ROMANIA & POLAND: CREATING CEE'S LEADING OFFICE LANDLORD

ANNUAL REPORT AND FINANCIAL STATEMENTS **2017**

GLOBALWORTH

seeks to be the CEE region's leading office investor and landlord of choice to the growing variety of multi-national tenants through its portfolio in Romania and Poland

Visit us online:
www.globalworth.com

"2017 was a transformational year for Globalworth, with the business well positioned to further consolidate its leading platform in 2018."

Ioannis Papalekas
Chief Executive Officer

FINANCIAL

Portfolio open market value
€1,815.4m

2017	€1,815.4m
2016	€977.5m
2015	€931.1m

Net Loan to value ratio
34.3%

2017	34.3%
2016	20.7%
2015	39.9%

Net operating income
€51.1m

2017	€51.1m
2016	€43.6m
2015	€28.4m

Normalised EBITDA
€41.2m

2017	€41.2m
2016	€36.3m
2015	€22.4m

Earnings before tax
€26.2m

2017	€26.2m
2016	€12.2m
2015	€62.5m

Dividends
44 cents

2017	44 cents
2016	0 cents
2015	0 cents

NAV
€1,068.9m

2017	€1,068.9m
2016	€715.4m
2015	€499.7m

EPRA NAV
€1,171.5m

2017	€1,171.5m
2016	€783.8m
2015	€568.3m

EPRA Earnings
€16.8m

2017	€16.8m
2016	€8.6m
2015	-€5.3m

NAV per share
€8.09

2017	€8.09
2016	€7.91
2015	€7.98

EPRA NAV per share
€8.84

2017	€8.84
2016	€8.57
2015	€9.08

EPRA Earnings per share
18.17 cents

2017	18.17 cents
2016	13.34 cents
2015	-9.41 cents

OPERATIONAL

- Completed the acquisition of 71.7% of the Warsaw-listed GPRE at a price reflecting a discount of 20% to its latest EPRA NAV per share.
- Our footprint in the Polish market at year-end 2017 comprised a portfolio of office and mixed-use properties of 242.6k sqm, valued at €680.1 million.
- Our inaugural €550 million Eurobond issue was more than 2x oversubscribed resulting in a fixed interest rate of 2.875%.
- Reduced the weighted average interest rate on debt financing at group level by 263 basis points to 2.62% (31 December 2017).
- Completed a €340 million new equity capital raise, above target and oversubscribed at a price of €8.75 per share.
- Completed the acquisition of Building "C" of the award winning Green Court complex in Bucharest, becoming the sole owner of the complex.
- Delivered 51.0k sqm of new high quality office and light-industrial space in Bucharest and Timisoara, increasing the number of our standing properties in Romania to 19.
  - Globalworth Campus – Tower I in Q3-2017 (GLA: 29k sqm).
  - TAP – two facilities Q1/Q3-2017 (GLA: 22k sqm).
- Formed a strong partnership with Groupe Renault through the acquisition of its primary warehouse in Pitesti and the development of its new headquarters in Bucharest.
- Successfully negotiated the take-up or extension of 57.4k sqm of commercial space in our Romanian portfolio in 2017.
- Doubled our commercial standing GLA to c.748.1k sqm.
- Two active class "A" office developments in Romania (70.5k sqm.) at year-end 2017, with three others in the planning phase.
- 747.9k sqm of commercial space let or pre-let in Romania and Poland with a WALL of 5.7 years.
- Average occupancy of commercial standing GLA at 93.3%.
- Diversified tenant base with c.440 national and multinational corporates from 28 countries and 37 different sectors / industries.
- Added 11 new green certified properties to our environmentally friendly portfolio which now comprises 18 properties certified with LEED Gold / BREEAM Very Good or higher certifications.
  - Globalworth Tower; was the first property in the SEE to be awarded LEED Platinum certification.

Please refer to the Glossary pages 165-167 for the definitions used and the Financial Review section (page 30) for further details.

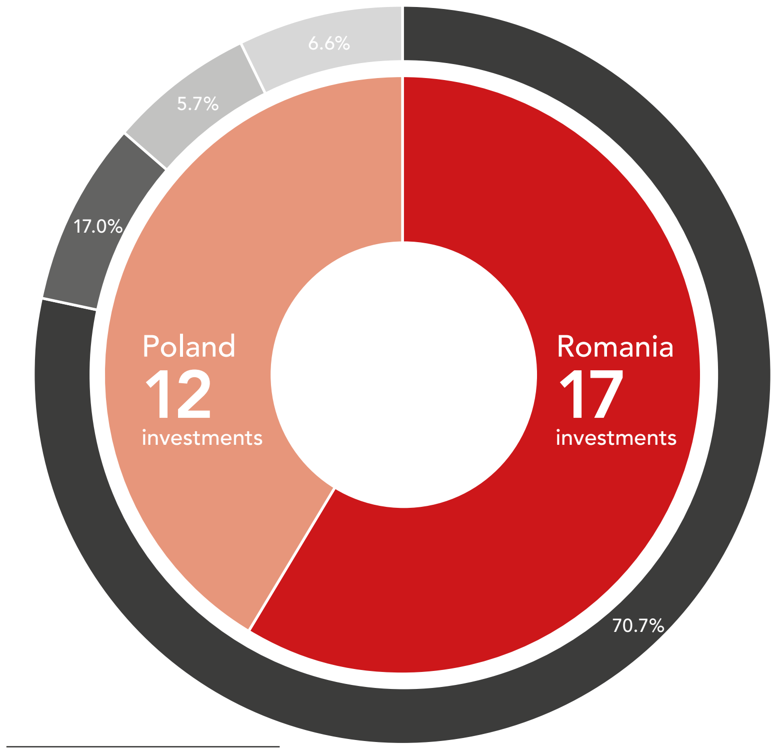
Globalworth focuses on maximising shareholder value from real estate investment opportunities in Romania and Poland, while seeking to provide best-in-class space for tenants

Globalworth is an AIM quoted real estate company (ticker "GWI") operating in the Central and Eastern Europe (CEE) region. We are strategically focused on income generation and value creation primarily through a sizeable portfolio of Class "A" offices in Romania and Poland.

It prioritises modern and environmentally friendly properties in prime locations in the cities in which it invests. These are typically occupied by established, high-quality and mostly multinational tenants.

WHAT WE DO

We acquire, develop and actively manage high-quality office, mixed-use and light-industrial/logistic real estate assets in prime locations in Romania and Poland, through which we benefit from a strong rental income profile from high quality tenants from around the globe.



Sector breakdown

- Office
- Mixed-Use – Office/Retail
- Light-Industrial / Logistics
- Other

29

Total Investments

€1,815m

GAV

39

Standing properties

93.3%

occupancy rate

791k sqm

Standing GLA

OUR SECTORS

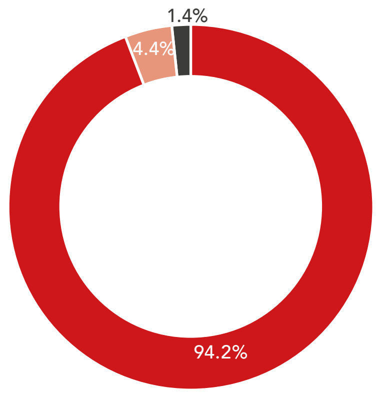
Office:
Our principal focus is on Class "A" offices, standing and developments, located in prime locations within their respective sub-markets, accounting for 70.7% of our combined portfolio by value.

Mixed-Use
Investment in mixed-use modern multifunctional properties, which combine high quality retail and commercial use with Class "A" office space.

Light-Industrial / Logistics
Acquisition and development of high quality light-industrial / logistics properties leased to well-known international tenants on long-term contracts, providing exposure to one of the fastest growing market segments.

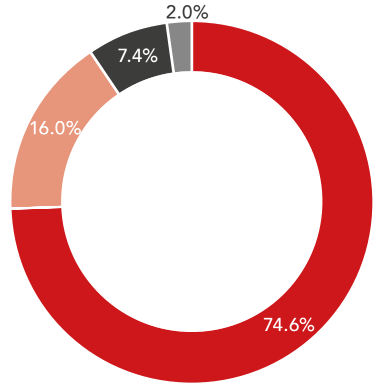
Other
Partial ownership of a residential complex, adjacent and complementary to our office properties in the new CBD of Bucharest, and of land for future development in four locations in Romania.

Portfolio Value by Status



- Standing properties
- Developments
- Land for future development

Contracted Rent by Property Type



- Office
- Mixed-Use
- Light-Industrial / Logistics
- Residential & Other

OUR LOCATIONS

Romania
Romania has been our primary focus since Globalworth's incorporation in 2013, now accounting for 62.5% of our portfolio by value.

Key highlights
- One of the fastest growing economies in Europe with a positive market outlook.
- Real estate market with significant growth potential as demand for high quality real estate space remains strong and yields are high compared to more mature CEE markets.

Poland
Becoming the main destination for Globalworth's expansion in the CEE region following its Q4-2017 investment in GPRE, the pure-play Polish real estate platform which, at year end, owned a portfolio of 12 standing investments with 242.6k sqm of GLA.

Key highlights
- The largest economy and most mature commercial real estate market in the CEE, benefiting from sustained healthy economic conditions.
- Deep investor appetite, resulting in investment volumes at 10-year record levels, with growing focus on regional cities. Ongoing supportive outlook for tenant demand for the right space.

€115.9m

Contracted Rent

OUR TENANTS

We focus on high-quality national and multinational corporate groups and financial institutions with whom we seek to contract long-term, triple net, annually indexed, euro-denominated leases. Our diversified tenant base as of year-end 2017 comprised of c.440 national and multinational corporates from 28 countries and 37 different sectors / industries.

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

Dimitris Raptis
Deputy Chief Executive Officer & Chief Investment Officer

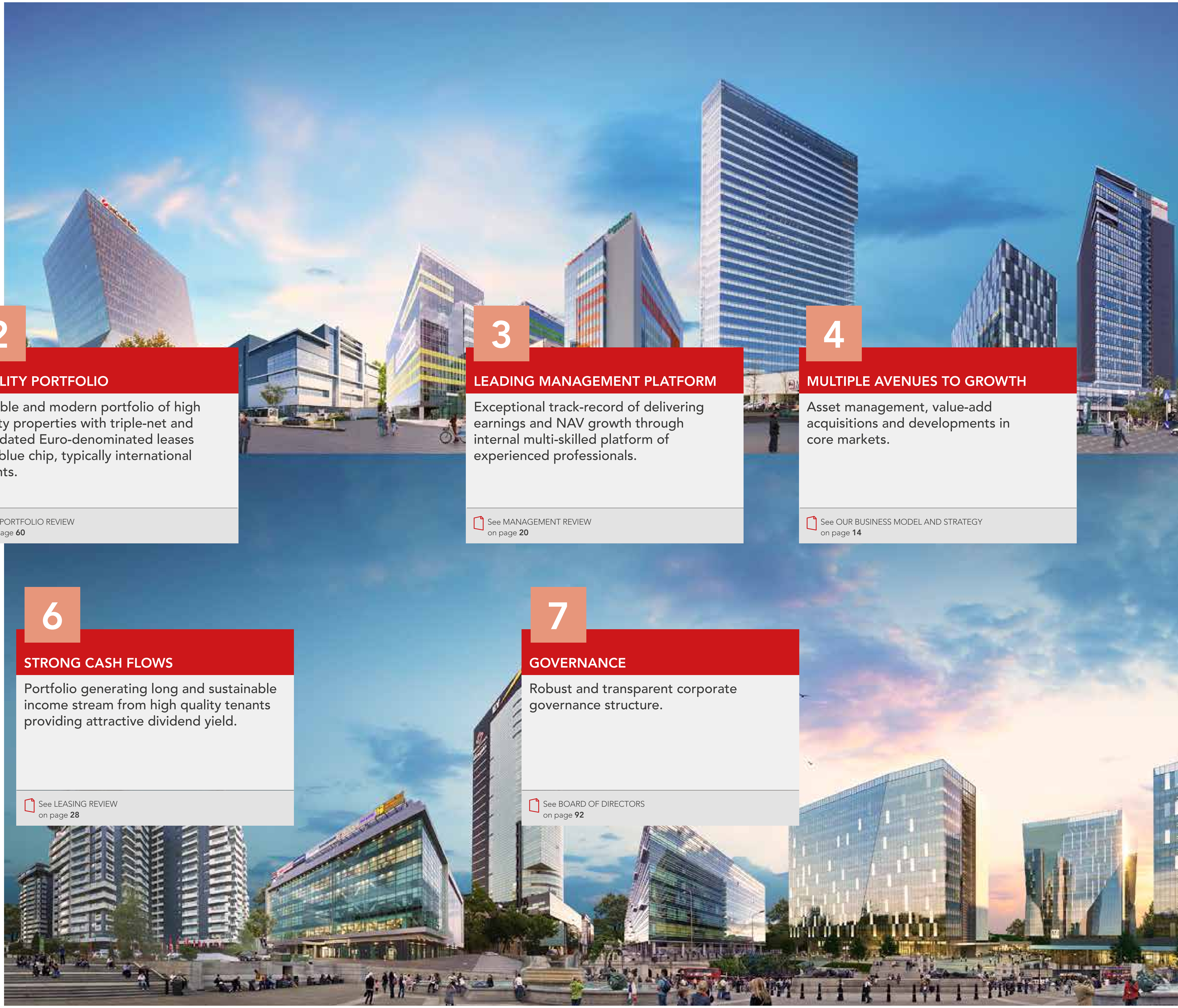
See OUR MARKETS on page 10

ENVIRONMENTAL APPROACH

We focus on properties which are, or have the potential to be, environmentally certified. Currently our portfolio includes 18 green accredited properties, accounting for +55% of standing portfolio value and are in the process of certifying or re-certifying 8 further properties in our portfolio. In addition we are assessing the green certification potential of our larger, non-certified office and mixed-use properties, targeting green accreditations of BREEAM Very Good / LEED Gold or higher, thus aiming to further increase the number of green certified properties in our portfolio over the next 12 months

See CORPORATE SOCIAL RESPONSIBILITY on page 38

PILLARS OF SUCCESS



1 ATTRACTIVE MARKET FUNDAMENTALS

Compelling macro-economic and real estate fundamentals in Romania and Poland.

See OUR MARKETS on page 10

2 QUALITY PORTFOLIO

Sizeable and modern portfolio of high quality properties with triple-net and long dated Euro-denominated leases with blue chip, typically international tenants.

See PORTFOLIO REVIEW on page 60

3 LEADING MANAGEMENT PLATFORM

Exceptional track-record of delivering earnings and NAV growth through internal multi-skilled platform of experienced professionals.

See MANAGEMENT REVIEW on page 20

4 MULTIPLE AVENUES TO GROWTH

Asset management, value-add acquisitions and developments in core markets.

See OUR BUSINESS MODEL AND STRATEGY on page 14

5 CAPITAL DISCIPLINE

Conservative corporate financing policy targeting low leverage and supportive shareholder base.

See FINANCING AND LIQUIDITY REVIEW on page 34

6 STRONG CASH FLOWS

Portfolio generating long and sustainable income stream from high quality tenants providing attractive dividend yield.

See LEASING REVIEW on page 28

7 GOVERNANCE

Robust and transparent corporate governance structure.

See BOARD OF DIRECTORS on page 92

Globalworth's journey so far

Acquisitions | Key corporate events | Completion of developments

2013

FEB 2013
Incorporation of GWI

JUL 2013
Admission to 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 €144million

JUN 2014
Acquisition of GWI Campus site

JUL 2014
Acquisition of TAP

DEC 2014
Acquisition of Gara Herastrau & Luterana lands

2015

MAR 2015
Acquisition of UniCredit HQ and Globalworth Plaza

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 Globalworth Tower

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 Oak Hill

2017

MAR 2017
Delivery of Valeo extension in TAP

MAY 2017
Acquisition of Dacia Warehouse

JUN 2017
€550m Eurobond Issue

JUL 2017
Launch of Renault Bucharest Connected development

AUG 2017
Acquisition of Green Court "C"

OCT 2017
Delivery of Litens facility in TAP

DEC 2017
Equity Capital raise of €340m

DEC 2017
Acquisition of 71.7% of GPRE in Poland

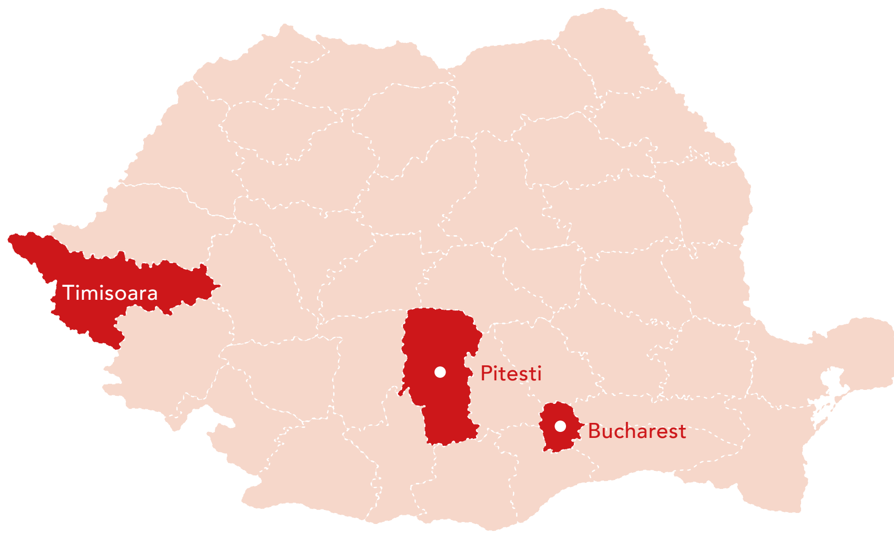
DEC 2017
Acquisition of EPP portfolio through GPRE

Globalworth over the past 4.5 years has assembled a high-quality real estate portfolio in Romania and Poland with a combined value of €1.8 billion.

STRATEGIC REVIEW

Romania: one of Europe's fastest growing economies, continues to positively impact the commercial real estate market

Romania has been Globalworth's primary market of focus, with the Company having invested more than €1.0 billion of capital since its inception, principally targeting Class "A" office properties in Bucharest and high quality light-industrial / logistics properties in prime hubs of the country.



"Significant footprint in Bucharest and in two of the country's primary logistic hubs."

Dynamics

- Strong country performance and macro outlook, positively impacting the real estate sector.
- Expansion of operations from national and multi-national corporates driving the demand for new office space.
- Need for workforce at a time of low unemployment driving demand for high quality space to attract and retain employees.
- Growing supply for office space in the market with a number of projects announced or under construction to be delivered in the short / medium term, however positive net absorption rate and imbalance of Class "A" and Class "B" offices anticipated to maintain occupancy level for top quality developments.

Opportunities

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

Challenges

- Addressing low unemployment rate which may impact economic growth in the future.
- Implementation of new infrastructure to unlock economic potential.
- Increasing construction costs impacting deployment of schemes and investor returns.

Outlook

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

Romania has been one of Europe's strongest performing economies over the past seven years, outpacing the EU's average growth. The country's attractive macro-fundamentals resulted in real GDP rising again in 2017, recording an increase of 8.8% in Q3-2017 and forecast at 7.0% for the year. The economy is expected to continue to expand in the medium term.

In recent years Romania has been a top beneficiary of multinational companies operating and looking to expand or relocate. Companies in the IT&C[1] , BPO[2] and SSC[3] sectors, have benefited from the high quality infrastructure, employee skillset, and low overall operating costs in Romania and these sectors, amongst others, are anticipated to benefit further as a result of Brexit. In addition, other core segments such as the industrial, manufacturing, agriculture and automotive sectors have continued to make progress.

A significant stimulus in the Romanian economy has been the grants and subsidies made available following its EU accession in 2007. The country is currently in the second phase of its funding programme, with c.€43 billion of approved EU funds expected to flow into Romania between 2014 and 2020.

One of the main drivers of economic growth in 2017 was a rise in private consumption due to higher wages in both the public and private sectors. Interest from companies looking to expand or enter the market has led to higher wages (still one of the lowest in the EU), driving the unemployment level to an all-time low in November 2017 (forecast at c.5.0% by year-end).

This low level of unemployment has resulted in the employee landscape becoming more competitive and the space and overall working experience offered by employers becoming increasingly important. Companies are now willing to invest more in the space they occupy to achieve and maintain employee satisfaction and reduce attrition levels.

Positive Impact on Real Estate

Romania's improved visibility on the back of its expanding economy has positively impacted the commercial real estate market. For a third consecutive year, investment activity increased reaching c.€1.0 billion in 2017, with a number of both existing and new international investors entering and/or increasing their exposure to the market.

Prime yields for office and industrial properties were stable in 2017 at 7.25/7.5% and 8.5% respectively, but remain higher than most other prime markets in the CEE region, despite the favourable market conditions, presenting further valuation growth potential.

The positive net absorption rate (where demand exceeds supply) for office space over the past few years, combined with the growing economy, has resulted in a number of new schemes being announced and existing ones being at various stages of development. Supply in the market is expected to increase by 200k to 500k sqm over the next three years, including c.105k sqm to be developed by Globalworth in Bucharest.

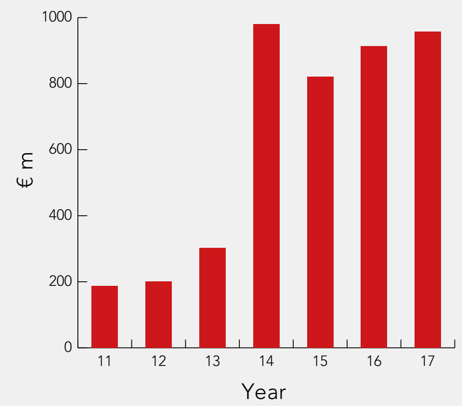
Companies in the IT&C and BPO/SSC sectors have been the main drivers of demand for space, with many multinational corporates expanding their operations in Romania. This trend was reflected by leases signed by Globalworth over the year, with tenants which included Amazon, Stefanini, Wipro and Microsoft.

Class "A" energy-efficient properties, which are easily accessible and combine high quality space with other amenities, are in demand and command low vacancy rates and stable rents. Within our portfolio, Globalworth Tower and the Green Court Complex have occupancy rates in excess of 98.5%, while Amazon's recent selection of the completed Globalworth Campus Tower I to house its operations provides an example of tenant preference for such properties.

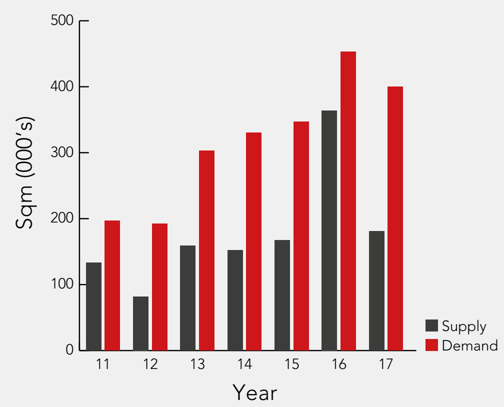
Elsewhere, the light-industrial/warehouse sector was again in demand in 2017, driven by growth in retail consumption and industrial production. Rents for high quality space in prime sub-markets have stabilised with vacancy remaining low, at less than 5.0% at the national level, despite c.500k sqm of new supply being delivered to the market. 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 97.9% occupancy, leading us to purchase additional land for further expansion.

1 IT&C: Information Technology
2 BPO: Business Process Outsourcing
3 SSC: Shared Service Centre

Investment Volume - Romania



Bucharest office demand exceeds supply since 2011



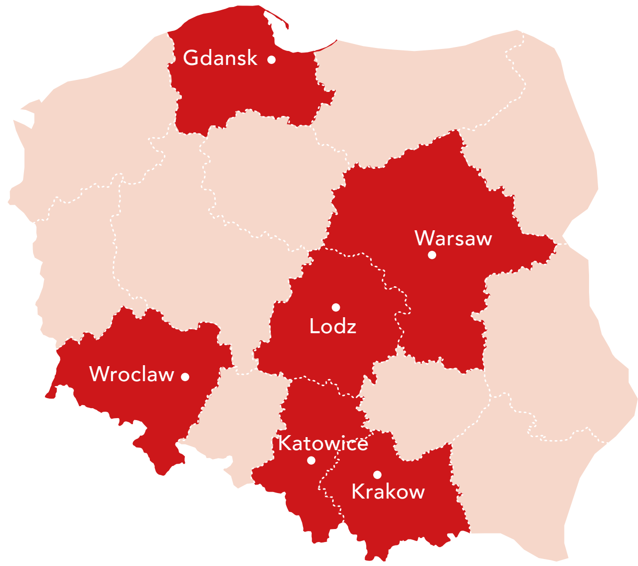
2017 Romania economic performance	Q3-2017	Q4-2017F
Real GDP Growth	8.8%	7.0%
Private consumption growth	7.5%	9.3%
Current account % of GDP	-3.0%	-3.4%
Budget deficit % of GDP	-3.0%	-3.0%
Public debt % of GDP	35.7%	36.3%
Inflation %	3.2%	3.3%
Unemployment %	4.7%	4.9%

Source: National Bank of Romania, Eurostat, National Statistics Institute ("INS"), Company and Colliers.
GDP: Gross Domestic Product

OUR MARKETS
CONTINUED

Poland: the CEE's largest economy supporting the region's most significant and mature commercial real estate market

Globalworth entered the Polish commercial real estate market at the end of 2017, securing a high-quality office and mixed-use portfolio valued at €680.1 million through the acquisition of a controlling shareholding in GPRE.



"Present in six of Poland's largest cities."

Dynamics

- Strong country performance and macro outlook, positively impacting the real estate sector.
- Expansion of operations from national and multi-national corporates driving demand for new office space.
- Growing supply for office space in the Polish market (Warsaw and regional cities) with most of the projects announced or under construction to be delivered in the medium term.
- Need for workforce at a time of low unemployment driving demand for high quality space to attract and retain employees.

Opportunities

- Establishing long-term partnerships with high quality national and multinational tenants ensuring sustainable cash flow generation.
- Leveraging existing relationships with high quality corporates in our Romanian portfolio which are also present in Poland to improve effectiveness of our asset management.
- Investing in new opportunities – developments and standing properties – as the market continues to grow, supported by the expanding economy.
- Contraction of yields which remain above those of other more mature western European markets as the economy expands at a faster comparative pace.

Challenges

- Addressing low unemployment rate which may impact economic growth in the future.
- Effectively managing the real estate portfolio at a time when the majority of new supply is delivered to the market (3-5 years).

Outlook

- Increasing competition between investors and a low interest rate environment driving yield contraction as the economy expands.
- A number of developers rethinking / redesigning their development schemes, altering the end product mix (including the residential, hotel components).
- Demand for high quality properties with good connectivity and which are environmentally friendly (particularly for offices) to remain strong.

Poland became a member of the EU in May 2004, and over the past decade has been one of Europe's strongest performing economies. It is the largest economy in CEE, a position which it maintained in 2017 as the country's real GDP continued to rise, recording an increase of 4.9% in Q3-2017 and forecast at 4.6% for the year.

Similar to Romania, Poland has been a major beneficiary of multinational companies looking to expand or relocate, with a number of financial institutions and companies operating in the Information Technology (IT&C), Business Process Outsourcing (BPO) and Service Centre (SSC) sectors establishing operations in the country to take advantage of Poland's proximity to western Europe, its high quality infrastructure and employee skillset.

Economic growth in 2017 was supported by a favourable labour market and increasing consumer spending, in conjunction with a decreasing savings rate and low interest rate environment. These conditions, together with the positive trade balance, are forecast to sustain growth in the short to medium term.

The impact of the expanding economy can also be witnessed in the performance of the labour market which in 2017, recorded the lowest unemployment rate for the past 26 years. In addition, salaries are estimated to increase by more than 7.0%.

Positive impact on Real Estate

Poland is the largest and most mature commercial real estate market in the CEE, and its strong and expanding economy has positively impacted the commercial real estate market, with investment activity exceeding €5.0 billion in 2017, the highest since its peak in 2006.

Investment volumes have been increasing over the past several years, and 2017's activity represented an annual rise of c.10%, with international investors being the most active in the market.

The retail and office sectors have been the principal beneficiaries of this investment, with significant interest in logistics and hotel properties.

The depth and diversity of the Polish market is a unique feature in the CEE region, with interest in sizeable regional cities competing with the capital, Warsaw. Prime yields for all asset classes continued to contract in 2017, with prime yields for office and retail properties in Warsaw at 5.0/5.2% and 5.0% respectively at year end but still more than 200 basis points higher than in Western Europe. Office yields in prime secondary cities are wider by up to 100 basis points, depending on the individual city.

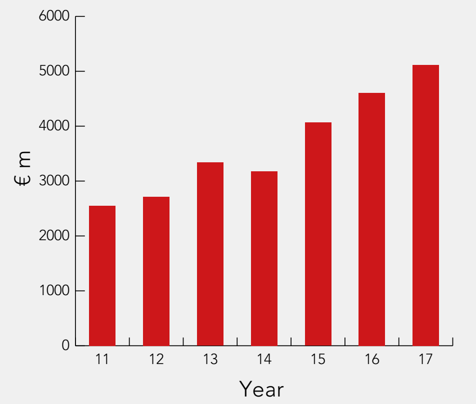
Companies in the IT&C, BPO and SSC and financial sectors have been the main drivers of demand for space, with a number of multinational corporates consolidating their positions and expanding their operations in the country. This trend is reflected in the type of tenants in our portfolio, which include Infosys, Nokia, HP and Intel.

Increased consumer spending has also benefited the retail sector and this is apparent in the retail component of our portfolio, where occupancy stands at c.94.3%.

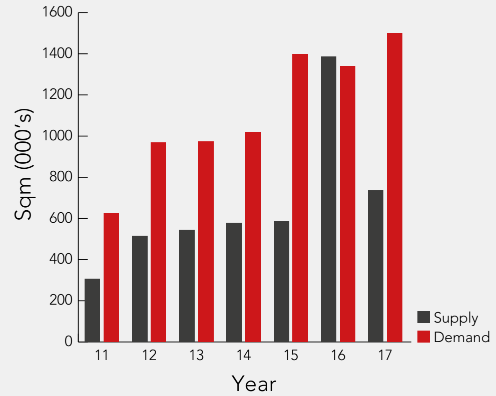
Demand for Class "A" energy-efficient properties, which are easily accessible by public and private transport, are in firm demand and command low vacancy rates and stable rents. We have nine properties in our portfolio which meet these criteria (including properties being re-certified), with occupancy rates in excess of 95.8% (excluding Master lease).

Strong demand for office space, combined with ongoing investor interest in recent years and a growing economy, has resulted in a number of projects being announced or under construction in Poland, with more than 1.8 million square metres expected to be developed in the next four to five years. Key to the sustainability of existing and new schemes is the quality of space to be delivered and its accessibility. This has been demonstrated of late, with high quality tenants electing to take up space in non-typical office locations if the above criteria are met. An example of this is our A4 Business Park in Katowice, which has attracted multinational tenants such as IBM, PKP Cargo and Rockwell for the quality of the development and its easy access, despite not being in one of city's traditional office hubs.

Investment Volume - Poland



Healthy demand for office space Poland since 2011



2017 Polish economic performance	Q3-2017	Q4-2017F
Real GDP Growth	4.9%	4.6%
Private consumption growth	4.8%	4.8%
Current account % of GDP	0.1%	0.1%
Budget deficit % of GDP	0.7% (surplus)	1.7%
Public debt % of GDP	52.0%	54.1%
Inflation %	1.6%	1.6%
Unemployment %	6.8%	6.6%

Source: Eurostat, Central Statistics Office, Company and Colliers
GDP: Gross Domestic Product

A 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 Platform

- Internal, multi-skilled platform of experienced professionals.
- Proven track record.
- Local presence, with scale in core markets.

High Quality Portfolio and Asset Management Capabilities

- Sizeable and modern portfolio in prime locations.
- Diverse and international tenant base.
- High occupancy rate, also supported by rental guarantees on select properties in Poland.
- Turnkey solutions and fit-out services.

Financial Strength

- Focus on conservative financing and cash flow generation.
- Simplified debt structure with limited number of financing providers.
- Euro-denominated assets, liabilities and revenues.
- Transparency and strong corporate governance.

Growth Drivers

- Identified pipeline of value-add investments in Romania and Poland.
- High-quality developments.
- Active management of our portfolio and operations.
- Positive market outlook.

OUR STRATEGY

Region

- Targeting fast growing markets.
- Focused on two countries in Central & Eastern Europe; specifically Poland and Romania.
- Deep market knowledge with country headquarters in Bucharest and Warsaw.

See STRATEGY IN ACTION on page 16

Sector

- Primarily focused on the office sector, followed by the mixed use (office and retail) and light-industrial/logistics sectors.
- Active management of real estate properties to maximize returns.
- High-quality national and multinational corporates with existing presence or interested to expand in our markets of operation.

Properties

- Favouring modern class "A" offices, with secondary focus on high-quality mix-use (office and retail) and light-industrial/logistics properties, located in prime locations within their respective sub-markets.
- Holistic focus across the value chain;
  - Investment in standing properties offering appreciation and re-positioning potential.
  - Development of new high-quality properties.
  - Active management of existing portfolio.
- Ability to execute complex transactions.

Tenants and lease terms

- Diversity of tenant base comprising of c.440 national and multinational corporates and financial institutions from 28 countries and 37 different sectors / industries.
- Focus on quality revenue streams, backed by long-term, euro-denominated triple net, inflation linked leases.

See STRATEGY IN ACTION on page 16

RESULTS

- Attractive, risk-adjusted returns, through yield and capital appreciation.
- Targeting a sustainable and progressive dividend pay-out.
- Judicious use of debt and equity capital to facilitate further growth.

NAV

€1,068.9m

2017	€1,068.9m
2016	€715.4m
2015	€499.7m

EPRA NAV

€1,171.5m

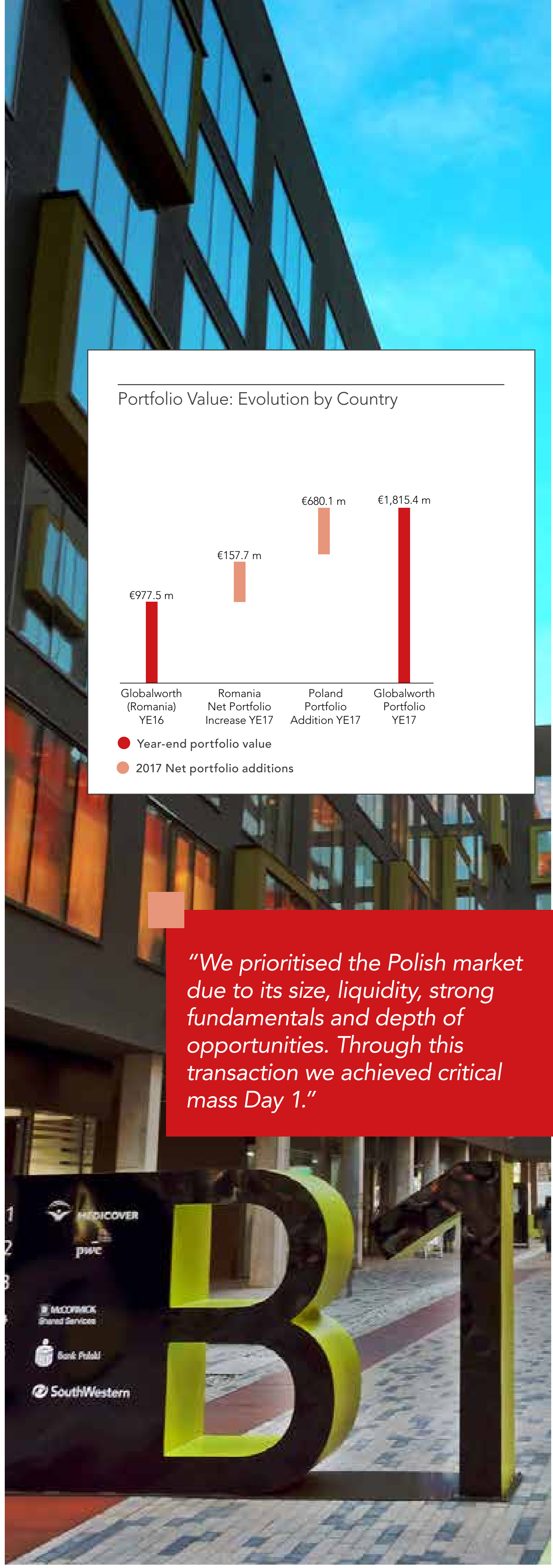
2017	€1,171.5m
2016	€783.8m
2015	€568.3m

Normalised EBITDA

€41.2m

2017	€41.2m
2016	€36.3m
2015	€22.4m

Expansion to Poland



Our significant expansion into Poland, the largest market in Central and Eastern Europe, is a pivotal development in Globalworth's strategy to establish itself as the CEE region's leading office investor.

Local platform poised for growth

Globalworth's execution of its strategic expansion into Poland through the acquisition of a 71.7% shareholding in Griffin Premium RE.. N.V. (GPRE) offers immediate scale and critical mass through an efficient and local platform achieving an appealing footprint in Warsaw and the key regional cities. GPRE is a Warsaw-listed, pure-play office and mixed used real estate platform which, as at 31 December 2017, has a standing portfolio in Poland with a valuation of €680.1 million and a gross lettable area of 242.6k sqm, managed through a team of 32 employees. With considerable overlap in investment philosophy and culture, this presents an exciting opportunity for growth and future consolidation by Globalworth in the largest economy and real estate market in the CEE region. Both Globalworth's CEO and Deputy CEO & CIO are now represented on the Board of GPRE, and areas of common expertise, for example in tenant relationships and technical know-how, are being leveraged.

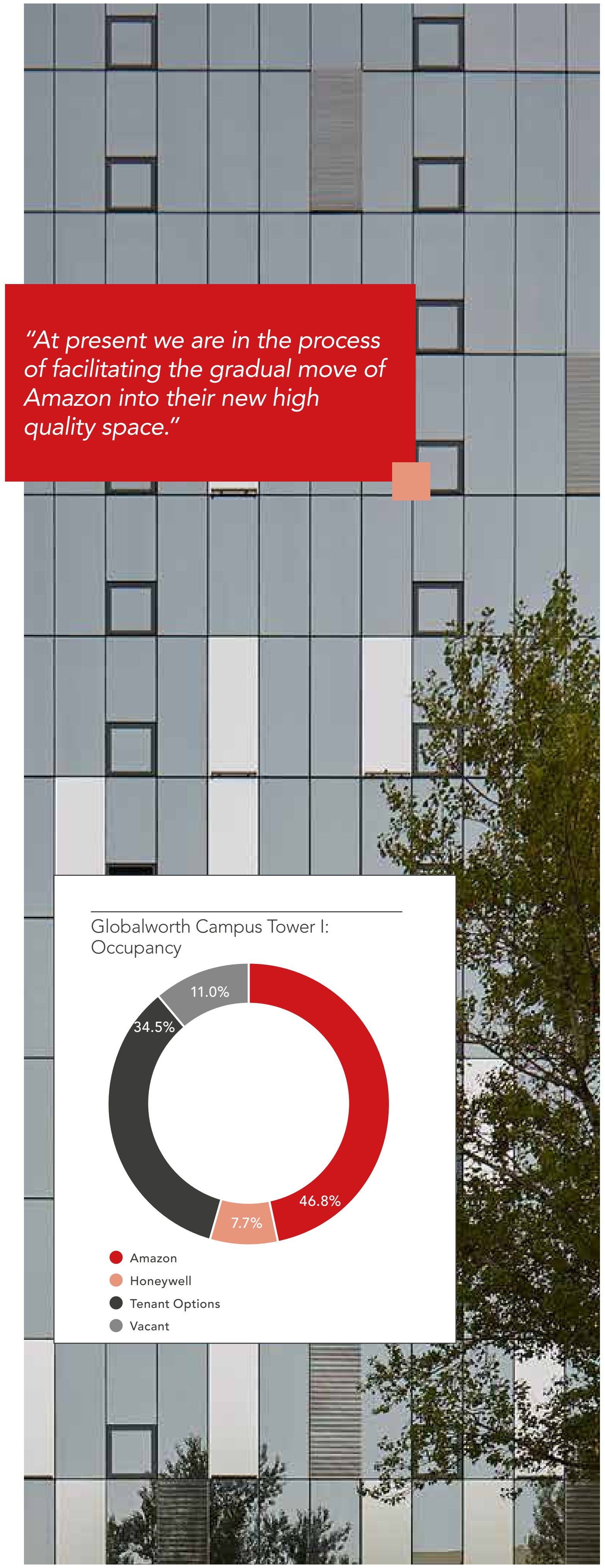
Successful execution of a complex corporate transaction

The execution of this transaction, completed in December 2017, demonstrates Globalworth's ability to unlock attractive opportunities in an otherwise competitive investment market. Having been established in 2016 and listed in April 2017, GPRE's share price had been underperforming for reasons, in the Company's view, that were entirely capital markets related and not fundamental to GPRE's real estate or operating capability. As a consequence of the desire for GPRE's largest shareholder to exit their remaining position, having initially sold at IPO, Globalworth launched and successfully completed a tender offer for between 50.01% and 67.90% of the issued share capital, at a price that represented a discount of approximately 20% to the Company's last reported EPRA NAV per share. A further off-market purchase subsequently increased this to 71.7%. The strategic appeal of this transaction has therefore been complemented with a compelling entry price, below the appraisal value of the properties and with no value ascribed to the competent operating platform, which offers considerable future optionality. GPRE will soon be rebranded to Globalworth Poland, and subject to shareholder approval, will be renamed Globalworth Poland Real Estate N.V.

Portfolio Value: Evolution by Country

"We prioritised the Polish market due to its size, liquidity, strong fundamentals and depth of opportunities. Through this transaction we achieved critical mass Day 1."

Globalworth Campus



"At present we are in the process of facilitating the gradual move of Amazon into their new high quality space."

Globalworth Campus is another project which showcases all of the Company's capabilities, and specifically its in-house capacity to develop high-end space for top quality tenants.

With Globalworth Campus we wanted to develop a large scale campus-style project which would blend three class "A" offices with retail / commercial space and other amenities, spanning over 92k sqm and creating an environment where businesses can flourish.

During the implementation of this project, the Company was involved in all principal activities including the acquisition of the site, the design and permitting process, project management and leasing.

Key to the success of this type of project is its location and accessibility. In our view, the selected site more than meets these criteria as it is located adjacent to the main metro station in the New CBD of Bucharest, providing easy access through both public and private transport.

Globalworth Campus' offices combine high technical and environmentally-friendly specifications (BREEAM pre-certified), to be complemented by retail / commercial space, a conference centre, extensive green areas, a unique running track, bicycle racks, electric vehicle charging stations and other features promoting a healthy lifestyle. In short, not just a professional working environment but also one in which people can enjoy spending time.

Tower I was completed in Q3-2017 and we are delighted to have been able to partner with Amazon, which will become the largest tenant in the development. Amazon, the largest internet retailer in the world, has been seeking to identify suitable premises to house its operations in Bucharest.

The high quality features of Globalworth Campus, both existing and under construction, and the overall commercial approach of our in-house team, have resulted in Amazon agreeing to a long-term partnership with Globalworth on this project, with an option to extend its premises in the future.

Globalworth Campus Tower I: Occupancy

2017 was a truly transformational year for our Company, as demonstrated by a number of significant landmark achievements in investment and capital markets

Ioannis Papalekas
Chief Executive Officer

Our leading portfolio in Romania continued to strengthen and is now complemented by our strategic expansion in Poland, providing us with exposure to a portfolio in excess of €1.8 billion and approximately 791k sqm of leasable area, in the two largest markets in the CEE region. Beyond this, we have an exciting pipeline of new investment and development opportunities.

Highlights of the year

Strategically, 2017 was marked by our expansion into Poland, via the acquisition of a 71.7% shareholding in GPRE, a Polish real estate platform with a portfolio valued at 31 December 2017 at €680.1 million, and which we are now taking steps to rebrand as Globalworth Poland. We are delighted to be working with such a strong team, and to have achieved immediate, local critical mass in this market. This is an important step to us becoming the leading landlord in Central and Eastern Europe, with a dominant presence in two of the most significant markets, Poland and Romania.

Besides our geographic expansion, we are pleased to report on the good ongoing progress in Romania. Our portfolio has been complemented, amongst others, by the first of three buildings comprising Globalworth Campus and we were delighted to welcome Amazon as our largest tenant, which we see as testament to the quality of our product. Overall, the commercial occupancy of our portfolio at year end stood at 93.3%, and against a backdrop of ongoing healthy tenant demand, we are taking steps to initiate our next phase of developments, delivering more than 100k sqm of prime office space in Bucharest and Warsaw, as well as more than 150k sqm of light-industrial / logistics space in Timisoara.

Over the course of 2017 Globalworth has raised €890 million of capital from both the equity and debt capital markets, which included the listing of our debut Eurobond on the Bucharest and Dublin exchanges.

Market conditions

We are strategically positioned to benefit from geographic exposure to the two most significant economies in Central and Eastern Europe, Poland and Romania, which are both enjoying economic growth far ahead of the wider European region. 2017 real GDP growth in both Romanian and Poland is forecast to have significantly outperformed the European Union average, and is estimated to continue to do so over the next two years. In addition, both principal focus markets exhibit similar characteristics, benefiting from low public debt to GDP ratios, increasing disposable incomes and private consumption, low levels of unemployment rates and healthy inflation rates.

This strong economic backdrop is supportive for the real estate markets, alongside the structural expansion of many multi-national tenants which continue to be attracted to the region by a young, educated and ambitious labour force, as they expand their operations in the region. This is a key driver of demand for the office and industrial real estate sectors on which we focus. In turn investor interest has been increasing. In our view however there is still room for further yield contraction, supported by continued economic expansion and while property yields remain higher than those of more mature real estate markets.

Portfolio

In 2017, Globalworth invested approximately €694.4 million, primarily through the expansion into Poland, but also further acquisitions in Romania and our ongoing development progress to bring to market high quality new space. Our focus on buying well and unlocking value was evident at the compelling valuation we acquired the controlling interest in GPRE, at 20% below the reported EPRA NAV per share at 30 September 2017, and by far better than the level we could replicate in the direct market, not least given the inherent potential within the operating platform established. We also completed three developments over the period, and remain on-site on a further two. Today our footprint is 791.0k sqm, of which 548.4k[1] sqm is high quality office space, and a total combined portfolio size in excess of €1.8 billion. By value, this is 85.7% higher than the comparable period last year, principally due to the investments in Poland. In Romania, our leasing team recorded excellent progress with the lease-up of 57.4k sqm over the year in Romania and, combined with acquisitions, our contracted rent roll has increased by €21.9 million, up 45.1%, and now combined with Poland stands at €115.9 million.

Our commercial occupancy rate at December 2017 was 93.3% (2016: 83.1%). Reflecting the strong progress we have made to date, but also in light of the further opportunities ahead, in December 2017 we communicated our intentions to make further acquisitions and initiate the next phase of developments, in both Romania and Poland.

Financial performance

We are pleased with the ongoing progress in our financial performance, as we lay down strong foundations for the future through growth in contracted rent and enhancements to our debt structure. It is also important to note the significance of our Polish investment which, in accordance with accounting rules, we now consolidate 100% of the activities of GPRE, offset by a minority interest for the 28.3% we do not own. From December 2017, this is fully consolidated on Globalworth's balance sheet, albeit that the earnings and cash flow statements only recognise the impact from 6 December 2017. The attractive acquisition price paid by Globalworth for the 71.7% shareholding, which reflected a discount to the underlying net asset value resulted in a one-off bargain purchase gain of €25.7 million recognised in our 2017 profit. Notwithstanding this, our key financial metrics are as follows.

- Total revenue generated by our portfolio increased to €77.9 million, 14.1% higher than the previous year.
- Normalised EBITDA increased to €41.2 million (€36.3 million in 2016).
- EPRA NAV rose by 49.5% to €1.17 billion (€783.8 million in 2016, which on a per share basis is €8.84 (€8.57 in 2016). Shareholders' Equity rose to €1.1 billion (€0.7 billion in 2016).
- Net LTV was 34.3% (20.7% in 2016).

Capital structure

Globalworth raised €890.0 million of capital in 2017, which is testimony to the compelling investment proposition the Company offers. We were delighted to list our inaugural Eurobond on the Bucharest and Irish stock exchanges in June 2017, having raised €550.0 million of new debt, with an investment rating of BB+ from S&P and Ba2 from Moody's, the performance of which has been noteworthy since launch. In December 2017, following a successful investor engagement program, we raised €340 million through a non-pre-emptive equity placing. In addition to receiving good support from our existing shareholders, we were delighted to welcome a number of new shareholders to Globalworth and also to see improved liquidity in our shares in recent months. The investors in both the debt and equity issues we conducted, which included the European Bank of Reconstruction and Development (EBRD), were of notable quality. This new capital has enabled us to unlock new investment opportunities, and will continue to do so, as well as reduce our overall cost of capital and diversify our sources of that capital.

Dividend

In July 2017, Globalworth paid its first interim dividend of €0.22 per share, with a second interim dividend for 2017 paid in January 2018. Reflecting the ongoing growth in underlying operations and in particular the growth in future contracted rent roll, the Company has been pleased to provide guidance for 2018, with the intention of paying an interim dividend in August 2018 of no less than €0.27 per share and a second interim dividend in January 2019 of no less than €0.27 per share, or in aggregate no less than €0.54 per share in respect of the 2018 financial year.

Environmental, corporate and social responsibility

At Globalworth, we are serious proponents of the importance and benefits of maintaining high environmental and sustainable standards and acting with the highest standards or ethical behaviour. We pride ourselves on delivering best-in-class real estate to our tenants. Today, we are pleased to announce that in Romania 10 of our 12 standing offices are green certified with LEED Gold or BREEAM Very Good or higher accreditation. Overall in our portfolio we have 18 properties which are green certified, representing over 55% of our standing portfolio value, and we will be adding new properties to our environmentally friendly portfolio in the next 12 months. As a Company, we are also proud to be able to give back to the community and once again in 2017 we were pleased to have been able to actively support existing and new worthy causes.

Team

I would once again like to thank the team at Globalworth for their dedication, expertise and enthusiasm, without which our continued growth would not be possible. As our staff of 75 professionals continue to grow, and now following our close collaboration with the GPRE team in Poland, we will focus on attracting, developing and supporting talent in an efficient and open environment that will support our business needs into the future.

Priorities for 2018 and beyond

Our strategy adopts a total return philosophy for our shareholders, targeting the delivery of a sustainable and progressive dividend, as well as net asset value growth. We seek to do this through well-executed acquisitions, value creating developments and ongoing asset and property management to maintain the highest quality portfolio. We are pleased with how our strategy has evolved alongside our growth and the dynamic market conditions. We focus on being innovative, for example we have been proactively exploring the trends in co-working and flexible office space and the next generation of tenant needs.

We have started 2018 with confidence, knowing our business is well positioned and recognising that the market opportunity, notwithstanding global uncertainties, continues to offer a good backdrop for growth. Our priorities are to expand our footprint through value-enhancing acquisitions and developments, further improve our occupancy rate while enhancing our tenant experience and satisfaction, whilst maintaining capital discipline and a prudent capital structure as we seek to maximise returns for our shareholders.

We are committed to our goal of being the leading office investor in the CEE region through our investments in Romania and Poland, and to be the partner of choice for the wide variety of high-quality tenants active or seeking to become established in the region.

Ioannis Papalekas
Chief Executive Officer
7 March 2018

1 Including the proportion of office in mixed-use properties

Expansion in Poland and focusing on the two largest markets in CEE, while benefiting from a strong balance sheet, is the next step in the evolution of Globalworth

Dimitris Raptis
Deputy Chief Executive Officer,
Chief Investment Officer

2017 was a very busy year for Globalworth, with our efforts focused on reinforcing our position as the dominant office investor in Romania, expanding our footprint in Poland, and further strengthening the fundamentals of our business.

Over the course of the year, Globalworth successfully completed several newsworthy transactions including two sizeable capital market issues, raising €890.0 million in total, the acquisition of a majority stake in the Warsaw-listed GPRE, and the subsequent acquisition of a portfolio of class "A" properties in Poland.

In Romania, we continued to strengthen our presence in our primary operating market through selective acquisitions, making progress with our development program, and actively managing our portfolio. In addition, we took further steps to optimise the way in which the Company operates, a process which will intensify as we increasingly collaborate with the team at GPRE.

Expansion in Poland

As part of its ongoing effort to become a reference provider of high quality office space in the CEE region, Globalworth launched a public tender offer in October 2017 for the acquisition of a minimum of 50.01% and up to 67.90% of the issued share capital of GPRE.

GPRE is a pure-play Polish real estate platform which, at the time of the offer, owned a portfolio of high quality office and mixed-use investments located in Warsaw and five other key regional cities in Poland. Its portfolio comprised six office and three mixed-use (office and retail) investments, offering 171k sqm of GLA with an aggregate value of €509.2 million (as at 30 September 2017). GPRE had also secured an attractive investment pipeline, including a forward funding agreement for a class "A" office in Wroclaw/Poland (under construction) and a 25% interest in three class "A" offices in Warsaw (at various stages of development), for which GPRE has an option to acquire the remaining 75% stake on completion.

Through GPRE, the Company also contracted to acquire a further three high quality office properties in Wroclaw, Gdansk and Katowice from Echo Polska Properties ("EPP") for an aggregate purchase price of €160 million. The acquisition of the EPP portfolio was, amongst other things, conditional on Globalworth completing the GPRE transaction.

Globalworth successfully acquired an initial 67.9% stake in GPRE at the end of November, and an additional 3.8% in December, raising its total stake in GPRE to 71.7%. In total, the Company invested €145.7 million for the acquisition of 111.9 million shares in GPRE, at a 20% discount to its EPRA NAV per share as at 30 September 2017.

At 31 December 2017, GPRE held a portfolio of standing properties with 242.6k sqm of GLA, valued at €680.1 million.

Investments in Romania

In 2017, Globalworth continued to acquire and develop high quality real estate properties in Romania while maintaining its commitment to owning a modern and environmentally friendly portfolio.

During the year we completed the acquisition of two standing properties, which not only meet our standalone investment criteria but are also of strategic importance to the Company.

Through the acquisition of Green Court Building "C", Globalworth added the third and last class "A" office building within the award-winning Green Court development in the New CBD of Bucharest, thus controlling 100% of the 54.3k sqm of the complex.

Elsewhere, through the acquisition of the Dacia Warehouse (Groupe Renault) and the subsequent partnership with the Elgan Group for the development of Groupe Renault's new headquarters in Bucharest, Globalworth has formed a strong and long-term partnership with one of Romania's largest corporates.

Globalworth's very active development programme continued in 2017, with our main targets being delivering Tower I of the Globalworth Campus project in Bucharest to market and, within our TAP park, completing the expansion of Valeo Lighting's light-industrial facility and a new, light-industrial facility leased to Litens. We are very pleased to have met these targets and to have added 51.0k sqm of GLA of new high quality office and light-industrial space to our portfolio, which was developed by the Company.

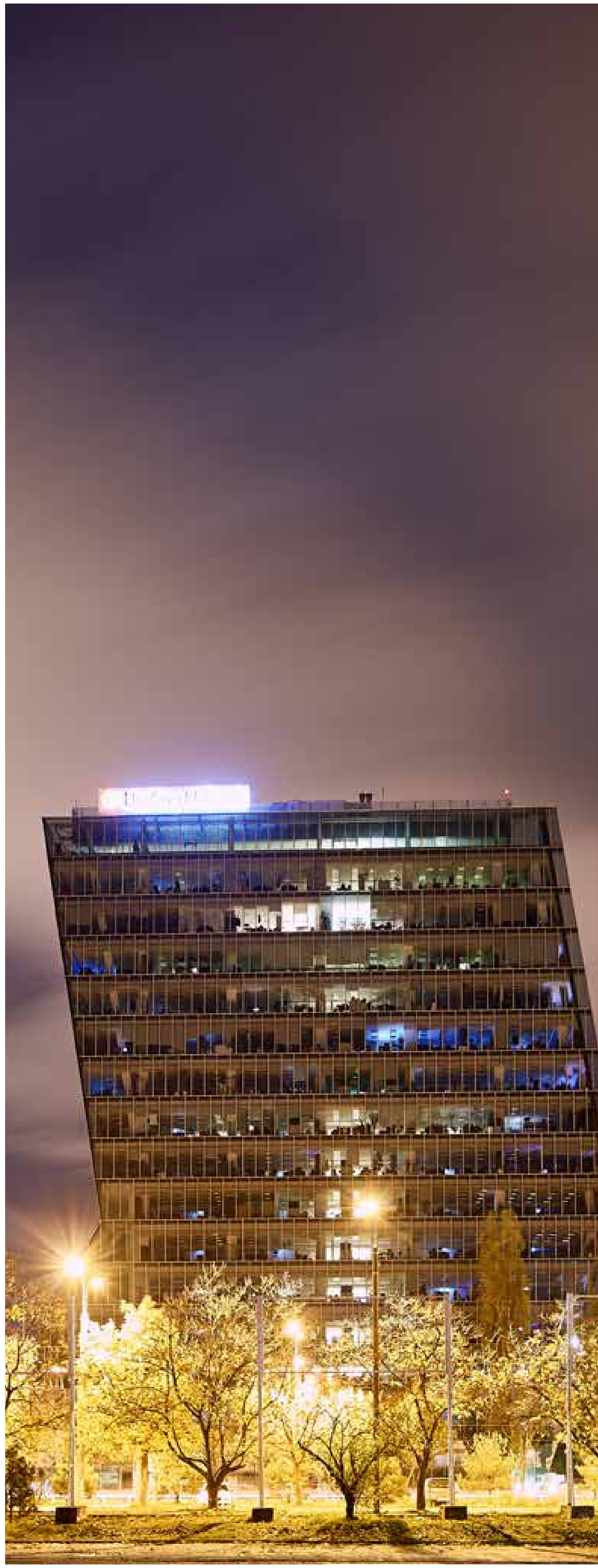
Since we acquired TAP in July 2014, we have progressively developed the park by adding four new light-industrial / logistics facilities with a total of c.76.0k sqm of GLA, increasing its total size to c.103.4k sqm. Encouraged by tenant interest for high quality space in the area, we have acquired an additional 30 hectares of land that we will be looking to develop in the future.

In addition, we currently have 70.5k sqm of office space under construction in two projects which we expect to complete in Q1-2018 and Q1-2019 respectively.

As part of our ongoing efforts to maintain and improve the marketability of the Globalworth portfolio, we have continued to implement our renovation and maintenance programme at selected standing properties. Over the course of the year, improvement works were carried out at six standing properties, with works on a further two scheduled to start in 2018. We are pleased to observe that the results of our efforts have been visible at properties such as Globalworth Plaza and City Offices, where occupancy improved materially in 2017 and where we are in active discussions with a number of tenants for the take-up of remaining available space.

We delivered our projects, including renovations and maintenance, to plan in 2017. We were able to respect scheduled delivery dates and budgets and we remain on track for projects still under construction.

Unicredit HQ



MANAGEMENT REVIEW
CONTINUED

Completing our real estate activities on time and within budget is a vital part of our business, and our ability to do so reflects on 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.

Optimising Capital Efficiency

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

Over the course of the year we completed two sizeable debt and equity transactions, raising in total c.€890 million. This allowed us to simplify our capital structure and de-risk our balance sheet, while providing us with funds to facilitate further investment in our development projects and new pipeline opportunities, and thus the growth of the Company.

Debt Transactions

In June 2017, Globalworth successfully completed a €550 million Eurobond raise with a fixed interest rate of 2.875%. Through this transaction, Globalworth refinanced all but one of its existing facilities at improved terms, reducing the weighted average interest rate on debt financing at group level from 5.25% at 31 December 2016 to 2.62% at 31 December 2017.

We were delighted by the very positive response that this transaction received from both national and international investors, resulting in the offering being more than two times oversubscribed and, considering that this was the first time we had issued such an instrument, representing a great achievement for the Company.

Following our investment in GPRE, our consolidated weighted average interest rate on debt financing has further reduced to 2.62%, with our consolidated gross LTV remaining at moderate level of 49.5% (Net LTV of 34.3%).

Additionally, in 2017 Globalworth set up a €30 million revolver facility secured against one of its properties, which to-date has not been used.

Equity Transactions

In December 2017, we completed a €340 million new equity capital raise at a share price of €8.75 per share, subscribed to by both existing and new investors.

The transaction follows on from the successful €200 million equity capital raise undertaken in December 2016, which resulted in Growthpoint Properties, South Africa's leading REIT, becoming the largest shareholder in the Company.

Active Asset Management to maintain a high occupancy rate and high quality long-term leases

The ability to achieve high occupancy rates remains one of the Company's key strengths. In 2017, we once again performed strongly in the Romanian market, successfully negotiating the take-up or extension of 57.4k sqm of commercial GLA, increasing our overall total since 2014 to c.295.5k sqm. This confirmed the Company's position as one of the most successful investors and developers in the Romanian real estate market and the wider CEE region.

New commercial leases signed in 2017 included some of Romania's best-known national and multinational corporates, such as Amazon, Stefanini, Wipro and Microsoft and were signed at a WALL of c.8.0 years, in line with the Company's strategy of agreeing long-term lease contracts.

We are pleased to see demand for office space increasing as the performance of existing tenants continues to improve and new corporates enter or expand in the market. This was reflected in last year's take-up, with the majority of our new leases being agreed with tenants taking space in our properties for the first time, demonstrating the quality of our portfolio and the capability of our leasing team. In addition, a number of new leases include expansion options, an indication of the positive market environment in Romania and of the intention of these corporates to grow their businesses.

Our expansion in Poland through GPRE has further enhanced our tenant base by adding new corporates to our list of partners. This list now includes corporates who are already tenants of ours in Romania, an important feature for the overall effective asset management of the portfolio.

At 31 December 2017, the average occupancy rate of the standing commercial portfolio was c.93.3% (95.4% including tenant options). Overall, at year end we had 747.9k sqm of commercial space let or pre-let at a WALL of c.5.7 years.

The portfolio is occupied by a diversified, high quality mix of tenants, comprising some 440 national and multinational corporates from more than 28 different countries.

Investment in environmentally friendly properties

Globalworth maintained its commitment to having a modern portfolio of high quality and environmentally friendly real estate properties, with the Company adding 3 green certified properties in Romania and 7 in Poland through its investment in GPRE in 2017. In Q1-2018 one additional property was green certified in Poland.

We our particularly proud that our landmark class "A" Globalworth Tower office in Bucharest was officially awarded the Green certification of LEED Platinum, becoming the first building in Romania and the broader SEE region to have received the highest available Green accreditation.

Currently, 18 standing properties have received green accreditations of BREEAM Very Good / LEED Gold or higher. Green certified properties accounted for 57.3% of our standing portfolio value and we are currently assessing the green certification potential of our larger, non-certified office and mixed-use properties, targeting certification levels similar to the ones already obtained. We have already begun the green certification or re-certification process for 8 of our properties and are confident that we will adding them to our green certified portfolio in the coming few months.

High quality team of professionals and improved infrastructure

Over a relatively short period of time, Globalworth has established a portfolio with current standing GLA of 791.0k sqm and has further developments in progress in Romania and Poland.

Having the right team of professionals to properly manage our existing properties, as well as to facilitate growth, is key to the success of our business. In 2017, we continued to invest for the future through selected hires in our core and support teams, as well as in technology which will allow us to operate more efficiently and effectively.

At year end 2017, the Globalworth team comprised 75 professionals, the majority being located in Bucharest. Our local presence in our core Romanian market has allowed us to build a broad network of relationships over the years with owners, occupiers, property specialists and community representatives, as well as domestic and international investors and capital providers.

Similar to Globalworth, GPRE has a team of 32 high quality professionals in Poland, which we will seek to help complement in the future as operations grow there.

We believe that forming strong relationships with our partners and having a thorough local knowledge of the market gives us an advantage in identifying and investing in opportunities as and when they become available, either publicly or off-market. In addition, it allows us to identify and respond quickly to our partners' needs and closely monitor any changes in trends or the overall market, which are key components for the future of our business.

Next Steps

Management will continue to work intensively to source new opportunities and facilitate further growth for the Company in both Romania and Poland, aiming to fulfil our strategic goal of becoming the reference office investor and landlord in the CEE region.

We also aim to streamline our operations in and between the two countries in which we operate in order to improve the way we do business.

We look forward to an exciting year in 2018.

Dimitris Raptis
Deputy Chief Executive Officer, Chief Investment Officer
7 March 2018

CASE STUDY

Globalworth Shareholders & Investor Engagement

As Globalworth continues building scale at both the portfolio and balance sheet level, the increasing international awareness of the Company's commercial activities and with a growing institutional investor base, investor relations and managing the Company's external perception have become an important focus. In this respect, Globalworth was pleased to strengthen its capability with the appointment of a Director of Marketing and Communications and a Head of Investor Relations & Corporate Development in 2017.

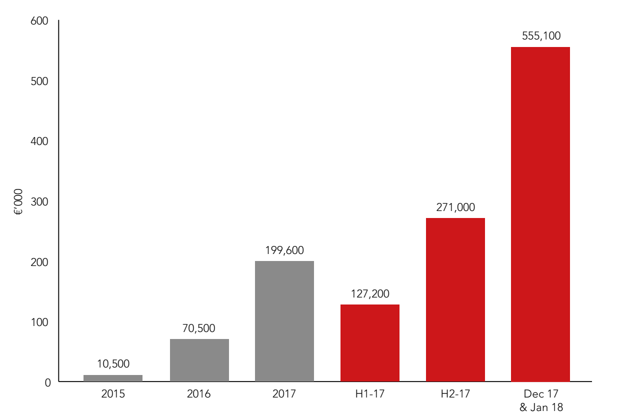
Globalworth is now actively enhancing its investor engagement program and will seek to be present at more capital markets industry conferences, engage in more investor outreach, both abroad and through welcoming investors to visit its properties in Romania and Poland. During Q4-2017 alone, in excess of 75 investor meetings were held. The Company believes that through these steps, market knowledge and awareness of the Globalworth proposition will continue to grow further, which in turn is beneficial for the Company's share price rating and market liquidity.

Our initiatives have been reflected in the strong share price appreciation in 2017 and the ongoing improvement in market liquidity.

Share Price Performance (€ / share)

1 FTSE EPRA/NAREIT Europe Index rebased to GWI share price

Average Daily Share Trading Volume €



Source: Bloomberg

CASE STUDY

Equity Fundraising

In December 2017, following the successful completion of its strategic investment in GPRE, which was funded from existing cash resources, Globalworth issued further equity via a non-pre-emptive placing of 38.9 million new ordinary shares at a price of €8.75 per share. The placement raised €340.0 million of gross proceeds, which was in excess of the Company's target and oversubscribed at this level.

The net proceeds of the Placing are to be used to fund further attractive investment opportunities in both Poland (through GPRE) and Romania, as well as for general corporate purposes, and will also assist Globalworth in managing its gearing strategy to a target loan to value ratio of 35.0%.

The placing attracted a wide range of new and existing institutional investors, which increased the Company's free float and is expected to broaden the liquidity of Globalworth shares ahead of the planned move to the Main Market of the London Stock Exchange in 2018.

"We are delighted by the strong interest shown by investors in the Placing. We are now in a position to further expand our portfolio in Poland and Romania through the attractive investment opportunities we have identified."

Dimitris Raptis
Deputy Chief Executive Officer,
Chief Investment Officer

Expanding our footprint to deliver high quality space, to satisfy strong tenant demand in the region.

2017 was a milestone year for Globalworth, investing for the first time in two countries, Romania and Poland, the two largest markets in the CEE region. We realised a number of asset purchases, completed a corporate transaction and made further progress with our development and modernisation programmes. In total, Globalworth invested over €694.4 million in 2017, the largest deployment of capital since its inception.

New Investments

The majority of the new investments made in 2017 were in Poland, where the Company acquired 71.7% of the Warsaw-listed GPRE for €145.7 million, valuing the targeted company at €539.9 million (100% of firm value). At the time of the investment, GPRE held a portfolio of nine real estate investments (with 15 properties) valued at €509.2 million and following Globalworth's investment, acquired a portfolio of 3 high quality investments (with 5 properties) in Wroclaw, Gdansk and Katowice for a total of c.€160.0 million.

Globalworth, through GPRE, owns a portfolio of 12 investments in Poland, nine of which are offices and three are mixed-use, with total GLA of 242.6k sqm.

The Company invested a further €92.6 million in Romania, where it completed the acquisition of two standing properties, entered into a joint-venture with the Elgan Group for the development of Groupe Renault's new headquarters in Bucharest, currently under construction, and acquired 30 hectares of light-industrial / logistics land in Timisoara (TAP II).

New standing properties included:

- Building "C" of the award winning Green Court class "A" office complex developed by Skanska in Bucharest.
- The modern warehouse ("Dacia Warehouse") facility in Pitesti, 100% long-term leased to Dacia, Romania's largest corporate.

New Deliveries

- TAP – Valeo: in March 2017, we delivered a new built-to-suit light-industrial facility leased to Valeo Lighting. This new 14.0k sqm facility increases Valeo's presence in Timisoara Airport Park ("TAP") to 41.5k sqm and marks the second time the tenant has expanded in the park since its arrival in 2011, a testament to the quality of the project and the service offered by Globalworth.
- TAP – Litens: in October 2017, we delivered the second facility under development in our TAP complex. This 8.1k sqm facility, 100% leased to Litens Automotive, is the fifth and newest facility in the park which now offers total GLA of 103.4k sqm.
- Globalworth Campus Tower I: in September 2017, we were particularly pleased to have delivered the first of three new office buildings at our Globalworth Campus project. Tower I, was completed in 24 months following the commencement of works, offers total GLA of 29.0k sqm and 273 parking spaces.

Under Development

Over the course of the year, Globalworth made further progress with the development/construction of four other buildings in Bucharest.

At Globalworth Campus project, construction of Tower II is at an advanced stage and is expected to be completed in Q1-2018. Similar to Tower I, on completion the property will extend over 12 floors above ground and two underground levels, offering GLA of 28.2k sqm and 180 parking spaces. The delivery of Tower II will mark the completion of Phase A of the project, which comprises Towers I and II with total GLA of 57.2k sqm and 453 parking spaces. In addition, further progress has been made with the development of Phase II of the Globalworth Campus project, with works expected to start in H1-2018.

At the end of 2017, the Company's Renault Bucharest Connected ("RBC") project was under construction. On completion, RBC will house Groupe Renault's new Headquarters in Romania as well as a dedicated design centre for the development of future models of cars, with 42.3k sqm of GLA and 1,000 parking spaces. The project is progressing in line with its envisaged timeline, with all preparatory activities completed and construction having reached the third floor. RBC is expected to be delivered in Q1-2019.

In Poland, Globalworth, through GPRE, has one investment in Wroclaw under a forward purchase agreement and two others in Warsaw under right of first offer in which it owns a minority stake (25%). These investments are currently under different phases of construction, with the investment in Wroclaw currently 97.7% pre-let (100.0% including Master Lease) and expected to be completed in Q2-2018, while the ones in Warsaw are expected to be delivered between Q3-2018 and Q4-2019.

New Investments	Developments – Delivered	Developments – Under Construction	Portfolio Improvements
GPRE (71.7%) EPP (through GPRE) Green Court "C" Dacia Warehouse RBC(1) TAP II(1)	TAP – Valeo TAP – Litens GW Campus Tower I	GW Campus Tower II & III RBC	Globalworth Plaza City Offices Other maintenance
€642.6m	€20.3m	€23.6m	€7.9m

(1) Land for future development

Renovation and Maintenance Programme of Standing Properties

The Company's ongoing efforts to offer best-in-class real estate space to its business partners continued in 2017, with further implementation of its renovation and maintenance programme at selected standing properties in the portfolio. Over the course of the year, Globalworth carried out improvement works on 6 standing properties. Works on a further 2 are scheduled to start in 2018.

In total, €7.9 million was invested in renovation and maintenance, principally at Globalworth Plaza (office), City Offices (office), and the cluster of properties formed by BOB (office), BOC (office) and Upground Towers (residential), all situated in the same block. Works involved primarily the upgrade of both indoor and outdoor common areas.

The benefits of our renovation and maintenance programme, combined with our ongoing leasing efforts, were evidenced at two properties in particular, Globalworth Plaza and City Offices, where occupancy improved significantly in 2017 over the previous year.

- Globalworth Plaza works performed in 2017 included the renovation and modernisation of the lobby and upgrade of the building's façade, with future works to include the installation of external video walls and other general upgrades.
- City Offices works included various repairs and upgrades to the common areas of both the commercial building and the multi-level parking. Additional works planned for 2018, which include the implementation of a new ticketing system in the multi-level car park, are expected to further improve the property's marketability and revenue streams.

Our renovation and maintenance programme will continue in 2018 as the Company works to maintain the high-standards set for its real estate portfolio.

2018 Investments

In 2018 Globalworth, successfully completed the acquisition of the two land plots located in the Gara Herastrau/Barbu Vacarescu corridor of Bucharest's new CBD, that it had previously announced for a total consideration of €15.5 million. The first land plot is located between the Globalworth Plaza and Green Court "B" office properties owned by the Company, and is the last remaining street facing land plot on Gara Herastrau street. The second land plot adjacent to Globalworth's Green Court complex. The combined lands are anticipated to allow for the development of c.40.0k sqm of commercial (predominantly office) space.

Green Court A

Driving sustainable income growth through leasing

Effective asset management of our portfolio is core to Globalworth's strategy, ensuring the sustainability of our cash flows and performance of our properties. Over the past four years, Globalworth has secured c.295.5k sqm of new leases and extensions.

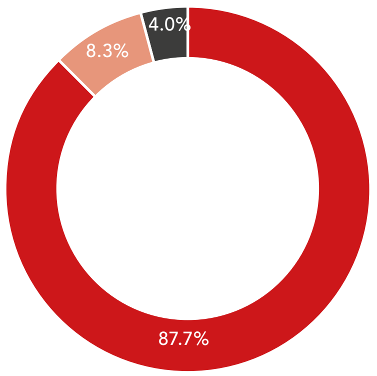
Globalworth's strong leasing performance continued through 2017, with the Company successfully negotiating contracts with more than 41 different national and multinational corporates, resulting in a total take-up or extension of 57.4k sqm of commercial space within its Romanian portfolio.

The success of last year's leasing performance, combined with the addition of five new commercial properties through acquisition/delivery which were in varying phases of lease-up, resulted in an overall occupancy rate for our Romanian standing commercial portfolio of 90.8% as of 31 December 2017.

Occupancy rate on a like-for-like basis improved by 10.2% to 91.6% at the end of 2017, enhanced through new leases signed with tenants including Wipro, Microsoft and Global Compass. The most notable change in occupancy rate was at Globalworth Plaza, where occupancy at year-end reached 81.5% (29.7% on 31 December 16), representing an increase of more than two and a half times compared to the previous year. Other notable improvements in occupancy were achieved in our flagship Globalworth Tower and City Offices properties, which as of year-end 2017 were at 98.9% (up from 83.2% as at 31 December 2016) and 49.4% (up from 21.8% as of 31 December 2016) respectively.

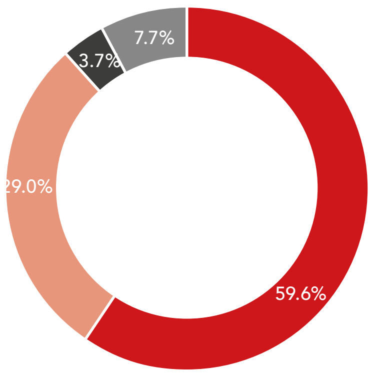
The delivery of our developments is key to growing our portfolio and rental income. Having completed Tower I at our Globalworth Campus project in Bucharest, we are delighted to have been able to partner with Amazon, who will become the largest tenant in the property, as well as to continue our long-standing relationship with Honeywell. Having further expanded its operations in Bucharest, Honeywell will be the second largest multinational tenant in this property (agreement signed in 2018).

Romania
Contracted Rent[1]: €68.9 million



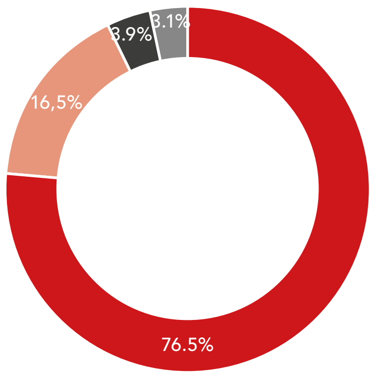
Occupancy[2]: 90.8%
WALL[4]: 6.4 years

Poland
Contracted Rent[1]: €45.5 million



Occupancy[2][3]: 98.5%
WALL[4]: 4.6 years

Globalworth Combined
Contracted Rent[1]: €114.4 million



Occupancy[2]: 93.3%
WALL[4]: 5.7 years

Note:
1. Contracted Rent comprises commercial standing properties and developments
2. Occupancy Rate comprises commercial standing properties only
3. Occupancy in Poland includes the positive impact of various rental guarantees, which range between 3 and 5 years, covering the majority of space which is currently vacant
4. WALL refers to commercial standing properties and developments
5. Multinational, National and State Owned and Master Lease refers to rent contribution by tenant origin
6. All data is as of 31 December 2017

Occupancy in Tower I stood at 46.8% (73.6% including tenant options) on 31 December 2017 and has increased to 54.5% (88.9% including tenant options) in 2018. The Company is also pleased to announce the first pre-lettings of nearly 7.9k sqm to Stefanini and PC4Cards in Tower II (expected delivery Q1-2018) at Globalworth Campus, which is now 28.0% pre-let.

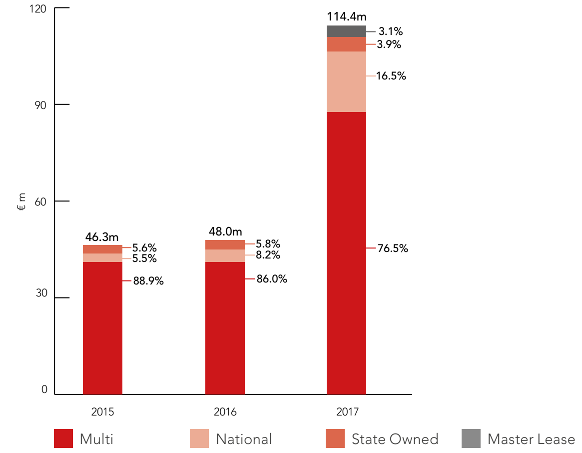
Partnership with such large corporates is a testament both to the quality of this project and to Globalworth's standing and reputation as the leading office investor and developer in the local market.

New contracts signed in Romania in 2017 included well-known national and multinational corporates such as Amazon (Globalworth Campus) for 13.5k sqm, Stefanini (Globalworth Campus) for 6.6k sqm, Wipro (Globalworth Tower) for 3.9k sqm, Microsoft (Globalworth Plaza) for 3.6k sqm, Global Compass (City Offices) for 3.3k sqm, RCS-RDS (City Offices) for 2.6k sqm and Coface (Globalworth Plaza) for 2.4k sqm, as well as Amoma, Zara/Inditex Group, Printec, PC4Cards, Cegedim, ACNielsen and others. Since the beginning of 2014, the Company has successfully negotiated the take-up of approximately 295.5k (311.4k including tenant options) sqm of commercial GLA within its buildings.

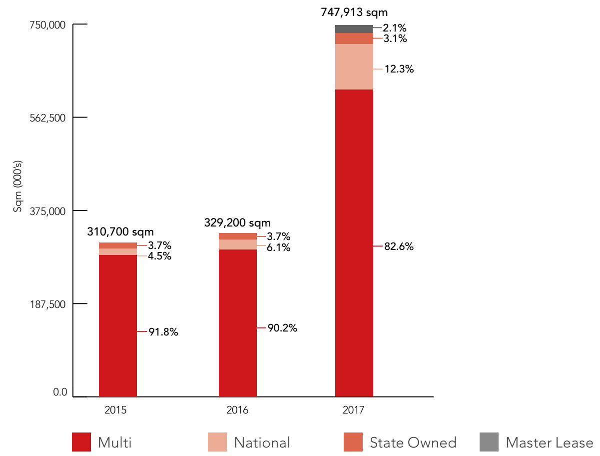
The Company following its expansion in Poland through GPRE, has enhanced its tenant base by adding new corporates to its list of partners, as well as corporates who already have presence in its Romanian portfolio, which is considered important for the overall effective asset management of the portfolio. Overall, in Romania and Poland the portfolio is leased to approximately 440 national and multinational corporates from 28 countries and 37 different sectors / industries, with a remaining WALL on the commercial-leased space of approximately 5.7 years as 31 December 2017.

Globalworth's occupancy rate for its commercial standing portfolio at the end of 2017 was 93.3% (95.4% including options).

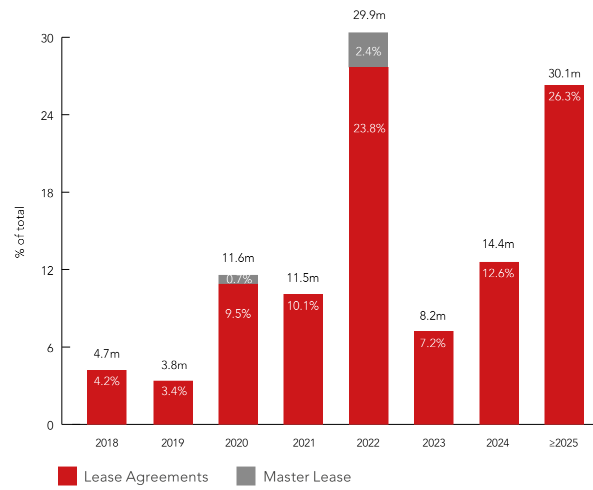
Tenant Contribution by Origin – Commercial Contracted Rent



Tenant Contribution by Origin – Commercial Contracted Areas (sqm)



Commercial Contracted Rent Expiration Profile – (% of total)



Impressive growth in results and NAV

2017 was another very successful year for Globalworth in terms of growth in revenues and profitability.

Highlights

- Continued the growth in revenues and NOI by 14.1%, and 17.3%, respectively, resulting mainly from new lease agreements signed, the addition of five leased properties to the standing commercial portfolio in Romania during 2017, as well the positive results of our Polish operations since the acquisition of a 71.7% shareholding in GPRE;
- Further growth in normalised EBITDA by 13.5%, compared to 2016;
- EPRA Earnings for 2017 increased by €8.2 million compared to 2016, and IFRS Earnings per share for 2017 amounted to 26.40 cents, as compared to 17.57 cents in 2016;
- Dividends declared and paid for the first time in 2017 of 22 cents per share (44 cents per share annualised);
- Overall increase in the OMV of the assets portfolio by €837.9 million;
- EPRA NAV as at 31 December 2017 increased by 49.5% from 31 December 2016 (3.2% increase in EPRA NAV per share); and
- Significant level of cash and cash equivalents of €273.3 million at 31 December 2017, €52 million higher than at 31 December 2016.

Revenues and Profitability

- Total revenue reached €77.9 million in 2017 (14.1% or €9.6 million higher than in 2016);
- NOI also increased in 2017, following closely the increase in total revenues and reaching a total of €51.1 million (2016: €43.6 million), representing an increase of 17.3% or €7.5 million compared to 2016;
- EBITDA[1] amounted to €31.5 million (2016: €43.8 million), however, the decrease compared to 2016 is due to the higher level of acquisition costs and non-recurring expense items in 2017;
- Normalised EBITDA[2] amounted to €41.2 million (2016: €36.3 million) and followed the growth trend in revenues and NOI in 2017 with an increase of 13.5% over 2016;
- EPRA earnings amounted to €16.8 million in 2017 (2016: €8.6 million), representing an increase of €8.2 million or 95.6% over 2016;
- Increased finance costs during 2017 by 19.4% resulted from the full amortisation of unamortised debt issue costs of c.€16.1 million, following the successful refinancing of the Company's debt with the issuance of the €550 million Eurobond in June 2017 at a coupon of 2.875%; and
- Earnings before tax of €26.2 million increased by 115% as compared to 2016 (€12.2 million), despite the significant costs associated with the increased investment and refinancing activities during 2017, mainly as a result of the increase in operational results (NOI) and the contribution of the c.€25.7 million (unrealised) gain recorded on the acquisition of the 71.7% shareholding in the GPRE Group, Poland.

1 Earnings attributable to equity holders of the Company before finance cost, tax, depreciation, amortisation of other non-current assets and purchase gain on acquisition of subsidiaries.
2 EBITDA less: fair value gain on investment property (2017: €6.7 million; 2016: €6.7 million), non-recurring income (2017: nil; 2016: €3.4 million); plus: acquisition costs (2017: €10.0 million; 2016: €0.1 million); plus: non-recurring administration and other expense items (2017: €6.4 million; 2016: €2.5 million).

Portfolio Valuation, Shareholders Equity, Total Assets and NAV

- The outstanding level of investment activity during 2017 (c.€328.8 million invested on new acquisitions and advances made for further acquisitions, including the 71.7% shareholding in GPRE, and c.€69.4 million on properties under development) led to an 82.7% increase in the value of our investment property portfolio at 31 December 2017, which reached €1.8 billion (31 December 2016: 0.98 billion);
- Total assets at 31 December 2017 exceeded €2.1 billion and increased by 75.4% from 31 December 2016; and
- EPRA NAV at 31 December 2017 (€1.17 billion) increased by 49.5% from 31 December 2016 (€783.8 million), while EPRA NAV per share increased by 3.2% to €8.84 per share (31 December 2016: €8.57 per share) and 6.5% over H2-2017 following completion of the GPRE transaction (30 June 2017: €8.30 per share).

Cash Flows

- Cash generated from successful equity and debt financing during 2017 of €897.8 million in total, while €430.2 million was used on the repayment of more expensive senior and corporate level debt facilities;
- Cash used in investments made during 2017 of €388.0 million in total, including the acquisition of two standing properties and the completion or further advancing of the construction of properties under development in Romania, the acquisition of the 71.7% shareholding in GPRE in Poland, and the acquisition by GPRE of three additional standing properties towards the end of December 2017;
- Dividends paid during 2017 in respect of the six-month period ended 30 June 2017 of €19.9 million; and
- Cash and cash equivalents at 31 December 2017 (€273.3 million) increased by €52 million compared to 31 December 2016 (€221.3 million).

Revenues and Profitability

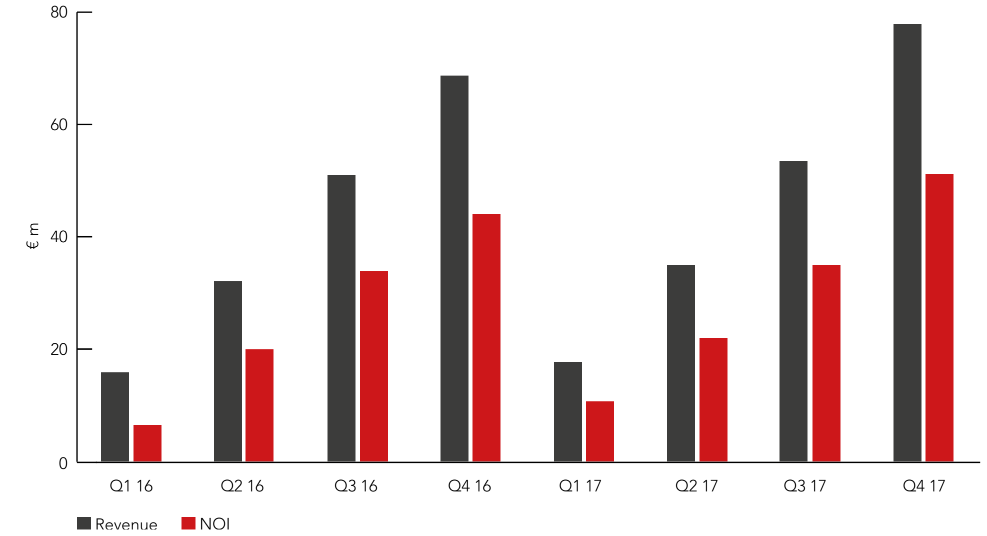
€77.9m

Total revenue in 2017

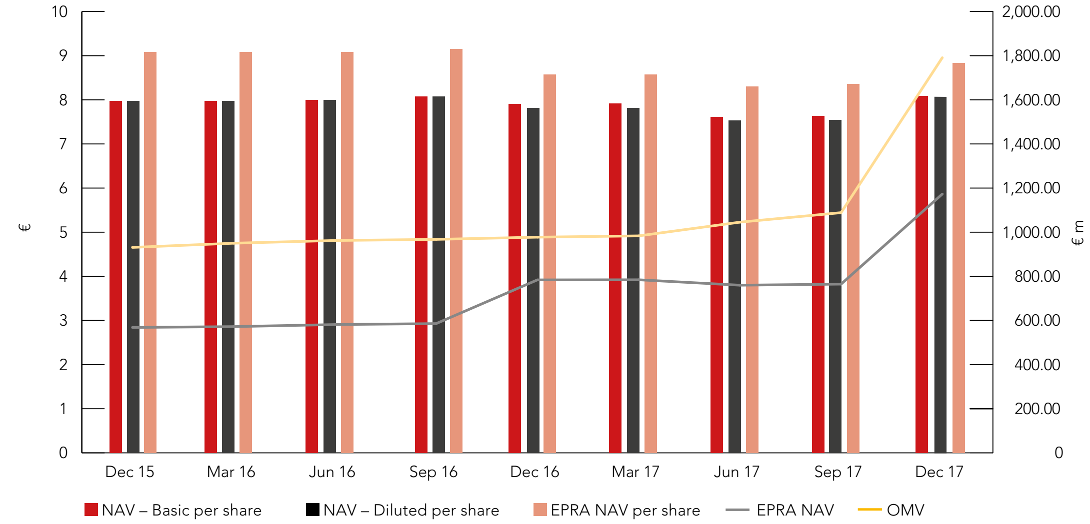
€273.3m

Cash and cash equivalents at 31 December 2017

2017 Evolution of NOI and revenue – Cumulative data by quarter



2017 Evolution of NAV/share and OMV by quarter



CASE STUDY

€550 million Eurobond pricing

In June 2017, Globalworth successfully completed a €550.0 million Eurobond raise with a fixed interest rate of 2.875%.

This was the Company's inaugural issue of such an instrument and we were delighted by the very positive response it received from national and international investors.

As part of the marketing effort, management met with many fixed income investors in eight European countries, which included Romania, France, Germany and the UK, to establish a strong and diverse investor base for this milestone transaction.

The issue was more than two times oversubscribed, resulting in the Company increasing the size of the transaction by €50 million and a tightening of the interest rate on the coupon.

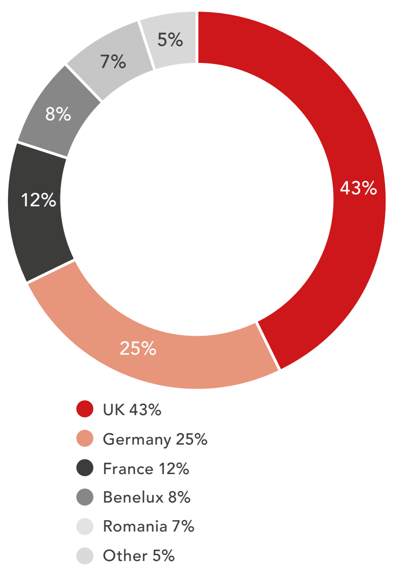
The Eurobond carried a rating of BB+/Stable by Standard & Poor's and Ba2/Stable by Moody's in recognition of the outlook for growth, diversity and capital raising potential (targets materialised in Q4-2017).

The instrument has a term of five years, expiring in June 2022, and is traded on both the Irish and Bucharest stock exchanges.

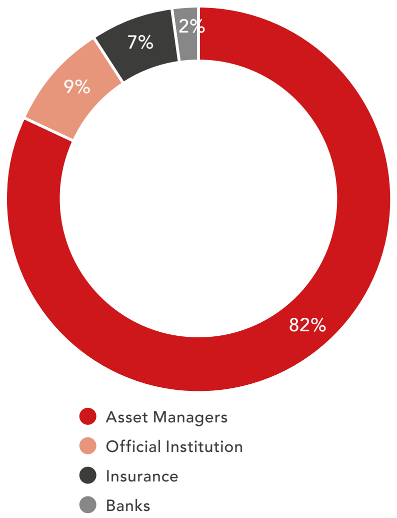
"With this transaction we are greatly simplifying our debt capital structure, significantly reducing our average cost of debt and further increasing our war chest for the next phase of our growth in Romania and the broader CEE region, predominantly in Poland."

Dimitris Raptis
Deputy Chief Executive Officer,
Chief Investment Officer

Investor Distribution by Geography



Investor Distribution by Investor Type



Robust liquidity and capital base

Financing Achievements During 2017

2017 has been a cornerstone in the Group's financing activity, marked by the successful issuance in June 2017 of a €550 million Eurobond at a coupon of 2.875% and its listing on the Irish and Bucharest Stock Exchanges, as well as the successful €340 million equity raise in December 2017.

The most significant achievements in this area during 2017 were as follows:

Debt Financing/Refinancing:

The total debt portfolio of the Group at 31 December 2017 incorporates the senior debt of GPRE Group and ranges between short and medium to long-term debt, denominated mostly in EUR, with insignificant facilities denominated in Romanian Leu ('RON') and Polish Zloty ('PLN').

- In June 2017, the Group issued a €550 million Eurobond. The five-year euro-denominated Bond matures on 20 June 2022 and carries a fixed interest rate of 2.875 per cent. A significant proportion of the net proceeds of the Eurobond were utilised in the repayment of existing secured lending, contributing to the very significant decrease in the weighted average interest rate on debt financing to 2.62% at 31 December 2017 from 5.25% at the end of 2016; and
- In November 2017 the Group signed a €30 million revolving, long-term facility with Erste Group Bank AG, secured on the TAP property. The full amount of this facility was undrawn at 31 December 2017.

The majority of the Group's debt (€550 million Eurobond) is unsecured, while the remaining of the Group's debt is secured with real estate mortgages, pledges on shares, receivables and loan subordination agreements in favour of the financing parties.

Equity Raising and Payment of Dividends:

In December 2017 we successfully raised €340 million, diversifying further our equity investor base.

In July 2017 the Group had its first interim dividend payment of 22 cents per share (c.€19.9 million) in respect of the six-month period ended 30 June 2017, while another interim dividend of 22 cents per share (c.€29.1 million) was paid in January 2018 in respect of the six-month period ended 31 December 2017.

Servicing of Debt During 2017

In 2017 we have repaid in total c.€24 million loan capital (excluding the refinancing of existing facilities using the proceeds of the Eurobond), and c.€13.4 million of accrued interest on the Group's drawn debt facilities.

Liquidity

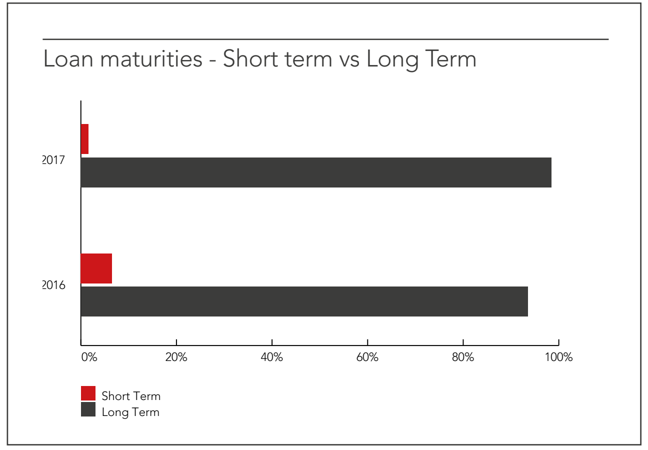
The Group seeks to maintain, at all times, sufficient liquidity to enable it to finance its ongoing, planned property investments and completion of properties under development, while maintaining flexibility to capture quickly attractive new investment opportunities.

As outlined above, in December 2017 €340 million additional equity was raised, contributing to the significant increase in available cash resources at year end to €273.3 million, while additional available liquidity from undrawn loan facilities at 31 December 2017 amounted to €32.7 million.

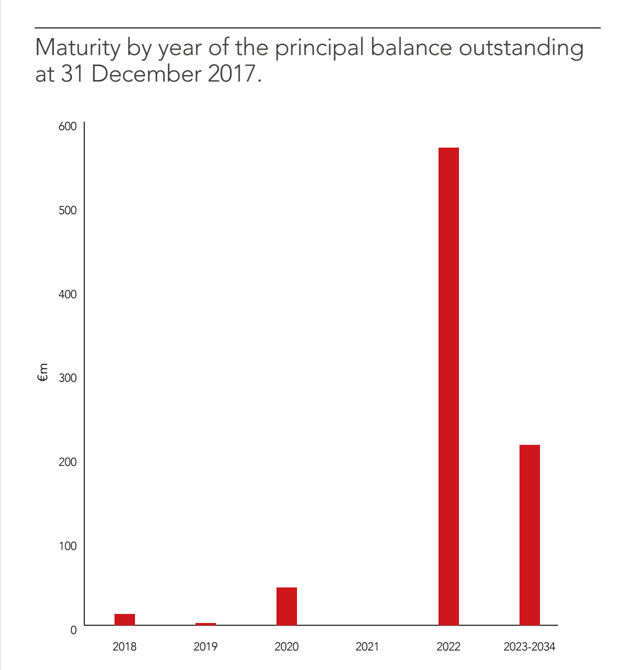
Debt Structure as at 31 December 2017

Loans and borrowings maturity and short-term / long-term debt structure mix

The Group has credit facilities and Eurobond with different maturities, out of which 98% are due in the long term, while only a very small portion of 2% mature in the short term, as presented in the graph below (compared to 93% and 7%, respectively, at 31 December 2016):



At 31 December 2017, the weighted average remaining duration of the Group's debt is 5.4 years (2016: 4.2 years).



Debt Covenants and Securities

The Group's financial indebtedness is arranged with standard terms and financial covenants, the most notable being:

- the debt service cover ratio ('DSCR') / interest cover ratio ('ICR'), with values ranging from 100% to 300% (be it either historic or projected);
- the Gross LTV ratio, with contractual values ranging from 60% to 83% (versus the significantly lower overall Gross LTV ratio of the Group at 31 December 2017 of 49.5%; Net LTV at 31 December 2017 of 34.3%);
- the loan to cost ratio ('LTC') with a maximum value of 75%; and
- the secured leveraged ratio of 30%;

with no breaches of the aforementioned values occurring for the year ended 31 December 2017.

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

Further details on the Group's debt financing facilities are provided in note 15 of the consolidated financial statements.

Debt Denomination Currency and Interest Rate Risk

Our long-term loan facilities are almost entirely Euro-denominated, the Group's loans are denominated in Euro, with insignificant portions denominated in RON and PLN, 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 each year.

The weighted average interest rate on debt financing as at 31 December 2017 amounted to 2.62% versus 5.25% at 31 December 2016. As outlined above, the significant decrease is mainly due to the refinancing of all but one of the Group's secured facilities using the proceeds of the Eurobond.

In addition, as a result of the fixed coupon Eurobond, the most significant portion of the Group's indebtedness has a fixed interest rate or it is hedged against interest rates fluctuations, which minimises any interest rate risks for the Group.

Gara Herastrau

Top management with a strong track record in the real estate sector

Team structure

Ioannis Papalekas
Founder & CEO

- 20 yrs (18 yrs in Romania) real estate track record
- Multi-sector real estate experience in Romania and SEE
- Previously established one of the most successful private real estate platforms in Romania, acquiring, developing, asset managing and selling assets worth over €1bn between 2001-08

Andreas Papadopoulos
CFO

- Chartered Accountant with over 25 yrs of experience in accounting & financial management, audit and transactions advisory
- 16 yrs with big 4 audit firms (EY and PwC)
- Joined Globalworth in 2014

Dimitris Raptis
Deputy CEO/CIO

- Over 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

- Over 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

Andrew Cox
Head of IR & Corp. Development

- 16 yrs of experience, mainly in listed real estate investment. Former Portfolio Manager at Ell Capital, having also been at GIC Real Estate, Numis and Schroders
- Joined Globalworth in 2017

Construction and Development	Property Compliance	Asset Management	Leasing	Marketing & Communications
D. Pergamalis Group Head (+ 10 people)	G. Udroiu Group Head (+ 2 people)	C. Kolonias Group Head (+ 7 people)	E. Iftimie Group Head (+ 5 people)	G. Oltenescu Group Head (+ 1 person)

Investments and Capital Markets	Legal	Accounting and Finance	Operations and Administrations
S. Andre D.CIO / S.Sapkas D.CIO (+ 5 people)	C. Tirziu Group Head (+ 2 people)	A. Papadopoulos CFO (+ 17 people)	A. Danoiu COO (+ 14 people)

Platform of 75 professionals highly skilled in their respective fields

Respecting our social and environmental objectives

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

Our objectives

- Create value for shareholders by acting consistently in an ethical and socially responsible manner.
- Positively impact and improve the future prospects of our local community.
- Create an environment in which people want to work and be associated with.

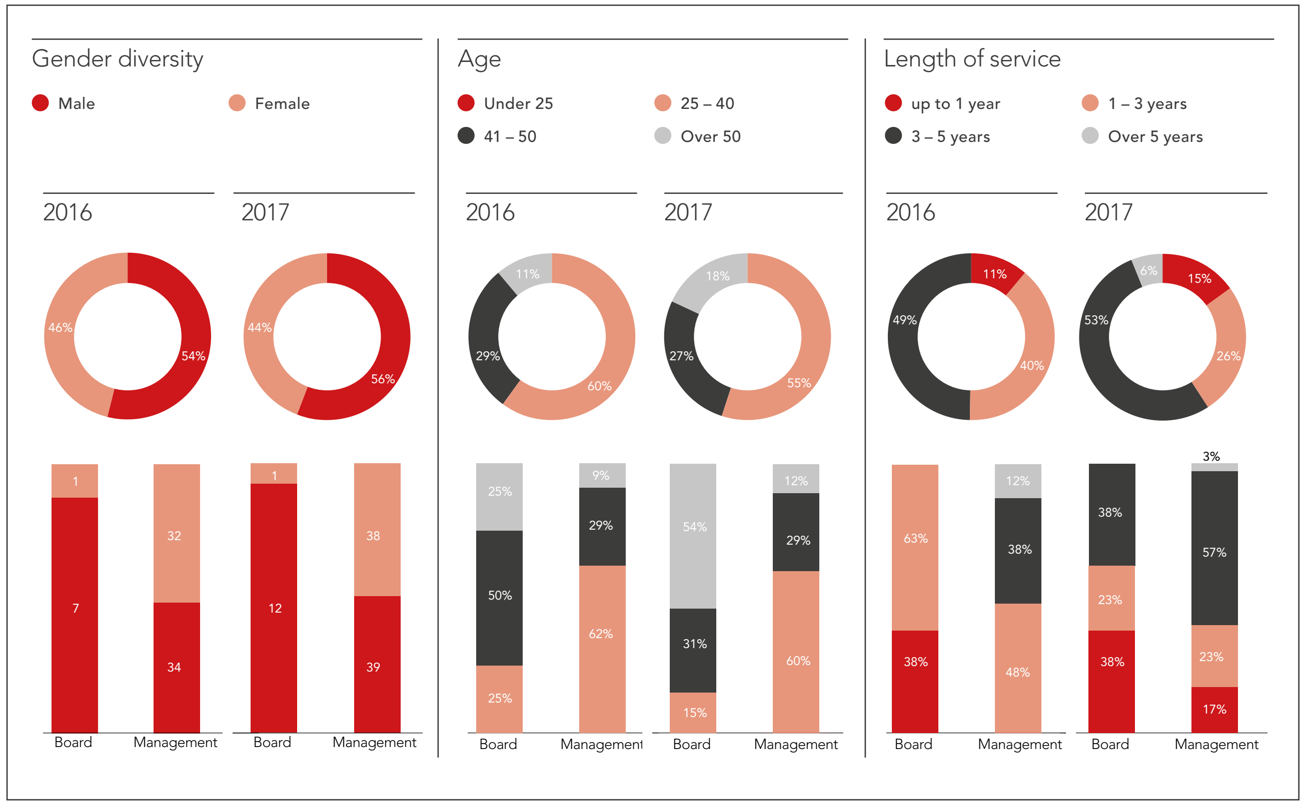
FOCUS AREA	2017 INITIATIVES	BENEFICIARIES
SOCIAL	▪ Supported our selected charitable causes, contributing in excess of €500k over the year. ▪ Continued encouraging our staff to divert part of their social contributions to charitable causes. ▪ Staff actively contributed personal time to charitable initiatives. ▪ Enhanced the range of 'good cause' events which Globalworth hosted or participated in. ▪ Over 100 scholarships awarded to children.	▪ Hospice Casa Speranței (Hospice of Hope), Save the Children, and United Way were the main causes supported by Globalworth in 2017. ▪ More than 10 other foundations and NGO's received our support. ▪ Globalworth day camp grew bigger, with 450 children hosted at Adunații Copăceni (Hospice of Hope). ▪ Christmas Charity Days at Globalworth hosted more than 1,200 children over a four day period during the festive season.
ENVIRONMENTAL	▪ Maintained our commitment to owning an environmentally friendly real estate portfolio, adding 11 green certified properties in Romania and Poland. ▪ Properties added to our environmentally friendly portfolio included: – BREEAM: Very Good or Excellent: 7 properties. – LEED Gold or Platinum: 4 properties. ▪ Invested in the development of platform that will allow us to better measure and monitor the performance of our properties. ▪ Focused on energy efficient and sustainable solutions for our development projects which we seek to formally green certify following their completion.	▪ Local communities benefiting from reduced carbon emissions. ▪ Tenants benefiting from lower energy costs, positively impacting their profitability. ▪ People working or visiting our buildings benefiting from improved "living" conditions. ▪ Our partners benefiting by assisting us in developing and maintaining our green buildings. ▪ Our investors benefiting through the creation of long term sustainable value in our portfolio.

Globalworth Tower

SOCIAL OUR PEOPLE

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:



CORPORATE SOCIAL RESPONSIBILITY
CONTINUED

Over the years, Globalworth has supported many charitable actions with the power to make a difference in the communities in which we live and operate.

We firmly believe that being socially responsible, addressing social issues such as education, the environment and palliative care, can make a real contribution to the welfare of society and, at the same time, help to modernise and shape conditions for the future.

We are very pleased that in 2017 we were able to continue supporting the social causes that we believe in, and together with Hospice Casa Speranței, Save the Children, Renașterea Foundation, Make a Wish, United Way and many others NGOs, positively impact the lives of those in need.

It is important both for the Globalworth family and for its founder that our involvement in causes goes beyond financial contributions, and we actively invest our personal time and efforts to support those who need it most. Being involved and demonstrating to those in need that they are not fighting their battles alone is for us as equally important as the financial contribution that we have committed to make. With this in mind, last year we organised eight charitable events and participated in a number of others, as well as visiting selected charities throughout the year.

Special Champions
Globalworth was the sponsor of the 10th edition of Special Champions, a sports initiative dedicated to children with various disabilities to show them how capable they are and to encourage them to have an active lifestyle. The event promoted both physical activity and artistic events, including contests for running, tennis, dancing and theatre. Globalworth provided special prizes such as bicycles, scooters, water bottles and sweets.

Globalworth Camp Day 2017
The second Globalworth Camp Day at Adunații Copăceni, one of HOSPICE's socio-medical centres, brought together 450 children from different NGOs such as Hospice Casa Speranței, Make-a-Wish Romania, the Foundation for the Hearing Impairment, the Association for Equal Opportunities and Saint Dimitrie Foundation. Over 150 volunteers participated in the event and spent time with their young guests. The volunteers and children collaborated in specially organised workshops and together they played football, learned how to make toys, enjoyed origami, and participated in fun activities designed to bring smiles and happiness to the children's faces.

Moreover, to everyone's delight, Romanian entertainment and sport personalities attended the event and entertained everyone present.

Edelweiss Gala
In 2017, Globalworth participated in the Edelweiss Gala, a charity event held by Hospice Casa Speranței to raise donations for those suffering from a life-limiting disease.

Illuminated in Pink
On October 1st, Globalworth Tower was lit up in pink, the colour of hope, in honour of Breast Cancer Awareness Month. The XVIIth Illuminated in Pink event, a campaign designed to draw attention to early detection of breast cancer, was organised by Renasterea Foundation and took place under the slogan "Art for Health".

The Bucharest Marathon
Globalworth participated in the 2017 running of the Bucharest Marathon as the official sponsor for Foundation Hospice. In addition, 20 members our team ran as TeamGlobalworth to raise awareness for those in palliative care.

Diploma
Diploma is a project initiated by The Institute, designed to offer a start to a new generation of artists, architects, designers and creatives from Romania through an impressive exhibition. Events are aimed at attracting public interest in the arts, design and culture, as well as generating a dialogue between graduates and senior professionals from creative industries. The project, which in 2017 celebrated its fourth anniversary, took place between the 6th and the 15th of October.

Globalworth decided to support the Architecture section as part of this project in line with the company's ambition to create pleasing work environments through modern and sustainable solutions.

Christmas Tree Festival
Globalworth was one of the main partners of the 2017 Christmas Tree Festival charity event, an auction organised by Save the Children Romania to support school attendance for vulnerable children. The tree purchased by our company together with Catena, Carrefour, RBC and Club Med, was designed by Ștefania Mircea & Save the Children Romania.

Christmas Charity Days
In 2017, Globalworth brought the magic of winter holidays to over 1,200 children from various NGOs such as Hospice Casa Sperantei, Save the Children Romania, United Way, Make a Wish Foundation, Sf. Dimitrie Foundation, 'Un strop de Fericire' Association and many others. One of the largest events of its kind in Bucharest, Globalworth Christmas Charity Days provides a perfect opportunity to do something extra for the less fortunate.

For four days between December 18-21, the Globalworth Tower lobby was transformed into a winter wonderland where the children had the opportunity to sing, play and enjoy themselves.

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

CORPORATE SOCIAL RESPONSIBILITY
CONTINUED

SOCIAL OUR CHARITY

SUPPORTING
HOSPICE CASA SPERANTEI

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

Since its inception and through its work, more than 22,000 patients and their families have received support at the hospice and discovered that they are not alone in their battle.

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

www.hospice.ro

Globalworth & Hospice – Casa Speranței Foundation

- 4.0k children and adults received free treatment.
- 4.8k consultations in out-patient clinics - care without admission.
- 6.7k attendances in day centre activities; counselling and creative / recreational activities.
- 1.2k Hospice in-patient unit admissions.
- +110k visitors provided online assistance.

The Hospice Centre at Adunații-Copaceni

The Hospice Centre at Adunații-Copaceni is a new socio-medical therapy centre for children with rare or life-limiting illnesses and their families.

Located 15km from Bucharest in Adunații Copaceni, Hospice is developing a centre which, once completed, will be used for medical respite care and therapeutic sessions for families, as well as training courses in paediatric palliative care for medical professionals. In addition, it will include a day centre (educational-therapeutic activities for children), shelter for families in crisis situations and an educational centre (for parents and palliative care specialists), as well as family accommodation and recreational areas.

During the last few years, Hospice Casa Speranței has organised residential summer trips at Adunații Copaceni for children and teenagers suffering from life-limiting illnesses, recent bereavement or needing respite.

- The land was donated to HOSPICE Casa Speranție 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 (five apartments) and an educational centre (for parents and palliative care specialists).

SAVE THE CHILDREN (Salvați Copiii)

Save the Children is an international non-governmental organisation that promotes children's rights, provides relief and helps support children in developing countries. It was established in the United Kingdom in 1919 to improve the lives of children through better education, healthcare, and economic opportunities, as well as providing emergency aid in natural disasters, war, and other conflicts.

The Save the Children community comprises Save the Children International and 28 member organisations working to deliver change for children in 120 countries.

In Romania, the Save the Children foundation ("Salvați Copiii") has been one of the most active NGO's supporting the welfare of children in a number of ways including equipping hospitals and neonatal units in over 20 counties, offering direct counselling and parenting services, providing educational support to children from disadvantaged communities and information services on online protection, and promoting actions for the rights of children.

www.salvaticopiii.ro

Globalworth & Save the Children (Salvații Copiii)

- +65 healthcare units equipped in Romania, estimated to have contributed to the rescue and optimal treatment of more than 24k babies over a 5-year period.
- Direct counselling and parenting services for 3.7k children and 2.2k parents, and training for 530 specialists to prevent children abuse.
- Quality educational support for 2.4k children from disadvantaged communities and help for 1.2k children to cope with the period of separation from their parents.
- Educated 60k children and 15k specialists and teachers on the protection of children online.
- Involved more than 150k children in actions regarding the promotion of the rights of the child.

UNITED WAY

United Way Worldwide is a non-profit organisation that works with almost 1,800 local United Way offices in over 45 countries and territories in a coalition of charitable organisations to pool efforts in fundraising and support.

United Way Romania was established in 2004, since which time it has supported social programmes and initiatives that improve the lives of children, adults and elders at risk.

Its work focuses on the three building blocks of a thriving community: access to quality education, good health and sufficient income to support a family.

www.unitedway.ro

Globalworth & United Way

- Helped 11k children, families and elders whose issues stem from education, health or finance.
- Over 7k children from disadvantaged environments have been encouraged to continue their studies and not abandon education.
- Supported 5k children from poor communities to go to school and kindergarten.
- c.1.5k youth and adults that were facing difficulties received help to better integrate into society, both socially and professionally.
- Over 2k children, adults and elders received social and medical care needed for a decent life.
- More than 4.7k children from poor communities were supported through school and kindergarten.

CORPORATE SOCIAL RESPONSIBILITY
CONTINUED

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.

We target principally properties which have BREEAM Very Good / LEED Gold or higher green certification or with the potential to achieve this, and currently 18 of our standing properties are certified as environmentally-friendly.

In Romania we own 10 green certified offices, four of which were certified prior to acquisition and six were certified following their acquisition or development by the Company. These include the landmark Globalworth Tower, which was the first property in the SEE to be awarded with a LEED Platinum certification. In Poland we have a further seven other offices with green accreditation.

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

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

In-line with our commitment to a "greener" portfolio, we have already begun the green certification or re-certification process for 8 of our properties and are confident that we will adding them to our green certified portfolio in coming few months.

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

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

We are currently in the testing phase of this control platform which we will be looking to incorporate initially into our Bucharest portfolio and, soon after, to the remainder of the portfolio.

Globalworth platform developed with Honeywell.

We are pleased to report that since the beginning of 2017, 11 of our portfolio properties were certified with BREEAM Very Good / LEED Gold or higher accreditation.

Green additions (2017 - Q1-2018):

Properties owned or developed by Globalworth

Romania
- Globalworth Tower: LEED Platinum
- Globalworth Plaza: BREEAM Excellent

Properties acquired

Romania
- Green Court "C": LEED Gold

Poland
- Green Horizon (two properties): LEED Gold
- A4 Business Park (three properties): BREEAM Very Good
- Tryton: BREEAM Excellent
- West Gate: BREEAM Excellent
- Hala Koszyki: BREEAM Very Good (Q1-2018)

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 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

ENVIRONMENTAL FOCUS

We have 18 buildings currently green certified.

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

Our awards

(LEED)

Platinum

Globalworth Tower

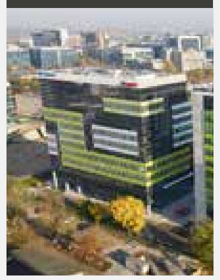
BOB/DB Space

Gold

Green Court "A"

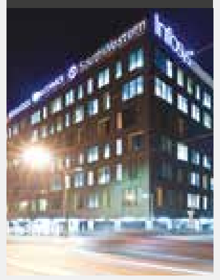
Green Court "B"

Green Court "C"



City Offices

Green Horizon



Our awards

BREEAM®

Excellent

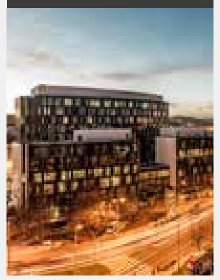
BOB

BOC

Globalworth Plaza

Gara Herastrau

Tryton Business House



West Gate

Very Good

Unicredit HQ

A4 Business Park

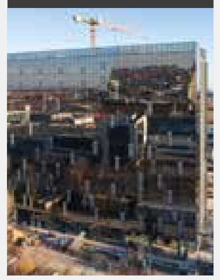
Hala Koszyki (retail)

UNDER CERTIFICATION/ RECERTIFICATION

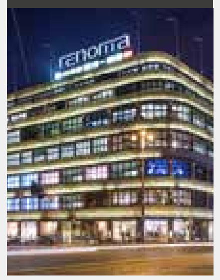
LEED Gold/BREEAM Very Good or Higher

TCI

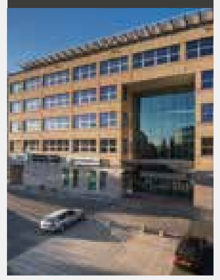
Globalworth Campus



Renoma



CB Lubicz I/II



Hala Koszyki (office)

ENVIRONMENTAL FOCUS OVERVIEW OF THE NEW GLOBALWORTH MONITORING PLATFORM:

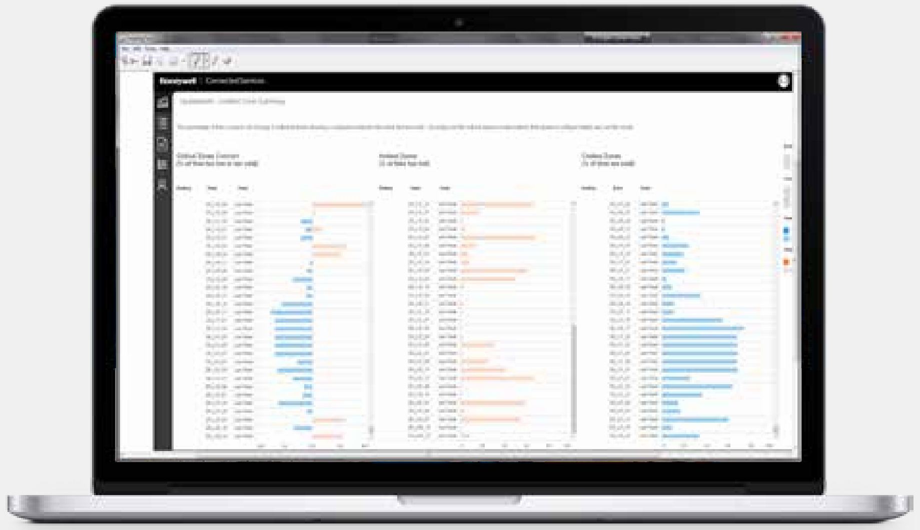
In conjunction with Honeywell, Globalworth is developing a customised platform which analyses data from more than 5000 sensors in Globalworth Tower (the pilot property) in order to assess and maintain its performance to the highest standards.

Facility Summary

The platform's mainframe provides a snapshot of the property's energy consumption by monthly average and performance by type of equipment. This enables our internal team to evaluate energy consumption and monitor whether equipment is performing within the parameters of the design criteria. In the upcoming release, additional features will be incorporated. These will allow us to improve our monitoring not only of the property's criteria but also its performance against other properties in our portfolio and other buildings with the same green certifications.

Comfort Performance

It provides an overview of the overall comfort levels of the property by zone and by floor. The platform currently indicates the temperature of each zone, which will be complemented by CO2 and humidity censoring levels when incorporated in the next release.



Comfort Zone Summary

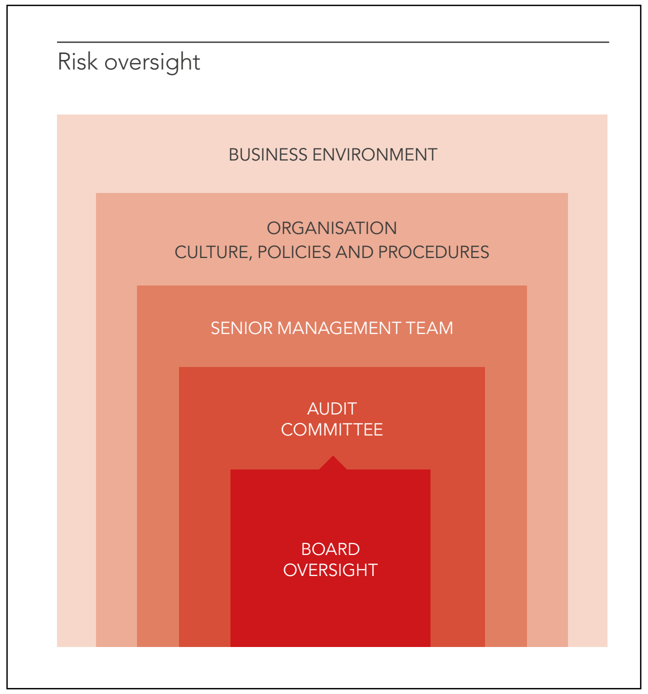
It provides a detailed view of the comfort levels of each zone and floor monitored by the platform, allowing a review of the property's performance at a micro level. This means we can identify and resolve any discomfort experienced by tenants due to improper use or potential malfunction of equipment in an effective and efficient way. Orderly resolving of such issues improves the life of equipment and reduces energy consumption.

Average Daily Site Comfort

Monitoring the average site comfort levels both at specific intervals (typically on an hourly basis) and over a period of time, allows our internal teams to analyse the temperature of the building against the tenant settings for the corresponding operated areas. This allows us to ensure that the tenant's comfort level is maintained throughout operating hours.

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.

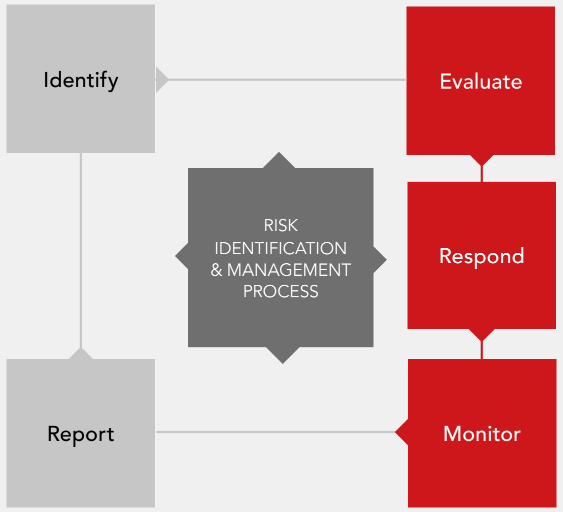


The system of internal control is designed to manage rather than to eliminate the risk of failure to achieve business objectives and, as such, can only provide reasonable, but not absolute, assurance against material misstatement or loss.

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 105-107 of the Annual Report.

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



Identify

The Board and the 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).

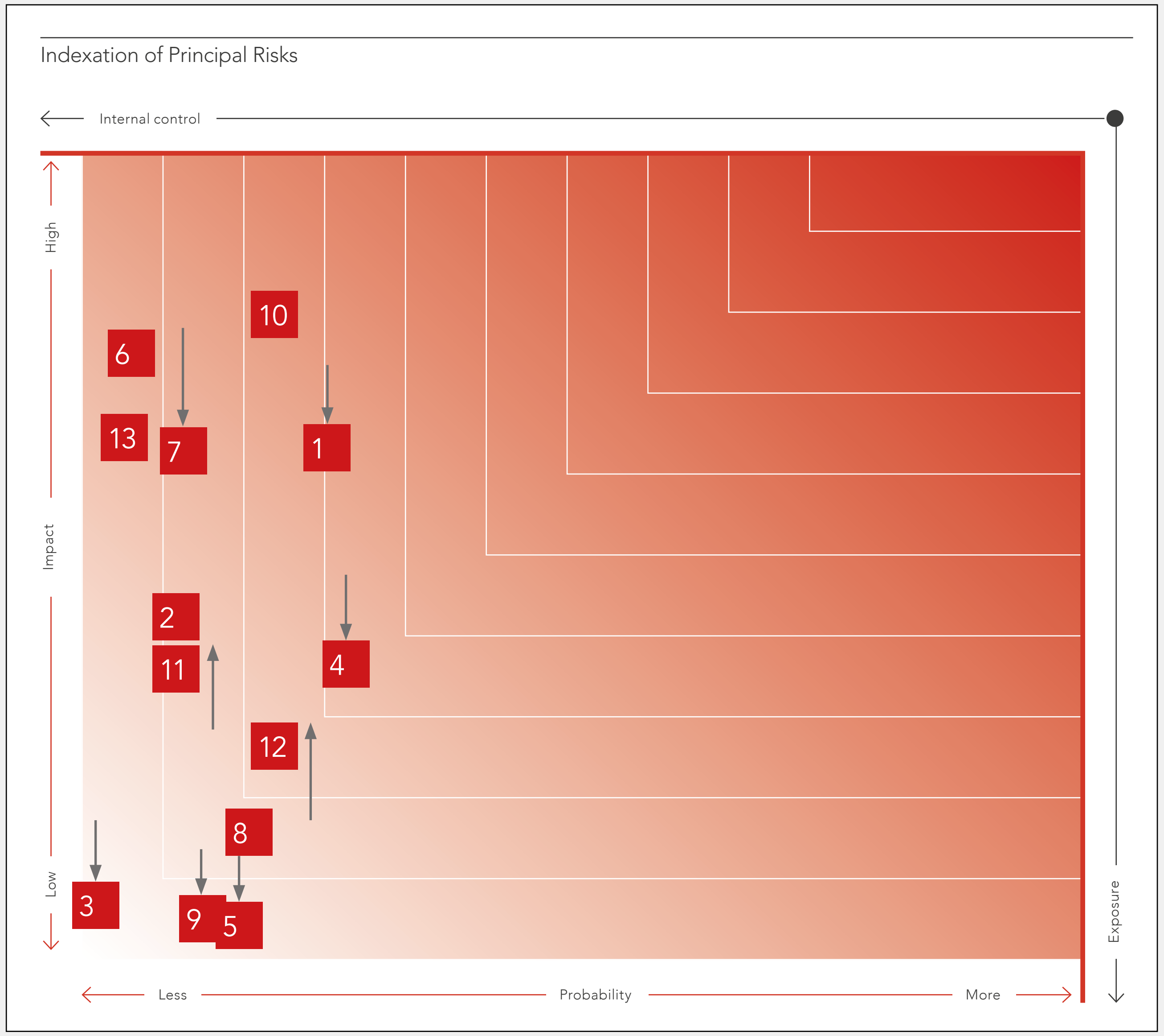
The selection of a particular response strategy depends upon the magnitude of the impact, probability of occurrence, existing internal and external controls.

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 53-57 of the Annual Report.



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

The 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.

RISK REPORT PRINCIPAL RISKS & UNCERTAINTIES
CONTINUED

Key

The following key is used in the table below to highlight the changes in risk exposures during the year ended 31 December 2017:

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

↑	↓	↔
Risk exposure has increased in the current year	Risk exposure has reduced in the current year	No significant change in risk exposure since prior year

Business Risks

	Risk	Impact	Mitigation	Change from prior year
1	Exposure to the Economic Environment in Romania and Poland	A negative trend in the economic activity in Romania and Poland 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 and Polish 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.	↓ Decrease due to the continuous growth of GDP in Romania and Poland.
2	Changes in the Political or Regulatory Framework in Romania, Poland or the European Union	The Group was set up to carry out investments in the Central and South-Eastern Europe region, focusing on property investments in Romania and Poland. It is therefore exposed to political and regulatory framework changes that may occur in this region.	The Group has recently initiated its first investments outside Romania (independent EU bodies place it among the most rapidly growing economies in Central and South-Eastern Europe), namely in Poland with the acquisition of a 71.66% shareholding in GPRE, a Group of companies holding real estate investments in Poland and listed on the Polish Stock Exchange. The Group's Executives frequently monitor political or regulatory developments in the Romanian and Polish market through their own observation and also by frequent reviews of available third-party reports on the developments in Romania and Poland. In cases when changes in regulations occur, appropriate action is taken so as to maintain compliance with applicable regulations in Romania and Poland. Despite the recent frequent changes in members of government in Romania and some international criticism the Polish government has attracted as a result of certain decisions, Management believes that both economies continue to have a stable outlook for the medium to long term.	↔

Property Risks

	Risk	Impact	Mitigation	Change from prior year
3	Acquisition of Properties	Inability to execute the Group's plan of investing in high-quality properties would affect the Group's objectives of maximisation in NAV and EPS.	The Group's management team have a proven track record of acquiring high quality properties, most of them at a discount to their fair market values. The team remains in close contact with leading European real estate agents with presence in Romania and Poland so as to get spontaneous access to potential sellers. The team takes the lead in negotiations with sellers of properties and puts in place safeguards (involvement of legal, financial, tax and technical third-party reputable and experienced due diligence advisers) and ensures the related agreements are concluded within a short period of time.	↓ Decrease due to the expansion of operations in the Polish real estate market, one of the largest in Europe in terms of availability of high-quality properties.
4	Counterparty Credit Risk ✓	Loss of income may result from the possible default of tenants.	The Group has a diversified tenant base (c.440 tenants), the vast majority of which are reputable, blue-chip multinational and local groups of very good to excellent credit standing. Guarantee cash deposits or bank guarantee letters are received from all tenants for the credit period agreed in lease agreements.	↓ Decrease due to further improvements in the tenant mix in its property portfolio, focusing increasingly on blue-chip multinationals with significant operations in Romania and / or in Poland.
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 2017, the Group's weighted average interest rate on debt financing amounted to 2.62% at 31 December 2017, representing a significant decrease as compared to 31 December 2016 (5.25%) as a result of the refinancing of the Group's debt In June 2017 with the issuance of the €550 million Eurobond at a fixed coupon of 2.875% and with a five year duration. The Group explores on a continuous basis new refinancing options so as to reduce further its average debt financing costs.	↓ Decrease due to the refinancing of most of the Groups senior debt with the issuance of fixed coupon Eurobond in June 2017. The majority of the Group's debt at 31 December 2017 carried fixed interest charges.
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 2017), 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.	↓ Decrease due to the improvement of the occupancy rates on the Group's properties in Romania.

RISK REPORT PRINCIPAL RISKS & UNCERTAINTIES
CONTINUED

	Risk	Impact	Mitigation	Change from prior year
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

	Risk	Impact	Mitigation	Change from prior year
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 holds frequent meetings with current and potential equity investors and bond holders, as well as continuous discussions with leading global, European, Polish and Romanian financing institutions in connection with its financing requirements. Since admission, the Group has raised c.€2 billion in equity and debt (including new loan facilities and rolled-over loan facilities on the acquisition of subsidiaries) to meet its financing requirements.	↓ Decrease due to the increasing ability of the Group to attract equity investors and Bond holders. Examples are the €550 million Eurobond issued in June 2017 and the €340 million equity raise in December 2017
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	Impact	Mitigation	Change from prior year
11	Foreign Exchange Risk	Significant fluctuations, especially in the Romanian Leu to Euro and the Polish Zloty to Euro exchange rates, may lead to significant realised foreign exchange losses. Whereas the Romanian Leu displays a gradual devaluation trend against the Euro, in the recent few months the Polish Zloty has appreciated against the Euro.	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 and the Polish Zloty to Euro exchange rates and strives to minimise the period between the issuance and settlement of invoices to tenants and by its contractors/suppliers and the potential related, realised foreign exchange losses that may result. It also enters frequently into transactions with financial institutions for the purchase or sale of Romanian Leu and Polish Zloty 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.	↑ Increase due to the additional exposure to the Polish Zloty to Euro exchange rate fluctuations as a result of the expansion into the Polish real estate market.

Regulatory Risks

	Risk	Impact	Mitigation	Change from prior year
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, Poland and Cyprus) in relation to OECD/BEPS recommendations. Even though there have been significant changes in the Romanian and Polish corporate taxation legislation in recent months, these changes were required in order to comply with the EU anti tax avoidance Directive.	↑ Increase due to the recent more frequent changes in the taxation legislation and practices in Romania and Poland.
13	Compliance with Fire, Structural or Other Health and Safety Regulations	Non-compliance with related regulations in Romania and Poland 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 and Poland, where the Group's properties are located. Apart from in-house expertise, the Group also engages external consultants, when required, on specialised matters related to its compliance with these regulations. Appropriate actions are taken as soon as a potential threat for non-compliance with such regulations is identified.	↔

VIABILITY STATEMENT

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

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

- three years is the period over which the Group performs its cash flow projections and business plans due to the Group's dynamic growth plan. 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; 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 2017, 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 53-57.
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 2021.

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

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

PORTFOLIO REVIEW

Best-in-class real estate portfolio

A high quality portfolio with properties positioned in prime locations within their respective sub-markets in Romania and Poland, with a total consolidated appraised value of €1.8 billion.

Globalworth's real estate portfolio continued to grow in 2017, with the Company maintaining its strong momentum in Romania while investing for the first time outside its primary operating market and into Poland.

As at 31 December 2017, the Company's combined portfolio comprised 29 investments with a total of 47 properties in Romania and Poland, two of the largest real estate markets in the CEE region respectively, with an appraised value of €1.8 billion, an increase of 85.7% compared to 2016.

Asset Focus

Globalworth's primary focus is to invest in standing or development office properties, which are subsequently actively managed by the Company. Such properties accounted for c.70.7% of our combined portfolio value as of year-end 2017.

In addition, through its investment in GPRE, the Company now controls three high-street mixed-use properties in Poland, which account for c.17.0% of our combined portfolio value. These multi-functional, high quality properties are centrally located within their respective submarkets and combine high street retail and class "A" office space.

Over the course of the year, Globalworth further increased its exposure to Romania's light-industrial / logistics sector, encouraged by the strong demand for high quality space in the sector and the opportunity of providing a holistic real estate solution for our corporate partners. The success of our TAP light-industrial park in Timisoara, which was further developed in 2017 following the completion of two new facilities, and the addition of the Dacia Warehouse resulted in the Company's light-industrial / logistics portfolio rising to an appraised value of €103.4m as of 31 December 2017. In addition, recognising the overall demand for high quality light-industrial / logistics space in Timisoara and the attractiveness of TAP's location, we have acquired 30 hectares of land (valued at €7.4m) close to the park which we aim to develop in the short / medium term.

The remainder of our portfolio is located in Bucharest / Romania and includes 346 residential units which form part of the Upground complex, other auxiliary premises and two land plots held for future development, accounting for 6.2% of our combined portfolio value.

Geographic Focus

Our real estate portfolio in Romania grew during the year, mainly through the addition of 5 standing properties, further progress in our development projects and the acquisition of 30 hectares of industrial land for future development. As a result, our Romanian combined portfolio reached €1,135.3 million as at 31 December 2017, accounting for 62.5% of Globalworth's total portfolio.

In December 2017, the Company acquired a controlling stake in GPRE, following which its exposure to the Polish market consisted primarily of a portfolio of 20 standing properties with an appraised value of €680.1 million (as of 31 December 2017).

Real estate investments in Poland, as at 31 December 2017, accounted for c.37.5% of our total combined portfolio value. Given that the properties are located in six different cities, exposure to a single city / market does not exceed c.10.0% of the total consolidated portfolio value of the Company. Wroclaw (two investments) and Warsaw (five investments) account for 10.0% and 9.4% of combined portfolio value, offering total GLA of 106.3k sqm.

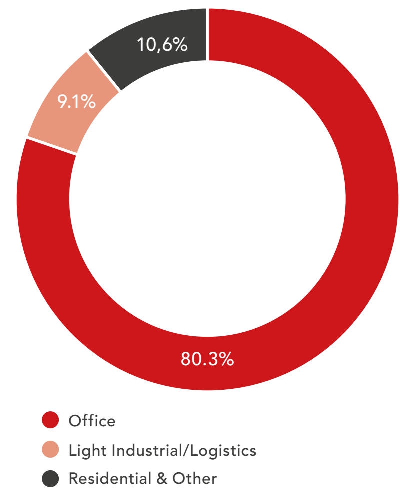
The greatest concentration of our portfolio remains in the new Central Business District (CBD) of Bucharest (Romania) where we have 10 standing properties and a development project, accounting for 69.6% of the combined value of our Romanian portfolio and representing 259.7k sqm of standing commercial GLA and 346 residential units as of 31 December 2017.

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.

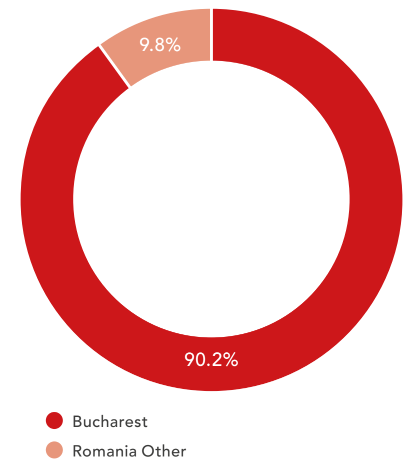
Key investments in the new CBD include the Class "A" flagship office Globalworth Tower (54.7k sqm), the Green Court complex (54.3k sqm), the Class "A" BOC office property (57.0k sqm) and, finally, our Globalworth Campus project from which Tower I (29.0k sqm) was delivered in 2017.

The remainder of our Romanian portfolio is spread across the capital and in two of the country's prime logistics hubs, Timisoara and Pitesti, which account for 20.6%, 5.5% and 4.2%, respectively, of our combined portfolio value.

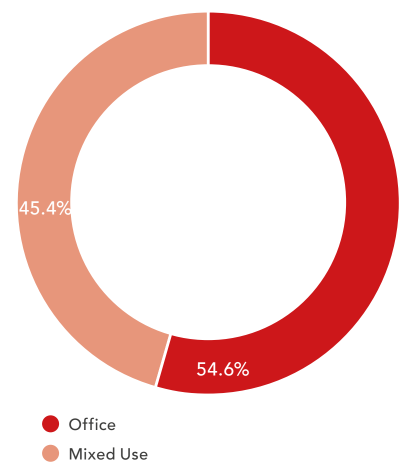
Romania: Portfolio Value by Property Type



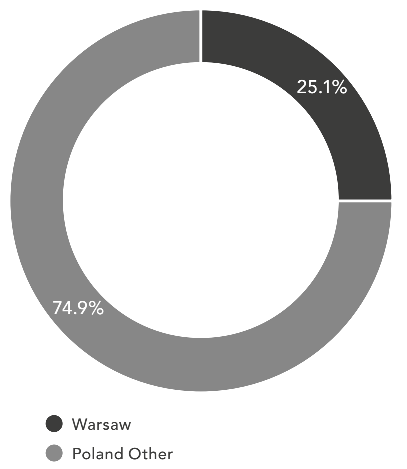
Romania: Portfolio Value by Location



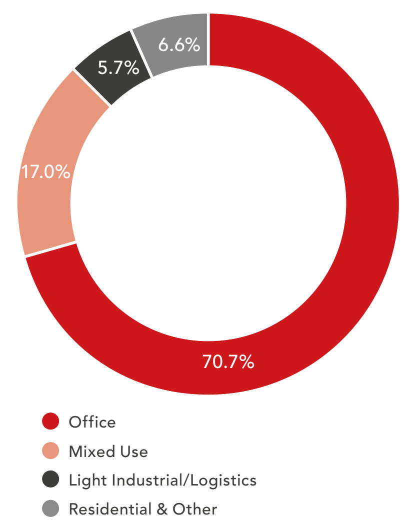
Poland: Portfolio Value by Property Type



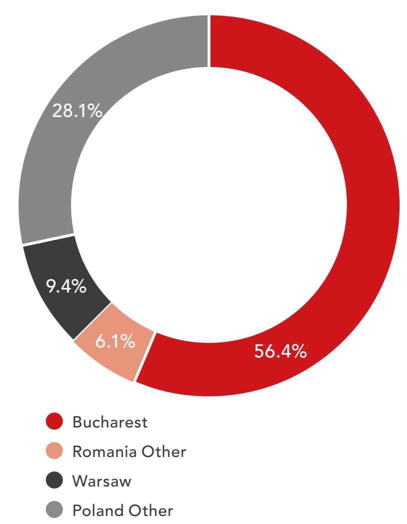
Poland: Portfolio Value by Location



Combined Portfolio Value by Property Type



Combined Portfolio Value by Location



PORTFOLIO REVIEW
CONTINUED

Standing Properties
Globalworth's portfolio of standing properties almost tripled in number in 2017, with the addition of 22 properties through acquisition and 3 properties which were under construction at the beginning of the year and were subsequently delivered to the market. As of year-end there were 39 standing properties in Romania 19 and Poland 20.

Our standing portfolio, as of 31 December 2017, comprised 25 Class "A" offices and three mixed-use investments (with 7 properties in total) in central locations in Bucharest (Romania) and 6 major office markets/cities of Poland. In addition, we own a light industrial park with 5 facilities in Timisoara (Romania), a modern warehouse in Pitesti (Romania), and part of a residential complex in Bucharest (Romania).

Globalworth's total standing GLA at the end of 2017 had almost doubled to c.791.0k sqm, of which c.748.1k sqm was commercial space, while the appraised value of our standing properties rose to c.€1.7 billion (as at 31 December 2017), representing a c.1.9x increase on the previous year.

Most notable additions to our portfolio this year include Tower I of our Globalworth Campus development project in Bucharest, Hala Koszyki in Warsaw and the A4 Business Park in Katowice.

The Globalworth Campus project is a large-scale development situated in the new CBD of Bucharest, which on completion will offer three Class "A" office towers, retail spaces and other supporting amenities including a conference centre. Tower I (left tower), part of Phase A, was delivered in September 2017, offering 29.0k sqm over 12 floors and two underground levels. The property, which is currently in its lease-up phase, as of end-of January 2018 was already 54.5% leased (88.9% incl. options) to high quality tenants such as Amazon and Honeywell. Occupancy for the property as of 31 December 2017 was 46.8% (73.6% incl. options)

Hala Koszyki, is a multi-tenanted mixed-use revitalisation / development project in Warsaw, completed in 2016, combining commercial and entertainment features with three modern class "A" office properties (and a smaller secondary office). The project's centrepiece is the former 'Koszyki' market hall, commonly known as the 'People's bazaar' built between 1906 and 1908, which has been renovated and complements the three recently completed modern office buildings, offering 22.2k sqm of high quality commercial space. The property is pre-certified with BREEAM 'Very Good' green certification and is 100% leased to tenants such as Mindspace. In Q1-2018 the retail component of Hala Koszyki received BREEAM 'Very Good' certification, and we are currently in the process of certifying the office component.

The A4 Business Park is a modern, multi-tenanted class "A" office park in the southern part of Katowice (Poland). The park comprises three properties, delivered between 2014 and 2016, offering total GLA of 30.6k sqm. A4 is 100% leased to tenants including the well-known international corporates IBM, Rockwell Automation and PKP Cargo.

All our properties are modern and have been completed or refurbished since 2011, with c.66.7% of our GLA and c.66.5% of our standing combined portfolio value having been delivered within the past 7 years. It is worth noting 37 of our properties have been delivered or significantly refurbished in the past 5 years, and following the delivery of our development projects (Globalworth Campus - Towers II and III, Renault Bucharest Connected) and other future completions, the proportion of modern office stock in our portfolio will further increase in the next two years.

The number of 'green' properties owned by the Company has also increased since the beginning of 2017, with the most notable addition being our landmark class "A" Globalworth Tower office in Bucharest, which was officially awarded the Green certification of LEED Platinum, becoming the first building in Romania and the broader SEE region to have received the highest available Green accreditation. In addition, Globalworth Plaza in Bucharest received BREEAM Excellent certification in 2017, while 8 of the properties added in our portfolio through acquisition are green certified with BREEAM Very Good or higher and LEED Gold accreditations, including Green Court "C" (Bucharest), Green Horizon (Lodz), Westgate (Wroclaw), Tryton (Gdansk) and the A4 Business Park (Katowice).

Our portfolio now includes 18 green accredited properties, accounting for 57.3% of the standing consolidated portfolio value. We have commenced the process for certifying or re-certifying 8 of our properties and in addition we are assessing the green certification potential of our larger, non-certified office and mixed-use properties, targeting green accreditations of BREEAM Very Good / LEED Gold or higher, thus aiming to further increase the number of green certified properties in our portfolio over the next 12 months.

Occupancy of our standing commercial portfolio as of 31 December 2017 had significantly improved to 93.3%, representing a 12.2% increase compared to the same period last year (83.1% as of 31 December 2016) or a 10.2% increase on a like-for-like basis. In total we have c.697.8k sqm of commercial GLA leased to c.440 tenants, the majority of which is tenanted to national and multinational corporates which are well-known within their respective markets. This high level of occupancy is underpinned by the fact that 32 (of 38) of our commercial properties had an occupancy rate in excess of 95%, and we are in active discussions with a number of tenants for the remaining vacant space in our portfolio.

In addition to our commercial portfolio, Globalworth owns 346 apartments in Upground Towers, a modern two-tower residential complex centrally situated in the new CBD of Bucharest, with a total of 571 apartments. The property benefits from fine views of the nearby Tei lake and adjacent to our BOB, BOC and Globalworth Campus investments and in close proximity to 6 other offices in our 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.

Globalworth's exposure to the residential sector further decreased in 2017 and accounted for c.4.3% of our combined portfolio value at year end (from 9.5% in 2016), mainly as a result of the new additions in our portfolio and the sale of 75 residential units during the year. At 31 December 2017, 195 apartments in Upground Towers were leased, generating c.€1.5 million of annual rental income.

Commercial Standing Properties	31 Dec. 16	31 Dec. 17
Number of Investments	11	24
Number of Properties	13	38
GLA (sqm)	370,033	748,143
"As Is" Valuation (€m)	788.6	1,632.6
Occupancy	83.1%	93.3%
Contracted Rent (€m)	46.9	107.6
WALL (years)	6.4	5.3

Total Standing Properties	31 Dec. 16	31 Dec. 17
Number of Investments	12	25
Number of Properties	14	39
GLA (sqm)	419,986	790,967
"As Is" Valuation (€m)	881.5	1,710.3
Contracted Rent (€m)	48.5	109.1

Developments
Globalworth continued with its active development programme in Romania in 2017, delivering to market Tower I of the class "A" Globalworth Campus development and two light-industrial facilities in TAP, with total of 51.0k sqm of commercial GLA. As at the end of the year, we had 2 other properties in Bucharest under construction which, upon completion, will further increase our footprint of high quality office standing GLA by 70.5k sqm.

Tower II (right tower) of the Globalworth Campus development project is in progress, with structural works and the façade almost completed. The majority of the remaining works involves the interior areas of the building. On completion, Tower II will offer GLA of 28.2k sqm and 180 parking spaces, with 12 floors above ground and two underground levels. The building is expected to be completed at the end of Q1-2018 and its delivery will mark the completion of Phase I of the project, comprising Towers I and II.

In addition, construction of Phase II of the Globalworth Campus development is expected to commence in H1 2018 and will include a class "A" office building, conference facilities and other auxiliary areas. During 2017, the Company improved the design of Phase II and we are currently undertaking the tender process for the appointment of the general contractor responsible for its development. Phase II is expected to be completed within 22 months from commencement and, on completion, will contribute additional GLA of approximately 34.8k sqm and 506 parking spaces.

At the end of 2017, Globalworth's development project known as Renault Bucharest Connected ('RBC') was under construction. RBC, which is jointly owned by the Company and the Elgan Group, will house Groupe Renault's new headquarters in Romania as well a dedicated design centre for the development of future models of cars. On completion, RBC will offer 42.3k of GLA and 1,000 parking spaces. The project is progressing in line with its envisaged timeline, with all preparatory activities completed and construction having reached the third floor. The development is expected to be delivered in Q1-2019. Globalworth according with the terms of its agreement with the Elgan Group will be funding 100% of the development cost and upon completion of construction will have a right of first offer for the acquisition of its non-controlling stake in the project.

The Company has adopted several environmentally friendly principles for its development projects and, as such, anticipates these projects to be awarded Green certification following their completion.

Elsewhere, following the delivery of two new light-industrial facilities at TAP in 2017, the size of the park has reached 103.4k sqm of GLA, with the potential for further development which would increase GLA to 131.9k sqm if the extension options currently available to its existing tenants are taken up.

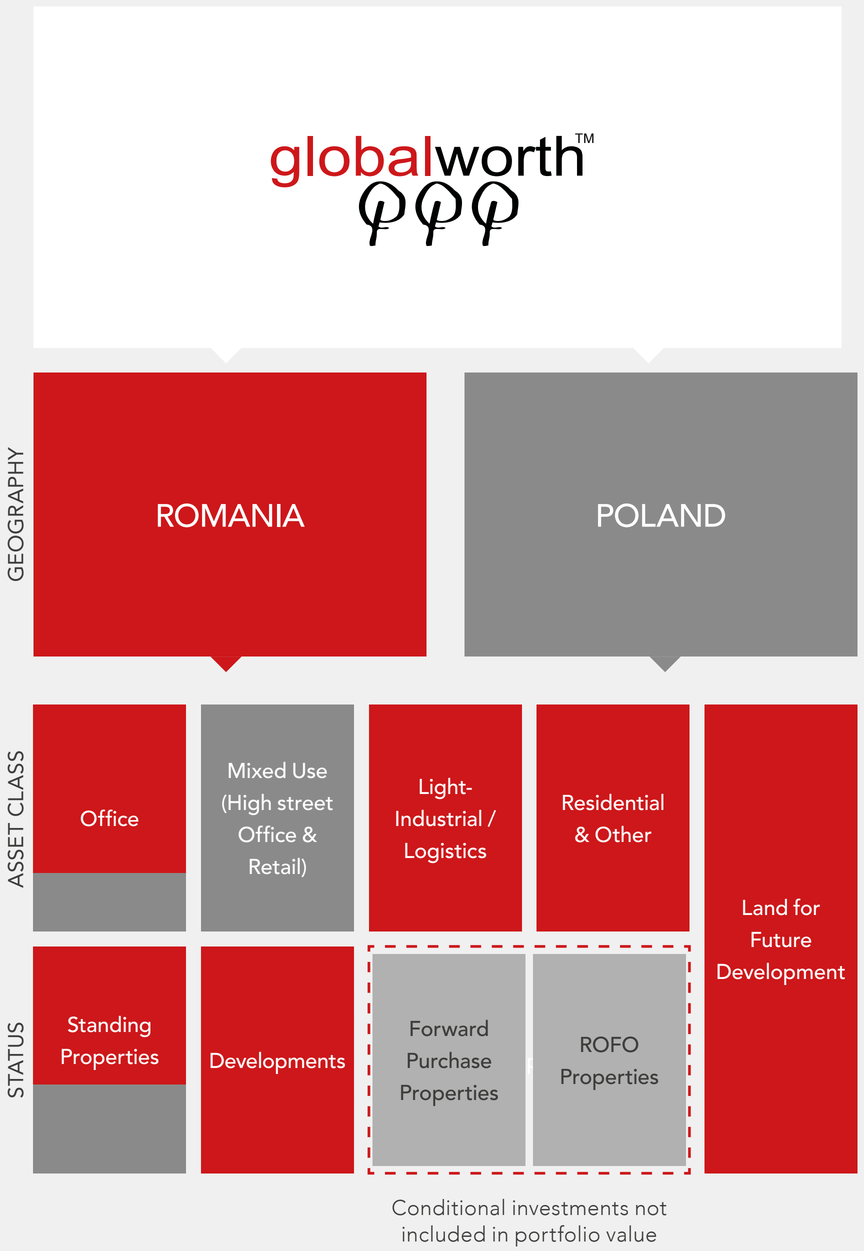
The "As Is" value of the Development Projects as of 31 December 2017 was approximately €79.4 million. On completion, the projects are expected to deliver approximately 133.8k sqm of new office and light-industrial space, with an appraised value of c.€202.1 million

Land for Future Development
Globalworth owns land plots in two prime locations in Bucharest (Herastrau Lake and the historical CBD), covering a total surface of 9.8k sqm, in which office or mixed-use properties can be developed. We have prioritised the land in the historical CBD for future development, and we anticipate constructing a mix-use property of c.27.0k sqm space, subject to relevant approvals.

In 2017 the Company acquired 30 hectares of land near the TAP light-industrial park in Timisoara. This land can be developed in phases delivering c.139.8k sqm of new high-quality light-industrial / logistics space in the area.

We are currently performing planning and/or permitting activities for Globalworth's land bank in order to be able to develop it in the future. The total appraised value of our land for future development as of 31 December 2017 was c.€25.7 million.

Portfolio structure



- Colour split based on appraised value of the properties and country
- Portfolio in Poland owned through GPRE

Overview of Selected Current and Future Developments

Development	Globalworth Campus					
Asset	Tower II	Tower III	Renault Bucharest Connected	TAP Extension Timisoara	Land in Bucharest CBD	TAP II Timisoara
Status	Under construction	Future development	Under construction	Future development	Future development	Future development
Expected Delivery	Q1–2018E	2020E	Q1–2019E		2020E	2018-2020E 134k sqm in phases
GLA (sqm)	28.2 k	34.8 k	42.3 k	28.5 k	27.0 k	
Capex to 31 Dec 17 (€m)	16.9	6.6	18.4	0.8	7.0	4.7
As Is Value (€m)	37.6	16.7	24.4	0.7	12.6	7.4
Estimated Capex (€m)	15.8	45.0	39.8	7.4	35.0	56.4
Completion Value (€m)	51.2	66.6	74.0	10.3	12.6	–
Est. Yield on Development Cost	12.2%		9.5%	11.5%	13.8%	10.0%

1. Renault Bucharest Connected (reflected with 100% ownership).
2. Estimated capex based on contracted and company estimates.

Forward Purchase and Right of First Offer Portfolio

Globalworth, through GPRE, has a portfolio of three investments in Poland which are at different phases of construction and which it has either prefunded or in which it owns a minority stake (25%), with the right to acquire the remaining interest once certain conditions have been satisfied.

Forward Purchase

- West Link is a class "A" office project located in west part of Wroclaw next to the West Gate office building owned by the Company. The property, which is expected to be completed in Q2-2018, will offer on completion c.14.4k sqm of GLA over six floors above ground and 266 parking spaces. West Link, on acquisition, will be fully occupied, and is currently 97.7% pre-let mainly to Nokia, with a 5-year master lease on available spaces

Right of First Offer (25% current ownership)

- Beethovena Business Park is a class "A" office project located in Warsaw comprising two, five-floor offices, which on completion will offer total GLA of 34.2k sqm. Beethovena I and II are of similar size and are expected to be delivered in Q3-2019 and Q4-2019 respectively
- Browary J is a class "A" office project located in Warsaw comprising a stepped shaped "main" building extending over 11 floors and the lower 7th floor wing. The project is expected to be delivered in Q4-2018 and, on completion, will offer 15.0k sqm of GLA, of which c.45% has been pre-leased to a blue-chip tenant. Browary J will be part of Browary Warszawskie (Warsaw Brewery) a mixed-use (office, residential and retail) development in the Wola district which has become one of the most dynamic commercial and residential areas of Warsaw

	Location	Estimated Completion Date	GLA	Amount Invested (€)	Remaining Amount (€) to be invested for 100%	As Is Value (31 Dec 2017)	Value on Completion (31 Dec 2017)
Beethovena I	Warsaw	Q3-2019	17,845	2.9	16.5	6.9	42.1
Beethovena II	Warsaw	Q4-2019	16,380	2.8	14.4	3.9	36.9
Browary J	Warsaw	Q4-2018	14,979	4.2	19.4	14.0	54.3
Total ROFO							
West Link	Wroclaw	Q2-2018	14,362	18.0	–	36.4	36.4
Total ROFO and Forward purchase			**63,566**	**27.9**	**50.3**	**61.2**	**169.7**

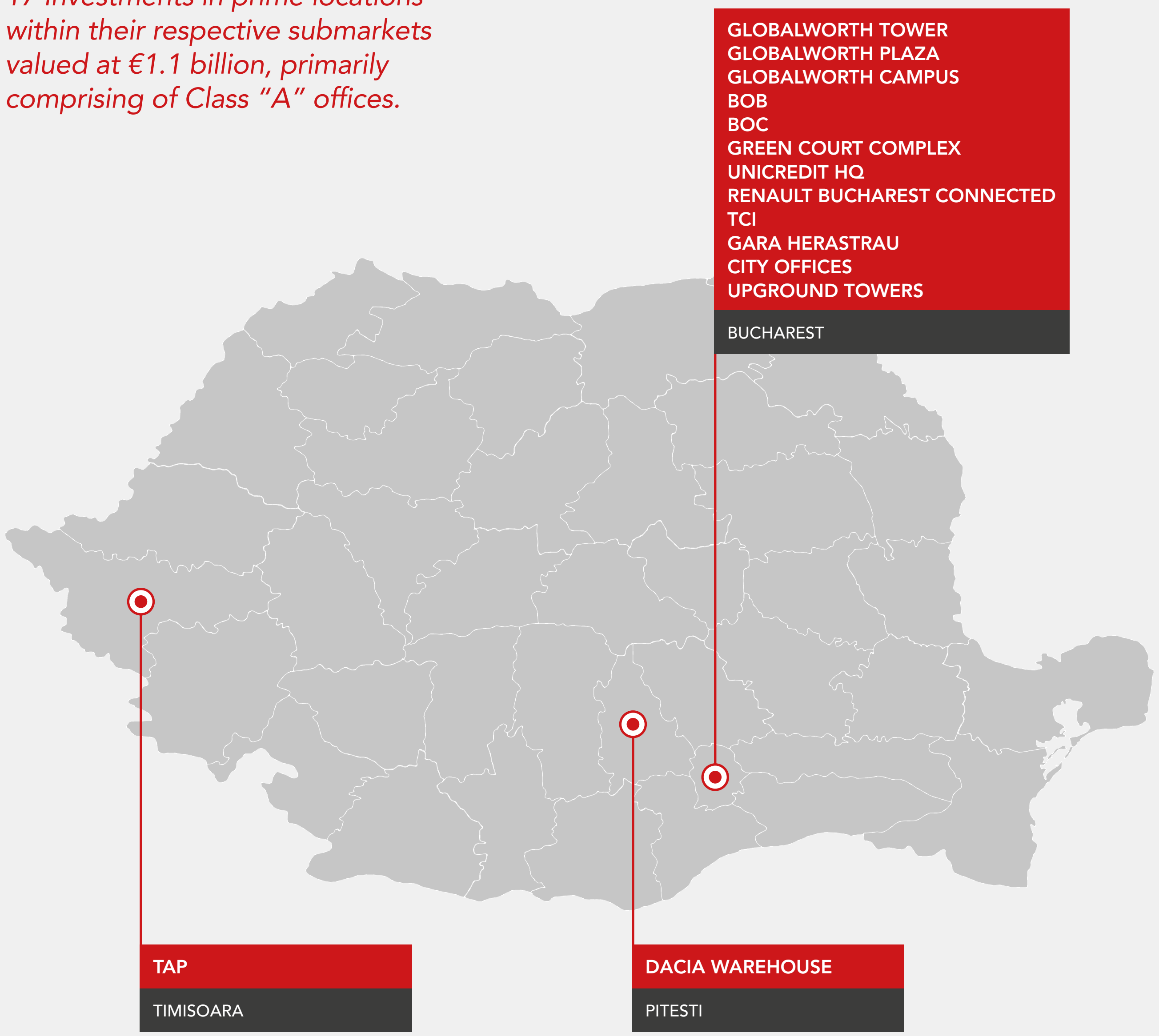
* For the ROFO properties 50% LTV is assumed.
* West Link "As Is" value, represents the estimated completion value of the property.

PORTFOLIO REVIEW
CONTINUED

ROMANIA

Our locations

17 Investments in prime locations within their respective submarkets valued at €1.1 billion, primarily comprising of Class "A" offices.



Properties in Bucharest

PORTFOLIO REVIEW (OUR OFFICE PROPERTIES)
CONTINUED

Globalworth Tower

BUCHAREST, ROMANIA

"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 at a height of 120m, extending over 26 floors above ground and three underground levels.

The project was acquired in December 2013, developed by Globalworth and following its delivery in February 2016, offers c.54.7k sqm of GLA and 636 parking spaces. Globalworth Tower is the first building in the SEE region to receive LEED Platinum accreditation, the highest possible 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"	€173.0 million
GLA	54,686 sqm
Occupancy	98.9%
Contracted Rent	€11.3 million
WALL	7.9 years
Selected Tenants	Bunge, Delhaize Group, Huawei, Nestle, NNDKP, Vodafone, Wipro, Zara Globalworth

Note: All data as of 31 December 2017.

Globalworth Plaza

BUCHAREST, ROMANIA

'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 partially refurbished in 2014/15, with additional works carried out as part of our Renovation and Maintenance programme in 2016/17, and received BREEAM Excellent certification in 2017.

Globalworth Plaza was acquired by Globalworth in March 2015 and offers 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%
Year of completion	2010 (partial refurbishment and upgrade works 2014/17)
Appraised value "As Is"	€60.7 million
GLA	24,061 sqm
Occupancy	81.5% (96.3% incl. options)
Contracted Rent[1]	€3.7 million
WALL[1]	4.8 years
Selected Tenants	ACNielsen, Amoma, Bayer, Cegedim, Coface, Microsoft, Patria Bank, Printec

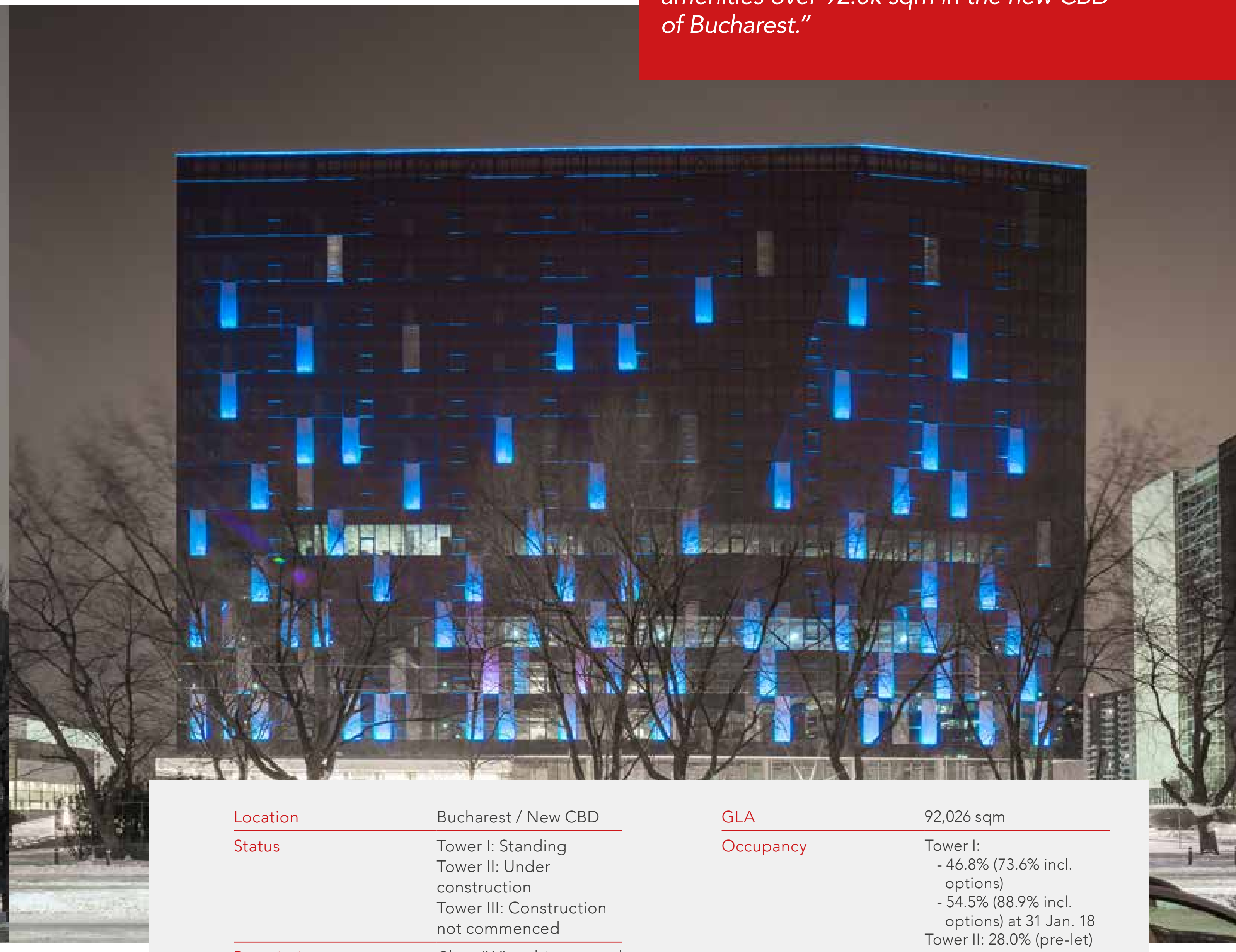
Note: All data as of 31 December 2017.
(1) Figures do not include the impact of tenant options.

Globalworth Campus

BUCHAREST, ROMANIA

BREEAM®
Under certification

"A state-of-the-art development, balancing Class "A" office, retail and other supporting amenities over 92.0k sqm in the new CBD of Bucharest."



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

Phase "A", currently under development, will comprise two (side) towers facing Dimitrie Pompeiu Street (main street) offering on completion a total GLA of c.57.2k sqm. The first tower was completed in Q3-2017 and the second one is expected to be delivered in Q1-2018, extending over 12 floors above ground with two underground levels.

Phase "B" will comprise a third tower offering an additional GLA of c.34.8k sqm. Construction is expected to start in H1-2018.

Globalworth Campus is expected to receive BREEAM Very Good / Excellent certification.

Location	Bucharest / New CBD
Status	Tower I: Standing Tower II: Under construction Tower III: Construction not commenced
Description	Class "A" multi-tenanted office campus
Ownership	100%
Year of completion	2017–2020E
Appraised value "As Is"	€105.9 million

GLA	92,026 sqm
Occupancy	Tower I: - 46.8% (73.6% incl. options) - 54.5% (88.9% incl. options) at 31 Jan. 18 Tower II: 28.0% (pre-let)
Contracted Rent(1)	€3.0 million
WALL(1)	10.8 years
Selected Tenants	Amazon, Honeywell, PC4Cards, Stefanini

Note: All data as of 31 December 2017.
(1) Figures do not include the impact of tenant options.

BOB

BUCHAREST, ROMANIA

BREEAM®
★★★★☆
Excellent

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, with additional works carried out as part of our Renovation and Maintenance programme in 2016/17.

BOB was acquired by Globalworth in 2014 and received both BREEAM In-use /Excellent and LEED Gold certifications (for part of the property) in the same year.

The property offers 22.4k sqm of GLA over seven floors above ground and 142 parking spaces and 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%
Year of completion	2008
Appraised value "As Is"	€50.8 million
GLA	22,391 sqm
Occupancy	97.3%
Contracted Rent	€3.6 million
WALL	3.9 years
Selected Tenants	Deutsche Bank, Clearanswer Europe, NBG Group, NX Data, Stefanini

Note: All data as of 31 December 2017.

BOC

BUCHAREST, ROMANIA

BREEAM®
★★★★☆
Excellent

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, with additional works carried out as part of our Renovation and Maintenance programme in 2016/17.

BOC was acquired by Globalworth in March 2014 and received BREEAM In-use / Excellent Green certification the same year. It was nominated in the category for the best Green 'Office: In-Use' property in the 2015 BREEAM awards and was the first property in Romania to be rated "Excellent" for Asset Performance (Part 1) and Building Management (Part 2).

BOC offers 57.0k sqm of GLA and 864 parking spaces over eight floors above ground and three underground levels, and forms 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%
Year of completion	2009
Appraised value "As Is"	€141.8 million
GLA	56,962 sqm
Occupancy	97.2%
Contracted Rent	€9.6 million
WALL	4.8 years
Selected Tenants	Deutsche Telekom, EADs, GfK, Honeywell, Hewlett Packard, Mood Media, NBG Group, Nestle, Stefanini

Note: All data as of 31 December 2017.

Green Court Complex

BUCHAREST, ROMANIA

"Award winning complex comprising of 3 Green certified Class "A" offices in the new CBD of Bucharest."

Location	Bucharest / New CBD
Status	Standing Property
Description	Class "A" multi-tenanted office building
Ownership	100%
Year of completion	2014–2016
Appraised value "As Is"	€142.7 million
GLA	54,328 sqm
Occupancy	99.2%
Contracted Rent	€9.9 million
WALL	4.2 years
Selected Tenants	ABB, Abbott, Adecco, Capgemini, Carrefour, CITR, Colgate, Ericsson, GM, Legrand, Merck, Nordic, Orange, Sanofi, Schneider Electric Skanska, Softelligence, Tradeshift

Note: All data as of 31 December 2017.

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

Green Court is an award winning complex developed by Skanska in three phases, with the properties completed between 2014 and 2016.

Globalworth acquired the three class "A" offices in subsequent transactions in June 2015, December 2015 and August 2017 and is now the sole owner of the Green Court complex.

All three properties are LEED Gold certified and offer total GLA of c.54.3k sqm and 834 parking spaces, with each building extending over 12 floors above ground and 3 underground levels.

Unicredit HQ

BUCHAREST, ROMANIA

Location	Bucharest / North Bucharest
Status	Standing Property
Description	Class "A" single-tenanted office building
Ownership	100%
Year of completion	2012
Appraised value "As Is"	€53.0 million
GLA	15,500 sqm
Occupancy	100%
Contracted Rent	€3.8 million
WALL	4.4 years
Selected Tenants	UniCredit Bank

Note: All data as of 31 December 2017.

'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, offering c.15.5k sqm of GLA and 156 parking spaces. The property extends over 14 floors above ground and has two underground levels.

Renault Bucharest Connected

BUCHAREST, ROMANIA

Location	Bucharest / West Bucharest
Status	Development Property
Description	Class "A" single-tenanted office building
Ownership	50.0%
Year of completion	2019
Appraised value "As Is"	€24.4 million
GLA	42,261 sqm
Occupancy	100.0%
Contracted Rent	€5.5 million
WALL	11.0 years
Selected Tenants	Automobile Dacia

Notes:
1) Data reflects 100% ownership (Globalworth owns 50% stake in RBC).
2) All data as of 31 December 2017.

'Renault Bucharest Connected' ('RBC') is a modern office complex development, located in the western part of Bucharest on Preciziei Boulevard.

The development is leased to Groupe Renault Romania for a minimum of 11 years, and will host the tenant's headquarters in Bucharest as well as a dedicated design centre.

RBC is under construction and expected to be delivered in Q1-2019. On completion it will offer c.42.3k sqm of GLA and 1,000 parking spaces.

The project is jointly owned by Globalworth and the Elgan Group.

TAP

TIMISOARA, ROMANIA

Location	Timisoara
Status	Standing Property / Development
Description	Light-industrial complex
Ownership	100%
Year of completion	2011–2017
Appraised value "As Is"	€55.5 million
GLA	103,441 sqm
Occupancy	97.9%
Contracted Rent	€4.5 million
WALL	9.9 years
Selected Tenants	Continental, Honeywell, Litens, Valeo Lightning

Note: All data as of 31 December 2017.

The Timisoara Airport Park ('TAP') is a light-industrial / logistics complex located in the North-East of Timisoara.

The property is close to the international airport and benefits from easy access to the fourth European Corridor.

The complex has been developed in phases, now comprising five facilities with total GLA of 103.4k sqm.

TAP is almost exclusively let to Valeo Lightnings, Continental, Honeywell (originally Elster Rometrics) and Litens Automotive and has maximum capacity of c. 131.4k sqm GLA.

Dacia Warehouse

PITESTI, ROMANIA

Location	Pitesti / Central Romania
Status	Standing Property
Description	Modern Warehouse
Ownership	100%
Year of completion	2010
Appraised value "As Is"	€47.9 million
GLA	68,412 sqm
Occupancy	100%
Contracted Rent	€4.1 million
WALL	7.6 years
Selected Tenants	Automobile Dacia

Note: All data as of 31 December 2017.

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.

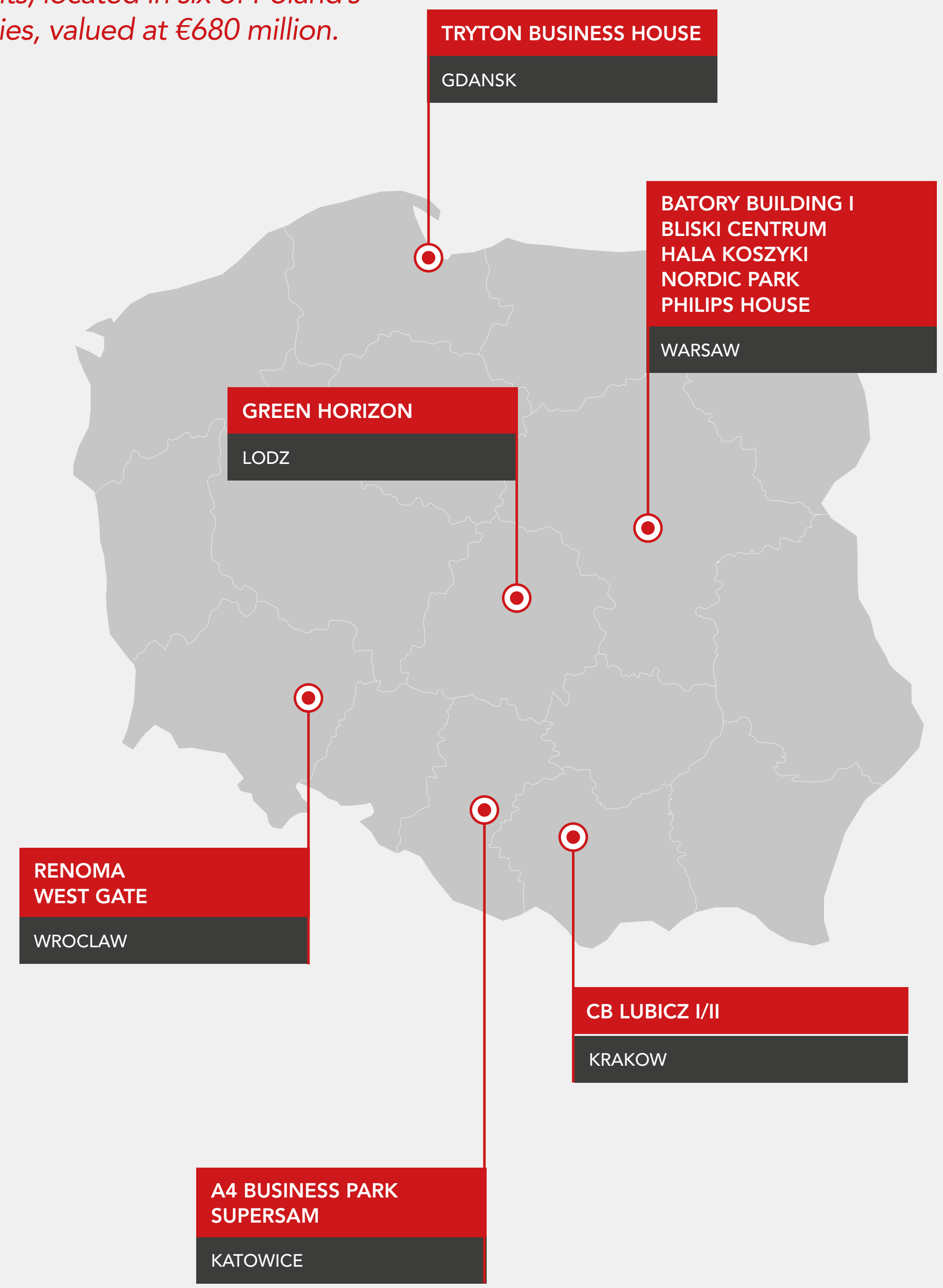
The property is leased solely to Automobile Dacia, offering c.68.4k sqm of GLA, and is one of the Groupe Renault's largest spare parts and accessories distribution centres outside of France.

Globalworth acquired the Dacia Warehouse in May 2017.

POLAND

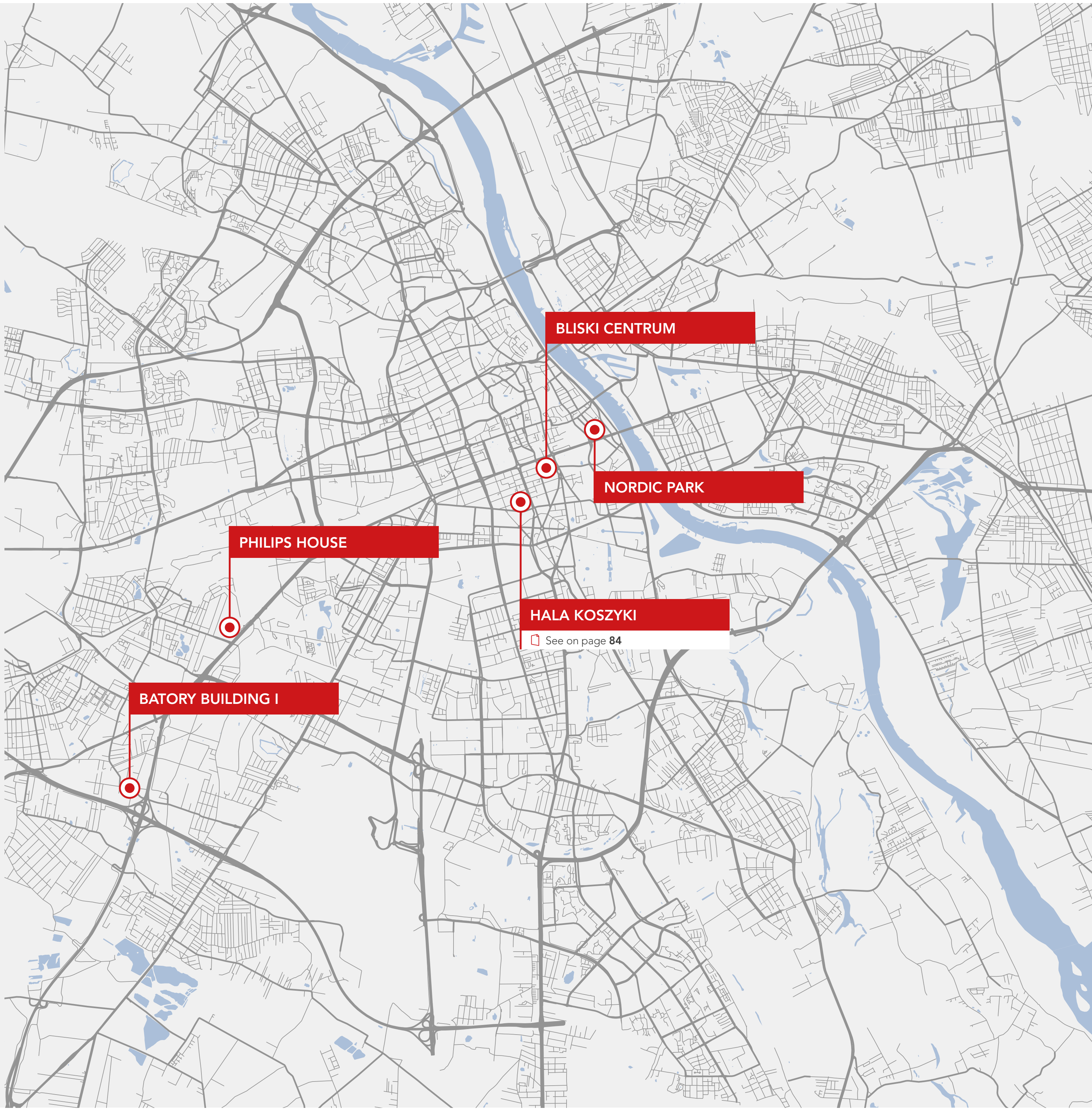
Our locations*

12 Class "A" office and mixed-use investments, located in six of Poland's largest cities, valued at €680 million.



*held via GPRE

Properties in Warsaw



PORTFOLIO REVIEW (OUR MIX-USE PROPERTIES)
CONTINUED

Hala Koszyki

WARSAW, POLAND

"Landmark mixed-use revitalisation / development project in Warsaw, offering 22.2k sqm of high quality office, commercial and entertainment features."

"Hala Koszyki" is a landmark multi-tenanted, mixed-use revitalisation / development project in Warsaw, combining commercial and entertainment features with three modern Class "A" office properties (and a smaller secondary office).

It is located near Plac Konstytucji, the Politechnika metro station, and one of the main arteries of the city on al. Niepodleglosci, providing easy access to the project.

Its centrepiece is the former 'Koszyki' market hall, commonly known as the 'People's bazaar' built between 1906-1908, which has been renovated and complements the three recently completed modern office buildings, offering 22.2k sqm of high quality commercial space.

Hala Koszyki was originally developed at the beginning of the 20th century and, following its revitalisation, features the original Art Nouveau façade and a functional complex with a total of 37 restaurants, cafés and other service units. In addition it offers 15.7k sqm of office space and 202 parking spaces.

Location	Poland / Warsaw
Status	Standing Property
Description	Mixed-use property (office and commercial)
Ownership[1]	71.7% (through GPRE)
Year of completion	2016 (refurbished)
Appraised value "As Is"	€108.4 million
GLA	22,246 sqm
Occupancy[2]	100%
Contracted Rent	€6.9 million
WALL	5.8 years
Selected Tenants	Mindspace, Multimedia, Performante, Rossmann, Symphar

Note: All data as of 31 December 2017.
(1) Investment 100% owned by GPRE
(2)Occupancy excluding rental guarantees (77.7%)

CB Lubicz I/II

KRAKOW, POLAND

BREEAM®
Under certification

Location	Poland / Krakow
Status	Standing Property
Description	Class "A" multi-tenanted office complex
Ownership (1)	71.7% (through GPRE)
Year of completion	2009 (refurbished)
Appraised value "As Is"	€70.7 million
GLA	23,986 sqm
Occupancy(2)	100%
Contracted Rent	€5.0 million
WALL	3.5 years
Selected Tenants	Avanade, BNP Paribas, BZ WBK, Capita, Deutsche Bank, International Paper and PWC

Note: All data as of 31 December 2017.
(1) Investment 100% owned by GPRE
(2) Occupancy excluding rental guarantees (97.1%)

The Lubicz Business Centre ("CB Lubicz I/II") is a modern Class "A" multi-tenanted centre, comprising two office buildings located close to the historic Old Town of Krakow on Lubicz Street.

The centre was delivered in phases, with building I and II completed in 2000 and 2009 respectively. In addition, over the past three years it has undergone a quality upgrade with refurbishment and fit-out works which are expected to continue in 2018.

CB Lubicz I/II, has been previously certified with BREEAM 'Very Good' and we are currently undertaking its re-certification process.

The centre benefits from being close to the main train station of Krakow, Galeria Krakowska shopping mall and university campuses.

The larger Building I extends over six floors above ground and two underground levels, while Building II extends over seven floors above ground and an underground level, offering in total c.24.0k sqm of office and 333 parking spaces.

Green Horizon

LODZ, POLAND

LEED GOLD

Location	Poland / Lodz
Status	Standing Property
Description	Class "A" multi-tenanted office complex
Ownership(1)	71.7% (through GPRE)
Year of completion	2012/2013
Appraised value "As Is"	€71.3 million
GLA	33,510 sqm
Occupancy(2)	100%
Contracted Rent	€5.2 million
WALL	5.6 years
Selected Tenants	Capita, Infosys, McCormick, PKO BP, PWC

Note: All data as of 31 December 2017.
(1) Investment 100% owned by GPRE (2)Occupancy excluding rental guarantees 100.0%

Green Horizon is a multi-tenanted modern office complex located on Pomorska street in the North-eastern part of Lodz's business district.

It was developed in phases by Skanska and comprises two Class "A" offices delivered in 2012 and 2013 respectively.

The complex is easily accessible, situated in front of one of the principal interchanges of Lodz and close to the largest campus of the University of Lodz.

Green Horizon extends over seven floors above ground and two underground levels, offering c.33.5k sqm of office space and 407 parking spaces, and is LEED Gold certified.

PORTFOLIO REVIEW (OUR OFFICE PROPERTIES)
CONTINUED

A4 Business Park

KATOWICE, POLAND

BREEAM Very Good ★★★

Location	Poland / Katowice
Status	Standing Property
Description	Class "A" multi-tenanted office complex
Ownership[1]	71.7% (through GPRE)
Year of completion	2014-2016
Appraised value "As Is"	€68.5 million
GLA	30,556 sqm
Occupancy[2]	100%
Contracted Rent	€5.0 million
WALL	4.5 years
Selected Tenants	IBM, PKP Cargo, Rockwell Automation

Note: All data as of 31 December 2017.
(1) Investment 100% owned by GPRE.
(2) Occupancy excluding rental guarantees (96.4%)

The A4 Business Park is a modern, multi-tenanted class "A" office park in Francuska street in the southern part of Katowice.

The park comprises three offices delivered between 2014 and 2016, which are all certified with BREEAM 'Very Good' accreditation.

The A4 Business Park is within sight of the A4 motorway and is close to residential and commercial buildings.

Office I, II and III extend over six and nine floors respectively and have one underground level, offering in total 30.6k sqm of GLA and 605 parking spaces.

Tryton Business House

GDANSK, POLAND

BREEAM ★★★★☆ Excellent

Location	Poland / Gdansk
Status	Standing Property
Description	Class "A" multi-tenanted office building
Ownership[1]	71.7% (through GPRE)
Year of completion	2016
Appraised value "As Is"	€56.4 million
GLA	24,016 sqm
Occupancy[2]	100%
Contracted Rent	€3.8 million
WALL	4.0 years
Selected Tenants	Asseco, Ciklum, Intel, Kainos, mBank, PGS Software

Note: All data as of 31 December 2017.
(1) Investment 100% owned by GPRE (2) Occupancy excluding rental guarantees (88.3%)

Tryton Business House is a modern Class "A" multi-tenanted office building located in central Gdansk on Jana z Kolna and Wały Piastowskie streets.

It has a characteristic "H" shape structure, comprising a front part extending over six floors above ground and a rear part extending over eleven floors above ground. Both parts are linked through the connection building, offering c.24.0k in GLA and 727 parking spaces.

The property is easily accessible by public and private transport and is closely to the Old Town (historical centre) and the main railway station.

Tryton Business House was completed in 2016 and was accredited with BREEAM Excellent certification in the same year.

GOVERNANCE

BOARD OF DIRECTORS

Ioannis Papalekas
Founder & Chief Executive Officer

Founder of Globalworth, Ioannis Papalekas has nearly 20 years of real estate investment and development experience, predominantly in Romania, having created one of the most successful real estate development and investment groups in the Romanian real estate market. He has significant experience in the acquisition, master planning, development, reconstruction, refurbishment, operation and asset management of land and buildings across all major asset classes in Romania. Before founding Globalworth, Ioannis was responsible for the acquisition, development and successful disposal of more than 400,000 sqm of commercial (office, retail and logistics) space and 1,000 residential units in Romania.

Dimitris Raptis
Deputy Chief Executive Officer and Chief Investment Officer

Dimitris Raptis joined Globalworth in November 2012, following 15 years of experience in the financial services and real estate investment management industries with Deutsche Bank. The last 12 years were spent 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.

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. He first moved to Moscow and from there 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 on the financials and technology sectors. He is also a Director for a number of private companies.

Bruce Buck
Non-Executive Director

Bruce Buck has been practicing law in Europe since 1983, and was Managing Partner in Europe and latterly Of Counsel for law firm Skadden, Arps, Slate, Meagher and Flom, until retiring from this role in July 2017. He has been involved in work in Central and Eastern Europe since 1990, comprising a broad range of mergers, acquisitions and capital markets transactions, including IPOs and high-yield transactions. Bruce is the Chairman and a Director of Chelsea FC PLC, and also Senior Independent Non-Executive Director of Petropavlovsk PLC.

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 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. He was also 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.

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. Eli received a BSc in Civil Engineering from the Technion in Israel (Cum Laude) 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.

Andreea Petreanu
Non-Executive Director

Andreea Petreanu is currently Head of Credit Risk Management at Mizuho International in London. Over the past 17 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.

BOARD OF DIRECTORS
CONTINUED

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.

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 Ltd1 (LSE), Chenavari Toro Income Fund Limited (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, and Guernsey investment funds. 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 Price Waterhouse 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 £20m private equity acquisition of Ora Telecom. He was previously at John Lewis and was CFO of Windsmoor (London LSE).

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

Alexis Atteslis
Non-Executive Director

Alexis Atteslis serves as a Portfolio Manager and Managing Director at Oak Hill Advisors. He shares portfolio management responsibilities for European investments and serves on the board of various portfolio companies. Prior to joining Oak Hill Advisors he worked at Deutsche Bank and at 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.

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 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 front line 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 qualified as a Chartered Accountant in South Africa, England and Wales. On leaving Price Waterhouse in South Africa, he became the sole proprietor of an audit practice in Johannesburg, with work that focused on 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, an International Stock 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 the main board member of Thames River Capital Holdings Limited, a fund management company with $9 bn prior to its disposal.

Peter Fechter
Non-Executive Director

Peter Fechter has deeply embedded entrepreneurial experiences of all aspects of the property space. After graduating as a civil engineer in 1968, he worked in South Africa as a site agent and tendering estimator, becoming CEO of a 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 a merger, acquisition and investment deals in South Africa and Australia.

Letter from the Chairman

Geoff Miller
Chairman

Highlights

- **Strong supportive relationships with shareholders and bond holders of the Company, evidenced by our success in capital markets**
- **5 new Non-Executive Directors joined the Board which now comprises 13 members**
- **Active involvement by the Board in overseeing governance with 19 meetings held during the year**
- **Continuous focus on high environmental standards with 11 new green certified offices added to our portfolio**
- **Outstanding health and safety record**

Our growing momentum in the CEE office sector is very evident following the significant progress in 2017 in enlarging our geographic footprint, portfolio size and our capital base. Alongside this, our commitment towards strong governance and corporate sustainability and responsibility remains an overriding priority.

Dear shareholders

I am pleased to introduce this Corporate Governance report, in which we demonstrate our high standards of corporate governance as we strive to voluntarily meet the higher standards of the UK Corporate Governance Code. 2017 has been a significant year for Globalworth on a variety of fronts, and one which we are confident we can further capitalise on in the years ahead. The Board is grateful to all the Company's stakeholders for their ongoing commitment and support.

I am delighted with the ongoing progress that the Company continues to make, further extending the impressive track record since IPO in 2013 and in-line with our strategy and business model. While 2017 will be marked by the Company's expansion into Poland which starts an exciting new chapter, the ongoing underlying progress in Romania was also pleasing, with growth in occupancy alongside the delivery of new developments and acquisitions. The Company successfully marked its debut in the debt capital markets with a €550m Eurobond in June which was more than 2x oversubscribed, and demonstrated the Company's ability to tap into the attractive lending conditions available to it. As evidence to our scale, this represented the largest corporate bond issue in the history of the Bucharest stock exchange. Following this progress, it was satisfying to see the Company completed in December a €340 million new equity capital raise, above target and oversubscribed at a price of €8.75 per share, receiving good support from our existing shareholders and, importantly, from new shareholders to Globalworth.

It is with great satisfaction that we have seen the considerable progress achieved in 2017 reflected in the strong total return to shareholders through a combination of share price performance and dividend. An owner of our shares throughout 2017 will have enjoyed a total return of 37%. The Company's improved traction in the capital markets has also been seen by improved trading volumes of our shares on the London Stock Exchange in recent months, with average daily volume exceeding €400k/day in Q4 2017, compared to c.€75k/day in Q4 2016. Responding to feedback from our investors, the Company has expanded its investor relations and engagement program, reflecting our commitment to build our brand and market awareness in international capital markets further. This places us in a good position, as announced during the year, to progress our intention to obtain a Premium Listing on the London Stock Exchange's Main Market during the coming year.

Sustainability/Social Responsibility

All at Globalworth are committed to following strict business ethics and in corporate social responsibility. We are proud to place significant importance on this, but firmly believe that this sustains long-term value for the Company, our shareholders, the community and environment.

Reflecting the importance not only for the environment, but also as a key priority for many prospective tenants, we continue to target buildings offering strong green credentials, or scope where environmental performance can be improved. Today, we have a portfolio of 25 office properties in Romania and Poland, of which 17 have received green accreditation of BREEAM Very Good / LEED Gold or higher. This was also recognised in the award of the Best Leading Green Build Development & Developer for Globalworth Tower at the CIJ Awards Romania. In addition, in Q1-2018 the retail component of our Hala Koszyki investment in Poland was green certified.

Giving back to the Community is a key principle in our operations, both as a Company and through our employees in a personal capacity. Over the years, Globalworth has supported numerous local communities, charities and hospitals both indirectly and directly. Examples have included our efforts with children and those in need of palliative care, but also in education.

Health & Safety

Health and safety is of paramount importance to us, with tens of thousands of people working at or visiting our properties each day and across our development sites. With c.791.0k sqm of standing GLA in our property portfolio and an additional 70.5k sqm under construction at the end of 2017, and we work hard together with our partners to maintain an outstanding record in this area. Across our portfolio, 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. 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.

The Board

The close relationship and open communication between the Non-Executive and Executive Directors is integral to our governance process, allowing the smooth operation of the Board, and ensuring ongoing guidance for the Company. This is evident through the 19 times the Board convened in 2017, and I would like to thank all members of the Board for their ongoing support. We were pleased to welcome five new additions to our Board of Directors over the course of the year, which now comprises 13 members. Norbert Sasse, George Muchanya, Peter Fechter, Richard van Vliet joined in February 2017 following the enhancements to governance announced at the end of 2016, and in December 2017 we were pleased to be joined by Bruce Buck. Together these additional members continue to enhance the expertise and depth of knowledge from which the Company benefits.

Geoff Miller
Chairman
7 March 2018

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') issued by the Financial Reporting Council in April 2016 which applies to financial years beginning on or after 17 June 2016. The Board believes that the Company has complied throughout the year ended 31 December 2017 with the provisions set out in the UK Code, subject to the statements made below in this section.

Board of Directors
Introduction

At the beginning of the financial year, 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, and on 12 December 2017 another Non-Executive Director was appointed.
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 2017, with the exception of the Company, the Investment Adviser and Growthpoint Properties Limited, there are no common directorships between members of the Board.

Chairman
The Chairman of the Board is Geoff Miller.

Senior Independent Director
Eli Alroy holds the role of Senior Independent Director.

Directors
Directors' Duties and Responsibilities

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

The Directors are responsible for the determination and oversight of the Company's investing policy and strategy and have overall responsibility for the Company's activities, including the review of its investment activity and performance, and the activities and performance of the Management Team.
Details on the profile and experience of the Executive and Non-Executive Directors are set out on pages 92-95 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 103-104 and pages 105-107, respectively, of the Annual Report.

The Investment Committee consists of Eli Alroy (Chairman of the Committee), Ioannis Papalekas, Dimitris Raptis, Norbert Sasse and George Muchanya. The Investment Committee was formed primarily for the purpose of considering:
- all acquisitions, disposals and developments or redevelopments of physical properties and letting enterprises in accordance with the thresholds set out in the delegated authority framework;
- capital expenditure, including refurbishments and developments or redevelopments of physical properties and letting enterprises in accordance with the thresholds set out in the delegated authority framework;
- periodic review of systems and processes for due diligence reviews relative to acquisitions of physical properties and letting enterprises;
- annual budgets for capital expenditure;
- annual valuations of physical properties and letting enterprises;
- philosophy, policies and strategy in respect of investment in physical properties and letting enterprises;
- loan and debt securitisation within the thresholds set out in the delegated authority framework; and
- lease agreements and amendments thereto within the thresholds set out in the delegated authority framework, and making recommendations in respect thereof to the Board or any appropriate Committee of the Board of the Company.

Shareholder Communications
A report on shareholder communications is considered at each quarterly Board meeting. 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 2017 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	8	6	7	–	19	10	–	–	–	–
Dimitris Raptis	4	4	8	7	7	1	19	12	–	–	–	–
Geoff Miller	4	4	8	7	7	7	19	18	–	–	3	3
Eli Alroy	4	4	8	8	7	1	19	13	–	–	3	3
John Whittle	4	4	8	7	7	5	19	16	3	3	–	–
Akbar Rafiq	4	4	8	4	7	–	19	8	–	–	–	–
Alexis Atteslis	4	4	8	5	7	1	19	10	–	–	–	–
Andreea Petreanu	4	4	8	5	7	1	19	10	3	2	–	–
Norbert Sasse	4	4	6	3	7	1	17	8	–	–	–	–
George Muchanya	4	4	6	3	7	1	17	8	–	–	–	–
Peter Fechter	4	4	6	5	7	1	17	10	–	–	3	3
Richard van Vliet	4	4	6	5	7	4	17	13	3	3	–	–
Bruce Buck	–	–	1	1	–	–	1	1	–	–	–	–

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

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 Zakiono Enterprises Limited (entity beneficially owned by Ioannis Papalekas) 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). The Guernsey resident directors are Geoff Miller, John Whittle and Richard van Vliet.

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.

An evaluation of the performance of the Board members who served during the entire year ended 31 December 2017 has been undertaken. The performance of the Chairman of the Board was also evaluated by the other Directors. The result of the evaluation carried out was that all Directors' performance is in line with the expectations set out at the point of their appointment to the Board.

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

Tenure and Re-election of Directors
In accordance with the Company's Articles of Incorporation, the Company's Non-Executive Directors, except Bruce Buck (nominated and appointed by the Founder, Ioannis Papalekas), 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 40 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 2017.

Directors' Indemnities

The Company maintains a Directors' and Officers' insurance policy for the benefit of its Directors, which applied throughout the year and remains in force at the date of this report. There are also third party indemnity provisions in place for the Directors in respect of liabilities incurred as a result of their office, as far as is permitted by law, which were approved at the quarterly Board meeting held in December 2017.

Investing Policy

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

Profile of Underlying Investments

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

Investment Themes

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

The complete investing policy of the Company can be found on its website under Investor Relations/AIM Rule 26 disclosures and on page 164 of the Annual Report.

Results and Dividends

The results for the year are set out in the consolidated statement of comprehensive income on page 112 of the Annual Report.

The Company has already distributed in July 2017 and in January 2018 interim dividends of €0.22 per share for each interim dividend distribution or €0.44 per share in total, in respect of the year ended 31 December 2017, to holders of Shares. In addition, the Company, consistent with the target of a sustainable and growing dividend, has also announced a prospective dividend in respect of the six-month financial period ending on 30 June 2018 of not less than €0.27 per share (or not less than €0.54 per share annualised), which is anticipated to be paid in August 2018.

Going Concern

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

Supply of Information to the Board

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

Delegation of Functions

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

Investment Adviser

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

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

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

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

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

Substantial Interests

At 31 December 2017, 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	38,371,429	29.0%
Ioannis Papalekas	25,129,187	19.0%
York Capital	20,335,697	15.4%
Oak Hill Advisors	13,099,680	9.9%
Altshuler Shaham Ltd	7,180,580	5.4%
European Bank for Reconstruction and Development	5,714,286	4.3%
Gordel Holdings Limited	5,203,712	3.9%

Directors' Interests

At 31 December 2017 and 2016, 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	
	2017	2016	**2017**	2016
Ioannis Papalekas	**25,129,187**	23,277,101	**2,830,020**	4,245,030
Dimitris Raptis	**527,834**	352,407	**–**	110,000
Geoff Miller	**21,000**	11,000	**11,000**	11,000
Eli Alroy	**698,814**	398,814	**–**	260,000
John Whittle	**11,900**	9,000	**9,000**	9,000
Akbar Rafiq	**–**	–	**–**	–
Alexis Atteslis	**–**	–	**–**	–
Andreea Petreanu	**–**	–	**–**	–
Norbert Sasse	**114,286**	–	**–**	–
Peter Fechter*	**60,000**	–	**–**	–
George Muchanya	**–**	–	**–**	–
Richard van Vliet	**–**	–	**–**	–
Bruce Buck	**–**	–	**–**	–

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

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

In December 2017 having received total subscription funds of € 8,775,050 from the warrant holders, the Company has issued and allotted 1,755,010 Warrant Shares. In addition, in January 2018 the Company having received further subscription funds of €150,000 from the warrant holders has issued and allotted additional 30,000 Warrant Shares. Following this exercise, a further 20,000 Warrants held at 31 December 2017 (11,000 held by Geoff Miller and 9,000 held by John Whittle) are eligible to be exercised under the same terms at the Warrant holders' discretion.

As stipulated in the Founder warrant agreement, 2,830,020 warrants held at 31 December 2017 by Ioannis Papalekas remain unvested in two further tranches. They will vest and become exercisable when the market price of an Ordinary share, on a weighted average basis over 60 consecutive days, exceeds a specific target price.

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

Founder Warrant Agreement

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

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. The warrants held by Dimitris Raptis and Eli Alroy have vested and have been exercised, while the warrants held by Geoff Miller and John Whittle, have also vested but have not yet been exercised.

Auditors

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

Power to Buy Back Shares

The Company has the power to buy back shares in the market, the renewal of which power is sought from shareholders on an annual basis at the AGM, and the Board considers on a regular basis the exercise of those powers. During the year ended 31 December 2017 the Board exercised its power and on July 2017 acquired 56,623 shares in the market so as to satisfy awards made under the share award plan in place for employees of the Company's subsidiaries. 20,910 of these shares have already been transferred to their beneficiaries under the share award plan, while 35,713 shares are still held in treasury and will also be utilised to satisfy awards made under the same share award plan.

Annual General Meeting

The AGM of the Company will be held on 18 June 2018 at 10am British Summer Time at Ground Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey.

Statement of Directors' Responsibilities

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

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

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

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

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

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

The Directors confirm to the best of their knowledge that:

- so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware, and each has taken all the steps he or she ought to have taken as a Director to make himself or herself aware of any relevant 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 7 March 2018.

Richard van Vliet
Director

REMUNERATION COMMITTEE REPORT

Composition of the Committee

From 1 January 2017 until 27 February 2017 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 reports at least annually to the Board in relation to its activities and recommendations. The emoluments of the Directors is a matter for the Board, considering the recommendations received from the Remuneration Committee. No Director 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 fee arrangement plan for the Investment Adviser (the 'Plan').

During the year ended 31 December 2017, three meetings of the Remuneration Committee were held.

Directors' Emoluments

The Directors' emoluments during the year ended 31 December 2017 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 2017 the emoluments of the Directors were as follows and refer to note 32 to the financial statements for other transactions with Directors:

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

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

REMUNERATION COMMITTEE REPORT
CONTINUED

During the year ended 31 December 2016 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	–	–	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. GIAL and Aserat Properties SRL for Ioannis Papalekas, and GIAL for Dimitris Raptis, Geoff Miller and John Whittle.
2. The Executive Directors receive dividends in their capacity 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 of31 December 2016 for out-of-pocket expenses incurred, which was settled subsequent to 31 December 2016.

Founder and Director Warrant Agreements
Please refer to page 101 of the Annual Report for details on the Founder and Director Warrant Agreements concluded on 24 July 2013.

Performance Incentive Scheme
The Company since 1 January 2016 has in place a performance incentive scheme for the Investment Adviser. 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
7 March 2018

AUDIT COMMITTEE REPORT

Introduction
We present below the Audit Committee ('the Committee') Report for the year ended 31 December 2017.

Structure and Composition
From 1 January 2017 until 27 February 2017 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 94).

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;
  - 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 2017 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 2016 and 31 December 2017 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 2017 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 valuations;
- accounting for business acquisitions and disposals;
- revenue recognition;
- 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 external valuers. The valuation of the investment property is inherently subjective, requiring significant estimates and assumptions by the valuer. Errors in the valuation could have a material impact on the Group's net assets value. Further information about the portfolio and inputs to the valuations are set out in note 3 of the consolidated financial statements.

The Board and the Committee discuss the outcome of the valuation process and the details of each property on a semi-annual basis. The management liaise with valuers on a regular basis and meet them on a semi-annual basis prior to the finalisation of the portfolio valuation. The external auditor has access to the external 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. During the year ended 31 December 2017 the Group made very significant acquisitions in Poland (investment in GPRE) and Romania. The Committee focused its attention on the acquisition of a controlling interest (71.66%) in GPRE and has ensured that the Audit Committee meetings of GPRE are also attended by one of its members. At this acquisition was completed in December 2017, the Committee considered the planning and execution of the work of the Auditor in connection with the audit of the financial position of GPRE as of the acquisition date (6 December 2017) and the year end, as well the audit of the results and cash flows for the period from acquisition date to the year end. There were no disposals of core properties during the year ended 31 December 2017.

Revenue recognition

The Committee understands the importance of recognising accurately the revenue generated as a result of the rental contracts the Group has entered with tenants of its properties. This includes the correct accounting under IFRS of lease incentives and any other special clauses contained in lease agreements. The Committee is updated by the Auditor annually on the results of the specific audit procedures performed in this area.

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 2019 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 2021, 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 58.

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 2017 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 2017, presented on pages 52-57 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 updated report on controls over identified significant financial reporting risks, prepared by Management and submitted to the Audit Committee by the Company's Chief Financial Officer, and concluded that the related internal control environment is adequate considering the current size and activities of the Company and its subsidiaries; and
- considered whether there is a need for an internal audit function:
  - the Committee has not identified to date an imminent need for an internal audit function, however, it continues to evaluate this requirement on a regular basis, considering also the significant increase in the size of the Group as a result of the very significant investments concluded towards the end of 2017 in Poland.

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 2017.
- At the planning stage of the audit for the year ended 31 December 2017, the Chairman of the Committee met the auditor in September 2017. 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;
  - accounting for business combinations; and
  - risk of misstatement due to fraud and error (associated to the significant risks).

In addition, the Chairman of the Committee met in February 2018 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 2017, prior to submission of the draft Annual Report to the Board for formal approval.

The Committee has also met with the external auditor to discuss in detail the audit plan and the findings and recommendations based on their audit for the year ended 31 December 2017.

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. On 29 January 2018 the Board of Globalworth, following the resignation of Ernst & Young LLP so as to facilitate the appointment of Ernst & Young Cyprus Limited as the auditor of the Company, has proceeded with the appointment of Ernst & Young Cyprus Limited. This appointment will be subject to approval by shareholders at the next Annual General Meeting of the Company.

Ernst & Young LLP, Guernsey has confirmed to the Board that there are no circumstances in connection with its resignation which it considers need to be brought to the attention of the Company's members or creditors. The Board would like to thank Ernst & Young LLP for the services that they have provided to the Company in the past.

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, special purpose audits, assurance non-audit services related to raising of bond notes, periodic reviews of financial information, and pre-acquisition due diligence reviews, are normally permitted to be performed by the independent auditor.

Audit Fees and Non-Audit Services

The table below summarises the remuneration of Ernst & Young Cyprus Limited (2016: Ernst & Young LLP) and other entities of EY during the years ended 31 December 2017 and 31 December 2016:

	Audit fees €'000		Non-audit fees €'000	
	2017	2016	**2017**	2016
Audit of financial statements	**586**	416	**–**	–
Other assurance services	**–**	–	**11**	–
Other non-audit services	**–**	–	**397**	276
	586	416	**408**	276

The Committee has reviewed the level of non-audit fees of the external auditor for the year ended 31 December 2017 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 2017 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 June 2017. In addition, the Chairman of the Audit Committee discussed with the external auditor in mid-February 2018 their preliminary findings on the audit of the consolidated financial statements for the year ended 31 December 2017. Furthermore, the Chairman of the Audit Committee discussed with the external auditor at the end of February 2018 their final findings on the audit of the Annual Report and consolidated financial statements for the year ended 31 December 2017 and their draft audit opinion thereon.

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

Following this review, the Committee recommended to the Board that Ernst & Young Cyprus Limited be reappointed as external auditors for the year ending 31 December 2018.

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
7 March 2018

A selection of Globalworth and GPRE properties

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 €'000	2016 €'000
Revenue	7	**77,866**	68,231
Operating expenses	8	**(26,772)**	(24,678)
Net operating income		**51,094**	43,553
Administrative expenses	9	**(10,231)**	(7,707)
Acquisition costs	26	**(10,809)**	(105)
Fair value movement	3	**6,727**	6,710
Bargain purchase gain on acquisition of subsidiaries	26	**28,897**	–
Gain on sale of subsidiary		**–**	272
Share-based payment expense	24	**(143)**	(14)
Depreciation on other long-term assets		**(150)**	(183)
Other expenses	31	**(4,091)**	(1,857)
Other income		**5**	3,111
Foreign exchange loss		**(317)**	(119)
		9,888	108
Profit before net financing cost		**60,982**	43,661
Net financing cost			
– Finance cost	10	**(38,465)**	(32,222)
– Finance income		**1,447**	749
		(37,018)	(31,473)
Share of profit of joint venture	28	**2,188**	–
Profit before tax		**26,152**	12,188
Income tax expense	11	**(2,405)**	(873)
Profit for the year		**23,747**	11,315
Other comprehensive income		**–**	–
Profit attributable to:		**23,747**	11,315
– Equity holders of the Company		**24,426**	11,315
– Non-controlling interest		**(679)**	–
		Cents	Cents
Earnings per share			
– Basic	12	**26.40**	17.57
– Diluted	12	**26.04**	17.56
EPRA earnings per share			
– Basic	12	**18.17**	13.34
– Diluted	12	**17.92**	13.33

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 €'000	2016 €'000
ASSETS			
Non-current assets			
Investment property	3	**1,792,414**	980,892
Goodwill	27	**12,349**	12,349
Advances for investment property	5	**3,355**	2,454
Investments in joint-ventures	28	**21,939**	–
Other long-term assets		**689**	722
Other receivables	19	**416**	1,183
Prepayments		**1,578**	1,022
Available for sale financial assets	17	**5,897**	–
Long-term restricted cash	20	**2,958**	–
		1,841,595	998,622
Current assets			
Debentures	18	**18,389**	–
Available for sale financial assets	17	**4,346**	–
Trade and other receivables	19	**22,419**	10,807
Guarantees retained by tenants		**304**	277
Income tax receivable		**295**	411
Prepayments		**325**	348
Cash and cash equivalents	20	**273,272**	221,337
		319,350	233,180
Total assets		**2,160,945**	1,231,802
EQUITY AND LIABILITIES			
Total equity			
Issued share capital	22	**894,509**	538,114
Treasury shares	24	**(270)**	–
Unissued share capital	23	**–**	8,584
Share-based payment reserve	24	**2,240**	2,139
Retained earnings		**172,405**	166,557
Equity attributable to equity holders of the Company		**1,068,884**	715,394
Non-controlling interest		**67,572**	–
Total equity		**1,136,456**	715,394
Non-current liabilities			
Interest-bearing loans and borrowings	15	**834,044**	375,570
Deferred tax liability	11	**99,574**	70,575
Guarantees retained from contractors		**2,616**	33
Deposits from tenants		**8,931**	2,261
Trade and other payables	16	**1,509**	2,188
		946,674	450,627
Current liabilities			
Interest-bearing loans and borrowings	15	**36,360**	38,665
Guarantees retained from contractors		**1,057**	2,394
Trade and other payables	16	**35,635**	20,726
Other current financial liabilities	21	**2,638**	3,574
Finance lease liabilities		**–**	4
Deposits from tenants		**1,256**	374
Income tax payable		**869**	44
		77,815	65,781
Total equity and liabilities		**2,160,945**	1,231,802
		Cents	Cents
NAV per share	13	**809**	791
Diluted NAV per share	13	**807**	782
EPRA NAV per share	13	**884**	857

The financial statements were approved by the Board of Directors on 7 March 2018 and were signed on its behalf by:

Richard van Vliet
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

		Equity attributable to equity holders of the Company							
	Note	Issued share capital €'000	Treasury shares €'000	Unissued share capital €'000	Share-based payment reserve €'000	Retained earnings €'000	Total €'000	Non-controlling interests €'000	Total equity €'000
As at 31 December 2015		341,784	–	–	2,655	155,242	499,681	–	499,681
Shares issued for cash		200,000	–	–	–	–	200,000	–	200,000
Transaction costs on issue of shares		(22,191)	–	–	–	–	(22,191)	–	(22,191)
Transaction costs on issue of shares settled in shares		8,584	–	–	–	–	8,584	–	8,584
Transaction costs on issue of shares to be settled in shares		–	–	8,584	–	–	8,584	–	8,584
Fair value of option warrants issued for executive share scheme		–	–	–	14	–	14	–	14
Shares granted to Executive Directors and other senior management employees		–	–	–	3,407	–	3,407	–	3,407
Shares issued to the Executive Directors and other senior management employees		3,937	–	–	(3,937)	–	–	–	–
Shares issued for settlement of interest-bearing liability		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
Shares issued for cash	22	**340,000**	**–**	**–**	**–**	**–**	**340,000**	**–**	**340,000**
Transaction costs on issue of shares	22	**(2,271)**	**–**	**–**	**–**	**–**	**(2,271)**	**–**	**(2,271)**
Transaction costs on issue of shares settled in shares	22	**8,584**	**–**	**(8,584)**	**–**	**–**	**–**	**–**	**–**
Fair value of option warrants issued for executive share scheme	24	**–**	**–**	**–**	**17**	**–**	**17**	**–**	**17**
Shares issued under Executive share option plan	24.1	**8,950**	**–**	**–**	**(175)**	**–**	**8,775**	**–**	**8,775**
Shares issued to the Executive Directors and other senior management employees	24.2	**1,132**	**–**	**–**	**(1,132)**	**–**	**–**	**–**	**–**
Interim dividend payment during the year	22.2	**–**	**–**	**–**	**–**	**(19,933)**	**(19,933)**	**–**	**(19,933)**
Acquisition of own shares	24.3	**–**	**(428)**	**–**	**–**	**–**	**(428)**	**–**	**(428)**
Shares granted under the subsidiaries' employees share award plan	24.3	**–**	**–**	**–**	**126**	**–**	**126**	**–**	**126**
Shares granted to Executive Directors and other senior management employees	24.2	**–**	**–**	**–**	**1,423**	**–**	**1,423**	**–**	**1,423**
Shares vested under the subsidiaries' employees share award plan	24.3	**–**	**158**	**–**	**(158)**	**–**	**–**	**–**	**–**
Acquired through business acquisition	26	**–**	**–**	**–**	**–**	**–**	**–**	**77,306**	**77,306**
Acquisition of minority interest	29	**–**	**–**	**–**	**–**	**1,355**	**1,355**	**(9,055)**	**(7,700)**
Profit for the year		**–**	**–**	**–**	**–**	**24,426**	**24,426**	**(679)**	**23,747**
As at 31 December 2017		**894,509**	**(270)**	**–**	**2,240**	**172,405**	**1,068,884**	**67,572**	**1,136,456**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 €'000	2016 €'000
Profit before tax		**26,152**	12,188
Adjustments to reconcile profit before tax to net cash flows			
Fair value movement on investment property	3	**(6,727)**	(6,710)
Bargain purchase gain on acquisition of subsidiaries	26	**(28,897)**	–
Loss on sale of investment property		**3,807**	1,421
Gain on sale of subsidiaries		**–**	(272)
Share-based payment expense	24	**143**	14
Depreciation on other long-term assets		**150**	183
Net movement in provision for doubtful debts		**129**	(98)
Foreign exchange loss		**317**	119
Share of profit of joint ventures	28	**(2,188)**	–
Net financing costs		**37,018**	31,473
Operating profit before changes in working capital		**29,904**	38,318
(Increase)/decrease in trade and other receivables		**(3,027)**	4,174
Increase/(decrease) in trade and other payables		**(3,010)**	1,364
Interest paid		**(13,352)**	(23,171)
Interest received		**170**	22
Income tax paid		**(614)**	(795)
Cash flows from operating activities		**10,071**	19,912
Investing activities			
Expenditure on investment property under development		**(50,076)**	(51,688)
Payment for acquisition of subsidiaries less cash acquired	26	**(317,653)**	(1,894)
Proceeds from sale of subsidiary less cash disposed		**–**	11,000
Payments for the acquisition of non-controlling interests	29	**(7,700)**	-
Proceeds from sale of investment property		**10,392**	3,327
Investment in available for sale financial assets	17	**(3,464)**	–
Investment in and loans to joint ventures	18	**(19,360)**	–
Acquisition of other long-term assets		**(117)**	(244)
Cash flows used in investing activities		**(387,978)**	(39,499)
Financing activities			
Proceeds from share issuance	22	**348,775**	200,000
Payment of transaction costs on issue of shares		**(3,896)**	(1,099)
Purchase of own shares	24.3	**(428)**	–
Proceeds from interest-bearing loans and borrowings[1]		**548,989**	222,703
Repayment of interest-bearing loans and borrowings		**(430,213)**	(203,017)
Payment of interim dividend	22.2	**(19,933)**	–
Payment of loan arrangement fees and other financing costs		**(15,702)**	(11,670)
Change in restricted cash reserve		**2,971**	–
Cash flows from financing activities		**430,563**	206,917
Net increase in cash and cash equivalents		**52,656**	187,330
Cash and cash equivalents at the beginning of the year	20	**218,366**	31,036
Cash and cash equivalents at the end of the year[1]	20	**271,022**	218,366

1 Net of the €2.3 million (2016: €2.9 million) cash reserve, see note 20.

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 2 to 33, 60 to 89 and 168 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 2019. 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 2019, 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 available for sale financial assets which are measured at fair value. The significant accounting policies adopted are set out in the relevant notes to the financial statements and consistently applied throughout the periods presented except for the new and amended IFRS, see note 33, which were adopted on 1 January 2017. 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 29) from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the period from the date of obtaining control to 31 December, using consistent accounting policies. All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions are eliminated in full. Non-controlling 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. 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 Euro (€) 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.

On 6 December 2017, the Group acquired controlling shareholding in Griffin Premium RE.. N.V., (GPRE or GPRE Group or acquiree), as disclosed in note 26. Although until acquisition date GPRE prepared its financial statements with Zloty ('PLN') as functional currency and Euro as the presentation currency, it has also performed a re-assessment of its functional currency in light of recent developments (including the acquisition by the Group and the funding received from the Group in December 2017 after acquisition) and has decided to change the functional currency to Euro from 1 January 2018. Consequently, the Group has already considered Euro as the functional currency of GPRE since the acquisition date of 6 December 2017.

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;
- Available for sale financial assets and debentures, see notes 17 and 18;
- Trade and other receivables, see note 19;
- Business Combinations, see note 26;
- Goodwill, see note 27;
- Investment in Joint venture, see note 28;
- Investment in Subsidiaries, see note 29.

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 60 to 89 of the Annual Report.

3. Investment Property

	Note	Completed investment property €'000	Investment property under development €'000	Land bank for further development €'000	Total €'000
1 January 2016		696,401	222,518	18,200	937,119
Subsequent expenditure and net lease incentive movement		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
1 January 2017					
Business acquisition	26	**767,190**	**–**	**–**	**767,190**
Subsequent expenditure and net lease incentive movement		**15,323**	**31,921**	**4,822**	**52,066**
Other operating lease commitment		**(1,003)**	**–**	**–**	**(1,003)**
Capitalised borrowing costs		**18**	**138**	**–**	**156**
Disposal during the year		**(13,614)**	**–**	**–**	**(13,614)**
Fair value movement on investment property		**(3,401)**	**7,300**	**2,828**	**6,727**
Transfer to completed investment property		**56,129**	**(56,129)**	**–**	**–**
31 December 2017		**1,712,364**	**54,350**	**25,700**	**1,792,414**

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 flows projections and recent market comparable adjusted, if necessary, for differences in the nature, location or condition of the specific asset. Investment property under construction is measured at fair value, if the fair value is considered to be reliably determinable. Investment properties under construction for which the fair value cannot be determined reliably, but for which the Group expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed – whichever is earlier.

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

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

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

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.

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 €2.3 million (2016: €3.4 million) as of 31 December 2017 (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.

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 property portfolio for Romania was valued by CBAR Research & Valuation Advisors SRL ('Coldwell Banker') and for Poland by Knight Frank and CBRE, independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued, using recognised valuation techniques.

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, Level 2 and Level 3) is analysed at each reporting date or as of the date of the event or variation in the circumstances that caused the change. 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 105 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 flows, 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.

4. Fair Value Measurement and Related Estimates and Judgements continued

Key information about fair value measurements using significant unobservable inputs (Level 3) are disclosed below:

	Carrying value					Range	
Class of property	2017 €'000	2016 €'000	Valuation technique	Country	Input	2017	2016
Completed investment property	**680,130**	-	Discounted cash flows	Poland	Rental value (sqm)	**€12–€28**	–
					Discount rate	**5.85%–8.58%**	–
	947,869	790,511	Discounted cash flows	Romania	Rental value (sqm)	**€2.77–€65**	€2.77–€65
					Discount rate	**7.20%–9.20%**	7.10%–9.70%
					Exit yield	**6.65%–8.75%**	6.65%–9.20%
	1,627,999	790,511					
	84,365	101,211	Sales comparison	Romania	Sales value (sqm)	**€1,192**	€1,192
	1,712,364	891,722					
Investment property under development	**54,350**	71,120	Residual method	Romania	Rental value (sqm)	**€3.33–€17.00**	€3.33–€17.00
					Discount rate	**8.00%–8.90%**	8.00%–9.00%
					Exit yield	**7.25%–8.75%**	7.25%–8.75%
					Capex (€m)	**€33.96**	€19.4
Land bank – for further development	**25,700**	18,050	Sales comparison	Romania	Sales value (sqm)	**€1,819–€1,896**	€1,819–€1,864
TOTAL	**1,792,414**	980,892					

On 27 November 2017 the amendment of Poland's Corporate Income Tax Law has been introduced, effective from 1 January 2018. One of the changes refers to implementation of a so-called 'minimum levy' on the owners of shopping malls, large shops, office buildings worth more than PLN 10 m (equivalent of €2.4 million translated at PLN/EUR 4.1709), at the level of 0.035% per month (ca.0.42% per year) of the excess of the initial tax value of the building over PLN 10 m (equivalent of €2.4 million translated at PLN/EUR 4.1709). The abovementioned change is new and has no precedence in Polish taxation regime. As of 31 December 2017, the investment property portfolio in Poland was valued at €680.1 million.

On 30 January 2018 the President of Poland signed a bill gradually introducing Sunday retail trade ban, starting with two working Sundays per month as of 1 March 2018. As of January 2019 retail trade will be possible on one Sunday a month, while as of 2020 retail trade will be fully banned on Sundays. As of 31 December 2017, the high street mixed use investment property portfolio (comprising high street retail, class "A" office space office and retail revenue components) in Poland was valued at €309.1 million.

The above mentioned changes are not reflected in the value of investment properties as the potential impact is unknown as of the date of these consolidated financial statements.

All class of property portfolio were categorised as Level 3 under fair value hierarchy. The fair value movement on investment property recognised, as gain, in the income statement includes an amount of €6.7 million (2016: €6.7 million) for fair value measurements as of the statement of financial position date related to investment properties categorised within Level 3 of the fair value hierarchy. In arriving at estimates of market values as at 31 December 2017 and 2016, 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.

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 60 to 89 of the Annual Report.

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 change in sales prices per sqm		2.5% change in vacancy in Perpetuity[1]	
Investment Property	Year	Country	Increase €'000	Decrease €'000	Increase €'000	Decrease €'000	Increase €'000	Decrease €'000	Increase €'000	Decrease €'000	Increase €'000	Decrease €'000
– completed	**2017**	**Poland**	**16,148**	**(16,184)**	**(26,128)**	**28,237**	**–**	**–**	**–**	**–**	**–**	**–**
	2017	**Romania**	**39,820**	**(40,020)**	**(22,530)**	**23,870**			**1,931**	**(1,930)**	**(17,450)**	**17,720**
	2016	Poland	–	–	–	–	–	–	–	–	–	–
	2016	Romania	26,640	(26,750)	(19,310)	20,470	–	–	2,251	(2,250)	(15,460)	14,980
– under development	**2017**	**Poland**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2017	**Romania**	**3,280**	**(3,370)**	**(3,120)**	**3,230**	**(2,880)**	**2,880**	**–**	**–**	**(1,900)**	**1,950**
	2016	Poland	–	–	–	–	–	–	–	–	–	–
	2016	Romania	5,460	(5,460)	(4,290)	4,630	(3,200)	3,200	–	–	(3,210)	2,990
– further development	**2017**	**Poland**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2017	**Romania**	**–**	**–**	**–**	**–**	**–**	**–**	**1,150**	**(1,330)**	**–**	**–**
	2016	Poland	–	–	–	–	–	–	–	–	–	–
	2016	Romania	–	–	–	–	–	–	500	(480)	–	–

1. The vacancy in perpetuity sensitivity analysis is not followed for the Polish properties portfolio as it is not considered a significant valuation variable at present due to the existence of rental guarantees.

5. Advances for Investment Property

	2017 €'000	2016 €'000
Advances for land and other property acquisitions	**2,000**	2,000
Advances to contractors for investment properties under development	**1,355**	454
	3,355	2,454

6. Commitments

Commitments for Investment Property Under Construction

As at 31 December 2017 the Group had agreed construction contracts with third parties and is consequently committed to future capital expenditure in respect of completed investment property €3.4 million (2016: €1.0 million), investment property under construction of €13.6 million (2016: €37.1 million), and had committed with tenants to incur fit-out works of €7.3 million (2016: €1.1 million).

The Group's Joint venture was committed for the construction of investment property for the amount of €37.2 million at 31 December 2017.

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 (2016: 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:

	2017 €'000	2016 €'000
Not later than 1 year	**117,290**	47,335
Later than 1 year and not later than 5 years	**366,182**	179,354
Later than 5 years	**126,849**	94,156
	610,321	320,845

SECTION III: FINANCIAL RESULTS

The section quantifies the financial impact of the operations for the year; further analysis on operations is described in the Financial Review section on pages 30 to 33 of the Annual Report. This section includes the results and performance of the Group, including the net asset value and EPRA net asset value. This section also includes details of the Group's tax credits in the year and deferred tax assets and liabilities held at the year end.

7. Revenue

Policy

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.

	2017 €'000	2016 €'000
Contracted Rent	59,055	49,331
Adjustment for lease incentives	(5,199)	(3,165)
Rental income	53,856	46,166
Service charge income	19,107	14,825
Fit-out services income (formerly property development services)	4,616	7,240
Marketing and other income	287	–
	77,866	68,231

The total contingent rents and surrender premiums recognised as rental income during the year amount was €0.8 million (2016: €0.1 million) and €0.3 million (2016: €5.8 million) respectively.

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.

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.

	2017 €'000	2016 €'000
Property management, utilities and insurance	21,927	17,331
Fit-out services costs (formerly Property development services costs)	3,995	6,848
Property maintenance costs and other non-recoverable costs	850	499
	26,772	24,678

Operating expenses analysis by revenue and non-revenue generating properties	2017 €'000	2016 €'000
Property expenses arising from investment property that generate rental income	22,777	17,712
Property expenses arising from investment property that did not generate rental income	–	118
Property development services costs	3,995	6,848
	26,772	24,678

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.

	2017 €'000	2016 €'000
Directors' emoluments (pages 103-104)[1]	2,779	2,056
Salaries and wages[1]	4,003	3,048
Accounting, secretarial and administration costs	483	377
Legal and other advisory services	458	261
Audit and non-audit services (page 107)	1,003	777
Corporate social responsibility costs	514	357
Travel and accommodation	184	118
Marketing and advertising services	224	217
Post, telecommunication and office supplies	166	177
Stock exchange expenses	417	319
	10,231	7,707

1 Costs of €0.5 million (2016: €1 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 (2016: €0.5 million) was capitalised as debt issue costs and €nil (2016: €0.4 million) as transaction costs on issue of shares.

During the year, the Group contributed €0.6 million (2016: €0.3 million) and €0.1 million (2016: €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.

	2017 €'000	2016 €'000
Interest on secured loans	11,367	18,640
Interest on Corporate Loan facility	–	4,453
Interest on Fixed rate Bond	8,427	–
Debt cost amortisation and other finance costs	17,683	8,421
Other financial expenses	237	584
Bank charges	751	124
	38,465	32,222

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	**2017 €'000**	2016 €'000
Current income tax expense	**870**	711
Deferred income tax expense	**1,535**	162
	2,405	873

The income tax rate applicable to the Company in Guernsey is nil. The subsidiaries in Romania, the Netherlands, Poland, Luxembourg and Cyprus are subject to income taxes in respect of local sources of income. The current income tax charge of €0.9 million (2016: €0.7 million) represents tax charges on profit arising in the subsidiaries in Poland, Romania and Cyprus (2016: Romania, the Netherlands and Cyprus). Tax charges on profit arising in Poland, Luxembourg, Romania, the Netherlands and Cyprus are subject to corporate income tax at the rate of 19% (15% for small entities where revenue is less than €1.0 million for taxpayers starting a new business for their first tax year in operation), 27.08% (nominal rate of 26.01% for 2018 and lower tax rate for small entities if taxable profit does not exceed €30,000) 16%, 25% (20% for tax on profit up to €0.2 million), and 12.5%, respectively.

The Group's subsidiaries registered in Luxembourg, 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 (excluding Luxembourg), 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% and 27.08% in Cyprus and the Netherlands and Luxembourg, 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 and Poland where the Group has significant operations, with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile. In Romania and Poland, the tax position is open to further verification for five years and no subsidiary in Romania and Poland have 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 2017 and the year ended 31 December 2016 is as follows:

	2017 €'000	2016 €'000
Profit before tax	**26,152**	12,188
At Company's income tax rate 0% (2016: 0%)	**–**	–
Effect of higher tax rates in foreign jurisdictions		
Tax in Romania		
– *Corporate income tax*	**120**	644
– Deferred tax expenses/ (income) for taxable temporary differences		
–related to current year	**2,492**	4,016
–related to prior years (tax losses)	**(2,816)**	(3,854)
Tax in Cyprus		
– *Corporate income tax*	**748**	67
Tax in Poland		
– *Corporate income tax*	**2**	–
– Deferred tax expenses for taxable temporary differences related to current year	**1,859**	–
Tax expense reported in the income statement	**2,405**	873
Effective tax rate, including deferred tax expenses (%)	**9.2%**	7.2%
Effective tax rate, excluding deferred tax expenses (%)	**3.0%**	6.0%

	Consolidated statement of financial position		Consolidated statement of comprehensive income	
Deferred Tax Liability	**2017 €'000**	2016 €'000	**2017 €'000**	2016 €'000
Acquired under business combinations (note 26):	**27,464**	–	**–**	–
Deferred tax asset	**5,087**	–	**–**	–
Deferred tax liability	**32,551**	–	**–**	–
Valuation of investment property at fair value	**82,075**	77,121	**4,954**	3,876
Deductible temporary differences	**1,678**	(288)	**1,966**	179
Discounting of tenant deposits and long-term deferred costs	**82**	311	**(229)**	147
Share issue cost recognised in equity	**(7)**	(7)	**–**	–
Valuation of financial instruments at fair value	**(428)**	(572)	**144**	53
Recognised unused tax losses	**(11,290)**	(5,990)	**(5.300)**	(4,093)
	99,574	70,575	**1,535**	162

The Group has unused assessed tax losses carried forward of €103.1 million (2016: €73.5 million) and €76.7 million (2016. nil) respectively that are available for offsetting against future taxable profits of the respective entity in Romania and Poland, in which the losses arose, within seven years and five years from the year of origination, respectively. As of the statement of financial position date the Group had recognised deferred tax assets of €12.9 million (2016: €5.9 million) in Romania and Poland out of the total available deferred tax assets of €31.1 million (2016: €11.8 million) calculated at the corporate income tax rate of 16% in Romania and 19% or 15% in Poland, respectively.

Expiry year	2018	2019	2020	2021	2022	2023	2024	TOTAL
Available deferred tax assets (€m)	1.3	2.8	2.6	2.2	14.3	2.6	5.3	**31.1**

At 31 December 2017, there were no temporary non-deductible interest expenses and net foreign exchange losses related to intercompany loans of (2016: €11.2 million) as all subsidiaries in Romania reached the required minimum debt-to-equity tax ratio in the range from nil to 3 and temporarily non-deductible accounted for as fully tax deductible in fiscal year 2017.

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 and considering the recent changes in fiscal code in Romania during 2017, the Group recognised an additional €5.3 million (2016: €4.0 million) deferred tax asset, mainly due to changes in fiscal regulations and also partly 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 (in thousand)	% of the period	Weighted average (in thousand)
2016	**At the beginning of the year**		62,617		62,617
	Shares issued for:				
January 2016	– the Executive Directors and other senior management employees		407	93.4	380
June 2016	– settlement of interest-bearing liability		1,000	56.4	564
October 2016	– the Executive Directors and other senior management employees		270	22.5	61
December 2016	– cash		25,000	3.0	753
December 2016	– transaction costs on issue of shares		1,073	3.0	32
December 2016	– the Executive Directors and other senior management employees		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		1,073	3.0	32
2016	**Shares in issue at year end (diluted)**		91,470		64,440
2017	**At the beginning of the year**		**90,397**		**90,397**
	Shares issued for:				
July 2017	– Subsidiaries' Employee Share Award Plan (treasury shares)	24.3	**(57)**	**48.4**	**(28)**
August 2017	– Subsidiaries' Employee Share Award Plan (vested and exercised)	24.3	**21**	**39.8**	**8**
December 2017	– cash	22	**38,857**	**5.2**	**2,028**
December 2017	– transaction costs on issue of shares	23	**1,073**	**2.5**	**27**
December 2017	– Executive share option plan (vested and exercised)	24.1	**1,755**	**2.5**	**43**
April-Dec. 2017	– the Executive Directors and other senior management employees	24.2	**137**	**38.0**	**52**
2017	**Shares in issue at year end (basic)**		**132,183**		**92,527**
	Dilutive effect of:				
January 2017	– transaction costs on issue of shares		**–**	**97.5**	**1,046**
April 2017	– Shares issued for Executive share option plan		**69**	**69.8**	**48**
August 2017	– Shares purchased for Subsidiaries' Employee Share Award Plan (unvested)		**17**	**39.8**	**7**
November 2017	– Shares issued to Executive share option plan (vested and exercised)		**–**	**8.8**	**154**
November 2017	– Share warrants vested but not exercised during the year		**50**	**11.3**	**6**
December 2017	– Shares to be issued for Executive share option plan		**165**	**–**	**–**
2017	**Shares in issue at year end (diluted)**		**132,484**		**93,788**

IFRS Earnings Per Share

	2017 €'000	2016 €'000
Profit attributable to equity holders of the Company for basic and diluted earnings per share	**24,426**	11,315
IFRS earnings per share	**cents**	cents
– Basic	**26.40**	17.57
– Diluted	**26.04**	17.56

Subsequent to 31 December 2017, 30,000 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:

	Note	2017 €'000	2016 €'000
Earnings attributable to equity holders of the Company (IFRS)		**24,426**	11,315
Fair value movement	4	**(6,727)**	(6,710)
Losses on disposal of investment properties		**3,807**	1,657
Tax credit relating to losses on disposals		**(80)**	(265)
Bargain purchase gain on acquisition of subsidiaries	26	**(28,897)**	–
Changes in fair value of financial instruments and associated close-out costs		**15,247**	1,522
Deferred tax charge in respect of above		**1,218**	969
Acquisition costs	26	**10,809**	105
Adjustments in respect of joint ventures for above items		**(2,528)**	–
Non-controlling interest in respect of the above		**(467)**	–
EPRA earnings		**16,808**	8,593
EPRA earnings per share		**cents**	cents
– Basic		**18.17**	13.34
– Diluted		**17.92**	13.33

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

NAV Per Share

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

	2017 €'000	2016 €'000
Net assets attributable to equity holders of the Company	**1,068,884**	715,394
	Cents	Cents
NAV per share	**809**	791
Diluted NAV per share	**807**	782

EPRA NAV Per Share

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

	Note	2017 €'000	2016 €'000
Net assets attributable to equity holders of the Company		**1,068,884**	715,394
Exclude:			
Deferred tax liability[1]		**112,092**	70,575
Fair value of interest rate swap instrument	21	**2,638**	3,574
Goodwill as a result of deferred tax		**(5,697)**	(5,697)
Adjustment in respect of joint venture for above items		**533**	–
Minority interest effect on above adjustments		**(6,983)**	–
EPRA NAV attributable to equity holders of the Company		**1,171,467**	783,846
		Cents	Cents
EPRA NAV per share		**884**	857

1 Deferred tax liability for 2017 relates to investment property, whereas for 2016 it represents the net deferred tax liability. Due to the increased significance of deferred tax assets at 31 December 2017 it was considered more appropriate to include only the effect of deferred tax liability related to investment property, which more closely reflects the related guidance issued by EPRA.

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, debentures and available for sale financial assets.

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.

Long-term restricted cash is held in separate debt service reserve accounts for the obligation resulting from bank loans in Poland and not available to the Group for general business use.

Trade and Other Receivables and Debentures

Trade and other receivables and debentures (being loans and receivables category in accordance with IAS 39) 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 or debentures 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 and debentures, 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.

Available for Sale Financial Assets

Available for sale assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

For available for sale financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

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

Financial Liabilities

Financial liabilities of the Group mainly comprise interest-bearing loans and borrowings, trade and other payables, guarantees retained from contractors, finance lease payables, other derivative financial liabilities and tenant security deposits.

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

Interest-Bearing Loans and Borrowings

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

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 21.

	2017 €'000	2016 €'000
Current		
Current portion of secured loans and accrued interest	**27,795**	38,665
Accrued interest on unsecured fixed rate bond	**8,565**	–
Sub-total	**36,360**	38,665
Non-current		
Secured loans	**296,641**	375,570
Unsecured fixed rate bond	**537,403**	–
Sub-total	**834,044**	375,570
TOTAL	**870,404**	414,235

15. Interest-Bearing Loans and Borrowings continued

Terms and conditions of outstanding loans were as follows:

Facility	Currency	Nominal interest rate	Maturity date	2017 Face value €'000	2017 Carrying value €'000	2016 Face value €'000	2016 Carrying value €'000
Loan 6	EUR	EURIBOR 3M+ margin	Mar 2019	–	–	12,718	12,187
Loan 8	EUR	EURIBOR 3M+ margin	Dec 2018	–	–	32,732	32,732
Loan 9	EUR	EURIBOR 3M+ margin	Dec 2018	–	–	80,611	80,611
Loan 11	EUR	EURIBOR 3M+ margin	Oct 2032	–	–	27,347	26,944
Loan 15	EUR	EURIBOR 1M+ margin	Dec 2017	–	–	27,510	27,510
Loan 16	EUR	EURIBOR 1M+ margin	Jun 2022	19,142	19,142	20,507	20,507
Loan 17	RON	ROBOR 1M+ margin	Apr 2019	400	400	572	572
Loan 18	RON	ROBOR 3M+ margin	Aug 2018	–	–	4,739	4,739
Loan 21	EUR	EURIBOR 3M+ margin	Mar 2031	–	–	25,949	25,434
Loan 22	EUR	EURIBOR 3M+ margin	Nov 2026	–	–	10,300	10,300
Loan 23	EUR	Fixed rate	Jun 2019	–	–	178,607	170,499
Loan 24	EUR	EURIBOR 3M+ margin	Dec 2026	–	–	2,200	2,200
Loan 25	EUR	Fixed rate bond	June 2022	558,565	545,968	–	–
Loan 26	EUR	EURIBOR 3M + margin	April 2019	34,817	34,647	–	–
Loan 27	EUR	EURIBOR 3M + margin	March 2020	45,127	44,846	–	–
Loan 28	EUR	EURIBOR 3M + margin	June 2018	6,221	6,216	–	–
Loan 29	EUR	EURIBOR 3M + margin	January 2034	7,471	7,284	–	–
Loan 30	EUR	EURIBOR 3M + margin	June 2018	7,177	7,171	–	–
Loan 31	EUR	EURIBOR 3M + margin	July 2034	13,694	13,466	–	–
Loan 32	EUR	NBP rate less social indicator	June 2034	4,320	4,320	–	–
Loan 33	PLN	WIBOR 1M + margin	June 2018	251	251	–	–
Loan 34	EUR	EURIBOR 1M + margin	August 2026	53,804	52,148	–	–
Loan 35	EUR	EURIBOR 1M + margin	June 2026	96,393	95,650	–	–
Loan 36	EUR	EURIBOR 3M + margin	June 2027	39,334	38,893	–	–
Total				**886,716**	**870,402**	423,792	414,235

Unsecured Corporate Bond

In June 2017, the Group issued a €550 million unsecured Eurobond. The five-year euro-denominated Bond matures on 20 June 2022 and carries a fixed interest rate of 2.875%. The net proceeds were used for refinancing existing debt (loan# 6, 8, 9,11,15,18,21,22,23 and 24) and the remaining balance will be used for general corporate purposes including acquisitions.

Secured facilities

As disclosed in note 26, as part of the business acquisitions of Elgan A, Epsilon and GPRE, the Group consolidated existing long-term facilities (secured bank loans 26 to 36) with a total outstanding balance of €304.9 million. The facilities carry variable interest rates and are secured with mortgages on the respective investment properties acquired under business combinations.

Secured bank loans are secured by investment properties with a carrying value of €796.0 million at 31 December 2017 (2016: €902.0 million) and also carry pledges on rent receivable balances of €9.6 million (2016: €6.1 million), tenant deposits of €6.1 million (2016: €2.6 million), VAT receivable balances of €1.3 million (2016: €0.4 million) and a moveable charge on the bank accounts (see note 20).

Other Disclosures

All the loans are subject to certain financial covenants, which are calculated based on the individual financial statements of the respective subsidiaries and of the Group. The Group is in compliance with all financial covenants and there were no defaults for payments during the year 2017. Financial covenants mainly include the gross loan-to-value ratio ("LTV") with ranges from 65% – 78%, the loan to cost ratio ("LTC") with a maximum value of 75%, and the debt service cover ratio ('DSCR') / interest cover ratio ("ICR") with ranges from 100% – 120%. LTV is calculated as the loan value divided by the market value of the relevant property (for a calculation date), LTC is calculated by dividing the value of drawdowns by the total project cost and DSCR (historical and/or projected, as the case may be, for a 12-month period) and ICR are mainly calculated as net operating income divided by the debt service / interest As of 31 December 2017, the Group had undrawn borrowing facilities of €32.7 million (2016: €2.5 million).

16. Trade and Other Payables

	Note	2017 €'000	2016 €'000
Current			
Payable for property service charges		8,021	1,415
Payable to suppliers for properties under development		9,235	7,371
Payable for tenant lease incentives	3.1	859	1,183
Consideration payable for business acquisition	26	1,208	–
Advances from customers		800	1,161
Deferred income		4,402	4,553
Directors' emoluments payable		1,075	396
Salaries and related payables		857	418
Accruals for administrative expenses		2,327	1,129
Accruals for non-recurring costs		4,725	2,806
Other taxes payable		1,040	294
Other short-term payable		1,086	–
		35,635	20,726
Non-current			
Payable for tenant lease incentives	3.1	1,509	2,188
		37,144	22,914

17. Available for sale financial assets

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

As disclosed in note 26, the Group acquired the following financial instruments under business combination, which have been classified as available for sale financial assets.

The fair value of the available for sale financial assets is individually determined by taking into account number of factors e.g. percentage of completion ('PoC'), leasing progress. The maturity dates presented in the table above are stated in the agreements, however the planned repayment dates of debentures would take place upon completion of ROFO project.

Right of First Offer Agreements ('ROFO')

As of the 31 December 2017 (as well as of 6 December 2017) the fair value of the ROFO projects was slightly higher compared to the nominal value of the bonds and related accrued interest, and the Group decided that no fair value gain should be recorded given that the stage of completion of the ROFO projects was below 50 %.

Prior to acquisition date, GPRE (GPRE and its subsidiaries) signed an agreement for the acquisition of 25% stakes in ROFO projects being developed by Echo. Total office GLA of these projects to be completed in 2018-2019 is 49,200 sqm.

Under the agreement, GPRE (the "Bondholder") will purchase bonds issued by the respective limited partners of all of the respective ROFO SPVs (the "ROFO Agreement"). The ROFO Agreement covers all of the ROFO Assets. Echo indirectly holds 100% of the shares or interest in the ROFO SPVs and the ROFO SPVs are developing the ROFO Assets. GPRE intended to invest (indirectly through the Bondholder), on the terms and conditions set out in the ROFO Agreement, in each of the ROFO Assets the amount of 25% of the funds required by each of the ROFO SPVs (less the external construction bank financing at a loan to construction ratio of 60%) to complete the development of each respective ROFO Asset. Based on the construction budget presented by Echo to the Issuer in connection with the execution of the ROFO Agreement, the amount of the contribution (the investment) to be made by the Company under the ROFO Agreement amounts to €9.8 million.

Prior to acquisition, GPRE subscribed bonds for a nominal value of €6.4 million issued by the subsidiaries of Echo ("ROFO Bonds"). On 22 December 2017 the additional series of bonds in the amount of €3.5 million was subscribed.

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

18. Debentures

As disclosed in note 26, the Group acquired the following financial instruments under business combination. Debentures are loans valued at amortised cost using effective interest rate method under IAS 39.

As at 31 December 2017 Unsecured	Interest rate	Maturity	Total €'000	Long-term €'000	Short-term €'000
Forum 60 Fundusz Inwestycyjny Zamknięty	fixed	December 2018	18,389	–	18,389
			18,389	–	18,389

The debentures have been acquired in connections with Forward Purchase Agreements described below.

Forward Purchase Agreement

Prior to GPRE acquisition, GPRE and its subsidiaries acting as the purchaser (the 'Purchaser'), and subsidiaries of Echo Investment S.A. ('Echo') acting as the sellers (the 'Sellers') concluded the preliminary forward purchase agreement for West Link office building in Wroclaw with GLA of 14,362 under construction to be completed in April 2018 by Echo ('SPA').

The parties to the SPA agreed to undertake actions to complete the acquisition of the rights and obligations of the company owning the Forward Purchase Asset by the buyer by way of the acquisition by the buyer of 100% of the shares in the limited partner and general partner of the company owning the Forward Purchase Asset (the 'Project Companies') after the satisfaction or waiver of the conditions precedent specified therein and the preliminary purchase price for the shares in the Project Companies amounts to €18 million.

The consideration payable by the Purchaser for the shares under the SPA shall amount to the sum of: (i) the quotient of NOI (the sum of money equal to the annual rental income from the lease of the Forward Purchase Asset minus non-recoverable operating costs) and a yield of 6.873%, which, as of the date of the execution of the SPA, amount to EUR 36 million; (ii) the working capital of the companies being purchased; and (iii) the cash held by such companies, which sum shall be decreased by the amount of debt (primarily comprised of external bank financing) of such companies.

In connection with the SPA, the Purchaser also subscribed for bonds with a total nominal value of €18 million issued by a subsidiary of Echo (the 'West Link Bonds'). In exchange for the subscription for the West Link Bonds and the payment of €18 million by the Purchaser to one of the Sellers, the Sellers granted the Purchaser irrevocable powers of attorney authorising the Purchaser to conclude the final agreement concerning the purchase of 100% of the shares in the Project Companies (the 'Final Agreement') in performance of the SPA (the 'Powers of Attorney'). The Purchaser will be authorised to use the Powers of Attorney: (i) if the Final Agreement is not concluded despite the conclusion thereof being requested; and (ii) in the event of a breach of the terms included in the documentation regarding the West Link Bonds.

The payment of the price for the shares in the Project Companies will be conducted by way of remittances between the Sellers and the Purchaser and a set-off of a receivable of one of the Sellers on account of the payment of the price for the shares in the Project Companies against the Purchaser's receivable in respect of the redemption of the West Link Bonds. The redemption date for the West Link Bonds is 31 December 2018.

19. Trade and Other Receivables

	2017 €'000	2016 €'000
Current		
Rent and service charges receivable	15,316	6,209
VAT and other taxes receivable	5,683	3,987
Consideration receivable from the seller	290	290
Advances to suppliers for services	92	211
Sundry debtors	1,038	110
	22,419	10,807
Non-current		
VAT and other taxes receivable	416	1,183
	22,835	11,990

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 21). For the terms and conditions for related party receivables, see note 32.

20. Cash and Cash Equivalents

	Note	2017 €'000	2016 €'000
Cash at bank and in hand		158,773	217,467
Short-term deposits		112,249	899
Cash and cash equivalents as per statement of cash flows		271,022	218,366
Matisse Facility – restricted cash reserve		–	2,971
Guarantee deposits– cash reserve	15	2,250	–
Cash and cash equivalents as per statement of financial position		273,272	221,337
Long-term restricted cash balance	15	2,958	–

Details of cash and cash equivalents denominated in foreign currencies are disclosed in note 21.

Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group and earn interest at rates ranging from minus 0.60% to 0.25% (2016: 0.02% to 0.15%) per annum. Cash at bank and in hand includes restricted cash balances of €9.7 million (2016: €5.2 million) and short-term deposits includes restricted deposits of €9.3 million (2016: €nil).

21. 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 and Poland.

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

	2017				2016			
	Denominated				denominated			
Amounts in €'000 equivalent value	RON	PLN	GBP	USD	RON	PLN	GBP	USD
ASSETS								
Cash and cash equivalents	16,224	15,460	15	3	19,141	–	18	106
Trade and other receivables	14,487	6,928	–	–	11,379	–	–	–
Income tax receivable	291	1	–	–	214	–	–	–
Total	31,002	22,389	15	3	30,734	–	18	106
LIABILITIES								
Interest-bearing loans and borrowings	400	4,571	–	–	5,311	–	–	–
Trade and other payables	11,265	13,308	36	–	9,386	–	236	–
Income tax payable	15	–	–	–	–	–	–	–
Deposits from tenants	2,824	5,037	–	–	1,304	–	–	–
Total	14,504	22,916	36	–	16,001	–	236	–
Net exposure	16,498	(527)	(21)	3	14,733	–	(218)	106

21. Financial Risk Management – Objective and Policies continued

Foreign Currency Sensitivity Analysis

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

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

All amounts in €'000	2017 Profit and (loss)	2017 Equity	2016 Profit and (loss)	2016 Equity
RON	**(825)**	**(825)**	(737)	(737)
PLN	**26**	**26**	–	–
GBP	**1**	**1**	11	11
USD	**–**	**–**	(5)	(5)

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

ii) Interest Rate Risk

Interest rate price risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates relative to the interest rate that applies to the financial instrument. Interest rate cash 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 2017, 37.3% (2016: 58.8%) of the total outstanding borrowings carried variable interest rates (including the 1M and 3M EURIBOR, 1M ROBOR, National Bank Poland reference rate less social indicator and 1M WIBOR as bases) which expose the Group to cash flow interest rate risk. In order to minimise this risk, the Group hedged 5.9% (2016: 14%) 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 2017, an increase or decrease of 25 basis points in the WIBOR, EURIBOR or ROBOR will result in an increase or decrease (net of tax) in the result for the year of €9.3 million (2016: €1.0 million), with a corresponding impact on equity for the same amount. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

The Group has Euro denominated long-term borrowings Loan 25 (2016: Loan 23) at fixed rates which constitute 62.7% (2016: 41.2%) of total debt portfolio. The facility is payable in June 2022; 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 2017, the fair value was higher by €33.7 million (2016: €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.

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

	Note	2017 €'000	2016 €'000
Available for sale financial assets	17	**10,243**	–
Debentures	18	**18,389**	–
Loan receivable from joint venture	28	**19,721**	–
Restricted cash long term		**2,958**	–
Trade receivables – net of provision	19	**15,316**	6,209
Other receivables		**1,328**	123
Guarantees retained by tenants		**304**	277
VAT and other taxes receivable	19	**6,099**	5,170
Income tax receivable		**295**	411
Cash and cash equivalents	20	**273,272**	221,337
		347,925	233,527

Available for sale financial assets and debentures

The Group places funds in financial instruments (available for sale financial assets and debentures) issued by the reputable real estate companies with high creditworthiness.

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 pages 28-29 of the Annual Report. For related parties, including the joint venture, it is assessed that there is no significant risk of non-recovery.

Estimates and Assumptions Used for Impairment of Trade Receivables

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:

	Note	2017 €'000	2016 €'000
Opening balance		**2,009**	2,542
Provision for doubtful debts		**33**	200
Reversal of provision for doubtful debts		**–**	(298)
Doubtful debts written off during the year		**–**	(435)
Acquired through business combination	26	**1,279**	–
Closing balance		**3,321**	2,009

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
2017 (€'000)	**9,457**	**4,007**	**350**	**1,502**	**15,316**
2016 (€'000)	5,051	936	145	77	6,209

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 €1.0 million (2016: €0.1 million) and consideration receivable from the seller of €0.3 million (2016: €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 international banks having long-term credit rating range of A+ and short term credit rating of A-1 and in Romania in local branches of reputable international banks with credit rating of BBB and in Poland surplus funds from operating activities are deposited only for short-term period, which are highly liquid with reputable institutions.

Loan receivable from joint venture

Loan receivable from joint venture is neither past due nor impaired.

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.

21. Financial Risk Management – Objective and Policies continued

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

All amounts in €'000 2017	Contractual payment <3 months	3 months– 1 year	1-5 years	>5 years	Total	Difference from carrying amount	Carrying amount
Interest-bearing loans and borrowings	**17,779**	**27,856**	**768,883**	**201,494**	**1,016,012**	**(145,608)**	**870,404**
Trade payables and guarantee retained from contracts (excluding advances from customers)	**7,188**	**17,810**	**6,626**	**537**	**32,161**	**–**	**32,161**
Other payables	**3,159**	**644**	**–**	**–**	**3,803**	**–**	**3,803**
Finance lease liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Deposits from tenants	**332**	**390**	**5,063**	**4,603**	**10,388**	**(201)**	**10,187**
Income tax payable	**869**	**–**	**–**	**–**	**869**	**–**	**869**
Total	**29,327**	**46,700**	**780,572**	**206,634**	**1,063,233**	**(145,809)**	**917,424**

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

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)	**2017**	**870,404**	**571,137**	**–**	**328,189**	**899,326**
	2016	414,235	–	–	424,075	424,075
Other current financial liabilities	**2017**	**2,638**	**–**	**2,638**	**–**	**2,638**
	2016	3,574	–	3,574	–	3,574
Finance lease obligations	**2017**	**–**	**–**	**–**	**–**	**–**
	2016	4	–	4	–	4
Debentures	**2017**	**18,390**	**–**	**–**	**18,390**	**18,390**
	2016	–	–	–	–	–
Available for sale asset	**2017**	**10,243**	**–**	**–**	**10,243**	**10,243**
	2016	–	–	–	–	–

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. Specifically for the Eurobond, its fair value is calculated on the basis of its quoted market price. The own non-performance risk at the statement of financial position date was assessed to be insignificant.

Other current financial liabilities

Other current financial liabilities represent the mark-to-market value of an interest rate swap, obtained from the counterparty financial institution, at €2.6 million (2016: €3.6 million) at the end of the current year. The fair value of derivative was developed in accordance with the requirements of IFRS 13. Under the terms of the swap agreement, the Group is entitled to receive a floating rate of 1M EURIBOR at a notional amount of €19.47 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 €1.0 million (2016: €0.3 million).

As at 31 December 2017, the Group also held an interest rate cap instrument, acquired through GPRE business combination as disclosed in note 26, valued mark-to-market at €nil (2016: €4,000 for secured loan 21 under which the Group had capped EURIBOR at 1.25% for 50% of the notional loan facilities), for which the cap option has not been executed due to favourable market interest rates. Only premium has been paid and it is included in the amortised cost valuation of the loan.

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.

Reconciliation of liabilities arising from financing activities in cash flows

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

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.

22. 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.

		2017		2016	
	Note	€'000	Number ('000')	€'000	Number ('000')
Opening balance		538,114	90,397	341,784	62,617
Shares issued for settlement of interest-bearing liability		–	–	6,000	1,000
Shares issued to the Executive Directors and other senior management employees – transferred	24.2	1,132	137	3,937	707
Shares issued to the Executive Directors and other senior management employees – not transferred	24.2	–	69	–	–
Shares issued for cash	22.1	340,000	38,857	200,000	25,000
Transaction costs on issue of shares	22.1	(2,271)	–	(22,191)	–
Transaction costs on issue of shares settled in shares	23	8,584	1,073	8,584	1,073
Shares issued under executive share option plan	24.1	8,950	1,755	–	–
Balance at 31 December		894,509	132,288	538,114	90,397

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.

22.1 Shares Issued for Cash

On 1 December 2017, an additional 38.9 million Ordinary shares were issued at €8.75 each (€340 million) following the completion of the fundraising, which was announced on 14 November 2017. The Group recognised an amount of €2.3 million as transaction costs for the fundraising. The funds raised from the subscription will be used to take advantage of a pipeline of attractive investment opportunities in both Poland and Romania and for other general corporate purposes.

22.2 Dividends

Policy

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

	2017 €'000	2016 €'000
Interim cash dividend: 22 cents per share (2016: nil)	19,933	–

In July 2017, following approval by its Board of Directors in June 2017, the Company paid an interim cash dividend in respect of the six month financial period ended 30 June 2017 of €0.22 per Ordinary share. There are no income tax consequences attached to the payment of dividends in 2017 by the Group to its shareholders.

23. Unissued Share Capital

Under the terms of equity fundraising completed in December 2016, the Company issued an additional 1.07 million Ordinary shares on 31 December 2017 as a second tranche of Fee Shares to settle remaining equity settled transaction costs in shares. The second tranche of Fee Shares were accounted as dilutive shares for the calculation of weighted average outstanding number of shares during the year for earnings per share, see note 12. The first tranche of Fee Shares was issued on 20 December 2016.

24. Share-Based Payment Reserve

Policy

Equity-settled transactions where vesting is conditional upon a market or non-vesting condition, are treated as vesting irrespective of whether 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 components of share-based payment reserve and total cost outstanding at year end.

Share-based payments reserve	Note	2017 €'000	Treasury shares Number ('000)	2016 €'000	Treasury shares Number ('000)
Executive share option plan	24.1	161	–	319	–
Shares granted to Executive Directors and other senior management employees – not transferred	24.2	1,911	(69)	1,820	–
Subsidiaries' Employee Share Award Plan	24.3	168	(36)	–	–
		2,240	(105)	2,139	–

Share-based payments expense	Note	2017 €'000	2016 €'000
Executive Share Option Plan	24.1	17	14
Subsidiaries' Employee Share Award Plan	24.3	126	-
Closing balance		143	14

24.1 Executive Share Option Plan

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

In 2013, the Group granted warrants to the Founder and the Directors which entitle each holder to subscribe for Ordinary shares in the Company at an exercise price of €5.00 per share if the market price of an Ordinary share, on a weighted average basis over 60 consecutive days, exceeds a specific target price and the holder is employed on such date. The contractual term of each warrant granted is 10 years. There are no cash settlement alternatives and the Group does not have the intention to offer cash settlement for these warrants. Further details are disclosed in the Directors' Report on the page 101 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.

	2017		2016	
	Cost €'000	Number ('000)	Cost €'000	Number ('000)
At the beginning of the year	319	4,635	305	4,635
Share-based payment expense during the year	17	–	14	–
Warrants vested and exercised during the year	(175)	(1,755)	–	–
At 31 December	161	2,880	319	4,635
Weighted average remaining contractual life (years)		5.58		6.58
Warrants vested and exercisable at 31 December		50		–
Warrants exercised subsequent to the yearend 31 December		30		–

The fair value of the warrants was estimated at the grant date (i.e. July 2013) at €0.073 per share. There have been no cancellations or modifications to any of the plans during the year. The weighted average market share price at date of exercise and vested was €8.50 and €7.71, respectively. On 22 December 2017 the vested warrants were exercised at €5.00 per share under the contractual terms for an amount of €8.775 million and corresponding €0.175 million share based payment reserve was also transferred to share capital.

24.2 Shares granted to Executive Directors and other senior management employees

	2017 €'000	2016 €'000
At the beginning of the year	1,820	2,350
Shares granted to Executive Directors and other senior management employees	1,423	3,407
Transferred to subsidiaries' employee share award plan	(200)	–
Shares issued to the Executive Directors and other senior management employees	(1,132)	(3,937)
Closing balance	1,911	1,820

SECTION V: SHARE CAPITAL AND RESERVES CONTINUED

24. Share-Based Payment Reserve continued

Shares issued to the Executive Directors and other senior management employees

On 21 April 2017, the Company issued 0.2 million Ordinary shares (Ordinary shares of no par value), out of which 0.07 million Ordinary shares were delivered 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 Globalworth Investment Advisers Limited ("GIAL"), in order to settle part of the liability of €1.82 million owed by the Company to its subsidiary, related to the fees charged by GIAL to the Company pursuant to the Investment Advisory Agreement (refer page 100 for details) concluded between the Company and GIAL. The 0.2 million new shares rank pari passu with the existing shares of the Company. The Ordinary shares have been issued at €8 per Ordinary share (market price on the issue date being €7.5 per Ordinary share) and are subject to the vesting conditions set out in the performance incentive scheme for the Investment Adviser.

On 15 December 2017, pursuant to the above decision, GIAL transferred the second tranche of 0.07 million Ordinary shares to the Executive Directors and certain other preference shareholders of GIAL, comprising one-third of the Ordinary Shares that were allotted to GIAL in part settlement of the fee due to GIAL by the Company for the year ended 31 December 2016. 0.07 million shares, held by GIAL and not transferred yet are accounted for as treasury shares as at 31 December 2017.

24.3 Subsidiaries' Employee Share Award Plan

	2017 €'000	2016 €'000
Opening balance related to subsidiaries employees	–	–
Transfer from Shares granted to Executive Directors and other senior management employees – not transferred	200	–
Share-based payment expense during the year	126	
Shares vested and excercised during the year	(158)	–
Closing balance	**168**	–
Weighted average remaining unvested period (years)	0.5	–
Per share price for vested and exercised share	€7.55	–

Under the share award plan, the subsidiaries' employees required to remain in service for one year period since the date of acceptance of the share offer letter, by the employees, of the shares assigned under the scheme. Therefore, as of 31 December 2017 a total of 35,713 Ordinary shares were held by the Company as treasury shares.

During the year, the Company recorded €0.14 million as share based payment expense in the income statement for the lapsed vested period and remaining €0.12 million will be expensed over the remaining unvested period until August 2018. The Company estimated that all employees will remain in service until the expiry of the unvested period.

Treasury shares

	2017		2016	
	Amount €'000	Number ('000')	Amount €'000	Number ('000')
Shares purchased under subsidiaries' employee share award plan	(428)	(57)	–	–
Shares vested and exercised under subsidiaries' employee share award plan	158	21	–	–
Shares held in treasury under subsidiaries' employee share award plan	(270)	(36)	–	–

25. Capital Management

The Company has no legal capital regulatory requirement. The Group's policy is to maintain a strong equity capital base 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 an 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 2017 the gross LTV ratio was 49.5% (2016: 43.4%) and the net LTV ratio amounted to 34.3% (2016: 20.7%).

SECTION VI: BUSINESS COMBINATIONS AND RELATED DISCLOSURES

This section includes details about Globalworth's subsidiaries, new business acquired, investment in joint venture, goodwill and related impact on the income statement and cash flows.

26. Business Combinations

Policy

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. The Group continues to measure the non-controlling interest at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs, transfer duties, legal fees and other ancillary costs are expensed as incurred and included in Acquisition costs.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired the difference is recognised directly in the income statement as bargain purchase gain on business combination. Goodwill is measured in accordance with the policy set out in note 27.

Judgements and assumptions used for Business combinations

At the time of acquisition, the Group considers whether each acquisition represents an acquisition of a business or an acquisition of an asset. Where an integrated set of activities are acquired in addition to the property more specifically the consideration is made of the extent to which significant processes are acquired, the transaction is accounted for as a business combination. Moreover, the Group considers when two or more transactions are linked (by common counterparties, contractual clauses, funding etc.) whether they are part of a single business combination.

When the acquisition of subsidiary or property does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost to acquire the entity is allocated between the identifiable assets and liabilities of the entity based upon their relative fair values at acquisition date and no goodwill or deferred tax is recognised.

The Group acquired controlling interest in the following entities during the year. The existing strategic management functions and associated processes were acquired with the properties and, as such, the management considered these transactions as acquisitions of a business rather than an asset acquisitions.

As a consequence of the desire for GPRE's largest shareholder to exit their remaining position, having initially sold at IPO, Globalworth launched and successfully completed a tender offer for between 50.01% and 67.90% of the issued share capital, at a price that represented a discount of approximately 20% to the Company's reported EPRA NAV per share at 30 September 2017. A further off-market purchase subsequently increased this to 71.7%.

Through GPRE, the Company also contracted to acquire a further three high quality office properties in Wroclaw, Gdansk and Katowice from Echo Polska Properties ("EPP"). The acquisition of the EPP portfolio was, amongst other things, conditional on Globalworth completing the GPRE transaction. Moreover, the EPP transaction was closely linked to the GPRE transaction (negotiated at the same time as part of the Group's strategy to invest in the Polish real estate market, funding for EPP acquisition being provided by the Group to GPRE, close proximity of timing) and management concluded that they form a single business combination.

The details about the nature of their activities and respective acquisition date are presented below:

Acquiree	Elgan Automotive Kft ("Elgan A")	SPC Epsilon Property Development Company SRL ("Epsilon")	GPRE Group: Griffin Premium RE.. N.V.	GPRE Group: EPP
Acquisition date	4 May 2017	9 August 2017	6 December 2017	22 December 2017
Activity	Industrial Facility	Office Building	Office and High street mixed use Multiple Buildings	Multiple Office Buildings
Interest	100%	100%	67.9%	71.66%
Location	Pitesti, Romania	Bucharest, Romania	Multiple Cities Poland	Multiple Cities, Poland

26. Business Combinations continued

The revenue and profit contributed by each subsidiary, since acquisition date, and the impact on the Group's results had these companies been acquired at the beginning of the year are disclosed below:

All amounts in €'000	Elgan A	Epsilon	GPRE Group	Total
Subsidiary's contribution				
Revenue	3,071	1,459	4,905	**9,435**
Profit/(Loss) after tax	2,141	1,368	(565)	**2,944**
Pro-forma Group's results if acquisition took place on 1 January (proforma unaudited)				
Consolidated revenue	79,451	79,057	131,266	**134,042**
Consolidated profit after tax	24,700	23,494	60,034	**60,734**

Judgements and assumptions used for the fair value assessment of assets acquired and liabilities assumed

The fair value of investment property at acquisition date in accordance with related IFRS 3 "Business Combinations" provisions, was determined based on the most recent independent valuation (for GPRE and EPP as of 31 December 2017) available at acquisition date. The Group concluded that the fair value of the investment property did not change since the last revaluation was performed by the independent valuer and, therefore, the Group recognised it at fair value at acquisition date under IFRS 3 "Business Combinations".

The bargain purchase gain represents the purchase price discount on the value of the property acquired in accordance with the respective Share Sale and Purchase Agreement. The identifiable net assets acquired do not include loans payable and related accrued interest (in the case of Epsilon of €31.5 million payable to former shareholders and in case of EPP of €156.6 million payable to former shareholders and banks) which were undertaken by the Company and repaid immediately on acquisition date as part of consideration paid to the sellers. For purchase price allocation purposes such loans payable are considered to be part of the equity of the acquiree. Therefore, the purchase consideration, as disclosed below, includes the price paid both for the shares of the acquiree and for such loans settled with former shareholders to the Company. The Group has elected to measure the non-controlling interest in GPRE (28.34% of the acquiree) at the proportionate share of GPRE's net identifiable assets.

The deferred tax liability disclosed in the below table for each subsidiary comprises the tax effect of the difference between the tax base and the fair value of the property at acquisition date.

The following table describes the provisional estimate of fair value of assets acquired, liabilities assumed and the consideration paid for these companies at the respective date of acquisition for each subsidiary:

All amounts in €'000	Elgan A	Epsilon	GPRE Group: GPRE	GPRE Group: EPP	GPRE Group: Sub-total	TOTAL
Completed investment property	47,760	39,300	513,360	166,770	680,130	767,190
Available for sale financial assets	–	–	6,678		6,678	6,678
Gross trade receivables	99	464	6,053	1,404	7,457	8,020
Provision for doubtful trade receivables	–	(103)	(1,100)	(76)	(1,176)	(1,279)
Income tax receivable	33	9	–	–	–	42
Debentures	–	–	18,369	–	18,369	18,369
Other receivables	69	242	527	733	1,260	1,571
Cash and cash equivalents	1,243	180	33,617	5,904	39,521	40,944
ASSETS	**49,204**	**40,092**	**577,504**	**174,735**	**752,239**	**841,535**
Interest-bearing loans and borrowings	23,541	–	306,934	–	306,934	330,475
Deferred tax liability	3,527	1,851	17,292	4,794	22,086	27,464
Guarantees retained from contractors	–	3	–	–	–	3
Deposits from tenants	–	99	5,578	980	6,558	6,657
Trade and other payables	2,302	590	6,871	3,390	10,261	13,153
Income tax payable				733	733	733
LIABILITIES	**29,370**	**2,543**	**336,675**	**9,897**	**346,572**	**378,485**
Total identifiable net assets at fair value	**19,834	37,549	**240,829	**164,838	405,667	463,050
Non-controlling interest	–	–	(77,306)	–	(77,306)	(77,306)
Bargain purchase gain on acquisition of subsidiaries	(2,639)	(607)	(24,643)	(1,008)	(25,651)	(28,897)
Purchase consideration transferred	**17,195**	**36,942**	**138,880**	**163,830**	**302,710**	**356,847**
Purchase consideration transferred						
Cash paid	17,137	36,942	138,880	162,680	301,560	355,639
Consideration payable to the seller	*58	–	–	*1,150	1,150	1,208
TOTAL	**17,195**	**36,942**	**138,880**	**163,830**	**302,710**	**356,847**
Cash flows on acquisition:						
Cash paid	(17,137)	(36,942)	(138,880)	(162,680)	(301,560)	(355,639)
Cash acquired under the acquisition of subsidiaries	1,243	180	33,617	5,904	39,521	40,944
Long-term restricted cash	–	–	(2,958)	–	(2,958)	(2,958)
Net cash outflow on acquisition	**(15,894)**	**(36,762)**	**(108,221)**	**(156,776)**	**(264,997)**	**(317,653)**

* Provisional estimate pending finalisation of the final purchase price.
** Provisional fair value estimate of net assets acquired and thus bargain purchase gain arising on acquistion.

Acquisition costs

Incidental costs of €10.81 million, incurred in connection with the above business acquisitions, have been expensed and are included in the operating results under the line acquisition costs.

27. Goodwill

Policy

Goodwill only arises upon a business combination, and is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling 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.

27. Goodwill continued

	Note	2017 €'000	2016 €'000
Balance at 31 December		**12,349**	12,349

Goodwill is allocated to the Group's cash-generating units ('CGUs') which represented individual properties acquired under business combinations. The opening balance represents goodwill from deferred tax liabilities, recognised at the acquisition date of a subsidiary (Globalworth Asset Managers SRL), and its property management activities.

Key Estimates and Assumptions used for Goodwill Impairment Testing
The Group's impairment test for goodwill is based on value-in-use calculations that use a discounted cash flows model. The cash flows are derived from the budget for the next four years approved by management and significant future investments that will enhance the asset base of the cash-generating unit being tested. These calculations require the use of estimates which mainly include the assumptions on the financial performance of CGU's operations. The recoverable amount is most sensitive to the discount rate used for the discounted cash flows model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

At 31 December 2017, the goodwill related to property management activity with a carrying value of €6.7 million (2016: 6.7 million) was tested for impairment. No impairment charge arose as a result of this assessment at year end. Management believes that as of 31 December 2017 no reasonable change in the main assumptions could result in an impairment charge (31 December 2016: same).

At 31 December 2017 and 2016 respectively, the value-in-use of the property management activity was determined based on the following main assumptions:
- budgets for 4 years; (2016: 4 years)
- discount rate of 6.7% p.a. as of 31 December 2017 (2016: 12.0% p.a.) and
- extrapolation in perpetuity from year 4 onwards, considering a growth rate of 1.0% p.a. (2016: 1.0% p.a.)

The goodwill related to deferred tax liabilities recognised on acquisition was not tested for impairment as there were no changes in the tax circumstances of the relevant entities or other events that would indicate an impairment thereof.

28. Investment in Joint venture

Policy
The Group's investments in its joint venture is accounted for using the equity method in the consolidated financial statements. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise the change in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. The Group's share of the results of operations of the joint venture is recorded in the income statement after adjusting the transaction between the Group and the Joint venture to the extent of the interest in the joint venture. The Joint venture has been assessed as immaterial for the Group as a whole for the purpose of disclosures required under IFRS 12 "Disclosure of Interests in Other Entities".

Judgements and assumptions used for Joint ventures
Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. Following such assessment as disclosed in note 29, the Group's investment was classified as a joint venture.

As at 31 December 2017, the Group determined that there is no objective evidence that the investment in the joint venture is impaired. The financial statements of the joint venture are prepared for the same reporting period as the Group.

Investments	2017 €'000
Equity of Joint venture at acquisition date	(17)
Cost of investment in Joint venture at acquisition date	30
Goodwill	17
Share of profit during the year	2,188
Sub-total	**2,218**
Loans receivable from joint venture	
Loan given to the joint venture	19,330
Interest income for the year	391
Sub-total	**19,721**
TOTAL	**21,939**

In February 2017, the Group's subsidiary Minory Investments Limited entered into a joint venture agreement with Diti Holding Limited and through which it acquired a 50% shareholding interest in Elgan Offices SRL ("Elgan O"), an unlisted company in Romania, currently owning an investment property under development in Bucharest, Romania. Upon completion, the property will become Groupe Renault Romania's new headquarters in Bucharest. The joint venture is funded by loans from venture partners which carry fixed interest rate and used for the construction of the building.

The joint venture had no other contingent liabilities or commitments as at 31 December 2017, except construction commitments as disclosed in note 6. Elgan O cannot distribute its profits without the consent from the other venture partner.

SECTION VII: OTHER DISCLOSURES

This section includes segmental disclosures highlighting the core areas of Globalworth's operations in the office, High street mixed use Office, residential and other (industrial and corporate segments). There were no significant transactions between segments except for management services provided by the offices segment to the residential and other (industrial) segments.

This section also includes the transactions with related parties, new standards and amendments, contingencies that existed at the year end and details on significant events which occurred subsequent to the date of the financial statements.

29. Investment in Subsidiaries

Policy

The Group assesses whether it has control over a subsidiary or an investee, in order to consolidate the assets, liabilities, income and expenses of the subsidiary or the investee in the Group's consolidated financial statements, based on certain judgements and assumptions.

Key Judgements and Assumptions used in Determining the Control over an Entity:

- Power over the investee (i.e. existing rights, directly or indirectly, in the investee that give it the current ability to direct the relevant activities of the investee). If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights.
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns (such as 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 2017 and 2016, are disclosed in the table below.

As of 31 December 2017, the Group held a 100% shareholding interest (31 December 2016: 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, Kinolta Investments Limited, Minory Investments Limited, Circolo Holding Limited	Cyprus

As of 31 December 2017, the Group held a 100% shareholding interest (31 December 2016: 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, SPC Beta Property Development Company SRL, SPC Gamma Property Development Company SRL, Globalworth Asset Managers SRL, Globalworth Building Management SRL, Elgan Automotive SRL, SPC Epsilon Property Development Company SRL	Romania

In prior year, the Group disposed Mycre Investment S.A., an asset holding company, incorporated in Greece. There were no disposals during the year.

As disclosed in note 26, during the year the Group acquired a 100% shareholding interest in following entities

- Elgan Automotive Kft., an unlisted holding company based in Hungary and its subsidiary Elgan Automotive SRL, an unlisted company in Romania owing a real estate asset.
- SPC Epsilon Property Development Company SRL, an unlisted company in Romania owning a real estate asset.

As disclosed in note 26, on 6 December 2017, the Group acquired a 67.9% shareholding interest in Griffin Premium RE.. N.V. (GPRE), being principal holding company registered in The Netherlands. GPRE owns and manages yielding real estate assets throughout Poland in office and High-street mixed-use properties. Griffin Premium RE.. N.V. was incorporated on 21 December 2016 in the Netherlands and listed on Warsaw Stock Exchange. On acquisition date the GPRE Group was composed of following entities:

Subsidiary	Place of incorporation
Holding companies	
IB 14 FIZ Aktywów Niepublicznych, Akka RE Sp. z o.o., Charlie RE Sp. z o.o., December RE Sp. z o.o., Nordic Park Offices Sp. z o.o., Lamantia Sp. z o.o., Dom Handlowy Renoma Sp. z o.o. , Wagstaff Investments Sp. z o.o, Echo – West Gate Sp. z o.o., Wetherall Investments Sp. z o.o. Iris Capital Sp. z o.o, Ormonde Sp. z o.o., Emfold investments Spółka z ograniczoną odpowiedzialnością Sp. k., GPRE Management Sp. z o.o., Lima Sp. z o.o., Charlie RE Sp. z o.o.	Poland
Griffin Premium RE Lux S.á r.l. Akka SCSp, Charlie SCSp, December SCSp.	Luxembourg
Asset holding companies	
Bakalion Sp. z o.o. , Centren Sp. z o.o. , Dolfia Sp. z o.o. , Ebgaron Sp. z o.o. , Hala Koszyki Sp. z o.o. Lamantia Spółka z ograniczoną odpowiedzialnością Sp. k., Dom Handlowy Renoma Spółka z ograniczoną odpowiedzialnością Sp. k., Dom Handlowy Supersam Sp. z o.o., Nordic Park Offices Spółka z ograniczoną odpowiedzialnością Sp. k. , A4 Business Park „Iris Capital" Spółka z ograniczoną odpowiedzialnością Sp. k., Emfold investments Sp. z o.o., Echo – West Gate Spółka z ograniczoną odpowiedzialnością Sp. k.	Poland

On 22 December 2017, Griffin Premium RE.. N.V., now part of the Group, acquired 100% shareholding interest in following companies who own three office properties in Poland (the "EPP acquisition"). The EPP acquisition was part of the same business combination as GPRE from the Group's perspective. Further details about acquisition are disclosed in Note 26.

Holding companies Wagstaff Investments Sp. z o.o, West Gate Wrolaw Sp. z o.o., Wetherall Investments Sp. z o.o. Iris Capital Sp. z o.o, Ormonde Sp. z o.o., Emfold investments Spółka z ograniczoną odpowiedzialnością Sp. k. *Asset holding companies* A4 Business Park „Iris Capital" Spółka z ograniczoną odpowiedzialnością Sp. k., Emfold investments Sp. z o.o., Echo – West Gate Spółka z ograniczoną odpowiedzialnością Sp. k.	Poland

On 29 December 2017, Circolo Holding Limited, a holding company, was incorporated in Cyprus as a wholly owned subsidiary of the Group.

On 21 December, the Group increased its shareholding interest in Griffin Premium RE.. N.V., from 67.9% to 71.66% by acquiring an additional 3.76% of the shares from minority interest holders for a total consideration of €7.70 million. The carrying value of minority interest at acquisition date was €9.055 million thus recording a gain of €1.355 million in retained earnings in statement of changes in equity.

30. Subsidiary with significant minority interest

As disclosed in note 26 and 29, during the year the Group acquired 71.66% interest in GPRE Group, being a material subsidiary not fully owned by the Group as of 31 December 2017 where non-controlling interest had 28.34% interest in the GPRE Group (the subsidiary).

The summary of key statements from GPRE's consolidated financial statements as of 31 December 2017 is presented below. The amounts are presented before inter-company eliminations.

Summarised statement of comprehensive income (for the period from 6 to 31 December)	2017 €'000
Revenue	4,905
Operating expenses	(1,036)
Administrative expenses	(370)
Acquisition costs	(2,657)
Other net income	814
Net finance cost	(2,191)
Income tax expense	(1,862)
Loss for the period	**(2,397)**
Other comprehensive income	–
Loss attributable to non-controlling interest	(679)

Summarised statement of financial position	31 December 2017 € '000
Non-current assets	
Investment property	680,130
Available for sale	5,897
Other long-term assets	116
Long-term restricted cash	2,958
Current assets	
Trade and other receivables and other current assets	10,695
Debentures and available for sale financial assets	22,735
Cash and cash equivalents	34,685
Non-current liabilities	
Interest-bearing loans and borrowings	(278,690)
Other long-term liabilities and deferred tax liability	(30,229)
Current liabilities	
Interest-bearing loans and borrowings	(26,202)
Intra-group loans	(165,413)
Other current-term assets	(16,749)
EQUITY	**239,933**
Attributable to:	
Equity holders of parent	172,361
Non-controlling interest	67,572

Summarised statement of cash flow (for the period from 6 to 31 December)	2017 €'000
Operating	2,736
Investing	(157,583)
Financing	158,873
Net increase in cash and cash equivalents	4,026

31. Segmental Information

Policy

The Board of Directors is of the opinion that the Group is engaged mainly in real estate business, comprising following Offices investment property, High street mixed use office investment property, residential investment property and other, in two geographical areas, Romania and Poland. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Executive Directors.

Following the acquisition of Griffin Premium RE.. N.V, High street mixed use investment properties segment was added to 2017 reporting segments which was not existing in property portfolio held by the Group in prior year.

The Group is domiciled in Guernsey. The Group earns revenue and holds non-current assets (investment properties) in Romania and Poland, the geographical area of its operations. For investment property, discrete financial information is provided on a property-by-property basis (including those under construction) to members of executive management, which collectively comprise the Executive Directors of the Group. The information provided is Net Operating Income ('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, mixed use and other segments however residential segment is disclosed separately as it meets the quantitative threshold of IFRS 8.

Consequently, the Group is considered to have four reportable operating segments: the Offices segment (acquires, develops, leases and manages offices and spaces), the Residential segment (builds, acquires, develops and leases apartments) and the Other segment (acquires, develops, leases and manages industrial spaces and corporate holding offices). Share-based payments expense is not allocated to individual segments as underlying instruments are managed at Group basis. Segment assets and liabilities reported to executive management on a segmental basis are set out below:

	2017						2016					
	Office €'000	High Street Mixed use €'000	Residential €'000	Other €'000	Inter-segment eliminations €'000	Total €'000	Office €'000	High Street Mixed use €'000	Residential €'000	Other €'000	Inter-segment eliminations €'000	Total €'000
Revenue-total	62,902	3,150	2,949	10,488	(1,623)	77,866	–	–	–	–	–	–
Romania	60,952	–	2,949	10,488	(1,428)	72,961	59,725	–	2,985	6,807	(1,286)	68,231
Poland	1,950	3,150	–	–	(195)	4,905						
Operating expenses	(21,902)	(492)	(1,220)	(3,451)	293	(26,772)	(20,947)	–	(944)	(3,156)	369	(24,678)
Segment NOI	41,000	2,658	1,729	7,037	(1,330)	51,094	38,778	–	2,041	3,651	(917)	43,553
Administrative expenses	(4,346)	(233)	(777)	(6,059)	1,184	(10,231)	(3,529)	–	(599)	(4,478)	899	(7,707)
Acquisition costs	(5,810)	(4,492)	–	(507)	–	(10,809)	(14)	–	–	(91)	–	(105)
Change in fair value of investment property	7,170	–	(3,801)	3,358	–	6,727	6,527	–	(1,277)	1,460	–	6,710
long-term assets	(84)	–	(64)	(2)		(150)	(119)	–	(62)	(2)	–	(183)
Gain on acquisition of subsidiary	14,600	11,658	–	2,639	–	28,897						
Other expenses	(153)	–	*(3,938)	–	–	(4,091)	(169)	–	(1,688)	–	–	(1,857)
Other income	–	–	5	–	–	5	2,910	–	201	–	–	3,111
Foreign exchange loss	(109)	(71)	(29)	(108)	–	(317)	(135)	–	(17)	33	–	(119)
Finance cost	(31,801)	(168)	(3,469)	(3,027)	–	(38,465)	(28,153)	–	(2,644)	(1,425)	–	(32,222)
Finance income	1,357	47	–	43	–	1,447	748	–	1	–	–	749
Segment results	21,824	9,399	(10,344)	3,374	(146)	24,107	16,844	–	(4,044)	(852)	(18)	11,930
Share-based payment expense	–	–	–	(143)	–	(143)	–	–	–	(14)	–	(14)
Gain on sale of subsidiary	–	–	–	–	–	–	–	–	–	272	–	272
Share of profit of joint ventures	2,188	–	–	–	–	2,188						
Profit before tax	24,012	9,399	(10,344)	3,231	(146)	26,152	16,844	–	(4,044)	(594)	(18)	12,188

* Other expenses represent loss on sale of non-core investment property (apartments).

31. Segmental Information continued

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 2017 (2016: €nil).

	2017						2016					
Segments	Office €'000	High Street Mixed use €'000	Residential €'000	Other €'000	Inter-segment eliminations €'000	Total €'000	Office €'000	High Street Mixed use €'000	Residential €'000	Other €'000	Inter-segment eliminations €'000	Total €'000
Segment non-current assets	1,331,727	309,197	84,719	116,102	(150)	1,841,595	844,752	–	101,454	52,445	(29)	998,622
Romania	951,823	–	84,719	116,102	(150)	1,152,494	844,752	–	101,454	52,445	(29)	998,622
Poland	379,904	309,197	–	–	–	689,101	–	–	–	–	–	–
Total assets	1,407,799	331,530	89,336	333,283	(1,003)	2,160,945	1,054,626	–	104,831	73,975	(1,630)	1,231,802
Total liabilities	728,216	207,674	27,465	62,038	(904)	1,024,489	451,205	–	34,857	32,015	(1,669)	516,408
Additions to non-current Assets – Romania	41,321	–	569	10,332	–	52,222	37,691	–	200	4,220	–	42,111

None of the Group's non-current assets are located in Guernsey except for goodwill (there are no employment benefit plan assets, deferred tax assets or rights arising under insurance contracts) recognised on business combination.

32. Transactions with Related Parties

The Group's related parties are the Company's Executive and Non-Executive Directors, 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 101 of the Director's Report of the Annual Report.

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

		Income statement		Statement of financial position	
		Income/(expense)		Amounts owing (to)/from	
name	Nature of transactions/balance amounts	2017 €'000	2016 €'000	2017 €'000	2016 €'000
Asia CCF Investment S.à r.l	Corporate Loan facility	–	(994)	–	–
CDP ESCF Investment S.à r.l.	Corporate Loan facility	–	(1,364)	–	–
ESCF Investment S.à r.l.	Corporate Loan facility	–	(1,867)	–	–
York Global Finance Offshore BDH	Corporate Loan facility	–			
(Luxembourg) S.à r.l.		–	(3,011)	–	–
SPFC Investment S.à r.l.	Corporate Loan facility	–	(533)	–	–
Indiana Public Retirement System	Corporate Loan facility	–	(361)	–	–
Centre Street Investments S.à r.l.	Corporate Loan facility	–	(723)	–	–
OCA OHA Credit Fund LLC	Corporate Loan facility	–	(181)	–	–
Mr. Ioannis Papalekas[1]	Sale of residential completed property	–	1,667		
Elgan Offices SRL	Loan to Joint venture	391	–	19,330	–

[1] In prior year, Globalworth Asset Managers SRL completed the sale, the terms of which had been agreed in 2011, of two apartments and 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 103 – 104 of the Annual Report.

33 New and Amended Standards

Starting from 1 January 2017 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
IAS 12 Amendments: Recognition of Deferred Tax Assets for Unrealised Losses	Jan-17
IFRSs 2014 – 2016 (IFRS Standards 2014-2016 Cycle (issued on 8 December 2016)	Jan-17
Amendments to IAS 7: Disclosure Initiative	Jan-17

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

IFRS 15 Revenue from Contracts with Customers (issued on 28 May 2014), including amendments to IFRS 15 Effective date of IFRS 15 (issued on 11 September 2015) – effective for financial years beginning on or after 1 January 2018; IFRS 15 Revenue from Contracts with Customers is effective for annual periods beginning on 1 January 2018. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets including sale of investment property.

33. New and Amended Standards continued

The standard provides a single, principles based five-step model to be applied to all contracts with customers, as follows:
1. Identify the contract with a customer
2. Identify all the individual performance obligations within the contract
3. Determine the transaction price
4. Allocate the price to the performance obligations
5. Recognize revenue as the performance obligations are fulfilled

IFRS 15 may cause revenue to be recognized earlier in some cases, but later in others.

IFRS 15 does not apply to rental income, but only apply to service charge income, marketing income and fit out services income generated by the Group. The Group has identified 10 lease agreements the revenues of which should be disclosed differently in the note 7 of the financial statements starting from 1 January 2018. However, this would not impact the net operating income (NOI) and would only affect the breakdown of revenues presented in the note 7 between 'Rental income' and 'Service charge and marketing income'. The reclassification of such amounts is not material for the Group as at 31 December 2017.
There will be no impact on fit-out services income for contract in progress at 31 December 2017.

As of December 31, 2017, the Group has analysed impact of implementation of IFRS 9 on the accounting principles applied by the Group with respect to the Group's operations or its financial results.

(a) Classification and measurement
The Group has performed an impact assessment of IFRS 9 implementation on the presentation of its financial instruments after 1 January 2018 and concluded, that it will effect in changing the measurement of the ROFO bonds. Presented as assets available for sale and measured at fair value through other comprehensive income as of 31 December 2017, ROFO bonds will be valued at fair value through profit or loss under IFRS 9, which will increase volatility in recorded profit or loss. Dual business model applied towards ROFO bonds as well as developer profit margin embedded will not allow the entity to sustain present presentation of the bonds, as they fail IFRS 9 SPPI test. As of December 31, 2017 however the entity decided that fair value of the embedded instrument equals zero, due to low PoC of the project as well as pre-let rate of the ROFO assets.

The Group considers that IFRS 9 regulations will not affect presentation of neither West Link Bonds nor interest-bearing borrowings as they are already measured at amortised cost.

(b) Impairment
IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group does not expect any significant impact of the IFRS 9 on entity's impairment policy as all trade receivables are already analysed on a regular basis and in line with the policy they are impaired as a result of tenant's credit situation and collaterals provided review rather than already occurred credit events. Entity applies a forward-looking approach by impairing receivables collectively – for any tenant, whose credit risk increases significantly – instead of impairing individual items. Impact of the new credit loss model on presentation of West Link Bonds is immaterial as the project will be completed in April 2018.

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
IFRS 9 Financial Instruments	Jan-18
IFRS 15 Clarifications: Revenue from Contracts with Customers	Jan-18
IFRIC 22 Foreign Currency Transactions and Advance Consideration	Jan-18
IFRS 16 Leases	Jan-19
IAS 19: Plan Amendment, Curtailment or Settlement	Jan-19

Narrow scope amendments and new Standards	Effective date (EU endorsement)
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 endorsed by EU
IFRS 14 Regulatory Deferral Accounts	Not yet endorsed by EU
IAS 40: Transfers to Investment Property (Amendments)	Not yet endorsed by EU
IFRIC 22: Foreign Currency Transactions and Advance Consideration	Not yet endorsed by EU
Annual Improvements to IFRSs 2014 – 2016 Cycle	27 February 2018
IFRIC 23 Uncertainty over Income Tax Treatments	Not yet endorsed by EU
IAS 28 Amendments: Long-term Interests in Associates and Joint Ventures	Not yet endorsed by EU
IFRS 9 Amendments: Prepayment Features with Negative Compensation	Not yet endorsed by EU
IFRS 2 Amendments: Classification and Measurement of Share-based Payment Transactions	Not yet endorsed by EU
Annual Improvements to IFRS Standards 2015-2017 Cycle	Not yet endorsed by EU

34. 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 resolved the two cases together. On 19 July 2017, the presiding judge announced that it has accepted the third party's claim and denied the Subsidiary's claim. Based on the legal advice it has received, management has filed an appeal against the decision and believes that the court of appeal will embrace its view that the Subsidiary acted in accordance with the applicable law and the remedies available to it under the agreement when enforcing the bank letter of guarantee provided by the third party.

Taxation
All amounts due to State authorities for taxes have been paid or accrued at the balance sheet date. The tax system in Romania and Poland undergoes a consolidation process and is being harmonised with the European legislation. Different interpretations may exist at the level of the tax authorities in relation to the tax legislation that may result in additional taxes and penalties payable. Where the State authorities have findings from reviews relating to breaches of tax laws, and related regulations these may result in: confiscation of the amounts in case; additional tax liabilities being payable; fines and penalties (that are applied on the total outstanding amount). As a result, the fiscal penalties resulting from breaches of the legal provisions may result in a significant amount payable to the State. The Group believes that it has paid in due time and in full all applicable taxes, penalties and penalty interests in the applicable extent.

Transfer Pricing
According to the applicable relevant tax legislation in Romania and Poland, the tax assessment of related party transactions is based on the concept of market value for the respective transfers. Following this concept, the transfer prices should be adjusted so that they reflect the market prices that would have been set between unrelated companies acting independently (i.e. based on the "arm's length principle"). It is likely that transfer pricing reviews will be undertaken in the future in order to assess whether the transfer pricing policy observes the "arm's length principle" and therefore no distortion exists that may affect the taxable base of the tax payer in Romania and Poland.

35. Subsequent Events

Date	Description
3 January 2018	The Company announced that its Board of Directors has approved the payment of an interim dividend in respect of the six month financial period ended 31 December 2017 of €0.22 per Ordinary share for total amount of €29.1 million, which was paid on Friday 26 January 2018 to its eligible shareholders.
23 February 2018	The Group successfully completed the acquisition of the two land plots located in the Gara Herastrau/Barbu Vacarescu corridor of Bucharest's new CBD, that it had previously announced for a total consideration of €15.5 million. The first land plot is located between the Globalworth Plaza and Green Court "B" office properties owned by the Group, and is the last remaining street facing land plot on Gara Herastrau street. The second land plot adjacent to Globalworth's Green Court complex. The combined lands are anticipated to allow for the development of c.40.0k sqm of commercial (predominantly office) space.
27 February 2018	GPRE (partly owned subsidiary of the Group) announced a number of strategic initiatives following a meeting of GPRE's board of directors, notably: ▪ GPRE is being rebranded as Globalworth Poland, and will be renamed as Globalworth Poland Real Estate N.V. ▪ GPRE has announced its intention for a capital raise of €400 million to fund further expansion in Poland. Following the purchase of three high-quality office properties for €160 million in December 2017 (West Gate in Wroclaw, Tryton Business House in Gdansk and A4 Business Park in Katowice), GPRE is currently in advanced negotiations for further acquisitions with an aggregate consideration of around €300 million. ▪ New nominations for GPRE's board of directors have also been made. It is proposed that Mr Norbert Sasse, CEO of Growthpoint Properties (Growthpoint), and Mr George Muchanya, Growthpoint's Head of Corporate Strategy, are appointed to the GPRE board. These matters will be presented at GPRE's forthcoming Annual Meeting

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

Opinion

We have audited the consolidated financial statements of Globalworth Real Estate Investments Limited ("the Company") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and in compliance with the Companies (Guernsey) Law, 2008, as amended.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matter	*How our audit addressed the key audit matter*
Accounting for business combinations which gave rise to bargain purchase gain (€28.9 million)	
During the year, the Group completed various acquisitions as disclosed in note 26. The Group has determined these acquisitions to be business combinations for which the purchase price is to be allocated between acquired assets and liabilities at their respective fair values and resulting in the recognition of goodwill or a bargain gain. The assessment of the fair value of net assets acquired and the consideration transferred requires significant judgement and the accounting is complex giving rise to a higher risk of misstatement. For this reason we consider this a key audit matter. The Group's disclosures regarding its accounting policy, judgments and assumptions used for Business Combinations are in note 26 of the financial statements.	The audit procedures performed for auditing the accounting for business combination included among others the following: ▪ We reviewed the transaction documents to evaluate management's assessments that the transactions fall within the business combinations definition; ▪ We evaluated the appropriateness of management's assessment of the fair value of assets and liabilities acquired and we engaged our internal valuation specialists to assess the fair values of investment property at the date of purchase; ▪ We evaluated the competence and objectivity of the independent experts that performed the valuation of the investment property; ▪ We evaluated the management's assessment of the fair value of consideration transferred; ▪ We evaluated the management's assessment of the accounting treatment of the assignable loans; ▪ We evaluated the management's assessment of the adjustments to the Purchase Price computations; ▪ We evaluated the management's assessment of the existence of contingent consideration arising from the acquisitions and, if applicable, its measurement; ▪ We evaluated the management's assessment of the bargain gain computation; ▪ We have analysed and assessed the accounting treatment applied by the Group in respect to the acquisition of the business in Poland – GPRE and EPP as linked transactions, and the judgments applied in the accounting treatment of these transactions. We also considered the adequacy of disclosures in relation to the acquisitions and bargain gain.

Key Audit Matter	*How our audit addressed the key audit matter*
Valuation of Investment Property (€1,792 million; 2016 – €981 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. For this reason we consider valuation of investment property a key audit matter. The Group's disclosures regarding its accounting policy, fair value measurement and related estimates and judgments used for investment property are in notes 3 and 4 of the financial statements.	The audit procedures performed on the valuation of investment property included among others the following: ▪ We documented our understanding of the processes, policies and methodologies used by management for valuing investment property; ▪ We agreed the valuations recorded in the consolidated financial statements to the values reported by the 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 performing a sample of their calculations; ▪ We engaged our own internal valuation experts from Romania and Poland 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 also considered the adequacy of disclosures in relation to the investment property valuation.
Recognition of rental income (€54 million; 2016 - €46 million)	
Management may seek to overstate rental income as it is a significant metric and indicator of the Group's progress giving rise to a higher risk of misstatement. The Group provides various lease incentives to its tenants. In order to avoid double accounting, the assessed fair value of investment property is reduced by the carrying amount of the lease incentives. Such lease incentives are amortized in the income statement over the duration of the lease together with the rental income. Accounting for lease incentives affects one of the most significant metrics of the Group (Revenue), as such we consider recognition of rental income and the accounting for lease incentives a key audit matter. The Group's disclosures regarding its accounting policy for rental income and lease incentives, are in note 7 of the financial statements.	The audit procedures performed for the audit of revenue included among others the following: ▪ We documented our understanding of the processes, policies and methodologies used by management in respect of revenue recognition and performed walkthrough tests to confirm our understanding of the systems and controls implemented; ▪ We evaluated the controls and we tested them for the relevant assertions over contracted rent; ▪ We performed reasonability tests on rental income to identify any inconsistencies in rental income patterns; ▪ On a sample basis we agreed rental rates to tenancy agreements and rent received to bank statements; ▪ For a sample of tenancy agreements signed within 2017 we searched to identify any lease incentives; ▪ For a sample of tenancy agreements with lease incentives, we recalculated the spreading of the incentives over the period of the contract by reference to the terms of the agreements and we assessed the appropriateness of the accounting treatment by reference to the requirements of IFRS; ▪ We enquired the Group's commercial teams about unusual lease terms and we evaluated the completeness of lease incentives through scrutiny of other agreements in place with the tenants. We also considered the adequacy of disclosures in relation to rental income.

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

Other information included in the Group's 2017 Annual Report

Other information consists of the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Audit Committee for the consolidated financial statements

Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and in compliance with the Companies (Guernsey) Law, 2008, as amended, and for such internal control as the Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Andreas Hadjidamianou.

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors
Jean Nouvel Tower,
6 Stasinos Avenue,
P.O.Box 21656,
1511 Nicosia,
Cyprus

7 March 2018

Additional Business Analysis

Portfolio Analysis by Value and Property Type

	Combined Portfolio (CP) (€m)	% of total	JV included in CP (€m)	Consolidated Portfolio (€m)	Adj. for JV ownership (€m)	Group Share (€m)	% of total
Romania							
Office	912.1	50.2%	(24.4)	887.7	12.2	899.9	55.9%
Light Industrial / Logistics	103.4	5.7%	–	103.4	–	103.4	6.4%
Residential & Other	119.8	6.6%	–	119.8	–	119.8	7.4%
Total Romania	**1,135.3**	**62.5%**	**(24.4)**	**1,110.9**	**12.2**	**1,123.1**	**69.7%**
Poland							
Office	371.0	20.4%	–	371.0	–	265.9	16.5%
Mixed-Use	309.1	17.0%	–	309.1	–	221.5	13.8%
Total Poland	**680.1**	**37.5%**	**–**	**680.1**	**–**	**487.4**	**30.3%**
Grand Total	**1,815.4**	**100.0%**	**(24.4)**	**1,791.0**	**12.2**	**1,610.5**	**100.0%**

Notes:
Globalworth includes 100% of the portfolio value of the investment known as Renault Bucharest Connected owned through its joint venture in Elgan Offices Srl, in the Combined Portfolio as the Company committed to 100% of the capital expenditure for the development of the project.

Portfolio Analysis by Value and Location

	Combined Portfolio (CP) (€m)	% of total	JV included in CP (€m)	Consolidated Portfolio (€m)	Adj. for JV ownership (€m)	Group Share (€m)	% of total
Romania							
Bucharest	1,024.5	56.4%	(24.4)	1,000.1	12.2	1,012.3	62.9%
Timisoara	62.9	3.5%	–	62.9	–	62.9	3.9%
Pitesti	47.9	2.6%	–	47.9	–	47.9	3.0%
Total Romania	**1,135.3**	**62.5%**	**(24.4)**	**1,110.9**	**12.2**	**1,123.1**	**69.7%**
Poland							
Wroclaw	181.0	10.0%	–	181.0	–	129.7	8.1%
Warsaw	170.7	9.4%	–	170.7	–	122.4	7.6%
Katowice	130.0	7.2%	–	130.0	–	93.2	5.8%
Lodz	71.3	3.9%	–	71.3	–	51.1	3.2%
Krakow	70.7	3.9%	–	70.7	–	50.6	3.1%
Gdansk	56.4	3.1%	–	56.4	–	40.4	2.5%
Total Poland	**680.1**	**37.5%**	**–**	**680.1**	**–**	**487.4**	**30.3%**
Grand Total	**1,815.4**	**100.0%**	**(24.4)**	**1,791.0**	**12.2**	**1,610.5**	**100.0%**

Notes:
Globalworth includes 100% of the portfolio value of the investment known as Renault Bucharest Connected owned through its joint venture in Elgan Offices Srl, in the Combined Portfolio as the Company committed to 100% of the capital expenditure for the development of the project.

Portfolio Analysis by Contracted Rent and Property Type as at 31 December 2017

	Combined Portfolio (CP) (€m)	% of total	JV included in CP (€m)	Consolidated Portfolio (€m)	Adj. for JV ownership (€m)	Group Share (€m)	% of total
Romania							
Office	57.4	49.5%	(5.5)	51.9	2.8	54.6	54.5%
Light Industrial / Logistics	11.5	9.9%	–	11.5	–	11.5	11.5%
Residential & Other	1.5	1.3%	–	1.5	–	1.5	1.5%
Total Romania	**70.4**	**60.7%**	**(5.5)**	**64.9**	**2.8**	**67.6**	**67.5%**
Poland							
Office	27.0	23.3%	–	27.0	–	19.3	19.3%
Mixed–Use	18.5	16.0%	–	18.5	–	13.3	13.3%
Total Poland	**45.5**	**39.3%**	**–**	**45.5**	**–**	**32.6**	**32.5%**
Grand Total	**115.9**	**100.0%**	**(5.5)**	**110.4**	**2.8**	**100.2**	**100.0%**

Notes:
Globalworth includes 100% of the portfolio value of the investment known as Renault Bucharest Connected owned through its joint venture in Elgan Offices Srl, in the Combined Portfolio as the Company committed to 100% of the capital expenditure for the development of the project.

Portfolio Analysis by Commercial Contracted Rent and Tenant Origin as at 31 December 2017

	Combined Portfolio (CP) (€m)	% of total	JV included in CP (€m)	Consolidated Portfolio (€m)	Adj. for JV ownership (€m)	Group Share (€m)	% of total
Romania							
Multi	60.4	52.8%	(5.5)	54.9	2.8	57.6	58.4%
National	5.7	5.0%	–	5.7	–	5.7	5.8%
State Owned	2.8	2.4%	–	2.8	–	2.8	2.8%
Master Lease	–	0.0%	–	–	–	–	0.0%
Total Romania	*68.9*	*60.2%*	*(5.5)*	*63.4*	*2.8*	*66.1*	*67.0%*
Poland							
Multi	27.1	23.7%	–	27.1	–	19.4	19.7%
National	13.2	11.5%	–	13.2	–	9.5	9.6%
State Owned	1.7	1.5%	–	1.7	–	1.2	1.2%
Master Lease	3.5	3.0%	–	3.5	–	2.5	2.5%
Total Poland	**45.5**	**39.8%**	**–**	**45.5**	**–**	**32.6**	**33.0%**
Grand Total	**114.4**	**100.0%**	**(5.5)**	**108.8**	**2.8**	**98.7**	**100.0%**

Notes:
Globalworth includes 100% of the portfolio value of the investment known as Renault Bucharest Connected owned through its joint venture in Elgan Offices Srl, in the Combined Portfolio as the Company committed to 100% of the capital expenditure for the development of the project.

PROPERTY PORTFOLIO ROMANIA

Property name	Number of Properties		Location	Address	Year of completion	Ownership %	GLA (sqm)	Occupancy (%)	Contracted rent (€)	WALL (years)	Potential rent at 100% occupancy (€)[1]	"As Is" valuation (€ million)	"Completion" valuation (€ million)
Office													
BOB	1		Bucharest	6A Dimitrie Pompeiu Blvd, District 2	2008	100%	22,391	97.3%	3.6	3.9	3.7	50.8	50.8
BOC	1		Bucharest	3 George Constantinescu St., District 2	2009	100%	56,962	97.2%	9.6	4.8	9.9	141.8	141.8
TCI	1		Bucharest	15-17 Ion Mihalache Blvd, District 1	2012	100%	22,434	99.6%	5.0	3.5	5.1	76.4	76.4
City Office	1		Bucharest	2 – 4A Oltenitei Street., District 4	2014	100%	36,145	49.4% (56.2% incl. options)	2.5	6.1	6.3	62.1	62.1
Globalworth Tower	1		Bucharest	201 Barbu Vacarescu Street, District 2	2016	100%	54,686	98.9%	11.3	7.9	11.4	173.0	173.0
Globalworth Campus	3	Tower I	Bucharest	4-6 Dimitrie Pompeiu Blvd, District 2	2017	100%	28,955	46.8% (73.6% incl. options)	1.7	10.8	4.0	105.9	172.1
		Tower II			2018E	100%	28,235	28.0%	1.2	10.9	4.4		
		Tower III			2020E	100%	34,836	–	–	–	5.9		
Unicredit HQ	1		Bucharest	1F Expozitiei Blvd, District 1	2012	100%	15,500	100.0%	3.8	4.4	3.8	53.0	53.0
Globalworth Plaza	1		Bucharest	42 Pipera Road, District 2	2010	100%	24,061	81.5% (96.3% incl. options)	3.7	4.8	4.5	60.7	60.7
Green Court Complex	3		Bucharest	4 Gara Herastrau, District 2	2014/2016	100%	54,328	99.2%	9.9	4.2	10.0	142.7	142.7
Renault Bucharest Connected [2]	2		Bucharest	Preciziei 3G, District 6	2019E	50%	42,261	100.0%	5.5	11.0	5.5	24.4	74.0
GaraHerastrau	1		Bucharest	4B Gara Herastrau Street, District 2	2016	100%	12,037	75.1% (92.9% incl. options)	1.6	5.2	2.1	30.2	30.2
Industrial													
TAP	5		Timisoara	Lipovei Way, Giarmata, Timis	2011/2017	100%	103,441	97.9%	4.5	9.9	4.6	55.5	65.1
Dacia Warehouse	1		Pitesti	1 Dacia A1 Street, Oarja, Arges County	2010	100%	68,412	100.0%	4.1	7.6	4.1	47.9	47.9
Retail / Residential													
Upground Towers	1		Bucharest	9B Fabrica de Glucoza Street, District 2	2011	100%	49,056	Retail: 99.3 / Resi: 54.9%	Retail: 0.8 / Resi: 1.5	Retail: 7.1 / Resi: 1.7	Retail: 0.8 / Resi: 1.5	85.3	85.3
Land for future development													
Luterana	1		Bucharest	7-13 Luterana Street, District 1	–	100%	–	–	–	–	–	12.6	12.6
Herastrau One	1		Bucharest	48-50 Soseaua Nordului, District 1	–	100%	–	–	–	–	–	5.7	5.7
TAP 2	1		Timisoara	Lipovei Way, Giarmata, Timis	–	100%	–	–	–	–	–	7.4	7.4

Notes:
1 Contracted rent at 100% occupancy (including ERV on available spaces).
2 Renault Bucharest Connected is presented on the 100% basis held by Elgan Offices Srl in Romania. Globalworth holds a 50% share in Elgan Office Srl.

PROPERTY PORTFOLIO POLAND

Property name	Number of Properties	Location	Address	Year of completion	Ownership % [1]	GLA (sqm)	Occupancy (%)	Contracted rent (€)	WALL (years)	Potential rent at 100% occupancy (€)[2]	"As Is" valuation (€ million)	"Completion" valuation (€ million)
Office												
Batory Building I	1	Warsaw	212 A Jerozolimskie Avenue, Wlochy District	2000	71.7%	6,610	91.9%	0.9	3.7	1.0	11.4	11.4
Bliski Centrum	1	Warsaw	Witosa Avenue and Beethovena Street, Mokotow District	2000	71.7%	4,920	100.0%	1.0	6.2	1.0	13.7	13.7
CB Lubicz	2	Krakow	23, 23A Lubicz Street, Old Town District	2000 / 2009	71.7%	23,986	100.0%	5.0	3.5	5.0	70.7	70.7
Green Horizon	2	Lodz	106 Pomorska Street, Srodmiescie District	2012 / 2013	71.7%	33,510	100.0%	5.2	5.6	5.2	71.3	71.3
Nordic Park	1	Warsaw	8 Herberta Street, Srodmiescie District	2000	71.7%	9,024	99.7%	1.9	3.2	1.9	24.0	24.0
Philips	1	Warsaw	195A Aleje Jerozolimskie	1999	71.7%	6,217	100.0%	1.1	4.4	1.1	13.3	13.3
A4 Business Park	3	Katowice	42, 44, 46 Francuska Street, Bogucice - Zawodzie District	2014 / 2015 / 2016	71.7%	30,556	100.0%	5.0	4.5	5.0	68.5	68.5
Tryton	1	Gdansk	11 Jana z Kolna Street, Srodmiescie District	2016	71.7%	24,016	100.0%	3.8	4.0	3.8	56.4	56.4
West Gate	1	Wroclaw	12 Lotnicza Street, Fabryczna District	2015	71.7%	16,646	99.4%	2.9	5.1	2.9	41.9	41.9
Mixed-Use												
Hala Koszyki	5	Warsaw	61-65 Koszykowa Street, Srodmiescie District	2016	71.7%	22,246	100.0%	6.9	5.8	6.9	108.4	111.1
Renoma	1	Wroclaw	40 Swidnicka Street, Srodmiescie District	2009	71.7%	40,604	94.3%	7.8	3.8	8.0	139.1	139.1
Supersam	1	Katowice	6 Piotra Skargi Street, Srodmiescie District	2015	71.7%	24,223	96.8%	3.9	4.9	4.0	61.5	61.5
Forward Purchase												
West Link	1	Wroclaw	Na Ostatnim Grousz Street	2018E	GPRE: 100%	14,362	100.0%	2.5	7.1	2.5	n/a	36.4
Right of First Offer												
Beethovena Business Park	Tower I	Warsaw	Beethovena Street	2019E	GPRE: 25%	17,845	n/a		n/a	3.1	n/a	42.1
	2 Tower 2					16,380			n/a	2.9	n/a	36.9
Browary J	1	Warsaw	Grzybowska Street	2018E	GPRE: 25%	14,979	n/a		n/a	3.1	n/a	54.3

Notes:
1 Investment 100% owned by GPRE. For the Forward Purchase and Right of First Offer properties, GPRE's ownership in each investment is presented.
2 Contracted rent at 100% occupancy (including ERV on available spaces).

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 75 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 under performing 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.

GLOSSARY

Asset or Property
Represent the individual land plot or building under development or standing building which forms part or the entirety of an investment.

Bargain Purchase Gain
Any excess between the fair value of net assets acquired and consideration paid, in accordance with IFRS 3 Business Combination.

BREEAM
Building Research Establishment Assessment Method, which assesses the sustainability of the buildings against a range of criteria.

CAPEX
Represents the estimated Capital Expenditure to be incurred for the completion of the development projects.

Capitalisation Rates
Based on actual location, size and quality of the properties and taking into account market data at the valuation date.

CBD
Central Business District

CEE
Central and Eastern Europe

Combined real estate portfolio
Is defined as the aggregation of all assets in the Company's portfolio, including consolidation of 100% of GPRE and 100% of the investment referred to as Renault Bucharest Connected.

Commercial Properties
Comprises the office, light-industrial and retail properties or areas of the portfolio.

Completed Investment Property
Completed developments consist of those properties that are in a condition which will allow the generation of cash flows from its rental.

Completion Dates
The date when the properties under development will be completed and ready to generate rental income after obtaining all necessary permits and approvals.

Contracted Rent
The annualised headline rent as at 31 December 2017 that is contracted on leases (including pre-leases) before any customary tenant incentive packages.

Debt Service Cover Ratio (DSCR)
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 Flows 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 flows 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 attributable to equity holders of the Company before finance cost, tax, depreciation, amortisation of other non-current assets and purchase gain on acquisition of subsidiaries.

EBITDA (normalised)
Earnings attributable to equity holders of the Company before finance cost, tax, depreciation, amortisation of other non-current assets, purchase gain on acquisition of subsidiaries, fair value movement, and other non-operational and/or non-recurring income and expense items.

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.

GLA
Gross leasable area.

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

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

Interest Cover Ratio (ICR)
Calculated as net operating income divided by the debt service / interest.

Investment
Represent a location in which the Company owns / has interests in.

IPO
Admission to the AIM Market of the London Stock Exchange.

Land Bank for Further Development
Land bought for further development but for which the Group did not obtain all the legal documentations and authorisation permits in order to start the development process.

LEED
Leadership in Energy & Environmental Design, a green building certification programme that recognises best-in-class building strategies and practices.

Loan-to-Cost Ratio (LTC)
Calculated by dividing the value of loan drawdowns by the total project cost.

Gross Loan to Value (Gross 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.

Net Loan to Value (Net LTV)
Calculated as the total outstanding debt excluding amortised cost, less cash and cash equivalents as of financial position date, divided by the appraised value of owned assets as of 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 shareholders of the Company and/or net assets value.

Net Asset Value (NAV) Per Share
Equity attributable to owners of the Company divided by the number of Ordinary shares in issue at the period end.

Net Operating Income (NOI)
Net operating income (being the gross operating income less operating expenses that are not paid by or rechargeable to tenants, excluding funding costs, depreciation and capital expenditure).

Non-Controlling Interest ('NCI')
The equity in a subsidiary not attributable, directly or indirectly, to the parent.

Occupancy Rate
The estimated 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), by Knight Frank Sp. z o.o (Knight Frank) and CBRE Sp. z o.o.("CBRE") independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued, using recognised valuation techniques.
When presenting the total portfolio value of the Group, we have included 100% of the appraised value of property held by Elgan Offices Srl in Romania. Group holds a 50% share in Elgan Office Srl and its investment is included in the financial statements under "share of net assets and loans provided.

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, Knight Frank and CBRE as of the 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, Knight Frank and CBRE as of the 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.

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

Master Lease
Master lease, includes various rental guarantees, which range between 3 and 5 years, covering the majority of space which is currently vacant in the properties owned through GPRE.

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.

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.

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.

COMPANY DIRECTORY

Registered Office
Ground Floor
Dorey Court
Admiral Park
St Peter Port
Guernsey
GY1 2HT

Nominated Adviser and Joint Broker
Panmure Gordon (UK) Limited
One New Change
London
EC4M 9AF
United Kingdom

Investment Adviser*
Globalworth Investment Advisers Limited
Ground Floor
Dorey Court
Admiral Park
St Peter Port
Guernsey
GY1 2HT

Auditors
Ernst & Young Cyprus Limited
Jean Nouvel Tower
6 Stasinos Avenue
1511 Nicosia
Cyprus

Registrar
Link Market Services (Guernsey) Limited
Mont Crevalt House
Bulwer Avenue
St. Sampson
Guernsey
GY2 4LH

Public Relations
Milbourne
1 Ropemaker Street
London
EC2Y 9AW
United Kingdom

* Wholly owned subsidiaries of the Company

Administrator and Company Secretary
JTC Fund Solutions (Guernsey) Limited
PO Box 156
Ground Floor
Dorey Court
Admiral Park
St Peter Port
Guernsey
GY1 4EU

Joint Broker
Jefferies International Limited
Vintners Place
68 Upper Thames Street
London
EC4V 3BJ
United Kingdom

Asset Manager*
Globalworth Asset Managers SRL
Globalworth Tower
26th floor
201 Barbu Vacarescu Boulevard
2nd district
Bucharest 020276
Romania

Legal Adviser – English Law and US Law
Skadden, Arps, Slate, Meagher & Flom (UK) LLP
40 Bank Street Canary Wharf
London
E14 5DS
United Kingdom

Advocates – Guernsey Law
Carey Olsen
PO Box 98
Carey House
Les Banques
St. Peter Port
Guernsey
GY1 4BZ

Legal Adviser – Romanian Law
Nestor Nestor Diculescu Kingston Petersen
Globalworth Tower 18th floor
201 Barbu Vacarescu Boulevard
2nd district
Bucharest 020276
Romania

Globalworth Real Estate Investments Limited

Ground Floor
Dorey Court
Admiral Park
St Peter Port
Guernsey GY1 2HT

Globalworth Tower
26th Floor
201 Barbu Vacarescu Boulevard,
2nd district
Bucharest, 020276
Romania

Tel: +40 (0) 372 800 000
Fax: +40 (0) 371 600 000

Email: enquiries@globalworth.com

www.globalworth.com