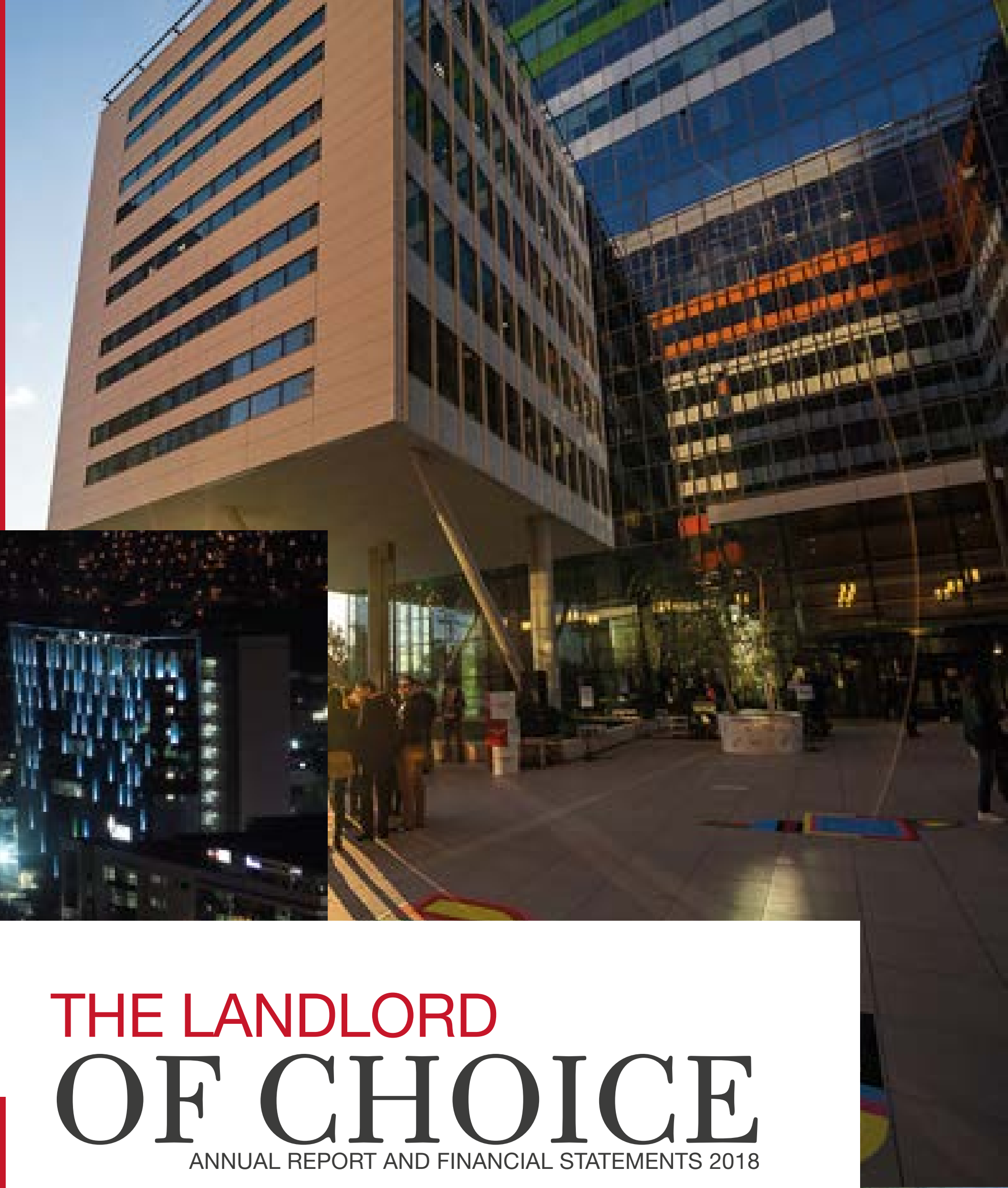
globalworth



THE LANDLORD OF CHOICE

ANNUAL REPORT AND FINANCIAL STATEMENTS 2018

THE LANDLORD OF CHOICE

GLOBALWORTH IS THE LEADING OFFICE INVESTOR IN CENTRAL & EASTERN EUROPE

We provide world-class work spaces to multinational tenants in Poland and Romania.

FINANCIAL HIGHLIGHTS[1]

Portfolio open market value	Shareholders' equity	EPRA NAV per share
€2.5bn	€1.1bn	€9.04
€1.8bn (2017)	€1.1bn (2017)	€8.84 (2017)

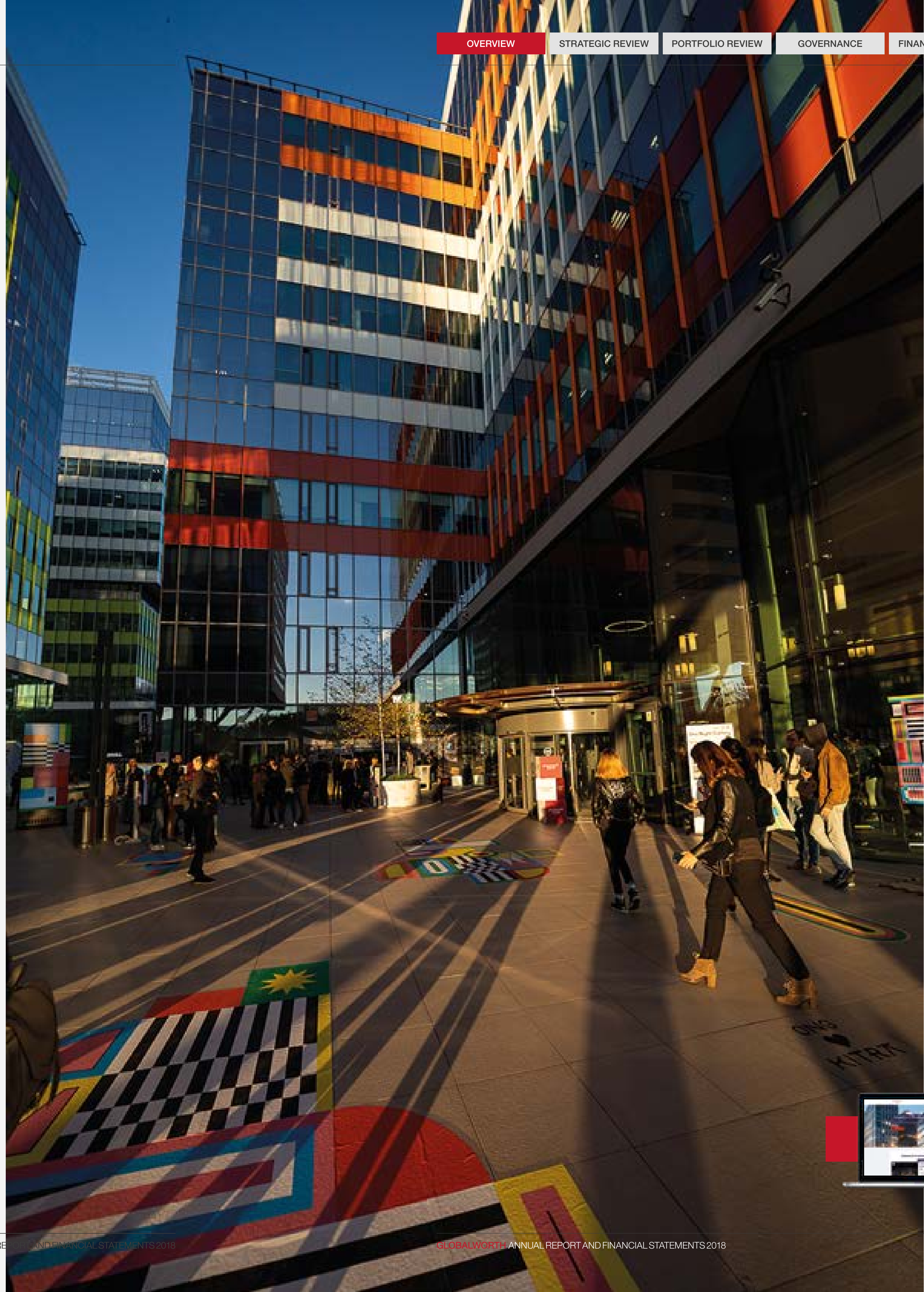
IFRS Earnings before tax	Adjusted normalised EBITDA	Net Operating Income
€115.3m	€119.0m	€133.4m
€26.2m (2017)	€42.8m (2017)	€51.1m (2017)

IFRS Earnings per share	EPRA Earnings per share	Dividend per share
60.67 cents	46.03 cents	54 cents
26.40 cents (2017)	18.17 cents (2017)	44 cents (2017)

OPERATIONAL HIGHLIGHTS

- Combined portfolio value rose by 35.6% on 2017 to €2.5bn, with new acquisitions of €538.3m of which €520.8m was in five office investments in Poland.
- Completed Phase A of Globalworth Campus and Renault's new HQ in Bucharest adding 70.5k sqm of new high-quality space.
- Standing portfolio footprint increased by over 250k sqm to reach 1.0m sqm of leasable space. Commercial occupancy of 95.1% (96.3% including tenant options), a 2.8% increase on a like-for-like basis, with 121.8k sqm of leasing transactions concluded.
- Standing contracted rent increased by 46.2% to €159.5m (99.0% commercial rent).
- Active development pipeline restocked with 78.9k sqm to be delivered in Romania by mid-2020 following new projects initiated in Bucharest and Timisoara.
- Green-certified properties now account for 70.6% of our standing portfolio, with the potential to rise to 100% through properties currently under certification.
- Established a €1.5 billion Euro Medium Term Notes program and issued a €550 million Eurobond at 3.0% coupon, and completed a €450 million equity capital raise at Globalworth Poland.
- Operational platform further strengthened and now counts c.195 professionals.

1. Please refer to the Glossary (pages 179-181) for the definitions used and the Financial Review section (pages 50-54) for further details.



CONTENTS

Visit us online:
www.globalworth.com

THE LANDLORD OF CHOICE

BY CREATING ENVIRONMENTS WHERE BUSINESS CAN FLOURISH

WHO WE ARE

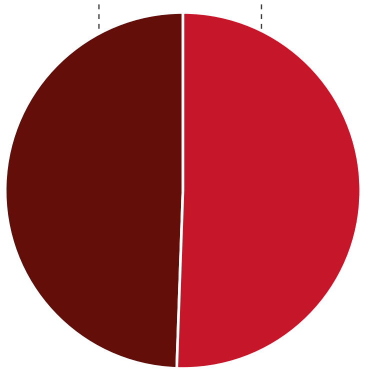
Globalworth is a leading real estate company with a primary focus on Poland and Romania, the two largest markets in Central and Eastern Europe (CEE). The Company acquires, develops and manages commercial real estate assets, primarily in the office sector, with the objective of being the landlord of choice for the broad and growing variety of multinational corporations in the region. Globalworth has a real estate portfolio valued at €2.5 billion, managed by an internal team of c.195 professionals mainly located in Romania and, through its subsidiary Globalworth Poland (GPRE), in Poland.

OUR FOCUS

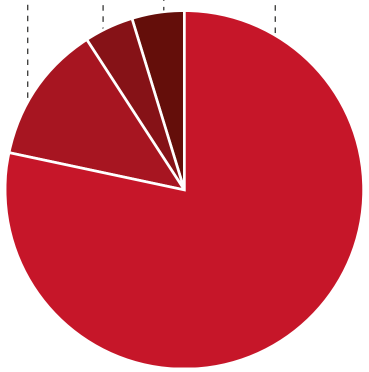
Our mission is for Globalworth to be the CEE region's leading office landlord and the partner of choice for the wide variety of high-quality tenants in the region.

OUR PORTFOLIO

Locations (% GAV)



Property type (% GAV)



Combined Portfolio Value (GAV)
€2.5bn
€1.8m (2017)

Standing Properties
52
39 (2017)

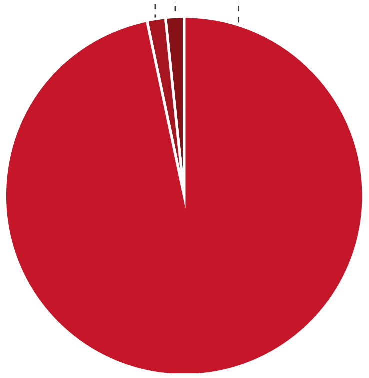
Standing Commercial Occupancy
95.1%
93.3% (2017)

Standing GLA
1,042.0k sqm
791.0k sqm (2017)

Contracted Rent
€159.5m
€115.9m (2017)

GLA Under Construction
78.9k sqm
70.5k sqm (2017)

Properties by status (% GAV)



THE LANDLORD OF CHOICE

FOR GENERATING ATTRACTIVE SUSTAINABLE RETURNS

Our established platform, clear strategy and financial strength provide firm foundations for future value creation.

FOCUS ON THE LARGEST REAL ESTATE MARKETS IN THE CEE

Poland and Romania, Globalworth's two focus markets, offer compelling macro-economic and real estate fundamentals with broad opportunities.

See Our markets for more information on page 12

STRONG MANAGEMENT PLATFORM WITH LOCAL PRESENCE

We are a multi-skilled platform, with substantial on-the-ground operations in our focus markets, with a team of c. 195 experienced professionals combining local insight with an international approach.

See Corporate Social Responsability: "People" for more information on page 60

HIGH-QUALITY REAL ESTATE PORTFOLIO

We own a sizeable and modern portfolio in prime locations, principally of Class "A" offices, but also including a number of landmark and strategic investments mainly in mixed-use (office / commercial) and logistics / light-industrial properties.

See Portfolio review for more information on page 82

STRONG CASH FLOWS

Our portfolio benefits from high occupancy rates and is predominantly leased to a diverse and international tenant base on triple-net, long-dated, euro-denominated leases.

Our assets, liabilities and revenues are principally Euro-denominated, minimising local currency exposure.

See Financial review for more information on page 50

TRACK RECORD OF CAPITAL DISCIPLINE AND ACCESS TO BOTH PUBLIC AND PRIVATE CAPITAL MARKETS

We take a conservative and sustainable approach to financing, with diversified sources of capital.

See Financing and Liquidity review for more information on page 56

MULTIPLE GROWTH DRIVERS TO OUR BUSINESS

We continuously explore our markets for value-added acquisition opportunities in Poland and Romania.

We have a pipeline of future development opportunities which we plan to convert into high-quality office and logistic / light-industrial properties in the coming years.

We proactively seek asset management initiatives for our portfolio and operations, targeting enhanced revenue streams and improved efficiency.

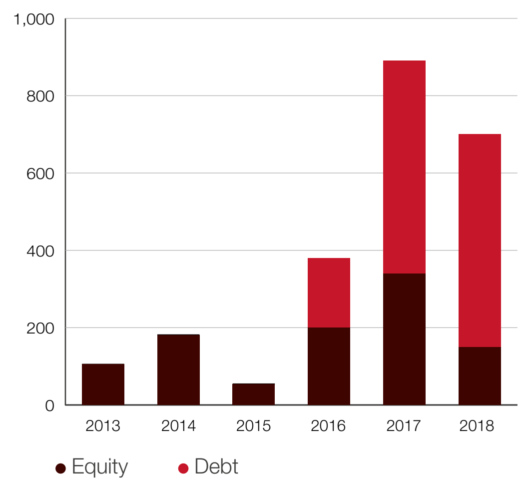
See Strategy for more information on page 16

THE LANDLORD OF CHOICE

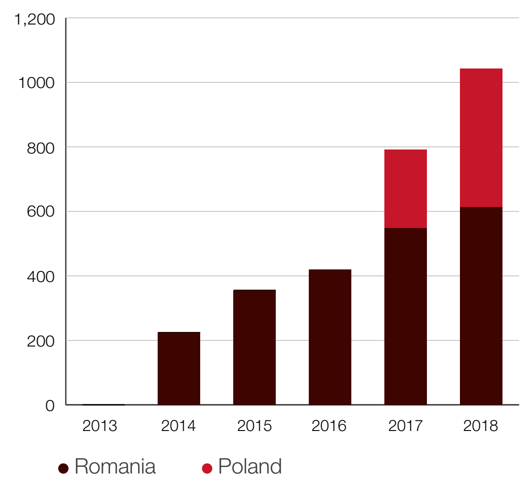
A PROVEN TRACK RECORD

We have consistently and successfully executed our strategy in acquisitions, asset management and development of predominantly prime office assets, while diversifying our sources of capital to achieve a strong and institutionalised capital structure.

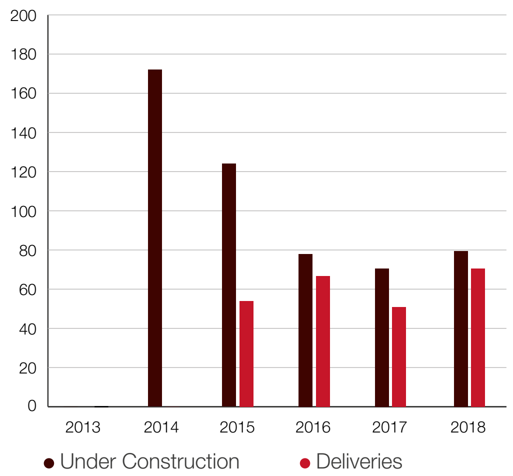
Access to International Capital Markets (€ m)



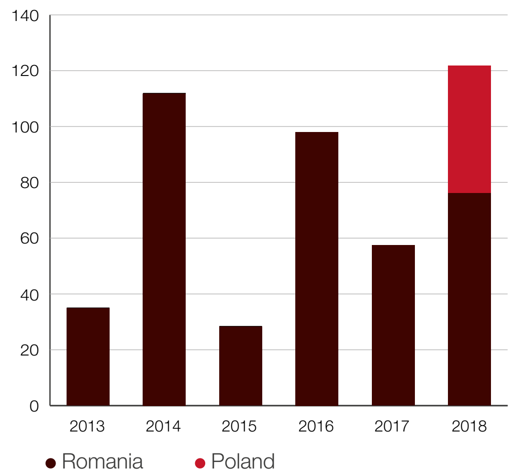
Increasing Standing Footprint (k sqm)

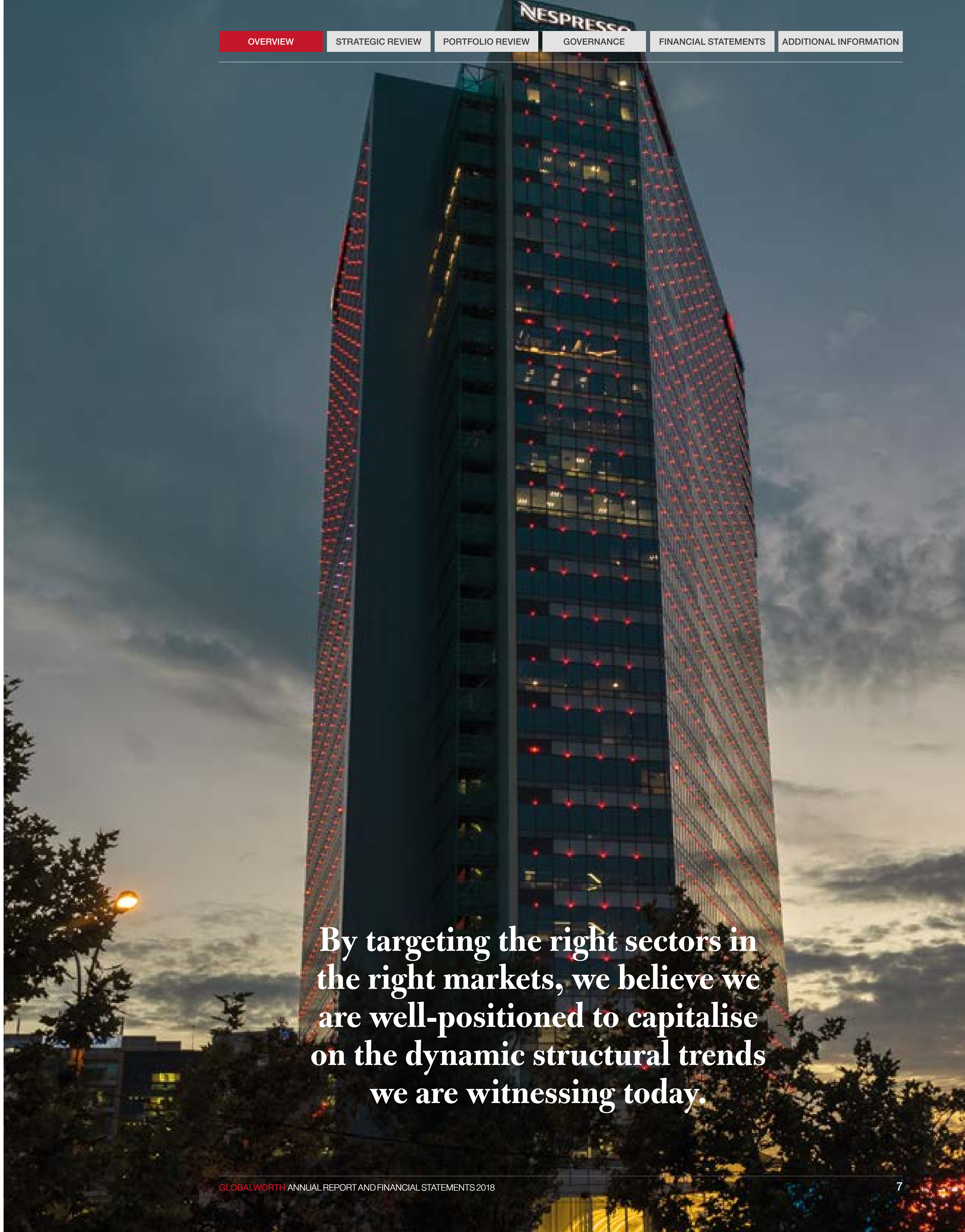


Developing and Delivering High-Quality Real Estate Spaces (k sqm)



Leasing Success (take-up k sqm)





By targeting the right sectors in the right markets, we believe we are well-positioned to capitalise on the dynamic structural trends we are witnessing today.

STRATEGIC REVIEW

THE LANDLORD OF CHOICE

MAKING SIGNIFICANT ACHIEVEMENTS

2018 was another dynamic year for Globalworth in which the business has gone from strength to strength, evidenced in the significant step up in our financial results and metrics. We are delighted to have established Globalworth as the leading institutional office landlord in the CEE region with a portfolio of prime office assets, supported by a strong team of experienced professionals. We approach 2019 with confidence in our strategy and a number of exciting initiatives to position us as the landlord of choice, offering vibrant communities in which our stakeholders can thrive.

Ioannis Papalekas
Chief Executive Officer

Our Portfolio and Approach

The Polish and Romanian economies once again grew faster than the European Union average in 2018 and their real estate markets continued to evolve in line with our expectations. Our entry into the Polish market in late 2017 and the investments we have made since have, within a very short period, established Globalworth as the largest institutional office landlord in Poland. I am thrilled with the €538.3 million of acquisitions that we executed on in 2018, primarily in Warsaw but also in Krakow, Wroclaw and development plots in Bucharest. We have acquired some of the most recognisable office properties in the market, including Spektrum Tower, a landmark Warsaw office building, now proudly projecting the Globalworth brand on its exciting new LED illumination.

In Romania, our operating metrics continue to be strong, with growth in both contracted rents and occupancy. We are delighted with the completion of Globalworth Campus Phase A and its leasing to dynamic tenants, notably in the technology-related sectors, as well as that of the Renault Bucharest Connected, both in Bucharest. We are equally pleased that 60% of our Globalworth Campus Tower 3, which completes at the end of this year, is now leased or under offer on a 10-year term to a variety of high-quality tenants. Our development pipeline in Romania positions us well for further expansion there and we are currently on site on three schemes, with more in planning.

The value of Globalworth's combined property portfolio expanded by 35.6% in 2018 to €2.5 billion, exclusively situated in the two largest real estate markets in Central & Eastern Europe. We now have a footprint of over one million square metres and, by value, are over 75% weighted to the office sector. Reflecting the strong growth in Poland, we are now geographically evenly balanced between our two markets of operation. We expect the weighting towards Poland to increase further in the near term.

People, Places and Technology

Behind these strong results and ongoing progress stands a team of hard-working professionals from a range of different disciplines. Our Globalworth family has continued to grow, and is now approaching 200 professionals across our business, and I wish to again thank them all for their unrelenting efforts.

Alongside the excellent progress in expanding our footprint through acquisition and development, we place equal importance on managing our portfolio through our on-the-ground property teams. During 2018, we continued to strengthen our asset and property management functions in line with the growth of the platform. Collectively, our team commits considerable energy to planning and implementing the asset management of each of our assets to ensure that our buildings remain suited to our tenants' needs both today and in the future.

We believe that being a good landlord is about creating great communities for our tenants, and thus environments where business can flourish. We firmly recognise that real estate must keep pace with the rapid evolution in technology, and we are excited to be exploring a range of technology-related initiatives from monitoring systems to user experience. Our collaboration with Mindspace, a leading global operator of high-end, inspiring co-working space, with Mindspace establishing operations in three of our locations in Bucharest, in addition to its existing location with us in Warsaw, is another such initiative.

Our Results and Capital Markets

I am pleased to once again report strong operating metrics and financial results. Our occupancy improved by 2.8% in 2018 on a like-for-like basis, while overall occupancy stood at 95.1% at 31 December 2018, or 96.3% including tenant options. Our annualised contracted rent, which drives the cash flows that underpin our business model, increased by 46.2% to €159.5 million as at 31 December 2018.

With the full year consolidation of Globalworth Poland, new investments and developments, and successful management of the existing portfolio, the Group achieved an impressive increase in both net operating income and operating profits in 2018. We recorded a 161% increase in net operating income to €133.4 million, our normalised adjusted EBITDA grew 178% to €119.0 million, and our EPRA earnings by 262% to €60.9 million. Our EPRA NAV rose by 2.5% over 2018, which when accounting for dividends paid during the year generated a total accounting return of 7.8%, up from 5.7% in 2017. Dividends for 2018 amounted to 54 cents, paid in two equal interim dividends in August 2018 and February 2019.

Despite increased volatility in global capital markets over the course of the year, Globalworth successfully issued €550m in senior unsecured notes with a 7-year maturity and coupon of 3.0%. We are delighted that our progress has been recognised by the credit rating agencies, with Fitch assigning and S&P upgrading (from BB+) our rating to investment grade of BBB- and Moody's upgrading our rating to Ba1 (from Ba2). In addition, Globalworth Poland completed a €450 million equity capital raise to support its continued growth, of which €300 million was subscribed by Globalworth and €150 million by our largest shareholder, Growthpoint Properties.

Our planned move to a Premium Listing of the London Stock Exchange has been challenged by ongoing uncertainty around the UK's proposed departure from the European Union. Mindful of unforeseen impacts, the Board is proceeding with caution as it awaits more clarity, but continues to recognise the potential benefits that such a move could bring, including inclusion into indices and improved liquidity in the Company's shares.

Governance, Corporate Structure and CSR

We introduced a series of changes to the Board committee structure, as outlined in the Governance section, in October 2018, consistent with our ongoing growth and commitment to high corporate governance standards. I am also delighted that my colleague Dimitris Raptis has become the CEO of Globalworth Poland, in addition to his current responsibilities as Deputy CEO and CIO of Globalworth. We are also actively reviewing opportunities to simplify the Company's corporate structure as our business and general environment evolve. We have recently increased our shareholding in Globalworth Poland to 77.5% and have signalled a path to take this to over 99% as part of our recently announced proposed capital raise, through the potential exchange of Growthpoint's 21.58% shareholding into shares in Globalworth. We believe this strengthening of our equity story will be welcomed by investors, while also offering enhanced corporate efficiencies.

Our commitment to corporate social responsibility and also to high environmental standards remains a key principle of the Group. We established the Globalworth Foundation in 2018, responsible for overseeing our various CSR initiatives, which alongside the whole Globalworth team, works to ensure that the Group acts consistently in an ethical and socially responsible manner. We now have 70.6% of our property assets certified as environmentally friendly, and have plans to take this higher.

Looking Forward

Our strategic focus remains consistent with prior years. As we believe that both the Polish and Romanian markets will over time become increasingly institutionalised, we will continue to exploit attractive investment opportunities as we identify them to further expand our footprint and capitalise on fragmented ownership. Through our asset management focus, we seek to enhance the value of our investments and ensure that the attractive cash flows that they generate can be sustained. We will seek to manage our capital structure through a combination of debt and equity, while targeting a long-term loan to value ratio of below 40%.

We have recently announced that we are under exclusivity on four properties in Poland, with a total value of €280 million. With a blended stabilised acquisition yield of over 7.5%, this pipeline offers assets with a clear strategic fit in prime locations as well as an attractive income profile, while not only building critical mass and providing scale benefits across our portfolio, but also providing further asset management angles and value creation potential. We have announced our intention to raise up to €500 million with up to €350 million being additional warchest to fund our investment pipeline and the remainder being the exchange of Growthpoint's stake in GPRE into Globalworth.

We remain confident of the dynamism of our markets and the attractive fundamentals on offer. Tenant take-up remains strong, supported by multinational companies looking to establish or expand their operations, often in the share serviced centre, business process outsourcing or IT fields. Vacancy levels are at or close to their lows in our markets of operation, with some sub-markets offering very limited available space. This backdrop, combined with strong investor appetite, in our view offers a healthy backdrop for returns, including the potential for compression in yields given the wide spread with those of more mature real estate markets.

Since our initial public offering in 2013, we have consistently demonstrated our abilities to acquire and develop high-quality properties at yields which are considerably higher than prime property yields in our core markets. We have also seen a continuing improvement to the economic backdrop giving us confidence that fundamentals in both our markets remain compelling. With this in mind, we are set to take further strides forward in 2019.

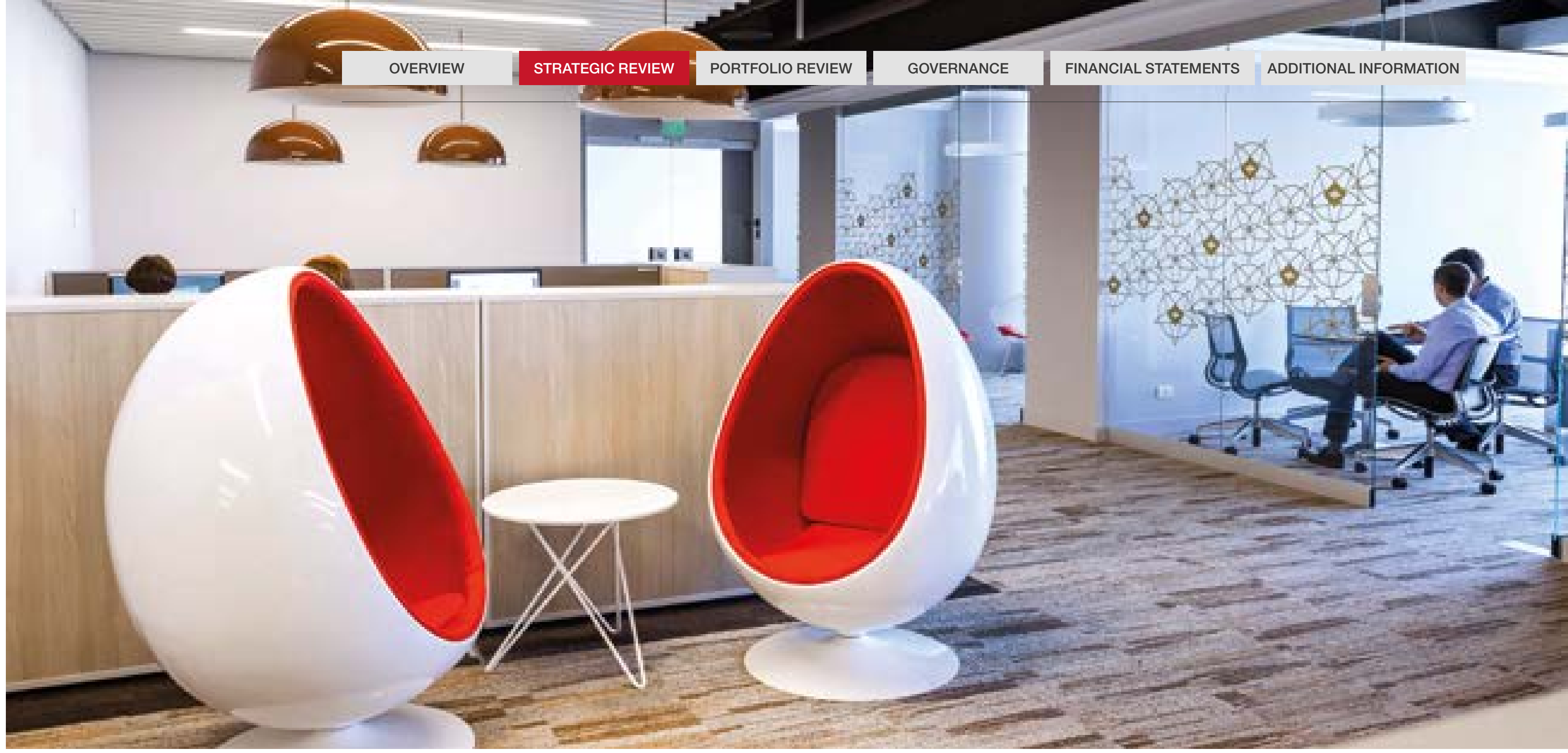
Ioannis Papalekas
Chief Executive Officer
27 March 2019

THE LANDLORD OF CHOICE

OPPORTUNITIES FOR SIGNIFICANT GROWTH

Through our Polish and Romanian portfolios we are active in the two largest[1] markets in Central and Eastern Europe.

[1] Source: Eurostat



POLAND

DYNAMICS

- Poland is the largest, most mature and active real estate market in the CEE. In 2018, €7bn of transactions were completed, highlighting Poland's position as the most liquid market in the region.
- Overall sentiment in the office market remains positive, supported by healthy demand and relatively limited office stock for short-term delivery (1.6m sqm under construction, the majority of which to be delivered from 2020 onwards). Consequently, vacancy rates fell in the major cities in 2018.
- Offices in Warsaw and regional cities accounted for approximately 40% of investment volumes in 2018, with prime yields falling and rental levels pressured upwards.
- Unemployment remained low, driving demand for high quality space and locations that help to attract and retain employees. There is also a noticeable trend for skilled professionals to move into or back to Poland.

OPPORTUNITIES

- Establishing long-term partnerships with high-quality national and multinational tenants, ensuring sustainable cash flow generation.
- Investing in new opportunities in top quality locations in Warsaw and regional cities as the market continues to grow, underpinned by an expanding economy and positive real estate fundamentals.
- Contraction of yields which remain above those of other more mature western European markets as the economy expands relatively faster.
- Poland further establishing itself as the key economy in CEE and link between Western and Eastern Europe, and becoming increasingly recognised as a developed market by bodies such as FTSE Russell and Stoxx.

CHALLENGES

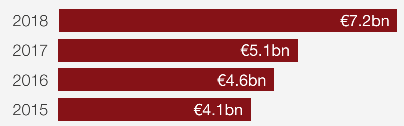
- The high rate of employment may hinder the pace of future economic growth.
- Managing the portfolio to maintain and improve occupancy and income levels at a time when much of the new supply is delivered to the market.
- Increasing construction costs, which may impact projects in the pipeline and the associated economics.
- Growth potentially being restrained by global economic uncertainty, which may impact the domestic market, as well as ongoing tax changes.

OUTLOOK

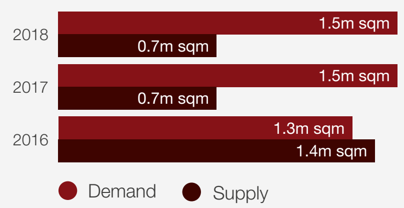
- Increasing competition between investors in a low interest rate environment, driving yield contraction as the economy expands and the real estate market becomes more institutional.
- Developers reassessing and redesigning development projects, and adjusting the end product mix (to include greater residential and hotel components).
- Demand to remain strong for high-quality properties, with good connectivity and which are environmentally friendly (particularly for offices).
- Upward pressure on effective rents in central locations, with current levels being maintained elsewhere.

SELECT MARKET DATA

Investment volume



Office demand and supply balance



ROMANIA

DYNAMICS

- Romania is one of the best performing countries in the EU and is benefiting from a positive macro outlook, albeit that a more normalised rate of growth is to be expected over time.
- The domestic real estate market is maintaining its dynamism, driven by demand for high-quality office and logistics / light industrial space from national and multi-national corporates.
- Bucharest continues to be the principal real estate hub in the country, although certain regional cities are seeing increasing interest from both investors and tenants.
- The supply of office space continues to grow with a number of projects, announced or under construction, being delivered in the short / medium term. Occupancy levels for top quality investments, however, are expected to remain high due to an imbalance of Class "A" and Class "B" offices and a positive net absorption rate.

OPPORTUNITIES

- Establishing long-term partnerships with high-quality national and multinational tenants, ensuring sustainable cash flow generation.
- Investing in new opportunities – developments and standing properties – as the market continues to grow in Bucharest and regional cities, supported by the expanding economy.
- Contraction of yields as they remain above those of other, more mature CEE and EU markets and as the economy expands.

CHALLENGES

- The high rate of employment may hinder the pace of future economic growth.
- Implementation of new infrastructure to unlock economic potential.
- Increasing construction costs impacting deployment of developments and investor returns.
- Potentially slower economic growth, also due to recently introduced fiscal changes impacting certain sectors in the economy.

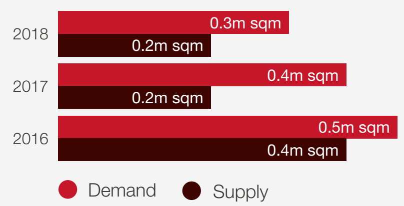
OUTLOOK

- Yield contraction as the real estate market becomes more liquid and the economy expands, supported by demand from new entrants.
- Demand for high-quality properties with good connectivity and which are environmentally friendly (particularly offices) to remain strong.
- Increasing opportunity in regional cities as potential employment constraint in Bucharest drives occupier demand elsewhere.

SELECT MARKET DATA

Investment volume

Office demand and supply balance



Source: Colliers

THE LANDLORD OF CHOICE

GENERATING VALUE

We aim to manage our resources to deliver attractive returns to shareholders and value to other stakeholders.

OUR RESOURCES AND RELATIONSHIPS

Skilled team
In-house team of professionals with strong functional and local knowledge of their markets.

Financial strength
Conservative financing policy, with simple debt structure and Euro-denominated assets, liabilities and revenues, and a supportive shareholder base.

Scale and reputation
Trusted brand and scale creating new opportunities and business efficiencies.

Valued relationships
Longstanding partnerships with leading real estate industry specialists, credible financial institutions.

Read more about our key strengths below

WHAT WE DO TO CREATE VALUE

PROVEN INVESTMENT MODEL

Locations
Prime locations in fast-growing regions of Poland and Romania

9 cities

Sector
Primarily Class A office, with mixed use and logistics/light-industrial a secondary focus

Office 78.6% of GAV

Properties
Modern high-quality standing properties with environmental certification, or with potential to be

100% of standing GAV with or under certification

Tenants
Diversified base of large or established national and multinational corporations

76.0% of contracted rent from multinational tenants

Lease terms
Revenue streams backed by long-term, Euro-denominated, triple net, inflation linked leases

98.4% contracted GLA secured with triple net contracts

HOLISTIC FOCUS ACROSS THE VALUE CHAIN

Our status as both a real estate developer and a long-term investor gives us insight into tenants' requirements, as well as trends in office stock specifications.

HOW WE DELIVER VALUE

Tenants
Attractive, productive working environments for +650 tenants.

WALL
5.0 years

Employees
Challenging and rewarding careers for our increasing number of professionals.

Number of professionals
c.195

Shareholders
Attractive, risk-adjusted returns through yield and capital appreciation. Targeting sustainable and progressive dividend policy.

Dividend
€0.54 per share (2018)

Communities
Creating a community where business can flourish, and improve the quality of life.

Number of causes supported
>10 causes

OUR KEY STRENGTHS

Skilled team
Our multi-disciplinary, local presence in both Poland and Romania allows for dynamic and bespoke asset and tenant management and off-market sourcing. Globalworth's scale and resources give us access to new investment opportunities and help improve our operational efficiency. Our high quality professional standards and Group profile provide us with a competitive advantage in retaining tenants and facilitating their potential expansion plans, as well as in establishing relationships with prospective occupiers.

Financial strength
We manage our equity and debt financing to facilitate the ongoing growth of the Group and enhance medium-term shareholder returns. We have a conservative financial long-term leverage target of below 40% LTV, while allowing for short-term fluctuations. We seek to ensure that our structures and covenants are simple and understandable, with a focus on interest cover to support and improve our credit rating. It is our policy that secured borrowing should be provided by a credible and diverse group of financial institutions, which understand and support our business model, and we seek to maintain our cost of debt at efficient levels while using protection mechanisms against possible interest rate rises.

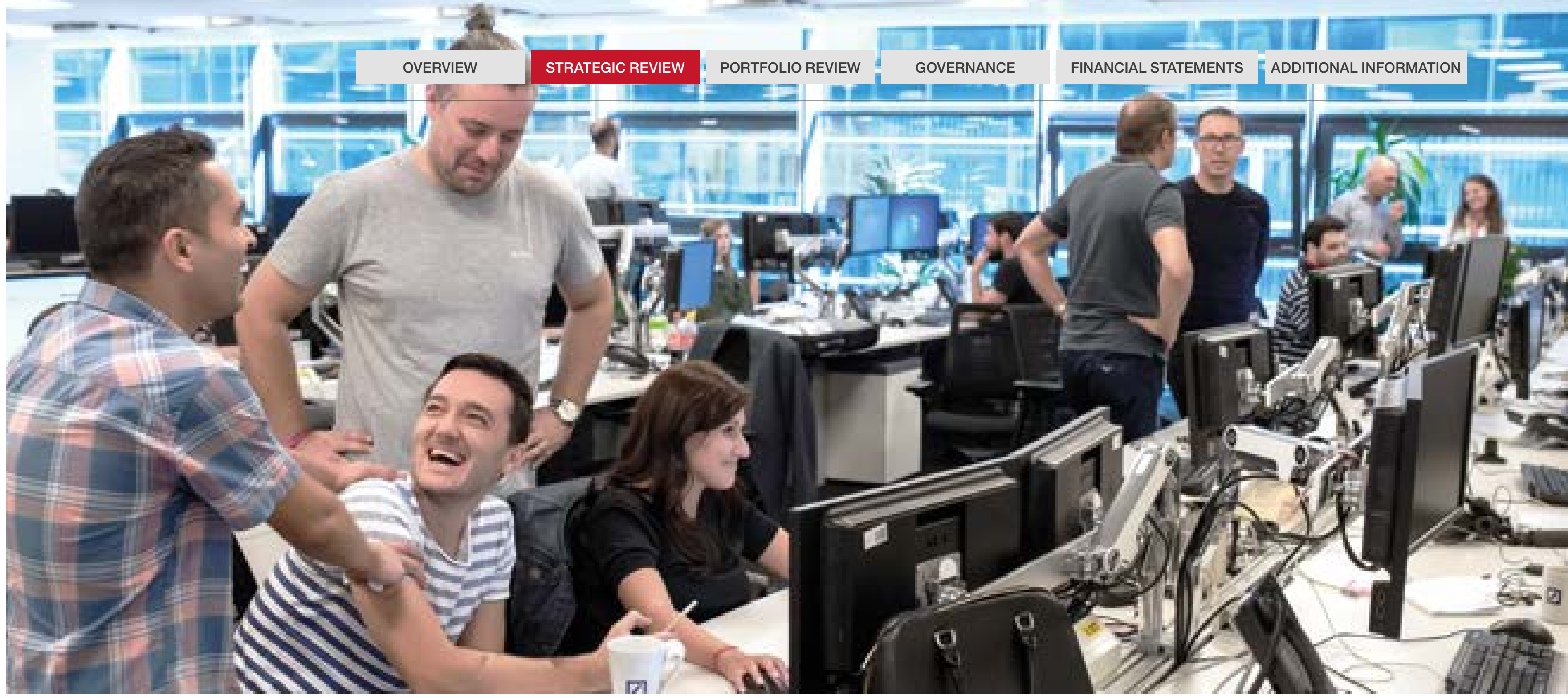
Scale and reputation
Our sizeable portfolio and track record allow us to benefit from economies of scale, through the negotiation of attractive terms for services and costs, with a positive impact for both our tenant base and the Group. The resulting lower occupational costs and the consistently high service we provide improve our tenant relationships and shareholder returns.

Valued relationships
We have longstanding relationships with leading industry specialist providers, whose services and expertise complement our own, allowing us to deliver a high-quality service, experience and benefits to our tenants and other stakeholders. Such partners include joint-venture partners, contractors and other specialist service providers. Tenants are key to the success and longevity of our business, and we target established national and multinational corporates to form the core of our occupier base.

THE LANDLORD OF CHOICE

THE LEADING LANDLORD & PARTNER IN CENTRAL EASTERN EUROPE

We have a clear strategy to achieve our ambition of being the leading office landlord in the CEE and to be the partner of choice for tenants in our chosen markets.



INCREASE FOOTPRINT IN OUR CORE MARKET

PROGRESS IN 2018

We further increased our presence in our two countries of operation, mainly through the acquisition of **five** Class "A" offices in Poland, the completion of **two** Class "A" offices and the acquisition of **three** land plots to be developed in the future, all in Bucharest.

HOW WE MEASURE PROGRESS

Our Combined Portfolio Value exceeded €2.0bn in 2018

€2.5bn

€1.8bn (2017)

Standing GLA increased +4.7x since 2014 to +1.0m sqm

1,042.0k sqm

791.0k sqm (2017)

GLA to be developed in phases in the future

305.5k sqm

See our progress over the past five years on page 18

PRIORITIES

Continue to invest in both core markets of operation with further investments, mainly in office and light-industrial properties, and potentially in other value accretive opportunities on a select basis.

ENHANCE VALUE OF EXISTING INVESTMENTS

PROGRESS IN 2018

Signed and/or extended 121.8k sqm of GLA in our properties and improved our overall occupancy rate.

Increased the presence of co-working spaces in our portfolio
- Five different co-working operators with 23.4k sqm of space (let or pre-let) in our portfolio
- Extended our business relationship with Mindspace with US$10 million (€8.6 million) equity investment in the company to support its ongoing growth.

We continued with our renovation and maintenance programme and made further progress on environmental certification of select properties in our portfolio.

HOW WE MEASURE PROGRESS

Number of Green properties

30

18 (2017)

Properties under certification

19

8 (2017)

Environmentally friendly properties account for +70% of our standing commercial portfolio

70.6%

60.5% (2017)

Like-for-like occupancy increased by 2.8%

2.8%

See our progress over the past five years on page 18

PRIORITIES

Continue to actively manage our portfolio of properties to further increase occupancy.

Complete the certification/re-certification process of 19 properties in our portfolio.

MAINTAIN AN EFFICIENT AND FLEXIBLE CAPITAL STRUCTURE

PROGRESS IN 2018

Simplified our capital structure following our second Eurobond issue and established an EMTN program to allow for further bond issues in the future.

Completed a new equity capital increase at GPRE level.

Improved our credit rating with:
- Fitch: assigning investment grade rating of BBB-
- S&P: upgrading rating to BB+ positive outlook (from stable) in 2018 and to investment grade of BBB- in 2019
- Moody's: upgrading our rating to Ba1 (from Ba2)

HOW WE MEASURE PROGRESS

Financing
Further simplified our capital structure through the repayment of existing bank debt following the issue of a new **€550 million** Eurobond which was **+2x** oversubscribed

Equity Capital
Completed a **€450 million** equity capital raise at Globalworth Poland, of which **€150 million** was new capital

Eurobond

€550m

at Globalworth

Equity Capital

€450m

at Globalworth Poland

See our progress over the past five years on page 18

PRIORITIES

Raise additional equity capital on an ad-hoc basis and diversify our shareholder base.

Secure financing from reputable providers on an ad-hoc basis.

DE-RISK PORTFOLIO

PROGRESS IN 2018

Reduced exposure to developments by limiting their contribution to up to **10%** of GAV, and improved occupancy through active management during the construction phase.

Diversified locations to reduce reliance to any single sub-market. Increased presence to fast growing (office and logistics / light-industrial) sector.

HOW WE MEASURE PROGRESS

Standing Properties account for **96.7%** of our combined portfolio value

Exposure to Bucharest New CBD reduced over the past three years by **53.0%**

Increased presence in Warsaw to

22.1%

of GAV

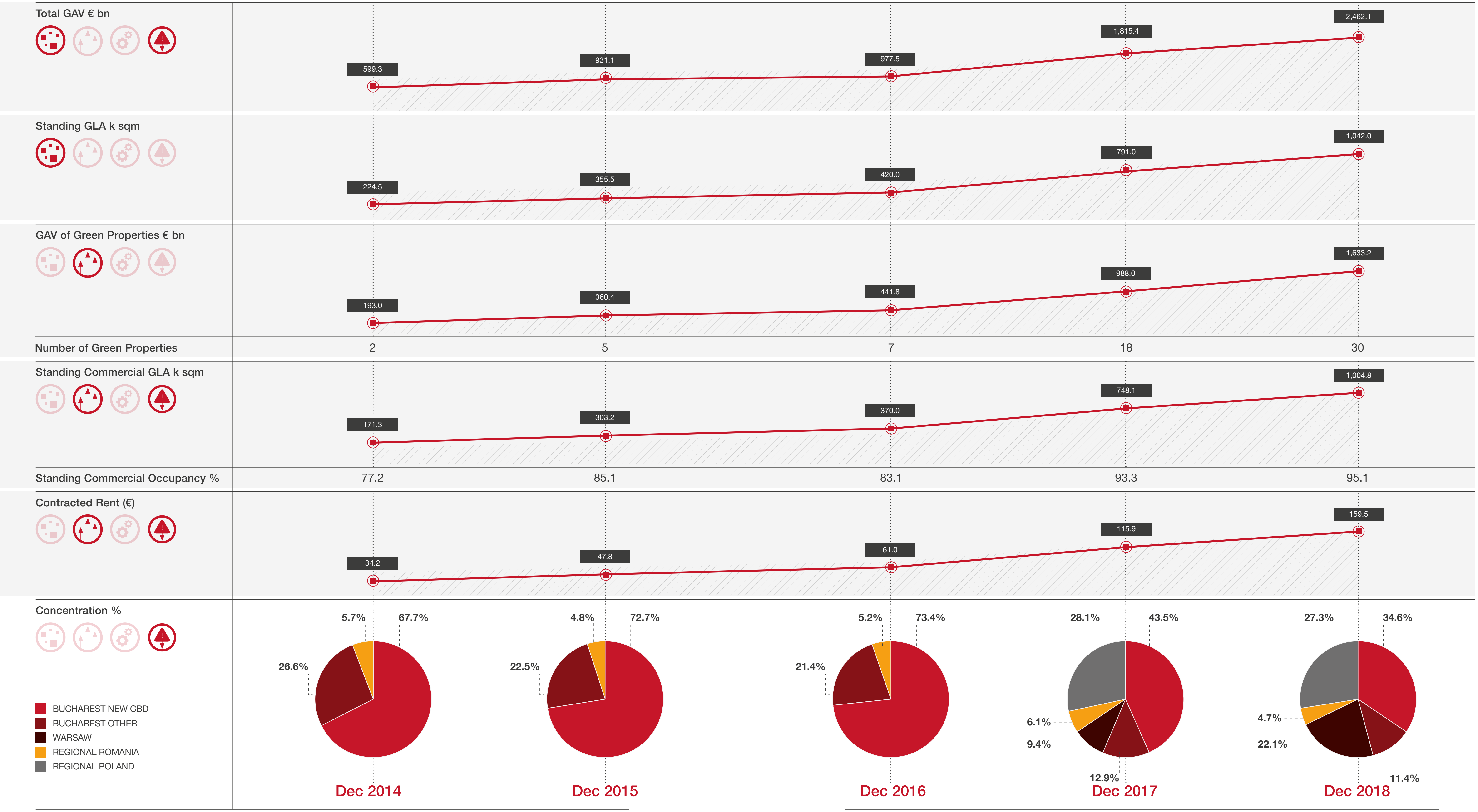
See our progress over the past five years on page 18

PRIORITIES

Finalise our Globalworth Campus project with the delivery of the third tower, complete the first facility in TAP II in 2019 and further progress in the development of our other office and logistics / light-industrial properties.

THE LANDLORD OF CHOICE

FIVE YEARS OF PROGRESS



THE LANDLORD OF CHOICE

CONTINUED EXPANSION WITH NEW ACQUISITIONS

In 2018, our portfolio continued to expand as a result of acquisitions, predominantly in Poland, completed developments and further progress on developments underway in Romania. This expansion and the successful negotiation of ongoing leases led to further growth in our rental income and has created the potential for future rental growth.

Over the course of the year, Globalworth completed eight new investments in Poland and Romania for a total of €538.3 million.

Dimitris Raptis
Deputy Chief Executive Officer & Chief Investment Officer

€538.3m

invested in 8 opportunities

How this links to our strategy

These 2018 asset acquisitions followed on from our strategic expansion into Poland in 2017, optimising our local platform to build out critical mass and scale, and positioning Globalworth as the largest institutional office landlord in Poland. Core to our growth strategy is the consistent execution of acquisitions that can enhance Globalworth's footprint and the overall quality of its portfolio and income profile. We continue to assess a dynamic pipeline of opportunities.

ROMANIA

In Romania, where the Group is looking to its next phase of development projects, as previously announced Globalworth completed the acquisition of two land plots in the new CBD of Bucharest for a total consideration of €15.5 million.

- One plot is located between the Globalworth Plaza and the Green Court "B" offices owned by the Group and represents the last remaining street-facing land plot on Gara Herastrau street.
- The second land plot is adjacent to Globalworth's Green Court complex and will be used to further expand the complex.

The combined lands are anticipated to allow for the development of 42.6k sqm of commercial (predominantly office) space.

In addition we acquired in June 2018 a third land plot for €2.0 million, which is directly adjacent to the Renault Bucharest Connected project in the West of Bucharest, on which we are now progressing preparations and design for a new 33.4k sqm GLA property offering predominantly Class "A" office space and, thereby, creating a campus of over 75.6k sqm of GLA at this location.

Based on preliminary estimates, the development of these three plots may add €12.9 million of rental income to our portfolio and result in a potential yield on cost of 10.2%, underlying the attractive opportunities we are able to identify in developing such properties.

PLOT ONE
GLOBALWORTH SQUARE
(UNDER CONSTRUCTION)
See more detail on page 39

PLOT TWO
GREEN COURT D
See more detail on page 40

PLOT THREE
GLOBALWORTH WEST
See more detail on page 40

POLAND

We are very pleased to have been able to acquire some of the most recognisable properties available in the Polish market, which included three of the 10 largest office transactions of the year. In total we concluded five transactions for €520.8 million, adding 185.8k sqm of Class "A" office space, which at the end of 2018 were 94.8% occupied and had €37.3 million of contracted rent with and average WALL of 3.5 years.

These acquisitions offer an attractive entry yield of 7.2%, with the scope of this to rise to 7.6% under full occupancy. This is consistent with the Group's strategy of acquiring standing properties at yields above prime market levels, where we believe that we can enhance the attractiveness and performance of our investments by applying different asset management initiatives over time. The majority of our new acquisitions where properties in Warsaw, were we have now established a strong presence in the country's principal real estate market.

In addition, we continued to pursue opportunities in select regional cities, successfully expanding our portfolio through new investments in Krakow and Wroclaw.

SKYLIGHT & LUMEN
See more detail on page 22

QUATTRO BUSINESS PARK
See more detail on page 24

SPEKTRUM TOWER
See more detail on page 26

WARTA TOWER
See more detail on page 28

WEST LINK
See more detail on page 29

Eurobuild Awards

Eurobuild Awards 2018:
– Investor of the Year, CEE
– Newcomer of the Year, Poland

GLA acquired in Poland
185.8k sqm

Green Certified (with potential for 100%)
93.1%
by value

Leased to well-established multinational corporations
61.2%

WARSAW, POLAND

SKYLIGHT & LUMEN

Skylight and Lumen represent the main office component of the well-established "Zlote Tarasy", the multifunctional mixed-use complex in the heart of Warsaw, which combines high-quality office, retail and leisure spaces with excellent connectivity to the capital's main train station.

Property summary

- **Acquisition date:** Q4-18
- **Acquisition Price:** €190.0m
- **Location:** Central Business District of Warsaw
- **Completion date:** 2007
- **Space:** Skylight 22.0k sqm of GLA; Lumen 23.4k sqm of GLA
- **Parking units:** Skylight 219; Lumen 234
- **Typical Floor:** Skylight 1.2k sqm; Lumen 2.9k sqm
- **Layout:** Skylight 4 UG, GF, 18 Floors; Lumen 4 UG, GF, 8 Floors
- **Green Accreditation:** BREEAM (Excellent)

BREEAM®

The Group's largest property transaction to-date was finalised in Q4-18 with the acquisition of the two office buildings in Warsaw known as "Skylight" and "Lumen" from Unibail-Rodamco-Westfield, for a total consideration of €190 million. The two offices, which offer 45.4k sqm of GLA and 453 parking spaces, are part of the "Zlote Tarasy" multifunctional mixed-use complex in the heart of Warsaw, which combines high-quality office, retail and leisure space with excellent connectivity to the capital's main train station. Skylight and Lumen offer attractive upside potential as they are 88.8% occupied, with annual contracted rental income of €11.5 million and a weighted average lease length of 3.7 years as at 31 December 2018. The property is multi-tenanted to 65 national and multinational corporates, with a range of tenants including Pernod Ricard, Mars, PGE Energia Ciepla, InOffice, Regus and Cushman & Wakefield.

KRAKOW, POLAND

QUATTRO BUSINESS PARK

Quattro Business Park is a modern high-quality office complex in Krakow developed in phases, distinguished by its design and flexibility in combining office spaces between four of its five buildings.

Property summary

- **Acquisition date:** Q2-18
- **Acquisition Price:** €139.0m
- **Location:** Northern part of Krakow
- **Completion date:** In phases between 2010 and 2015
- **Space:** 60.2k sqm of GLA
- **Parking units:** 1,327
- **Typical Floor:** 0.9k – 1.4k sqm
- **Layout:** 1UG, GF, 6-13 Floors
- **Green Accreditation:** BREEAM Very Good (3 buildings) & BREEAM Excellent (2 buildings)

BREEAM®

In Krakow we acquired a high-quality office complex of five buildings known as Quattro Business Park ("QBP") for a total consideration of €139.0 million.
The property is located in the northern part of the city, c.5.0km from the city centre and close to the ring road. QBP was completed in phases and offers a total of 60.2k sqm of GLA and 1,327 parking spaces.
The property is multi-tenanted to 44 national and multinational corporates, with Capgemini, Google and Luxoft being the largest occupiers.

The park is almost fully occupied (98.3% occupancy), with annual contracted rental income of €10.7 million and a weighted average lease length of 2.6 years as at 31 December 2018.

WARSAW, POLAND

SPEKTRUM TOWER

Landmark high-rise Class "A" office with a dynamic and original structure at the heart of Warsaw's CBD.

Property summary

- **Acquisition date:** Q3-18
- **Acquisition Price:** €101.0m
- **Location:** Central Business District of Warsaw
- **Completion date:** 2003, followed by an extensive refurbishment in 2015
- **Space:** 32.1k sqm of GLA
- **Parking units:** 318
- **Typical Floor:** 0.9k – 1.5k sqm
- **Layout:** 5 UG, GF, 32 Floors
- **Green Accreditation:** BREEAM (Very Good)

BREEAM®

Also in Warsaw, we added two of the city's most recognisable stand-alone offices to our portfolio, Spektrum Tower and Warta Tower.

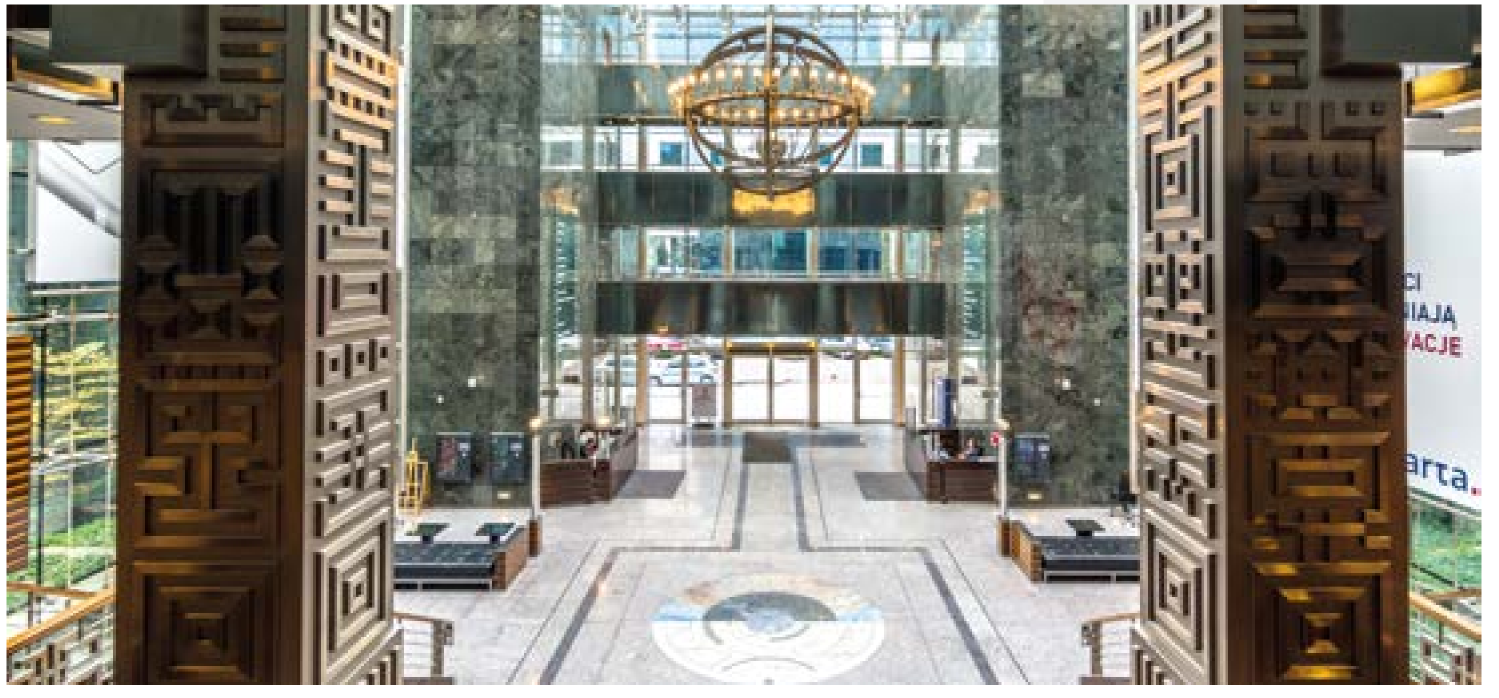
Spektrum Tower is a high-rise Class "A" office in the heart of Warsaw's Central Business District, acquired for a total consideration of €101.0 million. It was completed in 2003 and underwent extensive refurbishment in 2015, when it was converted into a multi-tenanted building offering 32.1k sqm of GLA (post remeasurement of areas) and 318 parking spaces.

The property benefits from high occupancy (96.8%), which we are confident can be increased in the near-term. Spektrum is leased to over 65 national and international corporates and is thus well suited to our asset management-led approach. It has an annual contracted rental income of €6.7 million and a weighted average lease length of 4.6 years, as at 31 December 2018.

WARSAW, POLAND

WARTA TOWER

BREEAM®



A landmark office building in Warsaw and one of the most widely recognised properties in the city, Warta Tower is characterised by a wide podium extending over 5 floors and an 82 meter high-rise tower over 20 floors, connected through a large winter-garden of 1.0k sqm. Other distinct features include its dark blue glazed glass and its iconic lobby with a sculpture by the highly regarded Barbara Falender.

Property summary

- **Acquisition date:** Q1-18
- **Acquisition Price:** €55.0m
- **Location:** West Central Business District of Warsaw
- **Completion date:** In 2000
- **Space:** 33.7k sqm of GLA
- **Parking units:** 542
- **Typical Floor:** odium: 3.0k sqm / Tower: 0.8k sqm
- **Layout:** 3 UG, GF, +20 Floors
- **Green Accreditation:** BREEAM Very Good

"Warta Tower" presents an opportunity where we have identified some interesting asset management angles. The property is located in the extended West Central Business District of Warsaw and was acquired for a total consideration of €55.0 million. Warta Tower offers 33.7k sqm (post remeasurement of areas) of GLA and 542 parking spaces. Its distinct features include its dark blue glazed glass and its iconic lobby with a sculpture by Barbara Falender. The property is multi-tenanted and has a high occupancy rate (92.4%), with TUiR Warta S.A. (insurance company, subsidiary of Talanx International AG) as its largest tenant. It has an annual contracted rental income of €5.9 million and a weighted average lease length of 2.5 years as at 31 December 2018. Whilst the property already offers a very attractive income, we are working on longer-term repositioning alternatives, which are consistent with the Group's active asset management approach.

WROCLAW, POLAND

WEST LINK

BREEAM®
(re-certification)

West Link is a 2018 completed Class "A" office which together with West Gate (also within the Globalworth portfolio) form a campus offering total GLA of 31.0k sqm, predominantly leased to Nokia.

Property summary

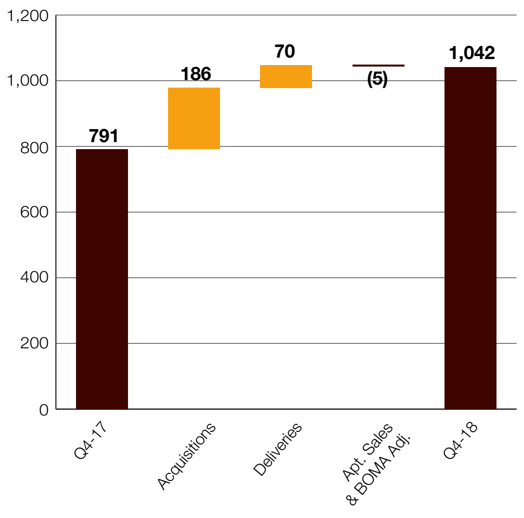
- **Acquisition date:** Q2-18
- **Acquisition Price:** €35.8m
- **Location:** West of the city centre of Wroclaw
- **Completion date:** 2018
- **Space:** 14.4k sqm of GLA
- **Parking units:** 265
- **Typical Floor:** 2.7k sqm
- **Layout:** 2 UG, GF, 5 Floors
- **Green Accreditation:** BREEAM Excellent (re-certification)

In Wroclaw we acquired the recently completed Class "A" office property known as "West Link" for a total consideration of €35.8 million. West Link is located to the west of the city centre with good access to the city's key communication arteries. With 14.4k sqm of GLA and 265 parking spaces it is fully let, with an annual contracted rental income of €2.5 million and a weighted average lease length of 6.2 years as at 31 December 2018. The main tenant is Nokia Solutions & Network, which is also the main tenant at Globalworth Poland's West Gate, an adjacent high-quality office property offering a further 16.6k sqm of Class "A" office space.

THE LANDLORD OF CHOICE

THE VALUE OF OUR STANDING INCOME GENERATING PROPERTIES INCREASED BY 39.2% IN 2018 TO €2.4 BILLION

Standing GLA Evolution (k sqm)



Our portfolio of standing properties continued to expand in 2018, following the acquisition of five standing investments (10 office properties) in Poland, and the completion of Globalworth Campus Tower 2 and Renault Bucharest Connected projects in Bucharest. As of year-end 2018, there were 31 standing investments in our portfolio with a total of 52 standing properties in Poland and Romania.

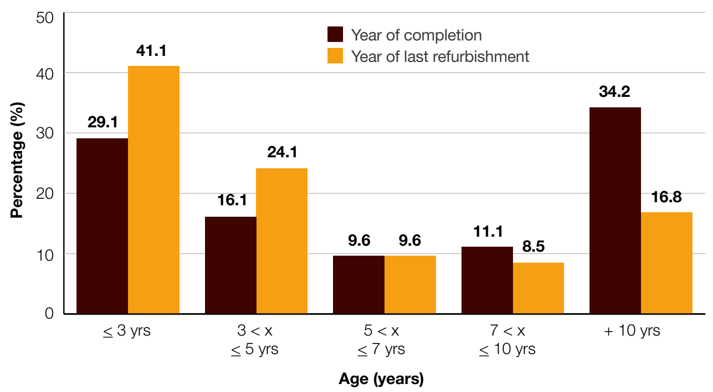
Our standing portfolio comprised 25 Class “A” office investments (39 properties in total) and three mixed-use investments (with seven properties in total) in central locations in Bucharest (Romania), Warsaw (Poland) and five of the largest office markets/cities of Poland (Krakow, Wroclaw, Katowice, Gdansk and Lodz). In addition, we owned a light industrial park with four facilities in Timisoara (Romania), a modern warehouse in Pitesti (Romania), and part of a residential complex in Bucharest (Romania).

Globalworth’s total standing commercial GLA at the end of December 2018 had increased by 34.3% to reach 1.00 million sqm, with the overall standing portfolio GLA increasing 31.7% to 1.04 million sqm.

The appraised value of our standing properties rose to over €2.0 billion (as at 31 December 2018) for the first time in our short history at €2.4 billion, representing an annual increase of 39.2%, mainly due to new additions (acquisitions and deliveries), while properties held throughout the period (like-for-like) marginally improved in value (+0.6%) in 2018.

We consider our portfolio to be modern, with the majority of our properties having been completed or refurbished since 2011. It is worth noting that 37 of our standing properties, accounting for 64.1% of our GLA and 65.2% of our standing combined portfolio value have been delivered or significantly refurbished in the past five years. In addition, following the delivery of our projects under construction and other future completions, the proportion of modern office stock in our portfolio will further increase in the short to medium term.

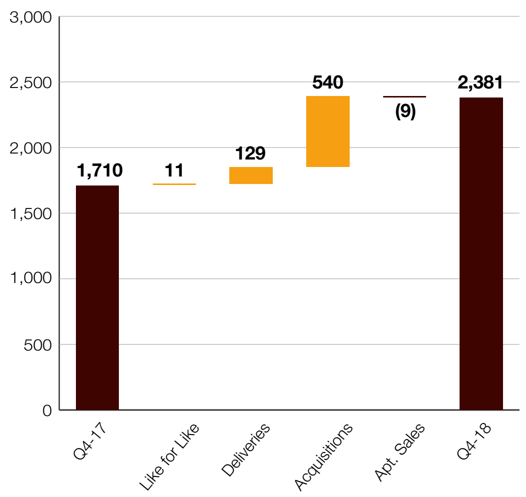
Age of Portfolio



Globalworth consistent with its commitment to energy efficient properties, added nine environmentally certified properties in our portfolio. All properties acquired this year were green with Warta Tower, the Quattro Business Park (three of five buildings) and Spektrum Tower being certified with BREEAM Very Good accreditation, with the remaining two buildings of the Quattro Business Park, Skylight and Lumen being certified with BREEAM Excellent accreditation, while West Link which was green certified at the time of acquisition is currently in a recertification process. In addition, Globalworth Campus Tower 1, a Class “A” office developed by the Group was also awarded with BREEAM Excellent certification in Q4-2018.

Overall, our standing portfolio as of 31 December 2018 comprised 30 green certified properties, accounting for 70.6% of our standing commercial portfolio, further increasing to 73.2% in January 2019 following the BREEAM Excellent accreditation received for Globalworth Campus Tower 2, and we are in the process of certifying or recertifying 19 other properties in our portfolio. Upon receipt of environmentally friendly accreditations for the properties which are under certification or recertifying process, 100% of our portfolio will be green accredited.

Standing Portfolio Value Evolution (€ m)



Total Standing Properties

	31 Dec. 2017	31 Dec. 2018
Number of Investments	25	**31**
Number of Assets	39	**52**
GLA (k sqm)[(1)]	791.0	**1,042.0**
GAV (€ m)[(2)]:	1,710.3	**2,381.1**
Contracted Rent (€ m)[(3)]	109.1	**159.5**

Of which Total Commercial Properties

	31 Dec. 2017	31 Dec. 2018
Number of Investments	24	**30**
Number of Assets	38	**51**
GLA (k sqm)	748.1	**1,004.8**
GAV (€ m)[(2)]	1,632.6	**2,312.2**
Occupancy[(4)]	93.3%	**95.1%**
Contracted Rent (€ m)	107.6	**157.9**
WALL (years)	5.3	**5.0**

(1) Includes c.42.8k sqm and c.37.2k sqm of residential space in 31 December 2017 and 2018 respectively.
(2) Appraised valuations as of 31 December 2017 and 2018 respectively.
(3) Contracted Rent includes c.€1.5 million from residential space in 31 December 2017 and 2018 respectively.
(4) Occupancy including tenant options of 95.4% and 96.3% in 31 December 2017 and 2018 respectively.
(*) At 31 December 2018, Renault Bucharest Connected is presented on an 100% basis held by Elgan Offices Srl in Romania. Globalworth holds 50% share in Elgan Offices Srl.

THE LANDLORD OF CHOICE

WELL-POSITIONED TO CAPITALISE ON FUTURE OPPORTUNITIES

How this links to our strategy

The development expertise within the Group remains central to our strategy of owning best-in-class properties that meet the needs of our tenants into the future. We continue to explore the market for the next phase of projects that meet our investment criteria and will continue to grow our portfolio with high-quality assets.

Globalworth continued with its active development programme in Romania, making excellent progress in the construction and delivery of high-quality office and light-industrial space.

In April we completed Phase A of our Globalworth Campus project in Bucharest, with the delivery of its second tower, with Tower 2 offering 28.2k sqm GLA and 180 parking spaces. Phase A comprises twin Class "A" office towers with total GLA of 57.2k sqm. On completion of Phase B, currently under construction, Globalworth Campus will become the largest office campus in Bucharest with a total 92.0k sqm of GLA and 960 parking spaces.

Renault Bucharest Connected ("RBC") was completed at the end of the year, and was subsequently handed over to the tenant in line with its targeted timeline in February 2019. We are particularly pleased with the efforts of our team and partners in delivering such a high-quality project within a compressed timeline. RBC is 100% leased to Groupe Renault and houses their new Headquarters in Romania, as well as a dedicated design centre for the development of future models of cars, in over 42.3k sqm of GLA and 1,000 parking spaces.

RBC is the ninth property delivered by Globalworth in Romania since the beginning of 2015, increasing the total GLA developed by the Group to c. 254k sqm.

Following the delivery of these high-quality properties and as of year-end, we had two active developments in Bucharest under construction and one in Timisoara, which upon completion will further increase our footprint by 78.9k sqm of GLA.

Construction of Tower 3 (centre tower) of the Globalworth Campus project is currently in progress. The third tower, which represents the second and final phase of the project, will upon completion offer high-quality Class "A" office space and other amenities such as a 750-seat conference centre, spanning 34.8k sqm of GLA, and will also include c. 500 parking spaces. The new building will extend over 14 floors above ground and two underground levels and is expected to be completed in Q4-2019. As at March 2019, construction is in progress with the building having reached the eighth floor.

In October 2018 we started the development of the first phase at our TAP II project in Timisoara. The launch of this new development project, which was acquired in December 2017, follows the success of our nearby TAP project which is now 100% let, and the ongoing demand for logistics space in this location. This first facility is now under construction, and on delivery will offer 17.7k sqm of high-quality logistics / light-industrial space and is expected to be completed in Q2-19. TAP II will be developed in phases and upon its full completion will offer 140k sqm of high-quality space over 30 hectares of land.

At the end of the year we commenced the development of a new Class "A" office in the new CBD of Bucharest. Globalworth Square, will be located between our own Globalworth Plaza and Green Court "B" offices, and on completion (Q1-2020) will offer 26.4k sqm of high-quality GLA and 450 parking spaces.

In addition Globalworth owns land plots in four prime locations in Bucharest (new CBD, Herastrau Lake, historical CBD and Bucharest West), covering a total land surface of 21.4k sqm, in which office or mixed-use properties can be developed. We have prioritised the lands in the new and historical CBD and the West of Bucharest for future development, where we anticipate constructing office and mix-use properties comprising c. 76.0k sqm GLA in total, subject to relevant approvals.

We are currently progressing with the required preparatory activities, including performing planning and/or permitting, for this land bank in Bucharest and Timisoara (TAP II – other phases) in order to be in a position to progress these schemes expediently.

Right of First Offer Portfolio

Globalworth, through Globalworth Poland, has invested in two projects in Poland which are at different phases of construction and in each of which it owns a 25% economic stake, with the right to acquire the remaining interest once certain conditions have been satisfied.

- Beethovena I & II are a Class "A" office project located in Warsaw comprising two, four-floor offices, which on completion will offer total GLA of 35.8k sqm. Beethovena I and II are of similar size (18.9k sqm and 16.9k sqm) and are expected to be delivered in Q2-2019 and Q3-2020 respectively. The first phase is currently c.64% pre-leased to tenants such as Havas, MasterCard and others.
- The Gatehouse Offices (previously Browary J) is a Class "A" office project located in Warsaw comprising a stepped shaped "main" building extending over 11 floors and the lower 7th floor wing. The project was delivered in Q4-2018 and, offers 15.7k sqm of GLA, of which 100% is leased to blue-chip office tenants (including Epam, L'Oreal, Sony and WeWork).

The sale of Gatehouse Offices to a fund managed by GLL Real Estate Partners was preliminarily signed in Q4 2018.

	Location	Completion Date	GLA (k sqm)	Equity Invested (€ m)
Beethovena I	Warsaw	Q2-2019	18.9	2.9
Beethovena II	Warsaw	Q3-2020E	16.9	2.8
The Gateway House	Warsaw	Q4-2018E	15.7	4.2
Total ROFO			**51.5**	**9.9**

Under construction: GLA to be delivered by H1-2020E

78.9k sqm

Total remaining capex of projects under construction:

€84.1m

Future development pipeline: GLA in phases

226.6k sqm

Potential increase in our current commercial GLA

+30%

GLOBALWORTH CAMPUS – TOWER 2

COMPLETING THE FIRST PHASE OF OUR GLOBALWORTH CAMPUS DEVELOPMENT IN BUCHAREST

Our vision for the Globalworth Campus development was to create a best-in-class office community, using best practice from around the world to provide technically highly specified and environmentally friendly towers, with 92.0k sqm of high-quality space balanced between Class "A" offices, commercial and other supporting facilities, and a 750-seat conference centre.

How this links to our strategy

Property overview

- **Type:** Class "A" Office
- **Year of completion:** 2018
- **GLA:** 28.2k sqm
- **Parking units:** 180
- **Layout:** 2x2UG+GF+12F+Tech Floor
- **Access:** Metro, tram and bus
- **Green Accreditation:** BREEAM Excellent

PROJECT PHASE A

Phase A of the Globalworth Campus project comprises "twin" Class "A" office towers with total GLA of 57.2k sqm and 456 parking spaces.

Tower 2 was delivered in April 2018, offering 28.2k sqm of GLA.

The building has efficient open-space floors, with a standard office floor plate of 2.2k sqm and a 1 to 6 employee / sqm ratio.

OUR TENANTS

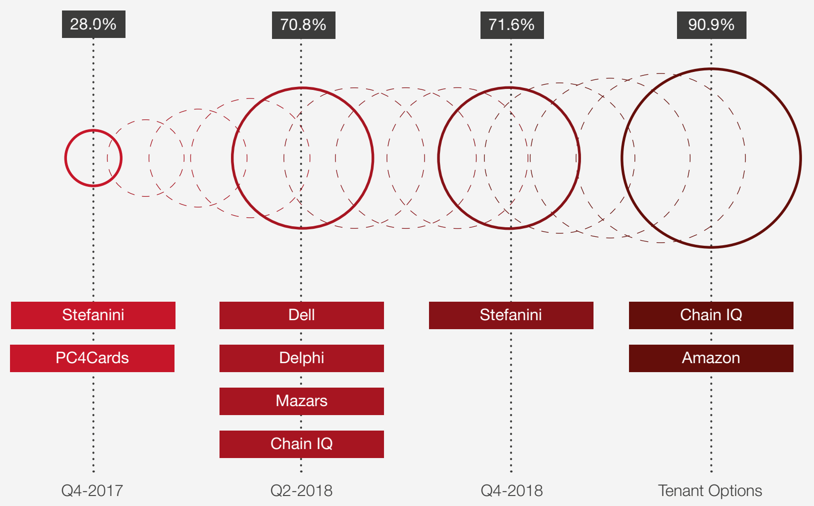
Tower 2 is a multi-tenant office selected by blue-chip tenants in the IT and Services sectors like Dell, Stefanini, Delphi and Chain IQ. The attractiveness of the building, the campus and amenities provided by the Group are evidenced by the leasing progress and lease length of the contracts signed. Tenants in the property benefit from access to a number of amenities part of the Globalworth portfolio including conference centres, restaurants, coffee shops, gym and other amenities all within a 5 minute walk from the property.

Occupancy as of year-end in Tower 2 was 71.6% (90.9%% including tenant options), while lease contracts were signed for an average duration of 8.0 years, with remaining WALL of 7.8 as of 31 December 2018.

Key investment metrics

- **Contracted Rent:** €3.2m
- **Rent at 100% Occupancy:** €4.3m
- **Implied Yield on Cost:** 11.7%

The evolution of occupancy (% of space rented)



RENAULT BUCHAREST CONNECTED

DELIVERING THE NEW HEAD QUARTERS OF GROUPE RENAULT IN ROMANIA

How this links to our strategy

Property overview

- **Type:** Class "A" Office
- **Year of completion:** 2018
- **GLA:** 42.3k sqm
- **Parking units:** 1,000
- **Layout:** 2UG+GF+7F+Tech Floor
- **Access:** Metro, tram and bus
- **Green Accreditation:** BREEAM Excellent (in progress)
- **Ownership:** 50% Joint Venture

Renault Bucharest Connected is a modern office complex, located in the western part of Bucharest, developed by Globalworth to provide the new headquarters for Groupe Renault in Romania.

THE PROJECT

The RBC project extends over 42.3k sqm and comprises of two distinct buildings.

- A Class "A" office building which, in addition to the "standard" office areas, hosts an in-house 350-seat conference center, a car showroom, meeting rooms and other amenities.
- A dedicated design center for the development of future models of the Groupe.

THE LOCATION

The location was strategically selected in the western part of Bucharest as it allows for easy connectivity to the Groupe Renaults warehouse ("Dacia Warehouse"), also owned by Globalworth, in Pitesti and its main car assembly plant nearby in Mioveni.

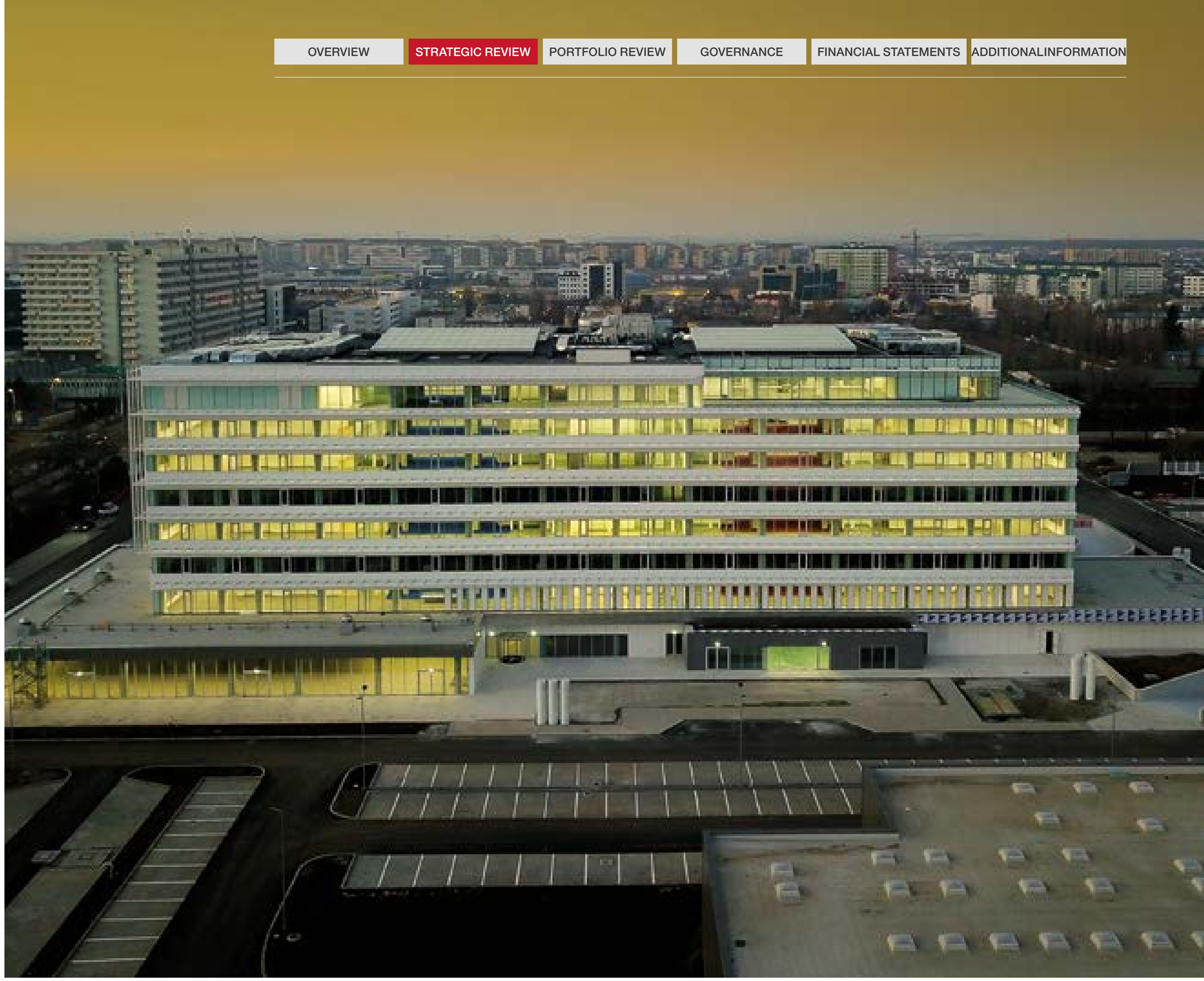
In addition, the property is situated in front of the metro station and within a 5-minute walking distance from other means of public transport, which together with the 1,000 parking spaces available in the property, allows for very easy access and comfort for the tenant, its employees and partners.

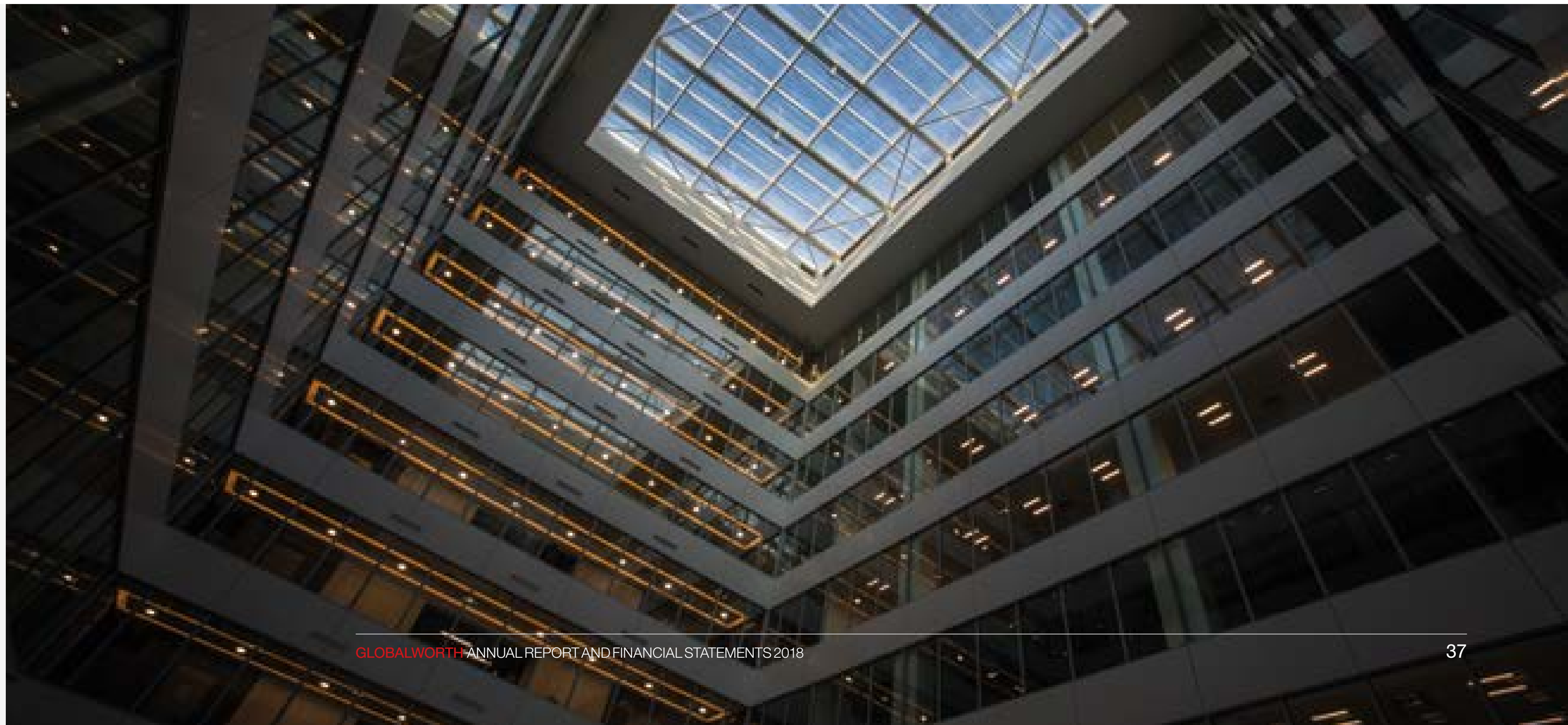
Key investment metrics

- **Contracted Rent:** €5.5m
- **Implied Yield on Cost:** 9.8%

100%

let to Groupe Renault for 11 years





2019
Q2

TAP & TAP II Logistics/Light-Industrial in Timisoara

Expansion of our versatile light-industrial / logistics platform in Timisoara through the development of new facilities on a 30-hectare land plot adjacent to the existing TAP project. A 17.7k sqm GLA facility is currently under construction, with an additional 127.3k sqm of GLA expected to be developed in the next phases. In addition, there is the possibility of developing a 28.5k sqm facility within the original TAP complex, with the right to expand under option to one of the existing tenants.

CGI render

Location Timisoara / Romania	GAV (€ m) 5.4
Status Under Construction	Estimated CAPEX to Go[1] (€ m) 5.2
Expected Delivery Q2-2019	ERV (€ m) 0.8
GLA (k sqm) 17.7	Estimated Yield on Development Cost 10.0%
CAPEX to 31 Dec 18 (€ m) 3.3	

Location Timisoara / Romania	GAV (€ m) 7.8
Status Future Development	Estimated CAPEX to Go[1] (€ m) 59.1
Expected Delivery 2019 – 2020E	ERV (€ m) 6.5
GLA (k sqm) 150.6	Estimated Yield on Development Cost 10.2%
CAPEX to 31 Dec 18 (€ m) 5.0	

2019
Q4

Globalworth Campus –Tower 3

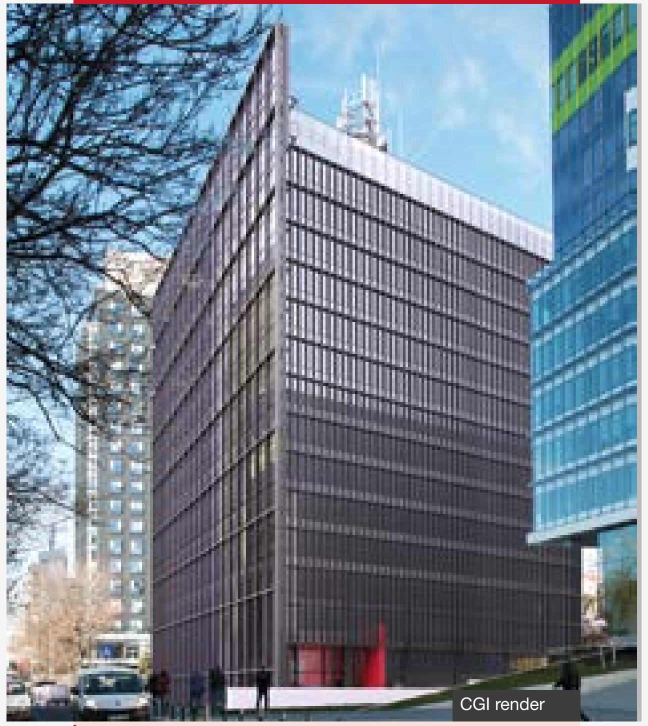
The third and final tower of the Globalworth Campus development, which combines Class "A" office space and a 750-seat conference center over 34.8k sqm, and surrounded by stylish public space.

Location Bucharest New CBD	GAV (€ m) 25.5
Status Under Construction	Estimated CAPEX to Go[1] (€ m) 39.0
Expected Delivery Q4-2019	ERV (€ m) 5.6
GLA (k sqm) 34.8	Estimated Yield on Development Cost 10.0%
CAPEX to 31 Dec 18 (€ m) 17.0	

2020
Q1

Globalworth Square developments in Bucharest's New CBD

Office development under construction in the new CBD, expected to offer 27.0k sqm of Class "A" GLA. The property is located between the Globalworth Plaza and Green Court "B" offices on Gara Herastrau street, benefiting from great visibility from of the city's main arterial roads.



CGI render

Location Bucharest New CBD	GAV (€ m) 13.8
Status Under Construction	Estimated CAPEX to Go[1] (€ m) 39.9
Expected Delivery Q1-2020E	ERV (€ m) 5.1
GLA (k sqm) 26.4	Estimated Yield on Development Cost 9.5%
CAPEX to 31 Dec 18 (€ m) 14.2	

2020
Q2

Green Court D development in Bucharest's New CBD

Class "A" office development, expected to offer 16.0k sqm of GLA, to be constructed in the new CBD. The property will be an extension of our very successful Green Court Complex, which currently comprises 3 Class A offices with 54.3k sqm of GLA.

CGI render

Location Bucharest New CBD	GAV (€ m) 5.1
Status Future Development	Estimated CAPEX to Go[1] (€ m) 23.9
Expected Delivery Q4-2020E	ERV (€ m) 2.9
GLA (k sqm) 16.0	Estimated Yield on Development Cost 11.0%
CAPEX to 31 Dec 18 (€ m) 2.6	

2021

Globalworth West development in West of Bucharest

Future 33.0k sqm Class "A" office development to be constructed in the western part of the city, and adjacent to Globalworth's RBC project, expanding the Company's presence in this increasingly attractive office sub-market.

CGI render

Location West of Bucharest	GAV (€ m) 3.2
Status Future Development	Estimated CAPEX to Go[1] (€ m) 42.4
Expected Delivery Q2-2021E	ERV (€ m) 4.8
GLA (k sqm) 33.4	Estimated Yield on Development Cost 10.6%
CAPEX to 31 Dec 18 (€ m) 3.0	

2021
Q2

Luterana development in Bucharest's CBD

Future development combining Class "A" office and other high-quality commercial spaces over 27.0k sqm of GLA, to be constructed in a plot ideally situated within Bucharest's central business district on Luterana street.

CGI render

Location Bucharest CBD	GAV (€ m) 14.3
Status Future Development	Estimated CAPEX to Go[1] (€ m) 40.4
Expected Delivery Q2-2021E	ERV (€ m) 5.8
GLA (k sqm) 26.4	Estimated Yield on Development Cost 12.2%
CAPEX to 31 Dec 18 (€ m) 7.1	

Developments Under Construction

Two developments at different stages of construction are currently in progress in Bucharest and a third in Timisoara, which on completion will increase our footprint by 78.9k sqm of GLA. Two projects are expected to be delivered in 2019, with the third to follow in the first half 2020, and have an appraised value of €44.7 million (31 December 2018) and an ERV on completion of €11.6 million, resulting in blended yield on investment cost of 9.8%.

Future Development Pipeline

We continue to prepare new office and light-industrial / logistics development projects in Bucharest and other regional cities in Romania. Overall, the current value of our future pipeline projects accounts for 1.2% of our combined portfolio value, and on completion will offer 226.6k sqm of high-quality real estate space, providing an expected blended yield on investment cost of 10.9%.

1. Estimated CAPEX based on currently contracted costs and company estimates.

THE LANDLORD OF CHOICE

ENHANCING THE PERFORMANCE OF OUR INVESTMENTS

Central to our business is the active management approach that we take to our real estate portfolio, which allows us to both enhance the attractiveness and performance of our investments and to satisfy our partners' requirements.

In 2018, we focused our initiatives on three distinct areas:

- Maintaining high occupancy across our portfolio and letting-up vacant space.
- Sustaining and improving the quality of our real estate space through our renovation and maintenance programme.
- Creating the Globalworth Community.

Contracted rent
€159.5m

Commercial GLA leased
955.8k sqm

Commercial WALL
5.0yrs

LEASING REVIEW

Globalworth maintained its strong leasing momentum in 2018. Market conditions continued to be positive, with Globalworth benefiting from healthy demand for high-quality office space in its target real estate markets.

Over the course of the year, driven by its proactive internal leasing team, the Group successfully negotiated the take-up (including expansions) or extension of 121.8k sqm of commercial space in Romania (62.5% of transacted GLA) and Poland (37.5% of transacted GLA), with an average WALL of 7.1 years.

New leases for 51.3k sqm were signed at a WALL of 8.5 years, and included tenants such as Mindspace, Dell, Honeywell, Calypso, Coca Cola and Delphi as well as 47 other corporates. Leases were renewed, and thus extended, for 51 of our tenants for a total of 54.0k sqm of GLA, at a WALL of 6.3 years, with the most notable extensions involving Nokia, Huawei, Carrefour and Eurozet. The remaining 16.6k sqm of space signed in the period related to expansion by 25 tenants, with an average WALL of 5.7 years.

Summary Leasing Activity (2018)

	GLA (k sqm)	No. of Tenants	WALL (yrs)
New Leases / New Contracts	51.3	53	8.5
New Leases / Expansion	16.6	25	5.7
Renewals / Extensions	54.0	51	6.3
Total	**121.8**	**115***	**7.1**

* Number of unique tenants.

In December 2018, Globalworth settled certain master lease and net operating income ("NOI") guarantees which had been granted ahead of the GPRE initial public offering in April 2017 by its previous controlling shareholders and were due to expire in April 2022. The purpose of these guarantees was to cover previously unleased office space across GPRE's original IPO portfolio and to top up any NOI shortfall to a specified level on the retail component of GPRE's three mixed-use assets, for five years post IPO, as well as covering certain specified situations to top up rent subject to a rent-free period and other related costs. They were settled in exchange for GPRE receiving a cash settlement of €21.5 million (representing the net present value of the expected guaranteed income) to compensate for any and all amounts due now or in the future under these agreements.

The master leases settled accounted for 0.5% of our standing commercial GLA (1.1% of standing commercial GLA in Poland) at the time of their settlement, with the Group being confident that it will be able to lease the corresponding spaces in the short to medium term.

On a like-for-like basis, occupancy increased by 2.8% to 95.8% following the successful lease-up of previously vacant spaces, offsetting the impact of the master lease termination. New take-up exceeded the space becoming available during the year, with net-take up for the year being 31.3k sqm, thus increasing occupancy in our portfolio.

Overall occupancy of our standing commercial portfolio as of 31 December 2018 was 95.1% (96.3% including tenant options), representing a 2.0% increase over the past 12 months (93.3% as of 31 December 2017, 95.4% including tenant options).

The overall vacancy level was modestly weighed down by several new additions to the standing portfolio during the period where occupancy rates were lower than the average, but as part of identified asset management opportunities we are confident there is near-term scope for further upside in both occupancy and contracted rents.

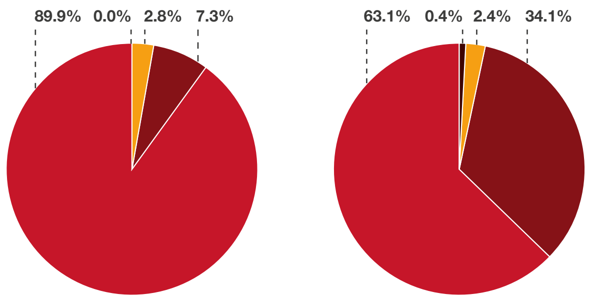
Going forward, our asset management initiatives target a reduction of the remaining vacant space. Taking into consideration positive market conditions and the quality and location of our properties, we are confident of demonstrating progress in the forthcoming period.

In total we have 955.8k sqm of commercial GLA leased to approximately 650 tenants, at an average WALL of 5.0 years, the majority of which is let to national and multinational corporates that are well-known within their respective markets.

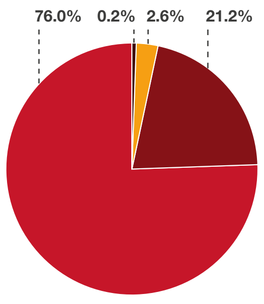
The Group's rent roll is well diversified, with the largest tenant accounting for 6.1% of contracted rents, while the top three tenants account for 12.1% and the top 10 tenants account or 28.4%, a characteristic which we expect to diversify further as the portfolio continues to expand.

Romania
Contracted Rent[1]:
€76.1 million

Poland
Contracted Rent[1]:
€81.8 million



Combined Portfolio
Contracted Rent[1]:
€157.9 million



Romania: Occupancy[1]: 94.9%
WALL[1]: 6.1 years

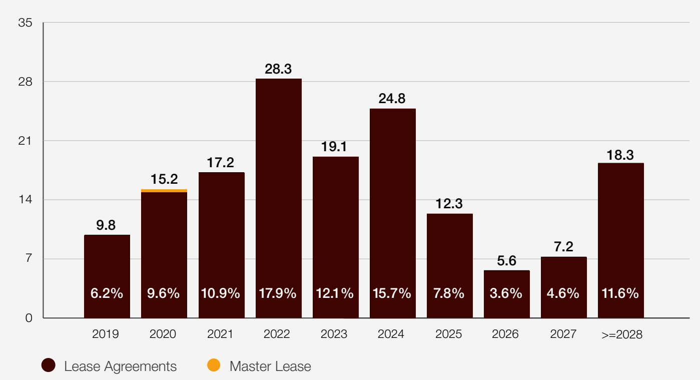
Poland: Occupancy[1][2]: 95.4%
WALL[1]: 3.9 years

Combined Portfolio: Occupancy[1][2]: 95.1%
WALL[1]: 5.0 years

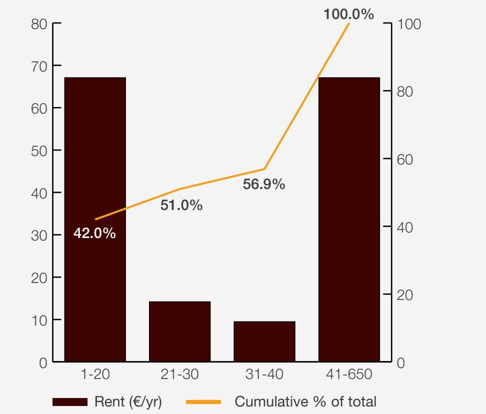
Note:
1. Figures refer to Commercial Standing Properties.
2. Occupancy in Poland includes the positive impact of certain rental guarantees, which range between 3 and 5 years, covering part of the space which is currently available.

(*) Multinational, National, State Owned and Master Lease refers to rent contribution by tenant origin.
(**) Occupancy including tenant options of 96.3% s at 31 December 2018.
(***) Renault Bucharest Connected is presented on an 100% basis held by Elgan Offices SRL in Romania. Globalworth holds a 50% share in Elgan Offices SRL.

Lease Expiration Profile – Commercial properties as at 31 December 2018 (€ m)



Tenant concentration in clusters



The Mindspace lease was awarded lease of the year at the 2018 Romanian CIJ Awards.

ROMANIA

Like-for-like occupancy in our standing Romanian portfolio was 95.8% at 31 December 2018, increasing by 5.5% from 90.8% at 31 December 2017. The additions of Globalworth Campus Tower 2, which is at its lease-up stage and Renault Bucharest Connected which is 100% leased, resulted in the overall occupancy rate of our standing portfolio increasing by year-end to 94.9% (97.0% incl. tenant options).

Excellent progress has been made with the lease-up of Globalworth Campus, with new leases signed with Dell, Honeywell, Mindspace, and Delphi amongst others in 2018. Occupancy in Tower 1 stood at 85.6% (96.8% including tenant options) as at 31 December 2018, compared to 46.8% (73.6% including tenant options) as at 31 December 2017. Tower 2 was 71.6% let at 31 December 2018 (90.9% including tenant options), compared to 28.0% the previous year. In addition Tower 3 as of Q1-2019 is 60.0% (31 December 2018: 0%) leased or subject to a letter of intent, to high-quality international tenants, with a WALL of 10 years.

Notable changes in occupancy were achieved at City Offices and Globalworth Plaza in Bucharest, where occupancy improved during the year by 43.8% and 16.2%, reaching 71.0% (77.8% including tenant options) and 94.7% respectively as at 31 December 2018.

At TCI, occupancy fell temporarily as a result of the space returned by the Ministry of European Funds at the beginning of the year. Part of the space vacated was quickly taken up by EY and Mindspace, however, resulting in this popular building being effectively fully occupied as at year-end 2018.

Our TAP logistics / light-industrial complex in Timisoara is now 100% leased, with Coca Cola taking up the remaining available space at the complex, as a result of which Globalworth has initiated the development of the first facility in the nearby TAP II project.

Notable Lease Contracts signed in Romania in 2018

HUAWEI
11.8k sqm
IN GLOBALWORTH TOWER
Extension & Expansion

MINDSPACE
11.2k sqm
IN GLOBALWORTH CAMPUS T2, TCI AND CITY OFFICES
New Lease

CARREFOUR
7.6k sqm
IN GREEN COURT B
Extension

DELL
6.8k sqm
IN GLOBALWORTH CAMPUS T2
New Lease

HONEYWELL
4.6k sqm
IN GLOBALWORTH CAMPUS T1
New Lease

The 14.1k sqm Nokia lease extension in West Gate was the largest lease transaction in Wroclaw in 2018.

POLAND

In Poland, like-for-like occupancy was 95.9% as at 31 December 2018, decreasing from 98.5% at 31 December 2017 mainly due to the settlement of certain Master Lease and NOI guarantees in December.

The decision to settle the aforementioned guarantees in December 2018 provided an immediate security of cashflow, while also enhancing the asset management control the Group has on these assets. It was supported by the positive results of our leasing efforts which, on an annualised basis, had already reduced exposure to Master Leases prior to their settlement by €1.9 million to €1.3 million as at 11 December 2018, compared to €3.5 million on 31 December 2017.

Overall occupancy of our Polish portfolio as at 31 December 2018 was 95.4%, decreasing by 3.1% from a year earlier. In addition to the like-for-like change described above, this decrease was largely a result of the significant acquisitions made during the year, which included certain assets with lower occupancy.

In 2018, 48 new contracts were signed in 11 of our buildings for a total of 20.0k sqm. In addition, 25.7k sqm of GLA were renewed in our portfolio including Nokia's (14.1k sqm) lease in the West Gate property in Wroclaw and Eurozet's lease (4.0k sqm) in the Bliski property in Warsaw.

Eurobuild Awards

Eurobuild Awards 2018:
– Office of the Year, Tryton

Notable Lease Contracts signed in Poland in 2018

NOKIA
14.1k sqm
IN WEST GATE
Extension

EUROZET
4.0k sqm
IN BLISKI CENTRUM
Extension

BAXTER
3.6k sqm
IN NORDIC PARK
Extension & Expansion

CALYPSO
3.5k sqm
IN RENOMA AND SUPERSAM
New Lease

MINDSPACE
2.3k sqm
IN HALA KOSZYKI
Expansion

€15.0 million renovation and maintenance CAPEX in 2018.

RENOVATION AND MAINTENANCE PROGRAMME OF STANDING PROPERTIES

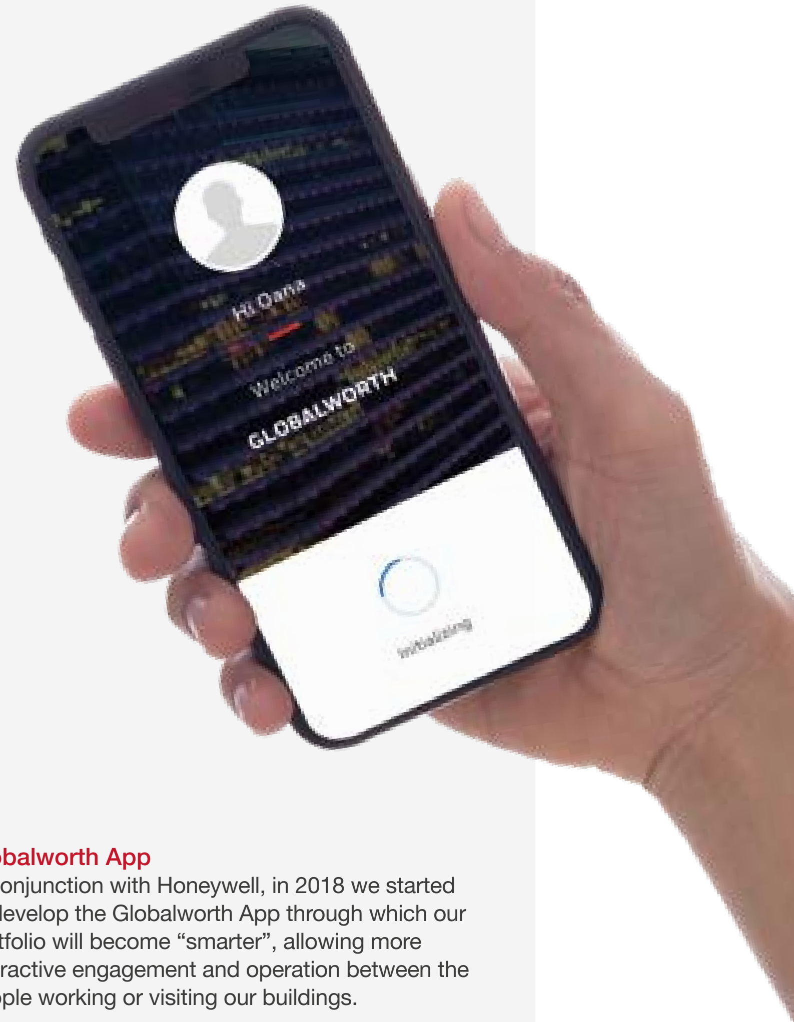
Globalworth takes a long-term approach to its portfolio, looking to maximise returns over the full life cycle of its individual buildings. Continuous management and investment in our portfolio enables us to preserve value and offer best-in-class real estate space to our business partners.

Every asset has an asset management strategy. Depending on the stage in the life cycle of each of our buildings, improvements in technology and their prevailing condition, we may conduct works which extend from small-scale upgrades to large-scale refurbishments. Larger-scale refurbishments allow us to more fully upgrade an asset, secure new leases and re-set the life clock of the property.

In 2018, €15.0 million was invested under our renovation and maintenance programme, with works on 20 of our standing portfolio to upgrade primarily both indoor and outdoor common areas, and minor works on others.

Renovation and Maintenance Programme 2018

Standing Buildings	Selected Upgrades in our Portfolio
Globalworth Tower	■ Upgrades for Globalworth App pilot installation
Globalworth Plaza	■ Lobby and other select floors refurbishments / rejuvenations
City Offices	■ Upgrades and modernisation of access areas
Hala Koszyki	■ Upgrades of communal interion and open areas
Renoma	■ Upgrades of communal green areas
Other	■ Upgrades of heating & ventilation systems improving quality of work spaces



CREATING THE GLOBALWORTH COMMUNITY

The purpose of the "Globalworth Community" is to transform our properties from places where people work to more vibrant areas where business as well as social, cultural and technological interaction can flourish.
Our employees and partners are proud to be associated with this initiative which we started to implement more actively in 2018 and will develop further over time.

Globalworth Art & Tech District

The Globalworth Art & Tech District, is a cultural initiative that aims to promote a young generation of artists through emerging technologies. In 2018, our initiatives were focused on Romanian artists. The Group hosted several exhibitions at our properties and participated in exhibitions in select locations in Bucharest (more details in the CSR section).

Art presentation through virtual reality, augmented reality, video mapping and other technological means has been the central theme of the exhibitions and artists that we have supported, attracting over 18,500 visitors this year.

Globalworth App

In conjunction with Honeywell, in 2018 we started to develop the Globalworth App through which our portfolio will become "smarter", allowing more interactive engagement and operation between the people working or visiting our buildings.

The application will include functions such as access to a building, news and events taking place at the building and elsewhere within the Globalworth estate, and alerts. It will also allow administrators to control and monitor the performance of both individual spaces and the building.

The Globalworth App is currently at a development stage and we plan to implement it in phases, rolling it out to a selection of our buildings in 2019 and deploying it to the whole portfolio once testing is completed (more details in the CSR section).

Investment in Co-working

The rising popularity of the co-working concept has become a major global trend in real estate in recent years, with increasing take-up of space by co-working operators in a wide range of locations and building types. While at an early stage of development in our markets, we expect this segment to experience rapid growth in years to come.

Factors driving the growth in co-working include:

- Investment in start-ups: Poland and Romania are two of the fastest growing economies in the EU, resulting in many new companies being established.
- Multinational corporations using co-working space: A noticeable trend is the growing appetite of multinational corporations to use flexible workspaces. This allows them to scale their business quickly and efficiently, rapidly locate specific teams in dynamic environments, improve staff retention, access talent, and cross-sell with other end users.
- Lease accountancy impacts: Memberships and short-term leases are becoming more important in terms of lease accounting treatment under revised accounting standards.
- Technology: Technology and increased work mobility is reshaping the way individuals and corporates work, affecting to some extent the look of an office.
- Workforce requirements: Employees are becoming increasingly interested in blending work and personal time, which is reshaping the way that workspaces are configured. The co-working design typically combines collaborative space, relaxation space, and the provision of food and drinks amenities.

Globalworth has 23.4k sqm of co-working space in its portfolio, let or pre-let to five operators and accounting for 2.8% of our standing office portfolio. We believe that this adds an important vibrancy and added amenity value to all users of the properties in which such space is available.

Operator	No. Locations	Buildings	GLA (sqm)
Mindspace	4	Hala Koszyki Globalworth Campus TCI City Offices	16.3k
InOffice	1	Lumen	2.7k
Cityspace	2	Supersam Tryton	2.2k
Regus	1	Skylight	1.2k
OfficeHub	1	Spektrum	1.0k

Case study

GLOBALWORTH AND MINDSPACE

What is Mindspace?

Is a rapidly-growing global provider of inspiring co-working space for teams of all sizes, from leading enterprises, technology start-ups, and small and medium companies from all industries.

Where can you find Mindspace?

Mindspace is present in 13 major cities and 23 prime locations in Europe, the US and Israel.

What Mindspace offers?

An upscale coworking environment with unique designs that feature local artists and correspond with local culture, an exceptional level of service to our members, and a vibrant real-world community.

What sets Mindspace apart from other coworking spaces?

- Transparency
- Flexibility
- Artistic Design
- Global Community

What's included

- 24/7 Access
- Hundreds of benefits and services
- Team on the ground
- Kitchens & lounges
- Flexible monthly subscriptions
- Private phone booths
- Fully furnished
- Coffee, soda & refreshments
- Cleaning service
- Weekly happy hours & professional events
- Customise your space
- Events spaces
- Mindspace mobile app
- IT support
- Full-equipped meeting rooms
- Ultra fast internet & Wi-fi
- Mail and packaging handling
- Guest reception
- Global access to Mindspace locations

In June 2018, Globalworth announced the transaction with Mindspace Ltd., a leading global operator of high-end, inspiring co-working space.

As part of this transaction:

- Mindspace is opening its first locations in Romania in three of our buildings, taking up 10.8k sqm of GLA in total on 16-year leases. The three locations chosen have been branded as the Mindspace Business District (Globalworth Campus) which opened in Q4-2018, Mindspace City Offices (City Offices) and Mindspace Victoriei (TCI), both scheduled to open in 2019. Romania marks the seventh country in which Mindspace is offering flexible workplace solutions.
- Globalworth made an equity investment in Mindspace of US$10 million (c.€8.6 million) to support its ongoing growth.

Prior to this transaction, Globalworth had already built a close collaboration and respect for the activities and approach of Mindspace through its presence at our flagship Hala Koszyki property in Warsaw.

We are firm believers of the benefit of the co-working concept and of the approach offered by Mindspace, as it enables us to cater to a wider universe of potential tenants and their ever-changing needs.

THE LANDLORD OF CHOICE

2018 DEMONSTRATED SIGNIFICANT GROWTH IN OUR PORTFOLIO, REVENUES AND PROFITABILITY

The significant expansion of the Group in late 2017 through its entry into Poland and subsequent further acquisitions had a positive impact on our 2018 financial results.

OVERVIEW

NOI[1] **€133.4m** €51.1m (2017)	OMV[1] **€2.5bn** €1.8bn (2017)
IFRS Earnings per share[2] **60.67 cents** 26.40 cents (2017)	EPRA NAV per share[1,3] **€9.04** €8.84 (2017)
Normalised EBITDA[1] **€96.9m** €41.2m (2017)	EPRA Earnings per share[1,2] **46.03 cents** 18.17 cents (2017)
Adjusted normalised EBITDA[1,4] **€119.0m** €42.8m (2017)	Dividends per share **54 cents** 44 cents (2017)
Total Accounting Return[1] **7.8%** 5.7% (2017)	LTV[1,5] **43.9%** 34% (2017)

The significant expansion of the Group into Poland, along with new leasing activity and the completion of developments in Romania, this produced a strong uplift in our earnings.

Revenue and Net Operating Income (NOI) increased year on year by 148% to €192.8 million and 161% to €133.4 million respectively, while normalised EBITDA and adjusted normalised EBITDA rose by 135% to €96.9 million and 178% to €119.0 million respectively.

1. See Glossary (pages 179-181) for definitions.
2. See note 12 of the consolidated financial statements for calculation.
3. See note 22 of the consolidated financial statements for calculation.
4. See page 52 for further details.
5. See note 25 of the consolidated financial statements for calculation.

EPRA Earnings per share for 2018 increased by 153% compared to 2017, reaching 46.03 cents per share from 18.17 cents per share in 2017, while IFRS Earnings per share for 2018 amounted to 60.67 cents, as compared to 26.40 cents in 2017, an increase of 130%. Dividends declared and paid in respect to 2018 of 54 cents per share, as compared to 44 cents for 2017, represented a 22.7% increase.

EPRA NAV per share as at 31 December 2018 increased by 2.3% from 31 December 2017 to €9.04 per share (31 December 2017: €8.84). Combined with dividends paid in 2018, this resulted in a Total Accounting Return of 7.8%, an increase of 210 basis points on the prior year (2017 TAR: 5.7%).

The Open Market Value of the portfolio grew by €646.8 million, an increase of 35.6%, to €2.5 billion, primarily through acquisitions and revaluation gains.

LTV at 31 December 2018 amounted to 43.9%, increased from 34.0% at 31 December 2017 mainly as a result of the second Eurobond issued in March 2018 of €550 million and subsequent acquisitions of properties. €150 million of equity was invested in Globalworth Poland in June 2018, while the last major equity raise at Globalworth level took place in December 2017.

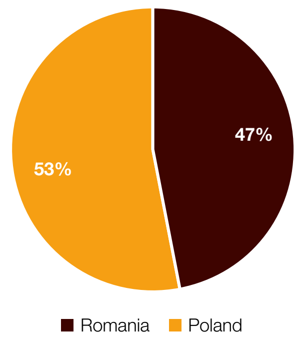
Revenues and Profitability

Group revenues of €192.8 million in 2018 rose by 148% on 2017 (€77.9 million), driven by:

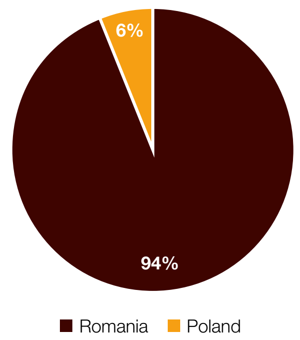
- the full year consolidation of Globalworth Poland, as well as further acquisitions in Poland, with revenues of €102.7 million, as compared to the prior year (€4.9 million) when it was consolidated for less than one month. This includes the effect of the settlement of master lease and NOI guarantees, as announced on 21 December 2018 (see "Asset Management Review"), which resulted in a €21.5 million cash payment to GPRE.
- an increase of 23.5% on 2017 in revenues derived from our properties in Romania following leasing activity, the full year effect of prior year acquisitions and development completions.

Group revenues were split 53% Poland / 47% Romania, which contrasted to 6% Poland / 94% Romania in 2017.

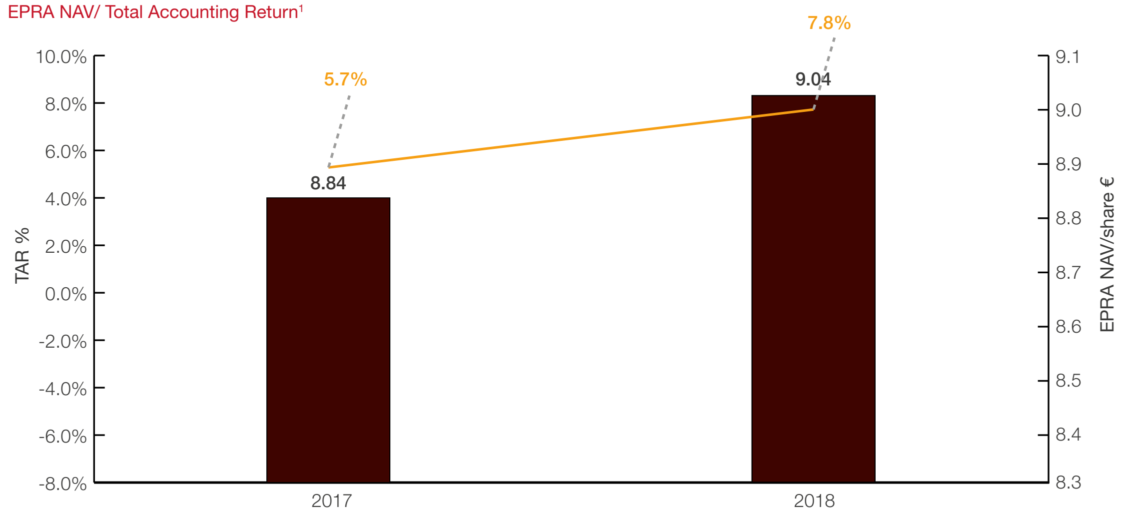
Revenue share by country 2018



Revenue share by country 2017



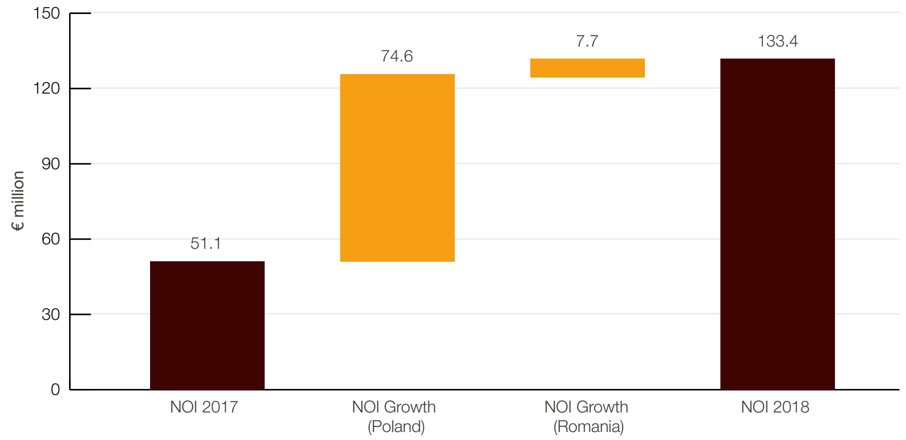
EPRA NAV/ Total Accounting Return[1]



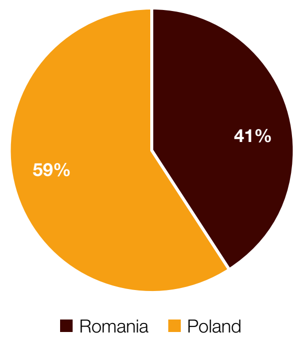
1. Total Accounting Return is the growth in EPRA NAV per share plus dividends paid, expressed as a percentage of EPRA NAV per share at the beginning of the year.

Net Operating Income of €133.4 million in 2018, a 161% increase over 2017 (€51.1 million), in line with the increase in Group revenue. The growth in NOI reflected an increase of €74.6 million in Poland and an additional €7.7 million in Romania. NOI was split 59% Poland / 41% Romania, compared to 8% Poland / 92% Romania in 2017.

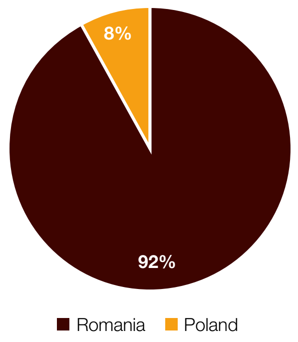
Growth in Net Operating Income



NOI share by country 2018



NOI share by country 2017



EBITDA[1] of €121.8 million in 2018, an increase of 287% over 2017 (€31.5 million). In addition to the growth in NOI (by €59.6 million), higher valuation gains on investment property and financial instruments (by €25.5 million) and lower acquisition costs (by €9.0 million) contributed to the increase, partly offset by an increase in administration, other income and other expenses (by €3.8 million) while reflecting the full year inclusion of Globalworth Poland.

Adjusted EBITDA[2] of €150.8 million, which includes the share of minority interests, an increase of 368% over 2017 (€32.2 million), resulting from the increase of NOI (by €82.3 million) but also higher valuation gains on investment property and financial instruments (by €32.8 million) and lower acquisition costs (by €9.6 million), partly offset by the increase in administration, other income and other expenses (by €6.1 million).

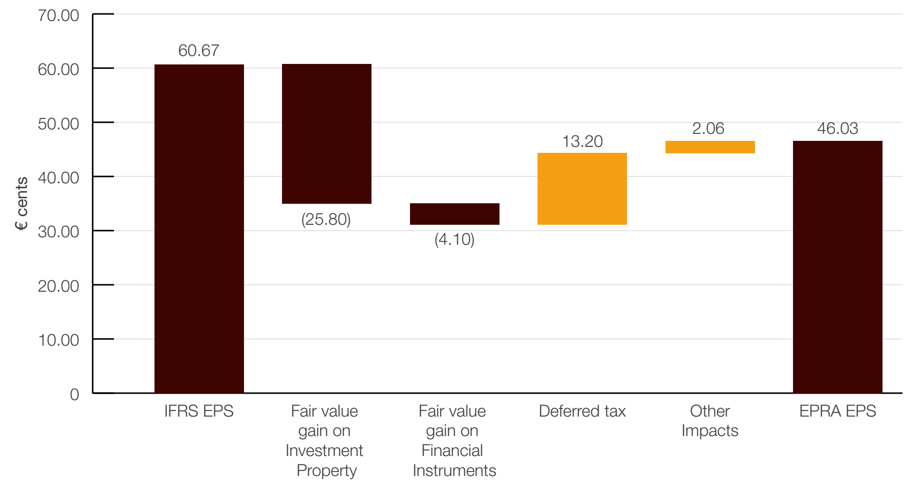
Normalised EBITDA[3] of €96.9 million, an increase of 135% over 2017 (€41.2 million), while adjusted normalised EBITDA[4] amounted to €119.0 million, which includes the share of minority interests, an increase of 178% over 2017 (€42.8 million), tracking more closely the rise in NOI

1. Earnings attributable to equity holders of the Company before finance cost, tax, depreciation, amortisation of other non-current assets and purchase gain on acquisition of subsidiaries.
2. Earnings before finance cost, tax, depreciation, amortisation of other non-current assets and purchase gain on acquisition of subsidiaries.
3. EBITDA less: fair value gains on investment property and financial instruments (2018: €32.2 million; 2017: €6.7 million), non-recurring income (2018: €0.2 million; 2017: €nil); plus: acquisition costs (2018: €1.0 million; 2017: €10.0 million); plus: non-recurring administration and other expense items (2018: €6.5 million; 2017: €6.4 million).
4. Adjusted EBITDA less: fair value gains on investment property and financial instruments (2018: €39.6 million; 2017: €6.7 million), non-recurring income (2018: €0.3 million; 2017: €nil); plus: acquisition costs (2018: €1.2 million; 2017: €10.8 million); plus: non-recurring administration and other expense items (2018: €6.9 million; 2017: €6.5 million). The adjustments listed include the share of minority interests.

A modest 3.8% increase in net financial costs reflecting the additional €550 million Bonds issuance and reduction in secured bank loan balances of c.€167 million during the year. Included in finance costs for 2018 are €0.9 million bank loan restructuring costs incurred and an additional €2 million debt costs previously capitalised which were amortised in full upon the repayment of bank loans (2017: €16.1 million non-recurring finance costs resulting from debt restructuring).

Earnings before tax of €115.3 million, an increase of 341% over 2017 (€26.2 million), mainly as a result of the increase in NOI and savings from non-recurring costs incurred in 2017 related to the acquisition of the majority stake in Globalworth Poland. IFRS earnings per share increased by 130% from 26.40 cents to 60.67 cents.

IFRS EPS to EPRA EPS € cents per share

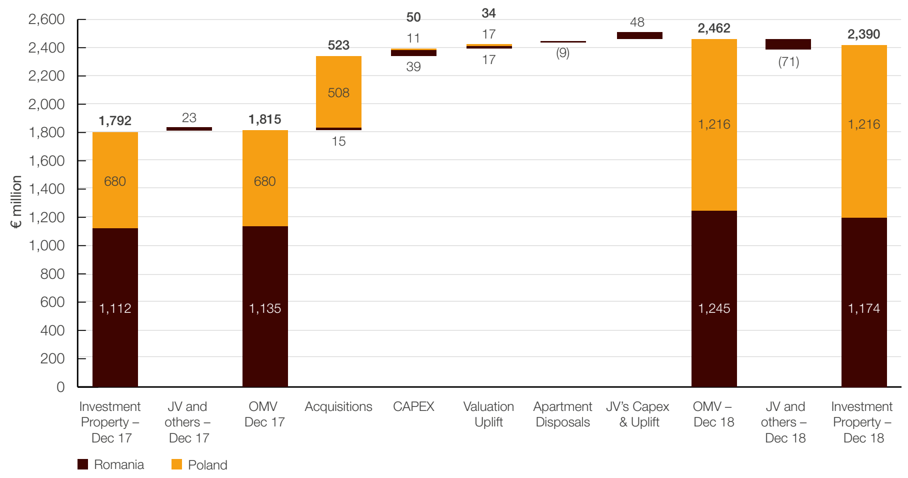


Balance Sheet

The Open Market Value of the portfolio grew by €646.8 million, an increase of 35.6%, to €2.5 billion. This comprises €2.4 billion of investment property and a further €0.1 billion representing other balance sheet adjustments including the full share of our JV property, RBC.

Investment activity in 2018, which included c.€573.0 million of new acquisitions and development projects as well as valuation gains of €34.1 million, contributed to a 33.4% increase in the balance sheet value of our investment property portfolio at 31 December 2018 to €2.4 billion (31 December 2017: €1.8 billion).

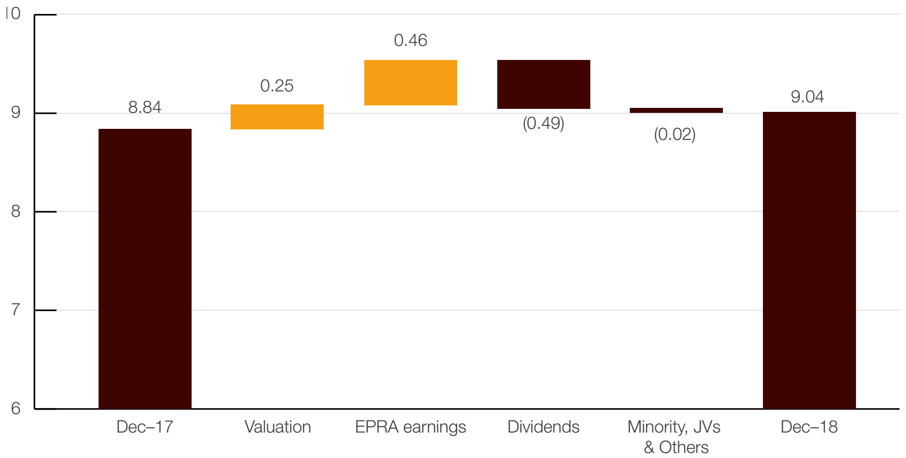
Growth in Porfolio Value € million (by location)



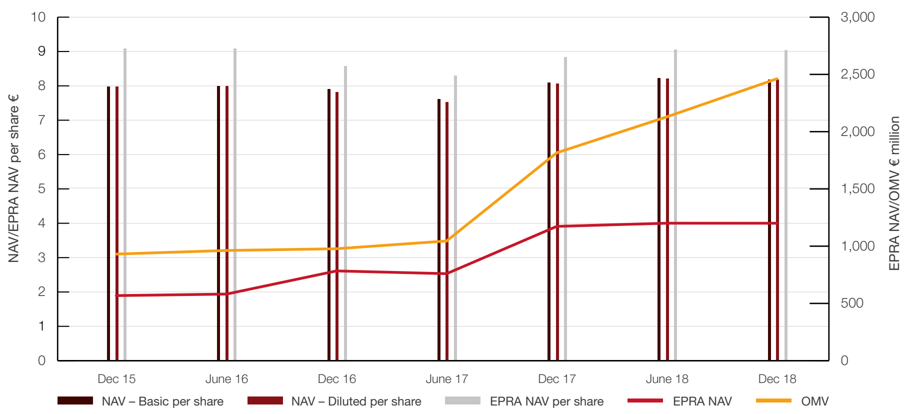
Total assets at 31 December 2018 exceeded €2.7 billion and increased by 26.6% from 31 December 2017 (€2.2 billion), primarily due to the expansion of the property portfolio.

EPRA NAV of €1,200.2 million at 31 December 2018, an increase of 2.5% on 31 December 2017 (€1,171.5 million), while EPRA NAV per share increased by 2.3% to €9.04 per share (31 December 2017: €8.84 per share). Factoring in the receipt of the dividend distributions paid during 2018 of 49 cents per share, the adjusted EPRA NAV per share at 31 December 2018 would be €9.53 per share, representing a total accounting return of NAV growth and dividend return for 2018 of 7.8%, up from 5.7% in 2017.

EPRA NAV per share (€)



Evolution of NAV/share and OMV by semester



Cash Flows

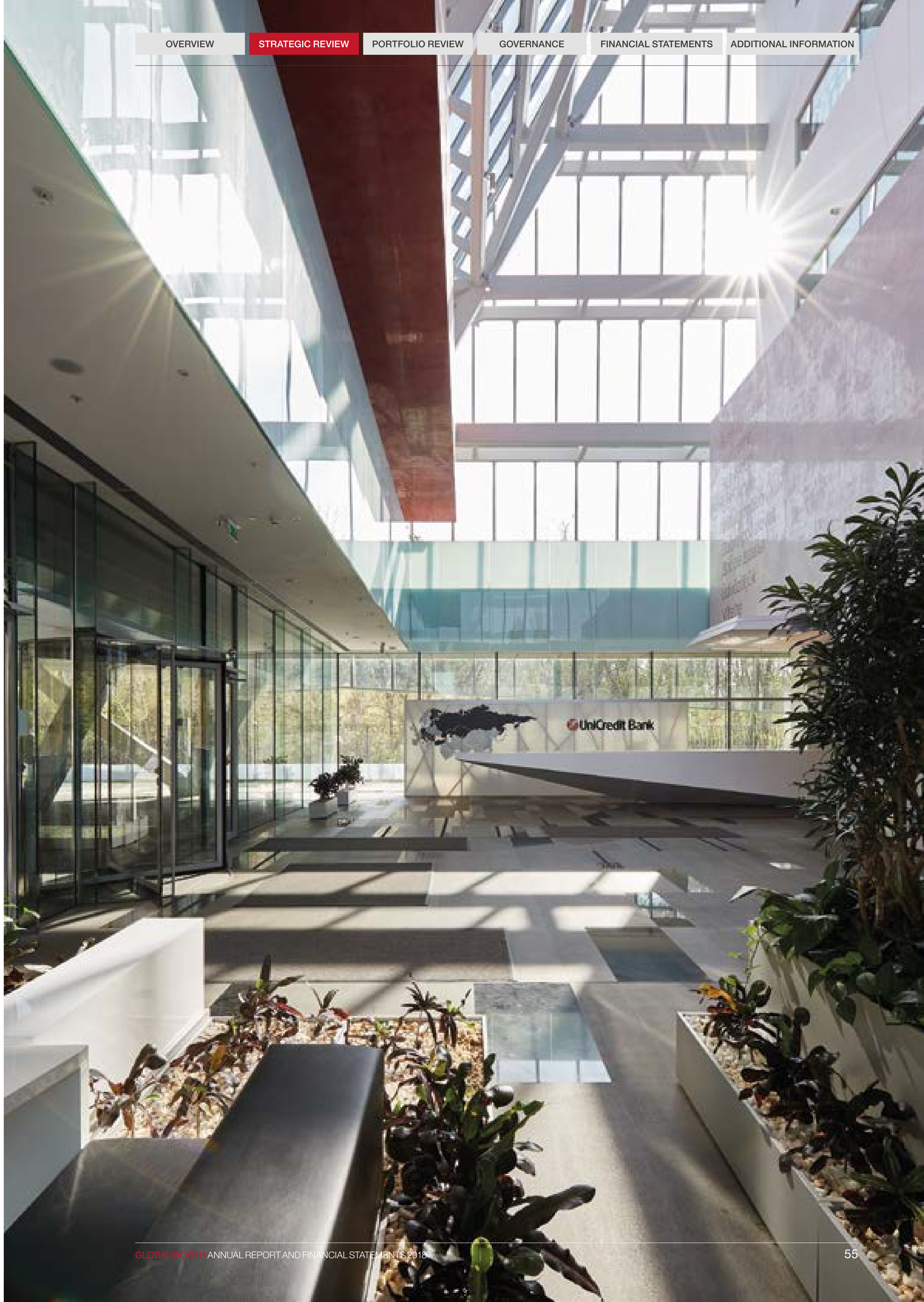
Cash flows from operating activities were €80.1 million, compared to €10.1 million in 2017, reflecting the expansion of the Group's operating activities and the full inclusion of Poland.

Net proceeds from the successful debt financing in 2018 of €648.7 million, with €270.7 million being used to repay senior debt facilities secured on some of our properties in Poland.

Cash used for investments made in 2018 of €575.0 million, including the acquisition of six standing properties in Poland, two land plots in Romania and the completion or further advancing of the construction of properties under development in Romania.

Dividends paid in 2018 of €64.9 million in respect of the six-month periods ended 31 December 2017 and 30 June 2018 of €29.1 million and €35.8 million respectively.

Cash and cash equivalents at 31 December 2018 stood at €229.5 million, €43.8 million lower than 31 December 2017 (€273.3 million). At 31 December 2017 the higher level of cash and cash equivalents was due in large part to the €340 million of equity raised in December 2017.



THE LANDLORD OF CHOICE

MAINTAINING STRONG LIQUIDITY AND SIMPLIFYING THE FINANCIAL STRUCTURE

Financing Activity in 2018

In March 2018, the Group successfully issued a second €550 million unsecured seven-year Eurobond at a coupon of 3% to March 2025. This was part of a newly established €1.5 billion Euro Medium Term Notes programme, under which a further €950 million of bonds can still be issued. This bond issuance, despite being undertaken at a time of increased market volatility, received significant support from a variety of institutional investors, predominantly from the UK and Continental Europe, resulting in the issue being oversubscribed more than two times. Part of the net proceeds (c.€214 million) were used in April 2018 to repay all but one of the bank loans secured on our properties in Poland, thereby extending the flexibility of Globalworth's predominantly unsecured debt structure across the Group and further simplifying the Group's financial structure by consolidating debt.

Although primarily focused on unsecured debt, the Group selectively uses secured bank financing facilities in order to diversify sources of funding and build greater flexibility in its debt book. In 2018, the Group took advantage of favourable conditions in the bank financing market to secure various facilities. In June 2018, the Group signed a €100 million seven-year facility in Poland at a competitive interest rate with a consortium consisting of Landesbank Hessen-Thüringen and Deutsche Pfandbriefbank AG, following the above-mentioned repayment of all but one of the bank loan facilities secured on our properties in Poland. In August 2018, a new €46 million long-term facility was signed in Romania with Banca Comerciala Romana (BCR, part of Erste Bank Group) for the financing of the development costs of the Renault Bucharest Connected project, which was completed by the end of 2018 and delivered to the tenant in mid-February 2019. In December 2018, a subsidiary of the Group signed a €65 million 10-year secured financing agreement with Erste Bank AG (part of Erste Bank Group) for the refinancing of Globalworth Tower in Bucharest, Romania, which was drawn down during March 2019.

In June 2018, at the Globalworth Poland subsidiary level, the Group completed a €450 million equity capital raise. The transaction was fully subscribed by Globalworth (66.7%) and Growthpoint Properties (33.3%), resulting in €150 million of new capital becoming available to fund further growth of the Polish portfolio. The remaining €300 million was used to partially repay outstanding debt under various inter-company loans previously entered into between Globalworth Poland and Globalworth.

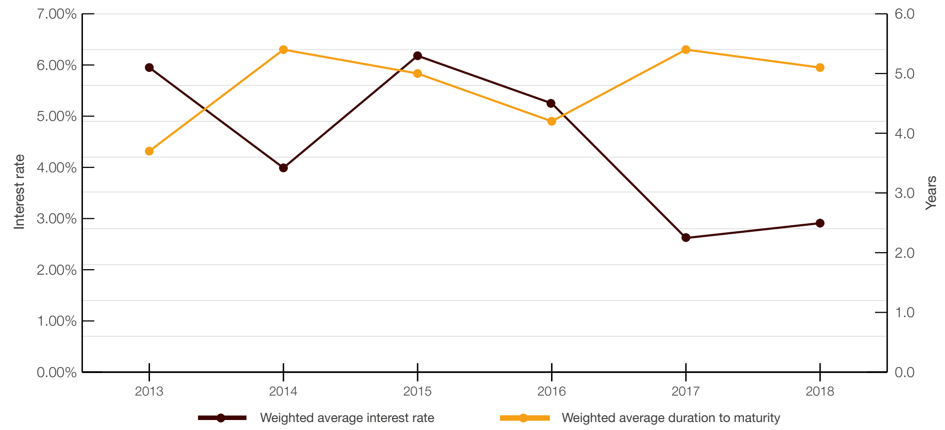
Dividends

In January and August 2018, the Company made interim dividend payments of 22 cents per share (c.€19.9 million) and 27 cents per share (c.€35.7 million) in respect of the six-month periods ended 31 December 2017 and 30 June 2018 respectively. A second interim dividend of 27 cents per share (c.€35.8 million) was paid in February 2019 in respect of the six-month period ended 31 December 2018, resulting in a full year dividend of 54 cents per share in respect to the 2018 financial year, an increase of 22.7% over 2017 (44 cents per share).

Debt Summary

The total debt portfolio of the Group at 31 December 2018 of €1.26 billion comprises predominately medium to long-term debt, denominated mostly in EUR, with insignificant facilities denominated in Romanian Leu ('RON') and Polish Zloty ('PLN'). The Group has delivered on its strategy over the last few years of extending the weighted average period to maturity of its debt financing, while reducing the applicable weighted average interest rate, as presented in the chart below:

Weighted average interest rate versus debt duration to maturity

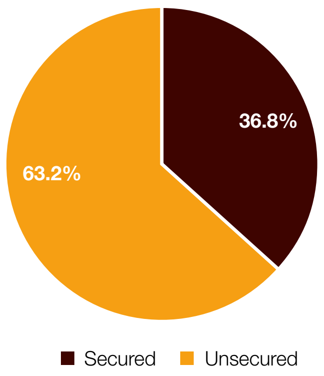


The weighted average interest rate on debt financing as at 31 December 2018 amounted to 2.91% versus 2.62% at 31 December 2017. The small increase in the weighted average interest rate should be viewed in light of the seven-year €550 million unsecured Eurobond issued in March 2018 at a 3% coupon, which has helped to maintain the weighted average period to maturity of our debt at 31 December 2018 (5.1 years) at a similar level as at 31 December 2017 (5.4 years).

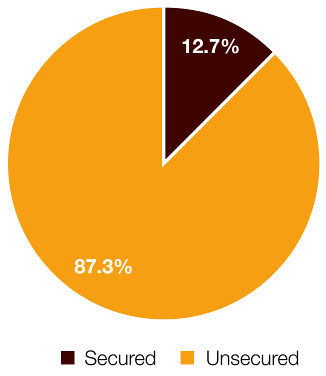
The majority of the Group's debt at 31 December 2018 (€1.1 billion Eurobonds) is unsecured (31 December 2018: 87.3%; 31 December 2017: 63.2%), with the remainder secured with real estate mortgages, pledges on shares, receivables and loan subordination agreements in favour of the financing parties.

Debt Structure – Secured vs. Unsecured Debt

31 December 2017



31 December 2018



Loan to value ratio

Loan to value at 31 December 2018 was 43.9%, increasing over the course of the year as a result of acquisitions (31 December 2017: 34.0%). The Group has a long-term LTV target of below 40%, but is comfortable with this level at this time, marking its intention to issue further equity as it seeks to sustain its dynamic growth profile while managing its leverage target.

Servicing of Debt During 2018

In 2018, we repaid in total c.€270.7 million of loan capital, the majority of which relates to the refinancing of existing facilities using the proceeds of the Eurobond issued in March 2018, and c.€21.2 million of accrued interest on the Group's drawn debt facilities.

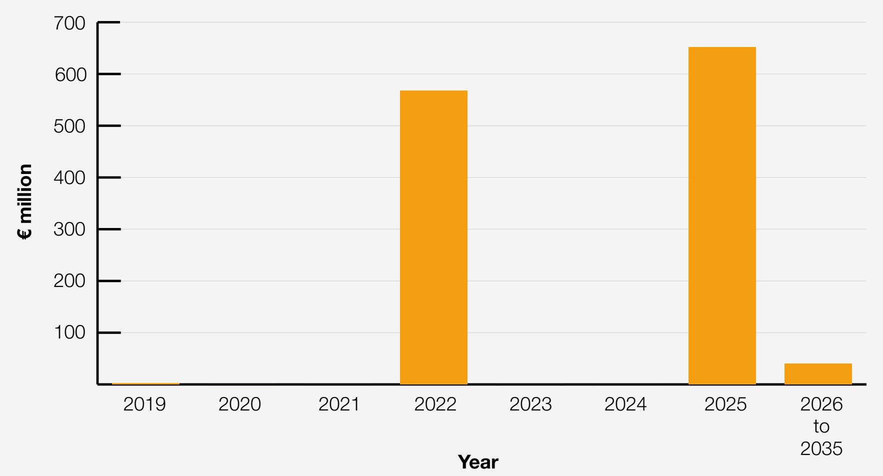
Liquidity

The Group seeks to maintain at all time sufficient liquidity to enable it to finance its ongoing, planned property investments and the completion of properties under development, while maintaining the flexibility to react quickly to attractive new investment opportunities. As at 31 December 2018, the Group had cash and cash equivalents of €229.5 million, while additional available liquidity from committed, undrawn loan facilities at 31 December 2018 amounted to €30.8 million.

Debt Structure as at 31 December 2018

The Group has credit facilities and Eurobonds with different maturities, 99.9% of which are long-term (compared to 98.5% at 31 December 2017), and 94.8% (36.8% at 31 December 2017), carry fixed interest or coupon rates. Out of the facilities carrying variable interest rates 27.9% (5.9% at 31 December 2017) are hedged using variable to fixed interest rate swaps.

Maturity by year of the principal balance outstanding at 31 December 2018



Debt Denomination Currency and Interest Rate Risk

Our long-term loan facilities are almost entirely Euro-denominated and bear interest based either at one-month or three-months Euribor plus a margin, or at a fixed interest rate. This ensures a natural hedging to the Euro, the currency in which the most significant part of our liquid assets (cash and cash equivalents and rental receivables) is originally denominated and the reporting currency for the fair market value of our investment property.

Debt Covenants and Securities

The Group's financial indebtedness is arranged with standard terms and financial covenants, the most notable as at 31 December 2018 being the following:

Unsecured Eurobonds

- the Consolidated Coverage Ratio, with minimum value of 200%;
- the Consolidated Leverage Ratio, with maximum value of 60%; and
- the Consolidated Secured Leverage Ratio with a maximum value of 30%.

Secured Bank Loans

- the debt service cover ratio ('DSCR')/interest cover ratio ('ICR'), with values ranging from 120% to 300% (be it either historic or projected);
- the LTV ratio, with contractual values ranging from 60% to 83% (versus the significantly lower overall LTV at 31 December 2018 of 43.9%); and
- the loan to cost ratio ('LTC') with a maximum value of 75%.

There were no breaches of the aforementioned covenants during the year ended 31 December 2018.

The Group's credit facilities concluded with local banks in Romania and Poland are secured with real estate mortgages, pledges on shares, receivables and loan subordination agreements in favour of the financing banks.

Further details on the Group's debt financing facilities are provided in note 14 of the consolidated financial statements.

THE LANDLORD OF CHOICE

A RESPONSIBLE LANDLORD

At Globalworth we believe that it is our duty to responsibly manage the social, environmental and economic impact of how we do business and to contribute to the community in which we live and work.

In 2018, we worked hard to implement our vision, which centres around creating communities by focusing on **People, Places and Technology**.

In the latter part of the year, we established the Globalworth Foundation, 100% owned by the Group, responsible for overseeing our various CSR initiatives. The Foundation, alongside the whole Globalworth team, works to ensure that the Group acts consistently in an ethical and socially responsible manner.

PEOPLE

Our Team Members

Globalworth's most important asset is its team of dedicated professionals, who have been instrumental in driving the Group's performance since inception. This team is responsible for offering premium services to our partners, efficiently managing our high-quality portfolio, facilitating growth and creating value for our shareholders and stakeholders.

To meet our expansion needs and to maintain and improve the high standards and success of our business, we have continued to invest in aa, skilled professionals, adding 84 team members to the Group in 2018.

The majority of our new team members were recruited to work in Bucharest and Warsaw, primarily to support our asset management operations which are core to our customer service and product offering, as well as maintaining and strengthening the broad network of relationships in our main real estate markets.

In addition, in order to enhance our corporate identity and further integrate our operations in the markets in which we are present, several strategic initiatives were undertaken during the year. The most notable of these was the rebranding of Globalworth's Polish subsidiary (GPRE) to Globalworth Poland, with the objective of promoting even greater interaction and cooperation between our teams in Romania and Poland and further improving our operational efficiency and effectiveness.

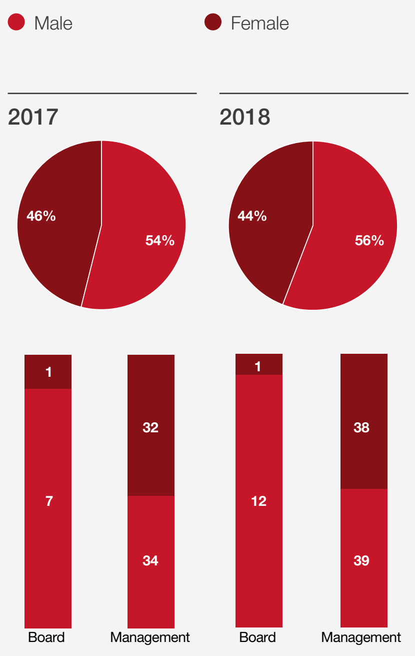
Furthermore, as part of our objective to meet the very highest standards, during the year we organised a series of in-house and third-party led training programs, designed at improving our team's skillset, knowledge, operational experience, and interaction with our stakeholders.

Breakdown of the Globalworth Team

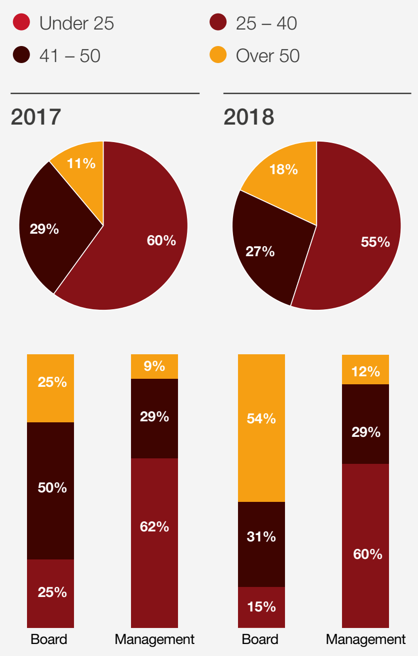
The Globalworth team, including its Board of Directors, comprised c.205 members at year-end 2018. The Group has 98 and 88 members in its two main offices in Bucharest and Warsaw, with the remainder being based in secondary cities in Romania and Poland, as well as Cyprus, the UK and other jurisdictions.

The Group maintains a policy of employing the best available candidates for every position, regardless of gender, ethnic group or background. We actively try to maintain a balance between male and female professionals.

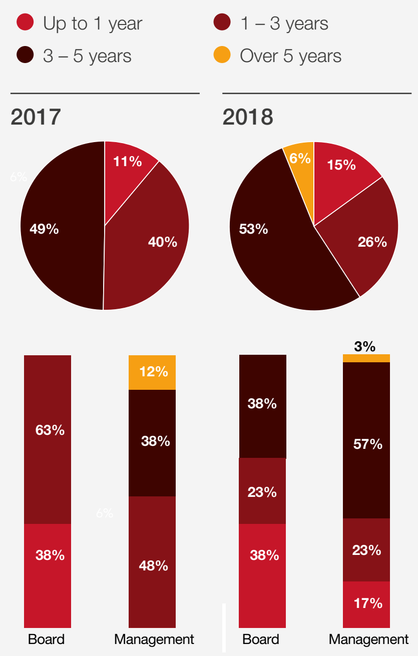
GENDER DIVERSITY



AGE



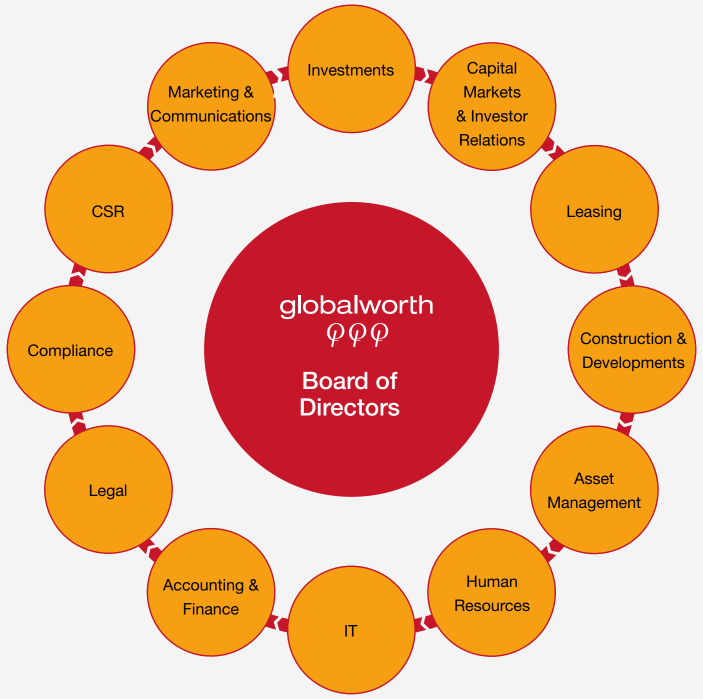
LENGTH OF SERVICE



PEOPLE

The Globalworth Structure

The Group is structured to advance the experience of its team members and its in-house capabilities in areas including investment, leasing, project management, asset and property management. The ultimate deciding body is the Board of Directors.



PEOPLE

Charity & Partnerships

The Globalworth family has continued to support charitable actions which have the power to make a difference to the communities in which we live and operate.

We are committed to social responsibility, and it is our belief that by contributing to some of the most significant causes of our day, such as education, the environment and palliative care, we can help make a difference both to the welfare of our society and benefit generations to come. The contributions that we aspire to make are not only financial, and it is important to the Group and its founder that employees volunteer their own time to support those in need.

Globalworth has launched the Globalworth Foundation, a non-governmental organisation, with the aim of developing and supporting such initiatives over the long term.

We are very pleased that in 2018 we were able to continue supporting social causes and form partnerships that we believe in and, together with organisations such as Hospice Casa Speranţei, , Make a Wish, Renaşterea Foundation, United Way and many other NGOs, positively impact the lives of those in need.

To this end, last year we organised and participated in several charitable events as well as visiting selected charities throughout the year.

EDUCATION & SOCIAL ASSISTANCE

In an effort to support and educate, as well as address the social issues of young people, in 2018 Globalworth formed a partnership with the United Way Romania Foundation to develop an initiative named “Education – the centre of change within the community” with the aim of reaching over 3,000 children and their families from disadvantaged communities. This partnership, to which Globalworth has committed to contribute €1.0 million, will extend initially to 2021.

Our internship and scholarship programmes continued and in 2018 we were pleased to have been able to support 18 students from Romania and abroad:

- Nine high school scholarships were awarded with students attending the Ioanid International High School, a very reputable institution in Bucharest / Romania.
- Nine internships were awarded by Globalworth, in partnership with IASTE Association, to foreign students from Spain, Croatia, Poland, Canada, Lebanon, Jordan, Thailand and Japan to train at Globalworth over the summer months.

In addition, we supported more than seven other initiatives, including:

- The organization of the 26th “Balkan Olympiad in Inforatics” held in Timisoara / Romania, in which c.300 students and teachers from seven countries participated.
- The University of Architecture and Urbanism Ion Mincu in Bucharest through student internships, diploma competitions and international scholarships for teachers.
- The activity of the parents’ association for the benefit of the International Hellenic School in Bucharest.

SPORT & LIFESTYLE

One of the most visible ways of raising awareness of the causes we support is through our participation in sporting events.

The Globalworth Running Team in 2018 proudly participated in several events including:

- The Bucharest Half and International Marathons as an official sponsor of the Hospice – Casa Sperantei Foundation to raise awareness for those in palliative care.
- The Race for Cure initiative in Bucharest, where the team represented the Renasterea Foundation to raise awareness of the importance of early detection of breast and cervical cancer.
- The Poland Business Run, which took place simultaneously in nine cities across the country. Our team participated in the Warsaw run, aiming to help people with mobility disabilities and supporting their professional re-engagement and the levelling of social barriers.

Globalworth was the principal sponsor of the 11th edition of the Special Champions, a sports initiative dedicated to children with various disabilities to show them how capable they are and to encourage them to have an active lifestyle. The event promoted both physical activity and artistic events, including contests for running, tennis, dancing and theatre. Globalworth provided special prizes such as bicycles, scooters, water bottles and sweets.

Finally, we supported several young athletes in their sporting endeavours and are particularly proud of our young tennis champion David Gheorghe, who in 2018 won two trophies at Circuitul National FRT – Cupa Electromax – CSS Petrosani, as well as all of the other players for their efforts during the year.

OTHER

Business & Leadership

- In 2018, Globalworth became a member of Romania Aspen Institute and was the main sponsor of the Bucharest Forum held from 8-10th September, as well as the host of the Aspen Dialogue on Technology and Society held in October in our BOC building with participation from a number of national and international executives of multinational companies present in Romania.
- We continued our partnership with the Hellenic Romanian Chamber of Commerce and Industry, promoting business and trade relations between Greece and Romania and supporting initiatives aimed at improving educational and cultural relations between the two countries.

Culture

- We are a friend and partner of Prietenii Muzeului National de Arta al Romaniei Association.

PEOPLE

HEALTHCARE & EDUCATION

The Globalworth Family is particularly sensitive to matters concerning human welfare and quality of life, and we have continued to support initiatives addressing such issues.

We are prime supporters of causes which address:

- children and adults fighting terminal cancer;
- providing medical assistance to people from disadvantaged social environments;
- providing preventive education to women in relation to breast and uterus cancer; and
- supporting individuals in need of complicated surgery or medical treatment.

We are proud to be associated with causes such as Hospice – Casa Sperantei Foundation, the Make a Wish Romania Foundation, CMU – Regina Maria Foundation and the Renasterea Foundation, all of which are very active in helping those in medical need.

In December, Globalworth participated in the XVIIIth edition of the “Illuminate in Pink” initiative, organised annually by the Renasterea Foundation, to draw attention to early detection of breast cancer. The colour Pink represents hope and was used as an illumination in honour of Breast Cancer Awareness Month.

Our annual “Christmas Charity Days” event has become a tradition and one of the most important events of the year for the Globalworth Family. In 2018, we brought a bit of winter holiday magic to over 900 children from various NGOs such as Hospice Casa Sperantei, United Way, Concordia Romania and many others. One of the largest events of its kind in Bucharest, Globalworth Christmas Charity Days provides a perfect opportunity to do something extra for the less fortunate.

For three days between December 17-19, the Globalworth Tower lobby was transformed into a winter wonderland where the children had the opportunity to sing, play, enjoy themselves and discover Christmas tradition from around the world.

Each day, 300 children participated in creative workshops where they learnt how to create their own wooden toys, Christmas tree decorations, origami, dolls and globes. To add a little bit of magic, carols were sung and live music was performed. A healthy breakfast and/or lunch for everyone was included, popcorn and cotton candy were also on offer and, of course, Santa Claus brought a big bag of gifts.

Hospice Casa Sperantei

Hospice Casa Sperantei (member of the Hospices of Hope Network), established in 1992, is the largest non-profit organisation in Romania providing free specialist palliative care services.

Since its inception and through its work, more than 22k patients and their families have received support at the hospice and discovered that they are not alone in their battle.

Palliative care aims to improve the quality of life of patients and their families when faced with the problems of an incurable illness through medical care and social support, as well as through psycho-emotional and spiritual counselling.

www.hospice.ro

United Way Worldwide

United Way Worldwide is a non-profit organisation that works with almost 1,800 local United Way offices in over 45 countries and territories in a coalition of charitable organisations to pool efforts in fundraising and support. United Way Romania was established in 2004, since which time it has supported social programmes and initiatives that improve the lives of children, adults and elders at risk. Its work focuses on the three building blocks of a thriving community: access to quality education, good health and sufficient income to support a family.

www.unitedway.ro

Health, Safety & Security

We are committed to maintaining a high standard of health, safety and security in our portfolio. Our portfolio comprises standing / operating properties, development projects under construction and land for future development. Each of the three categories presents different characteristics, but maintaining a high level of attention to health, safety and security is key to the productivity of the people working in or around our properties and to the reputation of the Group.

Health

We consider and treat health as importantly as safety across all our initiatives and are proud to report that no serious health-related incident or loss of life occurred in any of our operating properties or projects under construction in 2018.

Safety

We are committed to providing a safe and secure workplace for our team members, partners and communities. All of our standing properties are well maintained according to their specifications and the operations of our construction sites are strictly regulated.

Security

Our properties are guarded on a 24-hour basis to increase the security of the people working in or visiting our properties. In addition to physical risk, we also face the growing threat of cyber security and, although we cannot influence the approach of our partners, we are making efforts to raise awareness of this.

PLACES

Creating an environment in which people want to work and be associated with is a key objective for Globalworth, and for us there is no better way to achieve this than by building a "greener" and more environmentally friendly portfolio.

We principally target properties which have BREEAM Very Good / LEED Gold or higher green certification or with the potential to achieve this, and currently 30 of our standing properties are certified as environmentally friendly, accounting for 70.6% of our standing commercial portfolio value, up from 60.5% at year-end 2017.

In Romania we own 11 green certified offices, four of which were certified prior to acquisition and seven were certified following their acquisition or development by the Company. We are particularly proud that all the properties developed by the Group have been awarded BREEAM Excellent, LEED Gold or Higher, including Globalworth Campus Tower 1 (2017 completion) and Globalworth Tower (2016 completion) which were awarded BREEAM Excellent and LEED Platinum respectively.

In Poland, we have a further 19 properties which are green certified, of which 9 were acquired in 2018.

In addition, and in line with our commitment to a "greener" portfolio, at the beginning of 2019 Tower 2 of the Globalworth Campus project (completed in 2018) received BREEAM Excellent accreditation. We have 19 properties under green certification or recertification and are confident that we will add them to our green certified portfolio in 2019.

We consider investment in energy efficient properties as a business advantage, as it allows us to give back to local communities, our investors, our tenants, our partners and the people who work in or live nearby our buildings:

- Local communities benefit from reduced carbon emissions generated from the use of the property.
- Our tenants benefit from lower energy costs, positively impacting the profitability of their operations.
- Those working in our buildings benefit from improved conditions thanks to temperature control and better flow and quality of air (which can also lead to improved productivity).
- Our partners benefit by assisting us to develop, maintain and operate a green portfolio according to the respective specifications of each property.
- Our investors benefit through the creation of long-term sustainable value in the portfolio.

At Globalworth, as part of our effort to make our portfolio more energy efficient and improve tenant awareness of energy consumption and conservation, we have developed a platform together with Honeywell, a prime tenant in our portfolio, which can be used to measure and monitor:

- comfort levels in office space by measuring temperature, CO_2 and humidity;
- energy consumption and how this compares to other buildings in our portfolio;
- the level of water conservation through recycling rain and reusing grey water;
- the efficiency of all electrical and mechanical equipment, allowing us to ensure that this is working optimally; and
- any areas where conditions fluctuate, indicating that equipment is not functioning or being used correctly.

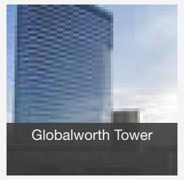
This platform is being tested in three of our properties in Bucharest and we aim to include more in 2019 and, soon after, to the rest of the portfolio.

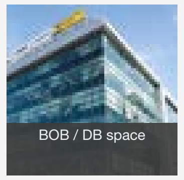
In addition, in 2018 we started a review of our real estate portfolio, which we aim to conclude in 2019, in order to better understand the performance of each property and how we can improve it in the future.

As one alternative, we are considering installing photovoltaic solar panels to our properties with a view to producing cleaner energy and reducing our fossil fuel footprints.

LEED PLATINUM

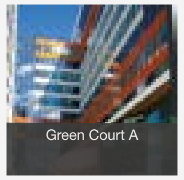
(LEED)

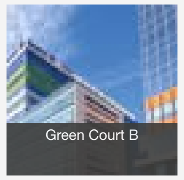

Globalworth Tower

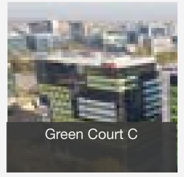

BOB / DB space

LEED GOLD

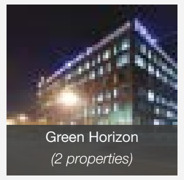
(LEED)


Green Court A

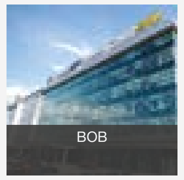

Green Court B


Green Court C

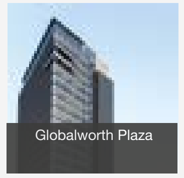

City Offices

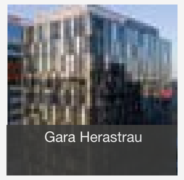

Green Horizon
(2 properties)

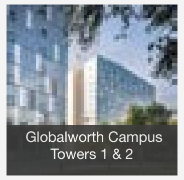
BREEAM EXCELLENT

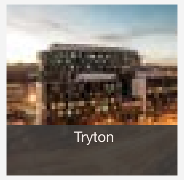

BOB

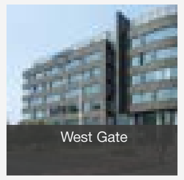

BOC


Globalworth Plaza


Gara Herastrau


Globalworth Campus Towers 1 & 2


Tryton


West Gate

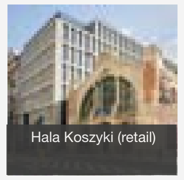

Quattro Business Park
(2 properties)


Skylight & Lumen

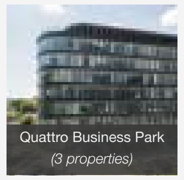
BREEAM VERY GOOD

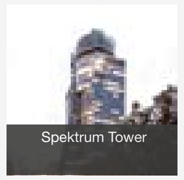

Unicredit HQ


A4 Business Park


Hala Koszyki (retail)


WARTA Tower

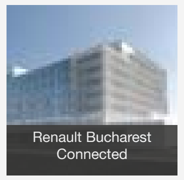

Quattro Business Park
(3 properties)

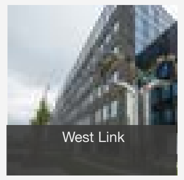

Spektrum Tower

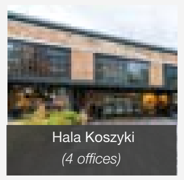
UNDER CERTIFICATION

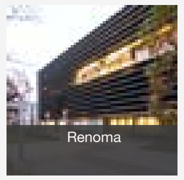
(19 PROPERTIES)

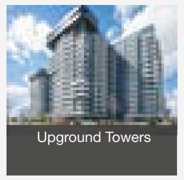

TCI


Renault Bucharest Connected


West Link


Hala Koszyki
(4 offices)


Renoma

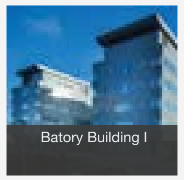

Upground Towers

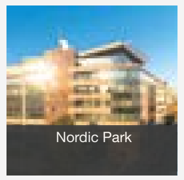

Dacia Warehouse


TAP
(4 facilities)

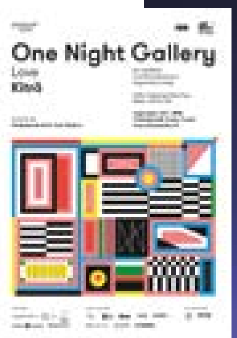

Philips House


Bliski Centrum


Batory Building I


Nordic Park

TECHNOLOGY



Technology is at the epicentre of modern everyday activity and impacts the way we live and conduct business.

At Globalworth we embrace technology and the benefits it can provide to improve our quality of life, the way we interact and communicate, and to promote, simplify and advance business.

In 2018 a number of initiatives were adopted including:

- Globalworth Art & Tech District;
- Globalworth App; and
- investment in Early Games Venture and supporting of other technology initiatives.

Globalworth Art & Tech District

We hosted the first Art & Tech exhibition in Romania at our Globalworth Tower, where over a three-week period over 7,000 visitors experienced contemporary artworks by Victor Fota, a young Romanian artist, who presented his paintings through augmented reality and video mapping. We collaborated with One Night Gallery ("ONG"), to participate in an exhibition concept focusing on Romanian contemporary art through a number of exhibitions including:

- hosting the seventh ONG event in Green Court, presenting Romanian artist KITRA using virtual and augmented reality, video mapping, interactive installation to over 1,000 visitors;
- hosting the eighth pop-up ONG exhibition in Globalworth Tower, where over 6,000 visitors viewed artworks by Ioana Trusca; and
- participating in the Globalworth interactive installation @One Night Gallery.

We also participated in the @Internetics Interactive Expo, one of the main digital events in Bucharest, where in the Globalworth District segment we promoted Art and Technology.

Globalworth App

The Globalworth App is a gateway, currently in its development phase, through which we aim to make our portfolio "smarter", allowing more interactive engagement and operation between the people working or visiting our buildings.

In the spirit of building a community, the App will provide news related to the properties, the portfolio, and events held in the Globalworth District. In addition, it is aimed at improving the experience of those working and visiting our properties by allowing access, indoor navigation, the ability to control the working environment, and improving efficiency. At the same time it allows us, as the landlord, to better monitor and operate our portfolio and interact with people working or visiting our properties.

Investment in Technology Funds and Other Technology Initiatives

As part of an effort to promote technological innovation, Globalworth directly or indirectly invests in various opportunities and initiatives, including technology-related venture capital funds. We believe that making modest investments in such ventures will provide Globalworth with direct access and intelligence to the latest property and other technology related developments enabling it to be ahead of the curve compared to other landlords. In 2018, the Group made a €2.0 million commitment in Early Games Venture ("EGV"), a venture capital fund focused on innovative companies in Romania and funded through the Competitiveness Operational Program (2014-2020), co-funded by the European Regional Development Fund.

The EGV fund will take minority positions in early-stage Romanian companies in technology and other intellectual property-intensive domains, with a maximum investment of €3.5 million per investment.

EGV will also organise a very selective and intensive acceleration program for a limited number of start-ups (up to six per year), with individual investments of up to €200k.

Other initiatives include participation in the Techcelerator in Bucharest, where Globalworth, GapMinder Venture Partners and certain others, target investing up to €1 million in Romanian technology companies. The Group is also planning to make additional technology related investments in 2019, either in general technology funds or ventures focusing on real estate solutions in the domain of smart buildings / smart city, mobility and energy, property automation and real estate software.

COMMITTEE REPORT

LETTER FROM THE CHAIR OF THE COMMITTEE

Globalworth has a strong track record of robust risk management and it remains a priority for the company to ensure this will continue.

Andreea Petreanu
Chair of the Risk Committee

Membership

Director	Position
Andreea Petreanu	Chair
Geoff Miller	Member
John Whittle	Member
Richard van Vliet	Member

Highlights

- Risk Committee established in the final Quarter of 2018.
- The first meeting of the Committee was held in January 2019.
- The immediate priorities will be to review the overall risk management framework and evaluate risk appetite.

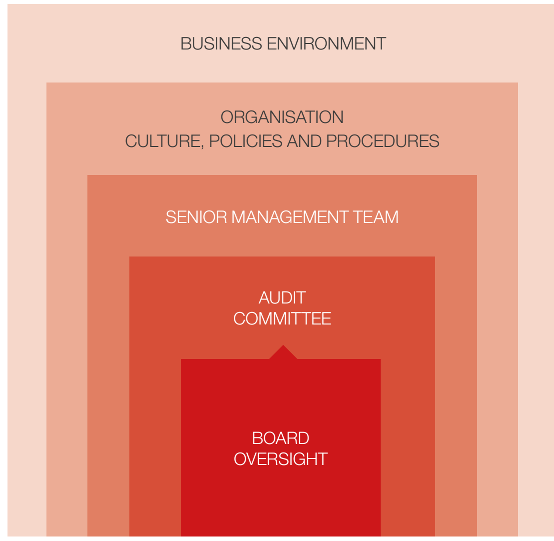
The Risk Committee was established during the final Quarter of 2018 following a board decision to separate the Audit and Risk functions into two separate committees and the overall reorganisation of the Board Committees, which was announced on 31 October 2018. I am pleased that the membership of the Risk Committee is the same as the Audit Committee as this ensures that the necessary links between risk and financial oversight at Board level remain well co-ordinated.

Globalworth has a strong track record of robust risk management and it remains a priority for the company to ensure this will continue. The increasing size and complexity of the Group, and the rapid growth of recent years, means we have reached the point where the Board felt that the establishment of a separate Risk Committee was required to ensure that the appropriate amount of time and attention could be continued to be dedicated to this important area of governance. Of particular importance to me in this regard will be to use this opportunity to ensure, as far as we can, that our approach to risk is comprehensive, well co-ordinated and attuned with the business strategy.

Our first meeting as a newly formed Committee was held in January 2019 and our immediate priorities are to review the overall risk management framework to ensure that it remains appropriate for the huge scale of business that we have now achieved and to evaluate our risk appetite to ensure that it continues to accurately reflect the Board's approach to risk. I am delighted to be appointed the Chair of this Committee and look forward to working with my fellow Committee members, on behalf of the Board, and the management team to further enhance the governance of risk and risk management. I look forward to reporting further on our progress in next year's annual report.

The Board is responsible for establishing and maintaining the Company's system of internal control and for maintaining and reviewing its effectiveness.

Risk oversight

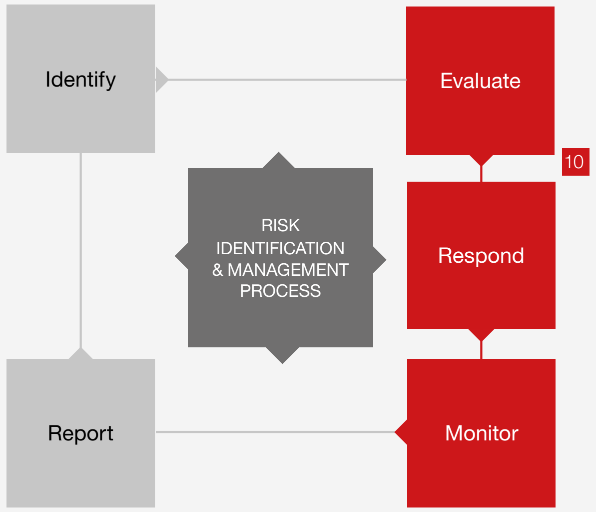


In accordance with the guidance for Directors on internal control, there is a process for identifying, evaluating and managing the risks faced by the Company. The system of internal control is designed to manage rather than to eliminate the risk of failure to achieve business objectives and, as such, can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Group has a conservative risk philosophy as it only accepts risks associated with the nature of its business activities.

The Group's approach to internal control and for monitoring and reviewing its effectiveness is set out within the Audit Committee Report, see pages 104 to 108 of the Annual Report.

During the last few years the Group has made suitable appointments in the area of financial management and supervision over internal control in order to strengthen the internal controls over financial reporting and other significant processes of the Group. Despite the existence of an effective internal control system, these risks can only be managed as they cannot be eliminated completely.



Identify

The Board and the Risk Committee identify risks with input from the key management of the Group. The Group follows an objectives-based risk identification strategy to identify key principal risks for each reporting period. Any event or factor that may endanger the achievement of the short and long-term goals partly or completely is identified as a risk.

Evaluate

Once risks have been identified, they are assessed as to their potential severity of impact on the Group's performance (a negative impact on financial results) and to the probability of occurrence, that is risk indexation.

Respond

Once risks have been identified and evaluated, one or a combination of the following techniques are used to manage each particular risk:

- avoid (eliminate, withdraw from, or not become involved);
- control (optimise – mitigate);
- sharing (outsource or insure); and
- retention (accept and budget).

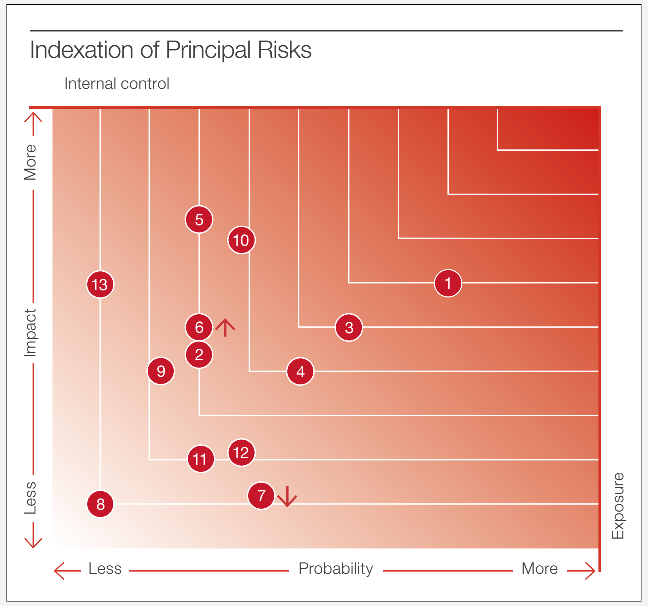
The selection of a particular response strategy depends upon the magnitude of the impact, probability of occurrence, existing internal and external controls.

Monitor

The initial risk management strategy may not address all issues as expected. Therefore, the Board will reassess, at each quarterly meeting, whether the previously selected controls are still applicable and effective, and the possible risk level changes in the business environment.

Report

The Group presents the principal risks profile on pages 75 to 78 of the Annual Report.



The diagram above portrays our current principal risks assessment in terms of their individual impact on the Group's future results and the probability of occurrence. The probability of risk occurrence is an estimate, since the past data on frequencies is not readily available. After all, probability does not imply certainty.

The illustration of certain principal risks in the above diagram have been repositioned versus the prior year to better reflect the relative probabilities and impact of each principal risk when considered against the other risks, without reflecting a change in the risk profile itself, unless specified.

The probability of risk occurrence is, by nature, difficult to estimate. Likewise, the impact of the risk, in isolation, is estimated based on the management's past experience in the real estate industry. Further, both the above factors can change in magnitude depending on the adequacy of risk avoidance and prevention measures taken and due to changes in the external business environment. Hence the Board intends to continue the process of quarterly examination and evaluation of identified significant risks faced by the Group, as well as the controls in place to manage or mitigate those risks.

Further details on our principal risks are outlined below, linking each risk to our strategic objectives, and explaining our risk mitigation strategies and the rationale for change in risk during the year.

Key

The following key is used in the table below to highlight the changes in risk exposures during the year ended 31 December 2018:

In addition, the risks marked with ✓ have been considered relevant for the Viability Statement analysis.

↑ Risk exposure has increased in the current year

↓ Risk exposure has reduced in the current year

↔ No significant change in risk exposure since prior year

Strategic objectives:

1. Increase Footprint in our Core market
2. Enhance value of existing investments
3. Maintain an efficient and flexible capital structure
4. De-risk portfolio

	Risk	Strategic Objective	Impact	Mitigation	Change from prior year
Business Environment Risks					
1	Market conditions and the economic environment, particularly in Romania and Poland	1, 2	Negative trends in economic activity, and specifically the real estate markets in Romania and Poland may affect the occupier demand, rental rates and investment valuation in respect of the Group's properties.	The Group is focused on leasing to multinational groups with either insignificant exposure to developments in the Romanian and Polish economy and/or very sound financial standing. The Group also focuses on achieving long-term leases are signed with new tenants and that current leases are renewed prior to their expiry for a longer term and at index-linked rental rates, so as to improve income security.	↔
2	Changes in the Political or Regulatory Framework in Romania, Poland or the European Union	1, 2	The Group is primarily focused on property investments in Romania and Poland, and is therefore exposed to political and regulatory framework changes that may impact activities in these markets.	The Group's Executives frequently monitor political or regulatory developments in the Romanian and Polish market through their own observation and third-party information on the developments in Romania and Poland. In cases when changes in regulations occur, appropriate action is taken so as to maintain compliance with applicable regulations in Romania and Poland. Management believes that both economies continue to have a stable outlook for the medium to long term.	↔
Property Portfolio Risks					
3	Execution of Investment Strategy	1	Poor execution of the Group's strategy of investing in high-quality properties at sufficiently attractive valuations would affect the Group's objectives of maximisation in NAV and EPS.	The Group's management team have a proven track record of acquiring high quality properties, most of them at a discount to their fair market values. The team remains in close contact with leading European real estate agents with presence in Romania and Poland so as to get spontaneous access to potential sellers. The team takes the lead in negotiations with sellers of properties and puts in place safeguards (involvement of legal, financial, tax and technical third-party reputable and experienced due diligence advisers) and ensures the related agreements are concluded within a short period of time.	↔

Property Portfolio Risks continued

	Risk	Strategic Objective	Impact	Mitigation	Change from prior year
4	Counterparty Credit Risk ✓		Loss of income may result from the possible default of tenants.	The Group has a diversified tenant base (over 800 tenants), the vast majority of which are reputable, blue-chip multinational and local groups of very good to excellent credit standing. Guarantee cash deposits or bank guarantee letters are received from all tenants for the credit period agreed in lease agreements. During 2018 the Group strengthened its Asset Management teams in Romania and Poland, including resources dedicated to active monitoring of timely collections from tenants.	↔
5	Valuation of Portfolio ✓		Any error or negative trend in valuations of properties would significantly impact the results (NAV and EPS) of the Group. Changes in occupational trends (e.g. requirement for more flexible space and building management technologies) can impact future revenues generating capacity and hence impact the valuation of properties.	The Group involves reputable third-party valuation specialists to measure the fair value of the investment property portfolio at least twice a year. Management closely monitors the valuation approach for each class of investment property and estimates and assumptions about key inputs used in the valuation. The Group strives to preserve and enhance property values through its property management and leasing initiatives, and where applicable its development strategy. In addition, our property development and leasing strategy anticipates the future needs of our tenants, especially those experiencing continuous growth and additional lease area requirements. Our Group has also initiated an investment programme in the latest building management technologies for upgrading its existing buildings and consequently the services offered to its tenants.	↔
6	Inability to Lease Space ✓		Potential loss of revenues leading to inability to maximise the EPS and FFO available for distribution of dividends to shareholders. Vacancy contributes to higher unrecoverable costs due to no service charge income	The Group has proven ability to attract tenants to its properties even before the inauguration of the construction works for properties under development. The Group maintains a low level of vacant space for its completed properties, through the effective management of vacant space by its very experienced marketing and leasing teams based in Romania and Poland. In addition, the leasing teams cooperate closely with leading estate specialists in their respective local markets to tap all emerging opportunities.	↑ Increase as a result of acquisition of properties with higher vacancy than the average for the Group and termination of certain master lease and NOI guarantees.
7	Inability to Complete Projects Under Development on Time		Inability to deliver to tenants the pre-leased office space by the agreed dates due to delays caused by contractors or their possible default, leading to potential costs overruns, penalties and loss of revenues.	Risks for delay in completion of properties under development are passed on to the main contractors with whom fixed-cost turnkey contracts are signed and from which good execution guarantees are received. A portion of amounts payable to them, ranging from 5% to 15% of contracted value, are retained from the contractor's monthly certified works until after the successful completion of the construction works. Only experienced, reputable and financially sound contractors are selected for the construction of properties under development, which are supervised on a daily basis by the project management team in Romania. Further, significant penalties are stipulated in the related construction contracts to minimise any loss due to the delayed completion of the development works.	↓ Decrease as a result of the lower proportion of the Group's assets under development at 31 December 2018.

Financial, Financing & Liquidity Risks

	Risk	Strategic Objective	Impact	Mitigation	Change from prior year
8	Changes in Interest Rates ✓		Additional financing costs may be incurred as a result of interest rate increases. Forecasting financing costs could become less accurate.	The Group monitors on a regular basis the cost of its debt financing and has a preference towards fixed rate, longer term, financing, as depicted by the fact that c.95% of outstanding debt at 31 December 2018 bears fixed interest rates and has a weighted average period to maturity of 5.1 years (31 December 2017: 5.4 years). As a result, the impact of possible increases in interest rates for the medium term is minimal. The Group continuously explores financing and refinancing options so as to diversify and potentially reduce its average debt financing costs. An example in 2018 is the successful €550 million fixed coupon bond issued in March 2018 of 7 year duration, as part of its €1.5 billion EMTN programme.	↔
9	Lack of Available Financing ✓		This would negatively affect the Group's ability to execute, to the full extent, its investment plan, maintain an optimal capital structure, and potentially make refinancing of maturing debt difficult.	The Group's management team holds frequent meetings with current and potential equity and debt investors, as well as continuous discussions with leading global, European, and local institutions in connection with its financing requirements. Since admission, the Group has raised c.€2.7 billion in equity and debt (including new loan facilities and rolled-over loan facilities on the acquisition of subsidiaries) to meet its financing requirements. In addition, as part of the €1.5 billion EMTN programme entered into in March 2018 the Group has €0.95 billion available for the issuance of additional Bonds.	↔
10	Breach of Loan Covenants ✓		A breach may negatively affect the Group's relationship with financing banks, may have going concern implications, and affect, negatively, its ability to raise further debt financing at competitive interest rates.	The Group monitors on a regular basis its compliance with loan covenants and has increased its resources on monitoring in the area of loan contractual terms (including covenants) compliance.	↔
11	Foreign Exchange Risk		Significant fluctuations, especially in the Romanian Leu to Euro and the Polish Zloty to Euro exchange rates, may lead to significant realised foreign exchange losses.	The Group's exposure to negative realised foreign exchange fluctuations is limited to cases where the date invoices are issued to tenants or received from contractors and suppliers and the date of their settlement differ significantly. The limited exposure to foreign exchange fluctuations is due to the fact that the pricing in all major contracts entered into (with tenants and contractors/suppliers) is agreed in Euro, hence providing for a natural cash flow hedge to a large extent. The Group actively monitors, with the help and expertise of the Group Treasurer, on a daily basis, the fluctuations in Romanian Leu to Euro and the Polish Zloty to Euro exchange rates and strives to minimise the period between the issuance and settlement of invoices to tenants and by its contractors/suppliers and the potential related, realised foreign exchange losses that may result.	↔

	Risk	Strategic Objective	Impact	Mitigation	Change from prior year
Regulatory Risks					
12	Change in Fiscal and Tax Regulations		Adverse changes in taxation provisions and approach of the tax authorities in the jurisdictions the Group's legal entities operate it may negatively affect its net results.	The Group, through the Executive Management, the Group Head of Tax and engaging professional tax advisers on a regular basis in all the jurisdictions where its legal entities operate, monitors very closely the upcoming changes in taxation legislation and ensures that all steps are taken for compliance and tax efficiency of its group structure. Through regular tax compliance monitoring and conservative policies in this area the Group ensures that the risks associated with potential additional, unexpected tax assessments is minimised. Moreover, the Group is closely monitoring its compliance with changes in EU member states legislation (mainly for Romania, Poland and Cyprus) in relation to OECD/BEPS recommendations and EU Directives. Even though there have been significant changes in the Romanian and Polish corporate taxation legislation in the recent years, these changes were in-line with the EU antitax avoidance Directive, which is a EU political priority, as opposed to specific initiatives in the countries where the Group operates.	⇔
13	Compliance with Fire, Structural, Health and Safety or Other Regulations		Non-compliance with related regulations in Romania and Poland may affect our reputation with existing and potential tenants. It may lead to loss of right to operate our properties, and may also lead to severe legal implications for the Directors of the property owning subsidiaries.	The Group has a specialised department dealing on a daily basis with matters related to compliance with such regulations in Romania and Poland, where the Group's properties are located. Apart from in-house expertise, the Group also engages external consultants, when required, on specialised matters related to its compliance with these regulations. Appropriate actions are taken as soon as a potential threat for non-compliance with such regulations is identified.	⇔

Andreea Petreanu
Andreea Petreanu
Chair of the Risk Committee
27 March 2019

VIABILITY STATEMENT

In accordance with provision C2:2 of the 2016 revision of the UK Corporate Governance Code, the Board has considered the Company's viability over the next three years.

As a result of the long-term nature of the Group's commitments from its tenants for its properties in Romania, as well as the long-term nature of the Group's properties, the Board is confident over the long-term viability of the Group's business; however, it is difficult to assess the long-terms trends in the real estate market in Romania and Poland, the long-term availability of funds in the European and global capital markets, and the European Central Bank's long-term policies over the provision of liquidity to banks operating in the Eurozone, the largest of which have subsidiaries in Romania and Poland. In addition, it is difficult to assess the regulatory, tax and political environment in which the Group operates on a basis longer than a three-year period. Therefore, the Board considered that a three-year period is an appropriate period to perform its viability analysis, as also supported by the following factors:

- three years is the period over which the Group performs its cash flow projections and business plans due to the Group's dynamic growth plan;
- three years is the average period over which the Group carries out its major development projects, starting from the date of purchase of land to the completion of the properties; and
- three years is considered as the optimum balance between the necessity to plan for the short to medium term and the requirement to maintain high levels of accuracy in the underlying projections.

In 2018, the viability assessment process comprised the following key steps:

1. A review and assessment by the Risk Committee of the principal risks facing the Company. An outline of the identified principal risks, including changes in the assessed risk level from the prior year, is presented on pages 75-78.
2. Identification of those principal risks that are more likely to have a potential impact on the Company's viability over the next three-year period, namely:
   - counterparty credit risk;
   - valuation of portfolio;
   - inability to lease space;
   - changes in interest rates;
   - lack of available financing; and
   - breach of loan covenants.
3. Analysis of the potential quantitative impact of the principal risks identified under step 2 above, should these occur in isolation or under certain possible combinations. It should be emphasised that, based on the assessment performed, a number of the above mentioned risks may have direct and indirect impact on the Group's property portfolio values and/ or NAV, but have been assessed as having very low probability of affecting the Group's viability over the next three years.
4. Assessment of the possible, available strategies to minimise the potential impact of these principal risks over the next three years. Such mitigation strategies include the possibility to raise additional equity capital, or refinance/ reschedule existing debt facilities, or to dispose of properties.
5. Following the completion of the viability assessment, this has been presented and approved by the Board.

Based on the assessment performed, the Board concluded that it has a reasonable expectation that the Company will be able to continue in operation and meet all its liabilities as they fall due up to March 2022.

It should be noted that this assessment is based on the following assumption which is not within the Company's control:

- No unanticipated changes in laws and regulations affecting the Company, including the value of its investments, operating performance and cash flows.

PORTFOLIO REVIEW

OUR REAL ESTATE PORTFOLIO
PRIMARY ASSET FOCUS

Globalworth's real estate portfolio comprises high quality properties in prime locations, either stand-alone or in clusters, in the markets and sub-markets on which we focus. These had an aggregate value of €2.5 billion at 31 December 2018, reflecting a 35.6% increase on 2017.

OFFICES

Our principal focus is on Class "A", environmentally friendly offices. Our properties, which we have both acquired and developed ourselves, offer a diverse mix of high-quality space. These properties accommodate front office and supporting (mainly Business Process Outsourcing and Shared Services Centre) operations in seven cities in Romania and Poland, accounting for 79.7% (including land to be developed in the future as office) of our combined portfolio by value.

Selected metrics

- **GAV[1]:** €2.0bn
- **Standing GLA:** 739.3k sqm
- **Standing Occupancy:** 94.2% (95.8% incl. tenant options)
- **Standing Contracted Rent:** €130.2m
- **Standing 100% Potential Rent:** €138.7m
- **Future GLA[1]:** 137.2k sqm
- **Future ERV[1]:** €24.3m

1. Includes "land to be developed in the future" as Office.

GLOBALWORTH TOWER, GLOBALWORTH PLAZA AND GREEN COURT COMPLEX

We invest in properties which are energy efficient and easily accessible by public and private transport, being located close to major arterial roads.

MIXED-USE

Our mixed-use, modern, multifunctional properties combine a high-quality retail and leisure experience with Class "A" office space. All three properties are in prime locations in Poland, are reference points in their respective cities, and account for 12.4% of our combined portfolio by value.

Selected metrics

- **GAV:** €305.4m
- **Standing GLA:** 87.4k sqm
- **Standing Occupancy:** 93.0%
- **Standing Contracted Rent:** €18.1m
- **Standing 100% Potential Rent:** €19.2m

HALA KOSZICKI

LOGISTICS / LIGHT-INDUSTRIAL

We invest in logistics and light-industrial properties in markets where we identify strong tenant demand. We acquire and develop high-quality properties directly or together with select partners, seeking to sign long-term lease contracts with well-known international tenants, providing exposure to one of the fastest growing market segments.

Selected metrics

- **GAV[2]:** €114.6m
- **Standing GLA:** 171.9k sqm
- **Standing Occupancy:** 100.0%
- **Contracted Rent:** €8.8m
- **Future GLA[2]:** 168.3k sqm
- **Future ERV[2]:** €7.4m

2. Includes "land to be developed in the future" as Logistics / Light-Industrial.

DACIA WAREHOUSE

OTHER INVESTMENTS

We hold partial ownership of a residential complex, adjacent and complementary to our office properties in the new CBD of Bucharest.

Selected metrics

- **GAV:** €79.6m
- **Description:** 293 residential units & 6.2k sqm commercial GLA
- **Standing Commercial Occupancy:** 99.7%
- **Contracted Rent:** €2.4m

UPGROUND TOWERS

OUR REAL ESTATE PORTFOLIO

GEOGRAPHIC FOCUS

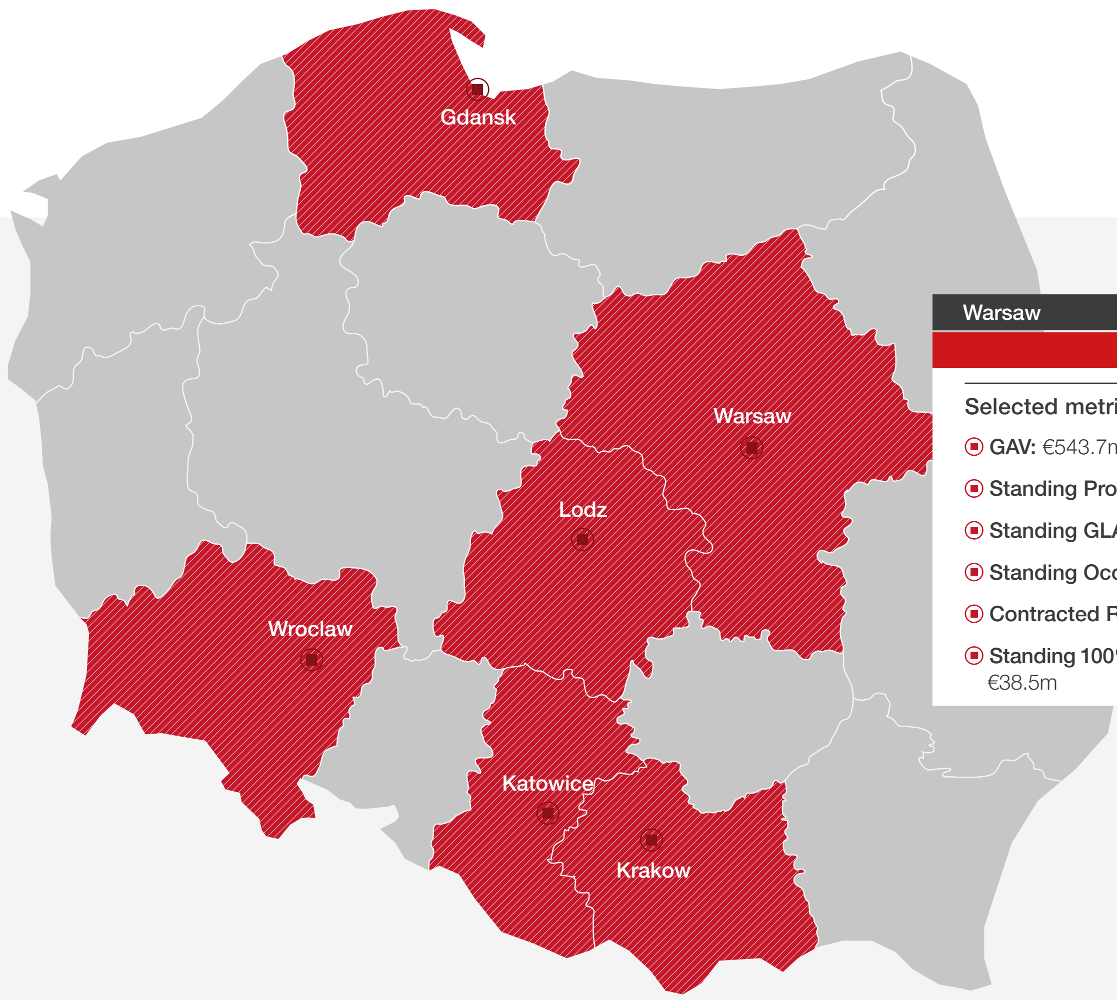
The Group's real estate investments are in Romania and Poland, the two largest markets in Central and Eastern Europe (CEE). As at 31 December 2018, our portfolio was relatively evenly split, with Romania accounting for 50.6% by value and Poland 49.4%.

Our properties are situated in three cities in Romania and six cities in Poland, the majority being in the capital cities of Bucharest and Warsaw, which account for 68.0% of our combined portfolio by value.

Bucharest, Romania's capital city, accounts for 45.9% of our combined portfolio by value, with the greatest concentration being in the new Central Business District (CBD). As at 31 December 2018, we had 10 standing properties and two developments in the new CBD, accounting for 34.6% of the combined portfolio by value and representing 287.9k sqm of standing commercial GLA and 293 residential units. While our absolute exposure continues to grow in Bucharest's new CBD through our development activities, the proportion of our portfolio in this sub-market has decreased by 53.0% since 2016.

Our presence in Warsaw, Poland's capital city, increased significantly in 2018 following the completion of three new investments, resulting in 13 standing properties offering 160.2k sqm of standing commercial GLA, accounting for 22.1% of the portfolio by value as at 31 December 2018.

The remainder of our portfolio spans seven major regional cities across Poland and Romania. Our largest presence is the regional cities of Krakow (seven standing properties, 84.2k sqm GLA) and Wroclaw (three standing properties, 71.9k sqm GLA), accounting for 8.6% and 8.4% of combined portfolio value respectively.



Poland: Regional Cities

72.5% | 27.5%

Selected metrics

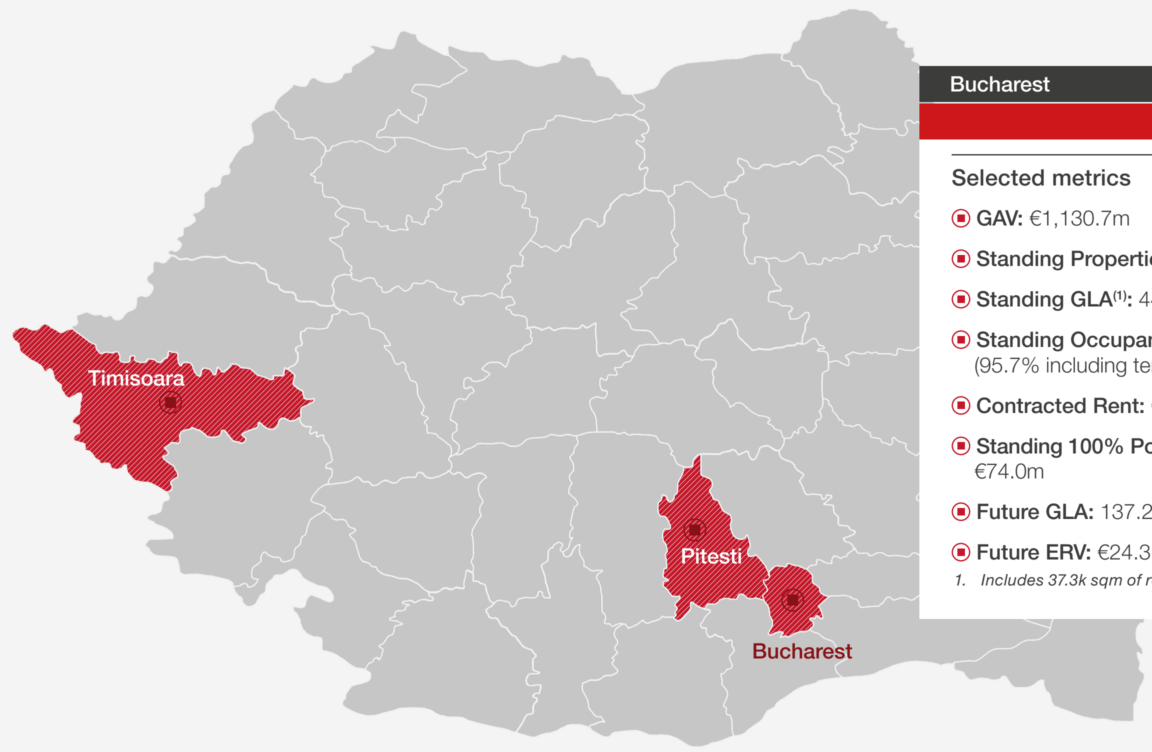
- **GAV:** €673.1m
- **Standing Properties:** 17
- **Standing GLA:** 268.5k sqm
- **Standing Occupancy:** 97.1%
- **Contracted Rent:** €46.3m
- **Standing 100% Potential Rent:** €47.8m

Warsaw

77.9% | 22.1%

Selected metrics

- **GAV:** €543.7m
- **Standing Properties:** 13
- **Standing GLA:** 160.2k sqm
- **Standing Occupancy:** 92.7%
- **Contracted Rent:** €35.5m
- **Standing 100% Potential Rent:** €38.5m



Romania: Regional Cities

93.2% | 6.8%

Selected metrics

- **GAV:** €114.6m
- **Standing Properties:** 5
- **Standing GLA:** 171.9k sqm
- **Standing Occupancy:** 100.0%
- **Contracted Rent:** €8.8m
- **Future GLA:** 168.3k sqm
- **Future ERV:** €7.4m

Bucharest

90.4% | 9.6%

Selected metrics

- **GAV:** €1,130.7m
- **Standing Properties:** 17
- **Standing GLA[1]:** 441.5k sqm
- **Standing Occupancy:** 92.7% (95.7% including tenant options)
- **Contracted Rent:** €68.8m
- **Standing 100% Potential Rent:** €74.0m
- **Future GLA:** 137.2k sqm
- **Future ERV:** €24.3m

1. *Includes 37.3k sqm of residential space.*

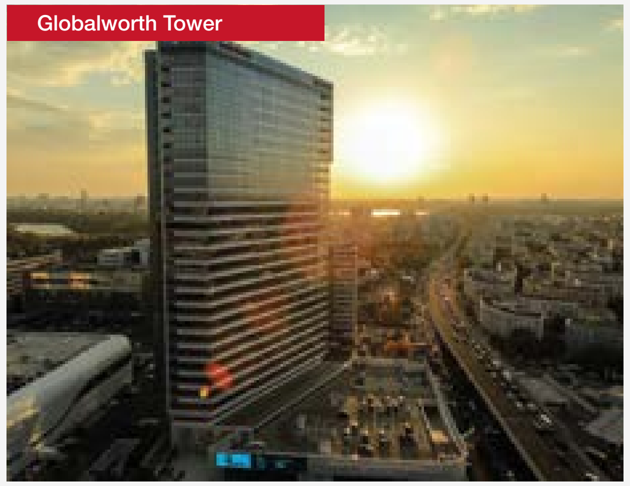
Capital | Regions

Office · Mixed-Use

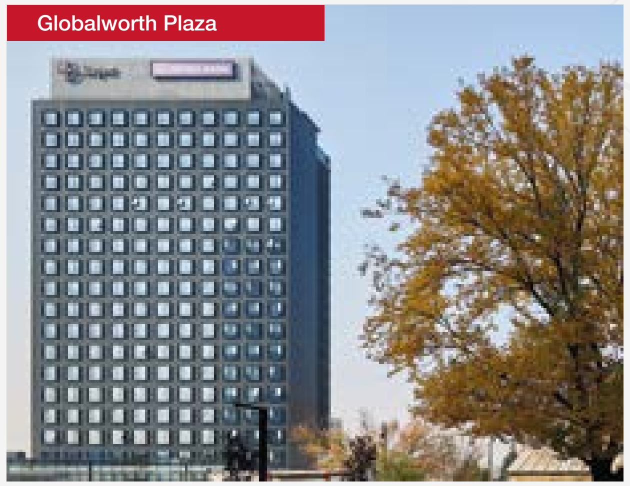
Logistics / Light-Industrial · Other (incl. land for future development)

BUCHAREST

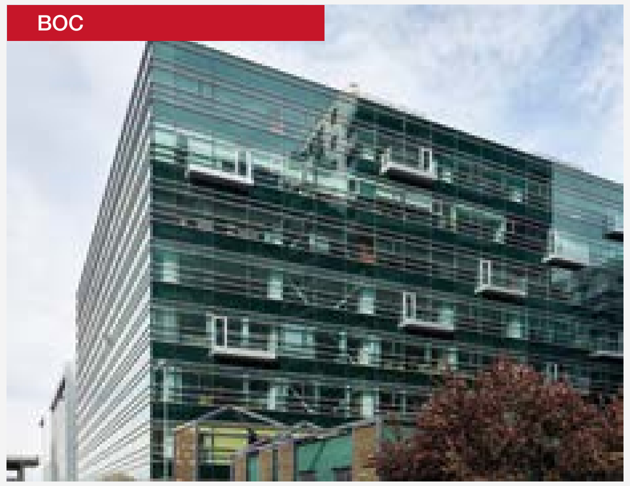
Globalworth Tower



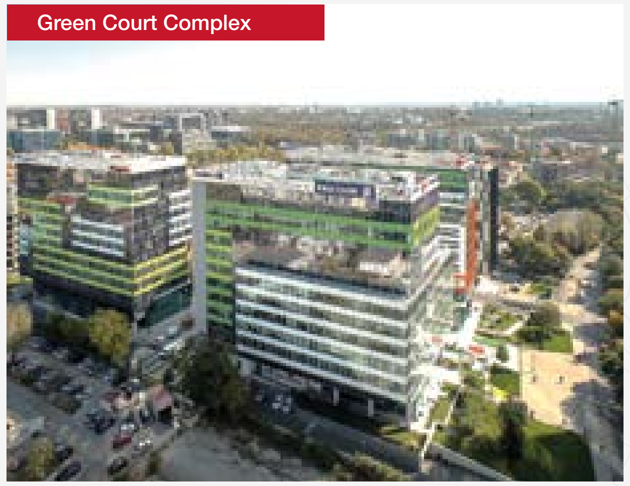
Globalworth Plaza



BOC



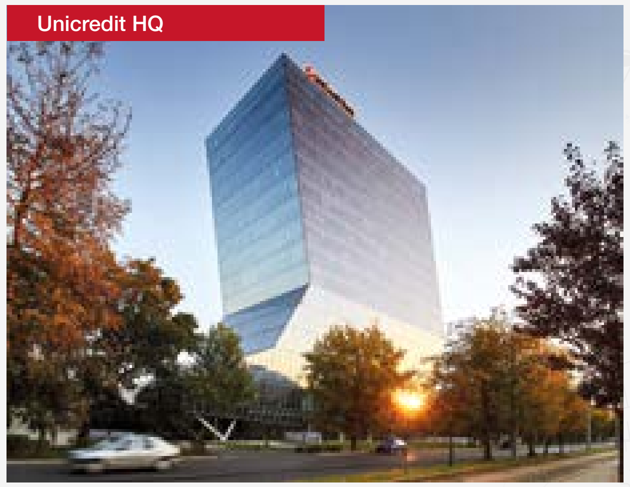
Green Court Complex

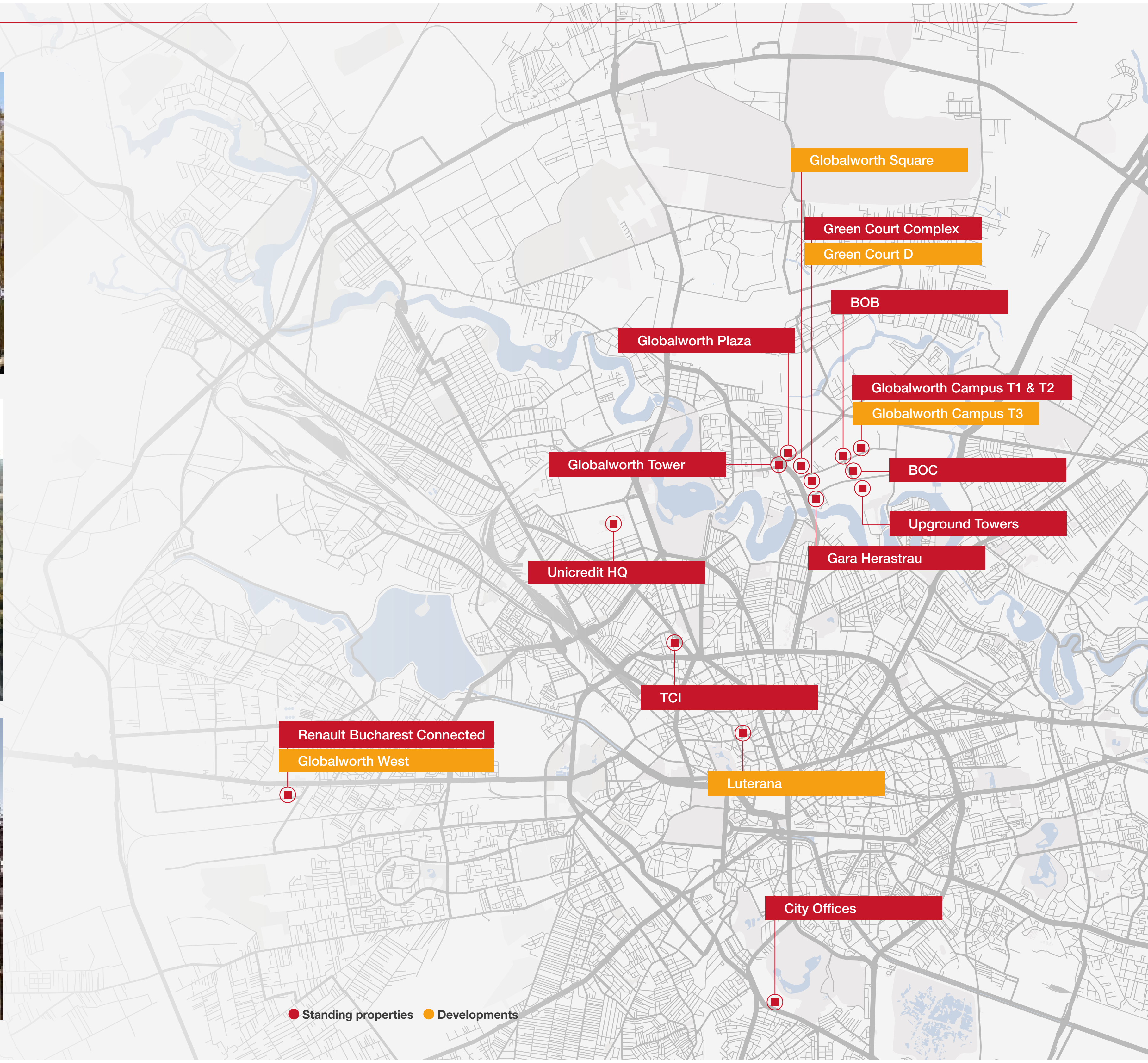


Globalworth Square

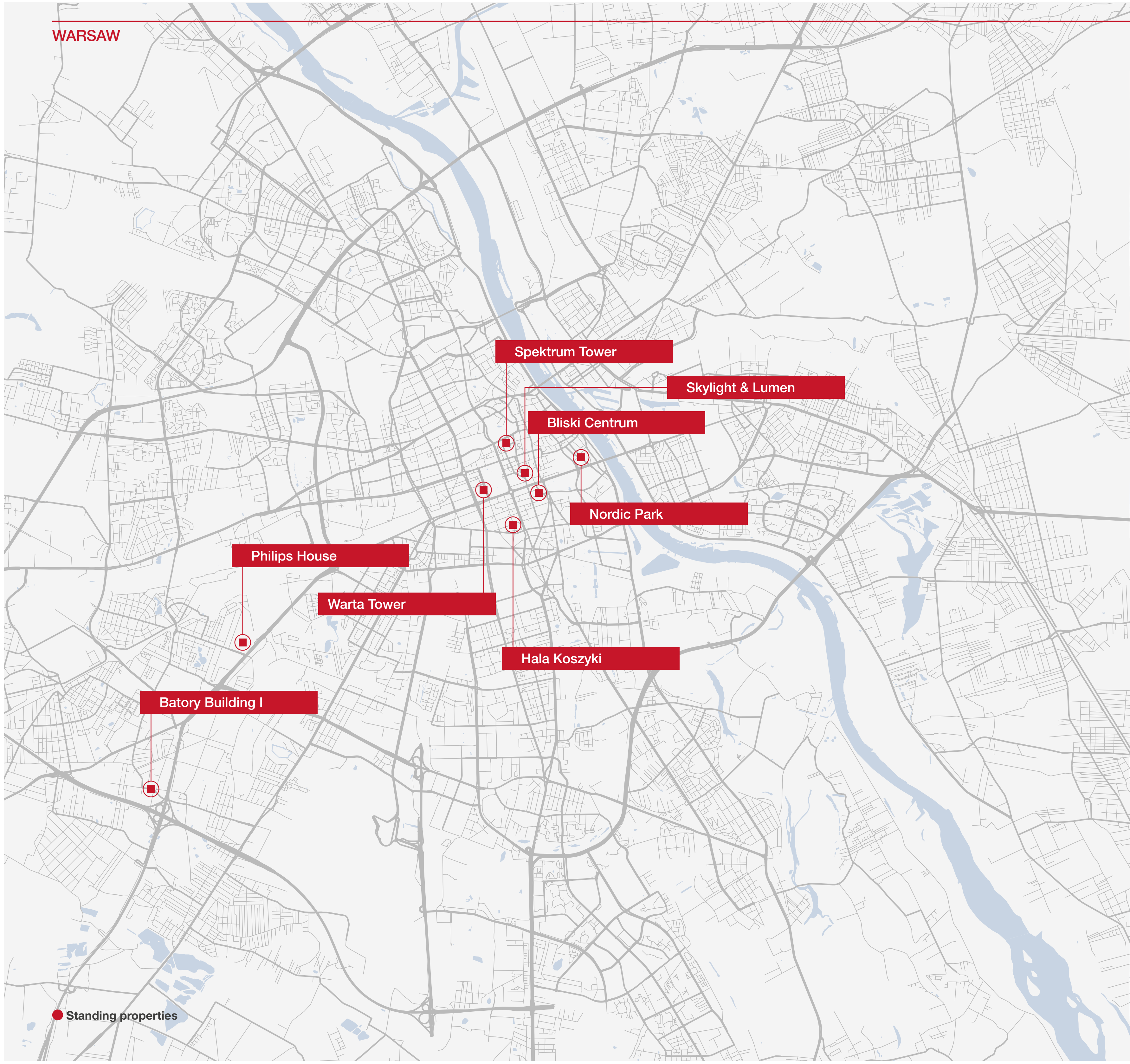
CGI render

Unicredit HQ





WARSAW



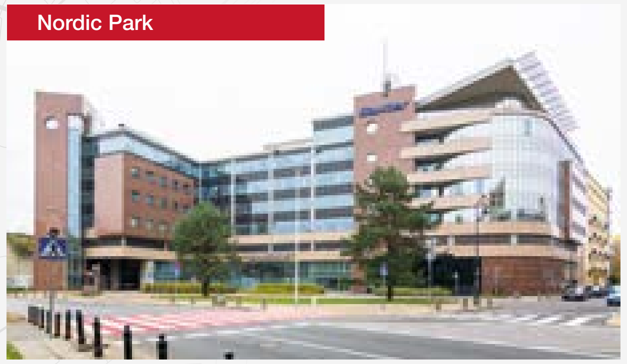

Hala Koszyki

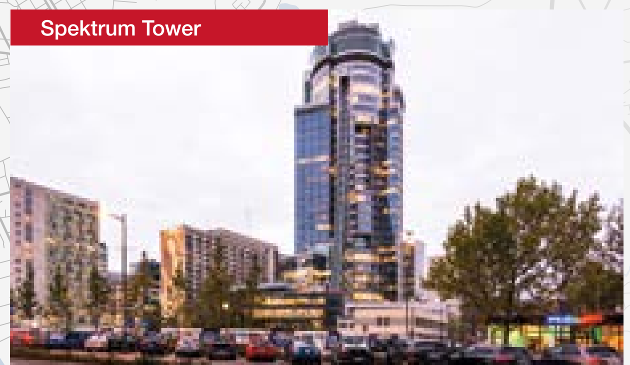

Skylight & Lumen

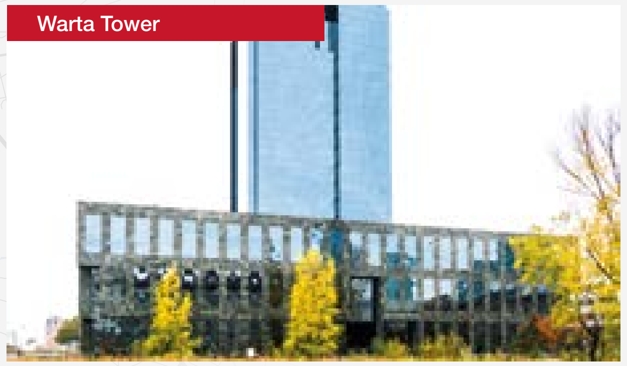

Batory Building I


Bliski Centrum


Philips House


Nordic Park


Spektrum Tower


Warta Tower

GOVERNANCE

CORPORATE GOVERNANCE REPORT

LETTER FROM THE CHAIRMAN OF THE BOARD

We continue to strive for high standards of corporate governance. During 2018, we have taken some significant and tangible actions as part of that journey.

Geoff Miller
Chairman

Dear Shareholder

I am pleased to introduce this Corporate Governance report, in which we report on our continuing journey towards high standards of corporate governance. During 2018, we have taken some significant and tangible actions as part of that journey.

Highlights

- Publication of our Statement of Compliance with the UK Corporate Governance Code
- Completion of a Group-wide integrity compliance review and the update and introduction of a number of written policies and procedures including an overarching Code of Conduct
- Creation of a new Nomination Committee and the splitting of the Audit and Risk Committee into two separate committees
- GDPR requirements implemented ahead of schedule
- Busy year for Board activity with 20 meetings held during the year
- Key CSR event(s)
- Outstanding health and safety record

Corporate Governance Statement

In September, we published our Statement of Compliance with the UK Corporate Governance Code in response to changes to the AIM Rules. In this Statement, we confirmed our commitment to the principles set out in the UK Corporate Governance Code and, as required by the AIM Rules, outlined how we meet the requirements of the Code. In this Annual Report, we explain our progress in this endeavour in more detail.

Integrity Compliance Review and Code of Conduct

During the year we completed a Group-wide integrity compliance review following which we updated and introduced a number of written policies and procedures. We also introduced an overarching Code of Conduct which is designed to help all employees of Globalworth connect with our values and sets expectations for everyday behaviour. In line with the Board's commitment to high standards of integrity compliance, our Code of Conduct is published on our website.

Committee re-structure

Further significant steps were taken on 31 October 2018 when we announced the re-vamp of our Board Committee structure. This move was taken to ensure that our committee structure continues to align with the needs of our growing business and our commitment to high corporate governance standards. The two key elements of this re-vamp were the creation of a new Nomination Committee and the splitting of the Audit and Risk Committee into two separate committees. Individual reports from each of these new committees are included in this Corporate Governance Report which outline how the new Committee structure is bedding down and the priorities that the Committees are setting for 2019.

Oversight of strategy

The Board performs a critical role in overseeing how the Company is managed. With continued growth we wish to ensure that the entrepreneurial spirit is retained in the executive approach whilst also maintaining a responsible approach to corporate governance. We are also anxious not to become complacent. Consequently, we have spent time overseeing the strategic development of the Group and ensuring that each business development transaction delivers value and mitigates its risks.

GDPR

In line with many other businesses, we had to take significant steps during 2018 to ensure that our processes for handling data complied with the General Data Protection Regulation (GDPR). The Board were pleased with the approach taken by the management team to GDPR which was both well-planned and well-executed ahead of schedule.

Stakeholders

We are working to ensure that our governance systems are appropriate to the requirements of all of our shareholders, irrespective of their holdings. We are also aware of the Board's wider responsibilities to its other stakeholders. We will seek to ensure that management are acting responsibly in its relationships with those stakeholders.

Sustainability/Social Responsibility

The Board places significant importance on the roles of business ethics and corporate social responsibility within the overall approach to governance within Globalworth.

We firmly believe that this sustains long-term value for the Company, our shareholders, our people, the community and environment. Consequently, we have tried to ensure that our progress in this area keeps pace with the development of the Group.

As outlined in detail in the Corporate Social Responsibility ("CSR") section of the Annual Report, in 2018 we have been working hard in implementing our vision which centres around creating communities by focusing on People, Places and Technology, through undertaking initiatives such as:

- Establishing the "Globalworth Foundation", a 100% owned foundation by the Group, responsible for the strategy and overseeing our CSR initiatives;
- Focusing on our team of professionals by employing the best available candidates for every position, regardless of gender, ethnic group or background and providing fair treatment;
- Support charitable actions and forming partnerships which have the power to make a difference to the communities in which we live and operate, such as Hospice Casa Speranței, Make a Wish, Renașterea Foundation, and United Way;
- Maintaining a high standard of health, safety and security in our portfolio;
- Investing and maintaining a an environmentally friendly portfolio targeting green building certifications mainly from BREEAM and LEED organisations; and
- Supporting Technological innovation and through the application of technology to improve our quality of life and operations.

The Board

Following a number of changes to the Board in 2017, the past year has been a more settled year in terms of Board membership, allowing the Board to establish a new pattern of working as the newer Directors have settled into their roles. I am pleased to report that the close relationship and open communication between the Non-Executive and Executive Directors, which had previously been so integral to the smooth operation of the Board, has been maintained. We have had a busy year with 20 Board meetings in total (including three Board Committee meetings), including strategy discussions and approvals for specific transactions, and no loss of momentum in the pace of our transactions.

At this point I would like to thank Mr Alexis Atteslis for his contribution to the Board and the Group over the 5 years as he stepped down in March 2019 and, to thank all other remaining members for their ongoing support and efforts. As we continue to develop our approach to corporate governance in anticipation of a move to a Premium Market, I believe that the Board is as well-placed and as ready as ever to meet those challenges.

Geoff Miller
Chairman
27 March 2019

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRINCIPLES

The Company has continued to comply voluntarily with the main principles of good governance set out in the UK Corporate Governance Code (the 'UK Code') issued by the Financial Reporting Council in April 2016 which applies to financial years beginning on or after 17 June 2016. The Board believes that the Company has complied throughout the year ended 31 December 2018 with the provisions set out in the UK Code, subject to the statements made below in this section.

Board of Directors

Introduction

During the year ended 31 December 2018 the Board comprised the Chairman, who is a Non-Executive Director, two Executive Directors and ten other Non-Executive Directors. The Articles of Incorporation of the Investment Adviser (Globalworth Investment Advisers Limited, a direct wholly owned subsidiary of the Group) provide that the Board of Directors of the Investment Adviser comprises two Executive Directors (Ioannis Papalekas and Dimitris Raptis) and two Non-Executive Directors (Geoff Miller and John Whittle).

As at 31 December 2018, with the exception of the Company, the Investment Adviser and Growthpoint Properties Limited, there are no common directorships between members of the Board.

Chairman

The Chairman of the Board is Geoff Miller.

Senior Independent Director

Eli Alroy holds the role of Senior Independent Director.

Directors

Directors' Duties and Responsibilities

The roles of Chairman and Chief Executive are separate. The Chairman leads Board meetings and Board discussions and has responsibility for the Board's overall effectiveness. The Chief Executive is responsible for the achievement of the Group's strategic and commercial objectives, within the context of the Group's resources and the risk tolerances laid down by the Board.

The Directors are responsible for the determination and oversight of the Company's investing policy and strategy and have overall responsibility for the Company's activities, including the review of its investment activity and performance, and the activities and performance of the Management Team. Each of the Directors is committed to their role and has sufficient time available to discharge their responsibilities effectively.

Details on the profile and experience of the Executive and Non-Executive Directors are set out on pages 97-99 of the Annual Report.

Committees of the Board

The Committees of the Board comprise the Remuneration Committee, the Audit Committee, the Risk Committee, the Investment Committee and the Nomination Committee. Details about the terms of reference of the Remuneration Committee and the Audit Committee and their work during the year are provided in the Remuneration Committee Report and the Audit Committee Report on pages 112-115 and pages 104-108, respectively, of the Annual Report. In addition, the Nomination Committee Report (pages 110-111 of the Annual Report) and the Letter from the Chair of the Risk Committee (page 72 of the Annual Report) each outline the terms of reference and objectives of those Committees, which were both formed towards the end of 2018.

The Investment Committee consists of Eli Alroy (Chairman of the Committee), Ioannis Papalekas, Dimitris Raptis, Norbert Sasse and George Muchanya. The Investment Committee was formed primarily for the purpose of considering:

- all acquisitions, disposals and developments or redevelopments of physical properties and letting enterprises in accordance with the thresholds set out in the delegated authority framework;
- capital expenditure, including refurbishments and developments or redevelopments of physical properties and letting enterprises in accordance with the thresholds set out in the delegated authority framework;
- periodic review of systems and processes for due diligence reviews relative to acquisitions of physical properties and letting enterprises;
- annual budgets for capital expenditure;
- annual valuations of physical properties and letting enterprises;
- philosophy, policies and strategy in respect of investment in physical properties and letting enterprises;
- loan and debt securitisation within the thresholds set out in the delegated authority framework; and
- lease agreements and amendments thereto within the thresholds set out in the delegated authority framework, and making recommendations in respect thereof to the Board or any appropriate Committee of the Board of the Company.

Shareholder Communications

A report on shareholder communications is considered at each quarterly Board meeting. Regular trading updates are posted on the Company's website with commentary on significant events in the evolution of the Company's portfolio and performance.

The Company's senior management and its brokers maintain regular dialogue with institutional shareholders, feedback from which is reported to the Board. In addition, Board members are available to answer shareholders' questions at any time, and specifically at the Annual General Meeting ('AGM'). The Company Secretary is available to answer general shareholder queries at any time during the year. The Board monitors activity in the Company's shares and the discount or premium to net asset value at which the shares trade both in absolute terms and relative to the Company's peers.

Board Meetings and Directors' Attendance

The number of meetings of the Board of Directors attended by each Director, as applicable, during the year ended 31 December 2018 is set out below.

Director	Quarterly Board Meetings	Ad-hoc Board Meetings*	Board Meetings (Total)	Ad-hoc Board Committee Meetings**
Ioannis Papalekas	4/4	2/13	6/17	-/-
Dimitris Raptis	4/4	8/13	12/17	2/2
Geoff Miller	4/4	13/13	17/17	-/-
Eli Alroy	4/4	11/13	15/17	1/1
John Whittle	4/4	8/13	12/17	1/1
Akbar Rafiq	3/4	3/13	6/17	-/-
Alexis Atteslis	4/4	7/13	11/17	-/-
Andreea Petreanu	4/4	10/13	14/17	-/-
Norbert Sasse	4/4	9/13	13/17	1/1
George Muchanya	4/4	10/13	14/17	1/1
Peter Fechter	4/4	12/13	16/17	-/-
Richard van Vliet	4/4	12/13	16/17	1/1
Bruce Buck	4/4	8/13	12/17	-/-
Total Number of Meetings	**4**	**13**	**17**	**3**

* Even though all Directors were eligible to attend the Board Committee meetings, a quorum was formed with the participation of 2 or 3 Directors at each Committee meeting, as applicable depending on the case.

** The Board Committee meetings attendance presented reflects the attendance of those Directors who were appointed to form each of the three Board Committees.

Nomination Committee

A separate Nomination Committee is in operation commencing 1 November 2018. The Committee consists of three independent Non-Executive Directors and is chaired by Geoff Miller. Any proposal for a new Director will be discussed and approved by the Board, however, significant shareholders (Ioannis Papalekas and Growthpoint Properties Ltd) have the power to appoint additional Directors. For details please refer to the Nomination Committee section of the Annual Report.

Management Engagement Committee

No separate Management Engagement Committee has been constituted to date as the monitoring of management is considered a primary function of the Board.

Development

On joining the Board, new members receive a comprehensive induction. Individual training needs are identified as part of the annual Board evaluation process and training is provided as required. All Directors receive regular updates on legal, regulatory and governance issues.

Performance Evaluation

The Board formally considers on an annual basis its effectiveness as a Board, the balance of skills represented and the composition and performance of its committees. The Board considers that it has an appropriate balance of skills and experience in relation to the activities of the Company. The Chairman evaluates the performance of each of the Directors on an annual basis, taking into account the effectiveness of their contributions and their commitment to the role. The performance and contribution of the Chairman is reviewed by the other Directors.

An evaluation of the performance of the Board members who served during the entire year ended 31 December 2018 has been undertaken. The performance of the Chairman of the Board was also evaluated by the other Directors. The result of the evaluation carried out was that all Directors' performance is in line with the expectations set out at the point of their appointment to the Board.

Independence Evaluation

The Board considers the independence of each member of the Board at each quarterly Board meeting and has concluded that the majority of the Board comprises Directors who are independent of the Company and free from any relationship which could interfere materially with the exercise of their independent judgement.

Tenure and Re-election of Directors

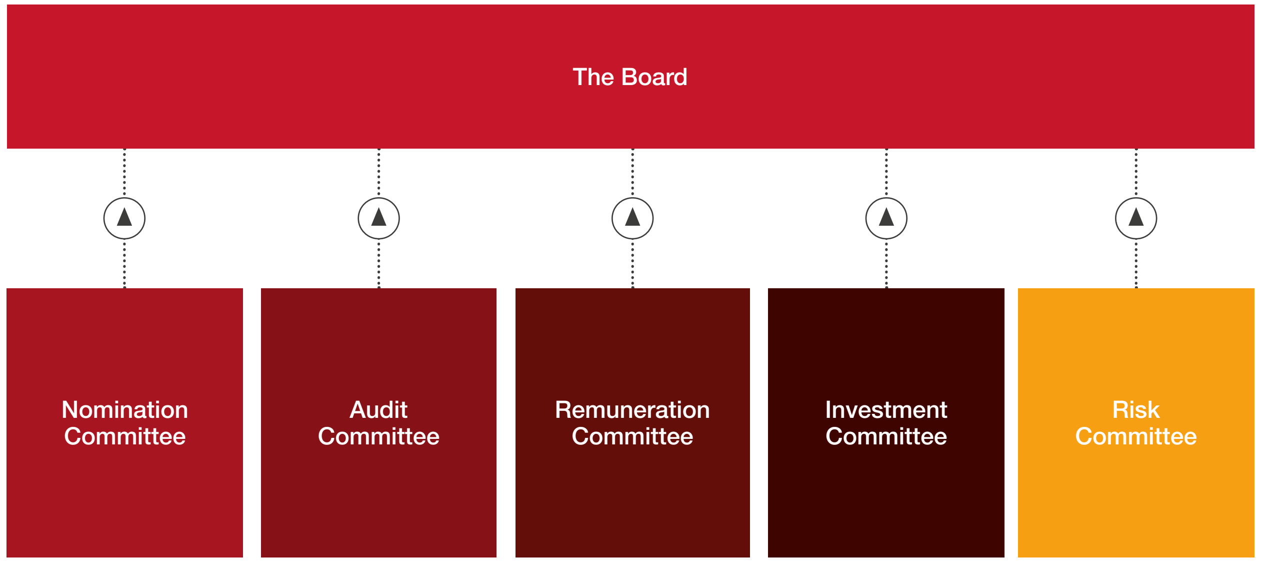
In accordance with the Company's Articles of Incorporation, the Company's Non-Executive Directors, except Bruce Buck (nominated and appointed pursuant to the right of the Founder, Ioannis Papalekas, to appoint a director), Akbar Rafiq and Alexis Atteslis (nominated and appointed pursuant to the rights of York Capital and Oak Hill Advisors respectively to appoint a director), as well as Norbert Sasse, George Muchanya and Peter Fechter (appointed pursuant to the right of Growthpoint Properties Ltd to appoint a specified number of directors) and Richard van Vliet (appointed pursuant to Growthpoint's right to nominate a Guernsey based director), shall retire from office annually and may offer themselves for re-election by the Members. At the next AGM Geoff Miller, John Whittle, Eli Alroy and Andreea Petreanu are required to retire from office and offer themselves for re- election. Geoff Miller, John Whittle, Eli Alroy, and Andreea Petreanu will stand for re-election at the forthcoming AGM. The Board has reviewed their skills and experience and is recommending their re-election to shareholders.

Ioannis Papalekas and Dimitris Raptis are not required to submit themselves for re-election, unless required to do so by a two-thirds vote of the Company.

Diversity

We believe in respecting individuals and their rights in the workplace. Further details are provided on page 61 of the Annual Report.

Corporate Governance Structure



Nomination Committee	Audit Committee	Remuneration Committee	Investment Committee	Risk Committee
Committee Chair Geoff Miller	Committee Chair John Whittle	Committee Chair Bruce Buck	Committee Chair Eli Alroy	Committee Chair Andreea Petreanu
Committee Members Eli Alroy Peter Fechter	Committee Members Andreea Petreanu Richard van Vliet	Committee Members Peter Fechter Eli Alroy	Committee Members Ioannis Papalekas Dimitris Raptis Norbert Sasse George Muchanya	Committee Members Geoff Miller Richard van Vliet John Whittle

AN EXPERIENCED TEAM

Ioannis Papalekas
Founder & Chief Executive Officer

Appointed to the Board (as CEO)
14 February 2013

Skills and Experience
Mr Papalekas is the Founder of Globalworth and has nearly 20 years of real estate investment and development experience, predominantly in Romania, and the wider Central Eastern European region, having created one of the most successful real estate groups in the CEE. He has significant experience in the acquisition, master planning, development, reconstruction, refurbishment, operation and asset management of land and buildings across all major real estate asset classes. Prior to founding Globalworth, Ioannis was responsible for the acquisition, development and successful disposal of more than 400k sqm of commercial (office, retail and logistics) space and 1.0k residential units in Romania.

Dimitris Raptis
Deputy Chief Executive Officer & Chief Investment Officer

Appointed to the Board
14 February 2013

Skills and Experience
Mr Raptis joined Globalworth in November 2012, following 15 years of experience in financial services and real estate investment management with Deutsche Bank (DB), where he held various senior roles including MD/European Head of Portfolio Management for RREEF Opportunistic Investments and had responsibility for acquisitions and management of a pan-European portfolio valued in excess of €6.0 billion, as well as other European investments with an enterprise value in excess of €5.5bn. Dimitris has significant experience in the origination, structuring, investing and portfolio management of real estate properties in Europe. Since December 2018, Dimitris has been the Interim Chief Executive Officer of Globalworth Poland.

Geoff Miller
Independent Non-Executive Director & Chair of the Board

Appointed to the Board
6 June 2013

Skills and Experience
Mr Miller has over 20 years of experience in research and fund management in the UK, specialising in the finance sector, followed by moves to Moscow and then Singapore before becoming a Guernsey resident in 2011. He was formerly a number one rated UK mid and small-cap financials analyst, covering investment banks asset managers, insurance vehicles, investment companies and real estate companies. Geoff is Chief Executive Officer and Co-Founder of Afaafa, a business which provides investment and consultancy services to early-stage companies focused on the financials and technology sectors. In addition, he is a Director of a number of private companies.

Committee membership
- A Audit Committee
- I Investment Committee
- N Nomination Committee
- Re Remuneration Committee
- Ri Risk Committee
- Committee Chair

Eli Alroy
Independent Non-Executive Director

Appointed to the Board
6 June 2013

Skills and Experience
Mr Alroy has over 25 years of international experience in real estate investment and project management. Eli, in 2010, was honored with the prestigious CEEQA Real Estate Lifetime Achievement award, sponsored by the Financial Times, for his commitment to the real estate industry in Central and Eastern Europe. From 1994 to 2012 he was Chairman of the Supervisory Board of Globe Trade Centre S.A. (GTC), a Warsaw-listed real estate company.
Eli is also a senior member or director of various private companies.

John Whittle
Independent Non-Executive Director

Appointed to the Board
6 June 2013

Skills and Experience
Mr Whittle has over 40 years of experience in business, accounting and finance. John is a Chartered Accountant, resident of Guernsey and is a non-executive Director of several LSE and AIM listed companies. He also acts as Non-Executive Director to other Guernsey investment funds. John previously was Finance Director of Close Fund Services[1], and has held various positions with Price Waterhouse, Talkland International[2], John Lewis and Windsmoor.

1. Large independent fund administrator
2. Now Vodafone Retail

Akbar Rafiq
Independent Non-Executive Director

Appointed to the Board
29 September 2014

Skills and Experience
Mr Rafiq is multi-sector finance professional with over 17 years of experience. Akbar serves as a Partner, Portfolio Manager and Head of Europe Credit at York Capital Management. Akbar joined York Capital Management in June 2011 and is a Partner of York Capital Management Europe (UK) Advisors LLP. He is a Co- Portfolio Manager of the York European Distressed Credit funds. Previously, Akbar worked at Deutsche Bank AG, Bear, Stearns and Co. Inc. and private equity firm, Alta Communications.

Andreea Petreanu
Independent Non-Executive Director

Appointed to the Board
29 September 2014

Skills and Experience
Ms Petreanu is a risk management professional with nearly 20 years of experience in the field. Andreea is Head of Credit Risk Management at Mizuho International in London, having previously held various risk management roles with Morgan Stanley, HSBC, Merrill Lynch, Bank of America and VTB Capital. Andreea holds an MBA from University of Cambridge, MSc from CASS Business School and is also an Associate of the Chartered Insurance Institute in London.

Norbert Sasse
Non-Executive Director

Appointed to the Board
27 February 2017

Skills and Experience
Mr Sasse has nearly 30 years of experience in real estate and corporate finance. Norbert is the Chief Executive Officer of Growthpoint Properties (GRT), South Africa's largest real estate REIT, which he was instrumental in growing its portfolio to over ZAR 130 billion (c.€8bn), and holding investments in South Africa, Australia and the CEE. Norbert was also involved in establishing SAREIT[1]. Prior to GRT he spent 10 years with EY Corporate Advisory and Investec Corporate Finance. He is also a Chartered Accountant.

1. South African Real Estate Association.

George Muchanya
Non-Executive Director

Appointed to the Board
27 February 2017

Skills and Experience
Mr Muchanya has over 20 years of experience in real estate, consulting and banking. George is responsible for Corporate Strategy at Growthpoint Properties (GRT) and is a member of the Executive Committee. Having started his career as an engineer, he moved into banking in 2000 in South Africa and the UK, and then into a global management consulting firm. Since joining GRT in 2005, George has focused on M&A and been involved in its expansion in Australia, the CEE and the acquisition of the V&A in South Africa.

Peter Fechter
Independent Non-Executive Director

Appointed to the Board
27 February 2017

Skills and Experience
Mr Fechter has 50 years of experience in real estate and business. Peter's track record includes becoming the CEO of a large private South African construction company in 1978. In 1980 he formed his own real estate business, which after 20 years he exited through the sale to an IPO company, which subsequently merged with Growthpoint Properties in 2003. Peter is a non-executive director of Growthpoint, serving on the audit and risk committees and as chairman of the property investment committee.

Richard van Vliet
Independent Non-Executive Director

Appointed to the Board
27 February 2017

Skills and Experience
Mr van Vliet is qualified as a Chartered Accountant in South Africa, England and Wales, with over 35 years of professional experience. Richard has been a Guernsey resident since 1997 and is Managing Director of Cannon Asset Management Limited. He is Chairman of The Cubic Property Fund, holds various Board positions on companies and investment funds exposed to property, equity and alternative investments, and sits on operational Boards of the subsidiaries of the LSE-listed Stenprop Limited. Previously he worked in South Africa at Price Waterhouse and was sole proprietor of an audit practice in Johannesburg.

Committee membership
- A Audit Committee
- I Investment Committee
- N Nomination Committee
- Re Remuneration Committee
- Ri Risk Committee
- Committee Chair

Bruce Buck
Independent Non-Executive Director

Appointed to the Board
13 December 2017

Skills and Experience
Mr Buck is a professional with more than 35 years of experience in practicing law in Europe. Bruce was Managing Partner in Europe and latterly Of Counsel for international law firm Skadden, Arps, Slate, Meagher and Flom LLP, until retiring from this role in 2017. He has been involved in work in Central and Eastern Europe since 1990, comprising a broad range of mergers, acquisitions and capital markets transactions, including IPOs and high-yield transactions. Bruce is the Chairman and a Director of Chelsea FC PLC, and its primary subsidiary Chelsea Football Club Limited.

Alexis Atteslis
Independent Non-Executive Director

Appointed to the Board
29 September 2014 to 19 March 2019

Skills and Experience
Mr. Atteslis is a Partner and Portfolio Manager at Oak Hill Advisors. Alexis is a member of OHA's investment strategy, ESG and various fund investment committees. Previously, he worked at Deutsche Bank and at PricewaterhouseCoopers. Alexis received an MA from the University of Cambridge and has earned a Chartered Accountant qualification with the Institute of Chartered Accountants in England and Wales.

The Directors present their Annual Report and the audited consolidated financial statements of the Group for the year ended 31 December 2018.

Directors' Indemnities

The Company maintains a Directors' and Officers' insurance policy for the benefit of its Directors, which applied throughout the year and remains in force at the date of this report. There are also third party indemnity provisions in place for the Directors in respect of liabilities incurred as a result of their office, as far as is permitted by law.

Investing Policy

The Group's investing strategy focuses on generating attractive risk-adjusted returns, made up of a combination of yield and capital appreciation, by investing in a diversified portfolio of properties. Key highlights of the Company's investing policy are presented below:

Profile of Underlying Investments

- Focus on commercial properties (existing or to be developed);
- Geographically located in Central Eastern Europe with a primary focus on Romania and Poland;
- Most of the income to be derived from multinational corporates and financial institutions; and
- Euro-denominated, long-term, triple net and annually indexed leases, with corporate guarantees where possible.

Investment Themes

- Distressed investments;
- Acquisition of unfinished or partially let commercial buildings at prices below replacement cost;
- Restructuring;
- Acquisition of real estate owned by financial institutions or others seeking to restructure their balance sheets through monetisation; and
- Developments with pre-lettings from high-quality tenants.

The complete investing policy of the Company can be found on its website under Investor Relations/AIM Rule 26 disclosures and on page 178 of the Annual Report.

Results and Dividends

The results for the year are set out in the consolidated statement of comprehensive income on page 118 of the Annual Report.

The Company has already distributed in August 2018 and in February 2019 interim dividends of €0.27 per share for each interim dividend distribution, or €0.54 per share in total, in respect of the year ended 31 December 2018, to holders of shares at the respective record dates for each such interim dividend.

Going Concern

As disclosed in note 1 of the consolidated financial statements, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the consolidated financial statements as the Company expects to have access to adequate financial resources to continue in operational existence for the foreseeable future.

Supply of Information to the Board

The Board meetings are the principal source of regular information for the Board, enabling it to determine policy and to monitor performance and compliance. A representative of the Investment Adviser attends each Board meeting, thus enabling the Board to discuss fully and review the Company's operations and performance. Each Director has direct access to the Company Secretary and may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties.

Delegation of Functions

The Board has contractually delegated to external agencies the accounting and company secretarial requirements of the Company and some of its subsidiaries. Each of these contracts were entered into after full and proper consideration of the quality and cost of services offered.

Investment Adviser

Under the Investment Advisory Agreement, the Company has appointed the Investment Adviser, a wholly owned subsidiary of the Group, subject to the overall control and supervision of the Board of the Company, to act as Investment Adviser.

The Investment Adviser has no authority to act for or represent the Company (or any other member of the Group) in any other capacity. The appointment is on an exclusive basis.

The Investment Adviser is obliged to advise in respect of potential and actual investments of the Company in pursuit of the Company's Investing Policy, subject to any applicable investment restrictions and having regard to any investment guidelines. Investment advice and opportunities are presented for consideration/approval to the Investment Committee (or directly to the Board if above certain thresholds).

Subject to any applicable law, the Investment Adviser complies with all reasonable instructions issued by the Investment Committee or the Board, if above certain thresholds (so long as these are not outside the Investing Policy as recorded in the admission document or contrary to the exclusivity of the Investment Adviser in relation to the Company's investment activities).

The Investment Adviser is entitled to fees as approved by the Board, following recommendation by the Remuneration Committee of the Board. At quarterly Board meetings the Investment Adviser summarises its activities, proposals and achievements and the independent Directors review the performance of the Investment Adviser and the Executive Directors in relation thereto. Having considered the portfolio performance and investment strategy, the Board has agreed that the interests of the shareholders as a whole are best served by the continuing appointment of the Investment Adviser on the terms agreed.

Substantial Interests

At 31 December 2018 and 27 March 2019, the following shareholders had substantial interests (more than 3%) in the issued share capital of the Company:

	At 27 March 2019		At 31 December 2018	
	Number of shares	% of issued share capital of the Company	Number of shares	% of issued share capital of the Company
Growthpoint Properties Ltd	38,371,429	28.3%	38,371,429	29.0%
Ioannis Papalekas	24,237,362	17.9%	24,237,362	18.3%
Aroundtown	16,000,000	11.8%	–	–
York Capital	11,935,697	8.8%	20,335,697	15.3%
Altshuler Shaham Ltd	9,757,703	7.2%	9,757,703	7.4%
European Bank for Reconstruction and Development	8,317,714	6.1%	5,714,286	4.3%
Oak Hill Advisors	5,499,680	4.1%	13,099,680	9.9%
Gordel Holdings Limited	5,203,712	3.8%	5,203,712	3.9%

Directors' Interests

The beneficial and non-beneficial interests of the Directors in the share capital of the Company as at 31 December 2018 and 2017 are as set out below:

	Number of shares held		Number of warrants held	
	2018	2017	**2018**	2017
Ioannis Papalekas	**24,237,362**	25,129,187	**2,830,020**	2,830,020
Dimitris Raptis	**559,640**	527,834	**–**	–
Geoff Miller	**21,000**	21,000	**11,000**	11,000
Eli Alroy	**698,814**	698,814	**–**	–
John Whittle	**11,900**	11,900	**9,000**	9,000
Akbar Rafiq	**–**	–	**–**	–
Alexis Atteslis	**–**	–	**–**	–
Andreea Petreanu	**–**	–	**–**	–
Norbert Sasse	**114,286**	114,286	**–**	–
Peter Fechter*	**60,000**	60,000	**–**	–
George Muchanya	**–**	–	**–**	–
Richard van Vliet	**–**	–	**–**	–
Bruce Buck	**–**	–	**–**	–

* Shares held by a family trust of which Peter Fechter is a trustee and not a beneficiary.

The Group has granted a number of warrants to Ioannis Papalekas ('the Founder'), Dimitris Raptis, Geoff Miller, Eli Alroy and John Whittle. Pursuant to the warrant agreements, the warrants confer the right to subscribe, at the Placing Price, for a specific number of Ordinary shares.

As at 31 December 2018, 20,000 Warrants (11,000 held by Geoff Miller and 9,000 held by John Whittle) are eligible to be exercised under the same terms at the Warrant holders' discretion.

As stipulated in the Founder warrant agreement, 2,830,020 warrants held at 31 December 2018 by Ioannis Papalekas remain unvested in two further tranches. They will vest and become exercisable when the market price of an Ordinary share, on a weighted average basis over 60 consecutive days, exceeds a specific target price.

The warrants, subject to vesting, are exercisable in whole or in part during the period commencing on Admission and ending on the date falling 10 years from the date of Admission.

Founder Warrant Agreement

On 24 July 2013 the Company entered into a warrant agreement with Ioannis Papalekas and Zorviani Limited under which the Company agreed to issue at, and subject to, Admission to Zorviani Limited three tranches of warrants, each representing 5% of the aggregate of the Placing Shares and the Ordinary shares subscribed by Zorviani Limited (or other Founder companies), pursuant to the Founder Admission Subscription and the Founder Equity for Assets Subscriptions, subject to the market price per Ordinary share being at least €7.50, €10.00 and €12.50 (respectively) as a weighted average over a period of 60 consecutive days (each a 'Market Price Vesting Threshold'). In each case, the subscription price will be €5.00. As outlined above, 2,830,020 warrants remain unvested in two further tranches.

Directors' Warrant Agreement

On 24 July 2013 the Company entered into a warrant agreement with Dimitris Raptis, Eli Alroy, Geoff Miller and John Whittle under which the Company agreed to issue to such persons at, and subject to, Admission, warrants over 110,000, 260,000, 11,000 and 9,000 (respectively) ordinary shares, subject to the market price per Ordinary share being at least €7.50 as a weighted average over a period of 60 consecutive days (the 'Market Price Vesting Threshold'). In each case, the subscription price will be €5.00.
The warrants held by Dimitris Raptis and Eli Alroy have vested and have already been exercised, while the warrants held by Geoff Miller and John Whittle, have also vested but have not yet been exercised.

Auditors

The auditors, Ernst & Young Cyprus Limited, have indicated their willingness to continue in office. Accordingly, a resolution for their reappointment will be proposed at the forthcoming AGM.

Power to Buy Back Shares

The Company has the power to buy back shares in the market, the renewal of which power is sought from shareholders on an annual basis at the AGM, and the Board considers on a regular basis the exercise of those powers. During the year ended 31 December 2018 the Board has not exercised its power to buy back shares in the market.

Annual General Meeting

The AGM of the Company will be held on 24 June 2019 at 10am British Summer Time at Ground Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

The Directors are required to prepare consolidated financial statements for each financial year in accordance with International Financial Reporting Standards ('IFRS'), as adopted by the European Union ('EU'), and applicable law.

The consolidated financial statements are required by law to give a true and fair view of the state of affairs at the end of the year and of the profit or loss for that year.

In preparing these consolidated financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

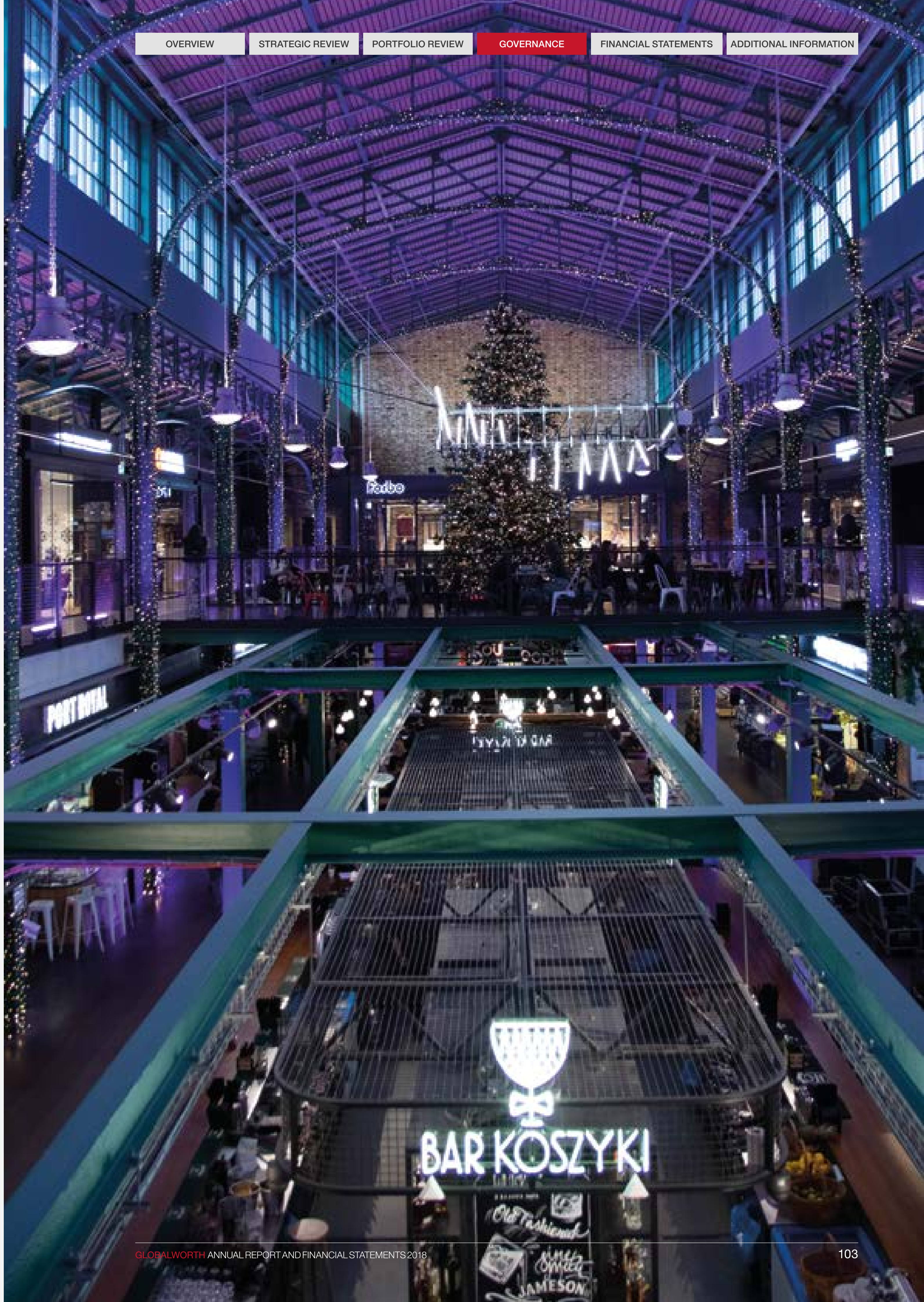
The Directors are responsible for ensuring that the Company maintains proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Company and to enable them to ensure that the consolidated financial statements comply with the Companies (Guernsey) Law 2008, as amended. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors confirm to the best of their knowledge that:

- so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware, and each has taken all the steps he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information;
- these consolidated financial statements have been prepared in conformity with IFRS, as adopted by the EU, and give a true and fair view of the financial position of the Group; and
- this Annual Report and consolidated financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for the shareholders to assess the Company's performance, business model and strategy.

Approved by the Board of Directors and signed on behalf of the Board on 27 March 2019.

Geoff Miller
Director



COMMITTEE REPORT

LETTER FROM THE CHAIRMAN OF THE COMMITTEE

We will in future be able to focus more attention on two priorities: ensuring the integrity of the financial reporting of the Group and ensuring that the Group's internal controls are fit for purpose.

John Whittle
Non-Executive Director,
Chairman of the Audit Committee

Membership and attendance

Member	Position	Date of Committee appointment	Attendance
John Whittle	Chairman	6 Jun. 13	5/5
Andreea Petreanu	Member	8 Jun. 15	5/5
Richard van Vliet	Member	27 Feb. 17	5/5
George Muchanya	Observer	n.a.	3/3

Highlights

- Separate Risk Committee established in the final Quarter of 2018.
- Focus on integrating the financial records of newly acquired businesses.
- Oversight of the preparation of financial statements.

On behalf of the Audit Committee, I am delighted to introduce the Audit Committee Report for 2018. For most of the year, our responsibilities have included oversight of risk. However, with the formation of a separate Risk Committee towards the end of the year, we will in future be able to focus more attention on two priorities: ensuring the integrity of the financial reporting of the Group and ensuring that the Group's internal controls are fit for purpose, given the Company's rapid expansion through acquisition and territorial extension.

In relation to our financial reporting, there have been three main objectives. The first is to ensure that management are integrating the financial records of newly acquired businesses appropriately and making correct judgements around issues such as valuation and revenue recognition. The second aim is to ensure that the management team do a proper job of preparing fair, balanced and understandable reporting with appropriate levels of scrutiny and challenge being applied by the Company's auditor. Finally, the third main objective is to exercise scrutiny over internal controls. I believe that we have made good progress in these three objectives.

With risk becoming the responsibility of a separate Board Committee, I expect the Audit Committee to be able to focus on the Company's internal controls environment over the coming year. As part of this work, and again recognising the growth of the business, we will evaluate the need for a separate internal audit function within the Company.

I would like to thank my fellow Committee members for their support and contribution to the work of the Committee which is always greatly appreciated. We also benefit from having the input of George Muchanya, as an observer, at our meetings and his contributions are always most helpful.

Structure and Composition

During the year ended 31 December 2018 the Audit Committee comprised three independent Non-Executive Directors: John Whittle (Chairman of the Audit Committee), Andreea Petreanu and Richard van Vliet. During the year George Muchanya joined the Committee as an observer.

The Chairman of the Committee is appointed by the Board, and the Members are appointed by the Board, in consultation with the Chairman of the Committee. The Committee shall have a minimum of two members, however, the Audit Committee is also in compliance with the UK Corporate Governance Code which recommends that an audit committee should comprise at least three independent non-executive directors.

All members of the Committee are independent Non-Executive Directors with recent, relevant financial experience, following the requirement of the UK Corporate Governance Code that at least one member of the Audit Committee should have recent and relevant financial experience. The profiles of the Chairman and other Members of the Committee, including their relevant experience, are presented in the Board of Directors sub-section of the Annual Report (pages 97 to 99).

The dates of appointment of the members of the Committee, together with attendance at Committee meetings during the year, are outlined in the table on the previous page.

Principal Duties of the Committee

The role of the Committee includes the following:

- **Financial Reporting:**
  - monitoring the integrity of the consolidated financial statements and any formal announcements regarding financial performance;
  - reviewing and reporting to the Board on the significant issues and judgements made in the preparation of the Group's published financial statements, preliminary announcements and other financial information having regard to matters communicated by the independent auditors; and
  - assessing whether the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.
- **Controls and Safeguards:**
  - keeping under review, on an annual basis, the effectiveness of the Company's internal controls and risk management systems;
  - reviewing the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters and ensuring that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action; and
  - considering annually whether there is a need for the Company to have its own internal audit function.
- **External Audit:**
  - reviewing the effectiveness of the external audit process and the auditor's independence;
  - considering and making recommendations to the Board on the appointment, reappointment, replacement and remuneration of the Company's independent auditor;
  - developing and implementing a policy on the engagement of the external auditor to supply non-audit services; and
  - reporting to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

The complete details of the Committee's formal duties and responsibilities are set out in the Committee's terms of reference, which can be found on the Company's website.

Activities of the Committee

During the year ended 31 December 2018 and up to the date of this report the Committee has been active in the following areas, presented below under the three key areas of focus of financial reporting, controls and safeguards, and external audit:

Financial Reporting:

- reviewed the Annual Report and consolidated financial statements for the years ended 31 December 2017 and 31 December 2018 prior to their approval by the Board; and
- reviewed the Interim Report and unaudited interim consolidated financial statements for the half year ended 30 June 2018 prior to its approval by the Board.

The Committee has had regular contact with management during the process of preparation of the Annual Report and consolidated financial statements and the auditor during the audit thereof. In planning its work and reviewing the audit plan with the auditor, the Committee took account of the most significant issues and risks, both operational and financial, likely to have an impact on the Group's financial statements and selected the most significant issues impacting the Company's financial statements and Annual Report disclosures, as presented in the following table together with the Committee's response thereon:

Significant financial reporting matters considered	Audit Committee Response
Investment Property Valuations Valuations for investment property, property under construction and land bank are prepared by external valuers. The valuation of the investment property is inherently subjective, requiring significant estimates and assumptions by the valuer. Errors in the valuation could have a material impact on the Group's net assets value. Further information about the portfolio and inputs to the valuations are set out in note 3 of the consolidated financial statements.	The Board and the Committee discuss the outcome of the valuation process and the details of each property on a semi-annual basis. The management liaise with valuers on a regular basis and meet them on a semi-annual basis prior to the finalisation of the portfolio valuation. The external auditor has access to the external valuers and comments on the key assumptions used in the valuations performed and movements on property values. The Committee receives a detailed written report from Ernst & Young ('EY') presented to the Committee upon finalisation of the audit fieldwork.
Accounting for Acquisitions and Disposals The Committee notes that there is judgement involved in identifying and valuing the consideration given and the fair value of the assets acquired in a business combination, or in the acquisition of assets. The Committee also notes that there is judgement involved in the accounting for disposals, particularly around the valuation of the consideration receivable.	During the year ended 31 December 2018 the Group has made significant acquisitions of completed office buildings in Poland and land for development in Romania. The Committee has discussed with management and the auditors the accounting treatment followed in accordance with IFRS requirements, including the classification of these acquisitions as "asset acquisitions". There were no disposals of core properties during the year ended 31 December 2018.
Revenue recognition The Committee understands the importance of recognising accurately the revenue generated as a result of the rental contracts the Group has entered with tenants of its properties. This includes the correct accounting under IFRS of lease incentives and any other special clauses contained in lease agreements, as well as the correct application of new IFRSs related to accounting for lease agreements.	The Committee is updated by the Auditor annually on the results of the specific audit procedures performed in this area. During the year ended 31 December 2018 the Committee discussed with management and the auditors the assessments made in relation to the application of IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments: Classification and Measurement", applicable from 1 January 2018. IFRS 9 was considered in light of its relative complexity as regards the assessment of any required provision for not impaired receivables from lessees. A discussion was also held with management and the auditors on the potential impact from the application of IFRS 16 "Leases", applicable from 1 January 2019.
Going Concern Principle The Committee considers the appropriateness of preparing the Group's financial statements on a going concern basis, being one of the fundamental principles under which the financial statements are prepared.	The Committee has considered management's assessment and conclusion of continuing to use the going concern assumption as a basis of preparation of the Company's financial statements, as supported by detailed cash flow projections for the period up to 30 June 2020 and supporting documentation. Following their review of the Management's assessment, the Committee concurred with Management's conclusion to continue using the going concern assumption as a basis of preparation of the Company's financial statements.
Underlying cash flow projections and sensitivity analysis supporting the viability statement The Committee considers whether the assessment undertaken by management regarding the Group's long term viability appropriately reflects the prospects of the Group and covers an appropriate period of time.	The Committee has considered management's viability analysis, including the underlying cash flow projections for the three-year period to 31 March 2022, sensitivity analysis, results and conclusion. Following their review of the viability analysis, the Committee concurred with Management's conclusion as reflected in the viability statement on page 79.

Significant financial reporting matters considered	Audit Committee Response
Fair, Balanced and Understandable Principle The Committee considers whether the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, financial position, business model and strategy.	The Committee in reviewing the Company's Annual Report and consolidated financial statements for the year ended 31 December 2018 has placed particular attention in ensuring adherence to this principle. Following its review, the Committee has advised the Board that, in its opinion, the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary to assess the Company's performance, operating model and strategy.

Controls and Safeguards:

- reviewed the risk matrix used to identify and monitor the significant risks encountered by the Group, as well as the analysis underlying the viability report;
- performed an assessment of the internal controls of the Group, which has been in place for the financial year ended 31 December 2018 and up to the date of approval of the annual report and accounts, and in particular the controls over the most significant financial reporting risks:
  - the Audit Committee reviewed the updated report on controls over identified significant financial reporting risks, prepared by Management and submitted to the Audit Committee by the Company's Chief Financial Officer, and concluded that the related internal control environment is adequate considering the current size and activities of the Company. The Committee welcomes management's initiative during the year to increase human capital in critical departments within the Group, focusing on recruiting experienced, talented personnel in their respective fields of expertise, which also enhanced further the internal control environment; and
- considered whether there is a need for an internal audit function:
  - the Committee has not identified to date an imminent need for an internal audit function, however, it continues to evaluate this requirement on a regular basis, considering also the significant increase in the size of the Group as a result of the expansion into the Polish real estate market starting from December 2017 and further growth through significant additional investments made during 2018 as well, both in Poland and Romania.

External Audit:

Held regular meetings and discussions with the external auditor:

- The Chairman of the Committee and other Committee members held discussions with the auditor at the planning phase and at the end of the audit at the reporting stage, before the approval of the Company's consolidated financial statements and Annual Report for the year ended 31 December 2018.
- At the planning stage of the audit for the year ended 31 December 2018, John Whittle and Andreea Petreanu met the auditor in October 2018. During this meeting the draft audit plan was presented, reviewed and discussed, as well as a discussion held regarding the risks on which the audit would be focusing. The auditor explained that the risks the audit would focus on were the following:
  - valuation of investment property whether in use or under development;
  - revenue recognition: accounting for lease incentives, including impact on valuation adjustments;
  - accounting treatment of major acquisitions; and
  - risk of misstatement due to fraud and error (associated to the significant risks).

In addition, the Committee held at the beginning of January 2019 a call with the external auditor to discuss in detail their final audit plan, following the performance of their interim audit work in November and December 2018.

Moreover, the Chairman of the Committee met at the beginning of March 2019 with the external auditor and discussed the findings from their audit of the consolidated financial statements for the year ended 31 December 2018, prior to publication of the results for the year ended 31 December 2018.

At the end of March 2019 the Committee also held a call with the external auditor to discuss in detail the audit findings and the draft auditor's report, following the conclusion of their audit fieldwork for the year ended 31 December 2018, prior to submission of the draft Annual Report to the Board for formal approval.

Assessed the independence and objectivity of the external auditor:

The Committee considers the reappointment of the external Auditor, including rotation of the audit partner.

The UK Corporate Governance Code recommends that the independent audit of FTSE 350 companies is put out to tender every 10 years. The Committee will continue to follow the developments around the Financial Reporting Council's ('FRC') related guidance on tendering at the appropriate time.

In addition, the external auditor is required to rotate the audit partner responsible for the Group's audit every five years. This is the second year that the current lead audit partner is responsible for the Group's audit, following the rotation that took place in prior year.

The auditor has confirmed to the Audit Committee its independence of the Group. The independence and objectivity of the independent auditor is reviewed by the Committee, which also reviews the terms under which the independent auditor is appointed to perform non-audit services, in accordance with the Company's non-audit services policy.

Services which are permissible in accordance with the auditor's independence and other professional standards as well as the Company's non-audit services policy, such as tax compliance, special purpose audits and reviews, assurance non-audit services related to raising of bond notes, periodic reviews of financial information, and pre-acquisition due diligence reviews, are normally permitted to be performed by the independent auditor.

Audit Fees and Non-Audit Services

The table below summarises the remuneration of Ernst & Young Cyprus Limited and other entities of EY during the years ended 31 December 2018 and 31 December 2017:

	Audit fees €'000		Non-audit fees €'000	
	2018	2017	2018	2017
Audit of financial statements	**1,058**	586	**–**	–
Other assurance services	**–**	–	**358**	11
Other non-audit services	**–**	–	**485**	397
	1,058	586	**843**	408

The significant increase in audit fees for 2018 is mainly due to the fact that in prior year only a small portion of the annual audit fees of GPRE was reported in prior year's Annual Report (as also presented in the above table), as the acquisition of GPRE was completed in December 2017.

The Committee has reviewed the level of non-audit fees of the external auditor for the year ended 31 December 2018 and has considered that they are in line with the Group's level of development and fund raising activities, and concluded that they relate to permissible non-audit services under the auditor's independence and other related professional standards.

Reviewed the effectiveness of the external auditor and recommended its reappointment to the Board:

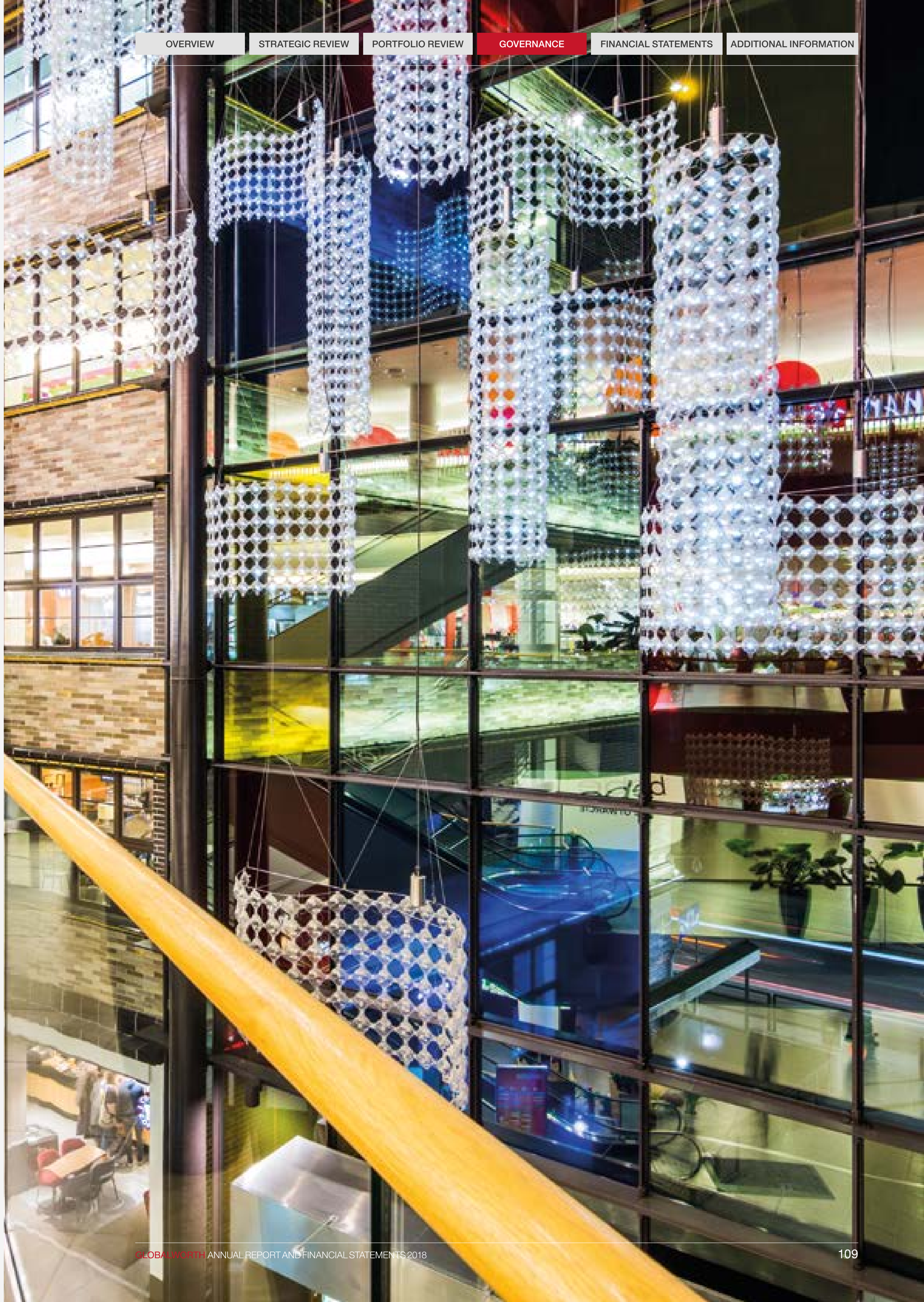
For the year ended 31 December 2018 the Committee reviewed the effectiveness of the external auditors. This was facilitated through: the completion of a questionnaire by the relevant stakeholders (including members of the Committee and key financial management of the Group); interviews with finance staff; and a review of the audit plan and process for the year. In addition, as outlined above, the Chairman of the Audit Committee discussed with the external auditor at the beginning of March 2019 their preliminary findings on the audit of the consolidated financial statements for the year ended 31 December 2018. Furthermore, the Committee discussed with the external auditor at the end of March 2019 their final findings on the audit of the Annual Report and consolidated financial statements for the year ended 31 December 2018 and their draft audit opinion thereon.

Local statutory audits of individual subsidiary companies are also required in some jurisdictions in which the Group operates. EY Romania, EY Netherlands, EY Poland and EY Cyprus carry out these audits in Romania, the Netherlands, Poland and Cyprus, respectively.

Following this review, the Committee recommended to the Board that Ernst & Young Cyprus Limited be reappointed as external auditors for the year ending 31 December 2019.

For any questions on the activities of the Committee not addressed in this report, a member of the Audit Committee remains available to attend each Annual General Meeting to respond to such questions.

John Whittle
Chair of the Audit Committee
27 March 2019



COMMITTEE REPORT

LETTER FROM THE CHAIRMAN OF THE COMMITTEE

Ensuring that we have a leadership team capable of growing with the business whilst retaining the entrepreneurial qualities that have been so instrumental in the Group's success to date is a key challenge.

Geoff Miller
Chair of the Nominaton Committee

Membership

Director	Position
Geoff Miller	Chairman
Peter Fechter	Member
Eli Alroy	Member

Highlights

- Nomination Committee established in the final Quarter of 2018.
- The immediate priorities will be to ensure that robust succession and development plans are in place.

Having only been established as a separate Board committee towards the end of 2018, the work of the Nomination Committee has just begun. The purpose of the Nomination Committee is to lead the process for appointments, ensure plans are in place for orderly succession to both the Board and senior management positions, and oversee the development of a diverse pipeline for succession. We plan to meet two or three times a year, more often if necessary, and I would like to take this opportunity to outline our priorities for the coming year.

The Nomination Committee comprises three independent Non-Executive Directors: myself as Chairman of the Committee, Peter Fechter and Eli Alroy. The Chairman of the Committee is appointed by the Board, and the Members are appointed by the Board, in consultation with the Chairman of the Committee. The Terms of Reference of the Committee state that it shall have a minimum of three, independent non-executive directors as members and, as such, it is in compliance with the UK Corporate Governance Code which recommends that a nomination committee should comprise at least three independent non-executive directors.

The transformation of the Company both in terms of size and complexity since the Company's admission to AIM in 2013 has been huge and we expect it to continue. Ensuring that we have a leadership team capable of growing with the business whilst retaining the entrepreneurial qualities that have been so instrumental in the Group's success to date is a key challenge. Succession planning and executive development will, therefore, be an important area of focus for the Nomination Committee. Allied to this, the Nomination Committee will retain a close interest in the culture of the Group to ensure that it continues to be aligned with, and supportive of, the strategic development of the Group's business.

A key element in retaining the entrepreneurial culture as the business grows will be to ensure that constructive challenge of the status quo is always present in our thinking. We therefore see diversity of thought as an important contributor and are supportive of diversity across the Board and the senior management team. I am committed to taking a positive approach to diversity in our Board and senior management appointments process.

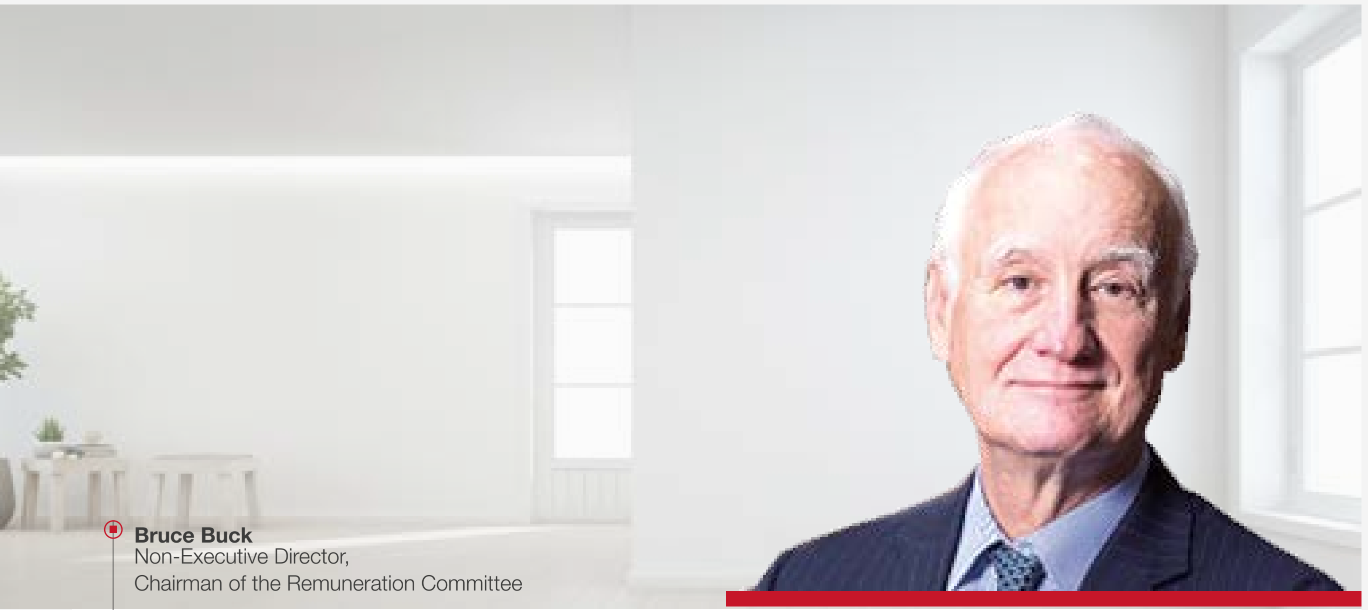
I look forward to reporting on the work undertaken by this Committee in next year's Annual Report.

Yours faithfully.

Geoff Miller
Chairman of the Nomination Committee
27 March 2019

COMMITTEE REPORT

LETTER FROM THE CHAIRMAN OF THE COMMITTEE



Bruce Buck
Non-Executive Director,
Chairman of the Remuneration Committee

Membership and attendance

Director	Position	Date of Committee appointment	Date of Committee resignation	Attendance
Geoff Miller	Chairman	6 Jun. 13	31 Oct. 18	*6/6
Bruce Buck	Chairman	1 Nov. 18		**3/3
Eli Alroy	Member	8 Jun. 15		6/6
Peter Fechter	Member	27 Feb. 17		6/6
Dimitris Raptis	Observer	n.a.	n.a.	4/4
Norbert Sasse	Observer	n.a.	n.a.	4/4

* Attended one meeting as observer.
** Attended two meetings as observer.

The Committee also held numerous informal discussions through telephone conference calls.

Composition of the Committee

During the year ended 31 December 2018 the Remuneration Committee comprised three independent Non-Executive Directors. On 31 October 2018 Geoff Miller stepped down as Chairman of the Committee and Bruce Buck was appointed as its Chairman commencing 1 November 2018.

Mr Miller has continued to provide guidance and assistance to the Committee as an "observer" at its formal meetings and informal discussions and the Committee is grateful for Mr. Miller's support.

The changes in the members of the Committee, together with attendance at Committee meetings during the year, are outlined in the table above:

Responsibilities of the Committee

The Remuneration Committee has as its remit, amongst other matters, the determination and review of the fees payable to Globalworth Investment Adviser ('GIAL'), the Company's subsidiary, and the related emoluments of the Executive Directors and other senior executives of the Company who are preference shareholders of GIAL and the terms of any performance or incentive plans of the Investment Adviser, including the setting of performance thresholds, the allocation of any such entitlements as between shares and cash and the setting of any vesting periods (in each case, taking such independent advice as it considers appropriate in the circumstances). In addition, the Remuneration Committee reports at least annually to the Board in relation to its activities and recommendations.

The emoluments of the Directors is a matter for the Board, considering the recommendations received from the Remuneration Committee. No Director may be involved in any decisions as to his own emoluments.

The complete details of the Remuneration Committee's formal duties and responsibilities are set out in its terms of reference, which can be found on the Company's website.

Directors' Remuneration Policy

Directors' emoluments comprise a fee or salary based compensation plus, in the case of the Executive Directors, dividends in their capacity as preference shareholders of GIAL, all in accordance with the Investment Management Agreement signed between the Company and GIAL on 24 July 2013, as amended in November 2016 following an Extraordinary General Meeting of the Company's shareholders (the 'Plan' or the 'IMA').

Directors' Emoluments

The Directors' emoluments during the year ended 31 December 2018 comprised a fixed level of salary and/or fees, plus dividends from GIAL in the case of the two Executive Directors.

During the year ended 31 December 2018 the emoluments of the Directors were as follows:

	Company	Subsidiaries[1]			Dividends[2]	
Amounts in €'000	Fees	Fees	Salary	Total		Total[3] emoluments
Ioannis Papalekas	–	–	1,051	1,051	1,400	2,451
Dimitris Raptis	–	–	185	185	625	810
Geoff Miller[4]	228	28	–	28	–	256
Eli Alroy	200	–	–	–	–	200
John Whittle	77	28	–	28	–	105
Akbar Rafiq	–	–	–	–	–	–
Alexis Atteslis	–	–	–	–	–	–
Andreea Petreanu	65	–	–	–	–	65
Norbert Sasse	–	–	–	–	–	–
Peter Fechter	65	–	–	–	–	65
George Muchanya	–	–	–	–	–	–
Richard van Vliet	65	–	–	–	–	65
Bruce Buck	104	–	–	–	–	104
	804	**56**	**1,236**	**1,292**	**2,025**	**4,121**

1. GIAL and Aserat Properties SRL for Ioannis Papalekas, and GIAL for Dimitris Raptis, Geoff Miller and John Whittle.
2. The Executive Directors receive dividends in their capacity as preference shareholders of GIAL, the amount of which depends on the performance and profitability of GIAL. GIAL provides investment advisory services to the Company and is rewarded for the services it provides pursuant to the Investment Management Agreement signed on 24 July 2013, as amended from time to time (the 'IMA'). For Ioannis Papalekas dividends include an accrual of €1.4 million (€0.7 million to be settled in cash and €0.7 million by the issuance of shares of the Company); and for Dimitris Raptis dividends include an accrual of €0.425 million (€0.213 million to be settled in cash and €0.212 million by the issuance of shares of the Company).
3. The amounts indicated represent accrued amounts corresponding to the period during which the beneficiaries were members of the Board. Out of the amounts disclosed in the above table €1.825 million was payable to the Directors as of 31 December 2018. An additional amount of €14,081 was due to the Directors as of 31 December 2018 for out-of-pocket expenses incurred, which was settled subsequent to 31 December 2018.
4. For Geoff Miller the emoluments received from the Company during the year ended 31 December 2018 include €85 thousand which was awarded in respect of the year ended 31 December 2017 after the date of publication of the Annual Report and Financial Statements for the year ended 31 December 2017.

Having not been reviewed since the Company was admitted to AIM in 2013, the standard level of compensation for certain Non-Executive Directors, which applied to Geoff Miller, John Whittle, Andrea Petreanu, Peter Fechter and Richard van Vliet, was reviewed during the year. The review was based on bringing the fees of those Non-Executive Directors in line with companies of a similar size to Globalworth. To provide the benchmarking, a leading remuneration consultancy was engaged and the levels of fees for those Directors will be adjusted from the beginning of 2019, although there were some additional fees paid to each Director in 2018 above the standard level of fees, to reflect work done during the year. The fees for all non-Executive Directors will also be fixed in Euros henceforth, rather than in sterling, to align with the Company's reporting currency. The amended level of fees payable will encompass all work provided to the Company, in the expectation that one-off fees for Non-Executive Directors in the future will be exceptional and the Non-Executive Directors will not receive any form of remuneration from subsidiary entities, as had been the case historically. It is envisaged that the level of Non-Executive remuneration will be reviewed at least once every three years in future.

During the year ended 31 December 2017 the emoluments of the Directors were as follows:

	Company	Subsidiaries[1]			Dividends[2]	
Amounts in €'000	Fees	Fees	Salary	Total		Total[3] emoluments
Ioannis Papalekas	–	–	869	869	1,600	2,469
Dimitris Raptis	–	–	150	150	725	875
Geoff Miller	56	29	–	29	–	85
Eli Alroy	200	–	–	–	–	200
John Whittle	56	29	–	29	–	85
Akbar Rafiq	–	–	–	–	–	–
Alexis Atteslis	–	–	–	–	–	–
Andreea Petreanu	46	–	–	–	–	46
Norbert Sasse	–	–	–	–	–	–
Peter Fechter	37	–	–	–	–	37
George Muchanya	–	–	–	–	–	–
Richard van Vliet	38	–	–	–	–	38
Bruce Buck	6	–	–	–	–	6
	439	**58**	**1,019**	**1,077**	**2,325**	**3,841**

1. GIAL and Aserat Properties SRL for Ioannis Papalekas, and GIAL for Dimitris Raptis, Geoff Miller and John Whittle.
2. The Executive Directors receive dividends in their capacity as preference shareholders of GIAL, the amount of which depends on the performance and profitability of GIAL. GIAL provides investment advisory services to the Company and is rewarded for the services it provides pursuant to the IMA. For Ioannis Papalekas dividends include an accrual of €1.6 million (€0.8 million to be settled in cash and €0.8 million by the issuance of shares of the Company); and for Dimitris Raptis dividends include an accrual of c.€0.53 million (c.€0.26 million to be settled in cash and c.€0.26 million by the issuance of shares of the Company).
3. The amounts indicated represent accrued amounts corresponding to the period during which the beneficiaries were members of the Board. Out of the amounts disclosed in the above table c.€2.14 million was payable to the Directors as of 31 December 2017. An additional amount of €48,302 was due to the Directors as of 31 December 2017 for out-of-pocket expenses incurred, which was settled subsequent to 31 December 2017.

Founder and Director Warrant Agreements

Please refer to page 102 of the Annual Report for details on the Founder and Director Warrant Agreements concluded on 24 July 2013.

Performance Incentive Scheme

The Company's Admission document in July 2013 stated that the Company would implement a performance incentive plan based on Total Shareholder Return.

Post Admission, and following extensive discussions with the Board, the Board adopted the current Investment Adviser Incentive Plan which the Company's shareholders approved at an Extraordinary General Meeting in November 2016 (referred to above as the "Plan" or the "IMA"). The Plan comprises the following three main elements:

- an annual fee which includes a fixed component and an amount by way of profit margin to the Investment Adviser for the relevant financial year;
- an annual incentive amount based on the achievement of targets set by the Board at the start of the relevant year; and
- a long-term incentive fee ("LTF"), primarily based on achieving certain returns for shareholders.

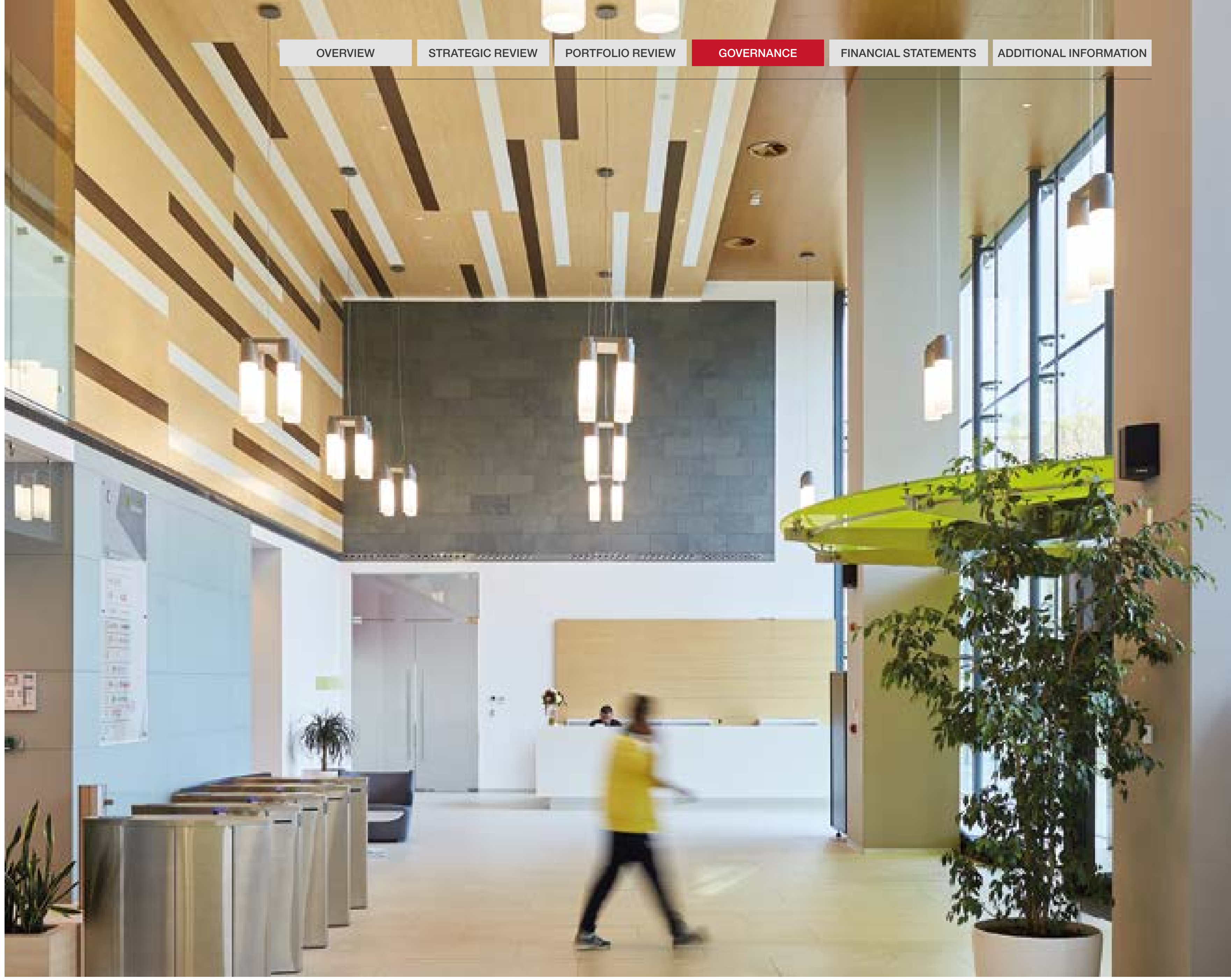
Following discussions during 2018 by the Company's management with the Company's major shareholders, as well as other key shareholders and potential new investors, regarding the LTF, concerns were raised over the potential uncapped dilutive future effect of the LTF. It is evident that should the Company continue to grow as it has so far, at termination of the Plan, the LTF-related liability would be significantly higher than if it was to be terminated today. If decided to be terminated over the course of the current year, any consideration could represent a significant discount to the potential future value of the LTF component of the Plan.

As a result of these concerns over this future uncapped liability the Board requested the Remuneration Committee to conduct a detailed analysis of what could be the potential payout to the Investment Adviser (and subsequently to its preference shareholders, who comprise the Executive Directors and other members of senior management of the Company) in the future should the LTF's related conditions be met and what would be a reasonable and fair value to terminate the Plan today in order to prevent a potentially much bigger liability to the Company in the future.

The Remuneration Committee, supported by international expert remuneration consultants, conducted such detailed analysis and has recommended to the Board an appropriate termination value for the LTF should the Board decide to terminate the LTF.

The Board is currently in the process of further assessing and analysing the proposal of the Remuneration Committee, and since no final decision has been taken and implemented, no accounting entries have been recorded in the current financial year.

Bruce Buck
Remuneration Committee Chairman
27 March 2019



FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

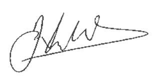
	Note	2018 €'000	2017 €'000
Revenue	7	**192,801**	77,866
Operating expenses	8	**(59,360)**	(26,772)
Net operating income		**133,441**	51,094
Administrative expenses	9	**(15,253)**	(10,231)
Acquisition costs		**(1,182)**	(10,809)
Fair value gain on investment property	3	**34,088**	6,727
Bargain purchase gain on acquisition of subsidiaries		**251**	28,897
Share-based payment expense	24	**(509)**	(143)
Depreciation on other long-term assets		**(398)**	(150)
Other expenses		**(4,332)**	(4,091)
Other income		**330**	5
Foreign exchange loss		**(1,214)**	(317)
Gain from fair value of financial instruments	16	**5,463**	–
		17,244	9,888
Profit before net financing cost		**150,685**	60,982
Net financing cost			
Finance cost	10	**(41,727)**	(38,465)
Finance income		**3,289**	1,447
		(38,438)	(37,018)
Share of profit of joint venture	28	**3,095**	2,188
Profit before tax		**115,342**	26,152
Income tax expense	11	**(15,425)**	(2,405)
Profit for the year		**99,917**	23,747
Other comprehensive income		**–**	–
Profit attributable to:		**99,917**	23,747
– Equity holders of the Company		**80,263**	24,426
– Non-controlling interest	30	**19,654**	(679)
		Cents	**Cents**
Earnings per share			
– Basic	12	**60.67**	26.40
– Diluted	12	**60.57**	26.04

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 €'000	2017 €'000
ASSETS			
Non-current assets			
Investment property	3	**2,390,994**	1,792,414
Goodwill	27	**12,349**	12,349
Advances for investment property	5	**4,209**	3,355
Investments in joint-ventures	28	**38,316**	21,939
Equity investments	17	**8,837**	–
Other long-term assets		**1,035**	689
Other receivables	18	**–**	416
Prepayments		**1,472**	1,578
Available for sale financial assets	16	**–**	5,897
Financial assets at fair value through profit or loss	16	**2,829**	–
Long-term restricted cash	19	**–**	2,958
		2,460,041	1,841,595
Current assets			
Debentures		**–**	18,389
Available for sale financial assets	16	**–**	4,346
Financial assets at fair value through profit or loss	16	**12,878**	–
Trade and other receivables	18	**25,281**	22,419
Contract assets	33	**3,937**	–
Guarantees retained by tenants		**11**	304
Income tax receivable		**395**	295
Prepayments		**4,929**	325
Cash and cash equivalents	19	**229,527**	273,272
		276,958	319,350
Total assets		**2,736,999**	2,160,945
EQUITY AND LIABILITIES			
Total equity			
Issued share capital	21	**897,314**	894,509
Treasury shares	24.4	**(842)**	(270)
Share based payment reserve	24	**2,117**	2,240
Retained earnings		**186,326**	172,405
Equity attributable to equity holders of the Company		**1,084,915**	1,068,884
Non-controlling interest	30	**212,407**	67,572
		1,297,322	1,136,456
Non-current liabilities			
Interest-bearing loans and borrowings	14	**1,235,106**	834,044
Deferred tax liability	11	**106,978**	99,574
Guarantees retained from contractors		**693**	2,616
Deposits from tenants		**13,754**	8,931
Provision for tenant lease incentives	3.1	**780**	1,509
Trade and other payables	15	**694**	–
		1,358,005	946,674
Current liabilities			
Interest-bearing loans and borrowings	14	**23,965**	36,360
Guarantees retained from contractors		**3,353**	1,057
Provision for tenant lease incentives	3.1	**1,211**	859
Trade and other payables	15	**32,956**	34,776
Contract liability	33	**1,401**	–
Other current financial liabilities	20	**2,084**	2,638
Deposits from tenants		**2,241**	1,256
Dividends payable	30	**10,731**	–
Income tax payable		**3,730**	869
		81,672	77,815
Total equity and liabilities		**2,736,999**	2,160,945
		€	**€**
NAV per share	22	**8.19**	8.09
Diluted NAV per share	22	**8.18**	8.07

The financial statements were approved by the Board of Directors on 27 March 2019 and were signed on its behalf by:

John Whittle
Director



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

		Equity attributable to equity holders of the Company							
	Note	Issued share capital €'000	Treasury shares €'000	Unpaid share capital €'000	Share-based payment reserve €'000	Retained earnings €'000	Total €'000	Non-controlling interest €'000	Total equity €'000
As at 1 January 2017		538,114	–	8,584	2,139	166,557	715,394	–	715,394
Shares issued for cash		340,000	–	–	–	–	340,000	–	340,000
Transaction costs on issuance of shares		(2,271)	–	–	–	–	(2,271)	–	(2,271)
Transaction costs on issue of shares settled in shares		8,584	–	(8,584)	–	–	–	–	–
Fair value of options warrants issued for executive share scheme		–	–	–	17	–	17	–	17
Shares issued under Executive share option plan		8,950	–	–	(175)	–	8,775	–	8,775
Shares issued to the Executive Directors and other senior management employees		1,132	–	–	(1,132)	–	–	–	–
Interim dividends paid by the Company		–	–	–	–	(19,933)	(19,933)	–	(19,933)
Acquisition of own shares		–	(428)	–	–	–	(428)	–	(428)
Shares granted under the subsidiaries' employees share award plan		–	–	–	126	–	126	–	126
Shares issued to the Executive Directors and other senior management employees		–	–	–	1,423	–	1,423	–	1,423
Shares vested under the subsidiaries' employees share award plan		–	158	–	(158)	–	–	–	–
Acquisition through business acquisition		–	–	–	–	–	–	77,306	77,306
Acquisition of non-controlling interest for cash		–	–	–	–	1,355	1,355	(9,055)	(7,700)
Profit for the year		–	–	–	–	24,426	24,426	(679)	23,747
As at 31 December 2017		894,509	(270)	–	2,240	172,405	1,068,884	67,572	1,136,456
Shares issued to the Executive Directors for vested warrants	24.1	**153**	**–**	**–**	**(3)**	**–**	**150**	**–**	**150**
Transaction costs on issuance of shares	21	**(40)**	**–**	**–**	**–**	**–**	**(40)**	**–**	**(40)**
Shares issued to the Executive Directors and other senior management employees	24.2	**1,874**	**–**	**–**	**(1,874)**	**–**	**–**	**–**	**–**
Interim dividends paid by the Company	23	**–**	**–**	**–**	**–**	**(64,870)**	**(64,870)**	**–**	**(64,870)**
Interim dividends declared by the subsidiary to non-controlling interest holders	30	**–**	**–**	**–**	**–**	**–**	**–**	**(14,229)**	**(14,229)**
Shares issued under the subsidiaries' employees share award plan	24.4	**818**	**(818)**	**–**	**–**	**–**	**–**	**–**	**–**
Share based payment expense	24.4,24.2	**–**	**–**	**–**	**2,000**	**–**	**2,000**	**–**	**2,000**
Shares vested under the subsidiaries' employees share award plan	24.4	**–**	**246**	**–**	**(246)**	**–**	**–**	**–**	**–**
Acquisition of non-controlling interest for cash	30	**–**	**–**	**–**	**–**	**279**	**279**	**(9,319)**	**(9,040)**
Change in non-controlling interest arising from shares issue in subsidiary	30	**–**	**–**	**–**	**–**	**(1,102)**	**(1,102)**	**1,102**	**–**
Shares issue in subsidiary	30	**–**	**–**	**–**	**–**	**(649)**	**(649)**	**147,627**	**146,978**
Profit for the year		**–**	**–**	**–**	**–**	**80,263**	**80,263**	**19,654**	**99,917**
As at 31 December 2018		**897,314**	**(842)**	**–**	**2,117**	**186,326**	**1,084,915**	**212,407**	**1,297,322**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 €'000	2017 €'000
Profit before tax		**115,342**	26,152
Adjustments to reconcile profit before tax to net cash flows			
Fair value movement on investment property	3	**(34,088)**	(6,727)
Bargain purchase gain on acquisition of subsidiaries		**(251)**	(28,897)
Loss on sale of investment property		**2,701**	3,807
Share-based payment expense	24.4	**509**	143
Depreciation on other long-term assets		**398**	150
Net movement in provision for doubtful debts	20	**1,087**	129
Foreign exchange loss		**1,214**	317
Gain from fair valuation of financial instrument	16	**(5,463)**	–
Share of profit of joint ventures	28	**(3,095)**	(2,188)
Net financing costs		**38,438**	37,018
Operating profit before changes in working capital		**116,792**	29,904
Increase in trade and other receivables		**(11,179)**	(3,027)
Decrease in trade and other payables		**(1,239)**	(3,010)
Interest paid		**(21,161)**	(13,352)
Interest received		**2,282**	170
Income tax paid		**(5,420)**	(614)
Cash flows from operating activities		**80,075**	10,071
Investing activities			
Expenditure on investment property completed and under development		**(51,392)**	(50,076)
Payments for land acquisitions		**(15,500)**	–
Payments for acquisition of investment property	26	**(481,876)**	–
Payment for acquisition of subsidiaries less cash acquired		**–**	(317,653)
Proceeds from non-controlling interest holders in subsidiary's share capital	30	**146,978**	–
Payments for the acquisition of non-controlling interest	30	**(9,040)**	(7,700)
Investment in unquoted equity shares	17	**(8,740)**	–
Proceeds from sale of investment properties		**6,736**	10,392
Investment in available for sale financial assets		**–**	(3,464)
Investment in and loans given to joint ventures	28	**(26,208)**	(19,360)
Repayment of loans from joint ventures	28	**12,875**	–
Acquisition of other long-term assets		**(741)**	(117)
Cash flows used in investing activities		**(426,908)**	(387,978)
Financing activities			
Proceeds from share issuance	24.1	**150**	348,775
Payment of transaction costs on issue of shares	21	**(40)**	(3,896)
Purchase of own shares		**–**	(428)
Proceeds from interest-bearing loans and borrowings		**648,711**	548,989
Repayment of interest-bearing loans and borrowings		**(270,700)**	(430,213)
Payment of interim dividends by the Company	23	**(64,870)**	(19,933)
Payment of interim dividends to non-controlling interest by the subsidiary	30	**(3,498)**	–
Payment of loan arrangement fees and other financing costs		**(9,623)**	(15,702)
Change in restricted cash reserve	19	**2,958**	2,971
Cash flows from financing activities		**303,088**	430,563
Net (decrease)/increase in cash and cash equivalents		**(43,745)**	52,656
Cash and cash equivalents at the beginning of the year	19	**271,022**	218,366
Cash and cash equivalents at the end of the year[1]	19	**227,277**	271,022

1. Net of the €2.3 million (2017: €2.3 million) cash reserve, see note 19.

This section contains the Group's significant accounting policies that relate to the consolidated financial statements as a whole. Significant accounting policies and related management's estimates, judgements and assumptions in application of those policies specific to one note are included with that note. Accounting policies relating to non-material items are not included in these financial statements.

1. Basis of Preparation

Corporate Information

Globalworth Real Estate Investments Limited ('the Company' or 'Globalworth') is a company with liability limited by shares and incorporated in Guernsey on 14 February 2013, with registered number 56250. The registered office of the Company is at Ground Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey GY1 2HT. Globalworth, being a real estate Company, has had its ordinary shares admitted to trading on AIM (Alternative Investment Market of the London Stock Exchange) under the ticker "GWI" since 2013. The Company's Eurobonds have been admitted to trading on the Official List of the Irish Stock Exchange and the Bucharest Stock Exchange since 2017. The Group's principal activities and nature of its operations are set out on pages 2 to 49, 82 to 89 and 178 of the Annual Report.

Basis of Preparation and Compliance

These consolidated financial statements have been prepared in conformity with the International Financial Reporting Standards ('IFRS'), as adopted by the European Union ('EU'), give a true and fair view of the state of affairs at 31 December 2018 and of the profit or loss for the year then ended, and are in compliance with the Companies (Guernsey) Law 2008, as amended.

These consolidated financial statements ('financial statements') have been prepared on a historical cost basis, except for investment property, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss which are measured at fair value.

The significant accounting policies adopted are set out in the relevant notes to the financial statements and consistently applied throughout the periods presented except for the new and amended IFRS, see note 33, which were adopted on 1 January 2018. These consolidated financial statements are prepared in Euro ('EUR' or '€'), rounded to the nearest thousand unless otherwise indicated, being the functional currency and presentation currency of the Company.

These financial statements are prepared on a going concern basis. The Directors believe that it is appropriate to adopt the going concern basis in preparing the financial statements. The Directors based their assessment on the Group's detailed cash flow projections for the period up to 30 June 2020. These projections take into account the latest contracted rental income, anticipated additional rental income from new lease agreements to be concluded during the period covered by the projections, as well as contracted debt financing, CAPEX, and other commitments. The projections show that, in the period up to 30 June 2020, the Company has sufficient resources to continue to fund ongoing operations and asset development without the need to raise any additional debt or equity financing or the need to reschedule existing debt facilities or other commitments.

Basis of Consolidation

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries ('the Group') as of and for the year ended 31 December. Subsidiaries are fully consolidated (refer to note 29) from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the period from the date of obtaining control to 31 December, using consistent accounting policies. All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions are eliminated in full. Non-controlling interest represents the portion of profit or loss and net assets not held by the Group and are presented separately in the income statement and within equity in the consolidated statement of financial position, separately from net assets and profit and loss attributable to equity holders of the Company.

Foreign Currency Transactions and Balances

Foreign currency transactions during the year are initially recorded in the functional currency at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies other than functional currency of the Company and its subsidiaries' are retranslated at the rates of exchange prevailing on the statement of financial position date. Gains and losses on translation are taken to profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2. Critical Accounting Judgements, Estimates and Assumptions

The preparation of financial statements in conformity with IFRS requires management to make certain judgements, estimates and assumptions that affect reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures and the disclosures of contingent liabilities.

Selection of Functional Currency

The Company and its subsidiaries used their judgement based on the criteria outlined in IAS 21 'The Effects of Changes in Foreign Exchanges Rates' and determined that the functional currency of all the entities is the EUR. In determining the functional currency consideration is given to the denomination of the major cash flows of the entity. e.g. revenues and financing.

On 6 December 2017, the Group acquired the controlling shareholding in Globalworth Poland Real Estate N.V., (GPRE or GPRE Group or acquiree). Although until the acquisition date GPRE prepared its financial statements with Zloty ('PLN') as the functional currency and Euro as the presentation currency, it has also performed a re-assessment of its functional currency in light of recent developments (including the acquisition by the Group and the funding received from the Group in December 2017 after acquisition) and has decided to change the functional currency to Euro from 1 January 2018. Consequently, the Group considered Euro as the functional currency of GPRE since the acquisition date of 6 December 2017.

As a consequence, the Company uses the Euro (€) as the functional currency, rather than the local currency ('RON') for the subsidiaries incorporated in Romania, Zloty ('PLN') for the subsidiaries in Poland and Pounds Sterling ('GBP') for the Company and the subsidiary incorporated in Guernsey.

Further additional critical accounting judgements, estimates and assumptions are disclosed in the following notes to the consolidated financial statements:

- Investment Property, see note 3 and Fair value measurement and related estimate and judgements, see note 4;
- Commitments (operating leases commitments – Group as lessor), see note 6;
- Taxation, see note 11;
- Equity investments, see note 17;
- Financial assets at fair value through profit or loss, see note 16;
- Trade and other receivables, see note 18;
- Performance Incentive Scheme, see note 24.3;
- Subsidiaries acquisitions, see note 26;
- Goodwill, see note 27;
- Investment in Joint venture, see note 28; and
- Investment in Subsidiaries, see note 29.

This section focuses on the assets in the balance sheet of the Group which form the core of the Group's business activities. This includes investment property and related disclosures on fair valuation inputs, advances for investment properties and commitments for future property developments. This section quantifies the property portfolio valuations and movements for the year. Further information about each property is described in the Portfolio review section on pages 82 to 89 of the Annual Report

3. Investment Property

	Note	Completed investment property €'000	Investment property under development €'000	Land bank for further development €'000	Total €'000
1 January 2017		891,722	71,120	18,050	980,892
Business acquisition		767,190	–	–	767,190
Subsequent expenditure and net lease incentive movement		15,323	31,921	4,822	52,066
Other operating lease commitment		(1,003)	–	–	(1,003)
Capitalised borrowing costs		18	138	–	156
Disposal during the year		(13,614)	–	–	(13,614)
Fair value movement on investment property		(3,401)	7,300	2,828	6,727
Transfer to completed investment property		56,129	(56,129)	–	–
31 December 2017		1,712,364	54,350	25,700	1,792,414
Acquisition of investment property	26	**507,474**	**–**	**–**	**507,474**
Land acquisition		**–**	**–**	**15,500**	**15,500**
Transfer to investment property under development		**–**	**14,351**	**(14,351)**	**–**
Subsequent expenditure and net lease incentive movement		**24,972**	**23,599**	**1,522**	**50,093**
Other operating lease commitment		**(378)**	**–**	**–**	**(378)**
Capitalised borrowing costs		**–**	**411**	**–**	**411**
Transfer to completed investment property		**55,700**	**(55,700)**	**–**	**–**
Disposal during the year		**(8,608)**	**–**	**–**	**(8,608)**
Fair value movement on investment property		**23,170**	**7,689**	**3,229**	**34,088**
31 December 2018		**2,314,694**	**44,700**	**31,600**	**2,390,994**

Policy

Investment property comprises completed property, property under construction that is held to earn rentals or for capital appreciation or both, and land bank for further development. Investment properties are initially measured at cost, including transaction costs. Transaction costs include transfer taxes and professional fees for legal services to bring the property to the condition necessary for it to be capable of operating.

After initial recognition, investment property is carried at fair value. Fair value is based on valuation methods such as discounted cash flow projections and recent market comparable adjusted, if necessary, for differences in the nature, location or condition of the specific asset. Investment property under construction is measured at fair value, if the fair value is considered to be reliably determinable. Investment properties under construction for which the fair value cannot be determined reliably, but for which the Group expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed – whichever is earlier.

Valuations are performed as of the statement of financial position date by professional valuers, who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. This value corresponds to the price that a third-party investor would be disposed to pay in order to acquire each of the properties making up the portfolio of assets and in order to benefit from their rental income.

Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the year in which they arise. In order to avoid double accounting, the assessed fair value is reduced by the carrying amount of any accrued income (if any outstanding at the statement of financial position date) resulting from the spreading of lease incentives and/or minimum lease payments.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

3. Investment Property continued

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset would result in either gains or losses at the retirement or disposal of investment property.

Judgements

Classification of Investment Property

Investment property comprises completed property, property under construction and land bank for further development which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and for capital appreciation. The Group considers that, when the property is in a condition which will allow the generation of cash flows from its rental, the property is no longer a property under development or refurbishment but an investment property. If the property is kept for sale in the ordinary course of the business, then it is classified as inventory property.

Disposal of investment property not in the ordinary course of business

The Group enters into contracts with customers to sell properties that are complete. The sale of completed property is generally expected to be the only performance obligation and the Group has determined that it will be satisfied at the point in time when control transfers. For unconditional exchange of contracts, this is generally expected to be when legal title transfers to the customer. For conditional exchanges, this is expected to be when all significant conditions are satisfied. The determination of transfer of control for both unconditional and conditional exchanges were not affected on the transition to IFRS 15 from IAS 18 at 1 January 2018.

The recognition and measurement requirements in IFRS 15 are applicable for determining the timing of derecognition and the measurement of consideration (including applying the requirements for variable consideration) when determining any gains or losses on disposal of non-financial assets when that disposal is not in the ordinary course of business. The Group has determined that no changes are needed on transition to IFRS 15 for past disposals of investment properties previously held for rental income in the ordinary course of business.

3.1 Other operating lease commitment

Other operating lease commitment of €1.9 million (2017: €2.3 million) as of 31 December 2018 (a similar corresponding amount was recorded as provisions for tenant lease incentives under current and non-current liabilities) represents the Group's estimated net cost for undertaking existing operating leases in properties owned by third parties, as well as for the commitment to undertake additional operating lease expense, under certain conditions, related to one of the Group's tenants. The net cost is estimated by deducting from the operating lease expenses the revenues from sub-letting the respective properties to third parties selected by the Group, for the unexpired portion of their leases.

4. Fair Value Measurement and Related Estimates and Judgements

Policy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Group measures at fair value investment properties (non-financial assets), equity investments (through other comprehensive income) and financial assets at fair value through profit or loss at fair value (recurring) at each statement of financial position date. For financial liabilities, such as interest-bearing loans and borrowings carried at amortised cost using the effective interest rate method, the fair value is disclosed.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Further information on financial assets such as equity investments and financial assets measured at fair value through profit and loss at fair value can be found in notes 13, 16 and 17.

Investment Property Measured at Fair Value

The Group's investment property portfolio for Romania was valued by Colliers Valuation and Advisory SRL, CBAR Research & Valuation Advisors SRL, Cushman & Wakefield LLP and for Poland by Knight Frank Sp. z o.o. and CBRE Sp. z o.o., independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued, using recognised valuation techniques.

4. Fair Value Measurement and Related Estimates and Judgements continued

Our Property Valuation Approach and Process

The Group's investment department includes a team that reviews twice in a financial year the valuations performed by the independent valuers for financial reporting purposes. For each independent valuation performed, the investment team along with the finance team:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the initial valuation report at acquisition or latest period end valuation report; and
- holds discussions with the independent valuer.

The fair value hierarchy levels are specified in accordance with IFRS 13 Fair Value Measurement. Some of the inputs to the valuations are defined as "unobservable" by IFRS 13 and these are analysed in the tables below. Any change in valuation technique or fair value hierarchy (between Level 1, Level 2 and Level 3) is analysed at each reporting date or as of the date of the event or variation in the circumstances that caused the change. As of 31 December 2018 (2017: same) the values of all investment properties were classified as Level 3 fair value hierarchy under IFRS 13 and there were no transfers from or to Level 3 from Level 1 and Level 2.

Valuation Techniques, Key Inputs and Underlying Management's Estimations and Assumptions

Property valuations are inherently subjective as they are made on the basis of assumptions made by the valuer.

Valuation techniques comprise the income approach (such as discounted cash flows and cash flow capitalisation), the sales comparison approach and residual value method. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Key information about fair value measurements, valuation technique and significant unobservable inputs (Level 3) used in arriving at the fair value under IFRS 13 are disclosed below:

Class of property	Carrying value 2018 €'000	Carrying value 2017 €'000	Valuation technique	Country	Input	Range 2018	Range 2017
Completed investment property	**1,216,790**	680,130	Discounted cash flows	Poland	Rental value (sqm)	**€11.5-€22**	€12-€28
					Discount rate	**4.84%-10.32%**	5.85%-8.58%
					Exit yield	**5.37%-8.75%**	5.58%-8.58%
	1,029,390	955,495	Income approach	Romania	Rental value (sqm)	**€2.82-€44.64**	€2.77-€65
					Discount rate	**7.50%-9.50%**	7.20%-9.20%
					Exit yield	**6.25%-8.50%**	6.65%-8.75%
	2,246,180	1,635,625					
	68,514	76,739	Sales comparison	Romania	Sales value per net surface (sqm)	**€1,867**	€1,852
	2,314,694	1,712,364					
Investment property under development	**44,700**	54,350	Residual method	Romania	Rental value (sqm)	**€4.00-€15**	€3.33-€17.00
					Exit yield	**7.00%-8.50%**	7.25%-8.75%
					Capex (€m)	**€78.26**	€33.96
Land bank – for further development	**25,200**	–	Residual method	Romania	Rental value (sqm)	**€14-€20**	–
					Exit yield	**7.00%-7.25%**	–
	6,400	25,700	Sales comparison	Romania	Sales value (sqm)	**€24**	€1,819-€1,896
TOTAL	**2,390,994**	1,792,414					

4. Fair Value Measurement and Related Estimates and Judgements continued

All classes of property portfolio were categorised as Level 3 under fair value hierarchy. The fair value movement on investment property recognised, as gain, in the income statement includes an amount of €34.1 million (2017: €6.7 million) for fair value measurements as of the statement of financial position date related to investment properties categorised within Level 3 of the fair value hierarchy. In arriving at estimates of market values as at 31 December 2018 and 2017, the independent valuation experts used their market knowledge and professional judgement and did not rely solely on comparable historical transactions. In these circumstances, there was a greater degree of uncertainty in estimating the market values of investment properties than would have existed in a more active market.

Other Disclosures Related to Investment Property

Interest-bearing loans and borrowings are secured on investment property, see note 14 for details.

The Company capitalised borrowing costs in the value of investment property, amounting to €0.4 million (2017: €0.16 million), using a capitalisation rate of 3.45% (2017: 3.45%).

Sensitivity Analysis on Significant Inputs

The assumptions on which the Property Valuation Reports have been based include, but are not limited to, rental value per sqm, discount rate, exit yield, cost to complete, comparable market transactions for land bank for further development, tenant profile for the rented properties, and the present condition of the properties. These assumptions are market standard and in line with the International Valuation Standards ('IVS'). Generally, a change in the assumption made for the rental value (per sqm per annum) is accompanied by a similar change in the rent growth per annum and discount rate (and exit yield) and an opposite change in the other inputs.

A quantitative sensitivity analysis, in isolation, of the most sensitive inputs used in the independent valuations performed, as of the statement of financial position date, are set out below:

Investment Property	Year	Country	€0.5 change in rental value per month, per sqm[1] Increase €'000	Decrease €'000	25 bps change in market yield Increase €'000	Decrease €'000	5% change in Capex Increase €'000	Decrease €'000	€50 change in sales prices per sqm[2] Increase €'000	Decrease €'000	2.5% change in vacancy in Perpetuity[3] Increase €'000	Decrease €'000
– Completed	**2018**	**Poland**	**30,680**	**(30,380)**	**(50,280)**	**54,550**	**–**	**–**	**–**	**–**	**n.a**	**n.a**
	2018	**Romania**	**29,300**	**(29,300)**	**(28,000)**	**30,000**	**–**	**–**	**1,685**	**(1,687)**	**(9,700)**	**6,500**
	2017	Poland	16,148	(16,184)	(26,128)	28,237	–	–	–	–	n.a	n.a
	2017	Romania	39,820	(40,020)	(22,530)	23,870	–	–	1,931	(1,930)	(17,450)	17,720
– Under development	**2018**	**Poland**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2018	**Romania**	**4,900**	**(4,800)**	**(4,200)**	**4,500**	**(3,500)**	**3,600**	**–**	**–**	**(200)**	**–**
	2017	Poland	–	–	–	–	–	–	–	–	–	–
	2017	Romania	3,280	(3,370)	(3,120)	3,230	(2,880)	2,880	–	–	(1,900)	1,950
– Further development	**2018**	**Poland**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2018	**Romania**	**1,800**	**(1,900)**	**(2,400)**	**2,500**	**(2,600)**	**2,600**	**1,100**	**(1,000)**	**–**	**–**
	2017	Poland	–	–	–	–	–	–	–	–	–	–
	2017	Romania	–	–	–	–	–	–	1,150	(1,330)	–	–

1. The rental value per month per sqm sensitivity analysis for one industrial property was based on €0.25 (2017: €0.5).
2. The sales price per sqm sensitivity analysis for one industrial property was based on €1.5.
3. The vacancy in perpetuity sensitivity analysis is not followed for the Polish properties portfolio as it is not considered a significant valuation variable.

5. Advances for Investment Property

	2018 €'000	2017 €'000
Advances for land and other property acquisitions	**2,000**	2,000
Advances to contractors for investment properties under development	**2,209**	1,355
	4,209	3,355

6. Commitments

Commitments for Investment Property Under Construction

As at 31 December 2018 the Group had agreed construction contracts with third parties and is consequently committed to future capital expenditure in respect of completed investment property and fit-out works for tenants of €11.0 million (2017: €10.7 million), as well as investment property under construction of €34.6 million (2017: €13.6 million).

The Group's joint venture was committed for the construction of investment property for the amount of €2.1 million (2017: €37.2 million) at 31 December 2018.

Operating Leases Commitments – Group as Lessor

Policy

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases and such lease agreements fall within the scope of IAS 17; see note 7 for policies on revenue recognition for properties under operating leases.

Judgements Made for Properties Under Operating Leases

The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of the investment properties leased to third parties, therefore, accounts for these leases as operating leases.

The duration of these leases is one year or more (2017: one year or more) and rentals are subject to annual upward revisions based on the consumer price index.

The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2018 €'000	2017 €'000
Not later than 1 year	**148,865**	117,290
Later than 1 year and not later than 5 years	**393,813**	366,182
Later than 5 years	**130,825**	126,849
	673,503	610,321

SECTION III: FINANCIAL RESULTS

The section quantifies the financial impact of the operations for the year; further analysis on operations is described in the Financial Review section on pages 50 to 55 of the Annual Report. This section includes the results and performance of the Group, including the net asset value and EPRA net asset value. This section also includes details of the Group's tax credits in the year and deferred tax assets and liabilities held at the year end.

7. Revenue

Policy

7.1 Rental Income

For investment properties held primarily to earn rental income, the Group enters as a lessor into lease agreements that fall within the scope of IAS 17. Rental income is measured at the fair value of the consideration received or receivable, except for contingent rental income which is recognised when it arises. The value of rent-free periods and all similar lease incentives is spread on a straight-line basis over the term of the lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished. If the annual lease rent increases as a result of a price index to cover inflationary cost, then the policy is not to spread the amounts but to recognise them when the increase takes place (applied prospectively when the right to receive it arises). The amount received from tenants to terminate non-cancellable operating leases are recognised in the statement of profit or loss when the right to receive them arise.

7.2) Revenue from contract with customers

7.2 a) Service Charge Income

The lease agreements include certain services offered to tenants comprising the overall property management, including common area maintenance services as well as other administrative and support services. The Group has determined that these services constitute distinct non-lease components (transferred separately from the right to use the underlying asset) and are within the scope of IFRS 15. These services are specified in the lease agreements and separately invoiced.

The Group has concluded that these services represent a series of daily services that are satisfied over time and apply a time-elapsed measure of progress. The consideration charged to tenants for these services includes fees charged based on the area occupied by the tenant and reimbursement of certain expenses incurred. The Group has determined that this variable consideration generally relates to this non-lease component and that allocating it over the period of service meets the variable consideration allocation criteria under IFRS 15. The Group has identified a few lease agreements with capped service charge which required the reclassification of €0.8 million from the rental revenues to service charge revenue during 2018.

7.2.b) Fit-out services income

For contracts relating to fit-out services, the Group is responsible for the overall management of the project and identifies various goods and services to be provided, including architectural work, procurement of materials, site preparation, framing and plastering, mechanical and electrical work, installation of fixtures and finishing work. In such contracts, the Group has determined that the goods and services are not distinct and has accounted for them as a single performance obligation.

In prior year, the revenue from rendering fit-out services was recognised by reference to the stage of completion (i.e. over time instead of a point-in-time). Under IFRS 15, the Group continued to recognise revenue over time because it expects that control will transfer over time. In certain fit-out contracts, its performance creates an asset that the tenant controls as the asset is created. In other cases, its performance does not create an asset with alternative use to the Group and the Group has concluded that it has an enforceable right to payment for performance completed to date.

Consistent with prior year policy, the Group has measured the stage of completion (i.e. performance measurement over time) for the revenue recognition from distinctive fit-out project using a cost input method, by reference to the costs incurred to date on a project for the satisfaction of a performance obligation relative to the total budgeted costs of the project to the completion.

7. Revenue continued

7.2.c) Rendering of Services

Revenue from asset management fees, marketing and other income which are recognised at the time the service is provided.

	2018 €'000	2017 €'000
Gross Rent	**144,634**	59,055
Adjustment for lease incentives	**(7,006)**	(5,199)
Rental income	**137,628**	53,856
Revenue from contracts with customers		
Service charge income	**47,438**	19,107
Fit-out services income	**6,717**	4,616
Asset management fees	**300**	250
Marketing and other income	**718**	37
	55,173	24,010
	192,801	77,866

The total contingent rents and surrender premiums recognised as rental income during the year amounted to €0.6 million (2017: €0.8 million) and €0.3 million (2017: €0.3 million), respectively. On 21 December 2018 the Group signed an agreement for the settlement of Master lease and NOI guarantee agreement related to some properties in Poland which were acquired as part of GPRE acquisition in 2017. The Group recognised in the current year's income statement an amount of €11.5 million for rental guarantees and €10.0 million for NOI guarantees as compensation for early termination.

Principal rather than agent

The Group arranges for third parties to provide certain services to the tenants either as part of service charges or fit-out services. Under IAS 18, the Group concluded it was the principal because it is primarily responsible for fulfilling the promise to perform the specific services and the Group bears all risk (e.g. credit risk, inventory risk on these transactions as it is obliged to pay the service provider even if the customer defaults on a payment). IFRS 15 requires assessment of whether the Group controls a specified good or service before it is transferred to the customer. The Group has determined that it controls the service before it is provided to the tenant and, hence, is principal rather than agent in these contracts. As a result, similar to prior year, the Group has concluded that it is acting as a principal in all of the above-mentioned revenue arrangements.

8. Operating Expenses

Policy

a) Service Costs

Service costs paid, as well as those borne on behalf of the tenants, are included under direct property expenses. Reclaiming them from tenants is presented separately under revenue, see note 7.

b) Works Carried Out on Properties

Works carried out which are the responsibility of the building's owner and which do not add any extra functionality to, or enhance significantly, the standard of comfort of the building are considered as current expenditure for the period and recorded in the income statement as expenses.

	2018 €'000	2017 €'000
Property management, utilities and insurance	**52,249**	21,927
Property maintenance costs and other non-recoverable costs	**1,398**	850
Property expenses arising from investment property that generate rental income	**53,647**	22,777
Fit-out services costs	**5,713**	3,995
	59,360	26,772

9. Administrative Expenses

Policy

Administrative expenses are expensed as incurred with the exception of expenditure on long-term developments, see note 3.

Subsidiary acquisition costs are presented separately in the consolidated statement of comprehensive income as "Acquisition cost".

	2018 €'000	2017 €'000
Directors' emoluments (pages 113-114)[1]	**2,734**	2,779
Salaries and wages[1]	**5,371**	4,003
Accounting, secretarial and administration costs	**2,562**	483
Legal and other advisory services	**912**	458
Audit and non-audit services page (108)	**1,349**	1,003
Corporate social responsibility costs	**816**	514
Travel and accommodation	**364**	184
Marketing and advertising services	**270**	224
Post, telecommunication and office supplies	**492**	166
Stock exchange expenses	**383**	417
	15,253	10,231

1. Costs of €1 million (2017: €0.5 million) associated with the team of Executive Directors and other employees who worked on development projects were capitalised in line with the progress made on the properties under development during the year. In addition, €0.9 million (2017: €0.5 million) was capitalised as debt issue costs. During the year, the Group contributed €0.04 million (2017: €0.6 million) and €0.01 million (2017: €0.1 million) to the mandatory Government Pension Fund of the employees and key management of the Group, respectively.

10. Finance Cost

Policy

Borrowing costs associated with direct expenditure on properties under development or undergoing major refurbishment are capitalised. Where borrowings are associated with specific developments, the amount capitalised is the gross interest less finance income (if any) incurred on those borrowings. Interest is capitalised as from the commencement of the development work until the date of practical completion. Arrangement fees are amortised over the term of the borrowing facility. All other borrowing costs are expensed in the period in which they occur.

	2018 €'000	2017 €'000
Interest on secured loans	**5,468**	11,367
Interest on Fixed rate Bonds	**27,806**	8,427
Debt cost amortisation and other finance costs	**7,715**	17,683
Other financial expenses	**39**	237
Bank charges	**699**	751
	41,727	38,465

11. Taxation

Policy

Current Income Tax

Current income tax is the tax payable on the taxable income for the year using tax rates applicable at the statement of financial position date. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income statement in the period in which the determination is made. Tax is included in the income statement except to the extent that it relates to items recognised directly in equity, in which case the related tax is recognised in equity.

11. Taxation continued

Deferred income tax

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements at the income tax rate applicable at the reporting date, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill, or of an asset, or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss; deferred tax assets are only recognised to the extent that it is foreseeable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses, can be utilised; and
- in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Income tax expense	2018 €'000	2017 €'000
Current income tax expense	**8,021**	870
Deferred income tax expense	**7,404**	1,535
	15,425	2,405

The income tax rate applicable to the Company in Guernsey is nil. The subsidiaries in Romania, the Netherlands, Poland, Luxembourg and Cyprus are subject to income taxes in respect of local sources of income. The current income tax charge of €8.0 million (2017: €0.9 million) represents tax charges on profit arising in the subsidiaries located in Romania, Poland and Cyprus (2017: Romania, Poland and Cyprus). Tax charges on profit arising in Poland, Luxembourg, Romania, the Netherlands and Cyprus are subject to corporate income tax at the rate of 19% (15% for small entities where revenue is less than €1.2 million for taxpayers starting a new business for their first tax year in operation), 26.01% (15% tax rate for small entities if taxable profit does not exceed €25,000), 16%, 25% (20% for tax on profit up to €0.2 million), and 12.5%, respectively.

In 2018 the Polish tax authorities introduced the minimum tax applied to income from ownership of certain high-value fixed assets at a rate of 0.035 percent per month of the initial value of the asset that exceeds PLN 10.0 million (€2.33 million). The minimum tax may be deducted from the advance corporate income tax and annual CIT liability in a year for which minimum tax is due. The tax is applied only to leased buildings while no tax applies on vacant buildings or on vacant space in partially occupied buildings.

The Group's subsidiaries registered in Luxembourg, Cyprus and the Netherlands comply with the Cyprus and Netherlands tax regulations; however, the Group does not expect any taxable income, other than dividend and interest income (excluding Luxembourg), which are the most significant future sources of income of the Group companies registered in these countries. Dividend income is tax exempt under certain conditions in Cyprus, the Netherlands and Luxembourg, respectively; on the other hand, interest income is subject to corporate income tax at the rate of 12.5% in Cyprus and ranges from 20% to 25%, depending on total taxable profit (20% for tax on profit up to €0.2 million), in the Netherlands.

Judgements and Assumptions Used in the Computation of Current Income Tax Liability

Uncertainties exist, particularly in Romania and Poland where the Group has significant operations, with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile. In Romania and Poland, the tax position is open to further verification for five years and no subsidiary in Romania has had a corporate income tax audit in the last five years while in Poland some entities are currently under tax audits for the fiscal year 2017.

11. Taxation continued

Reconciliation between Applicable and Effective Tax Rate

The reconciliation between tax expense and the product of accounting profit multiplied by the Company's income tax rate for the year ended 31 December 2018 and the year ended 31 December 2017 is as follows:

	2018 €'000	2017 €'000
Profit before tax	**115,342**	26,152
At Company's income tax rate 0% (2017: 0%)	**–**	–
Effect of higher tax rates in foreign jurisdictions		
Tax in Romania		
– *Corporate income tax*	**1,180**	120
– Deferred tax expenses/(income) for taxable temporary differences	**9,056**	(324)
– *related to current year*	**4,966**	2,492
– *related to prior years tax losses*	**4,090**	(2,816)
Tax in Cyprus		
– *Corporate income tax*	**577**	748
Tax in the Netherlands		
– *Corporate income tax*	**–**	–
Tax in Poland		
– *Corporate income tax*	**6,264**	2
– Deferred tax expenses for taxable temporary differences related to current year	**(1,652)**	1,859
Tax expense reported in the income statement	**15,425**	2,405
Effective tax rate, including deferred tax expenses (%)	**13.4%**	9.2%
Effective tax rate, excluding deferred tax expenses (%)	**7.0%**	3.0%

Deferred Tax Liability	Consolidated statement of financial position 2018 €'000	Consolidated statement of financial position 2017 €'000	Consolidated statement of comprehensive income 2018 €'000	Consolidated statement of comprehensive income 2017 €'000
Acquired under business combinations in 2017	**–**	27,464	**(27,464)**	–
Deferred tax asset	**–**	(5,087)	**–**	–
Deferred tax liability	**–**	32,551	**–**	–
Valuation of investment property at fair value	**128,639**	82,075	**46,564**	4,954
Deductible temporary differences	**(11,227)**	1,678	**(12,905)**	1,966
Discounting of tenant deposits and long-term deferred costs	**54**	82	**(28)**	(229)
Share issue cost recognised in equity	**(7)**	(7)	**–**	–
Valuation of financial instruments at fair value	**532**	(428)	**960**	144
Recognised unused tax losses	**(11,013)**	(11,290)	**277**	(5,300)
	106,978	99,574	**7,404**	1,535

The Group has unused assessed tax losses carried forward of €80.3 million (2017: €103.1 million) and €24 million (2017: €76.7 million) respectively that are available for offsetting against future taxable profits of the respective entity in Romania and Poland, in which the losses arose, within seven years and five years from the year of origination, respectively. As of the statement of financial position date the Group had recognised deferred tax assets of €11.0 million (2017: €12.9 million) in Romania and Poland out of the total available deferred tax assets of €17.2 million (2017: €31.1 million) calculated at the corporate income tax rate of 16% in Romania and 19% (15% for small entities) in Poland, respectively.

Expiry year	2019	2020	2021	2022	2023	2024	2025	TOTAL
Available deferred tax assets (€m)	0.4	1.5	3.0	4.5	2.8	4.9	0.1	**17.2**

There are also temporary non-deductible interest expenses and net foreign exchange losses of €15.3 million (2017: €nil) related to intercompany and bank loans. Such amounts can be carried forward indefinitely, and each year an amount up to 30% of EBITDA would become tax deductible, for which no deferred tax asset was recorded.

11. Taxation continued

Judgements, Estimates and Assumptions Used for Assessed Tax Losses and Related Deferred Tax Assets

At each statement of financial position date, the Group assesses whether the realisation of future tax benefits is sufficiently probable to recognise deferred tax assets. This assessment requires the exercise of judgement on the part of management with respect to, among other things, benefits that could be realised from available tax strategies and future taxable income, as well as other positive and negative factors. Based on the above assessment performed at year end, the Group derecognised €1.9 million (2017: recognised additional €5.3 million) deferred tax asset, representing derecognition of €4.1 million mainly due to improved actual results and transformation of some subsidiaries in Romania in taxable profit position and additional recognition of €2.2 million due to improved forecasts in the Polish subsidiaries.

The recorded amount of total deferred tax assets could be reduced if estimates of projected future taxable income and benefits from available tax strategies are lowered, or if changes in current tax regulations are enacted that impose restrictions on the timing or extent of the Group's ability to utilise future tax benefits.

12. Earnings Per Share

The following table reflects the data used in the calculation of basic and diluted earnings per share and number of shares used in the basic and diluted NAV and EPRA NAV per share:

		Note	Number of shares (000)	% of the period	Weighted average (000)
2017	**At the beginning of the year**		90,397		90,397
	Shares issued for:				
July 2017	– Subsidiaries' Employee Share Award Plan (treasury shares)		(57)	48.4	(28)
Aug 2017	– Subsidiaries' Employee Share Award Plan (vested and exercised)		21	39.8	8
Dec 2017	– cash		38,857	5.2	2,028
Dec 2017	– transaction costs on issue of shares		1,073	2.5	27
Dec 2017	– Executive share option plan (vested and exercised)		1,755	2.5	43
April-Dec 2017	– the Executive Directors and other senior management employees		137	38.0	52
2017	**Shares in issue at year end (basic)**		132,183		92,527
	Dilutive effect of:				
Jan 2017	– transaction costs on issue of shares		–	97.5	1,046
April 2017	– Shares issued for Executive share option plan		69	69.8	48
Aug 2017	– Shares purchased for Subsidiaries' Employee Share Award Plan (unvested)		17	39.8	7
Nov 2017	– Shares issued to Executive share option plan (vested and exercised)		–	8.8	154
Nov 2017	– Share warrants vested but not exercised during the year		50	11.3	6
Dec 2017	– Shares to be issued for Executive share option plan		165	–	–
2017	**Shares in issue at year end (diluted)**		132,484		93,788
Jan 2018	**At the beginning of the year**		**132,183**		**132,183**
Jan 2018	– Executive share option plan (vested and exercised)	24.1	**30**	**99**	**30**
April 2018	– Shares issued for executive share plan – shares released subsequent to Dec 2017	24.2	**98**	**74**	**73**
Aug 2018	– Shares purchased for Subsidiaries' Employee Share Award Plan (vested)	24.4	**33**	**38**	**13**
Dec 2018	– Shares issued for Executive share option plan – transferred		**114**	**4**	**5**
2018	**Shares in issue at year end (basic)**		**132,458**		**132,304**
	Dilutive effect of:				
Jan 2018	– Share warrants vested but not exercised during the year		**20**	**100**	**20**
Mar 2018	– Shares issued for Executive share option plan	24.2	**47**	**87**	**41**
Jun 2018	– Shares issued for Subsidiaries' Employee Share Award Plan (unvested)	24.4	**48**	**51**	**24**
Aug 2018	– Shares purchased for Subsidiaries' Employee Share Award Plan (vested)	24.4	**–**	**60**	**20**
Dec 2018	– Shares issued for Executive share option plan (vested and exercised)	24.2	**–**	**96**	**109**
Dec 2018	– Shares to be issued for Executive share option plan	24.2	**126**	**–**	**–**
2018	**Shares in issue at year end (diluted)**		**132,699**		**132,518**

12. Earnings Per Share continued

IFRS Earnings Per Share

	2018 €'000	2017 €'000
Profit attributable to equity holders of the Company for basic and diluted earnings per share	**80,263**	24,426

IFRS earnings per share	Cents	Cents
– Basic	**60.67**	26.40
– Diluted	**60.57**	26.04

Subsequent to 31 December 2018, 3,135,459 shares were issued.

EPRA Earnings per share

The following table reflects the reconciliation between earnings as per the statement of comprehensive income and EPRA earnings:

	2018 €'000	2017 €'000
Earnings attributable to equity holders of the Company (IFRS)	**80,263**	24,426
Changes in fair value of financial instruments and associated close-out costs	**298**	15,247
Fair value gain on investment property	**(34,088)**	(6,727)
Losses on disposal of investment properties	**2,701**	3,807
Changes in value of financial assets at fair value through profit or loss	**(5,463)**	–
Acquisition costs	**1,182**	10,809
Bargain purchase gain on acquisition of subsidiaries	**(251)**	(28,897)
Tax credit relating to losses on disposals	**(13)**	(80)
Deferred tax charge in respect of above adjustments	**17,501**	1,218
Adjustments in respect of joint ventures for above items	**(4,088)**	(2,528)
Non-controlling interest in respect of the above	**2,853**	(467)
EPRA earnings attributable to equity holders of the Company	**60,895**	16,808

EPRA earnings per share	Cents	Cents
– Basic	**46.03**	18.17
– Diluted	**45.95**	17.92

This section focuses on financial instruments, together with the working capital position of the Group and financial risk management of the risks that the Group is exposed to at yearend.

13. Financial Instruments

Policy

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognised on the balance sheet when the Group becomes a party to the contractual obligations of the instrument. The Group determines the classification of its financial assets and financial liabilities at initial recognition.

From 1 January 2018 the Group has adopted IFRS 9 and classifies its financial assets in the two main measurement categories, those to be measured subsequently at fair value (either through OCI or through profit or loss) and those to be measured at amortised cost. Refer to note 33 for transitional effect on adoption of IFRS 9 from IAS 39. The classification of the financial asset in either of the above categories depends on the Group's business model for managing the financial asset and the contractual terms of the cash flows. The Group reclassifies the financial instrument when and only when its business model for managing those assets changes.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Under IFRS 9 transaction costs that are directly attributable to the acquisition of the financial asset are recognised in the carrying amount at initial date in case of a financial asset not at fair value through profit or loss (FVPL). Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

A financial asset and a financial liability are offset and the net amount is reported in the statement of financial position if, and only if, the Group has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial Assets

Financial assets of the Group mainly include cash and cash equivalents, trade and other receivables and guarantees retained by tenants, equity investments and financial assets at fair value through profit or loss.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired; or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either: (a) the Group has transferred substantially all the risks and rewards of the asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of change in value. Such investment includes cash in hand and cash balances at banks and short-term bank deposits with maturity of three months or less. In prior year, long term restricted cash in held in separate debt service reserve accounts for the obligation resulting from bank loans in Poland and was not available to the Group for general purposes.

Other Financial assets at amortised costs

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Interest income from the financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains or losses.

13. Financial Instruments continued

Trade and Other Receivables

Trade receivables (being loans and receivables category in accordance with IAS 39 and financial assets measured under IFRS 9 are amounts due from tenants for rent and services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration under IFRS 15 that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade and other receivables, together with the associated provision if any, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If collection is expected in more than one year, they are classified as non-current assets.

Equity investments through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise equity investments which are not held for trading and at initial recognition the Group, at its sole irrevocable option under IFRS 9, designates the equity investment as financial assets at fair value through other comprehensive income. This classification was opted for strategic investments for which the Group considers this category to be more relevant.

Under this option, qualifying dividends are recognised in profit or loss. Changes in fair value, net of deferred tax if any, are recognised in other comprehensive income and will not be reclassified to profit and loss on future impairment or derecognition.

Financial assets at fair value through profit or loss (formerly Available for Sale Financial Assets under IAS 39)

The above investments have been reclassified to financial assets at fair value through profit or loss on adoption of IFRS 9 Financial Instruments, see further details in note 33. Under IAS 39 which was applicable until 31 December 2017, the available for sale assets were those non-derivative financial assets that were designated as available for sale or were not classified as loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

For financial assets at fair value through profit or loss (formerly Available for Sale Financial Assets under IAS 39), the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

Impairment losses are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available for sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; otherwise, it is reversed through other comprehensive income.

Financial Liabilities

Financial liabilities of the Group mainly comprise interest-bearing loans and borrowings, trade and other payables, guarantees retained from contractors, finance lease payables, other derivative financial liabilities and tenant security deposits. The impact of IFRS 9 on the financial liabilities at the transition date of 1 January 2018 has been disclosed in note 33.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Interest-Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

13. Financial Instruments continued

Derivative Financial Instruments

Derivatives are recognised initially and are subsequently remeasured at fair value. Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. Derivative assets and liabilities arising from different transactions are offset only if the transactions are with the same counterparty, a legal right of offset exists, and the parties intend to settle the cash flows on a net basis. Fair value movements on derivative financial instruments at fair value through profit and loss account are recognised in the statement of comprehensive income.

14. Interest-Bearing Loans and Borrowings

This note describes information on the material contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to market risk, currency risk and liquidity risks, see note 20.

	2018 €'000	2017 €'000
Current		
Current portion of secured loans and accrued interest	**3,039**	27,795
Accrued interest on unsecured fixed rate bonds	**20,926**	8,565
Sub-total	**23,965**	36,360
Non-current		
Secured loans	**155,642**	296,641
Unsecured fixed rate bonds	**1,079,464**	537,403
Sub-total	**1,235,106**	834,044
TOTAL	**1,259,071**	870,404

14.1 Key terms and conditions of outstanding debt:

				2018		2017	
Facility	Currency	Nominal interest rate	Maturity date	Face value €'000	Carrying value €'000	Face value €'000	Carrying value €'000
Loan 16	EUR	EURIBOR 1 month+ margin	Jun 2022	**17,946**	**17,946**	19,142	19,142
Loan 17	RON	ROBOR 1 month+ margin	Apr 2019	**85**	**85**	400	400
Loan 25	EUR	Fixed rate bond	June 2022	**558,404**	**548,120**	558,565	545,968
Loan 26	EUR	EURIBOR 3 months + margin	April 2019	**–**	**–**	34,817	34,647
Loan 27	EUR	EURIBOR 3 months + margin	March 2020	**–**	**–**	45,127	44,846
Loan 28	EUR	EURIBOR 3 months + margin	June 2018	**–**	**–**	6,221	6,216
Loan 29	EUR	EURIBOR 3 months + margin	January 2034	**–**	**–**	7,471	7,284
Loan 30	EUR	EURIBOR 3 months + margin	June 2018	**–**	**–**	7,177	7,171
Loan 31	EUR	EURIBOR 3 months + margin	July 2034	**–**	**–**	13,694	13,466
Loan 32	EUR	NBP rate less social indicator	June 2034	**3,434**	**2,535**	4,320	4,320
Loan 33	PLN	WIBOR 1 month + margin	February 2019	**187**	**187**	251	251
Loan 34	EUR	EURIBOR 1 month + margin	August 2026	**36,840**	**36,782**	53,804	52,148
Loan 35	EUR	EURIBOR 1 month + margin	June 2026	**–**	**–**	96,393	95,650
Loan 36	EUR	EURIBOR 3 months + margin	June 2027	**–**	**–**	39,334	38,893
Loan 37	EUR	Fixed rate bond	March 2025	**562,522**	**552,271**	–	–
Loan 38[1]	EUR	Fixed rate & Floating rate EURIBOR 3 months + margin	May 2025	**100,299**	**99,306**	–	–
Loan 40	EUR	EURIBOR 3 months + margin	April 2025	**2,011**	**1,839**	–	–
Total				**1,281,728**	**1,259,071**	886,716	870,402

1. Loan 38 was drawndown in two tranches – 95% of the facility bearing a fixed interest rate and 5% bearing a floating interest rate.

14. Interest-Bearing Loans and Borrowings continued

Unsecured Corporate Bond

In June 2017, the Group issued a €550 million unsecured Eurobond (Loan 25). The five-year euro-denominated Bond matures on 20 June 2022 and carries a fixed interest rate of 2.875%.

In March 2018, the Group issued a €550 million unsecured Eurobond (Loan 37). The seven-year euro-denominated Bond matures on 29 March 2025 and carries a fixed interest rate of 3.0%. The net proceeds were used for refinancing existing debt (Loans 26-31 and 35-36), acquisition of investment properties and general corporate purposes.

Secured facilities

In the second quarter of 2018 the Group has entered into new loan agreements (Loan 38). The new facility carries fixed interest rates (95% of the facility amount) and partly floating interest rates (5% of the facility amount). The net proceeds were used to fund the acquisition of investment property. Similarly, during the year the Company drawdown an amount of €2 million (loan 40) from an existing revolving loan facility of €30 million from Erste Group Bank AG (part of Erste Bank Group). The facility is secured on our TAP property. The bank loans are secured by investment properties with a carrying value of €320.7 million at 31 December 2018 (2017: €796.0 million) and also carry pledges on rent receivable balances of €4.02 million (2017: €9.6 million), tenant deposits of nil (2017: €6.1 million), VAT receivable balances of €0.9 million (2017: €1.3 million) and a moveable charge on the bank accounts (see note 19).

Other Disclosures

All the loans are subject to certain financial covenants, which are calculated based on the individual financial statements of the respective subsidiaries and of the Group. The Group is in compliance with all financial covenants and there were no defaults for payments during the years 2018 and 2017. Financial covenants mainly include the gross loan-to-value ratio ("LTV") with ranges from 60%-83%, the loan to cost ratio ("LTC") with a maximum value of 75%, and the debt service cover ratio ("DSCR") / interest cover ratio ("ICR") with ranges from 120%-300% and the secured leveraged ratio of maximum value of 30%. LTV is calculated as the loan value divided by the market value of the relevant property (for a calculation date), LTC is calculated by dividing the value of drawdowns by the total project cost and DSCR (historical and/or projected, as the case may be, for a 12-month period) and ICR are mainly calculated as net operating income divided by the debt service / interest. As of 31 December 2018, the Group had undrawn borrowing facilities of €30.84 million (2017: €32.7 million).

15. Trade and Other Payables

	2018 €'000	2017 €'000
Current		
Payable for property service charges	**10,526**	8,021
Payable to suppliers for properties under development	**8,317**	9,235
Consideration payable for business acquisition	**193**	1,208
Advances from customers	**–**	800
Deferred income	**–**	4,402
Deferred income for rent	**4,888**	–
Directors' emoluments payable	**937**	1,075
Salaries and related payables	**937**	857
Accruals for administrative expenses	**1,088**	2,327
Accruals for non-recurring costs	**2,490**	4,725
Other taxes payable	**1,892**	1,040
Other short-term payable	**1,688**	1,086
	32,956	34,776
Non-current		
Consideration payable for business acquisition	**694**	–
	33,650	34,776

16. Financial assets at fair value through profit and loss

In prior year, the Group acquired the following financial instruments through the acquisition of a subsidiary, which had been classified as available for sale financial assets under IAS 39 and subsequently as at fair value through profit and loss under IFRS 9, see more detail in note 33.

As at 31 December 2018 (measured at fair value through profit or loss under IFRS 9) Project name	Interest rate	Project completion date	Total €'000	Long-term €'000	Short-term €'000
Beethovena I	fixed	September 2019	**3,608**	**–**	**3,608**
Beethovena II	fixed	September 2020	**2,829**	**2,829**	**–**
Browary Stage J	fixed	April 2019	**9,270**	**–**	**9,270**
			15,707	**2,829**	**12,878**

As at 31 December 2017 (available for sale under IAS 39) Project name	Interest rate	Project completion date	Total €'000	Long-term €'000	Short-term €'000
Beethovena I	fixed	March 2019	3,002	3,002	–
Beethovena II	fixed	June 2019	2,895	2,895	–
Browary Stage J	fixed	December 2018	4,346	–	4,346
			10,243	5,897	4,346

Right of First Offer Agreements ('ROFO')

The fair value of the financial assets is individually determined by taking into account number of factors e.g. percentage of completion ('PoC'), leasing progress. The maturity dates presented in the table above are stated in the agreements, however the planned repayment dates of debentures would take place upon completion of each ROFO project. As at 31 December, a gain of €5.5 million (2017: nil) from the fair valuation of the above financial instruments was recognised in the statement of comprehensive income.

In 2017 prior to acquisition date, GPRE and its subsidiaries signed an agreement for the acquisition of 25% stakes in ROFO projects, being developed by Echo Investment S.A. ("ROFO Bonds"). Under the agreement, GPRE (the "Bondholder") purchased bonds issued by the respective limited partners of all of the respective ROFO SPVs (the "ROFO Agreement"). The ROFO Agreement covers all of the ROFO Assets. Echo indirectly holds 100% of the shares or interest in the ROFO SPVs and the ROFO SPVs are developing the ROFO Assets. GPRE intended to invest (indirectly through the Bondholder), on the terms and conditions set out in the ROFO Agreement, in each of the ROFO Assets the amount of 25% of the funds required by each of the ROFO SPVs (less the external construction bank financing at a loan to construction ratio of 60%) to complete the development of each respective ROFO Asset. Based on the construction budget presented by Echo to the Issuer in connection with the execution of the ROFO Agreement, the amount of the contribution (the investment) made by the Company under the ROFO Agreement amounts to €9.9 million.

The redemption date for all the series of the ROFO Bonds is 12 June 2032, and the ROFO Bonds will be redeemed by way of the payment of a sum equal to the nominal value of each of the bonds. The ROFO Bonds accrue interest at a fixed interest rate in the amounts of and on the conditions provided in the terms and conditions of the ROFO Bonds. The final amount of interest will be adjusted based on the terms of the accompanied option agreement so that it reflects the actual development profit realised on each of the projects. The ROFO Bonds have been issued as unsecured bonds.

17. Equity investments

Policy

Financial assets at fair value through other comprehensive income (FVOCI) comprise equity investments which are not held for trading, and at initial recognition the Group, at its sole irrevocable option under IFRS 9, designates the unquoted equity investment as financial assets at fair value through other comprehensive income. Under this option, qualifying dividends are recognised in profit or loss. Changes in fair value, net of deferred tax if any, are recognised in other comprehensive income and will not be reclassified to profit and loss on future impairment or derecognition. This is a strategic investment and the Group considers this classification to be more relevant. For further details see note 32.

	2018 €'000	2017 €'000
Equity investments (unquoted)	**8,837**	–

On 27 June 2018, the Group entered into an agreement with Mindspace Ltd. by investing in Preferred A-2 class shares for an amount of €8.6 million (US$10 million), receiving a 4.99% stake in Mindspace Ltd.

17. Equity investments continued

Judgements and estimates

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The fair value under these valuation techniques is classified as Level 3. The Group uses its judgement to select a variety of methods (including external transactions with third parties to raise equity or convertible debt by the investee, enterprise value using future cashflows, performance of investee, annual budget and future business plans) and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

At 31 December 2018, the Group assessed the fair value of its investments based on latest convertible debt raised by the investee with third parties. Based on analysis performed no fair value gain or loss was recognised in other comprehensive income as there was no significant change in the valuer per share of the investee since the acquisition date and there were no indicators of impairment.

18. Trade and Other Receivables

	2018 €'000	2017 €'000
Current		
Rent and service charge receivable	**14,050**	15,316
VAT and other taxes receivable	**7,653**	5,683
Consideration receivable from property acquisitions	**2,523**	290
Advances to suppliers for services	**382**	92
Advances to Directors	**12**	–
Sundry debtors	**661**	1,038
	25,281	22,419
Non-current		
VAT and other taxes receivable	**–**	416
	25,281	22,835

Rent and Service Charges Receivable

Rent and service charges receivable are shown, in above table, net of an allowance for bad or doubtful debts. Rent and service charges receivable are non-interest-bearing and are typically due within 30-90 days (see more information on credit risk and currency profile in note 20). For the terms and conditions for related party receivables, see note 32.

19. Cash and Cash Equivalents

	Note	2018 €'000	2017 €'000
Cash at bank and in hand		**99,087**	158,773
Short-term deposits		**128,190**	112,249
Cash and cash equivalents as per statement of cash flows		**227,277**	271,022
Guarantee deposits – cash reserve	14	**2,250**	2,250
Cash and cash equivalents as per statement of financial position		**229,527**	273,272
Long-term restricted cash balance		**–**	2,958

Details of cash and cash equivalents denominated in foreign currencies are disclosed in note 20.

Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group and earn interest at rates ranging from minus 0.62% to nil (2017: -0.60% to nil) for EUR deposits, from nil to 3.16% (2017: nil to 0.25%) for RON deposits and from nil to 0.97% (2017: nil) for PLN deposits per annum. Cash at bank and in hand includes restricted cash balances of €10.5 million (2017: €9.7 million) and short-term deposits includes restricted deposits of €3.0 million (2017: €9.3 million).

20. Financial Risk Management – Objective and Policies

The Group is exposed to the following risks from its use of financial instruments:

- market risk (including currency risk, interest rate risk);
- credit risk; and
- liquidity risk.

20. Financial Risk Management – Objective and Policies continued

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Group's market risks arise from open positions in: (a) foreign currencies; and (b) interest-bearing assets and liabilities, to the extent that these are exposed to general and specific market movements.

i) Foreign Currency Risk

The Group has entities registered in several EU countries, with most of its operating transactions arising from its activities in Romania and Poland.

Therefore, the Group is exposed to foreign exchange risk, primarily with respect to the Romanian Lei (RON) and Polish Zloty (PLN). Foreign exchange risk arises in respect of those recognised monetary financial assets and liabilities that are not in the functional currency of the Group. The Group's exposure to foreign currency risk was as follows (based on nominal amounts):

	2018				2017			
	Denominated				denominated			
Amounts in €'000 equivalent value	RON	PLN	GBP	USD	RON	PLN	GBP	USD
ASSETS								
Cash and cash equivalents	**15,658**	**18,952**	**69**	**2**	16,224	15,460	15	3
Trade and other receivables	**14,160**	**7,543**	**–**	**–**	14,487	6,928	–	–
Contract assets	**3,937**	**–**	**–**	**–**	–	–	–	–
Income tax receivable	**202**	**193**	**–**	**–**	291	1	–	–
Total	**33,957**	**26,688**	**69**	**2**	31,002	22,389	15	3
LIABILITIES								
Interest-bearing loans and borrowings	**85**	**2,722**	**–**	**–**	400	4,571	–	–
Trade and other payables	**10,644**	**9,117**	**–**	**–**	11,265	13,308	36	–
Income tax payable	**474**	**3,146**	**–**	**–**	15	–	–	–
Guarantees from subcontractors	**–**	**1,754**	**–**	**–**	–	–	–	–
Deposits from tenants	**2,981**	**4,126**	**–**	**–**	2,824	5,037	–	–
Total	**14,184**	**20,865**	**–**	**–**	14,504	22,916	36	–
Net exposure	**19,773**	**5,823**	**69**	**2**	16,498	(527)	(21)	3

Foreign Currency Sensitivity Analysis

As of the statement of financial position date, the Group is mainly exposed to foreign exchange risk in respect of the exchange rate of the RON and PLN. The following table details the Group's sensitivity (impact on income statement before tax and equity) to a 5% devaluation in RON, PLN, USD and GBP exchange rates against the Euro, on the basis that all other variables remain constant.

The 5% sensitivity rate represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% appreciation in the Euro against other currencies.

	2018		2017	
All amounts in €'000	Profit and (loss)	Equity	Profit and (loss)	Equity
RON	**(989)**	**(989)**	(825)	(825)
PLN	**(291)**	**(291)**	26	26
GBP	**(3)**	**(3)**	1	1
USD	**–**	**–**	–	–

A 5% devaluation of the Euro against the above currencies would have had an equal but opposite impact on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

ii) Interest Rate Risk

Interest rate price risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates relative to the interest rate that applies to the financial instrument. Interest rate cash flow risk is the risk that the interest cost will fluctuate over time.

20. Financial Risk Management – Objective and Policies continued

The Group's interest rate risk principally arises from interest-bearing loans and borrowings. As at 31 December 2018, 5.1% (2017: 37.3%) of the total outstanding borrowings carried variable interest rates (including the 1 month and 3 months EURIBOR, National Bank Poland reference rate less social indicator and 1 month WIBOR as bases) which expose the Group to cash flow interest rate risk. In order to minimise the cash flow interest rate risk, the Group hedged 27.9% (2017: 5.9%) of such variable interest rate borrowings with fixed-variable interest rate swap and interest rate cap instruments. Based on the Group's debt balances at 31 December 2018, an increase or decrease of 25 basis points in the WIBOR, EURIBOR or ROBOR will result in an increase or decrease (net of tax) in the result for the year of €0.9 million (2017: €9.3 million), with a corresponding impact on equity for the same amount. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

The Group has Euro denominated long-term borrowings Loan 25, 37 and 38 (2017: Loan 25) at fixed rates which constitute 94.9% (2017: 62.7%) of total debt portfolio. The facilities are payable in June 2022, March 2025 and May 2025 respectively. As a consequence, the Group is exposed to fair value interest rate risk, which has been disclosed under IFRS but will not have an impact on the income statement. As of 31 December 2018, the fair value was lower by €8.3 million (2017: higher with €33.7 million) than the carrying value as disclosed below in fair value hierarchy table.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's policy is to trade with recognised and creditworthy third parties. The Group's exposure is continuously monitored and spread amongst approved counterparties.

The Group's maximum exposure to credit risk, by class of financial asset, is equal to their carrying values at the statement of financial position date.

	Note	2018 €'000	2017 €'000
Available for sale financial assets	16	**–**	10,243
Financial assets measured at fair value through profit or loss	16	**15,707**	–
Debentures		**–**	18,389
Loan receivable from joint venture	28	**32,997**	19,721
Restricted cash long term		**–**	2,958
Trade receivables – net of provision	18	**14,050**	15,316
Contract assets		**3,937**	–
Other receivables		**3,184**	1,328
Guarantees retained by tenants		**11**	304
VAT and other taxes receivable	18	**7,653**	6,099
Income tax receivable		**395**	295
Cash and cash equivalents	19	**229,527**	273,272
		307,461	347,925

Financial assets at fair value through profit or loss

The Group places funds in financial instruments issued by the reputable real estate companies with high creditworthiness.

Contract Assets and Trade Receivables – Net of Provision

There is no significant concentration of credit risk with respect to trade receivables, as the Group has many large tenants, a few of which are part of multinational groups, internationally dispersed, as disclosed in the subsection 'Leasing review' on pages 42 to 49 of the Annual Report. For related parties, including the joint venture, it is assessed that there is no significant risk of non-recovery.

Estimates and Assumptions Used for Impairment of Trade Receivables and Contract Assets

The Group's trade receivables do not contain any financing component and mainly represent lease receivables. Therefore, the Group adopted the simplified approach under IFRS 9 and measured the loss allowance based on a provision matrix that is based on historical collection and default experience adjusted for forward looking factors in order to estimate the provision on initial recognition and throughout the life of the receivables at an amount equal to lifetime ECL (Expected Credit Losses). The assessment will be performed on a six-month basis and any change in original allowance will be recorded as gain or loss in the income statement. The lifetime ECL allowance and specific loss allowance recorded in the current year are classified as other expenses as the amounts were not material.

For individual trade receivables, the Group assesses when there is sufficient objective evidence to require the impairment. It does this on the basis of the age of the relevant receivables, external evidence of the credit status of the counterparty and the status of any disputed amounts. The movements in the provision for impairment of receivables during the respective periods were as follows:

20. Financial Risk Management – Objective and Policies continued

	Note	2018 €'000	2017 €'000
Opening balance		**3,321**	2,009
Provision for specific doubtful debts		**612**	33
Provision for impairment based on the simplified approach under IFRS 9		**500**	–
Reversal of provision for doubtful debts		**(25)**	–
Utilised		**(278)**	–
Acquired through asset acquisitions	26	**416**	–
Acquired through business combination		**–**	1,279
Closing balance		**4,546**	3,321

The analysis by credit quality of financial assets, cumulated for rent, service charge and property management, is as follows:

	Neither past due nor impaired	Past due but not impaired			
		<90 days	<120 days	<365 days	TOTAL
2018 (€'000)	**4,828**	**7,682**	**1,153**	**387**	**14,050**
2017 (€'000)	9,457	4,007	350	1,502	15,316

The customer balances which were overdue but not provisioned are due to the fact that the related customers committed and started to pay the outstanding balances subsequent to the year-end. Further deposits payable to tenants may be withheld by the Group in part or in whole if receivables due from the tenant are not settled or in case of other breaches of contract. Consideration receivable from property acquisitions are not due yet.

Other Receivables

This balance relates to sundry debtors of €0.7 million (2017: €1.0 million) and consideration receivable from the seller of €2.5 million (2017: €0.3 million). Management has made due consideration of the credit risk associated with these balances resulting in no impairment being identified.

Corporate Income tax, VAT and Other Taxes Receivable

This balance relates to corporate income tax paid in advance, VAT and other taxes receivable from the Romanian tax authorities. The balances are not considered to be subject to significant credit risk as all the amounts receivable from Government authorities are secured under sovereign warranty.

Cash and Cash Equivalents

The credit risk on cash and cash equivalents is very small, since the cash and cash equivalents are held at reputable banks in different countries. The most significant part of the cash and cash equivalents balance is kept at the Company level with international banks having long-term credit rating range of A+ (2017: A+) and short term credit rating of A-1 (2017: A-1) and in Romania in local branches of reputable international banks with credit rating of BBB (2017: Ba3) and in Poland surplus funds from operating activities are deposited only for short-term period, which are highly liquid with reputable institutions.

Loan receivable from joint venture

Loan receivable from joint venture is neither past due nor impaired. Management has made due consideration of the credit risk associated with these balances resulting in no impairment being identified.

Liquidity Risk

The Group's policy on liquidity is to maintain sufficient liquid resources to meet its obligations as they fall due. Ultimate responsibility for liquidity risk management rests with management. The Group manages liquidity risk by maintaining adequate cash reserves and planning and close monitoring of cash flows. The Group expects to meet its financial liabilities through the various available liquidity sources, including a secure rental income profile, further equity raises, undrawn committed borrowing facilities and, in the medium term, debt refinancing.

20. Financial Risk Management – Objective and Policies continued

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

All amounts in €'000 2018	Contractual payment <3 months	3 months–1 year	1-5 years	>5 years	Total	Difference from carrying amount	Carrying amount
Interest-bearing loans and borrowings	**1,699**	**37,188**	**714,121**	**708,661**	**1,461,669**	**(202,598)**	**1,259,071**
Trade payables and guarantee retained from contracts (excluding advances from customers)	**25,410**	**4,310**	**1,373**	**26**	**31,119**	**–**	**31,119**
Other payables	**1,688**	**–**	**–**	**–**	**1,688**	**–**	**1,688**
Provision for tenant lease incentives	**–**	**1,300**	**900**	**–**	**2,200**	**(209)**	**1,991**
Deposits from tenants	**499**	**1,761**	**11,205**	**3,063**	**16,528**	**(533)**	**15,995**
Income tax payable	**3,730**	**–**	**–**	**–**	**3,730**	**–**	**3,730**
Total	**33,026**	**44,559**	**727,599**	**711,750**	**1,516,934**	**(203,340)**	**1,313,594**

All amounts in €'000 2017	Contractual payment <3 months	3 months–1 year	1-5 years	>5 years	Total	Difference from carrying amount	Carrying amount
Interest-bearing loans and borrowings	17,779	27,856	768,883	201,494	1,016,012	(145,608)	870,404
Trade payables and guarantee retained from contracts (excluding advances from customers)	7,188	17,810	6,626	537	32,161	–	32,161
Other payables	1,435	–	–	–	1,435	–	1,435
Provision for tenant lease incentives	–	923	923	879	2,725	(357)	2,368
Deposits from tenants	332	390	5,063	4,603	10,388	(201)	10,187
Income tax payable	869	–	–	–	869	–	869
Total	27,603	46,979	781,495	207,513	1,063,590	(146,166)	917,424

The tables above present the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay and includes both interest and principal cash flows. As the amount of contractual undiscounted cash flows related to bank borrowings is based on variable rather than fixed interest rates, the amount disclosed is determined by reference to the conditions existing at the year-end, that is, the actual spot interest rates effective at the end of year are used for determining the related undiscounted cash flows.

Financial Instruments for which Fair Values are Disclosed

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of their fair values.

All amounts in €'000	Year	Carrying amount	Fair value hierarchy Level 1	Level 2	Level 3	TOTAL
Interest-bearing loans and borrowings (note 14)	**2018**	**1,259,071**	**1,071,147**	**–**	**179,606**	**1,250,753**
	2017	870,404	571,137	–	328,189	899,326
Other current financial liabilities	**2018**	**2,084**	**–**	**2,084**	**–**	**2,084**
	2017	2,638	–	2,638	–	2,638
Debentures	**2018**	**–**	**–**	**–**	**–**	**–**
	2017	18,390	–	–	18,390	18,390
Financial asset at fair value through profit or loss	**2018**	**15.706**	**–**	**–**	**15,706**	**15,706**
	2017	–	–	–	–	–
Available for sale asset	**2018**	**–**	**–**	**–**	**–**	**–**
	2017	10,243	–	–	10,243	10,243

20. Financial Risk Management – Objective and Policies continued

The fair value of financial liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. When determining the fair values of interest-bearing loans and borrowings and finance lease obligations the Group used the DCF method with inputs such as a discount rate that reflects the issuer's borrowing rate as at the statement financial position date. Specifically, for the Eurobond, its fair value is calculated based on its quoted market price. The own non-performance risk at the statement of financial position date was assessed to be insignificant.

Other current financial liabilities

Other current financial liabilities represent the mark-to-market value of an interest rate swap, obtained from the counterparty financial institution, at €2.08 million (2017: €2.6 million) at the end of the current year. The fair value of derivative was developed in accordance with the requirements of IFRS 13. Under the terms of the swap agreement, the Group is entitled to receive a floating rate of 1 month EURIBOR at a notional amount of €18.15 million and is required to pay a fixed rate of interest of 3.62% p.a. on the said notional amount in four quarterly instalments, with maturity date of June 2022. The movement in fair value recognised in the income statement for the year was a financial income of €0.5 million (2017: €1.0 million).

The Group assessed that the fair values of other financial assets and financial liabilities, such as trade and other receivables, guarantees retained by tenants, cash and cash equivalents, income tax receivable and payables, trade and other payables, guarantees retained from contractors and deposits from tenants, provision for leases incentives, approximate their carrying amounts largely due to short-term maturities and low transaction costs of these instruments as of the statement of financial position date.

Reconciliation of liabilities arising from financing activities in cash flows

Description	2017 €'000	Net Cash flows €'000	Non-cash changes movement: Acquisition €'000	Foreign exchange €'000	Debt cost amortisation €'000	2018 €'000
Interest-bearing loans and borrowings (note 14)	870,404	347,227	–	15	41,425	**1,259,071**
Other current financial liabilities	2,638	–	(554)	–	–	**2,084**

Description	2016 €'000	Net Cash flows €'000	Non-cash changes movement: Acquisition €'000	Foreign exchange €'000	Debt cost amortisation €'000	2017 €'000
Interest-bearing loans and borrowings (note 14)	414,235	118,776	330,475	(183)	7,101	870,404
Other current financial liabilities	3,574	–	(936)	–	–	2,638

The disclosures in this section focus on the issued share capital, the share schemes in operation and the associated share-based payment charge to profit or loss. Other mandatory disclosures, such as details of capital management, can also be found here.

21. Issued Share Capital

Policy

Ordinary shares are classified as equity. The costs of issuing or acquiring equity are recognised in equity (net of any related income tax benefit), as a reduction of equity on the condition that these are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognised as an expense. Those costs might include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties.

	Note	2018 €'000	2018 Number ('000)	2017 €'000	2017 Number ('000)
Opening balance		**894,509**	**132,288**	538,114	90,397
Shares issued to the Executive Directors and other senior management employees – transferred	24.2	**1,874**	**143**	1,132	137
Shares issued to the Executive Directors and other senior management employees – not transferred		**–**	**47**	–	69
Shares issued for cash		**–**	**–**	340,000	38,857
Transaction costs on issue of shares		**(40)**	**–**	(2,271)	–
Transaction costs on issue of shares settled in shares		**–**	**–**	8,584	1,073
Shares issued under the Executive share option plan	24.1	**153**	**30**	8,950	1,755
Treasury shares	24.4	**818**	**91**	–	–
Balance at 31 December		**897,314**	**132,599**	894,509	132,288

Ordinary shares carry no right to fixed income but are entitled to dividends as declared from time to time. Each Ordinary share is entitled to one vote at meetings of the Company. There is no limit on the authorised share capital of the Company. The Company can issue no par value and par value shares as the directors see fit.

Under Guernsey Company Law there is no distinction between distributable and non-distributable reserves, requiring instead that a company passes a solvency test in order to be able to make distributions to shareholders. Similarly, share premium for issuance of shares above their par value per share is recognised directly under share capital and no separate share premium reserve account is recognised.

22. Financial Position Key Performance Measures

The net asset value ("NAV"), EPRA NAV and the numbers of shares used for the calculation of each key performance measure on the financial position of the Group and the reconciliation between IFRS and EPRA measures are shown below.

	Note	2018 €'000	2017 €'000
Net assets attributable to equity holders of the Company		**1,084,915**	1,068,884
NAV per share		**8.19**	8.09
Diluted NAV per share		**8.18**	8.07

Number of ordinary shares used for the calculation of:	Note	Number ('000)	Number ('000)
NAV and diluted NAV per share	12	**132,458**	132,183
EPRA NAV per share	12	**132,699**	132,484

22. Financial Position Key Performance Measures continued

EPRA Net Asset Value ('EPRA NAV') Per Share

	Note	2018 €'000	2017 €'000
Net assets attributable to equity holders of the Company		**1,084,915**	1,068,884
Exclude:			
Deferred tax liability on investment property	10	**128,639**	112,092
Fair value of interest rate swap instrument		**2,084**	2,638
Goodwill as a result of deferred tax		**(5,697)**	(5,697)
Adjustment in respect of the joint venture for above items		**1,341**	533
Minority interest effect on above adjustments		**(11,111)**	(6,983)
EPRA NAV attributable to equity holders of the Company		**1,200,171**	1,171,467

	€	€
EPRA NAV per share	**9.04**	8.84

23. Dividends

Policy

The Company recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the articles of association of the Company and Guernsey Company law, a distribution is authorised when it is approved by the Board of Directors of the Company. A corresponding amount is recognised directly in equity.

	2018 €'000	2017 €'000
Declared and paid during the year		
Interim cash dividends: 49 cents per share (2017: 22 cents per share)	**64,870**	19,933

On 3 January 2018, the Board of Directors has approved the payment of an interim dividend in respect of the six-month financial period ended 31 December 2017 of €0.22 per ordinary share, which was paid on 26 January 2018 to the eligible shareholders.

On 11 July 2018, the Board of Directors has approved the payment of second interim dividend in respect of the six-month financial period ended 30 June 2018 of €0.27 per ordinary share, which was paid on 17 August 2018 to the eligible shareholders. During 2018, the total dividends per ordinary share distributed amounted to €0.49 and there were no income tax consequences related to the payment of these dividends by the Group to its shareholders.

24. Share-Based Payment Reserve

Policy

Equity-settled transactions where vesting is conditional upon a market or non-vesting condition, are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all service conditions are satisfied. The cost of equity-settled transactions is recognised in the income statement, together with a corresponding increase in other reserves in equity (share-based payment reserve), over the period in which the service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired. Where the share scheme has market-related performance criteria, the Group has used a binomial option pricing model to establish the relevant fair values at grant date, considering the terms and conditions. The following table analyses the components of the share-based payment reserve and total cost outstanding at year end.

		2018		2017	
Share-based payments reserve	Note	€'000	Treasury shares Number ('000)	€'000	Treasury shares Number ('000)
Executive share option plan	24.1	**158**	**–**	161	–
Shares granted to Executive Directors and other senior management employees – not transferred	24.2	**1,528**	**(47)**	1,911	(69)
Subsidiaries' Employee Share Award Plan	24.4	**431**	**(94)**	168	(36)
		2,117	**(141)**	2,240	(105)

Share-based payments expense	Note	2018 €'000	2017 €'000
Executive Share Option Plan	24.1	**–**	17
Subsidiaries' Employee Share Award Plan	24.4	**509**	126
Closing balance		**509**	143

24.1 Executive Share Option Plan

Under the plan, the Directors of the Group were awarded share option warrants as remuneration for the services performed. The share options granted to the Directors of the Group are equity settled.

In 2013, the Group granted warrants to the Founder and the Directors which entitle each holder to subscribe for Ordinary shares in the Company at an exercise price of €5.00 per share if the market price of an Ordinary share, on a weighted average basis over 60 consecutive days, exceeds a specific target price and the holder is employed on such date. The contractual term of each warrant granted is 10 years. There are no cash settlement alternatives and the Group does not have the intention to offer cash settlement for these warrants.

The following table analyses the total cost of the executive share option plan (Warrants), together with the number of options outstanding.

	2018		2017	
	Cost €'000	Number ('000)	Cost €'000	Number ('000)
At the beginning of the year	**161**	**2,880**	319	4,635
Share-based payment expense during the year	**–**	**–**	17	–
Warrants vested and exercised during the year	**(3)**	**(30)**	(175)	(1,755)
At 31 December	**158**	**2,850**	161	2,880
Weighted average remaining contractual life (years)		**4.58**		5.58
Warrants vested and exercisable at 31 December		**20**		50
Warrants exercised subsequent to 31 December		**–**		30

The fair value of the warrants was estimated at the grant date (i.e. July 2013) at €0.073 per share. There have been no cancellations or modifications to any of the plans during the year. On 3 January 2018, 30,000 of the vested warrants were exercised at €5.00 per share under the contractual terms for an amount of €0.15 million and a corresponding €3,000 share-based payment reserve was also transferred to share capital.

24. Share-Based Payment Reserve continued
24.2 Shares granted to Executive Directors and other senior management employees

	2018 €'000	2017 €'000
At the beginning of the year	**1,911**	1,820
Shares granted to Executive Directors and other senior management employees	**1,491**	1,423
Transferred to subsidiaries' employee share award plan	**–**	(200)
Shares issued to the Executive Directors and other senior management employees	**(1,874)**	(1,132)
Closing balance	**1,528**	1,911

Shares issued to the Executive Directors and other senior management employees
On 28 March 2018, the Company issued 0.2 million Ordinary shares (Ordinary shares of no par value), out of which 0.09 million Ordinary shares were delivered to the Executive Directors and other senior management employees, from the share-based payment reserve, in their capacity as Globalworth Investment Advisers Limited's ("GIAL") preference shareholders, on behalf of its subsidiary GIAL, in order to settle part of the liability of €1.66 million owed by the Company to its subsidiary, related to the fees charged by GIAL to the Company pursuant to the Investment Advisory Agreement concluded between the Company and GIAL. The 0.2 million new shares rank pari passu with the existing shares of the Company. The Ordinary shares have been issued at €8.75 per Ordinary share (market price on the issue date being €9.15 per Ordinary share) and are subject to the vesting conditions set out in the performance incentive scheme for the Investment Adviser.

On 12 December 2018, pursuant to the above decision, GIAL transferred the following shares to the Executive Directors and certain other preference shareholders of GIAL:

- the third tranche of 0.07 million Ordinary shares, comprising part of the Ordinary Shares that were allotted to GIAL in part settlement of the fee due to GIAL by the Company for the year ended 31 December 2016; and
- the second tranche of 0.05 million Ordinary shares, comprising part of the Ordinary Shares that were allotted to GIAL in part settlement of the fee due to GIAL by the Company for the year ended 31 December 2017.

As at 31 December 2018, 0.05 million shares held by GIAL and not transferred yet are accounted for as treasury shares.

Subsidiaries' Employee Share Award Plan
Under the share award plan, the subsidiaries' employees are required to remain in service for one-year period following the date of acceptance of the share offer letter. During the year, the Company recorded €0.5 million as share-based payment expense in the income statement for the lapsed vested period. Therefore, as of 31 December 2018 a total of 93,976 Ordinary shares were held by the Company as treasury shares.

24.3 Performance Incentive Scheme
Following discussions during 2018 by the Company's management with the Company's major shareholders, as well as other key shareholders and potential new investors, regarding the LTF, concerns were raised over the potential uncapped dilutive future effect of the LTF. As a result the Board requested the Remuneration Committee to conduct a detailed analysis of what could be the potential pay-out to the Investment Adviser (and subsequently to its preference shareholders, which comprise the Executive Directors and other members of senior management of the Company) in the future should the LTF's related conditions be met and what would be a reasonable and fair value to terminate the Plan today.

The Remuneration Committee, supported by international expert remuneration consultants, conducted such detailed analysis and has recommended to the Board an appropriate termination value for the LTF should the Board decide to terminate the LTF. The Board is currently in the process of further assessing and analysing the proposal of the Remuneration Committee, and since no final decision has been taken and implemented, no accounting entries have been recorded in the current financial year.

24. Share-Based Payment Reserve continued
24.4 Subsidiaries' Employee Share Award Plan

	2018 €'000	2017 €'000
Opening balance related to subsidiaries employees	**168**	–
Transfer from Shares granted to Executive Directors and other senior management employees – not transferred	**–**	200
Share-based payment expense during the year	**509**	126
Shares vested and exercised during the year	**(246)**	(158)
Closing balance	**431**	168
Weighted average remaining unvested period (years)	**0.5**	0.5
Weighted average price per share – vested and exercised share	**€7.55**	€7.55
Weighted average price per share – unvested shares	**€8.95**	–

The Company estimated that all employees will remain in service until the expiry of the unvested period.

Treasury shares

	2018		2017	
	Amount €'000	Number ('000)	Amount €'000	Number ('000)
Opening balance	**(270)**	**(36)**	–	–
Shares purchased under the subsidiaries' employee share award plan	**–**	**–**	(428)	(57)
Shares issued under the subsidiaries' employee share award plan	**(818)**	**(91)**	–	–
Shares vested and exercised under the subsidiaries' employee share award Plan	**246**	**33**	158	21
Shares held in treasury under the subsidiaries' employee share award plan	**(842)**	**(94)**	(270)	(36)

25. Capital Management
The Company has no legal capital regulatory requirement. The Group's policy is to maintain a strong equity capital base to maintain investor, creditor and market confidence and to sustain the continuous development of its business. The Board considers from time to time whether it may be appropriate to raise new capital by a further issue of shares.

The Group monitors capital primarily using an LTV ratio, which is calculated as the amount of outstanding debt (Group's debt balance plus 50% of joint venture's debt balance), less cash and cash equivalents (Group cash balance plus 50% of joint venture's cash balance), divided by the open market value of its investment property portfolio (Group's investment property portfolio plus 50% of joint venture's investment property value) as certified by external valuers. As at 31 December 2018 the LTV ratio amounted to 43.9% (2017: 34.0%).

	Note	2018 €'000	2017 €'000
Interest-bearing loans and borrowings (face value)	14.1	**1,281,728**	886,716
Less:			
Cash and cash equivalents	19	**229,527**	273,272
Group Interest-bearing loans and borrowings (net of cash)		**1,052,201**	613,444
Add:			
50% Share of Joint Venture interest-bearing loans and borrowings		**14,348**	–
50% Share of Joint Venture cash and cash equivalents		**(1,930)**	(145)
Combined Interest-bearing loans and borrowings (net of cash)		**1,064,619**	613,299
Investment property	3	**2,390,994**	1,792,414
Less:			
Other operating lease commitment		**1,514**	1,432
Group Open Market value as of financial position date		**2,389,480**	1,790,982
Add:			
50% Share of Joint Venture Open Market value as of financial position date		**36,300**	12,200
Combined open Market value as of financial position date		**2,425,780**	1,803,182
Loan-to-value ratio ("LTV")		**43.9%**	34.0%

This section includes details about Globalworth's subsidiaries, new business acquired, investment in joint venture, goodwill and related impact on the income statement and cash flows.

26. Subsidiaries Acquisitions

Policy

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. The Group continues to measure the non-controlling interest at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs, transfer duties, legal fees and other ancillary costs are expensed as incurred and included in Acquisition costs.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired the difference is recognised directly in the income statement as bargain purchase gain on business combination. Goodwill is measured in accordance with the policy set out in note 27.

Judgements and assumptions used for Business combinations and asset acquisitions

At the time of acquisition, the Group considers whether each acquisition represents an acquisition of a business or an acquisition of an asset. Where an integrated set of activities are acquired in addition to the property, more specifically the consideration is made of the extent to which significant processes are acquired, the transaction is accounted for as a business combination. Moreover, the Group considers when two or more transactions are linked (by common counterparties, contractual clauses, funding etc.) whether they are part of a single business combination.

When the acquisition of a subsidiary or property does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost to acquire the entity is allocated between the identifiable assets and liabilities of the entity based upon their relative fair values at acquisition date and no goodwill or deferred tax is recognised.

The Group acquired controlling interest in the following entities during the year. Considering the absence of existing strategic management functions and associated processes in underlying subsidiaries owning the properties, the management considered these transactions as acquisitions of an asset rather than a business acquisition.

Asset acquisitions

During 2018 the Group acquired 100% of the issued shares in Warta Tower Sp. z o.o. Sp. k., holding an office building named "Warta Tower", West Gate II - Projekt Echo - 114 Sp. z o.o. Sp. k., holding an office building named "West Link", Blackwyn Investments Sp. z o.o., holding an office building named "Quattro Business Park", Spektrum Tower spolka z ograniczona odpowiedzialnoscia, holding legal rights to the office building Spektrum Tower in Warsaw, Poland, and Gold Project Spolka z ograniczona odpowiedzialnoacia Sp. j. holding two office buildings, called "Skylight & Lumen".

The acquisitions were judged as asset acquisitions on acquisition date as per the criteria outlined above for a gross cash consideration of €508.8 million. The aggregate fair values of investment properties, cash and cash equivalents, other current assets and current liabilities acquired were €513.6 million, €7.2 million, €4.1 million and €11.04 million, respectively. No deferred tax liability was recognised on the acquisition date, being an asset acquisition.

26. Subsidiaries Acquisitions continued

The aggregate cash consideration in respect of the subsidiaries' acquisitions

	2018 €'000
Acquisition price	**508,857**
Less:	
Net working capital of the subsidiary	**(1,383)**
Investment property acquired	**507,474**
Cash of acquired entities	**(7,200)**
Sub-total	**500,274**
Less:	
Debentures (outstanding from the acquiree)[1]	**18,684**
Cash consideration paid	**481,876**
Other incidental costs paid	**1,947**
Consideration receivable from the seller	**2,233**

1. Non-cash settlement.

During 2018, the Group acquired 100% of the equity stake in Corinthian Twin Tower SRL, holding a land plot in the Gara Herastrau / Barbu Vacarescu corridor of Bucharest's new CBD, for a total consideration of €13 million. The land plot is located between Globalworth Plaza and Green Court B office properties owned by the Group. No deferred tax liability was recognised on the acquisition date, being an asset acquisition.

27. Goodwill

Policy

Goodwill only arises upon a business combination, and is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest, and any previous interest held, after recognising the acquiree's identifiable assets, liabilities and contingent liabilities.

Subsequently, goodwill is carried at cost and is subject to reviews for impairment at each year end or whenever there is an indication of impairment. At the date of acquisition, goodwill is allocated to one or more cash-generating units that are expected to benefit from the combination. The recoverable amount of a cash-generating unit, for the purpose of impairment testing, is determined using the discounted cash flows method and is applied to the full cash-generating unit rather than each legal entity. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Where goodwill arises as a result of deferred tax liabilities, recognised under a business combination on acquisition date, the impairment of this goodwill is calculated according to the amounts of tax optimisation existing at the date of reporting. Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

	2018 €'000	2017 €'000
Balance at 31 December	**12,349**	12,349

Goodwill is allocated to the Group's cash-generating units ('CGUs') which represented individual properties acquired under business combinations. The opening balance represents goodwill from deferred tax liabilities, recognised at the acquisition date of a subsidiary (Globalworth Asset Managers SRL), and its property management activities.

Key Estimates and Assumptions used for Goodwill Impairment Testing

The Group's impairment test for goodwill is based on value-in-use calculations that use a discounted cash flows model. The cash flows are derived from the budget for the next four years approved by management and significant future investments that will enhance the asset base of the cash-generating unit being tested. These calculations require the use of estimates which mainly include the assumptions on the financial performance of CGU's operations. The recoverable amount is most sensitive to the discount rate used for the discounted cash flows model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

27. Goodwill continued

At 31 December 2018, the goodwill related to property management activity with a carrying value of €6.7 million (2017: 6.7 million) was tested for impairment. As permitted by IAS 36 Impairment of Assets, the detailed calculations of recoverable amount performed in 2017 were used for the 2018 impairment test as the criteria in that standard were considered to be satisfied: the assets and liabilities comprising the CGU have not changed significantly since the prior year; the previously calculated recoverable amount exceeded the carrying amount by a substantial margin; and the likelihood that an updated calculation of the recoverable amount would be less than the CGU's, carrying amount at the time of the test was remote.

No impairment charge arose as a result of this assessment at year end. Management believes that as of 31 December 2018 no reasonable change in the main assumptions could result in an impairment charge (31 December 2017: same).

At 31 December 2018 and 2017 respectively, the value-in-use of the property management activity was determined based on the following main assumptions:

- budgets for 4 years;
- discount rate of 6.7% p.a.; and
- extrapolation in perpetuity from year 4 onwards, considering a growth rate of 1.0% p.a.

The goodwill related to deferred tax liabilities recognised on acquisition was not tested for impairment as there were no changes in the tax circumstances of the relevant entities or other events that would indicate an impairment thereof.

28. Investment in Joint venture

Policy

The Group's investments in its joint venture is accounted for using the equity method in the consolidated financial statements. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise the change in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. The Group's share of the results of operations of the joint venture is recorded in the income statement after adjusting the transaction between the Group and the Joint venture to the extent of the interest in the joint venture. The Joint venture has been assessed as immaterial for the Group as a whole for the purpose of disclosures required under IFRS 12 "Disclosure of Interests in Other Entities".

Judgements and assumptions used for Joint ventures

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. Following such assessment as disclosed in note 29, the Group's investment was classified as a joint venture.

As at 31 December 2018, the Group determined that there is no objective evidence that the investment in the joint venture is impaired. The financial statements of the joint venture are prepared for the same reporting period as the Group.

Investments	2018 €'000	2017 €'000
Opening balance	**2,218**	–
Cost of investment in Joint venture at acquisition date	**–**	30
Additions in investment	**6**	–
Share of profit during the year	**3,095**	2,188
Sub-total	**5,319**	2,218
Loans receivable from joint venture		
Opening balance	**19,721**	–
Loan given to the joint venture	**26,202**	19,330
Loan repayments from the joint venture	**(12,875)**	–
Interest repayment	**(1,470)**	–
Interest income for the year	**1,419**	391
Sub-total	**32,997**	19,721
TOTAL	**38,316**	21,939

28. Investment in Joint venture continued

In February 2017, the Group's subsidiary Minory Investments Limited entered into a joint venture agreement with Diti Holding Limited and through which it acquired a 50% shareholding interest in Elgan Offices SRL ("Elgan O"), an unlisted company in Romania, currently owning an investment property (classified as office segment for the Group) in Bucharest, Romania. The property is fully occupied by Groupe Renault Romania being its new headquarters in Bucharest. The joint venture was funded by loans from venture partners, which carry fixed interest rates, and an interest-bearing bank loan.

The joint venture had no other contingent liabilities or commitments as at 31 December 2018, except construction commitments as disclosed in note 6. Elgan Offices SRL cannot distribute its profits without the consent from the other venture partner.

The summarised financial information of the joint venture is disclosed below which represents the amounts from the joint venture's financial statements without adjusting the transactions with the Group.

	2018 €'000	2017 €'000
Non-current assets	**73,697**	26,655
Current assets	**9,010**	1,926
Total assets	**82,707**	28,581
Non-current liabilities	**65,755**	21,574
Current liabilities	**4,138**	2,018
Total liabilities	**69,893**	23,592
Net equity	**12,814**	4,989

Above financial information includes cash and cash equivalent balance of €3.86 million (2017: €0.3 million), investment property €72.6 million (2017: €24.4 million), interest-bearing loans and borrowings of €28.7 million (2017: €nil).

	2018 €'000	2017 €'000
Profit before financing costs	**9,617**	6,063
Net finance cost	**(174)**	(8)
Income tax expense	**(1,618)**	(1,066)
Profit for the year	**7,825**	4,989

Above financial information includes gain from revaluation of investment property of €9.8 million (2017: €6.0 million).

29 Investment in Subsidiaries

Policy

The Group assesses whether it has control over a subsidiary or an investee, in order to consolidate the assets, liabilities, income and expenses of the subsidiary or the investee in the Group's consolidated financial statements, based on certain judgements and assumptions.

Key Judgements and Assumptions used in Determining the Control over an Entity:

- Power over the investee (i.e. existing rights, directly or indirectly, in the investee that give it the current ability to direct the relevant activities of the investee). If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights.
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns (such as the appointment of an administrator or director in the subsidiary or investee).

Details on all direct and indirect subsidiaries of the Company, over which the Group has control and has consolidated as of 31 December 2018 and 2017, are disclosed in the table below.

As of 31 December 2018, and 31 December 2017, the Group consolidated the following subsidiaries, being holding companies as principal activities.

Subsidiary Name	2018 Shareholding interest (%)	2017 Shareholding interest (%)	Place of incorporation
Globalworth Investment Advisers Limited, Globalworth Finance Guernsey Limited	**100**	100	Guernsey, Channel Islands
Globalworth Holding B.V.	**100**	100	Netherlands
Globalworth Poland Real Estate N.V. (GPRE Group or GPRE), formerly known as Griffin Premium RE. N.V.	**69.70**	71.66	Netherlands
Elgan Automotive Kft.	**100**	100	Hungary
Globalworth Holdings Cyprus Limited, Zaggatti Holdings Limited, Tisarra Holdings Limited, Ramoro Limited, Vaniasa Holdings Limited, Serana Holdings Limited, Kusanda Holdings Limited, Kifeni Investments Limited, Casalia Holdings Limited, Pieranu Enterprises Limited, Dunvant Holding Limited, Oystermouth Holding Limited, Saniovo Holdings Limited, Kinolta Investments Limited, Minory Investments Limited	**100**	100	Cyprus
IB 14 Fundusz Inwestycyjny Zamkniety Aktywow Niepublicznych, Akka RE Sp. z o.o., Charlie RE Sp. z o.o., December RE Sp. z o.o., Nordic Park Offices Sp. z o.o., Lamantia Sp. z o.o., Dom Handlowy Renoma Sp. z o.o. , Wagstaff Investments Sp. z o.o., Wetherall Investments Sp. z o.o., Iris Capital Sp. z o.o., GPRE Management Sp. z o.o., Lima Sp. z o.o., Luapele Sp. z o.o., Warta Tower Sp. z o.o., Warta LP Sp. z o.o., GPRE Property Management Sp. z o.o., Elissea Investments Sp. z o.o., West Link Sp. z o.o. (previously Projekt Echo – 114 Sp. z o.o.), Ormonde Sp. z o.o., Emfold Investments Sp. z o.o., West Gate Wroclaw Sp. Z.o.o., Gold Project Sp. z o.o. (formerly: Haola Sp. z o.o.), Light Project Sp.z.o.o.	**69.70**	71.66	Poland
Griffin Premium RE Lux S.a.r.l., Charlie SCSp, December SCSp,	**69.70**	71.66	Luxembourg

29 Investment in Subsidiaries continued

As of 31 December 2018, and 31 December 2017, the Group consolidated the following subsidiaries, who own real estate assets in Romania and Poland, being asset holding companies as their principal activities, except Globalworth Building Management SRL with building management activities.

Subsidiary Name	2018 Shareholding interest (%)	2017 Shareholding interest (%)	Place of incorporation
Corinthian Five SRL, Tower Center International SRL, Upground Estates SRL, BOB Development SRL, BOC Real Property SRL, Netron Investment SRL, SEE Exclusive Development SRL, Aserat Properties SRL, Corinthian Tower SRL, Globalworth EXPO SRL (formerly Bog'Art Offices SRL), SPC Beta Property Development Company SRL, SPC Gamma Property Development Company SRL, Globalworth Asset Managers SRL, Globalworth Building Management SRL, Elgan Automotive SRL, SPC Epsilon Property Development Company SRL, Corinthian Twin Tower SRL	**100**	100	Romania
DH Supersam Katowice Sp. z o.o., Hala Koszyki Sp. z o.o., Dolfia Sp. z o.o., Ebgaron Sp. z o.o., Bakalion Sp. z o.o., Centren Sp. z o.o., Tryton Business Park Sp. z o.o. (formerly Emfold investments Spolka z ograniczona odpowiedzialnoscia Sp. k.), A4 Business Park Sp. z o.o. (formerly A4 Business Park – "Iris Capital" – Spolka z ograniczona odpowiedzialnoscia Sp. k.), West Link Spółka z ograniczona odpowiedzialnoscia Sp. k. (formerly West Gate II – Projekt Echo – 114 Sp. z o.o. Sp. k.), Dom Handlowy Renoma Spolka z ograniczona odpowiedzialnoscia Sp. k., Lamantia Spolka z ograniczona odpowiedzialnoscia Sp. k., Nordic Park Offices Spolka z ograniczona odpowiedzialnoscia Sp. k., Warta Tower Investments Sp. z o.o. (formerly Warta Tower Spolka z ograniczona odpowiedzialnoscia Sp. k.), Quattro Business Park Sp. z o.o. (formerly Blackwyn Investments Sp. z o.o.), West Gate Wroclaw Spolka z ograniczona odpowiedzialnoscia Sp. k. (formerly: Echo – West Gate Spolka z ograniczona odpowiedzialnoscia Sp.k.), Gold Project Spolka z ograniczona odpowiedzialnoscia Sp. j. (formerly: Zlote Tarasy Tower Warsaw III S.a.r.l. Sp. j.), Spektrum Tower Sp. z o.o.	**69.70**	71.66	Poland

Changes in Group structure during 2018

Liquidations during the year

Circolo Holding Limited, a holding company and a wholly owned subsidiary which was incorporated in 2017 in Cyprus was liquidated. Circolo had held no assets and was a dormant company. GWI Finance B.V. and GW Real Estate Finance B.V., holding companies in The Netherlands and Akka SCPs holding company in Poland were liquidated during the year ended 2018. These wholly owned subsidiaries held no real estate assets.

Incorporations during the year

During the year ended 31 December 2018, the Group also incorporated in Poland GPRE Property Management Sp. z o.o. (asset management company), Luapele Sp. z o.o. (intra-group loan financing company) and Warta Tower Sp. z o.o., Warta LP Sp. z o.o., Gold Project sp. z o.o, Light Project Sp. z o.o. (being holding companies). All companies were wholly owned subsidiaries of the Group as at 31 December 2018.

Fundatia Globalworth was incorporated in Romania during 2018 as non-profit organisation to execute activities related to corporate social responsibility.

Globalworth Tech Ltd. was incorporated in Cyprus, a holding subsidiary, which is 80% owned by the Group and 20% by Mr. Ioannis Papalekas. The total cost of investment was €1,000.

Acquisitions during the year

On 23 February 2018, the Group acquired 100% of the equity stake in Corinthian Twin Tower SRL.

On 14 March 2018, the Group acquired 100% of the equity stake in Warta Tower Investments Sp. z o.o. (formerly Warta Tower Spolka z ograniczona odpowiedzialnoscia Sp. k.), holding an office building called "Warta Tower". On 25 May 2018, the Group acquired 100% of the equity stake in West Link Spolka z ograniczona odpowiedzialnoscia Sp. k. (formerly: West Gate II - Projekt Echo - 114 Spolka z ograniczona odpowiedzialnoscia Sp. k.), holding an office building called "West Link", and on 21 June 2018 the Group acquired 100% of the equity stake in Quattro Business Park Sp. z o.o. (formerly: Blackwyn Investments Sp. z o.o.), holding an office building called "Quattro Business Park".

On 12 July 2018, the Group concluded an agreement based on which it purchased 100% of the issued shares in Spektrum Tower Sp. z o.o, holding legal rights to the office building Spektrum Tower in Warsaw, Poland. On 21 December 2018, the Group acquired 100% of the shares of Gold Project Spolka z ograniczona odpowiedzialnoscia Sp. j. holding two office buildings, "Skylight & Lumen". See more details regarding acquisitions in note 26.

30. Subsidiary with significant non-controlling interest

GPRE Group represents a material subsidiary not fully owned by the Group as of 31 December 2018, where non-controlling interest had 30.3% (31 December 2017: 28.3%) interest in the GPRE Group. On 12 June 2018, the Group participated in GPRE's €450 million capital raise by an additional investment of €300 million in the subsidiary (representing 66.67% of the shares issued), the remaining €150 million being invested by Non-controlling interest holders. This decreased the Group's interest in GPRE from 71.66 to 68.43%.

In December 2018, the Group acquired 1.27% of non-controlling interest (representing 5.7 million shares) from non-controlling interest holders in cash for an amount of €9.0 million, which increased the Group's share from 68.43% to 69.70% as at 31 December 2018.

The summary of key statements from GPRE's consolidated financial statements as of and for the years ended 31 December 2018 and 31 December 2017 is presented below. The amounts are presented before inter-company eliminations.

Summarised statement of financial position	2018 €'000	2017 €'000
Non-current assets		
Investment property	**1,216,790**	680,130
Available for sale financial assets	**–**	5,897
Financial assets at fair value through profit or loss	**2,828**	–
Other long-term assets	**378**	116
Long-term restricted cash	**–**	2,958
Current assets		
Trade and other receivables and other current asset	**13,431**	10,695
Debentures and available for sale financial assets	**–**	22,735
Financial assets at fair value through profit or loss	**12,878**	–
Cash and cash equivalents	**72,746**	34,685
Non-current liabilities		
Interest-bearing loans and borrowings	**135,124**	278,690
Intra-group loans	**392,233**	–
Other long-term liabilities and deferred tax liability	**33,443**	30,229
Current liabilities		
Interest-bearing loans and borrowings	**3,686**	26,202
Intra-group loans	**–**	165,413
Dividends payable[1]	**35,421**	–
Other current-term liabilities	**18,734**	16,749
EQUITY	**700,410**	239,933
Attributable to:		
Equity holders of parent	**488,003**	172,361
Non-controlling interest	**212,407**	67,572

1. At 31 December 2018, GPRE had €35.4 million dividend payable to its shareholders out of which €10.7 million was payable to non-controlling interest holders.

30. Subsidiary with significant non-controlling interest continued

Summarised statement of comprehensive income	For the year 31 December 2018 €'000	Period from 6 to 31 December 2017 €'000
Revenue	**102,709**	4,905
Operating expenses	**(24,452)**	(1,036)
Administrative expenses	**(6,407)**	(370)
Acquisition costs	**–**	(2,657)
Other net income	**24,155**	814
Net finance cost	**(26,819)**	(2,191)
Income tax expense	**(4,506)**	(1,862)
Profit/(Loss) for the year	**64,680**	(2,397)
Other comprehensive income	**–**	–
Profit/(Loss) attributable to non-controlling interest	**19,654**	(679)

Summarised statement of cash flow	For the year 31 December 2018 €'000	Period from 6 to 31 December 2017 €'000
Operating	**62,414**	2,736
Investing	**(493,062)**	(157,583)
Financing[1]	**474,823**	158,873
Net increase in cash and cash equivalents	**44,175**	4,026

1. Cash flow from financing activities includes a €3.5 million dividend payment to non-controlling interest holders during the year.

This section includes segmental disclosures highlighting the core areas of Globalworth's operations in the office, High-street mixed-use Office, residential and other (industrial and corporate segments). There were no significant transactions between segments except for management services provided by the offices segment to the residential and other (industrial) segments.

This section also includes the transactions with related parties, new standards and amendments, contingencies that existed at the year end and details on significant events which occurred subsequent to the date of the financial statements.

31. Segmental Information

The Board of Directors is of the opinion that the Group is engaged mainly in real estate business, comprising following Offices investment property, High-street mixed-use office investment property, residential investment property and other, in two geographical areas, Romania and Poland. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Executive Directors.

The Group is domiciled in Guernsey. The Group earns revenue and holds non-current assets (investment properties) in Romania and Poland, the geographical area of its operations. For investment property, discrete financial information is provided on a property-by-property basis (including those under construction) to members of executive management, which collectively comprise the Executive Directors of the Group. The information provided is Net Operating Income (gross rental income less property expenses) and property valuation gains/losses. The individual properties are aggregated into segments with similar economic characteristics, such as the nature of the property and the occupier market it serves. Management considers that this is best achieved by aggregating into the office, mixed use and other segments, however, the residential segment is disclosed separately as it meets the quantitative threshold of IFRS 8.

Consequently, the Group is considered to have four reportable operating segments: the Offices segment (acquires, develops, leases and manages offices and spaces), the High street Mixed use segment, the Residential segment (builds, acquires, develops and leases apartments) and the Other segment (acquires, develops, leases and manages industrial spaces and corporate holding offices). Share-based payments expense is not allocated to individual segments as underlying instruments are managed at Group basis. Segment assets and liabilities reported to executive management on a segmental basis are set out below:

	2018						2017					
Segments	Office €'000	High street Mixed use €'000	Residential €'000	Other €'000	Inter segment eliminations €'000	Total €'000	Office €'000	High street Mixed use €'000	Residential €'000	Other €'000	Inter segment eliminations €'000	Total €'000
Segment non-current assets	**1,966,202**	**306,466**	**76,432**	**114,729**	**(3,788)**	**2,460,041**	1,331,727	309,197	84,719	116,102	(150)	1,841,595
Romania	**1,048,944**	**–**	**76,432**	**114,729**	**(167)**	**1,239,938**	951,823	–	84,719	116,102	(150)	1,152,494
Poland	**917,258**	**306,466**	**–**	**–**	**(3,621)**	**1,220,103**	379,904	309,197	–	–	–	689,101
Total assets	**2,048,863**	**332,080**	**78,530**	**281,764**	**(4,238)**	**2,736,999**	1,407,799	331,530	89,336	333,283	(1,003)	2,160,945
Total liabilities	**1,282,366**	**52,921**	**26,844**	**81,195**	**(3,649)**	**1,439,677**	728,216	207,674	27,465	62,038	(904)	1,024,489
Additions to non-current assets – Romania	**50,163**	**–**	**1,047**	**3,477**	**–**	**54,687**	41,321	–	569	10,332	–	52,222
– Poland	**7,856**	**3,461**	**–**	**–**	**–**	**11,317**	–	–	–	–	–	–

31. Segmental Information continued

Income statement reported to executive management on a segmental basis are set out below:

	2018						2017					
	Office €'000	High Street Mixed use €'000	Residential €'000	Other €'000	Inter-segment eliminations €'000	Total €'000	Office €'000	High Street Mixed use €'000	Residential €'000	Other €'000	Inter-segment eliminations €'000	Total €'000
Rental income - Total	**95,836**	**31,298**	**2,251**	**8,735**	**(492)**	**137,628**	43,012	2,269	2,315	6,768	(508)	53,856
Romania	**47,462**	**–**	**2,251**	**8,735**	**(492)**	**57,956**	41,416	–	2,315	6,768	(313)	50,186
Poland	**48,374**	**31,298**	**–**	**–**	**–**	**79,672**	1,596	2,269	–	–	(195)	3,670
Revenue from contract with customers - Total	**42,490**	**8,172**	**683**	**4,658**	**(830)**	**55,173**	19,890	881	634	3,720	(1,115)	24,010
Romania	**27,624**	**–**	**683**	**4,658**	**(830)**	**32,135**	19,536	–	634	3,720	(1,115)	22,775
Poland	**14,866**	**8,172**	**–**	**–**	**–**	**23,038**	354	881	–	–	–	1,235
Revenue-total	**138,326**	**39,470**	**2,934**	**13,393**	**(1,322)**	**192,801**	62,902	3,150	2,949	10,488	(1,623)	77,866
Operating expenses	**(44,236)**	**(8,711)**	**(1,253)**	**(5,075)**	**(85)**	**(59,360)**	(21,902)	(492)	(1,220)	(3,451)	293	(26,772)
Segment NOI	**94,090**	**30,759**	**1,681**	**8,318**	**(1,407)**	**133,441**	41,000	2,658	1,729	7,037	(1,330)	51,094
NOI - Romania	**46,027**	**–**	**1,681**	**8,318**	**(1,012)**	**55,014**	39,595	–	1,729	7,037	(1,135)	47,226
NOI – Poland	**48,063**	**30,759**	**–**	**–**	**(395)**	**78,427**	1,405	2,658	–	–	(195)	3,868
Administrative expenses	**(6,124)**	**(510)**	**(607)**	**(8,956)**	**944**	**(15,253)**	(4,346)	(233)	(777)	(6,059)	1,184	(10,231)
Acquisition costs	**(1,182)**	**–**	**–**	**–**	**–**	**(1,182)**	(5,810)	(4,492)	–	(507)	–	(10,809)
Change in fair value of investment property	**38,474**	**(7,120)**	**2,339**	**395**	**–**	**34,088**	7,170	–	(3,801)	3,358	–	6,727
Depreciation on other long-term assets	**(323)**	**(9)**	**(63)**	**(3)**	**–**	**(398)**	(84)	–	(64)	(2)	–	(150)
Gain on acquisition of subsidiary	**251**	**–**	**–**	**–**	**–**	**251**	14,600	11,658	–	2,639	–	28,897
Other expenses	**(1,335)**	**(286)**	***(2,711)**	**(11)**	**11**	**(4,332)**	(153)	–	*(3,938)	–	–	(4,091)
Other income	**230**	**94**	**–**	**3**	**3**	**330**	–	–	5	–	–	5
Foreign exchange loss	**(992)**	**(170)**	**31**	**(83)**	**–**	**(1,214)**	(109)	(71)	(29)	(108)	–	(317)
Finance cost	**(38,538)**	**(2,091)**	**(4)**	**(1,094)**	**–**	**(41,727)**	(31,801)	(168)	(3,469)	(3,027)	–	(38,465)
Finance income	**2,685**	**90**	**7**	**507**	**–**	**3,289**	1,357	47	–	43	–	1,447
Segment results	**87,236**	**20,757**	**673**	**(924)**	**(449)**	**107,293**	21,824	9,399	(10,344)	3,374	(146)	24,107
Share-based payment expense	**–**	**–**	**–**	**(509)**	**–**	**(509)**	–	–	–	(143)	–	(143)
Gain from fair valuation of financial instruments	**5,463**	**–**	**–**	**–**	**–**	**5,463**	–	–	–	–	–	–
Share of profit of joint ventures	**3,095**	**–**	**–**	**–**	**–**	**3,095**	2,188	–	–	–	–	2,188
Profit before tax	**95,794**	**20,757**	**673**	**(1,433)**	**(449)**	**115,342**	24,012	9,399	(10,344)	3,231	(146)	26,152

* Other expenses represent loss on sale of non-core investment property (apartments).

Revenues are derived from a large number of tenants and no tenant contributed more than 10% of the Group's rental revenues for the year ended 31 December 2018 (2017: nil).

None of the Group's non-current assets are located in Guernsey except for goodwill (there are no employment benefit plan assets, deferred tax assets or rights arising under insurance contracts) recognised on business combination.

32. Transactions with Related Parties

The Group's related parties are the Company's Executive and Non-Executive Directors, key other Executives, as well as all companies controlled by them or under their joint control, or under significant influence.

The related party transactions are set out in the table below:

		Income statement		Statement of financial position	
		Income/(expense)		Amounts owing (to)/from	
Name	Nature of transactions/balance amounts	2018 €'000	2017 €'000	2018 €'000	2017 €'000
Elgan Offices SRL (50% Joint Venture)	Shareholder loan receivable	**–**	–	**32,997**	19,330
	Finance income	**1,419**	391	**–**	–
	Management fees	**300**	250	**–**	–
	Office rent	**24**	14.5	**–**	–
Mindspace Ltd[2]	Trade and other receivables	**–**	–	**267**	–
	Revenue	**896**	–	**–**	–
	Deposits from tenant	**–**	–	**(1,142)**	–
	Lease incentives cost[1]	**–**	–	**2,868**	–
	Trade and other payables	**–**	–	**(175)**	
Mr. Adrian Danoiu (Chief Operating Officer)[3]	Advances received for sale of commercial property	**–**	–	**(70)**	–
	Revenue	**6**	–	**–**	–

1. Lease incentive cost granted in the period was capitalised in the value of Investment Property.
2. A key Executive of Mindspace Ltd. is a close family member of a non-Executive Director of the Company. The transactions disclosed in above table were entered between the subsidiaries of Mindspace Limited (namely Mindspace Co-working SRL and Mindspace Poland S.A) and certain subsidiaries of the Company.
3. During the year, Upground Estates SRL, a fully owned subsidiary of the Group, signed a preliminary agreement for the sale of a commercial space for an amount of up to €215 thousand, depending on the final determination of the exact surface of the space to be sold. The completion of the sale and the final price determination are subject to the completion of a final sale and purchase agreement. During the year, the subsidiary received an advance based on the preliminary agreement of €70 thousand. In addition, during the year, Upground Estates SRL sold two exterior parking spaces for an amount of €5 thousand and a storage room for an amount of €1 thousand. The sale proceeds were collected during the year 2018.

33. New and Amended Standards

Starting from 1 January 2018 the Group adopted the following new and amended standards and interpretations. The impact from the adoption of IFRS 9 and IFRS 15 on the Group's financial position and performance is disclosed below.

Narrow scope amendments and new Standards	Effective date
IFRS 9 Financial Instruments	Jan-18
IFRS 15 Clarifications: Revenue from Contracts with Customers	Jan-18
IAS 40: (Amendments) Transfers of Investment Property	Jan-18
IFRS 2 Classification and measurement of Share-based Payment Transactions	Jan-18
Annual Improvements to IFRS Standards 2014-2016 Cycle	Jan-18
IFRIC 22 Foreign Currency Transactions and Advance Consideration	Jan-18

a) Adoption of IFRS 15

The Group adopted IFRS 15 on 1 January 2018 without restarting prior year figures.

IFRS 15 does not apply to rental income, but only applies to service charge income, marketing income and fit-out services income generated by the Group. The Group has identified few lease agreements which required the reclassification of €0.8 million from the rental revenues to service charge revenue starting during 2018. However, this did not impact the net operating income (NOI) and only reclassified revenues from 'Rental income' to 'Service charge income'. The reclassification of such amounts was not material for the Group as at 31 December 2017. There was no impact on fit-out services income for contracts in progress at 31 December 2017.

33. New and Amended Standards continued

Furthermore, as result of IFRS 15 adoption on 1 January 2018 Group also reclassified deferred income from trade and other payables to contract liability for an amount of €1.4 million on the face of financial position which was recognised as revenue from contracts with customers during the year ended 2018. Similarly, form trade receivables balance as of 1 January 2018 for which services had been performed in 2017 but invoices were not issued until 31 December 2017 an amount of €3.9 million was reclassified as contract asset on the face of financial position.

	Classification category IAS 18	Classification category IFRS 15	31 December 2017	Reclassification	1 January 2018
Rent and service charges receivables	Rent and service charges receivables	Rent and service charges receivables	15,316	(3,937)	11,379
Contract Assets	Rent and service charges receivables	Contract Assets	–	3,937	3,937
Deferred income	Deferred income	Deferred income	4,402	(1,401)	3,001
Contract liability[1]	Deferred income	Contract liability	–	1,401	1,401

1. The amount was recognised during 2018 in the profit and loss account as revenue from contracts with customers.

b) Classification and reconciliation of financial assets and liabilities upon the initial application of IFRS 9

The classification of Group's financial assets and liabilities according to IAS 39 and IFRS 9 as at 1 January 2018 are presented below. The table below summarises the carrying value reconciliation of the Group's financial assets upon the transition from the previous classification categories under IAS 39 at 31 December 2017 to the new classification categories under IFRS 9 at 1 January 2018. From the adoption of IFRS 9 there was an impact of €0.5 million on the statement of profit or loss for the twelve months ended 31 December 2018.

The Group's financial liabilities were classified and measured at amortised cost according to IAS 39 (except when required to be measured at fair value through profit or loss such as financial liabilities related to derivatives) until 31 December 2017 and according to IFRS 9 starting from 1 January 2018. From adoption of IFRS 9 there was no impact on the statement of profit or loss for the twelve months ended 31 December 2018 and statement of financial position as at 31 December 2018.

Financial instruments	Classification category IAS 39	Classification category IFRS 9	31 December 2017 €'000	Reclassification €'000	1 January 2018 €'000
Available for sale financial assets	Financial assets available for sale	Financial assets measured at fair value through profit or loss	10,243	(10,243)	**–**
Financial assets at fair value through profit or loss	–	Financial assets measured at fair value through profit or loss	–	10,243	**10,243**
Equity investments	–	Financial assets measured at fair value through other comprehensive income	–	–	**–**
Debentures	Financial assets measured at amortised cost	Financial assets measured at amortised cost	18,389	–	**18,389**
Loan receivable from joint venture	Financial assets measured at amortised cost	Financial assets measured at amortised cost	19,721	–	**19,721**
Restricted cash long term	Financial assets measured at amortised cost	Financial assets measured at amortised cost	2,958	–	**2,958**
Trade receivables – net of provision	Financial assets measured at amortised cost	Financial assets measured at amortised cost	15,316	–	**15,316**
Other receivables	Financial assets measured at amortised cost	Financial assets measured at amortised cost	1,420	–	**1,420**

33. New and Amended Standards continued

Financial instruments	Classification category IAS 39	Classification category IFRS 9	31 December 2017 €'000	Reclassification €'000	1 January 2018 €'000
Contract assets	Financial assets measured at amortised cost	Financial assets measured at amortised cost	–	–	**–**
Guarantees retained by tenants	Financial assets measured at amortised cost	Financial assets measured at amortised cost	304	–	**304**
VAT and other taxes receivable	Financial assets measured at amortised cost	Financial assets measured at amortised cost	6,099	–	**6,099**
Income tax receivable	Financial assets measured at amortised cost	Financial assets measured at amortised cost	295	–	**295**
Cash and cash equivalents	Financial assets measured at amortised cost	Financial assets measured at amortised cost	273,272	–	**273,272**

For other standards issued but not yet effective and not early adopted by the Group, the management believes that there will be no significant impact in the Group's consolidated financial statements except for IFRS 16 which is disclosed below.

Narrow scope amendments and new Standards	Effective date
IFRS 16 Leases	**Jan-19**
IFRS 9 Amendments: Prepayment Features with Negative Compensation	**Jan-19**
IFRIC 23 Uncertainty over Income Tax Treatments	**Jan-19**
Annual Improvements to IFRS Standards 2015-2017 Cycle	**Jan-19**
IAS 19: Plan Amendment, Curtailment or Settlement	**Jan-19**
IAS 28 Amendments: Long-term Interests in Associates and Joint Ventures	**Jan-19**

Narrow scope amendments and new Standards	Effective date (EU endorsement)
IFRS 14 Regulatory Deferral Accounts	**Not yet endorsed by EU**
IFRS 17 Insurance Contracts	**Not yet endorsed by EU**
Amendments to IAS 1 and IAS 8: Definition of Material	**Not yet endorsed by EU**
Amendment to IFRS 3 Business Combinations	**Not yet endorsed by EU**
Amendments to References to the Conceptual Framework in IFRS	**Not yet endorsed by EU**

IFRS 16 leases and impact on the consolidated financial statements

The Group performed a detailed analysis of the impact of IFRS 16 on the consolidated financial statements. The analysis of the Group's contracts has identified the right of perpetual usufruct of the land (the "RPU") contracts for the property portfolio in Poland which meet the criteria of leases under IFRS 16.

RPU is a contract with a term from 40 up to 99 years. Neither the right-to-use asset nor the lease liability regarding RPU were recognised on the Group's balance sheet as of 31 December 2018 under IAS 17. Thus, the values of both right-to-use asset and lease liability were calculated at the date of initial application of IFRS 16, 1 January 2019.

The value of right-to-use assets was estimated as the Net Present Value ("NPV") of future annual fees with the following assumptions:

- Initial application date: 1 January 2019;
- End date: RPU end date for each land right individually;
- Discount rate: 5.77%;
- Annual RPU fee: €1.5 million for 2018; and
- Total annual RPU charge is reinvoiced to tenants as a part of service charge reconciliation.

33. New and Amended Standards continued

Impact on Consolidated statement of financial position:

Assets	1 January 2019 IAS 17 €000	Right to use asset Effect of IFRS 16 transition €000	1 January 2019 (restated) IFRS 16 €000
Investment property	2,390,994	26,196	2,417,190

Liabilities	1 January 2019 IAS 17 €000	Lease liability for RPU Effect of IFRS 16 transition €000	1 January 2019 (restated) IFRS 16 €000
Total current liabilities	81,672	1,512	83,184
Total non-current liabilities	1,358,007	24,684	1,382,691
Total liabilities	1,439,679	26,196	1,465,875

The right-to-use asset will be presented as part of the value of investment property. The corresponding lease liability will be presented in the consolidated financial statements as a part of:

- Trade and other payables (current) – not discounted annual RPU charge.
- Trade and other payables (non-current) – discounted RPU cost until the end date of each RPU agreement.

In the following years, as at balance sheet date the Group will continue the approach regarding the valuation of the right-to-use asset in the amount of lease liability calculated as NPV of future lease payment until RPU closing date.

Impact on Consolidated statement of comprehensive income and consolidated statement of cash flows:

At initial application date, the right-to-use asset equals the related lease liability recognised in the consolidated financial position as of 1 January 2019, therefore the impact on the consolidated statement of comprehensive income is nil.
The Group does not expect impact on cash flows in 2019 as RPU payments remains unchanged.

To arrive at the carrying amount of the investment property using the fair value model, recognised right-to-use asset representing the same amount as lease liability will be added back to a valuation obtained for a property (that is net of all payments expected to be made under RPU). Any change in carrying amount of investment property will be charged to profit and loss and presented under the line "Fair value movement".

Subsequent years effect on consolidated statement of comprehensive income

The Group is planning to implement the cost model for the depreciation charge of right-to-use assets amounts to approximately €1.5 million being the annual RPU charge. The depreciation of right-to-use asset will be presented in the Statement of profit and loss under the line "Fair value movement". The amortised cost valuation effect of lease liability will be presented in the Statement of profit and loss under the line "Finance cost".

The recognition of RPU right-to-use asset and lease liability related to RPU as at 1 January 2019 does not have impact on profit or loss statements.

In the following years, as at balance sheet date the Group is going to continue approach regarding the valuation of the right-to-use asset in the amount of lease liability calculated as NPV of future lease payment till RPU closing date.
As at the date of first application of IFRS 16, the Group recognized new right-of-use asset relating to perpetual usufruct right only. For these lease contracts, previously classified as operating leases in accordance with IAS 17, the Group recognized leases as leasing liabilities measured at the present value of remaining lease payments as described above.

The amount of future minimum lease payments expected to be paid under non-cancellable operating lease can be summarized as follows:

	2018 € '000	2017 € '000
Not later than 1 year	**1,535**	1,582
Later than 1 year and not later than 5 years	**5,347**	5,512
Later than 5 years	**19,314**	19,913

Other operating leases

The Group is planning to use a simplified approach i.e., not to calculate lease assets/liabilities for short-term leases and low-value leases (e.g., coffee machines, low-value electronic equipment).

34. Contingencies
Legal Claims

Policy
Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

One of the Company's subsidiaries (the 'Subsidiary') is involved in court proceedings with a third party. Following the third party's decision to terminate the lease agreement signed with the Subsidiary, the Subsidiary enforced the c.€3.16 million bank letter of guarantee provided by the third party, on the grounds that the third party has unlawfully terminated the agreement. The third party claimed that the Subsidiary was not entitled to enforce the guarantee and requested before the court that the Subsidiary reimburses the guarantee amount. On top of the cashed-in guarantee, the Subsidiary has submitted a court claim against the third party claiming an amount of c.€24.7 million representing penalties as per the agreement for the unlawful termination of the agreement by the third party. The presiding judge accepted the Subsidiary's claim to merge the two claims into one court case and resolved the two cases together. On 19 July 2017, the presiding judge announced that it has accepted the third party's claim and denied the Subsidiary's claim. Based on the legal advice it has received, management has filed an appeal against the decision and believes that the court of appeal will embrace its view that the Subsidiary acted in accordance with the applicable law and the remedies available to it under the agreement when enforcing the bank letter of guarantee provided by the third party. On 20 March 2019 the court of appeal rejected the appeal and upheld the initial court decision. The decision of the court of appeal is still subject to a second appeal and based on the legal advice it has received, management believes the decision is unjustified and awaits for the court of appeal to deliver its argumentation in order to formulate and submit the second appeal.

Taxation
All amounts due to State authorities for taxes have been paid or accrued at the balance sheet date. The tax system in Romania and Poland undergoes a consolidation process and is being harmonised with the European legislation. Different interpretations may exist at the level of the tax authorities in relation to the tax legislation that may result in additional taxes and penalties payable. Where the State authorities have findings from reviews relating to breaches of tax laws, and related regulations these may result in confiscation of the amounts in case; additional tax liabilities being payable; fines and penalties (that are applied on the total outstanding amount). As a result, the fiscal penalties resulting from breaches of the legal provisions may result in a significant amount payable to the State. The Group believes that it has paid in due time and in full all applicable taxes, penalties and penalty interests in the applicable extent.

Transfer Pricing
According to the applicable relevant tax legislation in Romania and Poland, the tax assessment of related party transactions is based on the concept of market value for the respective transfers. Following this concept, the transfer prices should be adjusted so that they reflect the market prices that would have been set between unrelated companies acting independently (i.e. based on the "arm's length principle"). It is likely that transfer pricing reviews will be undertaken in the future in order to assess whether the transfer pricing policy observes the "arm's length principle" and therefore no distortion exists that may affect the taxable base of the tax payer in Romania and Poland.

35. Subsequent Events
On 14 January 2019, the Company announced that its Board of Directors had approved the payment of an interim dividend in respect of the six-month financial period ended 31 December 2018 of €0.27 per ordinary share, which was paid on 8 February 2019 to the eligible shareholders.

On 23 January 2019, the Group acquired 4.03% of non-controlling interest (representing 17.8 million shares of GPRE) from minority in exchange for 3.1 million newly issued ordinary shares of the Company. There was no cash consideration.

On 11 March 2019, the Group acquired an additional 16.5 million shares of GPRE from minorities in GPRE for a cash consideration of €26.4 million. On 13 March 2019, the Group acquired a further 0.35 million shares of GPRE from minorities for a cash consideration of €0.44 million. As a result of these transactions with minorities in GPRE, the Group's interest in GPRE increased from 69.70% at 31 December 2018 to 77.54%.

On 11 March 2019, the €65 million long-term debt facility, secured in December 2018 from Erste Bank Group AG, was drawdown in full. This facility is secured on investment property and matures in year 2029. The proceeds from the loan will be used for future investments and general corporate purposes.

On 26 March 2019, the Group concluded an agreement based on which it purchased legal rights to the office building Rondo Business Park in Kraków, Poland. The gross asset value consideration for the acquisition was set at €37 million subject to customary adjustments. The transaction was funded from Group's existing cash resources. The annual contracted rental income of the property, generated by the occupancy ratio of 90%, amounts to €3.0 million.

Opinion

We have audited the consolidated financial statements of Globalworth Real Estate Investments Limited ("the Company") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and in compliance with the Companies (Guernsey) Law, 2008, as amended.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matter	How our audit addressed the Key Audit Matter
Recognition of rental income (€137.6 million) Management may seek to overstate rental income as it is a significant metric and indicator of the Group's progress giving rise to a higher risk of misstatement. The Group provides various lease incentives to its tenants. In order to avoid double accounting, the assessed fair value of investment property is reduced by the carrying amount of the lease incentives. Such lease incentives are amortized in the income statement over the duration of the lease together with the rental income. Moreover, on 21 December 2018, the Group signed an agreement for the settlement of Master lease and NOI guarantee agreement related to some properties in Poland which were acquired as part of GPRE acquisition in 2017. The Group recognised the total cash settlement received, an amount of €11.5 million for rental guarantees (RGA) and €10.0 million for NOI guarantees (NOIGA), as compensation for early termination in the current year's income statement. Accounting for lease incentives, as well as, the magnitude and judgment of RGA and NOIGA settlement affect one of the most significant metrics of the Group (Revenue), as such we consider recognition of rental income a key audit matter. The Group's disclosures regarding its accounting policy for rental income and lease incentives, as well as RGA and NOIGA guarantees settlement, are in note 7 of the consolidated financial statements.	The audit procedures performed for the audit of revenue included among others the following: ▪ We documented our understanding of the processes, policies and methodologies used by management in respect of revenue recognition and performed walkthrough tests to confirm our understanding of the systems and controls implemented; ▪ We evaluated the controls and we tested them for the relevant assertions over gross rent; ▪ We performed reasonability tests on rental income to identify any inconsistencies in rental income patterns; ▪ On a sample basis we agreed rental rates to tenancy agreements and rent received to bank statements; ▪ For a sample of tenancy agreements signed within 2018 we reviewed to identify any lease incentives; ▪ For a sample of tenancy agreements with lease incentives, we recalculated the spreading of the incentives over the period of the contract by reference to the terms of the agreements and we assessed the appropriateness of the accounting treatment by reference to the requirements of IFRS; ▪ We enquired the Group's commercial teams about unusual lease terms and we evaluated the completeness of lease incentives through scrutiny of other agreements in place with the tenants; ▪ We have evaluated that the accounting treatment of the termination of the RGA and NOIGA was in line with requirements of IFRS; and ▪ We also considered the adequacy of disclosures in relation to rental income.

Key Audit Matter	How our audit addressed the Key Audit Matter

Valuation of Investment Property (€2,391 million)
 	
The valuation of investment property is the key driver of the Group's net asset value and total return. Valuation of investment property requires specialist expertise and the use of significant judgements, estimates and assumptions and giving rise to a higher risk of misstatement.
 	
For this reason we consider valuation of investment property a key audit matter.
 	
The Group's disclosures regarding its accounting policy, fair value measurement and related judgments, estimates and assumptions used for investment property are in notes 3 and 4 of the consolidated financial statements.
	The audit procedures performed on the valuation of investment property included among others the following:
	▪ We performed a detailed understanding of the processes, policies and methodologies used by management for valuing investment property;
	▪ We agreed the valuations recorded in the consolidated financial statements to the values reported by the Group's independent experts ("specialists");
	▪ We agreed a sample of the significant inputs, particularly rental data, let areas and projected capex, used by the specialists to value investment property to contractual documentation and development plans;
	▪ We tested the arithmetical accuracy of the calculations done by specialists for the main assumptions in the model, by performing a sample of their calculations;
	▪ We involved our own internal valuation specialists from Romania and Poland to assist us to:
	    ▪ evaluate using their knowledge of the market and corroborate the market related judgements and valuation inputs (including discount rates, exit yields and sales values) used by the specialists for a sample of properties (properties with significant value, risky or with significant changes in values or conditions);
	    ▪ assess the conformity of the valuation methods applied; and
	    ▪ evaluate the competence, capability and objectivity of the external valuation specialists.
	▪ We have assessed the impact of the termination of the guarantee agreements (RGA and NOIGA) on the valuation of the investment properties; and
	▪ We also considered the adequacy of disclosures in relation to the investment property valuation.

Accounting treatment of major acquisitions in 2018 (€522 million value of consideration paid) During the year, the Group completed various acquisitions as disclosed in Note 26. The Group has determined these acquisitions to be asset acquisitions. The assessment of accounting treatment as asset acquisitions or business combinations requires significant judgement. For this reason, as well as the impact the new acquisitions are having on the Group consolidated financial statements, we consider this a key audit matter. The Group's disclosures regarding its accounting policy, judgments and assumptions used for the acquisitions made in 2018 are in note 26 of the consolidated financial statements.	The audit procedures performed for auditing the accounting for major acquisitions included among others the following: ▪ We reviewed the transactions' documents to evaluate management's assessments that the transactions fall within the assets acquisition accounting, and thus, are in line with IFRS; ▪ We tested the value of the consideration paid and the identification and valuation of the identifiable assets and liabilities acquired; ▪ We involved our valuation specialists in our audit of the fair values of the properties included in the acquired legal entities; and ▪ We also considered the adequacy of disclosures in relation to the acquisitions.

Other information included in the Group's 2018 Annual Report

Other information consists of the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Audit Committee for the consolidated financial statements

Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and in compliance with the Companies (Guernsey) Law, 2008, as amended, and for such internal control as the Directors determine 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, Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities 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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 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 Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 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, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Andreas Hadjidamianou.

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors
Jean Nouvel Tower,
6 Stasinos Avenue,
P.O.Box 21656,
1511 Nicosia,
Cyprus

27 March 2019

ADDITIONAL INFORMATION

SCHEDULE OF PROPERTIES: ROMANIA

Property name	Number of Properties	Location	Address	Year of completion / Latest Refurbishment	GLA (k sqm)[1]	Occupancy (%)	Contracted rent (€m)	WALL (years)	Potential rent at 100% occupancy (€m)[2]	GAV (€m)	Select Tenants
Office (Standing or Under Construction)											
BOB	1	Bucharest	6A Dimitrie Pompeiu Blvd.	2008 / 2017	22.4	95.2%	3.5	4.3	3.7	48.6	Deutsche Bank, Stefanini, NX Data
BOC	1	Bucharest	3 George Constantinescu St.	2009 / 2014	57.0	99.5%	10.0	3.8	10.1	145.2	Honeywell, HP, NBG Group
City Office	2	Bucharest	2 – 4A Oltenitei St.	2014 / 2017	36.1	71.0% (77.8%*)	3.8	7.7	5.9	61.5	Vodafone, Mindspace, Global Compass, RCS-RDS
Gara Herastrau	1	Bucharest	4B Gara Herastrau St.	2016	12.0	77.5% (86.5%*)	1.7	4.4	2.1	29.5	ADP, Saipem, Baker Tilly
Green Court Complex	3	Bucharest	4 Gara Herastrau St.	2014 / 2015 / 2016	54.3	98.1%	9.9	3.7	10.1	142.6	Orange, Carrefour, General Motors
Globalworth Campus	3	Bucharest	4-6 Dimitrie Pompeiu Blvd.	Tower 1: 2017 Tower 2: 2018 Tower 3: 2019(E)	29.0 28.2 34.8(E)	85.6% (96.8%*) 71.6% (90.9%*) –	3.9 3.2 –	10.2 7.8 –	4.5 4.3 5.6	145.6	Amazon, Stefanini, Dell, Honeywell, Mindspace
Globalworth Plaza	1	Bucharest	42 Pipera Rd.	2010 / 2017	24.1	94.7%	4.4	4.4	4.6	61.7	Microsoft, Patria Bank, Bayer, Coface
Globalworth Square	1	Bucharest	44 Pipera St.	2020E	26.4(E)	–	–	–	5.1	13.8	–
Globalworth Tower	1	Bucharest	201 Barbu Vacarescu St.	2016	54.7	99.3%	11.5	7.3	11.7	179.0	Vodafone, Huawei, NNDKP, Wipro
Renault Bucharest Connected [3]	2	Bucharest	Preciziei 3G St.	2018	42.3	100.0%	5.5	11.0	5.5	69.4	Automobile Dacia
TCI	1	Bucharest	15-17 Ion Mihalache Blvd.	2012	22.4	99.6%	5.1	4.6	5.1	73.5	EY, Hidroelectrica, Cegeka, Mindspace
Unicredit HQ	1	Bucharest	1F Expozitiei Blvd.	2012	15.5	100.0%	3.9	3.4	3.9	52.3	Unicredit
Industrial (Standing or Under Construction)											
Dacia Warehouse	1	Pitesti	1 Dacia A1 St.	2010	68.4	100.0%	4.2	6.5	4.2	46.8	Automobile Dacia
TAP	4	Timisoara	Lipovei Way, Giarmata	2011 - '17	103.4	100.0%	4.6	8.9	4.6	54.6	Continental, Valeo Lighting, Honeywell, Litens, Coca Cola
TAP II	1	Timisoara	Lipovei Way, Giarmata	2019E	17.7(E)	–	–	–	0.8	5.4	–
Retail / Residential (Standing)											
Upground Towers	1	Bucharest	9B Fabrica de Glucoza St.	2011	43.5	Retail: 99.7% / Resi: 64.0%	Retail: 0.8 / Resi: 1.5	Retail: 8.8 / Resi: 1.1	Retail: 0.9 / Resi: 1.5	7 9.6	World Class, Delhaize group
Land for future development											
GCD	–	Bucharest	1 Dimitrie Pompeiu Blvd.	2020(E)	4.0 / 16.2(E)	–	–	–	–	5.1	
TAP II (additional land)	–	Timisoara	Lipovei Way	2019-2020(E)	263.2 / 122.1(E)	–	–	–	–	6.4	
GW West	–	Bucharest	Preciziei 3F	2021(E)	7.6 / 33.4(E)	–	–	–	–	3.2	
Luterana Lands	–	Bucharest	7-13 Luterana Street	2021(E)	6.6 / 26.4(E)	–	–	–	–	14.3	
TAP (expansion)	–	Timisoara	Lipovei Way	n/a	31.9 / 28.5(E)	–	–	–	–	1.4	
Herastrau One	–	Bucharest	48-50 Soseaua Nordului	n/a	3.2 / n/a	–	–	–	–	5.8	
Total Standing Commercial Portfolio											
No of Commercial Investments: 13	21				576.1	94.9% (97.0%*)	76.1	6.1	81.2	1,095.4	

Notes
(1) GLA of "Land for future development" represents size of land plot / expected GLA upon completion of development.
(2) Contracted rent at 100% occupancy (including ERV on available spaces).
(3) Renault Bucharest Connected is presented on the 100% basis held by Elgan Offices Srl in Romania.
Globalworth holds a 50% share in Elgan Office Srl.
(4) Potential rent at 100% occupancy, excludes residential.
(*) Includes tenant options.

SCHEDULE OF PROPERTIES: POLAND

Property name	Number of Properties	Location	Address	Year of completion / Latest Refurbishment	GLA (k sqm)[1]	Occupancy (%)	Contracted rent (€m)	WALL (years)	Potential rent at 100% occupancy (€m) [1]	GAV (€m)	Select Tenants
Office [2]											
Batory Building 1	1	Warsaw	212A Jerozolimskie Av.	2000 / 2017	6.6	91.9%	0.9	2.7	1.0	12.0	Solid Group, Impuls Leasing,
Bliski Centrum	1	Warsaw	8 Zurawia St.	2000 / 2018	4.9	96.5%	1.0	7.6	1.0	12.5	Eurozet, eToto
Nordic Park	1	Warsaw	8 Herberta St.	2000 / 2018	9.0	87.2%	1.6	3.8	1.8	23.8	Baxter, ZBP
Philips	1	Warsaw	195A Jerozolimskie Av.	1999 / 2018	6.2	91.9%	1.1	3.3	1.2	13.7	Philips, Trane
Skylight & Lumen	2	Warsaw	59 Zlota St.	2007	45.4	88.8%	11.5	3.7	13.0	191.2	Pernod Ricard, Mars, InOffice, Orbis, PGE Energia Ciepla
Spektrum Tower	1	Warsaw	18 Twarda St.	2003 / 2015	32.1	96.8%	6.7	4.6	7.0	107.2	CityFit, Ecovadis, BNP Paribas
WARTA Tower	1	Warsaw	85 Chmielna St.	2000	33.7	92.4%	5.9	2.5	6.5	63.1	TUiR Warta, ITmagination
Tryton	1	Gdansk	11 Jana z Kolna St.	2016	24.1	100.0%	3.9	3.3	3.9	56.3	Intel, Kainos, Ciklum
A4 Business Park	3	Katowice	42 Francuska St.	2014 - '16	30.6	100.0%	5.1	3.7	5.1	68.6	Rockwell, PKP Cargo, IBM
CB Lubicz [3]	2	Krakow	23, 23A Lubicz St.	2000 & '09 / 2018 & '09	24.0	96.1%	4.7	2.7	5.0	70.5	International Paper, Capita, Deutsche Bank
Quattro Business Park	5	Krakow	25 Bora-Komorowskiego Av.	2010, '11, '13, '14 & '15	60.2	98.3%	10.7	2.6	10.9	141.7	Capgemini, Google, Luxoft, EPAM
Green Horizon	2	Lodz	106a Pomorska St.	2012 - '13	33.5	98.9%	5.2	4.7	5.3	72.0	Infosys, Capita, PKO BP
West Gate	1	Wroclaw	12 Lotnicza St.	2015	16.6	99.5%	2.9	6.6	2.9	41.8	Nokia, Deichmann
West Link	1	Wroclaw	2 Szybowcowa St.	2018	14.4	100.0%	2.5	6.2	2.5	37.0	Nokia, Hilti
Mixed-Use [2]											
Hala Koszyki	5	Warsaw	63 Koszykowa St.	5x2016	22.2	96.9%	6.9	5.8	7.0	120.3	Mindspace, Multimedia, Eneris
Supersam	1	Katowice	40 Swidnicka St.	2015	24.2	91.6%	3.6	4.1	4.0	57.8	Groupon, LPP Group, Sports Direct
Renoma	1	Wroclaw	8 Piotra Skargi St.	2009 / 2016	40.9	91.7%	7.6	3.5	8.2	127.4	HP, Inditex, TK Maxx
Right of First Offer (ROFO) [5]											
Beethovena I	1	Warsaw	Beethovena Street	2019(E)	18.9	63.6%	n/a	n/a	3.4	17.8	Havas, MasterCard
Beethovena II	1	Warsaw	Beethovena Street	2020(E)	16.9	–	n/a	n/a	2.9	4.2	–
The Gatehouse Offices [3]	1	Warsaw	Grzybowska Street	2018	15.7	100.0%	3.8	n/a	3.8	65.0	L'Oreal, WeWork, Epam and Sony
Total Standing Commercial Portfolio											
No of Commercial Investments: 17	30				428.7	95.4%	81.8	3.9	86.3	1,216.8	

Notes
(1) Contracted rent at 100% occupancy (including ERV on available spaces).
(2) All properties are 100% owned by Globalworth Poland. Globalworth at 31 December 2018 held 69.1% in Globalworth Poland, subsequently increasing its stake in the company to 77.5% on 11 March 2019.
(3) CB Lubicz - I, property currently under refurbishment (partially completed).
(4) The Gatehouse Offices, is the investment previously known as Browary J.
(5) Globalworth Poland has a 25% economic interest in the ROFO assets.

Investing strategy
The Company's primary focus is to invest in a diversified portfolio of real estate assets situated in Romania and Poland, the two largest markets in Central and Eastern Europe. The Company may also invest in real estate assets located in other South-Eastern European and Central Eastern European countries. The Directors believe its primary markets of investment represent an attractive real estate investment proposition over the medium-to-long term.

By investing in income-generating properties, asset repositioning and development opportunities, and seeking to derive most of its income from multinational corporate groups and institutional financial tenants on long, triple net leases, the Company intends to provide investors with an attractive, risk- adjusted combination of yield and capital appreciation.

Globalworth is internally managed, with all investment advisory and portfolio management services exclusively provided by Globalworth Investment Advisers Ltd ("GIAL"), a wholly owned subsidiary of the Company. Asset management services to the Company's real estate portfolio are provided by Globalworth Asset Managers ("GAM"), another wholly-owned subsidiary of Globalworth.

Assets or companies in which the Company can invest
Investments made by the Company may take the form of, but are not limited to, single real estate assets, real estate portfolios and companies, joint ventures, loan portfolios and equity and debt instruments.

Strategy through which the investing policy is achieved
The Company's strategy is to focus on acquiring underperforming or undervalued properties (due to financial distress, mismanagement or otherwise) and, through active asset management, to transform these into performing and marketable assets. Most of the current or expected income from these assets is derived from multinational corporate groups and institutional financial tenants on long, triple net and annually indexed leases.

Investment approach
The Company assumes a proactive approach to every real estate investment in the Company's portfolio and pursues various asset management initiatives according to the most appropriate business plan for each investment. These initiatives may include: repositioning of existing assets (including re-letting, refurbishment or re-development); development of new assets, corporate restructuring and reorganisation; portfolio break-ups (for example, "wholesale" to "retail" trades); and optimising capital structure.

Holding period for investments
The typical holding period for any investment is expected to be five to seven years. The decision to exit a particular investment will be taken by the Company's board of directors ("the Board") following the recommendation of the Investment Adviser, and may be less or greater than the expected holding period. Such a decision may result from a variety of factors, including the need to optimise the risk/return of the investment, responding to asset or market dynamics, or taking advantage of an unsolicited enquiry, but always with a view to ensuring that returns to shareholders are maximised.

Gearing and cross holdings policies
The Company is permitted, directly or indirectly, to borrow for working capital, investment and any other purpose. Debt financing is expected to be an important component of the structuring and execution of the Company's investments, to improve returns for both developmental and income- generating assets. Borrowings may be undertaken by the Company itself or by any of its subsidiaries or project companies. The amount of leverage employed in respect of an investment is dependent on the nature of the opportunity, however, it is expected that the maximum loan-to-value for the Group will not exceed 60 per cent.

Hedging instruments
In connection with third party debt, the Company may enter into one or a series of interest rate hedging products (including, among others, swaps, caps, collars or options) to protect the returns of the relevant investment against adverse interest rate fluctuations. Although it is anticipated that all rentals and debt finance will be in Euro, the Company may also enter into one or a series of currency hedging instruments (including, among others, swaps, caps, collars or options) to protect the returns of the relevant investment against adverse currency fluctuations.

Investing restrictions
Unless the Board (at its absolute discretion) approves otherwise, the Company will not acquire or invest in commercial properties which do not satisfy the minimum pre-letting commitment targets which are as follows:

- for any logistics or warehouse property, pre-letting commitments for a minimum of 60 per cent. of the gross leasable area of such property; and
- for any other commercial property, pre-letting commitments for minimum of 50 per cent. of the gross leasable area of such property. These above restrictions will not preclude the Company making investments in short-dated cash or near-cash equivalent securities, which form part of its cash management practices.

Nature of returns that the Company seeks to deliver to Shareholders
To support shareholder dividends, the Directors anticipate that a sustainable cash flow will be generated through stable and recurring rental income, increased where appropriate through active asset management. The determination as to whether or not to reinvest some of the proceeds of the disposal of an asset, and the declaration of dividends, is at the absolute discretion of the Board. It is intended that not less than 90% of the Company's funds from operations will be distributed to shareholders of the Company on a semi-annual basis, subject to solvency or other legal requirements.

Asset or Property
Represent the individual land plot or building under development or standing building which forms part or the entirety of an investment.

Bargain Purchase Gain
Any excess between the fair value of net assets acquired and consideration paid, in accordance with IFRS 3 "Business Combination".

BREEAM
Building Research Establishment Assessment Method, which assesses the sustainability of the buildings against a range of criteria.

CAPEX
Represents the estimated Capital Expenditure to be incurred for the completion of the development projects.

Capitalisation Rates
Based on actual location, size and quality of the properties and taking into account market data at the valuation date.

CBD
Central Business District.

CEE
Central and Eastern Europe.

CIT
Corporate income tax

Commercial Properties
Comprises the office, light-industrial and retail properties or areas of the portfolio.

Completed Investment Property
Completed developments consist of those properties that are in a condition which will allow the generation of cash flows from its rental.

Completion Dates
The date when the properties under development will be completed and ready to generate rental income after obtaining all necessary permits and approvals.

Contracted Rent
The annualised headline rent as at 31 December 2018 that is contracted on leases (including pre-leases) before any customary tenant incentive packages.

Debt Service Cover Ratio ("DSCR")
It is calculated as net operating income for the year as defined in specific loan agreements with the respective lenders, divided by the principal plus interest due over the same year.

Discount Rates
The discount rate is the interest rate used to discount a stream of future cash flows to their present value.

Discounted Cash Flow Analysis ("DCF")
Valuation method that implies income projections of the property for a discrete period of time, usually between 5-10 years. The DCF method involves the projection of a series of periodic cash flows either to an operating property or a development property. Discounted cash flow projections based on significant unobservable inputs taking into account the costs to complete and completion date.

Earnings Per Share ("EPS")
Profit after tax divided by the basic/diluted weighted average number of shares in issue during the year or period.

EBITDA
Earnings attributable to equity holders of the Company before finance cost, tax, depreciation, amortisation of other non-current assets and purchase gain on acquisition of subsidiaries.

Adjusted EBITDA
Earnings before finance cost, tax, depreciation, amortisation of other non-current assets and purchase gain on acquisition of subsidiaries. This includes the share of minority interests.

EBITDA (normalised)
Earnings attributable to equity holders of the Company before finance cost, tax, depreciation, amortisation of other non-current assets, purchase gain on acquisition of subsidiaries, fair value movement, and other non-operational and/or non-recurring income and expense items.

Adjusted EBITDA (normalised)
Earnings before finance cost, tax, depreciation, amortisation of other non-current assets, purchase gain on acquisition of subsidiaries, fair value movement, and other non-operational and/or non-recurring income and expense items. This includes the share of minority interests.

EPRA
The European Public Real Estate Association is a not-for-profit association representing Europe's publicly listed property companies.

EPRA Earnings
Profit after tax attributable to the equity holders of the Company, excluding investment property revaluation, gains, losses on investment property disposals and related tax adjustment for losses on disposals, bargain purchase gain on acquisition of subsidiaries, acquisition costs, changes in the fair value of financial instruments and associated close-out costs and the related deferred tax impact of adjustments made to profit after tax.

EPRA Earnings Per Share
EPRA Earnings divided by the basic or diluted number of shares outstanding at the year or period end.

EPRA Net Assets ("EPRA NAV")
Net assets per the statement of financial position, excluding the mark-to-market on effective cash flow hedges and related debt adjustments and deferred taxation on revaluations excluding goodwill.

EPRA NAV Per Share
EPRA NAV divided by the basic/diluted number of shares outstanding at the year or period end.

Estimated Vacancy Rates
Represent vacancy rates computed based on current and expected future market conditions after expiry of any current lease.

EURIBOR
The Euro Interbank Offered Rate: the interest rate charged by one bank to another for lending money, often used as a reference rate in bank facilities.

Financial Year
Period from 1 January to 31 December.

FFO
Free funds from operations, estimated as the EPRA Earnings for the relevant period.

GLA
Gross leasable area.

IFRS
International Financial Reporting Standards as adopted by the European Union.

NBP
National Bank of Poland.

Property Under Development
Properties that are in development process that do not meet all the requirements to be transferred to completed investment property.

Interest Cover Ratio ("ICR")
Calculated as net operating income divided by the debt service / interest.

Investment
Represents a location which the Company owns / has interests in.

IPO
Admission to the AIM Market of the London Stock Exchange.

Land Bank for Further Development
Land bought for further development but for which the Group did not obtain all the legal documentations and authorisation permits in order to start the development process.

LEED
Leadership in Energy & Environmental Design, a green building certification programme that recognises best-in-class building strategies and practices.

Loan-to-Cost Ratio ("LTC")
Calculated by dividing the value of loan drawdowns by the total project cost.

Loan to Value ("LTV")
Calculated as the total outstanding debt excluding amortised cost, less cash and cash equivalents as of financial position date, divided by the appraised value of owned assets as of the financial position date. Both outstanding debt and the appraised value of owned assets include our share of these figures for joint ventures, which are accounted for in the consolidated financial statements under the equity method.

Maintenance Costs
Including necessary investments to maintain functionality of the property for its expected useful life.

Master Lease
Master lease, includes various rental guarantees, which range between 3 and 5 years, covering the majority of space which is currently vacant in the properties owned through GPRE.

Net Assets Value ("NAV")
Equity attributable to shareholders of the Company and/or net assets value.

Net Asset Value ("NAV") Per Share
Equity attributable to owners of the Company divided by the number of ordinary shares in issue at the period end.

Net Operating Income ("NOI")
Net operating income (being the gross operating income less operating expenses that are not paid by or rechargeable to tenants, excluding funding costs, depreciation and capital expenditure).

Non-Controlling Interest ("NCI")
The equity in a subsidiary not attributable, directly or indirectly to the parent.

Occupancy Rate
The estimated let sqm (GLA) as a percentage of the total estimated total sqm (GLA) of the portfolio, excluding development properties. It includes spaces under offer or subject to asset management (where they have been taken back for refurbishment and are not available to let as of the financial position date).

Portfolio Open Market Value ("OMV" or "GAV")
Portfolio open market value means the fair value of the Group's investment properties determined by CBAR Research & Valuation Advisors SRL ("Coldwell Banker"), Colliers Valuation and Advisory SRL, Cushman & Wakefield LLP (C&W), Knight Frank Sp. z.o.o ("Knight Frank") and CBRE Sp. z.o.o. ("CBRE") independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued, using recognised valuation techniques.

When presenting the total portfolio value of the Group, we have included 100% of the appraised value of property held by Elgan Offices SRL in Romania. Group holds a 50% share in Elgan Offices SRL and its investment is included in the financial statements under "share of net assets and loans provided".

Residual Value Method
Valuation method that estimated the difference between the market value of the building upon completion that can be built on the plot of land and all the building's construction costs, as well as the developer's profit. This method relies on the contribution concept by estimating from the future income of the building, the amount that can be distributed to the land.

Sales Comparison Approach
Valuation method that compares the subject property with quoted prices of similar properties in the same or similar location.

SPA
Share sale purchase agreement.

SQM
Square metres.

The Company or the Group
Globalworth Real Estate Investments Limited and its subsidiaries.

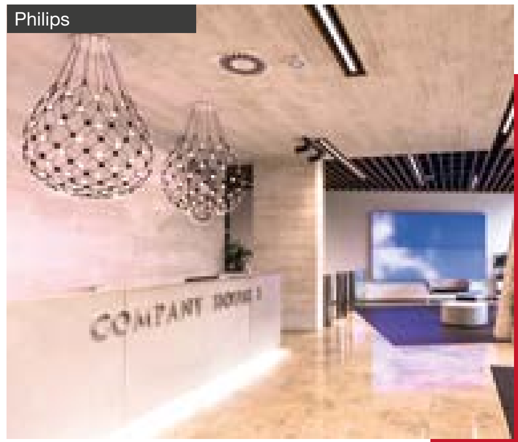
The Investment Adviser
Globalworth Investment Advisers Limited, a wholly owned holding subsidiary incorporated in Guernsey.

Total Accounting Return
Total accounting return is the growth in EPRA NAV per share plus dividends paid, expressed as a percentage of EPRA NAV per share at the beginning of the period.

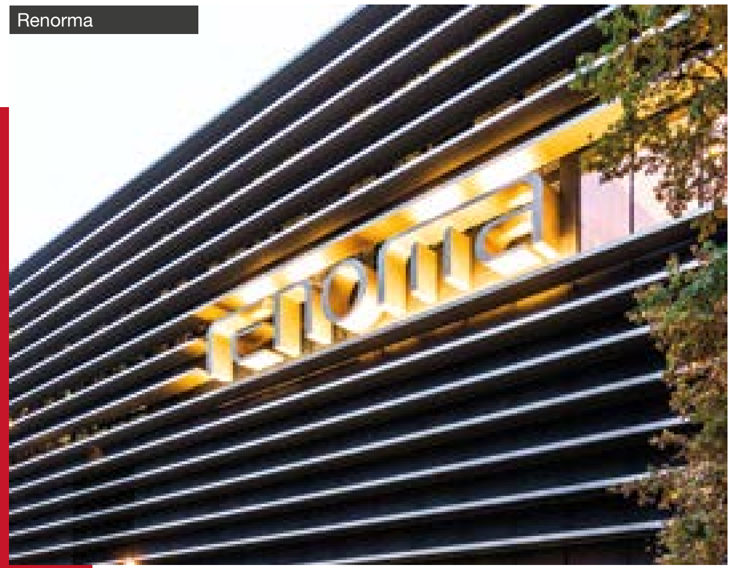
WALL
Represents the remaining weighted average lease length of the contracted leases as of the financial position date, until the lease contracts' full expiration.

Weighted Average Interest Rate
The average of the interest rate charged on the Group's loans, weighted by the relative outstanding balance of each loan at the year or period end.

WIBOR
Warsaw Interbank Offered Rate.


Philips


Quattro

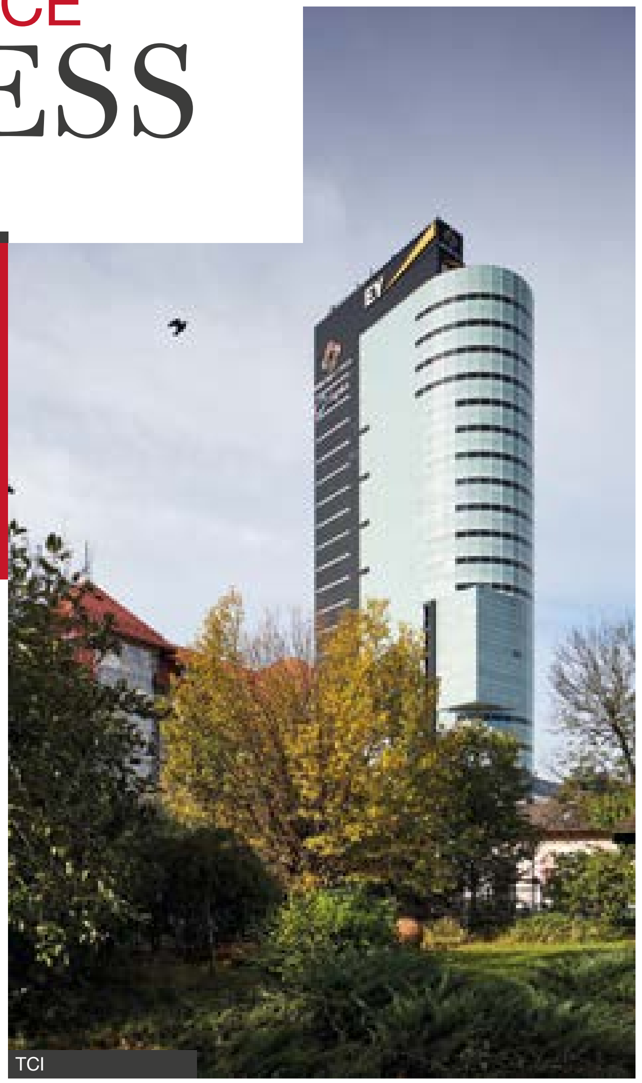

Renorma


Hala Koszyki

THE LANDLORD OF CHOICE FOR BUSINESS

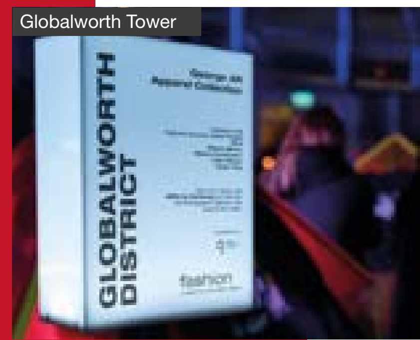

Globalworth Tower


Warta


TCI


Unicredit HQ


Globalworth Tower

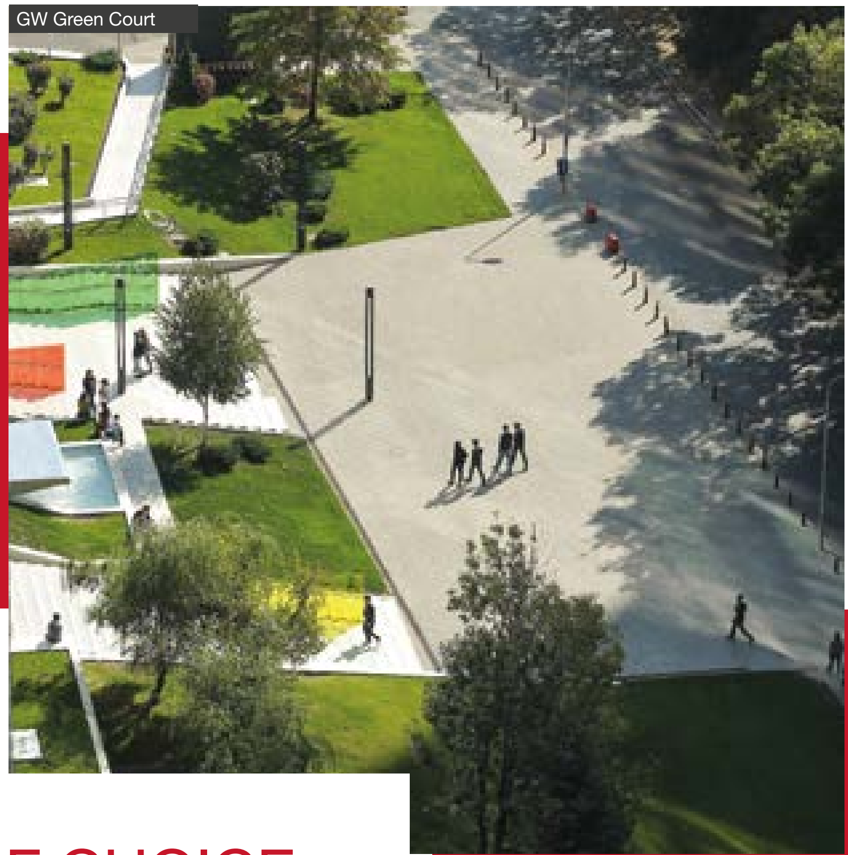


Globalworth Tower


Hala Koszyki


Tryton


A4


GW Green Court


BOB


GW Plaza & GW Tower


TAP


Hala Koszyki

THE LANDLORD OF CHOICE FOR PEOPLE


Hala Koszyki


GW Campus


Dacia Warehouse


GW Campus

Skylight & Lumen


BOB

Registered Office
Ground Floor
Dorey Court
Admiral Park
St Peter Port
Guernsey
GY1 2HT

Nominated Adviser and Joint Broker
Panmure Gordon (UK) Limited
One New Change
London
EC4M 9AF
United Kingdom

Investment Adviser*
Globalworth Investment Advisers Limited
Ground Floor
Dorey Court
Admiral Park
St Peter Port
Guernsey
GY1 2HT

Auditors
Ernst & Young Cyprus Limited
Jean Nouvel Tower
6 Stasinos Avenue
1511 Nicosia
Cyprus

Registrar
Link Market Services (Guernsey) Limited
Mont Crevalt House
Bulwer Avenue
St. Sampson
Guernsey
GY2 4LH

Public Relations
Milbourne
1 Ropemaker Street
London
EC2Y 9AW
United Kingdom

Administrator and Company Secretary
JTC Fund Solutions (Guernsey) Limited
PO Box 156
Ground Floor
Dorey Court
Admiral Park
St Peter Port
Guernsey
GY1 4EU

Joint Broker
Jefferies International Limited
Vintners Place
68 Upper Thames Street
London
EC4V 3BJ
United Kingdom

Asset Manager*
Globalworth Asset Managers SRL
Globalworth Tower
26th floor
201 Barbu Vacarescu Street
2nd district
Bucharest 020276
Romania

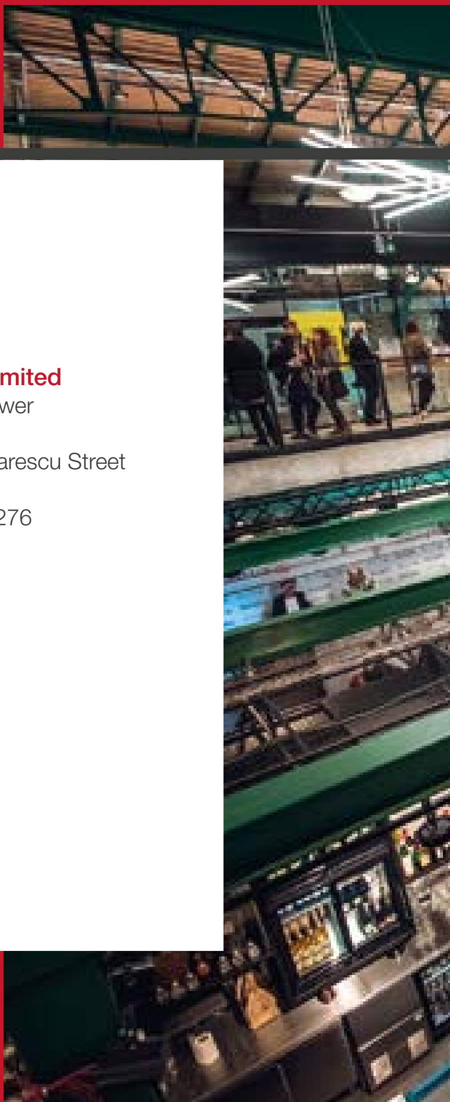
Legal Adviser – English Law and US Law
Skadden, Arps, Slate, Meagher & Flom (UK) LLP
40 Bank Street Canary Wharf
London
E14 5DS
United Kingdom

Advocates – Guernsey Law
Carey Olsen
PO Box 98
Carey House
Les Banques
St. Peter Port
Guernsey
GY1 4BZ

Legal Adviser – Romanian Law
Nestor Nestor Diculescu Kingston Petersen
Globalworth Tower 18th floor
201 Barbu Vacarescu Street
2nd district
Bucharest 020276
Romania

* Wholly owned subsidiaries of the Company.

Designed and produced by **emperor**
Visit us at **emperor.works**



Globalworth Real Estate Investments Limited

Ground Floor
Dorey Court
Admiral Park
St Peter Port
Guernsey GY1 2HT

Globalworth Tower
26th Floor
201 Barbu Vacarescu Street
2nd district
Bucharest 020276
Romania

Tel: +40 (0) 372 800 000
Fax: +40 (0) 371 600 000

Email: enquiries@globalworth.com

www.globalworth.com