globalworth™

THE LEADING OFFICE INVESTOR IN ROMANIA

ANNUAL REPORT AND FINANCIAL STATEMENTS 2016

INTRODUCTION

GLOBALWORTH FOCUSES ON MAXIMISING VALUE FROM REAL ESTATE INVESTMENT OPPORTUNITIES IN ROMANIA AND THE BROADER CEE AND SEE REGION

Green Court "B"

A YEAR OF STRONG RESULTS

FINANCIAL

Portfolio open market value
€977.5m
+5% on 2015

Loan to value ratio
43.4%

EPRA NAV
€783.8m
+38% on 2015

EPRA NAV per share
857 cents
-6% on 2015

Normalised EBITDA
€36.3m
+62% on 2015

Net operating income
€43.6m
+54% on 2015

EPRA Earnings
€8.6m
+€13.9m on 2015

EPRA Earnings per share
13.34 cents
+22.75 cents on 2015

NAV
€715.4m
+43% on 2015

NAV per share
791 cents
-1% on 2015

Gain on the valuation of property
€6.7m
€49.4m in 2015

Earnings before tax
€12.2m
€62.5m in 2015

To learn more about our business and investments visit us online at **globalworth.com**

OPERATIONAL

- Completed a €200 million equity capital raise at €8.0 per share, subscribed by Growthpoint Properties Ltd and Oak Hill
- Completed a €180 million senior secured real estate bond subscribed by the Canada Pension Plan Investment Board (CPPIB) and Cairn Capital
- Delivered two Class "A" office properties in Bucharest increasing the total number of standing properties to 14
  - The flagship Globalworth Tower in Q1-16 (GLA: c.54.7k sqm)
  - The Gara Herastrau office property in Q2-16 (GLA: c.12k sqm)
- Signed tenancies for a total of 98k sqm of commercial GLA in our properties in 2016
- Increased commercial standing GLA by 22% to 370k sqm
  - Total standing GLA of 420k sqm
- Four office and light-industrial/warehouse facilities under construction in Bucharest and Timisoara
- 332k sqm of commercial space let or pre-let with a WALL of 6.5 years
- Total average occupancy of commercial standing GLA at c.83.1%
- Received green accreditation for three office properties, including LEED Platinum for Globalworth Tower (in 2017), increasing the total number of green accredited properties in the portfolio to eight

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2016 was a busy and successful year for Globalworth. We delivered strong results, improved the fundamentals of our business, and continued to strengthen our position as one of the leading real estate players in Romania and the wider region.

Geoff Miller
Chairman

COMPETITIVELY POSITIONED IN AN ATTRACTIVE MARKET

We are a fully integrated real estate company operating in the CEE and SEE region with a primary focus on Romania, where we acquire, develop and directly manage primarily high-quality office and logistics/light-industrial real estate assets.

INVESTMENT STRATEGY

SECTOR:	High-quality commercial properties, with primary focus on: – Offices – Logistics / Light-Industrial
REGION:	– CEE and SEE Region – Romania (primary market of focus)
ASSETS:	– Existing or to be developed, undervalued or underperforming properties with transformation potential into performing and marketable assets with long / stable cash flow
TENANTS:	– Multinational corporate groups and financial institutions
LEASE TERMS:	– Long-term – Triple net – Euro-denominated – Annually indexed

City Offices

Standing & operational* assets: value "as is"

€882m

Current developments:* value "as is"

€78m

Land for development: value "as is"

€18m

Portfolio appraised value upon completion

€1.1bn

*For presentation purposes only we have included under 'Standing and Operational Properties' the three facilities of TAP leased to Valeo, Continental and Elster offering total GLA of 81.4k sqm valued at €42.0 million, with facilities either under or with potential for further development (Valeo, Continental and Litens) presented as 'Developments' with an appraised value of €7.5 million.

INVESTMENT PROPOSITION

WE HAVE A ROBUST RECORD OF PERFORMANCE AND OUR STRENGTHS POSITION US FOR FURTHER GROWTH

WE HAVE A
ROBUST TRACK RECORD

Successfully completed a number of corporate (debt and equity) and real estate transactions

Deployed €860 million in Romania's real estate market in the past 3 1/2 years

Developed 170k sqm of high quality commercial GLA

Assembled a portfolio of high-quality properties valued at €1.1 billion

See INVESTMENT JOURNEY on page 8

WE HAVE A
FAVOURABLE MARKET IN WHICH WE OPERATE

Romania (principal country of operation) is one of the fastest growing economies in Europe

Strong macro-economic outlook

Improving real estate market, with further growth potential

See OUR MARKET on page 14

WE HAVE A
PROVEN STRATEGY

Investment in a diverse pool of properties (standing / developments) allowing for higher risk-adjusted returns

c.238k sqm of commercial GLA successfully negotiated in our properties

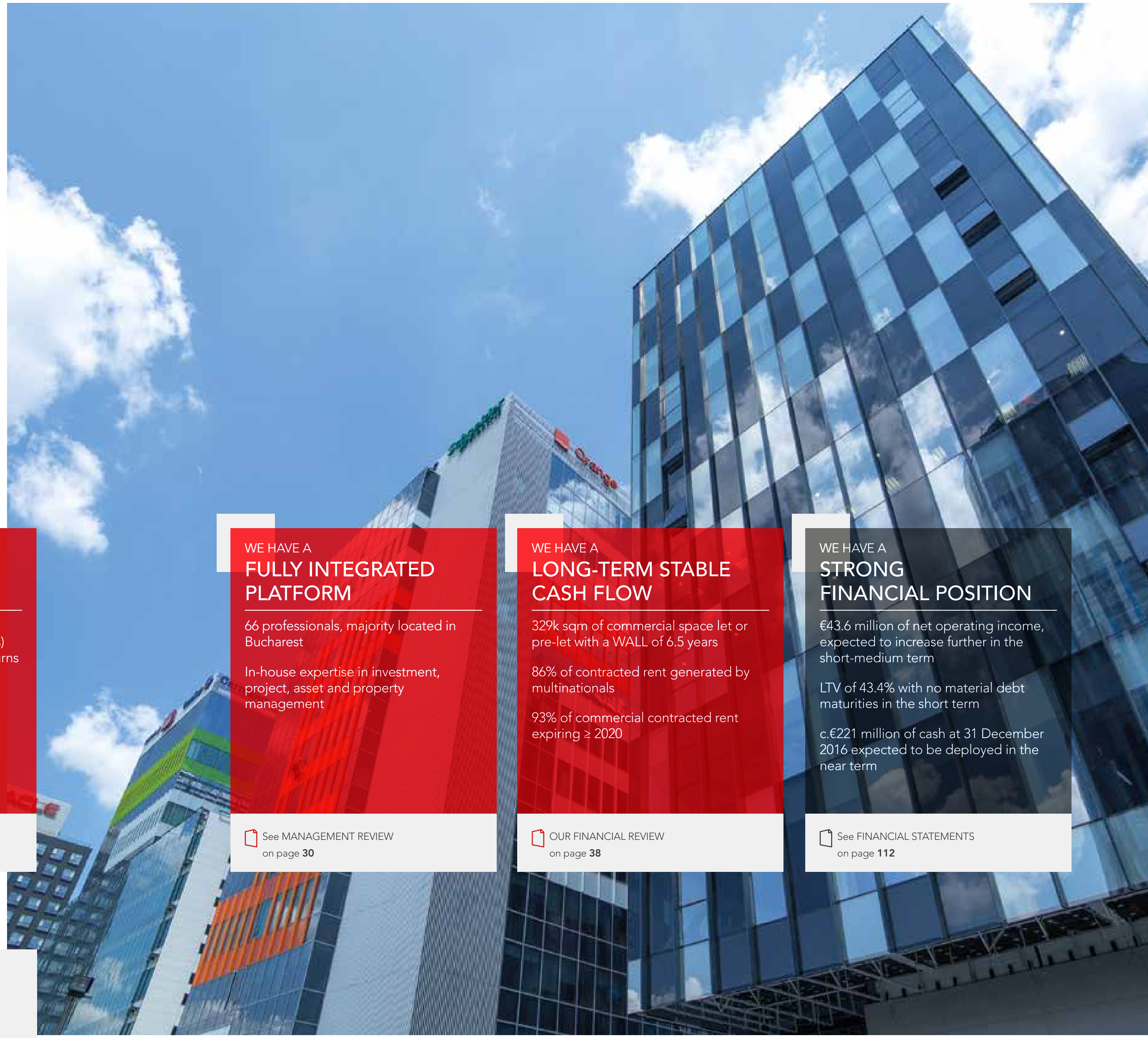
Average portfolio lease length of 6.5 years, longer than average in the market

See BUSINESS MODEL on page 18

Portfolio open market value

€977.5m

+5%



WE HAVE A
FULLY INTEGRATED PLATFORM

66 professionals, majority located in Bucharest

In-house expertise in investment, project, asset and property management

See MANAGEMENT REVIEW on page 30

WE HAVE A
LONG-TERM STABLE CASH FLOW

329k sqm of commercial space let or pre-let with a WALL of 6.5 years

86% of contracted rent generated by multinationals

93% of commercial contracted rent expiring ≥ 2020

OUR FINANCIAL REVIEW on page 38

WE HAVE A
STRONG FINANCIAL POSITION

€43.6 million of net operating income, expected to increase further in the short-medium term

LTV of 43.4% with no material debt maturities in the short term

c.€221 million of cash at 31 December 2016 expected to be deployed in the near term

See FINANCIAL STATEMENTS on page 112

Gara Herastrau & Green Court Buildings "A" and "B"

€860 MILLION OF INVESTMENTS

UNDERTAKEN SINCE INCEPTION WITH 20 PROPERTIES CURRENTLY WORTH €1.0 BILLION AND €1.1 BILLION UPON COMPLETION OF DEVELOPMENTS

Key corporate events
Acquisitions
Completion of developments

2013

- **FEB 2013** – Incorporation of GWI
- **JUL 2013** – Listing on LSE AIM, raising €54 million
- **SEP 2013** – Acquisition of GAM
- **DEC 2013** – Acquisition of Globalworth Tower site
- **FEB 2014** – Acquisition of TCI
- **MAR 2014** – Acquisition of BOB, BOC & Upground Towers
- **APR 2014** – Equity Capital raise €144 million
- **JUN 2014** – Acquisition of GWI Campus site
- **JUL 2014** – Acquisition of TAP
- **DEC 2014** – Acquisition of Gara Herastrau & Luterana lands

2015

2015

- **MAR 2015** – Acquisition of UniCredit HQ and Globalworth Plaza[1]
- **APR 2015** – Delivery of Continental warehouse in TAP
- **JUN 2015** – Acquisition of Green Court "A"
- **SEP 2015** – Delivery of Elster facility in TAP
- **OCT 2015** – Equity Capital raise €54 million
- **DEC 2015** – Acquisition of Green Court "B"
- **FEB 2016** – Delivery of GlobalworthTower
- **MAY 2016** – €180 million Bond issue subscribed by CPPIB and Cairn Capital
- **JUN 2016** – Delivery of Gara Herastrau
- **DEC 2016** – Equity Capital raise €200 million subscribed by GRT and OakHill

2017

1 Globalworth Plaza, was previously referred to as Nusco Tower.

STRATEGIC REVIEW

ANOTHER SUCCESSFUL STEP IN OUR EVOLUTION MARKED BY ROBUST PERFORMANCE, IMPROVED GOVERNANCE AND STRONGER CAPITAL BASE

2016 was a busy and successful year for us. We continued to grow our asset base, achieved strong operating and financial performance, raised a total of €380 million through two high-profile transactions in the debt and equity capital markets, and welcomed a new cornerstone shareholder to the Company.

Geoff Miller
Chairman

Performance

Over the course of the year we made good progress with our development programme for office and light-industrial/warehouse space in Romania while adding to our footprint of Class "A" offices in Bucharest with two new properties, one of which was the landmark Globalworth Tower. We continued to actively manage our portfolio to best position our properties in the market and deliver sustainable growth for the Company, our shareholders and the wider community in which we operate.

Since Globalworth's inception in February 2013 we have invested c.€860 million in Romania's real estate market, ranking us as one of the most active investors in the country over this period, and assembled a portfolio of 15 high-quality investments valued at €977.5 million as at 31 December 2016.

This level of investment has been made possible through the support of our shareholders, our debt finance providers and the use of our own resources. I would like to highlight that, in 2016, we successfully completed two corporate transactions, which in our opinion should be included in the list of the most notable ones for the year in the region:

- The €180 million bond transaction concluded in June 2016 with the Canada Pension Plan Investment Board (CPPIB) and Cairn Capital
- The €200 million equity capital raise concluded in December 2016, fully subscribed by Growthpoint Properties Ltd. and Oak Hill Advisors[1]

We are proud and grateful for the validation and support of international investors of CPPIB and Growthpoint's size and reputation.

We are also pleased to be paying a dividend for the first time since the Company's inception. As declared in December 2016, we will be distributing €40 million (€0.44 per share) to our shareholders in two tranches for 2017 and have committed to distribute the equivalent of 90% of our Funds from Operations (FFO) in the future.

Shareholder Base

We are delighted to have Growthpoint Properties Ltd. (GRT) as the new principal shareholder in Globalworth. GRT is South Africa's largest REIT, with assets of over €7.5 billion, and a top-5 constituent of the FTSE EPRA/NAREIT emerging markets index. GRT became the largest shareholder in the Company following its participation in the €200 million equity capital raise in December 2016, in which it invested c.€186 million.

GRT's interest in further investing in the Central and South Eastern European region is aligned with that of the Company and we will be looking to leverage its support and best-in-class practices of operation and governance.

Board Operation/Memberships

We believe that a close relationship and open communication between the Non-Executive and Executive Directors is critical for the smooth operation of the Board and to provide the right guidance for the Company.

This level of close cooperation, intensified by the key bond and equity transactions contemplated and finally executed in 2016, was evidenced by our Board convening 18 times over the course of the year to ensure that all appropriate actions and decisions were taken.

We are pleased to welcome four new members to our Board of Directors, which as of February 2017 comprised 12 participants, and thank the existing directors for their ongoing cooperation and support. Norbert Sasse (CEO of GRT) and George Muchanya of Growthpoint, Peter Fechter and Richard van Vliet have joined the Board as Non-Executive Directors. We believe that their extensive experience and business acumen will help us to steer Globalworth to new levels of success.

Corporate Governance

The benefits of GRT's involvement with the Company have become immediately apparent as we have already adopted some of the practices of our new principal shareholder. We believe that these will further improve the way that we operate.

As our business grows in scale and to increase the efficiency of our operations and our Board, we have introduced a newly formed Investment Committee. This committee has been established to consider and approve or recommend to the Board (in accordance with a specified delegated authority framework) proposed investments or divestments, financing arrangements, investment policies and strategy. It comprises five members, these being Eli Alroy (Chairperson), Norbert Sasse, George Muchanya, Ioannis Papalekas and Dimitris Raptis.

The Board has also resolved to make certain changes to its committee memberships:

- Peter Fechter has joined the Remuneration Committee and John Whittle has stepped down as Chairperson and member, with myself succeeding him as Chairperson
- Richard van Vliet has joined the Audit Committee, replacing myself in the role

I would like to thank John for his service on the Remuneration Committee and wish my fellow members every success with their new roles and responsibilities.

Sustainability/Social Responsibility

At Globalworth we aim to do business while adhering to strict business ethics and corporate social responsibility, which we believe adds and sustains long-term value for the Company, our shareholders, the community and the environment.

We continue to focus on investing in environmentally friendly properties, having added two green certified buildings to our portfolio in 2016 and now having the first property in Bucharest and the broader SEE region to be awarded LEED Platinum. Of our commercial standing investments, 8 out of 11 have received green accreditation of BREEAM Excellent/LEED Gold or higher, and we are exploring the potential for similar accreditations for other properties in our portfolio.

We are also very proud to be able to give back to the community. Globalworth has directly or indirectly supported numerous local communities, charities and hospitals in Romania over the years, predominantly focused on young children, single mothers and those in need of palliative care.

Health and Safety

The health and safety of the people working or visiting our properties, our employees and our partners is of paramount importance to us. With over 420k sqm of standing GLA in our property portfolio and an additional 79k sqm under construction at the end of 2016, and thousands of people working on or visiting our sites on a daily basis, we work hard together with our partners to ensure that our safety record remains intact.

On our construction sites we monitor our contractors closely to ensure that proper safety measures are being applied to the workforce and, in the case of visitors, that the proper health and safety training is being performed. At our completed properties we conduct health and safety training for our tenants and undertake regular scenario exercises in order to secure the safety of employees and visitors in the event of an emergency.

With a portfolio of high-class assets, a new cornerstone investor and a robust balance sheet, Globalworth is in a strong position to pursue further asset growth through acquisitions. We already announced in February 2017 our acquisition of Dacia's main distribution centre facility in Romania and we have a strong pipeline of potential investments that we are pursuing. We also aim to simplify our debt capital structure and reduce our average cost of debt and to that end are exploring a benchmark size Eurobond issue. We are also considering means to broaden our shareholder base and enhance trading in our equity including the possibility of an additional listing.

Geoff Miller
Chairman
3 April 2017

Upground Towers

1. Includes certain funds and/or accounts managed by Oak Hill Advisors (Europe), LLP and its affiliates.

GLOBALWORTH FOCUSES PRIMARILY ON ROMANIA'S COMMERCIAL REAL ESTATE MARKET

Since its inception, the Company has invested exclusively in Romania, with over 90% of the c.€850 million of capital that it has deployed, targeted at Class "A" office properties in Bucharest and a light-industrial park in Timisoara.

The commercial real estate market is cyclical and in Romania fell to its lowest point in 2009. Since then, the market has been gradually recovering and, supported by a strong and expanding economy, this recovery has gained pace since 2012.

Romania is one of the few European economies that has expanded consistently over the past six years, outpacing EU average growth. Its attractive macro-fundamentals resulted in real GDP rising by 4.7% in 2016, the second highest growth rate in Europe, and the economy is forecast to continue to expand in the medium term.

Growth is also underpinned by European Union grants and subsidies, which have been made available to the country since its accession to the EU in 2007. Romania is currently on the second phase of its European funding programme, which runs from 2014 to 2020, with c.€43 billion of approved EU funds expected to flow into the country over that period.

The National Bank of Romania has maintained its monetary policy rate, with the base rate remaining unchanged at a record low of 1.75%, supporting the momentum in the economy and taking a cautious stance on the uncertainty in Europe caused by the Brexit vote.

Mandatory reserve ratios for banks have also remained flat for both local and foreign liabilities at 8% and 10% respectively, providing further support to the well-capitalised banking sector. Real estate financing continues to be available for good-quality projects, with increasing competition among financial providers (both local and international) leading to improved pricing and LTV terms for borrowers.

Investment activity in commercial real estate in Romania remained strong at c.€0.8 billion in 2016, with a number of both existing and new international investors entering and/or increasing their exposure to the market directly or indirectly.

Interest from investors such as Growthpoint Properties (Globalworth), CPPIB (Globalworth), GIC (P3 Logistics Parks), Blackstone/Logicor (Immofinanz's industrial assets) and PPF, has been added to that of the likes of NEPI, CTP, Lonestar/GTC Immofinanz, Skanska and, of course, Globalworth and we believe this will help the Romanian real estate market to develop further.

Prime yields for office properties stabilised at 7.5% in 2016, but contracted further for logistics properties, where yields fell to 8.5% from 9.0% the previous year. Current prime yields in Romania are still higher than in most other prime markets in the CEE and SEE region, despite contraction and favourable market conditions, having fallen c.100-150bps from their peak level in 2007 thus allowing for potential further yield compression as the real estate market continues to evolve.

Approximately 81% of our portfolio value is in offices (standing and development), with the majority of our properties having been built since 2011, and four having been completed in the past two years. Over the past three years, we have extensively modernised the three office properties in our portfolio constructed prior to 2011 and made them more environmentally friendly.

- BOB (2008): partial refurbishment (2014-16 in stages) and recipient green accreditation in 2014
- BOC (2009) partial refurbishment (2012-16 in stages) and recipient of green accreditation in 2014
- GW Plaza (2010): under partial refurbishment 2016-17.

Our modern office stock competes directly with the current supply in the market, which in Bucharest has increased by over 50% since 2010 to reach 2.6 million sqm in Q4-16.

The average office vacancy rate in Bucharest decreased marginally in 2016 to 11.7%, although vacancy rates continue to vary between sub-markets and this was also reflected in rents.

Overall supply of Class "A" office space is estimated to increase by 300k to 500k sqm over the next two years, including 88k sqm developed at Globalworth Campus by the Company.

Demand for top-quality office space continued to be strong in 2016, running at almost 40% higher to the level of new supply. Demand was driven by companies in the IT&C, production/energy and financial sectors, with a number of multinational corporates consolidating their positions and expanding their operations in Romania. This trend was reflected in the leases signed by Globalworth during the year through tenants which included Huawei, Deutsche Bank, Honeywell, Patria Bank, HP and Wipro.

Class A energy-efficient office properties, which are easily accessible by public and private transport and combine high-quality space with other amenities, are in firm demand and maintain low vacancy rates and stable rents. Properties matching this profile in Globalworth's portfolio, such as BOB, BOC, and Green Court "A" and "B", have occupancy rates of over 97%. As of March 2017 the recently completed Globalworth Tower and Gara Herastrau office properties have occupancy rates in excess of 90%.

The light-industrial/warehouse sector in Romania was one of the most actively sought-after in 2016, driven by growth in retail consumption and industrial production. Rents and vacancy rates in this sector vary significantly depending on quality, the location of the facility and the lease duration. Rents for high-quality space in prime sub-markets have stabilised, however, and vacancy remains low, below 3.0% at national level. Most new light-industrial properties are pre-let and built-to-suit to the specifications of the tenants, as has been the case at our TAP complex where we have 97% occupancy. Following the completion of the new facilities under construction and leased to Valeo and Litens Automotive, occupancy in the park will rise to 98%.

Due to the cyclical nature of the real estate markets, the timing at which investments are made is critical to their long-term success and the impact they can have on shareholder returns. At Globalworth, we have been addressing this risk by investing in high-quality real estate properties at relatively early stages of the cycle, maintaining a moderate level of debt and focusing on signing long-term, triple net leases with a diversified pool of multinational tenants. We thus aim to be in a position to generate attractive risk-adjusted returns for our shareholders.

We believe that strong macro fundamentals will continue to benefit Romania's real estate market for the foreseeable future. The new schemes projected to be completed over the next two years are spread around Bucharest and, given the demand for good-quality space, we anticipate that rental levels will remain stable.

Yields on new, prime real estate product are expected to contract further, supported by investors interested in acquiring quality stock at a discount to other CEE real estate markets.

MARKET REVIEW

2016 Romania Country Performance

Real Gross Domestic Product growth (GDP):	4.7%
Private consumption growth:	7.7%
Current account % of GDP:	- 2.4%
Budget deficit % of GDP:	- 1.5%
Public debt % of GDP:	37.1%
Inflation %:	-0.5%
Unemployment %:	6.0%

Strong Macroeconomic Fundamentals

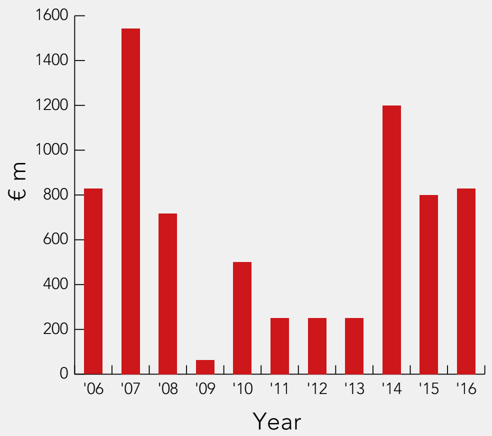
- Full membership of the EU since 2007
- Local currency: Romanian Leu
- Transactions typically completed in Euros
- 7th largest country in the EU by population
- Strategic location allowing access to the Black Sea and Central Europe
- Excellent IT infrastructure with one of the fastest internet networks in the World
- Continued Real GDP growth since 2011
- Low public debt to GDP
- Significant National and EU funding available until 2020, supporting investment and further infrastructure improvements
- Stable tax system with corporate and personal income tax at 16%
- Highly skilled workforce sustaining growth and attracting multinational corporates to Romania
- One of the lowest costs of labour in the EU
- Increasing private consumption

Real Estate Highlights

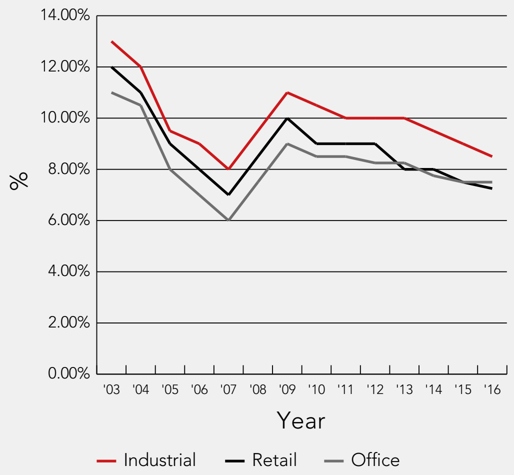
- Office demand consistently exceeding supply since 2011
- Modern office stock in Bucharest of c.2.6 million sqm
- Demand driven by IT&C and production sectors
- Investment yields continued to contract in 2015, but remain higher than most CEE and SEE sub-markets
- Office prime yields at 7.5%
- Logistics prime yields at 8.5%
- Rents stabilised, with positive outlook

Source: Ministry of Public Finance Romania, National Bank of Romania, CBRE, National Institute of Statistics, Jones Lang LaSalle, Colliers and the Company
Based on March 2017 (estimates)

Investment Volume - Romania

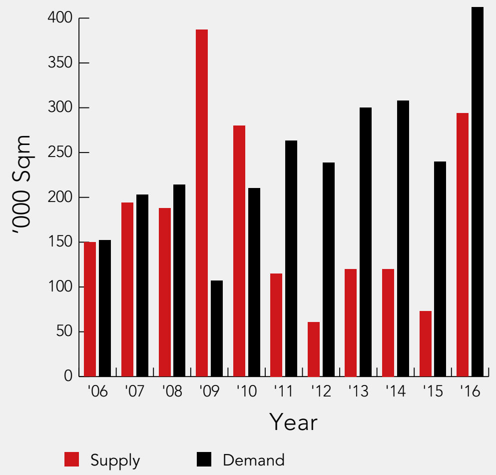


Yield Evolution

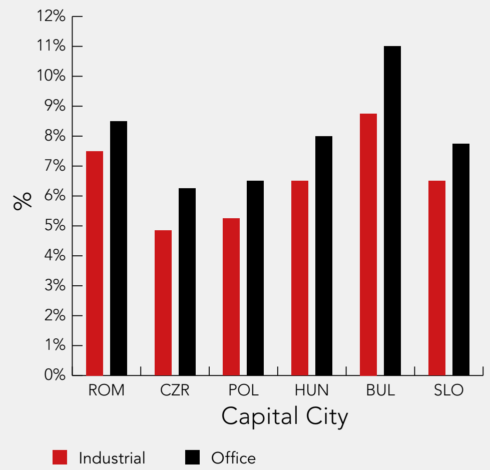


Source: CBRE, JLL

Demand exceeding supply in the office market since 2011



Bucharest continues to have one of the most attractive return profiles in the region



CLEAR AND PROVEN MODEL

Our business model, built upon our sources of competitive advantage, delivers sustainable growth and value to our stakeholders. We offer turnkey commercial real estate solutions and our leasing policy is to rent our office and other space to multinational corporate groups and financial institution tenants on long-term, triple net, annually indexed, euro-denominated leases.

COMPETITIVE ADVANTAGES

STRONG MANAGEMENT TEAM

- Proven track record
- Market knowledge
- Size and scale in core market

HIGH QUALITY PORTFOLIO

- Strong macro environment
- Diverse and international tenant base
- Long-term contracted cash flow streams

- Financial strength
- Robust euro-denominated rental income
- Strong corporate governance

- Integrated operating platform
- Turnkey solutions offered to tenants
- Ability to structure complex asset acquisitions (distress, restructuring, repositioning)

PROVEN INVESTMENT STRATEGY

REGION

- CEE and SEE region
- Romania (primary market of focus)
- Deep market knowledge with local presence in Romania for 15 years
- Contrarian play that allowed securing investments at discount to market value, offering capital appreciation potential

SECTOR

- Acquisition, development and management of commercial assets
- Active management of underperforming / mispriced assets
- High-quality portfolio with modern Class "A" assets

ASSETS

- Existing or to be developed, undervalued or underperforming properties with transformation potential into performing and marketable assets with long / stable cash flow

TENANTS AND LEASE TERMS

- Multinational corporates and financial institutions
- Long-term, euro-denominated, triple net, inflation linked
- Focus on quality, predictable, inflation protected cash flows, with very high NOI to EBITDA conversion, at attractive yields

BENEFITS AND OUTCOMES

- Raising of equity and debt capital and successful deployment on multiple investments
- Attractive, risk-adjusted returns, through yield and capital appreciation

NAV
€715.4m
+43%

EPRA NAV
€783.8m
+38%

Normalised EBITDA
€36.3m
+62%

GLOBALWORTH TOWER
BUCHAREST'S LANDMARK OFFICE TOWER

The idea for the development of Globalworth Tower, was conceived at the same time as when Globalworth (the Company) was in the process of being established.

The Idea

We believed that the city was missing a new modern, high-rise landmark, Class "A" office building which would demonstrate the same characteristics found in Western Europe. Mainly a multi-floor, high-rise, energy-efficient, Class "A" office property, with a large floor plate and a high utilisation coefficient, that would be easily accessible by both public and private transportation.

We believed that this product would be very attractive to large multinational tenants operating in Romania, who were looking to replicate international trends and practices for their activities in the country. At the same time, offering a high quality work space, which is easily accessible to employees, further incentivises performance and work ethic.

A building demonstrating all the aforementioned characteristics did not exist in Bucharest and as such we decided to develop it ourselves as Globalworth!

The Implementation

Key in every real estate investment is the location of the property to be acquired / developed and when the site on 201 Barbu Vacarescu Street became available we acted quickly to secure it. The property displays all the key characteristics we were looking for:

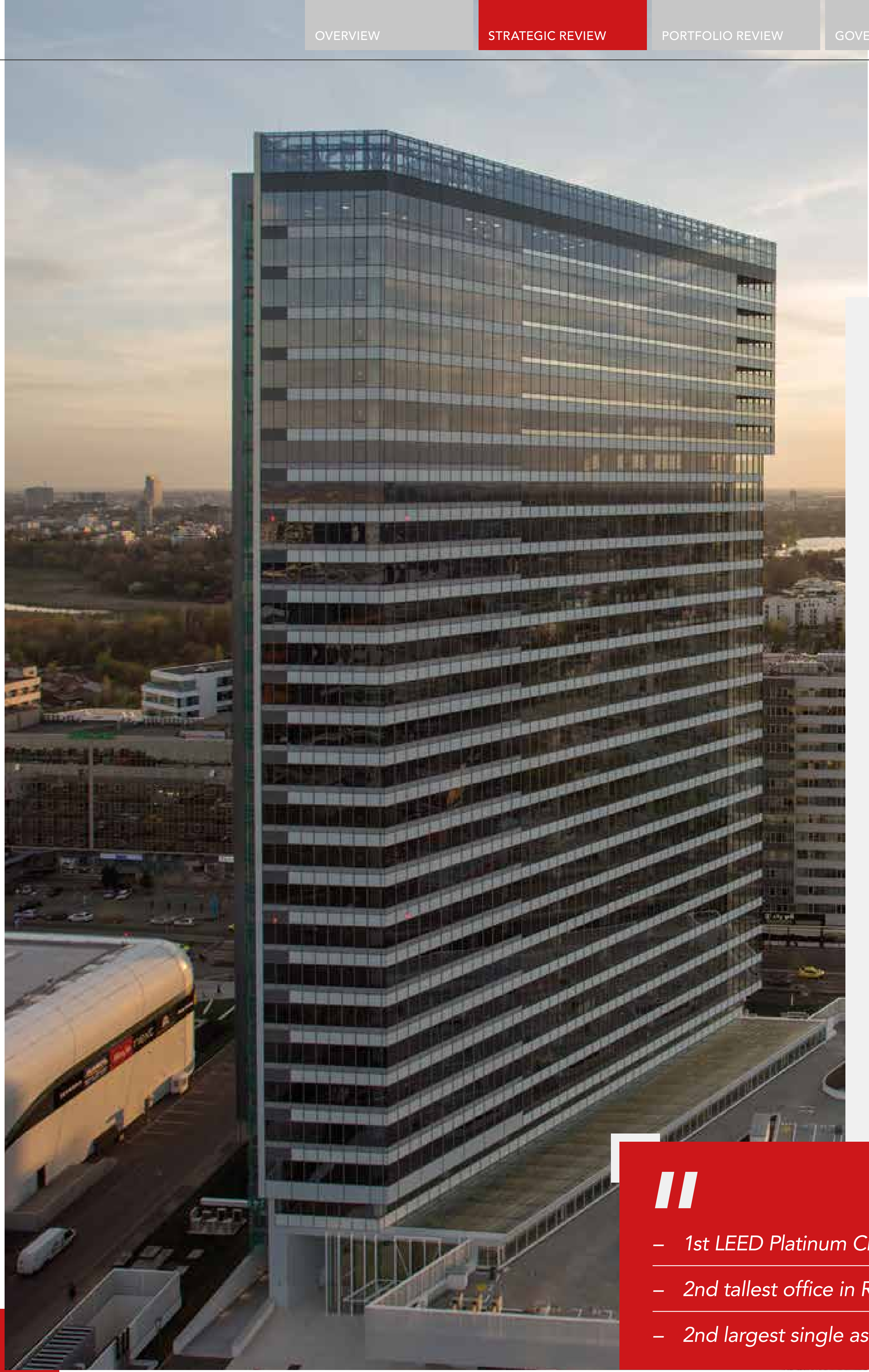
- Accessibility: located next to the metro station (max 5min walk to all other public transport)
- Visibility: the site is located at the corner of three main road arteries
- Shape: the site has a rectangle shape
- Building coefficient: allowing the development of a c.54,700sqm GLA above ground
- Height coefficient: allowing the development of a 120 meter tower

As we secured the site to be developed, we initiated the design and permitting process for the project. Considering the overall size of the development, we were looking to have mainly restaurants and commercial uses on the ground floor and offer premium Class "A" office space on all other floors above ground.
The restaurants and coffee shops, together with the development of the Mega Image concept store offer multiple options for the people working at Globalworth Tower, and allow them to socialise, have business meetings and find alternative culinary options.

On the 26 floors above ground, we offer premium Class "A" office space, with above average height (2.85m) and great views to our tenants.

Development completed in
23 months

Average number of floors per month delivered
2.5



Development Timeline

FEB 2016	Property formally delivered
NOV 2015	Façade completed
AUG 2015	Construction reached Floor 26
JUL 2015	Construction reached Floor 20
MAR 2015	Construction reached Floor 10
OCT 2014	Construction reached Ground level
APR 2014	Construction commenced
MAR 2014	Building permit issued
DEC 2013	Acquisition of the site completed
JUL 2013	Agreement to acquire the site to be developed

"
- *1st LEED Platinum Class "A" office in the SEE*
- *2nd tallest office in Romania*
- *2nd largest single asset office in Romania*

STRATEGY IN ACTION
CONTINUED

Area & Access

Globalworth Tower is centrally located in one of Bucharest's most "dynamic" business hubs to the north of the city. The northern part of the city, due to its excellent infrastructure, close proximity to the airport and availability of land plots has attracted significant investment by both landlords and (mainly international) occupiers in recent time, and has evolved to become the New CBD of Bucharest.

The property is strategically positioned at the entrance of the New CBD and enjoys a direct opening to three main streets (Barbu Vacarescu Street, Pipera Road and Calea Floreasca Road), which in conjunction with its great height (c.120m), results in a high level of visibility.

Globalworth Tower is easily accessible by public transport as the Aurel Vlaicu Square subway station, three bus stops and two tram stations are located within a 5 minutes' walk from the property. In addition Globalworth Tower is also accessible by car from the three aforementioned streets, namely Barbu Vacarescu Street, Pipera Road and Calea Floreasca Road.

↑ Globalworth Tower

Average number of builders on site per day

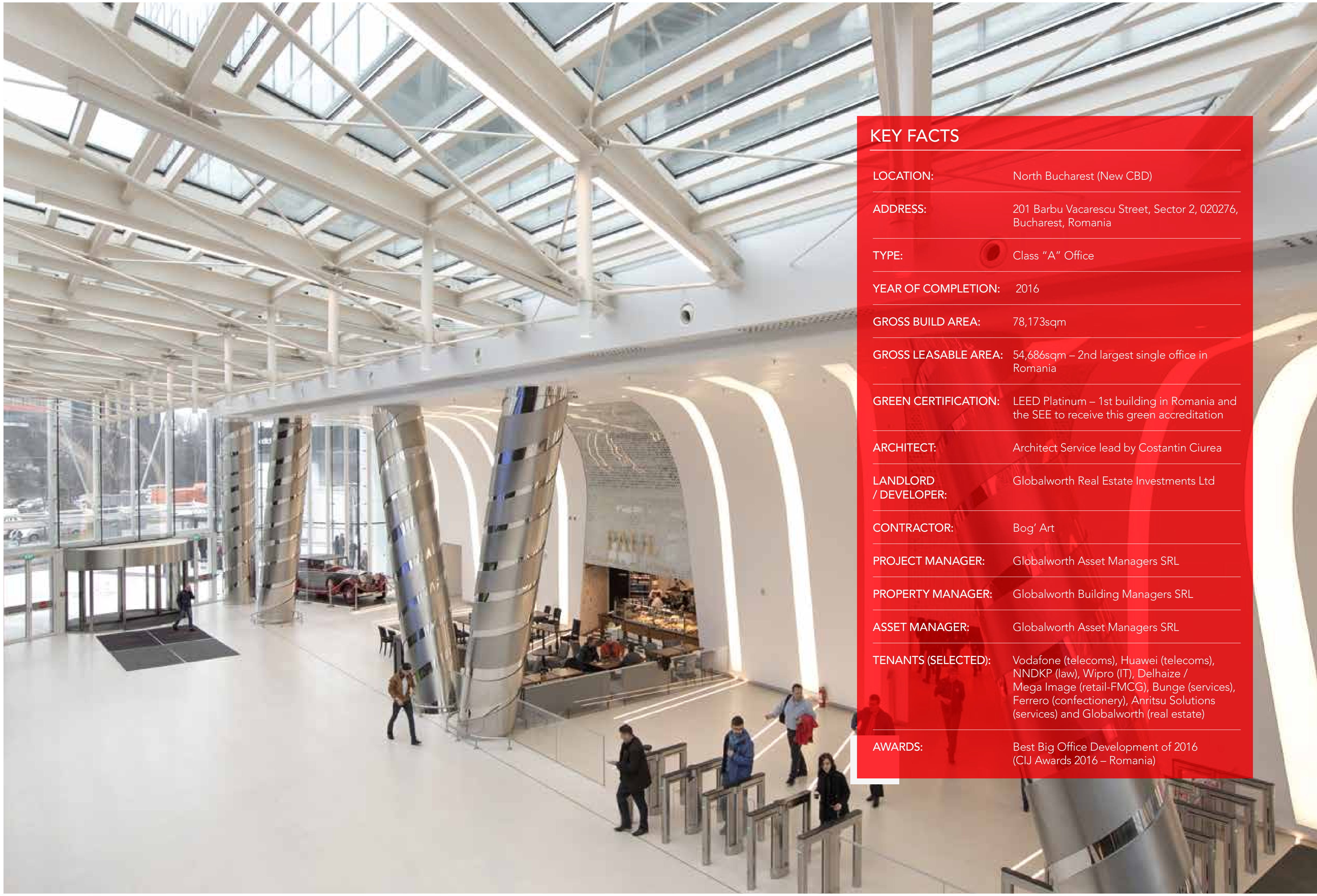
c.550

Shifts working at the peak of the construction

3

On site builders at the height of the construction process

1,050



KEY FACTS

LOCATION:	North Bucharest (New CBD)
ADDRESS:	201 Barbu Vacarescu Street, Sector 2, 020276, Bucharest, Romania
TYPE:	Class "A" Office
YEAR OF COMPLETION:	2016
GROSS BUILD AREA:	78,173sqm
GROSS LEASABLE AREA:	54,686sqm – 2nd largest single office in Romania
GREEN CERTIFICATION:	LEED Platinum – 1st building in Romania and the SEE to receive this green accreditation
ARCHITECT:	Architect Service lead by Costantin Ciurea
LANDLORD / DEVELOPER:	Globalworth Real Estate Investments Ltd
CONTRACTOR:	Bog' Art
PROJECT MANAGER:	Globalworth Asset Managers SRL
PROPERTY MANAGER:	Globalworth Building Managers SRL
ASSET MANAGER:	Globalworth Asset Managers SRL
TENANTS (SELECTED):	Vodafone (telecoms), Huawei (telecoms), NNDKP (law), Wipro (IT), Delhaize / Mega Image (retail-FMCG), Bunge (services), Ferrero (confectionery), Anritsu Solutions (services) and Globalworth (real estate)
AWARDS:	Best Big Office Development of 2016 (CIJ Awards 2016 – Romania)

GLOBALWORTH CAMPUS

DELIVERING A NEW CLASS "A" OFFICE COMPLEX WHERE BUSINESS CAN BE INNOVATIVE AND FLOURISH

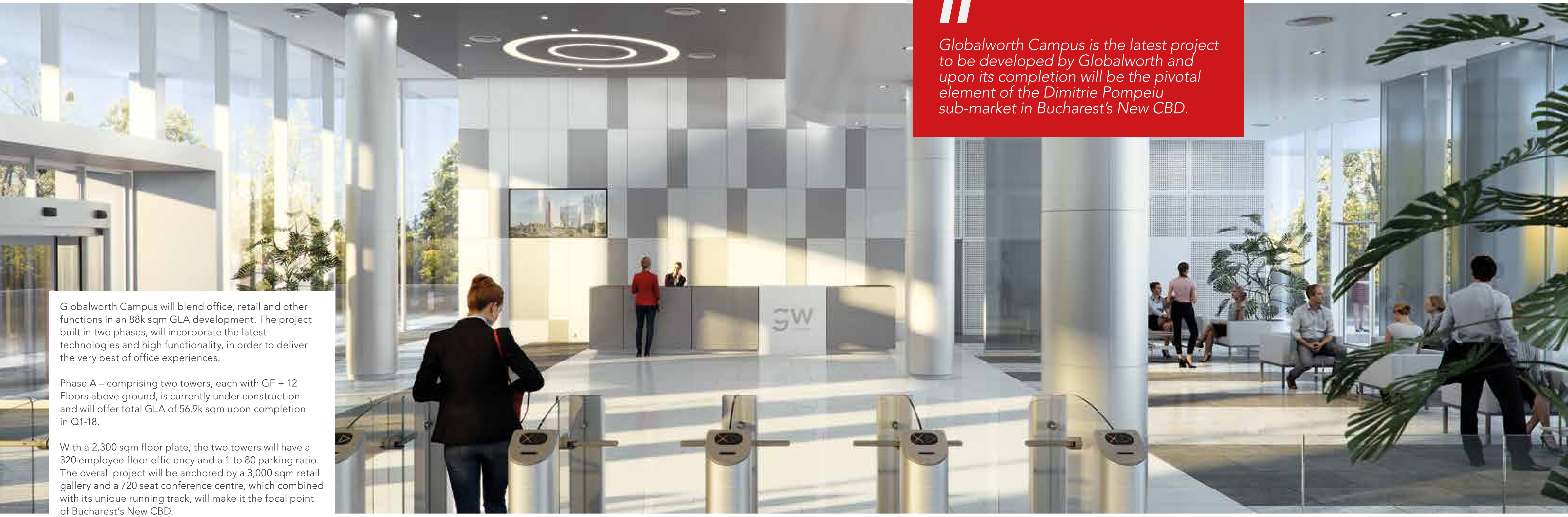
A state-of-the-art development, balancing office, retail and other supporting amenities over 88.6k sqm. It combines high technical and environmentally friendly specifications of three Class "A" office towers, with green areas and a dedicated commercial component. In addition a running track, electric vehicle charging station, bicycle racks, coffee shops and restaurants promoting healthy lifestyle. The project will be complemented by one of Bucharest's largest conference centres, providing the infrastructure for a continuous learning process for companies and employees alike.

High-quality space

88.6k sqm

> *No other office development in Bucharest will exemplify the work–life balance so clearly as Globalworth Campus.*

STRATEGY IN ACTION
CONTINUED



> *Globalworth Campus is the latest project to be developed by Globalworth and upon its completion will be the pivotal element of the Dimitrie Pompeiu sub-market in Bucharest's New CBD.*

Globalworth Campus will blend office, retail and other functions in an 88k sqm GLA development. The project built in two phases, will incorporate the latest technologies and high functionality, in order to deliver the very best of office experiences.

Phase A – comprising two towers, each with GF + 12 Floors above ground, is currently under construction and will offer total GLA of 56.9k sqm upon completion in Q1-18.

With a 2,300 sqm floor plate, the two towers will have a 320 employee floor efficiency and a 1 to 80 parking ratio. The overall project will be anchored by a 3,000 sqm retail gallery and a 720 seat conference centre, which combined with its unique running track, will make it the focal point of Bucharest's New CBD.

Class "A" energy-efficient office properties, which are easily accessible by public and private transport and combine high-quality space with other amenities, are in firm demand and maintain low vacancy rates and stable rents.

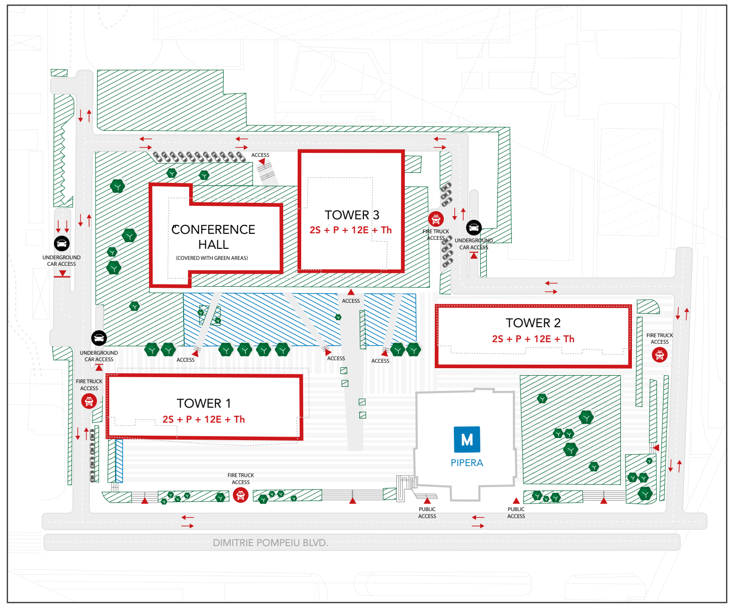
DEVELOPMENT SNAPSHOT

- 88.6k sqm of high-quality space
- Three office towers developed in two phases
- Retail and leisure area
- Conference centre
- Unique running track
- 2.3k sqm office floor plate
- 320 employee floor efficiency
- Two underground levels
- 1 to 80 parking ratio
- Aiming for BREEAM Excellent

ACCESS

- Excellent access by public and private transport
- Metro station directly in front of the property
  - 10 minutes to the city centre
- 20 minutes' drive to the airport
- Bus and tram stops within 5 minutes' walk

Site map



Technical specifications

- Building management system with full control of the equipment and billing system for utilities, parking with controlled access
- Four pipes independent HVAC system with fan-coils mounted on the ceiling
- 2.8m clear height with built-in HVAC systems, lighting and fire detection and alarm
- Emergency generator for the vital systems and common areas of the building
- Telecom and internet services
- 24h/7 days security and safety
- Controlled access and video surveillance system
- Smoke detectors and fire alarm system
- Interior hydrants and sprinkler system
- Green certification targeted
- Public announcement system
- High-efficiency chillers
- Energy-saving heating plant (boilers with condensation)
- Energy-saving air handling units with heat recovery and free cooling
- Dedicated chiller backed up by generator for server rooms
- Sprinkler system on all common and office areas
- Easy orientation by proper signs for parking, entrances, lobbies, common spaces, elevators and exits
- Open space area per floor
- Efficiently organised areas with very few lost common spaces
- The central lobbies and staircases efficiently placed on the floor area, facilitate the partitioning and the decorating of the rented space depending on the specific requirements of each tenant
- Each floor benefits from natural light
- High-performance solar control glass with advanced thermal insulation properties (SGG Cool-Lite ST 120)

DELIVERING STRONG RESULTS AND PREPARING FOR THE NEXT STAGE OF GROWTH

Over the past three-and-a-half years, Globalworth has become the largest owner of Class "A" office property in Romania and one of the leading investors in the country's commercial real estate market.

Ioannis Papalekas
Chief Executive Officer

We have put together what we believe to be a high-quality and resilient portfolio in our principal market of Romania, assembled through disciplined buying, development and active management of space.

We are proud to see that our hard work to-date has been validated by interest in the Company from highly reputable international institutional investors. The transactions closed in 2016 with investors of CPPIB and Growthpoint's calibre mark a considerable endorsement of Globalworth and its position in the market. This has further incentivised us to continue on our growth path.

Essential to the success of the Company is the environment in which we operate. Romania remains our primary focus and its real estate market continues to provide the right foundations for us to implement our strategy. We will, however, also be looking to diversify our portfolio through acquisitions in the wider CEE and SEE regions.

In 2016, the Romanian macro environment was again positive, resulting in real GDP expanding by 4.7%, one of the highest growth rates in Europe. In addition, Romania continued to have one of the lowest public debt to GDP ratios and, with disposable income remaining strong, increased private consumption is expected to support further growth. The banking sector remains well-capitalised and competition between banks to deploy capital for good-quality real estate projects has resulted in a further improvement in financing terms. EU and national funds continue to be available to the country (more than €43 billion to be provided over a seven year period from 2014-2020), with the absorption rate expected to pick up in 2017, further incentivising investment in Romania and underpinning its growth in the short to medium term.

The strength of the macro-economic environment has been reflected in the performance of Romania's real estate sector, with demand for office and industrial estate space reaching historically high levels and significantly outweighing supply.

Investment yields in the office market were stable at 7.5% in 2016, mainly due to a limited number of transactions being completed during the year, while yields for industrial properties narrowed by an additional 50 basis points to 8.5% by year end. With a view to achieving attractive, risk-adjusted returns for our shareholders, we have invested in both standing, income-generating properties as well as properties to be developed by the Company. Our blended, stabilised NOI yield on capital invested is estimated at c.10%.

In 2016 we made good progress with our development programme for office and light-industrial/warehouse space in Romania, investing c.€39 million in six projects and an additional c.€4 million in other standing properties in our portfolio.

We completed two properties located in the new Central Business District (CBD) of Bucharest offering a total of 66.7k sqm of Class A office space, thus increasing our total footprint of standing properties to 420k sqm at the end of 2016. In addition, four other properties were under construction. Three are expected to be finalised in 2017 and one at the beginning of 2018 which, upon completion, will add a further 78.4k sqm of high-quality office and industrial space to our portfolio.

We are particularly proud that our flagship development project Globalworth Tower was delivered in Q1-16. Globalworth Tower is a landmark Class "A" office property located at the heart of Bucharest's New CBD. At c.120 metres high and with GLA of 54.7k sqm, this is the second tallest tower and the second largest single office building in Romania. In addition, in 2017 the property was awarded a LEED Platinum rating, thus becoming the first building in Romania and the broader SEE region to have received the highest available Green accreditation.

In addition to Globalworth Tower, in 2016 we received Green accreditation for two other properties in our portfolio. Our commitment to investing in environmentally friendly properties is further demonstrated by the fact that over the past three-and-a-half years we have either acquired (3), developed (3) or improved the efficiency (2) of our office properties and currently 8 out of 10 of these hold Green accreditation of BREEAM Excellent/LEED Gold or higher. We are exploring the potential for similar accreditation for other properties in our portfolio, both standing and development projects.

The portfolio value at the end of year was 5% higher at €977.5 million as compared to 31 December 2015, principally due to the completion of the two development projects and to further investment made on projects under construction. On delivery, these developments (including Globalworth Campus Phase B) will add an additional c.€115 million to our portfolio ("On Completion" valuation of c.€1.1 billion).

Total revenue generated by our portfolio increased to €68.2 million (€44.8 million in 2015) following the acquisition of income-generating assets in 2014 and 2015, the completion of own-developments, and as a result of active asset management. 2016 was a record year for leasing for us, as we let or renegotiated c.98k sqm of commercial GLA in our properties. Our tenant base remains diversified in terms of both origin and sector and comprises more than 90 different national and multinational corporates, including some of the best-known blue-chip corporates from over 19 different countries and 27 sectors.

As at 31 December 2016, our standing portfolio (excluding the Upground Towers residential complex) offered GLA of 370k sqm and had an occupancy rate of 83.1%. As of year end, Globalworth had a combined total of c.330k sqm of GLA leased in our standing and development projects, while since the beginning of 2017 we have leased further space, thus increasing the overall occupancy of our portfolio.

The rise in the Company's revenues was reflected in our normalised EBITDA from ongoing operating activities increasing to €36.3 million in 2016, up 62.4% compared to 2015 (€22.4 million), and our underlying EPRA EPS of €13.33 (negative in 2015).

The Company's overall leverage remained at a moderate level, with LTV of 43.4% at 31 December 2016, marginally lower than the previous year (43.9% in 2015). We managed, however, to significantly improve our financing position through the issue of a €180 million bond, which was directly negotiated/subscribed to by the Canada Pension Plan Investment Board (CPPIB) and Cairn Capital. As a result of this landmark transaction and other bank financings completed during the year, we de-risked our balance sheet by replacing short-term liabilities with longer-term ones and reduced our weighted average cost of debt by 0.9% to c.5.3% (as at 31 December 2016).

At the end of 2016, we completed our largest and most successful equity capital issue to date in a transaction resulting in the Company raising €200 million new capital at €8.0 per share. The transaction was 93% subscribed by Growthpoint Properties, which is now the largest shareholder in Globalworth, with the remaining equity being provided by Oak Hill.

Although completed at a 13% discount to the latest (September 2016) EPRA NAV, the capital raise was priced:

- at a 58% premium to the closing share price prior to the announcement; and
- at a 33% premium to the previous capital raise completed in October 2015.

At this point I would like to welcome Growthpoint to the Globalworth family. I look forward to working closely with them and together steering the Company to new levels of success.

Our EPRA NAV increased by 38% to €783.8 million as of 31 December 2016, mainly as a result of the €200 million equity capital raise concluded in December 2016. The revaluation of development projects, which were either delivered or whose construction made further progress in 2016 also contributed to the increase. EPRA NAV per share, however, decreased by 6% to €8.57 as a result of the dilutive effect of the cash raised in December 2016 from the equity capital raise. We believe, however, that as we invest the equity raised in new, exciting opportunities and return capital through dividends, both our existing and our new shareholders will benefit from significant value creation in the near term.

Working towards this goal, in December 2016 we announced that we will be distributing €40 million (€0.44 per share, assuming no further issue of shares except for the shares issued or to be issued as part of the December 2016 capital raise) to our shareholders in 2017. A dividend of €0.22 per share, will be distributed in respect of the six-month financial period ending on 30 June 2017, marking the first time that Globalworth will be distributing dividends since it was established in February 2013. We are committed to continue paying dividends in the future on a semi-annual basis and, following the already announced distributions for the year, we will be paying dividends equal to not less than 90% of the Company's FFO to our shareholders.

Globalworth's continued growth could not have been achieved without its people. I would like to thank our team of 66 professionals for their consistent and continuous efforts over the years. In order to continue to progress it is important that we keep attracting, developing and supporting talent, as well as constantly improving the efficiency and effectiveness of our operations. To that end we have over the past one-and-a-half years been investing in developing our in-house ERP software. This has already improved our overall operational effectiveness and efficiency and is expected to yield further benefits in the future.

The delivery of the landmark Globalworth Tower development marks the completion of a major chapter for the Company, as all the investments identified at the time of the Company's IPO of July 2013 have now materialised. Looking at what we were hoping to realise back then and what we have actually to-date achieved, I cannot be anything but proud.

With a new cornerstone investor, a Company with a solid portfolio, sound operations, a robust balance sheet, and an improving real estate market, I am excited about the next chapter in Globalworth's evolution.

Ioannis Papalekas
Chief Executive Office
3 April 2017

MANAGEMENT REVIEW

READY TO TAKE ADVANTAGE OF EXISTING AND UPCOMING OPPORTUNITIES

2016 was a year in which management focused on improving the fundamentals of the business and better positioning Globalworth as it implements its strategy of becoming one of the leading real estate players in Romania and the wider CEE and SEE regions.

Dimitris Raptis
Deputy Chief Executive Officer, Chief Investment Officer

Efforts were concentrated on making significant progress with our development programme, actively managing our portfolio of real estate assets, strengthening the Company's balance sheet and continuing to optimise the way in which Globalworth operates.

As a result, no new third-party real estate acquisitions were completed during the year, although we remained active in sourcing a pipeline of exciting opportunities, one of which has already been announced in Q1-17 and more are expected to be concluded during the course of the year.

Progress with Globalworth's Development Programme

Globalworth has a very active development programme. The Company was engaged with projects involving six new buildings in 2016 which, upon completion, will offer c.200k sqm of Gross Build Area (GBA) and c.145k sqm of Gross Leasable Area (GLA).

At the beginning of the year, the Company was in the process of finalising its flagship Class "A" Globalworth Tower office property and had three other office buildings under construction, all located in the New CBD of Bucharest. Our development programme expanded further in 2016 following agreements signed with Valeo Lighting and Litens Automotive, which will result in further growth at our TAP light-industrial complex in Timisoara, with two new facilities currently under construction.

One of our primary targets for 2016 was to deliver to market two Class "A" offices, our flagship Globalworth Tower and the smaller Gara Herastrau office property, thus increasing our total footprint of standing office GLA by c.66.7k sqm. We are very proud to have met this target, with Globalworth Tower opening its doors to tenants in February and the Gara Herastrau office property in June.

Our footprint of standing properties is expected to increase further in 2017/18 as we currently have two active projects at different stages of development which, upon completion, will offer total GLA of 78.4k sqm.
In Bucharest, phase A of our Globalworth Campus project is under construction (total GLA 56.9k sqm), with Tower I expected to be completed in 2017 and Tower II at the beginning of 2018. In Timisoara we completed a facility let to Valeo Lighting in Q1-17 and a second pre-let to Litens Automotive is scheduled for delivery in 2017, adding c.21.5k sqm of GLA to our TAP complex.

In 2016 we invested c.€42.7 million in the development and extraordinary maintenance of our real estate portfolio, c.90% of which was in 6 projects under development.

Overall, we are very pleased to have been able to deliver according to plan in 2016 and to have done so within the scheduled delivery dates and budget, as well as to be on track for the projects currently under construction. Completing real estate projects on time and within budget is key to the success of our business and our ability to do so is a reflection of the capabilities of our internal project management team, in conjunction with those of our partners, and has been key to our successful track record to-date.

Investment in Standing Portfolio

In 2016, Globalworth maintained its commitment of having a modern portfolio of high-quality and environmentally friendly real estate properties, with the Company receiving Green accreditation for two properties - Green Court "B" (LEED Gold) and Gara Herastrau (BREEAM Excellent), raising the number of Green-certified properties in our portfolio to seven. We remain committed to investing in environmentally friendly schemes and aim to further increase our number of such properties in the short to medium term, with five other properties currently at various stages of Green accreditation, the first of which was Globalworth Tower that has received LEED Platinum accreditation in 2017.

In addition, as part of our efforts to maintain and improve the marketability of our portfolio, we initiated a renovation and repair programme involving four of our portfolio properties.

The first project involved the common areas (indoor and outdoor) of the cluster of properties formed by BOB (office), BOC (office) and Upground Towers (residential), with works including landscaping, general repair works, the upgrade of light features and the repainting of selected areas.
The second project involved the re-introduction to the market of the property now branded as Globalworth Plaza (formerly Nusco Tower) and the renovation/modernisation of the lobby, conversion of the first floor terrace to a roof garden and upgrade of the building's façade.

We are currently reviewing alternative solutions for other properties in our portfolio as we are committed to providing our tenants and their employees with the best possible product.

Optimising Capital Efficiency

Efficiently managing our combination of equity and debt financing is key in order to achieve a balance that allows for the rapid growth of the Company, enhances shareholder returns in the medium-term, and controls the inherent risk associated with third-party debt.

During the year we completed a number of debt and equity transactions that have allowed us to de-risk our balance sheet and provide us with funds that will facilitate further investment in our development projects and new pipeline opportunities, and thus the growth of the Company.

In 2016 we successfully raised c.€224 million from debt financing providers at an average cost of 6.5% and €200 million from equity investors at an average share price of €8.0 per share.

Debt Transactions

During the year, three new facilities were completed involving either the refinancing of existing facilities at improved terms or the raising of new debt against unencumbered properties.

The most notable transaction was the €180 million senior secured real estate bond, which was directly negotiated and subscribed to by the CPPIB and Cairn Capital and completed in May 2016. Part of the proceeds were used to repay a €100 million short-term corporate level facility expiring in 2016. Other transactions completed during the period included the re-financing of the TAP investment by BCR and the financing of the Gara Herastrau office building by Garanti Bank.

The new facilities agreed in 2016 resulted in the reduction of Globalworth's weighted average cost of debt from approximately 6.2% as at 31 December 2015 to approximately 5.3% at 31 December 2016. In addition, the consolidated LTV ratio has remained at the moderate level of approximately 43.4% as at 31 December 2016 (approximately 43.9% at 31 December 2015), well below the 60% level which Globalworth is committed to maintaining at all times.

Equity Transactions

In December 2016 we successfully completed a €200 million new equity capital raise at €8.0 per share. The transaction, which is transformational for the Company, was subscribed to by Growthpoint Properties Limited (GRT) and certain funds and/or accounts managed by Oak Hill Advisors (Europe), LLP and its affiliates (Oak Hill).

As a result of this transaction, GRT became the principal shareholder of Globalworth with a 26.9% stake and the Company further strengthened its shareholder base with the addition of one of South Africa's leading REITS as one of its anchor investors.

Portfolio High Occupancy Rate supported by High-Quality Long-Term Leases

Our ability to achieve high occupancy rates in our properties remains one of the key strengths of our Company. 2016 was our best year so far, having successfully negotiated the take-up or extension of 98k sqm of commercial GLA, increasing our overall total since 2014 to c.238.1k sqm and confirming the Company's position as one of the most successful investors and developers in the Romanian real estate market and the wider CEE/SEE region.

New commercial leases signed in 2016 more than doubled on the previous year and accounted for c.71% of the overall total space signed. These agreements included some of Romania's best-known national and multinational corporates and were signed at a WALL of c.7.0 years, in line with the Company's strategy of agreeing long-term lease contracts.

We are pleased to see demand for office and light-industrial space increasing as the performance of tenants continues to improve. Demand in our properties has originated from:

- existing tenants expanding their occupancy as a result of growth in their respective business activities (e.g., Valeo, Huawei and Deutsche Bank);
- existing tenants seeking to maintain stability and run their operations without interruption and, as such, renegotiating their leases by removing break options and/or extending the term of the contracts (Hewlett Packard Enterprises, Honeywell and Cegeca); and
- new tenants wishing to take up space in high-quality properties owned and managed by Globalworth (e.g. Litens Automotive, Patria Bank, WIPRO, Anritsu, Bunge and Ferrero).

At the end of December 2016, the average occupancy rate of the standing commercial portfolio was c.83.1%, while the WALL of our commercial leases was c.6.5 years. The portfolio is occupied by a diversified, high-quality tenant mix, comprising some 90 national and multinational corporates from more than 19 different countries.

MANAGEMENT REVIEW
CONTINUED

High-Quality Team of Professionals Based in Bucharest & Improved Infrastructure

In 2016, we continued to invest in our team of skilled professionals through selected hires in our core and support teams and to upgrade our infrastructure through the implementation of our new ERP system. This investment was considered necessary as Globalworth now has more than 420.0k sqm of GLA under management in its real estate portfolio and this is expected to increase in the future.

Our talent pool now totals 66 professionals, the majority located in Bucharest. Our local presence in our core Romanian market has allowed us to develop a broad network of relationships over the years among owners, occupiers, property specialists and community representatives, as well as domestic and international investors and capital providers.

These relationships and our local market knowledge have given us an advantage in identifying and investing in opportunities as and when they become available, either publicly or off-market.

Furthermore, investment in skilled professionals and high-quality and customised technology has allowed us to service our business partners and service providers more effectively, as well as improving our economies of scale and the overall efficiency of our operations.

Pipeline of Investment to Facilitate Further Growth

Management continued to work intensively to source new opportunities and facilitate further growth in the Company. Opportunities under consideration are located both in our core Romanian market as well as in the broader CEE/SEE regions, where Globalworth will be seeking to invest in the future.

We are pleased to have been able to announce our first transaction for 2017 in February, involving the acquisition of a modern warehouse leased solely to Automobile Dacia, Romania's largest corporate, on a long-term basis. The facility, which offers total GLA of c.68.4k, was acquired for a total of €42.5 million reflecting an attractive NOI yield of c.9.6%.

We look forward to announcing more exciting transactions in 2017.

Dimitris Raptis
Deputy Chief Executive Officer, Chief Investment Officer
3 April 2017

CASE STUDY

€200 MILLION EQUITY CAPITAL RAISE

In December 2016 Globalworth successfully completed a €200 million new equity capital raise at €8.0 per share. The transaction was subscribed to by Growthpoint Properties Limited (GRT) and certain funds and/or accounts managed by Oak Hill Advisors (Europe), LLP and its affiliates (Oak Hill).

The issue price represented a:
- 58.4% premium to the closing share price on the date prior to the announcement of the transaction; and
- 12.6% discount to the 30 September 2016 period-end EPRA NAV of €9.15 (unaudited).

GRT subscribed to 23.3 million shares (c.93%) and Oak Hill the remaining 1.7 million shares. In addition, and as part of the overall transaction, Globalworth issued an initial tranche of 1.1 million Fee Shares to GRT and Oak Hill, with a further tranche of an additional 1.1 million Fee Shares to be issued to GRT and Oak Hill by no later than 31 December 2017.

This milestone transaction was completed on 20 December and, as of that date, the number of Globalworth's total shares in issue increased to 90.4 million. All shares in issue have been admitted for trading on AIM.

The proceeds raised from the offering will be used:
- to develop the Globalworth Campus project;
- to pursue attractive, pre-identified investment opportunities in line with the Company's investing policy; and
- for other general corporate purposes.

Resulting from the transaction, Globalworth's main shareholders are:

Name	Number of shares held immediately following the subscription*	Percentage interest in issued share capital immediately following the subscription*
GRT	24,300,000	26.88
I. Papalekas	23,247,028	25.72
York	16,770,113	18.55
Oak Hill	10,169,574	11.25
Gordel Hold. Ltd	3,835,141	4.24
Other	12,075,092	13.36

Note:
* Including the initial tranche of Fee Shares but excluding the second tranche of Fee Shares.

GRT is the largest listed South African REIT with assets in excess of €7.5 billion in South Africa and Australia (through its 64.3% owned ASX listed Growthpoint Properties Australia) Commercial (offices)

GRT is the 26th largest company on the Johannesburg Stock Exchange and a top 5 constituent of the FTSE EPRA/NAREIT Emerging Index and has been included in the FTSE/JSE Responsible Investment Index for seven years running

– GRT has a market capitalisation of approximately €5 billion

The company owns and manages a diversified portfolio of 533 property assets spanning approximately 6.7 million square meters

– The South Africa portfolio comprises 473 properties and a 50% interest in the properties at V&A Waterfront (Cape Town), with a total 5.7 million square meters of retail, office and industrial properties

– GRT's Australian subsidiary owns a portfolio 59 properties

Constrained by South Africa's Sovereign rating, GRT has a Moody's Global Scale rating of Baa2/P-2 (same as the sovereign rating) and is the only non-financial South African corporate with a Moody's National Scale Rating of Aaa.za

GRT is the largest shareholder of Globalworth Real Estate Investments Ltd with a 26.9% stake following its €186 million investment in December 2016

– Its strategy is to invest in the Central and Eastern European region, with Globalworth identified as its corporate partner

DELIVERING BEST-IN-CLASS OFFICE PROPERTIES

In 2016 we invested €42.7 million in our portfolio, raising our total investment in real estate since the Company was established to c.€860 million. We delivered two Class "A" office properties in Bucharest, further progressed with the development of four other high-quality buildings in Romania, and initiated a renovation and repair programme for selected assets.

Globalworth's development programme was our principal focus in 2016, with the Company developing six new buildings during the course of year which, upon completion, will offer GBA of c.200.0k sqm and GLA of c.145k sqm.

Overall, we invested €42.7 million in 14 properties within our portfolio, the majority of which are in four developments – Globalworth Tower, Gara Herastrau, Globalworth Campus Phase A and TAP – accounting for 90% of the total.

New Deliveries

- Globalworth Tower: In February 2016 we delivered Globalworth Tower to market, a landmark Class "A" office property which extends over 26 floors above ground and three levels underground offering total GBA of 78.2k sqm. The project was finalised 23 months after the commencement of construction works.
- Gara Herastrau: In June 2016 we delivered our second project under development, the Gara Herastrau office property, a Class "A" office which extends over 12 floors above ground and with three underground levels, offering total GBA of 16.9k sqm. The property is adjacent to our Green Court "A" and Green Court "B" office buildings and was constructed in 17 months.

Under Development

In addition to the projects delivered, in 2016 we progressed with the development/construction of four other buildings, two Class "A" offices in Bucharest and two high-quality, light-industrial facilities in Timisoara. In total, as of year-end 2016 we had four buildings with c.78.4k sqm of GLA under construction, due for completion in 2017 and 2018.

Renovation and Repair Programme of Standing Properties

As part of our ongoing strategy to offer best-in-class real estate space to our business partners, the Company selected four properties for further improvement works.

As part of this renovation and repair programme we invested a total of €2.2 million in 2016, principally on the cluster of properties formed by BOB (office), BOC (office) and Upground Towers (residential), all situated in the same block, with works involving primarily the upgrade of common areas (indoor and outdoor) and the creation of more uniform surroundings.

Furthermore, in 2016 we completed the necessary design/preparatory activities for Globalworth Plaza (formerly Nusco Tower), which involved the renovation and modernisation of the lobby, conversion of the first floor terrace to a roof garden, and upgrade of the building's façade. All works are expected to be completed in 2017.

2017 Investments

In 2017 Globalworth announced the €42.5 million acquisition of a modern warehouse facility, leased on a long-term basis to Automobile Dacia, Romania's largest corporate.

The facility benefits from being situated in a prime location, c.100km west of Bucharest near the Bucharest-Pitesti motorway, one of Romania's principal warehouse and industrial corridors and 28km from Dacia's main plant in Mioveni, Arges County.

The property offers c.68.4k sqm of GLA, and is one of the Renault Group's largest spare parts and accessories distribution centres worldwide.

Q4 2016 "On Completion" Valuation

€1,092.4m

Like for Like increase in "As Is" Valuation

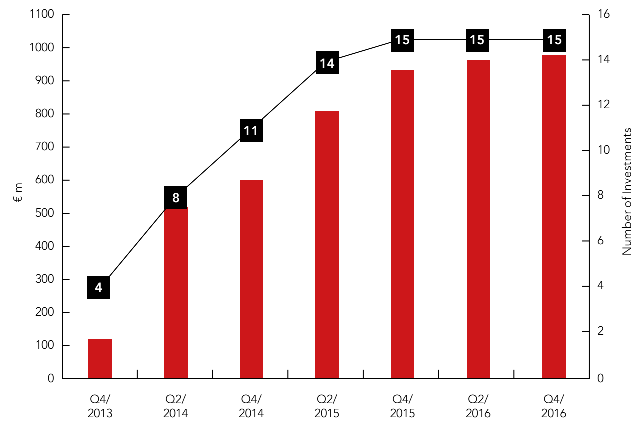
5.0%

Amounts invested in 2016:

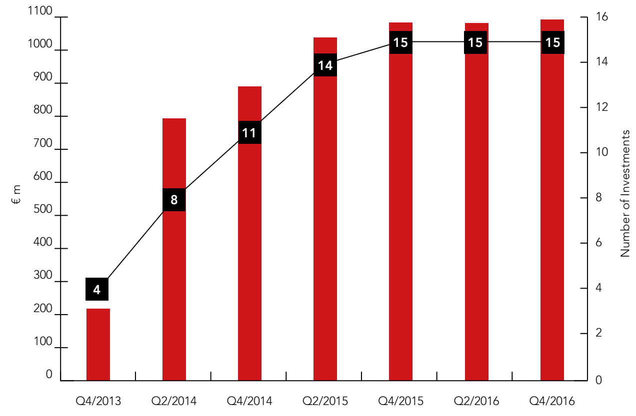
Developments – Delivered	Developments – Under Construction	Portfolio – Improvements
Globalworth Tower Gara Herastrau	GW Campus Phase A (two towers) TAP – Valeo TAP – Litens Automotive	Other
c.€24.8m	**c.€13.8m**	**c.€4.1m**

Evolution of Portfolio

"As Is" Valuation



"Completion" Valuation



Note: Individual investments in TAP and Globalworth Campus have been consolidated in the graph.

A RECORD YEAR IN LEASING

Over the past three years, Globalworth has successfully negotiated the take-up or extension of c.238k sqm of commercial GLA within its property portfolio, confirming the Company's position as one of the most successful investors and developers in the Romanian real estate market.

In leasing terms, 2016 was a record year for Globalworth with a total of c.98k sqm of commercial GLA takenup or extended. New leases signed (c.69.2k sqm GLA) during the year were more than double (c.145%) those of 2015, and were agreed at a WALL of c.7.0 years. In line with our strategy, these new leases were typically agreed with multinational corporate groups and financial institutions on long-term, euro-denominated, inflation-linked, triple net leases.

Our Green Court Building "B" is now 100.0% leased (c.82.1% at year-end 2015), and significant progress in lettings was made in the Globalworth Tower and Gara Herastrau office properties (both completed in 2016), which respectively had year-end occupancy of c.83.2% (c.51.0% at year-end 2015) and c.68.9% (vacant at year-end 2015).

In addition, at our TAP light-industrial complex we signed new leases with Valeo Lighting and Litens Automotive for a total of c.21.5k sqm, which will result in two facilities being developed in 2017, with the one for Valeo already delivered in Q1-17.

Furthermore, the Company has continued to improve the risk profile of its portfolio through the extension and/or expansion of leases with some of its prime tenants. New contracts in 2016 included signings with well-known national and multinational corporates such as Valeo (TAP c.13.5k sqm), Litens (TAP c.8.0k sqm), Huawei (Globalworth Tower c.6.8k sqm), Deutsche Bank (BOB c.6.2k sqm), ADP (Gara Herastrau c.6.1k sqm), Honeywell (BOC c.3.8k sqm), Patria Bank (Globalworth Plaza c.3.0k sqm), Hewlett Packard Enterprises (BOC c.2.5k sqm), Vodafone (Globalworth Tower c.2.0k sqm), Wipro (Globalworth Tower c.1.98k sqm), Ericsson (Green Court B c.1.9k sqm), Bunge (Globalworth Tower c.1.8k sqm), Tripsta and Saipem (Gara Herastrau c.2.2k sqm), Ferrero and Anritsu (Globalworth Tower c.1.8k sqm).

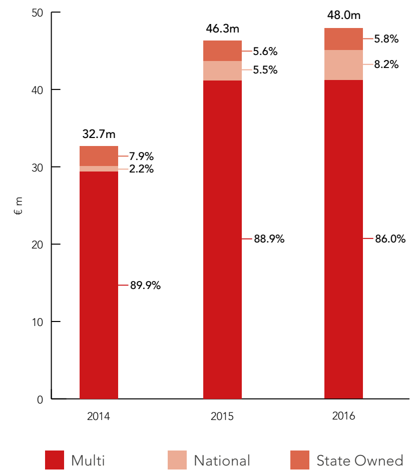
In TCI, the Company signed expansion contracts with existing tenants Cegeka, Hidroelectrica and EY for a total of c.3.1k sqm. In addition, Globalworth successfully renegotiated its leases with Honeywell (BOC), HP (BOC) and Cegeca (TCI) for a total of c.28.9k sqm.

The average occupancy rate of the Company's standing commercial portfolio at 31 December 2016 was 83.1%, with tenancies signed with 90 national and multinational corporates from 19 countries, including some of the most recognisable corporates from their respective industries. The WALL remaining on the commercial lease space in the Company's portfolio is approximately 6.3 years.

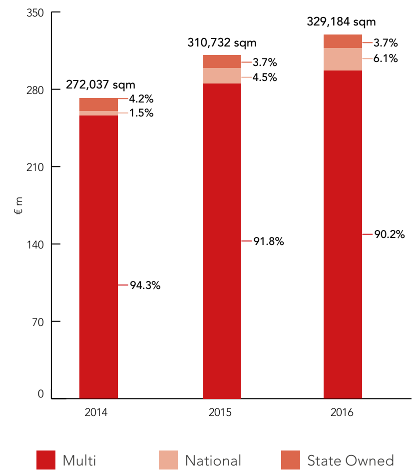
Selected Tenants of our Portfolio

Tenant Origin:	% of Contracted Rent	Selected Tenants of Commercial Portfolio
Multinational	**86.0%**	Abbott Laboratories, Adecco, ADP, Anritsu Solutions, Bayer, Billa, BRD, Bunge, Carrefour, Cegeka, Clearanswer, Colgate-Palmolive, Continental, Credit Agricole Bank, Delhaize Group, Deutsche Telekom, EADS, Elster Rometrics, Ericsson, EY, Ferrero, GfK, Honeywell, Hewlett Packard Enterprise, Huawei, Intel, Litens Automotive, Mood Media, NBG Group, Nestle, Orange, Piraeus Bank, ProCredit Bank, Saipem, Sanofi, Schneider Electric, Skanska, Starbucks, Stefanini, Subway, Telekom, Tripsta, UniCredit, Valeo, Vodafone, Wipro, Worldclass
National	**8.2%**	CITR, Creative Media, GlobalVision, NNDKP, NX Data, Patria Bank, RINF
State Owned Entities	**5.8%**	Hidroelectrica, Ministry of European Funds

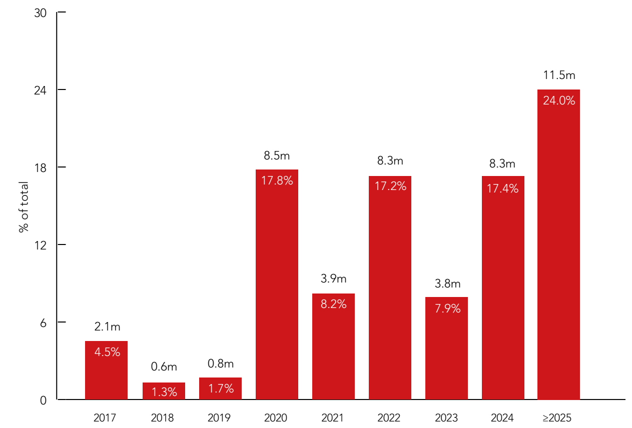
Tenant Contribution by Origin – Commercial Contracted Rent



Tenant Contribution by Origin – Commercial Contracted Areas (sqm)



Commercial Contracted Rent Expiration Profile – (% of total)



IMPRESSIVE FINANCIAL RESULTS

2016 was an outstanding year for Globalworth in terms of growth in revenues and operational profitability

Highlights

- Significant growth in revenues and NOI by 52.4%, and 53.5%, respectively, resulting mainly from the acquisition of four rented office buildings in Bucharest during 2015;
- Significant growth in normalised EBITDA by 62.4%, compared to 2015;
- EPRA Earnings for 2016 increased by €13.9 million compared to 2015, and IFRS Earnings per share for 2016 amounted to 17.57 cents, as compared to 92.01 cents in 2015;
- Overall uplift in the OMV of the assets portfolio by €46.4 million;
- EPRA NAV as at 31 December 2016 increased by 37.9% from 31 December 2015; and
- Significant level of cash and cash equivalents of €221.3 million at 31 December 2016.

Revenues and Profitability

- Total revenue reached €68.2 million in 2016 (52.4% or €23.5 million higher than in 2015), €18.4 million of which was derived from new investments made in 2015;
- NOI also increased significantly in 2016, following the increase in total revenues and reaching a total of €43.6 million (2015: €28.4 million), a significant improvement of 53.5% or €15.2 million over 2015 figures, €14.1 million of which was generated by the new investments made in 2015;
- EBITDA[1] amounted to €43.8 million (2015: €66.3 million), however, the decrease from 2015 is due to the significant (unrealised) fair value gain on investment property recorded in 2015 (€49.4 million), as in 2016 this gain was much lower (€6.7 million);
- Normalised EBITDA[2] amounted to €36.3 million (2015: €22.4 million) and increased in line with the revenues and NOI increase in 2016 by a very significant 62.4%;
- EPRA earnings amounted to €8.6 million in 2016 (2015: -€5.3 million), representing an increase of €13.9 million over 2015;
- Increased finance costs during 2016 by 49.2% resulted from the costs associated with the restructuring of the €100 million short-term Company level mezzanine facility using part of the proceeds of the Bond; and
- Earnings before tax of €12.2 million decreased as compared to 2015 (€62.5 million) mainly as a result of the fair value gain on investment property recorded in 2015 (€49.4 million), as in 2016 this gain was much lower (€6.7 million).

1 Earnings before finance cost, tax, depreciation, amortisation of other non-current assets and purchase gain on acquisition of subsidiaries.

2 EBITDA less: fair value gain on investment property (2016: € 6.7 million; 2015: €49.4 million), non-recurring income (2016: 3.4 million; 2015: nil); plus non-recurring administration and other expense items (2016: 2.6 million; 2015: 5.5 million).

Portfolio Valuation, Shareholders Equity, Total Assets and NAV

- The significant level of development activity in 2016 (c.€44.7 million of investments on standing and under development properties together) influenced the value of our portfolio positively, leading to an (unrealised) gain in OMV of €46.4 million;
- Equity share capital increased to c.90.4 million shares following the issuance c.27.1 million new shares (including 1.07 million share to be issued in 2017) at an issue price of €8.00 per share in December 2016, as part of the successful €200 million equity raise;
- Total assets at 31 December 2016 exceeded €1.2 billion and increased by 20.7% from 31 December 2015; and
- EPRA NAV at 31 December 2016 (€783.8 million) increased by 37.9% from 31 December 2015 (€568.3 million), however, EPRA NAV per share was impacted following the latest capital raise and as at 31 December 2016 amounted to €8.57 per share, down by c.5.6% compared to 31 December 2015 (€9.08 per share).

Cash Flows

- Cash and cash equivalents at 31 December 2016 (€221.3 million) increased by c.500% compared to 31 December 2015 (€37.0 million), influenced mainly by the c.€200 million equity raise;
- Cash used on properties under development and the overall upgrade of our real estate portfolio of €51.7 million; and
- Cash generated from operating activities during the year amounted to €19.9 million, representing an outstanding increase of 559% as compared to 2015.

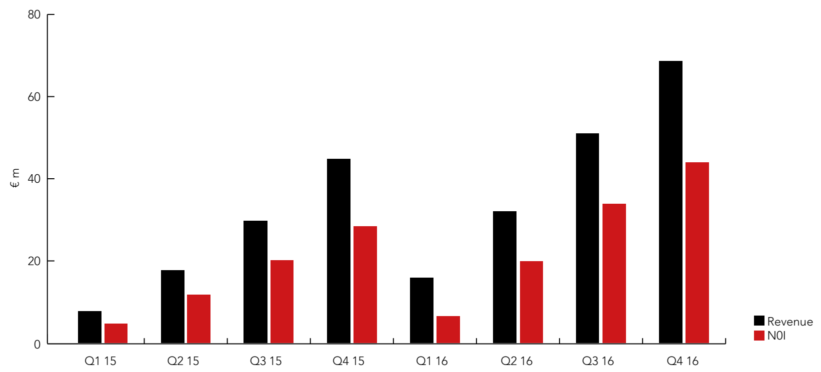
Total revenue in 2016

€68.2m

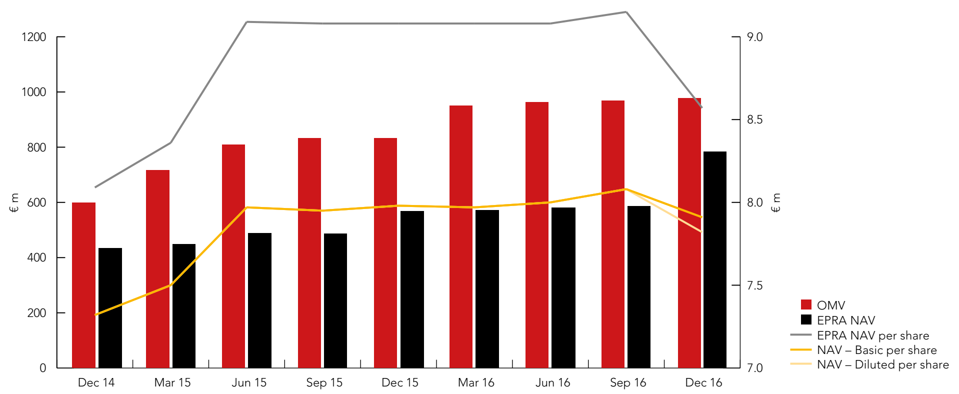
Cash and cash equivalents

€221.3m

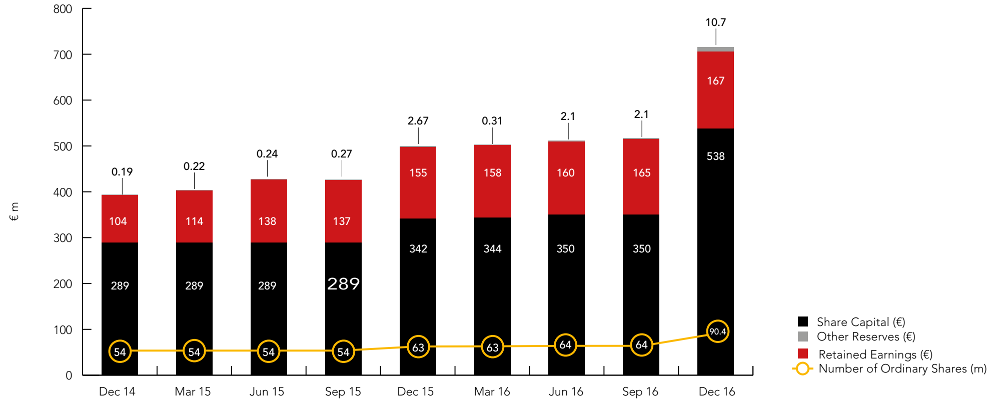
2016 Evolution of NOI and revenue – Cumulative data by quarter



2016 Evolution of NAV/share and OMV by quarter



2016 Evolution of Equity and shares in issue – Cumulative data by quarter



ROBUST LIQUIDITY AND CAPITAL BASE

Financing Achievements During 2016

2016 was a record year in terms of financing achievements as we managed to successfully secure a total of c.€426.1 million debt (including the refinancing of existing loan facilities) and equity, leading to a significant decrease in the weighted average interest rate on debt financing and the participation of Growthpoint Properties Limited ('GRT') into our Group.

The most significant achievements in this area during 2016 were as follows:

Debt Financing/Refinancing:

- In March 2016 the Group signed a c.€29.1 million long-term debt facility agreement with Banca Comerciala Romana ('BCR') in Romania (Erste Bank Group) in order to refinance the existing secured loan facilities related to the TAP light-industrial park in Timisoara, and to fund the development of an extension to this property. These facilities are secured on the TAP property and mature in 2031 (refinancing loan), 2032 (development loan) and 2018 (VAT loan). The first drawdown under the development and VAT loans occurred in December 2016;
- At the end of May 2016 the Group secured a €180 million three-year bond (the 'Bond'). The Bond was provided by Matisse Financing B.V. (an orphan SPV) which issued €180 million of senior secured Notes to institutional investors. The proceeds of such issuance was on-lent to the Group in order to refinance the €100 million short-term corporate level facility obtained in 2015 from funds managed by York Capital and Oak Hill and three secured debt facilities at the level of three of its Romanian subsidiaries. The Bond is secured, among others, on the properties of four Romanian subsidiaries as well as the shares of their holding companies. Drawdown under the Bond was concluded in June 2016;
- In May 2016 the Group signed a c.€10.3 million long-term debt facility agreement with Garanti Bank in Romania in order to refinance equity and to fund the remaining development costs of the Gara Herastrau office building. This facility is secured on the land and completed building and matures in the first quarter of 2026. In December 2016, the above mentioned facility was supplemented with an additional €2.2 million;
- During August 2016 the Group signed and drew down a c.€1.5 million top-up of the medium-term loan facility with Libra Internet Bank in Romania, secured on the Luterana and Herastrau One land plots; and
- In September 2016 the Group signed and utilised a €3 million top-up of the long-term facility from BCR signed in September 2014, secured on the TCI property.

The total debt portfolio of the Group ranges between short-and-medium to long-term debt, denominated mostly in EUR, with a small portion denominated in Romanian Leu ('RON'). These are secured with real estate mortgages, pledges on shares, receivables and loan subordination agreements in favour of the financing parties.

In terms of applicable financial covenants observed, the most notable are the Debt Service Cover Ratio ('DSCR'), with values ranging from 100% to 125%, and the LTV ratio, with values ranging from 50% up to 83% (versus the significantly lower overall LTV of the Group at 31 December 2016 of 43.4%), with no actual deviations occurring during the period from the aforementioned values.

Equity Raising:

In December 2016 we successfully raised €200 million, diversifying our equity investor base following the participation of GRT into our Group.

Servicing of Debt During 2016

In 2016 we have repaid in total c.€12.3 million loan capital (excluding the refinancing of existing facilities), and c.€24.8 million of accrued interest on the Group's drawn debt facilities.

Liquidity

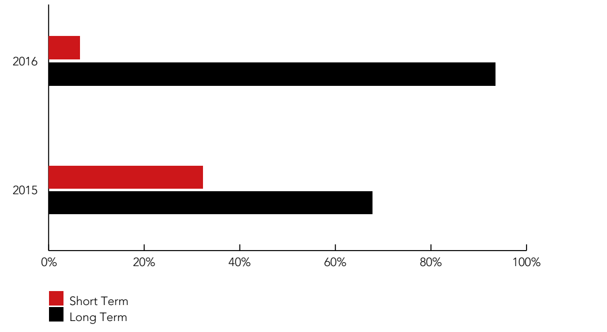
The Group seeks to maintain, at all times, sufficient liquidity to enable it to finance its ongoing, planned property investments and completion of properties under development, while maintaining flexibility to capture quickly attractive new investment opportunities.

During 2016 a total of c.€200 million additional equity and c.€31.1 million additional debt financing (excluding c.€195 million refinancing of existing facilities) was secured, leading to a significant increase in available cash resources at year end.

Moreover, during the year the Group maintained a healthy balance of available cash and cash equivalents ranging from c.€31 million to c.€38 million at each quarter end, except at 31 December 2016 when available cash and cash equivalents amounted to c.€221.3 million as a result of the equity raise which was completed at the end of December 2016. Undrawn loan facilities at 31 December 2016 amounted to c.€2.5 million.

Loan Structure as at 31 December 2016

Short-term and long-term debt structure mix



The Group's credit facilities concluded with local banks in Romania are secured with real estate mortgages, pledges on shares, receivables and loan subordination agreements in favor of the financing banks. Further details on the Group's debt financing facilities are provided in note 15 of the consolidated financial statements. The Bond is secured, among others, with mortgages on the properties of four Romanian subsidiaries as well as pledges on the shares of their respective holding companies.

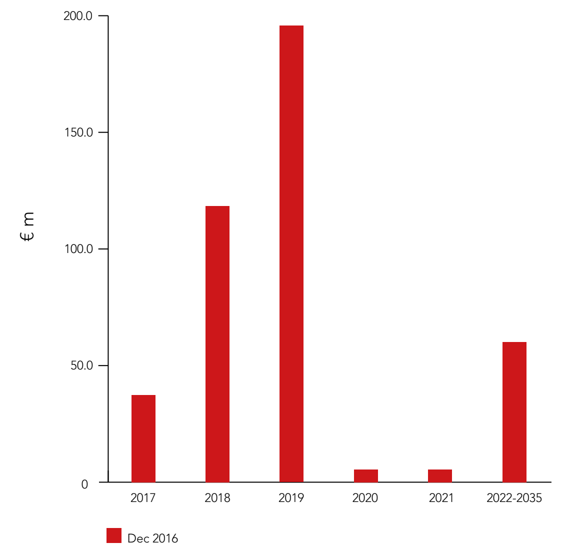
UniCredit HQ

Loan Covenants

In terms of applicable financial covenants observed, the most notable are the DSCR with values ranging from 100% to 125%, and the LTV ratio, with values ranging from 50% up to 83%. The Group's policy is to maintain an LTV ratio of up to 60%. As at 31 December 2016 the LTV ratio amounts to 43.4% (31 December 2015: 43.9%).

Loan Maturity

At 31 December 2016, the weighted average remaining duration of the Group's debt is 4.2 years (2015: 5 years).



Loan Denomination Currency and Interest Rate Risk

Our long-term loan facilities are almost entirely Euro-denominated and either bear interest based on three-months Euribor plus a margin or bear a fixed interest rate. This ensures a natural hedging linked to the Euro, original currency denomination of the most significant part of our liquid assets (cash and cash equivalents and rental receivables) and reporting currency for the fair market value of our investment property. This is depicted by the low level of overall net foreign exchange loss reported for the year 2016.

The weighted average cost of servicing debt as at 31 December 2016 amounted to 5.25% compared to 6.18% at 31 December 2015. The decrease is due to the repayment of the short-term Corporate Loan facility and other financing granted to the Group's subsidiaries using the proceeds of the Bond.

The Group's policy is to borrow funds at a competitive cost and to limit its exposure to upward interest rate fluctuations through employing appropriate hedging instruments on new long-term loans secured. Examples are the interest rate cap agreements concluded with BCR (to cover 50% of the outstanding facilities) as part of the TCI and TAP financings.

RESPECTING OUR SOCIAL AND ENVIRONMENTAL OBJECTIVES

At Globalworth we believe that it is our duty to be aware of, and manage responsibly, the social, environmental and economic impacts of the way in which we conduct our business and to make a positive contribution to the community in which we live and work.

Globalworth's key objective is to create value for its shareholders by acting consistently in an ethical and socially responsible manner. We aim to do so, by building a sustainable business and managing our financial goals and shareholder returns while respecting our social and environmental objectives.

We are very pleased that in 2016 we have been able to continue to promote and foster a sustainable and ecologically-responsible approach as well as supporting a number of social and charitable initiatives.

Overview

- Education/Social Assistance and Child Care
- Health-related (Hospitals, Hospices etc)
- Health-related operations for various individual cases

Selected Charities / Donations

- Foundation Hospice "Casa Sperantei" Bucharest
- "Make a Wish" Foundation
- Foundation for the Hearing Impairment (Asociatia Procultura Surzilor)
- Foundation Together We are Overcoming Autism
- Association for child and family protection "Ana and the Children"
- Association for equal opportunities ("Un strop de fericire")
- Special School No9 for children (Scoala Gimnaziala Speciala nr. 9)
- "Sf Dimitrie" Foundation
- Metropolis Foundation for children

SOCIAL FOCUS

Positively impacting and improving the future prospects of our local community, by the way we approach our business is a key driver for Globalworth.

The Globalworth family, and its Founder in particular, have, directly or indirectly, supported numerous local communities, charities and hospitals in Romania over the past 10 years. We have predominantly focused on those in need, with particular attention given to young children, orphanages, underprivileged families, single mothers and those in need of palliative care at the initiative of Hospices of Hope.

Our intention is for every year to be able to give more to those in need and 2016 was no exception. We are very proud that our Founder, the companies under his control and Globalworth (since its inception) have donated more than €1.5m in charitable contributions since 2011. In addition, many of our people have been contributing to several charities in Romania by diverting part of their State income tax deductions to charitable service.

Our involvement in causes goes over and beyond financial contributions, as we actively invest our personal time and effort to support those who need it the most. Being able to be actively involved and showing that they are not alone in their battles is equally important for us as the financial contribution we are committed of making. With this in mind we organised a number of events and visited selected charities throughout the year.

In 2016, these included distributing thousands of gifts to children between the ages of 1 and 18 over the Christmas period, the organisation of our annual 2016 Children's events and the Globalworth Camp Day at Adunatii Copaceni (Hospice of Hope). In addition we gave school scholarships for children, provided space in one of our properties to host a charity shop and hosted a number of local and international university gatherings at our development sites as well as our standing properties.

↑ Globalworth in action.

SUPPORTING

HOSPICE CASA SPERANTEI

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

Since its inception, more than 20,000 patients and their families have received support at HOSPICE and found out that they are not alone in their battle. Its work means that people no longer have to face their illness without support.

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

www.hospice.ro

Total investment **€5.7m**	Day centre attendances/year **5,000**
Consultations in the outpatient clinic/year **8,000**	Patients cared for/year **2,000**
Admissions/year **700**	Patients cared for/year **11,000**

Globalworth & Hospice - Casa Sperantei Foundation

- Globalworth is hosting a Charity Shop in our Upground Complex with a share of the proceeds going directly to the hospice.
- The Company was the principal sponsor for two fundraising events organised by the hospice in June and November 2016.
- Globalworth was honored to receive the HOSPICE Champion Award for its support of the foundation.

"

Going about our business in a way that positively impacts and improves the outlook for our local community is a key driver of Globalworth.

The Hospice Centre at Adunatii-Copaceni

The therapy centre for children with rare or life-limiting illnesses and their families.

Located 15km from Bucharest, in Adunatii Copaceni, Hospice is developing a Centre for children affected by rare and life-limiting illnesses and their families.

The land and buildings to be used for development of the Centre, were donated by the Florescu family to Hospice in 2012.

The cost of the restoration work is estimated at €1.5m and once completed the Centre will be used for medical respite care, therapeutic sessions for families as well as training courses in paediatric palliative care for medical professionals.

During the last few years, Hospice Casa Sperantei has organised residential summer trips at Adunatii Copaceni for children and teenagers suffering from life-limiting illnesses, recent bereavement or needing respite. Hospice is renovating several buildings at Adunatii Copaceni to create clinical areas, family accommodation and recreational areas.

The Hospice Centre will include a day centre (educational-therapeutic activities for children), a respite centre for palliative care, shelter for families in crisis situations and an educational centre (for parents and palliative care specialists).

- The land was donated to HOSPICE Casa Sperantei by the Florescu family, in 2012.
- The HOSPICE Centre will include a day centre (educational-therapeutic activities for children), a respite centre for palliative care (12 beds), a shelter for families in crisis situations (5 apartments) and an educational centre (for parents and palliative care specialists).

Current investment
€5.7m

Total estimated investment
€1.5m

Hospice achievements

3,498
Children and adults diagnosed with incurable illnesses who received free-of-charge HOSPICE services in 2015.

Physiotherapy treatment
2,916
Sessions

Palliative care at home
17,531
Visits

HOSPICE inpatient unit admission
849
Admissions

Consultations in the outpatient clinic
4,867
Consultations

Psycho-emotional counselling
1,572
Sessions

Spiritual counselling
1,277
Sessions

Globalworth Camp Day at Adunatii Copaceni:

In June 2016, Globalworth organised the "Globalworth Camp Day" at Adunatii-Copaceni. For this full day event we invited our friends and partners to work with us to support the hospice's initiative at the Adunatii-Copaceni Social and Medical Centre.

Over 100 volunteers responded to our call and we would like to thank every single one of them for their contribution to the cause.

In addition, we invited more than 300 children from eight foundations to spend a day of fun with us outdoors, playing, creating and learning. We were very pleased to be able to welcome children from Hospice – Casa Sperantei, as well as the Make-A-Wish, Ana and the Children, Metropolis, Together we are Overcoming Autism, Hearing Impaired, Sf. Dimitrie and A drop of Happiness foundations.

The volunteers contributed by painting structures on the premises, assembling kitchens and other indoor furniture to be used by residents in the future, planting, landscaping, and preparing and serving lunch for our guests.

The most important part of the day, however, was spending time with the children and playing games, as well as participating in painting and art workshops, first-aid training seminars and sports activities. We are very pleased that our young friends also had the opportunity to spend time and interact with well-known athletes and actors from Romania, who were kind enough to share their experiences with them.

At Globalworth we are committed to continue to actively support Hospice - Casa Sperantei and the Adunatii-Copaceni initiative, and we hope to be able to organise other Camp Days in the future.

Educational programmes

In 2015, the main beneficiaries of the educational programmes have been doctors, nurses and also the patients and their families.

276
111 Doctors received the palliative care certificate, 165 Doctors began the certification courses

81
professionals from all over the country, involved in teaching palliative care in nursing schools, attended an intensive palliative care course

488
attendances by nurses to introductory and advanced palliative care courses

522
Medical/Healthcare students and medical post secondary school students attended palliative care sessions taught by HOSPICE professionals

45
Volunteer coordinators trained within the volunteer management in palliative care services programme

75
professionals from Romania and many countries across Europe participated in the training courses for professionals in palliative care

35
doctors participated in the online courses of HOSPICE

45
nurses became trainers

ENVIRONMENTAL FOCUS

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.

Investment in energy efficient properties 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; and
- our investors benefit through the creation of long term sustainable value in the portfolio.

In 2016, our efforts were dedicated to designing and building new developments with the aim of achieving LEED Gold, BREEAM Very Good, or higher accreditations and to ongoing investment in our properties to ensure further improvement in our sustainability performance.

We are pleased to report that over the course of the year we received green accreditation for two new properties. Green Court "B", which was acquired by the Company in 2015, received LEED Gold accreditation in February 2016, while the Gara Herastrau office property, developed by Globalworth and completed in June 2016, received BREEAM Excellent accreditation in November.

In addition, our flagship Globalworth Tower, which was developed by the Company and completed in February 2016, was awarded a LEED Platinum rating in 2017. It is the first building in Romania and the broader SEE region to have received the highest available green accreditation, an achievement of which we are particularly proud.

The majority of the standing office properties in our portfolio are now green accredited, with eight currently holding green accreditation of BREEAM Excellent/LEED Gold or higher. We are exploring the potential for similar accreditation for other properties in our portfolio, both standing and development projects.

Existing Properties

- Our portfolio includes 8 Class A office properties with LEED Gold or BREEAM Very Good (or higher) certifications
- We are in the process of certifying additional properties owned by Globalworth
- Green Court B was awarded LEED Gold in 2016
- Gara Herastrau was awarded BREEAM Excellent in 2016
- Globalworth Tower was awarded LEED Platinum in 2017

Developments / New Investments

- Globalworth is designing its development projects to be energy efficient and sustainable, aiming to achieve LEED Gold or BREEAM Very Good or higher accreditations
- When considering new investments, Globalworth is looking, insofar as is possible, for green buildings or properties which have the potential to achieve a green classification

How we achieve an environmental-friendly portfolio

globalworth™

INVESTMENT IN "GREEN" CERTIFIED REAL ESTATE

INVESTMENT IN NON-GREEN CERTIFIED REAL ESTATE WITH ENVIRONMENTALLY FRIENDLY POTENTIAL

- Standing properties
- Development

- Investment in real estate which meets the requirements of tenants, the wider community and our shareholders. Focus on investments that either have received green accreditation or have the potential to receive it in the future.
- Focus on investments that either have received green accreditation or have the potential to receive in the future.
- Developments are designed to be energy efficient and sustainable aiming to achieve LEED Gold or BREEAM Very Good or higher accreditations.

ACTIVE MANAGEMENT

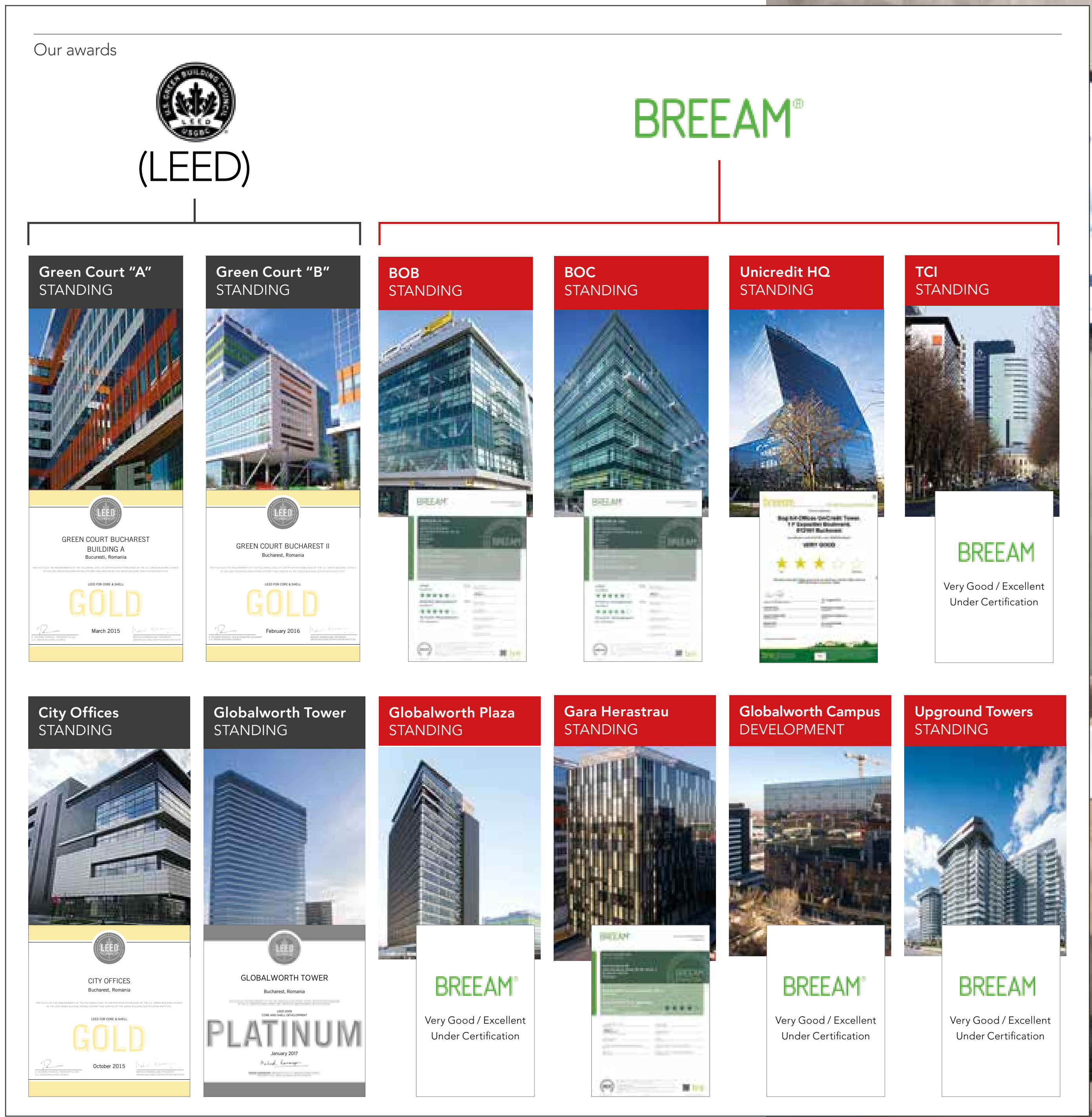
EXPLORE AND IMPLEMENT ALTERNATIVES TO IMPROVE THE ENVIRONMENTAL FOOTPRINT OF PROPERTIES

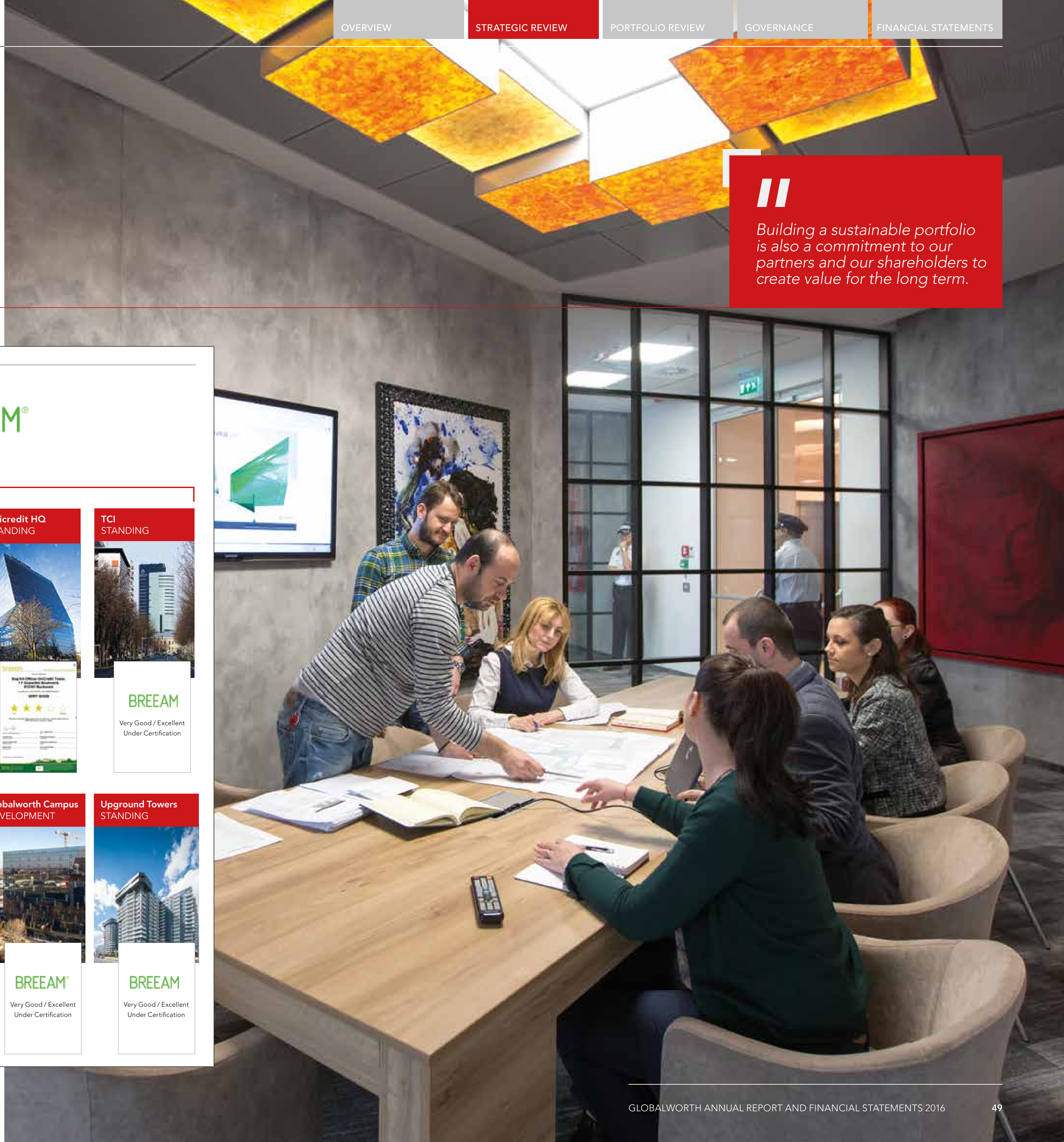
- Active management of our properties to ensure that they operate according to their specifications.
- We actively work together with our tenants, partners and the community to identify ways to improve the effectiveness and efficiency of our properties.
- Constantly improving the workspace and the environmental footprint of our properties aims at maintaining the marketability of our properties.

GIVE BACK TO COMMUNITY, PARTNERS AND SHAREHOLDERS

- Our goal is to create long term sustainable value, and we aim to do so by creating an environment in which tenants want to work in, and the overall community benefits from.

CORPORATE SOCIAL RESPONSIBILITY
CONTINUED



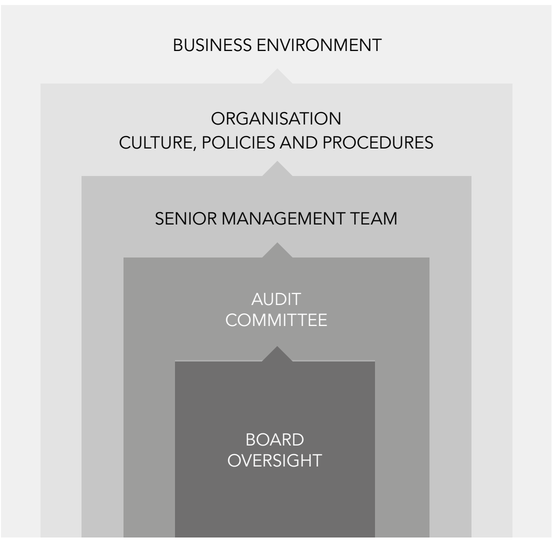


> *"Building a sustainable portfolio is also a commitment to our partners and our shareholders to create value for the long term.*

RISK REPORT
PRINCIPAL RISKS & UNCERTAINTIES

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

Risk oversight

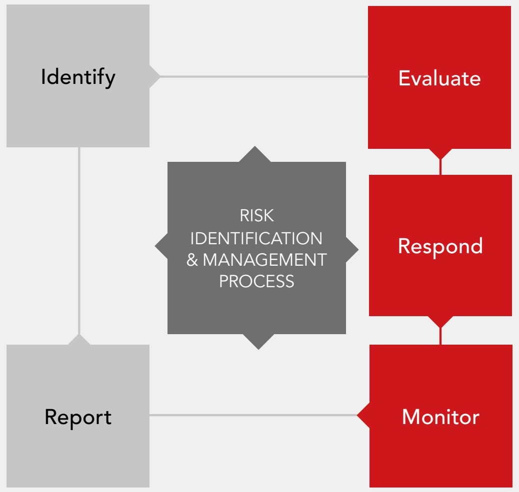


The system of internal control is designed to manage rather than to eliminate the risk of failure to achieve business objectives and, as such, can only provide reasonable, but not absolute, assurance against material misstatement or loss.

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 109 and 110 of the Annual Report.

Since admission to AIM 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 Audit 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.

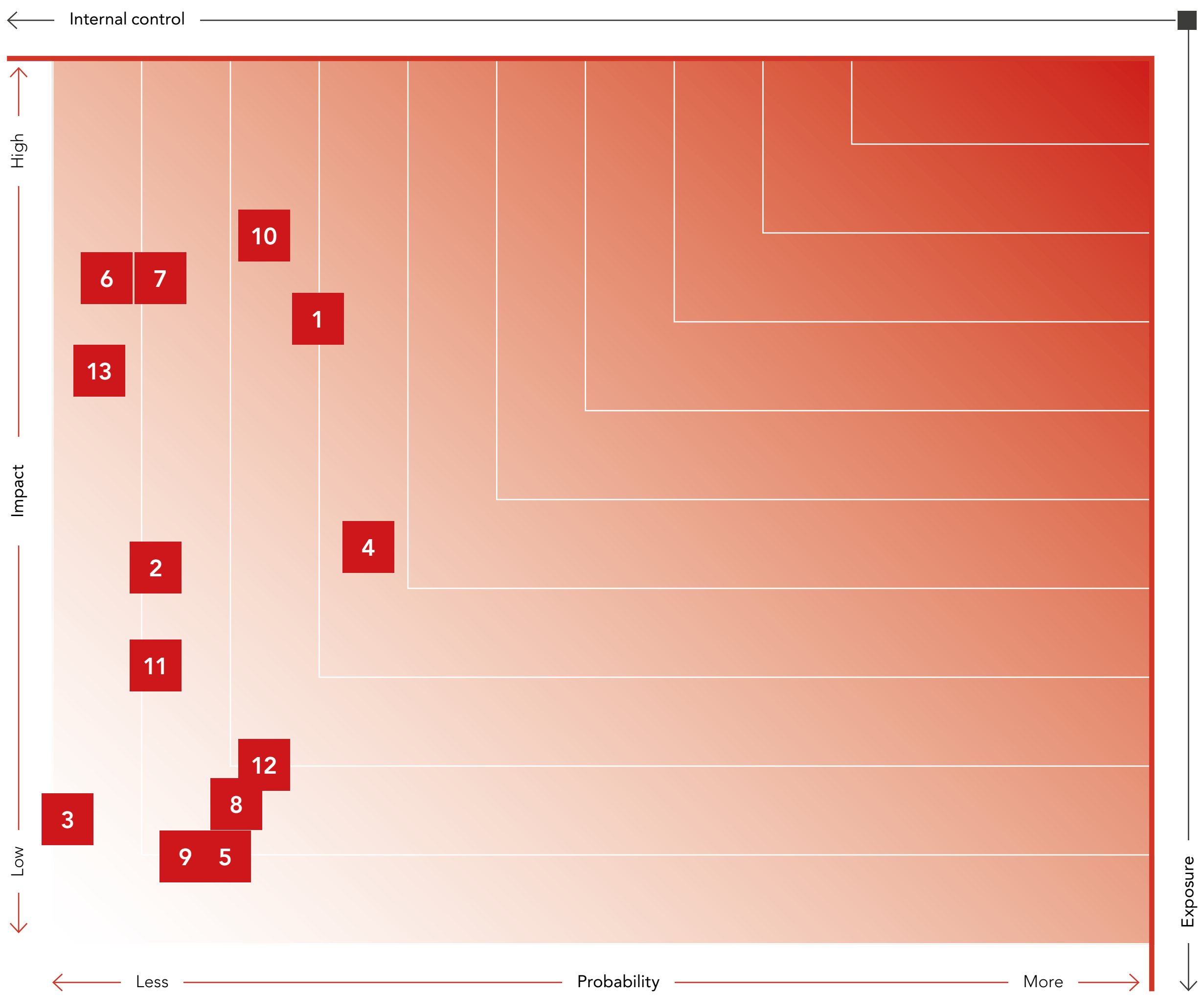
Monitor
The initial risk management strategy may not address all issues as expected. Therefore, the Board will reassess, at each quarterly meeting, whether the previously selected controls are still applicable and effective, and the possible risk level changes in the business environment.

Report
The Group presents the principal risks profile on pages 51-54 of the Annual Report.

The diagram below 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 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.

Indexation of Principal Risks



RISK REPORT
PRINCIPAL RISKS & UNCERTAINTIES
CONTINUED

The following key is used in the table below to highlight the changes in risk exposures during the year ended 31 December 2016:

↑	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

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

	Risk	Impact	Mitigation	Change from prior year
	Business Risks			
1	Exposure to the Economic Environment in Romania	A negative trend in the economic activity in Romania may affect the Group's tenants and potential new tenants and in turn can exert downward pressure on rent rates.	A significant number of the Group's tenants are subsidiaries of multinational groups with either insignificant exposure to developments in the Romanian economy and/or very sound financial standing. The Group also ensures that 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 minimise the risk of possible negative variations in rent rates over the short and medium term.	⇔
2	Changes in the Political or Regulatory Framework in Romania or the European Union	The Group was set up to carry out investments in the Central and South-Eastern Europe region, focusing first on property investments in Romania. It is therefore exposed to political and regulatory framework changes that may occur in this region.	Even though the Group is currently focusing on investments in Romania (independent EU bodies place it among the most rapidly growing economies in Central and South-Eastern Europe), the Group is considering diversifying its property portfolio with investments in other countries in the Central and South-Eastern Europe region. The Group's Executives frequently monitor political or regulatory developments in the Romanian market through their own observation and also by frequent reviews of available third-party reports on the developments in Romania. In cases when changes in regulations occur, appropriate action is taken so as to maintain compliance with applicable regulations in Romania.	⇔
	Property Risks			
3	Acquisition of Properties	Inability to execute the Group's plan of investing in high-quality assets 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 assets, 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 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.	⇔
4	Counterparty Credit Risk ✓	Loss of income may result from the possible default of tenants.	The vast majority of tenants 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.	⇔
5	Changes in Interest Rates ✓	Additional financing costs may be incurred as a result of interest rate increases.	The Group monitors on a regular basis the cost of its debt financing and considers the use of suitable hedging instruments (such as variable-fixed rate swaps, interest caps) to minimise the potential increase of the cost of debt above acceptable levels. As of 31 December 2016, the Group's weighted average debt financing costs amounted to 5.25%, representing a significant decrease as compared to 31 December 2015 (6.18%) as a result of the refinancing of a significant portion of the Group's debt during 2016. The Group explores on a continuous basis new refinancing options so as to maintain its average debt financing costs at competitive levels.	⇔
6	Valuation of Portfolio ✓	Any error or negative trend in valuations of properties would significantly impact the results (NAV and EPS) of the Group.	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. Periodically, the Group also obtains second valuations from other reputable and experienced third-party valuations specialists, other than those used for financial reporting purposes, as an additional safety measure in this area. The Group is also striving to maximise property values by employing an effective development strategy and/or a property management and leasing strategy.	⇔
7	Inability to Lease Space ✓	Potential loss of revenues leading to inability to maximise the EPS and FFO available for distribution of dividends to shareholders.	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 (which decreased further during 2016, a record year in terms of leasing), through the effective management of vacant space by its very experienced marketing and leasing team based in Romania. In addition, the leasing team cooperates closely with leading estate agents in the local market to tap all emerging opportunities.	⇔
8	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.	⇔
	Financial, Financing & Liquidity Risks			
9	Lack of Available Financing ✓	This would negatively affect the Group's ability to execute, to the full extent, its investment plan.	The Group's management team hold frequent meetings with current and potential equity investors as well as continuous discussions with leading global and Romanian financing institutions in connection with its financing requirements. Since admission, the Group has raised over €1.1bn in equity and debt (including new loan facilities and rolled-over loan facilities on the acquisition of subsidiaries) to meet its financing requirements.	⇔
10	Breach of Loan Covenants ✓	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.	⇔

RISK REPORT
PRINCIPAL RISKS & UNCERTAINTIES
CONTINUED

Financial, Financing & Liquidity Risks continued

	Risk	Impact	Mitigation	Change from prior year
11	Foreign Exchange Risk	Significant fluctuations, especially in the Romanian Leu to Euro exchange rate in the direction of the depreciation of the Romanian Leu against the Euro, 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, on a daily basis, the fluctuations in Romanian Leu to Euro exchange rate 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. It also enters frequently into transactions with financial institutions for the purchase or sale of Romanian Leu at favourable exchange rates against the Euro, compared to the market average, due to the relatively high value of such transactions as a result of a batch settlement process followed for invoices received from contractors/suppliers.	⇔
	Regulatory Risks			
12	Change in Fiscal and Tax Regulations	Adverse changes in favourable taxation provisions in the jurisdictions the Group's legal entities operate in would negatively affect its net results.	The Group, through 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 optimisation of the tax efficiency of its structure over time. 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 and Cyprus) in relation to OECD/BEPS recommendations.	⇔
13	Compliance with Fire, Structural or Other Health and Safety Regulations	Non-compliance with related regulations in Romania may affect our reputation with existing and potential new tenants. It may also lead to loss of right to operate our properties, and may also lead to severe legal implications for the Romanian subsidiaries' Directors.	The Group has a specialised department dealing on a daily basis with matters related to compliance with such regulations in Romania, 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.	⇔

VIABILITY STATEMENT

In accordance with provision C2:2 of the 2014 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 assets (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, 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. 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. It would be very difficult to extend the Group's strategic planning period beyond a three-year period and still maintain its accuracy to an acceptable level;
- part of the Group's financing facilities mature within the next three years; and
- 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.

In 2016, the viability assessment process comprised the following key steps:

1. A review and assessment by the Audit 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 50-54.
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;
   - changes in interest rates;
   - valuation of portfolio;
   - inability to lease space;
   - 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 2020.

It should be noted that this assessment is based on the following assumptions which are 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; and
- continued stability and availability of sufficient capital and market liquidity so as to enable the raising of additional equity, as well as the refinancing/rescheduling of the Group's debt facilities which mature within the next three years.

BOARD OF DIRECTORS

Geoff Miller
Non-Executive Director, Chairman of the Board and the Remuneration Committee

Geoff Miller spent over 20 years in research and fund management in the UK, specialising in the finance sector, before moving offshore, firstly to Moscow and then to 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 in the financials and technology sectors. He is also a Director for a number of private companies.

Ioannis Papalekas
Founder & Chief Executive Officer

The Founder of Globalworth, Ioannis Papalekas has over 18 years of real estate investment and development experience, 16 of which were in Romania, having created one of the most successful real estate development and investment groups in the Romanian real estate market.

He is experienced in the acquisition, master planning, development, reconstruction, refurbishment, operation and asset management of land and buildings across all major asset classes in Romania. Ioannis has been responsible for the development of more than 400k sqm of commercial (office, retail and logistics) space and 1,000 residential units in Romania, realising an IRR of 175% and an equity multiple of 4.7x on invested capital.

Dimitris Raptis
Deputy Chief Executive Officer and Chief Investment Officer

Dimitris Raptis joined Globalworth in November 2012, following 16 years of experience in the financial services and real estate investment management industries with Deutsche Bank, the last 12 years as a senior member of the real estate investment management group of Deutsche Bank's Asset and Wealth Management division ('RREEF').

From 2008 to 2012, Dimitris was Managing Director and European Head of Portfolio Management for RREEF Opportunistic Investments ('ROI'). In this role he was responsible for overseeing ROI's acquisitions across Europe as well as managing ROI's pan-European real estate investment portfolio consisting of 40 investments with a gross asset value in excess of €6bn.

From 2000 to 2008, Dimitris was a senior member of the team responsible for originating, structuring and executing real estate investments, with a main focus on the French, Italian and South-Eastern European markets with an enterprise value in excess of €5.5bn across all major asset classes.

Eli Alroy
Non-Executive Director and Senior Independent Director

Eli Alroy has extensive international experience in real estate investment and project management. From 1994 to 2012 Eli was Chairman of the Supervisory Board of Globe Trade Centre S.A. ('GTC'), traded on the Warsaw stock exchange. During part of this period (from 1994 to 1997) Eli also served as the CEO of Kardan Real Estate.

Eli received a BSc in civil engineering from the Technion in Israel and an MSc from Stanford University in the USA.

In 2010 Eli was honoured 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.

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

John Whittle is a resident of Guernsey. He is a Chartered Accountant and holds the IoD Diploma in Company Direction. He is a Non-Executive Director of International Public Partnerships Ltd[2] (FTSE 250), Starwood European Real Estate Finance Ltd[1] (LSE), Toro Ltd[1] (SFM), India Capital Growth Fund Ltd, Globalworth Real Estate Investments Ltd[1] and Aberdeen Frontier Markets Investment Company Ltd[3] (AIM) and GLI Finance Ltd (AIM)[1].

He also acts as Non-Executive Director to several other, mainly PE, Guernsey investment funds and B&Q Channel Islands. Immediately before choosing to become Non-Executive he was Finance Director of Close Fund Services, a large independent fund administrator, where he successfully initiated a restructuring of client financial reporting services and was a key member of the business transition team.

Prior to moving to Guernsey he was at Pricewaterhouse in London before embarking on a career in business services, predominantly retail and telecoms. He co-led the business turnaround of Talkland International (now Vodafone Retail) and was directly responsible for the strategic shift into retail distribution and its subsequent implementation; he subsequently worked on the £20 million private equity acquisition of Ora Telecom. He was previously at John Lewis and was CFO of Windsmoor (London LSE).

Akbar Rafiq
Non-Executive Director

Akbar Rafiq 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. Akbar is a Co-Portfolio Manager of the York European Distressed Credit funds.

From 2007 to 2011, Akbar worked as a Vice President and Senior Distressed Debt Analyst at Deutsche Bank AG, London. Previously, Akbar held various positions in the investment banking division at Bear, Stearns and Co. Inc. From 2000 to 2003, Akbar worked as an Associate for a private equity firm, Alta Communications.

1. Audit Committee Chair
2. Audit Committee Chair and Senior Independent Director
3. Chairman

BOARD OF DIRECTORS
CONTINUED

Alexis Atteslis
Non-Executive Director

Alexis Atteslis serves as a Managing Director at Oak Hill Advisors with senior responsibility for European investments. He has more than 12 years of experience in the finance industry, having previously worked at Deutsche Bank and PricewaterhouseCoopers.

He 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.

Andreea Petreanu
Non-Executive Director

Andreea Petreanu is currently Head of Credit Risk Management at Mizuho International in London. Over the past 16 years, Andreea has had various risk management roles with global investment banks such as Morgan Stanley, HSBC, Merrill Lynch, Bank of America and VTB Capital.

Andreea's educational background includes an Executive MBA from the University of Cambridge, Judge Business School and an MSc in Insurance and Risk Management from City University, CASS Business School. She is also an Associate of the Chartered Insurance Institute in London.

Norbert Sasse
Non-Executive Director

Norbert Sasse is Chief Executive Officer of Growthpoint.

He has 10 years' experience in corporate finance with Ernst & Young Corporate Advisory (in South Africa and London) and Investec Corporate Finance (in South Africa). Norbert was instrumental in growing Growthpoint from a listed property fund having assets of ZAR 100 million and a market capitalisation of ZAR 30 million in 2001 to being South Africa's largest listed property company with assets of over ZAR 112 billion and a market capitalisation of ZAR 73 billion as at January 2017.

Norbert led Growthpoint's first offshore investment in Australia in 2009 by investing AUD200 million in Orchard Industrial Fund, and subsequently renamed Growthpoint Properties Australia, ('GOZ') a property company that was facing foreclosure. With a market capitalisation of AUD250 million following the recapitalisation of the company by Growthpoint, GOZ has now grown to a market cap of AUD2 billion.

Norbert was involved in establishing the Association of Property Loan Stock Companies (PLS Association) which has subsequently been renamed SAREIT (South African Real Estate Association).

Norbert holds a BCom and Honours degree in Accounting from Rand Afrikaans University and is a Chartered Accountant.

Peter Fechter
Non-Executive Director

Peter Fechter has deeply embedded entrepreneurial experiences of all aspects of the property space. After graduating as civil engineer in 1968, he worked in South Africa as a site agent and tendering estimator, becoming CEO of large private construction company in 1978. He formed his own business in 1980 which successfully engaged in general contracting and doing its own property developments for sale and selective own investment.

After 20 years, Peter's business was voluntarily closed, with the property portfolio being sold to an IPO company. When this company merged with Growthpoint Properties in 2003, he was appointed as Non-Executive Director of Growthpoint, serving on the Audit and Risk Committees and as Chairman of the Property Investment Committee, all resulting in regular and close involvement in merger, acquisition and investment deals in South Africa and Australia.

George Muchanya
Non-Executive Director

George Muchanya is responsible for Corporate Strategy at Growthpoint and is a member of the Executive Committee. After spending his initial career years as an engineer, George made a career change into banking in 2000 where he worked in retail product development, treasury and investment banking both in South Africa and the UK. This was followed by a brief period at a global management consulting firm. George joined Growthpoint in 2005, where he focuses largely on mergers and acquisitions. The period since he joined saw Growthpoint concluding transformational transactions including the expansion of Growthpoint into Australia, the acquisition of the iconic V&A in Cape Town, single and large property portfolio acquisitions, and the consolidation, through mergers and acquisitions, by Growthpoint of the South African listed property sector. George played an integral part in this transformation and was part of the frontline deal negotiation and execution team.

George holds a BSc in Engineering from the University of Natal, MBA from Wales University, a certificate in Corporate Finance from the London Business School as well as a leadership certificate from Harvard Business School.

Richard van Vliet
Non-Executive Director

Richard van Vliet is a qualified as a Chartered Accountant in South Africa and England and Wales. On leaving Pricewaterhouse in South Africa he became the sole proprietor of an audit practice in Johannesburg, with work biased towards international mergers and acquisitions, taxation and financial structures.

From 1995 until mid-1997 he also represented the Jersey General Group, an offshore investment group of companies, in Johannesburg. He relocated to Guernsey in August 1997 as a founding member of Cannon Asset Management Limited and is now the Managing Director. He currently holds the chairmanship of The Cubic Property Fund, a Channel Islands Securities Exchange listed fund, and a number of Board positions on companies and investment funds exposed to property, equity and alternative investments. He also held the position of a main board member of Thames River Capital Holdings Limited, a fund management company with USD 9billion prior to its disposal.

THE TEAM

TOP MANAGEMENT WITH A STRONG TRACK RECORD IN THE REAL ESTATE SECTOR

Ioannis Papalekas
Founder & CEO

- 18 yrs (16 yrs in Romania) real estate track record
- Multi-sector real estate experience in Romania and SEE
- Realised return on investments of ("IRR") of 175% and an equity multiple of 4.7

Andreas Papadopoulos
CFO

- Chartered Accountant with c.24 yrs of experience in audit and transactions advisory
- 16 yrs with big 4 audit firms (EY and PwC)
- Joined Globalworth in 2014

Dimitris Raptis
Deputy CEO/CIO

- 20 yrs of experience in financial services and real estate
- Former MD and European Head of Portfolio Management for Deutsche Bank's RREEF Opportunistic Investments
- Managed a portfolio of 40 investments (GAV >€6 billion)
- Joined Globalworth in 2012

Adrian Danoiu
COO

- +20 yrs of experience in accounting, finance and business administration
- Part of the Founder's team since 2002

Stan Andre
Deputy CIO

- 9 yrs of experience with UBS (6 yrs), BAML and Credit Agricole in Leveraged Capital Markets, Special Situations Group, Emerging Markets Lending and DCM
- Joined Globalworth in 2014

Stamatis Sapkas
Deputy CIO

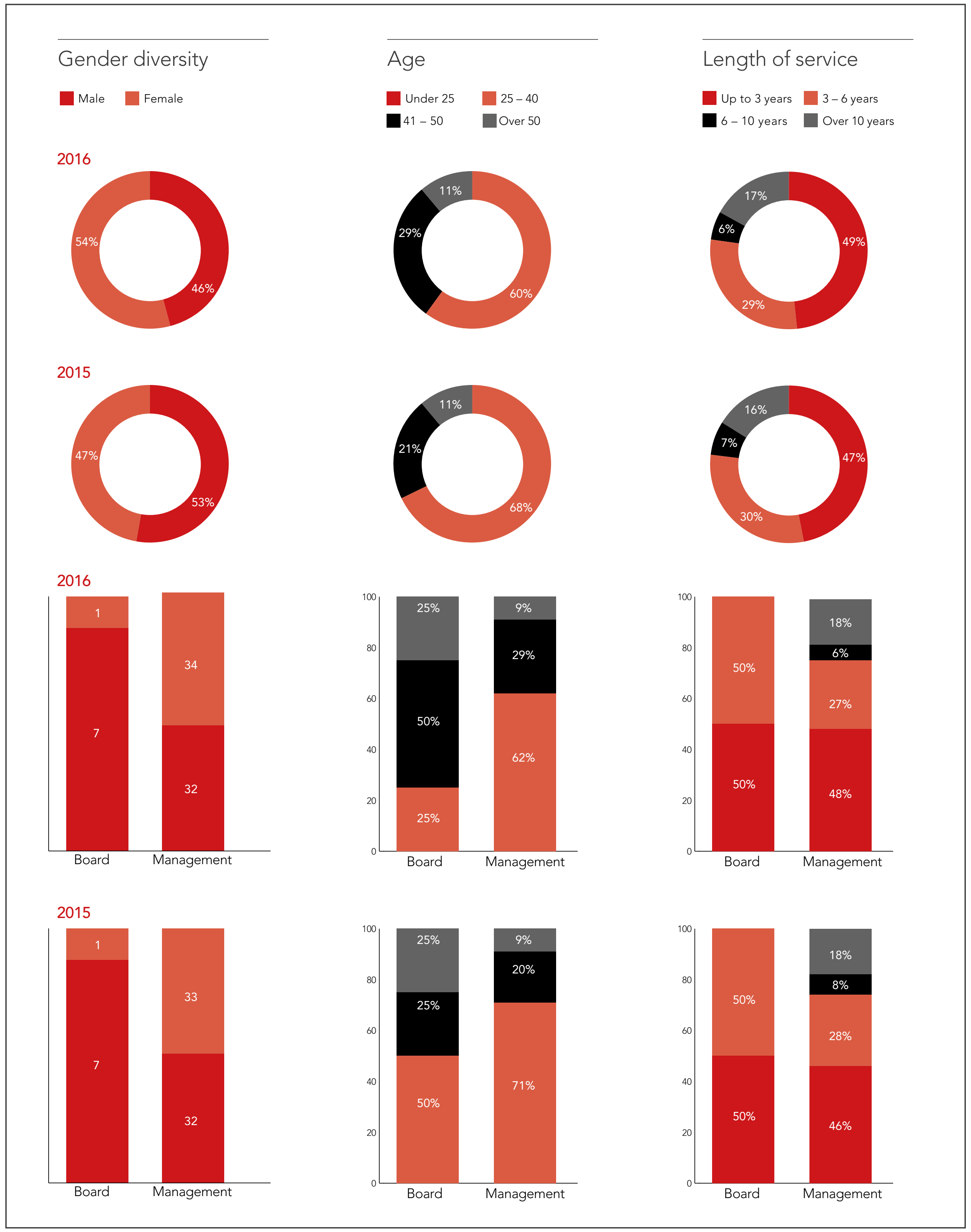
- 14 yrs of experience in EMEA real estate and lodging including 10 yrs with Citigroup Investment Banking (7 yrs) and Eurobank Properties
- Joined Globalworth in 2013

Construction and Development	Property Compliance	Asset Management	Leasing	Investments and Capital Markets	Legal	Accounting and Finance	Operations and Administrations
↓	↓	↓	↓	↓	↓	↓	↓
D. Pergamalis (Group Head) (+ 9 people)	G. Udroiu (Group Head) (+ 4 people)	C. Kolonias (Group Head) (+ 4 people)	E. Iftimie (Group Head) (+ 4 people)	S. Andre (D.CIO)/ S. Sapkas (D.CIO) (+ 5 people)	C. Tirziu (Group Head) (+ 1 person)	A. Papadopoulos (CFO) (+ 15 people)	A. Danoiu (COO) (+ 14 people)

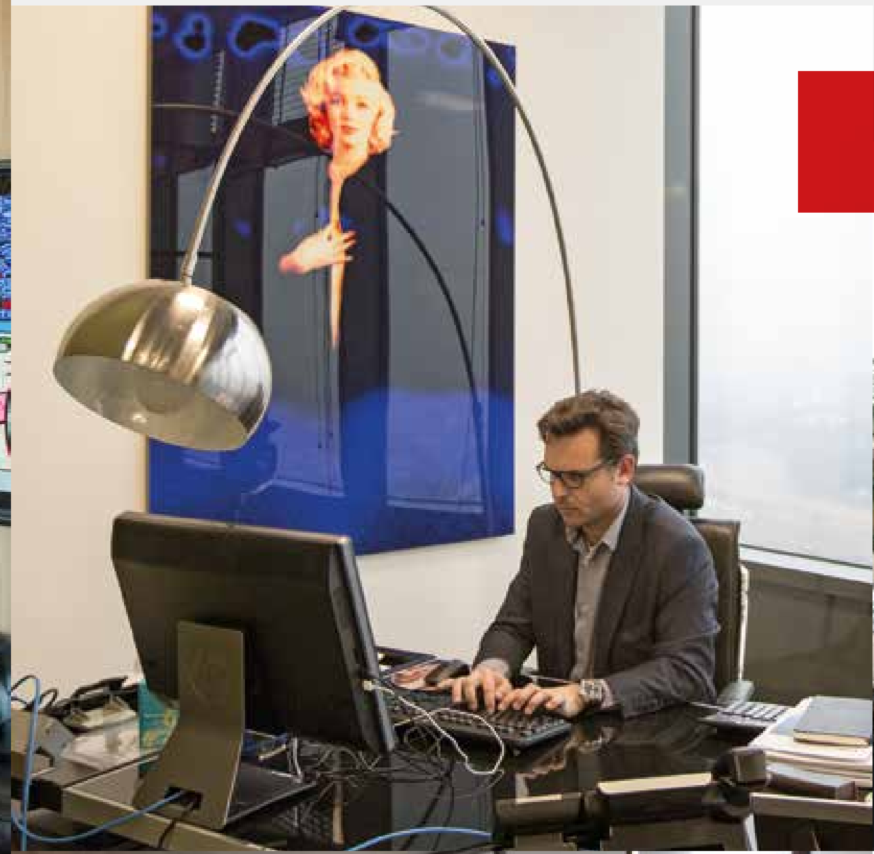
Platform of 66 professionals highly skilled in their respective fields

Diversity

The Group maintains a policy of employing the best candidates available in every position, regardless of gender, ethnic group or background. Information about the diversity of the Group's Directors and employees is set out below:



THE TEAM
CONTINUED



PORTFOLIO REVIEW

BEST-IN-CLASS REAL ESTATE PORTFOLIO

Over the past three-and-a-half years, Globalworth has been investing exclusively in Romanian real estate, its principal market, assembling a portfolio of best-in-class properties in prime locations within their respective sub-markets.

By the end of 2016 the Company had 15 investments with a total of 20 assets, all of which were located in two Romanian cities, the capital Bucharest and Timisoara, one of the largest logistics hubs in the country. Since the turn of the year we have continued to expand our footprint, having announced the acquisition of a standing warehouse leased to Automobile Dacia in Pitesti (Central Romania) and formed a partnership for the development of a new Class "A" office complex in the western part of Bucharest. These initiatives have increased our total number of investments and assets to 17 and 22 respectively.

Globalworth's main focus is to invest in standing or development office properties, which are subsequently actively managed by the Company. Such properties accounted for c.81.4% of our portfolio value as of year end 2016.

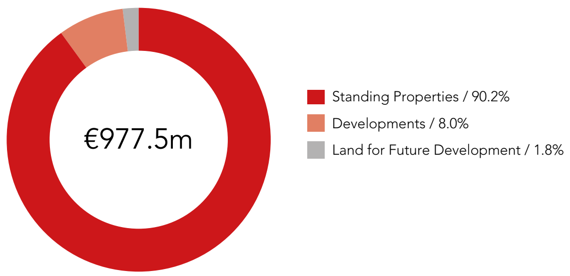
In addition, our exposure to the industrial sector has been increasing in the past couple of years, initially driven by demand from tenants interested in taking up space in what has become one of our most successful investments, the TAP light-industrial complex in Timisoara. This complex consisted initially of a facility leased to Valeo Lighting and was expanded in 2015 following the development of two facilities let to Continental and Elster. A new facility leased to Valeo Lighting was delivered in Q1-17 and a second facility pre-let to Litens Automotive is scheduled for delivery in Q3-17.

Total portfolio value upon completion

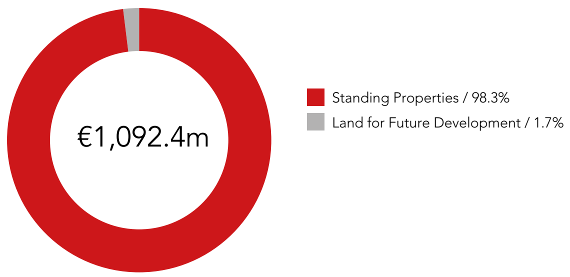
c.€1.1bn

Evolution of Portfolio

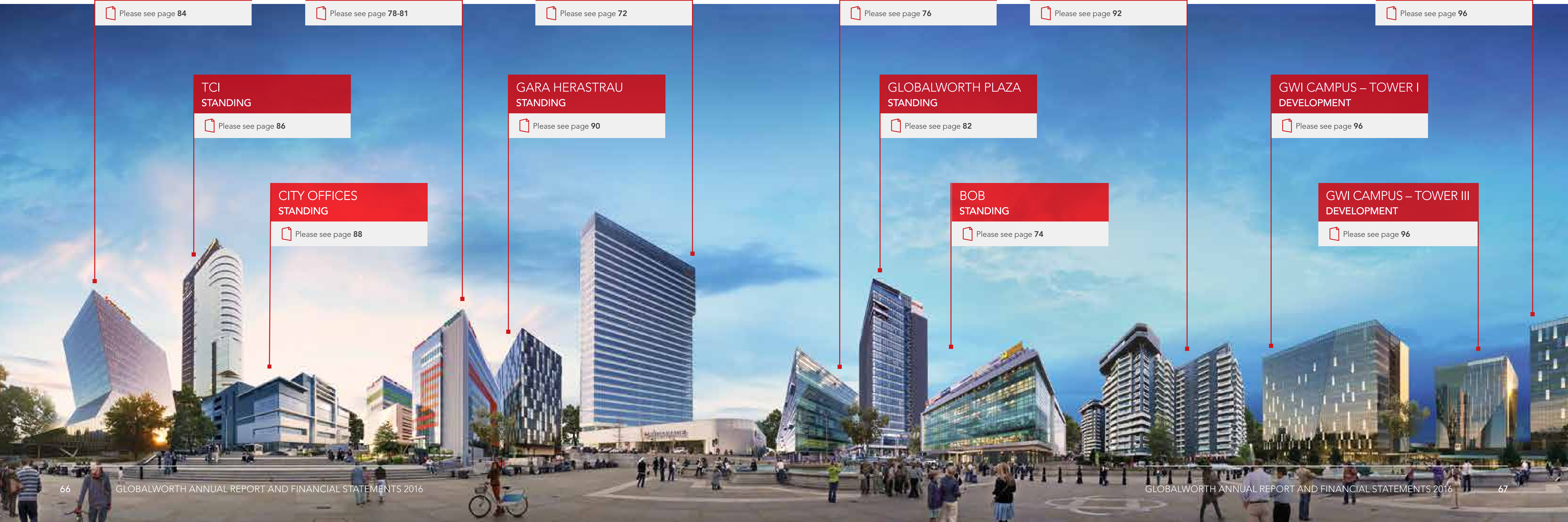
"As Is" Value (€m)



Value upon "Completion" (€m)



Note: Data based on 31 December 2015 appraisals.



UNICREDIT HQ
STANDING
Please see page 84

GREEN COURT "A" AND "B" STANDING
Please see page 78-81

GLOBALWORTH TOWER
STANDING
Please see page 72

BOC
STANDING
Please see page 76

UPGROUND TOWERS
STANDING
Please see page 92

GWI CAMPUS – TOWER II
DEVELOPMENT
Please see page 96

TCI
STANDING
Please see page 86

GARA HERASTRAU
STANDING
Please see page 90

GLOBALWORTH PLAZA
STANDING
Please see page 82

GWI CAMPUS – TOWER I
DEVELOPMENT
Please see page 96

CITY OFFICES
STANDING
Please see page 88

BOB
STANDING
Please see page 74

GWI CAMPUS – TOWER III
DEVELOPMENT
Please see page 96

PORTFOLIO REVIEW
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In February 2017, Globalworth announced the acquisition of a 68.4k sqm modern warehouse facility 100% leased to Dacia in Pitesti. Including the addition of the three new facilities under construction or being acquired, our total footprint in the light-industrial / warehouse sector will grow to 171.0k sqm of GLA (c.27.0k sqm year end 2014).

The highest concentration of our portfolio, however, remains in the New CBD of Bucharest where we have eight standing properties and one development project, accounting for 73.4% of the value of our portfolio and representing 214.8k sqm of standing commercial GLA and 421 residential units as of 31 December 2016.

The New CBD is in the northern part of Bucharest, clustered around the Dimitrie Pompeiu, Calea Floreasca and Barbu Vacarescu Boulevards, and has seen the highest level of office investment in recent years as a result of its excellent accessibility and infrastructure (metro, tram, bus, road), its proximity to the Henri Coanda International Airport, and the availability of sizeable land plots.

Key investments in the New CBD include the Class "A" flagship office Globalworth Tower, offering GLA of 54.7k sqm (delivered in 2016), two Class "A" offices which form part of the Green Court complex, the Class A BOC office property and, finally, our Globalworth Campus development which, upon completion, will offer 88.6k sqm of Class "A" office space supported by retail shops and other amenities.

The remainder of our Bucharest portfolio comprises Class "A" offices offering total GLA of 73.9k sqm and two land plots held for future development. These properties are spread across the capital (centre, north and south), with each property occupying a prime location within its respective sub-market.

We are very pleased that Globalworth, following the delivery of our Globalworth Tower in Q1-16, now owns the second, third and fifth-tallest office towers in Bucharest and the two single largest office buildings (held by an institutional investor) in Romania.

Property	"As Is" Value (€ m)	Capex (€ m)	Mark to Market Uplift (€ m)	Value upon "Completion" (€ m)
GW Tower	162.5	-	-	162.5
BOB	50.3	-	-	50.3
BOC	143.7	-	-	143.7
Green Court "A"	51.3	-	-	51.3
Green Court "B"	53.2	-	-	53.2
GW Plaza	56.5	-	-	56.5
Unicredit HQ	52.5	-	-	52.5
TCI	76.7	-	-	76.7
City Offices	62.0	-	-	62.0
Gara Herastrau	28.8	-	-	28.8
UPG	101.2	-	-	101.2
TAP	50.4	12.0	2.4	64.8
GWI Campus	70.4	84.5	16.0	170.9
Herastrau One	5.8	-	-	5.8
Luterana	12.3	-	-	12.3
Total	**977.5m**	**96.5m**	**18.4m**	**1,092.4m**

Green Certified Properties

Globalworth Tower:	LEED Platinum
BOB:	BREEAM In-use/Excellent and LEED Gold certifications (for part of the property)
BOC:	BREEAM In-use/Excellent certification
UniCredit HQ:	BREEAM Very Good certification
City Offices:	LEED Gold certification
Green Court "A":	LEED Gold certification
Green Court "B":	LEED Gold certification
Gara Herastrau:	BREEAM Excellent

Properties Under Green Certification Process

TCI:	BREEAM Very Good/Excellent
Globalworth Plaza:	BREEAM Very Good/Excellent
Globalworth Campus:	BREEAM Very Good/Excellent
Upground Towers:	BREEAM Very Good/Excellent (ongoing)

Standing Properties

Globalworth's portfolio of standing assets increased in 2016 with the addition of the flagship Globalworth Tower and the smaller Gara Herastrau office property, which were delivered in Q1-16 and Q2-16 respectively.

Our standing portfolio increased to 14 assets, comprising 10 Class A office properties and a residential complex located in Bucharest, while in Timisoara we own a light-industrial park comprising three facilities.

Globalworth's total standing GLA at the end of 2016 had increased by c.18.1% to 420k sqm, of which 370.0k sqm was commercial space, while the appraised value of our standing investment properties rose to c.€881.5 million (as at 31 December 2016), representing a c.26.8% increase on the previous year.

Globalworth Tower is a landmark office property located in the heart of the New CBD of Bucharest. At a height of approximately 120 metres it is the second-tallest office property in Romania and one of the biggest in terms of office space in the CEE/SEE region. Globalworth Tower offers approximately 54.7k sqm of Class "A" office space and is approximately 83.2% let to high-quality national and international tenants including Vodafone (telecoms), Nestor Nestor Diculescu Kingston Petersen (law), Huawei (telecoms), Delhaize/Mega Image (retail-FMCG), Wipro (IT), Bunge (services), Ferrero (confectionery), Anritsu Solutions (services) and Globalworth (real estate). Globalworth Tower recently received the award for the "Best Big Office Development of the Year" for 2016 in the prestigious CIJ Awards. Occupancy in the property increased in 2017 to 90.4% following the signing of new leases with new and existing tenants.

Gara Herastrau was the second of Globalworth's projects delivered in 2016. This Class "A" office property is also situated in the New CBD and is adjacent to the Green Court Building complex and approximately 200 metres from Globalworth Plaza and Globalworth Tower. It extends over 12 floors (with an additional technical floor) and offers approximately 12.0k sqm of GLA. The Gara Herastrau office building was delivered in June 2016 and has an occupancy of approximately 68.9%. The property is anchored by ADP, the leading global provider of human capital management solutions, with other tenants including Saipem (oil and gas) and Tripsta (services). Occupancy in the property has further increased in 2017, rising to 75.4% following a new lease signed with Baker Tilly (accounting, audit and tax advisory). All standing properties in the portfolio have been completed or refurbished since 2008, with Globalworth continuously investing in its properties in order to maintain them as both modern and in line with tenant demand.

The number of 'green' properties owned by the Company has also increased since the beginning of 2016, with Green Court B receiving LEED Gold in February and the Gara Herastrau office property receiving BREEAM Excellent accreditation in November. In addition, we are very proud that our landmark Globalworth Tower property was officially awarded Green certification of LEED Platinum (January 2017), becoming the first building in Romania and the broader SEE region to have received the highest available Green accreditation.

The portfolio currently comprises eight Green accredited properties, with four others currently under various stages of Green certification. The Company expects to complete the Green certification process in the next 12 months.

At 83.1% as of 31 December 2016, occupancy of our standing portfolio remains high, with 307.7k sqm leased to top-quality tenants. Nine of our commercial properties had an occupancy rate in excess of 90% and we are in active discussions with a number of tenants for the remaining vacant space in our portfolio.

Since the beginning of 2017, as a result of the ongoing efforts of our leasing team and the acquisition of the 100% let Dacia warehouse, the total commercial space leased in our standing portfolio has increased to 383.7k sqm and the average occupancy rate has reached 87.5%. In addition to its commercial portfolio, Globalworth owns 421 apartments in Upground Towers (Upground), a modern two-tower residential complex ideally situated in the New CBD, with a total of 571 apartments.

The property benefits from fine views of the nearby Tei lake and is located close to our commercial portfolio, thus allowing us to leverage its use and provide a complete package to our many international tenants looking for turnkey solutions when relocating their operations to the area.

In Upground Towers we own a range of different apartments, varying in size (80 to 440sqm) and number of bedrooms (1 to 5). These are available for rental or sale and are targeted at residents interested in living in a complex offering top-end space combined with other amenities (gym, supermarket, restaurants and coffee shops etc.), while also being easily accessible by both public and private transport.

In 2016 we continued to market units for sale, and as a result we sold 14 apartments. In addition, at the end of the year 205 apartments were leased, generating c.€1.6 million of annual rental income.

PORTFOLIO REVIEW
CONTINUED

Commercial Properties	Q4-15	Q4-16
Number of Investments	9	11
Number of Assets	11	13
GLA (sqm)	303,155	370,033
"As Is" Valuation:	595.6	788.6
Occupancy	85.1%	83.1%
Contracted Rent	36.3	46.9
WALL	6.0	6.4

Total Standing Properties	Q4-15	Q4-16
Number of Investments	10	12
Number of Assets	12	14
GLA (sqm)	355,513	419,986
"As Is" Valuation:	695.1	881.5
Contracted Rent	37.8	48.5

Developments
We continued with our active development programme in 2016, delivering to market two Class "A" office properties with 66.7k sqm of GLA. As at the end of the year we had four other properties under construction which, upon completion, will further increase our footprint of high-quality office and light-industrial standing GLA by 78.4k sqm.

Developments in Bucharest
The Globalworth Campus project is a large-scale development situated in the New CBD of Bucharest, which upon completion will offer three Class "A" office towers, retail spaces and other supporting amenities (including a conference centre). Phase A, currently under construction, will comprise two side towers facing Dimitrie Pompeiu Street (main street) with total GLA of approximately 56.9k sqm on completion, while Phase B will comprise one middle tower, which on completion will contribute additional GLA of approximately 31.7k sqm.

The development of Phase A is progressing in line with the estimated timeline. In Tower I the structural concrete works have been completed and the façade is currently being fitted out with a glazed surface, which is approximately 95% complete. For Tower II, the necessary preparatory activities have been completed, including excavations, and construction of the structure has now commenced. We expect to deliver Tower I in Q2-17, followed by Tower II in Q1-18.

Globalworth is currently in negotiations with a number of tenants for the take-up of space in both towers.

The Company has adopted a number of environmentally friendly principles for both office buildings under development and, as such, anticipates being able to achieve Green certifications of BREEAM Very Good or Excellent.

Developments in Timisoara
The TAP project has proven to be a location much sought-after by high-quality multinational tenants and a very successful investment for Globalworth. Since its acquisition in July 2014 the park has been continuously expanded, initially with new facilities developed for Continental and Elster Rometrics (part of the Honeywell Group), who moved into TAP in 2015. In 2016 the Company signed new leases for the development of two facilities leased to Valeo Lighting (expansion) which was delivered in Q1-17 and Litens Automotive (new tenant) which is currently under construction and scheduled for delivery in Q3-17.

In February 2016, Valeo exercised its option to take more space in the TAP complex, with the development of a new light-industrial facility of 13.5k sqm. The delivery of the new facility in Q2-17 marked the second time that Valeo has expanded in the park since its arrival in 2011.

In November 2016 the Company signed a 10-year unbreakable lease with Litens Automotive for the development of a 8.0k sqm new light-industrial facility in the park. The new facility is to be developed on available land in TAP and is expected to be delivered in Q3-17. The German Litens Automotive Group is a leading global designer and manufacturer of engineered power transmission systems and components, with more than 35 years of experience in the market.

TAP offered a total of 81.3k sqm of GLA and was c.97.3% occupied at the end of 2016. GLA in the complex is expected to increase to 102.9k sqm by Q3-17, and has the potential for further development reaching a total GLA of 131.4k sqm as a result of the extension options currently available to the existing tenants of the park.

The "As Is" value of the Development Projects as of 31 December 2016 was approximately €77.9 million. On completion, the projects are expected to deliver approximately 138.7k sqm of new office and light-industrial space, with an appraised value of c.€192.8 million.

Development Projects – Breakdown by Status Q4-16	Under Construction[1]	Future Development[2]	Total Development
Number of Investments	2	2	2 investments developed in stages
Number of Assets to be Developed	4	2	6
GLA (sqm)	78,444	60,229	138,673
"As is" Valuation	€58.7m	€19.3m	€77.9m
"Completion" Valuation	€118.7m	€74.1m	€192.8m

Notes:
1 "Under Construction" comprises Globalworth Campus Phase I, TAP Valeo (expansion) and TAP Litens (new facility).
2 "Future Development" comprises Globalworth Campus Phase II and other expansion options available at TAP.

Land for Future Development
Globalworth owns land plots in two prime locations in Bucharest (Herastrau Lake and the historical CBD) for future development. These plots represent further opportunities for office or mixed-use developments, which the Company intends to take advantage of in the future in order to further grow its real estate portfolio.

The total land size for future development in these two locations is approximately 9.8k sqm, with an appraised value of approximately €18.1 million.

GLOBALWORTH TOWER

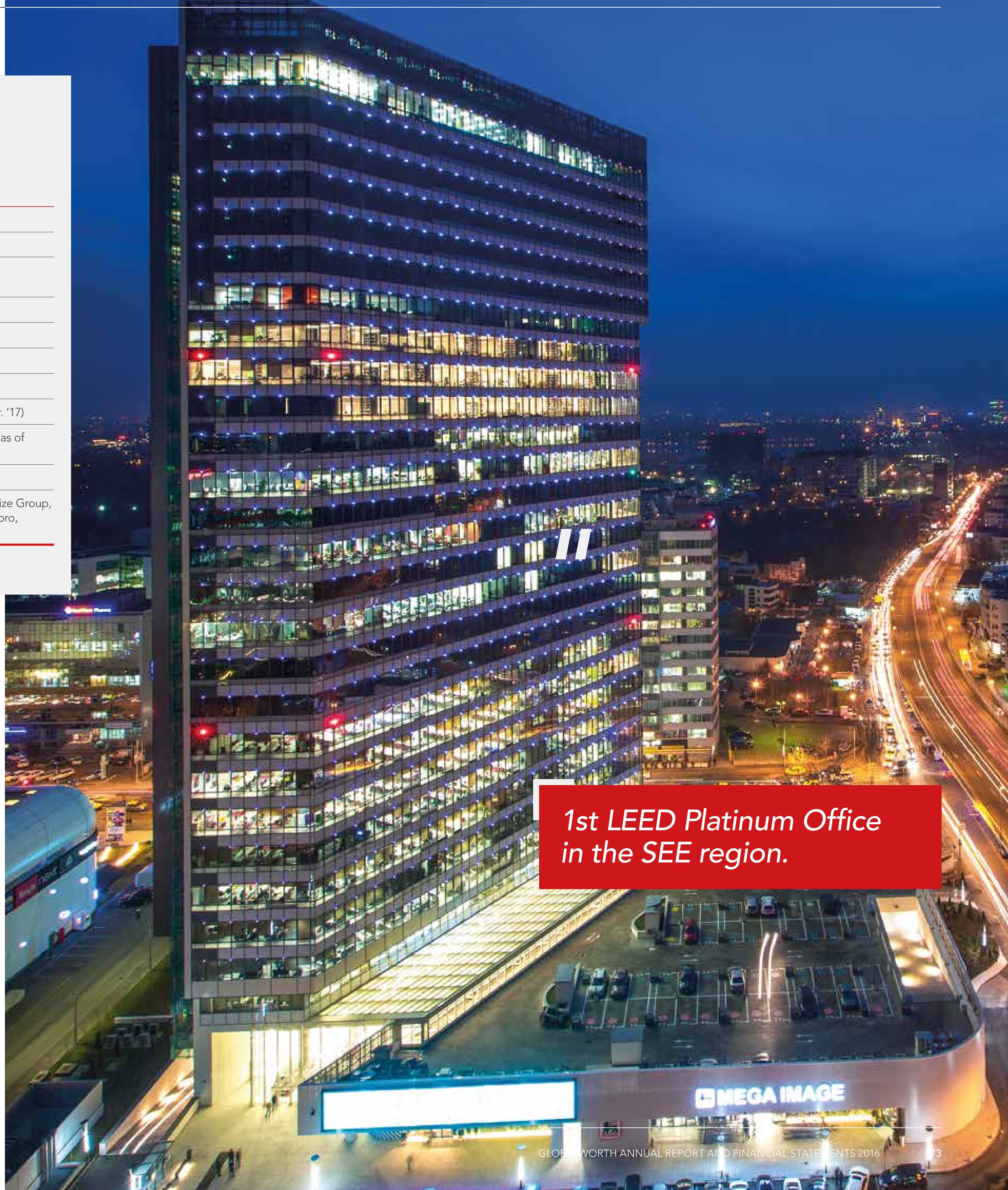
'Globalworth Tower' is a landmark Class "A" office building located in the northern part of Bucharest on the junction of three main streets: Barbu Vacarescu Street, Pipera Road and Calea Floreasca.

Globalworth Tower is the second-tallest office property in Bucharest with a height of 120m, extending over 26 floors above ground and three underground levels.

The project was acquired in December 2013 and subsequently developed by Globalworth and following its delivery it offers c.54.7k sqm of GLA and 638 parking spaces. Globalworth Tower is the first building in Romania and the broader SEE region having received LEED Platinum accreditation which is the highest available Green accreditation.

Location:	Bucharest/New CBD
Status:	Standing Property
Description:	Class "A" multi-tenanted office building
Ownership:	100%
Year of Completion:	2016
Appraised Value "As Is":	€162.5 million
GLA:	54,686 sqm
Occupancy:	83.2% (90.4% as of 27 Mar. '17)
Contracted Rent:	€9.5 million (€10.3 million as of 27 Mar. '17)
WALL:	8.8 years
Selected Tenants:	Vodafone, Huawei, Delhaize Group, NNDKP, Globalworth, Wipro, Bunge

Note: All data as of 31 December 2016.



1st LEED Platinum Office in the SEE region.

BOB

BOB is a modern Class "A" multi-tenanted office building located in the Northern part of Bucharest on Dimitrie Pompeiu Boulevard.

The property was delivered in 2008 and received both BREEAM In-use/Excellent and LEED Gold certifications (for part of the property) in 2014.

BOB was acquired by Globalworth in March 2014 and offers 22.4k sqm of GLA over seven floors above ground and 157 parking spaces.

The property is part of a wider building complex developed between 2006 and 2011, which includes BOC and Upground Towers.

Location:	Bucharest/New CBD
Status:	Standing Property
Description:	Class "A" multi-tenanted office building
Ownership:	100.0%
Year of Completion:	2008
Appraised Value "As Is":	€50.3 million
GLA:	22,391 sqm
Occupancy:	97.3%
Contracted Rent:	€3.6 million
WALL:	5.5 years
Selected Tenants:	Deutsche Bank, Stefanini, NX Data, NBG Group, Clearanswer Europe

Note: All data as of 31 December 2016.

Dual Green Accreditation – BREEAM Excellent and LEED Platinum for DB's space.

PORTFOLIO REVIEW – STANDING
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BOC

BOC is a modern Class "A" multi-tenanted office building located in the northern part of Bucharest on George Constantinescu Street.

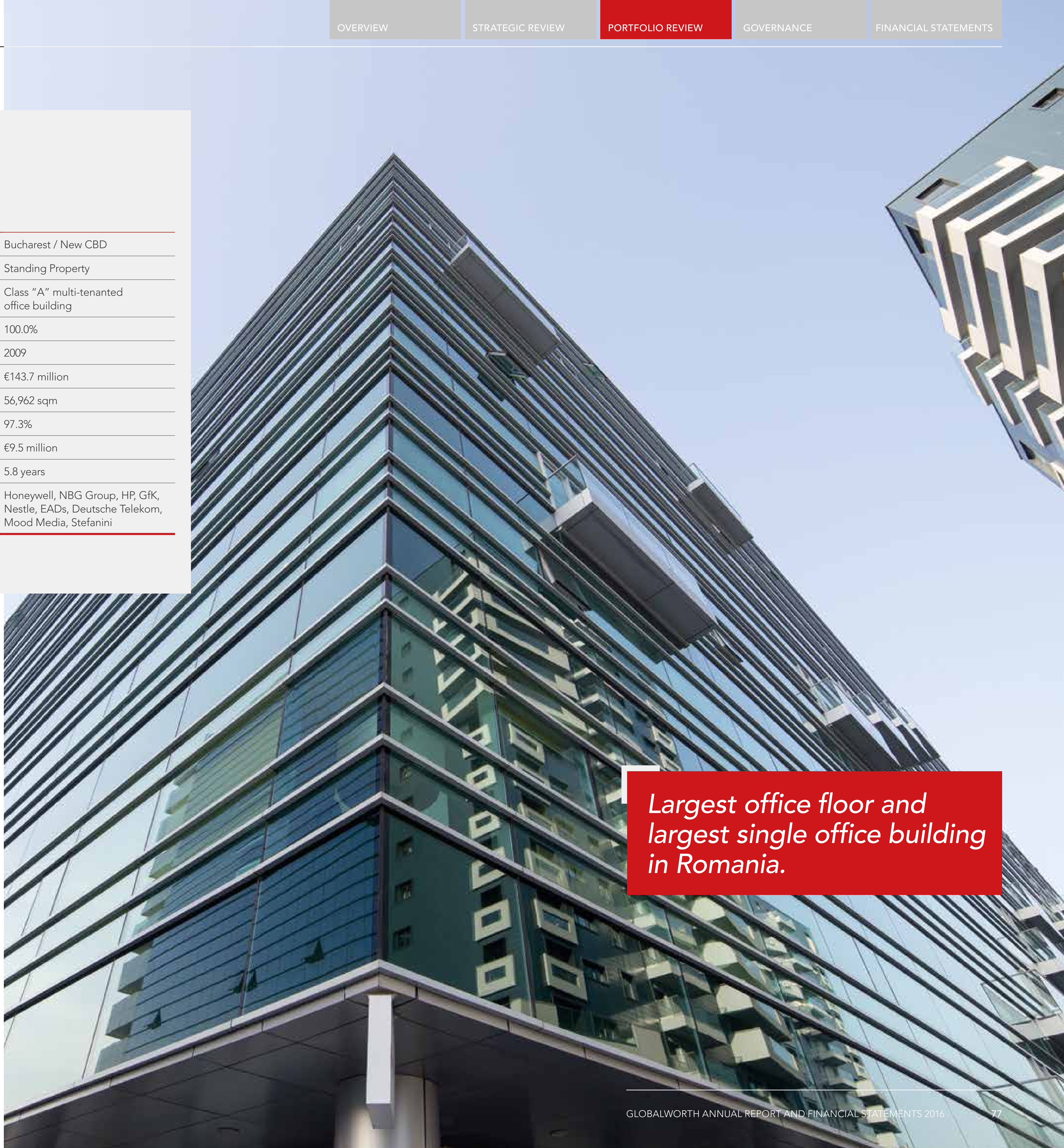
The property was delivered in 2009 and received BREEAM In-use/Excellent Green certification in 2014. It was nominated in the category for the best Green "Office: In-Use" property in the 2015 BREEAM awards. It was the first property in Romania to be rated "Excellent" for Asset Performance (Part 1) and Building Management (Part 2).

BOC was acquired by Globalworth in March 2014 offering 57.0k sqm of GLA and 895 parking spaces. The property extends over eight floors above ground and has three underground levels.

The property is part of a wider building complex developed between 2006 and 2011, which includes BOB and Upground Towers.

Location:	Bucharest / New CBD
Status:	Standing Property
Description:	Class "A" multi-tenanted office building
Ownership:	100.0%
Year of Completion:	2009
Appraised Value "As Is":	€143.7 million
GLA:	56,962 sqm
Occupancy:	97.3%
Contracted Rent:	€9.5 million
WALL:	5.8 years
Selected Tenants:	Honeywell, NBG Group, HP, GfK, Nestle, EADs, Deutsche Telekom, Mood Media, Stefanini

Note: All data as of 31 December 2016.



Largest office floor and largest single office building in Romania.

GREEN COURT
BUILDING "A"

Green Court Building "A" is a Class "A" multi-tenanted office building located in the northern part of Bucharest on Gara Herastrau Street.

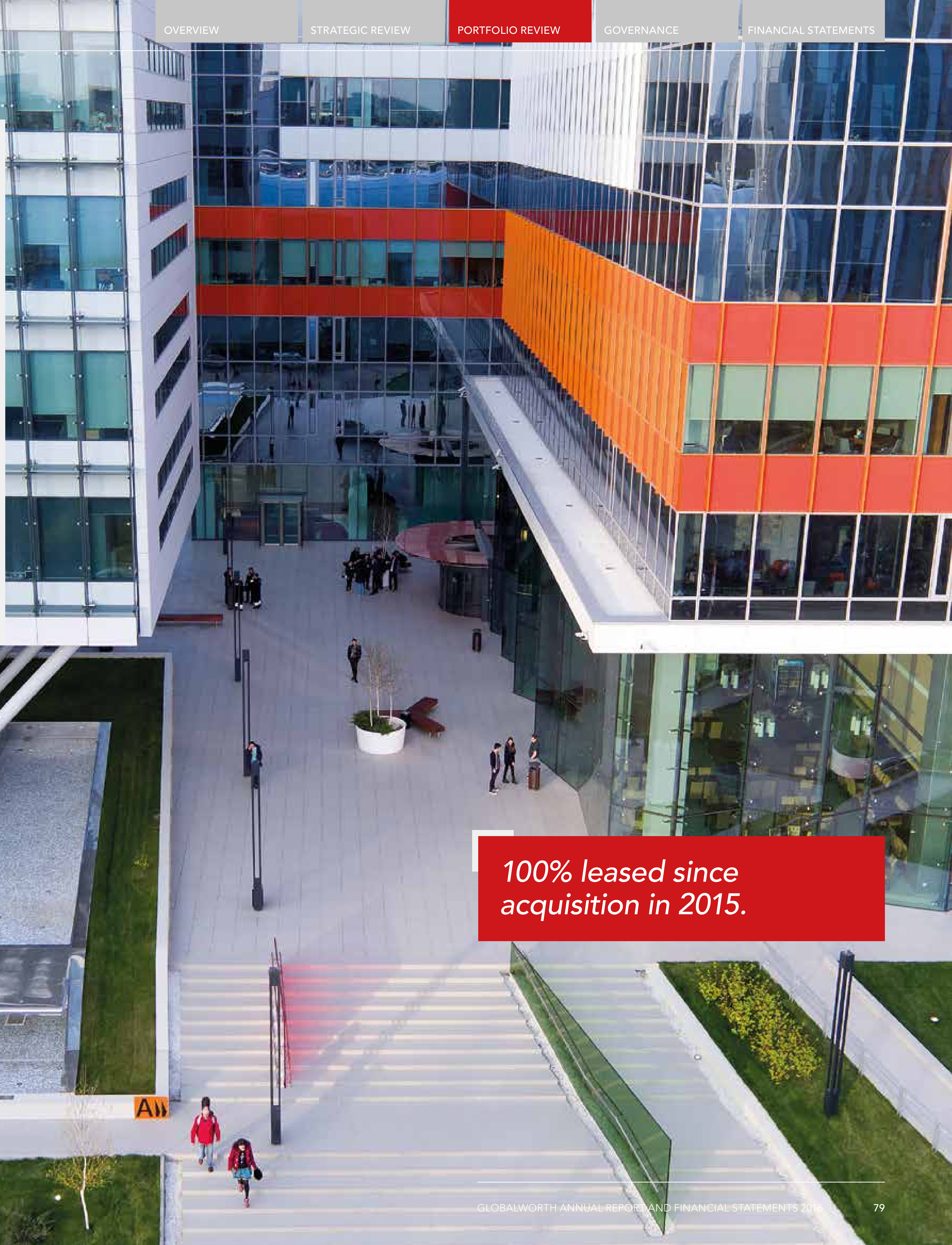
The property, which was developed by Skanska, was completed in 2014 and received LEED Gold certification in 2015.

Green Court Building "A" was acquired by Globalworth in June 2015, and is offering 19.6k sqm of GLA and 262 parking spaces. The property extends over 12 floors above ground and has three underground levels.

The property is part of the wider Green Court Building complex developed by Skanska which upon completion will comprise three office towers (Globalworth currently owns two of the three office buildings).

Location:	Bucharest/New CBD
Status:	Standing Property
Description:	Class "A" multi-tenanted office building
Ownership:	100.0%
Year of Completion:	2014
Appraised Value "As Is":	€51.3 million
GLA:	19,589 sqm
Occupancy:	100.0%
Contracted Rent:	€3.4 million
WALL:	5.3 years
Selected Tenants:	Orange, Schneider Electric, CITR, Skanska

Note: All data as of 31 December 2016.



100% leased since acquisition in 2015.

GREEN COURT
BUILDING "B"

Green Court Building "B" is a Class "A" multi-tenanted office building located in the northern part of Bucharest on Gara Herastrau Street.

The property, which was developed by Skanska, was completed in 2015 and received LEED Gold certification in 2016.

Green Court Building "B" was acquired by Globalworth in December 2015, and is offering 18.4k sqm of GLA and 328 parking spaces. The property extends over 12 floors above ground and has three underground levels.

The property is part of the wider Green Court Building complex developed by Skanska which upon completion will comprise three office towers (Globalworth currently owns two of the three office buildings).

Location:	Bucharest/New CBD
Status:	Standing Property
Description:	Class "A" multi-tenanted office building
Ownership:	100.0%
Year of Completion:	2015
Appraised Value "As Is":	€53.2 million
GLA:	18,369 sqm
Occupancy:	100.0%
Contracted Rent:	€3.5 million
WALL:	4.2 years
Selected Tenants:	Carrefour, Sanofi, Colgate, Ericsson, Adecco, Abbott

Note: All data as of 31 December 2016.

Second building of the Green Court complex acquired by Globalworth in 2015.

GLOBALWORTH PLAZA

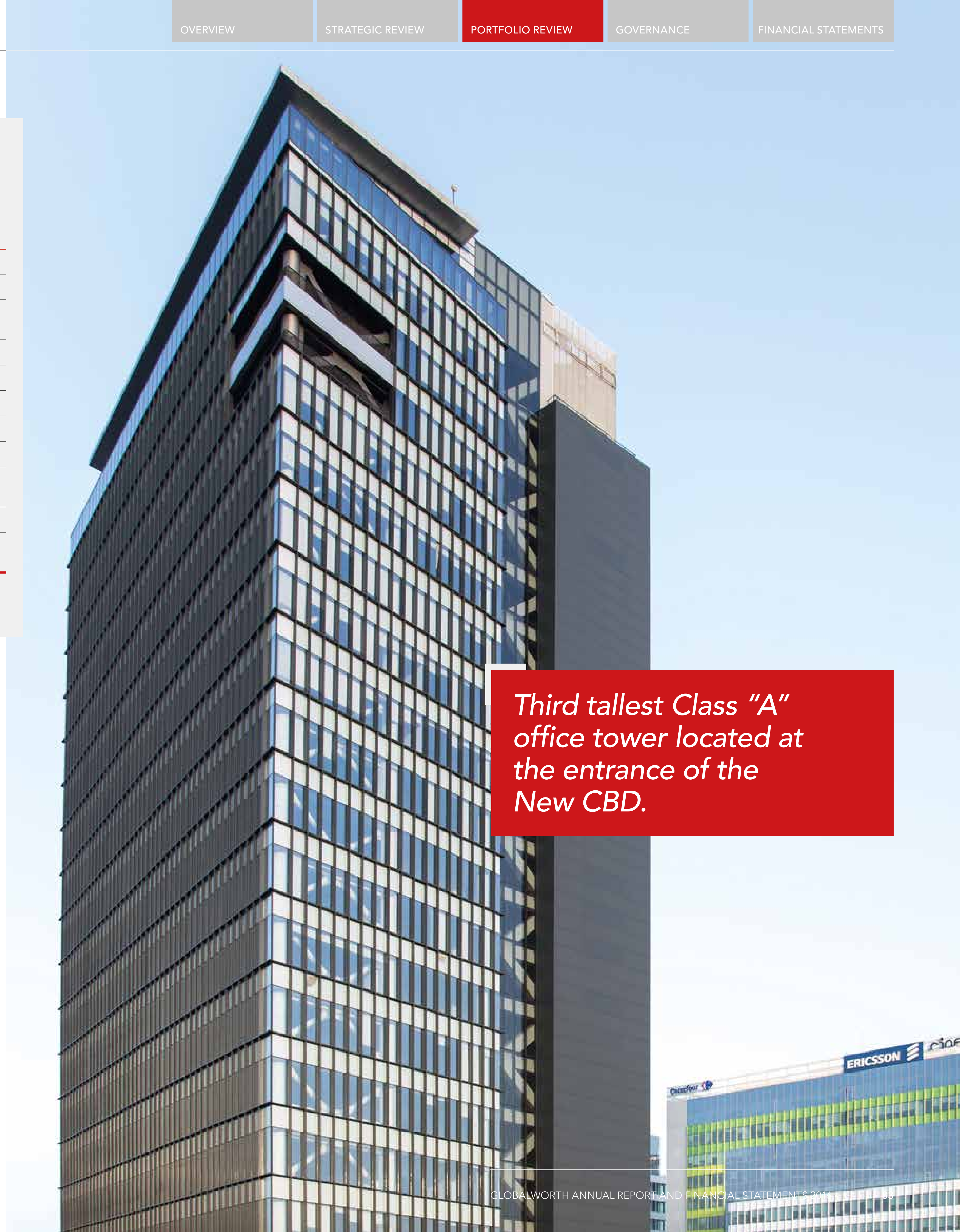
"Globalworth Plaza" is a Class "A" multi-tenanted office building located in the northern part of Bucharest on the junction of Pipera Road and Gara Herastrau Street.

The property was delivered in 2010 and was partially refurbished during 2014/15.

Globalworth Plaza was acquired by Globalworth in March 2015, and is offering 24.0k sqm of GLA and 336 parking spaces. The property extends over 21 floors above ground and has three underground levels.

Location:	Bucharest/New CBD
Status:	Standing Property
Description:	Class "A" multi-tenanted office building
Ownership:	100.0%
Year of Completion:	2010
Appraised Value "As Is":	€56.5 million
GLA:	24,020 sqm
Occupancy:	29.7% (41.6% as of 27 Mar. '17)
Contracted Rent:	€1.3 million (€1.8 million as of 27 Mar. '17)
WALL:	4.7 years
Selected Tenants:	Patria Bank, Bayer, Anima, Printec, Coface

Note: All data as of 31 December 2016.



Third tallest Class "A" office tower located at the entrance of the New CBD.

UNICREDIT HQ

"Unicredit HQ" is a landmark Class "A" single-tenanted office building located in the northern part of Bucharest on Expozitiei Boulevard, off Presei Libere Square.

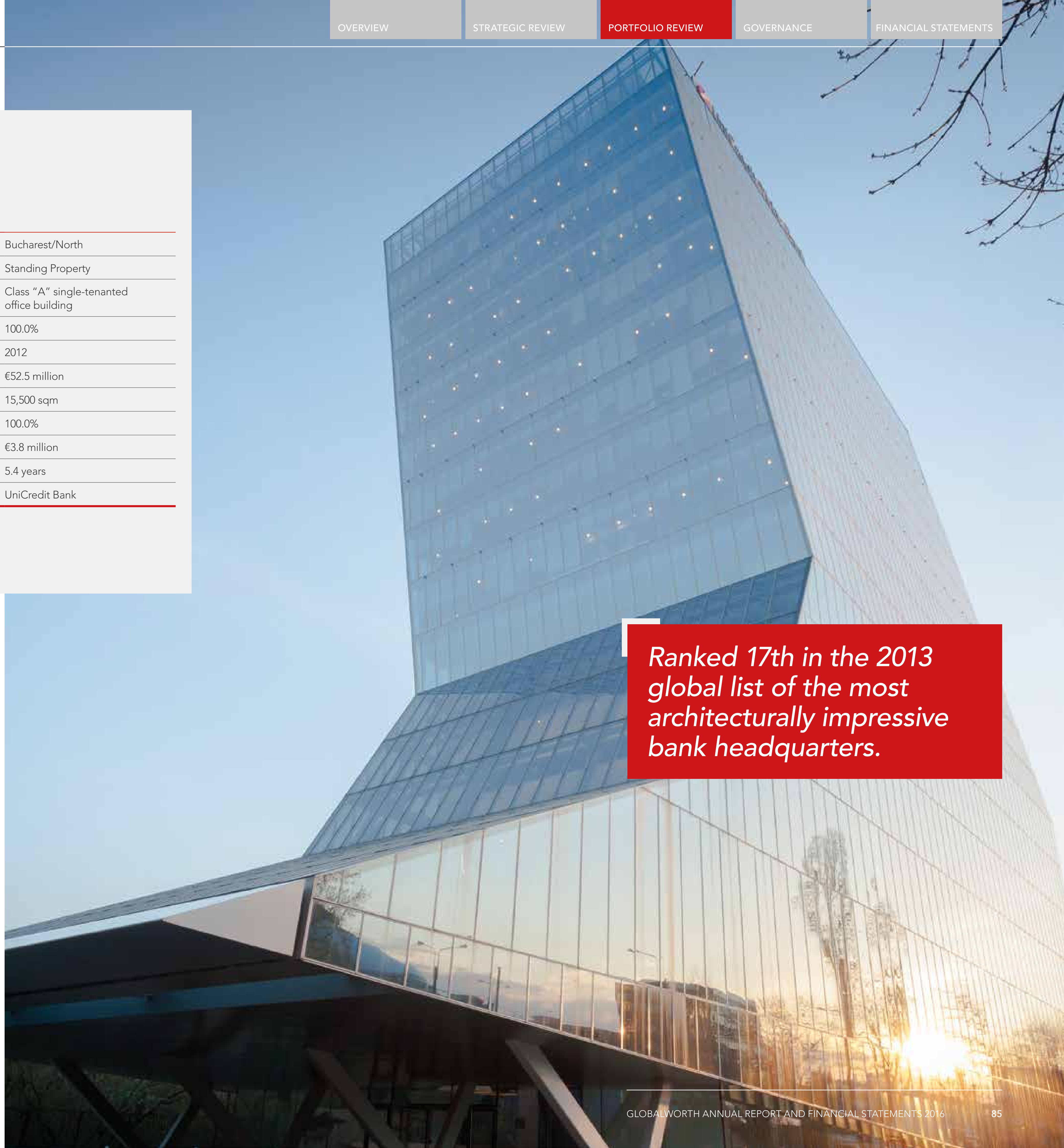
The property was delivered in 2012 and has received BREEAM In-Use/Very Good Green certification.

Unicredit HQ is the headquarters of the UniCredit Bank and was ranked 17th on the list of the 30th most architecturally impressive banks in the world in 2013.

Globalworth acquired the Unicredit HQ in March 2015 and is offering c.15.5k sqm of GLA and 146 parking spaces. The property extends over 16 floors above ground and has two underground levels.

Location:	Bucharest/North
Status:	Standing Property
Description:	Class "A" single-tenanted office building
Ownership:	100.0%
Year of Completion:	2012
Appraised Value "As Is":	€52.5 million
GLA:	15,500 sqm
Occupancy:	100.0%
Contracted Rent:	€3.8 million
WALL:	5.4 years
Selected Tenants:	UniCredit Bank

Note: All data as of 31 December 2016.



TCI

"TCI" is a landmark modern Class "A" multi-tenanted office building located in Bucharest's historical CBD, at Victoriei Square.

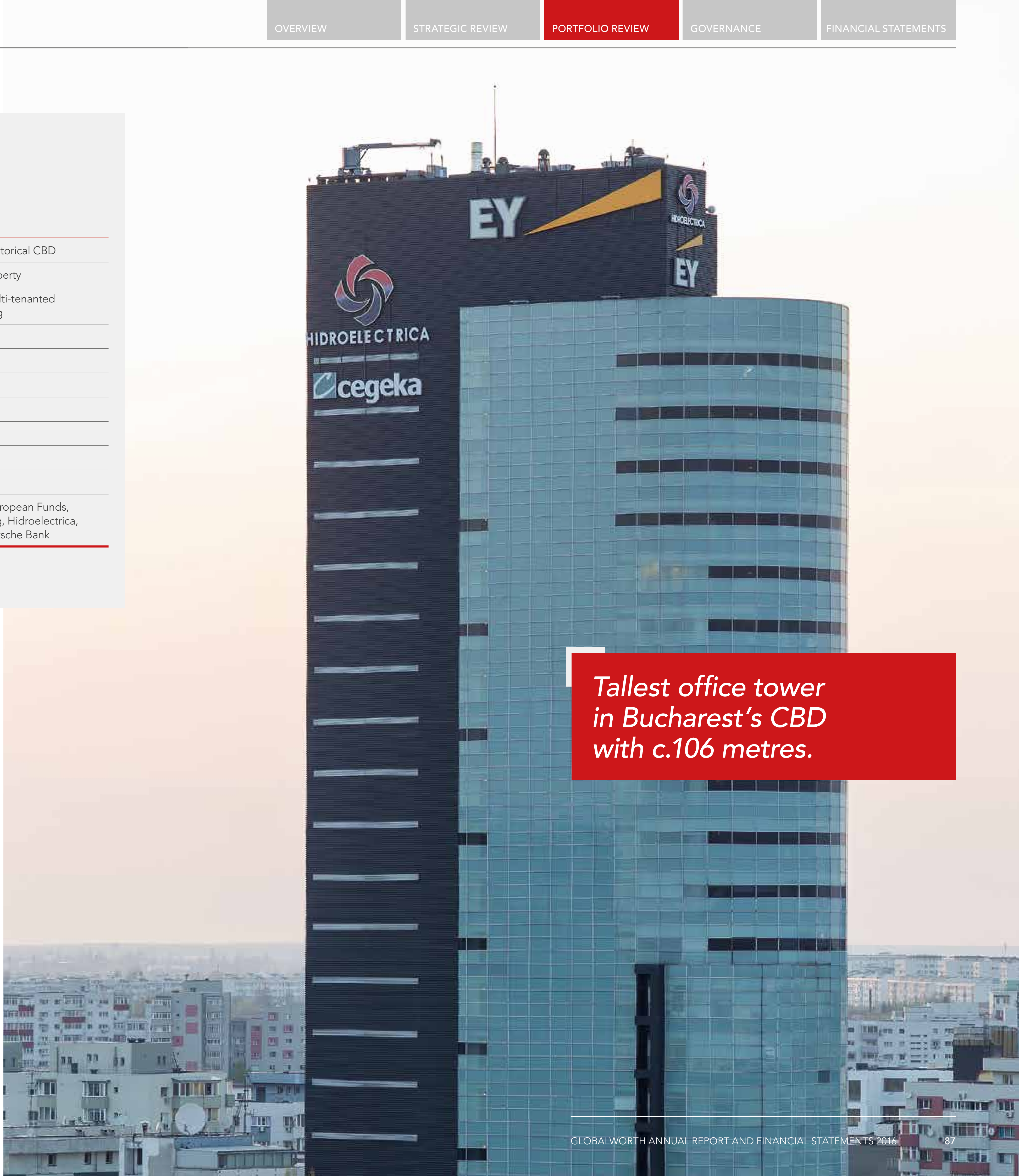
The property was delivered in 2012 and acquired by Globalworth in February 2014.

TCI consists of two interconnected buildings and, at 106 metres high, is currently the third-tallest office property in Bucharest.

The property offers c.22.4k sqm of GLA and 202 parking spaces, extending over 26 floors above ground and four underground levels.

Location:	Bucharest/Historical CBD
Status:	Standing Property
Description:	Class "A" multi-tenanted office building
Ownership:	100.0%
Year of Completion:	2012
Appraised Value "As Is":	€76.7 million
GLA:	22,453 sqm
Occupancy:	99.7%
Contracted Rent:	€5.0 million
WALL:	4.1 years
Selected Tenants:	Ministry of European Funds, Ernst & Young, Hidroelectrica, Cegeka, Deutsche Bank

Note: All data as of 31 December 2016.



Tallest office tower in Bucharest's CBD with c.106 metres.

CITY OFFICES

"City Offices" is a mixed-use property comprising two connected buildings, a commercial building and multi-level parking. The property is located at the southern part of Bucharest in the densely populated area of Eroii Revolutiei.

The commercial building was entirely refurbished by Globalworth, with works completed in Q4-14, and received LEED Gold accreditation in October 2016.

City Offices was acquired by Globalworth in September 2013 and offers 36.0k sqm of commercial GLA over six floors above ground and 1,019 parking spaces.

Location:	Bucharest/South
Status:	Standing Property
Description:	Mixed-use property comprising a commercial building and multi-level Parking
Ownership:	100.0%
Year of Completion:	2014
Appraised Value "As Is":	€62.0 million
GLA:	35,968 sqm
Occupancy:	21.8% (25.3% as of 27 Mar. '17)
Contracted Rent:	€1.4 million (€1.5 million as of 27 Mar. '17)
WALL:	4.5 years
Selected Tenants:	Vodafone, Delhaize Group, Max Bet, Billa, Piraeus Bank, Credit Agricole Bank, Procredit Bank

Note: All data as of 31 December 2016.

Fully refurbished Class "A" back-office building.

GARA HERASTRAU

"Gara Herastrau" is a Class "A" office building located in the northern part of Bucharest on Gara Herastrau street. It is adjacent to Green Court Building "A" and is c.200 meters away from Globalworth Tower.

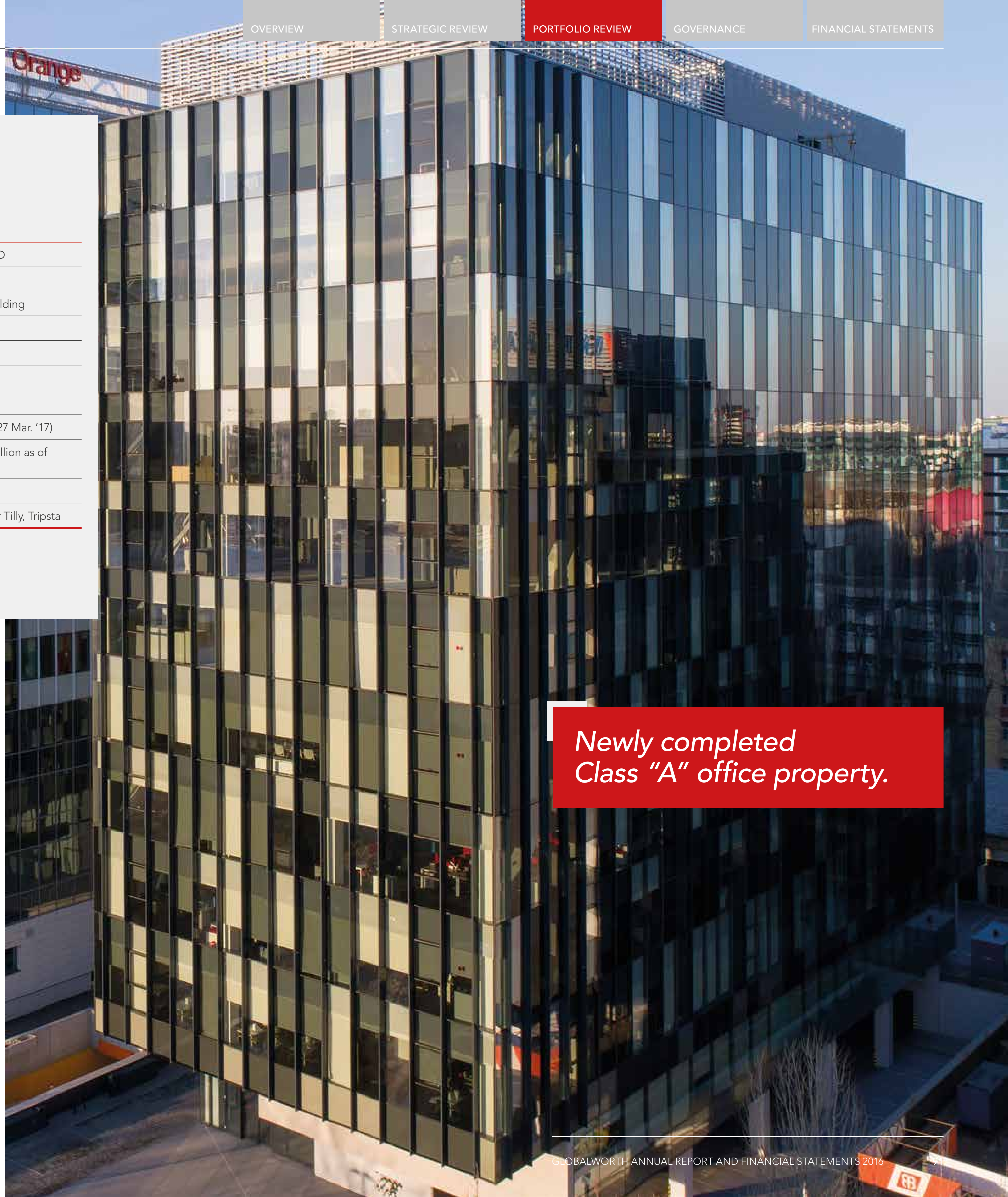
The land was acquired in December 2014 and subsequently the project was developed by Globalworth, and delivered to the market in Q2-16.

Gara Herastrau offers c.12.0k sqm of GLA and 157 parking spaces. The property extends over 12 floors above ground and will have three underground levels.

The property received BREEAM Excellent accreditation in November 2016.

Location:	Bucharest/New CBD
Status:	Standing Property
Description:	Class "A" office building
Ownership:	100.0%
Year of Completion:	2016
Appraised Value "As Is":	€28.8 million
GLA:	12,037 sqm
Occupancy:	68.9% (75.4% as of 27 Mar. '17)
Contracted Rent:	€1.4 million (€1.6 million as of 27 Mar. '17)
WALL:	6.3 years
Selected Tenants:	ADP, Saipem, Baker Tilly, Tripsta

Note: All data as of 31 December 2016.



Newly completed Class "A" office property.

PORTFOLIO REVIEW – STANDING
CONTINUED

UPGROUND TOWERS

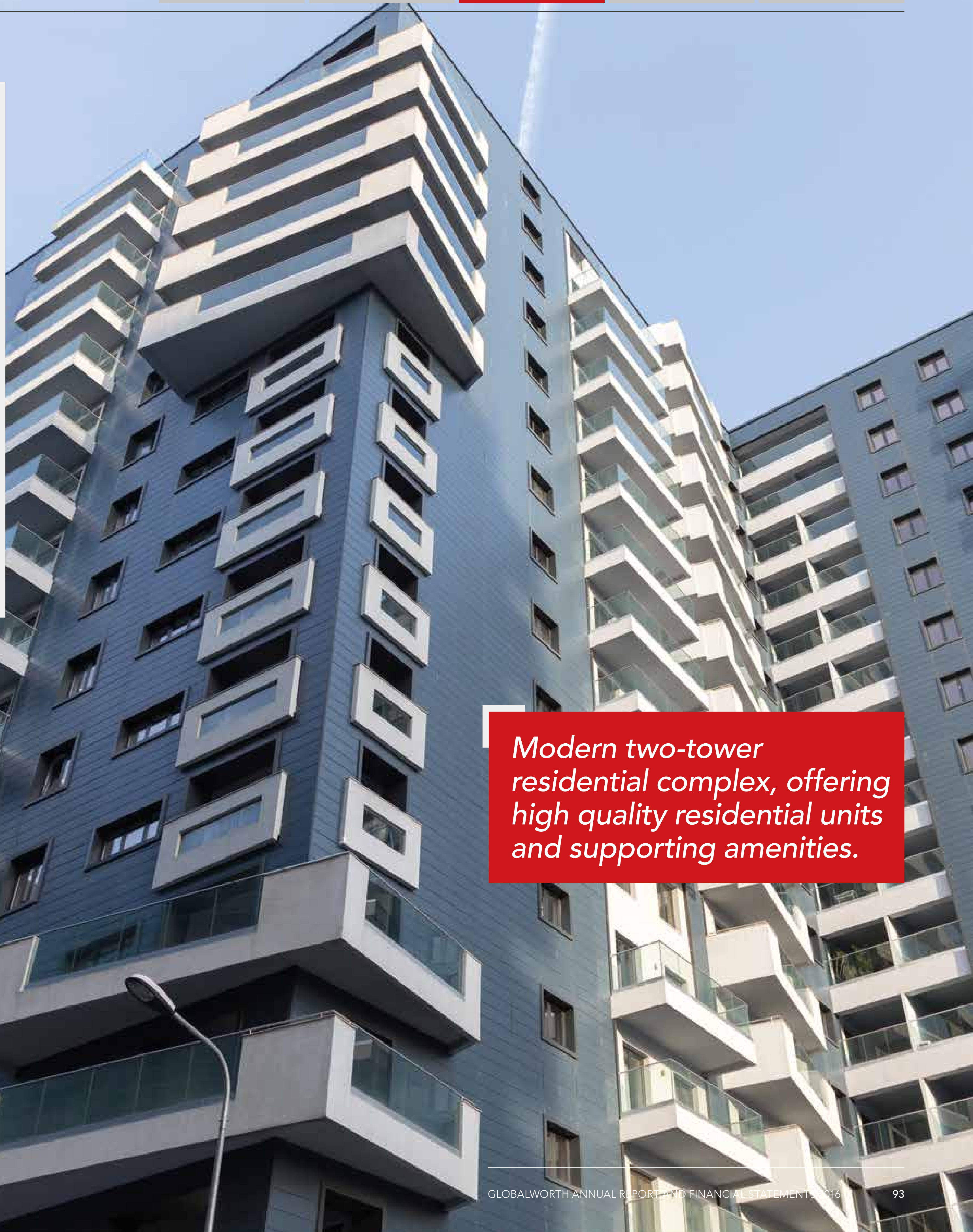
"Upground Towers" is a modern residential complex located in the northern part of Bucharest on Fabrica de Glucoza Street.

The property was delivered in 2011 and comprises two buildings with a total GBA of 101.4k sqm. In total Upground Towers offers 571 residential units, of which Globalworth (as of 31 December 2016) owns 421. Globalworth owns in addition 25 retail units and 580 parking spaces in the complex.

Upground Towers is part of a wider building complex developed between 2006 and 2011, which includes BOB and BOC.

Location:	Bucharest / New CBS
Status:	Standing Property
Description:	Residential complex comprising two towers
Ownership:	100%
Year of Completion:	2011
Appraised Value "As Is":	€101.2 million
GLA:	56,662 sqm
Occupancy:	Commercial: 99.3%/Residential: 47.8%
Contracted Rent:	€2.4 million
WALL:	7.4/1.9 years
Selected Tenants:	WorldClass, Delhaize Group, Marfin Bank, Subway, Starbucks, Sensiblue

Note: All data as of 31 December 2016.



TAP

The Timisoara Airport Park ('TAP'), is a light-industrial complex located in the North-East of Timisoara. The property is in close vicinity to the international airport and benefits from easy access to the fourth European Corridor.

The complex has been developed in phases and offered total GLA of 81.3k sqm at the end of 2016. In Q1-17 total GLA reached 94.9k sqm following the delivery of a new facility leased to Valeo Lighting, and is expected to increase further to c.102.9k sqm by Q3-17 following the delivery of the facility under development for Litens Automotive.

TAP is almost exclusively let to Valeo Lighting, Continental, Elster Rometrics and Litens Automotive.

The complex has maximum capacity of total GLA of c.131.4k sqm.

Location:	Timisoara (Western Romania)
Status:	Standing/Under Development Property
Description:	Light-industrial complex
Ownership:	100%
Year of Completion:	2011 – 2017E
Appraised Value "As Is":	€50.4 million
Appraised Value "Completion":	€64.8 million
GLA:	81,349 sqm (Q1-17: 94,877 sqm + 8,000 sqm under construction)
Occupancy:	97.3%
Contracted Rent:	€4.4 million (incl. pre-lettings under construction)
WALL:	11.1 years
Selected Tenants:	Continental, Valeo, Elster, Litens

Note: All data as of 31 December 2016.

High quality and fast growing light-industrial and logistics complex.

GLOBALWORTH CAMPUS

"Globalworth Campus" is a Class "A" office development located in the northern part of Bucharest on Dimitrie Pompeiu street.

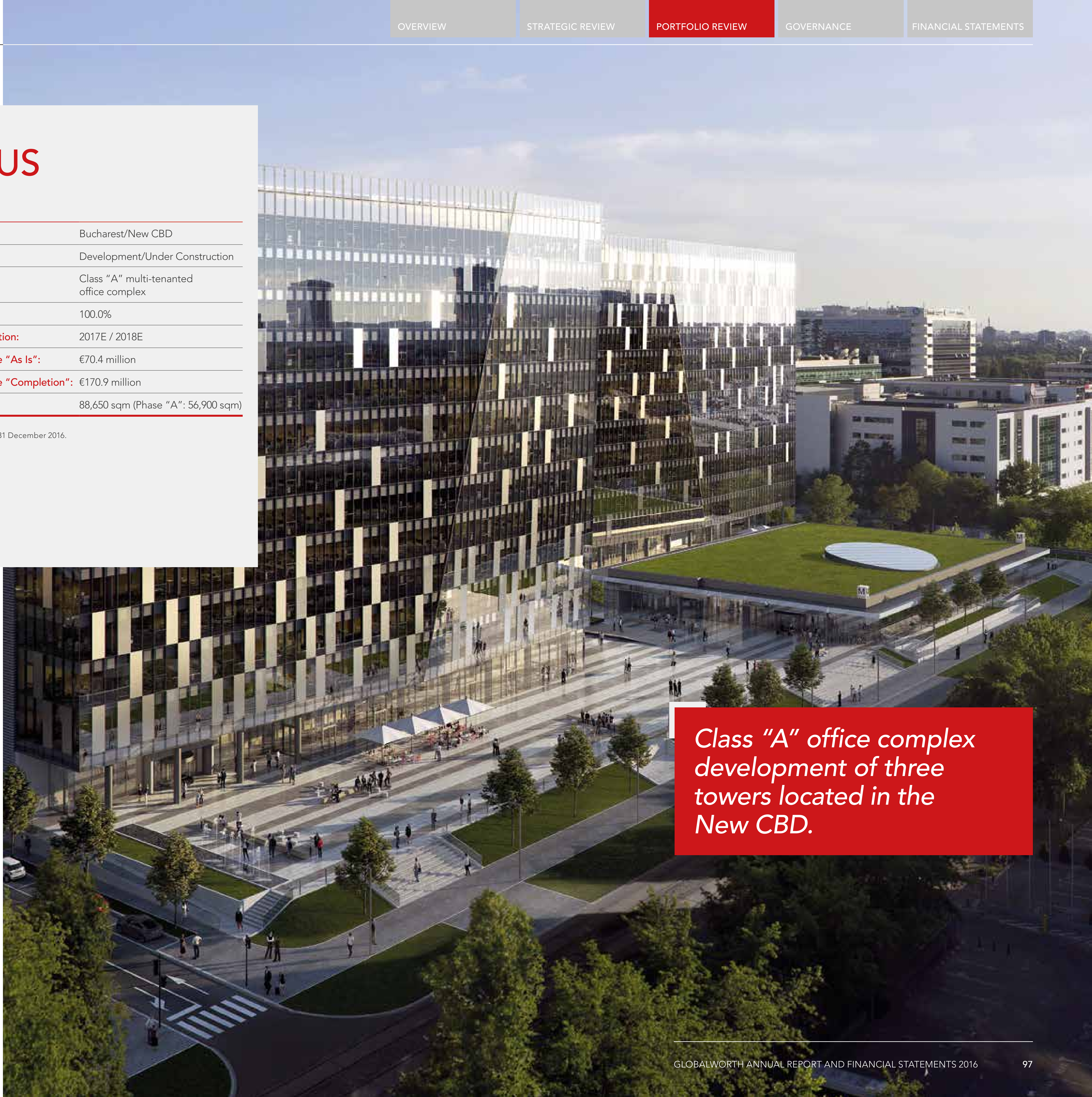
The site for the development of Globalworth Campus was acquired in 2013 and 2014 and is subsequently being developed by Globalworth.

Phase "A", currently under construction, will comprise two (side) towers facing Dimitrie Pompeiu Street (main street) offering upon completion a total GLA of c.56.9k sqm. The two towers are expected to be delivered in Q2-17 and Q1-18 respectively and will extend over 12 floors (each) above ground and will have two underground levels. Phase "B" will comprise of a third tower offering an additional GLA of c.31.7k sqm.

The development is expected to received BREEAM Very Good/ Excellent certification following its completion.

Location:	Bucharest/New CBD
Status:	Development/Under Construction
Description:	Class "A" multi-tenanted office complex
Ownership:	100.0%
Year of Completion:	2017E / 2018E
Appraised Value "As Is":	€70.4 million
Appraised Value "Completion":	€170.9 million
GLA:	88,650 sqm (Phase "A": 56,900 sqm)

Note: All data as of 31 December 2016.



Class "A" office complex development of three towers located in the New CBD.

PORTFOLIO REVIEW – 2017 ANNOUNCED ACQUISITIONS
CONTINUED

DACIA WAREHOUSE

The "Dacia Warehouse", is a modern warehouse located in Pitesti (central Romania), 100km west of Bucharest near the Bucharest-Pitesti motorway, one of the country's principal warehouse and industrial corridors.

The property is leased solely to Automobile Dacia, offering c.68.4k sqm of GLA, and is one of the Renault Group's largest spare parts and accessories distribution centres outside of France.

Globalworth announced the acquisition of "Dacia Warehouse" in February 2017.

Location:	Pitesti (Central Romania)
Status:	Standing Property
Description:	Modern Warehouse
Ownership:	100%
Year of Completion:	2010
Appraised Value "As Is":	€42.5m (transaction value)
GLA:	68,412 sqm
Occupancy:	100.0%
Contracted Rent:	€4.1 million
WALL:	8.3 years (as of 27 Mar. '17)
Selected Tenants:	Automobile Dacia

GOVERNANCE

CORPORATE GOVERNANCE REPORT

Introduction
The Board of Directors is committed to high standards of corporate governance and has put in place a framework for corporate governance which it believes is appropriate considering its type of activities and size.

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'). The Board believes that the Company has complied throughout the year ended 31 December 2016 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 2016 the Board comprised the Chairman, who is a Non-Executive Director, two Executive Directors and five other Non-Executive Directors. On 27 February 2017, an additional four Non-Executive Directors were appointed as members of the Board.

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 2016, with the exception of the Company and the Investment Adviser, there are no common directorships between members of the Board.

Chairman
The Chairman of the Board is Geoff Miller. In considering the independence of the Chairman, the Board has taken note of the provisions of the UK Code relating to independence and, at the quarterly Board meeting held in December 2016, it has appointed Eli Alroy as the Senior Independent Director of the Company.

Directors
Directors' Duties and Responsibilities
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.

Details on the profile, experience and date of appointment of the Executive and Non-Executive Directors are set out on pages 56-59 of the Annual Report.

Committees of the Board
The Committees of the Board comprise the Remuneration Committee, the Audit Committee and the Investment Committee, with terms of reference briefly summarised below. Further details about the Remuneration Committee and the Audit Committee and on their work during the year are provided in the Remuneration Committee Report and the Audit Committee Report on pages 107-108 and pages 109-111, respectively, of the Annual Report.

The Investment Committee was formed in February 2017. The 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 property assets 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 property assets 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 property assets and letting enterprises;
- annual budgets for capital expenditure;
- annual valuations of physical property assets and letting enterprises;
- philosophy, policies and strategy in respect of investment in physical property assets 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.

During the year, we appointed a Compliance Officer in the UK whose responsibilities include providing the Group with guidance and advice on regulatory and compliance matters, as well as company secretarial support.

Shareholder Communications
A report on shareholder communications is considered at each Board meeting. A quarterly announcement is published on the Company's website, reporting the quarter-end net asset value. Regular trading updates are also 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, Committee Meetings and Directors' Attendance
The number of meetings of the Board of Directors, the Audit Committee and the Remuneration Committee attended by each Director, as applicable, during the year ended 31 December 2016 is set out below.

	Quarterly Board Meetings		Ad-hoc Board Meetings		Board Committee Meetings		Board Meetings (Total)		Audit Committee		Remuneration Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Ioannis Papalekas	4	4	14	10	–	–	18	14	–	–	–	–
Dimitris Raptis	4	4	14	14	1	1	19	19	–	–	–	–
Geoff Miller	4	4	15	14	1	1	20	19	3	3	4	2
Eli Alroy	4	4	15	12	–	–	19	16	–	–	4	3
John Whittle	4	3	15	11	1	1	20	15	3	3	4	4
Akbar Rafiq	4	3	9	3	–	–	13	6	–	–	–	–
Alexis Atteslis	4	4	6	2	–	–	10	6	–	–	–	–
Andreea Petreanu	4	4	15	12	–	–	19	16	3	3	–	–

Nomination Committee
The Board as a whole fulfils the function of a Nomination Committee. The size and independence of the Board is such that it is considered that the function of such a committee is best carried out by the Board as a whole. 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.
In accordance with the Company's Articles of Incorporation, each of Growthpoint and Zakiano Holdings Limited may nominate and appoint one Non-Executive Director for every eight per cent. of the issued shares in the share capital in the Company which it holds. Growthpoint and Zakiono Enterprises Limited are also each entitled to nominate one of the Guernsey resident directors (a minimum of two Guernsey resident directors are required pursuant to the Articles).

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.

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 under the leadership of the Chairman of the Remuneration Committee.

An evaluation of the performance of the Board members who served during the entire year ended 31 December 2016 has been undertaken. The performance of the Chairman of the Board was also evaluated by the other Directors under the leadership of the Chairman of the Remuneration Committee. 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 will consider the independence of each member of the Board at the next quarterly Board meeting, within June 2017.

Tenure and Re-election of Directors
In accordance with the Company's Articles of Incorporation, the Company's Non-Executive Directors, except Akbar Rafiq and Alexis Atteslis (nominated and appointed by York Capital and Oak Hill Advisors, respectively), as well as Norbert Sasse, George Muchanya, Peter Henry Fechter and Richard van Vliet (nominated and appointed by Growthpoint Properties Ltd), 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.

Moreover, 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
The details are provided on page 61 of the Annual Report.

DIRECTORS' REPORT

The Directors present their Annual Report and the audited consolidated financial statements of the Group for the year ended 31 December 2016.

Directors' Indemnities
The Company maintains qualifying third-party indemnity provisions in the form of a Directors' and Officers' insurance policy for the benefit of its Directors, which were made during the year and remain in force at the date of this report.

Investment Policy
The Group's investment 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 investment policy are presented below:

Profile of Underlying Investments
- Focus on commercial assets (existing or to be developed);
- Geographically located in South-Eastern Europe/Central and Eastern Europe with a primary focus on Romania;
- 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 investment policy of the Company can be found on its website under Investor Relations/AIM Rule 26 disclosures and on page 149 of the Annual Report.

Results and Dividends
The results for the year are set out in the consolidated statement of comprehensive income on page 114 of the Annual Report.

The Company has announced its intention to distribute a dividend of €0.22 per share, payable in respect of the six-month financial period ending on 30 June 2017, to holders of Shares at that time and a dividend of €0.22 per share, payable in respect of the six-month financial period ending on 31 December 2017. For subsequent years, the intention of the Company is to distribute the equivalent of 90% of the Company's Funds from Operations (FFO).

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.

Ongoing Charges
In accordance with the recommended methodology set out by the AIC, the ongoing charges ratio of the Group for the year ended 31 December 2016 was 0.87% (2015: 0.98%), excluding exceptional costs. No performance fees were charged during the year.

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 custodial services and 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.

Subject to any applicable law, the Investment Adviser complies with all reasonable instructions issued by the Board (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 2016, the following shareholders had substantial interests (more than 3%) in the issued share capital of the Company:

	Number of shares	% of issued share capital of the Company
Growthpoint Properties Ltd	24,300,000	26.9%
Ioannis Papalekas	23,277,101	25.7%
York Capital	17,020,326	18.8%
Oak Hill Advisors	10,169,574	11.2%
Gordel Holdings Limited	3,835,141	4.2%

Directors' Interests
At 31 December 2016 and 2015, Directors held (either directly or through companies controlled by them) the following declarable interests in the Company:

	Number of shares held		Number of warrants held	
	2016	2015	2016	2015
Ioannis Papalekas	**23,277,101**	22,603,792	**4,245,030**	4,245,030
Dimitris Raptis	**352,407**	193,348	**110,000**	110,000
Geoff Miller	**11,000**	11,000	**11,000**	11,000
Eli Alroy	**398,814**	358,814	**260,000**	260,000
John Whittle	**9,000**	9,000	**9,000**	9,000
Akbar Rafiq	**–**	–	**–**	–
Alexis Atteslis	**–**	–	**–**	–
Andreea Petreanu	**–**	–	**–**	–

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. The warrants 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.

Director 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.

Auditors
The auditors, Ernst & Young LLP, 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. The Board did not consider it appropriate to exercise such powers during the year ended 31 December 2016.

DIRECTORS' REPORT
CONTINUED

Annual General Meeting
The AGM of the Company will be held on 19 June 2017 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.

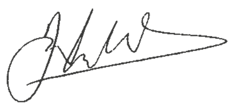
The consolidated financial statements are required by law to give a true and fair view of the state of affairs at the end of the year and of the profit or loss for that year.

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 Company 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 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 3 April 2017.



John Whittle
Director

REMUNERATION COMMITTEE REPORT

Composition of the Committee
Throughout the year ended 31 December 2016, the Remuneration Committee comprised three independent Non-Executive Directors: John Whittle (Chairman of the Remuneration Committee), Geoff Miller and Eli Alroy. On 27 February 2017 the composition of the Remuneration Committee changed pursuant to the new Articles of Association of the Company. John Whittle stepped down as Chairman of the Remuneration Committee and Geoff Miller was appointed as its Chairman. At the same time Peter Fechter joined the Remuneration 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 prepares an Annual Report on the remuneration policies of the Company. The emoluments of the Non-Executive Directors is a matter for the Board. No Director or Manager 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 new fee arrangement plan for the Investment Adviser (the 'Plan'), which was approved by the Company's shareholders in November 2016.

During the year ended 31 December 2016, four meetings of the Remuneration Committee were held.

Directors' Emoluments
The Directors' emoluments during the year ended 31 December 2016 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 2016 the emoluments of the Directors were as follows and refer to note 28 to the financial statements for other transactions with Directors:

	Company	Subsidiaries[1]			Dividends[2]	Total[3]
Amounts in €'000	Fees	Fees	Salary	Total		emoluments
Ioannis Papalekas	–	–	871	871	1,400	2,271
Dimitris Raptis	–	–	150	150	600	750
Geoff Miller	150	30	–	30	–	180
Eli Alroy	200	–	–	–	–	200
John Whittle	61	30	–	30	–	91
Akbar Rafiq	–	–	–	–	–	–
Alexis Atteslis	–	–	–	–	–	–
Andreea Petreanu	49	–	–	–	–	49
	460	**60**	**1,021**	**1,081**	**2,000**	**3,541**

1 Globalworth Investment Advisers Limited ('GIAL') and Aserat Properties SRL for Ioannis Papalekas, and GIAL for Dimitris Raptis.
2 The Executive Directors receive dividends in their capacity of 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 (c.€0.27 million to be settled in cash and c.€1.13 million by the issuance of shares of the Company); and for Dimitris Raptis dividends include an accrual of €0.4 million (c.€0.12 million to be settled in cash and c.€0.28 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 €1.8 million was payable to the Directors as of 31 December 2016. An additional amount of €5,729 was due to the Directors as of 31 December 2016 for out-of-pocket expenses incurred, which was settled subsequent to 31 December 2016.

REMUNERATION COMMITTEE REPORT
CONTINUED

During the year ended 31 December 2015 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	–	–	575	575	2,500	3,075
Dimitris Raptis	–	–	150	150	725	875
Geoff Miller	70	35	–	35	–	105
Eli Alroy	200	–	–	–	–	200
John Whittle	69	35	–	35	–	104
Akbar Rafiq	–	–	–	–	–	–
Alexis Atteslis	–	–	–	–	–	–
Andreea Petreanu	56	–	–	–	–	56
	395	**70**	**725**	**795**	**3,225**	**4,415**

1 Globalworth Investment Advisers Limited ('GIAL') and Aserat Properties SRL for Ioannis Papalekas, and GIAL for Dimitris Raptis.
2 The Executive Directors receive dividends in their capacity of 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 €2.5 million and for Dimitris Raptis dividends include an accrual of €0.575 million. Out of the amounts outstanding at 31 December 2015, €50,000 represent dividends declared and settled subsequent to 31 December 2015.
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 €3.075 million was payable to the Directors as of 31 December 2015. An additional amount of €29,742 was due to the Directors as of 31 December 2015 for out-of-pocket expenses incurred. Out of the amounts due to the Directors at 31 December 2015, €50,000 was settled subsequent to 31 December 2015.

Founder and Director Warrant Agreements
Please refer to page 105 of the Annual Report for details on the Founder and Director Warrant Agreements concluded on 24 July 2013.

Performance Incentive Scheme
The Company, following approval from its shareholders in November 2016, has set up a performance incentive scheme for the Investment Adviser, applicable from 1 January 2016. The Plan comprises the following three main elements:

- a fixed annual fee which includes the payment of 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 at the start of the relevant year; and
- a more long-term incentive fee, primarily based on achieving certain returns for shareholders..

Geoff Miller
Remuneration Committee Chairman
3 April 2017

AUDIT COMMITTEE REPORT

Introduction
We present below the Audit Committee ('the Committee') Report for the year ended 31 December 2016.

Structure and Composition
During the year ended 31 December 2016, the Audit Committee comprised three independent Non-Executive Directors: John Whittle (Chairman of the Audit Committee), Geoff Miller and Andreea Petreanu. On 27 February 2017 the composition of the Audit Committee changed pursuant to the new Articles of Association of the Company and Geoff Miller stepped down as a member of the Committee. At the same time Richard van Vliet joined the Audit Committee.

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. All members of the Committee shall be independent Non-Executive Directors with relevant financial experience.

John Whittle's profile and relevant experience is presented in the Board of Directors sub-section of the Annual Report (page 57).

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 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 2016 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 for the years ended 31 December 2015 and 31 December 2016 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 2016 prior to their 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 following as the most significant issues impacting the Company's financial statements and Annual Report disclosures:

- investment property appraisal process;
- accounting for business acquisitions and disposals;
- use of the going concern principle as a basis for preparation of the financial statements;
- underlying cash flow projections and sensitivity analysis supporting the viability statement; and
- compliance with the fair, balanced and understandable principle.

Investment Property Valuations
Valuations for investment property, property under construction and land bank are prepared by an external valuer, CBAR Research & Valuation Advisors SRL ('Coldwell Banker'). 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 valuer 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. However, during the year ended 31 December 2016 there were no new acquisitions and only a disposal of a subsidiary in Greece, in connection with which the Company recorded the related investment property under assets held for sale at 31 December 2015 at a carrying value equal to the disposal proceeds received.

AUDIT COMMITTEE REPORT
CONTINUED

Going Concern Principle
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 2018 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 has considered management's viability analysis, including the underlying cash flow projections for the three year period to 31 March 2020, 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 55.

Fair, Balanced and Understandable Principle
The Committee has considered the Annual Report and financial statements and, taken as a whole, consider them to be 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 has reviewed the Company's Annual Report and financial statements for the year ended 31 December 2016 and 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;
- reviewed the principal risks and uncertainties identified by Management and the update thereof during 2016, presented on pages 50-54 of the Annual Report;
- performed an assessment of the internal controls of the Group and in particular the controls over the most significant financial reporting risks:
  - The Audit Committee reviewed the 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 and its subsidiaries; and
- considered whether there is a need for an internal audit function:
  - The Committee does not consider at present to be a need for an internal audit function, given the size of the Group and the fact that its internal control procedures are still under development so as to align these to the level of continuous development of the Group's activities.

External Audit:
Held regular meetings and discussions with the external auditor:
- The Chairman of the Committee 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 2016.
- At the planning stage of the audit for the year ended 31 December 2016, the Chairman of the Committee met the auditor in November 2016. 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, lease incentives and other special clauses; and
  - risk of misstatement due to fraud and error (associated to the significant risks).

In addition, the Chairman of the Committee met in March 2017 with the external auditor and discussed the findings from their audit of the draft Annual Report and their draft audit report for the year ended 31 December 2016, prior to submission of the draft Annual Report to the Board for formal approval.

The Committee has met with the external auditor to discuss in detail the findings and recommendations based on their audit for the year ended 31 December 2016.

Assessed the independence and objectivity of the external auditor:

Ernst & Young LLP has been appointed the Company's independent auditor from the date of the initial listing on the AIM Market of the London Stock Exchange in July 2013.

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.

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 which has been in effect since November 2015.

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, accounting and disclosure advice, special purpose audits, 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 LLP and other entities of EY during the years ended 31 December 2016 and 31 December 2015:

	Audit fees €'000		Non-audit fees €'000	
	2016	2015	**2016**	2015
Audit of financial statements	**416**	365	**–**	–
Other assurance services	**–**	41	**–**	11
Other non-audit services	**–**	–	**276**	302
	416	**406**	**276**	**313**

The Committee has reviewed the level of non-audit fees of the external auditor for the year ended 31 December 2016 and has considered that they are in line with the Group's level of development and concluded that they relate to permissible non-audit services under the auditor's independence and other related professional standards.

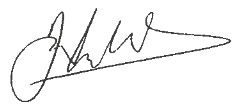
Reviewed the effectiveness of the external auditor and recommended its reappointment to the Board:

For the year ended 31 December 2016 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. The Committee has also reviewed and considered the findings of the latest Annual Audit Quality Inspection Report of the FRC for Ernst & Young LLP, dated May 2016. In addition, the Chairman of the Audit Committee discussed with the external auditor in March 2017 their preliminary findings on the audit of the consolidated financial statements for the year ended 31 December 2016. Furthermore, the Chairman of the Audit Committee discussed with the external auditor in March 2017 their final findings on the audit of the Annual Report and consolidated financial statements for the year ended 31 December 2016 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 and EY Cyprus carry out these audits in Romania and Cyprus, respectively.

Following this review, the Committee recommended to the Board that Ernst & Young LLP be reappointed as external auditors for the year ending 31 December 2017.

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
Audit Committee Chairman
3 April 2017

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 €'000	2015 €'000
Revenue	7	**68,231**	44,776
Operating expenses	8	**(24,678)**	(16,406)
Net operating income		**43,553**	28,370
Administrative expenses	9	**(7,707)**	(10,201)
Acquisition costs		**(105)**	(811)
Fair value movement	3	**6,710**	49,422
Bargain purchase gain on acquisition of subsidiaries		**–**	17,227
Gain on sale of subsidiary	25	**272**	–
Share-based payment expense	22	**(14)**	(125)
Depreciation on other long-term assets		**(183)**	(174)
Other expenses		**(1,857)**	–
Other income	7	**3,111**	–
Foreign exchange loss		**(119)**	(249)
		108	55,089
Profit before net financing cost		**43,661**	83,459
Net financing cost			
– Finance cost	10	**(32,222)**	(21,472)
– Finance income		**749**	526
		(31,473)	(20,946)
Profit before tax		**12,188**	62,513
Income tax expense	11	**(873)**	(11,092)
Profit for the year		**11,315**	51,421
Other comprehensive income		**–**	–
Attributable to equity holders of the Company		**11,315**	51,421

	Note	Cents	Cents
Earnings per share			
– Basic	12	**17.57**	92.01
– Diluted	12	**17.56**	92.01
EPRA earnings per share			
– Basic	12	**13.34**	(9.41)
– Diluted	12	**13.33**	(9.41)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	2016 €'000	2015 €'000
ASSETS			
Non-current assets			
Investment property	3	**980,892**	937,119
Goodwill	24	**12,349**	12,349
Advances for investment property	5	**2,454**	3,993
Other long-term assets		**722**	661
Other receivables	17	**1,183**	2,193
Prepayments		**1,022**	1,020
		998,622	957,335
Current assets			
Trade and other receivables	17	**10,807**	13,114
Guarantees retained by tenants		**277**	79
Income tax receivable		**411**	583
Prepayments		**348**	1,638
Cash and cash equivalents	18	**221,337**	37,036
Investment property held for sale	25	**–**	10,353
		233,180	62,803
Total assets		**1,231,802**	1,020,138
EQUITY AND LIABILITIES			
Total equity			
Issued share capital	20	**538,114**	341,784
Unissued share capital	21	**8,584**	–
Share-based payment reserve	22	**2,139**	2,655
Retained earnings		**166,557**	155,242
Equity attributable to equity holders of the Company		**715,394**	499,681
Non-current liabilities			
Interest-bearing loans and borrowings	15	**375,570**	261,287
Deferred tax liability	11	**70,575**	70,413
Guarantees retained from contractors		**33**	957
Finance lease liabilities		**–**	5
Deposits from tenants		**2,261**	1,485
Trade and other payables	16	**2,188**	3,278
		450,627	337,425
Current liabilities			
Interest-bearing loans and borrowings	15	**38,665**	143,024
Guarantees retained from contractors		**2,394**	3,277
Trade and other payables	16	**20,726**	32,275
Other current financial liabilities	19	**3,574**	3,935
Finance lease liabilities		**4**	18
Deposits from tenants		**374**	428
Income tax payable		**44**	75
		65,781	183,032
Total equity and liabilities		**1,231,802**	1,020,138

	Note	Cents	Cents
NAV per share	13	**791**	798
Diluted NAV per share	13	**782**	798
EPRA NAV per share	13	**857**	908

The financial statements were approved by the Board of Directors on 3 April 2017 and were signed on its behalf by:

John Whittle
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

		Equity attributable to equity holders of the Company						
	Note	Issued share capital €'000	Unissued share capital €'000	Share-based payment reserve €'000	Retained earnings €'000	Total €'000	Non-controlling interests €'000	Total equity €'000
As at 1 January 2015		288,740	–	180	103,815	392,735	6	392,741
Shares issued for cash		53,830	–	–	–	53,830	–	53,830
Transaction costs on issue of shares		(786)	–	–	–	(786)	–	(786)
Fair value of option warrants issued for executive share scheme		–	–	125	–	125	–	125
Shares granted to Executive Directors and other senior management employees		–	–	2,350	–	2,350	–	2,350
Acquisition of minority interest		–	–	–	6	6	(6)	–
Profit for the year		–	–	–	51,421	51,421	–	51,421
As at 31 December 2015		**341,784**	**–**	**2,655**	**155,242**	**499,681**	**–**	**499,681**
Shares issued for cash	20	**200,000**	**–**	**–**	**–**	**200,000**	**–**	**200,000**
Transaction costs on issue of shares	20	**(22,191)**	**–**	**–**	**–**	**(22,191)**	**–**	**(22,191)**
Transaction costs on issue of shares settled in shares	20	**8,584**	**–**	**–**	**–**	**8,584**	**–**	**8,584**
Transaction costs on issue of shares to be settled in shares	21	**–**	**8,584**	**–**	**–**	**8,584**	**–**	**8,584**
Fair value of option warrants issued for executive share scheme	22	**–**	**–**	**14**	**–**	**14**	**–**	**14**
Shares granted to Executive Directors and other senior management employees	22.2	**–**	**–**	**3,407**	**–**	**3,407**	**–**	**3,407**
Shares issued to the Executive Directors and other senior management employees	20	**3,937**	**–**	**(3,937)**	**–**	**–**	**–**	**–**
Shares issued for settlement of interest-bearing liability	20	**6,000**	**–**	**–**	**–**	**6,000**	**–**	**6,000**
Profit for the year		**–**	**–**	**–**	**11,315**	**11,315**	**–**	**11,315**
As at 31 December 2016		**538,114**	**8,584**	**2,139**	**166,557**	**715,394**	**–**	**715,394**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	**2016 €'000**	2015 €'000
Profit before tax		**12,188**	62,513
Adjustments to reconcile profit before tax to net cash flows			
Fair value movement on investment property	3	**(6,710)**	(49,422)
Bargain purchase gain on acquisition of subsidiaries		**–**	(17,227)
Loss on sale of investment property		**1,421**	–
Gain on sale of subsidiaries	25	**(272)**	–
Share-based payment expense	22	**14**	125
Depreciation on other long-term assets		**183**	174
Net movement in provision for doubtful debts		**(98)**	–
Foreign exchange loss		**119**	249
Net financing costs		**31,473**	20,881
Operating profit before changes in working capital		**38,318**	17,293
Decrease in trade and other receivables		**4,174**	4,148
(Increase)/decrease in trade and other payables		**1,364**	(2,896)
Interest paid		**(23,171)**	(15,158)
Interest received		**22**	78
Income tax paid		**(795)**	(447)
Cash flows from operating activities		**19,912**	3,018
Investing activities			
Expenditure on investment property under development		**(51,688)**	(69,729)
Payment for acquisition of subsidiaries less cash acquired	16	**(1,894)**	(114,406)
Proceeds from sale of subsidiary less cash disposed	25	**11,000**	–
Proceeds from sale of investment property		**3,327**	–
Acquisition of other long-term assets		**(244)**	(162)
Cash flows used in investing activities		**(39,499)**	(184,297)
Financing activities			
Proceeds from share issuance	20	**200,000**	53,830
Payment of transaction costs on issue of shares		**(1,099)**	(389)
Proceeds from interest-bearing loans and borrowings[1]		**222,703**	155,634
Repayment of interest-bearing loans and borrowings		**(203,017)**	(15,095)
Payment of loan arrangement fees		**(5,543)**	(3,622)
Payment of other financing costs		**(6,127)**	–
Cash flows from financing activities		**206,917**	190,358
Net increase in cash and cash equivalents		**187,330**	9,079
Cash and cash equivalents at the beginning of the year	18	**31,036**	21,957
Cash and cash equivalents at the end of the year[1]	18	**218,366**	31,036

1 Net of the €2.9 million (2015: €6 million) cash reserve, see note 18.

SECTION I: BASIS OF PREPARATION

This section contains the Group's significant accounting policies that relate to the 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') is a company with liability limited by shares and incorporated in Guernsey. The Group's registered office address, corporate profile, principal activities and nature of its operations are set out on pages 4 and 155 of the Annual Report.

Basis of Preparation and Compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ('IFRS'), as adopted by the European Union ('EU') and in compliance with the Companies (Guernsey) Law 2008, as amended.

The Directors believe that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements. The Directors based their assessment on the Group's detailed cash flow projections for the period up to 30 June 2018. 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 2018, 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.

These consolidated financial statements have been prepared on a historical cost basis, except for investment property and derivatives 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 29, which were adopted on 1 January 2016. 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.

Basis of Consolidation

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries ('the Group') at 31 December. Subsidiaries are fully consolidated (refer to note 26) from the date of acquisition, being the date on which the Group obtains control (refer to note 26), 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 interests represent 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 the Group's functional currency 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.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. Consideration in determining the functional currency is given to the denomination of the major cash flows of the entity e.g. revenues and financing. As a consequence, the Company uses the EUR as the functional currency, rather than the local currency (RON) for the subsidiaries incorporated in Romania, 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 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
- Trade and other receivables, see note 17
- Goodwill, see note 24
- Investment in subsidiaries, see note 26

SECTION II: INVESTMENT PROPERTY

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 64 to 99 of the Annual Report.

3. Investment Property

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 comparables 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. 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.

	Completed investment property €'000	Investment property under development €'000	Land bank for further development €'000	Total €'000
1 January 2015	460,010	91,387	47,860	599,257
Business acquisitions	209,800	–	–	209,800
Transfer to investment property under development	–	29,800	(29,800)	–
Subsequent expenditure	4,421	66,170	68	70,659
Other operating lease commitment	–	6,021	–	6,021
Capitalised borrowing costs	–	3,115	–	3,115
Disposal during the year	(1,155)	–	–	(1,155)
Fair value movement on investment property	(3,675)	53,025	72	49,422
Transfer to completed investment property	27,000	(27,000)	–	–
31 December 2015	**696,401**	**222,518**	**18,200**	**937,119**
1 January 2016				
Subsequent expenditure	**22,908**	**19,776**	**4**	**42,688**
Other operating lease commitment	**3,371**	**(6,021)**	**–**	**(2,650)**
Capitalised borrowing costs	**–**	**2,073**	**–**	**2,073**
Disposal during the year	**(5,048)**	**–**	**–**	**(5,048)**
Fair value movement on investment property	**(6,510)**	**13,374**	**(154)**	**6,710**
Transfer to completed investment property	**180,600**	**(180,600)**	**–**	**–**
31 December 2016	**891,722**	**71,120**	**18,050**	**980,892**

Judgement Used in the 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 business then it is classified as inventory property.

3.1 Other operating lease commitment

Other operating lease commitment of €3.4 million (2015: €6.0 million) as of 31 December 2016 (a similar corresponding amount was recorded in trade and other payables as payables for tenant lease incentives, see note 16) 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.

SECTION II: INVESTMENT PROPERTY
CONTINUED

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 non-financial assets such as investment properties at fair value (recurring) at each statement of financial position date and 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.

Investment Property Measured at Fair Value

The Group's investment properties were valued by CBAR Research & Valuation Advisors SRL ("Coldwell Banker"), 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.

Our Property Valuation Approach and Process

The Group's investment department includes a team that reviews the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the Chief Financial Officer ('CFO'), the Chief Investment Officer ('CIO') and the Chief Executive Officer ('CEO'). Discussions of valuation processes and results are held between the CFO, CIO, CEO, the valuation team and the independent valuers twice in a financial year.

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, 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. During the year there were no transfers between fair value hierarchy levels.

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

As noted under subsection Investment Property Valuations of the Audit Committee Report on page 109 of the Annual Report, property valuations are inherently subjective as they are made on the basis of assumptions made by the valuer which may not prove to be accurate.

Valuation techniques comprise the discounted cash flow, 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 using significant unobservable inputs (Level 3) are disclosed below:

	Carrying value					Range	
Class of property	2016 €'000	2015 €'000	Valuation technique	Fair value hierarchy	Input	2016	2015
Completed investment property	**790,511**	589,060	Discounted cash flow	Level 3	Rental value (sqm)	**€2.77–€65**	€2.77–€65
					Discount rate	**7.10%–9.70%**	7.30%–9.00%
					Exit yield	**6.65%–9.20%**	6.65%–8.75%
	101,211	107,341	Sales comparison	Level 3	Sales value (sqm)	**€1,192**	€1,190
	891,722	696,401					
Investment property under development	**71,120**	222,518	Residual method	Level 3	Rental value (sqm)	**€3.33–€17.00**	€12.50–€35.00
					Discount rate	**8.00%–9.00%**	7.40%–8.50%
					Exit yield	**7.25%–8.75%**	7.00%–7.25%
					Capex (€m)	**€19.4**	€53.6
Land bank – for further development	**18,050**	18,200	Sales comparison	Level 3	Sales value (sqm)	**€1,819–€1,864**	€1,833–€1,872
TOTAL	**980,892**	**937,119**					

The fair value movement on investment property recognised, as gain, in the income statement includes an amount of €6.7 million (2015: €49.4 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 2016 and 2015, the independent valuation experts used their market knowledge and professional judgement and did not rely solely on historical transactional comparables. 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.

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:

		€0.5 change in rental value per month, per sqm		25 bps change in market yield		5% change in Capex		€50 (2015:€25) change in sales prices per sqm		2.5% change in vacancy in perpetuity	
Investment Property	Year	Increase €'000	Decrease €'000	Increase €'000	Decrease €'000	Increase €'000	Decrease €'000	Increase €'000	Decrease €'000	Increase €'000	Decrease €'000
– completed	**2016**	**26,640**	**(26,750)**	**(19,310)**	**20,470**	**–**	**–**	**2,251**	**(2,250)**	**(15,460)**	**14,980**
	2015	21,330	(21,320)	(14,150)	15,080	–	–	1,940	(1,937)	(11,730)	10,620
– under development	**2016**	**5,460**	**(5,460)**	**(4,290)**	**4,630**	**(3,200)**	**3,200**	**–**	**–**	**(3,210)**	**2,990**
	2015	9,720	(9,520)	(8,560)	9,390	(4,439)	4,439	–	–	(7,160)	6,310
– further development	**2016**	**–**	**–**	**–**	**–**	**–**	**–**	**500**	**(480)**	**–**	**–**
	2015	–	–	–	–	–	–	450	(530)	–	–

Other Disclosures Related to Investment Property

Interest-bearing loans and borrowings are secured on investment property, see note 15 for details. Further information about individual properties is disclosed in the Portfolio Review section on pages 64 to 99 of the Annual Report.

SECTION II: INVESTMENT PROPERTY
CONTINUED

5. Advances for Investment Property

	2016 €'000	2015 €'000
Advances for land and other property acquisitions	**2,000**	2,000
Advances to contractors for investment properties under development	**454**	1,993
	2,454	3,993

6. Commitments

Commitments for Investment Property Under Construction

As at 31 December 2016 the Group had agreed construction contracts with third parties and is consequently committed to future capital expenditure in respect of investment property completed €1.0 million (2015: €nil), investment property under construction of €37.1 million (2015: €32.0 million), and had committed with tenants to incur fit-out works of €1.1 million (2015: €1.6 million).

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; see note 7 for policies on revenue recognition for properties under operating leases and related costs.

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 (2015: 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:

	2016 €'000	2015 €'000
Not later than 1 year	**47,335**	35,100
Later than 1 year and not later than 5 years	**179,354**	162,200
Later than 5 years	**94,156**	109,200
	320,845	306,500

SECTION III: FINANCIAL RESULTS

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.

The section quantifies the financial impact of the operations for the year; further analysis on operations is described in the Financial Review section on page 38 of the Annual Report.

7. Revenue

Policy

a) Rental Income

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.

b) Service Charge Income

Income arising from service charges and expenses recoverable from tenants is recognised in the period in which the compensation becomes receivable.

c) Rendering of Services

Revenue from property and asset management fees is recognised at the time the service is provided. Revenue from rendering property development services is recognised by reference to the stage of completion.

	2016 €'000	2015 €'000
Rental income	**46,166**	30,921
Service charge income	**14,825**	10,814
Property development services	**7,240**	3,041
	68,231	44,776

The total contingent rents recognised as income during the year amount to €0.1 million (2015: €0.1 million).

In order to determine if the Group is acting as principal or agent, it assesses the primary responsibility for providing the goods or services, inventory risk, discretion in establishing prices, and who bears the credit risk. The Group has concluded that it is acting as a principal in all of the above-mentioned revenue arrangements.

Other income

It mainly refers to the execution of bank guarantee letters held from tenants under operating lease commitments.

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.

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.

	2016 €'000	2015 €'000
Property management, utilities and insurance	**17,331**	14,002
Property development services costs	**6,848**	2,009
Property maintenance costs and other non-recoverable costs	**499**	395
	24,678	16,406

Operating expenses analysis by revenue and non-revenue generating properties	2016 €'000	2015 €'000
Property expenses arising from investment property that generate rental income	**17,712**	14,057
Property expenses arising from investment property that did not generate rental income	**118**	340
Property development services costs	**6,848**	2,009
	24,678	16,406

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.

	2016 €'000	2015 €'000
Directors' emoluments (pages 107-108)[1]	**2,056**	4,441
Salaries and wages[1]	**3,048**	3,240
Accounting, secretarial and administration costs	**377**	276
Legal and other advisory services	**261**	294
Audit and non-audit services (page 111)	**777**	713
Corporate social responsibility costs	**357**	151
Travel and accommodation	**118**	237
Marketing and advertising services	**217**	465
Post, telecommunication and office supplies	**177**	92
Stock exchange expenses	**319**	292
	7,707	10,201

1 Costs of €1 million (2015: €0.4 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, €0.5 million (2015: €nil) was capitalised as debt issue costs and €0.4 million (2015: €nil) as transaction costs on issue of shares.
During the year, the Group contributed €0.3 million (2015: €0.2 million) and €0.1 million (2015: €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.

	2016 €'000	2015 €'000
Interest on secured loans	**18,640**	11,551
Interest on Corporate Loan facility	**4,453**	5,609
Debt issue cost amortisation and other finance cost	**8,421**	4,045
Other financial expenses	**584**	202
Bank charges[1]	**124**	65
	32,222	21,472

1 Prior year bank charges were classified under Administrative Expenses.

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.

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	2016 €'000	2015 €'000
Current income tax expense	**711**	245
Deferred income tax expense	**162**	10,847
	873	11,092

The Company has obtained an exempt company status in Guernsey under the terms of the Income Tax (Exempt Bodies) Ordinance, 1989. The Directors intend to conduct the Company's affairs so that it remains eligible for exemption. The subsidiaries in Romania, the Netherlands and Cyprus are subject to income taxes in respect of local sources of income. The income tax rate applicable to the Company in Guernsey is nil. The current income tax charge of €0.7 million (2015: €0.2 million) represents tax charges on profit arising in the subsidiaries in Romania and Cyprus (2015: Romania, the Netherlands and Cyprus). Tax charges on profit arising in Romania, the Netherlands and Cyprus are subject to corporate income tax at the rate of 16%, 25% (20% for tax on profit up to €0.2 million), and 12.5%, respectively.

The Group's subsidiaries registered in Cyprus and the Netherlands need to comply with the Cyprus and Netherlands tax regulations; however, the Group does not expect any taxable income, other than dividend and interest income, which are the most significant future sources of income of the Group companies registered in these countries. Dividend income is exempt or taxed at 0% in Cyprus and the Netherlands, respectively; however, 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 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, 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.

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 2016 and the year ended 31 December 2015 is as follows:

	2016 €'000	2015 €'000
Profit before tax	**12,188**	62,513
At Company's income tax rate 0% (2015: 0%)	**–**	–
Effect of higher tax rates in foreign jurisdictions		
Tax in Romania		
– *Corporate income tax*	**644**	202
– Deferred tax expenses for taxable temporary differences	**162**	10,847
Tax in Cyprus		
– *Corporate income tax*	**67**	12
Tax in the Netherlands		
– *Corporate income tax*	**–**	31
Tax expense reported in the income statement	**873**	11,092
Effective tax rate, including deferred tax expenses (%)	**7.2%**	17.7%
Effective tax rate, excluding deferred tax expenses (%)	**6.0%**	0.3%

	Consolidated statement of financial position		Consolidated statement of comprehensive income	
Deferred Tax Liability	2016 €'000	2015 €'000	2016 €'000	2015 €'000
Acquired under business combinations:	**–**	12,456	**–**	–
Recognised unused tax losses	**–**	(50)	**–**	–
Deferred tax liability	**–**	12,506	**–**	–
Valuation of investment property at fair value	**77,121**	60,003	**3,876**	11,611
Deductible temporary differences	**(288)**	(467)	**179**	(6)
Discounting of tenant deposits and long-term deferred costs	**311**	164	**147**	(84)
Share issue cost recognised in equity	**(7)**	(7)	**–**	–
Valuation of financial instruments at fair value	**(572)**	110	**53**	110
Recognised unused tax losses	**(5,990)**	(1,846)	**(4,093)**	(784)
	70,575	70,413	**162**	10,847

SECTION III: FINANCIAL RESULTS
CONTINUED

11. Taxation continued

In Romania, the Group has unused assessed tax losses carried forward of €73.5 million (2015: €68.3 million) that are available for offsetting against future taxable profits of the respective entity in Romania, in which the losses arose, within seven years from the year of origination. As of the statement of financial position date the Group had recognised deferred tax assets of €5.9 million (2015: €1.9 million) out of the total available deferred tax assets of €11.8 million (2015: €10.9 million) calculated at the corporate income tax rate of 16%.

Expiry year	2017	2018	2019	2020	2021	2022	2023	TOTAL
Fiscal year	2010	2011	2012	2013	2014	2015	**2016**	
Available deferred tax assets (€m)	0.7	0.5	2.0	2.0	1.5	3.3	1.8	**11.8**

There are also temporary non-deductible interest expenses and net foreign exchange losses related to intercompany loans of €11.2 million (2015: €21.8 million). Such amounts can be carried forward indefinitely, until the corresponding subsidiaries reach a debt-to-equity tax ratio in the range from nil to 3, at which time the amount would become tax deductible, for which no deferred tax asset was recorded as well.

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 recognised an additional €4.0 million (2015: €1.0 million) deferred tax asset due to improved forecasts and transformation of some subsidiaries in Romania in taxable profit position.

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:

Date	Event	Note	Number of shares issued ('000')	% of the period	Weighted average ('000')
2015	At the beginning of the year		53,645	100	53,645
October 2015	Shares issued for cash		8,972	25.0	2,243
2015	Shares in issue at year end (basic and diluted)		62,617		55,888
2016	**At the beginning of the year**		**62,617**		**62,617**
	Shares issued for:				
January 2016	– the Executive Directors and other senior management employees	22.2	407	93.4	380
June 2016	– settlement of interest-bearing liability	20.1	1,000	56.4	564
October 2016	– the Executive Directors and other senior management employees	22.2	270	22.5	61
December 2016	– cash	20.2	25,000	3.0	753
December 2016	– transaction costs on issue of shares	20.2	1,073	3.0	32
December 2016	– the Executive Directors and other senior management employees	22.2	30	2.0	1
2016	**Shares in issue at year end (basic)**		**90,397**		**64,408**
December 2016	Shares to be issued for transaction costs on issue of shares	21	1,073	3.0	32
2016	**Shares in issue at year end (diluted)**		**91,470**		**64,440**

IFRS Earnings Per Share

	2016 €'000	2015 €'000
Profit attributable to equity holders of the Company for basic and diluted earnings per share	**11,315**	51,421
IFRS earnings per share	**cents**	cents
– Basic	**17.57**	92.01
– Diluted	**17.56**	92.01

Subsequent to 31 December 2016, no 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:

	2016 €'000	2015 €'000
Earnings attributable to equity holders of the Company (IFRS)	**11,315**	51,421
Fair value movement	**(6,710)**	(49,422)
Losses on disposal of investment properties	**1,657**	619
Tax credit relating to losses on disposals	**(265)**	(99)
Bargain purchase gain on acquisition of subsidiaries	**–**	(17,227)
Changes in fair value of financial instruments and associated close-out costs	**1,522**	872
Acquisition costs	**105**	811
Deferred tax charge in respect of above adjustments	**969**	7,768
EPRA earnings	**8,593**	(5,257)
EPRA earnings per share	**cents**	cents
– Basic	**13.34**	(9.41)
– Diluted	**13.33**	(9.41)

13. Net Asset Value ('NAV') Per Share

NAV Per Share

The following reflects the net assets used in the NAV per share computations:

	2016 €'000	2015 €'000
Net assets attributable to equity holders of the Company	**715,394**	499,681
	Cents	Cents
NAV per share	**791**	798
Diluted NAV per share	**782**	798

EPRA NAV Per Share

The following reflects the net assets used in the EPRA NAV per share computations:

	Note	**2016 €'000**	2015 €'000
Net assets attributable to equity holders of the Company		**715,394**	499,681
Exclude:			
Deferred tax liability	11	**70,575**	70,413
Fair value of interest rate swap instrument	19	**3,574**	3,935
Goodwill as a result of deferred tax		**(5,697)**	(5,697)
EPRA NAV attributable to equity holders of the Company		**783,846**	568,332
		Cents	Cents
EPRA NAV per share		**857**	908

EPRA NAV includes properties and other investment interests at fair value and excludes certain items not expected to crystallise in a long-term investment property business model.

SECTION IV: FINANCIAL ASSETS AND LIABILITIES

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 year end.

14. 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.

Initially, financial instruments are recognised at their fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are only recognised in determining the carrying amount, if the financial instruments are not measured at fair value through profit or loss. Subsequently, financial instruments are measured according to the category to which they are assigned.

A financial asset and a financial liability is 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.

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.

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.

Trade and Other Receivables

Trade and other receivables are recognised initially at fair value and subsequently at amortised cost including, where relevant and material, an adjustment for the time value of money, less any impairment provision. A provision for impairment is established where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables concerned.

If, in a subsequent year, the amount of the provision for impairment loss changes because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by recording a gain or loss in the income statement.

Trade and other receivables together with the associated provision 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.

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.

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 de-recognition 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.

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.

15. 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 19.

	2016 €'000	2015 €'000
Current		
Current portion of secured loans	**38,665**	42,681
Corporate loan facility	**–**	100,343
	38,665	143,024
Non-current		
Secured loans	**375,570**	261,287
	414,235	404,311

Terms and conditions of outstanding loans were as follows:

					2016		2015	
Secured facility	Contract date	Currency	Nominal interest rate	Maturity date	Face value €'000	Carrying value €'000	Face value €'000	Carrying value €'000
Loan 3	Nov 2013	RON	ROBOR 3M+ margin	Feb 2016	**–**	**–**	423	423
Loan 6	Mar 2013	EUR	EURIBOR 3M+ margin	Mar 2019	**12,718**	**12,187**	13,768	13,518
Loan 7	Aug 2008	EUR	EURIBOR 3M+ margin	Dec 2016	**–**	**–**	30,000	29,938
Loan 8	May 2008	EUR	EURIBOR 3M+ margin	Dec 2018	**32,732**	**32,732**	33,626	33,626
Loan 9	May 2008	EUR	EURIBOR 3M+ margin	Dec 2018	**80,611**	**80,611**	82,505	82,505
Loan 11	Sep 2014	EUR	EURIBOR 3M+ margin	Oct 2032	**27,347**	**26,944**	25,317	24,909
Loan 13	Jun 2015	EUR	EURIBOR 3M+ margin	Jun 2022	**–**	**–**	7,885	7,660
Loan 14	Jun 2015	EUR	EURIBOR 3M+ margin	Jun 2022	**–**	**–**	8,905	8,905
Loan 15	Aug 2008	EUR	EURIBOR 1M+ margin	Dec 2017	**27,510**	**27,510**	28,398	28,398
Loan 16	Mar 2010	EUR	EURIBOR 1M+ margin	Jun 2022	**20,507**	**20,507**	21,907	21,907
Loan 17	Mar 2010	RON	ROBOR 1M+ margin	Apr 2019	**572**	**572**	718	718
Loan 18	Aug 2015	RON	ROBOR 3M+ margin	Aug 2018	**4,739**	**4,739**	4,872	4,845
Loan 19	Jun 2015	EUR	EURIBOR 3M+ margin	Jul 2035	**–**	**–**	27,165	26,849
Loan 20	Dec 2015	EUR	EURIBOR 3M+ margin	Dec 2030	**–**	**–**	20,022	19,767
Corporate Loan	Jun 2015	EUR	Fixed rate	Jul 2016	**–**	**–**	103,067	100,343
Loan 21	Mar 2016	EUR	EURIBOR 3M+ margin	Mar 2031	**25,949**	**25,434**	–	–
Loan 22	May 2016	EUR	EURIBOR 3M+ margin	Nov 2026	**10,300**	**10,300**	–	–
Loan 23	May 2016	EUR	Fixed rate	Jun 2019	**178,607**	**170,499**	–	–
Loan 24	Dec 2016	EUR	EURIBOR 3M+ margin	Dec 2026	**2,200**	**2,200**	–	–
Total					**423,792**	**414,235**	408,578	404,311

On 9 March 2016, the Group signed a c.€29.1 million long-term debt facility (Loan 21) agreement with Banca Comerciala Romana ('BCR') in Romania (Erste Bank Group) in order to refinance the existing secured loan facilities (Loans 13 and 14) related to the TAP light-industrial park in Timisoara, and to fund the development of an extension to this property. This facility is secured on the TAP property and matures in year 2031.

On 19 May 2016, the Group signed a €10.3 million long-term debt facility (Loan 22) agreement with Garanti Bank in Romania in order to refinance equity and to fund the remaining development costs of the Gara Herastrau office building. This facility is secured on the land and completed building and matures in year 2026. In December 2016, the facility was supplemented with an additional €2.2 million.

The Group secured a €180 million three-year bond (the 'Matisse Facility', Loan 23). The facility was provided by Matisse Funding B.V. (an orphan SPV) which issued €180 million of senior secured Notes to institutional investors. The proceeds of such issuance were on-lent to the Group in order to refinance the €100 million short-term corporate level facility obtained in 2015 from funds managed by York Capital and Oak Hill Advisors and three secured debt facilities at the level of three of its Romanian subsidiaries. The Matisse facility is secured on the properties of four Romanian subsidiaries as well as the shares of their holding companies. Drawdown under the facility was completed in June 2016.

Secured bank loans are secured by investment properties with a carrying value of €902.0 million at 31 December 2016 (2015: €692.0 million) and also carry pledges on rent receivable balances of €6.1 million (2015: €3.0 million), tenant deposits of €2.6 million (2015: €1.9 million), VAT receivable balances of €0.4 million (2015: €3.3 million) and a moveable charge on the bank accounts (see note 18).

Other Disclosures

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 year 2016. Financial covenants mainly include the loan-to-value ratio ("LTV") which ranges from 50% - 83% and the debt service cover ratio ('DSCR') that ranges from 100% - 125%. LTV is calculated as the loan value divided by the market value of the relevant property (for a calculation date), and DSCR (historical and/or projected, as the case may be, for a 12-month period) is calculated as net operating income divided by the debt service. As of 31 December 2016, the Group had undrawn borrowing facilities of €2.5 million (2015: €2.0 million).

SECTION IV: FINANCIAL ASSETS AND LIABILITIES
CONTINUED

16. Trade and Other Payables

	Note	2016 €'000	2015 €'000
Current			
Payable for property service charges		**1,415**	2,358
Payable to suppliers for properties under development		**7,371**	12,263
Payable for tenant lease incentives	3.1	**1,183**	2,743
Consideration payable for business acquisition		**–**	1,894
Advances from customers		**1,161**	625
Deferred income		**4,553**	3,381
Directors' emoluments payable		**396**	3,650
Salaries and related payables		**418**	915
Accruals for administrative expenses		**1,129**	776
Accruals for non-recurring costs		**2,806**	1,939
Other taxes payable		**294**	588
Other short-term payables		**–**	1,143
		20,726	32,275
Non-current			
Payable for tenant lease incentives	3.1	**2,188**	3,278
		22,915	35,553

17. Trade and Other Receivables

	2016 €'000	2015 €'000
Current		
Rent and service charges receivable	**6,209**	3,399
VAT and other taxes receivable	**3,987**	8,045
Loan receivable from subsidiary disposed	**–**	400
Consideration receivable from the seller	**290**	290
Advances to suppliers for services	**211**	184
Advances to Directors	**–**	650
Sundry debtors	**110**	146
	10,807	13,114
Non-current		
VAT and other taxes receivable	**1,183**	2,193
	11,990	15,307

Rent and Service Charges Receivable
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 19). For the terms and conditions for related party receivables, see note 28.

18. Cash and Cash Equivalents

	Note	2016 €'000	2015 €'000
Cash at bank and in hand		**217,467**	25,778
Short-term deposits		**899**	5,258
Cash and cash equivalents as per statement of cash flows		**218,366**	31,036
Corporate Loan - restricted cash reserve		**–**	6,000
Matisse Facility - restricted cash reserve	15	**2,971**	–
Cash and cash equivalents as per statement of financial position		**221,337**	37,036

Details of cash and cash equivalents denominated in foreign currencies are disclosed in note 19.

Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group and earn interest at rates ranging from 0.02% to 0.15% (2015: 0.05% to 0.1%) per annum. Cash at bank and in hand includes restricted cash balances of €5.2 million (2015: €12.4 million).

19. 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.

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 the majority of operating transactions arising from its activities in Romania. Therefore, the Group is exposed to foreign exchange risk, primarily with respect to the Romanian Lei (RON). 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):

	2016			2015		
	RON	GBP	USD	RON	GBP	USD
All amounts are presented in €'000 equivalent value		denominated			denominated	
ASSETS						
Cash and cash equivalents	**19,141**	**18**	**106**	13,561	14	80
Trade and other receivables	**11,379**	**–**	**–**	13,757	–	–
Income tax receivable	**214**	**–**	**–**	583	–	–
Total	**30,734**	**18**	**106**	27,901	14	80
LIABILITIES						
Interest-bearing loans and borrowings	**5,311**	**–**	**–**	5,987	–	–
Trade and other payables	**9,386**	**236**	**–**	15,459	994	–
Income tax payable	**–**	**–**	**–**	1	–	–
Deposits from tenants	**1,304**	**–**	**–**	1,094	–	–
Total	**16,001**	**236**	**–**	22,541	994	–
Net exposure	**14,733**	**(218)**	**106**	5,360	(980)	80

Foreign Currency Sensitivity Analysis
As of the statement of financial position date, the Group is exposed to foreign exchange risk in respect of the exchange rate of the RON, USD and GBP. The following table details the Group's sensitivity (impact on income statement before tax and equity) to a 5% devaluation in RON, USD and GBP exchange rates against the EUR, 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 yearend for a 5% appreciation in the EUR against other currencies.

	2016		2015	
All amounts in €'000	Profit and (loss)	Equity	Profit and (loss)	Equity
RON	**(737)**	**(737)**	(268)	(268)
GBP	**11**	**11**	49	49
USD	**(5)**	**(5)**	(4)	(4)

A 5% devaluation of the EUR 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 flows risk is the risk that the interest cost will fluctuate over time.

The Group's interest rate risk principally arises from interest-bearing loans and borrowings. As at 31 December 2016, 58.8% (2015: 75%) of the total outstanding borrowings carried variable interest rates (including the 1M and 3M EURIBOR and 1M ROBOR as bases) which expose the Group to cash flow interest rate risk. In order to minimise this risk, the Group hedged 14% (2015: 19%) 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 2016, an increase or decrease of 25 basis points in the EURIBOR or ROBOR will result in an increase or decrease (net of tax) in the result for the year of €1.0 million (2015: €0.7 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 EUR denominated long-term borrowings (Loan 23) at fixed rates which constitute 41.2% (2015: 25%) of total debt portfolio. The facility is payable in June 2019; 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 2016, the fair value was higher by €1.7 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.

SECTION IV: FINANCIAL ASSETS AND LIABILITIES
CONTINUED

19. Financial Risk Management – Objective and Policies continued

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.

	2016 €'000	2015 €'000
Trade receivables – net of provision	**6,209**	3,399
Other receivables	**123**	757
Guarantees retained by tenants	**277**	79
VAT and other taxes receivable	**5,170**	10,238
Income tax receivable	**411**	583
Cash and cash equivalents	**221,337**	37,036
	233,527	52,092

Trade Receivables – Net of Provision

There is no significant concentration of credit risk with respect to trade receivables, as the Group has a large number of tenants, a few of which are part of multinational groups, internationally dispersed, as disclosed in the subsection 'Leasing review' on the pages 36 and 37 of the Annual Report. For related parties it is assessed that there is no significant risk of non-recovery.

Estimates and Assumptions Used for Impairment of Trade Receivables

The Group assesses when there is sufficient objective evidence to require the impairment of individual trade receivables. 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:

	2016 €'000	2015 €'000
Opening balance	**2,542**	2,313
Provision for doubtful debts	**200**	229
Reversal of provision for doubtful debts	**(298)**	–
Doubtful debts written off during the year	**(435)**	–
Closing balance	**2,009**	2,542

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
2016 (€'000)	**5,051**	**936**	**145**	**77**	**6,209**
2015 (€'000)	2,602	228	554	15	3,399

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.

Other Receivables

This balance relates to sundry debtors of €0.1 million (2015: €0.15 million) and consideration receivable for the seller of €0.3 million (2015: €0.3 million). Management has made due consideration of the credit risk associated with these balances resulting in no impairment being identified.

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 bank having credit rating of A-2 and in subsidiaries in Romania in local branches of reputable international banks with credit rating of BBB.

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.

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

All amounts in €'000 **2016**	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	**8,036**	**51,028**	**363,156**	**66,715**	**488,935**	**(74,700)**	**414,235**
Trade payables and guarantee retained from contracts (excluding advances from customers)	**5,492**	**10,731**	**2,221**	**–**	**18,444**	**–**	**18,444**
Other payables	**296**	**887**	**–**	**–**	**1,183**	**–**	**1,183**
Finance lease liabilities	**3**	**1**	**–**	**–**	**4**	**–**	**4**
Deposits from tenants	**791**	**–**	**864**	**1,552**	**3,207**	**(572)**	**2,635**
Income tax payable	**44**	**–**	**–**	**–**	**44**	**–**	**44**
Total	**14,662**	**62,647**	**366,241**	**68,267**	**511,817**	**(75,272)**	**436,545**

All amounts in €'000 2015	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	8,891	152,517	205,175	103,320	469,903	(65,592)	404,311
Trade payables and guarantee retained from contracts (excluding advances from customers)	15,863	11,798	3,278	–	30,939	–	30,939
Other payables	743	3,143	–	–	3,886	–	3,886
Finance lease liabilities	6	14	4	–	24	(1)	23
Deposits from tenants	164	263	1,450	447	2,324	(411)	1,913
Income tax payable	75	–	–	–	75	–	75
Total	25,742	167,735	209,907	103,767	507,151	(66,004)	441,147

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 15)	**2016**	**414,235**	**–**	**243,736**	**180,339**	**424,075**
	2015	404,311	–	404,311	–	404,311
Other current financial liabilities	**2016**	**3,574**	**–**	**3,574**	**–**	**3,574**
	2015	3,935	–	3,935	–	3,935
Finance lease obligations	**2016**	**4**	**–**	**4**	**–**	**4**
	2015	23	–	23	–	23

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 discount rate that reflects the issuer's borrowing rate as at the statement financial position date. 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 market-to-market value of an interest rate swap, obtained from the counterparty financial institution, at €3.6 million (2015: €3.9 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 1M EURIBOR at a notional amount of €22.8 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 €0.3 million (2015: €0.7 million).

On 31 December 2016, the Group had interest rate cap instruments valued market-to-market at €4,000 for secured loan 21 (2015: €0.15 million for secured loans 11, 19 and 20), see note 15, under which the Group capped EURIBOR at 1.25% for 50% of the notional loan facilities. These derivative financial instruments were fair valued (level 2) at each reporting date and any change in fair value is recognised in the consolidated statements of income within other financial expenses. The change in the fair value during the year ended 31 December 2016 was a loss of €0.3 million (2015: €0.2 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, 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.

SECTION V: SHARE CAPITAL AND RESERVES

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.

20. 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.

		2016		2015	
	Note	€'000	Number ('000')	€'000	Number ('000')
Opening balance		**341,784**	**62,617**	288,740	53,645
Shares issued for settlement of interest-bearing liability	20.1	**6,000**	**1,000**	–	–
Shares issued to the Executive Directors and other senior management employees	22.2	**3,937**	**707**	–	–
Shares issued for cash	20.2	**200,000**	**25,000**	53,830	8,972
Transaction costs on issue of shares	20.2	**(22,191)**	**–**	(786)	–
Transaction costs on issue of shares settled in shares	20.2	**8,584**	**1,073**		
Balance at 31 December		**538,114**	**90,397**	341,784	62,617

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 shareholders see fit for the five-year period following the incorporation of the Company (unless renewed, revoked or varied by a general meeting). This authority has not been revoked by the shareholders.

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.

20.1 Shares issued for settlement of interest-bearing liability

On 8 June 2016, the Company issued 1.0m Ordinary shares for the settlement of €6.0 million, an aggregate amount payable by the Company to lenders of a short-term Corporate Level Facility ('Facility'), in respect of a prepayment fee and interest payable by the Company under the Facility which was prepaid in full during the year. The Ordinary shares have been issued at €6.00 per Ordinary share as the placing price at the last fundraising by the Company in September 2015, and equates to a premium of 18%. of the closing middle-market price on 8 June 2016. The 1.0 million new Ordinary shares rank pari passu with the existing shares of the Company.

20.2 Shares Issued for Cash

On 20 December 2016, an additional 25 million Ordinary shares were issued at €8.00 each (€200 million) following the completion of the fundraising, which was announced on 1 December 2016. The Group recognised an amount of €22.2 million as transaction costs for the fundraising, out of which €8.6 million was settled in 1.07 million shares issued on 20 December 2016 and €8.6 million to be settled with the further issuance of 1.07 million Ordinary shares, see note 21. The funds raised from the subscription will be used to develop the Globalworth Campus project, pursue attractive pre-identified investment opportunities in line with the Company's investing policy and for other general corporate purposes.

As a term of the subscription, the Company issued 1.07 million Ordinary shares at €8.00 each share as initial Fee Shares to settle transaction costs incurred for fundraising. The 26.07 million new Ordinary shares rank pari passu with the existing shares of the Company.

21. Unissued Share Capital

As disclosed in note 20.2 under the terms of equity fundraising completed in December 2016, the Company will issue, by no later than 31 December 2017 an additional 1.07 million Ordinary shares as a second tranche of Fee Shares to settle remaining equity settled transaction costs in shares. The second tranche of Fee Shares are disclosed as dilutive shares for earnings per share and net asset value per share, see note 12.

22. 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 or not the market or non-vesting condition is satisfied, provided that all service conditions are satisfied. The cost of equity-settled transactions is recognised in 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, taking into account the terms and conditions.

The following table analyses the movement in total cost outstanding at year end.

Share-based payments reserve	Note	2016 €'000	2015 €'000
Executive share option plan	22.1	**319**	305
Shares granted to Executive Directors and other senior management employees	22.2	**1,820**	2,350
		2,139	2,655

22.1 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. Further details are disclosed in the Directors' Report on the page 105 of the Annual Report.

The following table analyses the total cost of the executive share option plan (Warrants), together with the number of options outstanding.

	2016		2015	
	Cost €'000	Number ('000')	Cost €'000	Number ('000')
At the beginning of the year	**305**	**4,635**	180	4,635
Share scheme expense during the year	**14**	**–**	125	–
At 31 December	**319**	**4,635**	305	4,635
Weighted average remaining contractual life (years)		**6.58**		7.58

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.

22.2 Shares granted to Executive Directors and other senior management employees

	2016 €'000	2015 €'000
At the beginning of the year	**2,350**	–
Shares granted to Executive Directors and other senior management employees	**3,407**	2,350
Shares issued to the Executive Directors and other senior management employees	**(3,937)**	–
Closing balance	**1,820**	2,350

Shares issued to the Executive Directors and other senior management employees

On 25 January 2016, the Company issued 0.4 million Ordinary shares (Ordinary shares of no par value) and delivered them to the Executive Directors and other senior management employees from share-based payment reserve in their capacity as GIAL's preference shareholders, on behalf of its subsidiary GIAL, in order to settle a liability of €2.35 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 0.4 million new shares rank pari passu with the existing shares of the Company. The Ordinary shares have been issued at €5.77 per Ordinary share, representing the volume-weighted average market price over the 90 trading days prior to the date of allotment.

Shares granted and issued to Executive Directors and other senior management employees

On 8 April 2016, the Board approved the award of an additional fee of €3.6 million to GIAL for the services rendered to the Company during the year ended 31 December 2015, which in turn GIAL has distributed to its preference shareholders. 50% of such amount was settled in the form of Ordinary shares in the Company. In this respect on 10 October 2016 the Company issued 269,927 Ordinary shares at €6.00 per share (market price on the date of allotment was €5.13 per share), and on 22 December 2016 it issued 30,073 Ordinary shares at €6.00 per share (market price on the date of allotment was €6.75 per share). The Ordinary shares issued rank pari passu with the existing shares of the Company.

Shares granted to Executive Directors and other senior management employees

On 20 March 2017, the Board approved the award of a variable fee of €2.16 million to GIAL for the services rendered to the Company during the year ended 31 December 2016. The Board also agreed that c.€1.6 million of the total amount of €2.16 million will be settled in the form of Ordinary shares in the Company (to be issued at €8.00 per share), subject to the vesting conditions set out in the performance incentive scheme for the Investment Adviser.

In addition, the amount of c.€3.4 million includes also a c.€0.2 million performance reward to employees of subsidiaries of the Group for their work during the year ended 31 December 2016, which will be settled with the issuance of Ordinary shares in the Company. The Ordinary shares to be issued will rank pari passu with the existing shares of the Company.

SECTION V: SHARE CAPITAL AND RESERVES
CONTINUED

23. Capital Management
The Company has no legal capital regulatory requirement. The Group's policy is to maintain a strong equity capital base so as 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 a LTV ratio, which is calculated as the amount of outstanding debt divided by the open market value of its investment property portfolio as certified by external valuers. As at 31 December 2016 the LTV ratio was 43.4% (2015: 43.9%).

SECTION VI: BUSINESS COMBINATIONS AND RELATED DISCLOSURES

This section includes details about Globalworth's subsidiaries goodwill, subsidiary disposed and related impact on the income statement and cash flows.

24. 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 interests, 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.

Goodwill balance	**2016 €'000**	2015 €'000
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 goodwill balance arose 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 flow 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 flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

At 31 December 2016, the goodwill related to property management activity with a carrying value of €6.7 million (2015: 6.7 million) was tested for impairment. As permitted by IAS 36 Impairment of Assets, the detailed calculations of recoverable amount performed in 2015 were used for the 2016 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 2016 no reasonable change in the main assumptions could result in an impairment charge (31 December 2015: same)

At 31 December 2016 and 2015 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 12.0% 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.

SECTION VI: BUSINESS COMBINATIONS AND RELATED DISCLOSURES
CONTINUED

25. Gain on Sale of Subsidiary

On 24 February 2016, the Group disposed of its 100% shareholding in and control of Mycre Investment S.A. for total consideration of €11.3 million, in cash, and ceased to have control over this entity by transferring the title of the shares to Bakaso Holdings Limited, being the buyer.

The following table presents the amount of the assets and liabilities in the disposed subsidiary on the disposal date, summarised by each major category.

Assets	€'000	Liabilities	€'000
Investment property held for sale	10,353	Loan payable to the Group	8,497
Trade and other receivables	387	Trade and other payables	12
Cash and cash equivalents	300		
Total assets	11,040	Total liabilities	8,509

Net assets of the subsidiary on disposal date (total assets minus total liabilities per the above table)	2,531
Loan payable to the Group	8,497
Total assets disposed	11,028
Disposal consideration	(11,300)
(Gain) on sale of subsidiary	(272)
Cash flows from the disposal:	
Cash received	11,300
Cash balance of the subsidiary at disposal date	(300)
Net cash inflows from the disposal	11,000

SECTION VII: OTHER DISCLOSURES

This section includes segmental disclosures highlighting the core areas of Globalworth's operations in the 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.

26. 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 appointment of 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 consolidated as of 31 December 2016 and 2015, are disclosed in the table below. There are no other subsidiaries which were not consolidated.

As of 31 December 2016, the Group held a 100% shareholding interest (31 December 2015: 100%) in the following subsidiaries, being holding companies as principal activities.

Subsidiary	Place of incorporation
Globalworth Investment Advisers Limited, Globalworth Finance Guernsey Limited	Guernsey, Channel Islands
GWI Finance B.V., Globalworth Holding B.V., GW Real Estate Finance B.V.	Netherlands
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.	Cyprus
Mycre Investment S.A.[1]	Greece

1 Disposed of during the year, see note 25.

As of 31 December 2016, the Group held a 100% shareholding interest (31 December 2015: 100%) in the following subsidiaries, who own real estate assets in Romania, being asset holding companies as their principal activities except Globalworth Building Management SRL as building management.	
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, Bog'Art Offices SRL, Beta Property Development Company SRL, SPC Gamma Property Development Company SRL, Globalworth Asset Managers SRL, Globalworth Building Management SRL	Romania

During the year ended 31 December 2016 the following companies were incorporated, 100% owned by the Group, as holding companies in Cyprus.	
Kinolta Investments Limited, Minory Investments Limited	Cyprus

27. Segmental Information

Policy

The Board of Directors is of the opinion that the Group is engaged mainly in three segments of business, being offices investment property, residential investment property and other, in one geographical area, Romania. 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 only, 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 Opearting Income ('NOI') (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, residential and other segments.

Consequently, the Group is considered to have three reportable operating segments: the Offices segment (acquires, develops, leases and manages offices and spaces), 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.

SECTION VII: OTHER DISCLOSURES
CONTINUED

27. Segmental Information continued

Segment assets and liabilities reported to executive management on a segmental basis are set out below:

	2016					2015				
Segments	Office €'000	Residential €'000	Other €'000	Inter-segment eliminations €'000	Total €'000	Office €'000	Residential €'000	Other €'000	Inter-segment eliminations €'000	Total €'000
Revenue	59,725	2,985	6,807	(1,286)	68,231	37,977	2,855	5,779	(1,835)	44,776
Operating expenses	(20,947)	(944)	(3,156)	369	(24,678)	(11,885)	(1,843)	(3,333)	655	(16,406)
Segment NOI	38,778	2,041	3,651	(917)	43,553	26,092	1,012	2,446	(1,180)	28,370
Administrative expenses	(3,529)	(599)	(4,478)	899	(7,707)	(3,434)	(1,210)	(6,447)	890	(10,201)
Acquisition costs	(14)	–	(91)	–	(105)	(811)	–	–	–	(811)
Change in fair value of investment property	6,527	(1,277)	1,460	–	6,710	47,859	(437)	2,000	–	49,422
Bargain purchase gain on acquisition of subsidiary	–	–	–	–	–	17,227	–	–	–	17,227
Depreciation on other long-term assets	(119)	(62)	(2)	–	(183)	(108)	(66)	–	–	(174)
Other expenses	(169)	(1,688)	–	–	(1,857)	–	–	–	–	–
Other income	2,910	201	–	–	3,111	–	–	–	–	–
Foreign exchange loss	(135)	(17)	33	–	(119)	(169)	(10)	(70)	–	(249)
Finance cost	(28,153)	(2,644)	(1,425)	–	(32,222)	(18,568)	(2,210)	(694)	–	(21,472)
Finance income	748	1	–	–	749	522	2	2	–	526
Segment results	16,844	(4,044)	(852)	(18)	11,930	68,610	(2,919)	(2,763)	(290)	62,638
Share-based payment expense	–	–	(14)	–	(14)	–	–	(125)	–	(125)
Gain on sale of subsidiary	–	–	272	–	272	–	–	–	–	–
Profit before tax	16,844	(4,044)	(594)	(18)	12,188	68,610	(2,919)	(2,888)	(290)	62,513

Revenues are derived from a large number of tenants and no tenant contributes more than 10% of the Group's rental revenues for the year ended 31 December 2016 (2015: €nil).

	2016					2015				
Segments	Office €'000	Residential €'000	Other €'000	Inter-segment eliminations €'000	Total €'000	Office €'000	Residential €'000	Other €'000	Inter-segment eliminations €'000	Total €'000
Segment non-current assets	844,752	101,454	52,445	(29)	998,622	804,218	108,760	44,391	(34)	957,335
Total assets	1,054,626	104,831	73,975	(1,630)	1,231,802	844,212	110,246	67,140	(1,460)	1,020,138
Total liabilities	451,205	34,857	32,015	(1,669)	516,408	458,184	37,606	26,158	(1,493)	520,455
Additions to non-current assets	37,691	200	4,220	–	42,111	70,982	24	8,789	–	79,795

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.

28. Transactions with Related Parties

The Group's related parties are the Company's Executive and Non-Executive Directors, as well as all companies controlled by them or under their joint control, or under significant influence. The Group's major shareholders are disclosed on page 105 of the Director's Report of the Annual Report.

The related party transactions are set out in the table below:

		Income statement Income/(expense)		Statement of financial position Amounts owing (to)/from	
Name	Nature of transactions/balance amounts	2016 €'000	2015 €'000	2016 €'000	2015 €'000
Asia CCF Investment S.à r.l	Corporate Loan facility	(994)	(828)	–	(11,337)
CDP ESCF Investment S.à r.l.	Corporate Loan facility	(1,364)	(1,204)	–	(15,563)
ESCF Investment S.à r.l.	Corporate Loan facility	(1,867)	(1,774)	–	(21,300)
York Global Finance Offshore BDH (Luxembourg) S.à r.l.	Corporate Loan facility	(3,011)	(2,606)	–	(34,356)
SPFC Investment S.à r.l.	Corporate Loan facility	(533)	(541)	–	(6,081)
Indiana Public Retirement System	Corporate Loan facility	(361)	(247)	–	(4,123)
Centre Street Investments S.à r.l.	Corporate Loan facility	(723)	(493)	–	(8,245)
OCA OHA Credit Fund LLC	Corporate Loan facility	(181)	(123)	–	(2,061)
Mr Ioannis Papalekas	Advances to Directors	–	–	–	650
Mr Ioannis Papalekas[1]	Revenue from sale of residential completed property	1,667	–	–	–

1 During the year, Globalworth Asset Managers SRL completed the sale, the terms of which had been agreed in 2011, of two apartments and a few parking and storage spaces for an amount of €2 million including VAT (€1.67 million excluding VAT).

The emoluments of the Executive and Non-Executive Directors are disclosed in the Remuneration Committee Report on pages 107 – 108 of the Annual Report.

29. New and Amended Standards

Starting from 1 January 2016 the Group adopted the following new and amended standards and interpretations. The new standards and amendments had no impact on the Group's financial position and performance.

New and amended standards and interpretations	Effective date
IFRS 11 Joint arrangements (Amendment): Accounting for Acquisitions of Interests in Joint Operations	Jan-16
IAS 16 Property, Plant & Equipment and IAS 38 Intangible Assets (Amendment): Clarification of Acceptable Methods of Depreciation and Amortisation	Jan-16
IAS 27 Separate Financial Statements (amended)	Jan-16
IFRS 10, IFRS 12 and IAS 28: Investment Entities – Applying the Consolidation Exception (Amendments)	Jan-16
IAS 1 Disclosure Initiative (Amendment)	Jan-16
Annual improvements to IFRSs 2012–2014 cycle	Jan-16

Standards issued but not yet effective and not early adopted by the Group are presented in the table below.

IFRS 15 does not apply to rental income, but only apply to service charge income and property development services revenues generated by the Group. The Group does not currently anticipate that the adoption of IFRS 15 would have a material impact on the measurement of revenues derived from the above mentioned two revenue streams, however, additional disclosures may be required to be made in the consolidated financial statements. The Group will continue its assessment of the possible impact from the adoption of this new standard starting from 1 January 2018 and will consider any interpretation notes and guidance that may be issued in the meantime by the International Accounting Standards Board. The Group is in the process of assessing the impact of IFRS 16. 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.

Narrow scope amendments and new Standards	Effective date
IAS 12 Income taxes (Amendments): Recognition of Deferred Tax Assets for Unrealised Losses	Jan-17
IAS 7 Statement of Cash Flows (Amendments): Disclosure Initiative	Jan-17
IFRS 2 Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	Jan-18
IFRS 9 Financial Instruments: Classification and Measurement	Jan-18
IFRS 15 Revenue from Contracts with Customers	Jan-18
IFRS 16 Leases	Jan-19

29. New and Amended Standards continued

Narrow scope amendments and new Standards	Effective date
IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not yet announced
IFRS 14 Regulatory Deferral Accounts	Not yet announced
IFRS 15 Revenue from Contracts with Customers (Clarifications)	Not yet announced
IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	Not yet announced
IAS 40: Transfers to Investment Property (Amendments)	Not yet announced
IFRIC 22: Foreign Currency Transactions and Advance Consideration	Not yet announced
Annual Improvements to IFRSs 2014 – 2016 Cycle	Not yet announced

30. Contingencies

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.

Legal Claims

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 the next hearing will be held in April 2017. Based on the legal advice it has received, management believes that the presiding judge 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.

Taxation

All amounts due to State authorities for taxes have been paid or accrued at the balance sheet date. The Romanian tax system 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 Romania's 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 Romanian tax legislation, 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 Romanian tax payer.

31. Subsequent Events

Date	Description
21 February 2017	**Signing of agreement for acquisition of subsidiary** The Group signed an agreement for the acquisition of a 100% holding and control of Elgan Automotive Kft., an unlisted holding company based in Hungary, and its subsidiary Elgan Automotive SRL, an unlisted company based in Romania. Elgan Automotive SRL operates in the real estate management and development business and currently owns a modern warehouse facility 100% leased to Automobile Dacia, Romania's largest corporate, on a long-term basis. The transaction value is c.€42.5 million. Closing of the transaction is expected at the beginning of April 2017.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLOBALWORTH REAL ESTATE INVESTMENTS LIMITED

1. Our opinion on the consolidated financial statements

In our opinion Globalworth Real Estate Investments Limited's ("the Company") and its subsidiaries (together the "Group") consolidated financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's affairs as at 31 December 2016 and its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"); and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law 2008.

2. What we have audited

We have audited the Group financial statements of Globalworth Real Estate Investments Limited for the year ended 31 December 2016, which comprise:

- the Consolidated Statement of Comprehensive Income for the year ended 31 December 2016;
- the Consolidated Statement of Financial Position as at 31 December 2016;
- the Consolidated Statement of Changes in Equity for the year ended 31 December 2016;
- the Consolidated Statement of Cash Flows for the year ended 31 December 2016; and
- the related notes 1 to 31.

The financial reporting framework that has been applied in their preparation is applicable law and IFRS.

3. Overview of our audit approach

Risks of material misstatement	• Valuation of investment property • Revenue recognition
Audit scope	• We have performed an audit of the complete financial information of nine components and audit procedures on specific balances, particularly the valuation of investment property, where we considered the risk of material misstatement to be higher, for a further four components. We also performed work on other specific balances for a further thirteen components. • The reporting components where we performed audit procedures accounted for 100% of total equity (including the parent company which was a full scope component), and 100% of the Groups' total revenue.
Materiality	• Overall materiality of €5.2 million (2015: €5.0 million) which represents 1% (2015: 1%) of total equity net of new equity in 2016.
What has changed	• Our scope of work has changed from the prior year as follows Business combinations Accounting for business combinations was considered a significant risk in the prior year. There were no significant business combination in the year so this is not considered to be a significant risk in the current year. Management's judgements about going concern During the year the Group obtained significant new debt and equity financing. Accordingly we no longer consider that there is a significant risk with respect to management's judgements about going concern.

The audit was led by EY Guernsey. The Group audit team comprised individuals from Guernsey and Romania and we operated as an integrated team across both jurisdictions. We engaged component teams in Romania and in Cyprus. The engagement partner and senior manager from Guernsey visited Romania to review work done there. We performed audit procedures and responded to the risks identified as described below.

3.1. Our assessment of risk of material misstatement

We identified the risks of material misstatement described below as those that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team. This is not a complete list of all risks or areas of focus identified by our audit. In addressing these risks, we have performed the procedures below which were designed in the context of the financial statements as a whole and, consequently, we do not express any opinion on these individual areas.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Valuation of investment property (€981 million; 2015 – €937 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 estimates and judgements giving rise to a higher risk of misstatement. *Refer to the Audit Committee Report (page 109)* and *note 3 of the financial statements (page 119)*	We performed full and specific scope audit procedures over the valuation of investment property which covered 100% thereof. Specific scope procedures were performed by component audit teams based on instructions issued by the Group audit team. Those procedures are described below: ■ We documented our understanding of the processes, policies and methodologies used by management for valuing investment property and performed walkthrough tests to confirm our understanding of the systems and controls implemented. ■ We agreed the valuations recorded in the consolidated financial statements to the values reported by the Company'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 reperforming a sample of their calculations. ■ We engaged our own internal valuation experts from Romania to: – use their knowledge of the market to assess and corroborate the market related judgements and valuation inputs (including discount rates, exit yields and sales values) used by the Specialists; and – assist us in determining whether the Specialists were appropriately qualified and independent.	We confirmed that there were no material matters arising from our audit work that we wished to bring to the attention of the Audit Committee. We confirmed that investment property was not materially misstated.
Recognition of rental income (€46 million; 2015 – €31 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. *Refer to note 7 of the financial statements (page 123)*	■ 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. ■ On a sample basis we agreed rental rates to tenancy agreements and rent received to bank statements. ■ 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 confirmed that there were no matters identified during our audit work on revenue recognition that we wished to bring to the attention of the Audit Committee. We confirmed that revenue from rental income was recognised in accordance with IFRS.

4. Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements. For the purposes of determining whether the financial statements are free from material misstatement we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced.

4.1. Materiality

This is the magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined planning materiality for the Group to be €5.2 million (2015: €5.0 million), which is 1% of total equity less equity raised in December 2016 of €200 million, net of transaction costs of issuing shares (2015: 1% of equity). This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

It was considered inappropriate to determine materiality based on the Group's profit before tax as the primary performance measures of the Group for internal and external reporting are based on equity.

We believe that total equity provides us with an appropriate basis for audit materiality as it is a key published performance measure and is a key metric used by management in assessing and reporting on overall performance.

During the course of our audit, we reassessed initial materiality and noted no matters leading us to amend materiality levels from those originally determined at the audit planning stage.

4.2. Performance materiality

This refers to the application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2015: 50%) of our planning materiality, namely €2.6 million (2015: €2.5 million). Our objective in adopting this approach was to ensure that total uncorrected and undetected audit differences in the financial statements did not exceed our materiality level.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. For the Group audit, the performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was €0.52 million to €1.7 million (2015: €0.4 million to €1.2 million). This is set out in more detail in section 5 below.

4.3. Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of €260,000 (2015: €250,000), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

5. Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

5.1. Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the Group financial statements. The factors that we considered when assessing the scope of the Group audit and the level of work to be performed at each location included the following: the financial significance and specific risks of the location; the size of the component in relation to Group total equity; the organisation of the Group and effectiveness of the control environment, including group-wide controls; and changes in the business environment.

Of the 30 components selected, which includes the parent company, we performed an audit of the complete financial information of nine components ("full scope component") which were selected based on their size and risk characteristics. For the remaining twenty-one components ("specific scope components"), we performed specific audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of the accounts or their risk profile. For those specific accounts selected, as part of our specific scope components, the extent of our audit work on those accounts was the same as that for a full scope audit.

The components selected, in addition to the parent company, which is a full scope component, together with the allocated performance materiality, were as follows:

Component Name	Location	Investment type	Scope	Performance materiality €
Globalworth Asset Managers SRL	Romania	Asset manager / Completed Investment property / Investment property under development	Full scope	1,300,000
BOC Real Property SRL	Romania	Completed Investment property	Full scope	1,430,000
Upground Estates SRL	Romania	Completed Investment property	Full scope	1,170,000
Tower Center International SRL	Romania	Completed Investment property	Full scope	1,170,000
Corinthian Five SRL	Romania	Investment property under development	Full scope	1,690,000
Corinthian Tower SRL	Romania	Completed Investment property	Full scope	1,170,000
Bog'art Offices SRL	Romania	Completed Investment property	Full scope	1,170,000
SPC Beta Property Development Company SRL	Romania	Completed Investment property	Full scope	780,000
SPC Gamma Property Development Company SRL	Romania	Completed Investment property	Full scope	780,000
BOB Development SRL	Romania	Completed Investment property	Specific scope (1)	1,170,000
SEE Exclusive Development SRL	Romania	Completed Investment property / Investment property under development	Specific scope (2)	780,000
Netron Investment SRL	Romania	Investment property under development	Specific scope (3)	780,000
Aserat Properties SRL	Romania	Land bank for further development	Specific scope (4)	520,000
Globalworth Building Management SRL	Romania	Building management services	Specific scope (5)	520,000
Globalworth Holdings Cyprus Limited	Cyprus	Holding entity	Specific scope (5)	520,000
Pieranu Enterprises Ltd	Cyprus	Holding entity	Specific scope (5)	520,000
Tisarra Holding Limited	Cyprus	Holding entity	Specific scope (5)	520,000
Ramoro Ltd	Cyprus	Holding entity	Specific scope (5)	520,000
Oystermouth Holding Limited	Cyprus	Holding entity	Specific scope (5)	520,000
Dunvant Holding Limited	Cyprus	Holding entity	Specific scope (5)	520,000
Zaggatti Holdings Limited	Cyprus	Holding entity	Specific scope (5)	520,000
Casalia Holdings Limited	Cyprus	Holding entity	Specific scope (5)	520,000
Kifeni Holdings Limited	Cyprus	Holding entity	Specific scope (5)	520,000
Serana Holdings Limited	Cyprus	Holding entity	Specific scope (5)	520,000
Vaniasa Holdings Limited	Cyprus	Holding entity	Specific scope (5)	520,000
Saniovo Holding Limited	Cyprus	Holding entity	Specific scope (5)	520,000
Kusanda Holdings Limited	Cyprus	Holding entity	Specific scope (5)	520,000
Minory Investments Limited	Cyprus	Holding entity	Specific scope (5)	520,000
Kinolta Investments Limited	Cyprus	Holding entity	Specific scope (5)	520,000

1 Investment property, rental and service charge income, cash, bank loans & interest expense, commitments and contingent liabilities and taxation (including deferred taxation)
2 Investment property, rental and service charge income, cash, accounts payable, bank loans & interest expense, commitments and contingent liabilities and taxation (including deferred taxation)
3 Investment property, cash, accounts payables, commitments and contingent liabilities and taxation (including deferred taxation and VAT receivable)
4 Investment property, cash, commitments and contingent liabilities and taxation (including deferred taxation)
5 Taxation and contingent liabilities.

The reporting components where we performed audit procedures accounted for 100% (2015: 98%) of the Group's total equity (including the parent company which was a full scope component), and 100% (2015: 99%) of the Group's total revenue. For the current year, the full scope components contributed 80% (2015: 77%) of the Group's total equity and 82% (2015: 79%) of the Group's total revenue. The specific scope components contributed 20% (2015: 21%) of the Group's total equity and 18% (2015: 21%) of the Group's total revenue.

The remaining components together represent below 1% of the total equity and none are individually greater than 2% of the Group's total equity. For these components we only performed analytical procedures (and certain audit procedures as applicable) as there were no risks identified that could indicate the group financial statements might be materially misstated.

5.2. Involvement with component teams

Team structure

The overall audit strategy is determined by the opinion signatory who is based in Guernsey. Since the group's operations are principally in Romania, the audit team includes EY teams from Romania. The Group audit team visited Romania during the current year and prior year audits. Whilst in Romania we focused our time on the significant risks and judgemental areas of the audit. In addition, EY Cyprus was involved for the components in Cyprus with assigned specific scope.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by the Group audit team, or by the component team operating under our instruction. For the specific scope components, where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to be satisfied that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole. The Group audit team, assisted by our internal valuation specialists in Romania, performed procedures on the valuations of investment properties.

The Group audit team also participated in key discussions, via conference calls with all full and specific scope locations. The Group audit team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed key working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at group level, gave us appropriate audit evidence for our opinion on the Group financial statements.

6. Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 106, the Directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

7. Matters on which we are required to report by exception

ISAs (UK and Ireland) reporting	We are required to report to you if, in our opinion, financial and non-financial information in the annual report is: ▪ materially inconsistent with the information in the audited financial statements; or ▪ apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or ▪ otherwise misleading. In particular, we are required to report whether we have identified any inconsistencies between our knowledge acquired in the course of performing the audit and the Directors' statement that they consider the annual report and accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the entity's performance, business model and strategy; and whether the annual report appropriately addresses those matters that we communicated to the audit committee that we consider should have been disclosed.	We have no exceptions to report.
Companies (Guernsey) Law 2008 reporting	We are required to report to you if, in our opinion: ▪ proper accounting records have not been kept; or ▪ the financial statements are not in agreement with the accounting records; or ▪ we have not received all the information and explanations we require for our audit.	We have no exceptions to report.

8. Statement on the Directors' Assessment of the Principal Risks that Would Threaten the Solvency or Liquidity of the Entity

ISAs (UK and Ireland) reporting	We are required to give a statement as to whether we have anything material to add or to draw attention to in relation to: ■ the Directors' confirmation in the Annual Report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity; ■ the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated; ■ the Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and ■ the Directors' explanation in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.

Ernst & Young LLP
Guernsey
3 April 2017

Notes:
1. The maintenance and integrity of the Globalworth Real Estate Investments Limited web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in Guernsey governing the preparation and dissemination of group financial statements may differ from legislation in other jurisdictions.

INVESTING POLICY

Investing strategy
The Company's primary focus is to invest in a diversified portfolio of real estate opportunities situated in Romania and the wider South and Central Eastern European regions. The Directors believe its primary market of investment represents 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, which employs a team of 53 professionals.

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 redevelopment); 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%.

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 and will not acquire any asset where any such acquisition would result in more than 50% of the Company's net asset value (at the time of investment) being attributable to assets located outside Romania. The Company's minimum pre-letting commitment is as follows:

- for any logistics or warehouse property, pre-letting commitments for a minimum of 60% of the gross leasable area of such property; and
- for any other commercial property, pre-letting commitments for minimum of 50% 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.

SCHEDULE OF PROPERTIES

Property name	Location	Address	Year of completion	Acquisition date	Ownership %	GLA m²	Occupancy[4]	Contracted rent	WALL years	"As Is" valuation €'000	"Completion" valuation €'000
Office Standing						**Standing**					
BOB	Bucharest	6A Dimitrie Pompeiu Blvd, district 2	2008	Q1, 2014	100	22,391	97.3	3.6	5.5	50,250	50,250
BOC	Bucharest	3 George Constantinescu St., district 2	2009	Q1, 2014	100	56,962	97.2	9.6	5.8	143,700	143,700
City Offices	Bucharest	2 – 4A Oltenitei Street., district 4	2014	Q3, 2013	100	35,968	21.8	1.4	4.5	62,000	62,000
TCI	Bucharest	15-17 Ion Mihalache Blvd, district 1	2012	Q1, 2014	100	22,453	99.7	5.0	4.1	76,700	76,700
UniCredit HQ	Bucharest	1F Expozitiei Blvd, district 1	2012	Q1, 2015	100	15,500	100.0	3.8	5.4	52,500	52,500
Globalworth Plaza[1]	Bucharest	42 Pipera Road, district 2	2010	Q1, 2015	100	24,020	29.7	1.3	4.7	56,500	56,500
Green Court A	Bucharest	4 Gara Herastrau, district 2	2014	Q2, 2015	100	19,589	100.0	3.4	5.3	51,300	51,300
Green Court B	Bucharest	4 Gara Herastrau, district 2	2015	Q4, 2015	100	18,369	100.0	3.5	4.2	53,200	53,200
Globalworth Tower	Bucharest	201 Barbu Vacarescu Street, district 2	Q1 2016	Q3, 2013	100	54,686	83.2	9.6	8.8	162,500	162,500
Gara Herastrau	Bucharest	4B Gara Herastrau Street, district 2	Q2 2016	Q2, 2014	100	12,037	68.9	1.4	6.3	28,800	28,800
						281,975	78.7	42.6		737,450	737,450
Office Development						**Development**					
Globalworth Campus[2]	Bucharest	4-6 Dimitrie Pompeiu Blvd, district 2	2017E/2018E	Q1, 2014	100	88,650	–	–	–	70,430	170,900
						88,650	–	–		70,430	170,900
Industrial						**Industrial**					
Completed											
TAP – completed[3]	Timisoara	Lipovei Way, Giarmata, Timis	2011 & 2015	Q3, 2014	100	81,349	97.3	3.5	11.1	42,869	42,869
Development											
TAP – (development)[3]	Timisoara	Lipovei Way, Giarmata, Timis	2017e	Q3, 2014	100	50,000	100.0	1.9	11.0	7,511	21,911
						131,349	98.3	5.4		50,380	64,780
Retail/residential						**Commercial/ residential**					
Upground Towers	Bucharest	9B Fabrica de Glucoza Street, district 2	2011	Q1, 2014	100	56,662	99.3/47.8	2.4	7.44/1.95	101,211	101,211
						56,662	99.3/47.8	2.4	7.4/1.9	101,211	101,211
Land bank – for further development						**Land bank – for further development**					
Luterana	Bucharest	7-13 Luterana Street, district 1	–	Q4, 2014	100	–	–	–	–	12,300	12,300
Herastrau One	Bucharest	48-50 Soseaua Nordului, district 1	–	Q3, 2013	100	–	–	–	–	5,750	5,750
						–	–	–		18,050	18,050
						558,905				977,521	1,092,391

Note: All data as of 31 December 2016

1 Globalworth Plaza, was previously referred to as Nusco Tower

2 Phase A is under construction (GLA: c.57k sqm) with expected completion dates for Towers I and II in 2017 and 2018 respectively. Phase B expected to commence in 2018.

3 Includes all extension options available to tenants. Currently two facilities with total GLA of 25.5k sqm, 100% leased to Valeo and Litens are under construction and are expected to be completed in 2017.

4 Retail units in the property

5 Residential units available in the property

Accounting Return
The growth in EPRA NAV plus dividend paid which can be expressed as a percentage of EPRA NAV per share at the beginning of the period.

AIC
The Association of Investment Companies.

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

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.

Costs to Complete
It represents additional costs to complete the property under development.

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.

EBITDA
Earnings before finance cost, tax, depreciation, amortisation of other non-current assets and purchase gain on acquisition of subsidiaries.

EBITDA (normalised)
Earnings before interest, depreciation, bargain purchase gain, fair value movement and other non-operational and/or non-recurring income and expense items.

EPRA
The European Public Real Estate Association is a non-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 NAV Per Share
EPRA NAV divided by the basic/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.

Estimated Rental Value (ERV)
ERV is the external valuers' opinion as to the open market rent which, on the date of valuations, could reasonably be expected to be obtained on a new letting or rent review of a property.

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.

Future Rental Cash Inflows
Future rental cash inflows computed based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties.

GLA
Gross leasable area.

IFRS
International Financial Reporting Standards as adopted by the European Union.

Income Capitalisation Method
Valuation method that takes into consideration the income that a property is expected to generate if leased out assuming a stabilised occupancy level, and applying to that income a capitalisation rate reflecting the investors' interest in a property of this kind.

Property Under Development
Properties in the development process that do not meet all the requirements to be transferred to completed investment property.

Property Under Refurbishment
Properties in the process of being refurbished and do not meet all the requirements to be transferred to completed investment property.

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.

Like-for-like Property Value (LTLV)
LTLV is the change in fair value over a period of one year on the standing and underdevelopment investment properties.

Loan to Value (LTV)
Calculated as the total outstanding debt excluding amortised cost as of financial position date divided by the appraised value of owned assets as of financial position date.

Maintenance Costs
Including necessary investments to maintain functionality of the property for its expected useful life.

Net Assets Value (NAV)
Equity attributable to equity holders of the Company and/or net assets value.

Net Asset Value (NAV) Per Share
Equity attributable to equity holders 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 rental value of let sqm as a percentage of the total estimated rental value 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 financial position date).

Passing Rent
It is the gross rent, less any ground rent payable under the head leases.

Portfolio Open Market Value (OMV)
Portfolio open market value means the fair value of the Group's investment properties determined by CBAR Research & Valuation Advisors SRL (Coldwell Banker), 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.

Property Valuation "As Is"
Represents the appraised value for standing and operational properties (owned and announced), properties under development and land, performed by Coldwell Banker as of financial position date.

Property Valuation on "Completion"
Represents the appraised value for standing and operational properties (owned and announced), properties under development and land, performed by Coldwell Banker as of financial position date, assuming that the properties under development were completed as of the date of valuation. The estimated appraised values on completion are subject to risks and uncertainties that could cause actual outcomes to differ materially from those expressed or implied by the relevant statements; they are not guarantees of future performance and there can be no assurance that these estimated values on completion can or will be achieved.

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.

SEE
South-Eastern Europe, in alphabetical order, Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Greece, Kosovo, Moldova, F.Y.R. Macedonia, Montenegro, Romania, Serbia, Slovenia and Turkey.

SPA
Share sale purchase agreement.

SQM
Square metres.

Stabilised Vacancy
It represents the reasonably estimated vacancy rate registered by the building with the proper marketing, management and maintenance conditions.

Terminal Value
The value of an asset at a specified, future valuation date, taking into account factors such as discount rates and the current value of the asset, and assuming a stable growth rate. Terminal value refers to the value of an entire property at a specified future valuation date. The common approach used to evaluate the terminal value of an asset is the "exit approach".

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.

GLOSSARY
CONTINUED

The Asset Manager
Globalworth Asset Managers SRL, an Asset Holding and Asset Manager wholly owned subsidiary incorporated in Romania.

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.

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