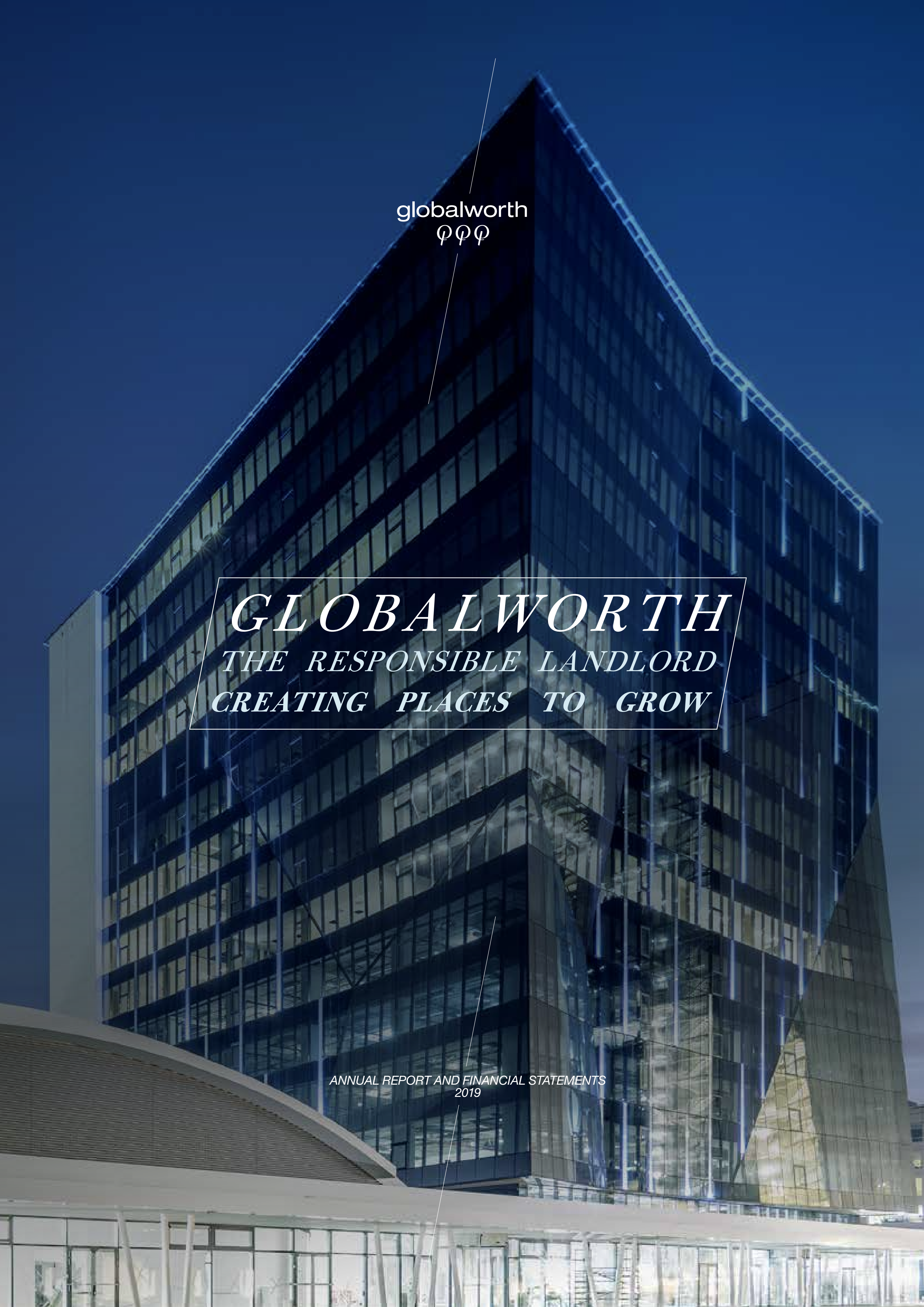


globalworth

GLOBALWORTH

THE RESPONSIBLE LANDLORD

CREATING PLACES TO GROW

ANNUAL REPORT AND FINANCIAL STATEMENTS
2019

OUR PURPOSE

WE ARE THE LEADING OFFICE INVESTOR IN CENTRAL & EASTERN EUROPE BUILDING ***SUSTAINABLE ENVIRONMENTS*** *THAT UTILISE* ***NEW TECHNOLOGIES,*** *AND WHERE* ***BUSINESSES AND PEOPLE*** *CAN FLOURISH*

OUR PERFORMANCE

Consistent and successful execution of Globalworth's strategy in acquisitions, asset management and development of predominantly prime office assets, whilst diversifying its sources of capital to achieve a strong and institutionalised capital structure.

FINANCIAL HIGHLIGHTS[1]

Portfolio Open Market Value
€3.0bn
€2.5bn (2018)

Shareholders' equity
€1.9bn
€1.1bn (2018)

IFRS earnings before tax
€207.7m
€115.3m (2018)

Adjusted normalised EBITDA
€134.8m
€100.4m (2018)[2]

IFRS Earnings per share
93 cents
61 cents (2018)

EPRA Earnings per share
44 cents
46 cents (2018)

EPRA NAV per share
€9.30
€9.04 (2018)

Net Operating Income
€147.7m
€133.4m (2018)

Dividend per share
60 cents
54 cents (2018)

1. Please refer to the Glossary (pages 224-226) for the definitions used and the Financial Review section (pages 68-73) for further details.
2. The 2018 comparative has been adjusted by €18.6m to exclude the effect of recording the portion of the NOIG/RGA settlement relating to 2019-2022 in 2018 in line with related IFRS provisions.

OPERATIONAL HIGHLIGHTS

- Combined portfolio value rose by 23.7% to over €3.0bn
- Completed or announced 11 new real estate investments for a total of €613.8m
- Took full ownership of and delisted our subsidiary Globalworth Poland from the Warsaw stock exchange for a total of €216.1m
- Delivered a 17.8k sqm industrial facility and, have seven office and industrial properties under development in Romania and Poland.
- Standing portfolio footprint increased by over 170k sqm to 1.2m sqm of GLA. Commercial occupancy of 95.0% including tenant options, with 0.4% increase in like-for-like occupancy
- Record year in leasing, with 179.5k sqm of commercial space taken-up or extended at an average WALL of 5.5 years
- Standing contracted rent increased by 15.6% to €184.4m, increasing to €191.0m when including pre-lets on properties under construction
- Increased the number of green-certified properties by 13 to 43, now 81.3% of our standing commercial portfolio by value with the remainder under certification
- Eurobonds recognised as investment grade by all three major rating agencies following upgrades from Moody's and S&P to Baa3 and BBB-, respectively
- Further strengthened our in-house asset management footprint, with 76.9% of our standing commercial portfolio, by value, now internally managed by our team of c.240 professionals

CONTENTS

Visit us online:
WWW.GLOBALWORTH.COM

PLACES

DEVELOPING SUSTAINABLE AND ENVIRONMENTALLY FOCUSED BUILDINGS

FOR THE ENVIRONMENT

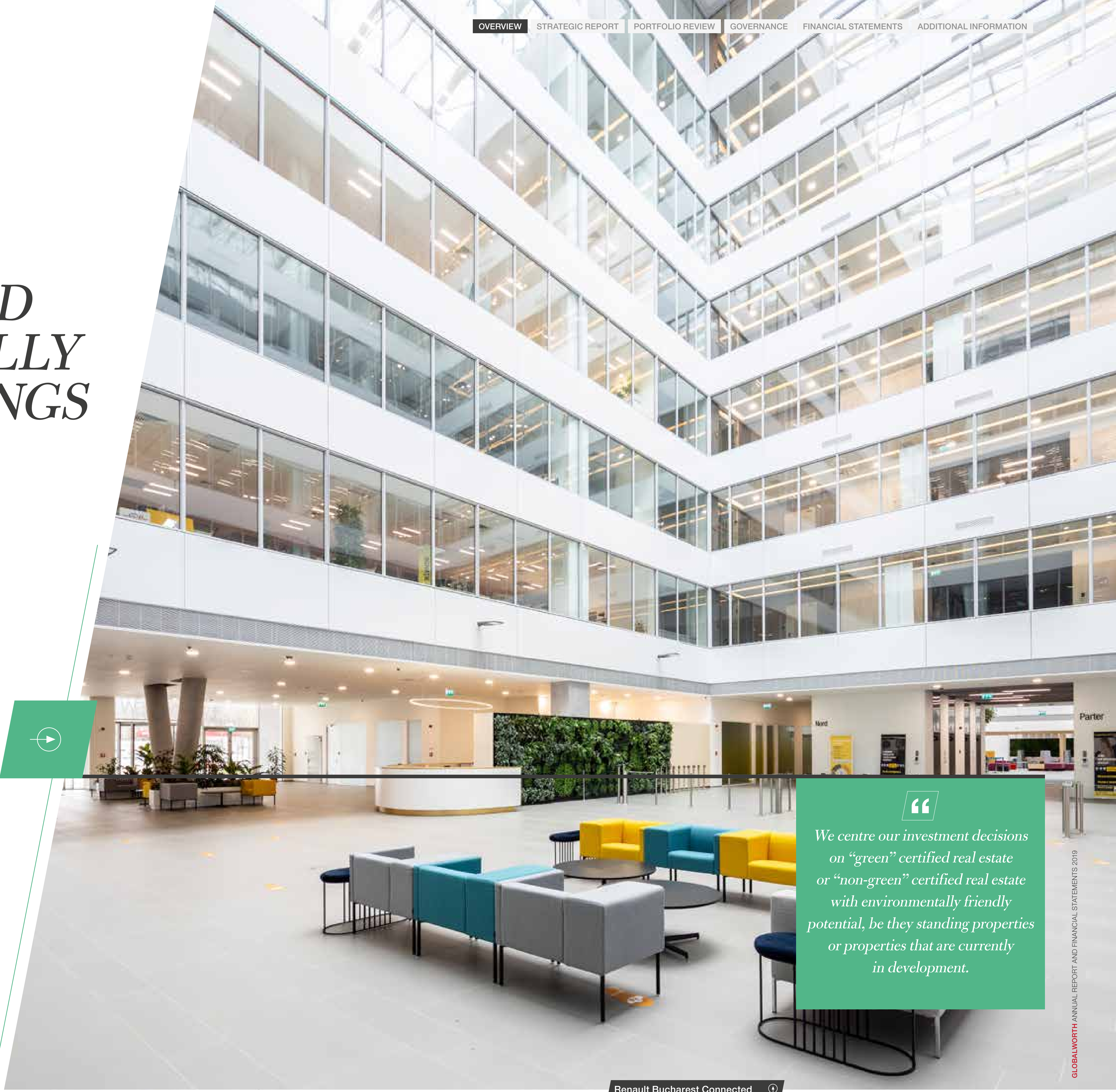
At Globalworth we believe that it is our duty to responsibly manage the economic and environmental impact of how we do business and to contribute to the community in which we live and work.

See Corporate Social Responsibility on page 78

FOR GLOBALWORTH

We continue to invest in building a "greener" portfolio and in 2019 increased the number of our standing properties certified as environmentally friendly to 43, accounting for 81.3% of our standing commercial portfolio by value (70.6% at year-end 2018), with a further 18 under certification at year-end.

See Our Awards on page 94



"We centre our investment decisions on "green" certified real estate or "non-green" certified real estate with environmentally friendly potential, be they standing properties or properties that are currently in development.

Renault Bucharest Connected

INNOVATIVE METHODS THAT HELP TO PROMOTE, SIMPLIFY AND ADVANCE BUSINESS

FOR THE COMMUNITY

We have invested in several initiatives, such as the Globalworth Art & Tech District and the Globalworth App, aimed at improving quality of life, the way we interact and communicate, and to promote, simplify and advance business.

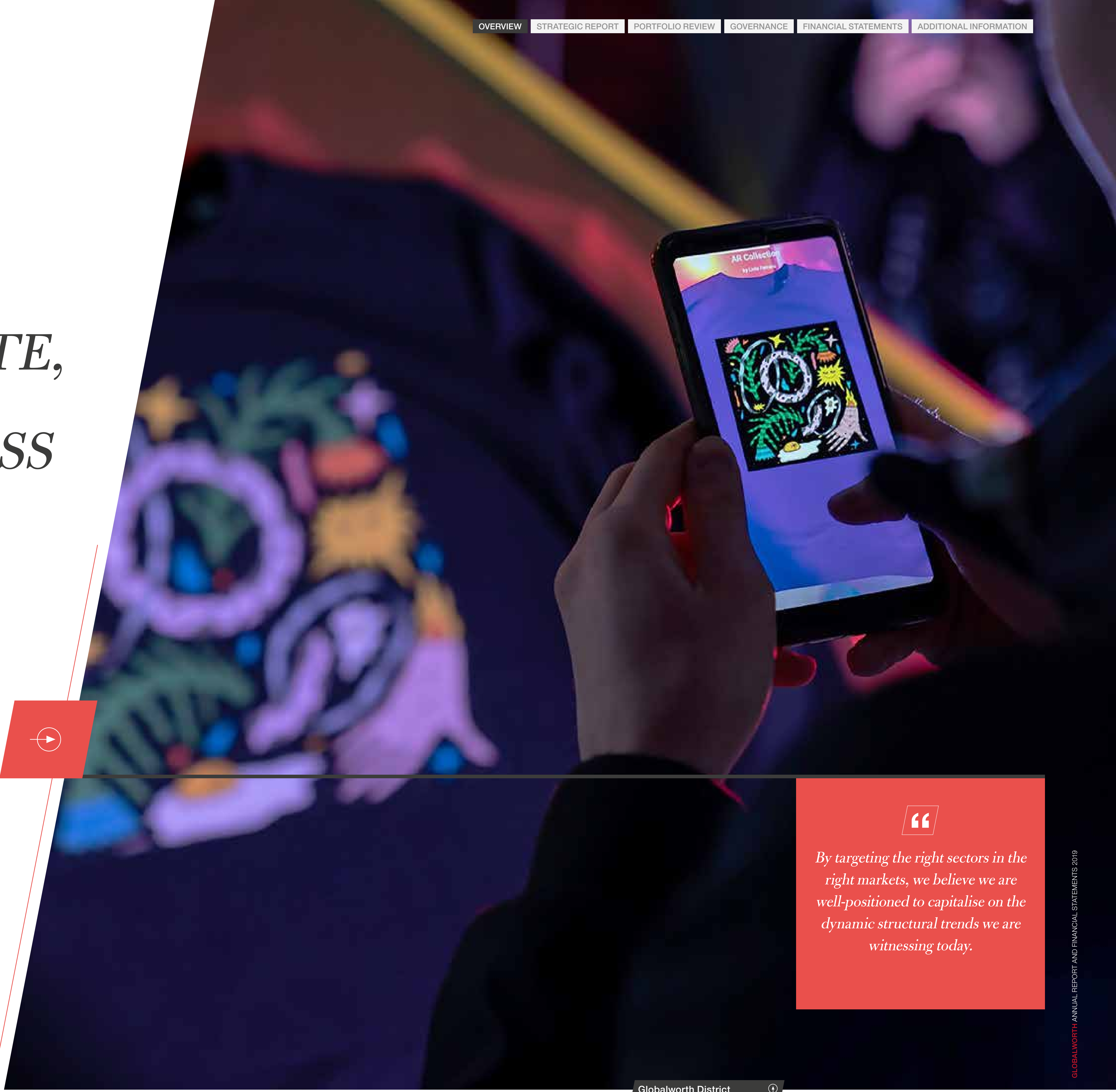
See Globalworth District on page 92

FOR GLOBALWORTH

Our sustainable development agenda is growing rapidly in importance, as is our commitment to an ethical and sustainable way of doing business. Looking ahead with optimism, we believe that technology is already revolutionising the real estate market, and we will continue to make advances in technology, and address the growing challenges of our business in this regard, to fulfil our stakeholders' needs and expectations.

As such, we approach the future with confidence in our strategy and have several exciting initiatives to support our ambition of being the landlord of choice, offering vibrant communities in which our stakeholders can thrive.

See Strategy on page 23



"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.

Globalworth District

CREATING PLACES WHERE BUSINESSES AND PEOPLE CAN FLOURISH

FOR THE MARKET

Globalworth acquires, develops and manages commercial real estate assets, primarily in the office sector, with the objective of being the landlord of choice for the broad and growing variety of multinational corporations in the region. Tenants and potential tenants recognise that people increasingly want to spend time in places that have a positive impact on their wellbeing, and so the quality of the overall environment, including the ability to customise the office space and mix of amenities within a development, is increasingly at the front of our minds.

More information on page 18

FOR GLOBALWORTH

The Globalworth team continued to expand with the addition of c.47 skilled professionals in 2019, increasing our team to c.240 members. Our policy is to attract the best available talent, and we are pleased that our ratio of male to female professionals was 47% to 53% at year-end.

More information on page 86

> *93.4% of our portfolio comprises income-generating properties located in 10 key cities in Poland and Romania.*

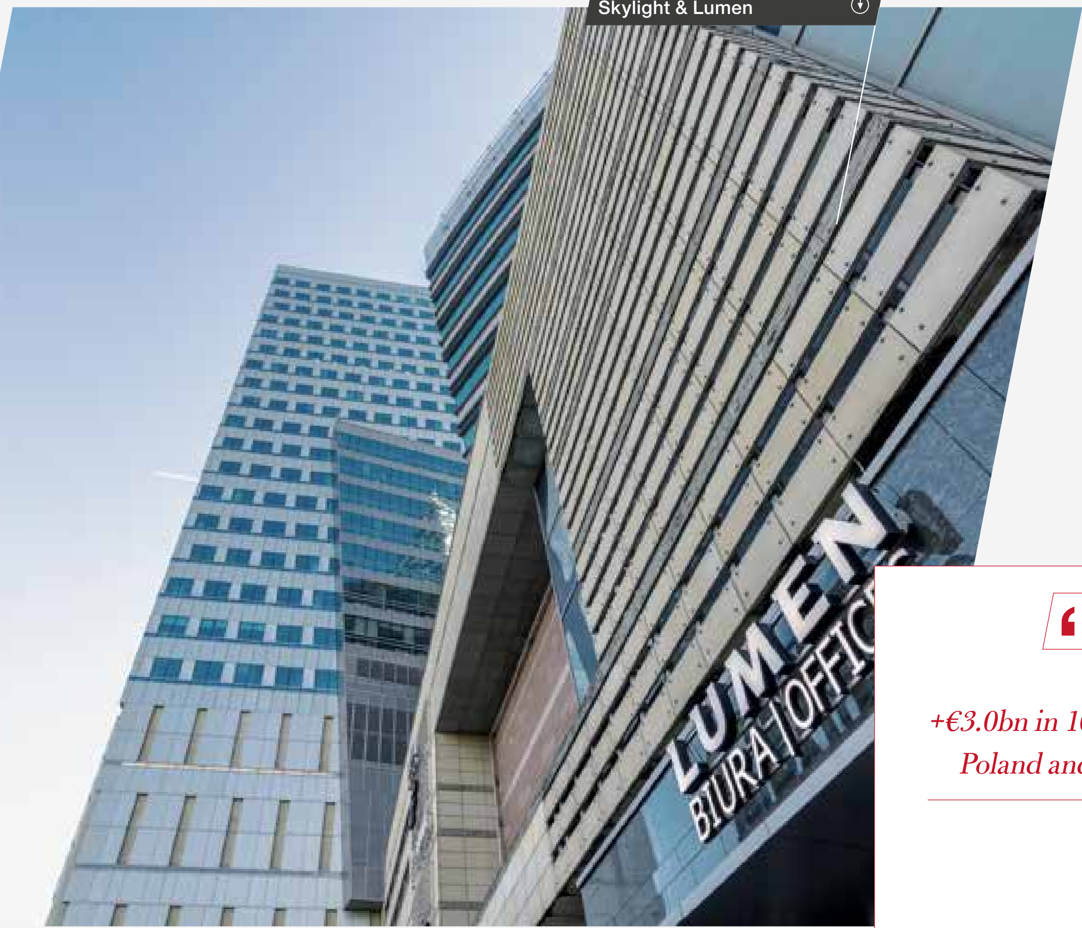
Spektrum Tower

A RESPONSIBLE LANDLORD BY CREATING ENVIRONMENTS WHERE BUSINESS CAN FLOURISH

WHO WE ARE

Globalworth is a leading real estate company with a primary focus on Poland and Romania, the two largest markets in Central and Eastern Europe (CEE). The Company acquires, develops and manages commercial real estate assets, primarily in the office sector, with the objective of being the landlord of choice for the broad and growing variety of multinational corporations in the region. Globalworth has a real estate portfolio valued at €3.0 billion, managed by an internal team of c.240 professionals mainly located in Poland and Romania.

Globalworth Tower



Skylight & Lumen

+€3.0bn in 10 key cities in Poland and Romania

OUR PORTFOLIO

Combined Portfolio Value (GAV)
€3.0bn
€2.5bn (2018)

Standing Commercial Occupancy
94.7%
95.1% (2018)

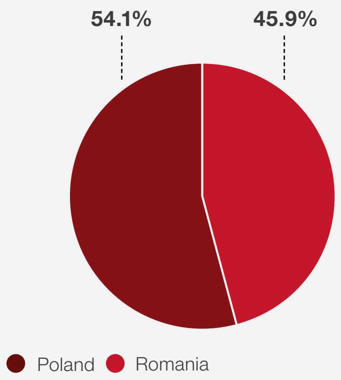
Standing Properties
61
52 (2018)

Standing GLA
1,213.7k sqm
1,042.0k sqm (2018)

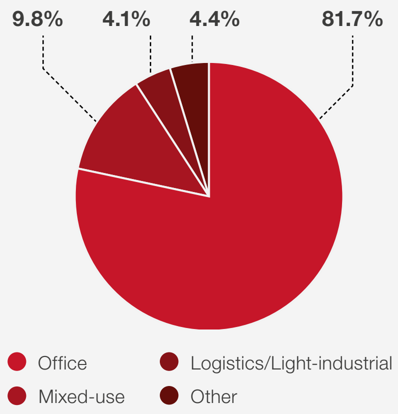
Contracted Rent
€191.0m
€159.5m (2018)

GLA Under Development
176.2k sqm
78.9k sqm (2018)

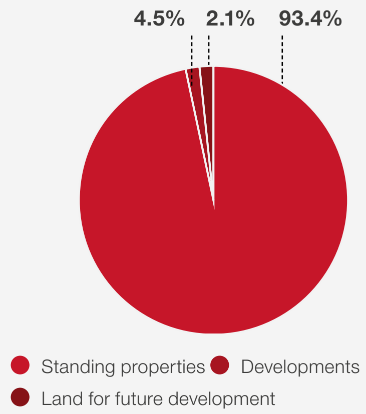
Locations (% GAV)



Property type (% GAV)



Properties by status (% GAV)



A RESPONSIBLE LANDLORD

GENERATING ATTRACTIVE SUSTAINABLE RETURNS

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

FOCUS ON THE LARGEST REAL ESTATE MARKETS IN THE CEE

Poland and Romania, Globalworth's two focus markets, offer compelling macro-economic and real estate fundamentals with broad opportunities in 2019

See more information on page 18

STRONG MANAGEMENT PLATFORM WITH LOCAL PRESENCE

We are a multi-skilled platform, with substantial on-the-ground operations in our focus markets, with a team of c.240 experienced professionals combining local insight with an international approach.

See more information on page 86

HIGH-QUALITY REAL ESTATE PORTFOLIO

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

See more information on page 106

STRONG CASH FLOWS

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

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

See more information on page 68

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

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

See more information on pages 64 and 74

MULTIPLE GROWTH DRIVERS TO OUR BUSINESS

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

We have a number of properties under development, as well as a pipeline of future development opportunities which we plan to convert into high-quality office and industrial (logistics/light-industrial) properties in the coming years.

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

See more information on page 22

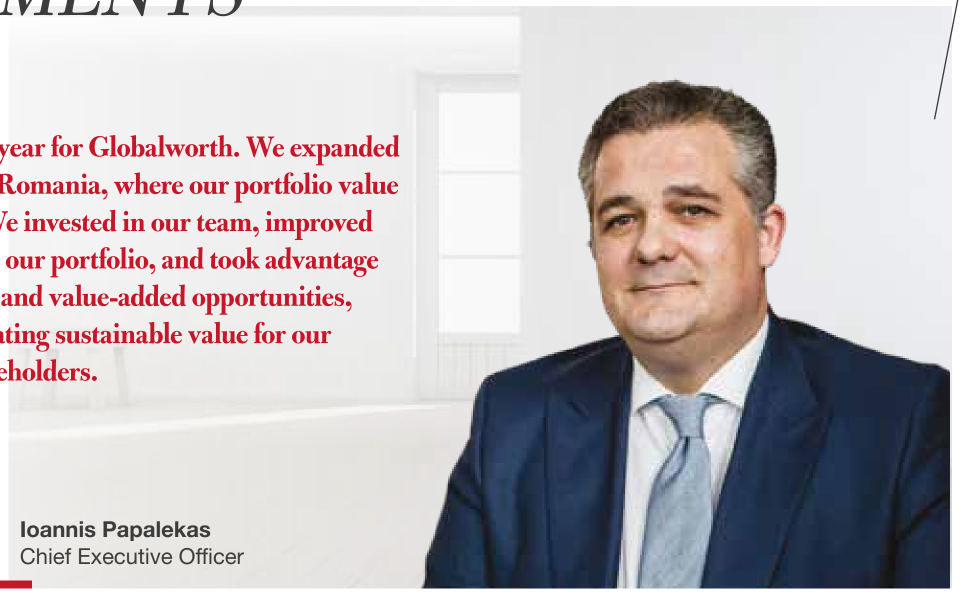
Spektrum Tower

STRATEGIC REVIEW

A RESPONSIBLE LANDLORD

MAKING SIGNIFICANT ACHIEVEMENTS

2019 was another dynamic year for Globalworth. We expanded our platform in Poland and Romania, where our portfolio value now exceeds €3.0 billion. We invested in our team, improved the services provided across our portfolio, and took advantage of favourable market trends and value-added opportunities, with the ongoing aim of creating sustainable value for our shareholders and other stakeholders.



Ioannis Papalekas
Chief Executive Officer

Globalworth has become the leading office landlord in the CEE, unfortunately however, the rapid spread of the coronavirus, has caught us, as well as the global economic system and businesses offguard, creating huge uncertainty for the future. No sector or business will be unaffected by this situation, and as a Group we have implemented several significant measures to protect ourselves, and will continue to do so going forward. Amid this situation, the safety and wellbeing of our people, clients and communities continues to be our top priority while we try to safeguard the business, protect its assets and aim to limit the liabilities and the consequences of this evolving crisis. This will be the focus of our daily operations, for as long as it takes, to mitigate the impact of this unprecedented crisis. It is not easy as we are part of an ecosystem with regulations, with new restrictions being imposed every day and with almost every country being in a state of emergency.

I am concerned and very cautious how this will play out in the weeks and months to come and what else we shall witness in the future, but the entire Globalworth team is committed to fight it and overcome this unprecedented situation.

I have resigned from the Board to focus entirely on the operational side of our business. My focus over the next days, weeks and months is to implement severalprecautionary measures in Romania and Poland (we have already started their implementation), that will ensure not only the maximum possible protection for all parties concerned, but also business continuity and long-term viability. This last concern is of paramount importance for the business and I believe (though I sincerely hope I am wrong!) it will be a journey.

We will have to rethink our overall strategy in parallel to containing this disruption, while looking to our long-term activities and investment. Since the beginning of the year we have further improved our liquidity which is close to €600 million of available cash, and which we will safeguard to "ride out" this unprecedented storm.

Our Market

The Polish and Romanian economies, in which the Group is active, again expanded in 2019. In line with our expectations, these positive economic conditions have been reflected in firm demand for office and industrial real estate, the sectors on which we focus, with investment volumes, particularly in the Polish office market, reaching a record level during the year. Together with Romania, these exceeded €5.4 billion (office and industrial) and average vacancy for office space remained at a healthy level of less than 10.0% at the end of 2019.

Our Portfolio

Our portfolio has reached another milestone, growing to over €3.0 billion by value, following the acquisition of standing office properties in Poland and further progress with our development programme, with several properties at various stages of development in both Romania and Poland.

In addition, through our hands-on approach to actively managing our standing properties, we have added further value to our existing portfolio. Our Polish properties now account for more than half of our overall portfolio by value (54.1%), with the remainder being in Romania.

2019 saw strong operational performance, with 179.5k sqm of commercial space leased in Romania and Poland at an average lease length of 5.5 years, marking a record year for the Group. Total contracted rents grew to €191.0 million (€159.5 million as at 31 December 2018), with over 1.1 million sqm of commercial GLA leased at an average remaining term of 4.5 years as at 31 December 2019. Occupancy of our standing commercial portfolio remained high at 94.7% (95.0% incl. tenant options), albeit decreasing from the 2018 year-end level (95.1% / 96.3% incl. tenant options), mainly reflecting lower occupancy on certain properties added in the period where we see an opportunity for improvement in the near term. Illustrative of our strategy with such acquisitions, we are delighted to have secured a major 11.9k sqm renewal with AXA at our Warsaw Trade Tower property acquired in April 2019, and are pleased with leasing progress at other properties in our portfolio, notably Skylight & Lumen and Supersam.

As part of our commitment to offering best-in-class services to our tenants, we have continued to invest in our in-house asset and property management teams in order to internalize the management of our assets, and are delighted that 80.5% (by value) of our standing office and mixed-use properties are now managed in-house.

OUR AWARDS

CEEQA
- *Investor of the Year in Poland*

EUROBUILD AWARDS
- *Investor of the Year in Poland*

CEE INVESTMENT AWARDS
- *Investor of the Year*

FORBES BEST OFFICE BUILDINGS
- *The biggest owner of office buildings in Romania*

SEE REAL ESTATE AWARDS
- *Investor of the Year*

EURO CONSTRUCTION GALA
- *Development & Business Award of Excellence for Romania*

INTERNATIONAL PROPERTY AWARDS
- *First place for Globalworth Campus for Romania*

CIJ AWARDS
- *Best Leading Green Development & Developer for Romania*

REAL ESTATE GALA
- *The office project of the year in Romania*
- *The office developer of the year in Romania*

Combined Portfolio Value (GAV)

€3.0bn

€2.5bn (2018)

CHIEF EXECUTIVE'S REVIEW
CONTINUED

OUR VALUES

One Team

Act with Integrity

Respect, Diversity and Inclusion

Build an Environmentally Friendly & Sustainable Future

See Corporate social responsibility on page 78

Globalworth Campus

> *We have created an award-winning platform recognised by our shareholders and other stakeholders.*

People, Places and Technology

At Globalworth we recognise that technology is a major disruptor for the real estate industry globally and aspire to be the most technologically-advanced landlord in the CEE office market. With more than 200,000 people estimated to be entering and passing through our buildings in Poland and Romania every day, a number which is ever-increasing, we believe that a holistic approach to the use of technology can add value to our portfolio, by working with these people to create a strong community.

Creating such communities for our tenants is a strategic ambition for the Group. We seek to provide environments where businesses can flourish and their employees enjoy working. So in addition to our commitment to investing in environmentally friendly properties, we are pleased with the positive impact that successful events, such as the Globalworth District, "Meet Globalworth" and other initiatives within or around our office space, have had on the vibrancy and feel of our assets.

Results & Corporate Activity

The Group reported a strong uplift in its earnings with an increase of 10.7% in our net operating income to €147.7 million, 34.3% in our adjusted normalised EBITDA to €134.8 million and 32.8% in our EPRA earnings to €80.9 million, as compared to 2018. For the 2019 financial year the total dividend per share was 60 cents per share, paid in two semi-annual instalments in August 2019 and February 2020 (54 cents in 2018).

We are delighted that in 2019 we successfully completed our largest equity issuance to-date, raising a total of €793.3 million at a premium to the prevailing EPRA NAV at the time through two operations. This included €611.9 million of new equity placed with new and existing shareholders (€347.6 million in April and €264.3 million in October), and the issuance of a further €181.4 million of new shares in January and April to certain shareholders of Globalworth Poland in exchange for its shareholding in our subsidiary, Globalworth Poland, as part of a wider process undertaken to buy in remaining minority interests.

The progress made by Globalworth was also reflected in the investment in the Group by two of the largest property companies in Western Europe and the CEE, with Aroundtown SA entering the Group's shareholder base in 2019 and CPI Property Group becoming the largest shareholder in 2020, each now holding 21.9% and 29.4% of the share capital respectively. Our EPRA net asset value grew by 72.4% to €2,069 million, predominantly as a result of the share issues and the buy-in of minorities, while EPRA NAV/Share grew marginally to €9.30 (31 December 2018: €9.04).

CSR and Governance

Sustainability has always been an important focus for Globalworth. We have continued to increase the proportion of our portfolio comprising environmentally friendly properties, with 13 additions in 2019 and, by year-end, 74.3% of our portfolio (by value) being green-certified (81.3% of standing commercial properties). We have another 18 properties at various stages of certification.

The Group also issued its first standalone sustainability report to meet the needs of our many stakeholders, and to support the ESG frameworks that many of our investors have applied, and we will update this in the future.

In 2019, the Globalworth Foundation again supported a number of social causes in both Poland and Romania. The Foundation's goal is to make a real contribution to the welfare of society and better shape conditions for future generations, consistent with our overriding focus on People, Places and Technology.

At this point, I would also like to thank the Board for its constructive engagement and support during my tenure as a Board member, which extended from the inception of Globalworth in 2013 until March 2020. I am delighted that Dimitris Raptis has been appointed as Co-Chief Executive Officer for the Group and confident that we will continue to steer Globalworth to new levels of success, while my sole focus is now managing the Group's business and operations in the near term, especially in light of the outbreak of the COVID-19 global pandemic.

Ioannis Papalekas
Chief Executive Officer
25 March 2020

A RESPONSIBLE LANDLORD

2019 MARKET REVIEW

The real estate markets in our two countries of focus continued to perform strongly in 2019, with occupier demand remaining high and investor appetite driving yields down. Our portfolio is spread across 10 cities in Poland and Romania. Although the two countries have similar characteristics, the dynamics of the individual sub-markets that we operate in can vary between specific locations and assets.

POLAND'S TRENDS

DYNAMICS

- Poland is the largest, most mature and active real estate market in the CEE. With an estimated €7.3 billion of transactions completed in 2019, it maintained its position as the most liquid market in the region.
- Strong investor interest was particularly evidenced in the office market where record investment volumes exceeded €3.8 billion, with regional cities accounting for €1.3 billion of the total and surpassing the €1.0 billion mark for the first time.
- Overall sentiment in the office market remained positive in 2019, supported by healthy demand driving the development of new properties in all major cities.

Vacancy rates marginally increased in the major real estate markets and, as of the end of 2019, it was estimated that modern properties in a central location required, on average, two quarters to be fully leased.

- As a result of increased investor interest, prime yields contracted further, while rent levels remained stable or marginally increased.
- Unemployment remained low, driving demand for high-quality space and locations that help to attract and retain employees. There was a noticeable trend for skilled professionals to move into or back to Poland.

ROMANIA'S TRENDS

DYNAMICS

- Romania has been one of the best performing countries in the EU over the past five years, benefiting from a positive macro outlook.
- The domestic real estate market maintained its dynamism, driven by demand for high-quality office and logistics/light industrial space from national and multinational corporates.
- Bucharest continued to be the principal real estate hub in the country, although certain regional cities received increasing interest from both local and international investors and tenants
- Record post-financial crisis office supply in the market has been largely taken-up, maintaining vacancy rates at sustainable levels. New high-quality developments achieved significant pre-lets during their construction period.
- The logistics/industrial sector performance remained solid for a fifth consecutive year, with good quality projects in Bucharest and regional cites benefiting from high-occupancy rates, putting upward pressure on rents.

OPPORTUNITIES

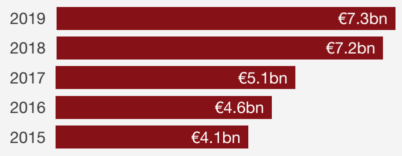
- Establishing long-term partnerships with high-quality national and multinational tenants, ensuring sustainable cash-flow generation.
- Investing in new opportunities as markets return to a more normalised state following the Covid-19 pandemic, taking advantage of potential arbitrage opportunities emerging post crisis in top-quality locations in Warsaw, Bucharest and large Polish and Romanian regional cities

CHALLENGES & OUTLOOK

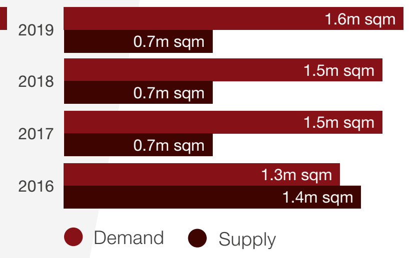
- The impact that the Covid-19 pandemic will have on economic growth at both a European and Global level, and on the performance of our business and the real estate markets in Poland and Romania.
- Managing the portfolio to safeguard occupancy and income levels at a time of high uncertainty, due to the Covid-19 pandemic.
- Assessing the speed at which companies commit on development projects, and, in certain cases, delaying, or redesigning (including adjusting the end-product mix) of projects.

POLAND'S SELECT MARKET DATA

Investment volume



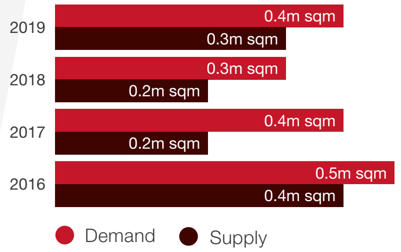
Office demand and supply balance



ROMANIA'S SELECT MARKET DATA

Investment volume

Office demand and supply balance



Source: Colliers

BUSINESS MODEL

A RESPONSIBLE LANDLORD

GENERATING VALUE

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

OUR RESOURCES AND RELATIONSHIPS

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

See more detail on page 82

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

See more detail on page 74

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

See more detail on page 22

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

See more detail on page 56

WHAT WE DO TO CREATE VALUE

PROVEN INVESTMENT MODEL

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

10 cities

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

Office 81.7% of GAV

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

100% of standing GAV with or under certification

Tenants
Diversified base of large or established national and multinational corporations

75.1% of contracted rent from multinational tenants

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

92.6% contracted GLA secured with triple net contracts

OUR CORE ACTIVITIES

Invest in Real Estate Opportunities
- Acquire standing properties and land
- Develop (or refurbish) new properties
- Allocate capital to deliver growth and risk-adjusted returns

Deploy Capital

PEOPLE PLACES AND TECHNOLOGY

Capital Returns

Manage Our Portfolio
- Offer best-in-class asset and property management services
- Enhance the attractiveness and performance of our properties and satisfy our partners' requirements
- Create sustainable and efficient properties reflecting what matters to both our occupiers and the people who work in and use our premises

Create Communities
- Create an environment in which people want to work in and be associated with
- Connect with the local communities
- Improve quality of life, interaction and communication, and promote, simplify and advance business

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

EMBEDDED CULTURE AND VALUES

One Team

Act with Integrity

Integral to our culture is adhering to the highest standards of ethical business practices and living by our values.

Respect, Diversity and Inclusion

Build an Environmentally Friendly & Sustainable Future

Our values reflect the way we carry out our business and how our business can shape the future.

See more detail on page 81

THE VALUE WE CREATE

Tenants & Employees
A Group where people want to work in or do business with.

Globalworth Team
c.240 professionals

Tenants
+715 tenants

+ 200,000 people
visit or work in our properties daily

WALL
4.6 years

Shareholder returns
Attractive, risk-adjusted returns through yield and capital appreciation.

Rental growth
10.1% (2018: 156%)

EPRA NAV growth
72.4% (2018: 2.5%)

Portfolio open market value growth
23.7% (2018: 35.6%)

Targeting a sustainable and progressive dividend policy.

Dividends
€0.60 per share
(2018: €0.54 per share)

Sustainable communities
Creating and improving communities through high-quality, sustainable buildings.

Number of causes supported
>10 causes

43 Green properties
(2018: 30)

A RESPONSIBLE LANDLORD

WITH A CLEAR STRATEGY TO ACHIEVE OUR AMBITION

Our mission is to create value for our shareholders, tenants, local communities and other stakeholders by acting consistently in an ethical and socially responsible manner. Creating an environment in which people want to work and be associated with is a key objective for the Group, achieved through building a vibrant, modern and green portfolio.

STRATEGIC PILLAR	PROGRESS IN 2019
STRENGTHEN OUR POSITION AS THE LEADING INVESTOR AND LANDLORD IN OUR CORE MARKETS	We further enhanced our presence in our two countries of operation: Corporate Activity: • Became the sole shareholder of our subsidiary Globalworth Poland. • Formed a partnership with a leading construction and property management company in Romania for the development of two new, high-quality projects in the country. Direct Investment in Real Estate: • Acquired or announced the future acquisition of 11 high-quality investments in Poland and Romania. • Completed a new industrial facility in Timisoara. • Progressed with our development program, with seven projects under development in Romania and Poland at year-end. Increased our standing footprint by 171.7k sqm to reach an overall total of +1.2 million sqm. Invested a total of c. €429.3 million in new real estate acquisitions and developments in 2019.
ENHANCE VALUE OF EXISTING INVESTMENTS	Signed and/or extended 179.5k sqm of GLA in our properties and improved like-for-like occupancy, while maintaining this at an overall high level across our portfolio. Invested €22.2 million as part of our renovation and upgrade programme for select properties, identifying and deploying alternative strategies to create value. Continued to internalise the property management of our portfolio, with 92.0% of our office properties in Romania and 73.2% of our properties in Poland, accounting for 76.9% of the total standing commercial portfolio by value (80.5% of office and mixed-use standing properties), now being managed in-house.
MAINTAIN AN EFFICIENT AND FLEXIBLE CAPITAL STRUCTURE	Further improved our credit rating, with the Group's Eurobonds recognised as investment grade by all three major rating agencies. • Moody's: upgrading our rating to Baa3 (from Ba2 in 2018). • S&P: upgrading our rating to BBB- (from BB+ stable in 2018). • Fitch: assigned investment grade rating of BBB- in 2018 (remained stable in 2019). Completed our largest equity issue to date, raising a total of €793 million including our single largest equity raise of €501 million in April 2019. Maintained flexibility of available, committed capital at an attractive interest rate through a €200 million, 4.5-year unsecured revolving credit facility with an additional €50 million uncommitted accordion option.
DE-RISK PORTFOLIO	Reduced exposure to developments by limiting their weighting to no more than 10% of GAV, and improved occupancy through active management during the construction phase. Diversified locations to reduce reliance on any single sub-market. Increased presence in the fast-growing office and industrial sector.
INVESTMENT IN SUSTAINABLE ENVIRONMENT & COMMUNITIES	The Globalworth Foundation is now fully active in Romania and the first initiatives have now been launched in Poland. Actively supported more than 10 social causes, investing both our personal time and resources. Continued to invest in ideas that promote and improve the sense of community, through the Globalworth Art & Tech District and other initiatives. Made further progress on the environmental certification of selected properties in our portfolio.

See Our Key Performance Indicators on page 24

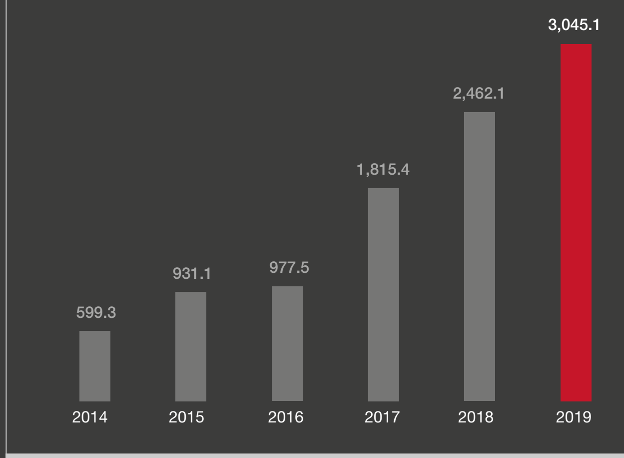
A RESPONSIBLE LANDLORD

SIX YEARS OF PROGRESS

KEY
- Bucharest New CBD
- Bucharest Other
- Warsaw
- Regional Romania
- Regional Poland

TOTAL GAV € BN

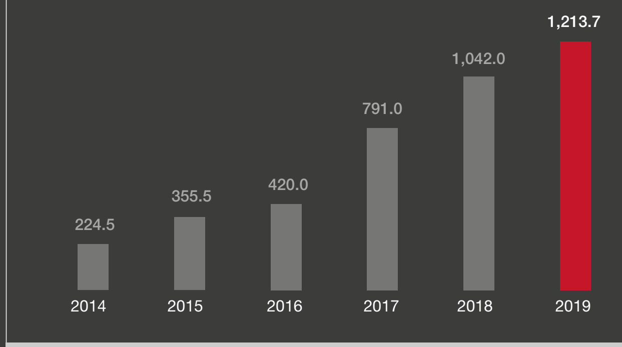
€3.05bn



RELATED STRATEGY MEASUREMENT

STANDING GLA K SQM

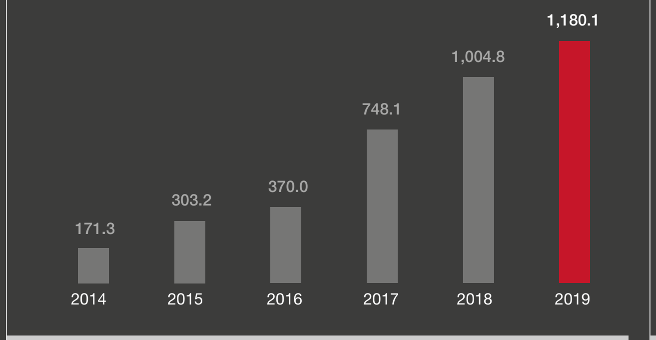
1,213k sqm



RELATED STRATEGY MEASUREMENT

STANDING COMMERCIAL GLA K SQM

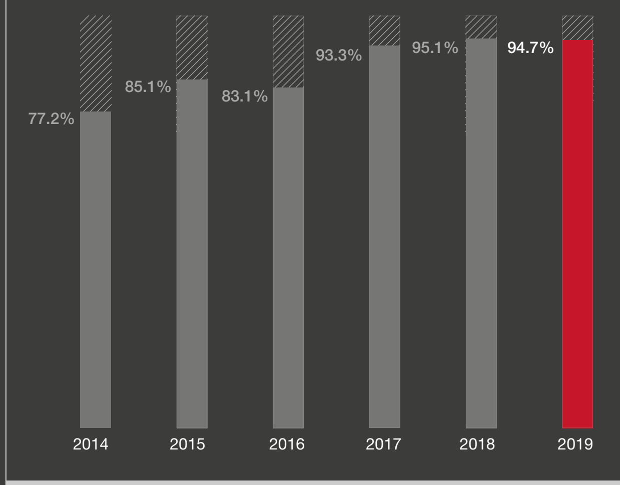
1,180k sqm



RELATED STRATEGY MEASUREMENT

STANDING COMMERCIAL OCCUPANCY %

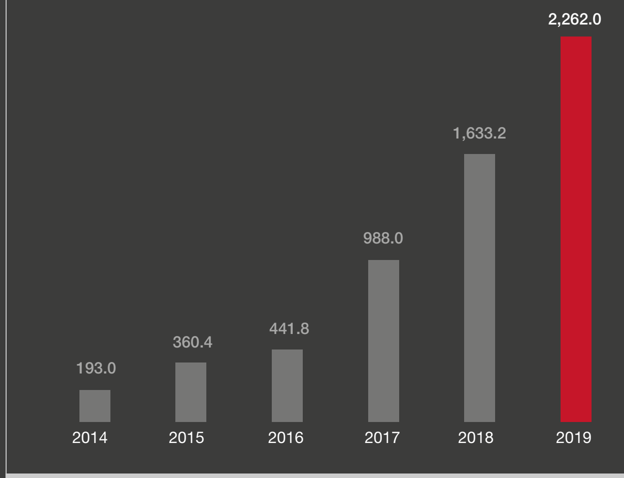
94.7%



RELATED STRATEGY MEASUREMENT

GREEN BUILDING (GAV €M)

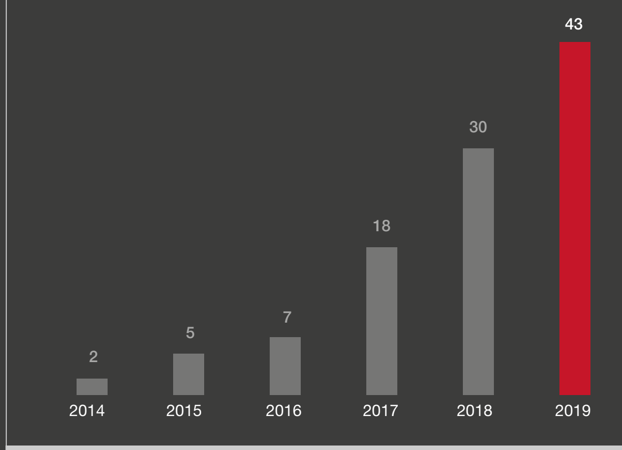
€2.26bn



RELATED STRATEGY MEASUREMENT

NUMBER OF GREEN PROPERTIES

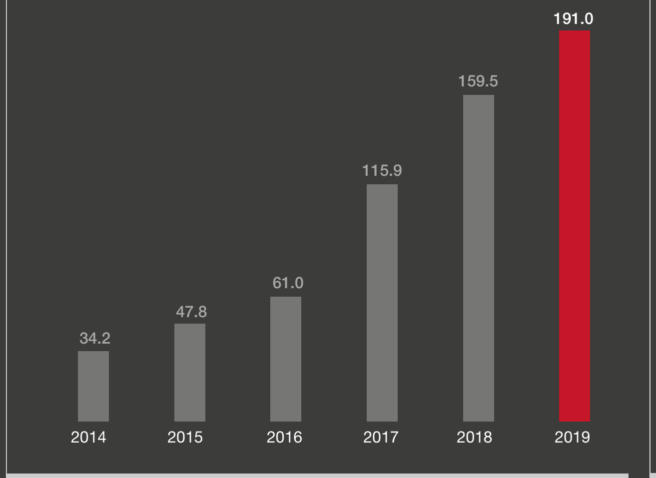
43



RELATED STRATEGY MEASUREMENT

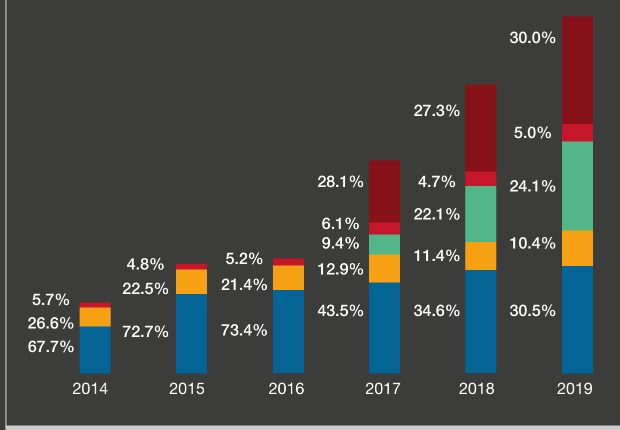
CONTRACTED RENT (€M)

€191.0m



RELATED STRATEGY MEASUREMENT

CONCENTRATION GAV%



RELATED STRATEGY MEASUREMENT

A RESPONSIBLE LANDLORD

CONTINUED EXPANSION WITH NEW ACQUISITIONS AND PARTNERSHIPS

In 2019, we continued to benefit from a positive real estate market and further expanded our portfolio through high-quality real estate investments in standing properties and development projects in Poland and Romania.

We simplified our corporate structure by becoming the sole shareholder of our Globalworth Poland subsidiary and improved efficiency at Group level by taking it private.

This expansion and the active management of our portfolio has led to further growth in our rental income and created the potential for additional rental growth in the future.

Dimitris Raptis
Co-Chief Executive Officer
& Chief Investment Officer

Over the course of the year, Globalworth completed or announced 11 new real estate investments in Poland and Romania for a total of €618.3 million and a further €216.1 million in becoming the sole shareholder in Globalworth Poland.

Becoming the sole shareholder and taking private our Polish subsidiary Globalworth Poland simplifies our corporate structure and will improve efficiency at Group level, while reiterating our commitment to this important and fast-developing market.

€834m of investment activity completed or announced in 2019.

The continuous growth of our asset base and the active management of our portfolio resulted in a further increase in our rental income in 2019 and has created the potential for additional rental growth in the future.

How this links to our strategy:

The Group's 2019 investment activity in Poland followed on from our strategic expansion there in December 2017, optimising our local platform to build out critical mass and scale. Since January 2018, the Group has invested €1.1 billion in the Polish market, resulting in it becoming the largest institutional office landlord in the country.

Investments in real estate developments in Romania, either solely or through joint ventures, where the Group has delivered c.260k sqm of high-quality space since 2015, have contributed to us enhancing our leading position in the local market.

Core to our growth strategy is the consistent execution of acquisitions to enhance Globalworth's footprint and the overall quality of its portfolio and income profile.

POLAND

Globalworth completed several corporate and asset transactions in Poland in 2019, making this the most active investment market for the Group.

We are pleased to have successfully acquired the remaining shareholding in our Warsaw-listed subsidiary, Globalworth Poland, which we formally delisted on 29 September 2019. The purchase cost of the remaining shares totalled €216.1 million, which was settled through the issuance of €183.1 million in new Globalworth shares (19.9 million new shares issued) to certain shareholders in Globalworth Poland, such as Growthpoint Properties Limited and EBRD, and the direct purchase of other shares via the market for a total of €33.0 million.

In addition, we acquired or announced the future acquisition of some of the most recognisable properties and developments available in the Polish market. In total we concluded 5 transactions for €321.8million, including the fifth largest single office transaction of the year, adding 139.2k sqm of Class "A" office space, which at the end of 2019 was 88.3% occupied, with €22.0 million of contracted rent and an average WALL of 4.1 years.

Two of the properties acquired, part of the Podium Park in Krakow, are developments; Podium II and Podium III which on completion will add a further 36.5k sqm of Class "A" office GLA. The Group has signed a development management agreement with the Vendor in relation to the construction and completion of the respective properties, which mark our first "quasi-development" projects in Poland since entering the market.

We also announced the future acquisition of two properties under development, which will be purchased on completion and following the satisfaction of certain conditions. Assuming these conditions are satisfied, the acquisition of these properties is estimated to further increase our Class "A" office space by 58.8k sqm adding €12.0 million of rent on full occupancy.

The standing properties acquired in 2019 offer an entry yield of 7.0%, with the scope for this to rise to 7.7% on full occupancy. This, together with the four high-quality properties under development, acquired or announced through a forward purchase, maintains our strategy of achieving yields above prevailing prime market levels, where we believe that we can enhance the attractiveness and performance of our investments by applying various asset management initiatives over time.

The majority of our activity has been in regional cities, with Krakow, Wroclaw and Katowice accounting for c.60% of our investments over the year. The balance was in Warsaw, which remains our single largest market in Poland.

Real Estate Activity in Poland in 2019

	City	Acquisition Price (€m)	GLA (k sqm)	Initial Yield (*)	100% Occupancy Yield (*)
Warsaw Trade Tower	Warsaw	132.9	46.8	6.8%	7.6%
Retro Office House	Wroclaw	58.8	23.2	6.6%	6.7%
Silesia Star	Katowice	54.4	30.2	8.8%	8.8%
Rondo Business Park	Krakow	37.0	20.3	8.2%	8.9%
Podium Park I(**)	Krakow	38.7	18.9	4.4%	7.2% / 6.9%
Total Standing Properties Acquired		**321.8**	**139.2**	**7.0%**	**7.7%**
Developments Acquired:					
Podium II & III	Krakow	87.3 (***)	36.5	–	7.4%
Properties Announced:					
Chmielna 89	Warsaw	185.0	25.2	–	6.5%
Tischnera Office	Krakow		33.6		
Total 2019 Transactions Completed & Announced		**594.1**	**234.5**	**–**	**7.3%**

(*) Initial Yield and 100% Occupancy Yield based on acquisition data, divided by acquisition price.
(**)Final acquisition price for Podium I may increase up to €46.7 million, subject to the vendor's ability to lease the available space in the property in H1-2020.
(***)Investment cost of €87.3 million, out of which €20.2 million invested in 2019 and remainder to be invested during the development phases.

REVIEW OF NEW ACQUISITIONS
CONTINUED

ROMANIA

In Romania, our primary focus was to further build on the success of our logistics/light-industrial properties and, against the still attractive market backdrop, we continued to invest in high-quality projects in the country, and launched the Globalworth Industrial brand for our industrial (logistics/light-industrial) portfolio refer to pg 48-49.

Globalworth also formed a partnership with Global Vision, a leading construction and property management company in Romania, for the development of two new high-quality projects in the country. The first is a last-mile logistics park in the greater Bucharest area, Chitila Logistics Hub, which, on completion, will offer a GLA of 76.1k sqm over a 13.7ha estate. Globalworth has a 50% interest in the project, to be developed in phases, with the first 23.1k sqm of logistics space scheduled for delivery in the first half of 2020. The location benefits from excellent accessibility, being positioned next to the Bucharest ring road, which connects the project to the A1 and DN7 roads and the city's central districts.

The second project is the development of a major logistics/light-industrial and commercial hub in Constanta (south-east Romania), also through a 50/50 joint venture with Global Vision. This marks Globalworth's first investment in Constanta, one of the largest metropolitan areas in Romania and a location we view as a relatively undeveloped real estate market, offering significant potential for future growth.


Expansion Land in TIP II


Joint Venture for Chitila Logistics Hub

50% of Renault Bucharest Connected


Joint Venture for Constanta Business Park

The project, known as Constanta Business Park, will span a 100ha land plot close to Constanta Port on Romania's East coast on the Black Sea, with easy access to the A2 and A4 motorways and the railway network. Constanta is Romania's primary port and one of the largest in Europe (top 20), located at the junction of key pan-European transport corridors and providing a strategic link to Central Asia, the Far East and Transcaucasia. The total project is to be developed in phases and is expected to offer 571k sqm of high-quality logistics/light-industrial (c.80%), office and other commercial space upon completion.

In the first half of 2019, the Group enlarged the 30ha landbank acquired in October 2017 in Timisoara (Western part of Romania), located next to our very successful Timisoara Industrial Park I complex, through the acquisition of an additional 5 hectares to enable its potential expansion.

Based on preliminary estimates, the development of these two joint venture projects and the additional expansion land in Timisoara may add €34.3 million of rental income to our portfolio and result in a potential yield at cost of 11.8%, illustrating the attractive opportunities we are able to take advantage of by developing such properties.

Finally, the Group acquired the remaining 50% of our Renault Bucharest Connected property, located in the Western part of Bucharest, from our joint venture partner. The property, which was completed in 2018, comprises two distinct buildings extending over 42.3k sqm, and houses Groupe Renault's new headquarters in Romania.

OUR MOST SIGNIFICANT ACQUISITIONS IN 2019

WARSAW - POLAND

WARSAW TRADE TOWER

How this relates to our strategy

Warsaw Trade Tower ("WTT"), one of Warsaw's most recognisable office towers, was acquired by Globalworth in April 2019 for a total consideration of €132.9 million.

The 40-floor tower (plus two technical floors) is located in the Wola district of the Polish capital's extended CBD and, at 208 metres high, is one of the tallest towers in Warsaw, offering a total GLA of 46.8k sqm. WTT was completed in 1999 and its lobby and surrounding common areas were fully refurbished in 2016.

WTT is occupied by c.40 national and international corporates, with AXA, who renewed and further expanded its lease in the property for +10 year, as the largest tenant alongside other well-known companies including MSD, American Express, Leroy-Merlin and Mattel. This class "A" office tower has a high occupancy rate of 88.3%, with annual contracted rental income of €8.6 million and a WALL of 4.5 years as at 31 December 2019.

PROPERTY SUMMARY

- **Location:** Warsaw extended CBD
- **Completion Date:** 1999 / Common areas refurbished in 2016
- **Acquisition Date / Price:** Q2-19 / €132.9m
- **GAV (31 Dec. 19):** €142.3m
- **Layout:** 3 UG, GF & 39 floors (plus two technical floors)
- **Space (GLA):** 46.8k sqm
- **Parking Units:** 306 (plus 208 units leased from a 3rd party)
- **Typical Floor Plate:** 1.2k sqm
- **Green Accreditation:** BREEAM Very Good (under re-certification)

BREEAM®

KRAKOW - POLAND

RONDO BUSINESS PARK

How this relates to our strategy

Rondo Business Park ("Rondo") is a high-quality class "A" office complex in Krakow, acquired by Globalworth for a total consideration of €37.0 million.

Rondo is located in the northern part of the city and comprises three buildings completed in two phases. Two buildings delivered in 2007 (11.0k sqm GLA) and one building in 2008 (9.3k sqm GLA), offering a total GLA of 20.3k sqm.

This investment is strategically positioned adjacent to the Quattro Business Park, acquired by the Group in 2018, creating critical mass and a combined campus with a GLA of over 86.5k sqm.

Rondo has a high occupancy rate, 90.3%, and is leased to 18 national and multinational corporates, with Capgemini, Deltavista and UPC being the largest tenants. It has an annual contracted rental income of €3.0 million and a WALL of 3.7 years as at 31 December 2019.

PROPERTY SUMMARY

- **Location:**
  Northern part of Krakow
- **Completion Date:**
  In phases 2007 & 2008
- **Acquisition Date / Price:**
  Q2-19 / €37.0m
- **GAV (31 Dec. 19):**
  €37.1m
- **Layout:**
  Building 1: GF & 13 floors
  Building 2: GF & 2 floors
  Building 3: UG, GF, & 4 floors
- **Space (GLA):**
  Building 1 & 2: 11.0k sqm
  Building 3: 9.3k sqm
- **Parking Units:**
  485
- **Typical Floor Plate:**
  Building 1 & 2: 0.6k-1.2k sqm
  Building 3: 1.9k sqm
- **Green Accreditation:**
  Under certification review

OUR MOST SIGNIFICANT ACQUISITIONS IN 2019
CONTINUED

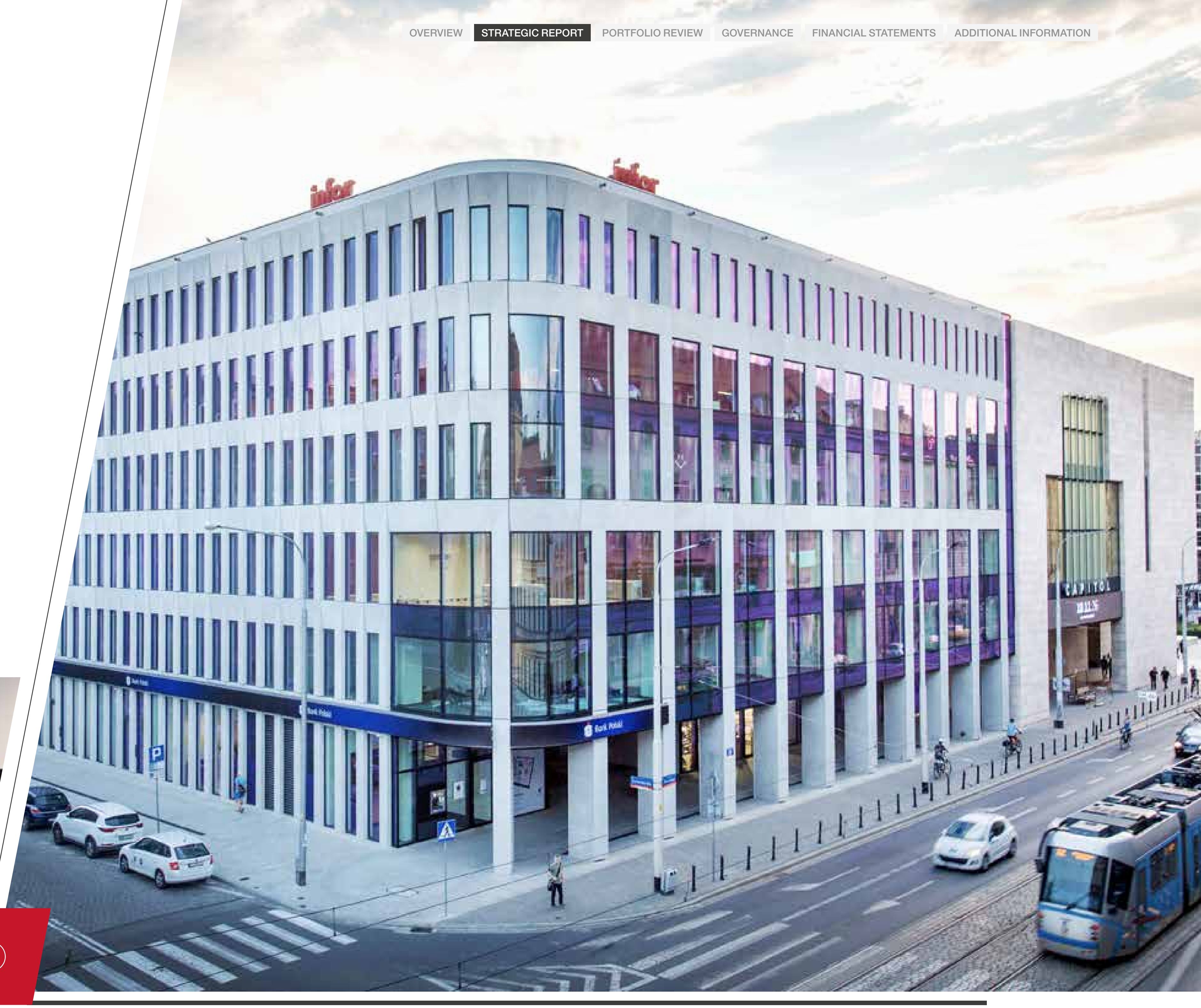
WROCLAW - POLAND
RETRO OFFICE HOUSE

How this relates to our strategy

Retro Office House is a newly completed class "A" office development in central Wroclaw, which was acquired in July 2019 for a total consideration of €58.8 million.

The property benefits from excellent connectivity to all parts of the city and a range of public transport options. It extends over six floors, offering a total GLA of 23.2k sqm.

Retro is fully let to 14 corporates, with Infor, Olympus and Intive being the largest tenants. The property had an annualised contracted rent of €3.9 million and a WALL of 4.4 years as at 31 December 2019.



PROPERTY SUMMARY

- **Location:** Central Wroclaw
- **Completion Date:** 2018
- **Acquisition Date / Price:** Q3-19 / €58.8m
- **GAV (31 Dec. 19):** €64.7m
- **Layout:** UG, GF & 5 floors
- **Space (GLA):** 23.2k sqm
- **Parking Units:** 153
- **Typical Floor Plate:** 4.5k sqm
- **Green Accreditation:** Under certification review

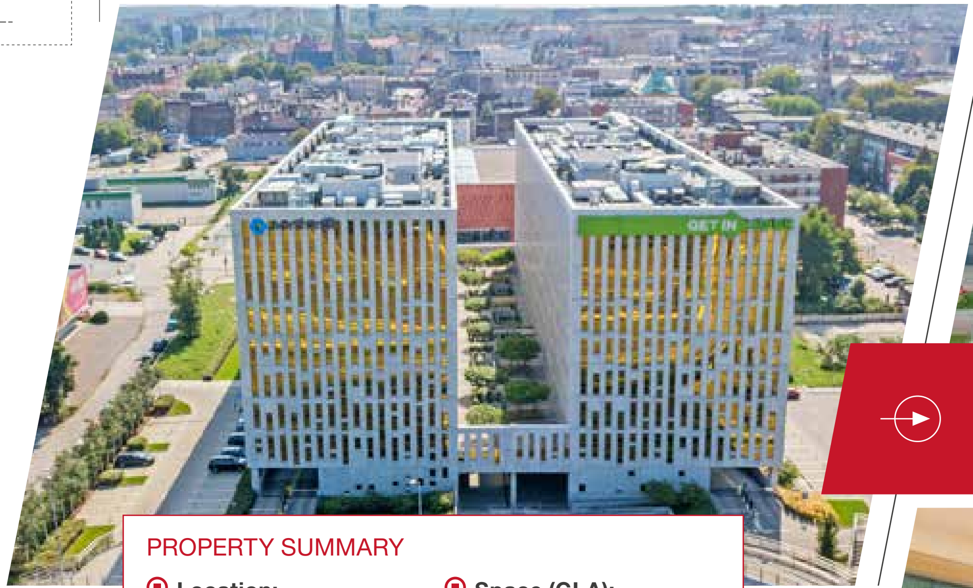
OUR MOST SIGNIFICANT ACQUISITIONS IN 2019
CONTINUED

KATOWICE - POLAND
SILESIA STAR

How this relates to our strategy

Silesia Star is an office complex at the heart of Katowice with two interconnecting buildings, developed in 2014 and 2016, acquired by Globalworth for a total consideration of €54.4 million.

Located in the immediate vicinity of the city centre, it is close to two universities and various transport options. The complex extends over eight floors, offering a total GLA of 30.2k sqm and an annualised contracted rent of €4.8 million at 99.9% occupancy (including €0.2 million of a vendor guarantee on c.4.5% of available space). This complex is leased to a variety of tenants in the finance, technology and services sectors, with a WALL of 3.0 years as at 31 December 2019.



PROPERTY SUMMARY

- **Location:** Central Katowice
- **Completion Date:** In phases 2014 & 2016
- **Acquisition Date / Price:** Q3-19 / €54.4m
- **GAV (31 Dec. 19):** €61.5 m
- **Layout:** Two buildings with UG, GF & 7 floors respectively
- **Space (GLA):** Building A: 15.5k sqm / Building B: 14.7k sqm
- **Parking Units:** 233 (plus 194 units leased from 3rd party)
- **Typical Floor Plate:** 2.0k sqm
- **Green Accreditation:** Under certification review

OUR MOST SIGNIFICANT ACQUISITIONS IN 2019
CONTINUED

KATOWICE - POLAND
PODIUM PARK

How this relates to our strategy

Podium Park is an office complex made up of three interconnected buildings. Podium Park I was completed in Q4 2018, with two further buildings under development.
The complex was acquired by Globalworth in December 2019. In parallel with the transaction, Globalworth signed an agreement with the vendor by which the latter will manage the design, development, construction and leasing process of buildings II and III.

Located at the corner of two important communications routes, Jana Pawła II and Izydora Stella-Sawickiego Street, Podium Park guarantees easy road access as well as convenient public transport links, including various tram lines. The park is close to Krakow's University of Technology.

Revolut Ltd is the main tenant of Podium Park I, currently occupying 5.3k sqm with a WALL of 4.3 years as at 31 December 2019. Building I extends over 11 floors offering total space of 18.9k sqm, an annualised contracted rent of €1.7 million and a WALL of 5.1 years as at 31 December 2019.

PROPERTY SUMMARY

- **Location:** Eastern part of Krakow
- **Completion Date:** Podium I: 2018
- **Acquisition Date / Price[(1)]:** Q4-19 / €38.7 + €87m(E) for future phases
- **GAV (31 Dec. 19):** Podium I: €41.3m / Podium II & III: €28.0m
- **Layout:** Podium I: 2 UG, GF & 10 floors (same layout in future phases)
- **Space (GLA):** Podium I: 18.9k sqm (37.0k sqm in future phases)
- **Parking Units:** Podium I: 273 (748 in future phases)
- **Typical Floor Plate:** 1.7k sqm (same floor plate in future phases)
- **Green Accreditation:** BREEAM Outstanding for Podium I

BREEAM

(1) Final acquisition price for Podium I may increase up to €46.7 million, subject to the vendor's ability to lease the available space in the property in H1-2020.

OUR MOST SIGNIFICANT ACQUISITIONS IN 2019

FUTURE ACQUISITIONS

In November 2019, Globalworth announced a preliminary sale and purchase agreement, for a maximum consideration of €185 million, with Cavatina Holdings SA, to acquire two office developments in Poland, in Warsaw (Chmielna 89) and Krakow (Tischnera Office).

How this relates to our strategy

WARSAW - POLAND
CHMIELNA 89

Class "A" office building located in west of Warsaw's CBD.

Chmielna is a class "A" office building located in the west of Warsaw's CBD. The structure of the building is decidedly monolithic, cut on the Northern side at an angle to allow the sun to reach the neighbouring buildings. It gives an impression of lightness and transparency, enabling the building to blend seamlessly into the environment. The facades, which extend over 14 floors, are curtain system walls, made either of stainless steel or aluminum and large glass panels.

This development is strategically positioned adjacent to the Warta Tower, acquired by Globalworth in 2018, creating a critical mass with a total GLA of over 58.8k sqm. PKO BP is the main tenant with a 10-year lease for 95% of the building, with a lease commencement date of August 2020. It has an annual contracted rental income of €5.9 million and a WALL of 10.5 years as at 31 December 2019.

The conclusion of this acquisition is subject to building completion in accordance with the pre-agreed technical specification and other customary conditions.

PROPERTY SUMMARY

- **Location:** Warsaw's CBD
- **Completion Date:** 2020 (E)
- **Acquisition Price:** €100.0m
- **Layout:** 2 UG, GF & 13 floors
- **Space (GLA):** 25.2k sqm
- **Parking Units:** 112
- **Typical Floor Plate:** 1.0k-2.4k sqm
- **Green Accreditation:** BREEAM Very Good (in process)

KRAKOW - POLAND
TISCHNERA OFFICE

A-class office building, designed in a distinctive horseshoe shape, with a courtyard located on top of the ground floor.

This "A"-class office building was designed in a distinctive horseshoe shape, with an inner courtyard on top of the ground floor garage. The building is structured over 10 floors, with terraces from the third floor up on the southern side.

Located on Tischnera Street, it benefits from an unrivalled location close to the city centre, allowing for easy access by car or public transport. The building offers 34k sqm of office space. Sabre, a software development company, is the largest tenant occupying c.48% of the building with a 6.5 years WALL.

The conclusion of this acquisition is subject to building having been completed in accordance with the pre-agreed technical specifications and other customary conditions.

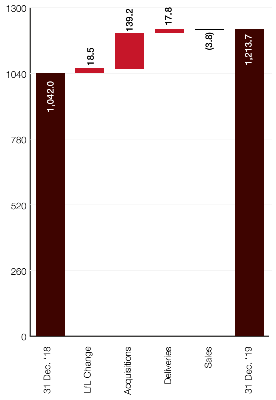
PROPERTY SUMMARY

- **Location: Krakow**
- **Completion Date:** Q1-2020 (A)
- **Acquisition Price:** €85.0m
- **Layout:** 2 UG, GF & 9 floors
- **Space (GLA):** 33.6k sqm
- **Parking Units:** 671
- **Typical Floor Plate:** 1.5-4.9k sqm
- **Green Accreditation:** BREEAM Very Good (in process)

A RESPONSIBLE LANDLORD

THE STANDING INCOME GENERATING PORTFOLIO INCREASED IN VALUE BY 19.5% TO €2.8BN

Standing GLA Evolution (k sqm)



(*) Like-for-Like change represents the changes in GLA (sqm) from the remeasurement of standing properties owned by the Group at 31 December in 2018 and 2019.

Our portfolio of standing properties continued to expand in 2019 following 5 investments (8 office properties) in Poland, and the completion of the first facility in the Timisoara Industrial Park II in Romania.

As of year-end 2019, there were 37 standing investments in our portfolio, with a total of 61 standing properties in Poland and Romania.

Our standing portfolio comprised 30 Class "A" office investments (47 properties in total) and three mixed-use investments (with seven properties in total) in central locations in Bucharest (Romania), Warsaw (Poland) and five of the largest office markets in Poland (Krakow, Wroclaw, Katowice, Gdansk and Lodz). In addition, we own two light industrial parks with five facilities in Timisoara (Romania), a modern warehouse in Pitesti (Romania), and part of a residential complex in Bucharest (Romania).

The total gross leasable area of Globalworth's combined standing commercial portfolio increased by 17.4% in 2019 to reach 1,180.1k sqm, with the overall combined standing portfolio GLA increasing 16.5% to 1,213.7k sqm. The increase was mainly attributable to the addition of 157.0k sqm from acquired standing properties and delivered development during the year, and the remeasurement of certain properties in our portfolio (18.5k sqm), marginally offset by the sale of residential and retail units in our Upground residential complex.

The appraised value of our standing portfolio rose to €2.8 billion (as at 31 December 2019), representing an annual increase of 19.5%, with new additions to our standing properties (acquisitions and delivery) accounting for 76.9% of the total increase, while the value of properties held throughout the period (like-for-like) increased by 4.5% in 2019.

Consistent with our commitment to energy efficient properties, we added 13 environmentally certified properties to our portfolio.

We are very pleased that the two class "A" offices developed and delivered by Globalworth in 2018, Globalworth Campus Tower 2 and Renault Bucharest Connected ("RBC"), were both awarded BREEAM Excellent certifications in 2019, with RBC receiving a second green certification from EDGE. In addition, this year we certified the first two industrial properties in our portfolio, with the facility leased to Valeo in the Timisoara Industrial Park I, and the Pitesti Industrial Park being accredited with BREEAM Very Good and EDGE certification respectively.

Furthermore, the recently acquired Podium I in Krakow is certified with BREEAM Outstanding certification, while WTT which was BREEAM Very Good certified at the time of acquisition, is currently under re-certification process.

Overall, as at 31 December 2019, our combined standing portfolio comprised 43 green certified properties, accounting for 81.3% of our standing commercial portfolio by value.

BREEAM accredited properties account for 76.7% of our green certified portfolio by value (BREEAM Excellent: 49.6%, BREEAM Very Good: 25.2% and BREEAM Outstanding: 1.8%), with the remainder of properties being of other certification (LEED Gold or Platinum, Edge).

In addition, we are aiming for 100% of our portfolio to be green accredited and are currently in the process of certifying or re-certifying 18 other properties in our portfolio principally targeting BREEAM certifications.

We consider our portfolio to be modern with 40 of our standing properties, accounting for 68.5% of our GLA and 71.0% of our standing combined portfolio value, having been delivered or significantly refurbished in or after 2014.

Total Standing Properties

	31 Dec 2018	31 Dec 2019
Number of Investments	31	37
Number of Assets	52	61
GLA (k sqm)(1)	1,042.0	1,213.7
GAV (€ m)(2)	2,381.1	2,844.7
Contracted Rent (€ m)(3)	159.5	184.4

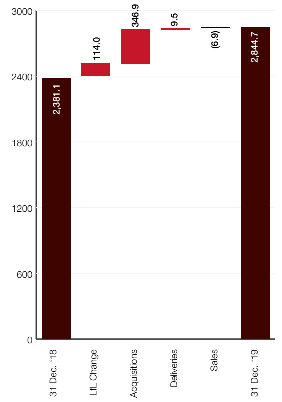
Of which Commercial Properties

	31 Dec 2018	31 Dec 2019
Number of Investments	30	36
Number of Assets	51	60
GLA (k sqm)	1,004.8	1,180.1
GAV (€ m)(2)	2,312.2	2,783.1
Occupancy (%)(4)	95.1%	94.7%
Contracted Rent (€ m)	157.9	183.3
Potential rent at 100% occupancy (€ m)	167.5	195.9
WALL (years)	5.0	4.5

(1) Includes c.37.2k sqm and c.33.7k sqm of residential space in 31 December 2018 and 2019 respectively.
(2) Appraised valuations as of 31 December 2018 and 2019 respectively.
(3) Contracted Rent includes c.€1.5 million and c. €1.1 million from residential space in 31 December 2018 and 2019 respectively.
(4) Occupancy including tenant options of 96.3% and 95.0%% in 31 December 2018 and 2019 respectively.

Green Accreditations

Standing Portfolio Value Evolution (€ m)



(*) Like-for-Like change represents the changes in GAV of standing properties owned by the Group at 31 December in 2018 and 2019.

A RESPONSIBLE LANDLORD

WELL POSITIONED WITH AN ACTIVE DEVELOPMENT PIPELINE TO CAPITALISE ON FUTURE OPPORTUNITIES

Industrial space delivered in 2019

17.8ksqm

Office and industrial properties under development in Romania and Poland

7

Potential for additional rent

c.€25m

Our ability to develop high-quality properties remains a key feature of our Group strategy, as it allows us to both meet current and future tenant needs and achieve higher risk-adjusted returns on capital deployed.

Globalworth's development expertise is evidenced by the success of its in-house projects and the very active pipeline of projects currently under construction or to be developed in the future.

Globalworth continued with its active development programme in Romania in 2019, with the Group delivering a new facility in Timisoara and making progress with the development of five high-quality office and industrial projects.

In addition, as part of the Podium Park transaction in Krakow, the Group has for the first time engaged in developments in Poland, with two office buildings under development.

Review of Projects Delivered

In April 2019, we delivered a 17.8k sqm facility at our new Timisoara Industrial Park II ("TIP II"). This is the first facility developed on the 35ha of land owned by the Group near our very successful Timisoara Industrial Park I complex.

The first facility of TIP II represents the tenth property delivered by Globalworth in Romania since the beginning of 2015, increasing the total GLA developed by the Group to c.260k sqm.

TIP II will be developed in phases, designed to suit a variety of occupiers, and on completion will offer 173.5k sqm of high-quality space which, together with TIP I, will form one of the largest industrial hubs in Romania with c.305k sqm of high-quality industrial space. We are currently progressing with planning and permitting for the development of the next phases of the project.

Review of Projects Under Construction

As at the end of 2019, Globalworth had four active developments in Bucharest, two in Krakow and one in Constanta, which together are expected to further increase our footprint by 176.2k sqm of GLA on completion.

At our Globalworth Campus development, construction of Tower 3 (centre tower) was in its final phase, with the office space being essentially completed and the first tenants arriving in January 2020, in line with the targeted timeline. The third tower, which represents the second and final phase of the project, offers 32.2k sqm of Class "A" office space (c.96% of total GLA) as well as other amenities such as a 750-seat conference centre and c.500 parking spaces. The new building extends over 14 floors above ground and two underground levels. As at 31 December 2019, the remaining works at the property were the conference centre and "bespoke-finishes" to the office spaces.

Globalworth Square is the Group's second class "A" office under construction in the New CBD of Bucharest. The property is located between our own Globalworth Plaza and Green Court B offices, and on completion will offer 28.4k sqm of high-quality GLA and c.450 parking spaces over 15 floors above ground and three underground levels. As at the end of February 2020, construction is in progress with the building having reached the 6th floor.

The development of our Globalworth West project commenced in December 2019. To date certain preparatory activities have been completed, with the future pace of development being assessed based on tenant demand and market conditions. The property is located in the West part of Bucharest adjacent to our Renault Bucharest Connected ("RBC") project and will offer, on completion, 33.4k sqm of high-quality office space and 570 parking spaces over 9 floors above ground and 2 underground levels.

Globalworth West, together with RBC, will create a critical mass with a GLA of over 75.7k sqm in the West part of the city, benefiting from easy access through private and public transport, with the properties situated in front of the metro station.

In addition, in the fourth quarter of 2019, we started construction of the initial phases of the two projects under development in Romania within our joint venture partnership.

The first of these, the Chitila Logistics Hub, is located in the greater Bucharest area and, on completion, this facility is expected to offer a GLA of 23.1k sqm. The facility which is partially leased to Mega Image, part of the Delhaize Group, is the first industrial facility the Group is developing in the capital, and works are expected to be completed in 2020.

In Constanta, phase A of the mixed-use Constanta Business Park project is also under construction, involving the development of a 21.3 sqm logistics/light-industrial facility. The construction of our first development project in the Eastern part of Romania is expected to be finalised in 2020, with the remaining to be developed in phases.

In Poland we have two buildings under development, Podium Park II & III, part of the office complex known as Podium Park, comprising three interconnected buildings in the East of Krakow. Podium Park II and III are currently under development. Building II is a multi-tenant class "A" office, currently 82.6% pre-let to tenants including Ailleron and FMC Technologies, whose construction is in progress, having reached the 8th floor as at February 2020. On completion it will offer high-quality GLA of 18.8k sqm and c.265 parking spaces over 11 floors above ground and two underground levels. Podium Park III is at an early stage of development, with the necessary preparatory activities completed, while the future pace of development will be assessed based on tenant demand and market conditions. The property is expected on completion will offer a high-quality GLA of 17.7k sqm and c.330 parking spaces over 11 floors above ground and two underground levels.

Podium Park

Review of Other Future Developments

Globalworth owns, directly or through JV partnerships, additional land in prime locations in Bucharest and other regional cities in Romania, covering a total land surface of 1.4 million sqm (comprising 2.0% of its combined GAV), for future developments of office, logistics/light-industrial or mixed-use properties.

We are currently progressing with the required preparatory activities, including planning and/or permitting, for this land bank, and have prioritised the office projects in Bucharest, future phases of Timisoara Industrial Park II and the subsequent phases of Chitila Logistics Hub and Constanta Business Park.

When fully developed, these projects have the potential to add a further 829.5k sqm (mainly office and industrial) to our combined standing portfolio footprint in Romania.

Right of First Offer

Globalworth has invested in the two-phase My Place (formerly Beethovena) project in Warsaw, in which it owns a 25% economic stake, with the right to acquire the remaining interests once certain conditions have been satisfied.

My Place I & II (formerly: Beethovena I & II) are Class "A" office projects in the South of Warsaw comprising two, four-floor offices, which on completion will offer a total GLA of 36.1k sqm. The two offices are of similar size (19.0k sqm and 17.1k sqm). The first phase, completed in Q2-2019, is currently c.73% leased to tenants such as Havas or MasterCard, whereas Phase II is expected to be delivered in Q4-2020.

Right of First Offer

	Location	Completion Date	GLA (k sqm)	Equity Invested (€ m)
My Place I	Warsaw	Q2-2019	19.0	2.9
My Place II	Warsaw	Q4-2020E	17.1	2.8
Total ROFO			36.1	5.7

My Place I and II were previously referred to as Beethovena I and II.

A RESPONSIBLE LANDLORD

COMPLETED THE FIRST PHASE OF OUR NEW TIMISOARA INDUSTRIAL PARK II

The success of our logistics/light-industrial properties in Timisoara continues with the newly delivered 17.8k sqm and 100% leased facility in Timisoara Industrial Park II.

The Timisoara Platform

Globalworth entered the industrial sector in 2014 through its investment in the Timisoara Industrial Park I[1] ("TIP I"), which at the time comprised a 27.5k sqm facility leased to Valeo. Since then, the Group has expanded TIP I to a high quality GLA of 103.4k sqm with multiple facilities.

Between October 2017 and April 2019, the Group acquired a total of 35ha of additional land near TIP I to further expand its industrial presence through the development of Timisoara Industrial Park II ("TIP II"). TIP II is being developed in phases, with the first facility completed in 2019.

On completion, TIP I and II will form one of the largest industrial hubs in Romania, with 305.4k sqm of high-quality logistics/light-industrial space.

TIP II: Phase A

Phase A, completed in April 2019, offers 17.8k sqm of modern logistics space developed over 35.2k sqm of land.

The facility is 100% leased to NDB Logistica (a joint venture between the USA-headquartered XPO Logistics and the Italian DB Group) and the UK-based DS Smith, with annual contracted rental income of €0.7 million and a WALL of 4.6 years as at 31 December 2019.

TIP II: Future Phases

Future phases have the potential to expand TIP II by an additional 155.7k sqm of modern logistics / light-industrial space, which on full occupancy would add €6.6 million of rental income per annum.

PROPERTY OVERVIEW

- **Type:** Modern industrial
- **Year of Completion:** 2019
- **GLA:** 17.8k sqm
- **Layout:** GF
- **Access:** Private transport
- **Green Accreditation:** under certification for BREEAM Very Good

(1) Project was previously known as Timisoara Airport Park

KEY INVESTMENT METRICS

- **Contracted Rent:** €0.7m
- **Implied Yield on Cost:** 9.8%

A RESPONSIBLE LANDLORD

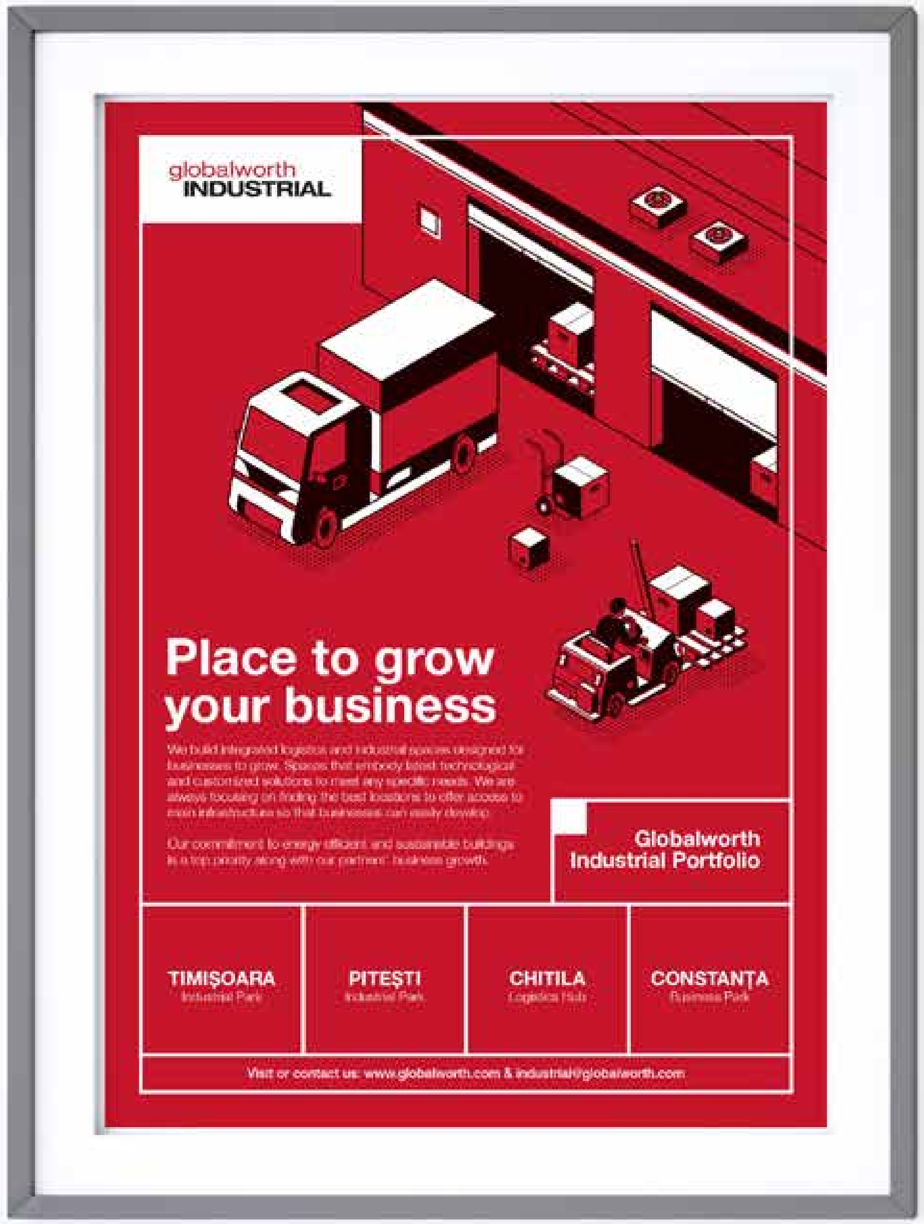
IN 2019 WE REBRANDED OUR LOGISTICS / LIGHT-INDUSTRIAL PORTFOLIO TO "GLOBALWORTH INDUSTRIAL"

Globalworth has become one of the largest landlords of logistics/light-industrial properties in Romania, with a portfolio of 189.7k sqm of standing GLA.

As part of our strategy to consolidate our position and further expand our presence in this fast-growing market segment we rebranded our logistics/light-industrial portfolio to "Globalworth Industrial".

Supported by our successful investments in this market segment and an attractive market backdrop, and with 44.3k sqm of GLA under construction and a further 786.9k sqm of GLA to be developed in phases, the Group has the potential to become one of the leading landlords of high-quality industrial space in Romania.

As part of this initiative, Timisoara Airport Park I & II ("TAP I" & "TAP II") was rebranded to Timisoara Industrial Park ("TIP") I & II and the logistics project developed for Groupe Renault (formerly Dacia Warehouse) to Pitesti Industrial Park. All future industrial investments will be branded Globalworth Industrial.



Timisoara Industrial Park I & II
Standing Facilities: 5
Standing GLA: 121.2k sqm
Under Construction GLA: -
Future GLA: 184.2k sqm

Pitesti Industrial Park
Standing Facilities: 1
Standing GLA: 68.4k sqm
Under Construction GLA: -
Future GLA: -

Chitila Logistics HUB
Standing Facilities: -
Standing GLA: -
Under Construction GLA: 23.1k sqm
Future GLA: 53.0k sqm

Constanta Business Park
Standing Facilities: -
Standing GLA: -
Under Construction GLA: 21.3k sqm
Future GLA: 549.6k sqm

DEVELOPMENT PIPELINE

Developments Under Construction

At the end of 2019, we had seven developments at different stages of development in Bucharest (four), in Krakow (two) and Constanta, which on completion will increase our footprint by 176.2k sqm of GLA.

These properties have an appraised value of €138.1 million (31 December 2019) and an ERV on completion of €25.0[1] million, resulting in a blended yield on investment cost of 9.3%.

(1) Expected rental income including lease agreements signed in certain properties under construction.

Future Development Pipeline

We continue to prepare new projects, mainly office and industrial developments, in Bucharest and other principal regional cities in Romania. Overall, the current value of our future pipeline projects accounts for 2.0% of our combined portfolio value, and on completion will offer c.830k sqm of high-quality real estate space, providing an expected blended yield on investment cost of 11.6%.

2020 Q1

Globalworth Campus –Tower 3 Q1-2020 Completed

The third and final tower of the Globalworth Campus development, which combines Class "A" office space and a 750-seat conference centre over 35.5k sqm, surrounded by stylish public space including fountains and green areas. The property was effectively completed in Q4-2019 but was formally registered with the authorities in Q1-2020.

Under Construction

- Type: Class "A" Office
- Location: Bucharest New CBD
- Status: Completed Q1-2020
- GLA (k sqm): 33.6
- CAPEX to 31 Dec 19 (€ m): 51.2
- GAV (€ m): 71.1
- Estimated CAPEX to Go (€ m)[*]: 6.9
- Occupancy: 63.2% (83.4% incl. option)
- Potential Rent at 100% Occupancy (€ m)[1]: 5.9
- Estimated Yield on Development Cost: 10.1%

2020(E) (& future phases)

Constanta Business Park

Industrial and commercial hub to be developed in phases in Constanta (south-east Romania). The total project on completion is expected to offer 571k sqm of high-quality logistics/light-industrial (c.80%), office and other commercial space. The first phase is in progress with 21.3k sqm of logistics space under construction. Globalworth has a 50% interest in the project.

Under Construction

- Type: Logistics
- Location: Constanta
- Status: 2020(E)
- GLA (k sqm): 21.3
- CAPEX to 31 Dec 19 (€ m): 2.9
- GAV (€ m): 3.3
- Estimated CAPEX to Go (€ m)[*]:7.3
- ERV (€ m): 1.1
- Estimated Yield on Development Cost: 10.4%

Future Development

- Type: Mixed-use
- Location: Constanta
- Status: 2021-24(E)
- GLA (k sqm): 549.6
- CAPEX to 31 Dec 19 (€ m): 12
- GAV (€ m): 19.3
- Estimated CAPEX to Go (€ m)[*]: 220.3
- ERV (€ m): 28.6
- Estimated Yield on Development Cost: 12.3%

(1) The property as at 31 December 2019 had €3.5 million of contracted in rent in place.
(*) Estimated CAPEX based on currently contracted costs and company estimates

2020(E) (& future phases)

Chitila Logistics Hub

High quality logistics park to be developed in phases in the greater Bucharest area, which on completion will offer a GLA of 76.1k sqm. The first phase is under construction, and expected on completion to offer 23.1k sqm of logistics space. Globalworth has a 50% interest in the project.

Under Construction

- Type: Logistics
- Location: Last-mile logistics in Bucharest
- Status: 2020(E)
- GLA (k sqm): 23.1
- CAPEX to 31 Dec 19 (€ m)[**]: 3.5
- GAV (€ m): 3.1
- Estimated CAPEX to Go (€ m)[*]: 7.3
- Occupancy: 19.7% (33.6% incl. tenant option)
- Potential Rent at 100% Occupancy (€ m)[1]: 1.1
- Estimated Yield on Development Cost: 10.2%

Future Development

- Type: Logistics
- Location: Bucharest
- Status: -
- GLA (k sqm): 53.0
- CAPEX to 31 Dec 19 (€ m): 3.3
- GAV (€ m): 3.8
- Estimated CAPEX to Go (€ m)[*]: 19.6
- ERV (€ m): 2.3
- Estimated Yield on Development Cost: 10.0%

2021(E)

Globalworth Square

Office development under construction in Bucharest's New CBD, and expected to offer a 28.4k sqm Class "A" GLA. The property is located between the Globalworth Plaza and Green Court "B" offices on Gara Herastrau street, benefiting from great visibility from the city's main arterial roads.

Under Construction

- Type: Class "A" Office
- Location: Bucharest New CBD
- Status: 2021(E)
- GLA (k sqm): 28.4
- CAPEX to 31 Dec 19 (€ m)[**]: 25.2
- GAV (€ m): 25.1
- Estimated CAPEX to Go (€ m)[*]: 30.6
- ERV (€ m): 5.4
- Estimated Yield on Development Cost: 9.7%

(1) The property as at 31 December 2019 had €0.2 million of contracted in rent in place.
(*) Estimated CAPEX based on currently contracted costs and company estimates
(**) Including advances.

DEVELOPMENT PIPELINE
CONTINUED

Timisoara Industrial Park

Timisoara Industrial Park (I and II), our versatile light-industrial/logistics platform has the potential for further expansion through the development of new facilities on 35 hectares of land. TIP I and II are adjacent to each other, where an additional GLA of 184.2k sqm is expected to be developed in future phases, increasing our total footprint in TIP to 305.4k sqm.

Future Development

- Type: Logistics
- Location: Timisoara
- Status: -
- GLA (k sqm): 184.2
- CAPEX to 31 Dec 19 (€ m): 7.0
- GAV (€ m): 10.9
- Estimated CAPEX to Go (€ m)[*]: 67.9
- ERV (€ m): 7.5
- Estimated Yield on Development Cost: 10%

2020(E)

Podium Park II & III

Podium Park II & III are part of the office complex known as Podium Park, comprising three interconnected buildings (one completed in Q3 2018) in the east of Krakow. Podium Park II and III are identical properties, currently under development, which on completion are expected to offer a total GLA of 36.5k sqm and 599 parking spaces.

Podium Park II

Under Construction

- Type: Class "A" Office
- Location: Eastern Krakow
- Status: 2020 (E)
- GLA (k sqm): 18.8
- CAPEX to 31 Dec 19 (€ m): 12.0
- GAV (€ m): 19.1
- Estimated CAPEX to Go (€ m)[*]: 33.0
- Occupancy: 82.6%
- Potential Rent at 100% Occupancy (€ m)[1]: 3.4
- Estimated Yield on Development Cost: 7.4%

Podium Park III

Under Construction

- Type: Class "A" Office
- Location: Eastern Krakow
- Status: -
- GLA: 17.7
- CAPEX to 31 Dec 19 (€ m): 7.5
- GAV (€ m): 8.9
- Estimated CAPEX to Go (€ m)[*]: 34.1
- Occupancy: -
- ERV (€ m): 3.1
- Estimated Yield on Development Cost: 7.5%

Globalworth West

Future 33.4k sqm Class "A" office development to be constructed in the western part of the city, adjacent to Globalworth's Renault Bucharest Connected project, expanding the Company's presence in this increasingly attractive office sub-market.

Under Construction

- Type: Office
- Location: Bucharest West
- Status: -
- GLA(k sqm): 33.4
- CAPEX to 31 Dec 19 (€ m): 4.4
- GAV (€ m): 7.5
- Estimated CAPEX to Go (€ m)[*]: 41.1
- ERV (€ m): 5.1
- Estimated Yield on Development Cost: 11.1%

(1) The property as at 31 December 2019 had €2.8 million of contracted rent in place.
(*) Estimated CAPEX based on currently contracted costs and company estimates

(*) Estimated CAPEX based on currently contracted costs and company estimates

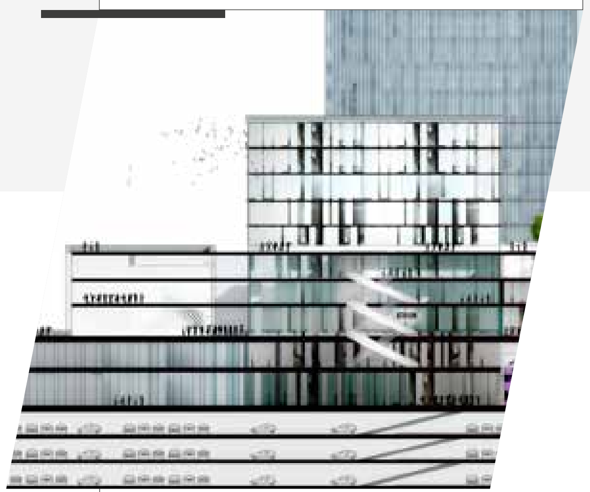
DEVELOPMENT PIPELINE
CONTINUED

The Luterana development

Future development combining Class "A" office and other high-quality commercial spaces over a GLA of 26.4k sqm, to be constructed on an ideally situated plot within Bucharest's central business district on Luterana street.

Future Development

Type: Office
Location: Bucharest CBD
Status: -
GLA (k sqm): 26.4
CAPEX to 31 Dec 19 (€ m): 7.2
GAV (€ m): 14.4
Estimated CAPEX to Go (€ m)(1): 40.4
ERV (€ m): 5.8
Estimated Yield on Development Cost: 12.2%



Green Court D

Class "A" office development, expected to offer a GLA of 16.2k sqm, to be constructed in the new CBD. The property will be an extension of our very successful Green Court Complex, which currently comprises three Class "A" offices with a GLA of 54.3k sqm.

Future Development

Type: Office
Location: Bucharest New CBD
Status: -
GLA (k sqm): 16.2
CAPEX to 31 Dec 19 (€ m): 2.9
GAV (€ m): 5.9
Estimated CAPEX to Go (€ m)(1): 25.1
ERV (€ m): 3.0
Estimated Yield on Development Cost: 10.7%

The Luterana development

A RESPONSIBLE LANDLORD

ENHANCING THE PERFORMANCE OF OUR INVESTMENTS

Record year in leasing, with 179.5k sqm of commercial space taken-up or extended at an average WALL of 5.5 years.

Leasing Review

As a result of our proactive approach to leasing and a healthy demand for high-quality space in our target real estate markets of Poland and Romania, in 2019 Globalworth achieved its strongest leasing performance since foundation.

Over the course of the year, the Group successfully negotiated the take-up (including expansions) or extension of 179.5k sqm of commercial space in Poland (52.6% of transacted GLA) and Romania (47.4% of transacted GLA), at an average WALL of 5.5 years.

New leases for 66.9k sqm were signed at a WALL of 7.5 years, higher than the average 5.0 year leases typically observed in our market, a testament to the quality of our properties and the services offered by our local asset management teams. These leases accounted for 37.3% of our total take-up and included tenants such as Allianz, UniCredit and NDB Logistica Romania, as well as 75 other corporates.

The level of renewals in our portfolio came as further evidence of our capabilities, with 108 of our tenants (totalling 94.4k sqm of GLA) renewing their leases and extending their stay in our properties at a WALL of 4.6 years. The most notable extensions were signed with AXA, Google Poland, IBM, International Paper, Capita, Luxoft, Schneider Electric and Airbus Defence. The remaining 18.2k sqm of space related to expansion by 48 tenants, at an average WALL of 4.8 years. We are pleased to see that several of our tenants are continuing to grow their operations within our properties where we are able to meet their occupational requirements.

Although rental levels can vary significantly between buildings and submarkets, these remained relatively stable during the year in both Poland and Romania. This was reflected in the leases negotiated in 2019 across our portfolio.

Office leases were negotiated at an average rent of €14.19/sqm/month, in line with our office portfolio overall average of €14.15/sqm/month as at 31 December 2019. Our overall commercial GLA take-up during the year was agreed at an average rent of €12.80/sqm/month, with industrial and retail spaces leased at €3.3 and €14.6/sqm/month respectively.

Summary Leasing Activity for Combined Portfolio 2019

	GLA (k sqm)	No. of Tenants	WALL (yrs)
New Leases / New Contracts	66.9	78	7.5
New Leases / Expansion	18.2	48	4.8
Renewals / Extensions	94.4	108	4.6
Total	179.5	211*	5.5

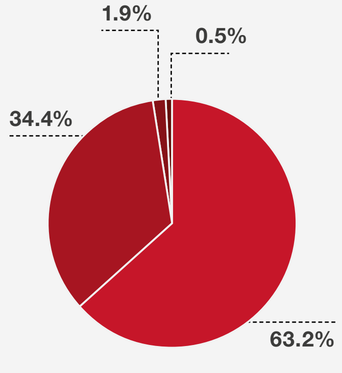
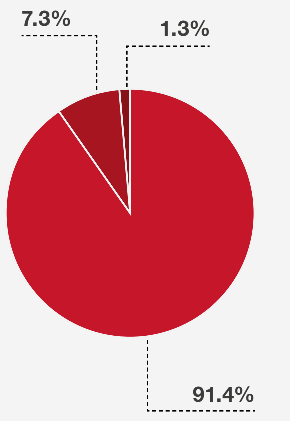
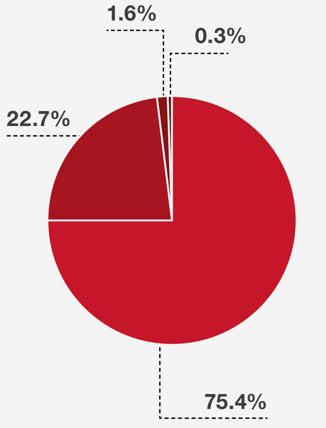
*Number of individual tenants

Overall occupancy of our combined standing commercial portfolio as at 31 December 2019 was 94.7% (95.0% including tenant options), falling marginally by 0.4% over the past twelve months (95.1% as at 31 December 2018, 96.3% including tenant options). This was due mainly to the addition of certain new properties to the standing portfolio over the course of the year where occupancy rates were lower than the Group average, but where we are confident that there is near-term scope to increase both occupancy and contracted rents.

On a like-for-like basis, occupancy increased by 0.4% to 95.5% at the end of 2019. This was achieved in spite of a slow first half of the year, impacted by the movements of certain tenants, mainly in our Romanian portfolio, and the partial repositioning of a mixed-use property in Poland. New uptake exceeded space becoming available during the period, resulting in a positive net uptake of 3.2k sqm. Our asset management initiatives target a reduction of the remaining vacant space and, taking into consideration positive market conditions and the quality and location of our properties, we are confident of demonstrating progress in the forthcoming period.

Across the portfolio, as at 31 December 2019, we had a commercial GLA of 1,356.3k sqm (c.87.0% standing commercial GLA) leased to approximately 718 tenants, at an average WALL of 4.6 years (4.5 years on standing commercial GLA), the majority of which is let to national and multinational corporates that are well-recognised names in their respective markets.

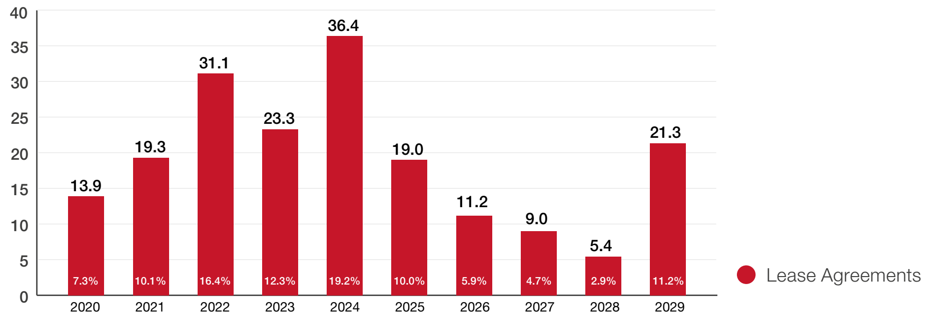
Combined Commercial Contracted Rent Profile as at 31 December 2019

	Poland	Romania	Combined Portfolio
Contracted Rent	€107.8m	€82.1m	€189.9m
Tenant Origin - %			
Occupancy(1)	94.1%	95.3%	94.7%
WALL	3.7	5.8	4.6

● Multinational
● National
● State Owned
● Master Lease

(1) Figures refer to Commercial Standing Properties
(*) Contracted Rent excludes c.€1.1 million from residential space as at 31 December 2019
(**) Multinational, National, State Owned and Master Lease refers to rent contribution by tenant origin
(***) Occupancy including tenant options of 95.0% at 31 December 2019

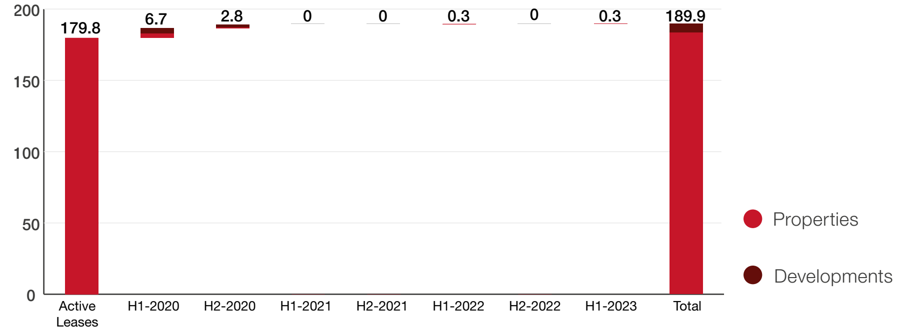
Combined Commercial Portfolio Lease Expiration Profile as at 31 December 2019 (€m)



Note: Contracted Rent excludes c.€1.1 million from residential space as at 31 December 2019

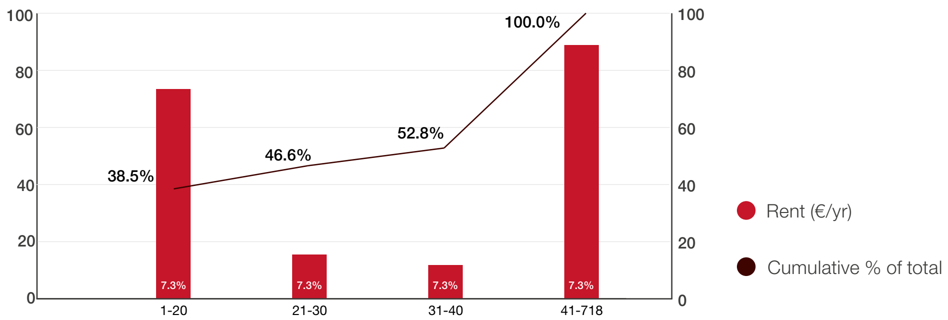
The Group's rent roll is well diversified, with the largest tenant accounting for 5.3% of contracted rent, while the top three tenants account for 10.9% and the top 10 tenants for 26.1%. We expect to see further diversification as the portfolio expands.

Contracted Rent by Period of Commencement Date as at 31 December 2019 (€m)



Note: Contracted Rent excludes c.€1.1 million from residential space as at 31 December 2019

Tenant Concentration in Clusters



Note: Contracted Rent excludes c.€1.1 million from residential space as at 31 December 2019

Poland
Like-for-like occupancy in Poland improved marginally from 95.4% as at 31 December 2018 to 95.9% as at 31 December 2019. The impact of the acquisitions of Rondo Business Park (90.3% occupancy), Warsaw Trade Tower (88.3% occupancy) and Podium Park I (53.9% occupancy), however, outweighed the additions of Silesia Star (99.9% occupancy) and Retro House (99.6% occupancy), resulting in the overall occupancy rate of our Polish standing portfolio decreasing to 94.1% as at the end of 2019.

In 2019, contracts with c.160 tenants were signed on 25 of our buildings for a total of 94.4k sqm, including a number of notable leases. These include the 13.1 sqm extension/expansion by AXA in WTT for a +10 year period to 2030, the 13.0k sqm 5-year extension/expansion by Google in Quattro Business Park, the 9.6k sqm extension by IBM in A4, and the 7.9k sqm extension by International Paper in CB Lubicz to 2026. This demonstrates the appeal of our properties and our asset management capabilities and gives us confidence that we can further improve the performance of our portfolio.

The occupancy rate at Supersam, the mix-use property in Katowice, recorded the highest increase of all the properties in our Polish portfolio at +4.7%. The extension and expansion of JAMF's office space and new commercial leases with Pepco, x-Kom and Dealz, resulted in a net take-up of c.1.2k sqm.

Skylight & Lumen, the properties acquired by the Group in December 2018, reached 93.4% occupancy as at 31 December 2019 (+4.7% compared to 31 December 2018). We are pleased that several new leases and renewals of existing contracts were concluded for the two properties in 2019, with tenants including F-Secure and Cromwell Poland, which have added to Skylight's list of 42 corporate tenants. The Embassy of the United Arab Emirates, the Academy of New York, the Embassy of Malaysia, PGE Energia and Velvet Care all extended their agreements in the building. In the neighbouring Lumen office, Explorer HQ has taken 0.8k sqm and FMC Agro has taken 0.5k sqm for a five-year period and Solidex extended its stay in the property for an additional three years.

In Renoma, occupancy fell by 4.2% to 87.5% linked to preparations for a partial repositioning of the property, which we expect to start in 2020. For the remaining 14 properties in Poland, held for the whole of 2019, the occupancy at nine varied between +/- 1.0%, while the other five were unchanged.

In Poland overall, c.82% of the GLA signed in 2019 involved lease extensions, with the remaining 28% being split between expansions (11%) and new leases (7%).

Notable Lease Contracts signed in Poland in 2019

AXA
13.1k sqm
in Warsaw Trade Tower
EXTENSION & EXPANSION

GOOGLE
13.0k sqm
in Quattro Business Park
EXTENSION & EXPANSION

IBM
9.6k sqm
in A4 Business Park
EXTENSION & EXPANSION

INTERNATIONAL PAPER
7.9k sqm
in CB Lubicz
EXTENSION

SAMSUNG ELECTRONICS
3.5k sqm
in Quattro Business Park
EXTENSION & EXPANSION

151 TENANTS
47.2k sqm
in 25 properties

Romania
Like-for-like occupancy in our Romanian standing commercial portfolio stood at 95.1% as at 31 December 2019, marginally increasing by 0.2% over year-end in 2018 .

Of the properties held throughout 2019, eight saw an improvement in occupancy at year-end, four saw a fall in occupancy and the remaining seven remained stable.

The greatest improvement in occupancy was at Gara Herastrau (+18.1%) where ADP further expanded its presence in the property and Qualitest became a new tenant. At Globalworth Campus T1 and T2, new leases were signed with tenants that included APS, Star Storage, Chain IQ, Hoist Finance, P4Cards and Artima, improving occupancy by +7.9% and +9.7% respectively, while at City Offices (+6.5%) we welcomed Edenred to our portfolio of multinational tenants.

Improvements in occupancy, however, were offset by some decreases, principally at three of our offices. At BOB, occupancy fell (-31.6%) due to the relocation of Stefanini to Globalworth Campus, resulting in the subsequent cancellation of its contract; at TCI (-3.3%) due to the decision of the Ministry of European Funds to vacate the remaining space that it occupied (4.6k sqm, c.85% of which was taken up by another tenant); and at Globalworth Plaza (-3.1%) due mainly to the release of Bayer's space at the property.

Average occupancy further improved following the delivery of the first facility at Timisoara Industrial Park II, which was fully let at year-end, resulting in an overall occupancy rate of our standing commercial portfolio in Romania of 95.3% (95.9% including tenant options) as at 31 December 2019.

We are very pleased with the progress made with leasing at Globalworth Campus Tower 3. The property was under development in 2019, with the first tenants arriving in January as scheduled. Over the course of the year we signed 21.3k sqm of office space in the property with Allianz, UniCredit Services and Lagardere, at a WALL of 9.7 years. As at 31 December 2019, 63.2% (83.4% including tenant options) of the commercial space in the property was leased or under option.

At the Chitila Logistics Hub joint-venture development, where the first facility is due for completion in Q2-2020, we signed a 10-year lease for 19.7% (33.6% incl. tenant expansion option) of the space in the property with Mega Image, part of the Delhaize Group. This will be the fourth property in our portfolio where Mega Image will be a tenant and we are proud of the long and continuous relationship we have established with one of the largest supermarket retail chains in the country.

Notable Lease Contracts signed in Romania in 2019

Tenant	Area	Location	Type
NDB LOGISTICA	*11.8k sqm*	in Timisoara Industrial Park II	NEW LEASE
UNICREDIT SERVICES	*9.7k sqm*	in Globalworth Campus III	NEW LEASE
ALLIANZ	*9.2k sqm*	in Globalworth Campus III	NEW LEASE
MEGA IMAGE (DELHAIZE GROUP)	*4.5k sqm*	in Chitila Logistics Hub	NEW LEASE
ORANGE	*4.2k sqm*	in Green Court	EXPANSION
48 TENANTS	*45.7k sqm*	in 17 properties	

Standing Properties Operation, Renovation and Upgrade Programme

Offering best-in-class real estate space to our business partners is a key component of our strategy at Globalworth.

As a long-term investor we are looking to maximise returns over the full life cycle of our properties. Continuous active management and investment in our portfolio enables us to preserve and enhance value, as well as offer best-in class real estate space to our business partners.

The Group has developed in-house expertise which allows us to customise our asset management strategy to each asset. Depending on the stage in the life cycle of each of our properties, improvements in technology, and their prevailing conditions and trends, we may conduct works which extend from small-scale upgrades to large-scale refurbishments. Typically, larger-scale refurbishments allow us to fully upgrade an asset, secure new leases and re-set the life clock of the property.

In 2019 we continued to implement this strategy, focusing on a more hands-on approach to the management and operation of our properties, as well as on our renovation and upgrade programme at selected properties in the portfolio.

Internalising the property management of our portfolio is a prime area of focus for the Group and we continue to build up our in-house capabilities. Over the course of the year we added 47 professionals to our property and asset management team, which by year-end had grown to c.240 members.

> *"We are pleased we are now in the position to internally manage almost all the office and mixed-use properties in Romania and Poland held by the Group in 2019. Overall, 76.9% of the total standing commercial portfolio by value (80.5% of office and mixed-use standing properties) as at year-end was internally managed and we will continue to increase this.*

Our investment in improvement works on selected properties was focused predominantly on 14 standing properties in our portfolio, with minor works performed on a number of others. In total, €22.2 million was invested under our renovation and upgrade programme with works involving primarily the upgrade of both indoor and outdoor common areas.

We refurbished the ground floor lobby at our flagship Globalworth Tower in Bucharest, which now features a number of innovations and technological improvements and other features including one of the world's largest kinetic floor in an office building and the largest natural green wall in an office building in Southern and Eastern Europe. In addition, the Group extended the parking area by adding 79 new spaces.

At CB Lubicz in Krakow, value accretive works are in progress, that on completion are estimated to increase the GLA of the property by an additional 2.0k sqm to 25.9k sqm.

We are also in the process of examining alternative scenarios for certain properties in our portfolio, for example, Warta Tower in Warsaw, which will enable us to maintain and extend their useful life in the medium to long term. We are also progressing with the partial repositioning/reclassification of certain uses/ floors in Renoma in Wroclaw where we aim to increase the office component on the upper floors of the property.

Renovation and Upgrade Programme 2019

Standing Buildings	Selected Upgrades in our Portfolio
Globalworth Tower	Upgrades and modernisation of communal interior and open areas
Spektrum	Building extensions
Skylight & Lumen	Upgrades and modernisation of access areas
Tryton	Upgrades of communal green areas
Quattro Business Park	Upgrades of heating & ventilation systems improving quality of work spaces
CB Lubicz	Upgrades for Globalworth App pilot installation

THE GLOBALWORTH TOWER

NEW TECHNOLOGY AND OTHER INITIATIVES

Globalworth Tower is the Group's flagship property in Romania. The Tower, which was developed by Globalworth, was delivered in 2016 and was the first property to be certified as LEED Platinum in South East Europe.

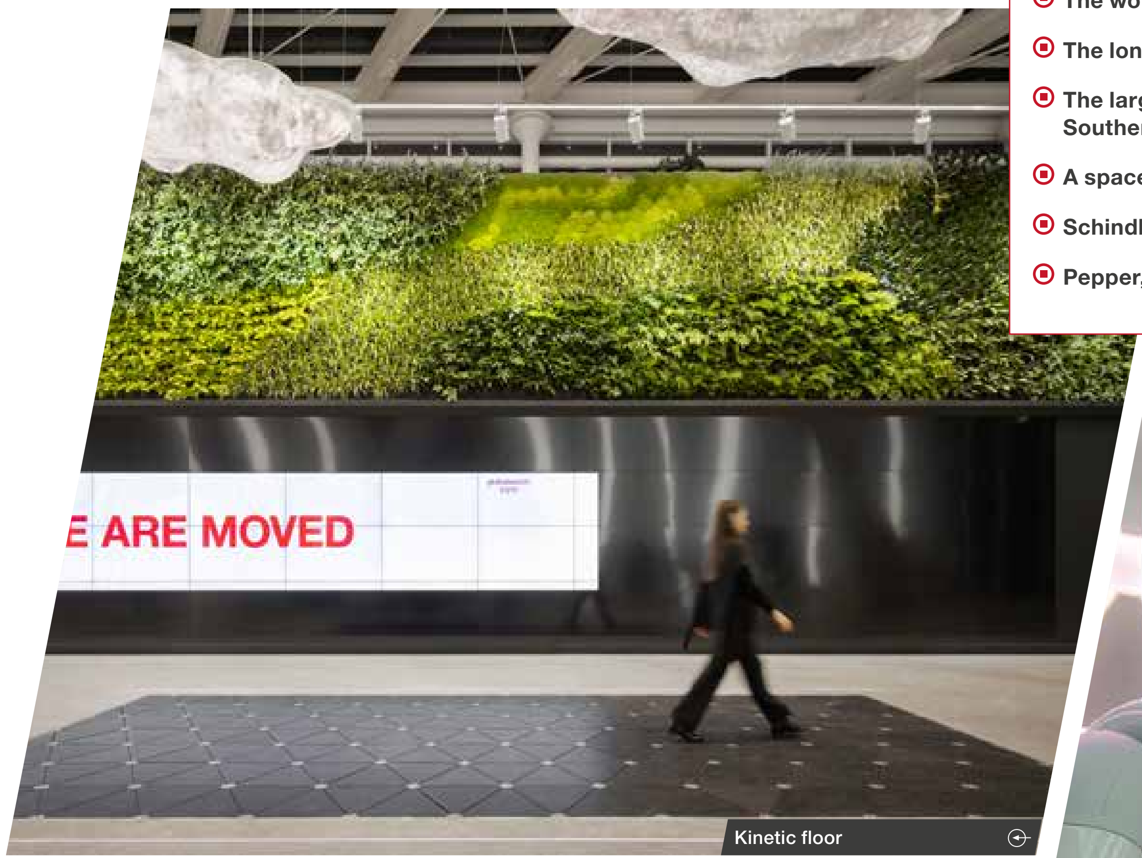
Since then it has also been one of the "testing" grounds for innovation for Globalworth and, in 2019, we inaugurated our new lobby where a number of new initiatives were undertaken that we hope to be able to introduce at other properties in our portfolio

- A kinetic floor made by the Pavegen technology company, a world premiere for an office building, transforms the weight of people walking on it into electricity, which is subsequently used to power other innovative mechanisms in the lobby. The two floor surfaces installed in the Globalworth Tower have a cumulative area of 40 sqm, the largest of any office building worldwide. Each step on the Pavegen floor surface generates approximately three joules of electricity and five watts per person, which is equivalent to turning on three LED bulbs for a second or six seconds of conversation on your phone.
- The largest natural green wall in an office building in Southern and Eastern Europe, with 12 different types of plants. The maintenance process is sensor-connected and fully automated. The 158 sqm wall uses recycled water, which is nutritionally improved and treated through a process of osmosis. Photosynthesis is encouraged by light projectors, which are optimally aligned to support the vertical garden.
- The biggest interior wall of screens in South-East Europe, with an area of 110 sqm and 50 metres long.
- A four-level relaxation grandstand, unique in Romania, which benefits from an adjustable heating system, built from marble and equipped with power sockets for laptops, and contactless chargers for mobile phones compatible with wireless charging technology.
- Pepper, the new Globalworth employee. The humanoid robot greets guests at the front desk and provides useful information.
- Through a pilot project that is unique in Central and Eastern Europe, carried out in partnership with Schindler, four of the Globalworth Tower elevators are equipped with projectors that run videos on exterior doors.
- The reception is decorated with suspended LED clouds, which can be programmed to generate customised visual effects.

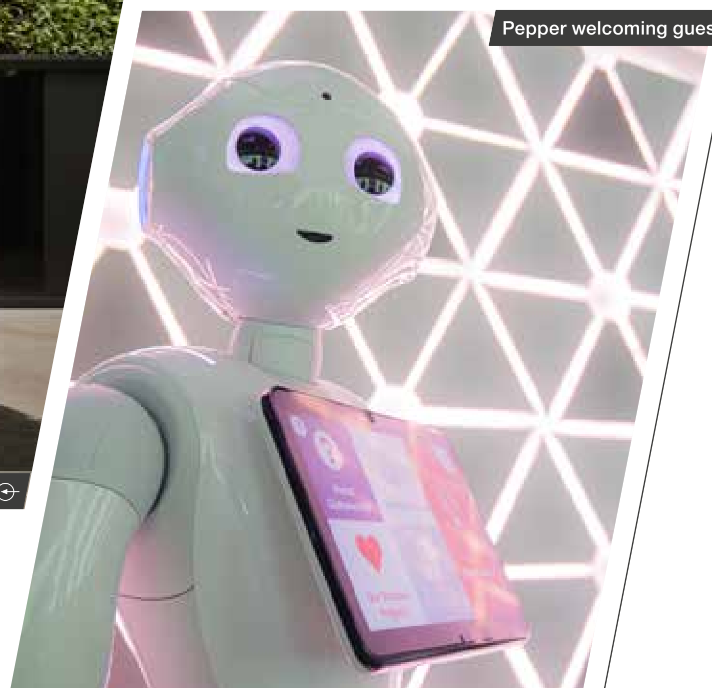
Natural green wall

INITIATIVES AND INNOVATION

- **The world's largest kinetic floor in an office building**
- **The longest screen wall in CEE**
- **The largest natural green wall in an office building in Southern and Eastern Europe**
- **A space to relax with heated marble steps**
- **Schindler projectors - a pilot project in the CEE**
- **Pepper, Globalworth's first robot employee**



Kinetic floor


Pepper welcoming guests

A RESPONSIBLE LANDLORD
EQUITY CAPITAL MARKETS

Globalworth has used the capital markets to raise funds every year since its inception. As an issuer of both equity and bonds, we compete with a large number of other real estate companies for investor trust to support our initiatives.

Globalworth has used the capital markets to raise funds every year since its inception. As an issuer of both equity and bonds, we compete with a large number of other real estate companies for investor trust to support our initiatives.

We are thus delighted that in 2019 we successfully completed our largest equity issue to date, raising a total of €793.3 million.

This included €612 million of new equity placed with new and existing shareholders (€348 million in April and €264 million in October), and the issuance of a further €183 million of new shares in January and April to Growthpoint Properties Limited, EBRD and others, in exchange for its shareholding in our subsidiary, Globalworth Poland, as part of a wider process undertaken to buy in remaining minority interests.

In addition, in 2019 Aroundtown SA, one of the largest property companies in Europe, entered as a new major shareholder. Following its participation in our capital raises and further share purchases, at 31 December 2019 Aroundtown SA was our second largest shareholder with a holding of 21.9%.

Furthermore, in the first quarter of 2020 we welcomed CPI Property Group who became the largest shareholder in Globalworth, holding 29.4% of the share capital as at the 5th of February 2020. CPIPG acquired its stake through a series of share purchases through a broker from the market and the Globalworth's Founder and CEO, Mr Papalekas.

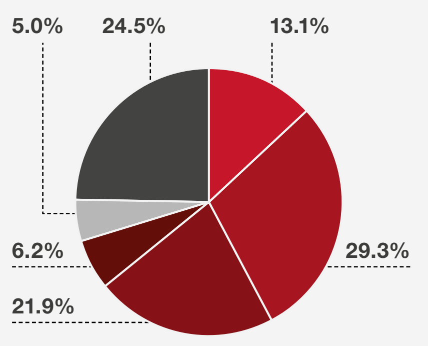
CPIPG is one of the largest owners of real estate in the CEE with a portfolio of €7.9 billion.

Globalworth's share price stood at €8.18 at the start of 2019 and, after a slow start, climbed to reach a year high of €9.70 at the end of September.

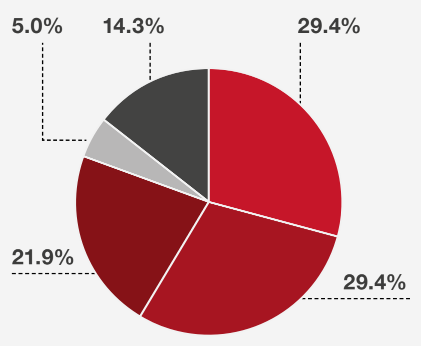
On the last trading day of 2019, Globalworth's share price stood at €9.35, representing a 14.4% increase over the year.

Including dividends, the total return for the year was 21.7%.

Globalworth Shareholding
(Information as at 31 December 2019)



Globalworth Shareholding
(Information as at 25 March 2020)



Basic Data on Globalworth Shares
(Information as at 31 December 2019)

Number of Shares	221,906,310 (plus 500,777 shares held in treasury)
Share Capital	€1,704,374k
WKN / ISIN	GG00B979FD04
Symbol	GWI
Free Float	65.6%
Exchange	London AIM

Performance of Globalworth Share

	2019	2018
Market Capitalisation (€ million) (*)	2,074	1,085
Year-end Closing Price (€)	9.35	8.18
52-week high (€)	9.70	9.59
52-week low (€)	7.80	7.50
Dividend per share (€)	0.60	0.54

(*) share price as at 31 December

CAPITAL MARKET REVIEW
CONTINUED

Globalworth 2019 Share Price Performance

Bonds

In order to simplify our capital structure and improve the efficiency of our capital allocation, in June 2017 we raised €550 million through the issue of our inaugural Eurobond, following this up with a second Eurobond in March 2018 to raise an additional €550 million, while establishing a €1.5 billion Euro Medium Term Notes (EMTN) program to allow for a further €950 million of bonds to be issued in the future.

Both Eurobonds were positively received by the market at the time of their issue, both being twice oversubscribed.

We are pleased to see that the continued improvement in our performance has also been recognised by the three major rating agencies that cover us and that, following the upgrades received by S&P and Moody's in 2019, we are now recognised as investment grade by all three.

We have a BBB- rating from S&P and Fitch, and a Baa3 rating from Moody's. This, combined with the general market trend of tightening yields, resulted in a significant compression in the yield to maturity of our two outstanding bonds.

Our bonds are listed on both the Irish Stock Exchange and the Bucharest Stock Exchange and performed well in 2019, with the 17/22 and the 18/25 bonds closing the year at 105.4% and 107.8% respectively.

Basic Data on the Globalworth Bonds

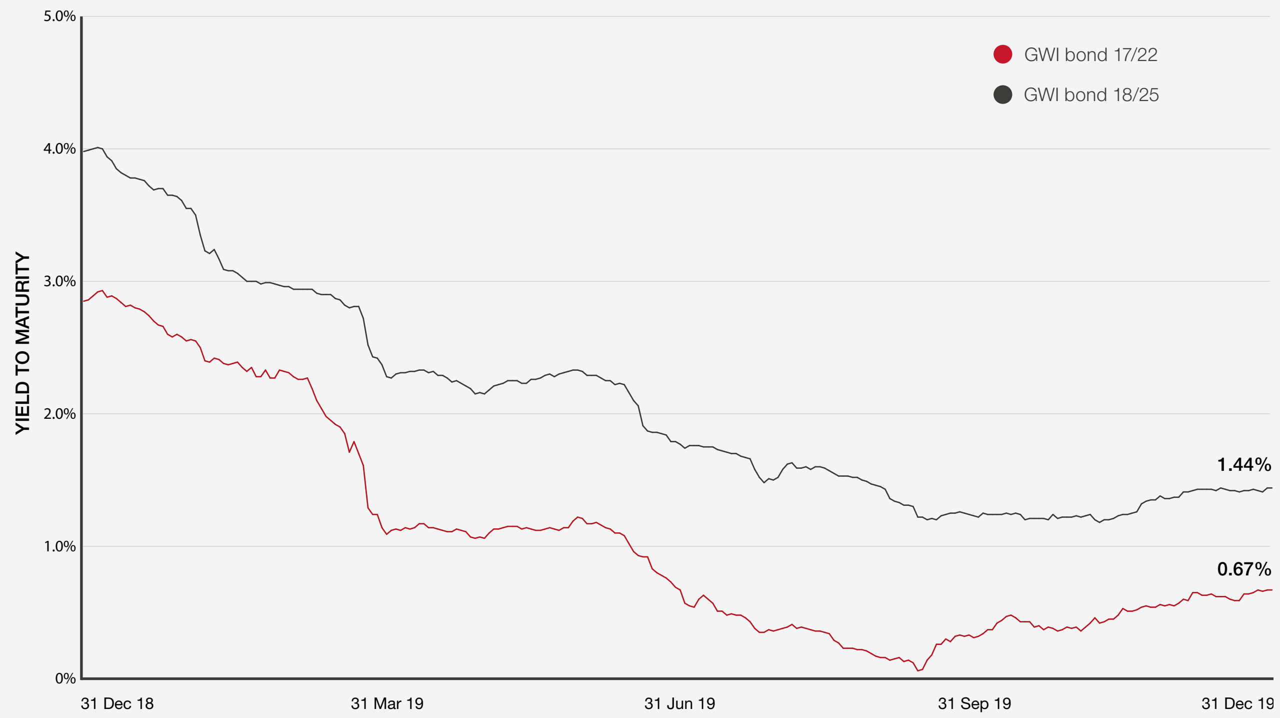
Name	GWI bond 17/22	GWI bond 18/25
ISIN	XS1577957837	XS1799975922
SEDOL	BD8Q3P6	BD9MPV3
Segment	Euronext Dublin, BVB	Euronext Dublin, BVB
Minimum investment amount	100,000 EUR	100,000 EUR and €1,000 thereafter
Coupon	2.875%	3.0%
Issuance volume	EUR 550 million	EUR 550 million
Maturity	20 June 2022	29 March 2025

Performance of the Globalworth Bonds

	2018	2019
GWI bond 17/22		
Year-end closing price	100.1%	105.4%
Yield to maturity at year-end closing price	2.854%	0.671%
GWI bond 18/25(*)		
Year-end closing price	94.7%	107.8%
Yield to maturity at year-end closing price	3.976%	1.440%

(*) 2018 performance from time of issue

2019 GWI Bond Trading Development



A RESPONSIBLE LANDLORD

FURTHER ACQUISITIONS, PROGRESS ON DEVELOPMENTS AND LEASING ACTIVITY IN 2019 CONTINUED TO FUEL THE GROWTH IN OUR PORTFOLIO, REVENUES AND PROFITABILITY

Investment in high-quality standing properties and development projects in Poland and Romania and a record year in leasing were the principal drivers of growth in our 2019 financial results.

OVERVIEW

NOI[1]
€147.7m
€133.4m (2018)

OMV[1]
€3.0bn
€2.5bn (2018)

IFRS Earnings per share[2]
93 cents
61 cents (2018)

EPRA NAV per share[1,3]
€9.30
€9.04 (2018)

Normalised EBITDA[1]
€128.0m
€84.0m (2018)[6]

EPRA Earnings per share[1,2]
44 cents
46 cents (2018)

Adjusted normalised EBITDA[1,4]
€134.8m
€100.4m (2018)[7]

Dividends per share
60 cents
54 cents (2018)

Total Accounting Return[1]
9.2%
7.8% (2018)

LTV[1,5]
34.7%
43.9% (2018)

The continued expansion of the Group into Poland with five real estate investments (eight standing buildings and two under development) in 2019, along with our successful leasing activity, and an active development programme (principally) in Romania where we delivered a new facility in Timisoara and made further progress with the development of five high-quality office and industrial projects, continued to produce a strong uplift in our earnings.

Revenue and Net Operating Income (NOI) increased year on year by 15.3% to €222.2 million and 10.7% to €147.7 million respectively. Normalised EBITDA and adjusted normalised EBITDA rose by 52.4% to €128.0 million and 34.3% to €134.8 million respectively.

1. See Glossary (pages 224-226) for definitions.
2. See note 13 of the consolidated financial statements for calculation.
3. See note 24 of the consolidated financial statements for calculation.
4. See page 71 for further details.
5. See note 26 of the consolidated financial statements for calculation.
6. The 2018 comparative has been adjusted by €12.9m to exclude the effect of recording the portion of the NOIG/RGA settlement relating to 2019-2022 in 2018 in line with related IFRS provisions.
7. The 2018 comparative has been adjusted by €18.6m to exclude the effect of recording the portion of the NOIG/RGA settlement relating to 2019-2022 in 2018 in line with related IFRS provisions.

In 2019 we successfully completed our largest equity issue to date, raising a total of €793.3 million, principally in two rounds, increasing the weighted average number of shares from 132.3 million in 2018 to 182.1 million in 2019, which however influenced our per share metrics. This is particularly evidence by our EPRA Earnings per share which decreased by 4.3% compared to 2018 to 44 cents per share from 46 cents per share in 2018, while IFRS Earnings per share for 2019 amounted to 93 cents, as compared to 61 cents in 2018, an increase of 52.5%.

Dividends declared and paid in respect to 2019 of 60 cents per share, as compared to 54 cents for 2018, represented a 11.1% increase.

EPRA NAV per share as at 31 December 2019 increased by 2.9% from 31 December 2018 to €9.30 per share (31 December 2018: €9.04). Combined with dividends paid in 2019, this resulted in a Total Accounting Return of 9.2%, an increase of 140 basis points on the prior year (2018 TAR: 7.8%).

The Open Market Value of the portfolio grew by €583.0 million, an increase of 23.7%, to €3.0 billion, primarily through acquisitions and revaluation gains.

LTV at 31 December 2019 amounted to 34.7%, decreasing from 43.9% at 31 December 2018 as a result of the two successful equity raises in April and October 2019.

Revenues and Profitability

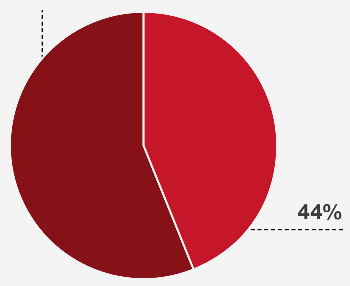
Group revenues of €222.2 million in 2019 up by 15.3% on 2018 (€192.8 million), principally driven by:

- acquisition of 8 offices in Poland, with rental income of €12.1 million in 2019;
- increase of 21.9% (by €24.9 million) on 2018 rental income derived from our properties in Poland (37.5% increase) and Romania (6.8% increase) excluding new acquisitions in 2019, following successful leasing activity;
- increase of 31.4% (by €14.9 million) in service charge income due to new acquisitions and higher occupancy in some properties; and
- negative impact of the €23.7 million rental guarantee income recorded during 2018, €18.6 million of which is the portion of the NOIG/RGA settlement amount received in December 2018 (€21.5 million) which can be attributed to the period from January 2019 to March 2022, considering the original duration of these NOIG/RGA.

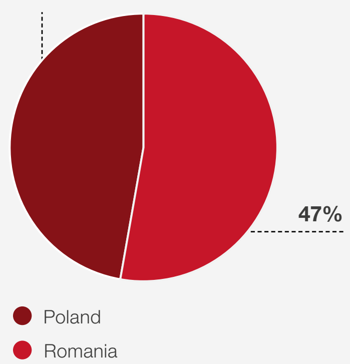
However, adjusting for the effect of recording the entire settlement amount for the NOIG/RGA in 2018 and apportioning it on a pro-rata basis to the remaining original duration of the NOIG/RGA (€5.7 million for year 2019), the increase in Group revenues would amount to 30.9%.

Group revenues were split 56% Poland / 44% Romania, as compared to 53% Poland / 47% Romania in 2018.

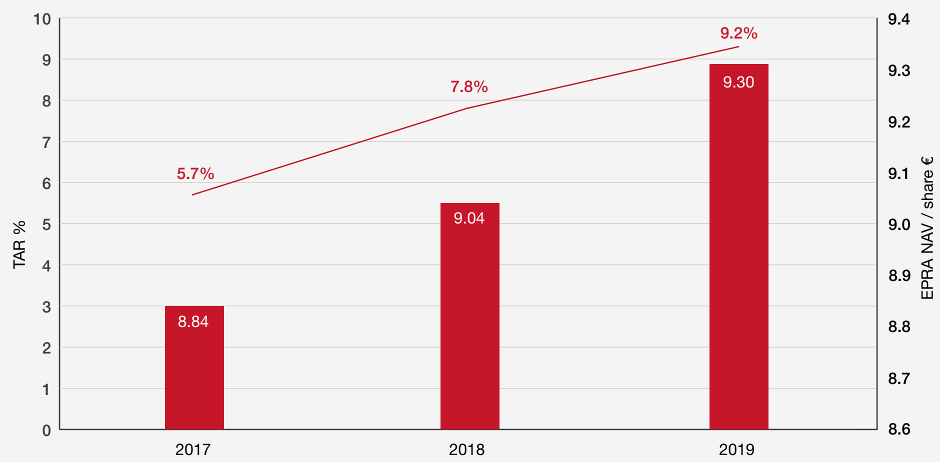
Revenue share by country 2019



Revenue share by country 2018



EPRA NAV / Total Accounting Return[1]



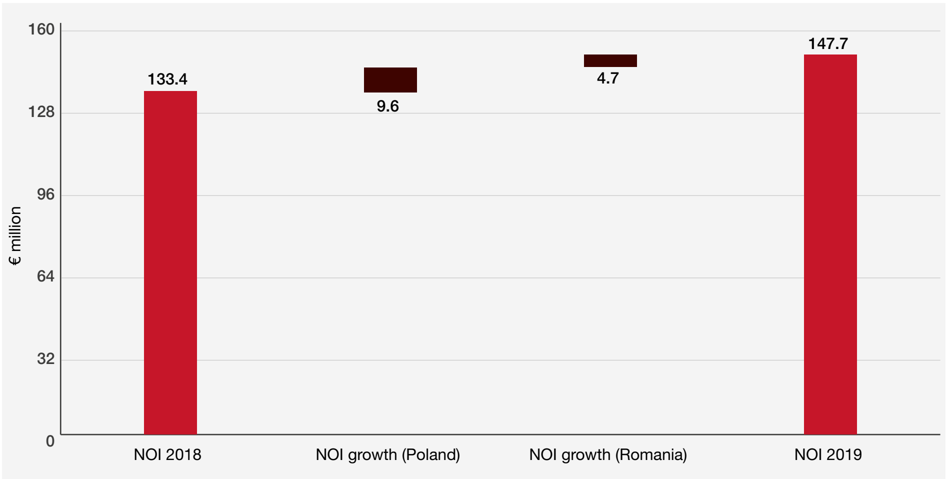
1. Total accounting return is the growth in EPRA NAV per share plus dividends paid, expressed as a percentage of EPRA NAV per share at the beginning of the year.

Net Operating Income of €147.7 million in 2019, a 10.7% increase over 2018 (€133.4 million), in line with the increase in Group revenue. The growth in NOI reflected an increase of €9.6 million in Poland and €4.7 million in Romania.

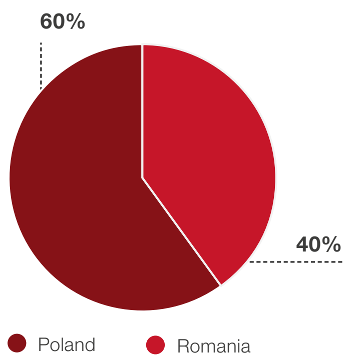
However, adjusting for the effect of recording the entire settlement amount for the NOIG/RGA in 2018 and apportioning it on a pro-rata basis to the remaining original duration of the NOIG/RGA, the increase in NOI would be 33.6%.

NOI was split 60% Poland / 40% Romania, compared to 59% Poland / 41% Romania in 2018.

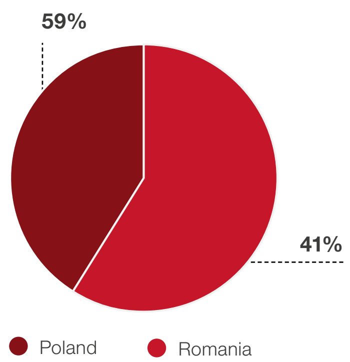
Growth in Net Operating Income (€ million)



NOI share by country 2019



NOI share by country 2018



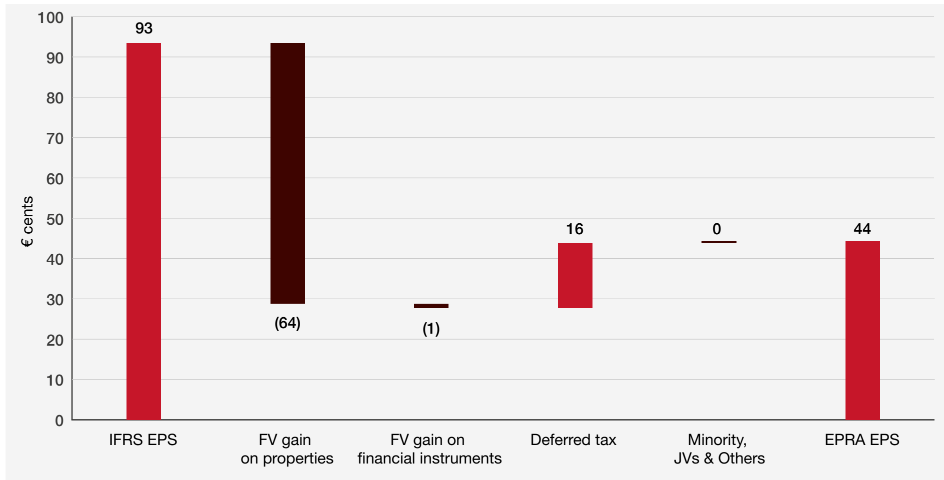
EBITDA[1] of €228.4 million in 2019, an increase of 87.5% over 2018 (€121.8 million). In addition to the growth in NOI (of €31.4 million), higher valuation gains on investment property (by €83.9 million), higher other income (by €0.7 million) and lower acquisition costs (by €0.8 million) contributed to the increase, partly offset by higher administration and other expenses (by €8.2 million), and lower valuation gains of financial instruments (by €2.0 million).

Adjusted EBITDA[2] of €240.1 million, which includes the share of minority interests, registering an increase of 59.2% over 2018 (€150.8 million), resulting from the increase in NOI (of €14.3 million), higher valuation gains on investment property (by €83.6 million), higher other income (by €0.6 million) and lower acquisition costs (by €1.0 million) contributed to the increase, partly offset by an increase in administration and other expenses (by €6.6 million), and lower valuation gains financial instruments (by €3.6 million).

Normalised EBITDA[3] of €128.0 million, increasing by 52.4% over 2018 (€84.0 million), while adjusted normalised EBITDA[4] amounted to €134.8 million, which includes the share of minority interests, an increase of 34.3% over 2018 (€100.4 million), which correlates to the increase in NOI of 33.6%[5].

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. The 2018 comparative has been adjusted by €12.9m to exclude the effect of recording the portion of the NOIG/RGA settlement relating to 2019-2022 in 2018 in line with related IFRS provisions.
2. Earnings before finance cost, tax, depreciation, amortisation of other non-current assets and purchase gain on acquisition of subsidiaries. The 2018 comparative has been adjusted by €18.6m to exclude the effect of recording the portion of the NOIG/RGA settlement relating to 2019-2022 in 2018 in line with related IFRS provisions.
3. EBITDA less: fair value gains on investment property and financial instruments (2019: €114.1 million; 2018: €32.2 million), non-recurring income (2019: €0.9 million; 2018: €0.2 million); plus: acquisition costs (2019: €0.2 million 2018: €1.0 million); plus: non-recurring administration and other expense items (2019: €9.1 million; 2018: €6.5 million) and an adjustment to apportion on a pro-rata basis part of the NOIG/RGA settlement amount received in December 2018 to year 2019 (2019: €5.3 million addition; 2018: €12.9 million reduction).
4. Adjusted EBITDA less: fair value gains on investment property and financial instruments (2019: €119.6 million; 2018: €39.6 million), non-recurring income (2019: €0.9 million; 2018: €0.3 million); plus: acquisition costs (2019: €0.2 million; 2018: €1.2 million); plus: non-recurring administration and other expense items (2019: €9.2 million; 2018: €6.9 million) and an adjustment to apportion on a pro-rata basis part of the NOIG/RGA settlement amount received in December 2018 to year 2019 (2019: €5.7 million addition; 2018: €18.6 million reduction). The adjustments listed include the share of minority interests.
5. Adjusting for the effect of recording the entire settlement amount for the NOIG/RGA in 2018 and apportioning it on a pro-rata basis to the remaining original duration of the NOIG/RGA.

IFRS EPS to EPRA EPS (€ cents per share)

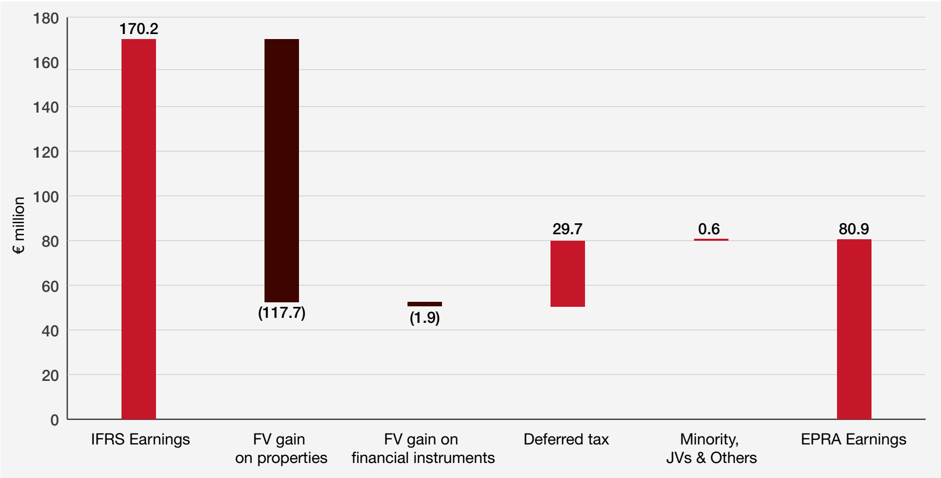


Financial costs increased by 8.0% in 2019 resulting mainly from the 12 month coupon (2018: c.9 months coupon) on the €550 million bonds issuance at the end of March 2018. Included in finance costs for 2019 are €1.1 million (2018: €2.0 million) debt costs previously capitalised which were amortised in full upon the repayment of bank loans.

Earnings before tax of €207.7 million, an increase of 80.1% over 2018 (€115.3 million), mainly as a result of the increase in NOI and increased valuations gains on investment property, contained by the negative effect of higher administration and other expenses and higher net finance costs.

IFRS earnings per share reached 93 cents in 2019, an increase of 52.5% compared to 2018 (61 cents).

IFRS Earnings to EPRA Earnings (€ million)

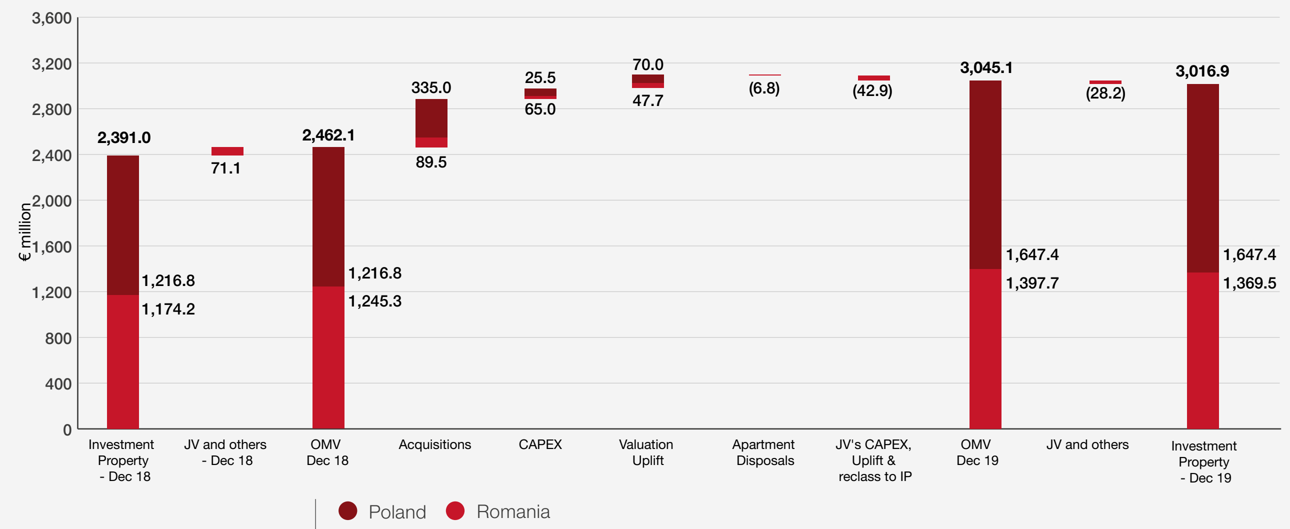


Balance Sheet

The Open Market Value of the portfolio up by €583.0 million, an increase of 23.7%, to €3.05 billion. This comprises €3.02 billion of investment property and a further €0.03 billion representing other balance sheet adjustments including the full share of our JV properties.

Investment activity in 2019, which included c.€515.1 million of new property acquisitions (including the acquisition of the JV partner in the RBC property, transforming it into a wholly owned property) and development projects as well as valuation gains of €117.7 million, contributed to a 26.4% increase in the balance sheet value of our investment property portfolio at 31 December 2019 to €3.02 billion (31 December 2018: €2.39 billion).

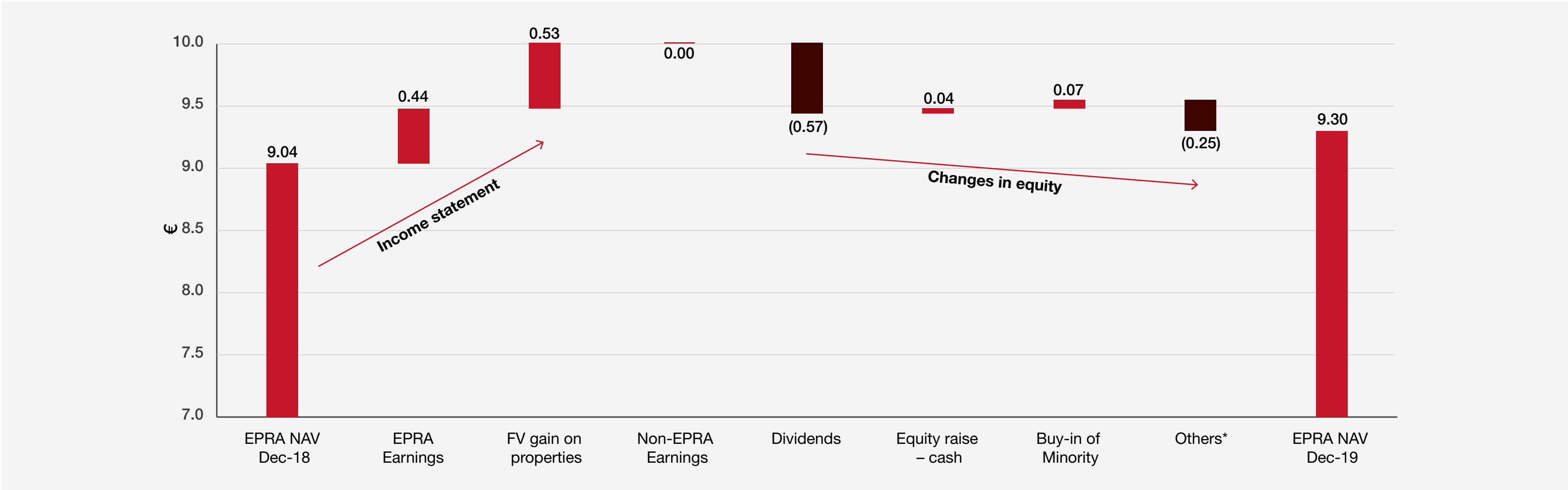
Growth in Portfolio Value (€ million by location)



Total assets at 31 December 2019 reached €3.48 billion and increased by 27.2% from 31 December 2018 (€2.74 billion), primarily due to the expansion of the property portfolio.

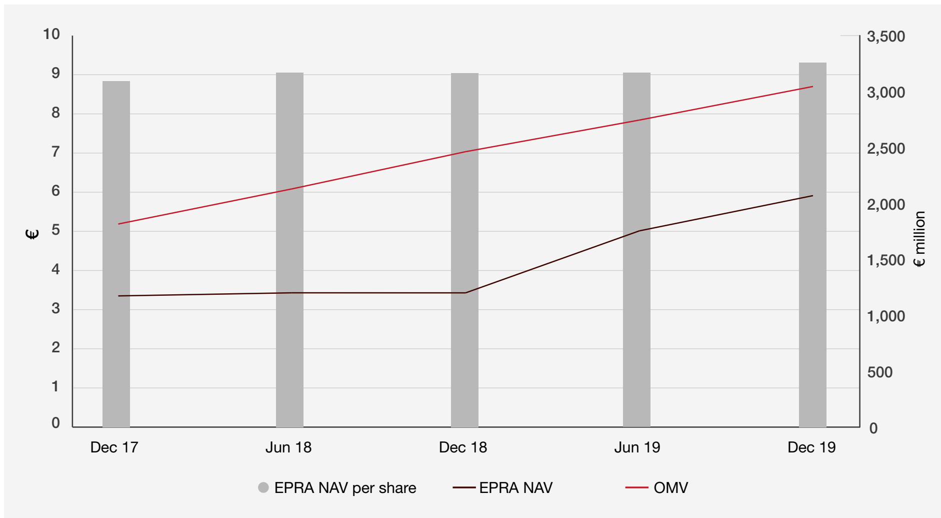
EPRA NAV increased to €2.07 billion at 31 December 2019, an increase of 72.4% on 31 December 2018 (€1.20 billion), while EPRA NAV per share increased by 2.9% to €9.30 per share (31 December 2018: €9.04 per share). Reflecting the dividend distributions made during 2019 of 57 cents per share, the adjusted EPRA NAV per share at 31 December 2019 would be €9.87 per share, representing a total accounting return of NAV growth and dividend return for 2019 of 9.2%, up from 7.8% in 2018.

EPRA NAV per share bridge from 31 December 2018 to 31 December 2019 (€)



* Others includes the costs associated with the change in the arrangements for the long-term incentive plan for the Group's Executives (cash payment of €25.8 million and transfer of 3.2 million shares), as well as other movements within equity.

Evolution of NAV/share and OMV by semester



Cash Flows

Cash flows from operating activities were €80.3 million, higher compared to €80.1 million in 2018.

Net proceeds from the successful equity raises in April and October 2019 of €599 million. Cash used for investments made in 2019 of €383.5 million, including the acquisition of five investments (8 standing properties and two under development) in Poland, the acquisition of the remaining 50% stake in Elgan Offices SRL (Renault Bucharest Connected), invested in new Joint Ventures, a land plot in Romania and the completion or further progress in our development pipeline in Romania.

Dividends paid in 2019 of €93.8 million in respect of the six-month periods ended 31 December 2018 and 30 June 2019 of €35.7 million and €58.1 million respectively.

Cash and cash equivalents at 31 December 2019 stood at €291.7 million, €62.2 million higher than 31 December 2018 (€229.5 million), as influenced by the equity raise in October 2019.

A RESPONSIBLE LANDLORD

MAINTAINING STRONG LIQUIDITY AND SIMPLIFYING THE FINANCIAL STRUCTURE

The Group had in 2019 an active year in the capital markets, conducting two equity raises, as well as various bank loan financing activities, that continued to fuel its growth trajectory.

During 2019, the Group successfully concluded new equity issues of €793.3 million in total.

At the end of October 2019, the Group entered into a €200 million unsecured Revolving Credit Facility ("RCF"), with an option to increase it by an additional €50 million, with a syndicate of Banks providing committed liquid funds at a modest cost.

In Romania:

- During the year 2019, €39 million of the bank loan, secured for the financing of the development of the Renault Bucharest Connected Project, was drawn down
- In March 2019, a €65 million 10-year secured loan granted for refinancing the Globalworth Tower Project, concluded in December 2018, was drawn down
- In June 2019 the €2 million outstanding balance of the €30 million secured financing granted for the TIP Project was repaid in full

In Poland:

- In June 2019, the loan facilities secured on the Hala Koszyki property were repaid in full
- The acquisition of Warsaw Trade Tower in April 2019 was carried out with the taking over of the existing bank loan secured on the Property, amounting to c.€75 million
- In November 2019, the remaining outstanding loan balance of €75 million was repaid in full, while in December 2019 a new €65 million 10-year bank loan was secured at better terms and conditions. The new facility was drawn down in full at the end of January 2020.
- In February 2020 a €62.3 million bank loan for the refinancing of the acquisition of Retro and Silesia Star properties was drawn down in full.

Dividends

In February 2019 the Company paid an interim dividend of 27 cents per share (c.€ 35.7 million) in respect of the six-month period ended 31 December 2018 while in August 2019 it paid an interim of 30 cents per share (c.€58.1 million) in respect of the six-month period ended 30 June 2019. Another interim dividend of 30 cents per share (c.€66.6 million) was paid in February 2020 in respect of the six-month period ended 31 December 2019.

Debt Summary

The total debt portfolio of the Group at 31 December 2019 of €1.32 billion (31 December 2018: €1.26 billion) comprises of medium to long-term debt, denominated entirely in Euro.

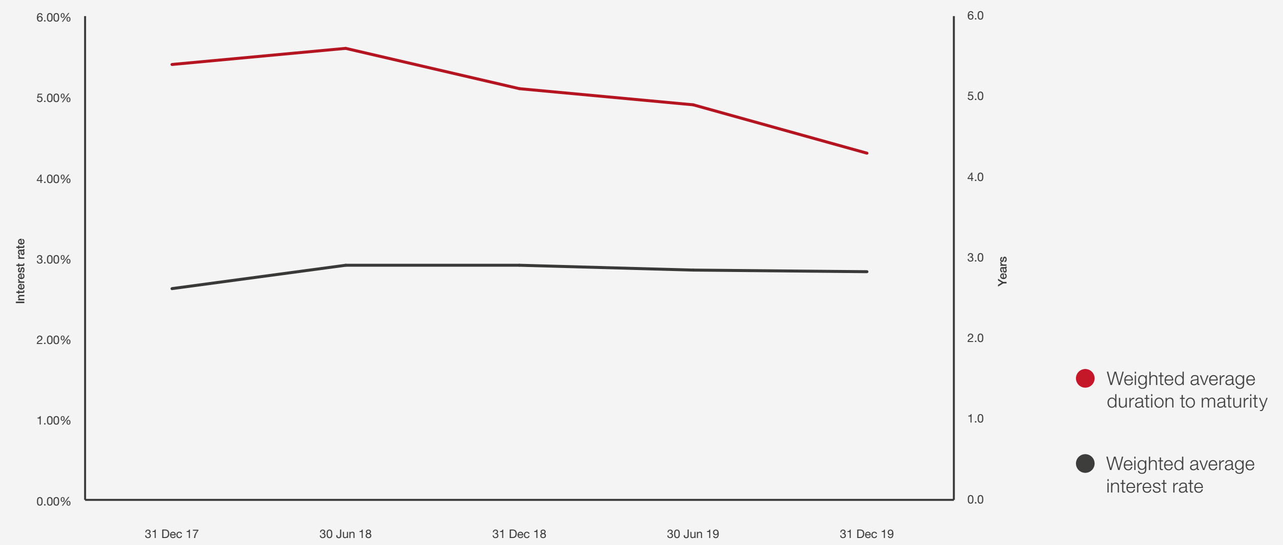
The Group has delivered on its strategy over the last few years of extending the weighted average period to maturity of its debt financing, while reducing the applicable weighted average interest rate. The weighted average interest rate at 31 December 2019 amounted to 2.83% compared to 2.91% at 31 December 2018, while the average period to maturity decreased slightly to 4.3 years at 31 December 2019, from 5.1 years at 31 December 2018, as presented in the chart below:

It is worth mentioning that in March 2020 we drew down the €200 million RCF, which led to a decrease in the weighted average interest rate.

Servicing of Debt During 2019

During 2019, we repaid in total €129.1 million of loan capital and €38.3 million of accrued interest on the Group's drawn debt facilities, including c.€32.3 million in relation to the annual coupon for both Eurobonds of the Company.

Weighted average interest rate versus debt duration to maturity



Liquidity & Loan to value ratio

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

As at 31 December 2019, the Group had cash and cash equivalents of €291.7 million (31 December 2018: €229.5 million). Additionally, the available liquidity from committed undrawn loan facilities amounted €265 million (out of which €65 million was drawn down in January 2020 as mentioned above).

The Group's loan to value ratio at 31 December 2019 was 34.7%, marking a significant decrease compared to 31 December 2018 (43.9%) as a result of the last equity raise in October 2019. This is consistent with the Group's strategy to manage its long-term target LTV of below 40%, whilst pursuing its strong growth profile.

Debt Structure as at 31 December 2019

Debt Structure - Secured vs. Unsecured Debt

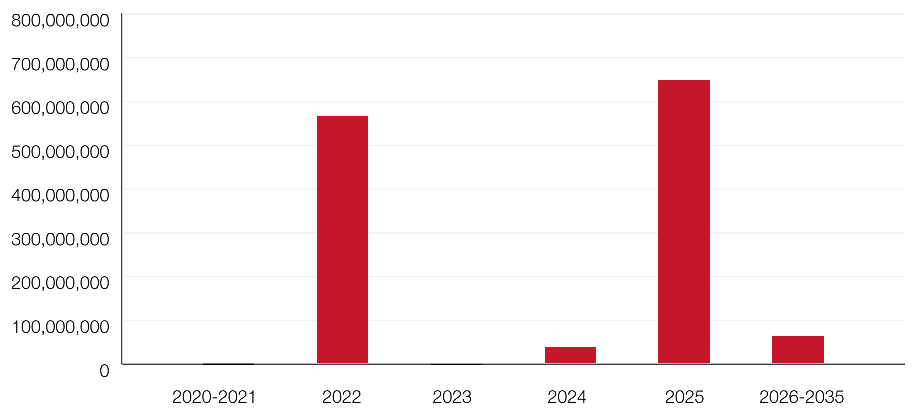
The majority of the Group's debt at 31 December 2019 is unsecured: 83.30% (31 December 2018: 87.3%), with the remainder secured with real estate mortgages, pledges on shares, receivables and loan subordination agreements in favour of the financing parties.

The slight decrease in the percentage of the unsecured debt compared to 31 December 2018 is connected with the secured bank loan taken over upon the acquisition of the Warsaw Trade Tower, as well as the acquisition of the 50% joint venture partner for the Renault Bucharest Connected property (thus becoming a fully owned property) and consequently the bank loan obtained for the financing of the development of this property.

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

The Group has credit facilities and Eurobonds with different maturities, all on medium and long-term (compared to 99.9% at 31 December 2018).

Maturity by year of the principal balance outstanding at 31 December 2019 (€)



Debt Denomination Currency and Interest Rate Risk

Our loan facilities are entirely Euro denominated and bear interest based either at one month or three months EURIBOR plus a margin (9.5%), or at a fixed interest rate (90.5%). This ensures a natural hedging to the Euro, the currency in which the most significant part of our liquid assets (cash and cash equivalents and rental receivables) is originally denominated and the reporting currency for the fair market value of our investment property.

Debt Covenants

The Group's financial indebtedness is arranged with standard terms and financial covenants, the most notable as at 31 December 2019 being the following:

Unsecured Eurobonds and RCF

- the Consolidated Coverage Ratio, with minimum value of 200%
- the Consolidated Leverage Ratio, with maximum value of 60%
- the Consolidated Secured Leverage Ratio with a maximum value of 30%
- the Total Unencumbered Assets Ratio, with minimum value of 125% (applicable only to the RCF)

Secured Bank Loans

- the debt service cover ratio ('DSCR') / interest cover ratio ('ICR'), with values ranging from 120% to 350% (be it either historic or projected)
- the LTV ratio, with contractual values ranging from 48% to 83%.

There have been no breaches of the aforementioned covenants occurring during the period ended 31 December 2019.

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

OUR VISION CENTRES AROUND

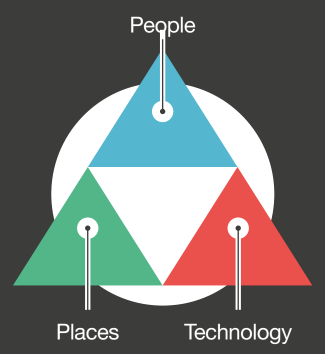
CREATING COMMUNITIES BY FOCUSING ON: PEOPLE, PLACES AND TECHNOLOGY

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

The Board places significant importance on the roles of business ethics, sustainable development and corporate social responsibility within the overall approach to governance. We firmly believe that this creates long-term value for the Company, our shareholders, our people, our community and the environment. Consequently, we have tried to ensure that our progress in this domain is in keeping with the Group's development.

We also monitor and manage all aspects of our operations that could have an impact on the environment. More information on how we approach and address these issues can be found in the sections "Green building certification" and "Energy efficiency and climate change management."

OUR FOCUS AREAS



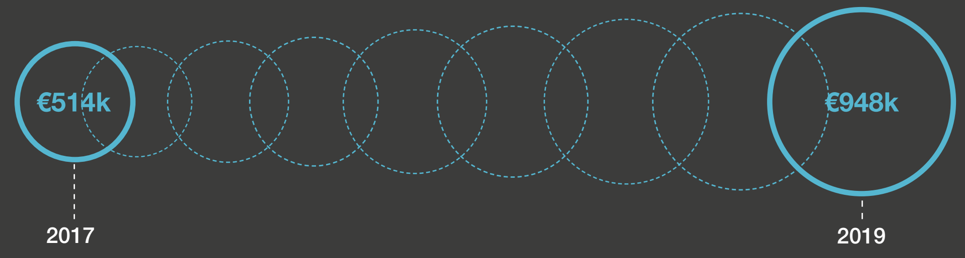
CSR MATRIX

CSR	People	Places	Technology	Page number
Code of Conduct	▲	▲	▲	80
Our Values	▲	▲	▲	81
Globalworth Foundation ⊕ Social footprint ⊕ Education ⊕ Athletic initiatives ⊕ Social welfare ⊕ Heath & Safety ⊕ Business & Leadership	▲	▲	▲	88
Globalworth District	▲	▲	▲	92
Environment & Awards		▲	▲	94
Technology	▲	▲	▲	96

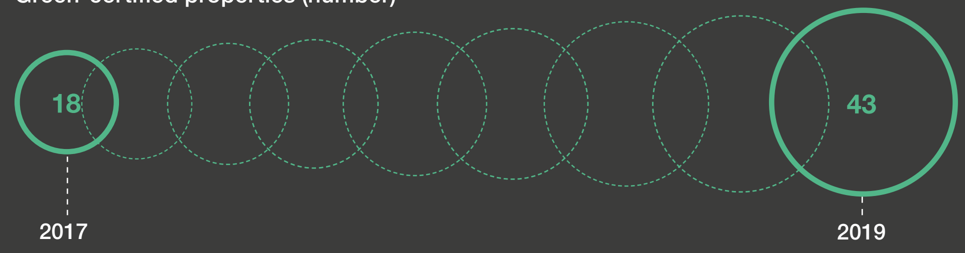
OUR CSR OBJECTIVES

- Recognise sustainable development as a Group priority.
- Carry out our activities responsibly in the interests of both our shareholders and stakeholders.
- Integrate efficient and sustainable operating policies, procedures and actions.
- Be accountable as a team of professionals for environmental stewardship.
- Work with our shareholders and other stakeholders to make environmentally responsible decisions.
- Communicate our efforts and promote our achievements to help set high industry standards.

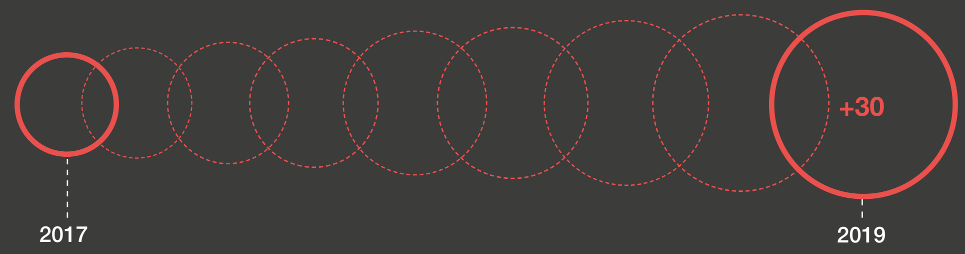
>10 social causes supported



Green-certified properties (number)



District events held (number)



How this relates to our vision

CODE OF CONDUCT

At Globalworth, we are committed advocates of adhering to the highest ethical principles and the importance and benefits of maintaining high environmental and sustainable standards. We are proud of the ethical business practices that we have established and the values we live by.

Globalworth's Code of Conduct (the Code) is a guide designed to help all Globalworth Group companies connect with our values and set out expectations for everyday behaviour. The Code is where we find direction on how to interact with Group employees, our customers, the communities in which we operate, and other stakeholders. It is the starting point for answering any ethical dilemma, and it provides information on who to contact with questions or concerns. The Code is based on our values, which are a set of beliefs that govern our actions. Our values commit us to maintaining the highest levels of ethical standards and conducting business in a responsible and sustainable way.

The principles and requirements set out in our Code must be adhered to by all employees, who receive an annual update on the Code, and anyone providing services to the Group. The Group Compliance Officer and the local Compliance Departments in our main offices in Romania and Poland are responsible for maintaining the Code of Conduct. As a condition of their employment, all team members must read, understand and agree to comply with the Code. Such actions also apply to our joint ventures and similar entities in which the Group has an ownership stake.

In addition, since the adoption of the Code we have also asked all contractors, suppliers and other service providers to agree to follow parts relevant to them.

The main areas which are addressed in the Code are the following:

The Workplace

- Health, safety and wellbeing
- Respect, diversity and inclusion
- Protection of personal data
- Reporting and maintaining records
- Company assets
- Confidentiality

Our Business Conduct

- Relationships with stakeholders
- Conflicts of interest*
- Hospitality and gifts
- Sponsorship
- Inside information and market abuse

Community and Environment

- Environment
- Corporate social responsibility and charitable donations
- External communication
- Anti-bribery and corruption
- Money laundering
- Fair competition
- Political activities

(*) Specifically, regarding conflicts of interest as laid out in the articles of incorporation and under Guernsey law, all conflicts or potential conflicts must be declared by the Director concerned and a record of all conflicts is kept by the company secretary. Also, all related party transactions (as defined in IFRS) are disclosed in our 2019 annual report.

OUR VALUES

Our Values reflect the way we carry out our business and how our business can shape the future.

How this relates to our vision

One team

- Our strength as a team is much greater than that of any individual.
- We win as a team or lose as a team.
- We trust and respect each other's efforts in order to deliver the best results on our individual assignments.

Act with Integrity

- Be honest and have strong moral principles on how to act both personally and professionally.
- Perform consistently to the best of our abilities, as if our personal reputation were at stake, aiming to achieve the best outcome both for ourselves and our stakeholders.
- Promote transparency and act without bias towards our colleagues, our partners, a third party or anyone to whom a duty of care is owed.

Respect, Diversity and Inclusion

- Be courteous, polite and considerate to our people, stakeholders and anyone else with whom we come into contact.
- Never discriminate against any person for whatever reason.
- Collaborate, share ideas and knowledge.
- Promote fair and respectful treatment to our partners and the market overall.
- Give and ask for feedback to improve ourselves and others.

Build an Environmentally Friendly & Sustainable Future

- Remain informed about the evolution of the world we live and interact in.
- Anticipate the needs of our stakeholders and shareholders and act with agility and determination.
- Be innovative and keep an open mind on new ideas; test and learn from failure.
- Be accountable for our actions in creating a sustainable future.

A RESPONSIBLE EMPLOYER

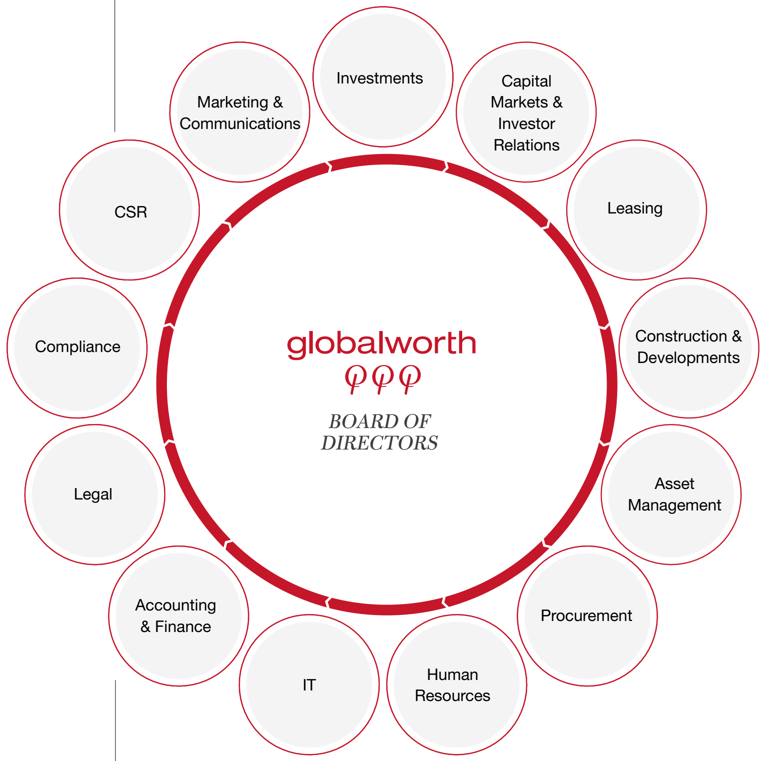
OUR TEAM OF DEDICATED PROFESSIONALS ARE INSTRUMENTAL IN DRIVING GLOBALWORTH'S SUCCESS

How this relates to our vision

This team is responsible for offering premium services to our partners, efficiently managing our high-quality portfolio, facilitating growth and creating value for our shareholders and stakeholders.

The Globalworth Structure

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



Training

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







CORPORATE SOCIAL RESPONSIBILITY
CONTINUED

OUR PEOPLE

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

Globalworth's team continued to grow and in 2019 we added 47 professionals, aiming at meeting our expansion needs, maintaining and improving the high standards and success of our business. Most of our new team members were recruited to work in Bucharest and Warsaw, primarily to support our asset management operations which are core to our customer service and product offering, as well as maintaining and strengthening the broad network of relationships in our main real estate markets.

In total our team comprises of c.240 professionals, with 126 and 106 members in our two main offices in Warsaw and Bucharest, with the remainder being based in secondary cities in Poland and Romania, as well as Cyprus and the UK.

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

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

BREAKDOWN OF THE GLOBALWORTH TEAM

How this relates to our vision

globalworth FOUNDATION

The Globalworth Foundation, established in 2018 and wholy owned by the Group, is responsible for overseeing our various CSR initiatives.

The Foundation operates independently and is governed by its Board of Trustees, comprising five members whose main responsibilities are to ensure the Group acts consistently in an ethical and socially responsible manner, and oversees the allocation of the Group's resources to various CSR activities. Alongside the whole Globalworth team, it also works to impliment our various initiatives.

We are very pleased that in 2019 we were able to continue supporting social causes and form partnerships that we believe in; together with organisations such as Hospice Casa Sperantei, Make a Wish, United Way, IWA and many other NGOs, we can positively impact the lives of those in need.

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

EDUCATION

We are firm believers that education, inclusion and the promotion of lifelong learning opportunities for all, but especially young people, can create a brighter future. We are proud that we were able to continue to be involved in several initiatives focused to this end in 2019.

Our partnership with the United Way Romania Foundation in the "Education – the centre of change within the community" initiative is underway, with the aim of reaching over 3,500 children and their families from 12 disadvantaged communities. This partnership, to which Globalworth has committed to contribute €1.0 million, will extend initially to 2021.

In addition, our mentoring, internship and scholarship programmes continued and in 2019 we were pleased to have been involved with initiatives such as:

- The "Young Talents" programme, which supports and promotes 30 talented young artists between the ages of 14 and 24 from low-income families in Romania, to give them the opportunity to develop their potential and express their talent.
- The "Globalworth Excellence Scholarships", where 10 school scholarships are awarded to students attending the Ioanid International High School, a very reputable institution in Bucharest, Romania.
- Our "Globalworth Internship" programme, where this year we hosted students from universities from eight countries over the summer period and provided them with real-life work experience through problem-solving workshops and exposure to all the activities of the Group.
- Our "Mentorship" initiatives, where through several collaborations we had the opportunity to welcome and mentor students from, amongst others, the Warsaw School of Economics, the University of Architecture and Urbanism Ion Mincu in Bucharest, and the Donau-Universität Krems.

SPORTS INITIATIVES

Active participation in sporting events is one of the most visible ways of raising awareness for the causes we support.

This year we proudly participated in several sporting events including:

- The Bucharest Half and International Marathons, where we supported Hospice – Casa Sperantei Foundation and The United Way Romania Foundation to raise awareness for those in palliative care and education.
- The Foundation Poland Business Run, which took place simultaneously in nine cities across the country; our team participated in the Warsaw run, the organisation aim to help people with mobility disabilities and support their professional re-engagement as well as to level social barriers.
- The Race for Cure initiative in Bucharest, where the team represented the Renasterea Foundation to raise awareness of the importance of early detection of breast and cervical cancer.
- The Real Estate Charity Beach Volley tournament in Warsaw, where we supported the Rescue Children with Cancer Foundation.

Globalworth continued to support the Special Champions sports initiative, which is dedicated to children with various disabilities to promote inclusion, show them how capable they are, and encourage them to maintain an active lifestyle. The event promoted both physical activity and artistic events, including competitions for running, tennis, dancing and theatre.

Finally, we supported several young athletes in their sporting endeavours and are particularly proud of our young tennis champion David Gheorghe, who in 2019 continued his ascendance, having won several national and international tournaments, as well all of the other players for their efforts during the year.

SOCIAL WELFARE

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

We are prime supporters of causes which address:

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

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

Our association with Hospice – Casa Sperantei Foundation has been running for 13 years, over which time we have been involved in several initiatives including the renovation of the HOSPICE socio-medical centre in Adunatii Copaceni (Romania), becoming the Landmark Donor and contributing to the renovation of the building which is used to house families in need. In 2019, the Globalworth Foundation also became a member of the HOSPICE Champions Network, an elite network of the foundation's sponsors.

CORPORATE SOCIAL RESPONSIBILITY
CONTINUED

GLOBALWORTH CAMP DAY

We were delighted to organise the third edition of the Globalworth Camp Day in Romania at Adunații Copăceni, one of HOSPICE's socio-medical centres.

This year's event brought together 400 children from 12 NGOs from Bucharest and nearby counties, including Hospice Casa Speranței Foundation and the Margareta of Romania Royal Foundation.

The volunteers, which included the entire Globalworth team from Romania, and children collaborated in specially organised workshops and together they played games, learnt how to make floral arrangements, enjoyed magic tricks, and participated in activities designed to bring smiles and happiness to the children's faces.

The three Globalworth Camp Day events have so far brought joy to over 1,300 children.

CHRISTMAS CHARITY DAYS

Our annual "Christmas Charity Days" occasion has become a tradition and one of the most important events of the year for the Globalworth Family.

The sixth edition of the Globalworth Christmas Charity Days events grew larger still, with a number of different events held in our properties in Romania and Poland in December.

Globalworth Christmas Charity Days provides a perfect opportunity to do something extra for the less fortunate, and we are pleased to be able to give children the opportunity to sing, play, enjoy themselves and discover Christmas traditions from around the world.

In Bucharest, we brought some winter holiday magic in Globalworth Tower to over 800 children from 14 various NGOs (community centres and foster homes), while in Warsaw and Wroclaw more than 100 children visited our Spektrum, Warsaw Trade Tower and Retro Office properties.

In addition, during the Christmas period we were able to support the Great Orchestra of Christmas Charity, the biggest non-profit NGO charity organisation in Poland, raising money for paediatric and elderly care, as well as partner with the International Women's Association (of Bucharest) Charity Christmas Bazaar.

HEALTH & SAFETY

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

Health
We consider and treat the health, of our team and other stakeholders, as importantly as safety across all our initiatives and are proud to report that no serious health-related incident or loss of life occurred in any of our operating properties or projects under construction in 2019.

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

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

Raising Awareness
Over 1,600 employees took part in our HealthDay initiative held in 14 office locations across Poland. Free medical advice and preventative checks were available on-site in our buildings with the aim of educating people about hypertension, obesity, diabetes and other common workplace complaints. Similar initiatives are taking place also in Romania.

BUSINESS & LEADERSHIP

We consider that leadership is essential in achieving our goals, and we are firm believers that regardless of ones position within the Group, each one of us can contribute to shaping a better future for all of us.

Globalworth in 2019, remained committed in its efforts in the developing leaders inhouse, but also inspiring leadership and entrepreneurship outside the Group.

Selected initiatives in which we proudly supported included:
- The Top Woman in Real Estate mentoring programme, where young professionals visited our Warsaw office to learn more about the motivation behind human behaviours since being familiar with the DISC model not only helps to build valuable relationships but it also supports efficient business communication.
- The Hellenic Romanian Chamber of Commerce and Industry, promoting business and trade relations between Greece and Romania and supporting initiatives aimed at improving educational and cultural relations between the two countries.
- The Real Estate Academy and partnership with the SGH Warsaw School of Economics, where members from the oldest school of economics in Poland visited our offices and participated in workshops.

In additions several of our team members participated in conferences and panels where they promoted our initiatives and shared our thoughts in Real Estate and Proptech.

How this relates to our vision

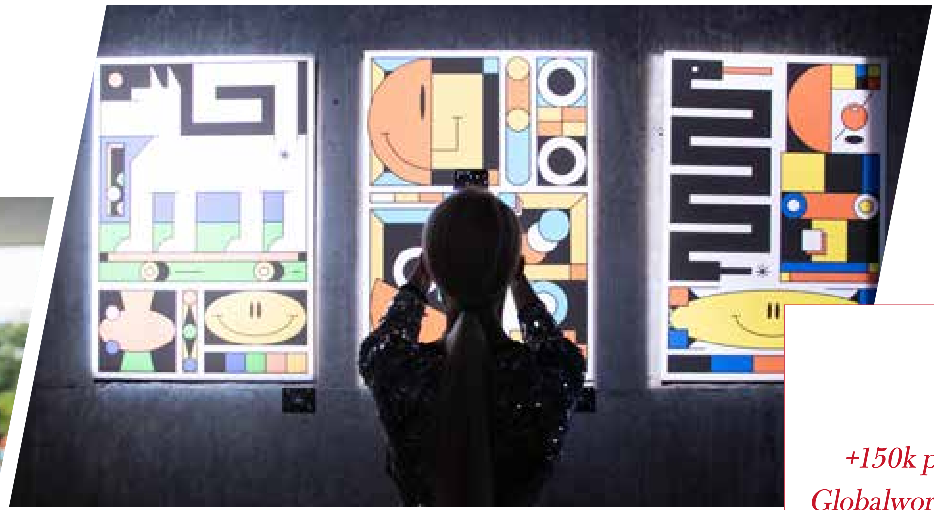
globalworth DISTRICT

Globalworth District is about community, about the people in our buildings, the wider community, young artists, tech-lovers and enthusiasts creating and sharing new experiences. Launched at the beginning of 2019, Globalworth District, the first art & tech district in Romania, transformed our office buildings into unconventional spaces that hosted and supported art and technology.

The project is dedicated to the people working in our office buildings and the wider communities, which has evolved by taking into consideration their "passions" and need to evolving and experiment, and focuses on technology, music, visual art and fashion.

Throughout the last year we held more than 30 indoor and outdoor events in our properties in Romania and Poland where we hosted over 150,000 people from our buildings and communities.

Globalworth District is about community, about people from our buildings, the wider community, young artists, tech-lovers and enthusiasts creating and sharing new experiences.



> *+150k participated in our Globalworth District initiatives in Romania and Poland.*

Number of events held

+30

Environment and Awards

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

We principally target properties which have BREEAM Very Good / LEED Gold or higher green certification or with the potential to achieve this, and currently 43 of our standing properties are certified as environmentally friendly, accounting for 81.3% of our standing commercial portfolio value, up from 70.6% at year-end 2018.

Consistent with Globalworth's commitment to energy-efficient properties, we added 13 environmentally-certified properties to our portfolio in 2019, including Podium Park I in Krakow, the first of our assets to be certified with BREEAM Outstanding; four of our properties undergoing the certification process in 2018 in Warsaw (Batory Building, Bliski Centrum, Nordic Park, Philips) were certified with BREEAM Excellent. The Renault Bucharest Connected and Globalworth Campus T2(*) which were developed by the Group in Bucharest were both certified BREEAM Excellent, and the first of our industrial properties, the Timisoara Industrial Park – Valeo and the Pitesti Industrial Park received BREEAM Very Good and EDGE certifications respectively.

In Poland we have 27 properties which are green-certified and in Romania we own a further 16 properties. In addition we have 18 properties under green certification or re-certification and are confident that we will add them to our green-certified portfolio in 2020.

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

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

We are pleased that the platform we developed, together with one of our prime portfolio tenants, allowing us to better-measure and monitor our portfolio which was in the testing phase in 2018, is now further improved and we aim at deploying it to more properties in 2020.

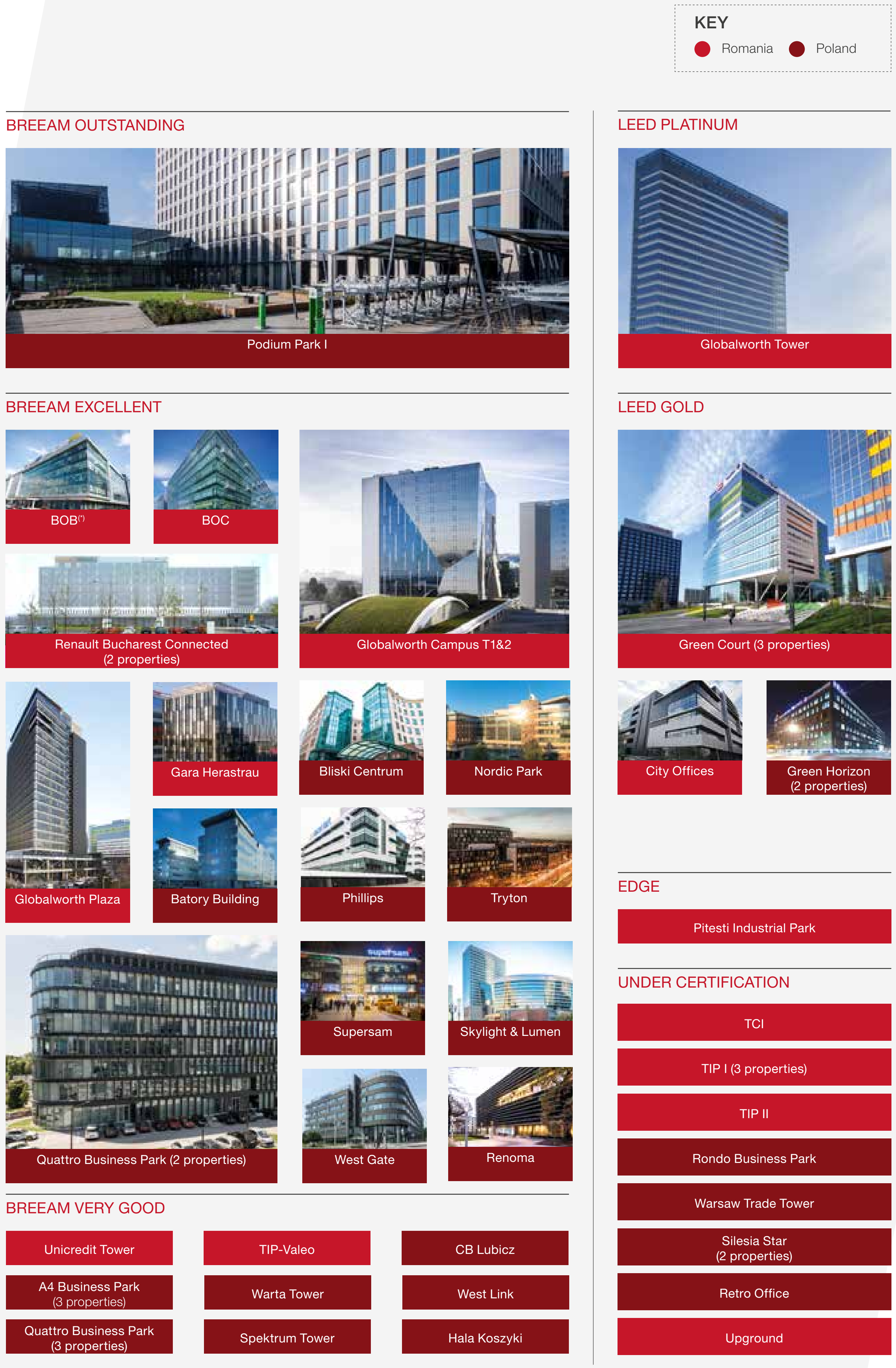
This platform, part of our initiative to make our portfolio more energy-efficient and improve tenant awareness of energy consumption and conservation, allows us to measure and monitor:

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

In addition, the review of our real estate portfolio which commenced in 2018 is on-going as new properties are added to our portfolio. The purpose of the review is to better understand the performance of each property and how we can improve it in the future.

One new initiative is the installation of photovoltaic solar panels in the Globalworth Square project currently under construction, with a view to producing cleaner energy and reducing our fossil fuel footprint, also being considered for other properties in our portfolio.

(*) Renault Bucharest Connected was certified with both BREEAM Excellent and EDGE certifications in 2019.



(*) Deutsche Bank space in our BOB office in Bucharest is certified with LEED Platinum accreditation
(**) The Renault Bucharest Connected property in Bucharest is certified both with BREEAM Excellent and EDGE certification

How this relates to our vision

TECHNOLOGY

As part of an effort to promote technological innovation, underpinned by our belief in the impact that technology can have on real estate for both tenants and investors alike, Globalworth invests directly or indirectly in selected opportunities and initiatives, including technology-related venture capital funds.

Following our €2.0 million commitment in 2018 to Early Games Venture, a venture capital fund, focused on innovative companies in Romania, co-funded by the European Regional Development Fund and funded through the Competitiveness Operational Program (2014-2020), in H1-19 Globalworth made a €2.4 million commitment to GapMinder Venture Partners ("GapMinder").

GapMinder is a venture capital fund investing in IT Software and Services start-ups in Romania and Central Eastern Europe and in disruptive projects with regional, European and global ambitions. The scope of the fund encompasses verticals in IT including Machine Learning, Artificial Intelligence, Advanced Analytics, Predictive Marketing, and Digital Transformation.

GapMinder won the European Investment Fund bid to build the Competitiveness Fund of Funds and implement the Entrepreneurship Accelerator and Seed Fund Financial Instrument in Romania.

Other initiatives included participation in the Techcelerator events in Bucharest, where Globalworth, GapMinder and others supported Romanian technology companies.

The Group is also exploring the potential to make additional technology-related investments in the future, either in general technology funds or ventures focusing on real estate solutions in the domain of smart buildings/smart city, mobility and energy, property automation and real estate software.

Other Proptech Initiatives

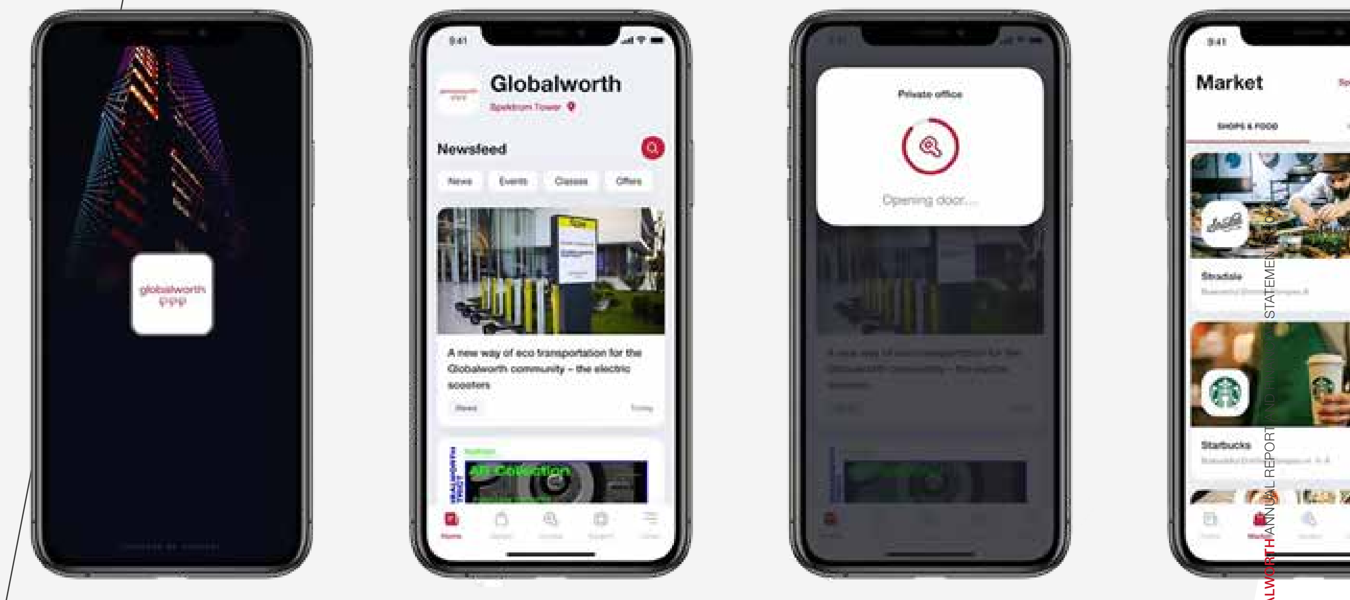
PropTech is becoming increasingly important in real estate, and in 2019 several initiatives were tested with some in the process of being deployed across our portfolio.

Initiatives included:

- The 40sqm kinetic floor installed in Globalworth Tower, which transforms the weight of footsteps into electricity, which is subsequently used to power other innovative mechanisms in the lobby.
- Pepper, the humanoid robot located in Globalworth Tower, which improves the visitor experience at our offices.
- The ice storage system that is being deployed in our Globalworth Square development which allows us to produce and store ice during the night, when the buildings' cooling demand and electricity costs are lower, for use during day/peak hours.
- Use of geothermal energy systems, also to be installed in the Globalworth Square development, where pipes installed in the rafter foundation will help to heat and cool the buildings systems, reducing energy consumption.
- The Globalworth App, through which we aim to make our portfolio "smarter", allowing more interactive engagement and operation between the people working in or visiting our buildings (currently in development stage).

Techcelerator Launch


Geothermal Energy System



Globalworth App

ENGAGING WITH OUR STAKEHOLDERS

We recognise as our stakeholders those entities or individuals who are significantly affected by and dependent on our activities and those who influence with their actions and decisions Globalworth's ability to implement its strategy and achieve its objectives.

Regarding sustainable development, we engage with our stakeholders to:

- Share our vision and commitments with investors, employees, property managers and partners.
- Educate employees on best practices.
- Report internally on performance.
- Ask suppliers about practices and services.
- To address and respond to community concerns.
- Report performance to investors annually (at a minimum) starting from 2020.
- Participate in relevant industry and investor initiatives.

Groups	Type of Communication and Engagement	Frequency of Communication	Key Topics and Concerns
Employees	Meetings	Occasionally	Responsible water management
	Emails	Occasionally	Regulatory compliance and business ethics
	Social media	Daily	Green building certification
	Evaluations	Annually	
	Events	Occasionally	
Tenants	Meetings	Ad hoc / Quarterly	Sensible land use
	Emails	Ad hoc / Monthly	Green building certification
	Calls	Monthly	Responsible management of effluents and waste
	Social media	Daily	
	Events	3-6 times per year	
Partners	Meetings	Ad hoc	Safeguarding diversity, inclusiveness and protection of human rights at work
	Social media	Daily	Ensuring health & safety and wellbeing of tenants, visitors and contractors
	Events	Ad hoc / Quarterly	Regulatory compliance and business ethics
Suppliers / contractors	Meetings	Monthly / Quarterly	Regulatory compliance and business ethics
	Emails	Monthly / Quarterly	Occupational health & safety and wellbeing
	Social media	Daily	Ensuring health & safety and wellbeing of tenants, visitors and contractors
	Events	Ad hoc / Quarterly	
Investors*	Meetings	Ad hoc (multiple interactions per year)	General Q&A
	Calls		Group performance
	Emails		Strategic updates
	Roadshows		Future plans
	Participation in conferences & industry events		
	Corporate publications		
	Website, social media	Daily	
Shareholders & bondholders	Meetings	Ad hoc (multiple interactions per year)	Energy efficiency and climate change management
	Calls		Green building certification
	Emails		Regulatory compliance and business ethics
	Roadshows		
	Participations in conferences and industry events		
	Corporate publications		
	Website, social media	Daily	
	Shareholders Meetings (AGM / EGM)	Annually / Ad hoc	
Local communities	Meetings / calls / emails	Daily	Enhancing social integration and accessibility
	Online (corporate website, social media)	Daily	Engaging and investing in local communities
	Press releases, interviews pitching, Q&A	Weekly	Responsible supply chain
	Events (corporate, consumer and internal), owned and sponsorships	Ad hoc (10-12 times per year)	
	Media buying, sponsorships, newsletters	Ad hoc (multiple interactions per year)	
State and local authorities	Meetings	Ad hoc	Occupational health and safety and wellbeing
	Social media	Ad hoc	Enhancing social integration and accessibility
			Ensuring health & safety and wellbeing of tenants, visitors and contractors

* Not included in the e-survey for the materiality analysis

VIABILITY STATEMENT

In accordance with provision 31 of the 2018 UK Corporate Governance Code, the Board has considered the Company's viability over the next three years.

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

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

In 2019, the viability assessment process comprised the following key steps:

1. A review and assessment by the Risk Committee of the principal risks facing the Company. An outline of the identified principal risks, including changes in the assessed risk level from the prior year, is presented on pages 143-147.

2. identification of those principal risks that are more likely to have a potential impact on the Company's viability over the next three-year period, namely:
   - counterparty credit risk;
   - valuation of portfolio;
   - inability to lease space;
   - changes in interest rates;
   - lack of available financing; and
   - breach of loan covenants.

3. Analysis of the potential quantitative impact of the principal risks identified under step 2 above, should these occur in isolation or under certain possible combinations. It should be emphasised that, based on the assessment performed, a number of the above mentioned risks may have direct and indirect impact on the Group's property portfolio values and/ or NAV, but have been assessed as having very low probability of affecting the Group's viability over the next three years.

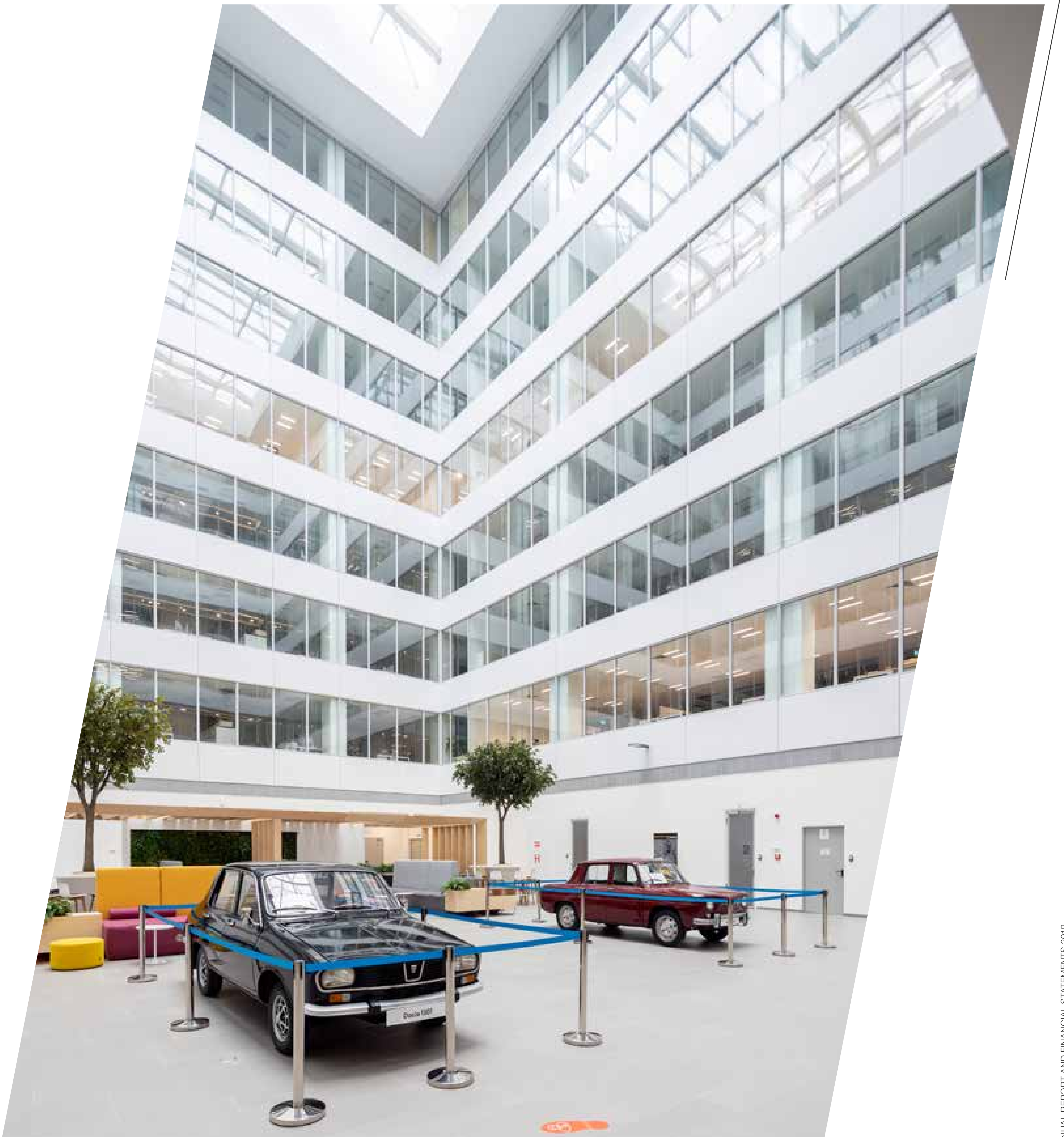
4. Assessment of the possible, available strategies to minimise the potential impact of these principal risks over the next three years. Such mitigation strategies include the possibility to raise additional equity capital, or refinance/ reschedule existing debt facilities, or to dispose of properties.

5. Following the completion of the viability assessment, this has been presented and approved by the Board.

Based on the assessment performed, the Board concluded that it has a reasonable expectation that the Company will be able to continue in operation and meet all its liabilities as they fall due up to March 2023.

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

- No changes in laws and regulations affecting the Company, including the value of its investments, operating performance and cash flows. Such laws and regulations may be imposed, for example, by governments in order to introduce very drastic and unprecedented measures in an effort to combat the Covid-19 pandemic.



COVID-19

INITIATIVES TO ENSURE HEALTH, SAFETY AND BUSINESS CONTINUITY

The safety and wellbeing of our people, partners, communities, and other stakeholders and shareholders, are and will continue to be our top priority as we focus on safeguarding our business, protecting our assets and minimising our exposure to the impact of Covid-19.

CLOSE MONITORING OF THE COVID-19 VIRUS OUTBREAK

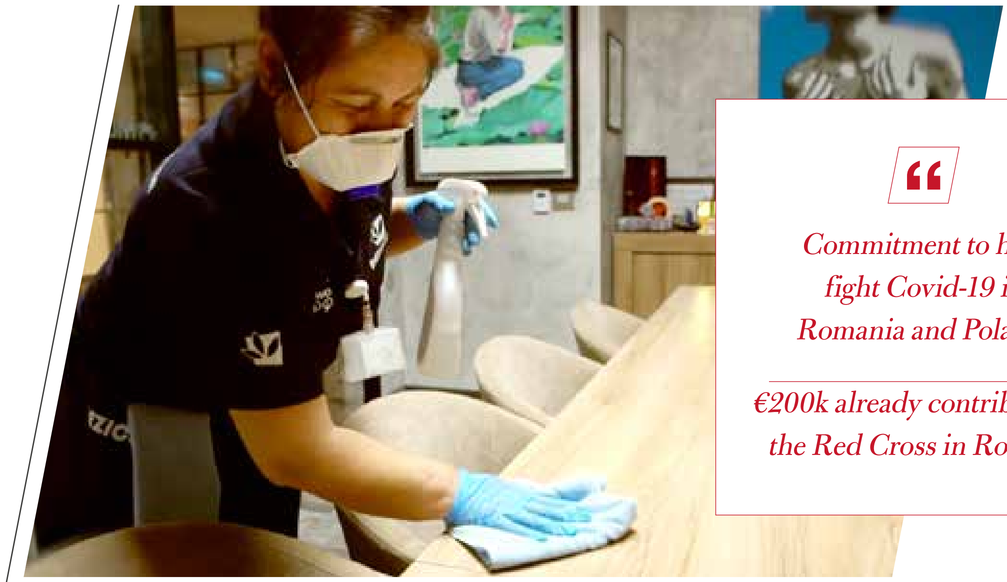
- Dedicated teams at Group and country levels set up to monitor and implement our Covid-19 related strategy
- Evolving strategy respecting measures and guidelines set out in relation to the virus at a European level, by the World Health Organisation, and at country and local levels

ACTIONS FOR OUR PEOPLE

Our number one priority is to keep our teams safe and healthy:

- Daily communication with our team members updating them on the latest Covid-19 news
- Communicating using technology (phone, videoconferencing etc.), limiting internal and third party meetings
- Provisional self-quarantine for team members who have been travelling in affected areas, as well as employees showing flu or any other associated symptoms (fever, blocked nose etc.) who are requested to stay at home and seek medical advice
- Flexible working programme implemented for our employees, including working remotely
- Additional hygiene measures implemented within our workplaces, including installation of disinfectant dispensers in multiple locations in our offices and more frequent disinfection of areas which are most commonly used

Regular cleaning



> *Commitment to help fight Covid-19 in Romania and Poland.*
>
> *€200k already contributed to the Red Cross in Romania*

PREVENTIVE MEASURES FOR OUR TENANTS AND BUILDINGS:

- Installation of hand disinfection stations in all our buildings' lobbies and other public areas (with instructions for use)
- Frequent disinfections (every 2-4 hours) with specialised products in areas of high traffic
- Continuous communication and monitoring of all suppliers regarding best practice procedures when entering and using our buildings
- Detailed communication with tenants, explaining measures taken by Globalworth and providing links to important authority/government information relating to Covid-19
- Detailed action plan in place should a case of Covid-19 case be detected in one of our buildings

ADDITIONAL COMMUNICATION AVAILABLE TO THE PUBLIC AND TENANTS

- Produced two sets of video materials, informing visitors and tenants on how to prevent contamination and demonstrating how we clean common spaces overnight (lobbies, stairs, elevators etc.)
- All events held at our buildings, including Globalworth District events, have been cancelled until we have greater clarity on Covid-19
- Adapted the editorial messaging on our social media platforms to be more informative on Covid-19
- Commitment to help fund medical supplies as well as logistical, human and material support to aid in the response to the threat of Covid-19 in Romania and Poland

MEASURES AFFECTING OUR DEVELOPMENT PROJECTS

- Additional health and safety measure are being taken at our construction sites, in close cooperation with our general contractors and other suppliers, including:
  - Covid-19 related updates and instructions for those who visit and work at our sites
  - Installation of disinfection points at entrances and other selected locations
  - Professional and periodical disinfection of site offices and worker stations
- Information panels regarding hygiene practices and emergency contacts are installed at site entrances and in various visible areas inside the construction areas
- Detailed action plan in place should a case of Covid-19 case be detected in one of our developments

Providing regular updates

PORTFOLIO

A RESPONSIBLE LANDLORD

PRIMARY ASSET FOCUS

Our real estate portfolio comprises high quality properties in prime locations, either stand-alone or in clusters, in the markets and sub-markets on which we focus. Our portfolio, which primarily comprises class "A" offices, had an overall aggregate value of €3.0 billion as at 31 December 2019.

OFFICES

Our principal focus is on Class "A", environmentally friendly offices. Our properties, which we have either acquired or developed ourselves, offer a diverse mix of high-quality space. These properties accommodate front-office and support operations (mainly Business Process Outsourcing and Shared Services Centre) in seven cities in Poland and Romania, accounting for 82.6% (including land to be developed in the future as offices) of our combined portfolio by value.

- **GAV:** €2,516.3m (€2,356.2m standing)
- **Standing GLA:** 897k sqm
- **Standing Occupancy:** 93.8% (94.2% incl. tenant options)
- **Standing Contracted Rent:** €155.4m
- **Standing 100% Potential Rent:** €166.6m
- **Future GLA:** 174.5k sqm
- **Future ERV:** €31.7m

1 Includes "land to be developed in the future" as Office.
2 Contracted 36.8k sqm with €6.3 million of rent in one development.

MIXED-USE

Our mixed-use, modern, multifunctional properties combine a high-quality retail and leisure experience with Class "A" office space. All three properties are in prime locations in Poland, are reference points in their respective cities, and account for 9.8% of our combined portfolio by value.

- **GAV:** €299.7m
- **Standing GLA:** 87.5k sqm
- **Standing Occupancy:** 92.1%
- **Standing Contracted Rent:** €17.4m
- **Standing 100% Potential Rent:** €18.8m

INDUSTRIAL

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

- **GAV:** €157.5m (€117.1m standing)
- **Standing GLA:** 189.7k sqm
- **Standing Occupancy:** 100%
- **Standing Contracted Rent:** €9.8m
- **Future GLA:** 831.2k sqm[1,2]
- **Future ERV:** €40.5m[1,2]

1 Includes "land to be developed in the future" as Industrial.
2 Contracted 4.6k sqm with €0.2 million of rent in one development.

OTHER INVESTMENTS

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

- **GAV:** €71.6m
- **Standing GLA:** 5.9k sqm (Commercial)
- **Standing Occupancy:** 99.6% (Commercial)
- **Standing Contracted Rent:** €1.9m (€0.7m commercial)
- **Standing 100% Potential Rent:** €1.9m (€0.7m commercial)

260 residential units

A RESPONSIBLE LANDLORD

GEOGRAPHIC FOCUS

The Group's real estate investments are in Poland and Romania, the two largest markets in Central and Eastern Europe ("CEE"). As at 31 December 2019, our portfolio was spread across 10 cities, with Poland accounting for 54.1% by value and Romania 45.9%.

Our properties are situated in six cities in Poland and four in Romania, the majority being in the respective capitals Warsaw and Bucharest, and altogether these account for 65.0% of our combined portfolio by value.

Bucharest, Romania's capital, is the city in which the Group started operating in 2013 and accounts for 41.0% of our combined portfolio by value, with the greatest concentration being in the new Central Business District ("CBD"). As at 31 December 2019, we had 11 standing properties and two developments in the new CBD, accounting for 30.3% of the combined portfolio by value and representing 287.8k sqm of standing commercial GLA and 260 residential units. While our absolute exposure continues to grow in Bucharest's new CBD through our development activities, the proportion of our portfolio in this sub-market has decreased from 73.4% in 2016 to 30.3% in 2019.

Our presence in Warsaw, Poland's capital city, has increased significantly over the past two years, and following the purchase of the iconic Warsaw Trade Tower in 2019, has resulted in 14 standing properties offering 210.8k sqm of standing commercial GLA, accounting for 24.1% of the portfolio by value as at 31 December 2019. Our exposure will continue to grow in Warsaw, as in Q4-2019 we announced the acquisition of Chmielna 89.

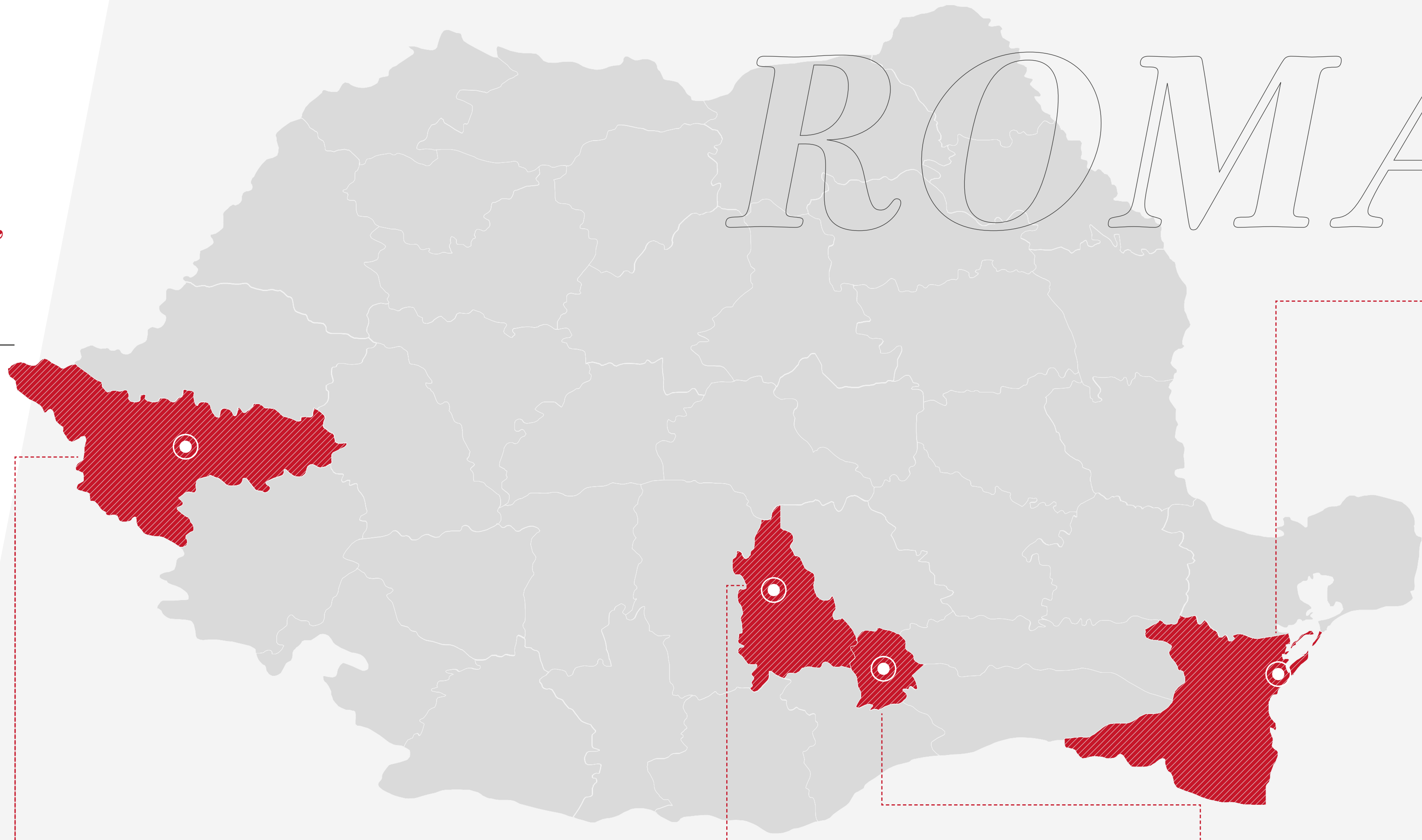
The remainder of our portfolio spans in eight major regional cities across Poland and Romania. Our largest presence is in the regional cities of Krakow (11 standing properties, 129.3k sqm GLA) and Wroclaw (4 standing properties, 97.5k sqm GLA), where the Group acquired three standing properties and two under development, accounting for 10.9% and 8.6% respectively of the combined portfolio value. In addition, we announced the future acquisition of one other property in Krakow.

Portfolio GAV

46%

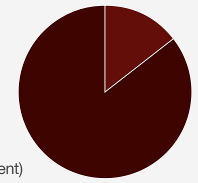
KEY

- GAV
- Standing properties
- GLA
- Standing Occupancy
- Standing Contract Rent
- Standing 100% Potential Rent
- Future GLA
- Future ERV



Constanta

- €22.6m
- 0
- 0k sqm
- 0.0%
- €0.0m
- €0.0m
- 570.9k sqm
- €29.6m

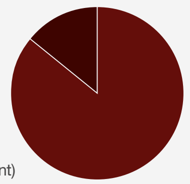


- Office –
- Mixed-Use –
- Industrial 14.6%
- Other 85.3%

(incl. land for future development)

Timisoara

- €78.5m
- 5
- 121.2k sqm
- 100.0%
- €5.5m
- N/A
- 184.2k sqm
- €7.5m

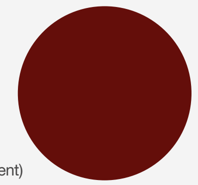


- Office –
- Mixed-Use –
- Industrial 86.1%
- Other 13.9%

(incl. land for future development)

Pitesti

- €49.5m
- 1
- 68.4k sqm
- 100.0%
- €4.3m
- N/A
- N/A
- N/A

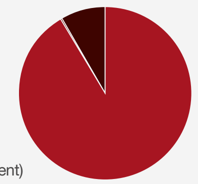


- Office –
- Mixed-Use –
- Industrial 100%
- Other

(incl. land for future development)

Burcharest

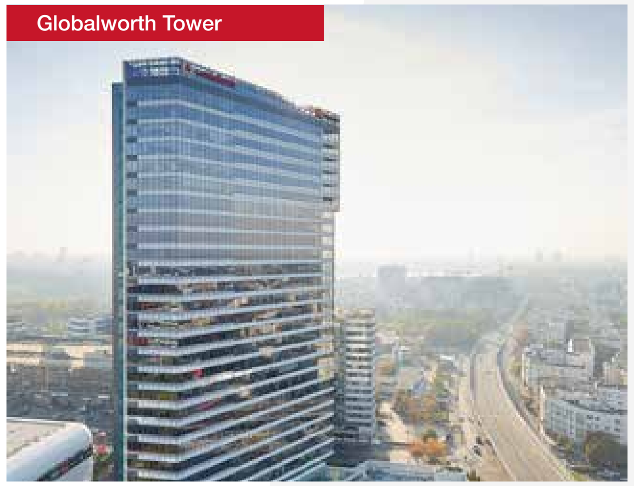
- €1,247.1m
- 17
- 437.8k sqm
- 90.9% (91.7% incl. tenant options)
- €69.7m
- €74.8m
- 214.1k sqm (25.8k sqm contracted)
- €28.6m (€3.7m contracted)

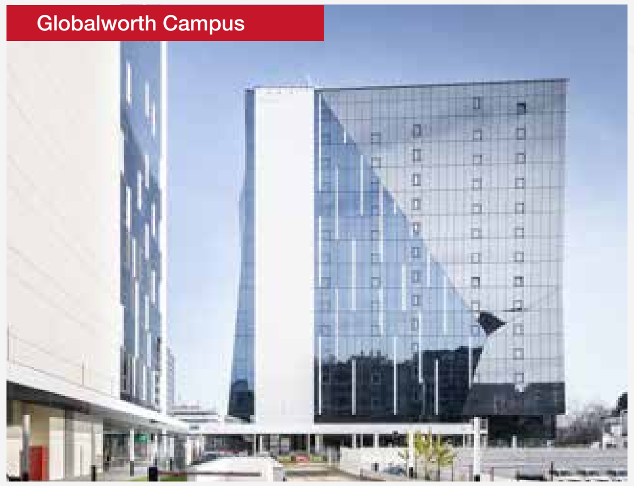


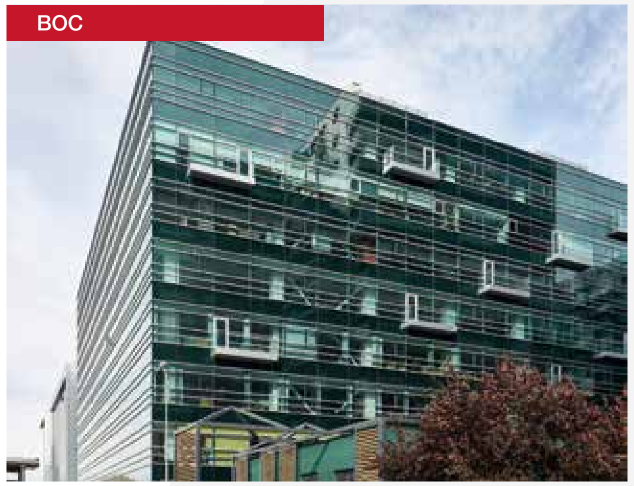
- Office 91.4%
- Mixed-Use –
- Industrial 0.2%
- Other 8.3%

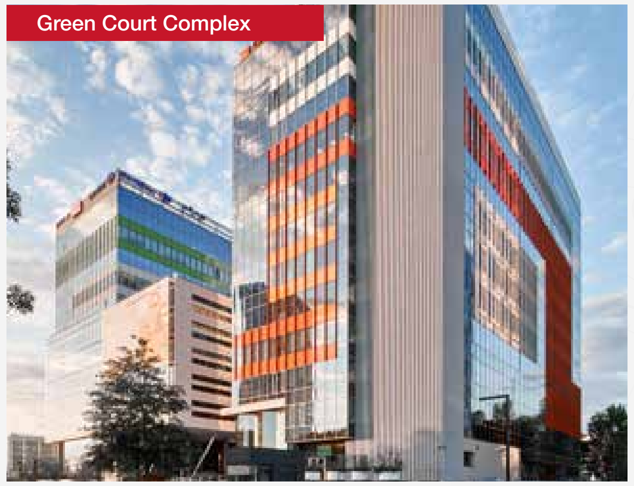
(incl. land for future development)

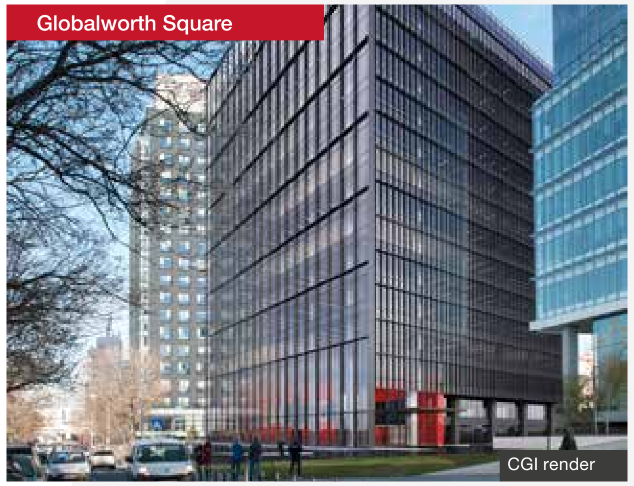
BUCHAREST

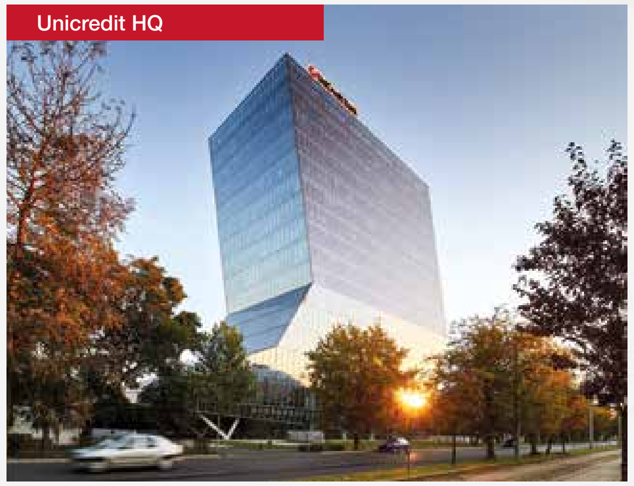

Globalworth Tower


Globalworth Campus


BOC


Green Court Complex

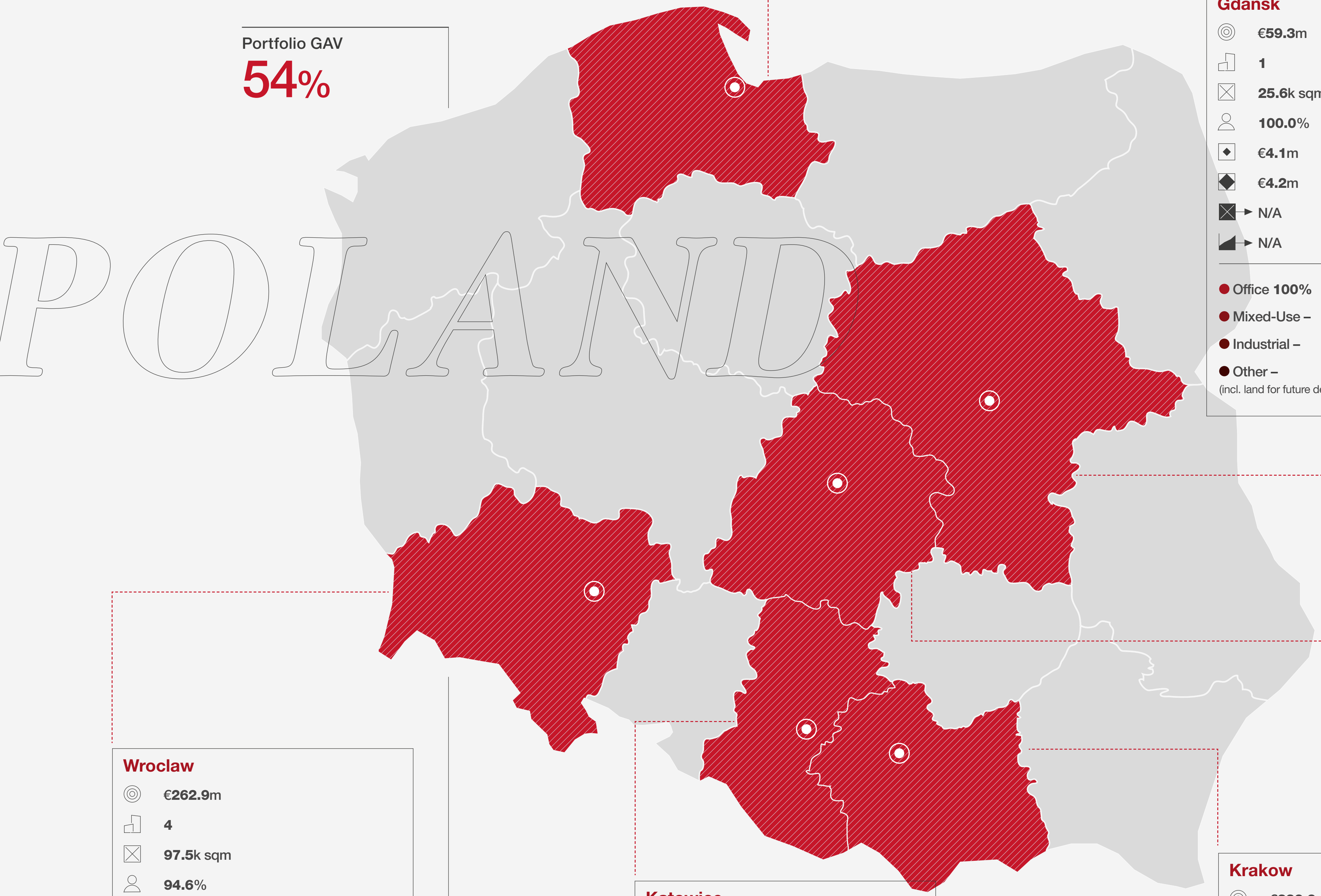

Globalworth Square
CGI render


Unicredit HQ

PORTFOLIO REVIEW
CONTINUED

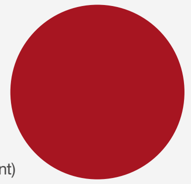
KEY
- GAV
- Standing properties
- GLA
- Standing Occupancy
- Standing Contract Rent
- Standing 100% Potential Rent
- Future GLA
- Future ERV

Portfolio GAV
54%



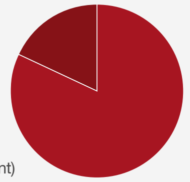
Gdansk
- €59.3m
- 1
- 25.6k sqm
- 100.0%
- €4.1m
- €4.2m
- N/A
- N/A

Office 100%
Mixed-Use –
Industrial –
Other –
(incl. land for future development)



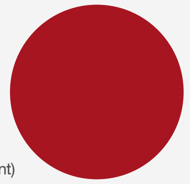
Warsaw
- €733.2m
- 14
- 210.8k sqm
- 92.4%
- €45.3m
- €49.3m
- N/A
- N/A

Office 82.2%
Mixed-Use 47.8%
Industrial –
Other –
(incl. land for future development)



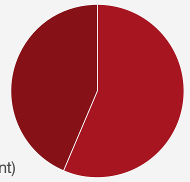
Lodz
- €74.0m
- 2
- 35.5k sqm
- 98.9%
- €5.3m
- €5.4m
- N/A
- N/A

Office 100%
Mixed-Use –
Industrial –
Other –
(incl. land for future development)



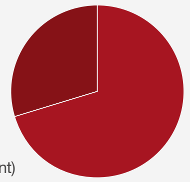
Wroclaw
- €262.9m
- 4
- 97.5k sqm
- 94.6%
- €15.9m
- €16.9m
- N/A
- N/A

Office 56.5%
Mixed-Use 43.5%
Industrial –
Other –
(incl. land for future development)



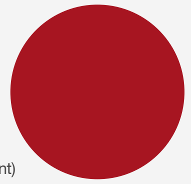
Katowice
- €185.8m
- 6
- 87.6k sqm
- 98.9%
- €13.9m
- €14.2m
- N/A
- N/A

Office 70.5%
Mixed-Use 29.5%
Industrial –
Other –
(incl. land for future development)



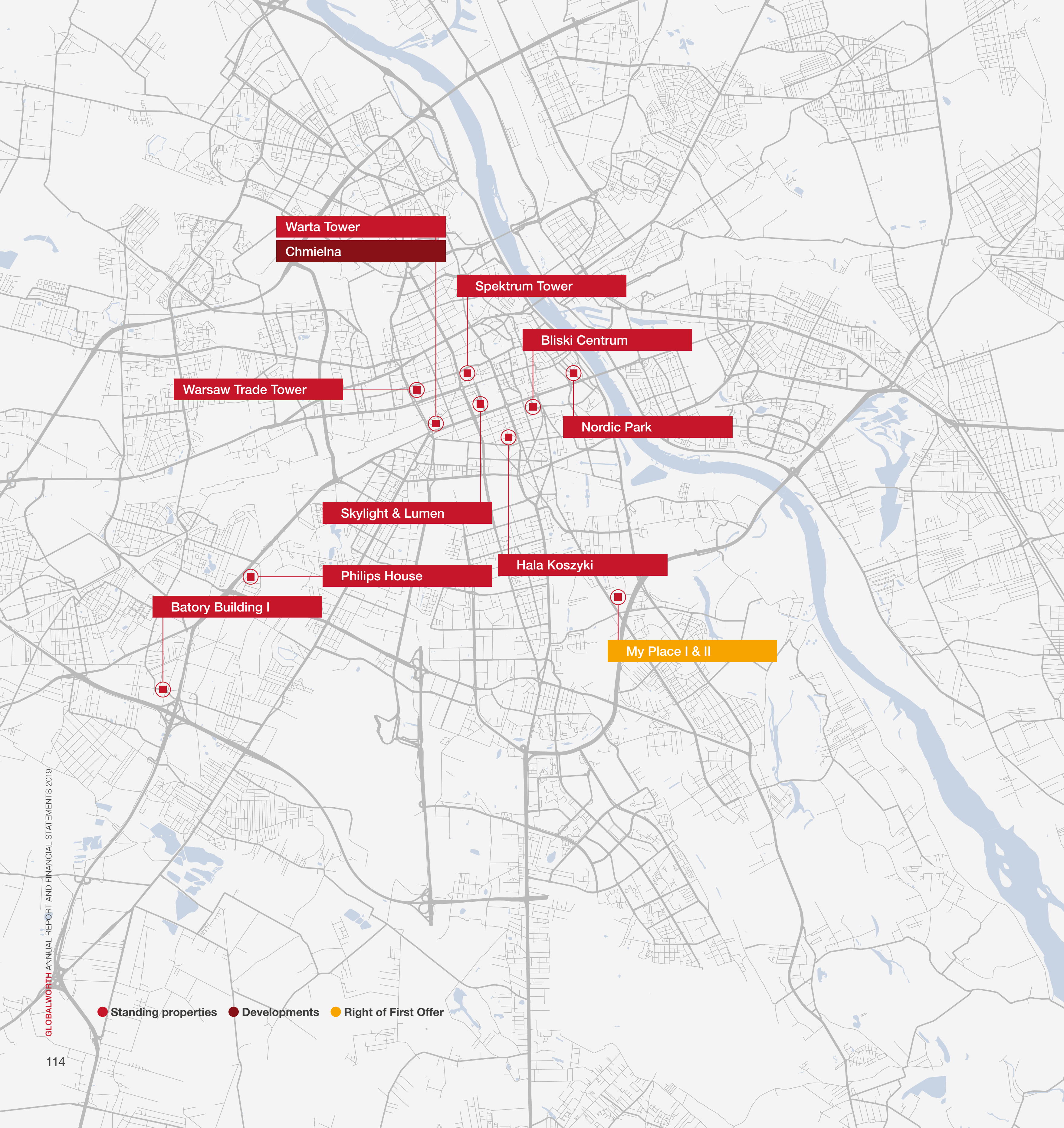
Krakow
- €332.2m
- 11
- 129.3k sqm
- 90.8%
- €20.4m
- €22.6m
- 36.5k sqm (15.5k sqm contracted)
- €6.5m (€2.8m contracted)

Office 100%
Mixed-Use –
Industrial –
Other –
(incl. land for future development)



PORTFOLIO REVIEW
CONTINUED

WARSAW



Standing properties · Developments · Right of First Offer

Hala Koszyki


Skylight & Lumen


Warsaw Trade Tower

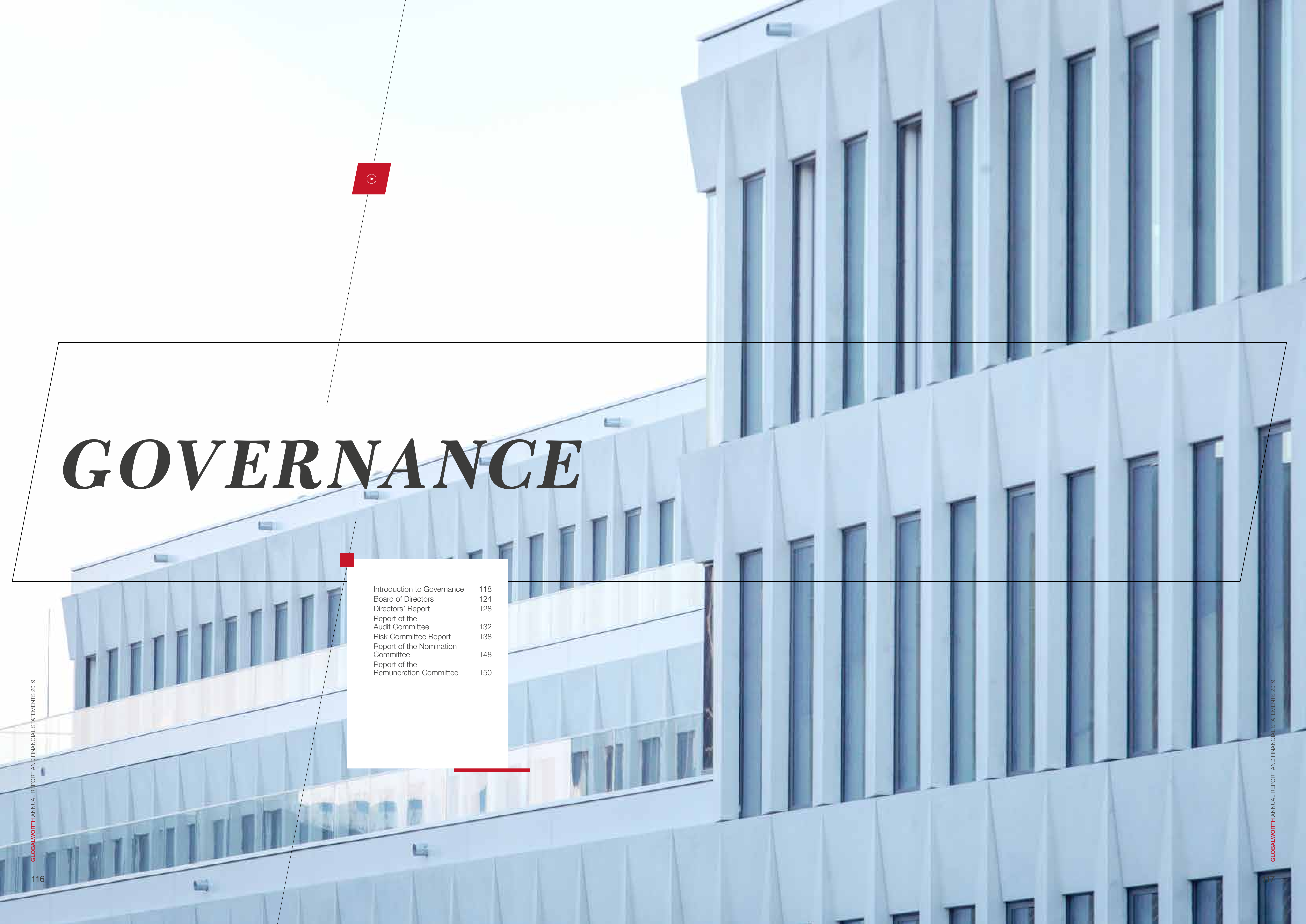

Nordic Park


Philips House


Warta Tower


Spektrum Tower


Chmielna

GOVERNANCE

GLOBALWORTH ANNUAL REPORT AND FINANCIAL STATEMENTS 2019

CORPORATE GOVERNANCE REPORT
LETTER FROM THE CHAIR

The past twelve months have been a very busy period for the Board. Through a number of acquisitions, we have developed our asset portfolio, particularly in Poland, whilst at the same time creating a better capital structure for the business going forward.

Geoff Miller
Chairman

DEAR SHAREHOLDER

Our challenge, in terms of corporate governance, has been to ensure that our governance structures and processes evolve in tandem with the growth of the business. In this task we aim to ensure that our governance and controls continue to be effective but also proportionate.

HIGHLIGHTS

- Publication of our inaugural annual Sustainable Development report encompassing an overview of our environmental, social and economic performance during 2018.
- Continued enhancement of our corporate governance framework in line with the needs of our growing business.
- Developing the infrastructure of the business whilst monitoring and managing risks within a robust and effective controls environment.
- Steadfast work on corporate social responsibility projects and activities led by the Globalworth Foundation.
- Commitment to create opportunities for all non-executive directors to engage with the workforce.

I am, therefore pleased to introduce this Corporate Governance Report, which describes our continuing journey towards high standards of corporate governance during 2019.

The Board supports the principles laid down in the UK Corporate Governance Code issued by the Financial Reporting Council in July 2018 (the "Code") which applies to all companies with a premium listing in the UK for accounting periods beginning on or after 1 January 2019. Although Globalworth is listed on AIM rather than the Main Market (premium listing), we recognise the need to ensure an effective corporate governance framework is in place to give confidence that we are committed to demonstrating high standards in this regard and we are grateful to all the Company's stakeholders for their ongoing commitment and support.

Corporate Governance Priorities

Our principal governance developments this year have been: (i) to bed down our Board committee structure, following changes made towards the end of 2018, to allow more time to be spent on key control areas; and (ii) the changes to the composition of the Board reflecting changes in the major shareholdings in the Company.

i. Committee re-structure

Our Board Committee structure was re-vamped in late 2018 to ensure that our Committees were appropriately aligned with the needs of our growing business and our commitment to high corporate governance standards. Consequently, during 2019, the Committees have been settling into their new responsibilities against the background of continuing corporate development activity that I mentioned earlier. The progress that the Committees have each made in this regard is evident from each of the Board Committee Reports.

ii. Board membership

Since the year end, Ioannis Papalekas has stepped down from the Board but remains CEO of the Company and Dimitris Raptis has been appointed co-CEO alongside Mr Papalekas, whilst retaining his role as Chief Investment Officer. Mr Raptis remains on the Board and acts as the main point of communication between the board and executive management. I would like to thank Ioannis Papalekas for his tremendous contributions to the Board as an Executive Director since the IPO in 2013.

In 2019, two members of the Board - Alexis Atteslis and Akbar Rafiq - stepped down following the disposal of shares by the organisations that they represented (Oak Hall Advisors and York Capital respectively). Both Alexis and Akbar had significant contribution to the Board.

Governance and Strategy

In a fast developing business, with the opportunities for growth presented by our principal markets in Poland and Romania, the challenge remains for the Board to ensure that the infrastructure of the business develops in a way that is appropriate to the increasing size of the Group. This will continue to be an important area of focus for the Board during the coming year. We will continue to ensure that key areas of governance risk are monitored and managed appropriately by the executive team within a robust and effective controls environment across the Group. We will also seek to ensure that our executive team is resourced and remunerated appropriately so that they, as a team, can deliver our strategy effectively.

Stakeholders and culture

We firmly believe that having the right culture within Globalworth has been integral to the success of the Company over the past few years. Elements of the culture are visible, for example in the work of the Globalworth Foundation and other corporate social responsibility projects that we are engaged in. Beyond that, we have a management team that is focused on ensuring that we have a strong work ethic whilst also trying to create a positive working environment within which work is enjoyable and motivation is positive. The Board is still working through its involvement in these processes but has decided that it is good for all of the Non-executive Directors to engage with employees (rather than having one designed Non-executive Director for workforce engagement). Consequently, we plan to create opportunities for all of our Non-executive Directors to meet with our team over the coming months.

Sustainability

At Globalworth we are striving to build an environmentally friendly portfolio and an entity of which both we and our stakeholders can be proud.

2019 marked the publication of our inaugural Sustainable Development Report. This report, which was prepared in accordance with the Global Reporting Initiative Standards - core option, and in accordance with the EPRA's Sustainability Best Practice Reporting Recommendations, encompassed an overview of Globalworth's environmental, social and economic performance for the previous year and set out our further efforts in the future.

This year has been a very busy year for the Board. Therefore, I would like to thank all members of the Board not only for their hard work during the year but also the enthusiasm and positivity with which they have discharged their responsibilities. We enter 2020 in good shape, both as a business and as a Board, and I look forward to seeing what we are able to achieve this year.

Geoff Miller
Chairman
25 March 2020

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRINCIPLES

The Company has complied 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 July 2018 which applies to financial years beginning on or after 1 January 2019. The Board believes that the Company has complied throughout the year ended 31 December 2019 with the provisions set out in the UK Code, subject to the statements made below in this section. The statements made below are all for the financial year ended 31 December 2019.

Board of Directors

Introduction

During the year ended 31 December 2019 the Board comprised the Chairman, who is a Non-Executive Director, two Executive Directors and ten other Non-Executive Directors. The articles of incorporation of the Investment Adviser (Globalworth Investment Advisers Limited, a direct wholly owned subsidiary of the Group) provide that the Board of Directors of the Investment Adviser comprises two Executive Directors (Ioannis Papalekas and Dimitris Raptis) and two Non-Executive Directors (Geoff Miller and John Whittle).

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 in directing the company. The Chief Executive is responsible for the achievement of the Group's strategic and commercial objectives, within the context of the Group's resources and the risk tolerances laid down by the Board.

The Directors are responsible for the determination and oversight of the Company's investing policy and strategy and have overall responsibility for the Company's activities, including the review of its investment activity and performance, and the activities and performance of the Management Team.

Each of the Directors is committed to their role and has sufficient time available to meet their Board responsibilities. The Board, periodically reviews its policies, processes, information, time and resources to ensure that it is able to function effectively and efficiently.

Details on the profile and experience of the Executive and Non-Executive Directors are set out on pages 124 to 127 of the annual report.

Committees of the Board

The Committees of the Board comprise the Remuneration Committee, the Audit Committee, the Risk Committee, the Investment Committee and the Nomination Committee. The composition and the terms of reference of each of the Remuneration, Audit, Risk and Nomination Committees, and their work during the year, are provided in the respective reports for each Committee on pages 132-153 of the annual report. Committee meetings may be attended by non-members by invitation from the relevant Chairman. Attendance by non-members is recorded in the relevant committee minutes.

During the year the Investment Committee consisted of Eli Alroy (Chairman of the Committee), Ioannis Papalekas, Dimitris Raptis, Norbert Sasse and George Muchanya. The terms of reference of the Investment Committee are available on the Company's website. During the year, all matters within the remit of the Investment Committee were in fact discussed and considered by the full Board and so no Investment Committee meetings were held.

Committee meetings of the Board are convened, when appropriate, to approve ad hoc matters between quarterly Board meetings, subject to authority levels, and comprise any two directors (of which one should always be independent and the majority of which must not be resident in the UK for tax purposes).

Stakeholder Engagement

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

The Company's senior management and its brokers maintain regular dialogue with institutional shareholders, feedback from which is reported to the Board. In addition, Board members – led by the Chair - 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.

Collectively, our team commits considerable energy to planning and implementing the asset management of each of our assets to ensure that our buildings remain suited to our tenants' needs both today and in the future. We believe that being a good landlord is about creating great communities for our tenants and other users. We consider investment in energy efficient properties as a business advantage, as it allows us to give back to local communities, our investors, our tenants, our partners and the people who work in or live nearby our buildings:

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

With regard to the Globalworth workforce, we encourage open and constructive discussions throughout the Group and, in 2019, we introduced an employee survey the results of which help us understand how we can best provide a supportive workplace with career opportunities that enrich experience, develop skill sets and promote wellbeing. We also have regular town hall meetings and an annual off-site teambuilding event to which all employees are invited. Due to our geographical set-up, with almost all employees across the Group being located in our office in Bucharest or our office in Warsaw, the opportunity for the Executive Directors to assess and monitor culture and behaviour on a day to day basis is imbedded. We are also planning to create opportunities for all of our Non-Executive Directors to meet with our workforce over the coming months.

Workforce Policies and Practices

The Company is committed to conducting its business in an ethical manner, with integrity and in line with all relevant laws and regulations. The Group has in place a number of policies and procedures including policies and training on anti-bribery and corruption, whistleblowing, information security and GDPR. All employees are made aware of the Group's policies and also receive training appropriate to their roles and responsibilities. During the year, and in line with the Board's commitment to high standards of integrity compliance, the Board reviewed the Group's written policies and procedures to ensure they remained proportionate and appropriate. It also approved a number of additional compliance arrangements.

Board Meetings and Directors' Attendance

The number of meetings of the Board of Directors attended by each Director, as applicable, during the year ended 31 December 2019 is set out below.

Director	Quarterly Board Meetings	Ad-hoc Board Meetings	Board Meetings (Total)
Ioannis Papalekas	4/4	3/17	7/21
Dimitris Raptis	4/4	15/17	19/21
Geoff Miller	4/4	17/17	21/21
Eli Alroy	4/4	11/17	15/21
John Whittle	4/4	14/17	18/21
Akbar Rafiq (until 13 May 2019)	1/1	4/10	5/11
Alexis Atteslis (until 11 March 2019)	-/-	4/5	4/5
Andreea Petreanu	4/4	14/17	18/21
Norbert Sasse	4/4	15/17	19/21
George Muchanya	4/4	15/17	19/21
Peter Fechter	4/4	12/17	16/21
Richard van Vliet	4/4	14/17	18/21
Bruce Buck	4/4	11/17	15/21
Total Number of Meetings	**4**	**17**	**21**

In addition to the above Board meetings, the Board also appointed a sub-committee of the Board on three occasions during the year to deal with specific matters and on each such occasion, whilst all Directors were eligible to attend, the meeting was quorate with any two or three directors, depending on the case.

Where a Director was unable to attend a Board meeting, they were separately briefed on the business of the meeting and provided any views beforehand.

Board Induction, Training and Development

On joining the Board, new members receive a comprehensive induction. Individual training needs are identified as part of the annual Board evaluation process and training takes place as required. All Directors receive regular updates on legal, regulatory and governance issues. During the year ended 31 December 2019, the Board considered papers and presentations on legal and regulatory developments including the 2018 UK Corporate Governance Code and Modern Slavery.

Directors are also entitled to seek independent advice in relation to the performance of their duties at the Company's expense, subject to having first notified the Chairman.

Nomination Committee and Board Evaluation

The Nomination Committee consists of three independent Non-Executive Directors and is chaired by Geoff Miller. The purpose of the Committee is to consider the composition, skills and succession planning of the Board. Any proposal for a new Director will be discussed and approved by the Board, however, two significant shareholders (Zakiono Enterprises Ltd ("Zakiono") and Growthpoint Properties Ltd) have the power to appoint additional Directors. In the coming year, the Nomination Committee intends to focus attention on ensuring succession plans are in place for key roles. For details please refer to the Nomination Committee section of the annual report.

The Board formally considers on an annual basis its effectiveness as a Board: its composition, diversity and how effectively members work together to achieve objectives. As part of this evaluation, it considers the combination of skills, experience and knowledge in relation to both the Board itself and also 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. This formal evaluation is conducted by the Company Secretary circulating questionnaires seeking quantitative and qualitative feedback and reporting the outcomes to the appropriate Board members.

An evaluation of the performance of the Board members who served during the entire year ended 31 December 2019 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 is of the view that the Chair has continued to demonstrate objective judgement throughout the year and that the majority of the Board comprises Non-Executive Directors who are independent of the Company and free from any relationship or circumstances which are likely to impair, or could appear to impair, the exercise of their independent judgement. With respect to Peter Fechter and Bruce Buck (who were originally appointed pursuant to the rights of Growthpoint and Zakiono, respectively, to appoint a specified number of directors according to their percentage shareholding in the Company) and Richard van Vliet (who was originally appointed pursuant to Growthpoint's right to nominate a Guernsey based director the Board believes that they can each be considered to be independent for the following reasons: neither of them has any cross-directorships or significant links with any other directors through involvement in other companies or bodies (other than Mr van Vliet as a non-executive of a Growthpoint investment company but he has no other professional or personal connections with any of GRT's directors, officers or employees); there is continuing empirical evidence to demonstrate their independence in conduct, character and judgement.

Tenure and Re-election of Directors

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

At the next AGM, Dimitris Raptis is not required to submit himself for re-election, unless required to do so by a two-thirds vote of the shareholders of the Company.

Diversity

We believe in respecting individuals and their rights in the workplace. Further details are provided on page 87 of the annual report.

CORPORATE GOVERNANCE STRUCTURE:

The Board

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

* Investment Committee member during his tenure as an Executive Director

THE BOARD OF DIRECTORS

Committee membership

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

Ioannis Papalekas

Founder & Chief Executive Officer

Appointed to the Board

14 February 2013 - 16 March 2020

Skills and Experience

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

Dimitris Raptis

Co-Chief Executive Officer & Chief Investment Officer

Appointed to the Board

14 February 2013

Skills and Experience

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

Geoff Miller

Independent Non-Executive Director & Chair of the Board

Appointed to the Board

6 June 2013

Skills and Experience

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

Eli Alroy

Independent Non-Executive Director

Appointed to the Board

6 June 2013

Skills and Experience

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

John Whittle

Independent Non-Executive Director

Appointed to the Board

6 June 2013

Skills and Experience

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

1. Large independent fund administrator
2. Now Vodafone Retail

Andreea Petreanu

Independent Non-Executive Director

Appointed to the Board

29 September 2014

Skills and Experience

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

Norbert Sasse

Non-Executive Director

Appointed to the Board

27 February 2017

Skills and Experience

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

1. South African Real Estate Association.

Committee membership

Ioannis Papalekas	I
Dimitris Raptis	I
Geoff Miller	N, Ri
Eli Alroy	I, Re, N
John Whittle	A, Ri
Andreea Petreanu	A, Ri
Norbert Sasse	I

Investment Committee member during his tenure as an Executive Director

THE BOARD OF DIRECTORS
CONTINUED

Committee membership

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

Peter Fechter
Independent
Non-Executive Director

Appointed to the Board
27 February 2017

Skills and Experience
Mr Fechter has 50 years of experience in real estate and business. Peter's track record includes becoming the CEO of a large private South African construction company in 1978. In 1980 he formed his own real estate business, which after 20 years he exited through the sale to an IPO company, which subsequently merged with Growthpoint Properties in 2003.

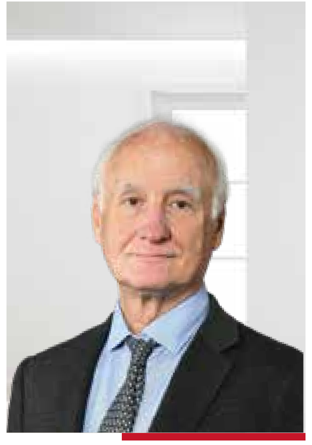
Committee membership: N Ri

George Muchanya
Non-Executive Director

Appointed to the Board
27 February 2017

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

Committee membership: I



Bruce Buck
Independent
Non-Executive Director

Appointed to the Board
13 December 2017

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

Committee membership: Re

Richard van Vliet
Independent
Non-Executive Director

Appointed to the Board
27 February 2017

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

Committee membership: A Ri

The Directors present their Annual Report and the audited consolidated financial statements of the Group for the year ended 31 December 2019.

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

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

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

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

The complete investing policy of the Company can be found on its website under Investor Relations/AIM Rule 26 disclosures and on page 222 of the Annual Report.

Results and Dividends
The results for the year are set out in the consolidated statement of comprehensive income on page 156 of the Annual Report.

The Company has already distributed in August 2019 and in February 2020 interim dividends of €0.30 per share for each, or €0.60 per share in total, in respect of the year ended 31 December 2019, to holders of shares at the respective record dates for each such interim dividend.

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

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

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

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

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

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

Subject to any applicable law, the Investment Adviser complies with all reasonable instructions issued by the Investment Committee or the Board, if above certain thresholds (so long as these are not outside the Investing Policy as set out on the Company's website under Investor Relation/AIM Rule 26 disclosures 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 2019 and 25 March 2020 the following shareholders had substantial interests (more than 3%) in the issued share capital of the Company:

	at 25 March 2020		at 31 December 2019	
	Number of shares	% of issued share capital of the company	Number of shares	% of issued share capital of the company
Growthpoint Properties Ltd	65,238,742	29.4%	65,238,742	29.4%
CPI Property Group	65,250,000	29.4%	–	–
Aroundtown	48,629,464	21.9%	48,629,464	21.9%
Ioannis Papalekas	–	–	29,204,839	13.2%
Altshuler Group	–	–	13,801,845	6.2%
European Bank for Reconstruction and Development	11,064,966	5.0%	11,064,966	5.0%

Directors' Interests
The beneficial and non-beneficial interests of the Directors in the share capital of the Company as at 31 December 2019 and 2018 are as set out below:

	Number of shares held		Number of warrants held	
	2019	2018	**2019**	2018
Ioannis Papalekas	**29,204,839**	24,237,362	**2,830,020**	2,830,020
Dimitris Raptis	**1,291,710**	559,640	**–**	–
Geoff Miller	**10,000**	21,000	**11,000**	11,000
Eli Alroy	**1,100,000**	698,814	**–**	–
John Whittle	**11,900**	11,900	**9,000**	9,000
Akbar Rafiq (resigned on 13 May 2019)	**–**	–	**–**	–
Alexis Atteslis (resigned on 11 March 2019)	**–**	–	**–**	–
Andreea Petreanu	**–**	–	**–**	–
Norbert Sasse	**114,286**	114,286	**–**	–
Peter Fechter*	**60,000**	60,000	**–**	–
George Muchanya	**–**	–	**–**	–
Richard van Vliet	**–**	–	**–**	–
Bruce Buck	**–**	–	**–**	–

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

Warrants
As at 31 December 2019, a number of warrants were held by Ioannis Papalekas ('the Founder'), Geoff Miller 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.

Non-Executive Directors' Warrants
On 24 July 2013 the Company entered into a warrant agreement with inter alia Geoff Miller and John Whittle under which the Company agreed to issue to such persons at, and subject to, admission, warrants over 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. In each case, the subscription price will be €5.00. These warrants have vested but have not yet been exercised.

Founder's Warrants
On 24 July 2013 the Company entered into a warrant agreement with the Founder and Zorviani Limited (a Founder company). On 22 December 2017, the Company was notified that Zorviani Limited had transferred all of the outstanding Founder warrants held by it to Zakiono Enterprises Limited (another Founder company).

As at 31 December 2019 2,830,020 of the Founder warrants remained unvested in two tranches.

Subsequent to the year end, on 3 February 2020, Mr Papalekas sold Zakiono Enterprises Limited to CPI Property Group and as such the 2,830,020 Founder warrants referred to above have now been transferred to CPI Property Group.

The Founder warrants, subject to vesting, are exercisable in whole or in part during the period which commenced on admission and ends on the date falling 10 years from the date of admission. The warrants are exercisable subject to the market price per ordinary share being at least €10.00 and €12.50 (respectively) for each of the two remaining tranches as a weighted average over a period of 60 consecutive days. In each case, the subscription price will be €5.00.

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 2019 the Board has exercised its power to buy back shares in the market.

At the 2019 AGM, the Directors were given power by the shareholders to make market purchases of ordinary shares representing up to 14.99% of its issued capital at that time, being 28,552,578 ordinary shares. This authority will also expire at the 2020 AGM and it is proposed that the renewal of the authority will be sought.

During the year ended 31 December 2019, the Company repurchased 800,000 ordinary shares for an aggregate consideration of €7.28m. This represents 0.0039% of the issued share capital (excluding shares held in Treasury) at that date. 299,223 of these shares were subsequently used to meet obligations arising under share award plans in place for the Group, to settle the shares element of the Plan termination, and in the implementation of the long-term incentive plan which forms part of the new Group-wide remuneration policy. As such, there are currently 500,777 ordinary shares in treasury as at 31 December 2019 and as at the date of this Report.

Further details relating to share capital, including movements during the year, are set out in note 22 of the financial statements on page 190.

Annual General Meeting

The AGM of the Company will be held on 29 June 2020 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.

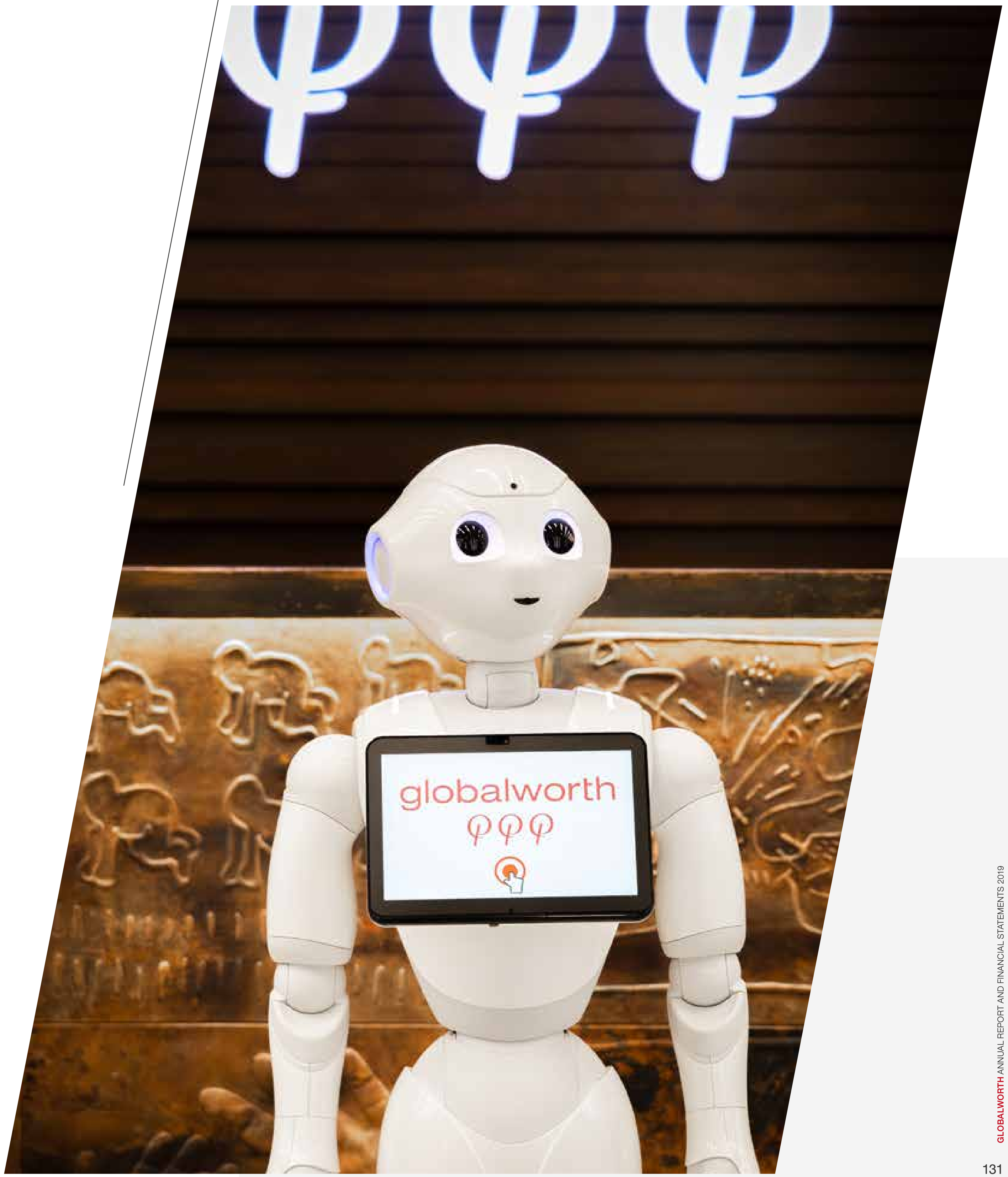
The Directors are responsible for ensuring that the Company maintains proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Company and to enable them to ensure that the consolidated financial statements comply with the Companies (Guernsey) Law 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 25 March 2020.

Geoff Miller
Director



COMMITTEE REPORT

LETTER FROM THE CHAIR OF THE COMMITTEE

Priorities on which we focused our attention in 2019 were: ensuring the integrity of the financial reporting of the Group and ensuring that the Group's internal controls are fit for purpose.

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

DEAR SHAREHOLDER

On behalf of the Audit Committee, I am delighted to introduce the Audit Committee Report for 2019. Following the creation of the Risk Committee at the end of 2018 to give more focus to risk and controls through a separate committee, we have been able to focus our attention, as the Audit Committee, on the Company's financial reporting and the work of the external auditor in reviewing our accounts.

MEMBERSHIP AND ATTENDANCE

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

HIGHLIGHTS

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

The Committee met six times during the year reflecting the extent of its workload as Globalworth continues to expand organically and through acquisition. This development activity has not necessarily changed the principal areas of focus for the Committee when reviewing the financial statements.
Our priorities therefore remain to (i) ensure that the Company accounts for its revenues correctly; and (ii) ensure that our properties are valued correctly in the financial statements. With the Company's estate continually expanding, we need to be vigilant in these areas. As new businesses have been acquired, we have checked that they are being brought into the Group's approach to financial accounting appropriately.

We have also monitored the quality of the Company's narrative reporting and have challenged management to continue to improve this aspect of our reporting year-on-year.

During the year, we reviewed the procedures adopted by our external auditor to ensure that they remain appropriate for the Group as it expands. We hold meetings with the external auditor, both with and without management present, and have concluded that the work that the external auditor does is an appropriate source of assurance on the integrity of our financial reporting.

During the year, we monitored closely the non-audit services provided by the external auditor to ensure that their independence is not compromised through the provision of those services.

We are also conscious that the controls environment also needs to develop as the business expands and we have monitored the development of the organisational infrastructure during the year and changes in the controls environment arising from that.

I would like to thank my fellow Committee members for their support and contribution to the work of the Committee which is always greatly appreciated.

Structure and Composition

During the year ended 31 December 2019 the Audit Committee comprised three independent Non-Executive Directors: John Whittle (Chairman of the Audit Committee), Andreea Petreanu and Richard van Vliet. George Muchanya continued to act as an observer of the 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 however, the Audit Committee is also in compliance with the UK Corporate Governance Code which recommends that an audit committee should comprise at least three independent non-executive directors.

All members of the Committee are independent Non-Executive Directors with recent, relevant financial experience, following the requirement of the UK Corporate Governance Code that at least one member of the Audit Committee should have recent and relevant financial experience. The profiles of the Chairman and other Members of the Committee, including their relevant experience, are presented in the Board of Directors sub-section of the Annual Report (pages 124 to 127).

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

Principal Duties of the Committee

The role of the Committee includes the following:

Financial Reporting:

- monitoring the integrity of the consolidated financial statements and any formal announcements regarding financial performance;
- reviewing and reporting to the Board on the significant issues and judgements made in the preparation of the Group's published financial statements, preliminary announcements and other financial information having regard to matters communicated by the independent auditors; and
- assessing whether the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

Controls and Safeguards:

- 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 2019 and up to the date of this report the Committee has been active in the following areas, presented below under the three key areas of focus of financial reporting, controls and safeguards, and external audit:

Financial Reporting:

- reviewed the Annual Report and consolidated financial statements for the years ended 31 December 2018 and 31 December 2019 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 2019 prior to its approval by the Board.

REPORT OF THE AUDIT COMMITTEE
CONTINUED

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

Significant financial reporting matters considered	Audit Committee response
Investment Property Valuations Valuations for investment property, property under construction and land bank are prepared by external valuers. The valuation of the investment property is inherently subjective, requiring significant estimates and assumptions by the valuer. Errors in the valuation could have a material impact on the Group's net assets value. Further information about the portfolio and inputs to the valuations are set out in notes 3 and 4 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 liaises with valuers on a regular basis and meet them on a semi-annual basis prior to the finalisation of the portfolio valuation. The external auditor has access to the external valuers and comments on the key assumptions used in the valuations performed and movements on property values. The Committee receives a detailed written report from Ernst & Young ('EY') presented to the Committee upon finalisation of the audit fieldwork.
Accounting for Acquisitions and Disposals The Committee notes that there is judgement involved in identifying and valuing the consideration given and the fair value of the assets acquired in a business combination, or in the acquisition of assets. The Committee also notes that there is judgement involved in the accounting for disposals, particularly around the valuation of the consideration receivable.	During the year ended 31 December 2019 the Group has made significant acquisitions of completed office buildings as well as buildings under development in Poland. The Committee has discussed with management and the auditors the accounting treatment followed in accordance with IFRS requirements, including the classification of these acquisitions as "asset acquisitions". There were no disposals of core properties during the year ended 31 December 2019.
Revenue Recognition The Committee understands the importance of recognising accurately the revenue generated as a result of the rental contracts the Group has entered with tenants of its properties. This includes the correct accounting under IFRS of lease incentives and any other special clauses contained in lease agreements, as well as the correct application of new IFRSs related to accounting for lease agreements.	The Committee is updated by the auditor annually on the results of the specific audit procedures performed in this area. During the year ended 31 December 2019 the Committee discussed with management and the auditors the assessments made in relation to the application of IFRS 16 "leases" starting from 1 January 2019.
Going Concern Principle The Committee considers the appropriateness of preparing the Group's financial statements on a going concern basis, being one of the fundamental principles under which the financial statements are prepared.	The Committee has considered management's assessment and conclusion of continuing to use the going concern assumption as a basis of preparation of the Company's financial statements, as supported by detailed cash flow projections for the period up to 30 June 2021 and supporting documentation. Following their review of the Management's assessment, the Committee concurred with Management's conclusion to continue using the going concern assumption as a basis of preparation of the Company's financial statements.
Underlying cash flow projections and sensitivity analysis supporting the viability statement The Committee considers whether the assessment undertaken by management regarding the Group's long term viability appropriately reflects the prospects of the Group and covers an appropriate period of time.	The Committee has considered management's viability analysis, including the underlying cash flow projections for the three-year period to 31 March 2023, 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 100.
Fair, Balanced and Understandable Principle The Committee considers whether the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, financial position, business model and strategy.	The Committee in reviewing the Company's Annual Report and consolidated financial statements for the year ended 31 December 2019 has placed particular attention in ensuring adherence to this principle. Following its review, the Committee has advised the Board that, in its opinion, the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary to assess the Company's performance, operating model and strategy.

Controls and Safeguards:

- Reviewed the risk matrix used to identify and monitor the significant risks encountered by the Group, as well as the analysis underlying the viability report;
- Considered whether there is a need for an internal audit function:
  - the Committee has not identified to date an imminent need for an internal audit function, however, it continues to evaluate this requirement on a regular basis, considering also the significant increase in the size of the Group as a result of the expansion into the Polish real estate market starting from December 2017 and further growth through significant additional investments made during the years 2018 and 2019, both in Poland and Romania.

External Audit:

Held regular meetings and discussions with the external auditor:

- the Chairman of the Committee and other Committee members held discussions with the auditor at the planning phase and at the end of the audit at the reporting stage, before the approval of the Company's consolidated financial statements and Annual Report for the year ended 31 December 2019.
- At the planning stage of the audit for the year ended

31 December 2019, John Whittle met the auditor in October 2019. During this meeting the draft audit plan was presented, reviewed and discussed, as well as a discussion held regarding the risks on which the audit would be focusing.

The auditor explained that the risks the audit would focus on were the following:

- valuation of investment property whether in use or under development;
- revenue recognition: accounting for lease incentives, including impact on valuation adjustments;
- accounting treatment of major acquisitions; and
- risk of misstatement due to fraud and error (associated to the significant risks).

Moreover, the Chairman of the Committee met in February 2020 with the external auditor and discussed the findings from their audit of the consolidated financial statements for the year ended 31 December 2019, prior to publication of the results for the year ended 31 December 2019.

At the end of March 2020 the Committee also held a call with the external auditor to discuss in detail the audit findings and the draft auditor's report, following the conclusion of their audit fieldwork for the year ended 31 December 2019, prior to submission of the draft Annual Report to the Board for formal approval.

Assessed the independence and objectivity of the external auditor:

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

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

In addition, the external auditor is required to rotate the audit partner responsible for the Group's audit every five years. This is the third year that the current lead audit partner is responsible for the Group's audit.

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

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

Audit Fees and Non-Audit Services

The table below summarises the remuneration of Ernst & Young Cyprus Limited and other entities of EY during the years ended 31 December 2019 and 31 December 2018:

	Audit fees €'000		Non-audit fees €'000	
	2019	2018	**2019**	2018
Audit of financial statements	**995**	1,058	**–**	
Other assurance services	**–**	–	**116**	358
Other non-audit services	**–**	–	**106**	485
	995	1,058	**222**	843

The Committee has reviewed the level of non-audit fees of the external auditor for the year ended 31 December 2019 and has considered that they are in line with the Group's level of development and fund raising activities, and concluded that they relate to permissible non-audit services under the auditor's independence and other related professional standards.

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

For the year ended 31 December 2019 the Committee reviewed the effectiveness of the external auditors. This was facilitated through: the completion of a questionnaire by the relevant stakeholders (including members of the Committee and key financial management of the Group); interviews with finance staff; and a review of the audit plan and process for the year. In addition, as outlined above, the Chairman of the Audit Committee discussed with the external in February 2020 their preliminary findings on the audit of the consolidated financial statements for the year ended 31 December 2019. Furthermore, the Committee discussed with the external auditor at the end of March 2020 their final findings on the audit of the Annual Report and consolidated financial statements for the year ended 31 December 2019 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 Poland and EY Cyprus carry out these audits in Romania, 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 2020.

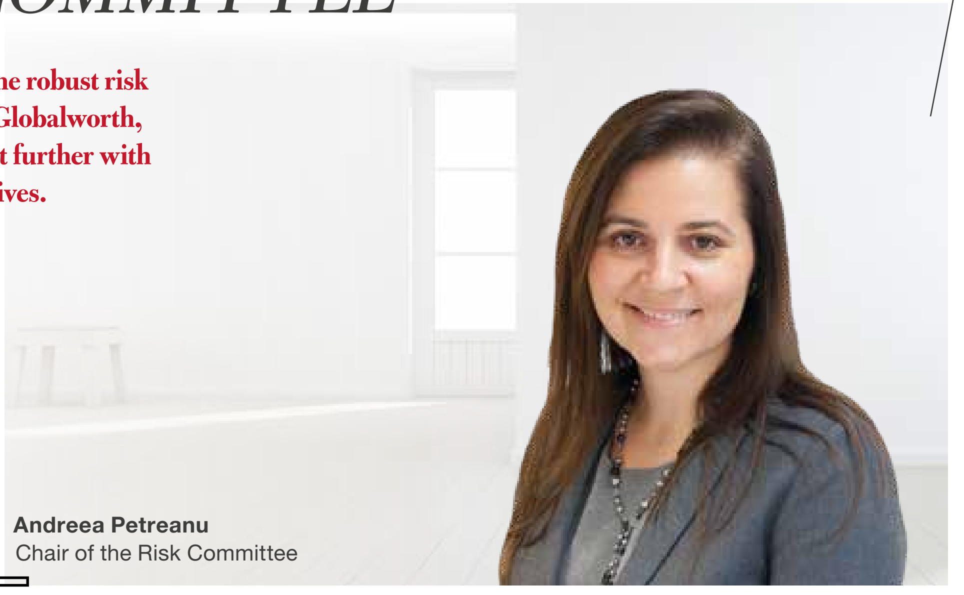
For any questions on the activities of the Committee not addressed in this report, a member of the Audit Committee remains available to attend each annual General Meeting to respond to such questions.

John Whittle
Chair of the Audit Committee
25 March 2020

COMMITTEE REPORT

LETTER FROM THE CHAIR OF THE COMMITTEE

This year we have built on the robust risk management framework of Globalworth, strengthening and aligning it further with business strategy and objectives.



Andreea Petreanu
Chair of the Risk Committee

DEAR SHAREHOLDER

The Risk Committee has now been operating as a separate committee of the Board for over a year and I believe that we have now settled into a good rhythm of activity within our new role which will increasingly help us to do our work more efficiently and comprehensively. Our principal objective remains to oversee the governance of risk and internal controls and compliance.

During 2019, we met five times with two primary tasks: (i) to refine the comprehensive risk framework; and (ii) to identify the key risks and mitigation within the risk matrix. In this latter task, we have monitored emerging risks to ensure that our Risk Matrix remains relevant as our company and our markets evolve. We have also discussed the risks presented by relevant regulatory developments with the executive management team.

Our priority for 2020 is to continue to keep the Group's approach to risk aligned with its growth and development as the business strategy is implemented. The scale of our business growth over recent years has been transformational bringing with it new organisational challenges. With our geographical and business interests constantly evolving we need to ensure that risk management framework is appropriate and fit for purpose.

This has been a very successful year for Globalworth, both financially and operationally. We believe that risks are managed well within clear risk appetite parameters that have been approved by the Board.

MEMBERSHIP AND ATTENDANCE

Director	Position	Attendance
Andreea Petreanu	Chairman	5/5
John Whittle	Member	5/5
Richard van Vliet	Member	4/5
Geoff Miller	Member	3/5

HIGHLIGHTS

- This was the first full year of operation of the Risk Committee.
- The immediate priorities were to:
  - articulate a comprehensive risk management framework;
  - achieve closer alignment between the Group's strategy and its associated risks; and
  - strengthen management objectives with KPIs monitored by the Business Units responsible for each identified risk.

I would like to thank my colleagues on the Risk Committee and the Executives who provide the inputs for our discussions for their dedication and effort during the year. Their support has been greatly appreciated.

I look forward to reporting further on our progress in next year's annual report.

Globalworth's Risk Management Framework

The Board represented by the Risk Committee is responsible for establishing and maintaining the Group's system of internal control and for maintaining and reviewing its effectiveness. However, on a day to day basis risk is managed by each Business Unit within the Group's risk management framework.

Risk management is embedded within our strategy and culture and plays a significant role in the achievement of our business objectives. However, we believe that we have a conservative risk approach as we only accept risks associated with the nature of our business activities.

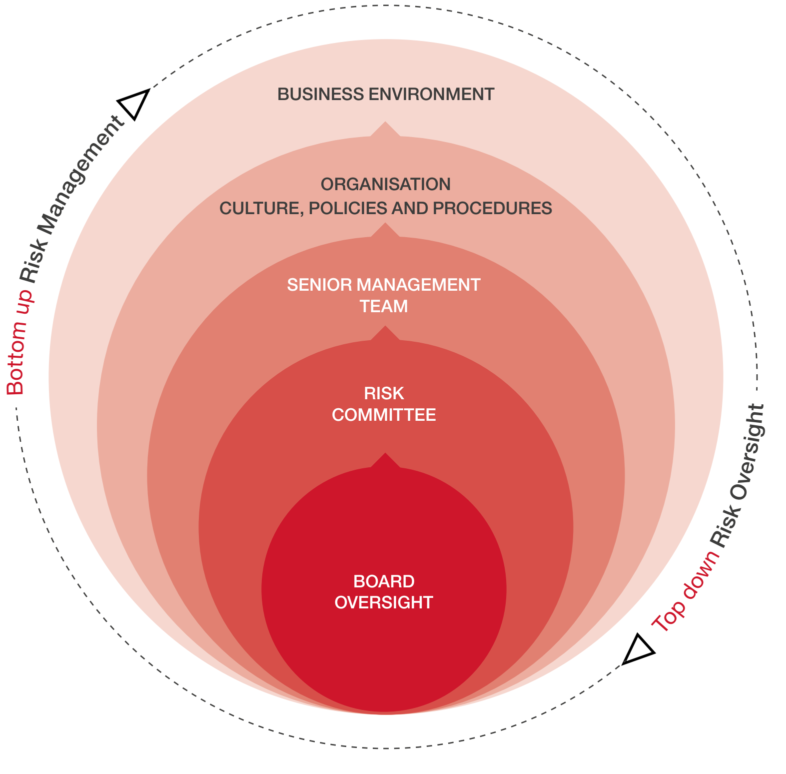
Moreover, the continuous strengthening of risk management is a key element in creating a sustainable business and delivering attractive risk-adjusted returns to our shareholders and value to other stakeholders as part of profitable and sustainable growth.

Our risk management framework and related processes focus on the identification, evaluation, formulation of response, monitoring and reporting on identified principal and other financial and non-financial risks, as well as the identification of emerging risks, as explained in further detail in the following page.

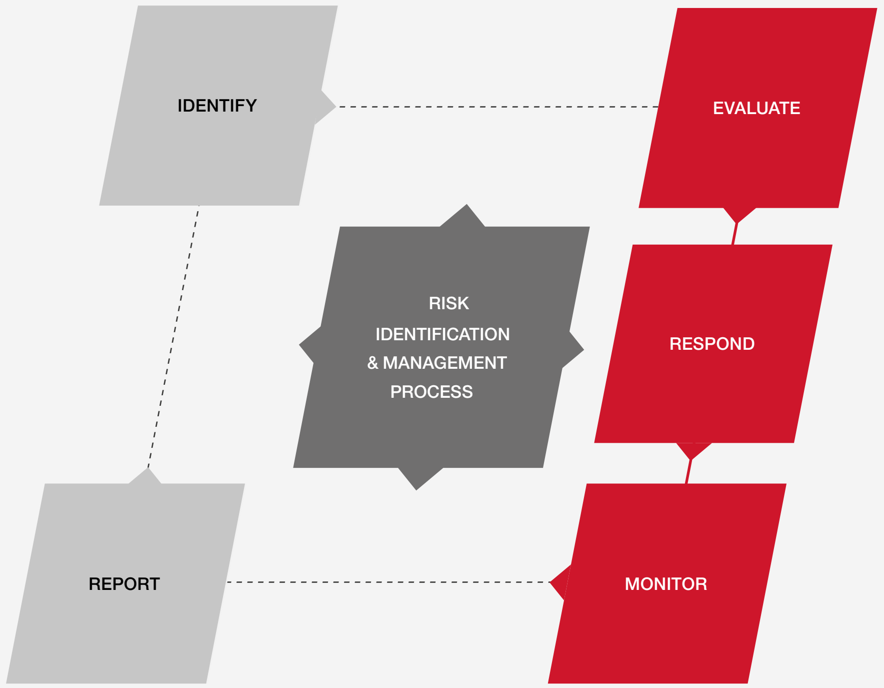
Our risk management strategy does not focus on eliminating risk entirely, but instead at striking an appropriate balance between managing our risks and maximising return from our business opportunities, ensuring a viable, profitable and sustainable business under normal and stressed market conditions.

Our risk management approach includes a bottom up risk management process as well as a top down risk oversight process, as outlined in the diagram below.

RISK OVERSIGHT



RISK OVERSIGHT



Identify

The Board and the Risk Committee have encouraged the Risk Ownership concept by Business Units. Therefore, as part of the bottom up risk management process individual Business Units within our Group are responsible for identifying the risks related to their activities. Identified risks are elevated to the Risk Committee for overview, comments and feedback.

The risk identification process is complemented by the top down approach, where the Board and the Risk Committee, through the setting and approval of business strategy, identify potential additions to risks identified by Business Units, or emerging risks which are being cascaded down to Business Units for further assessment.

As part of the process of identification of risks, emerging risks are considered annually and risks that are identified but not assessed as principal risks are still evaluated and monitored. An example of such emerging risks in recent years is associated with the changes in tenants' requirements for flexible, sustainable / green efficient and technologically advanced buildings. Details on actions taken continuously by our Group in these areas are provided on pages 94 and 95 of the Annual Report and in the separate Sustainable Development Report for year 2018 which is available on our website.

It must also be emphasised that, subsequent to the year end, in light of the Covid-19 pandemic, we have made a careful assessment of the potential threats and impact that this pandemic may have on our business and it operations, as well as on the short-medium term future results and cash flows. Following our analysis, whilst the risks posed by the Covid-19 pandemic could be viewed as infiltrating all of our risks, we have specifically increased the level of risk on three of the already identified principal risks, namely: market conditions and the economic environment in which we operate; our counterparty credit risk; and availability of financing.

Evaluate

Once risks have been identified, they are assessed by the responsible Business Units 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 in);
- 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.

Risk management by the Business Units is embedded in the culture of our Group and how policies and procedures are put in place.

Monitor

The initial risk management strategy may not address all issues as expected.

The Executive Management and the Risk Committee encourage the escalation by Business Units of risk related matters that may arise from time to time. This is complemented by the oversight of the Risk Committee, which discusses the risk framework on a quarterly basis and makes its recommendations to the Board, as considered necessary.

Following quarterly reporting by the Risk Committee, the Board reassesses, at each quarterly meeting, whether the previously selected controls are still applicable and effective, and the possible risk level changes in the business environment.

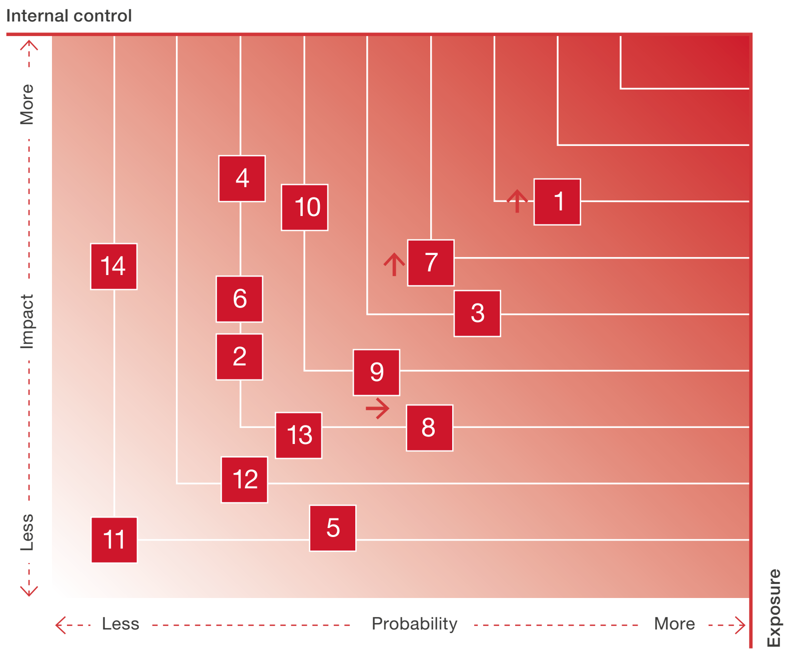
Since its formation as a separate committee, the Risk Committee has taken under its responsibility the review, on an annual basis, of the effectiveness of the Company's internal controls and risk management systems. The Risk Committee has therefore performed an assessment of the internal controls of the Group, which has been in place for the financial year ended 31 December 2019 and up to the date of approval of the annual report and accounts, and in particular the controls over the most significant financial reporting risks.

This review was facilitated through the submission by the Company's Chief Financial Officer of the updated report on controls over identified significant financial reporting risks, as prepared by Management. Following its review, the Risk Committee concluded that the related internal control environment is adequate considering the current size and activities of the Company.

Report

The Group presents the principal risks profile on pages 142 to 147 of the Annual Report.

INDEXATION OF PRINCIPAL RISKS



The diagram on the left 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 frequency 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.

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

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

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

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

Strategic objectives:

1. Strengthen our position as the leading investor and landlord in our core markets
2. Enhance value of existing investments
3. Maintain an efficient and flexible capital structure
4. De-risk portfolio
5. Investment in sustainable environment & communities

Strategic Objective	Impact	Mitigation		Change from prior year
Business Environment Risks				
1 Market conditions and the economic environment, particularly in Romania and Poland				
	Negative trends in economic activity, and specifically the real estate markets in Poland and Romania may affect the occupier demand, rental rates and investment valuation in respect of the Group's properties.	The Group is focused on leasing to multinational groups with either moderate exposure to developments in the Polish and Romanian economies and/or with very sound financial standing.	The Group also focuses on signing long-term lease agreements with financially sound tenants and that current leases are renewed prior to their expiry for a longer term and at index-linked rental rates, so as to maintain and improve sustainable revenues.	↑ Increase resulting from our recent assessment of the potential impact of Covid-19 to the economic environment in Romania and Poland.
2 Changes in the Political or Regulatory Framework in Romania, Poland or the European Union				
	The Group focuses on property investments in Poland and Romania, and is therefore exposed to political and regulatory framework changes that may impact activities in these markets.	The Group monitors political or regulatory developments in Poland and Romania through its own resources and third-party information. in cases when changes in regulations occur, appropriate action is taken so as to maintain compliance with applicable regulations. Management believes that both economies continue to have a stable outlook for the medium to long term.		↔
Property Portfolio Risks				
3 Execution of Investment Strategy				
	Poor execution of the Group's strategy of investing in high-quality properties at sufficiently attractive valuations would affect the Group's objectives of maximisation in NAV and EPS.	The Group's management team have a proven track record of acquiring high quality properties, most of them at a discount to their fair market values. The team remains in close contact with leading European real estate specialists with presence in its market of focus so as to get immediate access to potential opportunities.	The team takes the lead in negotiations with the sellers of properties and puts in place safeguards (involvement of legal, financial, tax and technical third-party reputable and experienced due diligence advisers) and ensures the related agreements are concluded within a short period of time.	↔
4 Valuation of Portfolio				
	Any error or negative trend in valuations of properties would significantly impact the results (NAV and EPS) of the Group. Changes in occupational trends (e.g. requirement for more flexible space and building management technologies) can impact future revenues generating capacity and hence impact the valuation of properties.	The Group involves reputable third-party valuation specialists to measure the fair value of the investment property portfolio at least twice a year. Management closely monitors the valuation approach for each of its properties and the assumptions used in the valuation. The Group strives to preserve and enhance property values through its property management and leasing initiatives, and where applicable its development strategy. in addition, our property development and leasing strategy anticipates the future needs of our tenants, especially those experiencing continuous growth and additional lease area requirements. Our Group has also initiated an investment programme in the latest building management technologies for upgrading its existing buildings and consequently the services offered to its tenants.		↔

Strategic Objective	Impact	Mitigation		Change from prior year
Property Portfolio Risks continued				
5 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 by our project management teams in Romania and Poland. Further, significant penalties are stipulated in the related construction contracts to minimise any loss due to the delayed completion of the development works.	⇔
6 Inability to Lease Space				
	Potential loss of revenues leading to inability to maximise the EPS and FFO available for distribution of dividends to shareholders. Vacancy contributes to higher unrecoverable costs due to no service charge income. Potential departure from market norms and rates as regards to headline rent and incentives to be provided to new and existing tenants in order to secure new leases or extension of existing leases.	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 on completed properties, through the effective management of its portfolio, by its very experienced leasing and asset management teams based in Poland and Romania. in addition, the leasing teams cooperate closely with leading real estate specialists in their respective local markets to access new opportunities. The Group's Leasing Policy ensures that the key terms offered in new and/or extended lease agreements comply with the procedures established in order to prevent any significant departure from market norms and rates.		⇔
7 Counterparty Credit Risk				
	Loss of income may result from the possible default of tenants. Possible loss of deposits held with Banks.	The Group has a diversified tenant base (over 715 tenants), the vast majority of which are reputable, blue-chip multinational and local groups of very good to excellent credit standing. Guarantee cash deposits or bank guarantee letters are received from all tenants for the credit period agreed in lease agreements. During 2019 the Group continued to strengthen its Asset and Property Management teams in Poland and Romania, including resources dedicated to active monitoring of timely collections from tenants. In accordance with the Group's Treasury Policy guidelines, over the short term and until used in property investments, cash is placed with Banks with investment grade rating and any exceptions to this must be approved by the Board. Executive Management and the Board.		↑ Increase resulting from our recent assessment of the potential impact of Covid-19 to the business environment, affecting the liquidity of certain tenants in our portfolio.

Strategic Objective	Impact	Mitigation		Change from prior year
8 Sustainable Portfolio Risk				
	Overall impact on our portfolio and business due to: • Increase in service charges affecting attractiveness of our properties to tenants and thus profitability of our portfolio • Reduce quality of working conditions to the people working or using our properties • Increase maintenance requirement of our properties affecting of long-term sustainable value of our portfolio	The Group, actively invests in properties which are either certified as environmentally friendly or they have the potential to be classified as such following our own initiatives.	Globalworth principally target properties which have BREEAM Very Good / LEED Gold or higher green certification or with the potential to achieve this, and at the end of 2019 had 43 of its standing properties certified as environmentally friendly, accounting for 81.3% of its standing commercial portfolio value.	+
Financial, Financing & Liquidity Risks				
9 Lack of available Financing and Refinancing				
	This would negatively affect the Group's ability to execute, to the full extent, its investment plan, maintain an optimal capital structure, and potentially make refinancing of maturing debt difficult.	The Group's management team holds frequent meetings with current and potential equity and debt investors, as well as continuous discussions with leading global, European, and local institutions in connection with its financing requirements. Since admission, the Group has raised c.€3.6 billion in equity and debt (including new loan facilities and rolled-over loan facilities on the acquisition of subsidiaries) to meet its financing requirements. In addition, as part of the €1.5 billion EMTN programme entered into in March 2018 the Group has €0.95 billion available for the issuance of additional Bonds. Moreover the Group obtained in 2019 a €200 million available unsecured RCF. In addition, two secured bank loans of €127.3 million in total were drawn down in January and February 2020. Moreover, in response to the Covid -19 outbreak, the Group decided in March 2020 to maximise its cash resources and drew down in full the €200 million unsecured RCF debt facility it had secured in October 2019.		↑ Increase resulting from the potential impact of Covid-19 on the capital markets in the short-medium term.

RISK REPORT: PRINCIPAL RISKS & UNCERTAINTIES
CONTINUED

Strategic Objective	Impact	Mitigation	Change from prior year
Financial, Financing & Liquidity Risks continued			
10 Breach of Loan Covenants			
	A breach may negatively affect the Group's relationship with financing banks, may have going concern implications, and affect, negatively, its ability to raise further debt financing at competitive interest rates.	The Group monitors on a regular basis its compliance with loan covenants and has increased its resources on monitoring in the area of loan contractual terms (including covenants) compliance.	↔
11 Changes in Interest Rates			
	Additional financing costs may be incurred as a result of interest rate increases. Forecasting financing costs could become less accurate.	The Group monitors on a regular basis the cost of its debt financing and has a preference towards fixed-rate, longer-term, financing, as depicted by the fact that c.91% of outstanding debt at 31 December 2019 bears fixed interest rates and has a weighted average period to maturity of 4.3 years (31 December 2018: 5.1 years). As a result, the impact of possible increases in interest rates for the medium term is minimal. The Group continuously explores financing and refinancing options so as to diversify and potentially reduce its average debt financing costs. An example in 2019 is the successful conclusion of a €200m unsecured RCF.	↔
12 Foreign Exchange Risk			
	Significant fluctuations, especially in the Polish Zloty to Euro and the Romanian Leu to Euro exchange rates, may lead to significant realised foreign exchange losses.	The Group's exposure to negative realised foreign exchange fluctuations is limited to cases where the date invoices are issued to tenants or received from contractors and suppliers and the date of their settlement differ significantly. The limited exposure to foreign exchange fluctuations is due to the fact that the pricing in all major contracts entered into (with tenants and contractors/suppliers) is agreed in Euro, hence providing for a natural cash flow hedge to a large extent. The Group actively monitors, with the help and expertise of the Group Treasurer, on a daily basis, the fluctuations in the Polish Zloty to Euro and the Romanian Leu 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.	↔

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

Andreea Petreanu

Andreea Petreanu
Chair of the Risk Committee
25 March 2020

NOMINATION COMMITTEE REPORT

LETTER FROM THE CHAIR OF THE COMMITTEE

The Nominations Committee is mindful of the need to ensure that we have an appropriate balance of skills, perspectives and experience around the Board table and a leadership team capable of growing with the business whilst retaining entrepreneurial qualities.

Geoff Miller
Chair of the Nomination Committee

DEAR SHAREHOLDER

Having been established as a separate Board committee towards the end of 2018, the Nominations Committee has had a relatively quiet year in 2019. During the year, there were two Board changes; both were the direct result of two significant investors reducing their respective holdings in the Globalworth to levels where they were no longer entitled to nominate appointments to the Board. These changes were, therefore, not ones that the Nominations Committee had to spend much time debating.

MEMBERSHIP AND ATTENDANCE

Director	Position	Date of Committee appointment
Geoff Miller	Chairman	6 Jun. 13
Peter Fechter	Member	8 Jun. 15
Eli Alroy	Member	27 Feb. 17

HIGHLIGHTS

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

Taking a longer term perspective, the Nominations Committee is mindful of the need to ensure that we have an appropriate balance of skills, perspectives and experience around the Board table and a leadership team capable of growing with the business whilst retaining the entrepreneurial qualities that have been so instrumental in the Group's success to date. We recognise that, by some measures, particularly gender, we are not a diverse board; however, by professional background and nationality we do have a diverse range of perspectives around the Board table (see table on page 87). We will remain mindful of the diversity of the Board as we consider future Board appointments; however, at this stage, the Nominations Committee is not inclined to take steps in isolation solely to improve the diversity of the Board.

At the senior management level, the Nominations Committee continues to monitor the leadership requirements of the Group as it continues to grow and ensure that the Group is able to develop its management team in tandem with the growth of the Group.

Geoff Miller
Chairman
25 March 2020

COMMITTEE REPORT

LETTER FROM THE CHAIR OF THE COMMITTEE

I am pleased to introduce the 2019 Directors' Remuneration Report which outlines the steps we have taken during the year to develop a new, updated approach to executive remuneration more appropriate to a company of our size and with our business strategy.

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

DEAR SHAREHOLDER

The Remuneration Committee had a major goal in 2019: to develop a new remuneration policy with the following objectives:

- strongly align Group senior management and shareholder interests;
- underpin an effective pay-for-performance culture;
- support the retention, motivation and recruitment of talented people; and
- encourage Company share ownership amongst Group employees.

I am pleased that we were successful in achieving these objectives and the new Group-wide remuneration policy was approved by the Board and announced on 13 June 2019. This was by no means a straightforward task and the Committee held a considerable number of meetings, both formal and informal, during the year.

Our proposals also were discussed with a number of major shareholders, senior management, legal advisers and two independent remuneration consultants.
We believe that these extensive discussions contributed to the successful launch of our new remuneration policy which appears to have been well-received by shareholders and other stakeholders.

As we go into 2020, we will monitor the new Policy to ensure that it is working and is achieving its intended objectives. By doing this, we hope to ensure that executives and senior employees are incentivised in a way that aligns their remuneration to the long-term interests of shareholders.

Clearly, this has been a very busy year for the Remuneration Committee, but I believe that we have put in place an approach to remuneration which will serve Globalworth well for a reasonably long term. I would like to thank my Committee colleagues for their energy and hard work during this very busy year. Being my first full year as Committee Chair, I greatly appreciated their support.

Bruce Buck

Bruce Buck
Chair of the Remuneration Committee
25 March 2020

MEMBERSHIP AND ATTENDANCE

Director	Position	Date of Committee appointment	Attendance
Bruce Buck	Chairman	1 Nov. 18	2/2
Eli Alroy	Member	8 Jun. 15	2/2
Peter Fechter	Member	27 Feb. 17	2/2

HIGHLIGHTS

- New Group remuneration policy established in 2019.

Membership and attendance

The Committee held two formal meetings during the year, which all three members attended, and also held numerous informal discussions through telephone conference calls and informal meetings.

Composition of the Committee

During the year ended 31 December 2019 the Remuneration Committee comprised three independent Non-Executive Directors.

Mr. Geoff Miller, who stepped down as Remuneration Committee Chairman on 31 October 2018, has continued to provide guidance and assistance to the Committee as an "observer" at its formal meetings and informal discussions
and the Committee is grateful for Mr. Miller's support.

Responsibilities of the Committee

The Remuneration Committee has as its remit, amongst other matters, the determination and review of the fees payable to GIAL, the Company's subsidiary, and the related emoluments of the Executive Directors and other senior employees of the Company who are preference shareholders of GIAL, and the terms of any performance or incentive plans of GIAL, 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 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 two Executive Directors, dividends in their capacity as preference shareholders of GIAL, all in accordance with the Investment Management Agreement signed between the Company and GIAL on 24 July 2013, with the latest amendments made in July 2019.

Directors' Emoluments

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

During the year ended 31 December 2019 the emoluments of the Directors were as follows:

	Company	Subsidiaries[1]			Dividends[2]			
Amounts in €'000	Fees	Salary	Pension allowance	Total		Total emoluments (excl. Plan Termination Dividends)	Plan Termination Dividends[3]	Total emoluments[4]
Ioannis Papalekas	–	996	50	1,046	642	1,688	34,400	36,088
Dimitris Raptis	–	307	25	332	421	753	13,000	13,753
Geoff Miller	225	–	–	–	–	225	–	225
Eli Alroy	200	–	–	–	–	200	–	200
John Whittle	107	–	–	–	–	107	–	107
Akbar Rafiq (until 13 May 2019)	–	–	–	–	–	–	–	–
Alexis Atteslis (until 11 March 2019)	–	–	–	–	–	–	–	–
Andreea Petreanu	79	–	–	–	–	79	–	79
Norbert Sasse	–	–	–	–	–	–	–	–
Peter Fechter	68	–	–	–	–	68	–	68
George Muchanya	–	–	–	–	–	–	–	–
Richard van Vliet	68	–	–	–	–	68	–	68
Bruce Buck	105	–	–	–	–	105	–	105
	852	**1,303**	**75**	**1,378**	**1,063**	**3,293**	**47,400**	**50,693**

1. GIAL and Aserat Properties SRL for Ioannis Papalekas, GIAL and Globalworth Holding BV for Dimitris Raptis.
2. The Executive Directors receive dividends in their capacity as preference shareholders of GIAL, the amount of which depends on the performance and profitability of GIAL. GIAL provides investment advisory services to the Company and is rewarded for the services it provides pursuant to the Investment Management Agreement signed on 24 July 2013, as amended from time to time (the 'IMA'). For Ioannis Papalekas dividends include an accrual of €0.64 million (€0.32 million to be settled in cash and €0.32 million by the transfer of shares of the Company); and for Dimitris Raptis dividends include an accrual of €0.32 million (€0.16 million to be settled in cash and €0.16 million by the transfer of shares of the Company).
3. 50% of the Plan Termination dividends, awarded to the Executive Directors by GIAL in their capacity as preference shareholders of GIAL, were settled in cash and 50% were settled in the form of shares of the Company. Please refer to the subsection New Group Remuneration Policy below for further details.
4. 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 €0.96 million was payable to the Directors as of 31 December 2019. An additional amount of €7 thousand was due to the Directors as of 31 December 2019 for out-of-pocket expenses incurred, which was settled subsequent to 31 December 2019.

REPORT OF THE REMUNERATION COMMITTEE
CONTINUED

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

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

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

Founder and Director Warrant Agreements

Please refer to pages 129 and 130 of the Annual Report for details on the Founder and Director warrant agreements concluded on 24 July 2013.

New Group Remuneration Policy

Following the recommendation of the Remuneration Committee and Board approval, in June 2019 the Company adopted a new Group-wide remuneration policy applicable to the Investment Adviser and senior employees of the Group with effect as of 1 January 2019.

The key objectives of the new Group remuneration policy are as set forth in the letter of the Chairman:

- strongly align Group employee and shareholder interests;
- underpin an effective pay-for-performance culture;
- support the retention, motivation and recruitment of talented people; and
- encourage Company shareholding ownership amongst Group employees.

In adopting the new Group remuneration policy, the following were considered:

- the existing Performance Incentive Plan and its termination value of Euro 26.2 million in cash and 3,161,198 in shares to be issued at the price of Euro 9.10;
- input from major shareholders and management;
- the UK Corporate Governance Code (July 2018);
- the Investment Association Principles of Remuneration (November 2018); and
- advice from two independent third-party remuneration consultants (see further below).

Remuneration consultants

Aon Hewitt and KPMG were appointed as independent remuneration advisers by the Board at the beginning of 2018. The Remuneration Committee assessed the advice given by its advisers to satisfy itself that it was independent.

Summary of new Group remuneration policy

The new Group remuneration policy is designed to achieve an appropriate balance between fixed and variable remuneration, and between variable remuneration based on short-term and longer-term performance. Fixed remuneration includes base salary and benefits. Variable remuneration includes an annual bonus, a significant portion of which will ordinarily be paid in deferred shares pursuant to a new deferred annual bonus plan ("DABP"), and performance share plan awards made under a new long-term incentive plan ("LTIP").

The new Group remuneration policy is intended to align with the strategy and business of the Group and reflects the importance of generating a growing and sustainable cash flow and achieving value creation through the active management of real estate assets, including those under development.

The principal objectives of the new Group remuneration policy are to attract, retain and motivate management of the quality required to run the Company successfully.

The Committee will oversee the implementation of this policy and will seek to ensure that the Investment Manager and senior employees are fairly rewarded for Globalworth's performance over the short and longer term. A significant proportion of the potential total remuneration is therefore performance-related.

The following contains a summary of the key terms of the new Group remuneration policy, including the DABP and the LTIP.

Base salary

Base salaries will be reviewed annually with any increases taking effect from 1 January. The level of increases will take account of each senior employee's experience, service to the Company, external market benchmarks, and the importance of that person to the business. The performance of the Company, salary increases awarded to the workforce as a whole, and external indicators such as inflation will also be taken into account.

Annual bonus plan

The Investment Manager and selected senior employees will be eligible to participate in an annual bonus plan. The annual bonus plan for participants in the scheme will be paid through a combination of cash and deferred shares through the DABP.

Participation in the annual bonus plan from year to year will be at the sole discretion of the Committee, although the Investment Manager and most senior employees would be expected to participate each year. The maximum award will not exceed 150% of annual salary, target performance will not exceed 75% of annual salary and threshold performance will not exceed 37.5% of annual salary.

The new annual bonus plan currently provides that 50% of any bonus earned will be in deferred Company shares under the DABP. Awards under the DABP will vest in three instalments on the first, second and third anniversaries of the date of grant. Participants will be entitled to receive dividend equivalents on the unvested shares until, and payable on or shortly after, they vest.

The Committee will set performance targets for the annual bonus at the start of each financial year to ensure performance measures and weightings are appropriate and support the business strategy. It is anticipated that the performance targets will be primarily based upon Key Performance Indicators, although there may also be elements subject to other measures and factors at the discretion of the Committee.

Long-term Incentive Plan

The LTIP will provide the long-term incentive arrangement for the Investment Manager and selected senior employees (the "LTIP Participants").

Under the LTIP, it is intended that performance share awards will be granted on an annual basis either in the form of Company shares without cost to the LTIP participant or nil (or nominal) cost options to subscribe to Company shares.

Annual awards will be determined by reference to that number of shares which equals in value to a maximum of 100% of salary for employees who are not a director of the Company and 150% of salary for directors of the Company.

Awards will vest three years from the date of grant of the award (or upon the assessment of performance conditions if later) subject to the LTIP participant's continued service and the extent to which the performance conditions specified for the awards are satisfied. The Committee has the discretion in certain circumstances to grant and/or settle an award in cash.

Performance conditions applying to the first awards will be based 50% on relative Total Shareholder Return ("TSR") and 50% on growth in Total Accounting Return per share ("TAR") (defined as the growth in the Company's EPRA Net Asset Value per share and dividend distributions per share paid over the three-year LTIP performance period). The achievement of a threshold level of performance will result in vesting of 25% of the maximum award. Full vesting will occur for equalling or exceeding the maximum performance target. A target level of performance may also be set between the threshold and maximum performance targets. The level of vesting for the achievement of target performance would take account of the difficulty of achieving target performance. Straight-line vesting will take place for performance between threshold, target, and maximum.

Dividend equivalents will be paid in relation to shares which vest until the normal vesting date or, if there is one, until the end of the holding period.

On 5 July 2019 the Board resolved to grant Long Term Fees to the Investment Adviser under the Investment Management agreement between the Company and GIAL of a maximum amount of c.€3.0m, in the form of a total of 342,184 LTIP shares at a price of €8.85 per share. In turn, the Investment Adviser resolved to grant the following maximum number of LTIP shares to the Executive Directors:

Executive Director	Award vesting basis	Maximum number of shares	End of performance period
Ioannis Papalekas	3 year cumulative TAR and TSR performance	152,542	31 Dec. 2021
Dimitris Raptis	3 year cumulative TAR and TSR performance	76,271	31 Dec. 2021

The actual Long Term Fees in the form of LTIP shares to be awarded to the Investment Adviser and consequently the actual number of shares to be awarded by the Investment Adviser to the Executive Directors and other executives of the Investment Adviser will be determined following the end of the performance period and after the publication of the TAR of the Company for the year ended 31 December 2021, as well as the availability of the TSR data for all the companies in 3 comparator groups.

Bruce Buck
Remuneration Committee Chairman
25 March 2020

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	31 December 2019 €'000	31 December 2018 €'000
Revenue	7	**222,246**	192,801
Operating expenses	8	**(74,534)**	(59,360)
Net operating income		**147,712**	133,441
Administrative expenses	9	**(19,302)**	(15,253)
Acquisition costs		**(240)**	(1,182)
Fair value gain on investment property	3	**117,718**	34,088
Bargain purchase gain on acquisition of subsidiaries		**–**	251
Share-based payment expense	25	**(496)**	(509)
Depreciation on other long-term assets		**(406)**	(398)
Other expenses	10	**(7,192)**	(4,332)
Other income		**932**	330
Gain resulting from acquisition of joint venture as subsidiary	29.2	**2,864**	–
Foreign exchange loss		**(888)**	(1,214)
Gain from fair value of financial instruments at fair value through profit or loss	17	**1,898**	5,463
		94,888	17,244
Profit before net financing cost		**242,600**	150,685
Net financing cost			
Finance cost	11	**(45,050)**	(41,727)
Finance income		**2,416**	3,289
		(42,634)	(38,438)
Share of profit of equity-accounted investments in joint ventures	29	**7,750**	3,095
Profit before tax		**207,716**	115,342
Income tax expense	12	**(31,535)**	(15,425)
Profit for the period		**176,181**	99,917
Other comprehensive income		**–**	–
Total comprehensive income		**176,181**	99,917
Profit attributable to:		**176,181**	99,917
– Equity holders of the Company		**170,177**	80,263
– Non-controlling interests		**6,004**	19,654
		Cents	Cents
Earnings per share			
– Basic	13	**93**	61
– Diluted	13	**93**	61

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 €'000	2018 €'000
ASSETS			
Non-current assets			
Investment property	3	**3,048,955**	2,390,994
Goodwill	28	**12,349**	12,349
Advances for investment property	5	**32,440**	4,209
Investments in joint ventures	29	**17,857**	38,316
Equity investments	18	**9,840**	8,837
Other long-term assets		**1,493**	1,035
Prepayments		**619**	1,472
Financial assets at fair value through profit or loss	17	**3,098**	2,829
Deferred tax asset	12	**2,869**	–
		3,129,520	2,460,041
Current assets			
Financial assets at fair value through profit or loss	17	**20,487**	12,878
Trade and other receivables	19	**28,963**	25,281
Contract assets		**5,257**	3,937
Guarantees retained by tenants		**858**	11
Income tax receivable		**255**	395
Prepayments		**4,653**	4,929
Cash and cash equivalents	20	**291,694**	229,527
		352,167	276,958
Total assets		**3,481,687**	2,736,999
EQUITY AND LIABILITIES			
Issued share capital	22	**1,704,374**	897,314
Treasury shares	25.6	**(8,379)**	(842)
Share-based payment reserve	25	**5,571**	2,117
Retained earnings		**213,101**	186,326
Equity attributable to ordinary equity holders of the Company		**1,914,667**	1,084,915
Non-controlling interests	30.5	**–**	212,407
Total equity		**1,914,667**	1,297,322
Non-current liabilities			
Interest-bearing loans and borrowings	15	**1,299,616**	1,235,106
Deferred tax liability	12	**134,302**	106,978
Lease liabilities	3.2	**30,190**	–
Guarantees retained from contractors		**1,074**	693
Deposits from tenants		**3,460**	13,754
Provision for tenant lease incentives		**–**	780
Trade and other payables		**1,316**	694
		1,469,958	1,358,005
Current liabilities			
Interest-bearing loans and borrowings	15	**24,304**	23,965
Guarantees retained from contractors		**4,754**	3,353
Trade and other payables	16	**44,633**	32,956
Contract liability		**1,824**	1,401
Other current financial liabilities	21.3	**1,498**	2,084
Current portion of lease liabilities	3.2	**1,887**	–
Deposits from tenants		**15,988**	2,241
Provision for tenant lease incentives		**1,353**	1,211
Dividends payable		**–**	10,731
Income tax payable		**821**	3,730
		97,062	81,672
Total equity and liabilities		**3,481,687**	2,736,999

The financial statements were approved by the Board of Directors on 25 March 2020 and were signed on its behalf by:

John Whittle
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

		Equity attributable to equity holders of the Company						
	Note	Issued share capital €'000	Treasury shares €'000	Share-based payment reserve €'000	Retained earnings €'000	Total €'000	Non-controlling interests €'000	Total Equity €'000
As at 1 January 2018		894,509	(270)	2,240	172,405	1,068,884	67,572	1,136,456
Shares issued to the Executive Directors for vested warrants		153	–	(3)	–	150	–	150
Transaction costs on issuance of shares		(40)	–	–	–	(40)	–	(40)
Shares issued to the Executive Directors and other senior management employees		1,874	–	(1,874)	–	–	–	–
Interim dividends paid by the company		–	–	–	(64,870)	(64,870)	–	(64,870)
Interim dividends declared by the subsidiary to non-controlling interest holders		–	–	–	–	–	(14,229)	(14,229)
Shares issued under the subsidiaries' employees share award plan		818	(818)	–	–	–	–	–
Share based payment expense		–	–	2,000	–	2,000	–	2,000
Shares vested under the subsidiaries' employees share award plan		–	246	(246)	–	–	–	–
Acquisition of non-controlling interest for cash		–	–	–	279	279	(9,319)	(9,040)
Change in non-controlling interest arising from shares issue in subsidiary		–	–	–	(1,102)	(1,102)	1,102	–
Shares issue in subsidiary		–	–	–	(649)	(649)	147,627	146,978
Total comprehensive income for the year		–	–	–	80,263	80,263	19,654	99,917
As at 31 December 2018		897,314	(842)	2,117	186,326	1,084,915	212,407	1,297,322
Issuance of shares subscribed in cash	22.1	611,921	–	–	–	611,921	–	611,921
Transaction costs on issuance of shares		(12,828)	–	–	–	(12,828)	–	(12,828)
Shares issued to the Executive Directors and other senior management employees	25.2	3,467	(2,564)	(818)	–	85	–	85
Interim dividends	23	–	–	128	(93,927)	(93,799)	–	(93,799)
Share based payment expense under the subsidiaries' employees share award plan	25.3	–	–	353	–	353	–	353
Shares vested under the subsidiaries' employees share award plan	25.3	–	784	(784)	–	–	–	–
Shares purchased with cash by the Company	25.6.1	–	(7,295)	–	–	(7,295)	–	(7,295)
Shares issued for share swap with non-controlling interest holders	22.2	179,395	–	–	5,840	185,235	(185,235)	–
Shares acquired in cash from non-controlling interest holders in the subsidiary	30.5	–	–		(315)	(315)	(33,176)	(33,491)
Performance incentive scheme termination	25.4	25,105	1,538	2,544	(55,000)	(25,813)	–	(25,813)
Deferred annal bonus plan reserve for the year	25.5.1	–	–	1,888	–	1,888	–	1,888
Long-term incentive plan reserve for the year	25.5.2	–	–	143	–	143	–	143
Total comprehensive income for the year		–	–	–	170,177	170,177	6,004	176,181
As at 31 December 2019		1,704,374	(8,379)	5,571	213,101	1,914,667	–	1,914,667

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 €'000	2018 €'000
Profit before tax		**207,716**	115,342
Adjustments to reconcile profit before tax to net cash flows			
Fair value gain on investment property	3	**(117,718)**	(34,088)
Bargain purchase gain on acquisition of subsidiaries		**–**	(251)
Loss on sale of investment property		**1,576**	2,701
Share-based payment expense	25	**496**	509
Depreciation on other long-term assets		**406**	398
Net movement in allowance for doubtful debts	21.2	**(156)**	1,087
Foreign exchange loss		**888**	1,214
Gain from fair valuation of financial instrument	17	**(1,898)**	(5,463)
Gain resulting from acquisition of joint venture as subsidiary	29.2	**(2,864)**	–
Share of profit of equity-accounted joint ventures	29	**(7,750)**	(3,095)
Net financing costs		**42,634**	38,438
Operating profit before changes in working capital		**123,330**	116,792
(Increase) in trade and other receivables		**(714)**	(11,179)
Increase/(decrease) in trade and other payables		**3,966**	(1,239)
Interest paid		**(38,259)**	(21,161)
Interest received		**782**	2,282
Income tax paid		**(9,406)**	(5,420)
Interest received from joint ventures		**627**	–
Cash flows from operating activities		**80,326**	80,075
Investing activities			
Expenditure on investment property completed and under development		**(92,784)**	(51,392)
Payment for land acquisitions		**(925)**	(15,500)
Advances for investment property	5	**(25,040)**	–
Payments for acquisition of investment property	27	**(233,952)**	(481,876)
Proceeds from non-controlling interest holders in subsidiary's share capital		**–**	146,978
Payments for the acquisition of non-controlling interest		**–**	(9,040)
Proceeds from sale of investment property		**5,773**	6,736
Investment in financial assets at fair value through profit or loss	17	**(5,980)**	–
Payments for equity investments	18	**(1,003)**	(8,740)
Investment in and loans given to joint ventures	29	**(16,719)**	(26,208)
Repayment of loans from joint ventures	29	**4,389**	12,875
Payment for the acquisition of remaining 50% stake in joint venture	29.2	**(8,131)**	–
Payment for purchase of other long-term assets		**(588)**	(741)
Cash flows used in investing activities		**(374,960)**	(426,908)
Financing activities			
Proceeds from issuance of share capital	22	**611,921**	150
Payment of transaction costs on issuance of shares	22	**(12,828)**	(40)
Purchase of own shares	25.6.1	**(7,295)**	–
Payments for the acquisition of shares from non-controlling interest	30.5	**(33,491)**	–
Proceeds from interest-bearing loans and borrowings	15	**64,545**	648,711
Repayments of interest-bearing loans and borrowings	15	**(129,094)**	(270,700)
Payment for performance incentive scheme termination	25.4	**(25,813)**	–
Payment of interim dividend to equity holders of the Company	23	**(93,799)**	(64,870)
Payment for lease liability obligations	3.2	**(1,601)**	–
Payment of dividend to non-controlling interests in the subsidiary		**(10,731)**	(3,498)
Payment of bank loan arrangement fees and other financing costs		**(3,902)**	(9,623)
Change in long term restricted cash reserve	20	**1,250**	2,958
Cash flows from financing activities		**359,162**	303,088
Net increase/(decrease) in cash and cash equivalents		**64,528**	(43,745)
Effect of exchange rate fluctuations on cash and bank deposits held		**(1,111)**	–
Cash and cash equivalents at the beginning of the year	20	**227,277**	271,022
Cash and cash equivalents at the end of the year[1]	20	**290,694**	227,277

1 Net of the €1.0 million restricted cash reserve (31 December 2018: €2.3 million), see note 20.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SECTION I: BASIS OF PREPARATION

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

1 Basis of Preparation

Corporate Information

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

Basis of Preparation and Compliance

These consolidated financial statements have been prepared in conformity with the International Financial Reporting Standards ('IFRS'), as adopted by the European Union ('EU'), give a true and fair view of the state of affairs at 31 December 2019 and of the profit or loss for the year then ended, and are in compliance with the Companies (Guernsey) Law 2008, as amended.

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

The significant accounting policies adopted are set out in the relevant notes to the financial statements and consistently applied throughout the periods presented except for the new and amended IFRS (see note 33), which were adopted on 1 January 2019. These consolidated financial statements are prepared in Euro ('EUR' or '€'), rounded to the nearest thousand ('000) unless otherwise indicated, being the functional currency and presentation currency of the Company.

These financial statements are prepared on a going concern basis. The Directors believe that it is appropriate to adopt the going concern basis in preparing the financial statements. The Directors based their assessment on the Group's detailed cash flow projections for the period up to 30 June 2021. These projections take into account the current very significant available cash resources of the Group of close to €600 million, 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 Directors have also considered potential stress-test scenarios as part of the 3 year viability analysis for the period until 31 March 2023 that could exert a downward pressure on projected cash flows and consequently affect debt covenant calculations as a result of factors outside the Group's control, resulting from the current Covid-19 pandemic and its potential economic effects in the countries the Group operates. The projections and related sensitivity analysis carried out show that, in the period up to 30 June 2021, the Company anticipates to have sufficient liquid 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. Further details on the Company's response to the Covid-19 pandemic can be found in other sections of the Annual Report, including the Chief Executive's Review (pages 14-17), Our Markets subsection of the Strategic Report (pages 18-19), a Covid-19 dedicated subsection within the Corporate Social Responsibility section (pages 102-103) and the Risk Committee Report (pages 138-147).

Basis of Consolidation

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries ('the Group') as of and for the year ended 31 December. Subsidiaries are fully consolidated (refer to note 30) from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the period from the date of obtaining control to 31 December, using consistent accounting policies. All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions are eliminated in full. Non-controlling interest represents the portion of profit or loss and net assets not held by the Group and are presented separately in the income statement and within equity in the consolidated statement of financial position, separately from net assets and profit and loss attributable to equity holders of the Company.

Foreign Currency transactions and balances

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

2 Critical Accounting Judgements, Estimates and Assumptions

The preparation of consolidated 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 judgment, based on the criteria outlined in IAS 21 "The Effects of Changes in Foreign Exchanges Rates", and determined that the functional currency of all the entities is the EUR. In determining the functional currency consideration is given to the denomination of the major cash flows of the entity e.g. revenues and financing.

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

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

- Investment Property, see note 3 and Fair value measurement and related estimates and judgements, see note 4;
- Commitments (operating leases commitments – Group as lessor), see note 6;
- Taxation, see note 12;
- Equity investments, see note 18;
- Financial assets at fair value through profit or loss, see note 17;
- Trade and other receivables, see note 19;
- Share-based payment reserve, see note 25;
- Performance Incentive Scheme, see note 25.4
- Subsidiaries' acquisitions, see note 27;
- Goodwill, see note 28;
- Investment in Joint Ventures, see note 29; and
- Investment in Subsidiaries, see note 30.

This section focuses on the assets on the balance sheet of the Group which form the core of the Group's business activities. This includes investment property (both 100% owned by the Group and by the Joint ventures), related disclosures on fair valuation inputs, commitments for future property developments and investment property-leasehold and related lease liability recognised for the right of perpetual usufruct of the lands from the adoption of IFRS 16 "Leases".

Further information about each property is described in the Strategic Review and Portfolio Review sections of the Annual Report.

3 Investment Property

	Note	Investment property – *freehold*: Completed investment property €'000	Investment property under development €'000	Land for further development €'000	Sub-total €'000	Investment property leasehold-*Right of usufruct* €'000	TOTAL €'000
1 January 2018		1,712,364	54,350	25,700	1,792,414	–	1,792,414
Acquisition of investment property		507,474	–	–	507,474	–	507,474
Land acquisition		–	–	15,500	15,500	–	15,500
Transfer to investment property under development		–	14,351	(14,351)	–	–	–
Subsequent expenditure		16,453	22,851	1,522	40,826	–	40,826
Net lease incentive movement		8,519	748	–	9,267	–	9,267
Other operating lease commitment		(378)	–	–	(378)	–	(378)
Capitalised borrowing costs		–	411	–	411	–	411
Transfer to completed investment property		55,700	(55,700)	–	–	–	–
Disposal during the year		(8,608)	–	–	(8,608)	–	(8,608)
Fair value gain on investment property		23,170	7,689	3,229	34,088	–	34,088
31 December 2018		2,314,694	44,700	31,600	2,390,994	–	2,390,994
Right of use asset (effect of IFRS 16 transition)		**–**	**–**	**–**	**–**	**25,844**	**25,844**
Acquisition of investment property	27	**391,898**	**31,727**	**–**	**423,625**	**6,260**	**429,885**
Land acquisition		**–**	**–**	**925**	**925**	**–**	**925**
Subsequent expenditure		**23,480**	**49,083**	**1,981**	**74,544**	**–**	**74,544**
Net lease incentive movement		**11,941**	**3,354**	**–**	**15,295**	**–**	**15,295**
Other operating lease commitment		**(637)**	**–**	**–**	**(637)**	**–**	**(637)**
Capitalised borrowing costs	11	**–**	**1,245**	**–**	**1,245**	**–**	**1,245**
Transfer to completed investment property		**9,100**	**(9,100)**	**–**	**–**	**–**	**–**
Transfer to land for further development		**(1,400)**	**–**	**1,400**	**–**	**–**	**–**
Disposal during the year		**(6,858)**	**–**	**–**	**(6,858)**	**–**	**(6,858)**
Fair value gain /(loss) on investment property		**103,740**	**10,711**	**3,294**	**117,745**	**(27)**	**117,718**
31 December 2019		**2,845,958**	**131,720**	**39,200**	**3,016,878**	**32,077**	**3,048,955**

3.1 Investment Property – freehold

Policy

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

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

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

Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the year in which they arise. In order to avoid double accounting, the assessed fair value is reduced by the carrying amount of any accrued income (if any is 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.

Judgements

Classification of investment Property

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

Disposal of investment property not in the ordinary course of business

The Group enters into contracts with customers to sell properties that are complete. The sale of completed property is generally expected to be the only performance obligation and the Group has determined that it will be satisfied at the point in time when control transfers. For unconditional exchange of contracts, this is generally expected to be when legal title transfers to the customer. For conditional exchanges, this is expected to be when all significant conditions are satisfied.

The recognition and measurement requirements in IFRS 15 are applicable for determining the timing of derecognition and the measurement of consideration (including applying the requirements for variable consideration) when determining any gains or losses on disposal of non-financial assets when that disposal is not in the ordinary course of business.

Other operating lease commitment

Other operating lease commitment of €1.35 million (2018: €1.93 million) as of 31 December 2019 (a similar corresponding amount was recorded as provision for tenant lease incentives) 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.

3.2 Investment property – leasehold

Policy

Lessee's accounting

The application of IFRS 16 resulted in changes to the accounting treatment of the operating leases where the Group acts as a lessee such as right of perpetual usufruct of the land (the "RPU"), office rentals, car parking and office equipment. The Group applies the recognition exemptions permitted by the standard and, hence, does not apply the standard to leases of a low value, such as office rentals, car parking and office equipment. Cash payments for the principal portion of the lease liability of short-term lease payments or payments for leases of low-value assets are included within operating activities.

Right of perpetual usufruct of the land (the "RPU")

Under IFRS 16, right-of-use assets that meet the definition of investment property are required to be presented in the statement of financial position as investment property. The Group has the right of perpetual usufruct of the land (the "RPU" or "right-of-use assets") contracts for the property portfolio in Poland which meet the definition of investment property under IFRS 16. Therefore, the Group has presented its 'Right-of-use assets' separately in the statement of financial position under the line item "Investment property". The corresponding lease liabilities are presented under the line item 'Lease liabilities' as non-current and the related short-term portion are presented in the line item "Current portion of lease liability".

3 Investment Property *continued*

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

As permitted by the transition provisions of IFRS 16, the Group has elected the simplified approach for the recognition of the right of perpetual usufruct of the land and the comparative figures have not been restated. The cumulative effect of the initial application of IFRS 16 as an adjustment to the carrying amounts of lease assets are recognised against the carrying amounts of lease liabilities as at 1 January 2019.

The value of right-of-use assets was estimated as the Net Present Value ("NPV") of future annual fees with the following assumptions:

- Initial application date: 1 January 2019;
- End date: RPU end date for each land right individually;
- Discount rate: 5.77%; (single rate used for entire portfolio due to similar characteristics),
- Lease term varies from 40 to 99 years for multiple underlying assets; and
- Total annual RPU charge is reinvoiced to tenants as a part of the service charge reconciliation.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	€'000
Operating lease commitments as at 31 December 2018	115,144
Weighted average incremental borrowing rate as at 1 January 2019	5.77%
Discounted operating lease commitments recognised as lease liability as at 1 January 2019	25,844
Current portion of lease liability	1,513
Weighted average incremental borrowing rate as at 1 January 2019	24,331

Assets	1 January 2019 Initial €'000	Right of use asset Effect of IFRS 16 transition €'000	1 January 2019 (restated) IFRS 16 €'000
Investment property – *freehold*	**2,390,994**	**–**	**2,390,994**
Investment property – *leasehold*	**–**	**25,844**	**25,844**
TOTAL	**2,390,994**	**25,844**	**2,416,838**
Liabilities	**€'000**	**€'000**	**€'000**
Total current liabilities	**81,672**	**1,513**	**83,185**
Total non-current liabilities	**1,358,005**	**24,331**	**1,382,336**
TOTAL	**1,439,677**	**25,844**	**1,465,521**

Right of perpetual usufruct of the land (the "RPU")

Subsequent application

During the year, the Group recognised additional right of perpetual usufruct of land related to new property acquisitions, as disclosed in note 27, for an amount of €6.3 million and the Group paid €1.6 million in cash for lease instalments during the twelve-month period ended 31 December 2019.

	31 December 2019 €'000	1 January 2019 €'000
Assets		
Investment property – leasehold	**32,077**	**25,844**
Liabilities	**32,077**	**25,844**
Current portion of lease liability	**1,887**	**1,513**
Lease liabilities – non-current	**30,190**	**24,331**

Judgements

To arrive at the carrying amount of the investment property using the fair value model, the recognised right-of-use asset representing the same amount as lease liability will be added back to a valuation obtained for a property (that is net of all payments expected to be made under the RPU). Change in the carrying amount of investment property was charged to profit and loss for an amount of €0.027 million and presented under the line "Fair value gain on investment property". Since, the lease liability is denominated in PLN and translated at closing exchange rate, as disclosed in note 21, resulting a foreign exchange loss of €0.3 million. The amortised cost valuation effect of the lease liability for an amount of €1.3 million was presented in the statement of comprehensive income under the line "Finance expense".

4 Fair Value Measurement and Related Estimates and Judgements

Policy

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

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

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

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

Further information on financial assets such as equity investments and financial assets at fair value through profit and loss can be found in notes 14, 17 and 18.

Investment Property Measured at Fair Value

The Group's investment property portfolio for Romania was valued by Colliers Valuation and Advisory SRL and Cushman & Wakefield LLP and for Poland by Knight Frank Sp. z o.o. and CBRE Sp. z o.o. All independent professionally qualified valuers 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 twice in a financial year the valuations performed by the independent valuers for financial reporting purposes. For each independent valuation performed, the investment team along with the finance team:

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

The fair value hierarchy levels are specified in accordance with IFRS 13 Fair Value Measurement. Some of the inputs to the valuations are defined as "unobservable" by IFRS 13 and these are analysed in the tables below. Any change in valuation technique or fair value hierarchy (between level 1, level 2 and level 3) is analysed at each reporting date or as of the date of the event or variation in the circumstances that caused the change. As of 31 December 2019 (2018: same) the values of all investment properties were classified as level 3 fair value hierarchy under IFRS 13 and there were no transfers from or to level 3 from level 1 and level 2.

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

Property valuations are inherently subjective as they are made on the basis of assumptions made by the valuer. Valuation techniques comprise the discounted cash flows, the sales comparison approach and the 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 period, are described below. The Group has based its assumptions and estimates on the parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market movements 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*

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

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

Class of property	Carrying value 2019 €'000	Carrying value 2018 €'000	Valuation technique	Country	Input	Range 2019	Range 2018
Completed Investment property	**1,619,350**	1,216,790	Discounted cash flows	Poland	Rental value (sqm)	**€11.5–€24**	€11.5–€22
					Discount rate	**3.52%–10.19%**	4.84%–10.32%
					Exit yield	**5.05%–8.25%**	5.37%–8.75%
	1,062,153	1,029,390	Discounted cash flows	Romania	Rental value (sqm)	**€2.87–€45.40**	€2.82–€44.64
	102,900	–	Direct capitalization		Discount rate	**7.50%–8.50%**	7.50%–9.50%
					Exit yield	**6.25%–8.00%**	6.25%–8.50%
	2,784,403	2,246,180					
	61,555	68,514	Sales comparison	Romania	Sales value (sqm)	**€1,831**	€1,867
	2,845,958	2,314,694					
Investment property under development	**28,020**	–	Residual method	Poland	Rental value (sqm)	**€13.50**	–
					Discount rate	**6.26%-7.17%**	–
					Exit yield	**6.00%-6.25%**	–
					Capex (€m)	**€84.35**	–
	32,600	44,700	Residual method	Romania	Rental value (sqm)	**€11.00–€14.50**	€4.00–€15.00
	71,100	–	Discounted cash flows	Romania	Discount rate	**7.75%-9.00%**	–
					Exit yield	**6.75%-7.75%**	7.00%–8.50%
					Capex (€m)	**€77.40**	€78.26
Land bank – for further development	**37,800**	6,400	Sales comparison	Romania	Sales value (sqm)	**€24.00-2,546**	€24.00
	1,400	25,200	Residual method	Romania	Rental value (sqm)	**€2.75**	€14.00–€20.00
					Exit yield	**8.50%**	7.00%–7.25%
TOTAL	**3,016,878**	2,390,994					

All classes of property portfolio were categorised as Level 3 under fair value hierarchy. The fair value movement on investment property recognised, as gain, in the income statement includes an amount of €117.7 million (2018: €34.1 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 2019 and 2018, the independent valuation experts used their market knowledge and professional judgement and did not rely solely on comparable historical transactions. In these circumstances, there was a greater degree of uncertainty in estimating the market values of investment properties than would have existed in a more active market.

Sensitivity Analysis on significant estimates used in the valuation

The assumptions on which the property valuations have been based include, but are not limited to, rental value per sqm per month, 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 month) is accompanied by a similar change in the rent growth per annum and discount rate (and exit yield) and an opposite change in the other inputs.

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

Investment Property	Year	Country	€0.5 change in rental value per month, per sqm[1] Increase €'000	Decrease €'000	25 bps change in market yield Increase €'000	Decrease €'000	5% change in Capex Increase €'000	Decrease €'000	€50 change in sales prices per sqm[2] Increase €'000	Decrease €'000	2.5% change in vacancy in Perpetuity[3] Increase €'000	Decrease €'000
– Completed	**2019**	**Poland**	**43,070**	**(43,160)**	**(71,630)**	**78,050**	**–**	**–**	**–**	**–**	**–**	**–**
	2019	**Romania**	**30,200**	**(30,800)**	**(29,500)**	**32,200**	**–**	**–**	**1,900**	**(1,900)**	**(11,600)**	**9,800**
	2018	Poland	30,680	(30,380)	(50,280)	54,550	–	–	–	–	–	–
	2018	Romania	29,300	(29,300)	(28,000)	30,000	–	–	1,685	(1,687)	(9,700)	6,500
– Under development	**2019**	**Poland**	**2,780**	**(2,810)**	**(3,840)**	**4,150**	**(2,960)**	**2,950**	**–**	**–**	**–**	**–**
	2019	**Romania**	**3,800**	**(3,700)**	**(4,700)**	**5,000**	**(3,500)**	**3,600**	**–**	**–**	**(1,200)**	**1,000**
	2018	Poland	–	–	–	–	–	–	–	–	–	–
	2018	Romania	4,900	(4,800)	(4,200)	4,500	(3,500)	3,600	–	–	(200)	–
– Further development	**2019**	**Poland**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2019	**Romania**	**800**	**(800)**	**(300)**	**200**	**(400)**	**300**	**700**	**(700)**	**–**	**–**
	2018	Poland	–	–	–	–	–	–	–	–	–	–
	2018	Romania	1,800	(1,900)	(2,400)	2,500	(2,600)	2,600	1,100	(1,000)	–	–

1. The rental value per month per sqm sensitivity analysis for two industrial properties was based on €0.25 (2018: one property at €0.25).
2. The sales price per sqm sensitivity analysis for one industrial property was based on €1.5 (2018: €1.5).
3. The vacancy in perpetuity sensitivity analysis is not followed for the Polish properties portfolio as this factor is considered in the valuation methodology as part of yields and not a variable in isolation.

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 in the annual report.

4.1 Investment properties owned by Joint Ventures

Sensitivity Analysis on significant estimates used in the valuation of investment properties owned by the joint venture

As disclosed in note 29, the Group also has investment in two joint ventures where investment properties were valued at fair value under the similar Group accounting Policies by Colliers Valuation and Advisory SRL.

Below table describes key information about fair value measurements, valuation technique and significant unobservable inputs (Level 3) used in arriving at the fair value under IFRS 13.

Class of Joint venture property	Carrying value 2019 €'000	Carrying value 2018 €'000	Valuation technique	Country	Input	Range 2019	Range 2018
Completed Investment property	**–**	69,400[1]	Discounted cash flows	Romania	Rental value (sqm)	**–**	€9.95
					Discount rate	**–**	8.50%
					Exit yield	**–**	7.50%
Investment property under development	**6,400**	–	Residual method	Romania	Rental value (sqm)	**€4.00-€8.00**	–
					Discount rate	**9.00%-9.25%**	–
					Exit yield	**8.00%**	–
					Capex (€m)	**€14.60**	–
Land bank – for further development	**23,100**	–	Sales comparison	Romania	Sales value (sqm)	**€21.00-€40.00**	–
	–	3,200[1]	Residual method	Romania	Rental value (sqm)	**–**	€10.50
					Exit yield	**–**	7.50%
TOTAL	**29,500**	72,600					

1 During 2019, the property was consolidated as subsidiary.

4 Fair Value Measurement and Related Estimates and Judgements *continued*

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

A quantitative sensitivity analysis (for properties owned by joint ventures), 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:

Joint Ventures Investment Property	Year	Country	€0.25 change in rental value per month, per sqm[1]		25 bps change in market yield		5% change in capex		€3.0 change in sales prices per sqm		2.5% change in vacancy in perpetuity	
			Increase €'000	Decrease €'000	Increase €'000	Decrease €'000	Increase €'000	Decrease €'000	Increase €'000	Decrease €'000	Increase €'000	Decrease €'000
– Completed	**2019**	**Romania**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2018	Romania	1,600	(1,700)	(2,500)	2,600	–	–	–	–	–	–
– Under development	**2019**	**Romania**	**1,300**	**(1,200)**	**–**	**–**	**(800)**	**700**	**–**	**–**	**–**	**–**
	2018	Romania	–	–	–	–	–	–	–	–	–	–
– Further development	**2019**	**Romania**	**–**	**–**	**–**	**–**	**–**	**–**	**1,700**	**(1,700)**	**–**	**–**
	2018	Romania	1,700	(1,700)	(1,300)	1,400	(1,800)	1,800	–	–	–	–

1. For 2018, the rental value per month per sqm sensitivity analysis for one office building was based on €0.50).

5 Advances for investment Property

	2019 €'000	2018 €'000
Advances for land and other property acquisitions	**27,208**	2,000
Advances to contractors for investment properties under development	**5,232**	2,209
	32,440	4,209

Advances for land and other property acquisitions as at 31 December 2019 includes mainly advances given to sellers for the acquisition of Chmielna 89 Office in Warsaw, Poland and Tischnera Office in Krakow, Poland for an amount of €25.0 million.

6 Commitments

Commitments for Investment Property

As at 31 December 2019 the Group had agreed construction contracts with third parties and is consequently committed to future capital expenditure in respect of completed investment property of €8.4 million (2018: €3.7 million), investment property under development of €95.3 million (2018: €34.6 million) and had committed with tenants to incur incentives (such as fit-out works, leasing fees and other lease incentives) of €29.2 million (2018: €7.3 million).

The Group's Joint Ventures were committed to the construction of investment property for the amount of €7.0 million at 31 December 2019 (2018: €2.1 million).

The Group had signed a preliminary sale and purchase agreement to acquire two office developments in Poland with corresponding maximum gross commitments of €169.5 million, out of which €25.0 million was already paid as an advance during 2019, refer to note 5.

Operating leases Commitments – Group as lessor

Policy

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets, or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases and such lease agreements fall within the scope of IFRS 16; see note 7 for policies on revenue recognition for properties under operating leases.

Judgements Made for Properties Under Operating Leases, being the lessor

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 and, therefore, being the lessor accounts for these leases as operating leases.

The duration of these leases is one year or more (2018: 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 for investment properties – freehold are as follows:

	2019 €'000	2018 €'000
Not later than 1 year	**180,978**	148,865
Later than 1 year and not later than 5 years	**482,215**	393,813
Later than 5 years	**166,987**	130,825
	830,180	673,503

This section quantifies the financial impact of the operations for the year; further analysis on operations is presented in the Financial Review section of the Annual Report. This section includes the results and performance of the Group, including earnings per share and EPRA Earnings. This section also includes details about the Group's tax position in the year and deferred tax assets and liabilities held at the year-end.

7 Revenue

Policy

7.1 Rental Income

Under IFRS 16, the accounting for the lessor, the owner of an asset that is leased under an agreement to a lessee, remains substantially unchanged compared to the prior lease standard (IAS 17). Lessors continue to account for the leases as operating or finance leases under the new standard which is in-line with its predecessor, IAS 17.

For investment properties held primarily to earn rental income, the Group enters as a lessor into lease agreements that fall within the scope of IFRS 16 (in prior year's comparable period: under IAS 17). Rental income is measured at the fair value of the consideration received or receivable, except for contingent rental income which is recognised when it arises. The value of lease agent commission, rent-free periods, fit-out incentives 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 amounts received from tenants to terminate non-cancellable operating leases are recognised in the statement of comprehensive income when the right to receive them arises.

7.2 Revenue from contract with customers

7.2a) Service charge income

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

The Group has concluded that these services represent a series of daily services that are satisfied over time and apply a time-elapsed measure of progress. The consideration charged to tenants for these services includes fees charged based on the area occupied by the tenant and reimbursement of certain expenses incurred. The Group has determined that this variable consideration generally relates to this non-lease component and that allocating it over the period of service meets the variable consideration allocation criteria under IFRS 15. The Group has identified a few lease agreements with non-triple net clauses, where service charge was capped, which required the reclassification of €0.5 million from the rental revenues to service charge revenue during 2019 (2018: €0.8 million).

7.2b) Fit-out services income

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

Under IFRS 15, the Group recognises revenue over time because it expects that control will transfer over time. In certain fit-out contracts, its performance creates an asset that the tenant controls as the asset is created. In other cases, its performance does not create an asset with alternative use to the Group and the Group has concluded that it has an enforceable right to payment for performance completed to date.

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

7.2c) Rendering of Services

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

	2019 €'000	2018 €'000
Contracted Rent	**159,880**	144,634
Adjustment for lease incentives	**(8,384)**	(7,006)
Rental income	**151,496**	137,628
Revenue from contracts with customers		
Service charge income	**62,341**	47,438
Fit-out services income	**8,002**	6,717
Asset management fees	**125**	300
Marketing and other income	**282**	718
	70,750	55,173
	222,246	192,801

The total contingent rents and surrender premia recognised as rental income during the period amount to €0.8 million (2018: €0.6 million) and €0.6 million (2018: €0.3 million), respectively.

Principal rather than agent

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

8 Operating Expenses

Policy

a) Service costs

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

b) Works carried Out on Properties

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

	2019 €'000	2018 €'000
Property management, utilities and insurance	**66,212**	52,249
Property maintenance costs and other non-recoverable costs	**850**	1,398
Property expenses arising from investment property that generate rental income	**67,062**	53,647
Property expenses arising from investment property that did not generate rental income	**138**	–
Fit-out services costs	**7,334**	5,713
	74,534	59,360

9 Administrative expenses

Policy

Administrative expenses are expensed as incurred with the exception of expenditure on long-term developments, see note 3. Subsidiary acquisition costs are presented separately in the consolidated statement of comprehensive income as "Acquisition cost".

	Note	2019 €'000	2018 €'000
Directors' emoluments[1]		**2,565**	2,734
Salaries and wages[1,2]		**8,565**	5,371
Accounting, secretarial and administration costs		**1,076**	2,562
Legal and other advisory services		**1,577**	912
Audit and non-audit services[3]		**1,603**	1,349
Corporate social responsibility costs	9.1	**929**	816
Travel and accommodation		**487**	364
Marketing and advertising services		**1,419**	270
Post, telecommunication and office supplies		**632**	492
Stock exchange expenses		**449**	383
		19,302	15,253

1. Costs of €1.2 million (2018: €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, €0.04 million (2018: €0.9 million) was capitalised as debt issue costs (refer to remuneration committee report for details).
2. During the year, the Group contributed €0.2 million (2018: €0.04 million) and €0.02 million (2018: €0.01 million) to the mandatory Government Pension Fund of the employees and key management of the Group, respectively.
3. Refer to Audit Committee report for details.

9.1 Corporate social responsibility costs

	2019 €'000	2018 €'000
Total costs of the Foundation during the year	**1,016**	816
Donations from the employees and the Executive Management	**(87)**	–
Costs supported from the donation of the Group	**929**	816

10 Other expenses

Other expenses for the year ended 2019 mainly include €4.5 million the repayment of the proceeds received by the Company's subsidiary in 2016 from the exercise of a bank guarantee provided by a third party, following a Court order in March 2019, together with related legal expenses. During 2016, the third party unilaterally terminated the lease agreement with the subsidiary leading to enforcement of the bank guarantee and recognition of the amount received under other income in the statement of comprehensive income for the year ended 31 December 2016.

11 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.

	Note	2019 €'000	2018 €'000
Interest on secured loans		**5,955**	5,468
Interest on fixed rate bonds		**31,067**	27,806
Debt cost amortisation and other finance costs	11.1	**6,217**	7,715
Other financial expenses		**46**	39
Interest on lease liability		**1,336**	–
Bank charges		**429**	699
		45,050	41,727

11.1 Debt cost amortisation and other finance costs

	2019 €'000	2018 €'000
Debt issue cost amortisation – secured bank loans	**679**	3,288
Debt issue cost amortisation – fixed rate bonds	**4,431**	3,569
Debt close-out costs[1]	**1,107**	858
	6,217	7,715

1. All expense was non-cash expense in 2019 (2018: nil).

The Company capitalised borrowing costs in the value of investment property, amounting to €1.2 million (2018: €0.4 million), using a capitalisation weighted average rate of 3.43% (2018: 3.45%).

12 Taxation

Policy

Current income tax

Current income tax represents the tax payable on the taxable income of the year applying the tax rates applicable at the statement of financial position date. In case, the final tax outcome 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. The tax cost for the year 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 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:

- 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. As a result 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 there will be taxable profit available to be utilised against the deductible temporary differences, carried forward tax credits or tax losses; and
- in respect of taxable temporary differences related to investments in subsidiaries where the timing of the reversal of the temporary difference can be controlled and it is most likely that the temporary difference will not be reversed in the foreseeable future.

If there are unrecognised deferred income tax assets they will be reassessed at each reporting date and are recognised to the extent it has become probable that the future taxable profit will allow for the recovery of the deferred tax asset to be recovered. Deferred tax assets and liabilities are offset, if provided by law and the deferred taxes relate to the same taxable entity and the tax authority.

	2019 €'000	2018 €'000
Current income tax expense	**6,750**	8,021
– related to current year	**6,608**	8,081
– related to prior year	**142**	(60)
Deferred income tax expense	**24,785**	7,404
	31,535	15,425

12 Taxation *continued*

Current income tax expense

The Corporate income tax rate "CIT" applicable to the Company in Guernsey is nil. The subsidiaries in Romania, the Netherlands, Poland and Cyprus are subject to tax on local sources of income. The current income tax expense of €6.8 million (2018: €8.0 million) represents the profit tax for the Group. The taxable income arising in each jurisdiction is subject to the following standard corporate income tax rates: Poland at 19% (small entities with revenue up to €1.2 million in the given tax year and in a preceding year, under certain conditions, are charged at a reduced rate of 9% from 1 January 2019), Luxembourg at 26.01% (15% tax rate for small entities if taxable profit does not exceed €25,000), Romania at 16%, the Netherlands at 25% (19% for tax on profits up to €0.2 million) and Cyprus at 12.5%.

The Group's subsidiaries in Poland are subject to the minimum tax, which is applied to income from ownership of leased out real estate assets, at a rate of 0.035% of their tax basis per month. From 2019, the taxpayer has a right to apply for the refund of previously paid minimum tax which was not deducted from the advance corporate income tax. This minimum tax can be set-off against CIT if CIT is higher. The tax is applied only to leased buildings while no tax applies on vacant buildings or on vacant space in partially occupied buildings.

The Group's subsidiaries registered in Cyprus and the Netherlands need to comply with the tax regulations in their respective countries. However, it should be noted that the subsidiaries registered in Luxembourg were liquidated during 2019. The Group does not expect to generate any income, apart from dividend and interest income (excluding Luxembourg), which are the most significant sources of income of the Group companies registered in these countries. Dividend income is tax exempt under certain conditions in Cyprus and the Netherlands; interest income, however, is subject to corporate income tax at the rate of 12.5% in Cyprus and ranges from 19% to 25%, depending on total taxable profit (19% for tax on profits up to €0.2 million), in the Netherlands.

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

There are uncertainties in Romania and Poland where the Group has significant operations and this is due to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile. In Romania and Poland, the tax position is open to further verification for five years and no subsidiary in Romania has had a corporate income tax audit in the last five years while in Poland some entities are currently under tax audit with respect to the corporate income tax settlement for the fiscal years 2016 and 2017.

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 2019 and 31 December 2018 is as follows:

	2019 €'000	2018 €'000
Profit before tax	**207,716**	115,342
At the Company's income tax rate 0% (2018: 0%)	**–**	–
Effect of higher tax rates in foreign jurisdictions		
Tax in Romania		
– Corporate income tax	**830**	1,180
– Deferred tax expense for taxable temporary differences	**10,601**	9,056
– related to current year	**10,559**	4,966
– related to prior year's tax losses	**42**	4,090
Tax in Cyprus		
– Corporate income tax	**610**	577
Tax in the Netherlands		
– Corporate income tax	**–**	–
Tax in Poland		
– Corporate income tax	**5,310**	6,264
– Deferred tax expenses/(income) for taxable temporary differences	**14,184**	(1,652)
– related to current year	**15,448**	(1,652)
– related to prior year's tax losses	**(1,264)**	–
Tax expense reported in the income statement	**31,535**	15,425
Effective tax rate, including deferred tax expenses (%)	**15.2%**	13.4%
Effective tax rate, excluding deferred tax expenses (%)	**3.2%**	7.0%

Deferred tax (asset)/liabilities

	2019 €'000	2018 €'000
Deferred tax asset	**(2,869)**	–
Deferred tax liability	**134,302**	106,978
	131,433	106,978

Deferred income tax expense

Net Deferred Tax	Consolidated statement of financial position 2019 €'000	Consolidated statement of financial position 2018 €'000	Consolidated statement of comprehensive income 2019 €'000	Consolidated statement of comprehensive income 2018 €'000
Acquired under business combinations in 2017	**–**	–	**–**	(27,464)
Deferred tax asset	**–**	–	**–**	5,087
Deferred tax liability	**–**	–	**–**	(32,551)
Acquired through asset acquisition	**(330)**	–	**–**	–
Valuation of investment property at fair value	**157,621**	128,639	**28,982**	46,564
Deductible temporary differences	**(1,522)**	(1,610)	**88**	(1,179)
Interest expense and foreign exchange loss on intra-group loans	**(13,844)**	(9,617)	**(4,227)**	(11,726)
Discounting of tenant deposits and long-term deferred costs	**75**	54	**21**	(28)
Share issue cost recognised in equity	**(7)**	(7)	**–**	–
Valuation of financial instruments at fair value	**1,225**	532	**693**	960
Recognised unused tax losses	**(11,785)**	(11,013)	**(772)**	277
	131,433	106,978	**24,785**	7,404

The Group has unused assessed tax losses carried forward of €77.9 million (2018: €80.3 million) in Romania and €34.2 million (2018: €24 million) in Poland that are available for offsetting against future taxable profits of the entity which has the tax losses. The tax losses in Romania and Poland can be carried forward over seven and five consecutive tax years from the year of origination, respectively. In Poland, in any particular tax year, the taxpayer may not deduct more than 50% of the loss incurred in the year for which it was reported. Additionally, starting from 2020, the taxpayer may utilise one-time tax losses generated after 31 December 2018 up to PLN 5 million in one fiscal year.

As of the statement of financial position date the Group had recognised deferred tax assets of €11.8 million (2018: €11.0 million) in Romania and Poland for which deferred tax asset recognition criteria was met under IAS 12, out of the total available deferred tax assets of €19.1 million (2018: €17.2 million), calculated at the corporate income tax rates of 16% in Romania and 19% (9% for small entities) in Poland, respectively.

Expiry year	2019	2020	2021	2022	2023	2024	2025	2026	TOTAL
Total available deferred tax assets (€m)	0.3	2.7	3.1	3.5	3.1	5.2	0.2	1.0	**19.1**

From the above total available deferred tax assets, €7.3 million (2018: €6.2 million) deferred tax asset was not recognised (Romanian and Poland) in the income statement of the Group as the amount could not be realised from the future taxable income as per criteria under IAS 12.

There are also temporary non-deductible interest expenses and net foreign exchange losses of €23.5 million (2018: €15.3 million) related to intercompany and bank loans. Such amounts can be carried forward indefinitely, and each year an amount up to 30% of EBITDA would become tax deductible, for which €1.7 million deferred tax asset was recorded (2018: nil).

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, the Group recognised €0.8 million (2018: derecognised €1.9 million) deferred tax asset representing derecognition of €0.7 million (2018: derecognition €4.1 million) in Romania, due to improved actual tax results and transition of some subsidiaries to a taxable profits position, and recognition of €1.5 million (2018: recognition of €2.2 million) in Poland, due to improved forecasts for future taxable profits in the Polish subsidiaries.

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

13 Earnings Per Share

The following table reflects the data used in the calculation of basic and diluted earnings per share per IFRS and EPRA rules:

Date	Event	Note	Number of shares issued ('000)	% of the period	Weighted average ('000)
1 Jan 2018	**At the beginning of the year**		**132,183**		**132,183**
Jan 2018	– Executive share option plan (vested and exercised)		30	99	30
April 2018	– Shares issued for the Executive share plan (share released subsequent to 2017)		98	74	73
Aug 2018	– Shares purchased for Subsidiaries' employee Share Award plan (vested)		33	38	13
Dec 2018	– Shares issued for Executive share option plan (transferred)		114	4	5
2018	**Shares in issue at year-end (basic)**		**132,458**		**132,304**
	Dilutive effect of:				
Jan-Dec 2018	Effect of dilutive shares		241	89	214
2018	**Shares in issue at year-end (diluted)**		**132,699**		**132,518**
1 Jan 2019	**At the beginning of the year**		**132,458**		**132,458**
Jan-April 2019	– Shares issued for share swap with non-controlling interest holders in the subsidiary	22.2	19,933	75	14,890
April 2019	– Shares issued for cash	22.1	38,202	72	27,505
April 2019	– Shares purchased with cash by the Company	25.6	(300)	68	(204)
July 2019	– Shares issued for performance incentive scheme		2,929	49	1,435
July 2019	– Shares issued for Executive share option plan (vested and exercised)	25.2	51	49	25
Aug 2019	– Shares purchased for Subsidiaries' employee Share Award plan (vested)	25.3	87	41	36
Oct 2019	– Shares issued for cash	22.1	28,572	21	6,000
Nov 2019	– Shares purchased with cash by the Company	25.6	(500)	10	(50)
Dec 2019	– Shares issued under the Executive share option plan (vested and exercised)	25.2	47	9	4
2019	**Shares in issue at year-end (basic)**		**221,479**		**182,099**
Jan-Dec 2019	Effect of dilutive shares		931	78	724
2019	**Shares in issue at year-end (diluted)**		**222,410**		**182,823**

Subsequent to 31 December 2019, no new shares were issued.

Unvested share option warrants of 2.85 million were not included in basic or diluted number of shares being unvested and anti-dilutive on issue date, refer for further information in note 25.1. However, 20,000 share option warrants which were vested and exercisable at 31 December 2019 were included in dilutive number of shares outstanding at 31 December 2019 (2018: same).

	2019 €'000	2018 €'000
Profit attributable to equity holders of the Company for the basic and diluted earnings per share	**170,177**	80,263
IFRS earnings per share	**cents**	cents
– Basic	**93**	61
– Diluted	**93**	61

Key Financial Performance Measures

The Group intended that not less than 90% of the Company's funds from operations will be distributed to the shareholders of the Company as dividend on a semi-annual basis, subject to solvency or other legal requirements. The Group monitors its funds from operations primarily as EPRA earnings, a non-IFRS measure.

EPRA Earnings Per Share

The following table reflects the reconciliation between IFRS earnings as per the statement of comprehensive income and EPRA earnings (non-IFRS measure):

	Note	**2019 €'000**	2018 €'000
Earnings attributable to equity holders of the Company (IFRS)		**170,177**	80,263
Changes in fair value of financial instruments and associated close-out costs		**519**	298
Fair value gain on investment property	3	**(117,718)**	(34,088)
Losses on disposal of investment properties		**1,576**	2,701
Changes in value of financial assets at fair value through profit or loss	17	**(1,898)**	(5,463)
Acquisition costs		**240**	1,182
Gain on acquisition of subsidiaries		**–**	(251)
Tax credit relating to losses on disposals		**(13)**	(13)
Deferred tax charge in respect of above adjustments		**29,674**	17,501
Adjustments in respect of joint ventures and other items		**(4,358)**	(4,088)
Non-controlling interests in respect of the above		**2,667**	2,853
EPRA earnings attributable to equity holders of the Company		**80,866**	60,895

EPRA earnings per share	**cents**	cents
– Basic	**44**	46
– Diluted	**44**	46

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 period 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.

Under IFRS 9 the Group classifies its financial assets in the two main measurement categories, those to be measured subsequently at fair value (either through OCI or through profit or loss) and those to be measured at amortised cost. The classification of the financial asset in either of the above categories depends on the Group's business model for managing the financial asset and the contractual terms of the cash flows. The Group reclassifies the financial instrument when and only when its business model for managing those assets changes.

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

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

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

Financial assets

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

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

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

Financial assets at amortised costs (Cash and cash equivalents, contract assets, trade and other receivables, other receivables, guarantees retained by tenants, VAT and other taxes receivable, income tax receivable and loan receivables from joint ventures)

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

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

Interest income from the financial assets at amortised costs is included in finance income using the effective interest rate method and are subject to impairment. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income or expenses.

Note 21.2 provides information about the group's exposure to credit risk and the impairment loss recognised during the year on the of financial assets subject to impairment.

Cash and cash equivalents

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

Trade and other receivables

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

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

Contract asset

A contract asset is initially recognised for revenue earned from service charge income, fit-out services income and rendering of other services, revenue stream disclosed in note 7, because the receipt of consideration is conditional on successful completion of the services. Once a fiscal invoice issued after the completion of services the contracts assets is reclassified to trade receivables.

Equity investments through other comprehensive income (with no recycling of cumulative gains and losses upon derecognition)

Financial assets at fair value through other comprehensive income (FVOCI) comprise equity investments which are not held for trading, and at initial recognition the Group, at its sole irrevocable option under IFRS 9, designates the unquoted equity investment as financial assets at fair value through other comprehensive income. Under this option, qualifying dividends are recognised in profit or loss. Changes in fair value, net of deferred tax if any, are recognised in other comprehensive income. Subsequently if the equity investment will be derecognised then the impact of derecognition will remain in the other comprehensive income and will not be reclassified to profit and loss.

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Financial liabilities

Financial liabilities of the Group mainly comprise interest-bearing loans and borrowings, contract liabilities, 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.

Contract liability

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related services. Contract liabilities are recognised as revenue when the Group performs under the contract.

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.

14 Financial instruments *continued*

Derivative Financial Instruments

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

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.

	2019 €'000	2018 €'000
Current		
Current portion of secured loans and accrued interest	**3,378**	3,039
Accrued interest on unsecured fixed rate bonds	**20,926**	20,926
Sub-total	**24,304**	23,965
Non-current		
Secured loans	**215,947**	155,642
Unsecured fixed rate bond	**1,083,669**	1,079,464
Sub-total	**1,299,616**	1,235,106
TOTAL	**1,323,920**	1,259,071

15.1 Key terms and conditions of outstanding debt:

				2019		2018	
Facility	Currency	Nominal interest rate	Maturity date	Face value €'000	Carrying value €'000	Face value €'000	Carrying value €'000
Loan 16	EUR	EURIBOR 1 month + margin	June 2022	**16,651**	**16,651**	17,946	17,946
Loan 17	RON	ROBOR 1 month + margin	April 2019	**–**	**–**	85	85
Loan 25	EUR	Fixed rate bond	June 2022	**558,404**	**550,819**	558,404	548,120
Loan 32	PLN	NBP rate less social indicator	June 2034	**–**	**–**	3,434	2,535
Loan 33	PLN	WIBOR 1 month + margin	February 2019	**–**	**–**	187	187
Loan 34	EUR	EURIBOR 1 month + margin	August 2026	**–**	**–**	36,840	36,782
Loan 37	EUR	Fixed rate bond	March 2025	**562,522**	**553,776**	562,522	552,271
Loan 38[1]	EUR	Fixed rate & Floating rate EURIBOR 3 months + margin	May 2025	**100,112**	**99,260**	100,299	99,306
Loan 40	EUR	EURIBOR 3 month + margin	April 2025	**–**	**–**	2,011	1,839
Loan 41	EUR	EURIBOR 3 month + margin	March 2029	**65,239**	**64,490**	–	–
Loan 43	EUR	EURIBOR 3 month + margin	March 2029	**39,122**	**38,924**	–	–
Total				**1,342,050**	**1,323,920**	1,281,728	1,259,071

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

Unsecured Corporate Bonds

In June 2017, the Group issued a €550 million unsecured Eurobond (Loan 25). The five-year Euro-denominated Bond matures on 20 June 2022 and carries a fixed interest rate of 2.875%. In March 2018, the Group issued a €550 million unsecured Eurobond (Loan 37). The seven-year Euro-denominated Bond matures on 29 March 2025 and carries a fixed interest rate of 3.0%.

Financial covenants on unsecured fixed rate bonds are calculated on a semi-annual basis at 30 June and 31 December each year and include the Consolidated Coverage Ratio, with minimum value of 200%, the Consolidated Leverage Ratio, with maximum value of 60%, and the Consolidated Secured Leverage Ratio with a maximum value of 30%.

Unsecured Revolving Credit Facility

At the end of October 2019, the Group entered into a €200 million unsecured Revolving Credit Facility ("RCF") with a syndicate of its relationship banks and selected new lenders. The RCF has a term of 4.5 years and an additional €50 million uncommitted accordion option. The terms of the RCF have been structured to generally align with the Company's existing Euro Medium Term Note ("EMTN") programme for fixed rate bonds. During 2019, no amount was drawn down and as of 31 December 2019 the full facility was available for the future draw down.

15.2 Secured facilities

Repayments

On 28 February 2019 the Group fully repaid the outstanding balance of loan 33 in Poland on its due date.

On 21 June 2019 the Group repaid loan facilities 32 and 34 with total outstanding balances of €40.3 million (including accrued interest) from existing cash resources. The loan was obtained under the JESSICA initiative during 2014 prior to the acquisition date of the related subsidiary. The facility was secured on the mixed-use investment properties in Poland.

On 25 June 2019 the Group repaid an amount of €2 million (loan 40) from existing cash resources. The loan was part of €30 million loan facility from Erste Group Bank AG (part of Erste Bank Group). The facility was secured on the Timisoara Industrial Park investment property (Industrial) in Romania. Similarly, the Group also paid the last outstanding instalments of Loan 17 during April 2019 on its due date.

As disclosed in note 27, as part of the acquisition of Warsaw Trade Tower 2 sp. z o.o., the Group acquired existing short-term facility with a total outstanding balance of €85.5 million. The facility carried a variable interest rate and was secured with the mortgage on the investment property Warsaw Trade Tower building (Office) in Poland. Subsequent to the acquisition date, on 11 April 2019, the Group prepaid €9.5 million from the outstanding facility. On 29 November 2019, the Group repaid the outstanding facility on its due date.

New facilities

On 11 March 2019, the Group drew down the €65 million long-term debt facility (Loan 41), which was secured from Erste Bank Group AG (part of Erste Bank Group). The facility carries a floating interest rate charge and is secured on the Globalworth Tower (Office) investment property in Romania. The proceeds from the loan were used to fund the acquisition of new investment properties and general corporate purposes.

As disclosed in note 27, as part of the acquisition of the remaining 50% stake of Elgan Offices SRL, the Group acquired the existing long-term facility (loan 43) with a total outstanding balance of €38.9 million. The facility carries a variable interest rate and is secured with the mortgage on the investment property Renault Bucharest Connected building (Office) in Romania.

Financial covenants

Financial covenants on secured loans are calculated based on the individual financial statements of the respective subsidiaries and subject to the following ratios:

- gross loan-to-value ratio ("LTV") with maximum values ranging from 48%–83% (2018: 60%–83%). LTV is calculated as the loan value divided by the market value of the relevant property (for a calculation date);
- the debt service cover ratio ("DSCR") minimum values ranging from 120% (2018: 120%). DSCR is the preceding 12-months historical ratio and projected future 12-months period ratio depending on the respective credit facility; and
- Minimum interest cover ratio ("ICR"), historic with minimum values from 350% and projected with minimum values from 250% (2018: 300%-350%), which was applicable to two properties as at 31 December 2019 (2018: two properties).

Historic ICR is calculated, for the secured property under the bank loan, as Actual Net Rental Income as a percentage of the Actual Interest Costs for the twelve preceding months period from the calculation date. Projected ICR is calculated, for the secured property under the bank loan, as Projected Net Rental Income as a percentage of the Projected Interest Costs for the twelve months period commencing immediately after the date of the calculation.

Secured bank loans are secured by investment properties which were recognised in the statement of financial position at fair value of €546.4 million at 31 December 2019 (2018: €631.1 million) and also carry pledges on rent receivable balances of €3.0 million (2018: €4.02 million), VAT receivable balances of €0.2 million (2018: €0.9 million) and a moveable charge on the respective bank accounts (refer to note 20).

Other Disclosures

The Group is in compliance with all financial covenants and there were no payment defaults during the year 2019 (2018: same). As of 31 December 2019, the Group had undrawn borrowing facilities of €265 million (2018: €30.84 million).

16 Trade and Other Payables

	2019 €'000	2018 €'000
Current		
Payable for property service charges	**9,905**	10,526
Payable to suppliers for properties under development	**10,039**	8,317
Consideration payable for property acquisitions	**10,469**	193
Deferred income for rent	**5,962**	4,888
Directors' emoluments payable	**501**	937
Salaries and related payables	**1,843**	937
Accruals for administrative expenses	**3,722**	1,088
Accruals for non-recurring costs	**5**	2,490
Other taxes payable	**1,934**	1,892
Other short-term payable	**253**	1,688
	44,633	32,956
Non-current		
Consideration payable for business acquisition	**1,316**	694
	45,949	33,650

17 Financial assets at fair value through profit or loss

Project name	Interest rate	Maturity date	2018 €'000	Additions €'000	Valuation Gain €'000	2019 €'000
Short term:						
Beethovena I	fixed	March 2020	3,608	–	378	**3,986**
Browary Stage J	fixed	December 2020	9,270	5,980	1,251	**16,501**
Sub-total			**12,878**	**5,980**	**1,629**	**20,487**
Long term:						
Beethovena II	fixed	March 2021	2,829	–	269	**3,098**
TOTAL			**15,707**	**5,980**	**1,898**	**23,585**

Right of First Offer Agreements ('ROFO')

The fair value of the financial assets (ROFO bonds) is individually determined by taking into account a number of factors (the significant key factors are fair value of underlying investment properties, outstanding cost to complete the construction and leasing progress). Any significant change in inputs may result in significant change in the fair value of ROFO as at 31 December. e.g. a 5% change in outstanding cost to complete or the fair value of underlying investment property would have increased or decreased the ROFO fair value by €0.8 million and €0.6 million respectively.

The maturity dates presented in the table above are stated in the agreements, however, the planned repayment dates of debentures would take place upon completion of each ROFO project. As at 31 December 2019, a gain of €1.9 million (2018: €5.5 million) from the fair valuation of the above financial instruments was recognised in the statement of comprehensive income, categorised Level 3 within the fair value hierarchy.

In 2017 prior to acquisition date, GPRE and its subsidiaries signed an agreement for the acquisition of 25% stakes in ROFO projects, being developed by Echo Investment S.A. ("ROFO Bonds"). Under the agreement, GPRE (the "Bondholder") purchased bonds issued by the respective limited partners of all of the respective ROFO SPVs (the "ROFO Agreement"). The ROFO Agreement covers all of the ROFO Assets. Echo indirectly holds 100% of the shares or interest in the ROFO SPVs and the ROFO SPVs are developing the ROFO Assets. GPRE intended to invest (indirectly through the Bondholder), on the terms and conditions set out in the ROFO Agreement, in each of the ROFO Assets the amount of 25% of the funds required by each of the ROFO SPVs (less the external construction bank financing at a loan to construction ratio of 60%) to complete the development of each respective ROFO Asset. Based on the construction budget presented by Echo to the Issuer in connection with the execution of the ROFO Agreement, the amount of the contribution (the investment) made by the Company under the ROFO Agreement amounts to €15.9 million (2018: €9.9 million).

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

18 Equity investments

Name of investees	2019 €'000	2018 €'000
Mindspace Ltd	**8,837**	8,837
Early Game Venture Fund I Coöperatief U.A.	**313**	–
Gapminder Fund Coöperatief U.A.	**690**	–
Equity investments (unquoted)	**9,840**	8,837

Judgements

The Group considers investment in the above entities as strategic and their classification as financial asset at fair value through other comprehensive income is more relevant instead of financial asset at fair value through income statement. The classification criteria were assessed separately for each investment at initial date.

Estimates used in the valuation technique and key inputs

In determining fair value, the Group relied on the financial data of investees' portfolios and on estimates by the management of the investee portfolio companies as to the effect of future developments. Although the Group uses its best judgement, there are inherent limitations in any estimation techniques. The fair value estimates attempt to present the amount the Group could realise in a current transaction, the final realisation may be different as future events will also affect the current estimates of fair value.

Investment in Mindspace Ltd

In the prior year, the Group entered into an agreement with Mindspace Ltd, receiving a 4.99% stake in Mindspace Ltd in return for investing €8.6 million (US$10 million) in the company's Preferred A-2 class shares. Mindspace Ltd commenced its operations in 2013 with subsidiaries in Cyprus, Poland, Germany, UK, USA, the Netherlands and Romania. The company leases office spaces for long term periods, renovates them and turns them into modern shared offices/coworking spaces while providing its customers offices spaces and additional services. The company is also a tenant of the Group, in Poland and Romania.

The fair value of the Group's participation in Mindspace Ltd was calculated, internally by the management, based on the net present value of estimated future cash flows, using a discounted cash flows model. The valuation requires management to make certain assumptions about the model inputs, including forecasted discounted cash flows (which ware based on the investee's budget earnings for the next 5 years from 31 December 2018 onward and historical earnings for 2018), the discount rate of 10.5% and EBITDA multiple of 9.5 (which was based on the earnings multiple of a comparable non-quoted company operating in a similar industry sector). Any change in the discount rate and / or EBITDA multiple used may have a significant impact on the estimated value at 31 December 2019.

Based on the above analysis at 31 December 2019, no material fair value increase or decrease was recorded in the other comprehensive income as the fair value amount was not materially different from the initial investment cost of the Group.

Investment in Venture funds

During 2019, Globalworth Tech Limited, a fully owned subsidiary of the Group, participated in several equity calls for a total investment of €0.3 million in Early Game Venture Fund I Coöperatief U.A. ('Early Game'). Early Game is a venture fund which invests in tech start-ups in Romania through the Competitiveness Operational Program (2014-2020) and is co-funded by the European Regional Development Fund (see further details in the Corporate Social Responsibility section, subsection Technology, of the Annual Report).

Similarly, in 2019, Globalworth Tech Limited invested €0.7 million in Gapminder Fund Coöperatief U.A. ('Gapminder'). Gapminder is a venture fund which invests in tech start-ups in Romania through the Entrepreneurship Accelerator and Seed Fund Financial Instrument in Romania and is co-funded by the European Investment Fund (see further details in the Corporate Social Responsibility section, subsection Technology, of the Annual Report).

At 31 December 2019, the Group assessed the fair value of its investments based on latest available management accounts of the funds and the underlying enterprise value of the individual tech start-ups and seed investments by Early Game and Gapminder. Based on analysis performed no fair value gain was recognised in other comprehensive income as the change in the value of both investments was insignificant.

19 Trade and Other receivables

	2019 €'000	2018 €'000
Current		
Rent and service charges receivable	**14,407**	14,050
VAT and other taxes receivable	**13,810**	7,653
Consideration receivable from the sellers for property acquisitions	**338**	2,523
Advances to suppliers for services	**154**	382
Advances to directors	**–**	12
Sundry debtors	**254**	661
	28,963	25,281

Rent and Service Charges receivable

Rent and service charges receivable are shown, in above table, net of an allowance for bad or doubtful debts. Rent and service charges receivable are non-interest-bearing and are typically due within 30-90 days (see more information on credit risk and currency profile in note 21.2). For the terms and conditions for related party receivables, see note 32.

20 Cash and Cash Equivalents

	2019 €'000	2018 €'000
Cash at bank and in hand	**192,989**	99,087
Short-term deposits	**97,705**	128,190
Cash and cash equivalents as per statement of cash flows	**290,694**	227,277
Guarantee deposits – cash reserve	**1,000**	2,250
Cash and cash equivalents as per statement of financial position	**291,694**	229,527

Cash at bank and in hand includes restricted cash balances of €10.8 million (2018: €10.5 million) and short-term deposits include restricted deposits of €3.1 million (2018: €3.0 million). The restricted cash balance can be used to repay the outstanding debts and repayment of deposits to tenants. The restricted cash balance of €0.2 million (2018: €0.05 million) held by Globalworth Foundation can only be used for charity purposes.

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 on Euro deposits ranging from minus 0.61% to 0.35% (2018: minus 0.62% to nil) per annum, for PLN deposits from nil to 1.48% (2018: nil to 0.97%) per annum and for RON deposits from 1.14% to 3.23% (2018: nil to 3.16%) per annum. In RON deposits highest interest rate was earned on overnight deposits.

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.

21.1 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.

21.1 a) 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):

	2019				2018			
	Denominated in				Denominated in			
Amounts in €'000 equivalent value	RON	PLN	GBP	USD	RON	PLN	GBP	USD
ASSETS								
Cash and cash equivalents	**24,715**	**39,138**	**27**	**2**	15,658	18,952	69	2
Trade and other receivables	**15,130**	**11,663**	**–**	**–**	14,160	7,543	–	–
Contract assets	**2,270**	**2,987**	**–**	**–**	3,937	–	–	–
Income tax receivable	**208**	**47**	**–**	**–**	202	193	–	–
Total	**42,323**	**53,835**	**27**	**2**	33,957	26,688	69	2
LIABILITIES								
Interest-bearing loans and borrowings	**–**	**–**	**–**	**–**	85	2,722	–	–
Trade and other payables	**11,342**	**10,919**	**–**	**–**	10,644	9,117	–	–
Lease liability	**–**	**32,077**	**–**	**–**	–	–	–	–
Income tax payable	**402**	**348**	**–**	**–**	474	3,146	–	–
Guarantees from subcontractors	**–**	**2,107**	**–**	**–**	–	1,754	–	–
Deposits from tenants	**3,068**	**6,151**	**–**	**–**	2,981	4,126	–	–
Total	**14,812**	**51,602**	**–**	**–**	14,184	20,865	–	–
Net exposure	**27,511**	**2,233**	**27**	**2**	19,773	5,823	69	2

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 fluctuations 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 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 reporting date for a 5% appreciation in the Euro against other currencies.

	2019		2018	
All amounts in €'000	Profit or (loss)	Equity	Profit or (loss)	Equity
RON	**(1,376)**	**(1,376)**	(989)	(989)
PLN	**(112)**	**(112)**	(291)	(291)
GBP	**(1)**	**(1)**	(3)	(3)

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.

21.1 b) 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 2019, 9.5% (2018: 5.1%) of the total outstanding borrowings carried variable interest rates (including the 1-month and 3-month EURIBOR as bases) which expose the Group to cash flow interest rate risk. In order to minimise this risk, the Group hedged 13.3% (2018: 27.9%) of such variable interest rate exposure with fixed-variable interest rate swap and 25.8% (2018: nil) of such variable interest rate exposure hedged with interest rate cap instruments. Based on the Group's debt balances at 31 December 2019, an increase or decrease of 25 basis points in the EURIBOR or ROBOR will result in an increase or decrease (net of tax) in the result for the year of €2.2 million (2018: €0.9 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.

21 Financial Risk Management – Objective and Policies *continued*

The Group has Euro denominated long-term borrowings, Loan 25, 37 and a significant part of Loan 38 (2018: Loan 25, 37 and a significant part of Loan 38), at fixed rates which constitute 90.5% (2018: 94.9%) of the total debt. The facilities are payable in June 2022, March 2025 and May 2025 respectively. As a consequence, the Group is exposed to fair value interest rate risk, which has been disclosed under IFRS but will not have an impact on the income statement. As of 31 December 2019, the fair value was higher by €89 million (2018: lower with €8.3 million) than the carrying value as disclosed below in fair value hierarchy table.

21.2 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	2019 €'000	2018 €'000
Financial assets measured at fair value through profit or loss	17	**23,585**	15,707
Loan receivable from joint venture	29	**7,847**	32,997
Trade receivables – net of provision	19	**14,407**	14,050
Contract assets		**5,257**	3,937
Other receivables		**592**	3,184
Guarantees retained by tenants		**858**	11
VAT and other taxes receivable	19	**13,810**	7,653
Income tax receivable		**255**	395
Cash and cash equivalents	20	**291,694**	229,527
		358,305	307,461

Financial assets at fair value through profit or loss and other comprehensive income

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

Contract assets and Trade Receivables

A trade receivable is recognised if an amount of consideration that is unconditional is due from the customer (only the passage of time is required before payment of the consideration is due).

There is no significant concentration of credit risk with respect to contract assets and trade receivables, as the Group has a large number of tenants, most of which are part of multinational groups, internationally dispersed, as disclosed in the Leasing review of the Annual Report. For related parties, including the joint ventures, it is assessed that there is no significant risk of non-recovery.

Estimates and Assumptions Used for Impairment of Trade Receivables and contract assets

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

The Group assesses significant exposures individually. 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:

	2019 €'000	2018 €'000
Opening balance	**4,546**	3,321
Provision for specific doubtful debts	**428**	612
(Reversal of)/Provision for impairment based on the simplified approach under IFRS 9	**(140)**	500
Reversal of provision for doubtful debts	**(444)**	(25)
Utilised	**(301)**	(278)
Acquired through asset acquisitions	**–**	416
Foreign currency translation income	**(59)**	–
Closing balance	**4,030**	4,546

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

2019 (€'000)	Neither past due nor impaired	Past due but not impaired <90 days	<120 days	<365 days	TOTAL
Carrying amount	**5,226**	**7,605**	**386**	**1,190**	**14,407**
Expected credit loss rate	**0.1%**	**3.5%**	**5.1%**	**5.6%**	
Expected credit loss	7	267	20	66	360

2018 (€'000)	Neither past due nor impaired	Past due but not impaired <90 days	<120 days	<365 days	TOTAL
Carrying amount	**4,828**	**7,682**	**1,153**	**387**	**14,050**
Expected credit loss rate	**0.1%**	**3.9%**	**3.4%**	**39.8%**	
Expected credit loss	5	301	39	154	500

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 period 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 contractual terms.

Other Receivables

This balance relates to sundry debtors of €0.3 million (2018: €0.7 million) and consideration receivable from sellers of €0.3 million (2018: €2.5 million). Management has made due consideration of the credit risk associated with these balances resulting in no impairment loss 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. During 2019 the cash and cash equivalents balance was kept with several international banks having credit rating profile (assigned by S&P, Moody's or Fitch) in uper medium grade range (i.e A+ to A- for long-term and P-1, P2, F-1, F-2 for short-term) for 73% of the cash and cash equivalents balance of the Group, in lower medium grade range (BBBs) for 12% of the cash and cash equivalents balance of the Group and only 15% in non-investment grade. Surplus funds from operating activities are deposited only for short-term period, which are highly liquid with reputable institutions. Similarly in prior year, the most significant part of the cash and cash equivalents balance was 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 were deposited only for short-term period, which are highly liquid with reputable institutions.

Loan receivable from joint ventures

The outstanding loan balance is neither past due nor impaired. Loan receivable from joint ventures are considered to be low credit risk where they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations.

21 Financial Risk Management – Objective and Policies *continued*

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.

	Year	Carrying amount €000	Fair value hierarchy Level 1 €000	Level 2 €000	Level 3 €000	Total €000
Interest-bearing loans and borrowings (note 15)	**2019**	**1,323,920**	**1,172,441**	**–**	**240,251**	**1,412,692**
	2018	1,259,071	1,071,147	–	179,606	1,250,753
Other current financial liabilities	**2019**	**1,498**	**–**	**1,498**	**–**	**1,498**
	2018	2,084	–	2,084	–	2,084
Financial asset at fair value through profit or loss	**2019**	**23,585**	**–**	**–**	**23,585**	**23,585**
	2018	15,706	–	–	15,706	15,706
Lease liabilities (note 3)	**2019**	**32,077**	**–**	**–**	**32,077**	**32,077**
	2018	–	–	–	–	–

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 lease liabilities 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 Eurobonds, their fair value is calculated on the basis of their quoted market price. The own non-performance risk at the statement of financial position date was assessed to be insignificant.

21.3 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 and in the medium term, debt refinancing. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

The below table 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 period end, that is, the actual spot interest rates effective at the end of period are used for determining the related undiscounted cash flows.

All amounts in €'000 **2019**	**Contractual payment term** **<3 months**	**3 months–1 year**	**1-5 years**	**>5 years**	**Total**	**Difference from carrying amount**	**Carrying amount**
Interest-bearing loans and borrowings	**18,365**	**21,300**	**718,493**	**735,530**	**1,493,688**	**(169,768)**	**1,323,920**
Lease liability	**–**	**1,887**	**7,470**	**130,355**	**139,712**	**(107,635)**	**32,077**
Trade payables and guarantee retained from contracts (excluding advances from customers)	**41,986**	**1,839**	**1,716**	**21**	**45,562**	**–**	**45,562**
Other payables	**–**	**253**	**–**	**–**	**253**	**–**	**253**
Provision for tenant lease incentives	**–**	**1,353**	**–**	**–**	**1,353**	**–**	**1,353**
Deposits from tenants	**13,951**	**2,004**	**3,228**	**715**	**19,898**	**(450)**	**19,448**
Income tax payable	**821**	**–**	**–**	**–**	**821**	**–**	**821**
Total	**75,123**	**28,636**	**730,907**	**866,621**	**1,701,287**	**(277,853)**	**1,423,434**

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

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 €1.5 million (2018: €2.1 million) at the end of 2019. The fair value of derivative was developed in accordance with the requirements of IFRS 13. Under the terms of the swap agreement, the Group is entitled to receive a floating rate of 1 month EURIBOR at a notional amount of €16.83 million (2018: €18.15 million) and is required to pay a fixed rate of interest of 3.62% p.a. on the said notional amount in monthly instalments, with maturity date of June 2022. The movement in fair value recognised in the income statement for the year was a financial income of €0.6 million (2018: €0.5 million).

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

Reconciliation of liabilities arising from financing activities in cash flows

Description	2018 €'000	Net Cash flows €'000	Non-cash changes movement Acquisition €'000	Foreign exchange €'000	Debt cost amortisation €'000	**2019 €'000**
Interest-bearing loans and borrowings (note 15)	1,259,071	(102,808)	124,087	285	43,285	**1,323,920**
Other current financial liabilities	2,084	–	(586)	–	–	**1,498**

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

The disclosures in this section focus on dividend distributions, 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, are also disclosed in this section.

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.

		2019		2018	
	Note	€'000	Number ('000)	€'000	Number ('000)
Opening balance		**897,314**	**132,599**	894,509	132,288
Shares issued to the executive directors and other senior management employees – not transferred		**–**	**–**	1,874	143
Shares issued to the Executive Directors and other senior management employees – transferred	25.2	**439**	**–**	–	47
Shares issued for cash	22.1	**611,921**	**66,774**	–	–
Shares issued in exchange for GPRE shares	22.2	**179,395**	**19,933**	–	–
Transaction costs on the issuance of shares		**(12,828)**	**–**	(40)	–
Shares issued under the Executive share option plan		**–**	**–**	153	30
Shares issued and held by the subsidiary	25.3	**3,028**	**342**	818	91
Shares issued for Long-Term Plan termination	25.4	**25,105**	**2,759**	–	–
Balance at 31 December		**1,704,374**	**222,407**	897,314	132,599

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

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

22.1 Shares issued for cash

On 12 April 2019 and 15 October 2019, the Company issued an additional 38.2 million and 28.6 million Ordinary shares ("placing shares") at a price of €9.10 and €9.25 per share respectively, raising total gross proceeds of €611.9 million. The purpose of fund raising was to facilitate acquisition opportunities in both Poland and Romania as well as for general corporate purposes and will also assist the Company in managing its gearing strategy to a long-term target LTV of less than 40%.

22.2 Shares exchange with non-controlling interest holders in GPRE

On 28 January 2019, the Company issued 3.1 million new shares in agreement with certain minority shareholders of GPRE, its Polish subsidiary, to acquire 17.8 million shares in GPRE. The newly issued shares of the Company were priced at €7.925 per share, the market price at the date of issuance, raising the share capital by an amount of €24.8 million.

On 10 April 2019, Growthpoint, a common shareholder of the Company and GPRE in conjunction with a placing agreement agreed to receive 16.8 million shares of the Company in exchange for 95.5 million GPRE shares under the placing agreement ("GPRE exchange"). The GPRE Exchange was conditional upon the completion of the placing, so that Growthpoint will not, at any time, together with any persons acting in concert with it, carry 30% or more of the voting rights of the Company or be subject to the obligation under the UK City Code on Takeovers and Mergers to make a mandatory offer to all remaining shareholders of the Company to acquire their shares. The newly issued shares of the Company were priced at €9.20 per share, the market price at the date of issuance (i.e. 15 April 2019), raising the share capital by an amount of €154.5 million.

The Group recognised an amount of €12.8 million as transaction costs for the above transactions. The newly issued shares rank pari passu in all respects with the existing ordinary shares of the Company.

23 Dividends

Policy

The Company recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the articles of association of the Company and Guernsey Company law, a distribution is authorised when it is approved by the board of Directors of the Company. A corresponding amount is recognised directly in equity. There are no income tax consequences attached to the payment of dividends in either 2019 or 2018 by the Group to its shareholders.

	2019 €'000	2018 €'000
Declared and paid during the period		
Interim cash dividend: 57 cents per share (2018: 49 cents per share)	**93,799**	64,870

On 14 January 2019, the Board of Directors of the Company approved the payment of an interim dividend in respect of the six-month financial period ended 31 December 2018 of €0.27 per ordinary share, which was paid on 8 February 2019 to the eligible shareholders.

On 23 July 2019, the Company announced that its Board of Directors has approved the payment of an interim dividend in respect of the year ending 31 December 2019 of €0.30 per ordinary share, which was paid on 16 August 2019 to the eligible shareholders.

24 Financial Position Key Performance Measures

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

	Note	2019 €'000	2018 €'000
Net assets attributable to equity holders of the Company		**1,914,667**	1,084,915

Number of ordinary shares used for the calculation of:		Number ('000)	Number ('000)
NAV per share	13	**221,479**	132,458
Diluted NAV and EPRA NAV per share	13	**222,410**	132,699

	€	€
NAV per share	**8.64**	8.19
Diluted NAV per share	**8.61**	8.18

EPRA Net Asset Value ('EPRA NAV') Per Share	Note	2019 €'000	2018 €'000
Net assets attributable to equity holders of the Company		**1,914,667**	1,084,915
Exclude:			
Deferred tax liability on investment property	12	**157,621**	128,639
Fair value of interest rate swap instrument	21	**1,498**	2,084
Goodwill as a result of deferred tax	28	**(5,697)**	(5,697)
Adjustment in respect of the joint venture for above items		**1,301**	1,341
Minority interest effect on above adjustments	30.5	**–**	(11,111)
EPRA NAV attributable to equity holders of the Company		**2,069,390**	1,200,171

	€	€
EPRA NAV per share	**9.30**	9.04

25 Share-Based Payment Reserve

Policy

Equity-settled transactions where vesting is conditional upon a market or non-vesting condition, are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all service conditions are satisfied. The cost of equity-settled transactions is recognised in the income statement, together with a corresponding increase in other reserves in equity (share-based payment reserve), over the period in which the service conditions are fulfilled.

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired. Where the share scheme has market-related performance criteria, the Group has used a binomial option pricing model to establish the relevant fair values at grant date, considering the terms and conditions. The following table analyses the components of the share-based payment reserve and total cost outstanding at year-end.

Share-based payments reserve	Note	2019 €'000	Treasury shares Number ('000)	2018 €'000	Treasury shares Number ('000)
Executive share option plan	25.1	**158**	**–**	158	–
Shares granted to Executive Directors and other senior management employees – not transferred	25.2	**838**	**(86)**	1,528	(47)
Subsidiaries' Employees Share Award Plan	25.3	**–**	**–**	431	(94)
Performance Incentive Scheme	25.4	**2,544**	**–**	–	–
Deferred annual bonus plan	25.5.1	**1,888**	**–**	–	–
Long-term incentive plan	25.5.2	**143**	**–**	–	–
		5,571	**(86)**	2,117	(141)

Share-based payments expense	Note	2019 €'000	2018 €'000
Subsidiaries' Employees Share Award Plan	25.3	**353**	509
Long-term incentive plan	25.5.2	**143**	–
Total expense during the year		**496**	509

25.1 Executive Share Option Plan

Under the plan, the Directors of the Group were awarded share option warrants as remuneration for 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.

As of 31 December 2019, under share option warrants scheme the Directors of the Group has right to subscribe in two tranches 2.85m ordinary shares (1.425m in each tranche) 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 €10.00 per share and €12.50 per share for each tranche respectively. As defined per IAS 33 "Earnings per share" ordinary shares to be issued for each unvested share option warrants were not included in basic or diluted number of shares disclosed in the note 13. 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 following table analyses the total cost of the executive share option plan (Warrants), together with the number of options outstanding:

	2019		2018	
	Cost €'000	Number ('000)	Cost €'000	Number ('000)
At the beginning of the year	**158**	**2,850**	161	2,880
Share-based payment expense during the year	**–**	**–**	–	–
Warrants vested and exercised during the year	**–**	**–**	(3)	(30)
Closing balance	**158**	**2,850**	158	2,850
Weighted average remaining contractual life (years)		**3.58**		4.58
Warrants vested and exercisable as at 31 December		**20**		20

25.2 Shares granted to Executive Directors and other senior management employees

	2019 €'000	2018 €'000
At the beginning of the year	**1,528**	1,911
Shares granted to Executive Directors and other senior management employees	**85**	1,491
Shares issued to the Executive Directors and other senior management employees	**(903)**	(1,874)
Unpaid dividend on unvested shares	**128**	–
Closing balance	**838**	1,528

Shares issued to the executive Directors and other senior management employees

On 25 April 2019, the Company delivery 0.1 million ordinary shares (ordinary shares of no par value), out of treasury shares held by the Company, to the Executive Directors and other senior management employees as settlement for the share-based payment reserve, in their capacity as Globalworth Investment Advisers Limited's ("GIAL") preference shareholders, on behalf of its subsidiary GIAL, in order to settle part of the liability of €1.2 million owed by the Company to its subsidiary. The 0.1 million new shares rank pari passu with the existing shares of the Company. The ordinary shares have been issued at €9.10 per ordinary share (market price on the issue date) and are subject to the vesting conditions.

On 5 July 2019, pursuant to the above decision, GIAL transferred the following shares to the Executive Directors and certain other preference shareholders of GIAL:

- the third tranche of 0.07 million ordinary shares, comprising part of the ordinary Shares that were allotted to GIAL in part settlement of the fee due to GIAL by the Company for the year ended 31 December 2017; and
- the first tranche of 0.05 million ordinary shares, comprising part of the ordinary Shares that were allotted to GIAL in part settlement of the fee due to GIAL by the Company for the year ended 31 December 2018.

As at 31 December 2019, 0.08 million shares held by GIAL and not transferred yet are accounted for as treasury shares.

25.3 Subsidiaries' Employees Share Award Plan

Under the share award plan, the subsidiaries' employees are required to remain in service for one-year period following the date of acceptance of the share offer letter. During the year, the Company recorded €0.4 million (2018: 0.5 million) as share-based payment expense in the income statement for the lapsed vested period. During the year 2019, the Group allotted 0.09 million ordinary shares to employees (vested shares) in order to settle the share-based reserve under this scheme.

	2019 €'000	2018 €'000
Opening balance	**431**	168
Share-based payment expense during the year	**353**	509
Shares vested and exercised during the year	**(784)**	(246)
Closing balance	**–**	431
Weighted average remaining unvested period (years)	**–**	0.5
Weighted average price per share – vested and exercised share	**–**	€7.55
Weighted average price per share – unvested shares	**–**	€8.95

Under the share award plan, the subsidiaries' employees are required to remain in service for a one-year period after the date of acceptance of the share offer letter. Under this policy, there were no shares or reserve outstanding at 31 December 2019.

25.4 Performance Incentive Scheme

As announced on 13 June 2019, along with the adoption of a new Group-wide remuneration policy, the Group has decided to terminate the existing incentive fee arrangements (the "Plan") for Globalworth Investment Advisers Ltd ("GIAL" or the "Investment Manager") a wholly owned subsidiary of the Group. Following the recommendation of the Remuneration Committee, the Board of the Company has approved that the fair termination value of the Plan is €55 million. On 5 July 2019, the termination value of €55 million was charged to retained earnings in accordance with the related provisions of IFRS 2 (Share-based Payment). The termination value was for an amount of €25.8 million settled in cash and for an amount of €29.2 million settled with the delivery of 3.2 million shares to participants.

25 Share-Based Payment Reserve *continued*

The non-cash component of termination value was settled as follows:

- 2.76 million new shares were issued at price of €9.10 per ordinary share, resulting in an increase in share capital of €25.0 million. For the calculation of earnings per share under IAS 33, these shares were counted for the calculation of basic EPS for the year ended 31 December 2019.
- 0.17 million ordinary shares, at a price of €9.10 per ordinary share, were utilised from the treasury shares, for an amount of €1.5 million, already held by the Company. For the calculation of earnings per share under IAS 33, these shares were counted for the calculation of basic EPS for the year ended 31 December 2019.
- €2.544 million was credited to share-based payment shares, representing 0.3 million shares to be delivered to employees in 2020 at a price of 9.10 per share. For the calculation of earnings per share under IAS 33, these shares were counted for the calculation of dilutive EPS for the year ended 31 December 2019.

25.5 New Group remuneration policy

Policy

The new Group remuneration policy is designed to achieve an appropriate balance between fixed and variable remuneration, and between variable remuneration based on short-term and longer-term performance. Fixed remuneration includes base salary and benefits. Variable remuneration includes an annual bonus, a significant portion of which will ordinarily be paid in deferred shares pursuant to a new deferred annual bonus plan ("DABP"), and performance share plan awards made under a new long-term incentive plan ("LTIP").

The new Group remuneration policy is intended to align with the strategy and business of the Group and reflects the importance of generating a growing and sustainable cash flow and achieving value creation through the active management of real estate assets, including those under development. The principal objectives of the new Group remuneration policy are to attract, retain and motivate management of the quality required to run the Company successfully.

25.5.1 Deferred annual bonus plan ("DABP")

The Investment Manager and selected senior employees will be eligible to participate in an annual bonus plan. The current annual bonus plan for participants in the scheme will be paid through a combination of 50% cash and 50% deferred shares. The maximum award for each participant will not exceed 150% of annual salary, target performance will not exceed 75% of annual salary and threshold performance will not exceed 37.5% of annual salary. Awards under the DABP will vest in three instalments on the first, second and third anniversaries of the date of grant. Participants will be entitled to receive dividend equivalents on the unvested shares until, and payable on or shortly after, they vest.

The Remuneration Committee will set performance targets for the annual bonus at the start of each financial year to ensure performance measures and weightings are appropriate and support the business strategy. The performance targets will be primarily based upon Key Performance Indicators, although there may also be elements subject to other measures and factors.

Following the assessment performed of the current year's achievements for the specific key performance indicators compared to the target amounts set for the year, the Group has provisioned €3.8 million for the benefit of DABP participants as of 31 December 2019. As per the terms of the annual incentive plan, the incentive amount was charged to the income statement and a corresponding credit was made under trade and other payables, representing the 50% cash element, for an amount of €1.9 million. In addition a share based payment reserve was set up, representing the 50% of deferred shares element, for an amount of €1.9 million.

25.5.2 Long-term Incentive Plan

The LTIP will provide the long-term incentive arrangement for the Investment Manager and selected senior employees (the "LTIP Participants"). Under the LTIP, it is intended that performance share awards will be granted on an annual basis either in the form of Company shares without cost to the LTIP participant or nil (or nominal) cost options to subscribe to Company shares. Annual awards will be determined by reference to that number of shares which equals in value to a maximum of 100% of salary for employees who are not a director of the Company and 150% of salary for Executive Directors of the Company. Awards will vest three years from the date of grant of the award (or upon the assessment of performance conditions if later) subject to the LTIP participant's continued service and the extent to which the performance conditions specified for the awards are satisfied.

Performance conditions applying to the first awards will be based 50% on relative Total Shareholder Return ("TSR") and 50% on growth in Total Accounting Return per share ("TAR") (defined as the growth in the Company's EPRA Net Asset Value per share and dividend distributions per share paid over the three-year LTIP performance period). The achievement of a threshold level of performance will result in vesting of 25% of the maximum award. Full vesting will occur for equalling or exceeding the maximum performance target. A target level of performance may also be set between the threshold and maximum performance targets. The level of vesting for the achievement of target performance would take account of the difficulty of achieving target performance. Straight-line vesting will take place for performance between threshold, target, and maximum. Dividend equivalents will be paid in relation to shares which vest until the normal vesting date or, if there is one, until the end of the holding period.

On 5 July 2019 the Board resolved to grant Long Term Fees to the Investment Adviser under the Investment Management agreement between the Company and GIAL of a maximum amount of c.€3.0m, in the form of a total of 342,184 LTIP shares at a price of €8.85 per share.

The actual Long Term Fees in the form of LTIP shares to be awarded to the Investment Adviser and consequently the actual number of shares to be awarded by the Investment Adviser to the Executive Directors and other executives of the Investment Adviser will be determined following the end of the performance period and after the publication of the TAR of the Company for the year ended 31 December 2021, as well as the availability of the TSR data for all the companies in 3 comparator groups.

25.6 Treasury shares

	Note	2019 Amount €'000	2019 Number ('000)	2018 Amount €'000	2018 Number ('000)
Opening balance		**(842)**	**(94)**	(270)	(36)
Shares purchased with cash by the Company	25.6.1	**(7,295)**	**(800)**	–	–
Shares for Executive Directors and other senior management employees	25.2	**464**	**51**	(818)	(91)
Shares for subsidiaries' employee share award plan	25.3	**784**	**87**	246	33
Shares for performance incentive plan termination	25.4	**1,538**	**169**	–	–
Shares for long-term incentive plan	25.5.2	**(3,028)**	**(342)**	–	–
Closing balance		**(8,379)**	**(929)**	(842)	(94)

25.6.1 Shares purchased with cash by the Company

On 25 April 2019 and 25 November 2019, the Group purchased 300,000 and 500,000 of its own ordinary shares of no par value at €9.13 and €9.10 per share and (including related costs) respectively for the total amount of €7.295 million in order to meet obligations arising under share award plans in place for the Group.

26 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 and manages its gearing strategy to a long-term target LTV of less than 40%.

The LTV is calculated as the amount of outstanding debt (Group's debt balance plus 50% of joint ventures' debt balance), less cash and cash equivalents (Group cash balance plus 50% of joint ventures' cash balance), divided by the open market value of its investment property portfolio (Group's investment property- freehold portfolio plus 50% of joint ventures' investment property – freehold value) as certified by external valuers. The future share capital raise or debit issuance are influenced, in addition to other factors, by the prevailing LTV ratio.

	Note	2019 €'000	2018 €'000
Interest-bearing loans and borrowings (face value)	15	**1,342,050**	1,281,728
Less:			
Cash and cash equivalents	20	**291,694**	229,527
Group Interest-bearing loans and borrowings (net of cash)		**1,050,356**	1,052,201
Add:			
50% Share of Joint Ventures interest-bearing loans and borrowings		**–**	14,348
50% Share of Joint Ventures cash and cash equivalents		**(129)**	(1,930)
Combined Interest-bearing loans and borrowings (net of cash)		**1,050,227**	1,064,619
Investment property		**3,016,878**	2,390,994
Less:			
Other operating lease commitment		**1,308**	1,514
Group open market value as of financial position date		**3,015,570**	2,389,480
Add:			
50% Share of Joint Ventures open market value as of financial position date	29	**14,750**	36,300
Open market value as of financial position date		**3,030,320**	2,425,780
Loan-to-value ratio ("LTV")		**34.7%**	43.9%

Since, the carrying value of lease liability equals with fair value of the investment property – leasehold at 31 December 2019 under the applicable accounting policy as per IFRS 16 therefore both asset and liability, related to the right of perpetual usufruct of the lands, are excluded from above calculation.

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

27 Subsidiaries acquisitions

Policy

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

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

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

If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired the difference is recognised directly in the income statement as bargain purchase gain on business combination. Goodwill is measured in accordance with the policy set out in note 28.

Judgements and assumptions used for Business combinations and asset acquisitions

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

When the acquisition of a subsidiary or a 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.

Investment properties (asset acquisition) acquired through a shares deal of a legal entity

On 3 April 2019 the Group acquired 100% of the issued shares in Warsaw Trade Tower 2 Sp. z o.o. the owner of an office building called Warsaw Trade Tower ("WTT") located in the Wola district of Warsaw, Poland, through its subsidiary in Poland which is indirectly owned by GPRE.

On 18 December 2019 the Group acquired 100% of the equity stake in Podium Investment Sp. z o.o., which holds the Podium Park formed of three office buildings (one completed and two under construction on acquisition date).

Investment property purchased by the existing subsidiaries

On 26 March 2019, Efimero Sp. z o.o., a subsidiary of the Group purchased the Rondo Business Park office building, located in the northern part of Krakow, Poland. The transaction was financed from existing Group cash resources.

On 19 July 2019, the Group concluded an agreement based on which it purchased the legal rights to the office building Retro Office House and Silesia Star in Wroclaw and Katowice, respectively. The acquisition was funded from the Group's existing cash resources.

All above transactions were judged as asset acquisitions on the acquisition date as per the criteria outlined above in "Judgements and assumptions used for Business combinations and asset acquisitions".

The aggregate cash consideration in respect of the subsidiaries' acquisitions are disclosed below. Acquisition costs related to all transactions amounted to €3.0 million were capitalised as part of the initial carrying value of the investment property on acquisition date.

	2019 €'000	2018 €'000
Acquisition price	**419,700**	508,857
Less:		
Net working capital of the subsidiary	**(81,259)**	(1,383)
Deferred tax asset	**334**	–
Liability recognised towards tenants for lease incentive and tenant deposits	**(3,713)**	–
Investment property acquired	**335,062**	507,474
Cash of acquired entities	**(2,358)**	(7,200)
Sub-total	**332,704**	500,274
Less:		
Debentures (outstanding from the acquiree)[1]	**–**	18,684
Liabilities acquired[1]	**87,596**	–
Cash consideration paid	**233,952**	481,876
Other incidental costs paid	**2,687**	1,947
Consideration (receivable from)/payable to the seller	**8,469**	(2,233)
Total Consideration	**332,704**	500,274

1. Non-cash settlement.

Consideration payable to sellers mainly include deferred consideration payable to the seller of Podium Park for two buildings which are currently under development. The deferred consideration payable was calculated based on the assumption that the buildings will be fully completed and delivered to the Group with 100% occupancy.

Any change in actual occupancy on the delivery date from the estimate on 31 December 2019 will increase or decrease the final cash outflow related to this liability. In subsequent-periods any such change will be recorded as adjustment to purchase price of the under-development building.

28 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.

	2019 €'000	2018 €'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.

28 Goodwill *continued*

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 2019, the goodwill related to property management activity with a carrying value of €6.7 million (2018: 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 2019 no reasonable change in the main assumptions could result in an impairment charge (31 December 2018: same).

At 31 December 2019 and 2018 respectively, the value-in-use of the property management activity was determined based on the following main assumptions:

- budgets for 4 years;
- discount rate of 5.1% p.a. as of 31 December 2019 (2018: 6.7% p.a.); and
- extrapolation in perpetuity from year 4 onwards, considering a growth rate of 2.5% p.a. (2018: 1% p.a.).

The goodwill with a carrying value of €5.7 million (2018: €5.7 million) 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.

29 Investment in Joint ventures

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. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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 27, the Group's investment was classified as a joint venture.

As at 31 December 2019, the Group determined that there is no objective evidence that the investments in the joint venture are impaired. The financial statements of each joint venture are prepared for the same reporting period as the Group. The joint ventures had no other contingent liabilities or commitments as at 31 December 2019 (2018: €nil), except construction commitments as disclosed in note 6.

Investments	Note	2019 €'000	2018 €'000
Opening balance		**5,319**	2,218
Investments in the Joint venture (including acquisition costs)	29.1	**6,452**	–
Additions in investment (share capital increase by the joint venture)		**–**	6
Transition of Joint venture to subsidiary with change of control	29.2	**(9,511)**	–
Share of profit during the year		**7,750**	3,095
Sub-total		**10,010**	5,319
Loans receivable from joint ventures			
Opening balance		**32,997**	19,721
Loan provided to the joint ventures		**10,267**	26,202
Loan repayments from the joint ventures		**(4,389)**	(12,875)
Interest repayment from the joint ventures		**(627)**	(1,470)
Interest income for the loans to joint ventures		**1,046**	1,419
Transition of Joint venture to subsidiary with change of control	29.2	**(31,447)**	–
Sub-total		**7,847**	32,997
TOTAL		**17,857**	38,316

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, the Group's investment was classified as a joint venture.

29.1 Investments in the Joint Ventures

In April 2019, the Group's subsidiary, Globalworth Holding Cyprus Limited, entered into a joint venture agreement with Bucharest Logistic Park SRL, through which it acquired a 50% shareholding interest (€0.09 million investment) in Global Logistics Chitila SRL ("Chitila Logistics Hub"), an unlisted company in Romania, owning land for further development, at acquisition date, in Chitila, Romania. As at 31 December 2019, the land was classified under the industrial segment for the Group.

In June 2019, the Group's subsidiary, Globalworth Holdings Cyprus Limited, entered into a joint venture agreement with Mr. Sorin Preda through which it acquired a 50% shareholding interest (€6.36 million investment) in Black Sea Vision SRL ("Constanta Business Park"), an unlisted company in Romania, owning land for further development, at acquisition date, in Constanta, Romania. As at 31 December 2019, the land was classified as industrial segment for the Group.

29.2 Transition of Joint Venture to subsidiary with change of control

Also, on 20 December 2019 the Group acquired 50% equity stake from the Joint venture partner for a total cash consideration of €10.1 million thus resulting in 100% ownership of the company. On the acquisition date, the Group derecognised the related assets (i.e. investment in the joint venture under equity method and loans receivable from the joint venture) at fair value resulting a gain of €2.8 million in the income statement. Elgan Offices SRL owns Renault Bucharest Connected, an office building in Bucharest, Romania and Globalworth West, an office building under development in Bucharest, Romania.

Judgements and Assumptions used for Asset Acquisition

At the time of acquisition, the Group considered whether the acquisition represented an acquisition of a business or an acquisition of an asset. In the absence of integrated set of activities required for a business other than the property, the Group concluded the acquisition of the subsidiary does not represent a business therefore 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.

29 Investment in Joint ventures *continued*

Summaries financial position of the joint venture on the acquisition date:

	Acquisition date 20 December 2019 €'000
Completed investment property	83,300
Investment property under development	7,500
Other non-current assets	230
Other current assets (including cash)	4,480
Loans payable to the Group	(31,447)
Bank loans	(38,924)
Other non-current liabilities	–
Other current liabilities	(390)
Net equity	**24,749**
Purchase consideration:	
Disposal of Fair value of Group's 50% share in the net equity of the Joint venture	12,375
Consideration for the joint venture partner's 50% share	
– Paid in cash	8,131
– Payable in cash	2,000
– Fair value gain on investment property acquired being as an asset acquisition (non-cash)	2,243
Total	**24,749**

Fair value of Group's 50% share in the net equity of the Joint Venture

Until the disposal date, the carrying amount of the investment is the Joint Venture was recorded at cost plus the change in the Group's share of net assets of the joint venture until the disposal date. Following the acquisition of 50% stake from the joint venture partner, the Group derecognised the investment in the Joint venture and loans receivable from the joint venture at 50% of the net assets of the venture company, representing identifiable assets and liabilities with their fair values at the acquisition date without deferred tax liability outstanding in the individual financial statements of the venture.

	20 December 2019 €'000
Opening carrying value of investment in joint venture	5,319
Group's share of profit under equity method during the year	4,192
Fair value of Group's 50% share in the net equity of the Joint venture	(12,375)
Gain resulting from acquisition of joint venture as subsidiary	**2,864**

29.3 Summarised Statements of Financial Position of the Joint Ventures as at 31 December

The summarised statements of financial position of the joint ventures is disclosed below, which represents the assets and liabilities recognised in the financial statements of each joint venture without adjusting of the balance payable to or receivable from the Group. Transactions and balances receivable or payable between the Group and the individual joint ventures are disclosed in note 32.

	2019 €'000 Constanta Business Park	2019 €'000 Chitila Logistics Hub	2019 €'000 Combined	2018 €'000 Renault Bucharest Connected & Globalworth West
Completed investment property	–	–	–	69,400
Investment property under development	3,300	3,100	6,400	3,200
Land bank – for further development	19,300	3,800	23,100	–
Other non-current assets	1,074	1,203	2,277	1,097
Total non-current assets	23,674	8,103	31,777	73,697
Other current assets	506	368	874	5,150
Cash and cash equivalents	98	159	257	3,860
Total assets	24,278	8,630	32,908	82,707
Loans payable to the Group	2,909	4,938	7,847	32,997
Bank loans (at amortised cost)	–	–	–	28,359
Loan from Joint venture partner	153	–	153	–
Other non-current liabilities	2,495	108	2,603	2,682
Total non-current liabilities	5,557	5,046	10,603	64,038
Current portion of Bank loans	–	–	–	119
Loan from Joint venture partner	–	2,614	2,614	1,598
Other current liabilities	897	456	1,353	4,138
Total liabilities	6,454	8,116	14,570	69,893
Net equity	17,824	514	18,338	12,814

The Group has signed loan facilities, amounting to €20.5 million, with Chitila and Constanta Joint ventures to fund the development costs of the projects, out of which €10.5m was available for future drawdown as of 31 December 2019. Further details on investment property is disclosed in note 4.1.

29.4 Summarised Statements of Financial Performance of the Joint Ventures during 2019

The table below includes individual and combined income statements of the joint venture extracted from the individual financial statements of each joint venture without adjusting for the transactions with the Group.

	2019 €'000 Renault Bucharest Connected & Globalworth West	2019 €'000 Constanta Business Park	2019 €'000 Chitila Logistics Hub	2019 €'000 Combined	2018 €'000 Renault Bucharest Connected & Globalworth West
Revenue	6,092	–	–	6,092	106
Operating expenses	(1,538)	–	–	(1,538)	(128)
Administrative expenses	(145)	(13)	(25)	(183)	(140)
Fair value gain on investment property	6,529	7,990	644	15,163	9,792
Foreign exchange loss	(95)	(13)	(18)	(126)	(13)
Profit before net financing cost	10,843	7,964	601	19,408	9,617
Finance expense	(1,579)	–	-	(1,579)	(179)
Finance income	11	1	1	13	5
Income tax expense	(1,858)	(1,282)	(107)	(3,247)	(1,618)
Total comprehensive income for the year	7,417	6,683	495	14,595	7,825

Income tax expense mainly represents deferred tax expense on the valuation of investment property.

29 Investment in Joint ventures *continued*

29.5 Share of profit of equity-accounted investments in joint ventures

The following table presents a reconciliation between the profit for the years ended 31 December 2019 and 2018 recorded in the individual financial statements of the joint ventures with the Share of profit recognised in the Group's financial statements under equity method.

	2019 €'000 Renault Bucharest Connected & Globalworth West	2019 €'000 Constanta Business Park	2019 €'000 Chitila Logistics Hub	2019 €'000 Combined	2018 €'000 Renault Bucharest Connected & Globalworth West
Profit for the year	**7,417**	**6,683**	**495**	**14,595**	7,825
Group 50% share of profit for the year	**3,709**	**3,342**	**248**	**7,299**	3,912
Adjustments for transaction with the Group	**483**	**(2)**	**(30)**	**451**	(817)
Share of profit of equity-accounted investments in joint ventures	**4,192**	**3,340**	**218**	**7,750**	3,095

Since there were no significant transactions in the income statement of Elgan Offices SRL in post-acquisition period (i.e. from 19 December 2019 to 31 December 2019) therefore, Group's share of profit was calculated on 31 December 2019. The investment property held by Elgan Offices SRL at 19 December 2019 was valued based on third party value.

30 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 2019 and 31 December 2018, are disclosed in the table below. The Group did not have any restrictions (statutory, contractual or regulatory) on its ability to transfer cash or other assets (or settle liabilities) between the entities within the Group.

As of 31 December 2019, the Group consolidated following subsidiaries, being holding companies as principal activities.

Subsidiary	Note	**31 December 2019 Shareholding interest (%)**	31 December 2018 Shareholding interest (%)	Place of incorporation
Globalworth Investment Advisers Limited,		**100**	100	Guernsey, Channel
Globalworth Finance Guernsey Limited	30.3	**–**	100	Islands
Globalworth Holding B.V.	30.2	**100**	100	Netherlands
Globalworth Poland Real Estate N.V.	30.5	**100**	69.70	
Elgan Automotive Kft.		**100**	100	Hungary
Globalworth Tech Limited	30.5	**100**	80	Cyprus
Griffin Premium RE Lux S.a.r.l., Charlie SCSp, December SCSp,	30.3	**–**	69.70	Luxembourg
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, Kinolta Investments Limited, Saniovo Holdings Limited, Minory Investments Limited	30.3	**100**	100	Cyprus
IB 14 Fundusz Inwestycyjny Zamkniety Aktywow Niepublicznych, Akka RE Sp. z o.o., Charlie RE Sp. z o.o., December RE Sp. z o.o., Nordic Park Offices Sp. z o.o., Lamantia Sp. z o.o., Dom Handlowy Renoma Sp. z o.o., Wagstaff Investments Sp. z o.o., GPRE Management Sp. z o.o., Lima Sp. z o.o., Luapele Sp. z o.o., GPRE Property Management Sp. z o.o., Elissea Investments Sp. z o.o., West Link Sp. z o.o. West Gate Wroclaw Sp. Z.o.o., Gold Project Sp. z o.o. Light Project Sp.z.o.o.		**100**	69.70	Poland

30 Investment in Subsidiaries *continued*

As of 31 December 2019, the Group consolidated the following subsidiaries, which own real estate assets in Romania and Poland, being asset holding companies as their principal activities, except Globalworth Building Management SRL with building management activities, and Fundatia Globalworth, a non-profit organisation with corporate social responsibility activities.

Subsidiary	Note	31 Decmber 2019 Shareholding interest (%)	31 December 2018 Shareholding interest (%)	Place of incorporation
Aserat Properties SRL, BOB Development SRL, BOC Real Property SRL, Corinthian Five SRL, Corinthian Tower SRL, Corinthian Twin Tower SRL, Elgan Automotive SRL, Globalworth Asset Managers SRL, Globalworth Building Management SRL, Globalworth EXPO SRL SPC Beta Property Development Company SRL, SPC Epsilon Property Development Company SRL, SPC Gamma Property Development Company SRL, Netron Investment SRL, SEE Exclusive Development SRL, Tower Center International SRL, Upground Estates SRL Fundatia Globalworth		**100**	100	Romania
Elgan Offices SRL	30.4	**100**	–	Romania
DH Supersam Katowice Sp. z o.o., Hala Koszyki Sp. z o.o., Dolfia Sp. z o.o. Ebgaron Sp. z o.o., Bakalion Sp. z o.o., Centren Sp. z o.o., Tryton Business Park Sp. z o.o., A4 Business Park Sp. z o.o., West Link Investments Sp. z o.o. (formerly: West Link Spółka z ograniczona odpowiedzialnoscia Sp. k.,) Dom Handlowy Renoma Investments Sp. z o.o. (formerly: Dom Handlowy Renoma Spolka z ograniczona odpowiedzialnoscia Sp. k.,) Lamantia Investments Sp. z o.o. (formerly: Lamantia Spolka z ograniczona odpowiedzialnoscia Sp. k.,) Nordic Park Investments Sp. z o.o. (formerly Nordic Park Offices Spolka z ograniczona odpowiedzialnoscia Sp. k.), Warta Tower Sp. z o.o., Quattro Business Park Sp. z o.o., West Gate Investments Sp. z o.o. (formerly West Gate Wroclaw Spolka z ograniczona odpowiedzialnoscia Sp. k.), Gold Project Investments Sp z o.o. (formerly Gold Project Spolka z ograniczona odpowiedzialnoscia Sp. j.) Spektrum Tower Sp. z o.o.,	30.2, 30.4	**100**	69.70	Poland
Artigo Sp. z o.o., Rondo Business Park Sp. z o.o., Ingadi Sp. z o.o., Imbali Sp. z o.o., Kusini Sp. z o.o.,	30.1	**100**	–	Poland
Warsaw Trade Tower 2 Sp. z o.o. Podium Investment Sp. z o.o.	30.4	**100**	–	Poland

Changes in Group structure during 2019

30.1 Purchase of shell companies during the year

During the year ended 31 December 2019 the Group purchased, in Poland, 100% equity stake in four newly incorporated shell companies (i.e. Artigo Sp. z.o.o., Ingadi Sp. z.o.o., Imbali Sp. z o.o., Kusini Sp. z o.o., Rondo Business Park Sp. z o.o. (previously Efimero Sp. z o.o) with a consideration of PLN 5,000 each. As disclosed in note 27, the subsidiaries were deployed to enter into new share-purchase agreement for investment property acquisitions in Poland.

30.2 Mergers during the year

During the year ended 31 December 2019 the following subsidiaries merged through legal mergers:

- A4 Business Park Sp. z o.o. absorbed two entities namely, Wetherall Investments Sp. z o.o. and Iris Capital Sp. z o.o. All absorbed companies were holding companies and registered in Poland
- Warta Tower Sp. z o.o. absorbed Warta LP Sp. z o.o. and Warta Tower Investments Sp. z o.o. All absorbed companies were holding companies and registered in Poland
- Tryton Business Park Sp. z o.o. absorbed Emfold Investments Sp. z o.o. and Tryton Business Park Sp. z o.o. All absorbed companies were holding companies and registered in Poland
- Globalworth Holding B.V., absorbed Globalworth Poland Real Estate N.V., both holding companies and registered in the Netherlands.

30.3 Liquidations during the year

Griffin Premium RE Lux S.a.r.l. , Charlie SCSp and December SCSp, incorporated in Luxembourg and controlled through Globalworth Poland Real Estate N.V., were liquidated during the year period 2019.

During the year ended 31 December 2019, Globalworth Finance Guernsey Limited (a holding company registered in Guernsey) and Saniovo Holdings Limited (a holding company registered in Cyprus) have filed for voluntary liquidation and are now in process to be struck off the register of companies.

30.4 Subsidiaries acquired through asset acquisition (share deals) during the year

On 3 April 2019, the Group acquired 100% of the equity stake in Warsaw Trade Tower 2 Sp. z o.o., holding an office building called Warsaw Trade Tower (WTT) located in Warsaw. The subsidiary is controlled through Globalworth Holding B.V. which is 100% owned indirectly by the Group. Refer to further details in note 27.

On 18 December 2019 the Group acquired 100% of the equity stake in Podium Investment Sp. z o.o., which holds the Podium Park formed of three office buildings (one completed and two under construction on acquisition date).

Also, on 20 December 2019 the Group acquired 100% of the equity stake in Elgan Offices SRL, which holds the Renault Bucharest Connected and Globalworth West properties, refer to further details in note 29.

30.5 Acquisitions of non-controlling interest during the year

Subsidiary with insignificant non-controlling interest

During 2018, Globalworth Tech Ltd. a holding company was incorporated in Cyprus with the Group's equity investment of €800 and €200 equity investment from minority shareholders representing 20% non-controlling interest in the subsidiary. During 2019, the group purchased the non-controlling interest at an initial carrying cost of €200. No gain or loss was recognised in the statement of changes in equity on the purchase of 20% stake in the subsidiary from the non-controlling interest holders.

Subsidiary with significant non-controlling interest

As of 31 December 2018, Globalworth Poland Real Estate N.V. (GPRE or GPRE group) represented a material subsidiary not fully owned by the Group, where the Group had non-controlling interest of 30.3%.

During 2019, the group purchased through several transactions (as disclosed below) the remaining 30.3% stake from non-controlling interest holders thus reached to 100% equity ownership threshold until 16 October 2019.

Share exchange with non-controlling interest holders in GPRE

As disclosed in note 22.2, on 28 January 2019 the Group purchased 13.29% of non-controlling interest representing 17.8 million shares in exchange for 3.1 million shares of the Company, which were valued at €24.8 million at the prevailing market price of Globalworth Group share on issue date. Similarly, on 12 April 2019, as disclosed in note 22.2, the Group purchased a further 71.23% of non-controlling interest, representing 95.5 million shares in exchange for 16.8 million shares of the Company, which were valued at €154.5 million at the prevailing market price of Globalworth Group share on issue date.

From the above transactions, the Group recorded a gain of €5.8 million directly in retained earnings, being the transactions with the owners.

Share purchased for cash

During the year 2019 through several transactions including a public tender offer, the Group purchased 20.1 million shares in GPRE in cash for an amount of €31.9 million, representing remaining 15.48% of non-controlling interest, at 31 December 2018, from the minority stakeholders thus reached 100% equity stake in the subsidiary. The Group recorded a loss of €0.3 million directly in retained earnings, being the transactions with the owners.

This section includes segmental disclosures highlighting the core areas of Globalworth's operations in the Office, High-street mixed-use, 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 in 2020.

31 Segmental Information

The Board of Directors is of the opinion that the Group is engaged mainly in real estate business, comprising Offices, High-street mixed-use, Industrial and Residential investment properties segment and property management services, in two geographical areas, Romania and Poland.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Executive Directors.

The Group 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' i.e. gross rental income less property expenses) and valuation gains/losses from property valuation at each semi-annual basis. The individual properties are aggregated into Office, High street mixed-use, Industrial and Residential segments.

Industrial property segment and head office segments are presented on collective basis as Others in below table since their individual assets, revenue and absolute profit (or loss) are below 10% of all combined total asset, total revenue and total absolute profit (or loss) of all segments. All other segments disclosed separately as these meets 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), High street mixed-use and the Other segment (acquires, develops, leases and manages industrial spaces and corporate office). 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:

	2019						2018					
	Office €'000	High Street Mixed-use €'000	Residential €'000	Other €'000	Inter-segment eliminations €'000	Total €'000	Office €'000	High Street Mixed-use €'000	Residential €'000	Other €'000	Inter-segment eliminations €'000	Total €'000
Rental income – Total	123,867	16,659	1,892	9,251	(173)	151,496	95,836	31,298	2,251	8,735	(492)	137,628
Romania	51,549	–	1,892	9,251	(66)	62,626	47,462	–	2,251	8,735	(492)	57,956
Poland	72,318	16,659	–	–	(107)	88,870	48,374	31,298	–	–	–	79,672
Revenue from contract with customers – Total	56,787	7,251	812	6,257	(357)	70,750	42,490	8,172	683	4,658	(830)	55,173
Romania	29,058	–	812	6,257	(308)	35,819	27,624	–	683	4,658	(830)	32,135
Poland	27,729	7,251	–	–	(49)	34,931	14,866	8,172	–	–	–	23,038
Revenue-total	180,654	23,910	2,704	15,508	(530)	222,246	138,326	39,470	2,934	13,393	(1,322)	192,801
Operating expenses	(59,967)	(7,751)	(1,111)	(6,010)	305	(74,534)	(44,236)	(8,711)	(1,253)	(5,075)	(85)	(59,360)
Segment NOI	120,687	16,159	1,593	9,498	(225)	147,712	94,090	30,759	1,681	8,318	(1,407)	133,441
NOI – Romania	48,749	–	1,593	9,498	(69)	59,771	46,027	–	1,681	8,318	(1,012)	55,014
NOI – Poland	71,938	16,159	–	–	(156)	87,941	48,063	30,759	–	–	(395)	78,427
Administrative expenses	(12,923)	(2,492)	(515)	(7,521)	4,149	(19,302)	(6,124)	(510)	(607)	(8,956)	944	(15,253)
Acquisition costs	(232)	–	–	(8)	–	(240)	(1,182)	–	–	–	–	(1,182)
Fair value gain on investment property	120,217	(8,414)	(999)	6,914	–	117,718	38,474	(7,120)	2,339	395	–	34,088
Depreciation on other long-term assets	(190)	–	(66)	(150)	–	(406)	(323)	(9)	(63)	(3)	–	(398)
Gain on acquisition of subsidiary	–	–	–	–	–	–	251	–	–	–	–	251
Other expenses	(4,720)	(206)	* (1,613)	(653)	–	(7,192)	(1,335)	(286)	*(2,711)	(11)	11	(4,332)
Other income	349	9	97	482	(5)	932	230	94	–	3	3	330
Gain resulting from acquisition of joint venture as subsidiary	2,864	–	–	–	–	2,864	–	–	–	–	–	–

	2019						2018					
	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
Foreign exchange loss	(676)	(22)	1	(191)	–	(888)	(992)	(170)	31	(83)	–	(1,214)
Finance cost	(43,329)	(1,427)	(4)	(290)	–	(45,050)	(38,538)	(2,091)	(4)	(1,094)	–	(41,727)
Finance income	2,087	22	35	272	–	2,416	2,685	90	7	507	–	3,289
Segment result	184,134	3,629	(1,471)	8,353	3,919	198,564	87,236	20,757	673	(924)	(449)	107,293
Share-based payment expense	–	–	–	(496)	–	(496)	–	–	–	(509)	–	(509)
Gain from fair value of financial instruments	1,898	–	–	–	–	1,898	5,463	–	–	–	–	5,463
Share of profit of equity-accounted investments in joint ventures	4,192	–	–	3,558	–	7,750	3,095	–	–	–	–	3,095
Profit before tax	190,224	3,629	(1,471)	11,415	3,919	207,716	95,794	20,757	673	(1,433)	(449)	115,342

* Other expenses include a loss on sale of non-core investment property (apartments) and other one-off expenses.

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 2019 (2018: €nil).

	2019						2018					
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	2,618,082	313,788	69,108	132,908	(4,366)	3,129,520	1,966,202	306,466	76,432	114,729	(3,788)	2,460,041
Romania	1,214,910	–	69,108	132,908	(200)	1,416,726	1,048,944	–	76,432	114,729	(167)	1,239,938
Poland	1,403,172	313,788	–	–	(4,166)	1,712,794	917,258	306,466	–	–	(3,621)	1,220,103
Total assets	2,829,245	319,639	71,535	267,566	(6,298)	3,481,687	2,048,863	332,080	78,530	281,764	(4,238)	2,736,999
Total liabilities	1,454,551	22,225	25,403	63,002	1,839	1,567,020	1,282,366	52,921	26,844	81,195	(3,649)	1,439,677
Additions to non-current assets												
– Romania	59,004	–	334	6,550	–	65,888	50,163	–	1,047	3,477	–	54,687
– Poland	22,820	2,664	–	–	–	25,484	7,856	3,461	–	–	–	11,317

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 Joint ventures, the Company's Executive and Non-Executive Directors, key other Executives, as well as all the companies controlled by them or under their joint control, or under significant influence. The related party transactions are set out in the table below:

Name	Nature of transactions/balances amounts	Income statement Income/(expense) 2019 €'000	Income statement Income/(expense) 2018 €'000	Statement of financial position Amounts owing (to)/from 2019 €'000	Statement of financial position Amounts owing (to)/from 2018 €'000
Mindspace Ltd.[1]	Trade and other receivables	**–**	–	**36**	267
	Revenue	**3,016**	896	**–**	–
	Deposits from tenant	**–**	–	**(1,167)**	(1,142)
	Lease incentive cost[2]	**–**	–	**4,582**	2,868
	Trade and other payables	**–**	–	**(144)**	(175)
Elgan Offices SRL (50% Joint Venture)[3]	Shareholder loan receivable	**–**	–	**–**	32,997
	Finance income	**966**	1,419	**–**	–
	Management fees	**125**	300	**–**	–
	Office rent	**24**	24	**–**	–
Global Logistics Chitila SRL (50% Joint Venture)	Shareholder loan receivable	**–**	–	**4,939**	–
	Finance income	**71**	–	**–**	–
	Office rent	**11**	–	**–**	–
Black Sea Vision SRL (50% Joint Venture)	Shareholder loan receivable	**–**	–	**2,909**	–
	Finance income	**9**	–	**–**	–
	Office rent	**6**	–	**–**	–
Mr. Adrian Danoiu (Chief Operating Officer)	Advances received for sale of commercial property	**–**	–	**–**	(70)
	Trade and other receivables	**–**	–	**35**	–
	Revenue from sale of commercial property	**133**	6	**–**	–
Mr. Dimitris Raptis (Co-Chief Executive Officer & Chief Investment Officer)	Other income from sale of fully depreciated car	**10**	–	**–**	–
	Rent revenue	**2**	–	**–**	–

1. A key Executive of Mindspace Ltd. is a close family member of a Non-Executive Director of the Company. The transactions disclosed in above table were entered between the subsidiaries of Mindspace Limited (namely Mindspace Co-working SRL and Mindspace Poland S.A.) and certain subsidiaries of the Company.
2. Lease incentives costs granted in the year were capitalised in the value of Investment Property.
3. Amounts disclosed in this table represent pre-acquisition date transactions with Elgan Offices SRL being Joint Venture from 1 Jan 2019 to 19 December 2019. Elgan Offices SRL was consolidated as a subsidiary from 20 December 2019, details in note 28 and note 30.

During the year ended 2019, Mr. Ioannis Papalekas (Chief Executive Officer) donated €75,000 to Fundatia Globalworth, a non-profit organisation controlled by the Group, see note 9.1.

33 New and Amended Standards

Starting from 1 January 2019 the Group adopted the following new and amended standards and interpretations. The new standards and amendments had no significant impact (the impact from the adoption of IFRS 16 is disclosed in note 1, 3.2 and 7 separately) on the Group's financial position and performance.

Narrow scope amendments and new Standards	Effective Date (EU endorsement)
IFRS 16 Leases (issued on 13 Jan-2016)	**Jan-19**
IFRS 9 Amendments: Prepayment Features with Negative Compensation	**Jan-19**
IAS 19: Plan Amendment, Curtailment or Settlement	**Jan-19**
IAS 28 Amendments: Long-term Interests in Associates and Joint Ventures	**Jan-19**
Annual Improvements to IFRS Standards 2015-2017 Cycle	**Jan-19**
IFRIC 23 Uncertainty over Income Tax Treatments	**Jan-19**

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 on the Group's consolidated financial statements.

Narrow scope amendments and new Standards	Effective Date (EU endorsement)
IFRS 17 Insurance Contracts	**Jan-21**
Amendments to IFRS 9, IAS 39 and IFRS17: Interest Rate Benchmark Reform	**Jan-20**
Amendments to References to the Conceptual Framework in IFRS standards	**Jan-20**
Amendment to IAS 1 and IAS 8: Definition of Material	**Jan-20**
Amendment to IFRS 3 Business Combinations	**Not yet announced**
Amendment to IAS 1 Presentation of Financial Statements Classification of Liabilities as Current or Non-current	**Not yet announced**

34 Contingencies

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 taxpayer in Romania and Poland.

Legal Proceedings

In recent years the Romanian State Authorities initiated reviews of real estate restitution processes and in some cases commenced legal procedures where it has considered that the restitution was not performed in accordance with the applicable legislation. The Group is involved in one such case, which is currently at a very early stage and may take a very long time to be concluded, and management believes that the risk of any significant loss occurring in future is remote.

35 Subsequent Events

On 16 January 2020, the Company announced that its Board of Directors had approved the payment of an interim dividend in respect of the six-month financial period ended 31 December 2019 of €0.30 per ordinary share, which was paid on 7 February 2020 to the eligible shareholders.

On 30 January 2020, the €65 million long-term debt facility, secured in 18 December 2019 from Berlin Hyp AG Bank, was drawn down in full. This facility is secured on investment property and matures in year 2029. The proceeds from the loan will be used for future investments and general corporate purposes.

On 24 February 2020, the €62.26 million long-term debt facility, secured in 7 February 2020 from ING Bank Slaski S.A., was drawn down in full. This facility is secured on investment property and matures in year 2027. The proceeds from the loan will be used for future investments and general corporate purposes.

On 18 March 2020, the Group drew down €200.0 million, in full, from the unsecured RCF facility. The RCF has a term of 4.5 years. Further details about the facility are disclosed in note 15.

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 2019, 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 2019 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("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

Key Audit Matter	How our audit addressed the Key Audit Matter
Recognition of rental income (€151.5 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 counting, 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 a key audit matter. The Group's disclosures regarding its accounting policy for rental income and lease incentives are in note 7 of the consolidated financial statements.	The audit procedures performed for the audit of revenue included among others the following: • We documented our understanding of the processes, policies and methodologies used by management in respect of revenue recognition and performed walkthrough tests to confirm our understanding of the systems and controls implemented; • We evaluated the controls and we tested them for the relevant assertions over gross rent; • We performed reasonability tests on rental income to identify any inconsistencies in rental income patterns; • On a sample basis we agreed rental rates to tenancy agreements and rent received to bank statements; • On a sample basis we reviewed tenancy agreements signed within 2019 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.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of Investment Property (€3,017 million	
The valuation of investment property is the key driver of the Group's net asset value and total return. Valuation of investment property requires specialist expertise and the use of significant judgements, estimates and assumptions, giving rise to a higher risk of misstatement. For this reason we consider valuation of investment property a key audit matter. The Group's disclosures regarding its accounting policy, fair value measurement and related judgments, estimates and assumptions used for investment property are in notes 3 and 4 of the consolidated financial statements.	The audit procedures performed on the valuation of investment property included among others the following: • We documented our understanding and walkthrough to confirm the processes, policies and methodologies used by management for valuing investment property; • We agreed the valuations recorded in the consolidated financial statements to the values reported by the Group's independent experts ("specialists"); • We agreed a sample of the significant inputs, particularly rental data, let areas and projected capex, used by the specialists to value investment property to contractual documentation and development plans; • We tested the arithmetical accuracy of the calculations done by specialists for the main assumptions in the models, by performing a sample of their calculations; • We involved our own internal valuation specialists from Romania and Poland to assist us to: evaluate, using their knowledge of the market, and corroborate the market related judgements and valuation inputs (including discount rates, exit yields and sales values) used by the specialists, for a sample of properties (properties with significant value, risky or with significant changes in values or conditions); assess the conformity of the valuation methods applied with the applicable valuation standards; and evaluate the competence, capability and objectivity of the external valuation specialists. We also considered the adequacy of disclosures in relation to the investment property valuation.
Accounting treatment of major acquisitions in 2019 (€425 million value of consideration paid)	
During the year, the Group completed various acquisitions as disclosed in note 27. The Group has determined these acquisitions to be asset acquisitions. The assessment of accounting treatment as asset acquisitions or business combinations requires significant judgement. For this reason, as well as the impact the new acquisitions are having on the Group consolidated financial statements, we consider this a key audit matter. The Group's disclosures regarding its accounting policy, judgments and assumptions used for the acquisitions made in 2019 are in note 27 of the consolidated financial statements.	The audit procedures performed for auditing the accounting for major acquisitions included among others the following: • We reviewed the transactions' documents to evaluate management's assessments that the transactions fall within the assets acquisition accounting, and thus, are in line with IFRS; • We tested the value of the consideration paid and the identification and valuation of the identifiable assets and liabilities acquired; • We involved our valuation specialists in our audit of the fair values of the properties included in the acquired legal entities. We also considered the adequacy of disclosures in relation to the acquisitions.

Other information included in the Group's 2019 Annual Report

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

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

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

Responsibilities of Directors and Audit Committee for the consolidated financial statements

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

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

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

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

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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.

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25 March 2020

ADDITIONAL INFORMATION

SCHEDULE OF PROPERTIES: POLAND

Property name	Number of Properties	Location	Address	Year of completion/ Latest Refurbishment	GLA (k sqm)	Occupancy (%)	Contracted rent (€m)	WALL (years)	Potential rent at 100% occupancy (€m)[1]	GAV (€m)	Select Tenants
Office[2]											
Batory Building 1	1	Warsaw	212A Jerozolimskie Av.	2000/2017	6.6	91.9%	0.9	1.7	1.0	12.2	Solid Group, Impuls Leasing
Bliski Centrum	1	Warsaw	8 Zurawia St.	2000/2018	4.9	96.5%	1.0	6.6	1.0	13.7	Eurozet, eToto
Nordic Park	1	Warsaw	8 Herberta St.	2000/2018	9.0	87.2%	1.6	3.5	1.9	24.1	Baxter, ZBP
Philips	1	Warsaw	195A Jerozolimskie Av.	1999/2018	6.2	91.9%	1.1	2.4	1.2	14.2	Philips, Trane
Skylight & Lumen	2	Warsaw	59 Zlota St.	2007	49.2	93.4%	12.1	3.5	13.0	218.8	Pernod Ricard, Mars, InOffice, Orbis, SEB Leasing
Spektrum Tower	1	Warsaw	18 Twarda St.	2003/2015	32.1	96.6%	6.9	4.7	7.2	115.1	CityFit, Westwing, Ecovadis
Warsaw Trade Tower	1	Warsaw	51 Chłodna St.	1999/2016	46.8	88.3%	8.6	4.5	10.0	142.3	AXA, MSD Polska, Altkom
WARTA Tower	1	Warsaw	85 Chmielna St.	2000	33.6	91.2%	6.1	1.9	6.7	62.4	TUiR Warta, ITmagination
CB Lubicz	2	Krakow	23, 23A Lubicz St.	2000 & 09 / 2018 & '09	24.0	96.7%	4.8	3.4	5.0	75.0	International Paper, Capita, Deutsche Bank
Podium Park	3	Krakow	al. Jana Pawła II 43a	Podium Park I: 2018 Podium Park II: 2020(E) Podium Park III: -	18.9 18.8 17.7	53.9% 82.6% –	1.7 2.8 –	5.1 5.0 –	3.2 3.4 3.1	69.3	Revolut Ltd, W. Kruk, Ailleron, FMC Technologies
Quattro Business Park	5	Krakow	25 Bora-Komorowskiego Av.	2010, '11, '13, '14 & '15	66.2	99.3%	10.9	3.0	11.0	150.7	Capgemini, Google, Luxoft, EPAM, Perkin Elmer
Rondo Business Park	3	Krakow	38 Lublanska St.	2007 – '08	20.3	90.3%	3.0	3.7	3.3	37.1	Capgemini, CRIF
Retro Office House	1	Wroclaw	69/73, Piłsudskiego	2019	23.2	99.6%	3.9	4.4	3.9	64.7	Infor, Olympus, Intive
West Gate	1	Wroclaw	12 Lotnicza St.	2015	17.7	99.6%	3.0	5.6	3.0	44.4	Nokia, Deichmann
West Link	1	Wroclaw	2 Szybowcowa St.	2018	15.8	99.9%	2.5	5.2	2.5	39.5	Nokia, Hilti
A4 Business Park	3	Katowice	42 Francuska St.	2014 – 2016	33.1	99.8%	5.2	2.7	5.2	69.5	Rockwell, PKP Cargo, IBM
Silesia Star	2	Katowice	10 aleja Rozdzienskiego	2016	30.2	99.9%	4.8	3.0	4.8	61.5	Getin Bank, Siemens, Idea Getin Leasing
Green Horizon	2	Lodz	106a Pomorska St.	2012 – 2013	35.5	98.9%	5.3	4.0	5.4	74.0	Infosys, Capita, PKO BP
Tryton	1	Gdansk	11 Jana z Kolna St.	2016	25.6	100.0%	4.2	2.3	4.2	59.3	Intel, Kainos, Ciklum
Mixed-Use[2]											
Hala Koszyki	5	Warsaw	63 Koszykowa St.	5x2016	22.3	95.8%	7.0	4.9	7.2	130.5	Mindspace, Multimedia, Eneris
Renoma	1	Wroclaw	40 Swidnicka St.	2009	40.9	87.5%	6.5	3.4	7.5	114.4	HP, TK Maxx, Apcoa, Empik, LPP Group
Supersam	1	Katowice	8 Piotra Skargi St.	2015	24.3	96.3%	3.9	3.5	4.2	54.9	Groupon, LPP Group, JAMF, Sports Direct
Right of First Offer (ROFO)[3]											
My Place I	1	Warsaw	Beethovena Street	2019	19.0	73.0%	n/a	n/a	3.4	40.0	Havas, MasterCard, DuPont
My Place II	1	Warsaw	Beethovena Street	2020(E)	17.1	4.0%	n/a	n/a	3.1	11.4	–
Total Standing Commercial Portfolio											
No of Commercial Investments: 22	38				586.3	94.1%	105.0	3.7	112.4	1,619.4	

Notes
(1) Contracted rent at 100% occupancy (including ERV on available spaces).
(2) All properties are 100% owned by Globalworth Poland. Globalworth, at 31 Dec 2019, held 100.0% in Globalworth Poland.
(3) Globalworth Poland has a 25% economic interest in the ROFO assets.

SCHEDULE OF PROPERTIES: ROMANIA

Property name	Number of Properties	Location	Address	Year of completion/ Latest Refurbishment	GLA (k sqm)[1]	Occupancy (%)	Contracted rent (€m)	WALL (years)	Potential rent at 100% occupancy (€m)[2]	GAV (€m)	Select Tenants
Office (Standing or Under Construction)											
BOB	1	Bucharest	6A Dimitrie Pompeiu Blvd, District 2	2008/2017	22.4	63.7%	2.5	4.3	3.7	48.1	Deutsche Bank, NX Data
BOC	1	Bucharest	3 George Constantinescu St., District 2	2009/2014	57.1	99.1%	10.2	3.4	10.3	145.6	Honeywell, HP, Nestle, Mood Media
City Offices	2	Bucharest	2 – 4A Oltenitei Street., District 4	2014/2017	36.1	77.6% (78.4%*)	4.2	6.7	6.1	68.3	Vodafone, Mindspace, Global Compass, RCS-RDS
Gara Herastrau	1	Bucharest	4B Gara Herastrau Street, District 2	2016	12.0	95.6%	2.1	3.5	2.2	30.0	ADP, Saipem, Qualitest, Baker Tilly
Green Court Complex	3	Bucharest	4 Gara Herastrau, District 2	2014/2015/2016	54.3	98.6%	10.1	3.8	10.2	145.6	Orange, Carrefour, General Motors
Globalworth Campus	3	Bucharest	4-6 Dimitrie Pompeiu Blvd, District 2	Towers 1&2: 2017/2018 Tower 3: 2020	57.2 33.6	87.5% (93.1%*) 63.2% (83.4%*)	8.0 3.5	8.5 9.7	9.0 5.9	203.0	Amazon, Unicredit Services, Allianz, Stefanini, Dell, Mindspace, Garret Motion
Globalworth Plaza	1	Bucharest	42 Pipera Road, District 2	2010/2017	24.1	91.6%	4.3	4.1	4.7	64.1	Microsoft, Patria Bank, Amoma, Coface
Globalworth Square	1	Bucharest	44 Pipera Street , District 2	2021(E)	28.4	–	–	–	5.4	25.1	–
Globalworth Tower	1	Bucharest	201 Barbu Vacarescu Street, District 2	2016	54.7	100.0%	11.9	6.3	12.1	190.3	Vodafone, Huawei, NNDKP, Wipro, Anritsu
Globalworth West	1	Bucharest	Preciziei 3F	-	33.4	–	–	–	5.1	7.5	–
Renault Bucharest Connected	2	Bucharest	Preciziei 3G, District 6	2018	42.3	100.0%	5.7	10.1	5.7	83.3	Automobile Dacia
Tower Center International	1	Bucharest	15-17 Ion Mihalache Blvd, District 1	2012	22.4	96.3%	4.9	4.9	5.1	76.0	EY, Hidroelectrica, Cegeka, Tradeshift, Mindspace
Unicredit HQ	1	Bucharest	1F Expozitiei Blvd, District 1	2012	15.5	100.0%	4.0	2.4	4.0	53.4	Unicredit
Industrial (Standing or Under Construction)											
Pitesti Industrial Park	1	Pitesti	1 Dacia A1 Street, Oarja, Arges County	2010	68.4	100.0%	4.3	5.5	4.3	49.5	Automobile Dacia
Timisoara Industrial Park I	4	Timisoara	Lipovei Way, Giarmata, Timis	2011	103.4	100.0%	4.7	7.9	4.7	58.1	Continental, Valeo Lighting, Honeywell, Litens, Coca Cola
Timisoara Industrial Park II	1	Timisoara	Lipovei Way, Giarmata, Timis	2019	17.8	100.0%	0.7	4.6	0.7	9.5	NDB Logistica; DS Smith Packaging
Chitila Logistics Hub I	1	Bucharest	Chitila, jud. Ilfov	2020(E)	23.1	19.7% (33.6%*)	0.2	10.0	1.1	3.1	Mega Image
Constanta Business Park I	1	Constanta	Lazu, jud. Constanta	2020(E)	21.3	–	–	–	1.1	3.3	–
Retail/Residential (Standing)											
Upground Towers	1	Bucharest	9B Fabrica de Glucoza Street, District 2	2011	39.6	Retail: 99.6%/ Resi: 64.4%	Retail: 0.7/ Resi: 1.1	Retail: 8.8/ Resi: 1.2	Retail: 0.7/ Resi: 1.1	71.6	World Class, Mega Image (Delhaize group)
Land for future development											
Chitila Logistics Hub[3]	–	Bucharest	Chitila, jud. Ilfov	-	95.5/53.0	–	–	–	–	3.8	
Timisoara Industrial Park (I and II)	–	Timisoara	Lipovei Way, Giarmata, Timis	-	346.3/ 184.2	–	–	–	–	10.9	
Luterana	–	Bucharest	7-13 Luterana Street, District 1	-	6.6/26.4	–	–	–	–	14.4	
Green Court D	–	Bucharest	1 Dimitrie Pompeiu Blvd, District 2	-	4.0/16.2	–	–	–	–	5.9	
Constanta Business Park[3]	–	Constanta	Lazu, jud. Constanta	-	918.6/549.6	–	–	–	–	19.3	
Herastrau One	–	Bucharest	48-50 Soseaua Nordului, District 1	-	3.2/n.a.	–	–	–	–	8.0	
Total Standing Commercial Portfolio											
No of Commercial Investments: 14	22				593.8	95.3%/95.9%*	78.3	5.6	83.5	1,163.7	

Notes
(1) GLA of "Land for future development" represents size of land plot/expected GLA upon completion of development
(2) Contracted rent at 100% occupancy (including ERV on available spaces).
(3) Properties owned through JV agreements (Chitila Logistics Hub and Constanta Business Park) are presented on the 100% basis. Globalworth holds a 50% share in the respective JV companies.
(4) Potential rent at 100% occupancy, excludes residential.
(*) Includes tenant options.

COMBINED STANDING PORTFOLIO SNAPSHOT BY LOCATION AND TYPE
(DATA AS OF 31 DECEMBER 2019)

	Number of		Value	Area	Occupancy Rate	Rent			Contracted Headline Rent/Sqm or Unit		
Office Portfolio	Investments (#)	Properties (#)	GAV (€m)	GLA (k sqm)	by GLA (%)	Contracted Rent (€m)	WALL Years	100% Rent (€m)	Office (€/sqm/m)	Industrial (€/sqm/m)	Commercial (€/sqm/m)
Bucharest New CBD	7	10	755.6	281.8	93.2%	49.0	5.1	52.1	14.2	–	14.2
Bucharest Other	4	6	281.0	116.3	92.3%	18.8	6.4	20.9	13.7	–	13.6
Romania: Office	**11**	**16**	**1,036.6**	**398.1**	**93.0%**	**67.8**	**5.5**	**72.9**	**14.1**	**–**	**14.0**
Warsaw	8	9	602.8	188.5	92.0%	38.3	3.7	42.1	16.8	–	16.7
Krakow	4	11	304.1	129.3	90.8%	20.4	3.3	22.6	13.2	–	13.2
Wroclaw	3	3	148.6	56.6	99.7%	9.4	5.0	9.4	13.0	–	13.0
Lodz	1	2	74.0	35.5	98.9%	5.3	4.0	5.4	11.7	–	11.9
Katowice	2	5	131.0	63.3	99.8%	10.0	2.9	10.0	12.5	–	12.3
Gdansk	1	1	59.3	25.6	100.0%	4.1	2.3	4.2	12.3	–	12.2
Poland: Office	**19**	**31**	**1,319.6**	**498.8**	**94.4%**	**87.5**	**3.6**	**93.6**	**14.3**	**–**	**14.2**
Total Office Portfolio	**30**	**47**	**2,356.2**	**897.0**	**93.8%**	**155.4**	**4.4**	**166.6**	**14.2**	**–**	**14.1**
Mixed-Use Portfolio											
Warsaw	1	5	130.5	22.3	95.8%	7.0	4.9	7.2	22.4	–	24.6
Wroclaw	1	1	114.4	40.9	87.5%	6.5	3.4	7.5	12.4	–	13.7
Katowice	1	1	54.9	24.3	96.3%	3.9	3.5	4.2	13.6	–	13.1
Total Mixed-Use Portfolio	**3**	**7**	**299.7**	**87.5**	**92.1%**	**17.4**	**4.0**	**18.8**	**17.2**	**–**	**16.4**
Industrial											
Timisoara	2	5	67.6	121.2	100.0%	5.5	7.4	5.5	6.2	3.5	3.7
Pitesti	1	1	49.5	68.4	100.0%	4.3	5.5	4.3	5.3	5.3	5.3
Constanta	–	–	–	–	–	–	–	–	–	–	–
Bucharest	–	–	–	–	–	–	–	–	–	–	–
Total Industrial Portfolio	**3**	**6**	**117.1**	**189.7**	**100.0%**	**9.8**	**6.6**	**9.8**	**6.0**	**4.1**	**4.3**
Other Portfolio											
Bucharest New CBD Upground Complex – Residential	1	1	61.6	33.7	nm	1.1	1.2	1.1	–	–	–
Bucharest New CBD Upground Complex – Commercial	–	–	10.0	6.0	99.6%	0.7	8.8	0.7	–	–	9.2
Total Other Portfolio			**71.6**	**39.6**	**nm**	**1.9**	**4.2**	**1.9**	**–**	**–**	**9.2**
Total Standing Commercial Portfolio	**36**	**60**	**2,783.1**	**1,180.1**	**94.7%**	**183.3**	**4.5**	**195.9**	**14.2**	**4.1**	**12.6**
Of which Romania	14	22	1,163.7	593.8	95.3%	78.3	5.6	83.5	13.8	4.1	10.7
Of which Poland	22	38	1,619.4	586.3	94.1%	105.0	3.7	112.4	14.5	–	14.5

COMBINED PORTFOLIO SNAPSHOT BY LOCATION AND TYPE
(DATA AS OF 31 DECEMBER 2019)

			GAV (€m)				GLA (k sqm)				Contracted Rent and ERV (€m)					
													ERV of Available Spaces		Total	
Office Portfolio	No. of Standing Investments (#)	Standing Properties (#)	Standing Properties	Under Construction	Land & Future Developments	Total Portfolio	Standing Properties	Under Construction	Future Developments	Total Portfolio	Standing Properties	Under Construction	Standing	U/C & Future	Standing & U/C	Future Dev.
Bucharest New CBD	7	10	755.6	96.2	5.9	857.7	281.8	62.0	16.2	360.0	49.0	3.5	3.0	7.8/3.0	63.4	3.0
Bucharest Other	4	6	281.0	7.5	22.4	310.9	116.3	33.4	26.4	176.2	18.8	–	2.1	5.1/5.8	25.9	5.8
Romania: Office	**11**	**16**	**1,036.6**	**103.7**	**28.3**	**1,168.6**	**398.1**	**95.4**	**42.6**	**536.1**	**67.8**	**3.5**	**5.1**	**12.8/8.8**	**89.3**	**8.8**
Warsaw	8	9	602.8	–	–	602.8	188.5	–	–	188.5	38.3	–	3.8	-/-	42.1	–
Krakow	4	11	304.1	28.0	–	332.2	129.3	36.5	–	165.8	20.4	2.8	2.2	3.7/-	29.1	–
Wroclaw	3	3	148.6	–	–	148.6	56.6	–	–	56.6	9.4	–	0.0	-/-	9.4	–
Lodz	1	2	74.0	–	–	74.0	35.5	–	–	35.5	5.3	–	0.1	-/-	5.4	–
Katowice	2	5	131.0	–	–	131.0	63.3	–	–	63.3	10.0	–	0.0	-/-	10.0	–
Gdansk	1	1	59.3	–	–	59.3	25.6	–	–	25.6	4.1	–	0.0	-/-	4.2	–
Poland: Office	**19**	**31**	**1,319.6**	**28.0**	**–**	**1,347.7**	**498.8**	**36.5**	**–**	**535.3**	**87.5**	**2.8**	**6.1**	**3.7/-**	**100.1**	**–**
Total Office Portfolio	**30**	**47**	**2,356.2**	**131.7**	**28.3**	**2,516.3**	**897.0**	**131.9**	**42.6**	**1,071.4**	**155.4**	**6.3**	**11.2**		**189.4**	**8.8**
Mixed-Use Portfolio																
Warsaw	1	5	130.5	–	–	130.5	22.3	–	–	22.3	7.0	–	0.2	-/-	7.2	–
Wroclaw	1	1	114.4	–	–	114.4	40.9	–	–	40.9	6.5	–	0.9	-/-	7.5	–
Katowice	1	1	54.9	–	–	54.9	24.3	–	–	24.3	3.9	–	0.2	-/-	4.2	–
Total Mixed-Use Portfolio	**3**	**7**	**299.7**	**–**	**–**	**299.7**	**87.5**	**–**	**–**	**87.5**	**17.4**	**–**	**1.4**	**-/-**	**18.8**	**–**
Industrial																
Timisoara	2	5	67.6	–	10.9	78.5	121.2	–	184.2	305.4	5.5	–	–	-/7.5	5.5	7.5
Pitesti	1	1	49.5	–	–	49.5	68.4	–	–	68.4	4.3	–	–	-/-	4.3	–
Constanta	–	–	–	3.3	19.3	22.6	–	21.3	549.6	570.9	–	–	–	1.1/28.6	1.1	28.6
Bucharest	–	–	–	3.1	3.8	6.9	–	23.1	53.0	76.1	–	0.2	–	0.9/2.3	1.1	2.3
Total Industrial Portfolio	**3**	**6**	**117.1**	**6.4**	**34.0**	**157.5**	**189.7**	**44.3**	**786.9**	**1,020.8**	**9.8**	**0.2**	**–**	**2.0/38.4**	**12.0**	**38.4**
Other Portfolio																
Bucharest New CBD Upground Complex – Residential	1	1	61.6	–	–	61.6	33.7	–	–	33.7	1.1	–	–	-/-	1.1	–
Bucharest New CBD Upground Complex – Commercial	–	–	10.0	–	–	10.0	6.0	–	–	6.0	0.7	–	0.0	-/-	0.7	–
Total Other Portfolio	**–**	**–**	**71.6**	**–**	**–**	**71.6**	**39.6**	**–**	**–**	**39.6**	**1.9**	**–**	**0.0**	**-/-**	**1.9**	**–**
Total Commercial Portfolio	**36**	**60**	**2,783.1**	**138.1**	**62.3**	**2,983.5**	**1,180.1**	**176.2**	**829.5**	**2,185.8**	**183.3**	**6.5**	**12.6**	**18.5/47.2**	**220.9**	**47.2**
Of which Romania	14	22	1,163.7	110.1	62.3	1,336.1	593.8	139.7	829.5	1,562.9	78.3	3.7	5.1	14.8/47.2	102.0	47.2
Of which Poland	22	38	1,619.4	28.0	–	1,647.4	586.3	36.5	–	622.8	105.0	2.8	7.4	3.7/-	118.9	–

PORTFOLIO SNAPSHOT BY VALUE, CONTRACTED RENT AND OWNERSHIP

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	1,140.3	37.4%	–	1,140.3	–	1,140.3	**37.6%**
Industrial	123.5	4.1%	(6.4)	117.1	3.2	120.3	**4.0%**
Residential & Other	133.9	4.4%	(23.1)	110.8	11.6	122.4	**4.0%**
Total Romania	**1,397.7**	**45.9%**	**(29.5)**	**1,368.2**	**14.8**	**1,383.0**	**45.6%**
Poland							
Office	1,347.7	44.3%	–	1,347.7	–	1,347.7	**44.5%**
Mixed-Use	299.7	9.8%	–	299.7	–	299.7	**9.9%**
Total Poland	**1,647.4**	**54.1%**	**–**	**1,647.4**	**–**	**1,647.4**	**54.4%**
Grand Total	**3,045.1**	**100.0%**	**(29.5)**	**3,015.6**	**14.8**	**3,030.3**	**100.0%**

Notes:
Globalworth includes 100% of the portfolio value of the investments made under JV agreements, in the Combined Portfolio.

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	1,247.1	41.0%	(6.9)	1,240.2	3.5	1,243.7	**41.0%**
Timisoara	78.5	2.6%	–	78.5	–	78.5	**2.6%**
Pitesti	49.5	1.6%	–	49.5	–	49.5	**1.6%**
Constanta	22.6	0.7%	(22.6)	–	11.3	11.3	**0.4%**
Total Romania	**1,397.7**	**45.9%**	**(29.5)**	**1,368.2**	**14.8**	**1,383.0**	**45.6%**
Poland							
Wroclaw	262.9	8.6%	–	262.9	–	262.9	**8.7%**
Warsaw	733.2	24.1%	–	733.2	–	733.2	**24.2%**
Katowice	185.8	6.1%	–	185.8	–	185.8	**6.1%**
Lodz	74.0	2.4%	–	74.0	–	74.0	**2.4%**
Krakow	332.2	10.9%	–	332.2	–	332.2	**11.0%**
Gdansk	59.3	1.9%	–	59.3	–	59.3	**2.0%**
Total Poland	**1,647.4**	**54.1%**	**–**	**1,647.4**	**–**	**1,647.4**	**54.4%**
Grand Total	**3,045.07**	**100.0%**	**(29.5)**	**3,015.6**	**14.8**	**3,030.32**	**100.0%**

Notes:
Globalworth includes 100% of the portfolio value of the investments made under JV agreements, in the Combined Portfolio.

Portfolio Analysis by Commercial Contracted Rent and Property Type as at 31 December 2019

	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	71.3	37.3%	–	71.3	–	71.3	**37.4%**
Industrial	10.0	5.2%	(0.2)	9.8	0.1	9.9	**5.2%**
Residential & Other	1.9	1.0%	–	1.9	–	1.9	**1.0%**
Total Romania	**83.2**	**43.6%**	**(0.2)**	**83.0**	**0.1**	**83.1**	**43.5%**
Poland							
Office	90.4	47.3%	–	90.4	–	90.4	**47.3%**
Mixed-Use	17.4	9.1%	–	17.4	–	17.4	**9.1%**
Total Poland	**107.8**	**56.4%**	**–**	**107.8**	**–**	**107.8**	**56.5%**
Grand Total	**191.0**	**100.0%**	**(0.2)**	**190.8**	**0.1**	**190.9**	**100.0%**

Notes:
Globalworth includes 100% of the portfolio value of the investments made under JV agreements, in the Combined Portfolio.

Portfolio Analysis by Contracted Rent 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	73.4	38.4%	(0.2)	73.2	0.1	73.3	**38.4%**
Timisoara	5.5	2.9%	–	5.5	–	5.5	**2.9%**
Pitesti	4.3	2.3%	–	4.3	–	4.3	**2.3%**
Constanta	–	0.0%	–	–	–	–	**0.0%**
Total Romania	**83.2**	**43.6%**	**(0.2)**	**83.0**	**0.1**	**83.1**	**43.5%**
Poland							
Wroclaw	15.9	8.3%	–	15.9	–	15.9	**8.3%**
Warsaw	45.3	23.7%	–	45.3	–	45.3	**23.7%**
Katowice	13.9	7.3%	–	13.9	–	13.9	**7.3%**
Lodz	5.3	2.8%	–	5.3	–	5.3	**2.8%**
Krakow	23.2	12.1%	–	23.2	–	23.2	**12.1%**
Gdansk	4.1	2.2%	–	4.1	–	4.1	**2.2%**
Total Poland	**107.8**	**56.4%**	**–**	**107.8**	**–**	**107.8**	**56.5%**
Grand Total	**191.0**	**100.0%**	**(0.2)**	**190.8**	**0.1**	**190.9**	**100.0%**

INVESTING POLICY

Investing strategy
The Company's primary focus is to invest in a diversified portfolio of real estate assets situated in Romania and Poland, the two largest markets in Central and Eastern Europe. The Company may also invest in real estate assets located in other South-Eastern European and Central Eastern European countries. The Directors believe its primary markets of investment represent an attractive real estate investment proposition over the medium-to-long term.

By investing in income-generating properties, asset repositioning and development opportunities, and seeking to derive most of its income from multinational corporate groups and institutional financial tenants on long, triple net leases, the Company intends to provide investors with an attractive, risk- adjusted combination of yield and capital appreciation.

Globalworth is internally managed, with all investment advisory and portfolio management services exclusively provided by Globalworth Investment Advisers Ltd ("GIAL"), a wholly owned subsidiary of the Company. Asset management services to the Company's real estate portfolio are provided by Globalworth Asset Managers ("GAM"), another wholly-owned subsidiary of Globalworth.

Assets or companies in which the Company can invest
Investments made by the Company may take the form of, but are not limited to, single real estate assets, real estate portfolios and companies, joint ventures, loan portfolios and equity and debt instruments.

Strategy through which the investing policy is achieved
The Company's strategy is to focus on acquiring underperforming or undervalued properties (due to financial distress, mismanagement or otherwise) and, through active asset management, to transform these into performing and marketable assets. Most of the current or expected income from these assets is derived from multinational corporate groups and institutional financial tenants on long, triple net and annually indexed leases.

Investment approach
The Company assumes a proactive approach to every real estate investment in the Company's portfolio and pursues various asset management initiatives according to the most appropriate business plan for each investment. These initiatives may include: repositioning of existing assets (including re-letting, refurbishment or re-development); development of new assets, corporate restructuring and reorganisation; portfolio break-ups (for example, "wholesale" to "retail" trades); and optimising capital structure.

Holding period for investments
The typical holding period for any investment is expected to be five to seven years. The decision to exit a particular investment will be taken by the Company's board of directors ("the Board") following the recommendation of the Investment Adviser, and may be less or greater than the expected holding period. Such a decision may result from a variety of factors, including the need to optimise the risk/return of the investment, responding to asset or market dynamics, or taking advantage of an unsolicited enquiry, but always with a view to ensuring that returns to shareholders are maximised.

Gearing and cross holdings policies
The Company is permitted, directly or indirectly, to borrow for working capital, investment and any other purpose. Debt financing is expected to be an important component of the structuring and execution of the Company's investments, to improve returns for both developmental and income- generating assets. Borrowings may be undertaken by the Company itself or by any of its subsidiaries or project companies. The amount of leverage employed in respect of an investment is dependent on the nature of the opportunity, however, it is expected that the maximum loan-to-value for the Group will not exceed 60 per cent.

Hedging instruments
In connection with third party debt, the Company may enter into one or a series of interest rate hedging products (including, among others, swaps, caps, collars or options) to protect the returns of the relevant investment against adverse interest rate fluctuations. Although it is anticipated that all rentals and debt finance will be in Euro, the Company may also enter into one or a series of currency hedging instruments (including, among others, swaps, caps, collars or options) to protect the returns of the relevant investment against adverse currency fluctuations.

Investing restrictions
Unless the Board (at its absolute discretion) approves otherwise, the Company will not acquire or invest in commercial properties which do not satisfy the minimum pre-letting commitment targets which are as follows:
- for any logistics or warehouse property, pre-letting commitments for a minimum of 60 per cent. of the gross leasable area of such property; and
- for any other commercial property, pre-letting commitments for minimum of 50 per cent. of the gross leasable area of such property. These above restrictions will not preclude the Company making investments in short-dated cash or near-cash equivalent securities, which form part of its cash management practices.

Nature of returns that the Company seeks to deliver to Shareholders
To support shareholder dividends, the Directors anticipate that a sustainable cash flow will be generated through stable and recurring rental income, increased where appropriate through active asset management. The determination as to whether or not to reinvest some of the proceeds of the disposal of an asset, and the declaration of dividends, is at the absolute discretion of the Board. It is intended that not less than 90% of the Company's funds from operations will be distributed to shareholders of the Company on a semi-annual basis, subject to solvency or other legal requirements.

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 ("BREEAM"), which assesses the sustainability of the buildings against a range of criteria.

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

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

CBD
Central Business District.

CEE
Central and Eastern Europe.

CIT
Corporate income tax.

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

Combined Portfolio
Includes the Group's property investments consolidated on the balance sheet under Investment Property- Freehold as at 30 December 2019, plus those properties held as Joint Ventures (currently the lands relating to Chitila Logistics Hub and Constanta Business Park projects) presented at 100%.

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 2019 that is contracted on leases (including pre-leases) before any customary tenant incentive packages.

Debt Service Cover Ratio ("DSCR")
It is calculated as net operating income for the year as defined in specific loan agreements with the respective lenders, divided by the principal plus interest due over the same year.

Discount Rates
The discount rate is the interest rate used to discount a stream of future cash flows to their present value.

Discounted Cash Flow Analysis ("DCF")
Valuation method that implies income projections of the property for a discrete period of time, usually between 5-10 years. The DCF method involves the projection of a series of periodic cash flows either to an operating property or a development property. Discounted cash flow projections based on significant unobservable inputs taking into account the costs to complete and completion date.

Earnings Per Share ("EPS")
Profit after tax divided by the basic/diluted weighted average number of shares in issue during the year or period.

EBITDA
Earnings attributable to equity holders of the Company before finance cost, tax, depreciation, amortisation of other non-current assets and purchase gain on acquisition of subsidiaries.

Adjusted EBITDA
Earnings before finance cost, tax, depreciation, amortisation of other non-current assets and purchase gain on acquisition of subsidiaries. This includes the share of minority interests.

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

Adjusted EBITDA (normalised)
Earnings before finance cost, tax, depreciation, amortisation of other non-current assets, purchase gain on acquisition of subsidiaries, fair value movement, and other non-operational and/or non-recurring income and expense items. This includes the share of minority interests.

EDGE
Excellence in Design for Greater Efficiencies ("EDGE"). An innovation of the International Finance Corporation ("IFC"), member of the World Bank Group, EDGE is a green building standard and a certification system for more than 160 countries.

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.

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 ("LEED"), a green building certification programme that recognises best-in-class building strategies and practices.

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

Loan to Value ("LTV")
Calculated as the total outstanding debt excluding amortised cost, less cash and cash equivalents as of financial position date, divided by the appraised value of owned assets as of the financial position date. both outstanding debt and the appraised value of owned assets include our share of these figures for joint ventures, which are accounted for in the consolidated financial statements under the equity method.

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

Master Lease
Master lease, includes various rental guarantees, which range between 3 and 5 years, covering certain vacant spaces in certain properties owned in Poland.

NBP
National bank of Poland.

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).

NOIG/RGA settlement
Refers to the settlement in December 2018 of Master lease and NOI guarantee agreement related to some properties in Poland which were acquired as part of GPRE acquisition in 2017.

Non-Controlling Interest ("NCI")
The equity in a subsidiary not attributable, directly or indirectly, to the parent.

Occupancy Rate
The estimated let sqm (GLA) as a percentage of the total estimated total sqm (GLA) of the portfolio, excluding development properties and in certain cases (where applicable) spaces subject to asset management (where they have been taken back for refurbishment and are not available to let as of the financial position date).

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

GLOSSARY *CONTINUED*

Open Market Value ("OMV" or "GAV")
Open market value means the fair value of the Group's investment properties and the Joint ventures (where the Group owns 50%) determined by Colliers Valuation and Advisory SRL ("Colliers"), Cushman & Wakefield LLP (C&W), Knight Frank Sp. z o.o ("Knight Frank") and CBRE Sp. z o.o. ("CBRE") independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued, using recognised valuation techniques.

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

RCF
Revolving Credit Facility.

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.

ROBOR
Romanian Interbank Offer Rate.

Sales Comparison Approach
Valuation method that compares the subject property with quoted prices of similar properties in the same or similar location.

SPA
Share sale purchase agreement.

SQM
Square metres.

The Company or the Group
Globalworth Real Estate Investments Limited and its subsidiaries.

The Investment Adviser
Globalworth Investment Advisers Limited, a wholly owned holding subsidiary incorporated in Guernsey.

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

Total Unencumbered Assets Ratio
Calculated as the Unsecured Consolidated Total Assets divided by Unsecured Consolidated Total Indebtedness.

Unsecured Consolidated Total Assets
Means such amount of Consolidated Total Assets that is not subject to any Security granted by any subsidiary of the Group.

Unsecured Consolidated Total Indebtedness
Means the Consolidated Total Indebtedness less Secured Consolidated Total Indebtedness.

WALL
Represents the remaining weighted average lease length of the contracted leases as of the financial position date, until the lease contracts full expiration.

Weighted Average Interest Rate
The average of the interest rate charged on the Group's loans, weighted by the relative outstanding balance of each loan at the year or period end.

WIBOR
Warsaw Interbank Offered Rate.

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