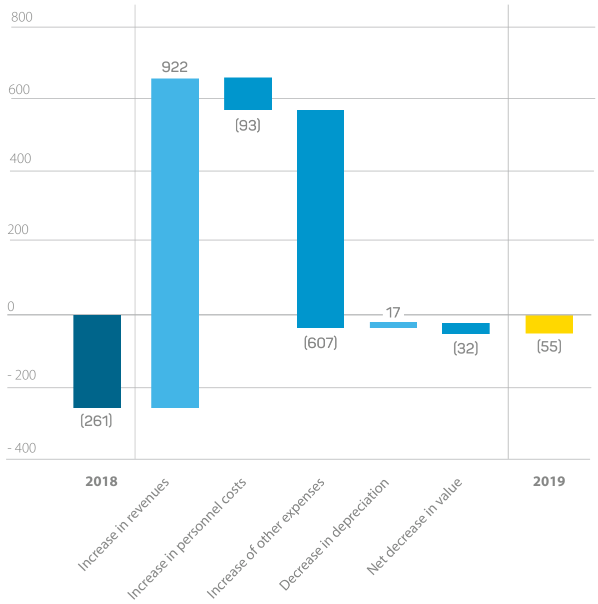
CARRIGRÈS sandstone quarry

The situation remained fairly flat in 2019, but marketing efforts and the maintenance of low sale prices in 2018 helped increase sales by 60% to 214.000 tons and turnover by 53% to EUR 2.5 m. Sales would have been even higher if various production incidents had not reduced the availability of the most in demand products.

At the same time, equipment maintenance as well as advertising and marketing costs also increased. The operating loss continued to fall and was only EUR 71 k recurring and EUR 70 k in total.

Taking account of financial income, the result before deferred taxes was EUR 194 k (-22%) and the net result (share of the group) was EUR 249 k (-25%). This decline is due to the absence of a capital gain on a sale, which was enjoyed in 2018.

Carrigrès operating result trend (in EUR k)



CARRIGRES (in thousands of euros)	2015	2016	2017	2018	2019	Diff.
Revenue from ordinary activities	5,071	3,266	1,584	1,612	**2,460**	52.6%
Recurring operating result	1,451	178	(894)	(261)	**71**	(72.9%)
Operating result	1,359	98	(4,454)	(109)	**(69)**	(36.4%)
Result before deferred taxes	1,407	616	(3,954)	248	**(194)**	(21.6%)
Net result (share of the group)	1,554	638	(2,762)	335	**(249)**	(25.5%)

Digital

In an environment marked by the very rapid development of web and mobile apps in Africa, with USD 2 bn invested by venture capitalists in 2019, TEXAF has created a new business segment, investment in the digital economy. Its aim is to become the leading private actor in this field in the Democratic Republic of Congo.

The first act was to invest EUR 1 m in the venture capital fund Partech Africa, which is managed by one of the biggest investors in the industry (www.partechpartners.com). It has already invested in nine African startups. At the end of 2019, 25% of this commitment had been called upon.

The second act was to establish the TEXAF DIGITAL CAMPUS. This co-working and training venue opened in January 2020 in the magnificent 700 m^2 modernist building on Kinshasa's main intersection. The building was renovated to this end. While this makes TEXAF's commitment in this new business visible to all, the goal is also to make it the go-to place in Kinshasa for local entrepreneurs and international groups that wish to set up business in the Democratic Republic of Congo. It is also a nexus of collaboration with industry parties. In particular, it is home to the KINSHASA DIGITAL ACADEMY (www.kinshasadigital.com/academy)

This academy runs intensive seven-month web and mobile app development and digital marketing web designer courses in accordance with the simplon.co factory network teaching method to 40 students (80 commencing with the second session) selected from more than a thousand candidates. The aim is to teach them the skills needed in the digital economy to combat social marginalization, as the course is free for the students and females are guaranteed at least 40% of places. Every student receives a USD 5,500 grant (IT equipment included) to cover all tuition fees. The grants are funded by Congolese businesses

and organizations, who can then hire the graduates upon completion of the course. The KINSHASA DIGITAL ACADEMY was made possible by the funds provided to TEXAF and KINSHASA DIGITAL by Deutsche Gesellschaft für Internationale Zusammenarbeit (www.giz.de), the German international cooperation agency. Facebook and Orange also sponsor this unique initiative in the DRC.

It has been especially well received by the digital ecosystem and the DRC authorities.

Holding

The expenses of the holding company, which include the expenses of the Brussels office and those related to the consolidation of the financial statements and the stock market listing, are presented separately.

They total EUR 1.4 m, which is 15% higher than the previous year, after taking account of a provision for variable remuneration. Taking account of financial income, the net result was EUR (402) k, vs EUR (573) k in 2018.

HOLDING (in thousands of euros)	2015	2016	2017	2018	2019	Diff.
Revenue from ordinary activities	43	5	0	0	**0**	n.s.
Recurring operating result	(1,149)	(1,176)	(947)	(1,208)	**(1,398)**	15.7%
Operating result	(1,149)	(2,018)	(997)	(1,208)	**(1,330)**	10.1%
Result before deferred taxes	(186)	(1,228)	(96)	(351)	**592**	68.4%
Net result (share of the group)	(354)	(1,432)	(300)	(573)	**(402)**	(29.9%)

Consolidated result

The recurring operating result increased by 9% to EUR 7.8 m.

After taking account of non-recurring operating items, which mainly (EUR 5.2 m) relate to the gain on the sale of part of the Kinsuka site, the operating result increased to EUR 13.0 m (vs. EUR 8.7 m the previous year, which benefited from a gain on an expropriation of EUR 1.4 m) and the net result increased to EUR 12.9 m (share of the group).

The deferred tax adjustments had a big impact on the net result. Deferred taxes are provisions for possible future taxes that are only recognized in the consolidated accounts under IFRS. The larger part of these deferred taxes relates to latent gains on the group's real estate portfolio in DRC.

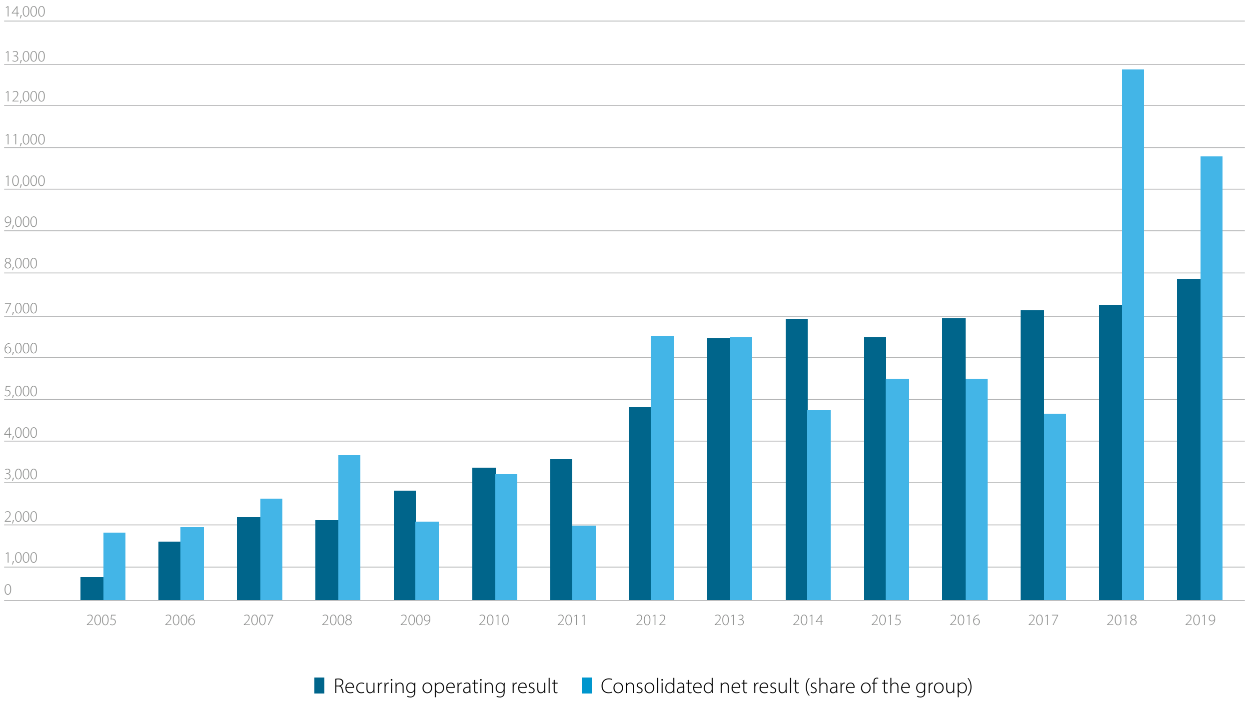
This provision was reduced by EUR 5.8 m in 2018 due, on the one hand, to a difference between the depreciation of the Congolese franc and the remeasurement coefficient authorized by the tax authorities and, on the other, a reduction in the corporate tax rate in DRC from 35% to 30%. In 2019 this reduction in the provision was repeated, albeit in a lower amount of EUR 1.2 m.

As a consequence, the net operating result (share of the group) was EUR 10.8 m (vs. EUR 12.9 m in 2018).

(in thousands of euros)		2015	2016	2017	2018	2019
Revenue from ordinary activities		19,648	18,392	18,208	18,869	**21,691**
Other recurring operating income		1,451	1,844	1,493	1,423	**1,530**
Recurring operating expenses		(11,501)	(10,496)	(9,663)	(10,180)	**(12,008)**
Recurring EBITDA		**9,598**	**9,740**	**10,038**	**10,111**	**11,213**
	% of turnover	45%	48%	51%	50%	48%
Depreciations		(3,112)	(2,787)	(3,018)	(2,943)	**(3,382)**
Recurring operating result		**6,486**	**6,953**	**7,020**	**7,168**	**7,831**
	% of turnover	31%	34%	36%	35%	34%
Non-recurring operating items		(597)	(774)	(3,610)	1,531	**5,190**
Operating result		**5,889**	**6,179**	**3,410**	**8,699**	**13,022**
Financial expenses		(470)	(754)	(1190)	(438)	**(223)**
Results before tax (from continuing operations)		**5,423**	**5,428**	**2,220**	**8,261**	**12,799**
Current taxes		(255)	(73)	75	(1,140)	**(3,183)**
Result before deferred taxes		**5,168**	**5,355**	**2,295**	**7,121**	**9,616**
	% of turnover	24%	26%	12%	35%	41%
Deferred taxes		282	101	2,255	5,811	**(1,176)**
Net result after tax		**5,450**	**5,456**	**4,550**	**12,932**	**10,793**
Consolidated net result (share of the group)		**5,456**	**5,454**	**4,542**	**12,909**	**10,771**
BY SECURITY						
Recurring operating result (in EUR)		1.83	1.96	1.98	2.02	**2.21**
Operating result in EUR		1.66	1.74	0.96	2.45	**3.67**
Consolidated net result (share of the group) in EUR		1.54	1.54	1.28	3.64	**3.04**
Number of outstanding shares		3,543,700	3,543,700	3,543,700	3,543,700	**3,543,700**

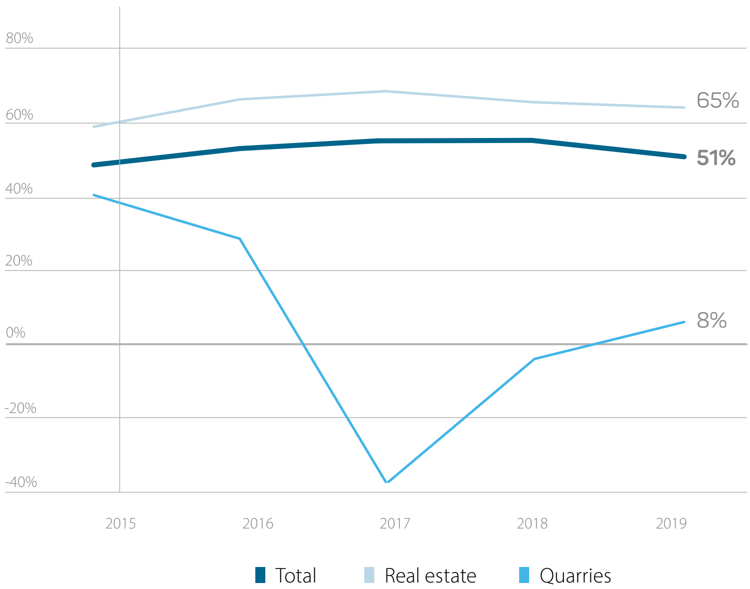
The alternative performance indicators are defined on page 121

Consolidated result (in thousands of euros)



Recurring EBITDA

as a % of revenue from ordinary activities



The alternative performance indicators are defined on page 121

> Recurrent operating result: stable

Comprehensive income

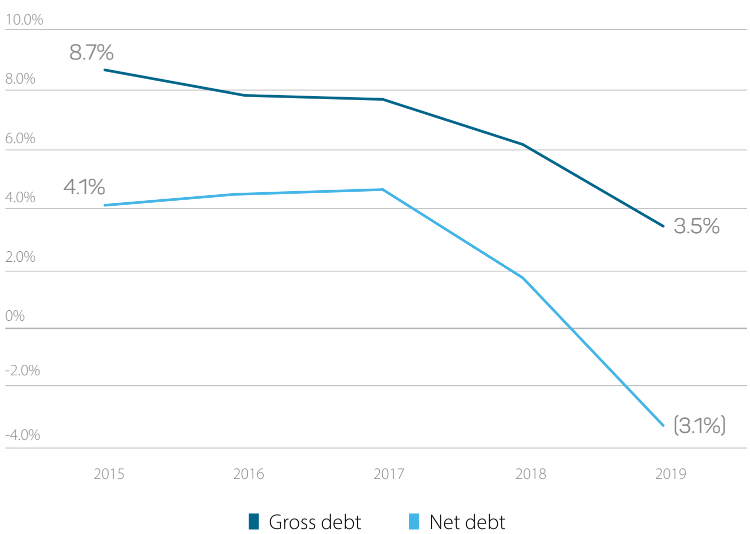
(in thousands of euros)	2015	2016	2017	2018	2019
Result for the financial year	5,450	5,456	4,550	12,932	10,793
Variations (after tax) in revaluation reserves	-	117	0	-	(28)
Variations (after tax) in pension provisions	(126)	(16)	(52)	-	(19)
COMPREHENSIVE INCOME	**5,324**	**5,557**	**4,498**	**12,932**	**10,746**
ALLOCATED TO					
TEXAF shareholders	5,330	5,549	4,490	12,909	10,724
By security	1.50	1.57	1.27	3.64	3.03
Minority interests	(6)	8	8	23	22

Consolidated balance sheet
(before appropriation of the result)

The balance sheet structure is characterized by another reduction in the deferred tax provision of EUR 12.8 m and especially a very low debt ratio for what is primarily a real estate company. Net financial debt * of cash and cash equivalents, which was EUR 2.1 m as on December 31, 2018, or 2.3% of equity, became net cash and cash equivalents of EUR 4.1 m at the end of 2019, or 4.2% of equity.

Financial debt

as % of the balance sheet total



The alternative performance indicators are defined on page 121

Net debt, which was already very modest, has turned into a net cash amount.

December 31

(in thousands of euros)	2015	2016	2017	2018	2019
ASSETS					
Non-current assets	**103,995**	**107,866**	**109,125**	**112,236**	**115,252**
Property, plant and equipment	14,830	13,728	9,955	9,658	**9,911**
Investment property	87,880	93,867	99,100	102,347	**105,029**
Intangibles	43	41	23	15	**9**
Other financial assets	1,242	230	47	217	**304**
Current assets	**16,395**	**13,156**	**11,129**	**12,296**	**15,995**
Assets available for sale	1,180	1,180	0	0	**0**
Inventory	6,584	4,905	4,769	4,948	**4,633**
Receivables	1,491	1,114	1,469	692	**1,312**
Tax assets	1,190	1,518	919	807	**1,044**
Cash and cash equivalents	5,461	3,911	3,674	5,564	**8,767**
Other current assets	489	528	298	285	**239**
TOTAL ASSETS	**120,390**	**121,022**	**120,254**	**124,531**	**131,247**
LIABILITIES					
Equity	**74,587**	**78,099**	**80,167**	**90,213**	**97,516**
Capital	21,508	21,508	21,508	21,508	**21,508**
Group reserves	52,765	56,278	58,338	68,361	**75,642**
Minority interests	314	313	321	344	**366**
Non-current assets	**34,531**	**32,240**	**30,716**	**23,426**	**20,052**
Deferred tax liabilities	21,866	21,756	19,810	13,999	**12,805**
Other non-current liabilities	12,665	10,484	10,906	9,427	**7,247**
Current liabilities	**11,272**	**10,683**	**9,371**	**10,892**	**13,679**
Liabilities associated with assets available for sale	337	337	0	0	**0**
Other current liabilities	10,935	10,346	9,371	10,892	**13,679**
TOTAL LIABILITIES	**120,390**	**121,022**	**120,254**	**124,531**	**131,247**

Cash flow

The cash flow from operating activities after tax increased by 13%, bringing the cash flow from operating activities to EUR 10.7 m. Along with the income from the sale of a limited part of the Kinsuka site (EUR 6.4 m), this enables the financing of the investments in the financial year (EUR 7.5 m), a 20% higher dividend (EUR 3.4 m) and a reduction in debt (EUR 3.1 m).

This is in line with the long-term policy of the group to reinvest the majority of its operating cash flow, as shown in the table below:

CASH FLOW 2015-2019 (IN EUR K)

SOURCE OF FUNDS		**USE OF FUNDS**	
Cash flow from operating activities*	58,943	Investments	37,147
Divestments	7,720	Tax	12,266
Increase in debt	33	Dividends	12,498
		Increase in cash and cash equivalents	4,785
TOTAL	**66,696**	**TOTAL**	**66,696**

(*) Before taxes

(in thousands of euros)	2015	2016	2017	2018	2019
Cash and cash equivalents at the beginning of the year	**3,984**	**5,461**	**3,911**	**3,674**	**5,564**
Cash flow from operating activities after tax	6,774	8,331	8,704	8,892	**10,038**
Change in need of working capital	45	335	2	2,850	**706**
Cash flows from operating activities	**6,819**	**8,666**	**8,706**	**11,742**	**10,744**
Investments	(9,418)	(7,441)	(6,625)	(6,180)	**(7,483)**
Divestments	17	292	204	764	**6,443**
Cash flows from investment activities	**(9,401)**	**(7,149)**	**(6,421)**	**(5,416)**	**(1,040)**
Dividends	(1,701)	(2,039)	(2,430)	(2,886)	**3,442**
Changes in debts	5,762	(1,028)	(92)	(1,550)	**(3,059)**
Cash flows from financing activities	**4,061**	**(3,067)**	**(2,522)**	**(4,436)**	**(6,501)**
Net increase (decrease) of cash and cash equivalents	**1,479**	**(1,550)**	**(237)**	**1,890**	**3,203**
Value adjustment, translation differences and changes in scope	(2)	0	0	0	**0**
Cash and cash equivalents at year's end	**5,461**	**3,911**	**3,674**	**5,564**	**8,767**

Dividend

The Board will propose increasing the dividend to EUR 4,100,567 or EUR 1.15714 (EUR 0.81 net) per share, an increase of 19%. It will be payable from May 29, 2020 upon presentation of coupon no. 9.

For the first time the Board also decided, in its February 25, 2020 meeting, to propose that all or some of the dividend can also be reinvested in a reserved capital increase (optional dividend) so that interested shareholders can be involved in funding the investments to grow the company. Based on the investment potential, Société Financière Africaine (S.F.A.), which holds 62% of the shares, has already committed to reinvesting at least 50% of its dividend.

Events after the reporting period

The start of 2020 was marked by the global coronavirus pandemic.

At the time of writing, the DRC appeared to be less affected than Western countries. The Congolese population is very young on average. However, the group has taken steps to protect its tenants and employees well before any official measures were announced. It is in constant contact with them as regards to the steps taken to protect their health and security.

On March 19, the TEXAF DIGITAL CAMPUS and the TEXAF BILEMBO cultural center were both closed to the general public.

On March 24, the DRC shut its borders to air passengers, which prevents staff and clients from leaving the country by other means than official repatriation flights. As a consequence, the CEO and the majority of group managers remain in Kinshasa.

On April 6, the district around the Utexafrica concession was quarantined and ordered to self-isolate for 15 days. That meant that all building sites were closed down and the majority of group employees were unable to come into work. The group reached agreements with commercial tenants to ensure the provision of fresh supplies to concession residents.

As this annual report went to press, the Carrigrès quarry, which is located beyond the lockdown area, was working normally albeit with a reduced workforce, with due consideration for good social distancing practices.

The crisis had no impact on the group's finances in the first quarter. As this annual report went to press, no tenant had terminated its lease and rents were being paid as normal.

The group holds EUR 8 m in cash and has access to a EUR 1.5 m line of credit at the bank.

The medium-long term outlook depends on how long the self-isolation measures continue. If it has to be extended, the completion date of Bois Nobles Phase II (33 apartments) and Petit Pont (3,000 m² of office space) will be put back, with a negative impact on 2021 revenue estimated at EUR 185 k per month's delay, but a positive impact on the short-term cash position due to the corresponding suspension of investment spend.

TEXAF notes that its business model differs from that of companies active in the western world, which means it is able to follow the line adopted for dividend payments and is hopeful that building sites can be reopened and preparatory studies started rapidly after any change in the situation.

The majority shareholder and other significant shareholders have confirmed their intention to reinvest at least 50% of their net dividend in shares as a clear sign of their unflagging confidence in the growth potential of the group.

Statement of risk

The Board of Directors wishes to point out that the company's assets are located in the DRC and that the specific environment of the country entails certain risks. There is a lack of governance in DRC. Accounts were drawn up cautiously, based on the assumption of stability in the social-economic and regulatory environment.

TEXAF, whose reference currency is the euro, holds stakes in other companies transacting in foreign currencies (USD and Congolese franc), so the business is exposed to exchange risks. The group does not use hedging instruments as the terms are unpredictable. However, this risk is limited, given the low proportion of these transactions in foreign currencies.

A more detailed presentation of the risks the group may be exposed to is provided on page 70.

Performance criteria

TEXAF expects to achieve the performance targets in relation to the risk factor of its environment. Real estate and industrial investment projects must fulfil an internal yield criterion greater than the one used by financial companies active in more stable regions. These criteria are reviewed against the development of this environment.

Statement of corporate governance

The statement of corporate governance (see below) is an integral part of the consolidated management report.

Statement of responsibility

We hereby confirm that, to the best of our knowledge, the consolidated financial statements prepared in accordance with applicable accounting standards, faithfully represent the financial situation and the results of the company and the undertakings included in this consolidation and that the management report gives a faithful account of the development of business, the results and thesituation of the company and the undertakings included in the consolidation as well as a description of the main risks and uncertainties it faces.

In the name of and on behalf of
the Board of Directors

Jean-Philippe Waterschoot
CEO

CORPORATE GOVERNANCE

Adherence to the Corporate Governance Code

The Board regularly examines the compliance of the contents of the charter with applicable laws and regulations. The current version of the charter was approved on November 15, 2017.

The company adopts a "monist" governance structure with the Board of Directors.

This charter confirms the adherence of TEXAF to the Belgian Corporate Governance Code (2009), its principles and the bulk of its guidelines. The company deviates from the principles of the Code on the following points: the non-executive directors did not meet without the executive directors (article 3.11) and the directors do not necessarily lose their independent status after 12 years (article 3.5.2).

The Board has also adopted the charters of the Audit Committee and the Remuneration and Nomination Committee.

The full text of the Governance Charter is available on the website at www.texaf.be.

The governance report in this 2019 annual report is an integral part of the management report.

Composition of the Board of Directors

PHILIPPE CROONENBERGHS (1950)

Term of office ends *2021*

President, non-executive

After graduating from University of Antwerp (UFSIA) with a master's degree in applied economic sciences, Philippe Croonenberghs began his career with a three-year posting in Iraq after completing his military duty as a special forces officer. He joined TEXAF in 1985. Put in charge of investments by the shareholder Cobepa, he fulfilled various directorships between 1992 and 2002 within companies such as Ibel, Zénitel, Uco, Aon and Fortales. In 2002, he organized an MBO of TEXAF and, on his initiative and under his direction, TEXAF reoriented its business model, abandoning the heavily loss-making textile business in favor of a real estate business and more recently the digital revolution in DRC. He has been CEO of TEXAF for 20 years and chairman of the Board since 2017.

DOMINIQUE MOORKENS (1948)

Term of office ends *2020*

Vice-president, non-executive

Dominique Moorkens began his career within the Alcopa family group as an automobile dealership manager. He took over as director in 1981 and in this role he restructured the group, based on the principles of good governance. The Alcopa group, of which he was CEO and chairman of the board for very many years, is active in the distribution of two- and four-wheeled vehicles. It has turnover exceeding EUR 2 billion, generated in Europe and internationally. The group employs more than 2,300 people.

Dominique Moorkens is also a director of Carmeuse, and chairman of the board of Coprem. He is involved in numerous organizations dedicated to philanthropy and entrepreneurship; chairman of the Board of Mékong Plus. He is honorary consul of the Republic of Korea.

VINCENT BRIBOSIA (1960)

Representative of Chanic s.a.
Term of office ends *2023*

Independent

Vincent Bribosia has an MA in Law (Université de Liège) and a master's degree in management from CEPAC (ULB). He has also followed executive education programs at the London School of Economics and Harvard Business School. He joined TEXAF from the Suez-Société Générale de Belgique group where he held various positions, including chief of staff of the CEO, Gérard Mestrallet. He was secretary and member of the Management Board of Société Générale de Belgique and a director of numerous companies, including Finoutremer s.a., Chanic s.a. as well as several unlisted companies. He was also on the staff of the minister for employment (1983-86). In 2000 Vincent Bribosia acquired Suez-Société Générale de Belgique group's stake in Chanic and is now its chairman. He is also a member of the Board of Directors of AMADE, the World Association of Children's Friends, in Monaco.

CHARLOTTE CROONENBERGHS (1989)

Term of office ends *2021*

Non-executive

Charlotte Croonenberghs is a Master of Laws (Leuven). After various traineeships (Alpro, Beiersdorf), including four months in the political and economic section of the Belgian Embassy in Bangkok, she gained a master's degree in European business (MEB), graduating magna cum laude from ESCP Europe (Paris and London). She is brand business leader at L'Oréal and a member of her division's management committee. She is the daughter of Philippe Croonenberghs.

CHRISTOPHE EVERS (1960)

Term of office ends *2021*

CFO, Executive

After graduating in business engineering at Solvay Brussels School (ULB), Christophe Evers began his career at Umicore. In 1989 he joined Cobepa, where he became CFO and joined the executive committee. In 2001 he joined the executive committee at bpost, with responsibility for business development, real estate and all non Mail and Retail activities. From 2004 to 2010 he was a partner at Drakestar Partners, an investment bank specialized in technology. Christophe Evers is a professor at the Solvay Brussels School and author of several publications.

MICHEL GALLEZ (1958)

Term of office ends *2021*

Non-executive

A graduate of the Ecole Pratique des Hautes Etudes Commerciales in Brussels, he has a long experience in textiles in Africa. He was first seconded to Kinshasa by the British group Tootal Textiles as financial manager of CPA Zaire and, in 1994, he worked in the Cha group, for which he set up a distribution channel for textile products throughout Africa; he held various posts as financial and general manager and sat on the board of several group companies. He was the last general manager of Congotex and is currently executive director of United Nigerian Textiles, the largest group of textile factories in Nigeria.

DANIELLE KNOTT (1968)

Term of office ends *2021*

Independent

Danielle Knott was born in Kinshasa. She is a Master of Laws, graduating cum laude from the Université Libre de Bruxelles, and holds an MBA from the Ecole de Perfectionnement en Management. She was an attorney at law for five years, before joining the Carmeuse Group in the human resources department. Danielle Knott is currently heading this department. Alongside this responsibility in Europe and North America, she is in charge of various assignments entrusted to her by the CEO of Carmeuse. Danielle Knott recently took over the management of a new business unit created in Groupe Carmeuse, in addition to her human resources responsibilities.

PASCALE TYTGAT (1960)

Term of office ends *2021*

Independent

A business engineering graduate of Solvay (1983) and IFRS-certified from Université Catholique de Louvain (2005), Pascale Tytgat is statutory auditor (1990). She is founding managing partner of BST Réviseurs d'Entreprises (1991). She has sat on the qualification examination jury of the Institute of Statutory Auditors of Belgium since 2006 and was a member of its Quality Control Commission for 20 years (1995-2016). She has also accomplished many financial expertise assignments in Belgium and France.

JEAN-PHILIPPE WATERSCHOOT (1963)

Term of office ends *2023*

Executive, CEO (from May 9, 2017)

A civil engineer who graduated from the Faculty of Applied Sciences at Université libre de Bruxelles (ICME 88), Jean-Philippe Waterschoot began his career at the TEXAF group in Lubumbashi in 1989. He held various operational posts at the UTEXAFRICA textile factory, and was its managing director up to the time when the textile branch merged with Congotex. He is director of the National Business Federation of Congo, director and permanent representative of the CBL-ACP Chamber of Commerce, vice-president of the Belgo-Congolese CCBCL Chamber of Commerce, director of several non-profit and business associations in DRC and Advisor in Economic Diplomacy with the Belgian Embassy in Kinshasa. He is an Officer of the Order of Leopold.

ALBERT YUMA MULIMBI (1955)

Term of office ends *2023*

Non-executive

Holding a master's degree in applied economics from UCL, since 1983 Albert Yuma has held positions at all administrative levels at UTEXAFRICA until he was appointed managing director, a post he shared with Jean-Philippe Waterschoot until June 2015. An influential figure in the DRC, Albert Yuma is chairman of the Congolese Employers' Federation (FEC), director of the Congolese Central Bank and chairman of its Audit Committee, as well as chairman of Gécamines. He sits on the council of the International Labour Organisation in Geneva and is vice-president of the International Organisation of Employers (IOE). He is a director of the Belgo-Congolese Chamber of Commerce. He is a Commander of the Order of the Crown.

The Board of Directors is composed of 10 directors, of which three are independent directors, two are executive directors and eight are non-executive directors (which includes the independent directors). If the General Assembly Meeting of May 12, 2020 decides to reelect Dominique Moorkens, the Board will have four independent directors as, under article 7:87 of the Code of Companies and Associations, Dominique Moorkens has no relations with the company or any of its major shareholders that threaten his independence.

The directors are appointed for a term of four years.

HERMAN DE CROO, a minister of state, served the company as a director between 1981 and 2019 (except during his terms as minister). In recognition of his contribution he has been appointed honorary director and continues to provide advice to the company.

Working of the Board of Directors

The Board of Directors met five times in 2019.

The list of individual director attendance is as follows:

Vincent Bribosia*	4	80%
Charlotte Croonenberghs	4	80%
Philippe Croonenberghs	5	100%
Christophe Evers	5	100%
Michel Gallez	2	40%
Danielle Knott	4	80%
Dominique Moorkens	5	100%
Pascale Tytgat	5	100%
Jean-Philippe Waterschoot	5	100%
Albert Yuma Mulimbi	1	20%

Any absence of a director was for pressing reasons. Their opinions on the key items on the agenda were obtained before the meeting in question.

In the course of its meetings, besides the minutes of the Audit and Remuneration and the Nomination Committee, the Board dealt with:

- Topics relating to its legal obligations, such as the preparation of financial statements, the annual report, the interim report and the preparation of the General Meetings;
- Analysis and application in the company of the IAS/IFRS rules;
- Various planned investment projects;
- Development of the Kinsuka site;
- Management of the real estate portfolio;
- Monitoring of CARRIGRES;
- Improvement of the various aspects of governance;
- Legal and physical securing of the group's assets in DRC;
- Strengthening the teams and ensuring their safety;
- Monitoring and analyzing risks;
- Medium-long-term budget and strategic plan.

All decisions were passed unanimously.

(8) Vincent Bribosia, representing Chanic s.a.

Committees of the Board of Directors

AUDIT COMMITTEE

The Audit Committee is formed of Ms. Pascale Tytgat, chair, and Messrs. Philippe Croonenberghs and Dominique Moorkens. The Audit Committee met twice in 2019.

The work of the Audit Committee was focused on:

- Closing the 2018 financial year;
- Information on the fair value of investment properties;
- Establishing the interim situation on June 30, 2019;
- Monitoring the special valuation rules, particularly with regard to IAS/IFRS standards and amendments thereto;
- The problem of deferred taxes;
- Monitoring the financial communications;
- Defining the APMs;
- Monitoring internal control and risk management including the risk matrix;
- Managing an internal audit on the establishment of a manual of procedures;
- Updating the accounting tools and procedures;
- Relations with the external auditor;
- Formalities of a transaction subject to article 7:96 of the C.S.A.;
- Anticipation of 2019 closure topics.

REMUNERATION AND NOMINATION COMMITTEE (RNC)

The Remuneration and Nomination Committee is formed of Ms. Danielle Knott, chair, and Messrs. Vincent Bribosia* and Philippe Croonenberghs. If the General Assembly Meeting of May 12, 2020 decides to reelect Dominique Moorkens, he will join the Remuneration and Nomination Committee.

The work of the RNC was focused on making recommendations on the following:

- Reviewing the remuneration of the CEO;
- Setting the variable remuneration of executive management;
- Examining the appropriateness of changing the composition of the Board of Directors;
- Setting up a senior management search in the context of implementing succession organigrams;
- Strengthening the teams in DRC.

Process of assessing the Board of Directors

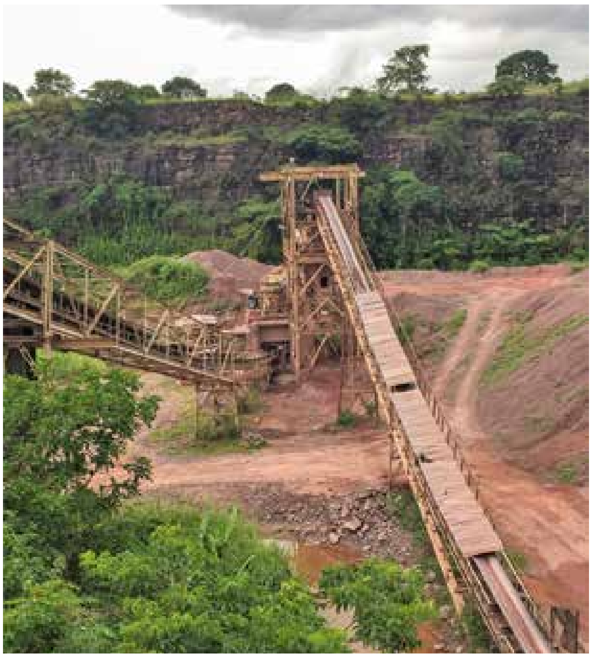
The Board periodically assesses its own performance and the performance of its committees and individual directors. To this end, it uses the toolkit provided by Guberna, the institute of directors. In 2017 the whole Board met in Kinshasa for four days, primarily to work in more depth on its performance.

Auditor

Deloitte, Réviseurs d'Entreprise SCCRL, represented by Pierre-Hugues Bonnefoy (May 2019-May 2022).

Management

- Jean-Philippe Waterschoot, CEO
- Christophe Evers, CFO
- Hubert de Ville Goyet, finance manager, TEXAF and compliance officer



Risk management and internal control systems

The Board of Directors is responsible for maintaining appropriate internal control and risk management systems, bearing in mind the working of the group and the environment in which it operates. The main goal of these systems is to ensure, with a reasonable degree of certainty, that the Board of Directors is informed in good time of advancements in the realization of the strategic, financial and operational targets of the group, that the financial and non-financial reports are reliable, that the assets of the group are protected and that the liabilities are identified and managed.

The Audit Committee, on behalf of the Board of Directors, monitors the risks and controls and reports its observations to the Board of Directors.

RISK MANAGEMENT

Management identifies and analyzes the risks, which are discussed in the Board of Directors after examination in the Audit Committee, and their management is assessed by the Audit Committee. The Board of Directors is composed, among others, of an executive member and two non-executive members active in DRC. These assess the main inherent risks of the group and report to the Board.

A summary of the main risks identified is provided on page 70.

INTERNAL CONTROL

The group has implemented a set of policies and procedures to ensure, as far as possible, the rigorous and effective management of its assets, the protection of its portfolio and the quality of information.

The consolidated subsidiaries draw up a consolidated budget every year in compliance with IFRS standards, as well as operating budgets for each legal entity, which serves as a basis of comparison for the year under review. Ir also draws up the detailed monthly accounts with new projections for the ongoing year. These accounts are analyzed by the CEO and the CFO, and commented on by the Board of Directors. The parent company receives the accounts of the subsidiaries every month.

Disputes are monitored by the legal manager based in DRC, who makes regular reports to the Board of Directors.

The double signature principle is applied in the group systematically.

The internal control measures are constantly reviewed and improved, with procedures defined and some tasks automated.

INTERNAL AUDIT

In 2019 an external consultant was hired to conduct an internal audit concerning a comprehensive manual of procedures. The external consultant designed and shared a process for drawing up these procedures and following their implementation. Procedures are drawn up in phases by internal teams.

Conflicts of interest and transactions by insiders

The Board of Directors was called upon to pronounce upon one conflict of interest in June 2019 and recorded the following in its minutes:

"Mr. Albert Yuma, director of Texaf s.a., wished to acquire a 104 m^2 plot of land adjoining his property. He stated therefore that, in this matter, he had an interest of a financial nature contrary to that of the company. In the absence of Mr. Yuma, the Board examined this request with due consideration for articles 5:76 and 5:77 CSA (article 523 C.Soc.). Bearing in mind that this plot of land was unused and would not hamper future developments, the Board decided to sell it at its estimated value of €650 per m^2. This transaction would generate a gain in the consolidated financial statements of €55 k before tax."

The following transactions in TEXAF shares were conducted by the following persons in 2019:

- On March 6, 2019, five shares sold by S.F.A. on the stock exchange for EUR 142
- On August 13, 2019, 430 shares sold by S.F.A. on the stock exchange for EUR 13,776

Aspects that could have an impact on a public offer

There is only one class of shares and there are no restrictions on the transfer of shares or the exercise of the voting right.

No right of the company would be withdrawn and no obligation would be introduced in the event of a change of control.

The company no longer has any authorized capital.

On August 23, 2019 the company declared to the FSMA (art. 74 of the TOB law):

TOTAL SHARES ISSUED	3,543,700	100%
Holders:		
Société Financière Africaine	2,212,990	62.53%
Middle Way Ltd	354,370	10.00%

Société Financière Africaine is controlled by Chagawirald SCS, which in turn is controlled by Philippe Croonenberghs.

Middle Way Ltd is wholly owned by Member Investments Ltd. The ultimate beneficiary of Members Investments Ltd is CCM Trust (Cayman) Ltd, a trust of the Cha family in Hong Kong.

MANAGEMENT TEAM

CHRISTOPHE EVERS
CFO

YOLANDE NIMY
Commercial real estate manager

ROGER AKALA
Human resources manager

MONINA KIADI
General counsel

HILARION MWAYESI
Operations manager of Carrigrès

SÉBASTIEN HETUIN
Construction manager

PAULO BARRIL
Commercial manager of Carrigrès

OLIVIER POLET
Technical manager of real estate

YOANN PETIT
Project manager

OLIVIER PIROTTON
Financial manager

HUBERT DE VILLE
Financial manager TEXAF and Compliance Officer

AURÉLIE TSHISHIMBI
Communication assistant

REMUNERATION AND NOMINATION COMMITTEE (RNC) REPORT

Nominations

Dominique Moorkens' term of office will expire at the General Assembly Meeting of 2020. He is standing again as an independent director for a term of four years, expiring at the General Assembly Meeting of 2024. Dominique Moorkens satisfies the independence criterion in article 7:87 of the Code of Companies and Associations, as he has no relations with the company or any of its major shareholders that threaten his independence. He also satisfies the independence criteria in article 3.5 of the 2020 Belgian Code on Corporate Governance, except for the maximum term of 12 years as non-executive director. However, the Board feels this does not prevent him from showing the same independence he has always shown during his previous terms of office.

Non-executive directors

The remuneration of the executive and non-executive directors of TEXAF is reviewed on an annual basis by the Remuneration and Nomination Committee before being submitted to the Board of Directors. The remuneration report is approved by the General Assembly. Some proposals are the exclusive responsibility of the Assembly (see below).

REMUNERATIONS AND OTHER BENEFITS

The remuneration rules and gross amounts of non-executive directors are as follows:

- A fixed part of EUR 12,000 per non-executive director per year paid during the period in which the director was in office;
- A supplement of EUR 6,000 to the chairman, EUR 5,000 to the chairman of the Audit Committee and the chairman of the RNC;
- An attendance fee of EUR 1,000 per meeting of the Board or Committee;
- The executive directors are not remunerated, with the exception of their executive duties.

Messrs. Gallez and Yuma have waived their remuneration.

The company has taken out insurance to cover the activities of the members of the Board of Directors as part of their duties.

The duties of the non-executive director do not attract variable remuneration, stock option rights or an extra-legal pension plan.

However, on the proposal of the Remuneration and Nomination Committee, the Board of Directors, in acknowledgement of the temporary discrepancy between the (investment) decisions and the ensuing results, has decided that Philippe Croonenberghs, who is no longer an executive director (CEO) as of May 9, 2017, will continue to benefit from variable remuneration on the basis of the same calculation as for the executive directors, albeit in accordance with the following graduated scale: 100% on the 2017 result, 75% on the 2018 result and 25% on the 2019 result. The calculation method is explained below in the section on the remuneration of executive directors. The basic tranche for calculating his variable remuneration for the financial year 2019 is EUR 22,500. He continues to benefit from a company vehicle.

SUMMARY OF THE REMUNERATION OF THE NON-EXECUTIVE DIRECTORS IN 2018

IN EUR	Fixed remuneration (gross)	Attendance fee (gross)	Variable remuneration (gross)	Total remuneration (gross)
Chanic s.a. represented by Vincent Bribosia	12,000	8,000	-	**20,000**
Charlotte Croonenberghs	12,000	4,000	-	**16,000**
Philippe Croonenberghs	17,000	10,000	41,728	**68,728**
Michel Gallez	0	0	-	**0**
Danielle Knott	17,000	8,000	-	**25,000**
Dominique Moorkens	12,000	11,000	-	**23,000**
Pascale Tytgat	17,000	7,000	-	**24,000**
Albert Yuma	0	0	-	**0**

Executive directors

The remuneration policy for executive directors gives priority to the variable part of the remuneration over the fixed part, which has changed little over the past several years. The calculation formula for variable remuneration means that it is likely to exceed one quarter of the annual remuneration. Furthermore, bearing in mind the regular growth in the results, the criteria for this variable remuneration are not smoothed out over periods of two to three years. As a consequence, in accordance with article 14 of the law of April 6, 2010 (the corporate governance law), this variable remuneration must be explicitly approved by the General Assembly when it exceeds one quarter of the fixed remuneration.

The formula for calculating the variable remuneration is based on the advancement of two components of the consolidated result compared with the previous year:

- recurring operating result;
- result before tax.

The total amount of the variable remuneration is calculated on the basis of the results of these two components.

The Board may decide, on the proposal of the RNC, to eliminate the non-recurring items the managers have no impact on from these components.

The executive directors are as follows: Jean-Philippe Waterschoot (CEO) and Christophe Evers (CFO).

Jean-Philippe Waterschoot is CEO since May 9, 2017.

Jean-Philippe Waterschoot (CEO) lives in DRC. He is contracted as an employee and, as well as his fixed salary, he is granted the benefits generally granted in expatriate or similar contracts. His employer cost, comprising these benefits and the work performed and remunerated outside of DRC, was valued overall at EUR 340,477 in 2019.

The termination benefits are calculated in accordance with the applicable regulations in DRC.

For the year under review, the variable remuneration of the CEO is calculated on the basis of the formula set out above, with the following parameters:

- The average of the two components gives right to a basis fixed bonus of EUR 20,000 when this component is higher than it was the year before
- and a supplementary bonus of EUR 3,000 per % improvement.

In 2019, the application of the formula gives him the right to variable remuneration of EUR 148,365.

Christophe Evers (CFO), a self-employed director, benefits from annual remuneration of EUR 155,000 and a life insurance and an income loss insurance in the total amount of EUR 29,996. He is entitled to a termination penalty equal to one year's remuneration.

For the year under review, his variable remuneration is calculated on the basis of the formula set out above, with the following parameters:

- The average of the two components gives right to a basis fixed bonus of EUR 15,000 when this component is higher than it was the year before,
- and a supplementary bonus of EUR 3,000 per % improvement.

In 2019, the application of the formula gives him the right to variable remuneration of EUR 111,273.

If an error is observed in the accounts, the rectification is charged to the next variable remuneration.

The company has not granted any shares or options to the executive directors.

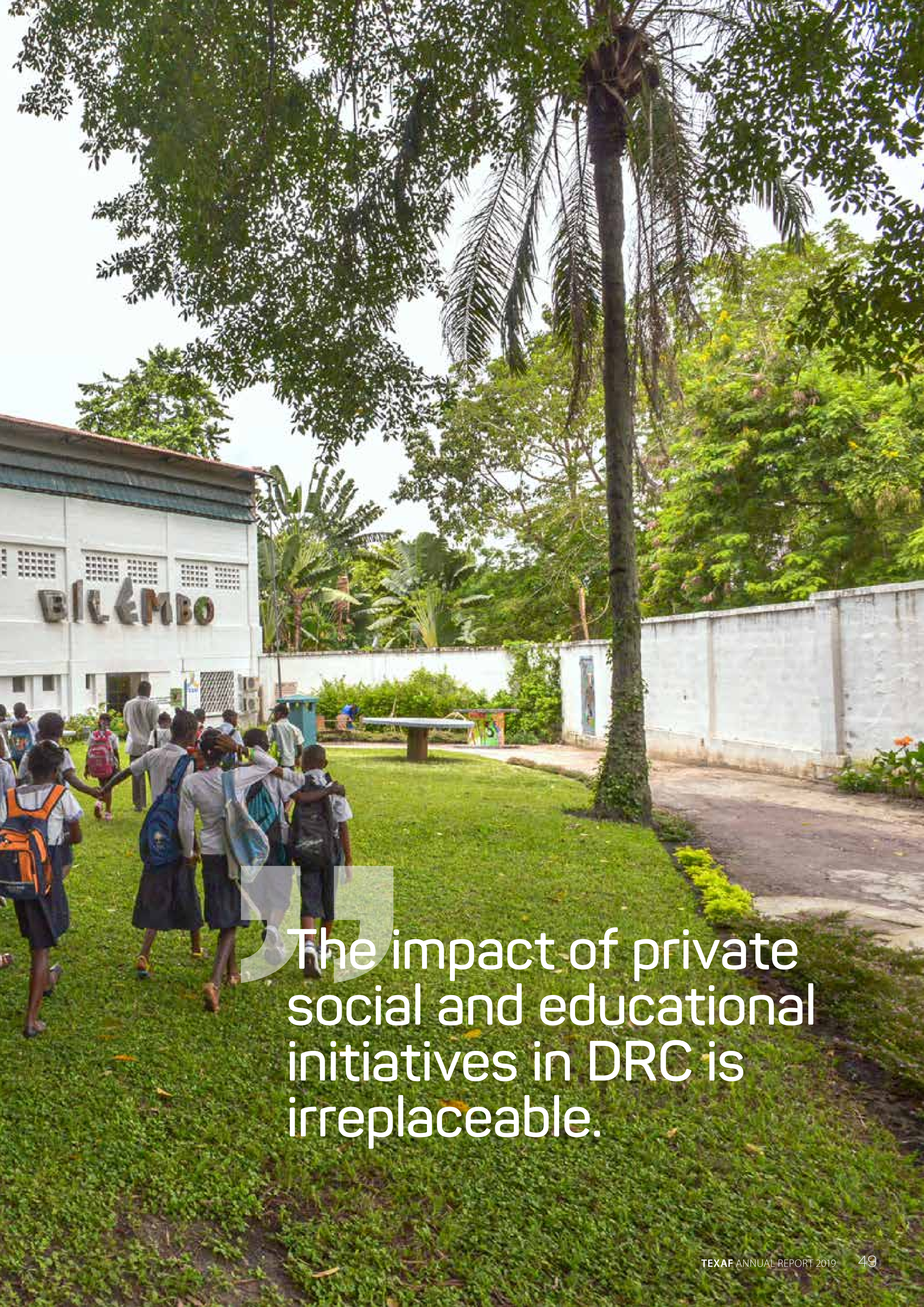
To bring the long-term variable remuneration of senior management into line with that of the shareholders, in addition to the annual variable remuneration the Remuneration and Nomination Committee has proposed to the Board of Directors, which has agreed, the introduction of variable remuneration based on the creation of long-term value, broken down as follows.

- The components of the calculation are the growth of TEXAF's market capitalization (reintegrated dividends) and the consolidated result before tax, distinguishing the contributions of the recurring result and the non-recurring items.
- The growth of market capitalization accounts for 70% of the calculation, with the growth of recurring result accounting for 15% and the growth of the three-year average of non-recurring profit a further 15% (with due consideration for the fluctuations in non-recurring items, their average three-year growth is taken into account and non-cash items are excluded).
- These three parameters are measured every three years. The right to a first variable bonus is calculated at the end of the financial year 2022 and will cover the period since 2020. The next calculation is scheduled for the end of 2025 and so on.
- The starting indexes are the average market cap of 2019 (EUR 116.2 m) as published by EURONEXT plus the dividend paid in the course of 2019 (EUR 3.4 m), the net recurring operating and financial result before tax of EUR 7.6 m and the 2017-2019 average of non-recurring items of EUR 2.2 m.
- The maximum variable bonus per beneficiary is EUR 750,000 k should the two components be doubled. The final sum will be prorated based on the degree to which the targets are met.
- The only beneficiaries of this variable remuneration are the two executive officers, Jean-Philippe Waterschoot (CEO) and Christophe Evers (CFO).

SUMMARY OF THE REMUNERATION OF THE EXECUTIVE DIRECTORS IN 2019

IN EUR	Employer cost	Variable remuneration	Pension plan	Company vehicle	Total
CEO	340,477	148,365	In accordance with DRC law	Yes	**488,842**
CFO	155,000	111,273	29,996	Yes	**296,269**

03 Corporate social responsibility



The impact of private social and educational initiatives in DRC is irreplaceable.

CORPORATE SOCIAL RESPONSIBILITY

The TEXAF group supports development projects in the DRC that are not necessarily directly connected to its corporate purpose.

In a spirit of full transparency, in 2012 the TEXAF Board of Directors proposed that the budget allocated to all projects be submitted to the General Meeting.

Every year it reports on the impacts of the group's efforts in this area, which are not necessarily financial in nature.

In 2019 the group supported the same five projects that it has supported for several years now.

- The goal of the first is to improve the quality of life of the inhabitants of Lodja and the region around Sankuru. Badly hit by successive wars and pillaging, the area suffers from high unemployment and the accompanying ills (including malnutrition and violence). The project is headed by Pierre-Albert Ngueliele and Béatrice Yseboodt, and is primarily focused on education and training.

- The second project works to improve health care in DRC, particularly the care of children with serious but curable pathologies through surgery and medical treatment. This project is run by CHIRPA, a NGO formed by Chaîne de l'Espoir Belgique, Chaîne de l'espoir RD Congo and Espoir de Vie.

- The goal of COMEQUI, the third project, is to give farmers in Kivu the means to start up sustainable development activities to increase their income and meet the needs of their family (sending their children to school and paying for health care).

- In the fourth project, Ndako ya Biso, the group supports the work of Jean-Pierre Godding sj. for street children in the Ngaba district of Kinshasa.

- Lastly, the group is the head sponsor of Kinshasa's main cultural center, Espace Texaf Bilembo, which aims to draw attention to contemporary Congolese artists through temporary exhibitions and to hold workshops for 12-18-year-olds to teach them about their roots (Bilembo is a Lingala word that carries this connotation), the country's agricultural resources and the challenges involved in sustainable development.

- TEXAF and its majority shareholder have also decided to support the Royal Museum for Central Africa (Africa Museum), which re-opened at the end of 2018 to great international success. TEXAF is donating EUR 30 k per year for three years. The group is specifically sponsor of an AfricaTube room, a digital platform by and for young people to present African cyberspace as a place of creation and exchange without boundaries.

Ndako Ya Biso
A refuge for street children

www.streetchildrenofkinshasa.com

Many children who have been left to fend for themselves on the street have found refuge in Ndako Ya Biso's centers. Formed 15 years ago, the charity now provides a safe place for almost 40 children every day. The children are interviewed, investigations are made and, after mediation, families are reunited. In 2019 Ndako Ya Biso's teams celebrated the 2,500th family reunification.

"Each reunification of a child with a family is a battle and a source of hope." So says Jean-Pierre Godding sj, who heads Ndako Ya Biso ("Our home" in Lingala). "When a child agrees to return and the family is reconciled, first it's a source of great joy for us, but above all it's a pathway to peace and the future."

Close to a thousand cases were handled in 2019. There were 174 new family reunification cases, 551 cases in which children were given guidance as they returned to school and 173 cases in which the guardian was offered occupational training. Ndako Ya Biso's educators and volunteers also maintained contacts with 319 children (225 boys, 94 girls) at seven sites where street children congregate, mostly around Ngaba roundabout. Another 306 children (259 boys, 47 girls) found their way to the centers of their own accord. "It goes without saying that the attendance rate is proportional to the quality and quantity of the meals served up," says brother Godding, with a smile. He also lists the services the charity is able to provide. As well as the refectory, there is also a dormitory, bathrooms, a sick-bay, classrooms to get the children up to the required standard to be able to go back to school and playrooms.

An attentive ear

Everything possible is done and all possible measures taken to create a welcoming refuge in which children feel able to talk freely. This ensures they feel secure enough to talk about why they ended up on the street. While their stories are often unbearable to hear, they must be shared before families can be given the opportunity to find each other again.

The reunification process is split into four steps.

- First, a connection has to be made with the children to give them the confidence they need to tell their stories and say where their families live. 925 children completed this step in 2019 (658 boys, 267 girls).
- Next, investigations are conducted into the child's family. This is a key step, but it can be difficult if a child gives a fake address or cannot remember where the family home is located.
- If and when the family is found, mediation can begin. "The educator will have to negotiate the child's return with the family. While a return sometimes goes smoothly, some children do not agree, remembering the misery and violence they had to endure. Otherwise, the family may consider the child to be a wizard responsible for all the ills in the household." 540 investigations and mediations were completed in 2019 (323 boys, 217 girls).
- The last step in the process is the moment the child returns to the family fold, accompanied by an educator. The family reconciliation is officially complete. Last year, this was the case for 115 boys and 59 girls. Only 26 children, 15% of this total, went back on the street.

Another 15 children were placed in care, eleven with a host family and four in a center, because their family refused to allow them to come home or the extensive investigations failed to uncover any information on either parent.

Comequi - A high-quality café in Kivu

www.comequi.org

Since its formation in 2008, Comequi has pursued its goal of providing rural inhabitants on the banks of Kivu lake with the means to start up sustainable development activities in order to increase their income and improve their quality of life. Support for coffee growers is a big part of this. Production quality and quantity have grown incessantly over the years.

The beans are carefully washed, sorted and selected. Methodically, one by one. Only the very best are used. This quest for excellence is typical of Minova, which is at the heart of Comequi's activities. Indeed, this goes for all Comequi washing stations.

As well as assistance and training for coffee growers, Comequi also encourages the creation of cooperatives to unite them. "On the various rounds we made in the course of 2019 we were delighted to see that the Amka cooperative seemed to be on the right path, after an extensive reorganization," says Comequi president Thierry Beauvois. "Amka closes the "short 2019 season" in February 2020 with a production of three containers sold to Europe. The production quality and quantity are clearly increasing and we have firm orders for the big harvest of 2020."

The guidance and support provided by Comequi have certainly been decisive factors in this positive development. This is shown by the award of the Fairtrade and BIO labels, as well as the visit of foreign buyers and coffee merchants to the different locations.

Specific training

Other signs of improvement are noticeable at the Coffee Academy too. This gives various parties, from growers, agronomics students and teachers to supervising teams at the cooperatives, the opportunity to share their knowhow. They are able to improve the quality of their (organic) coffee while increasing their production by following specific training in best farming practices and sustainable growing techniques.

The beekeeping community has also benefited from significant advancements, such that Comequi projects a doubling of production in 2020. "The increase from five to ten tons of honey in 2019 means each beekeeper is able to receive an extra 250 dollars in revenue. A thirteenth and fourteenth month, as they say in Europe."

Alongside the three farmers' associations that receive assistance from a Comequi engineer, everyone understands the benefit of organizing and mechanizing communal fields. The move from subsistence farming to commercial agriculture means local markets can be supplied and has brought additional revenues. For example, for the 350 mothers in the region who are able to pay for their trainers and the materials needed for their literacy course.

Neither have their children been left to their own devices. "Eight schools with a school kitchen garden are on the way to autonomy in 2020." These kitchen gardens are not only a source of revenue for the school, they are also a balanced source of food that doubles as a training plot for the young children. "They have a not unimportant impact on getting and keeping the children in school," says Thierry Beauvois, who also explains that not everything is going smoothly.

"The fact that primary school education is free weakens management at the schools. Teachers are no longer paid, there are huge numbers of children in the classes, but there is a lack of benches. That said, we've seen that several of our schools have been able to thrive, thanks to the revenue generated by the kitchen gardens. We've therefore decided to enlarge the scope of our actions to take in other schools so that they, in turn, can benefit from kitchen gardens."

He arranges to meet us again at the second edition of "Bike for Kivu", between October 31 and November 7, 2020 (www.bikeforkivu.com).

Comequi will be one of the four beneficiaries, alongside En Avant les Enfants and two local NGOs, Kivu Kick Starter and AgriEst. "The aim is to continue to supervise the redeployment of the coffee industry by giving direct support to the local cooperatives, as we have been doing at Comequi for 10 years." This year's Bike for Kivu will depart from Rwanda and Kibuye, entering Congo through Bukavu. The bikers will take the left bank of Lake Kivu to reach Gomba via Nyakatumbi, two nights in a bivouac at Makelele and Kirotshe, a detour through Masisi and Sake and Lac Vert. It's a totally new 170 km course following trails, farm tracks and roads winding through villages to reveal the beauty of Kivu.

Pediatric surgeon in Africa A full schedule

www.chirpa.org

The Texaf Group has been supporting the NPO CHIRPA for almost a decade. Since 2015 its funds are enough to allow one of CHIRPA's directors, Dr. Étienne Tshiony, to coordinate the work of the Center for Pediatric Surgery at the Ngaliema Clinic.

Dr. Tshiony and Chaîne de l'Espoir R.D.Congo, a founding member of CHIRPA, have been lobbying the country's health authorities and international partners incessantly for almost 20 years on the importance of pediatric surgery as a solution to infant mortality that cannot be ignored.

"Among the issues affecting the performance of the health system in the Central Africa and DR Congo region in particular, the National Health Development Program shows the shortage of qualified staff and the persistence of many transmissible (recurring epidemics) and non-transmissible diseases," Dr. Étienne Tshiony reports.

"Surgical intervention is still absent from the majority of national health plans in spite of being an effective way to reduce maternal (obstetrical surgery) and infant (pediatric surgery) mortality and morbidity with regard to non-transmissible diseases." Neglected by international organizations in favor of other health issues, surgery could play a key role in achieving the sustainable development goals.

"However, when you consider the global statistical studies on the prevalence of malformations at birth and the pathologies that result from traumas or infectious complications at national Democratic Republic of Congo level, close to 10% of children per year are affected by pediatric surgery."

The Center for Pediatric Surgery at Ngaliema Clinic opened in 2016: CHIRPA has mobilized its exceptional resources in 2019 to foreground its plea to the RD Congo health authorities that the minister of public health invites its partner, Chaîne de l'Espoir Belgique, to recommence its international pediatric cardiac surgery missions (care for children and training, in association with the University of Kinshasa). The invitation was sent by the minister at the beginning of 2020, enabling a mission to take place at the Center for Pediatric Surgery this year.

High-grade care

CHIRPA is also a co-founder of the "Hospital Platform of the R.D. Congo". The purpose of the platform is to distribute the various supports and resources that can be used to improve access and the quality of hospital care as widely as possible. A specific pediatric section was formally incorporated in 2018.

Eighty-five percent of the total funding available to CHIRPA in 2019 for the operational activities of the Hospital Platform of the R.D. Congo (EUR 54 k) has been reserved for microprojects to improve the quality of pediatric healthcare:

- Directly, to fund training and internships for pediatric staff members or to pay for specific equipment (fig 1: purchase of equipment for the neonatal department at the Kalembe-Lembe National Pediatric Hospital in Kinshasa);
- Indirectly, to fund equipment, work or training to improve hygiene in hospitals and so bolster measures to prevent and control infections contracted by patients while they are in hospital.

Its main activity is bringing together representatives from the member hospitals to help with (quality of care, management quality) training in the workshops. These trainings are followed by calls for micro-projects in which the participants are encouraged to put their new theoretical knowledge into practice at their institution. Funds are granted to the competition winners and their projects are assessed by the members and technical partners of the platform (multi-criteria scoring system).

One of the most notable results of the regular exchanges among members on the platform seen in 2019 is the expansion of the network and the developing solidarity between hospitals: some (biomedical) technicians and (primarily pediatric) training/expertise are being shared more and more, even beyond the activities strictly targeted by the platform.

TEXAF BILEMBO
The trail of African art

www.texaf-bilembo.org

Texaf Bilembo is an initiative of two Congo enthusiasts, Chantal Tombu and Alain Huart, which has been supported by the Texaf group since 2013 and has grown in stature over the years to become the main meeting place for lovers of culture and prestigious exhibitions in Kinshasa.

One of the goals of Texaf Bilembo is to offer a unique cultural space for the promotion of Congolese artists, as exhibition commissioner Chantal Tombu explains. "Texaf Bilembo combines the charm of exceptional architectural heritage, witness to a textile industry that has faded but is still part of its DNA. This crucible of trailblazers is a place where artists hold their exhibitions, recharge their batteries and appropriate a place of memory."

Several artists, not all of them established, had their work exhibited in 2019. "Peinture populaire en Héritage", sponsored by artiste JP Mika and supported by Total Group, ran from January to March. That was followed by a Flavien Kaputo exhibition "Expérience métallique" March 16-31. Texaf Bilembo also held Kura Shomali's "Songi songi na Kinshasa" exhibition April 5-30 in association with Galerie ANGALIA.

Another big success was "Update Africa, mise à jour des guerriers et guerrières" by the talented Pita Kalala May 4-June 4. The general public were spellbound by flat-color paintings.

The "Sculptures d'argent et Toiles pigments" exhibition with Chridé and Rodrigo Gukwikila June 7-17 was the first of its kind. The exhibitors were an unusual team. On the one hand "a jewelry designer inspired by old luba, kuba, mangbetu works who casts silver, sculpts wax, mounts the stones of the country present in her designs, with a pure, designer feel". And on the other, "a young emerging artist composes a selection of pictures that represent heroines wearing the jewels presented".

> Texaf Bilembo has had an international impact.

116 budding artists

Another encounter that raised spirits was the "concours jeunes talents CFAO" 2019. The works were shown June 21-July 24. No fewer than 116 budding artists answered the call of the organizers. A clear sign that the competition is making inroads in the public consciousness.

There was also an exhibition of work by Thornton Kabeya, who invited us to a "Dernière danse sur le balcon" September 14-October 4.

Texaf Bilembo was delighted to be one of the sites hosting renowned artists for the first Biennale internationale de Kinshasa, organized by Kin Art Studio October 20-November 21.

2019 was brought to a close with an invitation to take a voyage of discovery through the landscapes of Kongo Central and Katanga, based on the artist Makungu's oils and watercolors on paper.

Schoolchildren from various Kinshasa schools visited all of these seminal exhibitions. Texaf Bilembo was turned into an educational center, with various workshops about the culture of the country and environmental issues.

Texaf Bilembo was always intended to be a vehicle for education and entertainment for visitors of all ages. Every year, the regular schools run trips to the center. It is a place of education and openness like no other for the pupils and students of Kinshasa's schools. Most of them have never had the chance to get out of their classroom and explore their town and country with a guide. It's a real godsend.

The classes spend the whole day at the center, following a route based on the concept of bilembo, which means something like "roots" in Lingala. Traditional values are passed on in the initiation of the Elders, the children hear the stories of great women in the history of Congo, and the visit ends with the various challenges facing the country at the moment. Specialized publications are available for study in the library and bookshop.

Texaf Bilembo has welcomed 1830 schoolchildren, a number far beyond the targets set by Chantal Tombu and her team. Next year will see a change of direction and a boost to visitor numbers thanks to the financial support of the TEXAF group.

"The target is to welcome 5,000 schoolchildren per year, while maintaining the same quality of work," Chantal says.

Sankuru Yema-Yema
The election-proof NPO

Pierre-Albert Ngueliele admits that the staff and the activities of Yema Yema were marked by the tensions surrounding the 2019 polls in DRC. But it did not prevent the charity from going about its business. "Helping the inhabitants of the region stand on their own two feet remains an absolute priority," he says.

Arson, pillage, acts of barbarity... The stories from Lodja leave you speechless. As does the unending optimism of Pierre-Albert Ngueliele in the face of all the difficulties the local NPO Yema Yema has had to deal with.

"We have had to get to grips with children dropping out of school. Their parents were intimidated in the run-up to the elections. For fear and self-protection, they have no choice but to keep their children home." As a result, only 25 children out of the 180 enrolled in secondary education actually turned up for school. "It felt like a war," he says. "These events were a very difficult experience."

It's important to remember the living conditions of the population linked to the unfavorable geographical location of this city in Sankuru, a province that used to be part of Kasaï-Oriental. Lodja is in the sticks in the middle of the DRC. It is not exactly easily accessible. And the life of the local population is not made easier by issues affecting the availability of electrical power and drinking water.

Enduring support

When asked "how the NPO held its course", Pierre-Albert answers with pride. Yema Yema, which means "bit by bit", set up 13 years ago with his wife Béatrice, "is growing fast with the support of residents. People are really engaged in the project. So much so that, once the situation calmed down we saw an increase in the number of children enrolled in school."

These are not the only encouraging figures, however. The school for mothers enrolled 55 new students, compared with 30 the previous year. The pass rate was 63%. The graduates are now working in the state's social services. As are graduates of the Haute school de commerce, who have taken positions of responsibility in the public and private sector. "All of them are megaphones for Yema Yema," says a delighted Pierre-Albert.

Like Freddy Shaso, a former student who now works as an agronomist and who has been charged with setting up 50 beehives. This pollinating activity is important in many different ways, as stated in the United Nations food and agriculture program. Bees and other pollinators are widely recognized for their important role and their contribution to food security and nutrition, sustainable farming, the health of ecosystems and the environment, the preservation and enrichment of biodiversity and other aspects of sustainable development.

“As a food source sugar is too expensive. So we expect a lot of these harvest,” says Pierre-Albert.

As well as beekeeping, Yema Yema also focuses on producing its own cocoa. The NPO hopes to raise the funds it needs to intensify its activities by opening a new nursery and primary school with the sale of pods. The new school, which will be located in Bena, follows the same philosophy as “Petit d’Homme”, the school Yema Yema set up in Lodja.

Pierre-Albert expresses another expectation for 2020. This one is connected with healthcare. “We are renovating a maternity ward to allow the city’s women to give birth in dignity. Everything is needed there, unfortunately,” he explains, showing the discoloration of the beds in which the women are expected to give birth. “We have a duty to take notice of the needs of the population. Because while politicians come and go, the people remain.”

> At Sankuru, TEXAF is the only private company giving aid to the population.

04 Annual accounts

Exemplary financial transparency in DRC

IFRS consolidated financial statements on December 31, 2019

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

(in thousands of euros)	Note	2017	2018	2019
ASSETS				
Non-current assets				
Property, plant and equipment	6	9,955	9,658	**9,777**
Investment property	7	99,100	102,347	**105,029**
Intangibles	8	23	15	**9**
Other non-current financial assets	10	47	217	**304**
Other assets recognized as rights of use	11			**134**
		109,125	**112,236**	**115,252**
Current assets				
Inventory	12	4,769	4,948	**4,633**
Clients and other debtors	12	1,469	692	**1,312**
Tax assets	12	919	807	**1,044**
Cash and cash equivalents	12	3,674	5,564	**8,767**
Other current assets	12	298	285	**239**
		11,129	**12,296**	**15,995**
TOTAL ASSETS		**120,254**	**124,531**	**131,247**
EQUITY				
Parent's shareholders equity				
Share capital	13	21,508	21,508	**21,508**
Reserves		58,338	68,361	**75,642**
		79,846	**89,870**	97,150
Minority interests		321	344	**366**
TOTAL EQUITY		**80,167**	**90,213**	**97,516**
LIABILITIES				
Non-current liabilities				
Bank loans	14	6,588	4,268	**1,966**
Post-employment benefits liabilities	16	746	791	**1,012**
Deferred tax liabilities	17	19,810	13,999	**12,805**
Other non-current liabilities		3,572	4,368	**4,269**
		30,716	**23,426**	**20,052**
Current liabilities				
Bank loans	14	2,239	3,009	**2,299**
Suppliers and other current creditors	18	3,297	3,651	**6,685**
Other current liabilities		3,835	4,232	**4,696**
		9,371	10,892	**13,679**
TOTAL LIABILITIES		**40,087**	**34,318**	**33,731**
TOTAL LIABILITIES AND EQUITY		**120,254**	**124,531**	**131,247**

The notes constitute an integral part of the consolidated financial statements.

Consolidated income statement

Year closed on December 31

(in thousands of euros)	Note	2017		2018		2019	
Revenue from ordinary activities	19	18,208		18,869		**21,691**	
Operating charges		(16,291)		(12,252)		**(15,389)**	
Raw materials and consumables			(972)		(1,266)		**1,469**
Changes in inventory			(151)		171		**(515)**
Payroll expenses	20		(3,430)		(2,839)		**(3,405)**
Depreciation allocation	21		(3,018)		(2,943)		**(3,382)**
Impairments	22		(3,328)		557		**212**
Other operating charges	23		(5,392)		(5,931)		**(6,830)**
Other operating income	24	1,493		1,423		**1,530**	
Capital gain on non-current assets				660		**5,190**	
Operating result		**3,410**		**8,699**		**13,021**	
Financial expenses	26	(1,190)		(438)		**(342)**	
Financial income		-		-		**119**	
Result before tax		**2,220**		**8,261**		**12,799**	
Current taxes	27	75		(1,140)		**(3,183)**	
Result before deferred taxes		**2,295**		**7,121**		**9,616**	
Deferred taxes	16	2,255		5,811		**(1,176)**	
Net result for the year		**4,550**		**12,932**		**10,792**	
Allocated to:							
Shareholders of the parent company		4,542		12,909		**10,771**	
Minority interests		8		23		**22**	
		4,550		12,932		**10,792**	
Result per share: result allocated to shareholders of the parent company (in euro per share based on the weighted average number of shares)	28						
– basis		1.28		3.64		**3.04**	
– diluted		1.28		3.64		**3.04**	

The notes constitute an integral part of the consolidated financial statements.

Consolidated statement of comprehensive income

Year closed on December 31

(in thousands of euros)	Note	2017	2018	2019
Result for the financial year		4,550	12,932	**10,792**
Variations (after tax) in revaluation reserves		-	-	**(28)**
Actuarial changes (after tax) to post-employment liabilities		(52)	-	**(19)**
Comprehensive income		**4,498**	**12,932**	**10,745**
Allocated to:				
Shareholders of the parent company		4,490	12,909	**10,723**
Minority interests		8	23	**22**
		4,498	**12,932**	**10,745**

The notes constitute an integral part of the consolidated financial statements.

Consolidated statement of changes in equity

(in thousands of euros)	To shareholders of the parent company					Minority interests	Total equity
	Share capital	Issue premiums	Consol-idated reserves	Revaluation reserves	Translation differences		
Balance on December 31, 2016	**21,508**	**-**	**51,638**	**4,584**	**57**	**312**	**78,099**
Income for the financial year 2017	-	-	4,542	-	-	8	**4,550**
Other items of the comprehensive income	-	-	(52)	-	(1)	1	**(52)**
Distributed dividend	-	-	(2,430)	-	-	-	**(2,430)**
Balance on December 31, 2017	**21,508**	**-**	**53,698**	**4,584**	**56**	**321**	**80,167**
Income for the financial year 2018	-	-	12,909	**-**	-	23	**12,932**
Other items of the comprehensive income	-	-	-	-	-	-	**0**
Distributed dividend	-	-	(2,886)	-	-	-	**(2,886)**
Balance on December 31, 2018	**21,508**	**-**	**63,721**	**4,584**	**56**	**344**	**90,213**
Income for the financial year 2019	-	-	10,770	-	-	22	**10,792**
Other items of the comprehensive income	-	-	(19)	(28)	-	-	**47**
Distributed dividend	-	-	3,442	-	-	-	**3,442**
Balance on December 31, 2019	**21,508**	**0**	**71,030**	**4,556**	**56**	**366**	**97,516**

The notes constitute an integral part of the consolidated financial statements.

Changes 2017
There was a negative actuarial change net of tax to post-employment liabilities of EUR 52 k (gross EUR 80 k, tax EUR 28 k) (notes 16 and 17). This amount is included in the comprehensive income.

The distributed dividend of EUR 2,430 k concerns the result for the financial year 2016.

Changes 2018
The distributed dividend of EUR 2,886 k concerns the result for the financial year 2017.

Changes 2019
There was a negative actuarial change net of tax to post-employment liabilities of EUR 19 k (gross EUR 27 k, tax EUR 8 k) (notes 16 and 17). This amount is included in the comprehensive income.

The negative change of EUR 28 k in the revaluation reserves is due to the adjustment of the net asset value of the Partech Africa fund, a reflection of its management charges. This amount is included in the comprehensive income.

The distributed dividend of EUR 3,442 k concerns the result for the financial year 2018.

Consolidated statement of cash flows

Year closed on December 31

(in thousands of euros)	Note	2017	2018	2019
Cash and cash equivalents and bank overdrafts at opening		**3,911**	**3,674**	**5,564**
Cash flow from operating activities				
Cash from operations	29	9,219	13,310	**14,201**
Interest paid	25	(588)	(428)	**(342)**
Interest received		-	-	**68**
Income tax	26	75	(1,140)	**(3,183)**
		8,706	**11,742**	**10,744**
Cash flow from investment activities				
Acquisition of intangible assets		(1)	0	**0**
Acquisition of property, plant and equipment and investment property	6 and 7	(6,609)	(6,011)	**(7,343)**
Income from the disposal of property, plant and equipment and investment property	6 and 7	6	764	**6,428**
Reduction in loans granted to third parties		190	0	**0**
Reduction (increase) in other financial assets		(7)	(169)	**(125)**
		(6,421)	**(5,416)**	**(1,040)**
Cash flow from financing activities				
Dividends to shareholders of the parent company	28	(2,430)	(2,886)	**3,442**
Increase in loans	14	2,300	396	**0**
Repayment of loans	14	(2,392)	(1,946)	**(3,011)**
Repayment of rental contracts				**(48)**
		(2,522)	**(4,436)**	**(6,501)**
(Reduction)/increase in cash and cash equivalents and bank overdrafts		**(237)**	**1,890**	**3,203**
Split of Imbakin				
Cash and cash equivalents and bank overdrafts at closing		**3,674**	**5,564**	**8,767**
Of which TEXAF SA		1,841	745	**1,622**

The notes constitute an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

TEXAF is a public company registered and domiciled in Belgium. Its registered office is at Avenue Louise 130A, 1050 Brussels.

TEXAF was formed on August 14, 1925.

TEXAF is an investment company listed on Euronext with industrial, financial and real estate interests in the Democratic Republic of Congo.

The consolidated financial statements were adopted by the Board of Directors on February 25, 2020 and the appendices were adopted by the Board of Directors on March 27, 2020. They are expressed in EUR k.

When the measurement of certain assets or liabilities has required the use of estimates or assumptions, management has always only used the cautious assumptions in order to protect against the risks related to the economic, social and regulatory environment inherent to the Democratic Republic of Congo (DRC) where all of the group's operating activities are located.

These financial statements have been prepared on the basis of the IFRS, as adopted by the European Union for the preparation of consolidated accounts in 2019.

The accounting policies used are in continuity with those used to prepare the financial statements on December 31, 2018, except for the application of the new IFRS 16 standard.

From 2019, IFRS 16 Leases replaces IAS 17. This standard sets out how the rental contracts must be recognized and presented in the financial statements. The only significant change when the standard becomes effective concerns the renting of its office in Brussels: under the new standard the Group has recognized a rental contract in assets and liabilities at an updated value of EUR 184 k. See note 11 for the details of the changes during the financial year due to IFRS 16. In substance, IFRS 16 mirrors the accounting requirements of IAS 17 with regard to lessors. As a consequence, a lessor will continue to classify rental contracts as simple rental contracts or rental and financing contracts and to recognize these two types of rental contract differently.

The other new standards, amendments to the standards and interpretations are compulsorily applicable for the first time in the financial year beginning on or after January 1, 2019, but the changes are not significant or relevant to the TEXAF Group:

- IFRIC 23 Uncertainty over Income Tax Treatments

- Amendments to IAS 19 Plan amendment, curtailment or settlement
- Amendments to IAS 28 Long term interests in Associates and Joint Ventures
- Amendments to IFRS 9 Prepayment Features with Negative Compensation
- Annual improvements to IFRS, 2015-2017 cycle

The following new standards, amendments to the standards and interpretations have been published and adopted by the European Union but are not yet compulsory for financial years beginning on or after January 1, 2019. The TEXAF Group did not adopt them early, but analyzed the impact on the consolidated financial statements of the Group.

- Amendments to IAS Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current (applicable to annual periods beginning on or after January 1, 2022, but not yet endorsed in the EU)
- Amendments to IAS 1 and IAS 8 Change to the definition of the term "significant" (applicable to annual periods beginning on or after January 1, 2020)
- Amendments to IFRS 3 (applicable to annual periods beginning on or after January 1, 2020, but not yet endorsed in the EU)
- Amendments to IFRS 9, IAS 39 and IFRS 7 Interest rate benchmark reform (applicable to annual periods beginning on or after January 1, 2020)
- Amendments to the references of the financial information conceptual framework in IFRS (applicable to annual periods beginning on or after January 1, 2020)
- IFRS 17 Insurance Contracts (applicable to annual periods beginning on or after January 1, 2023, but not yet endorsed in the EU)

The TEXAF Group does not plan to early adopt the standards, amendments to standards and interpretations that will be compulsory from 2020.

The Group assesses the impact of the above standards, interpretations and amendments on a continual basis.

2. Consolidation scope

On December 31, 2019 the Group is made up of TEXAF SA and a set of subsidiaries and associates, totaling nine entities registered in Belgium or the Democratic Republic of Congo (DRC).

As of today, in addition to the parent company, eight companies are fully consolidated.

CONGOTEX (in liquidation) is still recognized proportionally.

Company	City	Activity	Functional currency	% net financial stake on December 31, 2017	% net financial stake on December 31, 2018	% net financial stake on December 31, 2019
1. FULLY CONSOLIDATED COMPANIES						
Anagest	Brussels	Holding	EUR	98.90%	98.90%	98.90%
Carriaf in liquidation	Brussels	Holding	EUR	99.99%	99.99%	99.99%
Carrigrès	Kinshasa	Sandstone quarries	EUR	99.99%	99.99%	99.99%
Cotex	Kinshasa	Real estate	EUR	98.90%	98.90%	98.90%
Estagrico	Kinshasa	Real estate	EUR	100.00%	100.00%	100.00%
Immotex	Kinshasa	Real estate	EUR	99.76%	99.76%	99.76%
La Cotonnière	Kinshasa	Real estate	EUR	94.46%	94.46%	94.46%
Utexafrica	Kinshasa	Real estate	EUR	99.59%	99.59%	99.59%
2. PROPORTIONALLY CONSOLIDATED COMPANIES						
Congotex in liquidation	Kinshasa	Textile	USD	43.61%	43.61%	43.61%

3. Risk management

3.1. COUNTRY RISK

The assets of the company are located in DRC, a region lacking in governance, so the particular environment of the country entails risks that can have an impact on the profitability and viability of the activities of the Group. These risks are, among other things, related to the development of the political situation, the creation of new laws, tax policies and changes to government policy or the renegotiation of existing concessions or operating rights Accounts were drawn up cautiously, based on the assumption of stability in the social-economic and regulatory environment.

3.2. OPERATING RISKS

3.2.1. Risks relating to the real estate activity

3.2.1.1. Rental vacancies

The real estate of the Group has historically enjoyed an occupancy rate close to 100%. However, this rate could fall due to saturation of the market, delays in bringing new buildings onto the market, serious political unrest or a worsened health situation in the medium-long term.

3.2.1.2. Defaulting tenants

The Group looks to rent to tenants of good standing, but is exposed to the risk of non-payment or late payment by its tenants.

3.2.1.3. Pressure on prices

The Group expresses its rents in euros and always charges VAT on its rents. On the other hand, its competitors express their rents in US dollars and do not always fully charge VAT. This could put downward pressure on the rents of the Group, particularly residential rents, on which VAT cannot be claimed back.

3.2.1.4. Delay or budget overruns for newbuilds

The Group has a policy of regularly investing in new builds or extensive renovations. Delays and/or budget overruns on these projects can have a negative effect on the profitability of the Group and profit growth. In particular, the completion materials are imported, which means the Group is dependent on international logistics chains.

3.2.1.5. Accidents

The Group insures its real estate in accordance with Congolese law at the Société Nationale d'Assurances, which is not generally able to pay out compensation for accidents. So, with the exception of one building insured by an international company, the Group is basically its own insurer.

3.2.2. Risks relating to the quarry activity

3.2.2.1. Power cuts

The quarry activity is highly dependent on the supply of power by the Société Nationale d'Electricité. There are frequent power cuts. Furthermore, there are major fluctuations in voltage on the network. This leads to production stoppages and damage to equipment out of proportion with the duration of these cuts.

3.2.2.2. Breakdowns and accidents

Quarrying is conducted with expensive specialist equipment. In all countries it is subject to the risk of relatively frequent accidents or breakdowns. The operating conditions at our quarry mean it is more susceptible than others to breakdowns and accidents, particularly the instability of the power supply and the abrasiveness of the stone. Furthermore, the time needed to transport spare parts and the shortage of qualified staff mean that repairs take longer and are more expensive than in most other countries.

3.2.2.3. Social risks

The quarry activity is highly dependent on its workers and managers. The Group endeavors to maintain a peaceful social climate and dialogue with the social partners, but the risks of strikes and work stoppages cannot be ruled out.

3.2.2.4. Regulatory risk

The quarry's operating license must be renewed at regular intervals. There is a risk that the renewal conditions imposed by the authorities will change in the future.

3.2.3. Risks related to investments in the digital sector

3.2.3.1. Risk of start-ups

At the end of 2018 the Group decided to invest in young African companies in the new technologies sector and/or in the support of these young companies. This venture capital is by definition exposed to higher risks that a high proportion of these companies do not achieve their goals or disappear altogether. In this respect, the Group decided to recognize these stakes at fair value through the the other items of the comprehensive result.

3.2.3.2. Learning curve

While the Group surrounds itself with experienced skilled people to achieve these investments, the field of venture capital is young in Africa and the environment may be tougher for young companies than it is in Europe or the United States.

3.3. DEPENDENCY RISKS

3.3.1. Key persons

The Group has a small number of senior managers and so is exposed to a risk of unavailability of one or other of these senior managers. This risk is exacerbated by the fact that the recruitment pool for expatriate and local staff is very small in the Democratic Republic of Congo.

3.3.2. Contractors

The Group is dependent on contractors for various services that are critical to its activity, including construction, studies and drawings, equipment servicing and IT services. In the event of a failure of one of these contractors, the replacement possibilities are more limited in the Democratic Republic of Congo than in European countries.

3.3.3. Clients

The Group sells or rents standard real estate and quarry products, so it is relatively easy to replace a client. However, the real estate activity is dependent on international bodies, Western embassies and cooperatives that do not depend on the local economy but may decide to withdraw from the country if international relations deteriorate or reduce their workforce if the security or health situation worsens. Furthermore, the quarry historically generates 30-40% of its turnover from road builders, which are very few in number and generally depend on international donations or financing. There have been very few orders over the past five years.

3.4. POLITICAL, LEGAL AND REGULATORY RISKS

3.4.1. Risk relating to changes to economic policy

The Democratic Republic of Congo currently has institutions born of the electoral process and receives a great deal of aid from international bodies. Its economic policy is based on the market economy and private property. However, abrupt political change or even serious political unrest cannot be excluded and these could have a big negative impact on the activities or even the assets of the Group.

3.4.2. Property risks

The two historical activities of the Group, real estate and quarrying, are directly related to the control of land. All land in the Democratic Republic of Congo belongs to the state and is made available under a regime of renewable 25-year concessions. Up until now, this renewal has always been inexpensive and granted without complication. On the other hand, the risks of sites being illegally occupied and stolen by private interests are very great and the Group is faced with these situations. Although the Group is in a completely clear legal position in all of these cases, it cannot be excluded that it will be temporarily or even permanently dispossessed of some sites.

3.4.3. Legal risks

The Group is a party in many legal actions, almost all related to attempted dispossession as described in point b above. The risks the Group faces in this respect are increased by attempts at collusion by opposing parties with some government officials or magistrates.

3.4.4. Tax and regulatory risks

The Congolese tax framework is highly complex, with more than 400 listed taxes. Furthermore, the regulatory framework is changing fast, generally in the direction of modernization. As a consequence, the administrations concerned do not always apply laws transparently and consistently for all companies. Tax or regulatory measures are not always adopted or published in full accordance with the constitution or the law, which creates a grey area in their application. The Group may therefore find itself in disagreement with the public administration and the resolution of such disagreement is uncertain.

3.4.5. Transfer risks

The Group's capacity to transfer cash from DRC to the parent company depends on the regulation of exchanges and the Congolese Central Bank's exchange reserves.

3.5. FINANCIAL RISKS

3.5.1. Exchange risks

The Group works on a daily basis with three currencies - euros, dollars and Congolese francs - but the euro is its functional currency. It is therefore exposed to certain exchange risks in its transactions. The Congolese economy is dollarized to a very great degree, so prices and salaries in Congolese francs are quickly changed to maintain their value in dollars and payments are interchangeable between the two currencies.

95% of rents are expressed in euros; the rest in dollars. The sale prices of sandstone are in Congolese francs or dollars. On the other hand, 58% of cash operating expenses of the Group are in dollars or Congolese francs. The Group is therefore exposed to the risk that the dollar will rise against the euro. A change in the exchange rate between the Congolese franc and the dollar would be quickly offset by the adjustment of prices.

Almost 80% of investment costs are expressed in dollars. The Group is therefore exposed to an increase in its investment costs if the dollar rises against the euro.

On the liabilities side of its balance sheet the Group has a large sum in deferred tax (EUR 11,140 k) on its real estate assets in DRC (see note 17). The tax value of these assets is in Congolese francs, but this tax value is revalued every year by a decree of the finance minister. This tax revaluation coefficient follows the domestic inflation rate in DRC and therefore does not necessarily closely follow the fluctuation in the exchange rate between the Congolese franc and the euro. This could generate differences in deferred tax provisions, as was the case in 2018 and 2019.

Congolese taxes are recognized in Congolese francs. As a result of these investments, the Group generally has a positive VAT balance and so has a claim against the state in Congolese francs. The exchange value in euros of this claim decreases proportionally to the depreciation of the Congolese franc against the euro. On December 31, 2019, this receivable was EUR 1,142 k.

The sensitivity to a euro/dollar exchange rate fluctuation is therefore as follows:

- Income before tax: EUR 34,146 per dollar percentage point rise
- Investment cost: EUR - 56,472 per dollar percentage point point rise
- Cash flow from operating activities and investments: EUR - 90,618 per dollar percentage point rise
- Result after tax and equity: EUR - 22,195 per percentage point of dollar rise

These sensitivities are linear and symmetrical. They concern only the financial year in which the fluctuation occurs. They therefore only apply to short-term fluctuations. Among other things, they are based on the following assumptions:

- The prices in CDF are adjusted when the USD/CDF rate changes.
- The price structures are not elastic.
- The supply and financing sources remain the same.

Furthermore, the specific sensitivity of a EUR/CDF exchange rate fluctuation on the tax assets is:

- Result before tax: EUR 11,420 per Congolese franc percentage point fall
- Result after tax and equity: EUR - 7,990 per Congolese franc percentage point fall

These sensitivities are linear and symmetrical. They are based on the balance sheet situation on December 31, 2019, which is expected to change in the course of future financial years depending on VAT returns.

The sensitivity of deferred taxes to a EUR/CDF exchange rate fluctuation is supposed to be offset by the tax revaluation coefficient.

Furthermore, the group had the following assets and liabilities in foreign currencies on December 31, 2019. These are short-term assets and liabilities only.

Assets in USD	**EUR 4,480 k**	Liabilities in USD	**EUR 1,810 k**
Assets in CDF	**EUR 1,321 k**	Liabilities in CDF	**EUR 2,343 k**

3.5.2. Interest risks

All bank loans are in euros at a fixed rate. On the other hand, cash and cash equivalents, which were EUR 8.768 k on December 31, 2019, are held in euros but invested at variable rates. This investment remuneration rate is currently 4%.

The impact of a 100 base point rise in EUR interest rates would be EUR + 87,670 on an annual basis on the result before tax and cash flows and EUR + 61,370 on the result after tax and equity. This impact is linear and only applies to the short term.

3.5.3. Liquidity risks

The policy of the Group is to maintain a relatively large amount of liquidity in euros at European banks at all times.

Furthermore, the repayments of its bank loans are aligned to the cash flows from the projects they finance. However, there is a liquidity risk if these projects are delayed or if the occupancy rate is lower than projected.

The spread in maturity of these loans is stated in note 13.

The Group relies on the availability of bank and other credit for its new investments. If this is not available, the amounts invested and the profit growth rate will be reduced.

3.5.4. Credit risks

The credit risk mainly comes from the exposure to clients. The risk related to unpaid rent is limited, due to the rent guarantees obtained (payment of three months' rent into the lessor's bank account) and the fact that clients pay in advance.

Nevertheless, some Congolese public clients and clients with political connections can be hard to evict in the event of non-payment. The Group has made the decision to recognize the revenue of clients that systematically have problems paying rent only on the basis of payments actually made. In 2018 and 2019, this rule was found not to apply (vs. non-recognition of EUR 14 k in 2017).

The quarry most often makes cash sales, but has also encountered problems with clients who pay on credit.

Furthermore, old historic debts, completely impaired, are the subject of specific monitoring.

The net value of client receivables at the end of 2019 was EUR 1,062 k, including EUR 526 in receivables more than 120 days due, some of which are covered by rental guarantees or corresponding debts. The age balance of client debts is stated in note 11.

The allocations to write-downs (net of reversals) on client debts has changed as follows:

EUR 192 k in 2016, a reversal of EUR (11) k in 2017, EUR 208 k in 2018 and a reversal of EUR (47) k in 2019.

4. Significant estimates and accounting judgments

The estimates and judgments used by the Group when preparing its financial statements are continuously updated and are based on historical information as well as other factors, including the anticipation of future events deemed reasonable in view of the circumstances.

In this context, by definition the resulting accounting estimates rarely correspond exactly to the actual results. The estimates and assumptions for which there is a major risk that a significant adjustment in the book value of assets and liabilities will be needed during the following period are analyzed below.

4.1. INCOME TAX

The Group is liable for tax on its income in the DRC and Belgium. The determination of the provision, at the international level, entails a judgment to some degree. In the regular context of the activities, the final determination of the tax expense is uncertain for some transactions and estimates. In accordance with the interpretation of IFRIC 23, the Group recognizes a liability for anticipated tax adjustments based on additional tax it expects to be demanded. If the due amount is different from the amount initially recognized, the difference is charged as a tax expense to the income and as provisions during the period during which the amount is determined. Note 27 reconciles and comments on the recognized taxes with the tax rate of the parent company.

4.2. DEPRECIATION OF ASSETS

Property, plant and equipment and other non-current assets are subjected to a depreciation test every time an event or a change of circumstances indicates that the recoverable value of the asset is lower than its book value For the real estate activity, the measurement is based on the value of the land and the rental yields. For Carrigrès, the measurement is based on the discounting of future cash flows. These calculations require the use of estimates on the size of the deposit, the future cash flow it will generate and the discount rate. In 2017 they led to an exceptional depreciation on the deposit. The measurement of these assets, together with a sensitivity analysis of the calculation assumptions, is detailed in notes 6 and 7.

4.3. PROVISION FOR POST-EMPLOYMENT LIABILITIES

In the absence of a capital market and life insurance policies in DRC, the estimates of actuarial parameters are much more uncertain than they are in more developed economies.
In 2017 the Group funded a critical analysis of its calculations by an external expert, which led to a change of life table. The calculation assumptions and sensitivity analyses are presented in note 16.

4.4. CLIENT DEBTOR PROVISIONS

The Group sets up provisions for its client debtors that are in arrears on a case-by-case basis. It assesses the capacity and willingness of each of these clients to fulfil its obligations.
The analysis of this risk and the impact of the new IFRS 9 are presented in note 11.

4.5. INVESTMENT PROPERTY

Investment property is measured at historic amortized cost and so is not estimated, except in the case of the impairment test referred to in (b). On the other hand, the estimation of the fair value given for information purposes in the annexes to the financial statements is based on the judgements of the Board of Directors, as explained in note 7.

4.6. INVENTORY

The inventory of finished products and work in progress at CARRIGRES is measured every six months by an independent service provider. By the very nature of the product, this measure entails judgements by the service provider on the topographical parameters and on the part of the management on the actual density of the inventory.

5. Segment information

The operating segments constitute the only level of segment information for TEXAF, as the risks and profitability of each entity are strongly linked to the particular economic environment in which it does business.

These segments are real estate, quarries and, since 2017, the holding segment, which was until then included in the real estate segment. This segmentation complies with the one used by management and the Board of Directors.

The geographic segment is limited to the Democratic Republic of Congo, where all the Group's operations are located.

In accordance with IFRS 8, segment information is derived from the internal organization of the Group and is similar to the segments that were used in the previous financial statements, except for the holding segment, which has been considered as a separate segment for the first time since 2017. The data by operating segment follows the same accounting rules as those used for the consolidated financial statements, as summarized and described in the notes to the financial statements. This information is identical to the information presented to the CEO, who has been identified as the "chief operating decision maker", within the meaning of IFRS 8, to make decisions on resources to be allocated and assessments to be conducted on the performance of the segments.

5.1. SEGMENT INCOME STATEMENT

2019 RESULTS (in thousands of euros)	Holding	Real estate	Quarries	Intercompany eliminations	Consolidated
Revenue from ordinary activities	-	19,278	2,460	(48)	**21,691**
Other operating income	14	1,388	128	-	**1,530**
Operating charges	(1,412)	(11,366)	(2,659)	48	**(15,389)**
of which payroll expenses	*(201)*	*(2,542)*	*(675)*	-	*(3,418)*
of which depreciations	*(25)*	*(3,178)*	*(179)*	-	*(3,382)*
of which impairments		*(6)*	*(57)*	-	*(63)*
Result on disposal of non-current assets	68	5,120	2	-	**5,190**
Operating result	**(1,330)**	**14,421**	**(69)**	**0**	**13,022**
Financial result	580	(1,181)	377	-	**(223)**
Result before tax on the result	**(750)**	**13,240**	**309**	**0**	**12,799**
Current taxes	158	(3,227)	(114)	-	**(3,183)**
Result before deferred taxes	**592**	**10,013**	**(194)**	**0**	**9,616**
Deferred taxes	190	(931)	55	-	**(1,176)**
Result for the financial year	**(402)**	**10,944**	**(249)**	**0**	**10,792**

The intercompany eliminations concern the rents and service provisions of UTEXAFRICA to CARRIGRES.

The main other operating charges of the holding are the remuneration of the executive and non-executive directors of EUR 737 k in 2019 (EUR 630 k in 2018) and various fees (including audit, lawyers and stock market listing) of EUR 184 k (EUR 156 k in 2018).

The concentration of clients per segment is described in note 19.

By way of comparison, the results by activity segment for the financial years 2018 and 2017 are presented below.

2018 RESULTS (in thousands of euros)	Holding	Real estate	Quarries	Intercompany eliminations	Consolidated
Revenue from ordinary activities	-	17,305	1,612	(48)	**18,869**
Other operating income	-	1,368	55	-	**1,423**
Operating charges	(1,208)	(9,165)	(1,928)	48	**(12,253)**
of which payroll expenses	*(158)*	*(2,100)*	*(581)*	-	***(2,839)***
of which depreciations	-	*(2,747)*	*(196)*	-	***(2,943)***
of which impairments	-	*582*	*(25)*	-	***557***
Result on disposal of non-current assets	-	508	152	-	660
Operating result	**(1,208)**	**10,016**	**(109)**	**0**	**8,699**
Financial result	624	(1,419)	357	-	**(438)**
Result before tax on the result	**(584)**	**8,597**	**248**	**0**	**8,261**
Current taxes	**233**	(1,373)	-	-	**(1,140)**
Result before deferred taxes	**(351)**	**7,223**	**248**	**0**	**7,121**
Deferred taxes	**(222)**	5,946	87	-	**5,811**
Result for the financial year	**(573)**	**13,169**	**335**	**0**	**12,932**

2017 RESULTS (in thousands of euros)	Holding	Real estate	Quarries	Intercompany eliminations	Consolidated
Revenue from ordinary activities	0	16,730	1,584	(106)	**18,208**
Other operating income	-	1,399	94	-	**1,493**
Operating charges	(992)	(9,273)	(6,132)	106	**(16,291)**
of which payroll expenses	*(152)*	*(2,223)*	*(1,055)*	-	***(3,430)***
of which depreciations	*(91)*	*(2,623)*	*(303)*	-	***(3,017)***
of which impairments	*(50)*	*47*	*(3,325)*	-	***(3,328)***
Result on disposal of non-current assets	-	0	-	-	**-**
Operating result	**(992)**	**8,856**	**(4,454)**	**0**	**3,410**
Financial result	697	(2,235)	348	-	**(1,190)**
Result before tax on the result	**(295)**	**6,621**	**(4,106)**	**0**	**2,220**
Current taxes	**-**	(77)	152	-	**75**
Result before deferred taxes	**(295)**	**6,544**	**(3,954)**	**0**	**2,295**
Deferred taxes	**(204)**	1,267	1,192	-	**2,255**
Result for the financial year	**(499)**	**7,811**	**(2,762)**	**0**	**4,550**

5.2. SEGMENT ASSET AND LIABILITIES

SEGMENT ASSETS AND LIABILITIES ON DECEMBER 31, 2019 (in thousands of euros)	Holding	Real estate	Quarries	Intercompany eliminations	Consolidated
Property, plant and equipment	426	2,183	7,302	-	**9,911**
Intangibles	-	9	-	-	**9**
Investment property	-	105,029	-	-	**105,029**
Other segment assets	19,883	9,783	13,978	(27,348)	**16,296**
TOTAL ASSETS	**20,309**	**117,004**	**21,280**	**(27,348)**	**131,245**
Bank loans		4,265	-	-	**4,265**
Deferred taxes	1,968	8,927	1,910	-	**12,805**
Other segment liabilities	966	42,164	877	(27,348)	**16,659**
TOTAL LIABILITIES (EXCLUDING EQUITY)	**2,934**	**55,355**	**(2,787)**	**(27,348)**	**33,728**
Acquisitions of assets	72	7,059	352	-	7,483

- The other segment assets mainly comprise intercompany receivables, stocks, client debts and cash flows from operating activities.
- Segment liabilities comprise intercompany payables, suppliers and other liabilities from operating activities.
- Acquisitions of assets comprises the acquisitions of property, plant and equipment (note 6) and investment properties (note 7).
- Eliminations relate to a loan by CARRIGRES to UTEXAFRICA and by TEXAF to UTEXAFRICA.

In comparison, the table below details the segment assets and liabilities on December 31, 2018 and 2017, as well as the acquisitions of assets in the financial year ended on this date.

SEGMENT ASSETS AND LIABILITIES ON DECEMBER 31, 2018 (in thousands of euros)	Holding	Real estate	Quarries	Intercompany eliminations	Consolidated
Property, plant and equipment	374	2,154	7,130	-	**9,658**
Intangibles	-	15	-	-	**15**
Investment property	-	102,347	-	-	**102,347**
Other segment assets	20,823	2,415	13,648	(24,376)	**12,511**
TOTAL ASSETS	**21,197**	**106,932**	**20,778**	**(24,376)**	**124,531**
Bank loans	-	4,268	-	-	**4,268**
Deferred taxes	2,168	9,863	1,968	-	**13,999**
Other segment liabilities	1,246	38,621	559	(24,376)	**16,051**
TOTAL LIABILITIES (EXCLUDING EQUITY)	**3,414**	**52,752**	**2,527**	**(24,376)**	**34,318**
Acquisitions of assets	-	5,995	16	-	6,011

SEGMENT ASSETS AND LIABILITIES ON DECEMBER 31, 2017 (in thousands of euros)	Holding	Real estate	Quarries	Intercompany eliminations	Consolidated
Property, plant and equipment	452	2,194	7,309	-	**9,955**
Intangibles	-	23	-	-	**23**
Investment property	-	99,043	56	-	**99,099**
Other segment assets	21,112	3,811	13,061	(26,807)	**11,177**
TOTAL ASSETS	**21,564**	**105,071**	**20,426**	**(26,807)**	**120,254**
Bank loans	-	6,588	-	-	**6,588**
Deferred taxes	1,427	16,328	2,055	-	**19,810**
Other segment liabilities	470	41,038	455	(26,807)	**15,156**
TOTAL LIABILITIES (EXCLUDING EQUITY)	**1,897**	**63,954**	**2,510**	**(26,807)**	**41,554**
Acquisitions of assets	-	6,609	-	-	6,609

6. Property, plant and equipment

(in thousands of euros)	Land and buildings	Technical systems, equipment and tools	Vehicles	Layouts and accessories	Improvements made to rented properties	Other property, plant and equipment	Total
On December 31, 2016							
Cost	15,049	6,518	474	2,150	693	3	**24,887**
Combined amortization	(2,769)	(6,012)	(369)	(1,801)	(208)	-	**(11,159)**
Net carrying amount	**12,280**	**506**	**105**	**349**	**485**	**3**	**13,728**
CHANGES IN THE FINANCIAL YEAR 2017							
Acquisitions	-	50	-	152	-	-	**202**
First consolidation (net)	-	-	-	-	-	-	**-**
Disposals	-	-	-	(5)	-	-	**(5)**
Reallocations	-	-	-	5	-	-	**5**
Depreciation allocation	(111)	(281)	(40)	(114)	(69)	-	**(615)**
Value adjustment	(3,360)	-	-	-	-	-	**(3,360)**
Changes in the period	(3,471)	(231)	(40)	38	(69)	-	**(3,773)**
On December 31, 2017							
Cost	15,049	6,564	474	2,181	693	3	**24,964**
Combined amortization	(6,240)	(6,289)	(409)	(1,794)	(277)	-	**(15,009)**
Net carrying amount	**8,809**	**275**	**65**	**387**	**416**	**3**	**9,955**
CHANGES IN THE FINANCIAL YEAR 2018							
Acquisitions	10	18	6	154	-	-	**188**
First consolidation (net)	-	-	-	-	-	-	**-**
Disposals	-	-	-	-	-	-	**-**
Reallocations	20	-	-	-	-	-	**20**
Depreciation allocation	(131)	(153)	(29)	(123)	(69)	-	**(505)**
Value adjustment							
Changes in the period	(101)	(135)	(23)	31	(69)	-	**(297)**
On December 31, 2018							
Cost	15,079	6,582	459	2,335	693	3	**25,151**
Combined amortization	(6,371)	(6,442)	(417)	(1,917)	(346)	-	**(15,493)**
Net carrying amount	**8,708**	**140**	**42**	**418**	**347**	**3**	**9,658**
CHANGES IN THE FINANCIAL YEAR 2019							
Acquisitions	23	348	88	180	-	-	**639**
First consolidation (net)	-	-	-	-	-	-	**-**
Disposals	-	-	-	-	-	-	**-**
Reallocations	-	-	-	-	-	-	**-**
Depreciation allocation	(145)	(115)	(39)	150	(69)	-	**(518)**
Other	(2)	-	-	-	-	-	**(2)**
Changes in the period	(124)	233	49	30	(69)	-	**119**
On December 31, 2019							
Cost	15,102	5,770	547	2,476	693	3	**24,591**
Combined amortization	6,518	(5,397)	(456)	(2,028)	(415)	-	**(14,814)**
Net carrying amount	**8,584**	**373**	**91**	**448**	**278**	**3**	**9,777**

Land and buildings includes EUR 5,898 k (net of EUR 5,637 k depreciation) relating to the CARRIGRES deposit, which bore an exceptional depreciation of EUR 3,360 k at June 30, 2017.

The deposit reserves of CARRIGRES were estimated at 20 million tons on December 31, 2009 when 100% of CARRIGRES shares were acquired. They were estimated again at 25 million tons in 2013. Over the six financial years 2014 to 2018, the quarry produced 1.48 million tons of sandstone. These reserves were estimated by means of geological and engineering data, which enable the quantity that could be exploited to be determined with reasonable certainty. This process entails subjective judgments, which make the assessment of reserves an exercise that is subject to revision, as it is not absolutely precise. The Group exploits its existing deposit, but does not explore new deposits. As explained in note 31, part of the quarry is illegally occupied by squatters, which could prevent the development of the quarry's exploitation in the longer term. However, this part is not included in the estimate of the reserves.

Since the financial year 2016, the deposit has been depreciated proportionate to the production.

An impairment test was conducted on the book value of the deposit, which was EUR 5,898 k on December 31, 2019. In the absence of a market value for this asset, this test is based on the value of use and assumptions about future free cash flows generated by the exploitation and on a discount rate. For future cash flows, a scenario has been developed based on the very gradual recovery of the market. The discount rate of 14% was derived from the parameters for the DRC and the building materials estimated by professor A. Damodaran (http://pages.stern.nyu.edu/~adamodar/New_Home_Page/home.htm). Bearing in mind the deterioration of the results of CARRIGRES, this test has led to the recognition, in 2017, of an exceptional depreciation of EUR 3,360 k. However, this test is highly sensitive to the choice of assumptions, as shown in the sensitivity table below, which contains the two main assumptions: the discount rate and the medium- to long-term annual cash flow (assumed to be constant in nominal terms over the life of the deposit). The valuation model has been simplified and is now solely based on a return in 2025 at the average of the past 10 years, but this does not affect the result of the impairment test.

HISTORICAL FREE CASH FLOWS (in thousands of euros)

2011	2012	2013	2014	2015	2016	2017	2018	2019
2,427	2,317	3,028	(436)	962	392	(269)	157	**59**

SENSITIVITY ANALYSIS OF THE FAIR VALUE OF THE DEPOSIT (in thousands of euros)

		Free cash flow (in thousands of euros per year)					
		0	500	1,000	1,500	2,000	2,500
Discount rate	12%	(153)	4,009	8,171	12,333	16,495	20,657
	14%	(154)	3,416	6,986	10,556	14,126	17,696
	16%	(155)	2,970	6,095	9,219	12,344	15,468
Year of commencement of free cash flow @ 14%	2021	(154)	3,416	6,986	10,556	14,126	17,696
	2022	(154)	2,996	6,128	9,260	12,391	15,523
	2023	(154)	2,628	5,375	8,122	10,869	13,616

7. Investment property

(in thousands of euros)	Land	Assets under construction	Other investment property	Total
On December 31, 2016				
Cost	47,277	1,131	73,604	**122,012**
Combined amortization and depreciation	-	-	(28,145)	**(28,145)**
Net carrying amount	**47,277**	**1,131**	**45,459**	**93,867**
CHANGES IN THE FINANCIAL YEAR 2017				
Acquisitions	185	6,145	77	**6,407**
Remeasurement (via other items of the comprehensive result)	-	-	-	**0**
Reallocation *	38	(345)	338	**31**
Reallocation of assets held for sale	1,179	-	-	**1,179**
Depreciation allocation	-	-	(2,384)	**(2,384)**
Value adjustment	-	-	-	**0**
Changes in the period	1,402	5,800	(1,969)	**5,233**
On December 31, 2017				
Cost	48,679	6,931	72,819	**128,429**
Combined amortization and depreciation			(29,329)	**(29,329)**
Net carrying amount	**48,679**	**6,931**	**43,490**	**99,100**
CHANGES IN THE FINANCIAL YEAR 2018				
Acquisitions	-	160	5,663	**5,823**
Disposals/Withdrawals	(67)	-	(38)	**(105)**
Reallocation *	(19)	(4,925)	4,924	**(20)**
Reallocation of assets held for sale	-	-	-	**0**
Depreciation allocation	-	-	(2,429)	**(2,429)**
Value adjustment	-	-	(22)	**(22)**
Changes in the period	(86)	(4,765)	8,098	**3,247**
On December 31, 2018				
Cost	48,593	2,166	82,597	**133,356**
Combined amortization and depreciation	-	-	(31,009)	**(31,009)**
Net carrying amount	**48,593**	**2,166**	**51,588**	**102,347**
CHANGES IN THE FINANCIAL YEAR 2019				
Acquisitions	-	6,669	34	**6,703**
Disposals/Withdrawals	(1,238)	-	-	**(1,238)**
Reallocation	-	(2,544)	2,544	**0**
Reallocation of assets held for sale	-	-	-	**0**
Depreciation allocation	-	-	(2,805)	**(2,805)**
Value adjustment	-	-	22	**22**
Changes in the period	(1,238)	4,125	(205)	**2,682**
On December 31, 2019				
Cost	47,355	6,291	85,175	**138,821**
Combined amortization and depreciation	-	-	(33,792)	**(33,792)**
Net carrying amount	**47,355**	**6,291**	**51,383**	**105,029**

The Group recognizes its investment property at historical cost less depreciation, but gives an estimate of the fair value in this note. It depreciates it on a straight line basis over 20 years, maintaining a residual value of 20% As an exception to this rule, the residual value of the buildings on the Kinsuka site and the former COTEX warehouses, which an international force has vacated, is depreciated over ten and four years respectively.

All the investment property is located in the Democratic Republic of Congo. The sites in DRC are concessions granted by the state for renewable 25-year terms. These concessions come up for renewal between 2020 and 2041. Renewal is inexpensive. The Group has no assets held on lease.

In 2019 the investment property generated rental revenue of EUR 19,230 k and direct costs (mainly maintenance and repair) of EUR 1.287 k.

On December 31, 2019, the sites and property were pledged for EUR 1,712 k (see note 13).

FAIR VALUE

The Group has undeveloped sites in downtown Kinshasa and in outlying Kinsuka, as well as in some provinces of DRC, and developed sites held for rent.

It is hard to determine the fair value of the property in DRC and the current measurement is in level 3 of the IFRS hierarchy of fair values. No property statistics or transaction reports exist. The majority of transactions are conducted on the informal market. Neither is there a public capital market to determine the long-term interest rate. The fair value is estimated by the Board of Directors as best as possible based on the factual information available and not on the basis of a real estate assessment as provided for by IAS 40, article 75, as this does not exist in DRC.

However, in January 2018, Knight Frank, a London-based real estate expert that operates in 59 countries and employs 14,000 people, released the “Knight Frank Africa Report 2017/18”, an analysis of the property market in Africa. Page 24 of this report is dedicated to DRC, particularly the real estate market in Kinshasa. The Group relies among other things on the estimates of this report to estimate the fair value of its investment property.

For residential properties, Knight Frank writes about a strong increase in the neighbourhoods considered safe in Kinshasa (like Gombe), stressing that the supply is limited in these neighbourhoods. The rent level stated is $10,000 for a high-quality four-bedroom home.

Knight Frank currently sees a slowing down of demand for office space due to the political unrest and the absence of high-quality buildings. For security reasons, the major companies are concentrated in the Gombe district. The group’s office space is rented at competitive rates compared to those stated in the Knight Frank report.

The residential and office properties of the TEXAF group in Kinshasa are located alongside the in-demand neighbourhood of Gombe, on the site of UTEXAFRICA, which is unanimously considered to be very well protected.

KINSHASA PRIME RENTS AND YIELDS
(SOURCE: KNIGHT FRANK LLP, JANUARY 2018)

	Prime rents: USD/ m^2/month	Prime yields
Offices	25	12%
Retail	25	12%
Industrial	15	15%
Residential: 4-bedroom executive house - prime location	USD 10,000/month	12%

VALUATION OF UNDEVELOPED LAND

The land price is difficult to document. In 2013 TEXAF sold a site adjacent to the UTEXAFRICA concession on the basis of USD 566/m^2 (EUR 436/m^2), with due consideration for the prohibition on buildings with more than two stories. TEXAF has not completed freely negotiated transactions since then; a 10,634 m^2 site has been expropriated for USD 5.4 m, but part of this site could not be built on. In 2014 the Belgian state put up the site adjoining Petit Pont for sale at a price of EUR 842/m^2 (USD 1,100/m^2). Transactions in the municipality of Gombe, close to the compound, were completed at USD 1.000/m^2.

The company obtained an independent local assessment at the beginning of 2018, valuing the COTEX sites at USD 1,012/m^2. This value was accepted by the banks to guarantee their financing.

In 2017 a real estate operator made an offer for a site of several thousand square meters close to UTEXAFRICA at a price higher than USD 1,000/m^2.

The Board of Directors cautiously maintained the price of USD 800/m^2 used in the 2017 annual report, rounded off to EUR 650/m^2 as a reasonable fair value for downtown sites.

There is great uncertainty about the sites in Kinsuka on the outskirts of the city and the Board has retained EUR 35/m^2 as the fair value, in spite of a real estate boom in this part of Kinshasa. The sale in 2019 of 17 ha of this site to the Société Nationale d'Electricité was at a net value very close to this value.

The subsidiaries LA COTONNIERE and ESTAGRICO hold 302 ha of land in the provinces (South Kivu, Sankuru, Maniema, Tanganyika, Lomami and Kasaï Oriental) on which some buildings have been constructed, mainly warehouses that were used when the Group had cotton plantations. The Board retains a symbolic value of EUR 1.2 m for this item. Historically, LA COTONNIERE also holds land for which the documentation is incomplete and that are not valued in the accounts. However, it should be noted that the regions of Maniema and South Kivu, where TEXAF has properties, are experiencing much faster economic growth than the rest of the country. The Board will revise this value when regional tensions come to an end.

VALUATION OF DEVELOPED AREAS

Each building is allocated a condition co-efficient from 1 (New or completely renovated) to 4 (Run-down). The fair value of the investment properties in the table below is estimated on the basis of their yield value, taking into account the contractual rents and the yield rate of 12% published by Knight Frank for category 1 and 2 buildings or based on the estimated market value of the sites only for categories 3 and 4. The category 3 and 4 developed sites are not used optimally within the meaning of IFRS 13-93 (i) and the existing buildings will gradually be replaced by new buildings (category 1), which ought to get a much higher yield.

CONCLUSIONS

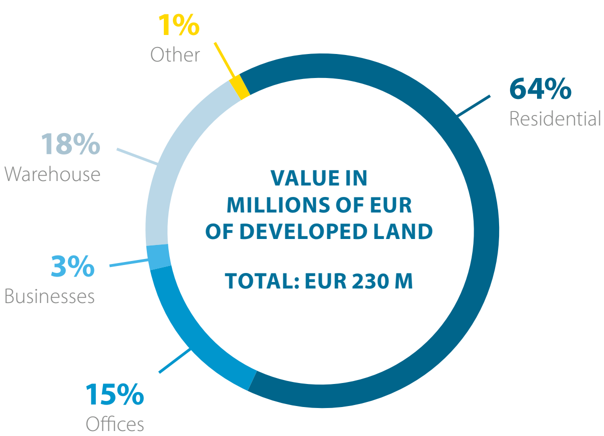
	SITE INVENTORIES (ha)			
	Downtown Kinshasa	Kinsuka	Province	Total
UNDEVELOPED LAND				
Undeveloped land in downtown Kinshasa	9.1	-	-	**9.1**
Undevelopable land in downtown Kinshasa	12.5	-	-	**12.5**
Undeveloped land in Kinsuka	-	83.4	-	**83.4**
Undeveloped land in the province	-	-	305.9	**305.9**
TOTAL UNDEVELOPED LAND (NET OF ROADS)	**21.6**	**83.4**	**305.9**	**410.9**
Roads	3.7	0.6	-	4.3
DEVELOPED LAND				
Land with new or totally renovated buildings (category 1 development)	16.9	-	-	**16.9**
Land with old buildings in good state (category 2 development)	4.1	-	-	**4.1**
Land with buildings that require renovation (category 3 development)	10.5	0.1	-	**10.6**
Land with buildings in poor state (category 4 develop-ment)	3.6	2.5	-	**6.1**
TOTAL DEVELOPED LAND	**35.1**	**2.7**	**0.0**	**37.8**
GENERAL TOTAL	**60.4**	**86.7**	**305.9**	**453.0**

CONCLUSIONS

	FAIR VALUE (EUR M)					
	Rent (EUR m)	Yield rate	Yield value (EUR m)	land value (€/m²)	Equivalent land value (EUR m)	Total value (EUR m)
UNDEVELOPED LAND						
Undeveloped land in downtown Kinshasa	-	-	-	650.0	65.1	**65.1**
Undevelopable land in downtown Kinshasa	-	-	-	-	1.6	**1.6**
Undeveloped land in Kinsuka	-	-	-	35.0	29.2	**29.2**
Undeveloped land in the province	-	-	-	-	1.2	**1.2**
Total undeveloped land (net of roads)	**-**	**-**	**-**	**-**	**97.1**	**97.1**
Roads	-	-	-	-	-	-
DEVELOPED LAND						
Land with new or totally renovated buildings (category 1 development)	14.2	12%	118.0	NA	-	**118.0**
Land with old buildings in good state (category 2 development)	2.3	12%	19.2	NA	-	**19.2**
Land with buildings that require renovation (category 3 development)	2.3	NA	-	-	68.4	**68.4**
Land with buildings in poor state (category 4 development)	1.0	NA	-	-	24.0	**24.0**
TOTAL DEVELOPED LAND	**19.7**	**-**	**137.1**	**-**	**92.5**	**229.6**
GENERAL TOTAL	**-**	**-**	**-**	**-**	**189.6**	**326.7**

Based on these assumptions, which are unchanged compared with 2018, the gross fair value of investment property on December 31, 2019 is EUR 327 m (EUR 249 m after deduction of deferred tax). The main changes compared with the previous year are a reduction in sites in Kinsuka after the aforementioned sale, the increase in the value of developed sites following investments during the year and an increase in category 1 and 2 developed sites to take account of the rents in 2020.

These values must be compared with a net book value of EUR 105 m (or EUR 94 m after deduction of deferred taxes) (see note 17).



Among other things, this table shows that 44% of developed land in downtown Kinshasa, categories 3 and 4, generate only 17% of rental revenue. So these sites are currently not being managed optimally and constitute a strategic land reserve for the Group in the same way as the undeveloped land.

Another way to segment the developed areas containing investment property is based on their use.

SENSITIVITY

The estimate of fair value, which is EUR 327 m, varies as follows, based on the two main parameters - the required yield and the value per square meter in downtown Kinshasa.

ESTIMATED VALUE (EUR M)

Yield rate	Value of the land in m² in the city centre		
	€ 450	€ 650	€ 850
10%	(300)	354	408
12%	278	327	381
14%	253	307	361

8. Intangibles

This is accounting and management software acquired in 2012 and 2015 and partly depreciated.

9. Stakes in associated enterprises

The share of the Group in the losses of CONGOTEX has not been recognized since 2006, as this company is in liquidation and the Group has no commitments besides its investment. The Group share in the losses of CONGOTEX not recognized on December 31, 2019 is EUR 3,000 k. CONGOTEX has been in liquidation since 2007.

10. Other non-current financial assets

(in thousands of euros)	Shares	Loans	Total
On December 31, 2016			
Gross value	813	957	**1,770**
Combined impairments	(813)	(727)	**(1,540)**
Net carrying amount	**-**	**230**	**230**
CHANGES 2017			
Various	-	(183)	**(183)**
On December 31, 2017			
Gross value	813	774	**1,587**
Combined impairments	(813)	(727)	**(1,540)**
Net carrying amount	**-**	**47**	**47**
CHANGES 2018			
New investments	170	-	**170**
Various	-	-	**-**
On December 31, 2018			
Gross value	983	774	**1,757**
Combined impairments	(813)	(727)	**(1,540)**
Net carrying amount	**170**	**47**	**217**
CHANGES 2019			
New investments	71	54	**125**
Impairment	(38)	-	**(38)**
On December 31, 2019			
Gross value	1,054	828	**1,882**
Combined impairments	(851)	(727)	(1,578)
Net carrying amount	**203**	**101**	**304**

- The net value of the shares (EUR 203 k) corresponds to the released part of the investment in the Partech Africa fund
- Loans include an amount of EUR 727 k loaned to CONGOTEX when it was put into liquidation. This amount has been written off in full. The remaining loan on December 31, 2019 is made up of security deposits.
- The fair value of the other non-current financial assets on December 31, 2019, December 31, 2018 and December 31, 2017 is close to their net book value on these dates.

11. Other assets recognized as rights of use

	Assets recognized as rights of use	Deferred tax assets	Debt to lessors payable in more than 12 months	Debt to lessors payable in 12 months or less
ON THE BALANCE SHEET				
On January 1, 2019	184	-	128	56
Depreciations	(50)	-	-	-
Effective payment of rent	-	-	53	-
Discount factor	-	-	5	-
Deferred tax on the difference with the actual rent	-	1	-	-
On December 31, 2019	134	1	79	56
TO THE INCOME STATEMENT				
First six months of 2019				
Depreciations	(50)	-	-	-
Effective cancellation of rent	53	-	-	-
Financial expense	(5)	-	-	-
Deferred tax on the difference with the actual rent	1	-	-	-
Impact on the result of the period	(1)	-	-	-

12. Current assets

(in thousands of euros)	2017	2018	2019
INVENTORY			
Spare parts - Gross value	2,931	2,985	**2,695**
Spare parts - Impairment	(142)	(172)	**198**
Finished products - Gross value	2,162	2,306	**2,054**
Finished products - Impairment	(226)	(226)	**-**
Other stocks - Gross value	44	55	**82**
Net value	4,769	4,948	**4,633**
Net value	**4,905**	**4,769**	**4,948**
CLIENTS			
Clients – Gross value	1,649	1,345	**1,731**
Clients – Impairments	(741)	(949)	**(669)**
Net value	**908**	**396**	**1,062**
TAX ASSETS	**919**	**807**	**1,044**
OTHER DEBTORS			
Other debtors – Gross value	687	476	**430**
Other debtors – Impairment	(126)	(180)	**(180)**
Net value	**561**	**296**	**250**
CASH AND CASH EQUIVALENTS			
Cash at bank	-	-	**-**
Bank balances	3,674	5,564	**5,179**
Short-term accounts	-	-	**3,588**
Net value	**3,674**	**5,564**	**8,767**
OTHER CURRENT ASSETS			
Charges to be carried forward	74	87	**18**
Income acquired	224	198	**221**
Net value	**298**	**285**	**239**

- Spare part stocks are held by CARRIGRES and UTEXAFRICA. The inventory of finished products and work in progress only concerns CARRIGRES.
- The client debts are spread as follows according to their age:

(in thousands of euros)	Gross value	Impairment	Net value
0 - 60 days	450	-	450
60 - 120 days	85	-	85
> 120 days	1,195	(669)	526
TOTAL	**1,731**	**(669)**	**1,062**

(in thousands of euros)	Client receivables	Turnover	% Clients on turnover
On December 31, 2016, gross value	**1,332**		
Impairments	(770)		
Net value	**562**	**18,392**	**3.1%**
Increase of provisions	(18)		
Decrease of provisions	47		
On December 31, 2017, gross value	**1,649**		
Impairments	(741)		
Net value	**908**	**18,208**	**5.0%**
Increase of provisions	(223)		
Decrease of provisions	14		
On December 31, 2018, gross value	**1,345**		
Impairments	(949)		
Net value	**396**	**18,869**	**2.1%**
Increase of provisions	11		
Decrease of provisions	291		
On December 31, 2019, gross value	1,731		
Impairments	(669)		
Net value	**1,062**	**21,924**	**4.8%**

(in thousands of euros)	2017	2018	2019
Clients and other debtors	908	396	**1,062**
Clients – Gross value	1,649	1,345	**1,731**
Clients – Impairments	(741)	(949)	**(669)**
Net value	**908**	**396**	**1,062**

- With regard to the amortization of financial assets measured at amortized cost, including commercial receivables, the initial application of the expected credit loss model under IFRS 9 leads to the accelerated recognition of credit losses compared with the incurred loss model under IAS 39. Being given, on the one hand, the quality of the tenants and, on the other, the low credit risk associated with commercial receivables (established on the basis of the analysis of historical credit losses). The expected loss model under IFRS 9 has no material impact for the Texaf Group.
- The net value of the client receivables is very low compared with turnover (5%), because, in real estate, tenants pay in advance and, in the quarry, many clients pay at the time of collection. In addition, the Group liabilities include advance rent from clients of EUR 2.349 k. The net value of the clients includes EUR 526 k in receivables more than 120 days due, some of which is covered by rental guarantees or corresponding debts.
- As the Group personally knows each of its clients, of which there are only around 200, albeit they are all of very different sizes and characteristics, a statistical analysis of non-payments to determine the parameters for making provisions for debts overdue for more than 120 days would be neither relevant nor significant. The Group examines each of its debts individually with the debtor to determine the risk and any provision.
- Tax assets comprise VAT receivables of EUR 1.142 k.
- The fair value of clients, other debtors and other current assets on December 31, 2019, December 31, 2018 and December 31, 2017 is close to their net book value on these dates.
- The impairments are recognized in "impairment" on the income statement. Since the financial year 2016 the rents payable by debtors that systematically have problems paying are only recognized when they are effectively collected and so no longer as impairments.

13. Share capital

ORDINARY SHARES IN CIRCULATION	
Changes in the financial year 2017	-
Number of shares on December 31, 2017	3,543,700
Changes in the financial year 2018	-
Number of shares on December 31, 2018	3,543,700
Changes in the financial year 2019	-
Number of shares on December 31, 2019	3,543,700

The shares are issued without designation of nominal value.

No change was recognized in 2017, 2018 or 2019.

14. Bank loans and other financial liabilities

(in thousands of euros)	2017	2018	2019	Monetary changes	Non-monetary changes
NON-CURRENT					
Guarantees and deposits received	3,572	4,368	**4,189**	179	0
Debt to lessors payable in more than 12 months	-	-	**79**	79	
Bank loans	6,588	4,268	**1,966**	(2,302)	0
	10,160	**8,636**	**6,235**	**(2,401)**	**0**
CURRENT					
Bank loans	2,239	3,009	**2,299**	(710)	0
TOTAL BORROWINGS AND OTHER FINANCIAL LIABILITIES	**12,399**	**11,645**	**8,533**	**(3,112)**	**0**
BY DUE DATE					
Less than one year	2,239	3,009	**2,299**	(710)	0
One-five years	10,160	8,636	**6,235**	(2,401)	0
	12,399	**11,645**	**8,533**	**(3,112)**	**0**
BY CURRENCY					
Euro	12,399	11,645	**8,533**	(3,112)	0

- In 2012 TEXAF agreed a EUR 1,870 k loan with a Belgian bank at a rate of 4.30%, repayable in 16 quarterly instalments beginning in August 2013.
  This loan was paid back in full in the course of 2017.
- In 2014 UTEXAFRICA agreed a EUR 1,400 k loan with a Congolese bank at a rate of 8.96%, repayable in 57 quarterly instalments beginning in June 2015.
- In 2014 UTEXAFRICA agreed a EUR 1,500 k loan with a Congolese bank at a rate of 9.5%, repaid in full in 2016.
- In 2014 UTEXAFRICA agreed a EUR 2,500 k loan with a Congolese bank at a rate of 8.6%, repayable in 50 quarterly instalments beginning in January 2016.
- At the end of 2015 IMMOTEX agreed a EUR 2,940 k loan with a Congolese bank at a rate of 8.50%, repayable in 54 quarterly instalments beginning in October 2016.
- In 2016 IMMOTEX agreed a EUR 2,600 k loan with a Congolese bank at a rate of 7%, repayable in 48 quarterly instalments beginning in October 2016.
- In 2016 UTEXAFRICA agreed a EUR 2,500 k loan with a Congolese bank at a rate of 7%, repayable in 48 quarterly instalments beginning in December 2017.
- In 2018 UTEXAFRICA agreed a EUR 2,500 k loan with a Congolese bank at a rate of 8.50%, repayable in 60 quarterly instalments beginning in August 2019. Only EUR 1.000 k of this loan was taken up.
- The guarantees and deposits received concern rental guarantees deposited by clients and performance bonds deducted from the invoices of building contractors.
- The fair value of the guarantees received cannot be determined with precision, as the contracts are open ended. The fair value of the current and non-current bank loans is close to their book value, as the impact of the conversion to current value is negligible.

15. Net financial debt

The net financial debt is the difference between the interest-bearing debts and cash investments.

(in thousands of euros)	Note	2017	2018	2019
Bank debt	14	8,827	7,277	**4,265**
Payable to Imbakin	34	409	399	**379**
Cash investments	10	(3,674)	(5,564)	**(8,767)**
Net financial debt		**5,562**	**2,112**	**(4,123)**

16. Provisions for other liabilities

In the Democratic Republic of Congo, the employees receive an allowance when they retire, based on the number of years in employment and the level of remuneration, similar to when they are let go.

The provision for this allowance is calculated using the projected credit unit method. On the one hand, there is no long-term interest rate in CDF and, on the other, the Group endeavors to maintain the purchasing power of their employees in USD even if the CDF is devalued. The discount rate used is the 30-year rate of US treasury bonds (2.34%) and the rate at which salaries rise (2.98%) corresponds to the historical Group average in USD. (This latter rate replaces the long-term inflation rate in USD and the actual growth rate, which were previously used.) The life table was changed in 2017 on the advice of an external consultant. The life table for the Democratic Republic of Congo published by the World Health Organization was previously used. Now, use of the table published by the Inter-African Conference on Insurance Markets (www.cima-afrique.org), is mandatory for insurance companies in the French-speaking countries of West Africa.

This provision is not financed by an investment portfolio.

The sensitivity of this EUR 1,012 k provision to the actuarial assumptions is stated in the table below:

DISCOUNT RATE IN USD	NOMINAL RATE OF SALARY RAISES IN USD			
	2%	3%	4%	5%
2%	(947)	1,056	1,186	1,343
3%	856	946	1,053	1,182
4%	779	855	945	1,051
5%	714	780	855	944

17. Deferred taxes

The deferred tax assets and liabilities are offset when there is a legally enforceable right to offset the assets and liabilities of due tax and the deferred tax assets and liabilities concern tax on the result deducted by the same tax authority.

No offsetting between distinct legal entities has been applied. The table below shows the amounts after offsetting, where applicable.

(in thousands of euros)	2016	2017	2018	2019
Deferred tax liabilities recoverable in more than 12 months	21,756	19,810	13,999	**12,805**
Deferred tax assets reallocated to liabilities recoverable in less than 12 months	-	-	-	-
	21,756	**19,810**	**13,999**	**12,805**

The gross change to deferred taxes is shown below:

(in thousands of euros)	2018	2019
On December 31, 2017	19,810	19,810
Deferred taxes on actuarial changes reallocated to equity	-	-
Other tax charged to the income statement under "Deferred taxes"	(5,811)	(5,811)
On December 31, 2018	13,999	13,999
Deferred taxes on actuarial changes reallocated to equity	-	(9)
Deferred taxes on changes to revaluation reserves	-	(9)
Other tax charged to the income statement under "Deferred taxes"	-	(1,176)
On December 31, 2019	-	12,805

The change to deferred tax assets and liabilities during the financial year, excluding offsetting within the same legal jurisdiction, is detailed below:

DEFERRED TAX LIABILITIES	(Net) revaluation of land and buildings	Undistributed reserves and other untaxed reserves	Other	Total
On December 31, 2017	18,441	1,427	302	20,170
Transfer from one item to another	163	-	(262)	(99)
Debited (credited) to the income statement 2018	(6,536)	741	(40)	(5,835)
On December 31, 2018	12,068	2,168	0	14,236
Transfer from one item to another	-	-	-	0
Debited (credited) to the income statement 2019	(928)	190	-	(1,118)
On December 31, 2019	11,140	1,978	0	13,118

DEFERRED TAX ASSET:	Tax losses	Post-employ-ment benefits	Other	Total
On December 31, 2017	-	(261)	(99)	(360)
Transfer from one item to another	-	-	99	**99**
Credited to the income statement 2018		24	-	**24**
On December 31, 2018	-	(237)	0	(237)
Recognized in other items of the comprehensive result	-	(9)	(9)	**(18)**
Credited to the income statement 2019	-	(57)	(1)	**(58)**
On December 31, 2019	-	(303)	(10)	313

The deferred tax liabilities mostly consist of provision for tax on a possible future gain on the real estate assets of the Group in DRC in the event of disposal (EUR 11,140 k). The tax value is set in Congolese francs (CDF), but is revalued every year on the basis of a coefficient set by the finance minister to take account of inflation. In 2017 this provision was reduced, on the one hand, by EUR 1,176 k following the exceptional depreciation of the sandstone deposit and, on the other hand, by EUR 1,000 k to adjust to the revised tax value in Congolese francs. In 2018 this provision was reduced, on the one hand, by EUR 4,139 k to adjust to the revised tax value in Congolese francs and, on the other hand, by EUR 2,397 k to reflect the reduced tax rate on profit in DRC from 35% to 30%. In 2019 this provision was reduced by EUR 928 k to adjust to the revised tax value in Congolese francs. This provision may be increased in the future if the EUR/CDF exchange rate and the tax remeasurement coefficient diverge.

For the rest (EUR 1,978 k), the deferred tax liabilities comprise a provision for future tax in Belgium on reversals of write-downs that Texaf S.A will have to make on the historical claim it holds against Utexafrica. Up to December 31, 2017, this provision was presented after deduction of a tax asset of Texaf; this tax asset had been reversed in the first half of 2018

The Group does not recognize deferred tax liabilities on undistributed profit by the subsidiaries for the part of the profit that it decides not to distribute in the foreseeable future (EUR 3,180 k of passive tax latency on December 31, 2019). Likewise, the Group does not recognize deferred tax liabilities on the untaxed reserves, because the Group does not expect to distribute these reserves in the foreseeable future (EUR 1,866 k on December 31, 2019).

Furthermore, the deferred tax assets not recognized on the balance sheet are EUR 146 k. These tax assets come from losses carried forward in DRC. There is no longer any time limit on their recognition. Their likelihood of realization is considered unpredictable.

18. Suppliers and other current creditors

(in thousands of euros)	2017	2018	2019
Suppliers	1,475	1,311	**1,975**
VAT and other tax to be paid	1,100	1,707	**4,260**
Salary, social contributions and similar	151	13	**23**
Other creditors	571	620	**426**
	3,297	**3,651**	**6,685**

19. Financial instruments

In 2018 the Group adopted IFRS 9 Financial Instruments (as amended in July 2014) and substantial amendments of other related IFRS ahead of the date on which they take effect. IFRS introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) the write-down on financial assets and 3) the recognition of total coverage ratios. These new requirements and their impact on the consolidated financial statements of the Group are set out below.

The Group applied IFRS 9 in advance with the transitional stipulations provided for in IFRS 9. The date of initial application, that is the date on which the Group measured its financial assets and existing financial liabilities with regard to IFRS 9, is January 1, 2018. As a consequence, the Group applied the requirements of IFRS 9 to the instruments that had not been removed from the accounts on January 1, 2018 and did not apply them to those that had already been removed from the accounts on January 1, 2018. The comparable amounts linked to these instruments that were not removed from the accounts on January 1, 2018 have not be reformulated.

The management of the Group has reviewed and measured the financial assets and existing financial liabilities on January 1, 2018, based on the facts and circumstances that existed on this date and has concluded that the initial application of IFRS 9 has the following impacts on the classification and measurement of these assets and liabilities.

- The financial assets classified as "Loans and receivables" under IAS 39, such as non-current liabilities, commercial receivables, cash and cash equivalents are classified and measured at amortized cost under IFRS 9.
- Financial assets, such as stakes in unlisted companies, classified as "Available-for-sale financial assets", such as the other financial assets (shares) under IAS 39 are designated as being measured at fair value through the other items of the comprehensive income.

With regard to write-down on financial assets, IFRS 9 requires the use of an expected credit loss model rather than an incurred loss model under IAS 39. The scope of the financial instruments subject to impairment was changed by IFRS 9; specifically, the Group measures write-down on the guarantees issued in compliance with the expected loss model (rather than the "most likely consequence" under IAS 37). Expected credit losses on January 1, 2018 were EUR 741 k, identical to those under IAS 39. They all relate to commercial receivables.

The classification and measurement of the financial liabilities of the Group have not been changed by the requirements of IFRS 9.

FINANCIAL INSTRUMENTS	Designated at fair value through the other items of the comprehensive income	Financial assets or liabilities measured at amortized cost	Fair value	Qualification of fair value	Category
FINANCIAL ASSETS					
Share-based participations	203		203	Level 2	Financial assets at fair value through the other items of the comprehensive income
Foreign currency derivative financial instruments					Cash flow hedging
Other derivative financial instruments					Cash flow hedging
Loans to affiliated companies					Financial assets at amortized cost
Security deposits		101	101	Level 2	Financial assets at amortized cost
Term deposits					Financial assets at amortized cost
Other receivables at amortized cost		1,533	1,533	Level 2	Financial assets at amortized cost
Other financial assets					
Non-current commercial receivables					Financial assets at amortized cost
Current commercial receivables		1,062	1,062	Level 2	Financial assets at amortized cost
Cash and cash equivalents		8,767	8,767	Level 2	Financial assets at amortized cost
TOTAL	**203**	**11,462**	**11,665**		
FINANCIAL LIABILITIES					
Bank loans		4,265	4,265	Level 2	Financial liabilities at amortized cost
Bank overdrafts					Financial liabilities at amortized cost
Leasing liabilities		136	136		Financial liabilities at amortized cost
Other financial liabilities		13,539	13,539	Level 2	Financial liabilities at amortized cost
Other financial liabilities					
Foreign currency derivative financial instruments					Cash flow hedging
Other derivative financial instruments					Cash flow hedging
Commercial liabilities		1,975	1,975	Level 2	Financial liabilities at amortized cost
Liabilities to related parties					Financial liabilities at amortized cost
TOTAL		**19,914**	**19,914**		

Financial instruments that, after initial recognition, are measured at fair value on the balance sheet, can be presented at one of three levels (1-3), each corresponding to their observability:

The level 1 measurements of fair value are based on the (unadjusted) prices quoted on markets for identical assets or liabilities.

The level 2 measurements of fair value are based on data other than the quoted prices referred to in level 1 observed for the asset or liability in question, either directly (prices) or indirectly (data derived from prices).

The level 3 measurements of fair value are based on valuation techniques that include data relating to the assets or liabilities that are not based on observable market data (non-observable data).

Level 1: Texaf does not currently hold any financial instruments that meet the definition of level 1.

Level 2: All other assets and liabilities held by Texaf are level 2.

Level 3: Texaf does not currently hold any financial instruments that meet the definition of level 3.

20. Revenue from ordinary activities

(in thousands of euros)	2017	2018	2019
Sales of goods	1,573	1,601	**2,458**
Rental income	16,635	17,268	**19,233**
	18,208	**18,869**	**21,691**

20.1. QUARRIES

- The sale of property concerns the turnover of CARRIGRES.
- CARRIGRES has one client that accounts for more than 10% of its tonnage sold. The five biggest clients account for 54% of deliveries and the ten biggest for 64%.

20.2. REAL ESTATE

- The rents come from the renting of residential buildings, offices and warehouses in Kinshasa.
- The majority of tenancy agreements are open-ended with three-months' notice for residential tenancy agreements and six months' notice for business tenancy agreements. Furthermore, many clients benefit from a diplomatic clause allowing them to vacate the property without compensation with one month's notice if their country or international body closes its mission in DRC. There are some fixed-term contracts that are set to expire within one to five years.

PROPORTION OF TENANCY AGREEMENTS IN VALUE (AT 12-31-2019)	
Diplomatic clause (one month's notice if diplomatic relations are broken off)	30.7%
Open ended (three months' notice)	43.4%
Open ended (six months' notice)	17.3%
Fixed term without diplomatic clause (one to five years)	8.6%

- No single client accounts for 10% or more of segmented turnover. The five biggest clients account for 35% of turnover and the ten biggest for 45% of turnover.
- The annual rental value of the rented properties is EUR 20.1 m, which is higher than the 2019 turnover because the Bois Nobles homes only became available in the course of the year.

21. Payroll expenses

The employee costs in 2017 include EUR 200 k in restructuring costs at CARRIGRES (see note 25), which covers the termination benefits of employees who left the company by mutual agreement.

(in thousands of euros)	2017	2018	2019
Wages, salaries and social benefits	3,495	3,088	**3,599**
Capitalized charges	(129)	(294)	**387**
Pension costs (defined benefit plan)	64	45	**(194)**
	3,430	**2,839**	**3,405**

22. Depreciation allocation

The amortization allocation concerns intangible assets (EUR 6 k), property, plant and equipment (EUR 518 k) and investment property (EUR 2,805 k) (see notes 6 and 7).

23. Impairments

NON-FINANCIAL ASSETS

In 2017, impairments mainly consisted of an exceptional depreciation of the CARRIGRES deposit (see note 6) of EUR 3,360 k (see note 25), so the value of the deposit has changed as follows:

Value on December 31, 2016	EUR 9,432 k
Depreciation based on production	EUR (56) k
Exceptional depreciation	EUR (3,360) k
Value on December 31, 2017	EUR 6,016 k
Depreciation based on production	EUR (69) k
Value on December 31, 2018	EUR 5,947 k
Depreciation based on production	EUR (84) k
Value on December 31, 2019	EUR 5,863 k

Write-downs, net of reversals, on stocks of EUR 21 k in 2018 and EUR 26 in 2019 were also recognized.

FINANCIAL ASSETS

In 2018 a write-down was applied to the receivable from i-Finance of EUR 48 k.

Write-downs, net of reversals, on commercial receivables of EUR 186 k were also recognized.

In addition, a write-down on another receivable of EUR 870 k was reversed due to the payment for the expropriation of a UTEXAFRICA site.

In 2019 write-downs on commercial receivables, net of new allocations, of EUR 47 k were recognized.

24. Other operating charges

(in thousands of euros)	2017	2018	2019
Rental expenses	65	69	**15**
Maintenance and repairs (subcontracted)	652	668	**839**
Fuel and lubricants	19	22	**46**
Water	172	179	**214**
Electricity	606	650	**812**
Office supplies	53	52	**52**
Communication costs	89	89	**73**
Third party fees and remuneration	1,461	1,610	**1,910**
Transport costs (rebilled)	76	28	**90**
Insurance	70	53	**64**
Travel costs	163	147	**171**
Advertising and representation costs	168	200	**329**
Directors	310	632	**738**
Tax	1,134	1,134	**1,307**
Various	354	398	**171**
	5,392	**5,931**	**6,830**

56% of fees are legal and security costs, which are essential for the protection of the property of the Group.

Taxes include Congolese tax on the rental revenue of TEXAF s.a. of EUR 865 k in 2018. This tax is levied on gross revenue rather than the resulting profit.

25. Other operating income

(in thousands of euros)	2017	2018	2019
Restaurant - pool house	363	395	**366**
Rebilling water, power, various expenses	687	647	**736**
Various	443	382	**428**
	1,493	**1,423**	**1,530**

Other income includes revenue from sandstone transports, air-conditioning equipment maintenance, fees for inventories and declarations of state of repair and sales of decommissioned equipment.

26. Non-recurring operating items

- The non-recurring operating items are income or expenses related to the operating activity of the Group that are uncommon, that is to say, they do not occur every year. Since 2017, these are limited to 1. gains or losses on disposal of non-current assets, 2. allocations to (or reversals of) write-downs on non-current assets and 3. costs relating to major restructuring, purchase or disposal of an activity (such as redundancy costs, plant closure and commissions paid to third parties to acquire or dispose of an activity).

- For the financial year ended on December 31, 2017, the non-recurring expenditure consisted of the exceptional depreciation of the sandstone deposit (EUR 3,360 k) (see notes 6 and 22), the restructuring costs at CARRIGRES (EUR 200 k) (see note 20) and a write-down on the i-Finance loan (EUR 50 k) (see note 22).

- For the financial year ended on December 31, 2018, the non-recurring income consisted of the profit generated by the indemnity for expropriation actually collected by UTEXAFRICA (EUR 1,378 k, including EUR 870 k reversal of the write-down on receivable and EUR 508 k gain on property, plant and equipment) and the gain by CARRIGRES on the sale of a non-operating property (EUR 152 k).

- For the financial year closed on December 31, 2019, the non-recurring revenue consisted of the gains on the sale by IMMOTEX of 17 ha of its Kinsuka site (EUR 5.120 k) and by TEXAF of a wood located in Belgium (EUR 68 k) and by CARRIGRES of old production equipment (EUR 2 k).

27. Financial expenses

(in thousands of euros)	2017	2018	2019
Interest expense	703	624	**479**
Capitalized interest expenses	(115)	(195)	**(118)**
Foreign exchange losses	595	(2)	**(67)**
Other financial charges	7	12	**(3)**
	(1190)	**438**	**291**

Financial expenses include in 2017 exchange losses of EUR 592 k, primarily on VAT credits in Congolese francs.

28. Income tax

(in thousands of euros)	2017	2018	2019
Current taxes	75	(1,140)	**(3,183)**
Deferred taxes (note 16)	2,255	5,811	**1,177**
	2,330	**4,671**	**(2,006)**

Current taxes in 2017 comprised a reversal of a provision of EUR 1,065 k, which fully offset the tax expense of the financial year.

Deferred taxes in 2017 comprised a reduction in the provision for deferred taxes on the deposit, following its impairment, of EUR 1,176 k and a decrease of EUR 1,000 k in the provision for deferred taxes on the buildings to bring them in line with their tax value in Congolese francs. In 2018, deferred taxes were reduced, on the one hand, by EUR 4,139 k to adjust to the revised tax value in Congolese francs and, on the other hand, by EUR 2,397 k to reflect the reduced tax rate on profit in DRC from 35% to 30%. On the other hand, the deferred Belgian taxes were revalued by EUR 741 k, following, among other things, the elimination of a tax asset that the Board deemed no longer to exist. In 2019 deferred taxes were reduced by EUR 1.177 k, the main part of which (EUR 928 k) was an adjustment to the revised tax value in Congolese francs.

The connection between the tax rate applicable to the parent company and the actual tax rate is as follows:

(in thousands of euros)	2017	2018	2019
Tax expense based on the tax rate applicable to the parent company	**(755)**	**(2,478)**	**(3,840)**
Result before tax	2,220	8,261	**12,799**
Applicable tax rate	**33.99%**	**30.00%**	**30.00%**
Reconciliation items	**1,500**	**585**	**604**
Impact of the rates in other jurisdictions	(4)	(337)	**0**
Change in tax rate	0	(44)	**(2)**
Impact of deductible notional interest	13	0	**0**
Impact of non-taxable revenue	1,196	944	**781**
Impact of non-deductible expenses	(515)	(65)	**(244)**
Impact of used tax losses	84	155	**(135)**
Impact of tax liabilities not recognized during the financial year	(217)	(155)	**71**
Impact of tax liabilities recognized during the financial year	1,000	0	**0**
Other	(57)	87	**5**
Tax expense based on the effective tax rate	**745**	**(1,893)**	**(3,236)**
Result before tax	2,220	8,261	**12,799**
Effective tax rate	**(33.58%)**	**22.92%**	**25.28%**
Adjustments to tax due in previous years	1,585	974	**579**
Adjustments to deferred taxes		5,590	**651**
TOTAL TAXES	**2,330**	**4,671**	**(2,006)**

The non-taxable revenue mainly comprises the rental revenue of TEXAF s.a., which is subject to a special tax on rental revenue (see note 24).

The tax liabilities recognized during the financial year fell by EUR 1,000 k in 2017 following an adjustment of deferred taxes in line with the remeasured tax value (see note 17).

In 2018, deferred taxes were reduced, on the one hand, by EUR 4,139 k to adjust to the revised tax value in Congolese francs and, on the other hand, by EUR 2,397 k to reflect the reduced tax rate on profit in DRC from 35% to 30%. Various other changes, including the credit note for a Belgian tax asset that no longer has a reason to exist, lead to an increase of EUR 946 k.

29. Result per share

The basic result per share is calculated by dividing the net profit allocated to shareholders of the parent company by the weighted average number of ordinary shares in circulation in the course of the financial year, excluding share buy-backs.

(in thousands of euros)	2017	2018	2019
Net profit to shareholders of the parent company (in EUR '000)	4,542	12,909	**10,771**
Weighted average number of ordinary shares in circulation	3,543,700	3,543,700	**3,543,700**
Basic result per share (EUR per share)	**1.28**	**3.64**	**3.04**

30. Dividend per share

The net dividend of EUR 0.81 (gross EUR 1.15714) per divisible share proposed to the General Assembly of May 12, 2020 to be charged to the financial year closed on December 31, 2019, representing a total distribution of EUR 4,101, is not recognized in liabilities in the financial statements on December 31, 2019, in accordance with IFRS.

The dividend proposed for the financial year 2018 (a total of EUR 3,442 k) was approved by the General Assembly of May 14, 2020 and paid in 2019. This dividend was therefore no longer part of equity on December 31, 2019.

31. Cash from operations

(in thousands of euros)	Note	2017	2018	2019
Result of the period		**4,550**	**12,932**	**10,792**
Adjustments				
Tax	27	(2,330)	(4,671)	**2,006**
Amortization of intangible assets		19	8	**8**
Depreciation of property, plant and equipment	7	615	505	**518**
Amortization of assets recognized as rights of use				**50**
Depreciation of investment property	8	2,384	2,429	**2,804**
Adjustment of depreciation of investment property	8	-	22	**(22)**
Losses on assets and liabilities		-	-	**-**
Losses / (profits) on disposal of non-current assets		-	(660)	**(2,929)**
Losses (profits) on abandoned activities		-	-	**-**
Net changes to provisions for other liabilities	15	-	-	**-**
Net changes to liabilities resulting from post-employment benefits	16	63	45	**(194)**
Impairments of assets through the income statement	25	3,328	(578)	**190**
Interest expense	26	588	428	**342**
Interest income		-	-	**(68)**
Share in the result of associated enterprises		-	-	**-**
Unrealized exchange losses / (profits)		-	-	**-**
Changes to working capital (excluding changes to consolidation scope and translation differences)				
Inventory		152	(208)	**463**
Clients and other debtors		447	1,511	**769**
Rent guarantees received		190	478	**288**
Suppliers and other creditors		(787)	1,069	**724**
CASH FROM OPERATIONS		**9,219**	**13,310**	**14,211**

32. Any litigation and liabilities

- Part of the CARRIGRES site is illegally occupied by squatters, which could prevent the development of the quarry's exploitation in the longer term. The company is doing everything within its power to eject these illegal occupants. This part of the deposit is not valued in the accounts.

- IMMOTEX is a party to various legal actions to protect its site in Kinsuka (87 ha) from attempts at illegal appropriation of all or some of the site by third parties.

- TEXAF is also party to several legal actions to fight attempts to illegally appropriate its site at "Petit Pont".

- UTEXAFRICA is confronted with attempts to build on the land liable to flooding between its compound and the river. To protect itself, in 2017 it was granted a 25-year rental contract covering this area by the state.

- The Group has won all the above cases in the courts of Kinshasa and expects these court decisions to be applied.

33. Commitments

- CONGOTEX was put into liquidation in 2007. IMMOTEX agreed to a USD 1 m loan to facilitate the liquidator's work in settling certain priorities, such as the social liabilities. This loan is completely covered by a provision. The TEXAF Group is not obliged to contribute financially over and above the shareholder efforts it has made to this date.
- Some TEXAF real estate (net book value EUR 1,712 k) is provided as collateral to Congolese banks to cover five loans, initially totaling EUR 11,940 k (see note 13 above).
- The company has committed to granting one of the executive directors remuneration based on a share option plan, the details of which still need to be fully agreed.
- TEXAF has undertaken to subscribe to the PARTECH AFRICA fund for an amount of EUR 759 k, which has not yet been called in, on December 31, 2019.
- The Democratic Republic of Congo has undertaken to compensate UTEXAFRICA an outstanding amount of USD 3.7 m for an expropriation.

34. Transactions with affiliated parties

S.F.A., which is the main shareholder of TEXAF S.A., rents offices and car parks to TEXAF S.A. in Brussels for EUR 64 k per year.

TEXAF keeps the accounts of SFA and Chagawirald, companies that it controls, in lieu of a debt of EUR 300 k dating from 2002.

The lawyers office De Croo - Desguin, linked to Herman De Croo, director, charges consulting fees of EUR 36 k per year to TEXAF S.A.

The Group regularly buys and sells goods and services from Chanimétal (EUR 172 k in purchases and EUR 21 k in sales in 2019), a company co-controlled by Chanic, director.

Imbakin Holding, a company controlled by SFA, has a receivable of EUR 379 k from TEXAF.

In 2019 CARRIGRES sold a freestanding house to a company linked to Albert Yuma, director, for EUR 68 k.

The directors received the following remunerations in 2018:

	Fixed remuneration (gross)	Attendance fee (gross)	Variable remuneration (gross)	Total remuneration (gross)
Chanic s.a. represented by Vincent Bribosia	12,000	8,000	-	20,000
Charlotte Croonenberghs	12,000	4,000	-	16,000
Philippe Croonenberghs	17,000	10,000	41,728	68,728
Michel Gallez	0	0	-	0
Danielle Knott	17,000	8,000	-	25,000
Dominique Moorkens	12,000	11,000	-	23,000
Pascale Tytgat	17,000	7,000	-	24,000
Albert Yuma	0	0	-	0

35. Remuneration of principal managers

The remunerations and other short-term benefits granted to the main directors were EUR 766 k in 2018 (EUR 766 k in 2018), split as follows:

	Employer cost	Variable remuneration	Pension plan	Company vehicle	Total
CEO	340,477	120,310	In accordance with DRC law	Yes	**460,787**
CFO	155,000	120,232	29,996	Yes	**305,228**

36. Remuneration of the auditor

- Fees relative to the duties of the auditor exercised for the Group in 2019: EUR 52 k excluding VAT.
- Fees relative to the duties of the auditor and the persons with which the auditor is connected (in 2019): EUR 48 k.

37. Events after the reporting period

The start of 2020 was marked by the global coronavirus pandemic.

At the time of writing, the DRC appeared to be less affected than Western countries. The Congolese population is very young on average. However, the group has taken steps to protect its tenants and employees well before any official measures were announced. It is in constant contact with them as regards the steps taken to protect their health and security.

On March 19 the TEXAF DIGITAL CAMPUS and the TEXAF BILEMBO cultural center were both closed to the general public.

On March 24 the DRC shut its borders to air passengers, which prevents staff and clients from leaving the country by other means than official repatriation flights. As a consequence, the CEO and the majority of group managers remain in Kinshasa.

On April 6 the district around the Utexafrica concession was quarantined and ordered to self-isolate for 15 days. That meant that all building sites were closed down and the majority of group employees were unable to come into work. The group reached agreements with commercial tenants to ensure the provision of fresh supplies to concession residents.

As this annual report went to press, the Carrigrès quarry, which is located beyond the lockdown area, was working normally albeit with a reduced workforce, with due consideration for good social distancing practices.

The crisis had no impact on the group's finances in the first quarter. As this annual report went to press, no tenant had terminated its lease and rents were being paid as normal.

The group holds EUR 8 m in cash and has access to a EUR 1.5 m line of credit at the bank.

The medium-long term outlook depends on how long the self-isolation measures continue. If it has to be extended the completion date of Bois Nobles Phase II (33 apartments) and Petit Pont (3,000 m2 of office space) will be put back, with a negative impact on 2021 revenue estimated at EUR 185 k per month's delay, but a positive impact on the short-term cash position due to the corresponding suspension of investment spend.

TEXAF notes that its business model differs from that of companies active in the western world, which means it is able to follow the line adopted for dividend payments and is hopeful that building sites can be reopened and preparatory studies started rapidly after any change in the situation.

The majority shareholder and other significant shareholders have confirmed their intention to reinvest at least 50% of their net dividend in shares as a clear sign of their unflagging confidence in the growth potential of the group.

38. Shareholding structure (total shares issued: 3,543,700 - since 13 May 2014)

- On May 13, 2014 TEXAF published the following information following the capital increase decided by the Extraordinary General Assembly of May 13, 2014:

Number of shares in circulation	3,543,700
Total number of voting rights	3,543,700
Total capital	EUR 21,508,160.84

Holders of voting rights:		
Société Financière Africaine	2,206,760	62.27%
Middle Way Ltd	354,370	10.00%

Société Financière Africaine is controlled by Chagawirald SCS, which in turn is controlled by Philippe Croonenberghs.

Middle Way Ltd is wholly owned by Member Investments Ltd.

The ultimate beneficiary of Member Investments Ltd is CCM Trust (Cayman) Ltd, a trust of the Cha family.

- On August 23, 2019 TEXAF communicated information regarding article 74 of the TOB law to the FSMA.

Shareholders:	
Société Financière Africaine holds 2,215,999 shares or	62.53%
Middle Way Ltd holds 354,370 shares or	10.00%
TOTAL SHARES ISSUED	**3,543,700**

- Sales transactions on TEXAF shares executed by persons initiated during the financial year 2019:
  - On March 6, 2019, five shares sold by S.F.A. on the stock exchange for EUR 142
  - On August 13, 2019, 430 shares sold by S.F.A. on the stock exchange for EUR 13,776

SUMMARY OF THE PRINCIPAL ACCOUNTING POLICIES

The main accounting policies applied when preparing the consolidated financial statements are set out below. Unless stated otherwise, these policies have been applied in a permanent way to all financial years presented.

1. Accounting policies of the Group

The statutory accounts of the entities included in the consolidation are prepared in accordance with the local accounting rules. They are then processed again if necessary to comply with the accounting policies described below, when this has a significant impact on the consolidated accounts.

2. Consolidation principles

The consolidated financial statements comprise the financial statements of TEXAF S.A., its subsidiaries and the share of the Group in the equity and results of joint ventures and associated enterprises

2.1. STAKES IN SUBSIDIARIES

Subsidiaries are entities controlled by the TEXAF Group. "Control" exists when TEXAF holds the power (>50% of voting rights) to direct the financial and operating policy of a company to gain advantages from these activities.

The stakes in subsidiaries are consolidated on the date control is transferred to the Group and consolidation ends on the date the Group surrenders control.

At the moment of acquisition, the assets and liabilities of a subsidiary are valued their fair value on this date. Any surplus (deficit) of the acquisition cost compared with the fair value of the net asset acquired is recognized in accordance with the principles stated in point 3 below.

The subsidiaries are consolidated in full. This means that the separate financial statements of the subsidiary are combined line by line with those of the parent company of the Group, adding the similar items of assets, liabilities, expenses and income. The following steps are taken to ensure that the consolidated financial statements present the financial information of the Group in the same way as a single company:

- the book value of the parent's stake in its subsidiary and the share of the parent in the equity of the subsidiary are eliminated, producing a net contribution of the subsidiary in the consolidated reserves of the Group;
- the minority interests (that is stakes that are not held by the parent, either directly or indirectly through the subsidiary) in the net result of the subsidiary are identified and subtracted from the result of the Group;
- the minority interests in the net assets of the subsidiary are identified and presented in the consolidated balance sheet separate from the liabilities and equity of the parent.

The intra-group balances and transactions and the unrealized losses or profits that result from them are eliminated in the consolidation. If necessary, the accounting policies of the subsidiaries are adapted to ensure the preparation of consolidated financial statements on the basis of uniform accounting policies.

An investor has control over an entity in which the investment is made when this investor has the effective rights to run the relevant activities, that is the activities with a major impact on the performance of the entity in which the investment is made.

The investor controls an issuing entity if and only if all the following criteria are met:

- The investor holds the power over the issuing entity (see paragraphs 10 to 14);
- The investor is exposed to or has a right to variable returns by virtue of the investor's links to the issuing entity (see paragraphs 15 and 16);
- The investor is able to exercise the control over the issuing entity to influence the amount of the returns that it receives (see paragraphs 17 and 18) (IFRS 10.7).

2.2. STAKES IN JOINT VENTURES

The entities that are jointly controlled, that is entities that the Group controls jointly by means of a contractual agreement with one or more other companies, are consolidated by the equity method.

According to this method, the stakes held in the joint ventures are first recorded at the acquisition price, then adjusted to take account of the share of the Group in the losses or profits of the company beginning on the acquisition date. These stakes and the share of the Group in the result for the financial year are presented in the balance sheet and the income statement respectively as stakes in the companies consolidated by the equity method and as a share in the result of the companies consolidated by the equity method.

If the share of the Group in the losses of joint ventures exceeds the net book value of the stake, the net book value is reduced to zero. The losses beyond this amount are not recognized, with the exception of the amount of the commitments of the Group toward its joint ventures.

2.3. STAKES IN ASSOCIATED ENTERPRISES

Associated enterprises that TEXAF does not control solely or jointly but on whose financial and operating decisions it is able to exert a significant influence (which is generally the case when the company holds between 20% and 50% of the voting rights) are recognized by the equity method.

According to this method, the stakes held in the associated enterprises are first recorded at the acquisition price, then adjusted to take account of the share of the Group in the losses or profits of the company beginning on the acquisition date. These stakes and the share of the Group in the result for the financial year are presented in the balance sheet and the income statement respectively as stakes in the companies consolidated by the equity method and as a share in the result of the companies consolidated by the equity method.

If the share of the Group in the losses of associated enterprises exceeds the net book value of the stake, the net book value is reduced to zero. The losses beyond this amount are not recognized, with the exception of the amount of the commitments of the Group toward its associated enterprises.

3. Business combination

3.1. GOODWILL

Goodwill represents the surplus of the purchase cost of the grouping of companies compared with the share the fair value of the identifiable assets and liabilities of a subsidiary, an associated company or a joint venture on the date of acquisition. It therefore represents the part of the price paid by the acquirer for the future economic benefits from the assets that cannot be identified individually and recognized separately. Goodwill is also recognized for associated enterprises and joint ventures.

After initial recognition, goodwill is subjected to an annual impairment test or more frequently if events or changes of circumstances suggest that there might be a loss of value. To do so, the goodwill is allocated to operating companies, which correspond to cash-generating units, and, more particularly, the lowest level at which the goodwill is monitored for the needs of internal management.

3.2. NEGATIVE GOODWILL

Negative goodwill represents the surplus of the share acquired in the fair value of the identifiable assets and liabilities of an acquired subsidiary, an associated company or a joint venture compared with the cost of the grouping of the companies, on the date of acquisition.

Negative goodwill is recognized immediately in the income and is not subsequently reversed.

4. Currency conversion

4.1. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The items included in the separate financial statements of each entity of the Group (parent, subsidiaries, associated enterprises or joint ventures) are valued using the reference currency in the economic environment in which the entity operates (functional currency). In this context, the determination of functional currency is based on the relative importance of each transactional currency in the items on the income statement representative of the operating activities of the entity. If this choice is not clearly evident, the management uses its judgment to determine the functional currency that faithfully represents the economic effects of underlying transactions, events and conditions.

The consolidated financial statements of TEXAF are presented in euros, the functional currency of the parent company TEXAF S.A.

4.2. RECOGNITION OF TRANSACTIONS IN FOREIGN CURRENCIES

Upon initial entry in the books a transaction in foreign currency must be recognized in the functional currency of the entity, applying the exchange rate on the transaction date to the foreign currency amount.

For practical reasons, an approximation of the day rate can be used (monthly average) if a large number of transactions have been conducted and the exchange rate does not vary in a significant way. If an approximation is used, it is applied to all transactions completed in a foreign currency in the course of the financial year. With this in mind, there is cause to use an average rate for current transactions and a historical rate for non-current transactions.

4.3. CONVERSION PRINCIPLES

The balance sheet of foreign entities (none of which use the functional currency of a hyperinflationary economy) is converted to euros on the basis of the exchange rate at the end of the period (closing price), with the exception of equity, which is kept at its historical rate. The differences resulting from the use of the historical rate for equity and the closing rate for the rest of the balance sheet are recognized in "accumulated translation differences" of equity.

The income statement is converted at the average monthly rate (which is the average over the year of the rates at the end of every month for the relevant currencies). The differences resulting from the use of the average monthly rate for the income statement and the closing rate for the balance sheet are recognized in "accumulated translation differences" of equity.

5. Property, plant and equipment

5.1. INVESTMENT PROPERTY

Land and buildings, corresponding to the definition of investment property, which is land or a building held to benefit from rent and/or to put capital to work and not occupied by the Group, are valued by means of the historical cost method less the combined depreciations and any impairments.

The fair value of investment property at the date of transition to IFRS has been assessed, property by property, based on the required yield for these properties and the land value.

Concerning the depreciation of investment property, land is not depreciated. The share representing the value of construction is depreciated on the basis of its useful life for the company, that is 5-20 years depending on the condition co-efficient attributed by the management. However, a residual value must be taken into account for each building beyond which depreciation is no longer continued. This is the presumed disposal value of the asset at the end of its useful life. This residual value is estimated at a fixed percentage of the historical cost, which is 20%. As an exception, the residual value of some COTEX and IMMOTEX buildings that are to be demolished in due course is also depreciated over 4-10 years, depending on how long they are expected to be kept.

5.2. PROPERTY, PLANT AND EQUIPMENT

5.3. Other land and buildings
Land and buildings held by the Group but not corresponding to the definition of investment property are valued by means of the historical cost method less the combined depreciations and any impairments.

The constructions are depreciated over a term of 5-20 years depending on the condition co-efficient attributed by the management, with a residual value of 20%.

Property, plant and equipment under construction are not depreciated.

5.4. Sandstone deposit (quarries)
The deposits are valued by means of the historical cost method less the accumulated depreciations and any impairments and are depreciated proportionate to the production compared with the estimated reserves.

The Group only exploits one deposit and does not explore additional deposits and consequently does not apply IFRS 6 for the recognition of exploration costs.

5.5. Other property, plant and equipment
Property, plant and equipment are recognized at their historical cost less accumulated depreciations and any impairments. The depreciations are calculated using the straight line method over the expected useful life of the assets in question and with due consideration for any residual value.

The depreciation of property, plant and equipment only begins when they are ready for their expected use.

The profit or loss resulting from the disposal and decommissioning of an asset corresponds to the difference between the income from the sale and the book value of the asset. This difference is recognized on the income statement.

Technical systems, machines and tools are depreciated over their useful life of 4-10 years.

Vehicles are depreciated over their useful life of 4-5 years.

Layouts and accessories are depreciated over their useful life of 3-10 years.

Improvements made to rented properties and other property, plant and equipment are fully depreciated. Acquisitions in this category of assets will be depreciated over their useful life.

6. Rental contracts

Rent from simple rental contracts is recognized in expenses on a straight line basis over the term of the relevant rental contract.

7. Costs of borrowing

The costs of borrowing directly attributable to the acquisition, construction or production of qualified assets (assets necessitating a long period of preparation before they can be used or sold) are added to the cost of these assets until they are ready for their expected use or sale. The income gained from the temporary investment of specific borrowed funds for the qualified assets are deducted from these assets.

All the other costs of borrowing are recorded in the net profit or loss of the ongoing financial year in which they are stated.

8. Financial assets

The financial assets are classified in one of the following four categories:

- Financial assets at fair value through the income statement;
- Loans and receivables;
- Investments held until maturity;
- Assets held for sale.

The valuation and recognition principles are defined category by category.

All the recognized financial assets are then measured in their totality either at amortized cost or fair value, depending on their classification:

The debt instruments that fulfil the following conditions are measured at amortized cost:

- The financial asset is held with a view to obtaining contractual cash flows.
- The contractual terms of the financial asset generate, on specific dates, cash flows that are exclusively repayments of the principle and interest on the remaining due balance.

The expected loss model is applied for the amortization of these assets. This model demands the recognition of expected losses and changes to these expected losses at every closing date. All aforementioned financial assets are subjected to an amortization analysis. For losses on client receivables without significant interest component, the Group applies the simplified method authorized by IFRS 9, by which the expected loss is recognized over the life of the asset. As the Group has a limited number of clients, and it knows them personally, each receivable is examined individually with the debtor to determine the risk of non-payment.

Furthermore, since the financial year 2016 the rents payable by debtors that systematically have problems paying are only recognized when they are effectively collected.

Bank deposits are maintained at their nominal value if there is no indication that the bank is in difficulty.

With regard to investments in equity securities, particularly capital funds, designated as valued at fair value in the other items of the comprehensive result, the Group has taken the irrevocable decision, at initial recognition, to designate these investments as valued at fair value in the other items of the comprehensive result. These investments are not held for transaction purposes and are not a compensation recognized by a buyer in a grouping of companies. They are initially measured at fair value plus transaction cost. They are subsequently measured at fair value and latent gains and losses are recognized in the comprehensive result and are accumulated in the revaluation reserve. The accumulated gains or losses are not reclassified in the income statement when the placement is sold but rather transferred to the retained earnings. The dividends on placements are recognized in the result in accordance with IFRS 9, except if the dividends clearly represent the recovery of part of the cost of the placement. The dividends are included in the financial results. The Group has designated all of its investments in equity securities that are not held for transaction purposes valued at fair value in the other items of comprehensive income at the time of the initial recognition.

9. Impairment of assets

Property, plant and equipment and other non-current assets are subjected to a depreciation test every time an event or a change of circumstances indicates that the recoverable value of the asset is lower than its book value The recoverable value is the higher of the fair value of an asset less the sale costs and its value in use. An impairment is recognized at the amount at which the book value exceeds its recoverable value.

For the needs of impairment tests, the assets are grouped at the lowest level of asset grouping that generates largely independent cash inflows (cash-generating units). The impairments of long-term assets or liabilities are immediately recognized as an expense under non-recurring items. If the loss is no longer justified in subsequent periods, due to the recovery of the fair value or the return value, the impairment is reversed. The reversal of an impairment is immediately recognized as income under non-recurring items. Write-downs and reversals of write-downs are non-recurring items.

10. Inventory

The stocks are measured at the lower of cost (raw materials) or cost price (work in progress and finished products) and net realizable value. Cost includes the direct raw materials; cost price includes the direct raw materials, direct labor and general costs incurred to get the stocks to the place they need to be in the condition they need to be. The realizable value is the estimated sale price less the estimated costs needed to make the product saleable, including marketing and distribution costs. The value of stocks is determined by the application of the weighted average price method. When the circumstances justifying the impairment of stocks ceases to exist, the amount of the impairment is reversed.

11. Cash and cash equivalents

Cash and cash equivalent comprise the cash in hand and deposit accounts that have a maturity of three months or less from the date of acquisition. Overdrafts are reclassified as debts.

The Group holds redeemable bills, promissory notes, debentures and short-term loans to associated companies and loans to other parties within an economic model the aim of which is to collect the contractual cash flows that correspond exclusively to the repayment of the principal and the interest payments on the principal remaining due. All these financial assets are therefore classified at amortized cost.

12. Assets and liabilities held for sale

Under IFRS 5, assets or group of assets held for sale, other than usual disposals, are presented on a separate line in the balance sheet under assets or liabilities and are measured at the lower of the carrying amount and fair value less costs to sell.

Non-current assets presented in the balance sheet as held for sale are no longer depreciated from the date of this presentation. An asset will be classified as an asset held for sale only if the sale is highly likely within one year, if the asset is available for immediate sale in its current condition and if an asset sale plan has been undertaken by the management.

An abandoned activity is a component of the activity of the Group that represents a main and distinct line of activity or geographic region.

An activity is considered to be abandoned when the criteria for classification as activity to be sold have been satisfied or the Group has sold the activity. The activities sold are presented on a single line in the income statement comprising the sale result after tax.

13. Share capital and retained earnings

Retained earnings can only be distributed if they exceed the amount invested in treasury shares.

The dividends of the parent company payable to the ordinary shares are only recognized as debt after their appropriation by the General Assembly.

14. Provisions

Provisions are recognized when the following three conditions are met:

- On the closing date, the entity has a current liability (legal or implicit) resulting from a past event
- it is likely that an outflow of resources representing economic benefits will be needed to fulfil the liability
- the amount of the liability can be reliably estimated.

The amount recognized as a provision is the best estimate of the expense needed to fulfil the current liability on the closing date. The estimates are based on the judgment of the management, supplemented with experience of similar transactions. If needed, management may get the advice of independent experts. Events after the closing date are also taken into account.

15. Employee benefits

Employee benefits are split into four categories:

- short-term benefits: salaries, social security contributions, sickness leave, paid leave, profit-sharing and bonus over 12 months, as well as non-monetary benefits such as housing and company car
- post-employment benefits: payments upon retirement and contributions to post-employment medical costs
- other long-term benefits: benefits in kind related to years of service milestones
- termination benefits.

15.1. SHORT-TERM BENEFITS

- The cost of short-term benefits must be recognized during the financial year in which the member of staff has provided services that give right to these benefits.
- These are short-term benefits so no discounting will be applied.

15.2. POST-EMPLOYMENT BENEFITS

Post-employment benefits must be listed and classified in one of the following two categories, depending on their definition:

- defined contribution plans: post-employment benefit schemes by virtue of which the company pays defined contributions to a separate entity (a fund) and has no legal or implicit obligation to pay supplementary contributions if the fund does not have enough assets to service all the benefits corresponding to the services provided by the employees during the financial year and subsequent financial years. In this case, the actuarial risk and the investment risk is borne by the employees.
- defined benefit plans: post-employment benefit schemes that are not defined contribution plans.

In the event of a defined contribution plan, the contributions to the plan are recognized during the financial year in which the employee provides the services that give right to these benefits. Only the amount paid during the financial year must be recognized as a cost. If the amount paid exceeds the amount due, the surplus must be recognized in assets (charge to be carried forward) insofar as such an advance results in the reduction of future payments or reimbursement. Conversely, a liability must be recognized in liabilities if the amount due is higher than the amount paid.

In the event of a defined benefit plan, the liability to be recognized in the financial year must be calculated using the projected unit credit actuarial method. Under this method, the liability is equivalent to the present value of the benefits acquired on the basis of past years of service and, if applicable, the projected salaries.

The application of the method requires a precise inventory of the benefits granted and the granting conditions as well as the use of the following actuarial data:

- Likelihood of reaching the retirement age;
- Discount rate;
- Nominal growth rate of salaries.

The Group has not created a legal entity to finance the liabilities provided for in the defined benefit plan, so all the liabilities relating to past services are recognized in the balance sheet.

From January 1, 2013, TEXAF applies the amended version of IAS 19, particularly:

- Actuarial losses and gains (changes to assumptions or experience) are recognized in "other items of the comprehensive result";
- The new changes to schemes must be recognized in full in the income statement.

The actuarial gains and losses result in changes to actuarial assumptions and the actual situation as observed.

For defined benefit plans, the charge recognized in the operating result includes the cost of services provided in the course of the financial year, as well as the effects of any change, reduction or liquidation of the scheme.

In DRC the regulations and the collective labor agreements impose the grant of a single fixed payment upon retirement, which corresponds to a defined benefit plan. Furthermore, some employees benefit from a defined contribution plan.

15.3. OTHER LONG-TERM BENEFITS

These are benefits in kind related to years of service milestones granted by the companies of the TEXAF Group to their employees.

These benefits are recognized as a charge when they are granted.

15.4. TERMINATION BENEFITS

These are benefits payable in relation to:

- the end of the employment contract before the regular retirement age
- an offer made to encourage voluntary departure.

The cost of these benefits is recognized in the income statement when the entity that employs the person under consideration takes action to terminate the contract of employment and/or grants a payment as part of an offer made to encourage voluntary departure.

16. Financial liabilities

The financial liabilities are classed in one of the following two categories:

- financial liabilities at fair value through the income statement
- financial liabilities at amortized cost

The valuation and recognition principles are defined category by category.

16.1. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH THE INCOME STATEMENT

These are financial liabilities which upon their initial recognition were designated as being valued at their fair value with changes to this fair value recognized in the income statement or financial liabilities held for a speculative purpose.

In this category, the financial liabilities are valued and recognized at their fair value and the changes to fair value are recognized in the income statement.

The fair value is the amount that would be received on the sale of an asset or paid for the transfer of a liability in a normal transaction between market parties on the valuation date.

16.2. FINANCIAL LIABILITIES AT AMORTIZED COST

These are financial liabilities that do not fulfil the definition of the preceding category.

Upon their initial recognition, the financial liabilities at amortized cost are measured at their fair value. They are then measured and recognized at cost amortized on the basis of the effective interest rate method.

17. Deferred taxes

Generally, deferred tax assets and liabilities are recognized on the timing differences existing between the tax base of the assets and liabilities and their accounting value in the financial statements. They are then adjusted to take account of the changes to tax rates expected to apply when the timing difference is reversed.

The deferred tax assets and liabilities are offset when they relate to taxes levied by the same tax authority on the same legal entity and the Group has a legally enforceable right to settle its current tax assets and liabilities on a net basis. No offsetting between distinct legal entities has been applied.

17.1. DEFERRED TAX LIABILITY

A deferred tax liability is recognized for all taxable timing differences, except where the deferred tax liability is generated:

- due to the initial recognition of goodwill
- due to the initial recognition of an asset or a liability in a transaction that is not a business combination and does not affect the accounting result or the tax result on the transaction date.

17.2. DEFERRED TAX ASSET

A deferred tax asset is recognized for all deductible timing differences insofar as it is likely that a taxable profit will be available to which these deductible timing differences can be charged. Nevertheless, no deferred tax asset is recognized for deductible timing differences coming from the initial recognition of an asset or a liability in a transaction that is not a business combination and does not affect the accounting result or the tax result on the transaction date.

Furthermore, a deferred tax asset is recognized for the carry-forward of unused tax losses and unused tax credits insofar as it is likely that the entity will have future taxable profits to which these unused tax losses and credits can be charged.

18. Income recognition

Income is recognized when:

- a contract is approved (orally, in writing or in accordance with market practices) by the parties and they are committed to fulfilling their respective obligations;
- the company is able to identify the rights of each party with regard to the goods and services to be transferred;
- the company is able to identify the conditions of payment for the goods and services to be transferred;
- the contract has a commercial substance (i.e. the risk, term or amount of the future cashflows of the company are liable to change following the contract); and
- the company is likely to recover the amount it is entitled to in exchange for goods and services transferred to the client.

In particular, since the financial year 2016 the rents payable by debtors that systematically have problems paying are only recognized when they are effectively collected.

- The sale of property is recognizable when the company has fulfilled its obligation to achieve a given result by transferring the good or service to the client as promised. An asset is transferred when the client gains control over this asset.
- Rental income from simple rental contracts is recognized on a straight line basis over the term of the relevant rental contract.
- IFRS 15 Revenue from Contracts with Customers also came into force on 01.01.2018. IFRS 15 establishes a single complete model for the recognition of revenue from ordinary activities from contracts with clients. It has no material impact on the consolidated financial statements of Texaf, as these rental contracts are not within the scope of the standard and represent the main source of revenue for Texaf. The principles of IFRS 15 nevertheless apply to any non-rental components in the rental contracts or in separate agreements, such as maintenance services payable by the tenant. Bearing in mind that these non-rental components are relatively limited and mainly represent services recognized gradually under both IFRS 15 and IAS 18, Texaf confirms that IFRS 15 has no material impact in this respect.

Furthermore, the application of IFRS 15 on the Quarry business has no impact on the consolidated accounts of Texaf, as the sale of these goods is recognized at the time of delivery.

- The income from interest is recognized in the year this interest occurs, calculated on the basis of the principal due and according to the effective interest rate.
- Share dividends are recognized when the right of the shareholder to receive the payment is established.

19. Use of estimates

The preparation of the consolidated financial statements of TEXAF in accordance with IFRS has led the Group to use estimates and make assumptions that could have an impact on the amounts of the assets and liabilities presented, the information to be provided on any assets and liabilities on the closing dates as well as the amounts presented in expenses and income. The actual results may be different from these estimates.

STATUTORY AUDITOR'S REPORT TO THE SHAREHOLDERS' MEETING OF TEXAF SA FOR THE YEAR ENDED 31 DECEMBER 2019

In the context of the statutory audit of the consolidated financial statements of Texaf SA ("the company") and its subsidiaries (jointly "the group"), we hereby submit our statutory audit report. This report includes our report on the consolidated financial statements and the other legal and regulatory requirements. These parts should be considered as integral to the report.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 14 May 2019, in accordance with the proposal of the board of directors issued upon recommendation of the audit committee. Our mandate will expire on the date of the shareholders' meeting deliberating on the financial statements for the year ending 31 December 2021. We have performed the statutory audit of the consolidated financial statements of Texaf SA for 4 consecutive periods.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Unqualified opinion

We have audited the consolidated financial statements of the group, which comprise the consolidated balance sheet as at 31 December 2019, the consolidated profit and loss account, the consolidated statement of changes in equity and the consolidated statement of cash flow for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated statement of financial position shows total assets of 131 247 (000) EUR and the consolidated statement of comprehensive income shows a profit for the year then ended of 10 745 (000) EUR.

In our opinion, the consolidated financial statements give a true and fair view of the group's net equity and financial position as of 31 December 2019 and of its consolidated results and its consolidated cash flow for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), as applicable in Belgium. In addition, we have applied the International Standards on Auditing approved by the IAASB applicable to the current financial year, but not yet approved at national level. Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the consolidated financial statements" section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

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

Emphasis of matter

Without modifying the unqualified opinion expressed above, we draw your attention to the note 6 of the consolidated financial statements, which describes the analysis made on the valuation of the sandstone quarry that the group owns near Kinshasa in the Democratic Republic of Congo. Following a deep review of the impairment test model and the forecasts, an exceptional amortization of 3,36 million EUR was recognized in the consolidated financial statements for the year ended 31 December 2017. As of 31 December 2019, management has updated the impairment test, which has confirmed the net book value of 5,9 million EUR presented in the accounts. This test is very sensitive to changes in the variables used, which, in the current environment in the Democratic Republic of Congo, are difficult to assess, particularly in terms of future revenue and which in different scenarios could lead to an additional impairment.

We also draw attention to the note 7 of the consolidated financial statements, which includes an estimate of the fair value of the investment properties portfolio. This assessment is based on the judgment of the Board of Directors taking into account the lack of liquidity and transparency of the real estate market in the Democratic Republic of Congo and the virtual absence of comparable transactions.

Finally, we draw attention to the note 1 of the consolidated financial statements, which states that the Group's assets are mainly located in the Democratic Republic of Congo. The economic and regulatory environment of this country has been regularly affected by socio-political unrest. Therefore, it is very difficult to predict its medium-term evolution. However, the consolidated financial statements presented have been prepared in the context of stabilization of the local economic and regulatory environment.

Responsibilities of the board of directors for the preparation of the consolidated financial statements
The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the group or to cease operations, or has no other realistic alternative but to do so.

Responsibilities of the statutory auditor for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

During the performance of our audit, we comply with the legal, regulatory and normative framework as applicable to the audit of consolidated financial statements in Belgium. The scope of the audit does not comprise any assurance regarding the future viability of the company nor regarding the efficiency or effectiveness demonstrated by the board of directors in the way that the company's business has been conducted or will be conducted.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain 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 group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- conclude on the appropriateness of the use of the going concern basis of accounting by the board of directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes any public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements.

Responsibilities of the statutory auditor

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing (ISA) as applicable in Belgium, our responsibility is to verify, in all material respects, the director's report on the consolidated financial statements as well as to report on these matters.

Aspects regarding the directors' report on the consolidated financial statements

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for that same year and has been established in accordance with the requirements of article 3:32 of the Code of companies and associations.

In the context of our statutory audit of the consolidated financial statements we are also responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the consolidated financial statements is free of material misstatement, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such material misstatement.

Statements regarding independence

- Our audit firm and our network have not performed any prohibited services and our audit firm has remained independent from the group during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit, as defined in article 3:65 of the Code of companies and associations, have been properly disclosed and disaggregated in the notes to the consolidated financial statements.

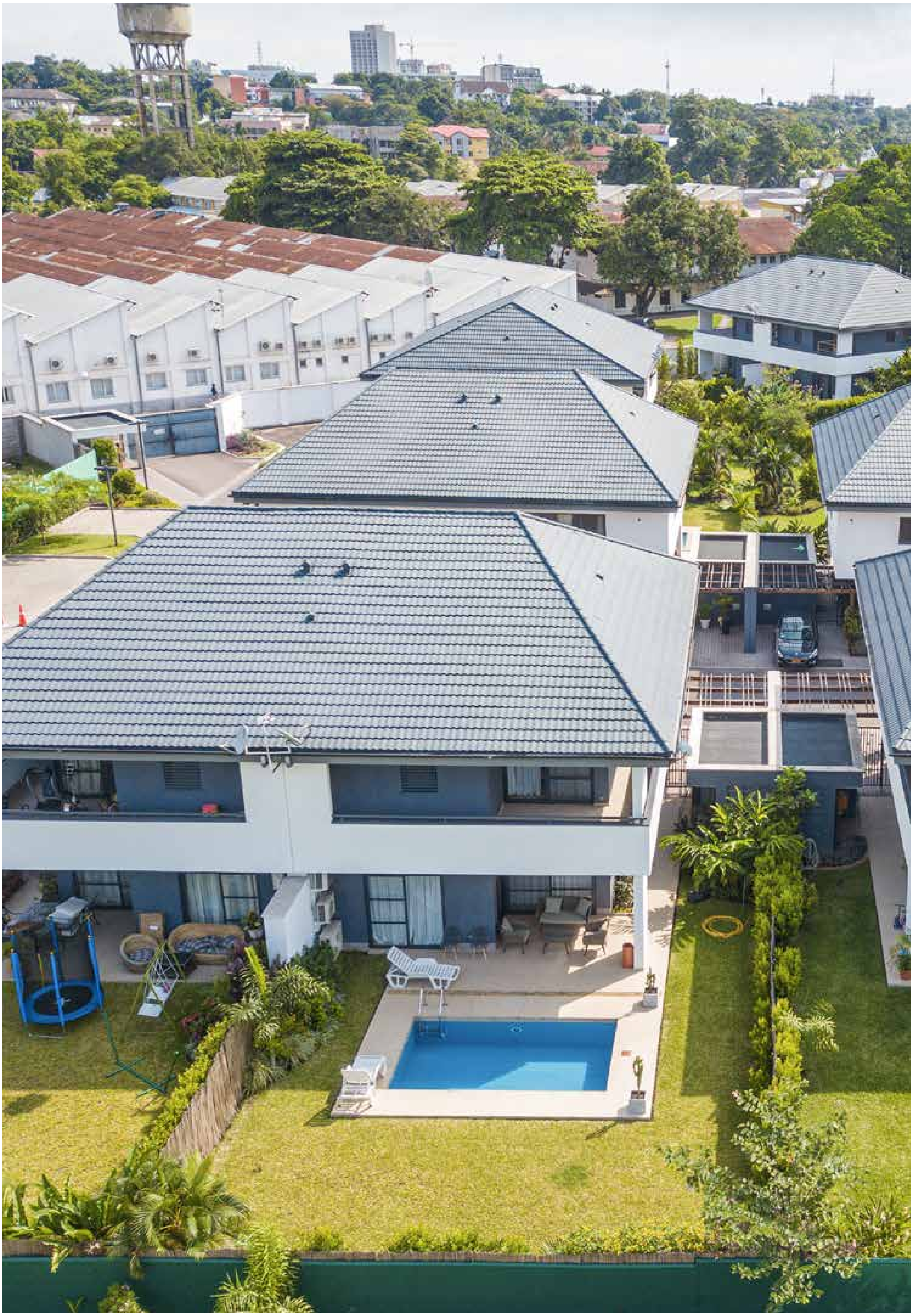
Other statements

This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) No 537/2014.

Zaventem, 10 April 2020

The statutory auditor

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL
Represented by Pierre-Hugues Bonnefoy



DIRECTORS' REPORT OF TEXAF S.A.

The 2019 accounts have been prepared on the basis of the legal and regulatory stipulations in Belgium. The annual financial statements present a profit of EUR 2,889 k on December 31, 2019. The development of the activities of the company and its subsidiaries was described in the above report on the consolidated financial statements.

The vast majority of the assets of TEXAF S.A. are located in the Democratic Republic of Congo, which is a country with failing governance, and are therefore subject to a particular political and environmental risk.

Statement of corporate governance

The corporate governance statement in this 2018 annual report is an integral part of the management report.

Remuneration report

The remuneration report in this annual report is an integral part of the management report.

Abridged annual accounts

The annual financial statements of TEXAF S.A. are presented in an abridged table below in thousands of euros.

In accordance with Belgium's Companies Code, the annual accounts of TEXAF S.A. and the auditor's report are submitted to the National Bank of Belgium.

These documents are also available on request at the main office of the company. On April 10, 2020 the Auditor expressed an unchanged opinion on the annual financial statements of TEXAF S.A. with a paragraph of observation concerning the risks inherent to the presence of the group's key assets in the DRC and this country's economic and regulatory environment.

(in thousands of euros)	2017	2018	2019
ASSETS			
Non-current assets	54,750	54,053	**53,022**
Current assets	5,124	5,642	**5,757**
	59,874	**59,695**	**58,779**
LIABILITIES			
Equity	54,249	56,809	**56,241**
Liabilities	5,625	2,886	**2,538**
	59,874	**59,695**	**58,779**
INCOME STATEMENT			
Revenue	3,713	3,754	3,932
Expenses	(2,395)	(2,552)	**(2,430)**
Professional profit	1,318	1,202	1,502
Financial result	638	595	**607**
Profit from ordinary activities	1,956	1,797	2,109
Non-recurring results	766	751	**622**
Profit for the financial year before tax	2,722	2,549	2,731
Tax on the result	1,048	11	**158**
PROFIT FOR THE FINANCIAL YEAR TO BE APPROPRIATED	**3,770**	**2,560**	**2,889**

Comments on the result

Revenue comprises the recurring property rentals of EUR 3,932 k, an increase of 4.7% compared with 2018.

The operating expenses decreased by 4.8%.

The financial result mainly concerns the interest on UTEXAFRICA debts (EUR 0.6 m).

NON-RECURRING RESULTS

In 2019 the Board decided to reverse the write-down on the UTEXAFRICA debt of EUR 0.6 m (a slight reduction compared with 2018 and 2017). The gross amount of this receivable is EUR 18 m on December 31, 2019.

Events after the reporting period

The coronavirus crisis had no impact on the group's finances in the first quarter. As this annual report went to press, no tenant had terminated its lease and rents were being paid as normal. In the medium-long term, the outlook mainly depends on how long the shutdown continues in the Gombe district of Kinshasa where the company's property is located.

Prospects for 2020 of TEXAF SA

The prospects for 2020 will depend on how the coronavirus pandemic and the economic and political situation develops in DRC.

Rents are nevertheless expected to remain stable in 2020.

Conflicting interests

The Board of Directors was called upon to pronounce upon one conflict of interest in June 2019 and recorded the following in its minutes:

"Mr. Albert Yuma, director of Texaf s.a., wished to acquire a 104 m^2 plot of land adjoining his property. He stated therefore that, in this matter, he had an interest of a financial nature contrary to that of the company. In the absence of Mr. Yuma, the Board examined this request with due consideration for articles 5:76 and 5:77 CSA (article 523 C.Soc.). Bearing in mind that this plot of land was unused and would not hamper future developments, the Board decided to sell it at its estimated value of €650 per m^2. This transaction would generate a gain in the consolidated financial statements of €55 k before tax."

Other information required by article 96 of Belgium's Companies Code:

- There have been no research and development activities.
- The Board of Directors states that neither the company nor the direct subsidiary nor another other person acting in his or her own name on behalf of the company or a direct subsidiary has acquired shares or certificates of the company.
- No decision has been made by the Board of Directors with regard to the authorized capital in the course of the financial year to increase the capital or issue convertible bonds or subscription rights.
- The company does not have any branches.
- The Board of Directors confirms that the company is not exposed to credit liquidity or cash risk for the assessment of its financial assets.
- The Audit Committee is made up of at least one director who fulfils the criteria of independence and competence stated in article 526 of Belgium's Companies Code.
- The assessment rules are the same as those used the previous year.

Appropriation of the result

Confident of the positive development of the TEXAF activities in DRC, the Board proposes a 19% increase in the dividend per share and the distribution of EUR 4,100,567 or EUR 0.81 net per share from May 29, 2020 upon presentation of coupon no. 9 at the main offices and branches of Belfius bank.

For the first time the Board will also propose that all or some of the dividend can also be reinvested in a reserved capital increase (optional dividend) so that interested shareholders can be involved in funding the investments to grow the company.

PROFIT APPROPRIATION PROPOSAL

Profit for the financial year	EUR 2,889,489
Profit carried forward	EUR 22,111,141
Profit to be appropriated	**EUR 25,000,630**
Return on capital	EUR (4,100,567)
Balance carried forward	**EUR 20,900,063**

Financial agenda

Friday
10
April 2020
Publication of the 2020 annual report

Friday
08
May 2020
Publication of the quarterly press release

Tuesday
12
May 2020
(11am): Annual General Meeting

Friday
29
May 2020
Dividend payment

Friday
04
September 2020
Publication of half-yearly results

Friday
13
November 2020
Publication of the quarterly press release

Friday
26
February 2021
Publication of the 2020 annual results

Definitions of alternative performance indicators:

- EBIT: operating result
- EBITDA: operating result in which allocations for depreciation are reintegrated
- Non-recurring: income or expenses that are not expected to be repeated in each accounting year, such as:
  - Gain or loss on disposals of non-current assets.
  - Allocations to (or reversals of) write-downs on non-current assets.
  - Costs relating to major restructuring, purchase or disposal of an activity (such as redundancy costs, plant closure and commissions paid to third parties to acquire or dispose of an activity).

Specifically, the operating result and the recurring EBITDA are reconciliated as follows:

(in thousands of euros)	Notes	2019
Operating result		13,022
Non-recurring items	26	(5,190)
Recurring operating result		7,831
Depreciation allocation	6 and 7	3,382
Recurring EBITDA		11,213

- Financial debt: interest-bearing debt (even if the effective tax rate applied is zero, with due consideration for the market rates); the calculation is given in appendix 15.
- Net financial debt: financial debt from which all short-term or on demand deposits at bank and short term cash investments have been deducted.
- Occupation rate: total rent billed over the period versus total billable rent.
- Expected rental revenue: total annual rent of a building with a 100% occupancy rate.

TEXAF, S.A.
Registered office:
Avenue Louise 130a, Box 6
B-1050 BRUSSELS

Congolese subsidiaries:
372 Avenue Colonel Mondjiba
Ngaliema – Kinshasa, DR Congo

Tel: +32(0)2 639 20 00
info@texaf.be

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Photographs: Imaginair, Alain Huart, D.R.

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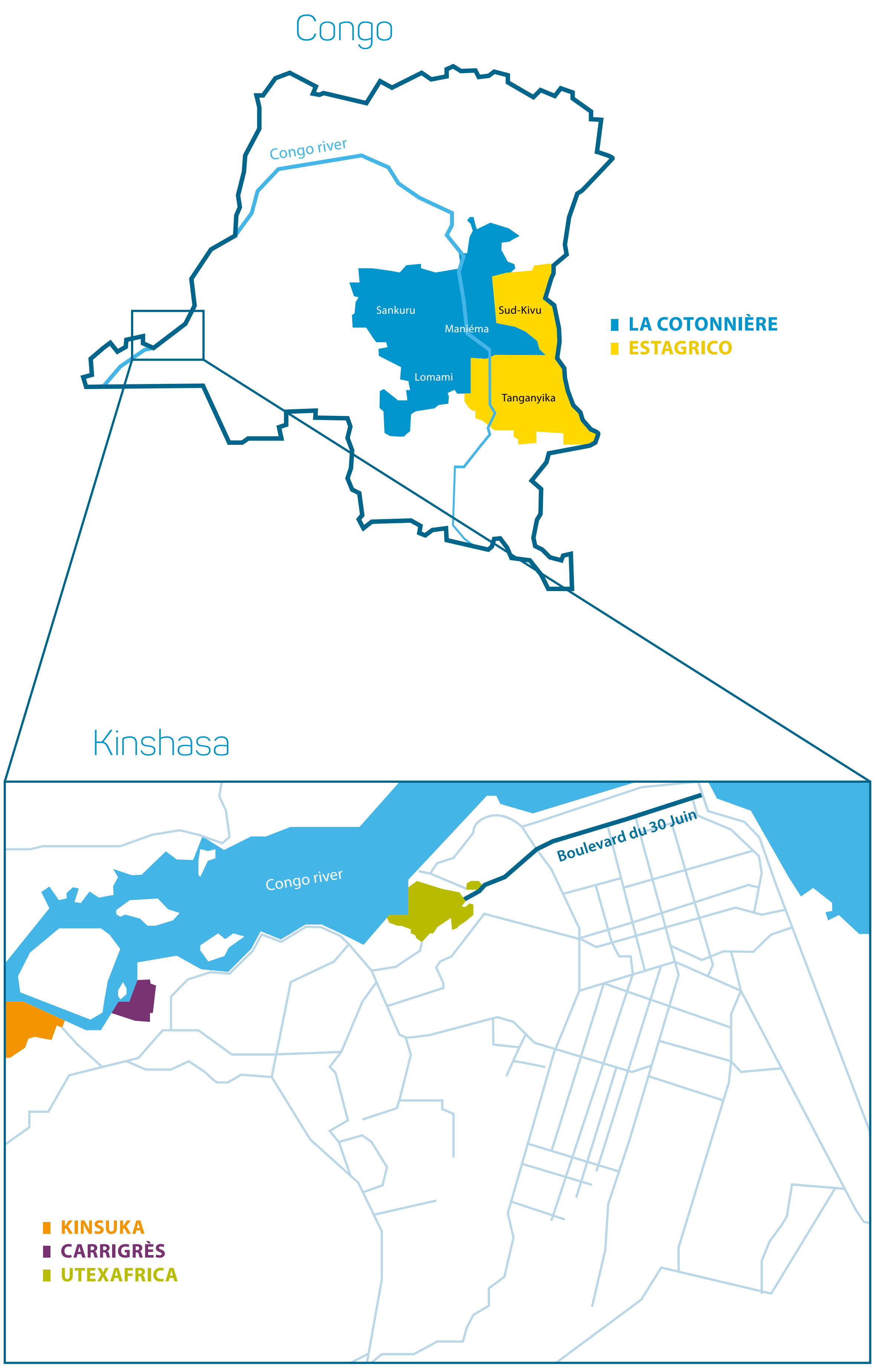
Congo
Congo river
Sankuru
Maniéma
Lomami
Sud-Kivu
Tanganyika
LA COTONNIÈRE
ESTAGRICO
Kinshasa
Congo river
Boulevard du 30 Juin
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