GLOBALWORTH REAL ESTATE INVESTMENTS LIMITED

INTERIM REPORT AND UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2018

CONTENTS

HIGHLIGHTS – H1-18

Financial Highlights

Portfolio open market value €2,129.5m +17.3% on YE-17	Net Loan to value ratio 36.2% +1.9% on YE-17	Net operating income €51.7m +135% on H1-17
Normalised EBITDA €38.7m +106% on H1-17	Earnings before tax €64.0m €6.8m loss in H1-17	Dividends in respect of H1-18 27 cents +22.7% on H1-17
NAV €1,088.4m +1.8% on YE-17	EPRA NAV €1,200.6m +2.5% on YE-17	EPRA Earnings €28.4m +300% on H1-17
NAV per share €8.23 +1.7% on YE-17	EPRA NAV per share €9.06 +2.5% on YE-17	EPRA Earnings per share 21.45 cents +173% on H1-17

CHIEF EXECUTIVE'S STATEMENT

Globalworth's strong momentum at the end of 2017, led by its strategic expansion into Poland, was maintained in the first half of 2018. The Group has continued to expand its portfolio, improving its operations and further strengthening its balance sheet; all consistent with our goal of being the leading office landlord in Central and Eastern Europe, with a dominant presence in two of the most significant markets in the region, Romania and Poland.

In the first half of the year we invested €276.2 million in new acquisitions, mainly in Poland, our development programme in Romania, and our renovation and maintenance programme. With the addition of the high-rise Spektrum Tower office in Warsaw in July-18, we are proud to have been able to complete two of the five largest office transactions in the Polish market so far this year, resulting in our overall combined portfolio exceeding €2.2 billion and positioning us as the largest institutional office landlord in Poland. Given our market leading position in Romania, we have now become the largest institutional office landlord in the broader CEE region.

We are delighted to have established a collaboration with Mindspace Ltd., the leading global operator of high-end, inspiring coworking space. As part of this collaboration, Globalworth has made an equity investment in Mindspace of US$10 million (c.€8.6 million) to support its ongoing growth, and Mindspace will establish operations in three locations in Bucharest, in addition to its existing location with Globalworth in Warsaw.

Our two countries of focus continue to enjoy economic growth ahead of the wider European region and are forecast to continue to do so over the coming years. This strong economic backdrop is supportive for the real estate markets, which continue to evolve and institutionalise. Vacancy rates in our submarkets fell during the first half of the year, putting upward pressure on both headline and net effective rents. The established regional cities in Poland continue to develop steadily and, in addition, certain regional cities in Romania have started to emerge with healthy investor and tenant demand for good quality schemes. We remain confident that the market will continue to grow and have been encouraged by rising investor appetite. As a result of this and with the support of continued economic expansion, we believe that property yields, which remain higher than those of more mature real estate markets, will continue to contract.

Our portfolio performance continues to be strong, with average occupancy remaining at a high level at 94.6% following an underlying improvement in like-for-like occupancy of 2.1% over the first six months of the year to 95.2% (as at 30 June 2018), while our annualised contracted rents increased by 21.7% during the first half of the year to €141.1 million as at 30 June 2018.

Our financial results for the first half of 2018 benefited from the full effect of consolidation of the GPRE acquisition completed in December 2017, resulting in total revenue generated more than doubling compared to the same period last year to reach €78.1 million. Normalised EBITDA and EPRA Earnings both increased by 2.1x and 4.0x to €38.7 million and €28.4 million respectively.

Globalworth continues to be active in the capital markets. In March 2018 we issued €550m in senior unsecured notes with 7-year maturity and a coupon of 3.0% in an offering that was more than two times oversubscribed. We are proud that Fitch assigned us an investment grade rating of BBB-, while Moody's upgraded our rating to Ba1 (from Ba2). In addition, Globalworth Poland completed a €450 million equity capital raise supporting its continued portfolio expansion, comprising €300 million from Globalworth and €150 million of new equity capital from our largest shareholder Growthpoint Properties. We consider our balance sheet to be strongly positioned, with Net LTV remaining at a conservative level at 36.2% (34.3% in December 2017).

EPRA NAV rose by 2.5% to €1.2 billion, or €9.06 per share (€8.84 at 31 December 2017). This follows the payment of a dividend of €0.22 per share in January 2018 relating to the second half of 2017. Post the period end, in August 2018 our shareholders received an interim dividend in respect of the first half of 2018 of €0.27 per share, with a second interim dividend expected to be paid in January 2019, resulting in an aggregate dividend for the financial year 2018 of not less than €0.54 per share, as previously announced.

Our continuous growth and success over the years could not have been achieved without our team of professionals in Romania and Poland. I would once again like to thank them for their dedication, expertise and enthusiasm. Our combined team has now grown to over 170 professionals and this number will increase further to support our business needs into the future.

Finally, as part of its strategic initiatives in the Polish market, Globalworth took steps to further strengthen its collaboration with GPRE. This included rebranding GPRE as Globalworth Poland and the appointment of Mr Norbert Sasse, CEO of Growthpoint Properties, and Mr George Muchanya, Growthpoint's Head of Corporate Strategy to the Board of Directors of Globalworth Poland, in addition to being board members of Globalworth. I would like to wish my fellow board members every success in their new roles.

Our priorities for the remainder of 2018 are to expand our footprint through value-enhancing acquisitions and developments and to further improve our occupancy rate and enhance our tenant experience and satisfaction, while maintaining capital discipline and a prudent capital structure as we seek to maximise returns for our shareholders. We continue to strengthen our in-house asset management capabilities and improve the operational efficiencies between our operations in Romania and Poland. In addition, we continue to prepare for our planned move to the Main Market of the London Stock Exchange. As always, the team at Globalworth remains busy and committed to driving the business forward.

Ioannis Papalekas
Chief Executive Officer
18 September 2018

MANAGEMENT REVIEW

Through our investments in Romania and Poland we have set ourselves the goal of being the leading office investor and landlord in Central and Eastern Europe and the partner of choice for the wide variety of high-quality tenants active or seeking to become established in the region.

Essential to achieving this goal is creating a portfolio of high quality properties, in prime locations within their respective sub-markets, which will allow Globalworth to target attractive, risk-adjusted returns through sustainable recurring rents and capital growth. As part of our strategy we have invested, and will continue to invest, in a combination of standing properties and development opportunities, which are then actively managed by our team of professionals.

INVESTMENT ACTIVITY

- Total combined portfolio value exceeded the €2 billion threshold for the first time in our history, reaching €2.1 billion (95% in standing properties) as of 30 June 2018
- Acquired six new investments for a total of €247.3 million and delivered Globalworth Campus Tower 2 in the first half of the year
- Acquired one additional property in Poland for €101.0 million in July-18

Globalworth's real estate portfolio continued to grow in the first half of 2018, with the Company maintaining its strong momentum through new acquisitions mainly in Poland and further progress in its development programme in Romania.

As at 30 June 2018, Globalworth's combined portfolio comprised 35 investments in Romania and Poland with an appraised value of €2.1 billion, representing an increase of 17.3% compared to 31 December 2017.

Our main focus is to invest in office properties (standing or developments), which are subsequently actively managed by the Group. Such properties account for 73.9% of our appraised value, followed by the three high-street mixed-use (office and retail) properties in Poland, owned through Globalworth Poland and which account for 14.9%. The remainder of our combined portfolio comprises light-industrial / logistics properties, a residential complex which is partially owned, and land for future development in Bucharest and Timisoara (Romania).

Our real estate portfolio in Poland grew in the first half of the year mainly through the addition of three new standing investments, which resulted in the value of our Polish properties reaching €932.4 million as at 30 June 2018, accounting for 43.8% (37.5% at 31 December 2017) of our combined portfolio value.

Bucharest and Warsaw account for 51.0% and 11.5% respectively of our combined portfolio, with the remainder of our properties located in seven regional cities in Romania and Poland.

The greatest concentration by value remains in the new Central Business District (CBD) of Bucharest (Romania) where we have 10 investments with 11 standing properties and one office tower under development, accounting as of 30 June 2018 for 39.3% of the combined portfolio value and made up of 287.9k sqm of standing commercial GLA and 309 residential units. In Warsaw, our six standing investments, offering 82.7k of commercial GLA, are spread around the city and occupy prime locations within their respective sub-markets.

Combined Portfolio Evolution (31 Dec. 2017 – 30 Jun. 2018)

(€m)	31 Dec. 2017	30 Jun. 2018	% Change
As Is Value	**1,815.4**	**2,129.5**	**17.3%**
Standing Properties	1,747.9	2,023.4	15.8%
Developments	41.8	58.0	38.9%
Land for Future Development	25.7	48.1	87.2%

New Investments

In the first half of 2018, Globalworth made six new investments in Poland and Romania for a total of €247.3 million.

The most significant transaction was the acquisition in Poland of a high-quality office complex of five buildings known as Quattro Business Park ("QBP") for a total consideration of €139.0 million. The property is located in the northern part of Krakow, c.5.0km from the city centre and close to the city ring road. QBP was completed in phases between 2010 and 2015 and offers in total 60.3k sqm of GLA and 1,335 parking spaces. The property is multi-tenanted to c.50 national and multinational corporates, with Capgemini, Google and Luxoft being the largest occupiers. The park is almost fully occupied (99.0% occupancy), with annual contracted rental income of €10.7 million and a weighted average lease length of 3.1 years as at 30 June 2018.We are excited to have acquired the well recognisable office tower known as "Warta Tower" in Warsaw, Poland in which we have identified some interesting asset management angles. The property is located at the extended West Central Business District of Warsaw and was acquired for a total consideration of €55.0 million. Warta Tower was completed in 2000 and offers 33.7k sqm (post re-measurement of areas) of GLA and 542 parking spaces over 21 floors above ground and three underground levels. Its distinct features include its dark blue glazed glass and its iconic lobby with a sculpture by Barbara Falender. The property is multi-tenanted and has a high occupancy rate (91.3%), with TUiR Warta S.A. (insurance company, subsidiary of Talanx International AG) as its largest tenant. It has an annual contracted rental income of €5.9 million and a weighted average lease length of 2.9 years as at 30 June 18. Whilst, the property is already offering a very attractive current income, we are currently assessing longer-term repositioning alternatives, which are consistent with the Group's active asset management approach.

The third transaction completed in Poland during the first half of 2018 involved the acquisition of the class "A" office property known as "West Link", completed in 2018, for a total consideration of €35.8 million. West Link is located to the west of the city centre of Wroclaw and is well situated within the city's key communication arteries. It offers 14.4k sqm of GLA and 265 parking spaces over six floors above ground and two underground levels. It is fully let, with an annual contracted rental income of €2.5 million, and had a weighted average lease length of 6.7 years as at 30 June 2018. The main tenant is Nokia Solutions & Network, which is also the main tenant at Globalworth Poland's West Gate, an adjacent high-quality office property which offers a further 16.6k sqm of class "A" office space.

In Romania, where the Group is looking to its next phase of development projects, as previously announced Globalworth completed the acquisition of the two land plots in the new CBD of Bucharest for a total consideration of €15.5 million. The first land plot is located between the Globalworth Plaza and the Green Court "B" offices owned by the Company and represents the last remaining street-facing land plot on Gara Herastrau street. The second land plot is adjacent to Globalworth's Green Court complex and will be used to further expand the complex. The combined lands are anticipated to allow for the development of c.40.0k sqm of commercial (predominantly office) space. A third plot of land was acquired in June 2018 for €2.0 million, directly adjacent to the RBC project in the West of Bucharest, with the potential for building a new c.60k sqm GLA property offering predominantly class "A" office space and, thereby, creating a campus of over 100k sqm of GLA at this location.

New Deliveries

Globalworth continued with its active development/construction programme and in Q2-18 delivered the second tower of the Globalworth Campus project in Bucharest. This is the seventh property delivered by Globalworth in Romania since the beginning of 2015, increasing the total GLA developed by the Company to c.200.0k sqm.

In April 2018, Globalworth Campus Tower 2 opened for business with 28.2k sqm of GLA and 180 parking spaces, extending over 12 floors above ground and two underground levels. The delivery of Tower 2 marks the completion of Phase A of the Globalworth Campus project, which comprises two class "A" office towers with total GLA of 57.2k sqm and 456 parking spaces.

Renovation and Maintenance Programme of Standing Properties

Globalworth's ongoing efforts to offer best-in-class real estate space to its business partners continued in 2018, with further implementation of its renovation and maintenance programme at selected properties in the portfolio. In the first half of the year, we carried out improvement works predominantly on six of our standing properties in our portfolio, with minor works performed on a number of others.

In total, €2.0 million was invested under our renovation and maintenance programme with works involving primarily the upgrade of both indoor and outdoor common areas. The purpose of such investments goes beyond simply maintaining our portfolio as it seeks to preserve and enhance the value of our modern, high quality portfolio well into the future, in-line with our long-term approach.

H2-2018 Investments

In July 2018, Globalworth completed the acquisition of the class "A" office known as Spektrum Tower for a total consideration of €101.0 million. Spektrum Tower is a high-rise office building in the heart of the Warsaw's Central Business District, offering 29.5k sqm of GLA and 318 parking spaces over 33 floors above ground and five underground levels. It was completed in 2003 and underwent extensive refurbishment in 2015, when it was converted into a multi-tenanted building. The property benefits from high occupancy (92.5%), which we are confident can be increased in the near-term. Spektrum is leased to over 60 national and international corporates and is thus well suited to our asset management-led approach. It has an annual contracted rental income of c.€6.3 million and a weighted average lease length of 5.1 years, as at 30 June 18.

LEASING UPDATE

- Total contracted rent reached €141.1million (98.9% commercial properties) as of 30 June 2018
- 60.5k sqm of commercial space leased in Romania and Poland during this period at an average WALL of 8.6 years
- 879.3k sqm of commercial GLA with a remaining average WALL of 5.4years (30 June 2018)
- Occupancy rate of our standing portfolio reached 94.6% (96.4% incl. tenant options) (30 June 2018)

Globalworth's leasing momentum remained strong in the first half of 2018. Market conditions continue to be positive, with Globalworth benefiting from healthy demand for high quality office space in its target real estate markets.

During H1-18, through its proactive internal leasing capabilities, the Group successfully negotiated the take-up (incl. expansions) or extension of 60.5k sqm of commercial space in Romania and Poland, with an average WALL of 8.6 years. New leases, representing 41.8k sqm, were signed at a WALL of 9.8 years and included tenants such as Mindspace, Dell, Honeywell, Calypso, Delphi, Vodafone and 29 other corporates. Leases were renewed, and thus extended for 22 of our tenants for a total of 14.4k sqm of GLA, at a WALL of 6.1 years, with the most notable extensions involving Eurozet, World Calls, Baxter and CITR. The remaining space 4.3k sqm signed in the period involved the expansion of six existing tenants at an average WALL of 6.1 years.

Summary of Leasing Activity (31 Dec. 2017 – 30 Jun. 2018)

	GLA (sqm)	No of Tenants	WALL	Selected Tenants
New Leases / New Contracts	41.8k	35	9.8	Mindspace, Dell, Honeywell, Calypso, Delphi, Vodafone, Mazars, Chain IQ, ADP, CitySpace
New Leases / Expansion	4.3k	6	6.1	Baxter, Groupon, APD, Mindspace
Renewals / Extensions	14.4k	22	6.1	Eurozet, World Class, Baxter, CITR, NX Data
Total	**60.5k**	**73**	**8.6**	

Occupancy of our standing commercial portfolio as of 30 June 18 was 94.6%, representing a 1.5% increase over H1-2018 (93.3% as of 31 December 2017). On a like-for-like basis, occupancy increased by 2.1% to 95.2% following the successful lease-up of previously vacant space. The overall vacancy level was modestly weighed down by several of the new additions to the standing portfolio during the period where current occupancy rates were lower, but where the Company is confident there is near-term scope for further upside in occupancy and contracted rents.

In total we have 879.3k sqm of commercial GLA leased to approximately 510 tenants, at an average WALL of 5.4 years, the majority of which is let to national and multinational corporates which are well-known within their respective markets.

Combined Portfolio Contracted Rent Profile as at 30 Jun. 2018

	Romania	Poland	Combined Portfolio
Contracted Rent (€m)	**75.1**	**64.4**	**139.5**
Tenant Origin - %			
Multinational	89.3%	63.0%	77.2%
National	7.8%	30.7%	18.4%
State Owned	2.9%	2.7%	2.8%
Master Lease	-	3.6%	1.7%

Note: Contracted Rent excludes c.€1.5 million from residential space as at 30 June 2018.

Lease Expiration Profile – Commercial properties as at 30 Jun. 2018 (€m)

Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	≥2027	Total
Lease Agreements	2.8	6.6	13.1	17.8	31.0	9.9	18.2	8.6	5.2	24.0	**137.2**
Master Lease	--	--	0.5	--	1.8	--	--	--	--	--	**2.3**
Total	2.8	6.6	13.6	17.8	32.8	9.9	18.2	8.6	5.2	24.0	**139.5**

Romania

The Group is pleased that the lease-up of Globalworth Campus is progressing well, with new leases with Dell (6.7k sqm), Honeywell (5.7k sqm), Mindspace (4.5k sqm), Delphi (2.2k sqm) and others signed in 2018. Occupancy in Tower 1 stood at 84.9% (96.2% including tenant options) as at 30 June 2018, compared to 46.8% (73.6% including tenant options) as at 31 December 2017. Tower 2 was 70.8% let at 30 June 2018 (90.1% including tenant options), compared to 28.0% as at 31 December 2017. Occupancy in Towers 1 and 2 has further increased during H2-2018 reaching 88.4% (100.0% including tenant options) and 71.9% (91.5% including tenant options) respectively.

Other notable changes in occupancy were achieved at City Offices and Gara Herastrau in Bucharest, where occupancy improved in the first half of the year by 38.7% and 11.9%, reaching 68.5% (75.3% including tenant options) and 84.0% (92.9% including tenant options) respectively as at 30 June 2018.

At TCI, occupancy temporarily decreased as a result of the space returned by the Ministry of European Funds at the beginning of the year. Part of the space vacated was quickly taken up by EY and Mindspace, however, resulting in this popular building being effectively fully occupied as at 30 June 2018.

Like-for-like occupancy in our standing Romanian portfolio was 94.1% at 30 June 18, increasing by 3.7% from 90.8% at 31 December 2017. The addition of Globalworth Campus Tower 2, which was delivered during the year and is in its lease-up stage, resulted in the overall occupancy rate of our standing portfolio increasing by 2.3% in the first half of the year to 92.9% (95.8% incl. tenant options) (30 June 2018).

Poland

In Poland, like-for-like occupancy was 97.6% as at 30 June 18, decreasing from 98.5% at the 31 December 2017. In addition, the acquisition of the Warta Tower (91.3% occupancy), Quattro Business Park (99.0% occupancy) and West Link (100.0% occupancy) offices, resulted in the overall occupancy rate of our Polish portfolio at 97.3% as of 30 June 2018.

In the first six months of 2018, 21 new contracts were signed in seven of our buildings for a total of 10.1k sqm, with the most notable additions being Calypso (3.5k sqm in Renoma and Supersam), Baxter (1.2k sqm in Nordic Park), City Space (1.1k sqm in Tryton and Supersam). Groupon (1.1k sqm in Supersam) and Mindspace (0.7k sqm in Hala Koszyki). An additional 7.2k sqm of GLA were renewed in our portfolio, the majority of which were associated with the extension of the Eurozet lease (4.0k sqm) in the Bliski property in Warsaw, and the Baxter lease (2.5k sqm, including an expansion of 1.2k sqm mentioned above) in Nordic Park. The positive results of our leasing efforts are improving the risk-profile of our portfolio and are reducing our exposure to Master Leases provided by the vendors from which the portfolio was acquired (€2.3 million on 30 June 2018 vs. €3.5 million on 31 December 2017, on an annualised basis).

Combined Portfolio Snapshot

As at 30 Jun. 2018	Romania	Poland	Combined Portfolio
Standing Investments[2]	13	15	28
GAV[3] / Standing GAV (€m)	1,197.2 / 1,091.0	932.4 / 932.4	2,129.5 / 2,023.4
Occupancy[4]	92.9% (95.8% incl. tenant options)	97.3%	94.6% (96.4% incl. tenant options)
WALL[5]	6.4	4.1	5.4
Standing GLA (k sqm)[6]	572.8	350.8	923.6
Contracted Rent (€m)[7]	76.6	64.4	141.1
GAV Split by Asset Usage[1]			
Office	45.0%	28.9%	73.9%
Mixed-Use	-	14.9%	14.9%
Logistics	4.8%	-	4.8%
Others	6.4%	-	6.4%
GAV Split by City[1]			
Bucharest	51.0%	-	51.0%
Timisoara	3.0%	-	3.0%
Pitesti	2.2%	-	2.2%
Warsaw	-	11.5%	11.5%
Wroclaw	-	10.1%	10.1%
Katowice	-	10.1%	10.1%
Lodz	-	6.1%	6.1%
Krakow	-	3.4%	3.4%
Gdansk	-	2.6%	2.6%
GAV as % of Total	**56.2%**	**43.8%**	**100.0%**

1. Globalworth Poland 68.43% owned by Globalworth; consolidated on 100% basis.
2. Standing Investments representing income producing properties. 1 investment can comprise multiple buildings. e.g. Green Court Complex comprises 3 buildings or 1 investment
3. Includes all property assets, land and development projects valued at 30 Jun. 2018, but excludes forward funded and ROFO assets in Poland.
4. Occupancy of standing commercial properties, and in the case of Poland, including office rental guarantees
5. Includes pre-let commercial standing and development assets
6. Including 39.0k sqm of residential assets in Romania
7. Total rent comprises commercial (€134.0 million) and residential (€1.5 million in Romania) standing properties and development pre-lets (€5.5 million in Romania, including 100% RBC project), and includes contracted rent under master lease agreement.

CAPITAL MARKETS UPDATE

- Successfully issued €550 million of senior unsecured notes in March 18, with a 7-year maturity and a coupon of 3.0% which was more than two times oversubscribed
- Received investment grade rating from Fitch (BBB-), while Moody's upgraded our credit rating to Ba1 (from Ba2)
- Completed a €450 million equity capital raise in June 18 at Globalworth Poland
- Net LTV maintained within targeted levels reaching 36.2% (30 June 2018)

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

Two sizeable capital market transactions were completed during the first half of 2018; a €550 million debt issuance by Globalworth and a €450 million equity issuance by Globalworth Poland, which provided additional capital to support the Group's growth and ongoing investment activities. More information on this is contained within the Financial Review.

During H1-18, Moody's and S&P published updates on our credit rating, with Moody's upgrading our rating from Ba1 (from Ba2) and S&P affirming its BB+ rating, while revising the outlook to positive from stable. In addition, Fitch initiated its coverage with an investment grade rating of BBB-. Ongoing positive traction with both debt and equity investors is important to our business, and we continue to widen engagement in this area. We maintain an active investor relations program through participation in industry conferences, hosting site visits and individual investor meetings.

During the period, the Company has undertaken preparatory work as it seeks to move to a Premium Listing on the London Stock Exchange's Main Market. While much progress has been made, the Board has concluded it is optimal to wait until the end of the 2018 financial year before taking this step and, subject to meeting all the necessary regulatory requirements, now envisages that this listing will take place in H1-2019. The Company will continue to update investors on this initiative, alongside its ongoing objective to generate interest from new institutional investors and increasing the liquidity of its shares.

INVESTMENT IN COWORKING AND PARTNERSHIP WITH MINDSPACE

- Strategic partnership with Mindspace, one of the leading operators of high-end coworking spaces
- 10.8k sqm taken up in three locations in Bucharest on long-term contracts
- US$10 million equity investment by Globalworth in Mindspace to facility further growth

In June 2018 Globalworth announced its collaboration with Mindspace Ltd., the leading global operator of high-end, inspiring coworking space.

As part of this collaboration:

- Mindspace will open its first locations in Romania in three of our buildings, taking-up 10.8k sqm of GLA in total on a long-term basis. The three locations chosen were branded by the tenant to its perspective partners as Mindspace Business District (Globalworth Campus), Mindspace City Offices (City Offices) and Mindspace Victoriei (TCI). Romania marks the seventh country in which Mindspace offers its flexible workplace solutions.
- Globalworth made an equity investment in Mindspace of US$10 million (c.€8.6 million) to support its ongoing growth

As background to this transaction, Globalworth was already familiar with the activities and approach of Mindspace given the space that it occupies at our flagship Hala Koszyki property in Warsaw.

We have also been firm believers of the benefit of the co-working concept and of the approach offered by Mindspace, as it enables us to cater to a wider universe of potential tenants and their ever-changing needs. In our view, Mindspace offers best in class flex-office solutions that are well aligned with the quality and level of service that Globalworth wishes to offer its partners, and we are delighted to be able to assist in their future growth.

ENHANCING THE GLOBALWORTH IDENTITY AND REINFORCING OUR IN-HOUSE TEAM OF PROFESSIONALS

- Rebranding of GPRE to Globalworth Poland to enhance Globalworth's corporate identity
- Over 170 professionals at Group level

As part of its strategic initiatives in the Polish market, Globalworth has enhanced its corporate identity and further strengthened the integration of GPRE, most notably through the rebranding of its Polish subsidiary to Globalworth Poland.

As part of our continuous effort to offer premium services to our tenants, efficiently manage our high-quality portfolio, and facilitate growth, we have continued to invest in our team of multi-disciplined and skilled professionals, who are key to the success of our business. The asset management function, which is core to our customer service and product offering, remains a prime focus and we have reduced reliance on third-party providers by replacing these services with in-house professionals.

We are excited to have been able to add 60 new team members since the beginning in 2018 to the Globalworth group which now comprises over 170 professionals, the majority of which are located in Bucharest and Warsaw.

Our local presence in our two markets of interest, Romania and Poland, has allowed us to build a broad network of relationships with owners, occupiers, property specialists and community representatives, as well as domestic and international investors and capital providers.

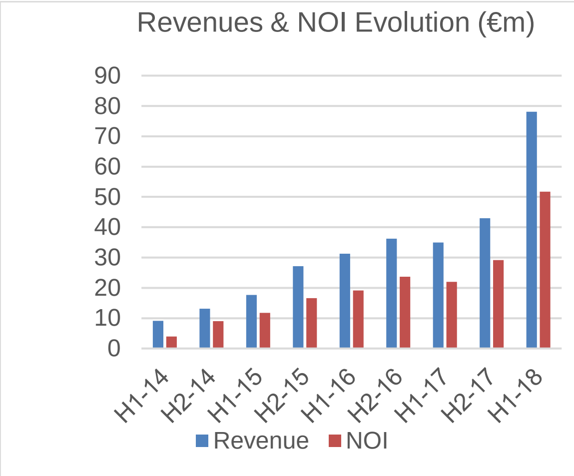
FINANCIAL REVIEW

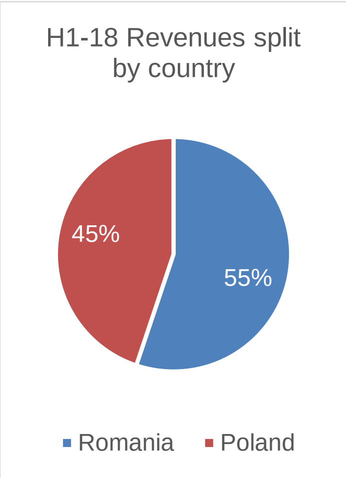
A. Highlights

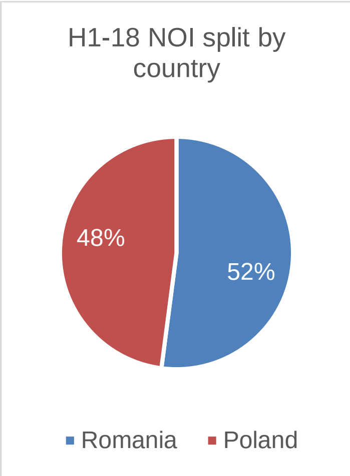
- Net operating income ("NOI") of €51.7 million (H1-17: €22.0 million), an increase of 135% over H1-17 mainly as a result of the significant increase in the number of revenue yielding assets of the Group following the expansion into the Polish market at the end of December 2017, as well as new lease agreements signed during 2017 in Romania.
- Normalised EBITDA[1] from ongoing operating activities of €38.7 million (H1-17: €18.8 million), an increase of 106% over H1-17 due to the growth in NOI.
- EPRA Earnings of €28.4 million (H1-17: €7.1 million), an increase of 300% over H1-17 indicating a significant increase in the results from the Group's operating activities.
- Earnings before tax of €64.0 million, compared to a €6.8 million loss in H1-17. This significant improvement reflects the growth in net operating income, a reduction of the one-off bank loan break costs, and debt issue cost amortisation resulting from debt refinancing activities that impacted H1-17 (H1-18: €0.9 million, H1-17: €16.1 million). H1-18 also benefited from a €38.6 million fair value gain on investment property (H1-17: €0.7 million).
- Portfolio Open Market Value ("OMV") of €2,129.5 million[2] (31 December 2017: €1,815.4 million), up 17.3% compared to 31 December 2017 primarily due to acquisitions, development expenditure and appraised fair value gains.
- Net Loan to Value of 36.2% (31 December 2017: 34.3%), up 1.9 per cent compared to 31 December 2017.
- Gross Loan to Value of 60.7% (31 December 2017: 49.5%), up 11.2 per cent compared to 31 December 2017 as a result of the issuance of the 7 year €550 million Eurobond in March 2018.
- EPRA NAV of €1,200.6 million (31 December 2017: €1,171.5 million) and EPRA NAV per share[3] of €9.06 (31 December 2017: €8.84), both up 2.5% compared to 31 December 2017. The level of increase was impacted by the interim dividend distribution declared in January 2018 (€0.22 per share in respect of H2-17), the bank loan break costs, and the full amortisation of debt issue costs in Poland. Including the H2-17 dividend distribution, the increase in ERPA NAV would be 5.0% for the six-month period to 30 June 2018. Compared to 30 June 2017, the EPRA NAV per share at 30 June 2018 of €9.06 (30 June 2017: €8.30) rose 9.2%, or 11.8% including the H2-17 dividend.

B. Analysis of results for the six months period ended 30 June 2018

1. Revenues and profitability







1 Calculated as 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.

2 Portfolio OMV is based on appraised valuations performed by Coldwell Banker, Cushman & Wakefield, Knight Frank and CBRE as of 30 June 2018.

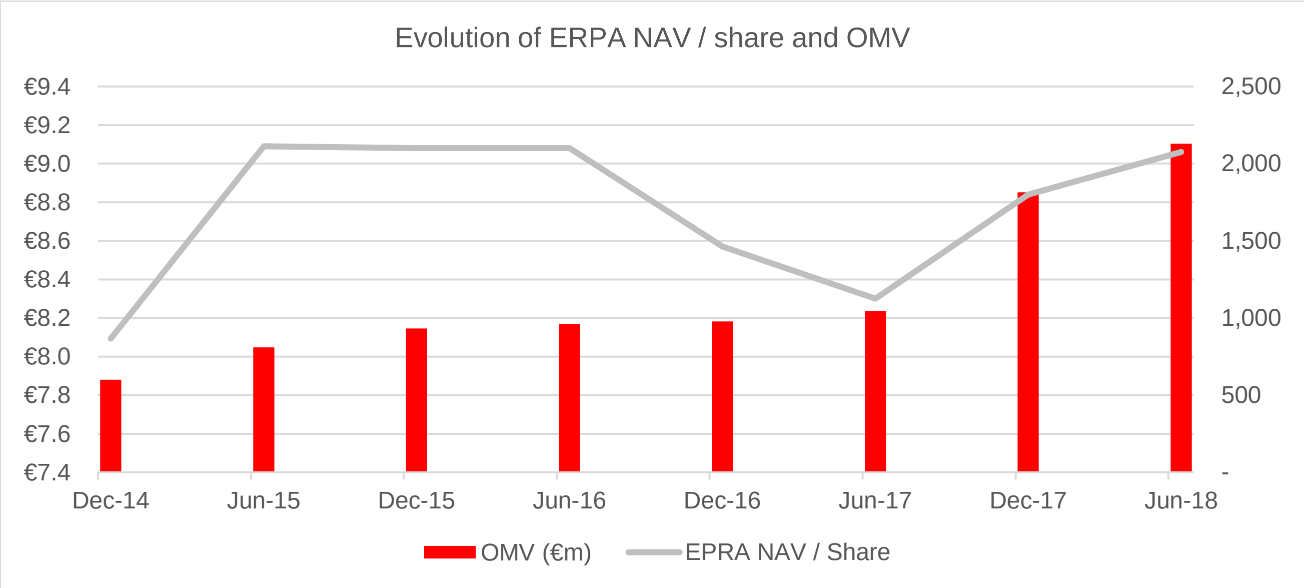
3 The number of ordinary shares used to calculate the EPRA Net Assets Value "EPRA NAV" per share as of 30 June 2018 were 132,525,597 (31 December 2017: 132,485,389).

B. Analysis of results for the six months period ended 30 June 2018 (continued)

- Revenues and NOI increased during H1-18 by 124% and 135% respectively over H1-17 and by 82% and 78% compared to H2-17. This was mainly as a result of the Group's expansion in Poland in December 2017, the acquisition of three additional income yielding investments in Poland during the first six months of 2018, the acquisition of two fully leased properties in Romania in May 2017 and August 2017 respectively, and new leases signed for our standing properties in Romania.
- Revenues derived from our properties and operations in Romania and Poland accounted for 55% and 45% of the total for the Globalworth Group for H1-18 respectively, while NOI derived from our operations in Romania and Poland accounted for 52% and 48% of the total for the Globalworth Group for H1-18.
- Administrative expenses in H1-18 doubled as compared to H1-17 mainly due to the inclusion of administrative expenses incurred by Globalworth Poland (c. €1.8 million) and an increase in Group headcount.
- The significant improvements made in NOI, while maintaining administrative expenses at a reasonable level, also led to a significant increase in Normalised EBITDA in H1-18 of 106%, as compared to H1-17.
- Financing costs in H1-18 decreased by 25% as compared to H1-17 as a result of the refinancing of the Group's bank and corporate debt, secured on our properties in Romania, using the proceeds of the Eurobond issued in June 2017.

2. Portfolio valuation and NAV

- During H1-18 the Company continued the development of the Globalworth Campus property, the Company's largest office development project to-date, as well as the development of Renault Bucharest Connected in cooperation with our joint venture partner.
- €247.3 million worth of properties in Poland (€229.8 million) and Romania (€17.5 million) were acquired in H1-18. In addition, €35.4 million of capex was incurred in H1-18 on properties either under development or completed and, combined with the €38.6 million increase in value of completed properties and properties under development during the period, the portfolio open market value at 30 June 2018 increased significantly as compared to 31 December 2017, rising by c.€314 million or 17.3%.
- The chart below highlights the evolution of the Company's EPRA NAV per share and portfolio open market value. Consistent with the practice of other leading real estate companies, the Company will publish its NAV semi-annually, rather than on quarterly basis as done prior to 2018; this follows the pattern of semi-annual financial reporting, and equivalent portfolio valuation dates.



3. Results and dividends

The results for the period are set out in the consolidated statement of comprehensive income on page 19.

In August 2018 the Company distributed an interim dividend of €0.27 per share in respect of the six-month financial period ended 30 June 2018. It has also announced its intention to distribute a dividend of €0.27 per share, payable in respect of the six-month financial period ending 31 December 2018. The Company targets a sustainable and growing dividend, paid on a semi-annual basis, with an intention to distribute the equivalent of at least 90% of the Company's Funds from Operations (FFO).

B. Analysis of results for the six months period ended 30 June 2018 (continued)

4. Financing activities

In March 2018, the Group successfully issued a second €550 million unsecured Eurobond at a coupon of 3% with seven years duration (until March 2025), and the first under its €1.5 billion Euro Medium Term Notes programme. The transaction, despite being finalised in a period of relative increased market volatility, received significant support from a variety of institutional investors, predominantly from the UK and Continental Europe, resulting in the issue being oversubscribed by more than two times. Part of the net proceeds of the Eurobond (c.€215 million) were utilised for the repayment in April 2018 of all but one of the bank loans secured on our properties in Poland, thereby extending the flexibility of Globalworth's predominantly unsecured debt structure across the Group, with the remainder to be used for general corporate purposes. The first €550 million unsecured Eurobond issued in June 2017 is of five years duration (until June 2022) and carries a coupon of 2.875% per annum, while the first coupon was paid to Bondholders in June 2018.

In terms of bank financing, in June 2018 the Group secured a €100 million, seven-year facility in Poland from a consortium consisting of Landesbank Hessen-Thüringen and Deutsche Pfandbriefbank AG at a competitive interest rate, following the above-mentioned repayment of all but one of the bank loan facilities secured on our properties in Poland. In addition, in August 2018 a new €46 million long-term facility was signed with Banca Comerciala Romana (BCR, part of Erste Bank Group) for the financing of the development costs of the Renault Bucharest Connected project, the development of which is progressing in accordance with the planned schedule.

Available bank loan facilities at 30 June 2018 comprise a €28 million unutilised revolving loan facility from Erste Group Bank AG (part of Erste Bank Group), secured on our TAP property.

The total debt portfolio of the Group at 30 June 2018 comprised €1.1 billion of unsecured Eurobonds and c.€163 million of senior long-term, secured loans. The weighted average remaining duration of the Group's debt at 30 June 2018 is 5.6 years (compared to 5.4 years at 31 December 2017), while the weighted average interest on debt at 30 June 2018 amounted to 2.91% (versus 2.62% at 31 December 2017). The slight increase in the weighted average interest on debt during H1 2018 should be viewed in conjunction with the increased percentage of unsecured debt (87% at 30 June 2018 versus 63% at 31 December 2017) and the increase in the weighted average period to maturity of existing debt financing (5.6 years at 30 June 2018 versus 5.4 years at 31 December 2017). Moreover, the Group has increased to 95% the proportion of debt with fixed interest rate charges, containing to the minimum possible its exposure to interest rate risk. Currency exchange rate fluctuation risk is also at a very low level as the Group's debt is denominated in EUR, with an insignificant portion denominated in Romanian Lei ("RON") and Polish Zloty ("PLN").

The Group's financial indebtedness is arranged with standard terms and financial covenants with no breaches of the aforementioned values occurring for the period ended 30 June 2018. In addition, the Group's credit facilities concluded with local banks in Romania and Poland are secured with real estate mortgages, pledges on shares, receivables and loan subordination agreements in favour of the financing banks.

In June 2018, our subsidiary, Globalworth Poland ("GPRE"), completed a €450 million equity capital raise at a share price of €1.57 per share. The transaction was fully subscribed by Globalworth (66.6%) and Growthpoint Properties (33.3%), resulting in €150 million of new capital becoming available to fund further growth of the Polish portfolio. The remaining €300 million was used to partially repay outstanding debt under various inter-company loans previously entered into between Globalworth Poland and Globalworth.

The net effect of this transaction was that Globalworth's shareholding in Globalworth Poland was reduced to 68.43% (from 71.66%), while Growthpoint's shareholding in GPRE is 21.6%., The Company considers that this reduction in its shareholding is mitigated by the benefit of greater scale and additional firepower for Globalworth Poland.

5. Cash flows

- Cash resources raised during the six months ended 30 June 2018 from new debt financing of €605.2 million (net proceeds).
- €147.1 million net proceeds from the direct participation of Growthpoint in the share capital increase of GPRE in June 2018.
- Cash utilised for the acquisition of completed properties and land for future development of €223.1 million.
- €33 million utilised on completed properties (mainly on fit-out works for tenants) and properties under development in H1-18.
- €234.7 million and €19.3 million utilised in the repayment of interest bearing loans and borrowings and debt interest payments respectively.
- Cash utilised for the payment of dividends by the Company and the payment of dividends by GPRE to minority shareholders of €31.4 million in total.

B. Analysis of results for the six months period ended 30 June 2018 (continued)

6. Liquidity

Our Group seeks to maintain, at all times, sufficient liquidity to enable it to finance its ongoing, planned property investments, whilst maintaining flexibility to quickly capture attractive new investment opportunities.

As a result of the successful equity and debt financing activities of the Company in December 2017 and March 2018 respectively, cash and cash equivalents at 30 June 2018 amounted to c.€513 million. This places the Company in a strong position in respect to available funding that can be applied to both the properties currently under development and new development projects in Romania, as well as acquisitions of completed properties in Poland, and other opportunities that may arise.

7. Principal Risks and Uncertainties

The key risks which may have a material impact on the Group's performance, together with the corresponding mitigating actions, are presented on pages 52 to 57 of the Annual Report for the year ended 31 December 2017, which is available at www.globalworth.com.

These risks comprise the following:

- Exposure to the economic environment in Romania and Poland and changes in the political or regulatory framework in Romania, Poland or the European Union;
- Inability to execute planned acquisition of properties and lack of available financing;
- Counterparty credit risk;
- Risk of changes in interest rates and exchange rates;
- Risk of negative changes in the valuation of the portfolio;
- Inability to lease space and renew expiring leases;
- Inability to complete projects under development on time;
- Risk of breach of loan covenants;
- Risk of change in fiscal and tax regulations; and
- Compliance with fire, structural or other health and safety regulations.

There has been no significant change in these risks during the six months period ended 30 June 2018, and these risks are expected to continue to remain relevant during the second half of 2018.

8. Going Concern

The Directors have considered the Company's ability to continue to operate as a going concern based on the Management's cash flow projections for the 12 months subsequent to the date of approval of the unaudited interim condensed consolidated financial statements. The Directors believe that the Company would have sufficient cash resources to meet its obligations as they fall due and continue to adopt the going concern basis in preparing the unaudited interim condensed consolidated financial statements as of and for the six months ended 30 June 2018.

PORTFOLIO OVERVIEW

Standing Portfolio

Globalworth's portfolio of standing properties grew further in H1-2018 with the acquisition of three new standing investments (seven office properties) in Poland and the delivery of Globalworth Campus Tower 2 in Bucharest, which was under construction at the beginning of the year and was subsequently delivered to the market. As at 30 June 2018, there were 28 standing investments in our portfolio with 47 standing properties in Romania and Poland.

Our standing portfolio, as of 30 June 2018, comprised 22 class "A" office investments (34 properties in total) and three mixed-use investments (with seven properties in total) in central locations in Bucharest (Romania), Warsaw (Poland) and five of the largest office markets/cities of Poland. In addition, we own a light industrial park with four facilities in Timisoara (Romania), a modern warehouse in Pitesti (Romania), and part of a residential complex in Bucharest (Romania).

Globalworth's total standing commercial GLA at the end of June 2018 had increased by 18.2% to reach 884.6k sqm, with the overall standing portfolio GLA reaching 923.6k sqm (16.8% increase), impacted by the sale of certain residential units during the period. The appraised value of our standing properties rose to c.€2.0 billion (as at 30 June 2018), representing a 18.3% increase compared to 31 December 2017.

We consider our portfolio to be modern, with almost all of our properties having been completed or refurbished since 2011, and c.62.9% of our GLA and 68.1% of our standing combined portfolio value having been completed or refurbished since 2013. It is worth noting that 25 of our properties have been delivered or significantly refurbished since 2015, accounting for 50.6% of our GLA and 54.2%% of our standing combined portfolio value. In addition, following the delivery of our development projects (Renault Bucharest Connected and Globalworth Campus - Towers 3) and other future completions, the proportion of modern office stock in our portfolio will further increase in the short-medium term.

Age of Portfolio

Age	0 ≤ x < 3 yrs	3 ≤ x < 5 yrs	5 ≤ x < 7 yrs	7 ≤ x < 10 yrs	+ 10 yrs
By Year of Completion	30.3%	19.0%	11.2%	28.0%	11.5%
By Year of Last Refurbishment	42.3%	16.0%	11.2%	24.9%	5.6%

Note: For Bliski Centrum, CB Lubicz I, Nordic Park and Philips "last year of refurbishment" is 2018, as there are currently works in progress expected to be completed in 2018.

Consistent with its commitment to energy efficient properties, Globalworth added two new investments to its standing portfolio (six properties) in the first half of 2018 which are green certified. WARTA Tower and the Quattro Business Park are both certified with BREEAM Very Good accreditation or higher[4].

Overall, our standing portfolio as of 30 June 2018 comprised 26 green certified properties, accounting for 71.4% of our standing commercial portfolio, and we are in the process of certifying or re-certifying a number of other properties in our portfolio.

In Q3-2018 the number of Green Certified properties further increased following the acquisition of Spektrum Tower (BREEAM Very Good).

Total Standing Properties	**31 Dec. 2017**	**30 Jun. 2018**
Number of Investments	25	28
Number of Assets	39	47
GLA (k sqm)[(1)]	791.0	923.6
"As Is" Valuation (€m) [(2)]:	1,710.3	2,023.4
Contracted Rent (€m) [(3)]	109.1	135.6

[4] Quattro Business Park: Two of the five offices of the park are green certified with BREEAM Excellent.

Of which Total Commercial Properties	31 Dec. 2017	30 Jun. 2018
Number of Investments	24	27
Number of Assets	38	46
GLA (k sqm)	748.1	884.6
"As Is" Valuation (€m) (2)	1,632.6	1,952.4
Occupancy (3)	93.3% (95.4% incl. tenant options)	94.6% (96.4% incl. tenant options)
Contracted Rent (€m) (3)	107.6	134.0
WALL (years) (3)	5.3	5.1

(1) Includes c.42.8sqm and c.39.0k sqm of residential space in 31 December 2017 and 30 June 2018 respectively.
(2) Appraised valuations as of 31 December 2017 and 30 June 2018 respectively.
(3) Contracted Rent includes c.€1.5 million and c.€1.5 million from residential space in 31 December 2017 and 30 June 2018 respectively.

Developments

Globalworth made good progress on its development programme in the first half of 2018, which involved four properties located in Bucharest. In April 2018 we delivered Tower 2 (28.2k sqm GLA) of our Globalworth Campus project and as at 30 June 2018, we had two active developments (three properties) in Bucharest under construction, which upon completion will further increase our footprint of high quality office space by 77.1k sqm.

The Renault Bucharest Connected project ("RBC") is progressing well, with construction in line with the targeted timeline and the project is expected to be delivered in Q1-2019. RBC is 100% pre-leased and, on completion, will house Groupe Renault's new Headquarters in Romania as well as a dedicated design centre for the development of future models of cars, in total offering 42.3k sqm of GLA and 1,000 parking spaces. Construction of the main Headquarters building structure has been completed and we are currently installing the façade and performing the necessary installation and finishing works. Construction of the second building, a smaller design centre is also in progress, with the structure now completed and further works in progress.

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

The total appraised value of our Developments as of 30 June 2018 was €58.0 million.

Land for Future Development

Globalworth owns land plots in four prime locations in Bucharest (new CBD, Herastrau Lake, historical CBD and Bucharest West), covering a total surface of 28.0k sqm, in which office or mixed-use properties can be developed.

We have prioritised the lands in the new and historical CBD for future development, where we anticipate constructing office and mix-use properties comprising c. 70k sqm GLA in total, subject to relevant approvals. In addition, the Company owns 30 hectares of land near the TAP light-industrial park in Timisoara, which can be developed in phases delivering c.145k sqm of new high-quality light-industrial / logistics space in the area.

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

The total appraised value of our land for future development as of 30 June 2018 was €40.2 million.

Current and Future Developments

Asset	Renault Bucharest Connected[1]	Globalworth Campus T3	Land in West Bucharest	Land in Bucharest CBD	Lands in Bucharest New CBD[3]	TAP II Timisoara	TAP Extension Timisoara
Status	Under Construction	Under Construction	Future Dev/ment	Future Dev/ment	Future Dev/ment	Future Dev/ment	Future Dev/ment
Expected/ Potential Delivery	Q1- 2019E	Q4-2019E	Q1-2021 E	2020 E	2020E	2019-2020E	n/a
GLA (k sqm)	42.3	34.8	60.0	27.0	43.0	145k in phases	28.5
Capex to 30 June 18 (€ mn)	31.9	7.4	2.0	7.0	15.5	4.7	0.8
As Is Value (€ mn)	40.4	16.9	2.0	14.3	18.1	7.9	0.7
Estimated Capex[2] (€ mn)	26.1	44.6	68.2	36.7	57.2	56.4	6.1
Est. Yield on Dev/ment Cost	9.5%	11.0%	12.3%	13.3%	11.0%	10.0%	13.0%

1. **Renault Bucharest Connected (reflected with 100% ownership).**
2. **Estimated capex based on contracted and company estimates.**
3. **2 plots of land acquired in the first half of 2018.**

Right of First Offer Portfolio

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

- Beethovena Business Park is a class "A" office project located in Warsaw comprising two, five-floor offices, which on completion will offer total GLA of 35.2k sqm. Beethovena I and II are of similar size and are expected to be delivered in Q3-2019 and Q3-2020 respectively.
- Browary J is a class "A" office project located in Warsaw comprising a stepped shaped "main" building extending over 11 floors and the lower 7th floor wing. The project is expected to be delivered in Q4-2018 and, on completion, will offer 15.4k sqm of GLA, of which c.88% has been pre-leased to blue-chip tenants. Browary J will be part of Browary Warszawskie (Warsaw Brewery) a mixed-use (office, residential and retail) development in the Wola district which has become one of the most dynamic commercial and residential areas of Warsaw.

Right of First Offer Portfolio Snapshot

Asset	Location	Estimated Completion Date	GLA (sqm)	Equity Invested for 25% (€m)	Remaining Amount[1] (€m)	As Is Value of 25%[2] (€m)	Completion Value for 100%[3] (€m)
Beethovena I	Warsaw	Q3-2019	17,845	2.9	32.2	9.5	42.9
Beethovena II	Warsaw	Q3-2020	17,395	2.8	29.9	4.1	39.8
Browary J	Warsaw	Q4-2018	15,426	4.2	50.9	23.1	67.9
Total			**50,666**	**9.9**	**113.0**	**36.7**	**150.6**

1. Estimated amount to be invested in the event of the acquisition of the remaining 75% of each property.
2. "As Is" Value of the for 25% currently owned by the GPRE as at 30 Jun. 2018.
3. Estimated "Completion Value" of the property for 100% as at 30 Jun. 2018.

GLOBALWORTH REAL ESTATE INVESTMENTS LIMITED

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2018

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Note	30 June 2018 Unaudited €'000	30 June 2017 Unaudited €'000
Revenue	6	78,097	34,938
Operating expenses	7	(26,398)	(12,957)
Net operating income		51,699	21,981
Administrative expenses		(6,456)	(3,224)
Acquisition costs	20	(952)	(303)
Fair value gain on investment property	3	38,558	682
Gain on acquisition of subsidiaries	20	251	2,639
Share-based payment expense	18	(97)	(3)
Depreciation on other long-term assets		(179)	(76)
Other expenses	24	(1,494)	(1,493)
Other income		215	5
Foreign exchange loss		(883)	(229)
Gain from fair value of financial instruments	13	1,653	–
		30,616	(2,002)
Profit before net financing cost		82,315	19,979
Net financing cost			
Finance cost	8	(20,505)	(27,330)
Finance income		1,425	583
		63,235	(6,768)
Share of profit / (loss) of joint ventures	21	717	(23)
Profit / (loss) before tax		63,952	(6,791)
Income tax expense	9	(7,573)	195
Profit / (loss) for the period		56,379	(6,596)
Other comprehensive income		–	–
Profit / (loss) attributable to:		56,379	(6,596)
– Equity holders of the Company		49,766	(6,596)
– Non-controlling interests		6,613	–

		Cents	Cents
Earnings per share			
– Basic	10	37.63	(7.29)
– Diluted	10	37.57	(7.21)
EPRA earnings per share			
– Basic	10	21.45	7.87
– Diluted	10	21.42	7.78

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Note	30 June 2018 Unaudited €'000	31 December 2017 Audited €'000
ASSETS			
Non-current assets			
Investment property	3	2,088,545	1,792,414
Goodwill		12,349	12,349
Advances for investment property		2,443	3,355
Investments in joint-ventures	21	38,422	21,939
Equity investments	14	8,639	-
Other long-term assets		834	689
Other receivables		-	416
Prepayments		1,515	1,578
Available for sale financial assets	26	-	5,897
Financial assets at fair value through profit or loss	13	5,921	-
Long-term restricted cash		-	2,958
		2,158,668	1,841,595
Current assets			
Debentures	20	-	18,389
Available for sale financial assets	26	-	4,346
Financial assets at fair value through profit or loss	13	5,976	-
Trade and other receivables		29,477	22,419
Guarantees retained by tenants		107	304
Income tax receivable		315	295
Prepayments		6,257	325
Cash and cash equivalents	15	512,822	273,272
		554,954	319,350
Total assets		2,713,622	2,160,945
EQUITY AND LIABILITIES			
Issued share capital		896,354	894,509
Treasury shares	18	(1,088)	(270)
Share-based payment reserve	18	1,783	2,240
Retained earnings		191,395	172,405
Equity attributable to ordinary equity holders of the parent		1,088,444	1,068,884
Non-controlling interests		219,451	67,572
Total equity		1,307,895	1,136,456
Non-current liabilities			
Interest-bearing loans and borrowings	12	1,232,376	834,044
Deferred tax liability	9	106,680	99,574
Guarantees retained from contractors		625	2,616
Deposits from tenants		9,894	8,931
Trade and other payables		1,765	1,509
		1,351,340	946,674
Current liabilities			
Interest-bearing loans and borrowings	12	11,152	36,360
Guarantees retained from contractors		3,725	1,057
Trade and other payables		34,388	35,635
Other current financial liabilities		2,369	2,638
Deposits from tenants		1,352	1,256
Income tax payable		1,401	869
		54,387	77,815
Total equity and liabilities		2,713,622	2,160,945

These condensed consolidated financial statements were approved by the Board of Directors on 18 September 2018 and were signed on its behalf by:

Geoff Miller
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Equity attributable to equity holders of the Company							
	Issued share capital €'000	Treasury shares €'000	Unissued share capital €'000	Share-based payment reserve €'000	Retained earnings €'000	Total €'000	Non-controlling interests €'000	Total Equity €'000
As at 31 December 2016 (Audited)	**538,114**	**–**	**8,584**	**2,139**	**166,557**	**715,394**	**–**	**715,394**
Transaction costs on issuance of shares for cash	(63)	–	–	–	–	(63)	–	(63)
Fair value of option warrants issued for executive share scheme	–	–	–	3	–	3	–	3
Shares issued to the Executive Directors and other senior management employees	516	–	–	(516)	–	–	–	–
Interim dividend	–	–	–	–	(19,902)	(19,902)	–	(19,902)
Loss for the period	–	–	–	–	(6,596)	(6,596)	–	(6,596)
As at 30 June 2017 (Unaudited)	**538,567**	**–**	**8,584**	**1,626**	**140,059**	**688,836**	**–**	**688,836**
Shares issued for cash	340,000	–	–	–	–	340,000	–	340,000
Transaction costs on issue of shares for cash	(2,208)	–	–	–	–	(2,208)	–	(2,208)
Transaction costs on issue of shares settled in shares	8,584	–	(8,584)	–	–	–	–	–
Fair value of option warrants issued for executive share scheme	–	–	–	14	–	14	–	14
Shares issued under Executive share option plan	8,950	–	–	(175)	–	8,775	–	8,775
Shares issued to the Executive Directors and other senior management employees	616	–	–	(616)	–	–	–	–
Interim dividend on vested treasury shares	–	–	–	–	(31)	(31)	–	(31)
Acquisition of own shares	–	(428)	–	–	–	(428)	–	(428)
Shares granted under the subsidiaries' employees share award plan	–	–	–	126	–	126	–	126
Shares granted to Executive Directors and other senior management employees	–	–	–	1,423	–	1,423	–	1,423
Shares vested under the subsidiaries' employees share award plan	–	158	–	(158)	–	–	–	–
Acquired through business combination	–	–	–	–	–	–	77,306	77,306
Acquisition of minority interest	–	–	–	–	1,355	1,355	(9,055)	(7,700)
Profit for the period	–	–	–	–	31,022	31,022	(679)	30,343
As at 31 December 2017 (Audited)	**894,509**	**(270)**	**–**	**2,240**	**172,405**	**1,068,884**	**67,572**	**1,136,456**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2018

		Equity attributable to equity holders of the Company							
		Issued share capital	Treasury shares	Unissued share capital	Share-based payment reserve	Retained earnings	Total	Non-controlling interests	Total Equity
	Note	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Transaction costs on issuance of shares		(18)	–	–	–	–	(18)	–	(18)
Shares issued to the Executive Directors for vested warrants	18.1	153	–	–	(3)	–	150	–	150
Shares issued to the Executive Directors and other senior management employees	18.2	892	–	–	(892)	–	–	–	–
Interim dividend	17	–	–	–	–	(29,102)	(29,102)	(3,498)	(32,600)
Share issued under the subsidiaries' employees share award plan	18.3	818	(818)	–	–	–	–	–	–
Share based payment expense under the subsidiaries' employees share award plan	18.3	–	–	–	97	–	97	–	97
Shares granted to Executive Directors and other senior management employees	18.2	–	–	–	341	–	341	–	341
Change in non-controlling interest on shares issue in subsidiary	23	–	–	–	–	(1,102)	(1,102)	1,102	–
Shares issue in subsidiary	23	–	–	–	–	(572)	(572)	147,662	147,090
Profit for the period		–	–	–	–	49,766	49,766	6,613	56,379
As at 30 June 2018 (Unaudited)		**896,354**	**(1,088)**	**–**	**1,783**	**191,395**	**1,088,444**	**219,451**	**1,307,895**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Note	30 June 2018 Unaudited €'000	30 June 2017 Unaudited €'000
Profit before tax		**63,952**	(6,791)
Adjustments to reconcile profit before tax to net cash flows			
Fair value gain on investment property	3	**(38,558)**	(682)
Bargain purchase gain on acquisition of subsidiaries	20	**(251)**	(2,639)
Loss on sale of investment property		**1,148**	1,450
Share-based payment expense	18	**97**	3
Depreciation on other long-term assets		**179**	76
Net movement in allowance for doubtful debts		**233**	–
Foreign exchange loss		**883**	229
Gain from fair valuation of financial instrument	13	**(1,653)**	–
Share of (profit)/loss of joint ventures	21	**(717)**	23
Net financing costs		**17,427**	26,747
Operating profit before changes in working capital		**42,740**	18,416
(Increase)/decrease in trade and other receivables		**(10,444)**	202
Increase/(decrease) in trade and other payables		**271**	(4,733)
Interest paid		**(19,345)**	(11,615)
Interest received		**132**	5
Income tax paid		**(2,207)**	(111)
Cash flows from operating activities		**11,147**	2,164
Investing activities			
Expenditure on investment property under development		**(35,457)**	(24,100)
Advances for investment property		**–**	(6,860)
Payment for acquisition of subsidiaries less cash acquired		**–**	(15,893)
Payments for acquisition of investment property	20	**(204,997)**	–
Proceeds from non-controlling interest for subsidiary's issue of shares	23	**147,090**	–
Proceeds from sale of investment property		**4,481**	3,134
Payment for equity investments	14	**(8,639)**	–
Loan given to joint venture	21	**(15,061)**	(1,690)
Payment for purchase of other long-term assets		**(329)**	–
Cash flows used in investing activities		**(112,912)**	(45,409)
Financing activities			
Proceeds from share issuance for cash		**150**	–
Payment of transaction costs on issue of shares		**(18)**	(2,869)
Proceeds from interest-bearing loans and borrowings		**612,608**	549,002
Repayment of interest-bearing loans and borrowings		**(234,689)**	(427,985)
Payment of interim dividend to equity holders of the Company	17	**(29,102)**	–
Payment of interim dividend to non-controlling interests in the subsidiary		**(2,326)**	–
Payment of loan arrangement fees and other financing costs		**(8,266)**	(11,944)
Change in long term restricted cash reserve	15	**2,958**	–
Cash flows from financing activities		**341,315**	106,204
Net increase in cash and cash equivalents		**239,550**	62,959
Cash and cash equivalents at the beginning of the period	15	**273,272**	221,337
Cash and cash equivalents as per statement of financial position*	15	**512,822**	284,296

* Includes the €2.3 million (2017: €2.3 million) cash reserve, see note 15.

- This section contains the Group's significant accounting policies that relate to the condensed 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 one note are included with that note. Accounting policies relating to non-material items are not included in these condensed consolidated 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 Ground Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey GY1 2HT. Globalworth, being a real estate Company, has been listed on AIM Market of London Stock Exchange since 2013 and being traded under the ticker "GWI". The Company's Eurobonds are listed on the Official List of the Irish Stock Exchange and the Bucharest Stock Exchange since 2017.

Directors

The Directors of the Company are:
- Ioannis Papalekas, Chief Executive Officer
- Dimitris Raptis, Deputy Chief Executive Officer and Chief Investment Officer
- Geoff Miller, Non-executive, Chairman of the Board and the Remuneration Committee
- Eli Alroy, Non-executive, Chairman of Investment Committee and Senior Independent Director
- John Whittle, Non-executive, Chairman of the Audit Committee
- Peter Fechter, Non-executive, member of the Remuneration Committee
- Andreea Petreanu, Non-executive, member of the Audit Committee
- Richard van Vliet Non-executive, member of the Audit Committee
- Akbar Rafiq, Non-executive
- Alexis Atteslis, Non-executive
- Norbert Sasse, Non-executive
- George Muchanya, Non-executive
- Bruce Buck, Non-executive

Basis of Preparation and Compliance

The condensed consolidated financial statements of the Group (or 'financial statements' or 'consolidated financial statements') as of and for the six months ended 30 June 2018 have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting". These consolidated financial statements are prepared in Euro ("EUR" or "€"), rounded to the nearest thousand, being the functional currency and presentation currency of the Company. These financial statements have been prepared on a historical cost basis, except for investment property, financial assets at fair value through profit or loss, derivatives and financial assets at fair value through other comprehensive income 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 IFRSs, which were adopted on 1 January 2018 (see note 26 for more details).
The financial statements are prepared on a going concern basis as explained the financial review section of the interim report.

Accounting policies

These condensed consolidated financial statements apply the same accounting policies, presentation and methods of calculation as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2017, which were prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU') and the Companies (Guernsey) Law 2008, as amended. The condensed consolidated financial statements included in this Interim Report should be read in conjunction with the consolidated financial statements for the year ended 31 December 2017. On 1 January 2018, the Group adopted certain new accounting policies where necessary to comply with amendments to IFRS, none of which had a material impact on the consolidated results, financial position or cash flows of the Group (see note 26).

1. **Basis of Preparation** continued

Basis of Consolidation

These condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries ('the Group') as of and for the six months ended 30 June 2018. Subsidiaries are fully consolidated (refer to note 20) from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the period from the date of obtaining control to 30 June, using consistent accounting policies. All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions are eliminated in full. Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the income statement and within equity in the consolidated statement of financial position, separately from net assets and profit and loss attributable to equity holders of the Company.

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.

The preparation of financial statements in conformity with IAS 34 requires management to make certain judgements, estimates and assumptions that effect reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures and the disclosures of contingent liabilities.

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

- Investment Property, see note 3 and Fair value measurement and related estimate and judgements, see note 4;
- Commitments (operating leases commitments – Group as lessor), see note 5;
- Taxation, see note 9;
- Financial assets at fair value through profit or loss, see note 13;
- Subsidiaries' acquisitions, see note 20;
- Investment in Joint ventures, see note 21; and
- Investment in Subsidiaries, see note 22.

- This section focuses on the assets in the balance sheet of the Group which form the core of the Group's business activities. This includes investment property and related disclosures on fair valuation inputs and commitments for future property developments. This section quantifies the property portfolio valuations and movements for the period. Further information about each property is described in the Portfolio review section of the Interim Report.

3. Investment Property

	Note	Completed investment property €'000	Investment Property under development €'000	Land bank for further development €'000	Total €'000
1 January 2017		**891,722**	**71,120**	**18,050**	**980,892**
Business acquisition		47,760	–	–	47,760
Subsequent expenditure and net lease incentive movement		8,363	15,318	–	23,681
Other operating lease commitment		(655)	–	–	(655)
Capitalised borrowing costs		18	–	–	18
Disposal during the period		(4,268)	–	–	(4,268)
Fair value movement on investment property		460	(78)	300	682
Transfer to completed investment property		–	–	–	–
30 June 2017		**943,400**	**86,360**	**18,350**	**1,048,110**
Business acquisition		719,430	–	–	719,430
Subsequent expenditure and net lease incentive movement		6,960	16,603	4,822	28,385
Other operating lease commitment		(348)	–	–	(348)
Capitalised borrowing costs		–	138	–	138
Disposal during the period		(9,346)	–	–	(9,346)
Fair value movement on investment property		(3,861)	7,378	2,528	6,045
Transfer to completed investment property		56,129	(56,129)	–	–
31 December 2017		**1,712,364**	**54,350**	**25,700**	**1,792,414**
Acquisition of investment property	20	228,341	–	–	228,341
Land acquisition		–	–	15,500	15,500
Subsequent expenditure and net lease incentive movement		8,069	11,329	240	19,638
Other operating lease commitment		(430)	–	–	(430)
Capitalised borrowing costs		–	312	–	312
Disposal during the period		(5,788)	–	–	(5,788)
Fair value movement on investment property		27,319	6,609	4,630	38,558
Transfer to completed investment property		55,700	(55,700)	–	–
30 June 2018		**2,025,575**	**16,900**	**46,070**	**2,088,545**

3.1 Other operating lease commitment

Other operating lease commitment of €1.93 million (2017: €2.3 million) as of 30 June 2018 (a similar corresponding amount was recorded in trade and other payables as payables 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.

4. Fair Value Measurement and Related Estimates and Judgements

Investment Property Measured at Fair Value

The Group's investment property portfolio for Romania was valued by CBAR Research & Valuation Advisors SRL ("Coldwell Banker") and Cushman & Wakefield LLP (C&W). The Group's investment property portfolio for Poland was valued by Knight Frank Sp. z.o.o ("Knight Frank") and CBRE Sp. z.o.o.("CBRE"). 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 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.

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

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 based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

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

	Carrying value					Range	
	30 June 2018	31 December 2017				**30 June 2018**	31 December 2017
Class of property	**€'000**	€'000	**Valuation technique**	**Country**	**Input**		
Completed	**932,380**	680,130	Discounted cash flows	Poland	Rental value (sqm)	**€11.5–€22**	€12–€28
investment property					Discount rate	**5.46%–10.31%**	5.85%–8.58%
	1,014,380	947,869	Discounted cash flows	Romania	Rental value (sqm)	**€2.82–€45.74**	€2.77–€65
					Discount rate	**7.25%–9.60%**	7.20%–9.20%
					Exit yield	**6.65%–8.75%**	6.65%–8.75%
	1,946,760	1,627,999					
	78,815	84,365	Sales comparison	Romania	Sales value (sqm)	***€1,852**	*€1,192
	2,025,575	1,712,364					
					Rental value (sqm)	**€12.50–€17.00**	€3.33–€17.00
Investment property					Discount rate	**7.00%**	8.00%–8.90%
under development	**16,900**	54,350	Residual method	Romania	Exit yield	**7.00%**	7.25%–8.75%
					Capex (€m)	**€43.43**	€33.96
Land bank – for development	**7,920**	25,700	Sales comparison	Romania	Sales value (sqm)	**€26.4**	€1,819–€1,896
					Rental value (sqm)	**€14.0–€20.0**	-
					Discount rate	**7.00%–9.10%**	-
	38,150	-	Residual method	Romania	Exit yield	**7.00%–8.75%**	-
TOTAL	**2,088,545**	1,792,414					

*net surface area basis (2017: gross built area basis)

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 €38.5 million (2017: €0.7 million) Level 3 of the fair value hierarchy.

4. Fair Value Measurement and Related Estimates and Judgements continued

Sensitivity Analysis on Significant Inputs

In arriving at estimates of market values as at 30 June 2018 and 30 June 2017, the independent valuation experts used their market knowledge and professional judgement and did not rely solely on historical transactional comparables. In these circumstances, there was a greater degree of uncertainty in estimating the market values of investment properties than would have existed in a more active market.

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

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

			€0.5 change in rental value per month, per sqm		25 bps change in market yield		5% change in Capex		€50 change in sales prices per sqm	
Investment Property	Year	Country	Increase €'000	Decrease €'000	Increase €'000	Decrease €'000	Increase €'000	Decrease €'000	Increase €'000	Decrease €'000
– completed	**2018**	**Poland**	**24,102**	**(23,855)**	**(37,191)**	**40,256**	**–**	**–**	**–**	**–**
	2018	**Romania**	**33,160**	**(33,060)**	**(29,730)**	**32,040**			**1,759**	**(1,758)**
	2017	Poland	16,148	(16,184)	(26,128)	28,237	–	–	–	–
	2017	Romania	39,820	(40,020)	(22,530)	23,870	–	–	1,931	(1,930)
– under development	**2018**	**Poland**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2018	**Romania**	**2,200**	**(2,200)**	**(2,100)**	**2,300**	**(2,000)**	**2,000**	**–**	**–**
	2017	Poland	–	–	–	–	–	–	–	–
	2017	Romania	3,280	(3,370)	(3,120)	3,230	(2,880)	2,880	–	–
– land bank for further development	**2018**	**Poland**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2018	**Romania**	**3,000**	**(3,100)**	**(3,900)**	**4,100**	**(4,100)**	**4,100**	**–**	**–**
	2017	Poland	–	–	–	–	–	–	–	–
	2017	Romania	–	–	–	–	–	–	1,150	(1,330)

Other Disclosures Related to Investment Property

Interest-bearing loans and borrowings are secured on investment property, see note 12 for details. Further information about individual properties is disclosed in the Portfolio Review section in the interim report.

5. Commitments

Commitments for Investment Property

As at 30 June 2018 the Group had agreed construction contracts with third parties and is consequently committed to future capital expenditure in respect of completed investment property of €3.5 million (2017: €3.4 million), investment property under development of €48 million (2017: €13.6 million) and had committed with tenants to incur fit-out works of €7.3 million (2017: €7.3 million). The Group's Joint venture was committed for the construction of investment property for the amount of €24.8 million at 30 June 2018 (2017: 37.2 million).

Operating Leases Commitments – Group as Lessor

Judgements Made for Properties Under Operating Leases

The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of the investment properties leased to third parties, therefore, accounts for these leases as operating leases. The duration of these leases is one year or more (2017: one year or more) and rentals are subject to annual upward revisions based on the consumer price index.

5. **Commitments** continued

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

	30 June 2018 €'000	31 December 2017 €'000
Not later than 1 year	**137,307**	117,290
Later than 1 year and not later than 5 years	**392,535**	366,182
Later than 5 years	**139,055**	126,849
	668,897	610,321

- This section quantifies the financial impact of the operations for the period; further analysis on operations is described in the Financial Review section of the Interim Report. This section includes the results and performance of the Group, including earnings per share, EPRA Earnings, net asset value and EPRA net asset value. This section also includes details of the Group's tax credits in the period and deferred tax assets and liabilities held at the period end.

6. Revenue

	30 June 2018 €'000	30 June 2017 €'000
Contracted Rent	**56,558**	25,454
Adjustment for lease incentives	**(3,255)**	(2,242)
Rental income	**53,303**	23,212
Service charge income	**21,599**	8,404
Fit-out services income (formerly property development services)	**2,731**	3,322
Marketing and other income	**464**	–
	78,097	34,938

The total contingent rents and surrender premiums recognised as rental income during the period amount to €0.2 million (2017: €0.04 million) and €0.2 million (2017: €0.2 million), respectively.

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

7. Operating Expenses

	30 June 2018 €'000	30 June 2017 €'000
Property management, utilities and insurance	**23,532**	9,854
Fit-out services costs (formerly Property development services costs)	**2,346**	2,770
Property maintenance costs and other non-recoverable costs	**520**	333
	26,398	12,957

Operating expenses analysis by revenue and non-revenue generating properties	30 June 2018 €'000	30 June 2017 €'000
Property expenses arising from investment property that generate rental income	**24,052**	10,147
Property expenses arising from investment property that did not generate rental income	**–**	40
Fit-out services costs (formerly Property development services costs)	**2,346**	2,770
	26,398	12,957

8. Finance Cost

	30 June 2018 €'000	30 June 2017 €'000
Interest on secured loans	**3,251**	10,392
Interest on Fixed rate Bonds	**11,616**	483
Debt cost amortisation and other finance costs	**5,137**	16,126
Other financial expenses	**163**	284
Bank charges	**338**	45
	20,505	27,330

9. Taxation

	30 June 2018 €'000	30 June 2017 €'000
Current income tax expense	2,683	277
Deferred income tax expense (income)	4,890	(472)
	7,573	(195)

The income tax rate applicable to the Company in Guernsey is nil. The subsidiaries in Romania, the Netherlands, Poland, Luxembourg and Cyprus are subject to income taxes in respect of local sources of income. The current income tax charge of €2.7 million (2017: €0.3 million) represents tax charges on profit arising in the subsidiaries in Poland, Romania and Cyprus (2017: Romania and Cyprus). Tax charges on profit arising in Poland, Luxembourg, Romania, the Netherlands and Cyprus are subject to corporate income tax at the rate of 19% (15% for small entities where revenue is less than €1.0 million for taxpayers starting a new business for their first tax year in operation), 27.08% (nominal rate of 26.01% for 2018 and lower tax rate for small entities if taxable profit does not exceed €30,000), 16%, 25% (20% for tax on profits up to €0.2 million), and 12.5%, respectively.

The Group's subsidiaries registered in Luxembourg, Cyprus and the Netherlands need to comply with the tax regulations in the respective countries. however, the Group does not expect any taxable income, other than dividend and interest income (excluding Luxembourg), which are the most significant future sources of income of the Group companies registered in these countries. However, interest income is subject to corporate income tax at the rate of 12.5% in Cyprus and ranges from 20% to 25%, depending on total taxable profit (20% for tax on profits up to €0.2 million), in the Netherlands. Dividend income is typically exempt under participation exemption regime available in Cyprus, the Netherlands and Luxembourg or subject to standard corporate income tax rate, if the conditions for participation exemption are not met.

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

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

Reconciliation between Applicable and Effective Tax Rates

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable income tax rates for the periods ended 30 June 2018 and 30 June 2017 is as follows:

	Consolidated statement of financial position		Consolidated statement of comprehensive income	
	30 June 2018	31 December 2017	30 June 2018	30 June 2017
Deferred Tax Liability	€'000	€'000	€'000	€'000
Acquired under business combination:	–	27,464	(27,464)	–
Deferred tax asset	–	(5,087)	5,087	–
Deferred tax liability	–	32,551	(32,551)	–
Valuation of investment property at fair value	125,706	82,075	40,547	1,405
Deductible temporary differences	(6,421)	1,678	(7,976)	–
Discounting of tenant deposits and long-term deferred costs	39	82	(43)	(225)
Share issue cost recognised in equity	(7)	(7)	–	–
Valuation of financial instruments at fair value	(4)	(428)	424	91
Recognised unused tax losses	(12,633)	(11,290)	(598)	(1,743)
	106,680	99,574	4,890	(472)

9. Taxation continued

The Group has unused assessed tax losses carried forward of €94.2 million (2017: €103.1 million) and €94.1 million (2017 €76.7 million) in Romania and Poland, respectively, that are available for offsetting against future taxable profits of the respective entity in which the losses arose, within seven years and five years from the year of origination in Romania and Poland, respectively. As of the statement of financial position date the Group had recognised deferred tax assets of €12.6 million (2017: €12.9 million) in Romania and Poland, out of the total available deferred tax assets of €32.8 million (2017: €31.1million), calculated at the corporate income tax rates of 16% in Romania and 19% or 15% in Poland, respectively.

Expiry year	2018	2019	2020	2021	2022	2023	2024	2025	**TOTAL**
Available deferred tax assets (€m)	1.0	1.7	2.3	2.0	13.5	7.2	5.1	-	**32.8**

10. Earnings Per Share

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

Date	Event	Note	Number shares ('000)	% of the period	Weighted average ('000)
1 January 2017	**At the beginning of the year**		**90,397**		**90,397**
April 2017	Shares issued for the Executive Directors and other senior management		68	39	26
30 June 2017	**Shares in issue at period end (basic)**		**90,465**		**90,423**
Jan-June 2017	Effect of dilutive shares		1,073	100	1,073
30 June 2017	**Shares in issue at period end (diluted)**		**91,538**		**91,496**
1 January 2018	**At the beginning of the year**		**132,183**		**132,183**
January 2018	Shares issued under the Executive share option plan (vested and	18.1	30	99	30
April 2018	Shares issued for the Executive Directors and other senior management	18.3	98	48	47
30 June 2018	**Shares in issue at period end (basic)**		**132,311**		**132,260**
Jan-June 2018	Effect of dilutive shares		215	93	200
30 June 2018	**Shares in issue at period end (diluted)**		**132,526**		**132,460**

	30 June 2018 €'000	30 June 2017 €'000
Profit (loss) attributable to equity holders of the Company for basic and diluted earnings per	**49,766**	(6,596)
IFRS earnings (loss) per share	**cents**	cents
– Basic	**37.63**	(7.29)
– Diluted	**37.57**	(7.21)

EPRA Earnings Per Share

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

	30 June 2018 €'000	30 June 2017 €'000
Earnings attributable to equity holders of the Company (IFRS)	**49,766**	(6,596)
Changes in fair value of financial instruments and associated close-out costs	**589**	15,556
Fair value gain on investment property	**(38,558)**	(682)
Losses on disposal of investment properties	**1,148**	1,450
Acquisition costs	**952**	303
Bargain purchase gain on acquisition of subsidiaries	**(251)**	(2,639)
Tax credit relating to losses on disposals	**(13)**	(32)
Deferred tax charge / (income) in respect of above adjustments	**13,614**	(242)
Adjustments in respect of joint ventures for above items	**(1,062)**	-
Non-controlling interests in respect of the above	**2,187**	-
EPRA earnings	**28,372**	7,118
EPRA earnings per share	**cents**	cents
– Basic	**21.45**	7.87
– Diluted	**21.42**	7.78

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

NAV Per Share The following reflects the net assets used in the NAV per share computations:	**30 June 2018 €'000**	31 December 2017 €'000
Net assets attributable to equity holders of the Company	**1,088,444**	1,068,884
	€	€
NAV per share	**8.23**	8.09
Diluted NAV per share	**8.21**	8.07

The following reflects the net assets used in the EPRA NAV per share computations:	Note	**30 June 2018 €'000**	31 December 2017 €'000
Net assets attributable to equity holders of the Company		**1,088,444**	1,068,884
Exclude:			
Deferred tax liability		**125,706**	112,092
Fair value of interest rate swap instrument	16	**2,369**	2,638
Goodwill as a result of deferred tax		**(5,697)**	(5,697)
Adjustment in respect of the joint venture for above items		**742**	533
Minority interest effect on above adjustments		**(10,991)**	(6,983)
EPRA NAV attributable to equity holders of the Company		**1,200,573**	1,171,467
		€	€
EPRA NAV per share		**9.06**	8.84

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

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- 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.

12. 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 16.

	30 June 2018 €'000	31 December 2017 €'000
Current		
Current portion of loans and accrued interest	**11,152**	36,360
Non-current		
Secured loans	**154,399**	296,641
Unsecured fixed rate bond	**1,077,977**	537,403
Sub-total	**1,232,376**	834,044
TOTAL	**1,243,528**	870,404

The terms and conditions of outstanding loans were as follows:

				30 June 2018		31 December 2017	
Facility	Currency	Nominal interest rate	Maturity date	**Face value* €'000**	**Carrying value €'000**	Face €'000	Carrying value €'000
Loan 16	EUR	EURIBOR 1M+ margin	Jun 2022	**18,597**	**18,597**	19,142	19,142
Loan 17	RON	ROBOR 1M+ margin	Apr 2019	**187**	**187**	400	400
Loan 25	EUR	Fixed rate bond	June 2022	**550,433**	**538,965**	558,565	545,968
Loan 26	EUR	EURIBOR 3M + margin	April 2019	**–**	**–**	34,817	34,647
Loan 27	EUR	EURIBOR 3M + margin	March 2020	**–**	**–**	45,127	44,846
Loan 28	EUR	EURIBOR 3M + margin	June 2018	**–**	**–**	6,221	6,216
Loan 29	EUR	EURIBOR 3M + margin	January 2034	**–**	**–**	7,471	7,284
Loan 30	EUR	EURIBOR 3M + margin	June 2018	**–**	**–**	7,177	7,171
Loan 31	EUR	EURIBOR 3M + margin	July 2034	**–**	**–**	13,694	13,466
Loan 32	PLN	NBP rate less social indicator	June 2034	**5,494**	**4,555**	4,320	4,320
Loan 33	PLN	WIBOR 1M + margin	September 2018	**589**	**589**	251	251
Loan 34	EUR	EURIBOR 1M + margin	August 2026	**36,102**	**36,043**	53,804	52,148
Loan 35	EUR	EURIBOR 1M + margin	June 2026	**–**	**–**	96,393	95,650
Loan 36	EUR	EURIBOR 3M + margin	June 2027	**–**	**–**	39,334	38,893
Loan 37	EUR	Fixed rate bond	March 2025	**554,205**	**543,603**	–	–
Loan 38	EUR	Fixed rate	May 2025	**95,177**	**94,163**	–	–
Loan 39	EUR	EURIBOR 3M + margin	May 2025	**5,013**	**5,013**	–	–
Loan 40	EUR	EURIBOR 3M + margin	April 2025	**2,009**	**1,813**	–	–
Total				**1,267,806**	**1,243,528**	886,716	870,402

*Face value includes accrued interest.

Unsecured Corporate Bond

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

Secured facilities

In the second quarter of 2018 the Group has entered into new loan agreements (loans 38 and 39). The new facilities mainly carry fixed interest rates (Loan 38) and partly (loan 39) floating interest rates. The net proceeds were used to fund the acquisition of investment property as disclosed in subsequent events note 28. Similarly, during the period the Company withdrew from an existing revolving loan facility from Erste Group Bank AG (part of Erste Bank Group), secured on our TAP property (loan 40) for an amount of €2 million.

Secured bank loans are secured by investment properties with a carrying value of €309.8 million at 30 June 2018 (2017: €796.0 million) and also carry pledges on rent receivable balances of €3.6 million (2017: €9.6 million), tenant deposits of nil (2017: €6.1 million), VAT receivable balances of €1.0 million (2017: €1.3 million) and a moveable charge on the bank accounts (see note 15).

12. Interest-Bearing Loans and Borrowings continued

Other Disclosures

All the loans are subject to certain financial covenants, which are calculated based on the individual financial statements of the respective subsidiaries or the consolidated financial statements of the Group. The Group is in compliance with all financial covenants and there were no payment defaults during the period ended 30 June 2018. Financial covenants include the gross loan-to-value ratio ("LTV") with maximum values ranging from 60% – 70%, the loan to cost ratio ("LTC") with a maximum value of 75%, the debt service cover ratio ('DSCR') / interest cover ratio ("ICR") with minimum values ranging from 100% – 300% and the secured leveraged ratio of maximum value of 30%. LTV is calculated as the loan value divided by the market value of the relevant property (for a calculation date), LTC is calculated by dividing the value of drawdowns by the total project cost and DSCR (historical and/or projected, as the case may be, for a 12-month period) and ICR is calculated as net operating income divided by the debt service / interest. As of 30 June 2018, the Group had undrawn borrowing facilities of €28 million (2017: €32.7 million).

13. Financial assets at fair value through profit or loss

In prior year, the Group acquired the following financial instruments through the acquisition of a subsidiary, which had been classified as available for sale financial assets under IAS 39, see more detail in note 26.

As at 30 June 2018
(measured at fair value through profit or loss under IFRS 9)

Project name	**Interest rate**	**Project completion date**	**Long-term**	**Short-term**	**Total**
			€'000	**€'000**	**€'000**
Beethovena I	fixed	September 2019	**3,091**	**–**	**3,091**
Beethovena II	fixed	September 2020	**2,830**	**–**	**2,830**
Browary Stage J	fixed	December 2018	**–**	**5,976**	**5,976**
			5,921	**5,976**	**11,897**

As at 31 December 2017
(available for sale under IAS 39)

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

Right of First Offer Agreements ('ROFO')

The fair value of the financial assets is individually determined by taking into account number of factors e.g. percentage of completion ('PoC'), leasing progress. The maturity dates presented in the table above are stated in the agreements, however the planned repayment dates of debentures would take place upon completion of each ROFO project. As at 30 June 2018, a gain of €1.7 million from the fair valuation of above financial instruments was recognised in the statement of comprehensive income.

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

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

14. Equity investments

	30 June 2018 €'000	31 December 2017 €'000
Equity investments (unquoted)	**8,639**	-

On 27 June 2018, the Group entered into an agreement with Mindspace Ltd. by investing in Preferred A-2 class shares for an amount of €8.6 million (US$10 million), receiving a 4.99% stake in Mindspace Ltd (see further details on page 9 of the Interim Report).

At initial recognition the Group, at its sole irrevocable option under IFRS 9, designated the unquoted equity investment as financial assets at fair value through other comprehensive income. Under this option, qualifying dividends will be recognized in profit or loss. Changes in fair value will be recognized in other comprehensive income and will not be reclassified to profit and loss on future impairment, if any, or derecognition. At 30 June 2018, no fair value gain or loss was recognised in other comprehensive income as there was no significant change in the net assets of the investee since the acquisition date and there were no indicators of impairment.

15. Cash and Cash Equivalents

	30 June 2018 €'000	31 December 2017 €'000
Cash at bank and in hand	**253,444**	158,773
Short-term deposits	**257,128**	112,249
Cash and cash equivalents as per statement of cash flows	**510,572**	271,022
Guarantee deposits – cash reserve	**2,250**	2,250
Cash and cash equivalents as per statement of financial position	**512,822**	273,272
Long-term restricted cash balance	**–**	2,958

Details of cash and cash equivalents denominated in foreign currencies are disclosed in note 16.

Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group and earn interest at rates ranging from minus 0.6% to nil for EUR deposits and from nil to 3.3% for RON deposits (2017: -0.60% to 0.25%) per annum. Cash at bank and in hand includes restricted cash balances of €6.9 million (2017: €9.7 million) and short-term deposits include restricted deposits of €2.8 million (2017: €9.3 million).

16. Financial Risk Management – Objective and Policies

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

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

Market Risk

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

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

i) Foreign Currency Risk

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

Therefore, the Group is exposed to foreign exchange risk, primarily with respect to the Romanian Lei (RON) and Polish Zloty (PLN). Foreign exchange risk arises in respect of those recognised monetary financial assets and liabilities that are not in the functional currency of the Group.

16. Financial Risk Management – Objective and Policies continued

The Group's exposure to foreign currency risk was as follows (based on nominal amounts):

	30 June 2018				31 December 2017			
	Denominated in				Denominated in			
Amounts in €'000 equivalent value	RON	PLN	GBP	USD	RON	PLN	GBP	USD
ASSETS	20,951	20,466	24	3				
Cash and cash equivalents					16,224	15,460	15	3
Trade and other receivables	16,265	7,249	–	–	14,487	6,928	–	–
Income tax receivable	291	21	–	–	291	1	–	–
Total	37,507	27,736	24	3	31,002	22,389	15	3
LIABILITIES								
Interest-bearing loans and borrowings	187	6,083	–	–	400	4,571	–	–
Trade and other payables	28,224	12,508	35	–	11,265	13,308	36	–
Income tax payable	299	342	–	–	15	–	–	–
Guarantees from subcontractors	–	1,217	–	–	–	–	–	–
Deposits from tenants	3,130	3,602	–	–	2,824	5,037	–	–
Total	31,840	23,752	35	–	14,504	22,916	36	–
Net exposure	5,667	3,984	(11)	3	16,498	(527)	(21)	3

Foreign Currency Sensitivity Analysis

As of the statement of financial position date, the Group is mainly exposed to foreign exchange risk in respect of the exchange rate 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, USD and GBP exchange rates against the Euro, on the basis that all other variables remain constant.

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

	30 June 2018		31 December 2017	
All amounts in €'000	Profit or (loss)	Equity	Profit or (loss)	Equity
RON	(283)	(283)	(825)	(825)
PLN	(199)	(199)	26	26
GBP	1	1	1	1

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

ii) Interest Rate Risk

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

The Group's interest rate risk principally arises from interest-bearing loans and borrowings. As at 30 June 2018, 5.4% (2017: 37.3%) of the total outstanding borrowings carried variable interest rates (including the 1M and 3M EURIBOR, 1M ROBOR, National Bank Poland reference rate less social indicator, and 1M WIBOR as bases) which expose the Group to cash flow interest rate risk. In order to minimise this risk, the Group hedged 28.0% (2017: 5.9%) of such variable interest rate borrowings with fixed-variable interest rate swap and interest rate cap instruments. Based on the Group's debt balances at 30 June 2018, an increase or decrease of 25 basis points in the WIBOR, EURIBOR or ROBOR will result in an increase or decrease (net of tax) in the result for the year of €1.0 million (2017: €9.3 million), with a corresponding impact on equity for the same amount. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

The Group has Euro denominated long-term borrowings, Loan 25, 37 and 38 (2017: Loan 25), at fixed rates which constitute 94.6% (2017: 62.7%) 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 30 June 2018, the fair value was higher by €36.6 million (2017: €33.7 million) than the carrying value as disclosed below in fair value hierarchy table.

16. Financial Risk Management – Objective and Policies continued

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	**30 June 2018 €'000**	31 December 2017 €'000
Available for sale financial assets	13	**-**	10,243
Financial assets at fair value through profit or loss	13	**11,897**	-
Equity investments	14	**8,639**	-
Debentures		**-**	18,389
Loan receivable from joint venture	21	**35,487**	19,721
Restricted cash long term		**-**	2,958
Trade receivables – net of provision		**18,593**	15,316
Other receivables		**5,749**	1,328
Guarantees retained by tenants		**107**	304
VAT and other taxes receivable		**4,921**	6,099
Income tax receivable		**315**	295
Cash and cash equivalents	15	**512,822**	273,272
		598,530	347,925

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.

Trade Receivables – Net of Provision

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

Estimates and Assumptions Used for Impairment of Trade Receivables

The Group assesses when there is sufficient objective evidence to require the impairment of individual trade receivables. It does this on the basis of the age of the relevant receivables, external evidence of the credit status of the counterparty and the status of any disputed amounts.

Impairments and adoption of IFRS 9

The Group's trade receivables do not contain any financing component and mainly represent lease receivables. Therefore, the Group adopted the simplified approach under IFRS 9 and measured the loss allowance based on a provision matrix 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 movements in the provision for impairment of receivables during the respective periods were as follows:

	30 June 2018 €'000	31 December 2017 €'000
Opening balance	**3,321**	2,009
Provision for specific doubtful debts	**146**	33
Provision for impairment based on the simplified approach under IFRS 9	**112**	–
Reversal of provision for doubtful debts	**(25)**	–
Doubtful debts written off during the period	**(18)**	–
Acquired through business combination	**409**	1,279
Closing balance	**3,945**	3,321

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

	Neither past due nor impaired	Past due but not impaired			
		<90 days	<120 days	<365	TOTAL
30 June 2018 (€'000)	**9,201**	**6,861**	**634**	**1,897**	**18,593**
31 December 2017 (€'000)	9,457	4,007	350	1,502	15,316

16. Financial Risk Management – Objective and Policies continued

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 €3.9 million (2017: €1.0 million) and consideration receivable from Sellers of €1.8 million (2017: €0.3 million). Management has made due consideration of the credit risk associated with these balances resulting in no impairment being identified.

VAT and Other Taxes Receivable

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

Cash and Cash Equivalents

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

Loan receivable from joint venture

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

Liquidity Risk

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

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

All amounts in €'000	**Contractual payment term**						
30 June 2018	**<3 months**	**3 months–1 year**	**1-5 years**	**>5 years**	**Total**	**Difference from carrying amount**	**Carrying amount**
Interest-bearing loans and borrowings	**9,444**	**38,155**	**701,906**	**723,332**	**1,472,837**	**(229,309)**	**1,243,528**
Trade payables and guarantee retained from (excluding advances from customers)	**22,733**	**7,398**	**2,315**	**75**	**32,521**	**–**	**32,521**
Other payables	**1,959**	**644**	**–**	**–**	**2,603**	**–**	**2,603**
Deposits from tenants	**435**	**271**	**8,178**	**2,544**	**11,428**	**(182)**	**11,246**
Income tax payable	**1,401**	**–**	**–**	**–**	**1,401**	**–**	**1,401**
Total	**35,972**	**46,468**	**712,399**	**725,951**	**1,520,790**	**(229,491)**	**1,291,299**

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

16. Financial Risk Management – Objective and Policies continued

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

Financial Instruments for which Fair Values are Disclosed

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

			Fair value hierarchy			
	Year	Carrying amount	Level 1	Level 2	Level 3	Total
		€000	€000	€000	€000	€000
Interest-bearing loans and borrowings (note 12)	**2018**	**1,243,528**	**1,114,586**	**–**	**165,551**	**1,280,137**
	2017	870,404	571,137	–	328,189	899,326
Other current financial liabilities	**2018**	**2,369**	**–**	**2,369**	**–**	**2,369**
	2017	2,638	–	2,638	–	2,638
Debentures	**2018**	**–**	**–**	**–**	**–**	**–**
	2017	18,390	–	–	18,390	18,390
Available for sale asset	**2018**	**11,897**	**–**	**–**	**11,897**	**11,897**
	2017	10,243	–	–	10,243	10,243

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

Other current financial liabilities

Other current financial liabilities represent the mark-to-market value of an interest rate swap, obtained from the counterparty financial institution, at €2.3 million (2017: €2.6 million) at the end of the current year. The fair value of derivative was developed in accordance with the requirements of IFRS 13. Under the terms of the swap agreement, the Group is entitled to receive a floating rate of 1M EURIBOR at a notional amount of €18.81 million and is required to pay a fixed rate of interest of 3.62% p.a. on the said notional amount in four quarterly instalments, with maturity date of June 2022. The movement in fair value recognised in the income statement for the year was a financial income of €0.27 million (2017: €0.6 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.

- 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.

17. Dividends

	30 June 2018 €'000	31 December 2017 €'000
Declared and paid during the period		
Interim cash dividend: 22 cents per share (2017: 22 cents per share)	29,102	19,933

18. Share-Based Payment Reserve

Share-based payments reserve	Note	30 June 2018 €'000	Treasury shares Number ('000)	31 December 2017 €'000	Treasury shares Number ('000)
Executive share option plan	18.1	158	–	161	–
Shares granted to Executive Directors and other senior management employees – not transferred	18.2	1,360	(161)	1,911	(69)
Subsidiaries' Employee Share Award Plan	18.3	265	(127)	168	(36)
		1,783	(288)	2,240	(105)

Share-based payments expense	Note	30 June 2018 €'000	30 June 2017 €'000
Executive Share Option Plan	18.1	-	3
Subsidiaries' Employee Share Award Plan	18.3	97	–
Closing balance		97	3

18.1 Executive Share Option Plan

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

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

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

	30 June 2018		31 December 2017	
	Cost €'000	Number ('000)	Cost €'000	Number ('000)
At the beginning of the year	161	2,880	319	4,635
Share-based payment expense during the period/year	-	-	17	–
Warrants vested and exercised during the period/year	(3)	(30)	(175)	(1,755)
Closing balance	158	2,850	161	2,880
Weighted average remaining contractual life (years)		5.08		5.58
Warrants vested and exercisable as at reporting date		20		50
Warrants exercised subsequent to the reporting period end		-		30

The fair value of the warrants was estimated at the grant date (i.e. July 2013) at €0.073 per share. There have been no cancellations or modifications to any of the plans during the year. On 3 January 2018, 30,000 of the vested warrants were exercised at €5.00 per share under the contractual terms for an amount of €0.15 million and a corresponding €3,000 share-based payment reserve was also transferred to share capital.

18. Share-Based Payment Reserve continued

18.2 Shares granted to Executive Directors and other senior management employees

	30 June 2018 €'000	31 December 2017 €'000
At the beginning of the year	**1,911**	1,820
Shares granted to Executive Directors and other senior management employees	**341**	1,423
Transferred to the subsidiaries' employee share award plan	**-**	(200)
Shares issued to the Executive Directors and other senior management employees	**(892)**	(1,132)
Closing balance	**1,360**	1,911

Shares issued to the Executive Directors and other senior management employees

On 28 March 2018, the Company issued 0.19 million Ordinary shares (Ordinary shares of no par value), out of which 0.095 million Ordinary shares were subsequently delivered to the Executive Directors and other senior management employees from share-based payment reserve in their capacity as GIAL's preference shareholders, on behalf of its subsidiary Globalworth Investment Advisers Limited ("GIAL"), in order to settle part of the liability of €1.66 million owed by the Company to its subsidiary, related to the fees charged by GIAL to the Company pursuant to the Investment Advisory Agreement concluded between the Company and GIAL. The 0.19 million new shares rank pari passu with the existing shares of the Company. The Ordinary shares have been issued at €8.75 per Ordinary share (market price on the issue date being €9.15 per Ordinary share) and are subject to the vesting conditions set out in the performance incentive scheme for the Investment Adviser.

18.3 Subsidiaries' Employee Share Award Plan

	30 June 2018 €'000	31 December 2017 €'000
Opening balance	**168**	-
Transfer from Shares granted to Executive Directors and other senior management employees – not transferred	**-**	200
Share-based payment expense during the period/year	**97**	126
Shares vested and exercised during the period/year	**-**	(158)
Closing balance	**265**	168
Weighted average remaining unvested period (years)	**0.1**	0.5
Per share price for vested and exercised share	**-**	€7.55

Under the share award plan, the subsidiaries' employees are required to remain in service for one-year period since the date of acceptance of the share offer letter by the employees, of the shares assigned under the scheme. During the period, the Company recorded €0.1 million as share-based payment expense in the income statement for the lapsed vested period. The Company estimated that all employees will remain in service until the expiry of the unvested period.

Treasury shares

	30 June 2018		31 December 2017	
	Amount €'000	**Number ('000)**	Amount €'000	Number ('000)
Opening balance	(270)	(36)	-	-
Shares purchased under subsidiaries' employee share award plan	-	-	(428)	(57)
Shares issued under subsidiaries' employee share award plan	(818)	(91)	-	-
Shares vested and exercised under subsidiaries' employee share award plan	-	-	158	21
Closing balance	**(1,088)**	**(127)**	**(270)**	**(36)**

19. Capital Management

The Company has no legal capital regulatory requirement. The Group's policy is to maintain a strong equity capital base so as to maintain investor, creditor and market confidence and to sustain the continuous development of its business. The Board considers from time to time whether it may be appropriate to raise new capital by a further issue of shares.

The Group monitors capital primarily using an LTV ratio, which is calculated as the amount of outstanding debt divided by the open market value of its investment property portfolio as certified by external valuers. As at 30 June 2018 the gross LTV ratio was 60.7% (2017: 49.5%) and the net LTV ratio amounted to 36.2% (2017: 34.3%).

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

20. Subsidiaries acquisitions

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

Asset acquisitions

As disclosed in note 22, during the six-month period ended 30 June 2018 the Group acquired 100% of the issued shares in Warta Tower Sp. z o.o. Sp. k., holding an office building called "Warta Tower", West Gate II - Projekt Echo - 114 Sp. z o.o. Sp. k., holding an office building called "West Link", and Blackwyn Investments Sp. z o.o., holding an office building called "Quattro Business Park". The acquisitions were judged as asset acquisitions on acquisition date as per the criteria outlined above for a gross cash consideration of €227.1 million. The aggregate fair values of investment properties, cash and cash equivalents, other current assets and current liabilities acquired were €228.3 million, €2 million, €2.9 million and €4.2 million, respectively.

The aggregate cash consideration in respect of the subsidiaries' acquisitions	**30 June 2018 €'000**
Acquisition price	**227,092**
less:	
Cash acquired from subsidiaries	(2,025)
Net working capital of the subsidiary	(1,386)
	223,681
Debentures (outstanding from the acquiree)*	(18,684)
Cash consideration paid	**204,997**

*non-cash settlement

21. Investment in Joint ventures

Investments	**30 June 2018 €'000**	31 December 2017 €'000
Opening balance	**2,218**	-
Cost of investment in Joint venture at acquisition date	**-**	30
Share of profit during the year	**717**	2,188
Sub-total	**2,935**	2,218
Loans receivable from joint venture		
Opening balance	**19,721**	-
Loan given to the joint venture	**15,061**	19,330
Interest income for the year	**705**	391
Sub-total	**35,487**	19,721
TOTAL	**38,422**	21,939

In February 2017, the Group's subsidiary Minory Investments Limited entered into a joint venture agreement with Diti Holding Limited and through which it acquired a 50% shareholding interest in Elgan Offices SRL ("Elgan O"), an unlisted company in Romania, currently owning an investment property under development in Bucharest, Romania.

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.

As at 30 June 2018, the Group determined that there is no objective evidence that the investment in the joint venture is impaired. The financial statements of the joint venture are prepared for the same reporting period as the Group. The joint venture had no other contingent liabilities or commitments as at 30 June 2018 (2017: €nil), except construction commitments as disclosed in note 5.

- This section includes segmental disclosures highlighting the core areas of Globalworth's operations in the office, High-street mixed-use Office, residential and other (industrial and corporate segments). There were no significant transactions between segments except for management services provided by the offices segment to the residential and other (industrial) segments.
- This section also includes the list of subsidiaries consolidated, the transactions with related parties, new standards and amendments, contingencies that existed at the period end and details on significant events which occurred subsequent to the period end.

22. Investment in Subsidiaries

Details on all direct and indirect subsidiaries of the Company, over which the Group has control and consolidated as of 30 June 2018 and 31 December 2017, are disclosed in the table below.

As of 30 June 2018, the Group consolidated following subsidiaries, being holding companies as principal activities.

Subsidiary	30 June 2018	31 December 2017	Place of incorporation
	Shareholding interest	Shareholding interest	
Globalworth Investment Advisers Limited, Globalworth Finance Guernsey Limited	100	100	Guernsey, Channel Islands
GWI Finance B.V., Globalworth Holding B.V., GW Real Estate Finance B.V.	100	100	Netherlands
Globalworth Poland Real Estate N.V. (GPRE Group or GPRE), formerly known as Griffin Premium RE. N.V.	68.43	71.66	Netherlands
Elgan Automotive Kft	100	100	Hungary
Globalworth Holdings Cyprus Limited, Zaggatti Holdings Limited, Tisarra Holdings Limited, Ramoro Limited, Vaniasa Holdings Limited, Serana Holdings Limited, Kusanda Holdings Limited, Kifeni Investments Limited, Casalia Holdings Limited, Pieranu Enterprises Limited, Dunvant Holding Limited, Oystermouth Holding Limited, Saniovo Holdings Limited, Kinolta Investments Limited, Minory Investments Limited	100	100	Cyprus
IB 14 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, Akka RE Sp. z o.o., Charlie RE Sp. z o.o., December RE Sp. z o.o., Nordic Park Offices Sp. z o.o., Lamantia Sp. z o.o., Dom Handlowy Renoma Sp. z o.o. , Wagstaff Investments Sp. z o.o., Wetherall Investments Sp. z o.o., Iris Capital Sp. z o.o., GPRE Management Sp. z o.o., Lima Sp. z o.o., Luapele Sp. z o.o., Warta Tower Sp. z o.o., Warta LP Sp. z o.o., GPRE Property Management Sp. z o.o., Elissea Investments Sp. z o.o., West Link Sp. z o.o. (previously Projekt Echo - 114 Sp. z o.o.), Ormonde Sp. z o.o., Emfold Investments Sp. z o.o., West Gate Wrocław Sp. z.o.o.	68.43	71.66	Poland
Griffin Premium RE Lux S.á r.l. , Akka SCSp, Charlie SCSp, December SCSp.	68.43	71.66	Luxembourg

22. Investment in Subsidiaries continued

As of 30 June 2018, the Group consolidated following subsidiaries, who own real estate assets in Romania and Poland, being asset holding companies as their principal activities, except Globalworth Building Management SRL with building management activities.

Subsidiary	30 June 2018 Shareholding interest	31 December 2017 Shareholding interest	Place of incorporation
Corinthian Five SRL, Tower Center International SRL, Upground Estates SRL, BOB Development SRL, BOC Real Property SRL, Netron Investment SRL, SEE Exclusive Development SRL, Aserat Properties SRL, Corinthian Tower SRL, Globalworth EXPO SRL (formerly Bog'Art Offices SRL), SPC Beta Property Development Company SRL, SPC Gamma Property Development Company SRL, Globalworth Asset Managers SRL, Globalworth Building Management SRL, Elgan Automotive SRL, SPC Epsilon Property Development Company SRL, Corinthian Twin Tower SRL	100	100	Romania
DH Supersam Katowice Sp. z o.o., Hala Koszyki Sp. z o.o., Dolfia Sp. z o.o., Ebgaron Sp. z o.o., Bakalion Sp. z o.o., Centren Sp. z o.o., Emfold investments Spółka z ograniczoną odpowiedzialnością Sp. k., A4 Business Park - „Iris Capital" - Spółka z ograniczoną odpowiedzialnością Sp. k., West Gate II - Projekt Echo - 114 Sp. z o.o. Sp. k., Dom Handlowy Renoma Spółka z ograniczoną odpowiedzialnością Sp. k., Lamantia Spółka z ograniczoną odpowiedzialnością Sp. k., Nordic Park Offices Spółka z ograniczoną odpowiedzialnością Sp. k., Warta Tower Spółka z ograniczoną odpowiedzialnością Sp. k., Blackwyn Investments Sp. z o.o., West Gate Wrocław Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly: Echo – West Gate Spółka z ograniczoną odpowiedzialnością Sp.k.)	68.43	71.66	Poland

During 2018, Circolo Holding Limited, a holding company, a wholly owned subsidiary which was incorporated in 2017 in Cyprus, was liquidated. Circolo had held no assets and was a dormant company.

New acquisitions during the period

On 23 February 2018, the Group acquired 100% of the equity stake in Corinthian Twin Tower SRL, holding a land plot in the Gara Herastrau / Barbu Vacarescu corridor of Bucharest's new CBD for a total consideration of €13 million. The land plot is located between Globalworth Plaza and Green Court B office properties owned by the Group.

On 14 March 2018, the Group acquired 100 % of the equity stake in Warta Tower Sp. z o.o. Sp. k., holding an office building called "Warta Tower". On 25 May 2018, the Group acquired 100 % of the equity stake in West Gate II - Projekt Echo - 114 Sp. z o.o. Sp. k., holding an office building called "West Link", and on 21 June 2018 the Group acquired 100 % of the equity stake in Blackwyn Investments Sp. z o.o., holding an office building called "Quattro Business Park".

23. Subsidiary with significant minority interest

GPRE Group represents a material subsidiary not fully owned by the Group as of 30 June 2018, where non-controlling interest had 31.57% (31 December 2017: 28.3%) interest in the GPRE Group. On 22 December 2017, the Group acquired a strategic investment in GPRE, resulting in a shareholding of 71.66%. On 12 June 2018, the Group participated in GPRE's €450 million capital raise and made an additional investment of €300 million in GPRE (representing 66.67% of the shares issued). This decreased the Group's interest in GPRE from 71.66 to 68.43%.

The summary of key statements from GPRE's consolidated financial statements as of 30 June 2018 is presented below. The amounts are presented before inter-company eliminations.

Summarised statement of financial position	30 June 2018 €'000	31 December 2017 €'000
Total assets	1,125,119	757,216
Total liabilities	430,763	517,283
EQUITY	694,356	239,933
Attributable to:		
Equity holders of the Company	474,905	172,361
Non-controlling interests	219,451	67,572

Summarised statement of comprehensive income*	30 June 2018 €'000
Revenue	35,038
Operating expenses	(10,258)
Administrative expenses	(1,810)
Other net income	18,711
Net finance cost	(17,040)
Income tax expense	(1,548)
Profit for the period	23,093
Profit attributable to non-controlling interest	6,613

Summarised statement of cash flows*	30 June 2018 €'000
Operating	11,643
Investing	(209,795)
Financing	336,295
Net increase in cash and cash equivalents	138,143

* GPRE was acquired in December 2017, therefore, no comparatives are disclosed.

24. Segmental Information

The Group earns revenue and holds non-current assets (investment properties) in Romania and Poland, the geographical area of its operations. For investment property, discrete financial information is provided on a property-by-property basis (including those under construction) to members of executive management, which collectively comprise the Executive Directors of the Group. The information provided is Net Operating Income ('NOI') (gross rental income less property expenses) and property valuation gains/losses. The individual properties are aggregated into segments with similar economic characteristics, such as the nature of the property and the occupier market it serves. Management considers that this is best achieved by aggregating into the office, mixed use and other segments however residential segment is disclosed separately as it meets the quantitative threshold of IFRS 8.

Consequently, the Group is considered to have four reportable operating segments: the Offices segment (acquires, develops, leases and manages offices and spaces), the Residential segment (builds, acquires, develops and leases apartments), High street mixed used and the Other segment (acquires, develops, leases and manages industrial spaces and corporate holding 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:

	30 June 2018					
	Office €'000	High Street Mixed use €'000	Residential €'000	Other €'000	Inter-segment eliminations €'000	Total €'000
Revenue-total	56,866	13,728	1,508	6,657	(662)	78,097
Romania	35,556	–	1,508	6,657	(662)	43,059
Poland	21,310	13,728	–	–	-	35,038
Operating expenses	(18,934)	(4,582)	(644)	(2,390)	152	(26,398)
Segment NOI	37,932	9,146	864	4,267	(510)	51,699
NOI - Romania	22,298	–	864	4,267	(510)	26,919
NOI - Poland	15,634	9,146	–	–	–	24,780
Administrative expenses	(2,871)	(200)	(310)	(3,559)	484	(6,456)
Acquisition costs	(784)	-	–	(168)	–	(952)
Change in fair value of investment property	32,188	6,639	(190)	(79)	–	38,558
Depreciation on other long-term assets	(142)	(7)	(30)	-		(179)
Gain on acquisition of subsidiary	251	-	–	-	–	251
Other expenses	(197)	(140)	*(1,156)	(1)	–	(1,494)
Other income	162	53	-	–	–	215
Foreign exchange loss	(652)	(203)	-	(28)	–	(883)
Finance cost	(17,743)	(2,149)	(1)	(612)	–	(20,505)
Finance income	1,113	27	8	277	–	1,425
Segment results	49,257	13,166	(815)	97	(26)	61,679
Share-based payment expense	–	–	–	(97)	–	(97)
Gain from fair valuation of financial instruments	1,653	–	–	–	–	1,653
Share of profit of joint ventures	717	–	–	–	–	717
Profit before tax	51,627	13,166	(815)	–	(26)	63,952

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

Revenues are derived from a large number of tenants and no tenant contributes more than 10% of the Group's rental revenues for the half year ended 30 June 2018 (2017: €nil).

24. Segmental Information continued

	30 June 2017					
	Office €'000	High Street Mixed use €'000	Residential €'000	Other €'000	Inter-segment eliminations €'000	Total €'000
Revenue-total	29,600	–	1,508	4,520	(690)	34,938
Romania	29,600	–	1,508	4,520	(690)	34,938
Poland	–	–	–	–	–	–
Operating expenses	(10,647)	–	(584)	(1,855)	129	(12,957)
Segment NOI	**18,953**	**–**	**924**	**2,665**	**(561)**	**21,981**
NOI - Romania	18,953	–	924	2,665	(561)	21,981
NOI - Poland	–	–	–	–	–	–
Administrative expenses	(1,588)	–	(391)	(1,753)	508	(3,224)
Acquisition costs	(158)	–	–	(145)	–	(303)
Change in fair value of investment property	156	–	98	428	–	682
Depreciation on other long-term assets	(43)	–	(33)	–	–	(76)
Gain on acquisition of subsidiary	–	–	–	2,639	–	2,639
Other expenses	(13)	–	*(1,480)	–	–	(1,493)
Other income	–	–	5	–	–	5
Foreign exchange loss	(230)	–	(4)	5	–	(229)
Finance cost	(23,015)	–	(3,059)	(1,256)	–	(27,330)
Finance income	583	–	–	–	–	583
Segment results	**(5,355)**	**–**	**(3,940)**	**2,583**	**(53)**	**(6,765)**
Share-based payment expense	–	–	–	(3)	–	(3)
Gain from fair valuation of financial instruments	–	–	–	–	–	–
Share of loss of joint ventures	(23)	–	–	–	–	(23)
Profit before tax	**(5,378)**	**–**	**(3,940)**	**2,580**	**(53)**	**(6,791)**

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

	30 June 2018						31 December 2017					
Segments	**Office €'000**	**High Street Mixed use €'000**	**Residentia €'000**	**Other €'000**	**Inter-segment eliminations €'000**	**Total €'000**	Office €'000	High Street Mixed use €'000	Residential €'000	Other €'000	Inter-segment eliminations €'000	Total €'000
Segment non-current assets	**1,657,318**	**317,737**	**76,241**	**110,873**	**(3,501)**	**2,158,668**	1,331,727	309,197	84,719	116,102	(150)	1,841,595
Romania	**1,033,172**	**–**	**76,241**	**110,873**	**(144)**	**1,220,142**	951,823	–	84,719	116,102	(150)	1,152,494
Poland	**624,146**	**317,737**	**–**	**–**	**(3,357)**	**938,526**	379,904	309,197	–	–	–	689,101
Total assets	**1,723,034**	**335,560**	**84,949**	**572,770**	**(2,691)**	**2,713,622**	1,407,799	331,530	89,336	333,283	(1,003)	2,160,945
Total liabilities	**1,248,628**	**56,492**	**26,027**	**75,653**	**(1,073)**	**1,405,727**	728,216	207,674	27,465	62,038	(904)	1,024,489
Additions to non-current Assets												
– Romania	**30,155**	**–**	**460**	**9**	**–**	**30,624**	41,321	–	569	10,332	–	52,222
– Poland	**3,404**	**1,422**	**–**	**–**	**–**	**4,826**	**–**	**–**	**–**	**–**	**–**	**–**

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.

25. Transactions with Related Parties

The Group's related parties are Joint venture and the Company's Executive and Non-Executive Directors, as well as all companies controlled by them or under their joint control, or under significant influence. The related party transactions are set out in the table below:

		Income statement Income/(expense)		Statement of financial position Amounts owing (to)/from	
Name	Nature of transactions / balances amounts	30 June 2018 €'000	30 June 2017 €'000	30 June 2018 €'000	31 December 2017 €'000
Mindspace Ltd.*	Trade and other receivables	-	-	4	-
	Revenue	332	-	-	-
	Deposits from tenant	-	-	(654)	-
Elgan Offices SRL**	Finance income	705	8	-	-
	Management fees	150	-	-	-
	Office rent	12	2	-	-
	Receivables - asset management	-	-	30	30
	Interest-bearing loan receivable	-	-	35,487	19,721

*A key Executive of Mindspace Ltd. is a close family member of a non-Executive Director of the Company. See note 14 and page 9 of Interim Report for further details on the collaboration with Mindspace Ltd.
** 50% Joint venture.

During the period ended 30 June 2018, the Group recorded in the statement of comprehensive income €1.1 million (2017: €0.8 million) Directors' emoluments for the Executive and non-Executive members of the Board of Directors.

26. New and Amended Standards

Starting from 1 January 2018 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 9 and IFRS 15 is disclosed below) on the Group's financial position and performance.

Narrow scope amendments and new Standards	Effective date
IFRS 9 Financial Instruments	Jan-18
IFRS 15 Clarifications: Revenue from Contracts with Customers	Jan-18
IAS 40: (Amendments) Transfers of Investment Property	Jan-18
IFRS 2 Classification and measurement of Share-based Payment Transactions	Jan-18
Annual Improvements to IFRS Standards 2014-2016 Cycle	Jan-18
IFRIC 22 Foreign Currency Transactions and Advance Consideration	Jan-18

a) Adoption of IFRS 15

The Group adopted IFRS 15 on 1 January 2018 without restarting prior year figures.

IFRS 15 does not apply to rental income, but only applies to service charge income, marketing income and fit-out services income generated by the Group. The Group has identified very few lease agreements having an insignificant amount that would be reclassified from the rental revenues to service charge revenue starting from 1 January 2018. However, this would not impact the net operating income (NOI) and would reclassify revenues from 'Rental income' to 'Service charge income'. The reclassification of such amounts was not material for the Group as at 31 December 2017 and 30 June 2018. There was no impact on fit-out services income for contract in progress at 31 December 2017.

b) Classification and reconciliation of financial assets and liabilities upon the initial application of IFRS 9

The classification of Group's financial assets and liabilities according to IAS 39 and IFRS 9 as at 1 January 2018 are presented below.

The table below summarises the carrying value reconciliation of the Group's financial assets upon the transition from the previous classification categories under IAS 39 at 31 December 2017 to the new classification categories under IFRS 9 at 1 January 2018. From the adoption of IFRS 9 there was no impact on the statement of profit or loss for the six months ended 30 June 2018 and on the statement of other comprehensive income as at 1 January 2018.

The Group's financial liabilities were classified and measured at amortised cost according to IAS 39 (except when required to be measured at fair value through profit or loss such as financial liabilities related to derivatives) until 31 December 2017 and according to IFRS 9 starting from 1 January 2018. From adoption of IFRS 9 there was no impact on the statement of profit or loss for the six months ended 30 June 2018 and statement of financial position as at 30 June 2018.

26. New and Amended Standards continued

Financial assets	Classification category IAS 39	Classification category IFRS 9	31 December 2017	Reclassification	1 January 2018
			€'000	€'000	€'000
Available for sale financial assets	Financial assets available for sale	Financial assets measured at fair value through profit or loss	10,243	(10,243)	–
Financial assets at fair value through profit or loss	-	Financial assets measured at fair value through profit or loss	–	10,243	10,243
Equity investments	-	Financial assets measured at fair value through other comprehensive	–	–	–
Debentures	Financial assets measured at amortised cost	Financial assets measured at amortised cost	18,389	–	18,389
Loan receivable from joint venture	Financial assets measured at amortised cost	Financial assets measured at amortised cost	19,721	–	19,721
Restricted cash long term	Financial assets measured at amortised cost	Financial assets measured at amortised cost	2,958	–	2,958
Trade receivables – net of provision	Financial assets measured at amortised cost	Financial assets measured at amortised cost	15,316	–	15,316
Other receivables	Financial assets measured at amortised cost	Financial assets measured at amortised cost	1,420	–	1,420
Guarantees retained by tenants	Financial assets measured at amortised cost	Financial assets measured at amortised cost	304	–	304
VAT and other taxes receivable	Financial assets measured at amortised cost	Financial assets measured at amortised cost	6,099	–	6,099
Income tax receivable	Financial assets measured at amortised cost	Financial assets measured at amortised cost	295	–	295
Cash and cash equivalents	Financial assets measured at amortised cost	Financial assets measured at amortised cost	273,272	–	273,272

For other standards issued but not yet effective and not early adopted by the Group, the management believes that there will be no significant impact in the Group's consolidated financial statements.

Narrow scope amendments and new Standards	Effective date
IFRS 16 Leases	Jan-19
IFRS 9 Amendments: Prepayment Features with Negative Compensation	Jan-19
IFRS 17 Insurance Contracts	Jan-21

Narrow scope amendments and new Standards	Effective date (EU endorsement)
IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not yet endorsed by EU
IFRS 14 Regulatory Deferral Accounts	Not yet endorsed by EU
IFRIC 23 Uncertainty over Income Tax Treatments	Not yet endorsed by EU
IAS 28 Amendments: Long-term Interests in Associates and Joint Ventures	Not yet endorsed by EU
IAS 19: Plan Amendment, Curtailment or Settlement	Not yet endorsed by EU
IFRS 17 Insurance Contracts	Not yet endorsed by EU
Amendments to References to the Conceptual Framework in IFRS	Not yet endorsed by EU
Annual Improvements to IFRS Standards 2015-2017 Cycle	Not yet endorsed by EU

27. Contingencies

Legal Claims

One of the Company's subsidiaries (the 'Subsidiary') is involved in court proceedings with a third party. Following the third party's decision to terminate the lease agreement signed with the Subsidiary, the Subsidiary enforced the c.€3.16 million bank letter of guarantee provided by the third party, on the grounds that the third party has unlawfully terminated the agreement. The third party claimed that the Subsidiary was not entitled to enforce the guarantee and requested before the court that the Subsidiary reimburses the guarantee amount. On top of the cashed-in guarantee, the Subsidiary has submitted a court claim against the third party claiming an amount of c.€24.7 million representing penalties as per the agreement for the unlawful termination of the agreement by the third party. The presiding judge accepted the Subsidiary's claim to merge the two claims into one court case and resolved the two cases together. On 19 July 2017, the presiding judge announced that it has accepted the third party's claim and denied the Subsidiary's claim. Based on the legal advice it has received, management has filed an appeal against the decision and believes that the court of appeal will embrace its view that the Subsidiary acted in accordance with the applicable law and the remedies available to it under the agreement when enforcing the bank letter of guarantee provided by the third party.

Taxation

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

Transfer Pricing

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

28. Subsequent Events

On 11 July 2018, the Company announced that its Board of Directors has approved the payment of an interim dividend in respect of the six-month financial period ended 30 June 2018 of €0.27 per ordinary share, which was paid on 17 August 2018 to the eligible shareholders.

On 12 July 2018, the Group concluded an agreement based on which it purchased 100% shares in Spektrum Tower spółka z ograniczoną odpowiedzialnością, holding legal rights to the office building Spektrum Tower in Warsaw, Poland. The purchase price of €101 million was adjusted to the acquired subsidiary's cash and working capital at acquisition date. Final price may be adjusted due to retentions. The annual contracted rental income of the property generated by the occupancy ratio of 92.5% amounts to €6.3 million.

PORTFOLIO SNAPSHOT 30 JUNE 2018, ROMANIA

Property name	Number of Properties		Location	Address	Year of completion	Ownership (%)	GLA (sqm)	Occupancy (%)	Contracted rent (€m)	WALL (years)	Potential rent at 100% cccupancy (€m) (1)	"As Is" valuation (€m)	Select Tenants
Office													
BOB	1		Bucharest	6A Dimitrie Pompeiu Blvd, District 2	2008	100.0%	22,391	91.8%	3.4	4.8	3.7	49.3	Deutsche Bank, Stefanini, NX Data
BOC	1		Bucharest	3 George Constantinescu St., District 2	2009	100.0%	56,962	97.2%	9.8	4.3	10.1	146.5	Honeywell, HP, NBG Group
TCI	1		Bucharest	15-17 Ion Mihalache Blvd, District 1	2012	100.0%	22,434	99.6%	5.1	5.0	5.1	74.5	EY; Ministry of European Funds, Hidroelectrica, Cegeka
City Office	2		Bucharest	2 – 4A Oltenitei Street., District 4	2014	100.0%	36,145	68.5% (75.3% incl.options	3.6	8.1	5.9	61.2	Vodafone, Mindspace, Global Compass, RCS-RDS
Globalworth Tower	1		Bucharest	201 Barbu Vacarescu Street, District 2	2016	100.0%	54,686	97.7%	11.5	7.2	11.8	179.5	Vodafone, Huawei, NNDKP, Wipro
		Tower I			2017	100.0%	28,955	84.9% (96.2% incl.options	4.0	10.7	4.6		
Globalworth Campus	3	Tower II	Bucharest	4-6 Dimitrie Pompeiu Blvd, District 2	2018	100.0%	28,235	70.8% (90.1% incl.options	3.1	8.0	4.3	130.9	Amazon, Stefanini, Dell, Honeywell, Mindspace
		Tower III			2019E	100.0%	34,836	-	-	-	5.7		
Unicredit HQ	1		Bucharest	1F Expozitiei Blvd, District 1	2012	100.0%	15,500	100.0%	3.9	3.9	3.9	51.7	Unicredit
Globalworth Plaza	1		Bucharest	42 Pipera Road, District 2	2010	100.0%	24,061	83.1% (97.9% incl.options	3.9	4.3	4.6	61.1	Microsoft, Patria Bank, Bayer, Coface
Green Court Complex	3		Bucharest	4 Gara Herastrau, District 2	2014 / 2015 / 2016	100.0%	54,328	98.1%	9.9	3.7	10.1	142.6	Orange, Carrefour, General Motors
Renault Bucharest Connected (2)	2		Bucharest	Preciziei 3G, District 6	2019E	50.0%	42,261	100.0%	5.5	11.0	5.5	40.4	Automobile Dacia
GaraHerastrau	1		Bucharest	4B Gara Herastrau Street, District 2	2016	100.0%	12,037	84.0% (92.9% incl.options	1.8	4.7	2.1	29.3	ADP, Saipem, Baker Tilly
Industrial													
TAP	4		Timisoara	Lipovei Way, Giarmata, Timis	2011 / 2017	100.0%	103,441	97.9%	4.5	9.4	4.6	55.7	Continental, Valeo Lighting, Honeywell
Dacia Warehouse	1		Pitesti	1 Dacia A1 Street, Oarja, Arges County	2010	100.0%	68,412	100.0%	4.2	7.0	4.2	47.0	Automobile Dacia
Retail / Residential													
Upground Towers	1		Bucharest	9B Fabrica de Glucoza Street, District 2	2011	100%	45,246	Retail: 97.5% / Resi: 59.6%	Retail: 0.8 / Resi: 1.5	Retail: 9.0 / Resi: 1.4	Retail: 0.9 / Resi: 1.5	79.3	World Class, Delhaize group
Land for future development													
Luterana	1		Bucharest	7-13 Luterana Street, District 1	-	100%	6,607	-	-	-	-	14.3	
Herastrau One	1		Bucharest	48-50 Soseaua Nordului, District 1	-	100%	3,160	-	-	-	-	5.8	
TAP 2	1		Timisoara	Lipovei Way, Giarmata, Timis	-	100%	300,000	-	-	-	-	7.9	
GW Square	1		Bucharest	44 Pipera Street , District 2	-	100%	6,600	-	-	-	-	13.0	
GCD	1		Bucharest	1 Dimitrie Pompeiu Blvd, District 2	-	100%	4,045	-	-	-	-	5.1	
GW West	1		Bucharest	Preciziei 3F, District 6	-	100%	7,618	-	-	-	-	2.0	

Notes

(1) Contracted rent at 100% cccupancy (including ERV on available spaces).

(2) Renault Bucharest Connected is presented on the 100% basis held by Elgan Offices Srl in Romania. Globalworth holds a 50% share in Elgan Office Srl.

(3) Potential rent at 100% cccupancy, excludes residential

globalworth

PORTFOLIO SNAPSHOT 30 JUNE 2018, POLAND

Property name	Number of Properties		Location	Address	Year of completion	Ownership (%)	GLA (sqm)	Occupancy (%)	Contracted rent (€m)	WALL (years)	Potential rent at 100% cccupancy (€m) [1]	"As Is" valuation (€m)	Select Tenants
Office													
Batory Building 1	1		Warsaw	212 AJerozolimskie Avenue, Wlochy District	2000	68.4%	6,610	91.9%	1.0	3.2	1.0	12.5	Solid Group, Impuls Leasing,
Bliski Centrum	1		Warsaw	Witosa Avenue and Beethovena Street, Mokotow District	2000	68.4%	4,920	100.0%	1.0	7.8	1.0	13.5	Eurozet, eToto
CB Lubicz	2		Krakow	23, 23A Lubicz Street, Old Town District	2000 / 2009	68.4%	23,963	95.3%	4.8	3.2	5.0	72.8	International Paper, Capita, Deutsche Bank
Green Horizon	2		Lodz	106 Pomorska Street, Srodmiescie District	2012 / 2013	68.4%	33,510	99.4%	5.2	5.1	5.2	71.4	Infosys, Capita, PKO BP
Nordic Park	1		Warsaw	8 Herberta Street, Srodmiescie District	2000	68.4%	9,025	99.7%	1.8	3.3	1.8	24.3	Baxter, ZBP
Philips	1		Warsaw	195A Aleje Jerozolimskie	1999	68.4%	6,217	100.0%	1.2	3.9	1.2	14.3	Philips
A4 Business Park	3		Katowice	42, 44, 46 Francuska Street, Bogucice - Zawodzie District	2014 / 15 /16	68.4%	30,556	100.0%	5.1	4.2	5.1	68.5	Rockwell, PKP Cargo, IBM
Tryton	1		Gdansk	11 Jana z Kolna Street, Srodmiescie District	2016	68.4%	24,043	100.0%	3.9	3.7	3.9	56.4	Intel, Kainos, Ciklum
West Gate	1		Wroclaw	12 Lotnicza Street, Fabryczna District	2015	68.4%	16,625	99.5%	2.9	4.6	2.9	41.6	Nokia
WARTA Tower	1		Warsaw	85 Chmielna, 00-805 Warszawa	2000	68.4%	33,657	91.3%	5.9	2.9	6.5	63.1	TUiR Warta, ITMAGINATION
West Link	1		Wroclaw	2 Szybowcowa, 50-001 Wrocław	2018	68.4%	14,359	100.0%	2.5	6.7	2.5	34.6	Nokia
Quattro Business Park	5		Krakow	25 Aleja Generała Tadeusza Bora-Komorowskiego	2010/11/13/14/15	68.4%	60,235	99.0%	10.7	3.1	10.8	142.4	Capgemini Polska, Google Poland, Luxoft Poland
Spektrum Tower (Q3-18)	1		Warsaw	18 Twarda 18, 00-105 Warszawa	2003	68.4%	29,548	92.5%	6.3	5.1	6.9	101.9	CityFit,The View, Ecovadis, BNP Paribas
Mixed-Use													
Hala Koszyki	5		Warsaw	61-65 Koszykowa Street, Srodmiescie District	2016	68.4%	22,236	100.0%	6.9	5.7	6.9	118.2	Mindspace, Multimedia, Eneris
Renoma	1		Wroclaw	40 Swidnicka Street, Srodmiescie District	2009	68.4%	40,619	93.4%	7.7	3.8	8.1	138.2	HP, Inditex, TK Maxx
Supersam	1		Katowice	6 Piotra Skargi Street, Srodmiescie District	2015	68.4%	24,228	94.9%	3.9	4.5	4.0	60.8	Groupon, LPP Group, Sports Direct
Right of First Offer (ROFO)													
Beethovena Business Park	2	Tower I	Warsaw	Beethovena Street	2019E - 2020E	17.1%	17,845	n/a	n/a	n/a	3.2	9.5	-
		Tower II					17,395		n/a	n/a	2.9	4.1	
Browary J	1		Warsaw	Grzybowska Street	2018E	17.1%	15,426	n/a		n/a	3.7	23.1	-

Notes

(1) Contracted rent at 100% cccupancy (including ERV on available spaces).

GLOSSARY

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

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

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

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

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

CBD
Central Business District

CEE
Central and Eastern Europe

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

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

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

Contracted Rent
The annualised headline rent as at 30 June 2018 that is contracted on leases (including pre-leases) before any customary tenant incentive packages.

Debt Service Cover Ratio ("DSCR")
It is calculated as net operating income for the year as defined in specific loan agreements with the respective lenders, divided by the principal plus interest due over the same year.

Discount Rates
The discount rate is the interest rate used to discount a stream of future cash flows to their present value.

Discounted Cash Flow Analysis ("DCF")
Valuation method that implies income projections of the property for a discrete period of time, usually between 5-10 years. The DCF method involves the projection of a series of periodic cash flows either to an operating property or a development property. Discounted cash flow projections based on significant unobservable inputs taking into account the costs to complete and completion date.

Earnings Per Share ("EPS")
Profit after tax divided by the basic/diluted weighted average number of shares in issue during the year or period.

EBITDA
Earnings attributable to equity holders of the Company before finance cost, tax, depreciation, amortisation of other non-current assets and purchase gain on acquisition of subsidiaries.

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

EPRA
The European Public Real Estate Association is a non-profit association representing Europe's publicly listed property companies.

EPRA Earnings
Profit after tax attributable to the equity holders of the Company, excluding investment property revaluation, gains, losses on investment property disposals and related tax adjustment for losses on disposals, bargain purchase gain on acquisition of subsidiaries, acquisition costs, changes in the fair value of financial instruments and associated close-out costs and the related deferred tax impact of adjustments made to profit after tax.

EPRA Earnings Per Share
EPRA Earnings divided by the basic or diluted number of shares outstanding at the year or period end.

EPRA NAV Per Share
EPRA NAV divided by the basic/diluted number of shares outstanding at the year or period end.

EPRA Net Assets ("EPRA NAV")
Net assets per the statement of financial position, excluding the mark-to-market on effective cash flow hedges and related debt adjustments and deferred taxation on revaluations excluding goodwill.

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

Estimated Vacancy Rates
Represent vacancy rates computed based on current and expected future market conditions after expiry of any current lease.

EURIBOR
The Euro Interbank Offered Rate: the interest rate charged by one bank to another for lending money, often used as a reference rate in bank facilities.

Financial Year
Period from 1 January to 31 December.

FFO
Free funds from operations, estimated as the EPRA Earnings for the relevant period.

GLA
Gross leasable area.

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

Master Lease
Master lease, includes various rental guarantees, which range between 3 and 5 years, covering the majority of space which is currently vacant in the properties owned through GPRE.

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

Net Asset Value ("NAV") Per Share
Equity attributable to owners of the Company divided by the number of Ordinary shares in issue at the period end.

Net Operating Income ("NOI")
Net operating income (being the gross operating income less operating expenses that are not paid by or rechargeable to tenants, excluding funding costs, depreciation and capital expenditure).

Non-Controlling Interest ("NCI")
The equity in a subsidiary not attributable, directly or indirectly, to the parent.

Occupancy Rate
The estimated let sqm (GLA) as a percentage of the total estimated total sqm (GLA) of the portfolio, excluding development properties. It includes spaces under offer or subject to asset management (where they have been taken back for refurbishment and are not available to let as of the financial position date).

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

Portfolio Open Market Value ("OMV")
Portfolio open market value means the fair value of the Group's investment properties determined by CBAR Research & Valuation Advisors SRL ("Coldwell Banker"), Cushman & Wakefield LLP (C&W), Knight Frank Sp. z.o.o ("Knight Frank") and CBRE Sp. z.o.o.("CBRE") independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued, using recognised valuation techniques.
When presenting the total portfolio value of the Group, we have included 100% of the appraised value of property held by Elgan Offices SRL in Romania. Group holds a 50% share in Elgan Office SRL and its investment is included in the financial statements under "share of net assets and loans provided".

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

Residual Value Method
Valuation method that estimated the difference between the market value of the building upon completion that can be built on the plot of land and all the building's construction costs, as well as the developer's profit. This method relies on the contribution concept by estimating from the future income of the building, the amount that can be distributed to the land.

Sales Comparison Approach
Valuation method that compares the subject property with quoted prices of similar properties in the same or similar location.

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

SPA
Share sale purchase agreement.

SQM
Square metres.

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

The Company or the Group
Globalworth Real Estate Investments Limited and its subsidiaries.

GLOSSARY

The Investment Adviser

Globalworth Investment Advisers Limited, a wholly owned holding subsidiary incorporated in Guernsey.

The Asset Manager

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

WALL

Represents the remaining weighted average lease length of the contracted leases as of the financial position date, until the lease contracts full expiration.

Weighted Average Interest Rate

The average of the interest rate charged on the Group's loans, weighted by the relative outstanding balance of each loan at the year or period end.

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