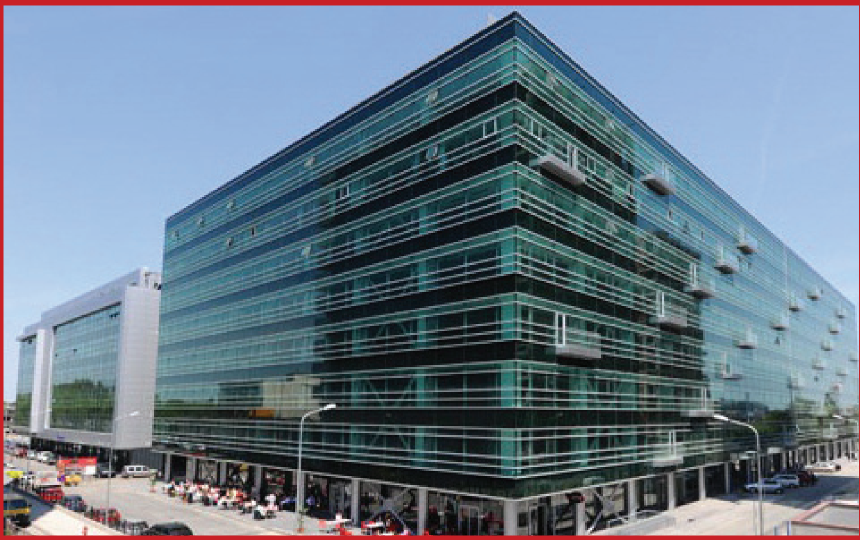
Globalworth Real Estate Investments Limited

ADMISSION DOCUMENT

Placing of 7,618,703 Ordinary Shares
and Founder Admission Subscription of 3,000,000 Ordinary Shares
at Euro 5.00 per Ordinary Share
and
Admission to trading on AIM



BOC Office Building

Bucharest One

BOB Office Building

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document and/or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant, legal or professional adviser or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended, "FSMA") if you are in the United Kingdom or, if not, you should immediately consult another appropriately authorised independent financial adviser.

This document, which comprises an AIM admission document, has been drawn up in accordance with the AIM Rules for Companies. This document does not contain an offer of transferable securities to the public within the meaning of Section 85 of FSMA and is not a Prospectus for the purposes of the Prospectus Rules made under section 73A of FSMA. Accordingly, this document has not been prepared in accordance with the Prospectus Rules, nor has it been approved by the Financial Conduct Authority (the "**FCA**") pursuant to Section 85 of FSMA and a copy has not been delivered to the FCA under regulation 3.2 of the Prospectus Rules.

Application has been made for all of the Ordinary Shares, issued and to be issued, to be admitted to trading on the AIM market of London Stock Exchange plc ("**AIM**"). The AIM Rules for Companies are less demanding than those of the Official List of the United Kingdom Listing Authority. Investing in the Ordinary Shares involves risks. This whole document should be read and, in particular, your attention is drawn to the Risk Factors set out in Part I of this document, which lists risks that should be taken into account in considering whether to acquire Ordinary Shares.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority ("UKLA"). A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. Neither the UKLA nor the London Stock Exchange has examined or approved the contents of this document.

It is expected that admission to AIM will become effective, and that dealings in the Ordinary Shares will commence, on 25 July 2013.

The Directors, whose names appear on page 9 of this document, accept responsibility for the information contained in this document, including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect its import.

Globalworth Real Estate Investments Limited

(a company incorporated in Guernsey with registered number 56250 and registered in Guernsey as a registered closed-ended collective investment scheme)

Placing of 7,618,703 Ordinary Shares and Founder Admission Subscription of 3,000,000 Ordinary Shares at Euro 5.00 per Ordinary Share

and

Admission to trading on AIM

Joint Broker and Joint UK Placing Agent	*Nominated Adviser, Joint Broker and Joint UK Placing Agent*	*Israel Placing Agent*	*Placing Agent*
CANTOR FITZGERALD EUROPE	**PANMURE GORDON (UK) LIMITED**	**ROSARIO UNDERWRITING SERVICES (A.S.) LTD**	**SUNRISE SECURITIES CORP.**

Expected share capital following Admission

Issued and fully paid

Number of Ordinary Shares	*Amount paid up*
10,718,703	Euro 53,593,515

The Company is a registered closed-ended collective investment scheme pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, and The Registered Collective Investment Scheme Rules 2008 issued by the Guernsey Financial Services Commission (the "**GFSC**"). The GFSC, in granting registration, has not reviewed this document but has relied upon specific warranties provided by the Company's Guernsey-licensed Administrator. Neither the GFSC nor the States of Guernsey Policy Council takes any responsibility for the financial soundness of the

THIS DOCUMENT IS NOT FOR RELEASE IN THE UNITED STATES UNLESS ACCOMPANIED BY THE US PRIVATE PLACEMENT MEMORANDUM EXCEPT AS DETAILED BELOW TO APPROVED US PRIVATE PLACEMENT OFFEREES.

Company or for the correctness of any of the statements made or opinions expressed with regard to it. Investors should be aware that prices of shares, and the income derived from shares, can go down as well as up.

Panmure Gordon (UK) Limited ("**Panmure Gordon**"), which is regulated by the FCA and is a member of the London Stock Exchange, is acting as nominated adviser, joint broker and joint UK placing agent exclusively for the Company in connection with the Placing and Admission. Its responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or any other person in respect of that person's decision to acquire Ordinary Shares in the Company in reliance on any part of this document. No representation or warranty, express or implied, is made by Panmure Gordon as to any of the contents of this document for which the Directors of the Company are responsible (without limiting the statutory rights of any person to whom this document is issued). Panmure Gordon will not be offering advice and will not otherwise be responsible for providing customer protections to recipients of this document in respect of the Placing or any acquisition of shares in the Company. Panmure Gordon has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Panmure Gordon for the accuracy of any information or opinions contained in this document or for the omission of any material information.

Cantor Fitzgerald Europe ("**Cantor Fitzgerald**"), which is regulated by the FCA and is a member of the London Stock Exchange, is acting as joint broker and joint UK placing agent exclusively for the Company in connection with the Placing and Admission. No representation or warranty, express or implied, is made by Cantor Fitzgerald as to any of the contents of this document for which the Directors of the Company are responsible (without limiting the statutory rights of any person to whom this document is issued). Cantor Fitzgerald will not be offering advice and will not otherwise be responsible for providing customer protections to recipients of this document in respect of the Placing or any acquisition of shares in the Company. Cantor Fitzgerald has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Cantor Fitzgerald for the accuracy of any information or opinions contained in this document or for the omission of any material information.

Rosario Underwriting Services (A.S.) Ltd ("**Rosario**"), which is regulated by the Israel Securities Authority, is acting as Israel placing agent exclusively for the Company in connection with the Admission. No representation or warranty, express or implied, is made by Rosario as to any of the contents of this document for which the Directors of the Company are responsible (without limiting the statutory rights of any person to whom this document is issued). Rosario will not be offering advice and will not otherwise be responsible for providing customer protections to recipients of this document in respect of the Placing or any acquisition of shares in the Company. Rosario has not authorised the contents of, or any part of, this document, and no liability whatsoever is accepted by Rosario for the accuracy of any information or opinions contained in this document or for the omission of any material information.

Sunrise Securities Corp. ("**Sunrise**" and, together with Panmure Gordon, Cantor Fitzgerald and Rosario, the "**Managers**"), which is a member in the United States of America of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation, and is subject to the regulatory authority in the U.S. of the Securities and Exchange Commission, is acting as global coordinator exclusively for the Company in connection with the Placing and Admission and, separately, is overseeing certain private offering matters for the Company within the United States which are wholly distinct from the Placing of the Ordinary Shares outside of the United States. No representation or warranty, express or implied, is made by Sunrise as to any of the contents of this document for which the Directors of the Company are responsible (without limiting the statutory rights of any person to whom this document is issued). Sunrise hereby brings to each potential investor's attention that an employee of Sunrise is presently serving as a Director of the Company (in his individual capacity and not as a representative of Sunrise). Sunrise will not be offering advice and will not otherwise be responsible for providing customer protections to recipients of this document in respect of the Placing or any acquisition of shares in the Company. Sunrise has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Sunrise for the accuracy of any information or opinions contained in this document or for the omission of any material information.

Prospective Investors should consult their professional advisers on potential tax consequences for subscribing for, purchasing, holding, converting or selling Ordinary Shares under the laws of their country and/or state of citizenship, domicile or residence.

Copies of this document will be available free of charge during normal business hours on any weekday (except Saturdays, Sundays and public holidays) from the offices of Panmure Gordon at One New Change, London EC4M 9AF from the date of this document and for a period of at least one month from Admission.

UBS AG, whose registered office is at Bahnhofstrasse 45, P.O. Box 8098, Zurich, Switzerland ("**UBS**") is a service provider of the Company and, as such, bears no responsibility for the content of this document or for the accuracy of any information contained in it. UBS is further not responsible for the investments and any other activity of the Company and its performance. UBS does not have any involvement in the management of the Company or any decision-making discretion relating to the investments of cash held with UBS. UBS will not be responsible for ensuring that the investment transactions of the Company, including the investment of cash in instruments, comply with the investment objectives and policies of the Company and with the principles regarding cash management as referred to in paragraph 5 of Part II of this document. UBS will not be responsible for determining and/or ensuring that the Ordinary Shares are marketed and sold in compliance with all applicable laws and regulations.

The attention of investors is drawn to the "Risk Factors" set out in Part I of this Admission Document.

Distribution

The distribution of this document and the offering of Ordinary Shares are restricted in certain jurisdictions. This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any Ordinary Shares by anyone in any jurisdiction in which such an offer or solicitation is not authorised or may not lawfully be made (without compliance with any registration or other legal requirements) or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer in any jurisdiction. In particular, neither this document nor any part or copy of it may be taken or transmitted into Australia, Canada or Japan, or distributed directly or indirectly in Canada or distributed or redistributed in Japan or to any resident thereof. Any failure to comply with the above restrictions may constitute a violation of Australian, Canadian or Japanese securities laws.

No broker, dealer or other person has been authorised by the Company, the Directors, Panmure Gordon, Cantor Fitzgerald, Sunrise or Rosario to issue any advertisement or to give any information or make any representation in connection with the offer or sale of the Placing Shares other than those contained in this document and, if issued, given or made, any such advertisement, information or representation must not be relied upon as having been authorised by the Company, the Directors, Panmure Gordon, Cantor Fitzgerald, Sunrise or Rosario.

No offer in the United States

The Ordinary Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold, transferred or delivered, directly or indirectly, within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. There will be no public offer of the Ordinary Shares in the United States.

The offering to which this Admission Document relates is not, and under no circumstances is to be construed as, an offering of any Ordinary Shares in the United States, or the territories or possessions thereof, or as a solicitation therein of an offer to buy any of the Ordinary Shares. Accordingly, this Admission Document may not be distributed to, or relied upon by, persons in the United States (i) in relation to any public offer of the Ordinary Shares there or (ii) any offer exempt from the registration requirements of the Securities Act unless accompanied by the US Private Placement Memorandum. The Company and the Managers (other than Sunrise, acting in the capacity of US Placing Agent) will not accept subscriptions from any person, or any person's agent, who appears to be, or who the Company or the Managers (other than Sunrise, acting in the capacity of US Placing Agent) have reason to believe is, a resident of the United States and to whom an offer, if made, would result in requiring registration under the Securities Act.

The Ordinary Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any U.S. State securities commission in the United States or any other U.S. regulatory authority nor have any of the foregoing authorities passed upon or endorsed the merits of the Ordinary Shares or the accuracy or the adequacy of this document. Any representation to the contrary is unlawful in the United States.

The offering of the Ordinary Shares to which this Admission Document relates is only being made outside the United States pursuant to a safe harbour from registration under Regulation S promulgated under the Securities Act. The Ordinary Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act, or pursuant to exemption from registration thereunder. For further information, see paragraph 5.3 of Part X of this document.

THE COMPANY MAY TRADE SWAPS AS AN INCIDENTAL COMPONENT OF ITS STRATEGIES (FOR EXAMPLE, TO HEDGE CERTAIN INTEREST RATE AND FOREIGN EXCHANGE RISKS). HOWEVER, THE ASSET MANAGER IS EXEMPT FROM REGISTRATION WITH THE US COMMODITY FUTURES TRADING COMMISSION ("CFTC") AS A "COMMODITY POOL OPERATOR" WITH RESPECT TO THE COMPANY, PURSUANT TO THE CFTC's REGULATION 4.13(a)(3), BECAUSE PURCHASERS OF THE INTERESTS WILL GENERALLY BE LIMITED TO US PERSONS THAT ARE "QUALIFIED INSTITUTIONAL BUYERS" AND TO NON-UNITED STATES PERSONS (AS DEFINED IN CFTC REGULATION 4.7(a)) AND THE COMPANY'S USE OF SWAPS WILL BE LIMITED. THEREFORE, UNLIKE A "COMMODITY POOL" OPERATED BY A REGISTERED "COMMODITY POOL OPERATOR," THE COMPANY IS NOT REQUIRED TO DELIVER A DISCLOSURE DOCUMENT OR A CERTIFIED ANNUAL REPORT TO THE SHAREHOLDERS. HOWEVER, THE COMPANY WILL DELIVER THIS DOCUMENT AS WELL AS THE REPORTS DESCRIBED HEREIN TO ALL SHAREHOLDERS.

Notice in connection with Member States of the European Economic Area

This document is not a Prospectus for the purposes of the Prospectus Directive (as defined below) in relation to each Member State of the European Economic Area (the "**EEA**") which has implemented the Prospectus Directive (each, a "**Relevant Member State**"). This document has been prepared on the basis that all offers of the Ordinary Shares will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a Prospectus in connection with offers of the Ordinary Shares. Accordingly, any person making or intending to make any offer within the EEA of Ordinary Shares which is the subject of the offering contemplated in this document should only do so in circumstances in which no obligation arises for the Company or any of the Managers to produce a Prospectus for such offer. Neither the Company nor the Managers have authorised, nor does it or they authorise, the making of any offer of the Ordinary Shares through any financial intermediary, other than offers made by the Managers which constitute the final placement of the Ordinary Shares contemplated in this document. The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

Notice in connection with the United Kingdom

In the United Kingdom, this document is for distribution only to, and is only directed at, persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"), (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any Ordinary Shares may otherwise lawfully be communicated (all such persons together being referred to as "**relevant persons**"). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

Notice in connection with Israel

No action has been or will be taken in Israel that would permit a public offering of the Ordinary Shares or distribution of the Admission Document to the public in Israel. The Admission Document has not been approved by the Israel Securities Authority. Accordingly, the Ordinary Shares shall only be sold in Israel to investors of the type listed in the First Schedule to Israel's Securities Law 5728-1968. The investor will be required to confirm in writing prior to any purchase of the Ordinary Shares that it is an investor of the type listed in the First Schedule to Israel's Securities Law, 5728-1968, that it is aware of the implications of being treated as such an investor, and consents to such treatment.

Notice in connection with Switzerland

The Ordinary Shares may be distributed in or from Switzerland only to qualified investors within the meaning of the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). Neither this document nor any other offering or marketing material relating to the Ordinary Shares constitutes a prospectus as that term is understood pursuant to article 652a or 1156 of the Swiss Federal Code of Obligations or a prospectus in the sense of the CISA, and neither this document nor any other offering material relating to the Company may be distributed or otherwise made available to any person other than a qualified investor within the meaning of CISA. The Company is not authorised by or registered with the Swiss Financial Market Supervisory Authority FINMA ("**FINMA**") under CISA. Therefore, investors do not benefit from protection under CISA or supervision by FINMA.

Notice in connection with Greece

The offering to which this Admission Document relates is not being made, directly or indirectly, to the public in the Hellenic Republic ("**Greece**"). Neither this Admission Document nor any other documents or materials relating to such offering constitute a "public offer" (*dimossia prosfora*), within the meaning of Greek Law 3401/2005, or "a solicitation to the public" (within the meaning of article 10 of Greek Law 876/1979) for the purchase, sale, exchange of or investment in securities in the Greek territory, and no information contained herein or therein can be considered as investment advice or a solicitation of investment in securities in the Greek territory under Greek Law 3606/2007. Accordingly, neither this Admission Document nor any other documents or materials relating to the offering to which this Admission Document relates have been or will be submitted to the Hellenic Capital Market Commission for approval pursuant to such laws, or otherwise distributed, forwarded or delivered in the Greek territory to any person other than to "qualified investors" (*eidikoi ependytes*), as defined in article 2 of Greek Law 3401/2005, acting on their own account or on the account of their clients who are themselves qualified investors.

Notice in connection with Romania

The Ordinary Shares may be offered and sold, directly or indirectly, in Romania only in compliance with Law no. 297/2004 on capital markets, as amended ("**Capital Markets Law**") and any other laws and regulations applicable in Romania, including implementing norms issued or approved by the Romanian Financial Surveillance Authority (Autoritatea de Supraveghere Financiară) and applicable EU legislation. This document has been prepared on the basis that all offers of the Ordinary Shares will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a prospectus in connection with offers of the Ordinary Shares. Accordingly, the offering to which this Admission Document relates is not being made, directly or indirectly, to the public in Romania. Neither this Admission Document nor any other documents or materials relating to such offering constitute a "public offer" (ofertă publică), within the meaning of Capital Markets Law. Therefore, neither this Admission Document nor any other documents or materials relating to the offering to which this Admission Document relates have been or will be submitted for the approval of or registered with the Financial Surveillance Authority, or otherwise distributed, forwarded or delivered in Romania to any person other than to "qualified investors" (investitori calificaţi), as defined in Article 2 paragraph (1) item (15), corroborated with Article 2 paragraph (1) item 1 Indices 2 of Capital Markets Law and the regulations issued by the Romanian National Securities Commission, implementing article 2 paragraph 1 under (e) of the Prospectus Directive.

Notice in connection with Qatar

This Admission Document is provided on an exclusive basis to the specifically intended recipient thereof, upon that person's request and initiative, and for the recipient's personal use only. Nothing in this Admission Document constitutes, is intended to constitute, shall be treated as constituting or shall be deemed to constitute, any offer or sale of securities in the State of Qatar or in the Qatar Financial Centre or the inward marketing of an investment fund or an attempt to do business, as a bank, an investment company or otherwise in the State of Qatar or in the Qatar Financial Centre. This Admission Document and the Ordinary Shares have not been approved, registered or licensed by The Qatar Central Bank, The Qatar Financial Centre's Regulatory Authority, The Qatar Financial Markets Authority or any other regulator in The State of Qatar. This Admission Document and any related documents have not been reviewed or approved by The Qatar Financial Centre's Regulatory Authority or The Qatar Central Bank. Recourse against the Company, and those involved with it, may be limited or difficult and may have to be pursued in a jurisdiction outside Qatar and The Qatar Financial Centre. Any distribution of this Admission Document by the recipient to third parties in Qatar or The Qatar Financial Centre beyond the terms hereof is not authorised and shall be at the liability of such recipient.

LIMITATIONS ON ENFORCEMENT OF LEGAL RIGHTS

The Company is domiciled in Guernsey and the Directors are resident in various jurisdictions. As a result, it may not be possible for investors to effect service of process within their respective jurisdictions upon the Company or the Directors. All or a substantial portion of the assets of the Group will be located in South Eastern Europe (principally in Romania) and, as a result, it may not be possible to satisfy a judgment, or to enforce a judgment obtained in an investor's jurisdiction, against the relevant member of the Group or the Directors in their respective jurisdictions.

References to defined terms

Certain capitalised terms used in this document are found in the section at the front of this document entitled "**Definitions**".

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS

This Admission Document contains forward-looking statements. These relate to the Company's future prospects, developments and strategies. Forward-looking statements are identified by their use of terms and phrases such as "believe", "could", "envisage", "estimate", "expect", "intend", "may", "plan", "will" or the negative of those, variations or comparable expressions, including references to assumptions and discussions of strategy, plans, objectives, goals, future events, intentions or expectations. The forward-looking statements in this Admission Document, including as to Stabilised NOI, are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements.

The important factors that could cause the Company's actual results and/or actual net operating income to differ materially from those in the forward-looking statements include, among others:

- changes in the political, economic or regulatory conditions in Romania and other relevant countries in South Eastern Europe and Central Eastern Europe;
- the failure of the Company to acquire the assets listed in the Initial Portfolio or the Founder Pipeline, any assets contemplated by the Third Party Pipeline or any other assets within the Company's investing policy, on the expected terms (or at all);
- the failure of the Company to fulfil its investment objectives;
- the death or incapacity of the Founder;
- the failure to obtain planning and/or building permits;
- the failure to complete construction/refurbishment and/or to fully lease buildings within the expected period of time and on the expected terms (or at all); and
- the actual costs of developing projects may differ significantly from the Company's estimates or development of projects being subject to unexpected problems or delays.

Additional factors that could cause actual results and/or actual NOI to differ materially include, but are not limited to, those discussed under "Risk Factors" in Part I of this document. These forward-looking statements speak only as of the date of this Admission Document.

PRESENTATION OF FINANCIAL AND OTHER DATA

Presentation of financial information

The Company was incorporated on 14 February 2013 and, as of the date of this document, no financial information regarding the Company is available. Certain historical financial information in respect of the companies expected to be acquired pursuant to the Acquisition Agreements is contained in Part IX of this document. All future financial information for the Group is intended to be prepared in accordance with IFRS as adopted by the European Union and, unless otherwise indicated, the financial information in this document has been prepared in accordance with IFRS as adopted by the European Union, a body of accounting principles that may differ materially from generally accepted accounting principles as applied in the United States ("**U.S. GAAP**"). The Company has not quantified the impact of these differences. In making an investment decision, prospective investors must rely on their own examination of the Company, the terms of the Placing and the financial information in this document (and should give consideration to the fact that such financial information is limited). Prospective investors should consult their own professional advisers for an understanding of the difference between IFRS as adopted by the European Union and U.S. GAAP.

Industry, market and other data

Information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to the Company's business contained in this document consists of estimates based on data and reports compiled by professional organisations and analysts, on data from other external sources and on the Company's knowledge of the Romanian, South Eastern European and Central Eastern European real estate market. Information regarding the macroeconomic environment in Romania, South Eastern Europe ("**SEE**") and Central Eastern Europe ("**CEE**"), business in Romania, SEE and CEE and the demographics of Romania, SEE and CEE has been compiled from publicly available sources. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate market-related analyses and estimates, requiring the Company to rely on internally developed estimates. The Company takes responsibility for compiling, extracting and reproducing market or other industry data from external sources, including third parties or industry or general publications, but neither the Company nor its advisers have independently verified that data. The Company gives no assurance as to the accuracy and completeness of, and takes no further responsibility for, such data. Similarly, while the Company believes its internal estimates to be reasonable, they have not been verified by any independent sources and the Company cannot give any assurance as to their accuracy. Distances and areas stated in this document are approximate and may have been rounded.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the dates set out below is subject to change. All times are to London times.

Publication of this document	24 July 2013
Admission and commencement of dealings on AIM	25 July 2013
Delivery of Ordinary Shares into CREST accounts	25 July 2013
Despatch of definitive share certificates (where applicable)	By 10 August 2013

PLACING STATISTICS

Placing Price	€5.00
Number of Placing Shares	7,618,703
Number of Founder Admission Shares(1)	3,000,000
Number of Ordinary Shares in issue immediately following Admission(1)(2)	10,718,703
Market capitalisation of the Company on Admission at the Placing Price(1)(2)	€53,593,515
Estimated net proceeds of the Placing and the Founder Admission Subscription receivable by the Company after expenses(1)(3)	€49,066,126
ISIN	GG00B979FD04

Notes:

(1) *Assuming the Founder subscribes Euro 15,000,000 for the Founder Admission Shares.*

(2) *Assuming no exercise of the Founder Warrants or the Director Warrants. This takes into account the Founder Admission Shares and the Sunrise Shares but does not take account of any further Ordinary Shares which may be issued to the Founder (or to Founder Companies) pursuant to the Founder Equity For Assets Subscription or which may be issued to Non-Founder Vendors pursuant to Non-Founder Vendors Share Subscriptions.*

(3) *The gross proceeds attributable to the Placing are Euro 38,093,515 and the gross proceeds attributable to the Founder Admission Subscription are Euro 15,000,000.*

DIRECTORS, REGISTERED OFFICE AND ADVISERS

Directors

Ioannis Papalekas, *Chief Executive Officer*
Dimitris Raptis, *Deputy Chief Executive Officer, Chief Investment Officer and Interim Chief Financial Officer*
Geoff Miller, *Non-executive Interim Chairman*
Eli Alroy, *Non-executive*
David Kanter, *Non-executive*
John Whittle, *Non-executive (Chairman of the Audit Committee and the Remuneration Committee)*
all at the registered office

Registered Office

Anson Place
Mill Court
La Charroterie
St Peter Port
Guernsey
GY1 1EJ

Administrator and Company Secretary

Anson Fund Managers Limited
Anson Place
Mill Court
La Charroterie
St. Peter Port
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Investment Adviser

Globalworth Investment Advisers Limited
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Asset Manager

Globalworth Asset Managers Srl
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EC4M 9AF

Joint Broker and Joint UK Placing Agent

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London
EC3N 2LB

Israel Placing Agent

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Tel Aviv
Israel 64239

Placing Agent

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NY 10022

Auditors

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Royal Chambers
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St. Peter Port
Guernsey
GY1 4AF

Reporting Accountants

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Sector 1
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Romania

Ernst & Young Cyprus Limited
Nicosia Tower Centre
36 Byron Avenue
Nicosia 1096
Cyprus

Legal Adviser to the Company as to English Law and US Law

Sidley Austin LLP
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EC2V 5HA

Advocates to the Company as to Guernsey Law

Carey Olsen
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Guernsey
GY1 4BZ

Legal Adviser to the Company as to Romanian Law

Nestor Nestor Diculescu Kingston Petersen
Bucharest Business Park
1A Bucuresti-Ploiesti National Road
4th Floor, 1st District
Bucharest 013681
Romania

Legal Adviser to the Nominated Adviser, the Joint Brokers, the Joint UK Placing Agents, the Israel Placing Agent and the Placing Agent as to English Law and US Law

Withers LLP

16 Old Bailey
London
EC4M 7EG

Withers Bergman LLP

430 Park Avenue
New York, New York
10022

Property Valuers

S.C Prime Property Advisers Srl
(in association with Knight Frank)
239 Calea Dorobantilor
3rd Floor, 1st District
Bucharest
Romania

Coldwell Banker Research and Valuation Advisors
7a Maresal Averescu Boulevard
Alia Apartments
Bucharest 1
Romania

Registrar

Capita Registrars (Guernsey) Limited
Mont Crevalt House
Bulwer Avenue
St. Sampson
Guernsey
GY2 4LH

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

"Acquisition Agreements"	the agreements providing for the acquisition of the companies which, directly or indirectly, own the relevant interest in the Initial Portfolio, being the Asset Manager Acquisition Agreement, the Bucharest One Acquisition Agreement, the TCI Acquisition Agreement and the Upground Acquisition Agreement
"Acquisition Cost"	in relation to any asset, the purchase price in respect of that asset, including (a) any part of that purchase price to be financed by third party debt and (b) if an asset to be acquired is already debt financed, the principal amount of that debt
"Administration Agreement"	the administration and secretarial agreement dated 24 July 2013 between (1) the Company and (2) the Administrator, a summary of which is set out in paragraph 11.13 of Part XII of this document
"Administrator"	Anson Fund Managers Limited
"Admission"	the admission of the Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
"Affiliate"	has the meaning given in Section 501(b) under the Securities Act
"AIC Code"	the Association of Investment Companies Code of Corporate Governance
"AIM Rules"	the AIM Rules for Companies and the AIM Rules for Nominated Advisers
"AIM Rules for Companies"	the rules for AIM companies published by the London Stock Exchange (including the AIM Notes for Investing Companies)
"AIM Rules for Nominated Advisers"	the rules for nominated advisers to AIM companies published by the London Stock Exchange
"AIM"	AIM, a market operated by the London Stock Exchange
"Approved US Private Placement Offerees"	those potential investors that are located in the United States that the Company and US Placing Agent have determined to be QIBs acting for their own account, or for the account or benefit of other QIBs, whose participation in the US Private Placement the Company and the US Placing Agent have expressly approved
"Articles" or "Articles of Incorporation"	the articles of incorporation of the Company from time to time
"Asset Management Team"	the employees of the Asset Manager who are currently responsible for the asset management and administration of the Initial Portfolio and any other real estate assets owned or participated in by the Founder and who, after Admission, will also be responsible for the asset management and administration of the Group's real estate assets from time to time
"Asset Manager"	Globalworth Asset Managers SRL (previously named Star Imob Construct SRL), a company incorporated in Romania which is owned by the Founder and is responsible for the asset management and administration of the Initial Portfolio and the Founder Pipeline and other assets owned or participated in by the Founder

"Asset Manager Acquisition Agreement"	the agreement dated 24 July 2013 between (1) the Company and (2) Zakiono Enterprises Limited (a Founder Company) for the acquisition (subject to the satisfaction of the applicable Conditions) of the whole of the issued share capital of Pieranu Enterprises Limited (which owns 99.991 per cent. of the Asset Manager, which owns the interests in properties within the Initial Portfolio known as City Offices, Herastrau 1, the agreement to acquire Timisoara Airport Park and the 60 per cent. interest in the company which owns Floreasca 1), a summary of which is set out in paragraph 11.15(a) of Part XII of this document
"Asset Management Agreements"	the BOB/BOC Asset Management Agreements and, when entered into following the acquisition of each asset-owning company, the agreements between (1) the Asset Manager and (2) that asset-owning company pursuant to which the Asset Manager agrees to provide asset management and administration services to that asset-owning company
"associate"	as contemplated by the definition of "related party" in the AIM Rules for Companies
"Auditors"	Ernst & Young LLP, Guernsey
"the Board" or "the Directors"	the directors of the Company, including any duly appointed committee thereof
"BOB/BOC Asset Management Agreements"	the Asset Management Agreements between (1) the Asset Manager and (2) BOB Development SRL and BOC Real Property SRL relating to the asset management of BOB/BOC office buildings, a summary of which is set out in paragraph 11.18 of Part XII of this document
"Bucharest One Acquisition Agreement"	the agreement dated 24 July 2013 between (1) the Company, (2) Bakaso Holdings Limited (a Founder Company) and (3) Corinthian Five SRL for the acquisition (subject to the satisfaction of the applicable Conditions) of the whole of the issued share capital of Corinthian Five SRL (which owns the property within the Initial Portfolio known as Bucharest One), a summary of which is set out in paragraph 11.15(b) of Part XII of this document
"Build-to-Suit Developments"	Developments undertaken subject to achieving a Pre-Letting Commitment in respect of at least 60 per cent. of the GLA prior to commencement of construction
"Business Day"	a day, other than a Saturday or a Sunday, on which banks are open for business in London and Guernsey
"Cantor Fitzgerald"	Cantor Fitzgerald Europe
"CEE"	Central and Eastern Europe, being Poland, the Czech Republic and Hungary
"City Code"	the City Code on Takeovers and Mergers
"commercial"	in relation to real estate, opportunities and investments, land and/or buildings used or to be used for office, retail, logistical or industrial purposes but excluding land and/or buildings used or to be used for residential, hotel or other lodging or leisure purposes
"Commission" or "GFSC"	the Guernsey Financial Services Commission
"Companies Law"	the Companies (Guernsey) Law 2008 (as amended and including the ordinances and regulations made thereunder)

"Conditions"	in respect of each Acquisition Agreement, the matters which must be satisfied (or waived by the Company) in order for the relevant member of the Group to be obliged to acquire, and the relevant vendor(s) to be obliged to sell, the relevant shares under that Acquisition Agreement, as summarised in paragraph 1(b) of Part V of this document and in the summary of the relevant Acquisition Agreement in paragraph 11.15 of Part XII of this document
"Corporate Governance Code"	the UK Corporate Governance Code (formerly the Combined Code) setting out the standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders published in September 2012 by the Financial Reporting Council
"CREST"	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form
"CREST Guernsey Requirements"	Rule 8 and/or such other rules and requirements of Euroclear as may be applicable to issuers as from time to time specified in the "CREST Reference Manual" issued by Euroclear
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001/3755), including any enactment or subordinate legislation which amends or supersedes those regulations and any applicable rules made under those regulations or such enactment or subordinate legislation for the time being in force
"Developments"	any type of real estate development on a previously undeveloped plot of land
"Director Warrant Agreement"	the agreement dated 24 July 2013 between (1) the Company and (2) Lenuta Limited (for Dimitris Raptis), A.Y.R.A.D. Investments Limited (for Eli Alroy), Geoff Miller and John Whittle for the grant of Director Warrants, as summarised in paragraph 11.7 of Part XII of this document
"Director Warrants"	the warrants to subscribe for Ordinary Shares granted by the Company to Lenuta Limited (for Dimitris Raptis), A.Y.R.A.D. Investments Limited (for Eli Alroy), Geoff Miller and John Whittle) (or companies wholly owned, directly or indirectly, by any of such persons) pursuant to the Warrant Instrument and the Director Warrant Agreement
"EPRA"	European Public Real Estate Association
"EU"	European Union
"Euro", "EUR", "€"	the lawful single currency of member states of the European Union that adopt or have adopted the Euro as their currency in accordance with the legislation of the European Union relating to European Monetary Union
"Euroclear"	Euroclear UK & Ireland Limited, a company incorporated in England and Wales and the operator of CREST
"FCA"	the Financial Conduct Authority

“Financing Condition”	the condition in the Upground Acquisition Agreement to the effect that the change of control event of default in the applicable bank financing that would otherwise arise as a consequence of completion of that Acquisition Agreement is waived by the relevant bank(s), further details of which are set out in paragraph 1(b) of Part V of this document and in the summary of the Upground Acquisition Agreement in paragraph 11.15(d) of Part XII of this document
“Founder”	Ioannis Papalekas, including (where the context permits) any Founder Company
“Founder Admission Shares”	the 3 million Ordinary Shares to be subscribed in cash at the Placing Price by one or more Founder Companies pursuant to the Founder Admission Subscription
“Founder Admission Subscription”	the subscription by one or more Founder Companies of the Founder Admission Shares in cash at the Placing Price (being, in aggregate, Euro 15 million), conditional on (and as at) Admission, pursuant to the Founder Subscription Agreement
“Founder Company”	any company wholly owned (or substantially wholly owned), directly or indirectly, by the Founder
“Founder Equity For Assets Subscription”	the subscription by one or more Founder Companies for Ordinary Shares pursuant to the Founder’s undertaking in the Founder Subscription Agreement to procure that certain proceeds received (or receivable) by Founder Companies pursuant to the Acquisition Agreements and any agreement which is reached to acquire the Founder Pipeline (up to an aggregate maximum amount of Euro 90 million) are immediately used (to the extent practicable, by way of set off) to subscribe for Ordinary Shares at a price per Ordinary Share equal to the Placing Price
“Founder Lock-up Agreement”	the lock-up agreement dated 24 July 2013 made between (1) the Company, (2) Panmure Gordon and (3) the Founder, a summary of which is set out in paragraph 11.2 of Part XII of this document
“Founder Pipeline”	the interests in real estate known as BOB Office Building and BOC Office Building (BOB/BOC) which are managed by the Asset Manager and in respect of which a Founder Company holds an indirect 22 per cent. equity interest, but the Company does not have the benefit of an agreement to acquire such interests) further information on which is set out in paragraphs 1 and 3 of Part V of this document
“Founder Relationship Agreement”	the agreement dated 24 July 2013 made between (1) the Founder, (2) the Company and (3) Panmure Gordon, pursuant to which the Founder enters into certain undertakings regarding his relationship with the Group, a summary of which is set out in paragraph 11.3 of Part XII of this document
“Founder Service Agreement”	the agreement dated 24 July 2013 between (1) the Investment Adviser and (2) the Founder providing for the terms of employment of the Founder, a summary of which is set out in paragraph 3 of Part IV and paragraph 8.1 of Part XII of this document
“Founder Subscription Agreement”	the agreement dated 24 July 2013 made between (1) the Founder, (2) the Company and (3) Panmure Gordon which provides for (a) the Founder Admission Subscription and (b) the Founder Equity for Assets Subscription, a summary of which is set out in paragraph 11.4 of Part XII of this document

"Founder Warrants"	the warrants to subscribe for Ordinary Shares granted by the Company to one or more Founder Companies pursuant to the Warrant Instrument and the Founder Warrant Agreement
"Founder Warrant Agreement"	the agreement dated 24 July 2013 between (1) the Company, (2) the Founder and (3) Zorviani Limited (a Founder Company) for the grant of Warrants to Zorviani Limited, a summary of which is set out in paragraph 5 of Part III and paragraph 11.6 of Part XII of this document
"FSMA"	the Financial Services and Markets Act 2000 (as amended)
"Fully Diluted Ordinary Share Capital"	the fully diluted Ordinary Share capital of the Company as calculated on Admission following the issue of the Placing Shares and the Founder Admission Shares assuming subscription to the maximum extent under the Founder Equity for Assets Subscription and the Non-Founder Vendors Share Subscriptions but not the exercise of the Warrants
"GBA"	gross buildable area (sq.m)
"GDP"	gross domestic product
"GLA"	gross lettable area (sq.m)
"Globalworth" or "the Company"	Globalworth Real Estate Investments Limited, a company incorporated in Guernsey with registered number 56250 and registered as a registered closed-ended collective investment scheme pursuant to the POI Law (together with any and all of its subsidiaries from time to time, as the context may require)
"Group"	the Company, the Investment Adviser and the Company's other subsidiaries from time to time (including, when acquired pursuant to the Acquisition Agreements, the Asset Manager and all the special purpose companies which own the relevant interests in the properties within the Initial Portfolio)
"HICP"	the Harmonised Index of Consumer Prices
"IFRS"	International Financial Reporting Standards as adopted by the EU
"Independent Valuation"	a valuation by an Independent Valuer in respect of assets owned, or proposed to be acquired, by the Group
"Independent Valuer"	such internationally recognised valuation firm (including any of Jones Lang LaSalle, CBRE, Colliers International, Knight Frank, Coldwell Banker, BNP Paribas Real Estate and any professional valuers in the relevant jurisdiction which are associates of any such firms) as may be appointed by the Company from time to time for the purposes of providing Independent Valuations
"Initial Net Asset Value"	Euro 242,259,002, being the Directors' estimate of the Net Asset Value of the Group on Admission (as if completion of all the Acquisition Agreements had occurred at Admission) taking into account the net proceeds of the Placing, the Founder Admission Subscription, the Founder Equity for Assets Subscription and the Non-Founder Vendors Share Subscriptions less the cash payments to be made to the Founder Companies and other vendors under the Acquisition Agreements
"Initial Portfolio"	the interests in real estate assets which (subject to the satisfaction of the Conditions) are to be acquired by the Company, asset-owning companies or intermediate holding companies pursuant to the Acquisition Agreements, as described in paragraph 1 of Part V of this document

"Initial NAV per Ordinary Share" or "Initial Net Asset Value per Ordinary Share"	Euro 7.63, being the Initial Net Asset Value divided by the Fully Diluted Ordinary Share Capital
"Investment Adviser"	Globalworth Investment Advisers Limited, a wholly owned subsidiary of the Company incorporated in Guernsey with registered number 56249 and the provider of investment advisory services to the Group pursuant to the Investment Advisory Agreement
"Investment Advisory Agreement"	the agreement dated 24 July 2013 between (1) the Company and (2) the Investment Adviser pursuant to which the Investment Adviser agrees to provide to the Company, and the Company appoints the Investment Adviser as its exclusive provider of, investment advisory services, a summary of which is set out in paragraph 11.16 of Part XII of this document
"Investing Policy"	the investment policy and strategy of the Company, as described in paragraph 3 of Part II of this document
"IRR"	internal rate of return, being the annualised discounted rate at which the net present value at the realisation date of the cash inflows and outflows of an investment sum equal zero
"Loan to Value" or "LTV"	a loan to value ratio expressing the gearing on an asset, or within a company or group, by dividing the outstanding loan amount by the value of the assets on which the loan is secured. In the case of the Company, this ratio will be determined by reference to the latest Independent Valuation of the relevant asset
"London Stock Exchange"	London Stock Exchange plc
"Management Team"	the Senior Management Team and the Asset Management Team
"Managers"	Panmure Gordon and Cantor Fitzgerald (each in its capacity as Joint Broker and Joint UK Placing Agent), Rosario (in its capacity as Israel Placing Agent) and Sunrise (in its capacity as US Placing Agent)
"Minimum Pre-letting Commitment"	in relation to any logistics or warehouse property, Pre-Letting Commitments in respect of a minimum of 60 per cent. of the GLA of such property and, in relation to any other commercial property, Pre-Letting Commitments in respect of a minimum of 50 per cent. of the GLA of such property
"NAV" or "Net Asset Value"	the measure shown in a company's balance sheet of all assets less all liabilities, and is equal to the equity attributable to shareholders in any company or group. The net asset value of the Group will be measured consistently with the Group's accounting policies, as adjusted to take into account the guidelines issued by EPRA which, among other things, include revaluation of both investment and trading properties held on balance sheet at cost and excludes, amongst other things, deferred tax and goodwill as a result of deferred tax
"NAV per Ordinary Share" or "Net Asset Value per Ordinary Share"	the NAV divided by the number of Ordinary Shares in issue at the relevant date (in relation to which, NAV per Ordinary Share at the end of an accounting period is determined after the deduction of any dividends declared, or to be declared, but not yet paid in respect of that period)
"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), annualised by reference to an accounting reference period

"Non-Founder Vendors"	the vendors (other than the Founder or Founder Companies) under the TCI Acquisition Agreement and the Upground Acquisition Agreement
"Non-Founder Vendors Share Subscriptions"	the subscription by the Non-Founder Vendors for Ordinary Shares at the Placing Price in satisfaction of the Company's obligation to pay consideration to such persons under the TCI Acquisition Agreement or the Upground Acquisition Agreement (as applicable)
"Official List"	the Official List of the United Kingdom Listing Authority
"Ordinary Shares"	ordinary shares of no par value in the share capital of the Company
"the Panel"	the Panel on Takeovers and Mergers of the United Kingdom
"Panmure Gordon"	Panmure Gordon (UK) Limited
"Placing"	the placing of the Placing Shares, at the Placing Price, pursuant to the Placing Agreement
"Placing Agreement"	the agreement dated 24 July 2013 between (1) the Company, (2) the Directors, (3) the Founder, (4) the Asset Manager, (5) Panmure Gordon, (6) Cantor Fitzgerald, (7) Sunrise and (8) Rosario, details of which are set out in paragraph 11.1 of Part XII of this document
"Placing Price"	Euro 5.00 per Ordinary Share
"Placing Shares"	7,618,703 new Ordinary Shares subscribed, allotted and issued pursuant to the Placing
"POI Law"	the Protection of Investors (Bailiwick of Guernsey) Law 1987 (as amended and including all rules, regulations and guidance issued thereunder, including the Registered Collective Investment Scheme Rules 2008 and Prospectus Rules 2008)
"Pre-Letting Commitment"	an agreement by a tenant to lease space in the form of legally binding heads of terms, memorandum of understanding, pre-lease agreement, lease agreement or other contractual arrangement
"Property Valuers"	SC Prime Property Advisers Srl (in association with Knight Frank) and Coldwell Banker Research and Valuation Advisers
"Prospectus Directive"	EU Directive 2003/71/EC (as amended by Directive 2010/73/EU) and including any implementing measure in any Relevant Member State
"QIB"	a "qualified institutional buyer" as defined in Rule 144A
"recurring net free cashflow"	recurring free cashflow generated from underlying investments and not required for working capital purposes or in respect of other commitments, liabilities or other investment opportunities
"Registrar"	Capita Registrars (Guernsey) Limited
"Regulation S"	Regulation S under the Securities Act
"Relevant Member State"	any member state of the European Economic Area which has implemented the Prospectus Directive
"Reporting Accountants"	Ernst & Young Assurance Services SRL, Romania and Ernst & Young Cyprus Limited
"RIS"	a regulatory information service
"Romanian Official Gazette Condition"	in relation to the direct transfer of any shares in a Romanian company pursuant to an Acquisition Agreement, the publishing of the shareholders' resolution approving the transfer of those shares in the Romanian Official Gazette and there being no challenge to this transfer within the 30 day objection period prescribed by Romanian law

"RON", "Ron", "LEI", "Lei"	the lawful currency of Romania
"Rosario"	Rosario Underwriting Services (A.S.) Ltd (as Israel Placing Agent)
"Rule 144A"	Rule 144A under the Securities Act
"sale and leaseback"	a transaction whereby a business sells real estate assets to a property owner and then leases the majority of those assets back from the property owner, typically on a long term lease on institutional terms
"Securities Act"	the US Securities Act of 1933, as amended
"SEE"	Southeast Europe, being Romania, Greece, Serbia, Bulgaria, Croatia and Cyprus
"Senior Management Team"	the Founder (*Chief Executive Officer*) and Dimitris Raptis (*Deputy Chief Executive Officer, Chief Investment Officer and Interim Chief Financial Officer*), together with the other senior managers (including a Chief Financial Officer) appointed by the relevant member of the Group (and approved by the Board) from time to time
"Shareholder(s)" or "Investor(s)"	holder(s) of Ordinary Shares
"Stabilised NOI"	in relation to any real estate asset which is not yet built and/or fully let at the relevant time, the Company's expectation of the NOI of that asset when it is built (if applicable) and fully let (and after any rent-free period)
"subsidiary"	as defined in the Companies Law, including overseas companies (as defined in the Companies Law)
"Sunrise"	Sunrise Securities Corp., as placing agent and, pursuant to the Placing Agreement, US Placing Agent in connection with any private placement within the US (as distinct from the private placement outside the US otherwise contemplated by this document)
"Sunrise Shares"	the 100,000 Ordinary Shares to be issued to Sunrise pursuant to the Placing Agreement on Admission
"TCI Acquisition Agreement"	the agreement dated 24 July 2013 between (1) the Company, (2) Stanuta Enterprises Limited (a Founder Company), (3) Pokandro Limited and (4) Tower Center International SRL for the acquisition (subject to the satisfaction of the applicable Conditions) of the whole of the issued share capital of Tower Center International SRL (which owns the property within the Initial Portfolio known as Tower Center International), a summary of which is set out in paragraph 11.15(c) of Part XII of this document
"Third Party Pipeline"	the pipeline of potential real estate acquisitions not owned or controlled by the Founder or managed by the Asset Manager, as described in paragraph 5 of Part V of this document
"Total Shareholder Return"	the sum of the growth in the market price of the Ordinary Shares over a period plus any dividends declared and paid in respect of that period, expressed as a percentage of the figure derived from the same calculation as at the end of the previous period
"Transaction Cost"	in relation to any asset, the Acquisition Cost and, in the case of an asset to be developed, redeveloped or refurbished, the cost of development, redevelopment or refurbishment (respectively) of that asset, including any part of that cost to be financed by third party debt
"triple net"	rent which is net of property tax, insurance and maintenance costs, all of which are paid by the tenant

"Two Thirds Vote"	the approval of any matter in relation to the Founder Service Agreement, the Investment Advisory Agreement or the articles of incorporation of the Investment Adviser by at least two thirds of the Directors entitled to vote (and actually voting) on such matter
"United Kingdom Listing Authority" or "UKLA"	the FCA, acting in its capacity as the competent authority for the purposes of Part VI of FSMA
"uncertificated form"	shares recorded in the Company's register of members as being held in uncertificated form, title to which may be transferred by means of an instruction issued in accordance with the rules of CREST
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"Upground Acquisition Agreement"	the agreement dated 24 July 2013 between (1) the Company, (2) Milabrin Limited (a Founder Company), (3) Tomafer Limited and (4) Upground Estates SRL for the acquisition (subject to the satisfaction of the applicable Conditions) of the whole of the issued share capital of Upground Estates SRL (which owns the property within the Initial Portfolio known as Upground Towers), a summary of which is set out in paragraph 11.15(d) of Part XII of this document
"United States" or "US"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
"US Purchase Agreement"	each US Purchase Agreement to be entered into by the Company with Approved US Private Placement Offerees in connection with the US Private Placement, substantially in the form agreed between the Company and the US Placing Agent prior to the date of the Placing Agreement (and as may be subsequently amended by mutual agreement between the Company and the US Placing Agent)
"US Placing Agent"	Sunrise, acting solely in its capacity as placement agent with respect to the US Private Placement
"US Private Placement"	the offer and sale of Ordinary Shares by the Company to Approved US Private Placement Offerees in the manner contemplated by each US Purchase Agreement and the Placing Agreement
"US Private Placement Memorandum"	the US Private Placement Memorandum dated on or about the date of this document and which includes this document, and any amendments or supplements thereto, pursuant to which the US Private Placement is to be conducted
"Valuation Date"	the date following Admission as at which the Net Asset Value per Ordinary Share shall be determined by the Administrator, being 31 March, 30 June, 30 September and 31 December in each year
"Valuation Reports"	the Valuation Reports of the Property Valuers relating to the properties within the Initial Portfolio and the Founder Pipeline reproduced in Part VII of this document
"VAT"	value added tax
"Warrant Agreements"	the Founder Warrant Agreement and the Director Warrant Agreement
"Warrant Instrument"	the warrant instrument of the Company dated 24 July 2013, a summary of which is set out in paragraph 11.5 of Part XII of this document
"yield"	a measure of expected return on an asset, being the Stabilised NOI in respect of an asset expressed as a percentage of the Transaction Cost of that asset
"WALT"	weighted average lease term.

KEY INFORMATION

The following information is extracted from, and should be read in conjunction with, the full text of this document. Prospective investors should read the whole of this document, including the risk factors set out in Part I of this document and not rely solely on the following summarised information.

Any investment decision relating to the Ordinary Shares should be based on a consideration of this document as a whole and not solely on this summarised information.

Introduction

The Company has been formed to take advantage of investment opportunities in real estate assets situated in the SEE and CEE region, with a primary focus on properties located in Romania. The Directors believe that the Romanian market in particular (and the SEE and CEE markets in general) offer an attractive real estate investment proposition in the medium-to-long term.

By investing in income-generating properties, asset repositioning and development opportunities, and seeking to derive most of its income from local members of multinational corporate groups and financial institution tenants on long, triple net leases (in many cases supported by parent company guarantees), the Company intends to provide Investors with an attractive risk-adjusted combination of yield and capital appreciation.

Initial Portfolio, Founder Pipeline and Third Party Pipeline

The Company has agreed to acquire (subject to satisfaction of the Conditions) the Initial Portfolio.

The Initial Portfolio comprises the Asset Manager and interests in seven properties in Romania, including income-generating properties and properties under redevelopment or to be developed, all currently managed by the Asset Manager (which, directly or indirectly, owns four of the relevant interests in these assets).

The properties within the Initial Portfolio have been valued at an average value of approximately Euro 317 million[1] and (subject to satisfaction of the Conditions) are to be acquired by the Company for an aggregate Acquisition Cost of approximately Euro 220 million and have an expected total Transaction Cost of approximately Euro 310 million (including an aggregate of approximately Euro 161 million third party debt). The aggregate equity commitment in respect of the total Transaction Cost is expected to be approximately Euro 150 million, of which (if the whole of the Initial Portfolio is acquired) Euro 90 million will be satisfied by the issue of further Ordinary Shares to Founder Companies and a further approximately Euro 15 million will be satisfied by Non-Founder Vendors Share Subscriptions.

The Founder Pipeline comprises the income-generating real estate interests known as BOB/BOC office buildings. The Board has approved the acquisition of these properties at an aggregate Acquisition Cost of Euro 152 million. The Founder has stated that he is prepared to sell his 22 per cent. interest in these properties and there are advanced negotiations with the holder of the remaining 78 per cent. interest with a view to the Company entering into an agreement to acquire 100 per cent. of these properties.

The properties within the Founder Pipeline have been valued at an average value of approximately Euro 182 million[2] and it is expected that the Acquisition Cost in respect of such properties will be Euro 152 million (including an aggregate of approximately Euro 124 million third party debt).

The properties within the Initial Portfolio and the Founder Pipeline have a total of approximately 323,501 square metres GBA (in the case of development properties, assuming completion of construction) and a Stabilised NOI of approximately Euro 51 million.

The Company also has access to a Third Party Pipeline of further potential assets in Romania and Greece.

The Company expects to have invested all the proceeds of the Placing within nine to twelve months after Admission.

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[1] Based on the average of the valuations set out in the Valuation Reports reproduced in Part VII of this document and an independent valuation of the Asset Manager operations.

[2] Based on the average of the valuations set out in the Valuation Reports reproduced in Part VII of this document.

Investing Policy

The investment objective is to pursue a real estate investment strategy aiming to generate attractive risk-adjusted returns through a combination of yield and capital appreciation as a result of investing in a diversified portfolio of properties located primarily in Romania but also the broader SEE and CEE region. The principal focus will be on (i) assets (existing or to be developed) with most of their current or expected income derived from local members of multinational corporate groups and financial institution tenants on long, triple net and annually indexed leases (in many cases supported by parent company guarantees) and (ii) underperforming or undervalued properties (due to distress, mismanagement or otherwise) which, through active asset management, can be transformed into performing and marketable assets. The Company intends to use leverage to enhance its returns.

Business strengths

The key business strengths of the Company are as follows:

- experienced Senior Management Team, with each of the Founder and Dimitris Raptis having at least 15 years' experience of developing and delivering successfully on real estate investment strategies across Europe;
- the Management Team is based in Bucharest, Romania, giving a deep understanding of the local and neighbouring markets and access to local transaction flow through a strong network of regional contacts built up over 13 years;
- strong track record in the attributes and skills necessary to deliver the Company's investment strategy;
- access (through the Asset Manager) to the Asset Management Team, which has significant project, development, property management, commercial and residential letting and administration experience, facilitating active hands-on management of assets;
- access to an attractive Initial Portfolio and Founder Pipeline of Romanian real estate assets;
- to the extent that the Company has access to suitable finance, access to an attractive Third Party Pipeline of real estate assets in Romania and Greece; and
- alignment of the Founder's and Investors' interests, including as a consequence of the Founder Warrants and the Founder's substantial investment in Ordinary Shares.

Selected financial information – NAV

The Company's NAV follows the EPRA guidelines for calculating the underlying value of a company that intends to own and operate investment property for the long term. As such, deferred taxes on property revaluations are excluded and trading properties held on balance sheet at cost are adjusted to reflect their fair market value.

The following table presents a reconciliation of the Company's NAV to shareholders' equity as per the unaudited pro forma financial information presented in Part VIII of this document:

	Euro
Shareholders' equity as per pro forma information	188,677,522
Exclude:	
Deferred tax liability	20,387,458
Include:	
Fair market value of inventories	33,194,022
NAV	242,259,002

Dividend policy

It is intended that 90 per cent. of the Company's distributable profits represented by recurring net free cashflow will be distributed to Shareholders in cash on a semi-annual basis. The determination as to whether or not to reinvest some of the proceeds of disposal of an asset, and the declaration of dividends, shall be at the absolute discretion of the Board.

Admission to AIM

It is expected that the Ordinary Shares will be admitted to AIM, and that dealings in Ordinary Shares will commence, on 25 July 2013.

The Placing and use of proceeds

The Company has raised EUR 53,093,515 (gross) through the issue of Ordinary Shares pursuant to the Placing and the Founder Admission Subscription.

The Company intends to use the proceeds (where relevant, together with third party debt incurred in such amount and for such purpose as is considered appropriate by the Board in the relevant circumstances) for the following purposes:

- to settle the expenses of the Placing and Admission;
- to acquire the Initial Portfolio pursuant to the Acquisition Agreements;
- to further invest in the Initial Portfolio;
- to acquire the Founder Pipeline (subject to reaching agreement regarding such acquisition);
- to the extent third party debt finance is available and it is considered appropriate by the Board in the relevant circumstances, to acquire some of the Third Party Pipeline and/or other real estate assets in the SEE and CEE region (with a particular focus on Romania) in pursuance of the Investing Policy; and
- to fund the Company's working capital requirements.

The Company expects to be able to invest the net proceeds from the Placing, the Founder Admission Subscription, the Equity for Assets Subscriptions and the Non-Founder Vendor Share Subscriptions within nine to twelve months after Admission.

Risk factors

Potential Investors should carefully consider the risk factors set out in Part I of this document, together with all the other information set out in this document and their own circumstances, before deciding to invest in the Company.

PART I

RISK FACTORS

Any investment in the Company involves a high degree of risk, is speculative and may result in the loss of all or part of your investment. The investment offered in this Admission Document is only suitable for investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which might result from such an investment.

Investors in companies with assets in Romania and other SEE and CEE countries should be aware that these countries are subject to greater risks than more developed countries, including significant legal, economic and political risks. Investors should also note that SEE and CEE countries, such as Romania, are subject to rapid change and that the information set out in this document may become outdated relatively quickly. Investors should note that land use and ownership rights and development rights in SEE and CEE countries are inherently uncertain and subject to the risks set out below.

Accordingly, prospective investors should consider carefully all of the information set out in this Admission Document, including the risks described below, prior to making any investment decision. If any of the following risks were to occur, the Company's business, financial condition, net operating income, results of operations, ability to achieve the Stabilised NOI and associated yield stated in this document and/or pay dividends and prospects could be materially adversely affected. The value of the Ordinary Shares could decline and investors could lose all or part of the value of their investment.

The risks described below are considered to be material by the Directors and are based on information known at the date of this Admission Document, but are not the only risks to which the Company is exposed. Additional risks and uncertainties which are currently unknown to the Company, or that the Company does not currently consider to be material, may also have a material adverse effect on its business, financial condition, results of operations and prospects, and could negatively affect the value of the Ordinary Shares.

Investors and prospective investors should consult their financial, legal and tax advisers to review carefully the risks associated with an investment in the Company. Generally, investment in SEE and CEE countries is only suitable for sophisticated investors who fully appreciate the significance of the risks involved.

*References in this Part I to the "**Company**" include, where the context permits, each member of the Group at the relevant time.*

Risks relating to the Group, its business and the Investing Policy

The Company is a recently formed entity and has no operating or financial history. As a result, Investors have only a very limited basis on which to evaluate the Company's ability to effect its Investing Policy and achieve its investment objectives.

Although members of the Senior Management Team have significant real estate and investment experience, the Company was incorporated on 14 February 2013 and it will not commence operations prior to receiving the proceeds of the Placing. While, following Admission (and subject to satisfaction of the Conditions), the Company will be the holding company of the Group, which will include companies which have some history of operations and financial history, not all the companies have been wholly owned by the Founder and so have not been asset managed as a consolidated entity and their individual histories may not be representative of how they would have performed as a consolidated entity or of their future performance. There is therefore only limited operating or financial information that Investors can use to evaluate the Company, its prospects, the effectiveness of the Investing Policy or its ability to achieve its investment objectives. Companies in their initial stages of development present substantial business and financial risks and may suffer significant losses.

Whilst the Company has (itself or through the Asset Manager) financial controls and reporting systems and procedures to support its governance, reporting and disclosure obligations as a publicly traded company, as a recently incorporated entity which has yet to commence operations (or, in the case of the Asset Manager, yet to commence operations as part of publicly traded group) these have yet to be tested in a live environment and there is no certainty that they will function as designed in practice or at all. Accordingly, it is possible that, on and following acquisition of assets, the Company may not be able to provide investors with the financial information they may expect or that the Company may not be able to provide such information within the timeframe that investors expect. Any failure in managing its financial controls, reporting systems or procedures could have a material adverse effect on the Company's business, results of operations, financial condition, ability to pay dividends and prospects.

The Company's growth and its ability to effect its Investing Policy and achieve its investment objectives is dependent on the Founder and Dimitris Raptis.

The success of the Company and its ability to effect its Investing Policy and achieve its investment objectives will depend, to a significant extent, on the efforts, skill and judgment of the Senior Management Team. In particular, the Company is highly dependent on the continued services of the Founder. The diminution or loss of the Founder's services for any reason, as well as any negative market or industry perception arising from that diminution or loss, could have a material adverse effect on the Company's business. The business environment in Romania (in particular, and in SEE and CEE more generally) is characterised to a significant extent by the use of contacts and business relationships. This is particularly important regarding the Founder, whose contacts and business relationships are integral to the Company. Whilst, the Founder has committed to make, directly or indirectly, a significant investment in the Company, has been granted the Founder Warrants (which are all subject to the provisions of the Founder Lock-up Agreement) and is likely to be awarded incentives under any performance incentive to be approved by the Remuneration Committee, there can be no assurance as to the continued services of the Founder as CEO, a Director or at all. If the Founder were unable to perform his duties, to the extent that such contacts and relationships are personal to him, there would be an adverse effect on the Company's ability to continue its activities within currently envisaged timeframes or at all. The other members of the Management Team, together, possess property investment, management, development, marketing, finance and administrative skills and experience that are important to the operation of the Company's business. The departure of any of such members from the Company without adequate replacement may have a material adverse effect on the Company's results of operations, financial condition and business prospects.

There can be no assurance that measures to attract and retain suitable employees and executives (including members of the Management Team) will be successful. The ability of the Company to meet its operational requirements and the future growth and profitability of the Company may be adversely affected by a lack of senior management personnel.

Subject to any applicable non-compete provisions (including, in the case of resignation or termination for cause, as set out in their service agreements with the Investment Adviser and, for the Founder, as set out in the Founder Relationship Agreement), members of the Senior Management Team would be free to compete with the business of the Company if they were to leave its employment, which could have a negative impact on the Company's competitive position and/or its results of operations, financial condition, ability to pay dividends and business prospects.

Whilst it is expected that the Group will obtain "key man" life insurance for the Founder and Dimitris Raptis, there is no guarantee that this will provide adequate coverage for any potential loss of services.

It is expected that the Group will obtain "key man" life insurance for the Founder and Dimitris Raptis (subject to the completion of satisfactory medical examinations). However, the Group currently does not have, and is not expecting to have, "key man" life insurance for any of its other Directors or any of the other members of the Management Team. Whilst it is the intention of the Group to maintain "key man" life insurance in respect of the Founder and Dimitris Raptis, there is no guarantee that this will ultimately be available or, if it is available, that it will provide adequate coverage for any potential loss of services. In addition, if the Group were to seek to obtain such insurance in the future for the other Directors or the Management Team, there is no guarantee that it would be affordable or provide adequate coverage for any potential loss of services of such Directors or other members of the Management Team.

There can be no assurance that the Senior Management Team will be successful in implementing the Investing Policy or achieving the Company's investment objectives.

No assurance can be given that the implementation of the Investing Policy, and achieving the Company's investment objectives, will be successful under current or future market conditions. The approach employed by the Company may be modified and altered from time to time, so it is possible that the approach adopted by the Company to implement the Investing Policy and achieve the Company's investment objective in the future may be different from that presently expected to be used and disclosed in this document.

The past or current performance of the Founder and Dimitris Raptis is not a guarantee of the future performance of the Company.

The past performance of the Founder or of the investments for which Dimitris Raptis had responsibility as part of a larger corporate management team should not be construed as an indication of the future performance of any investments recommended, directly or indirectly, by members of the Senior Management Team to the Board. There are differences between the circumstances referable to the investments for which Dimitris Raptis had responsibility and the circumstances that will be applicable to the Company including, amongst other things, the significant infrastructure of a financial institution which was available to Dimitris Raptis prior to joining the Company and the significant differences in economic conditions. There are also differences between the circumstances referable to the investments made and/or managed by the Founder and the circumstances which will be applicable to the Company (including, amongst others, the Company's listed status and significant differences in economic conditions). These differences may affect the ability of the Company to implement the Investing Policy and realise its investment objectives and could adversely impact the Company's net operating income, results of operations, financial condition, ability to pay dividends and business prospects.

Notwithstanding the Founder's interests in the Initial Portfolio and the Company's right (subject to the satisfaction of the applicable Conditions) to acquire the properties within the Initial Portfolio pursuant to the Acquisition Agreements, there is no certainty that any or all of the Initial Portfolio will be acquired by the Company in the expected timescale, on the expected terms or at all.

Although the Founder has significant interests in the Initial Portfolio, the Company has the right to acquire the Initial Portfolio pursuant to the Acquisition Agreements and the Founder has undertaken to use his reasonable endeavours to procure the satisfaction of the Conditions applicable in each Acquisition Agreement, there is no guarantee that any or all of the Initial Portfolio will be acquired by the Company in the expected timescale, on the anticipated terms as set out in this document, or at all.

There is no certainty that the Founder Pipeline will be acquired by the Company in the expected timescale, on the expected terms or at all.

Although there are advanced negotiations in relation to the potential acquisition of the Founder Pipeline, the Board has undertaken due diligence and approved the acquisition of the Founder Pipeline on terms substantially the same as the Acquisition Agreements (and the Founder has undertaken to use his reasonable endeavours to continue and conclude such negotiations successfully), there is no agreement to acquire the Founder Pipeline and there is no guarantee that the negotiations to achieve such an agreement will be concluded successfully so that the Founder Pipeline can be acquired by the Company in the expected timescale, on the anticipated terms (including as to their expected Acquisition Cost) or at all.

There is no certainty that any of the Third Party Pipeline will be acquired by the Company in the expected timescale, on the expected terms or at all.

Although there are discussions or negotiations in relation to the Third Party Pipeline, these negotiations have not concluded (and there is no guarantee that agreement will be reached), there are no heads of terms, letters of intent, exclusivity undertakings or other agreement, the Company has not carried out due diligence in relation to, or commissioned an Independent Valuation in respect of, or determined whether it wishes or would be appropriate to acquire any of the assets within the Third Party Pipeline, the Board has not investigated or determined in relation to the availability of any suitable third party finance that it would be necessary to require any of the Third Party Pipeline and the Board has not determined whether or not it approves the acquisition of any of the Third Party Pipeline on the anticipated terms as set out in this document or at all. There is no guarantee, therefore, that any of the Third Party Pipeline will be acquired by the Company in the expected timescale, on the anticipated terms as set out in this document, or at all.

There are risks associated with the acquisition of the Initial Portfolio by the Company from the Founder or Founder Companies.

It is expected that the Company will purchase the Initial Portfolio, primarily from the Founder or Founder Companies pursuant to the Acquisition Agreements. Although Independent Valuations of the Initial Portfolio have been obtained from the Property Valuers in the form of the Valuation Reports, the price payable by the Company for the Initial Portfolio does not necessarily represent the price at which a third party would acquire or sell the interests comprising the Initial Portfolio. The vendors (including Founder Companies) have provided certain warranties and indemnities in the Acquisition Agreements, but their liability is subject to thresholds, caps and other qualifications. Also, the vendors are special purpose companies which are unlikely to have any assets to meet any claim. Given these liability limitations and qualifications, the special purpose nature of the vendors and the Company's relationship with the Founder, the extent to which the Company may obtain redress against the vendors in relation to these transactions may be limited in practice. If an agreement is reached to acquire the Founder Pipeline, similar considerations are likely to apply in relation to any acquisition pursuant to such agreement.

The performance incentive structure may encourage high risk investments.

As described in paragraph 4 of Part III of this document, it is expected that the Remuneration Committee will approve the implementation of a performance incentive scheme for the Management Team based on the overall return delivered to Shareholders in each accounting period. Such a performance incentive scheme may lead the Senior Management Team to pursue riskier opportunities in order to seek to increase their remuneration in respect of a particular accounting period.

Although the Company believes that the current economic environment has created acquisition opportunities, the Company expects there will be significant competition for certain of these opportunities and there can be no assurance that the Company will identify sufficient suitable acquisition opportunities or that the Company will be successful in completing acquisitions that will allow the Company to achieve a return.

Notwithstanding the Acquisition Agreements and the existence of the Founder Pipeline and the Third Party Pipeline, the Investing Policy is dependent, to a significant extent, on the Senior Management Team's ability to identify sufficient suitable acquisition opportunities. If the Company does not identify suitable acquisitions that correspond with the Investing Policy, the Company may not be able to invest its cash in a manner which accomplishes its investment objective. If the Company does identify suitable acquisition opportunities, there can be no guarantee that it will be able to execute acquisitions at a price or on other terms that are consistent with its investment objectives or at all. In addition, if the Company fails to complete an acquisition which it has been pursuing for any reason, it may be liable for substantial transaction costs in relation to the due diligence it has performed, fees owed to advisers and other expenses.

The Company will compete with a number of entities for potential acquisitions. The Company expects that it will face competition primarily from strategic buyers, real estate operating companies, developers, investment funds focussing on real estate or distressed assets and commercial and investment banks. Competition in the property market may lead either to an over-supply of commercial and/or residential premises through over-development or to prices for existing properties or land for development being driven up through competing bids by potential purchasers. Compared to the Company, many of these competitors may be subject to less restrictive regulatory requirements, have longer operating histories, pre-existing relationships with current or potential tenants or local regulatory authorities or greater financial, technical and other resources, any or all of which may create competitive disadvantages for the Company with respect to acquisition opportunities. Some of these competitors may have a lower cost of capital and access to funding sources that are not readily available to the Company, which could allow them to respond more quickly to new or changing acquisition opportunities. In addition, some of these competitors may have higher risk tolerances or different risk assessments, which could allow them to justify paying a higher purchase price, or otherwise accepting less favourable terms, for a potential acquisition than the Company.

Certain of these competitors may also have an advantage over the Company if, due to increased regulatory oversight arising out of the continuing stress in financial markets and the European economic environment or for other reasons, vendors favour more established real estate operating companies or other entities over the Company. The Company can provide no assurances that the competitive pressures the Company will face will not have a material adverse effect on the Company's business, financial condition and results of operations or that it will be able to identify suitable and/or sufficient acquisition opportunities or that it will be able to secure satisfactory tenants on satisfactory terms (including rents) or that the Company will make acquisitions, in each case that are consistent with or as contemplated by the Investing Policy or that will generate the expected net operating income or positive returns for Shareholders.

Even if the Company completes acquisitions (including the acquisition of the Initial Portfolio), there is no assurance that its investment business plans for the relevant assets will be implemented successfully or, if implemented, that they will be effective in increasing the value of any assets acquired, maintaining or increasing their cash flows or otherwise achieving the Company's investment objectives.

The results of the Company's operations will depend on many factors, including (but not limited to) the availability of opportunities for the acquisition of real estate assets, availability of finance to achieve leverage and development objectives, the performance of the management in managing and developing the Company's real estate assets and other operational risks disclosed in this document and general political and economic conditions in SEE and CEE. In particular, if property values and prices in the countries in which the Company intends to invest the proceeds of the Placing rise significantly before the funds are invested, the potential returns from property investment, and therefore available to Shareholders, may be less than those targeted by the Company.

The Investing Policy is based, at least in part, on the premise that returns on investments in SEE and CEE real estate assets can be significantly improved by the implementation of various strategies, which may include (but are not limited to):

- implementing repositioning business plans in relation to the operation of acquired properties;
- restructuring the liabilities associated with acquired properties or companies;
- refurbishing or redeveloping acquired properties or companies;
- improving cost and performance efficiencies in relation to the management and maintenance of acquired properties; or
- reorganising the corporate structure of the entities which own and operate properties.

Factors such as the cost and terms of restructuring, the timing and cost of refurbishment or redevelopment or the timing, or failure to obtain, planning permissions could make the Company's plans to increase the value of real estate assets difficult to implement. Even if implemented, there can be no assurance that the Company's plans will be successful. Any failure to implement these strategies successfully (or outside the planned cost and/or timing), or the failure of these strategies to deliver the anticipated benefits in relation to the acquired assets, could have a material adverse effect on the Company's business, financial condition, net operating income, results of operations, ability to achieve the Stabilised NOI and associated yield as stated in this document and/or to pay dividends and prospects, and could result in the Company failing to achieve a return.

There can be no assurance that the Company will be able to dispose of its investments at a time when it will achieve the best price or at a price that gives rise to returns to Shareholders.

The Company's primary strategic focus is to invest in SEE and CEE countries (with a particular focus on Romania) and then to manage and realise these assets and return value to Shareholders. The current expectation is that the realisation period for the Company's investments will run for approximately five-to-seven years. The realisation of returns will depend in large part on the Company being able to sell the assets by the end of the relevant holding period. When the Company determines to dispose of an investment, there is no guarantee that the real estate market conditions will be favourable, that the Company will be able to maximise the returns on such assets, that it will find a purchaser for that asset or that a potential purchaser will have the same view of the value of that asset. In particular, the valuation of real estate assets held by the Company will be inherently subjective and based on a number of assumptions. The value of real estate assets may also be affected by a variety of factors such as:

- the supply and demand of commercial real estate;
- interest and inflation rate fluctuations;
- general economic trends such as GDP growth, employment levels and investment;
- the availability and the creditworthiness of tenants;
- the attractiveness of real estate relative to other investment choices;
- potentially adverse tax consequences; and

- changes in regulatory requirements and applicable laws.

The Company may be subject to liability following the disposal of assets.

The Company may dispose of assets in certain circumstances and may be required to give representations and warranties about, and/or indemnities in respect of, those investments and to pay damages to the extent that any such representations or warranties turn out to be inaccurate and/or claims are made under such indemnities. The Company may become involved in disputes or litigation concerning such representations, warranties and indemnities and may be required to make payments to third parties as a result of such disputes or litigation. If the Company does not have cash available to conduct such litigation or make such payments, it may be required to borrow funds. Any such payments and borrowings to finance those payments, could have an adverse impact on the Company's ability to pay dividends. In addition, if the Company is unable to borrow funds to make such payments, it may be forced to sell further assets to obtain funds. There can be no assurance that any such sales could be effected on satisfactory terms.

The due diligence that the Company has taken or intends to undertake in connection with each acquisition (including in respect of the Initial Portfolio) may not reveal all relevant facts in respect of any such acquisition and may not reveal liabilities which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects, and could negatively affect the value of the Ordinary Shares and the level of dividends.

The Senior Management Team intends to oversee such due diligence as it deems reasonably practicable and appropriate, based on the facts and circumstances applicable to each potential acquisition, before recommending that acquisition to the Board. The objective of the due diligence process will be to identify material issues which might affect the Directors' decision to approve an acquisition. The Senior Management Team intends to use information provided by the due diligence process as the basis for formulating its business plan in relation to the acquired assets. When conducting or overseeing due diligence and making an assessment regarding an acquisition, the Management Team will be required to rely on resources available to it, including public information and information provided by the vendor where such vendor is willing or able to provide such information. In certain circumstances, the Management Team may also retain third party advisers to assist it in its due diligence investigation. There can be no assurance that the due diligence undertaken with respect to any potential acquisition will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such acquisition or formulating business and restructuring strategies. Furthermore, there can be no assurance as to the adequacy or accuracy of information provided during any due diligence exercise or that such information will be accurate and/or remain accurate in the period from the conclusion of the due diligence exercise until the making of the acquisition. The due diligence process is inherently subjective. As part of the due diligence process, the Management Team will make subjective assumptions, estimates and judgments based on limited information regarding the value, performance and prospects of a potential acquisition opportunity. The Company can provide no assurances that the due diligence exercise will result in an acquisition being successful. If the due diligence investigation fails to identify correctly material information regarding an acquisition opportunity, the Company may later be forced to write down or write off certain assets, significantly modify the restructuring or redevelopment plans for an acquired asset or incur impairment or other charges.

The Company may not be able to obtain debt financing on commercially acceptable terms or at all.

The Company will use such leverage from time to time as the Directors (on the recommendation of the Senior Management Team) deem appropriate for the purpose of making acquisitions. Debt financing is also likely to be required for development projects. The extent of any debt financing and the terms thereof will depend on factors such as the size and nature of the potential investment, financial market conditions and the lenders' estimate of the stability of the borrower's cash flow and of the value of the underlying real estate assets.

The global and European financial markets have recently experienced a prolonged liquidity crisis, which has resulted in a large reduction in interbank lending and in wholesale short- and long-term funding markets, and this has had a negative effect on banks' ability and willingness to provide debt financing to commercial customers either at all or on commercially acceptable terms. Such constraints in the debt markets may persist in the medium-to-long-term.

The Company can provide no assurance that it will be able to obtain debt financing on commercially acceptable terms or at all. To the extent that debt financing is necessary to complete a potential investment and remains unavailable or only available on terms that are unacceptable to the Company, the Company may be compelled either to restructure or abandon the potential investment or proceed with the potential investment on less favourable terms. Any delay in obtaining or failure to obtain debt financing may impair the Company's ability to invest in its assets and/or make potential investments.

Whilst it is the Company's intention to fund acquisitions using non-recourse financing, if the Company is not able to obtain non-recourse financing, the assets of the Group as a whole may be at risk.

The use of debt financing in connection with acquisitions or investments may give rise to additional risks and may adversely affect NAV per Ordinary Share, the value of the Ordinary Shares and/or the level of dividends.

The use of debt financing by the Company could result in greater volatility in the returns achieved from investments by the Company. Debt financing could adversely affect returns from investments by exacerbating the extent of any losses incurred in connection with any underlying real estate asset or property operating business which is disposed of by the Company. The use of debt financing may also limit the Company's ability to adjust to changing market conditions, its ability to engage in strategic transactions or obtain additional financing, may increase the cost of obtaining such financing and may increase the volatility of returns of the Company, including the risk of total loss of the amount invested. If income and capital appreciation on investments made with leveraged funds are less than the costs of the debt financing, the net income of the Company and the NAV per Ordinary Share will decline which would have a material adverse effect on the value of the Ordinary Shares and/or the level of dividends.

Incurring a significant amount of debt could require the Company to devote a substantial amount of cash generated by an underlying real estate asset or property operating business to satisfying debt service obligations. Failure to satisfy obligations under any current or future financing arrangements could give rise to default risk and require the Company to re-finance its borrowings. The use of borrowings presents the risk that the Company may be unable to service interest payments and principal repayments or comply with other requirements of its facility agreements. The Company could be at risk of default upon the occurrence of certain events, which could result in borrowings becoming immediately due and repayable in whole or in part, together with any connected cost.

The Company may be forced to sell some of its assets to meet such obligations, with the risk that borrowings will not be able to be refinanced or that the terms of such refinancing may be less favourable than the existing terms of borrowing. For example, a decline in the real estate market or tenant default may result in a breach of any loan to value and/or debt service cover ratios specified in the Company's banking arrangements, thereby causing an event of default with the result that the lenders could enforce their security and take possession of the underlying assets. Adverse changes to the market values of the real estate portfolio of the Company could cause the amount of refinancing proceeds to be insufficient to fully repay its existing debt upon maturity and the Company may be unable to fund payment of such shortfall. In addition, the Company may undertake certain covenants with respect to the timely commencement and/or completion of its development projects, as well as certain obligations of preferred distributions to its partners in such projects. These undertakings are likely to increase the adverse effect on the Company's financial results of any delays or diminished sales or profitability in such projects.

Under certain loan agreements, existing and/or future assets of the Company may be mortgaged in favour of the lender. The inability of the Company to repay the debt to the lender may lead to enforcement of the mortgaged assets and subsequent transfer of the mortgaged assets to third parties attending the enforcement proceedings and/or the lender. This may result in a material loss to the Company and may materially adversely affect the Company's operations and the value of the Company's assets. Any amounts that are secured under a borrowing facility are likely to rank ahead of Shareholders' entitlements, and equity participations are always subordinated in accordance with the terms of the facility. Loan agreements may also provide that the relevant subsidiary may not dispose (in any way, including mortgage) of its assets prior to the settlement of its indebtedness under the agreement, other than in the course of normal business activity. In such event, any disposals of the Company's assets may lead to the breach of such loan agreement and the obligation to settle the full loan amount immediately. This may have a materially adverse effect on the financial condition of the Company.

The Company may be required to re-finance its borrowings from time to time. A number of factors (including changes in interest rates, conditions in the banking market and general economic conditions which are beyond the Company's control) may make it difficult for the Company to obtain such new finance on attractive terms or even at all.

The bank financing in respect of the BOB and BOC office buildings (indirectly) and certain of the bank financing of the Asset Manager is cross-collateralised. Although it is not the Board's intention, future bank financings of the Group may also be cross-collateralised. Any default under any such financings would also provide the relevant bank with access to the assets referable to the applicable cross collateralised facility.

Interest rate risks may reduce any net return to Shareholders.

Changes in interest rates can affect the profitability of the Company by affecting the spread between, among other things, the income on their assets and the expense of their interest-bearing liabilities, the value of any interest-earning assets, their ability to make acquisitions and their ability to realise gains from the sale of their assets. In the event of a rising interest rate environment and/or economic downturn, loan defaults may increase and result in credit losses that may be expected to affect the liquidity and operating results of the Company adversely. Interest rates are highly sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations, fiscal deficits, trade surpluses or deficits, regulatory requirements and other factors beyond the control of the Company.

The Company may finance its investments with both fixed and floating rate debt. With respect to such floating rate debt, the performance of an investment may be affected adversely if the Company fails to limit the effects of changes in interest rates on its operations by employing an effective hedging strategy, including engaging in interest rate swaps, caps, floors or other interest rate contracts or buying and selling interest rate futures or options on such futures. There can, however, be no assurance that such arrangements will be entered into or available at all times when the Company wishes to use them or that they will be sufficient to cover the risk. The Company will be exposed to the credit risk of the relevant counterparty with respect to relevant payments in connection with such arrangements.

The Company may not be able to pay dividends at the levels envisaged by its stated dividend policy.

All dividends or other distributions will be made at the absolute discretion of the Directors. The payment of any dividend in accordance with the Company's dividend policy will depend upon a number of factors, including the availability of sufficient distributable reserves. The generation of profits for distribution depends on many factors, including (amongst other things) the successful management of the Company's properties, attracting and retaining appropriate tenants on appropriate terms, the yields on properties, the Company's success in investing the net proceeds of the Placing in accordance with the Investing Policy, the timing and terms of disposals, market conditions, interest costs, taxes and profits on development and sale of properties.

The Company's ability to pay dividends to Shareholders will, in part, depend on the availability and upstream payment of cash to the Company.

It is likely that the Company will hold its real estate investments indirectly through intermediate and property holding entities. The Company therefore may not directly receive cash generated by the underlying real estate assets and may be reliant on the upstream distribution of cash or inter-company loan payments from intermediate and property owning entities.

The ability of intermediate and property owning entities to make upstream cash distributions or loans to each other and the Company is generally subject to applicable laws, such as entities' organisational documents, maintenance of capital rules, the terms of financing arrangements, accounting treatment and other factors. Applicable laws may require such entities to, among other things, comply with restrictions on the amounts distributed by way of dividend, capital and reserve maintenance principles or require them to obtain shareholder or court approval. Applicable laws may also restrict the making of any distribution, loan or other payment or the timing thereof.

There can be no assurance that the Company will be able to comply with any laws or requirements regulating upstream cash distributions, loans or payments directly or indirectly to the Company. If the Company is unable to comply with these laws or requirements, cash may not be available to the Company, which would materially adversely affect the Company's ability to pay its liabilities as they fall due and/or make distributions to Shareholders.

The risk of litigation is inherent in the Company's operations.

In the ordinary course of the Company's business, legal actions, claims against and by the Company and arbitrations involving the Company may arise. The Company may be subject to litigation from suppliers, tenants or third parties, including visitors to their properties. The publicity associated with, and the outcome of, such claims, arbitrations and legal proceedings could have a material adverse effect on the Company's business, financial condition and results of operations and could negatively affect the value of the Ordinary Shares and the level of dividends.

Catastrophic events, terrorist attacks or acts of war can adversely affect the Company.

Catastrophic events, terrorist attacks or acts of war may lead to an abrupt interruption of business activities and the Company may be subject to losses resulting from such disruptions. If the business continuity plans of the Company are not available or adequate, losses may increase further. In addition, such events and the responses to those events may create economic and political uncertainties which could have an unanticipated adverse impact on the markets in which the Company operates and on the operations of the Company.

Fluctuations in the Company's financial results from period to period may prevent steady earnings growth or affect the Company's ability to raise capital and plan the Company's budget or business activities.

The Company is likely to experience significant variations in revenues and profits from period to period. These variations can generally be attributed to the fact that, at times, the Company's revenues and profits are earned upon, or over a period following, the completion of the development of its various projects. The Company's earnings can be adversely affected if any particular project is not completed, either on time or at all. As a result, it may be difficult for the Company to report steady earnings growth, raise capital and plan the Company's budget and business activities on a period-to-period basis, which could materially adversely affect the Company's business, net operating income, financial condition, results of operations, prospects, the price of the Ordinary Shares and the level of dividends.

The preparation of the Company's consolidated financial statements requires it to make many estimates and judgments. Changes of assumptions behind these estimates and judgments may cause a material and adverse change in its financial condition or results of operations.

The preparation of the Company's consolidated financial statements requires the Company to make many estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and disclosures of contingent liabilities. On an ongoing basis, the Company evaluates its estimates and assumptions, including those related to revenue recognition, investment valuations, intangible assets, bad debts and contingencies. The Company bases its estimates on various assumptions that it believes to be reasonable under the circumstances, which form the basis of its judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Estimates and judgments for a relatively new company, such as the Company, are more difficult to make than those made for a more mature company.

Local laws or regulations may mean that the status of the Company or the Ordinary Shares is uncertain or subject to change, which could adversely affect investors' ability to hold Ordinary Shares.

For regulatory and tax purposes, the status and treatment of the Company and the Ordinary Shares may be different in different jurisdictions. For instance, in certain jurisdictions and for certain purposes, the Ordinary Shares may be treated as units in a collective investment scheme. Furthermore, in certain jurisdictions, the regulatory and tax status of the Company and/or the Ordinary Shares may be uncertain or subject to change, or it may differ depending on the availability of certain information or as a result of disclosures made by the Company. Changes in the status or treatment of the Company or the Ordinary Shares for regulatory and/or tax purposes may have unforeseen effects on the ability of investors to hold Ordinary Shares or the consequences to investors of doing so.

Risks relating to investments in real estate

The valuation of investments in real estate and related assets for which market quotations may not be readily available will require the Company and/or the Independent Valuers to make assumptions, estimates and judgments regarding a number of factors. Property valuation is inherently subjective and uncertain and based on assumptions which may prove to be inaccurate or affected by factors outside of the Company's control, and the Company may not be able to realise such values upon a disposal.

The Company anticipates that substantially all of the investments that it will make will be in the form of investments for which market quotations are not readily available. The valuation of real estate properties is inherently subjective due to, among other factors, the individual nature of each property, its location, the expected future rental revenues from that particular property and, in the case of development land, the expectations as to the cost and timing of that development and its ability to attract tenants. As a result, the valuations of real estate assets, which are expected to account for the vast majority of the Company's assets, will be subject to a degree of uncertainty and will be made on the basis of assumptions, which may not prove to be accurate, particularly in periods of volatility or low transaction volume in the real estate property market, as has recently been the case. The Board may be required to make good faith determinations as to the fair value of these investments on an annual basis in connection with the preparation of the Company's financial statements and Net Asset Value determinations. These determinations will often be based on information provided by the Independent Valuer which, in turn, may be based on estimates or assumptions made by it in relation to the value of the underlying real estate assets or unlisted real estate operating companies for which there may not be a liquid market.

In determining the fair market value of a real estate asset, the Independent Valuer is required to make certain assumptions. These assumptions include, but are not limited to, matters such as the existence of willing buyers and willing sellers in uncertain market conditions, title, condition of structure and services, deleterious materials, plant and machinery and goodwill, environmental matters, areas, statutory requirements and planning, leasing and other information. Such assumptions may prove to be inaccurate. Incorrect assumptions could negatively affect the value imputed to real estate assets and thereby have a material adverse effect on the Company's returns on investments. This is particularly so in periods of volatility or when there is limited real estate transactional data against which property valuations can be benchmarked, as has been the case during recent years. In addition, these valuations speak only as of their valuation date, and market volatility since that date may cause significant declines in the value of real estate assets.

There is no single standard for determining fair value in good faith and, in many cases, fair value is best expressed as a range of fair values from which a single estimate may be derived.

Fair values may be established using various approaches, such as discounted cash flow, a market comparable approach that is based on a specific financial measure (such as rental income, net operating income, value per square metre or other metrics) or, in some cases, a cost basis or liquidation analysis. Because valuations, and in particular valuations of real estate opportunistic investments for which market quotations are not readily available, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, determinations of fair value by the Independent Valuer may differ materially from the values that would have resulted if a liquid market had existed. Even if market quotations are available for the Company's investments, such quotations may not reflect the value that the Company would actually be able to realise because of various factors, including the illiquidity of the underlying assets, the speculative nature of real estate investments, future market price volatility or the potential for a future loss in market value based on poor real estate market conditions. The NAV per Ordinary Share of the Company could be adversely affected if the values of investments that the Independent Valuer records are materially higher than the values that are ultimately realised upon the disposal of the investments and changes in values attributed to investments from time to time may result in volatility in such NAV per Ordinary Share.

There can also be no assurance that these valuations will be reflected in the actual transaction prices, even where any such transactions occur shortly after the relevant valuation date, or that the estimated yield and annual rental income will prove to be attainable.

Income from, and the value of, the real estate assets and the performance of the Company will be subject to fluctuations in economic and real estate market conditions beyond the control of the Company.

The Company will be subject to the risks of ownership, repositioning, development and management of real estate in the markets in which the Company invests. The Company's investing policy does not restrict investments to any country in SEE or CEE or any real estate sector. As a result, the performance of the Company will be influenced by the economic conditions of the countries in which the Company invests. European real estate markets have been adversely affected by on-going current global economic downturn, the serious dislocation of the world's financial markets and unprecedented levels of illiquidity across a number of the world's largest economies, including many countries in SEE and CEE. In addition, they have created a significant degree of uncertainty in markets, including real estate markets. The economic outlook remains uncertain. In this environment, it is possible that real estate prices and values could decrease significantly or continue to be subject to heightened volatility. The current illiquidity in financial markets means that it may be very difficult in the short term to achieve the sale of properties at prices reflected in any valuations. The Company cannot predict how long the current difficult economic conditions will last or whether they will deteriorate further. There is a risk that fiscal and monetary policies designed to stabilise economic conditions may not be effective or may worsen the situation. In particular, governments have agreed to impose or have imposed initiatives designed to manage their economies, at the regional level and within each country in Europe. Significant reductions in public spending which result from these initiatives may present a threat to economic recovery or growth and adversely affect the state of European real estate markets. The precise nature of all the risks the Company faces as a result of current global financial and economic conditions cannot be predicted and many of these risks are beyond the control of the Company. Continuing declines in the SEE and CEE economies where the Company invests could have a negative impact on rental revenues and occupancy rates, which in turn would adversely affect the value of real estate investments.

In addition to general economic conditions, the commercial real estate markets in which the Company operates are also affected by a number of other factors which may have a significant impact on the value of real estate investments, including interest rates and credit spreads, levels of prevailing inflation, the availability and cost of financing for businesses and consumers, the returns from alternative investments as compared to real estate and changes in planning, environmental, commercial lease, tax or other laws and regulations. In particular, commercial property values are dependent on current rental values and occupancy rates, prospective rental growth, lease lengths, tenant creditworthiness and solvency, and investment yields (which are, in turn, a function of interest rates, the market appetite for property investments in general and with reference to the specific property in question) together with the nature, location and physical condition of the property concerned. Rental revenues and commercial real estate values are also affected by factors specific to each local market in which the property is located, including the supply of available space, demand for commercial real estate and competition from other available space.

As a result of the above or other factors, the Company's ability to maintain or increase the occupancy levels of the properties held by the Company through the execution of leases with new tenants and the renewal of leases with existing tenants, as well as its ability to increase rents over the longer term, may be adversely affected.

In particular, tenants going into administration, non-renewal of existing leases or early termination by tenants would result in a significant decrease in the Company's net rental income. If the Company's net rental income declines, it would have less cash available to service and repay its indebtedness and the value of its properties would decline further as well. In addition, significant expenditures associated with each property, such as real estate taxes, compliance with new regulations, works service charges and renovation and maintenance costs, are generally not reduced in proportion to any decline in rental revenue from that property. If rental revenue from a property declines while the related costs do not decline, the distributions to the Shareholders could be adversely affected. Any significant deterioration in economic conditions or conditions in the European real estate markets which contributes to a decline in rental revenues or a further decline in market values assets could have a material adverse effect on the Company's business, financial condition and results of operations and could negatively affect the value of the Ordinary Shares, its ability to achieve the Stabilised NOI and associated yield stated in this document and/or the level of dividends.

If the Company is unable to lease space within properties on satisfactory terms and within a satisfactory timescale, its return on investments and its ability to achieve the Stabilised NOI and associated yield stated in this document and/or make distributions to Shareholders will be materially adversely affected.

The Company's ability to generate rental income will depend on its ability to lease space within properties to appropriate tenants on satisfactory terms and within a satisfactory timescale, which may be affected by a number of factors, including (but not limited to):

- vacancies that lead to lower occupancy rates which would reduce rental revenue and in turn reduce the Company's ability to recover operating costs such as local taxes and service charges and would result in it incurring additional expenses until the property is re-let, including legal and surveying fees and marketing costs;
- the Company's ability to provide or obtain adequate maintenance or insurance services on commercially appropriate terms;
- tenants seeking the protection of bankruptcy laws which could result in delays in receipt of rental and other contractual payments, an inability to collect such payments at all or the termination of a tenant's lease, all of which would reduce the Company's income and could hinder or delay the sale of a property at an acceptable price;
- the amount of rent and the terms on which lease renewals and new leases are agreed being less favourable than leases existing at the relevant time, particularly if the Company offers incentives such as substantial rent abatements, tenant improvements, early termination rights or below-market renewal options in order to re-let a property; and
- changes in laws and governmental regulations in relation to real estate, including those governing permitted and planning usage, taxes and government charges. Such changes may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance. Rights related to particular properties may also be restricted by legislative actions, such as revisions to existing laws or the enactment of new laws or administrative actions, such as the adopting of a new zoning or development plan for an area in which a property is situated.

Real estate assets are relatively illiquid and may limit the ability of the Company to realise the value of their investments at a price consistent with any target return set on acquisition of such asset or respond quickly to changing conditions.

The properties in which the Company may invest are relatively illiquid. Return of capital and realisation of gains, if any, from an investment generally will occur upon disposition or refinance of the underlying property. The Company cannot provide any assurance that there will be ready buyers with sufficient financing and who will be willing to pay fair value at the time the Company desires to sell a real estate asset. The illiquidity of a Company's real estate assets may affect the Company's ability to dispose of an asset and diversify or liquidate part of its portfolio in a timely fashion and at satisfactory prices, consistent with any set return for investments, in response to changes in economic, real estate market or other conditions, or to raise funds for any reason or in response to the exercise by tenants of their contractual rights such as those which enable them to vacate properties occupied by them prior to, or at, the expiry of the originally agreed term. In addition, in the case of leasehold properties, consents are often required from landlords and management companies to transfer such properties, which may further impact the timing of an asset disposition. If the Company were required to dispose of or liquidate a real estate asset on unsatisfactory terms, it may realise less than the value at which the investment was previously recorded, which could result in a decrease in NAV per Ordinary Share and impair the Company's ability to achieve a return for investments.

Periods of reduced liquidity in the capital markets may also mean that it may be difficult to achieve the sale of property assets at prices reflecting the Company's property valuations and consistent with any set return for investments. There is currently limited financing capacity in the capital markets as a result of stresses in the global and European financial systems and, as a result, there is lower demand for real estate as fewer buyers are able to obtain financing on attractive terms. In addition, the lack of relevant transactional evidence increases the possibility of being unable to achieve successful sales of properties at acceptable prices.

The Company's consolidated balance sheet and income statement may be significantly affected by fluctuations in the fair market value of its properties as a result of revaluations.

The real estate assets held by the Company will be independently re-valued annually in accordance with IFRS (save to the extent that the Board determines to rely on an existing Independent Valuation which is not older than six months) and any increase or decrease in the value of these assets will be recorded as a revaluation gain or loss in the Company's consolidated income statement for the period during which the revaluation occurs. As a result, the Company may have significant non-cash revenue gains and losses from period to period depending on the change in fair market value of the real estate assets held by the Company, whether or not such assets are sold. For example, if market conditions and the prices of comparable commercial real estate properties continue to be unfavourable, revaluation losses from real estate assets may occur and continue in the future. If the Company has incurred debt, over the longer term, such revaluation losses could lead to non-compliance with covenants under the debt obligations. A substantial decrease in the fair market value of the real estate assets, over the longer term, could have a material adverse effect on the Company's business, financial condition and results of operations and could negatively affect the value of the Ordinary Shares and the level of dividends. Moreover, the use of borrowings or other leverage by the Company may increase the volatility of such financial performance, and amplify the effect of any change in the valuation of the real estate assets on its financial position and results of operations. The Company is also intending to adopt a policy which will provide for regular rotation of the Independent Valuer in respect of any asset, which again may give rise to non-cash gains or losses.

The Company is dependent on its ability to maintain satisfactory rental levels.

Rental levels and the market value for properties are generally affected by overall economic conditions in the markets in which the Company may operate (e.g. growth and absolute levels of GDP, declining demand for certain types of properties, competition, employment trends, inflation and changes in interest rates). These factors may result in a general decline in rents or an increase in defaults under existing leases. Rent reviews, to the extent they are present, may not be agreed at the then estimated rental values.

The Company is dependent on its ability to attract appropriate third parties to enter into new leases on favourable rental terms. The Company may find it more difficult to attract appropriate third parties to enter into leases during periods when market rents are increasing, or when general consumer activity is decreasing. Upon their expiration, leases may not be renewed by existing tenants, the space may not be re-leased to new tenants promptly or at all or the terms of renewal or re-leasing (including the cost of required renovations or concessions to tenants) may be less favourable to the Company than previous lease conditions.

Any failure to achieve full leasing in respect of all properties within the Initial Portfolio (and/or, if agreement is reached to acquire the Founder Pipeline, the properties within the Founder Pipeline) on the expected terms (including as to rent) and/or within the expected timeframe could adversely affect the Company's ability to achieve the Stabilised NOI and associated yield as specified in this document.

The Company may derive a substantial portion of its rental income from tenants whose revenues may be exposed to adverse trends in the current economic climate.

Notwithstanding the intention of the Company to lease most of its GLA to multinational groups of companies and financial institutions (in many cases with the benefit of guarantees by parents of multinational corporate groups), the Company may lease properties to tenants who are, or who become, significantly exposed to the factors that affect the economic environment generally, and a significant decline in overall tenant revenues or the bankruptcy or insolvency of multiple significant individual tenants, or a substantial number of smaller tenants, would materially decrease the Company's revenues and available cash, and also materially lower the value of the properties.

The Company's tenant leases may not contain provisions designed to monitor the creditworthiness of the tenant. A number of companies have suffered cash flow problems, entered into restructurings or become insolvent as a result of stresses in the global and European financial markets and recessions in a number of European countries. If adverse economic conditions continue or deteriorate further, other tenants may suffer cash flow problems, enter into restructurings or become insolvent in the future. The amounts payable in certain cases to the Company under tenant leases may not be covered by collateral (other than small rent deposits in certain cases) and the Company may not be insured against lease defaults by tenants. The Company therefore may be exposed to the credit risk of each of their tenants and the creditworthiness of their tenants may decline over the short term. If a tenant declares bankruptcy or becomes insolvent, the property which it occupies may experience a decrease in rental income. The Company may be unable to secure a replacement tenant for the same property on favourable terms, or at all. In the case of the Company's retail properties, the bankruptcy or insolvency of a major tenant could contribute to consumers finding that property less attractive, resulting in decreased revenue from the remainder of the affected property. In the event of a lease default by a bankrupt or insolvent tenant, the Company may also experience delays in the receipt of rental payments, incur costs in enforcing its rights as landlord (which it may not be able to fully recover from the defaulting tenant) and may not to be able to regain possession of the space for an extended period of time or cover the full amount of any payments due it under the relevant lease. These or other factors could result in higher vacancy rates, lower rental income, and revaluation losses on the value of the investment properties and could have a material adverse effect on the Company's business, financial condition, results of operations and could negatively affect the value of the Ordinary Shares, the ability to achieve Stabilised NOI and associated yield stated in this document and/or the level of dividends.

If tenants are unable to pay rents or service charges at current levels, new tenants may, given current market conditions and rental values, be less likely to be willing to pay rents at the same levels as prior tenants, resulting in lower rental income at comparable occupancy levels. The attractiveness of the relevant properties to new tenants, and rental income, may be adversely affected if major tenants terminated or declined to renew leases upon expiry, sought lower rents upon review, failed to meet their contractual obligations, sought concessions in order to continue operations, or ceased their operations.

Increases in operating and other expenses could limit the Company's ability to achieve the Stabilised NOI and associated yield stated in this document, to make distributions to Shareholders and to achieve a net return on investments.

The Company's operating and other expenses could increase without a corresponding increase in turnover or tenant reimbursements of operating and other costs. Factors which could increase operating and other expenses include:

- increases in the rate of inflation and currency fluctuation;
- increases in the costs of services provided by third party providers;
- increases in taxes and other statutory charges;
- changes in laws, regulations or government or local authority policies (including those relating to health and safety and environmental compliance) which increase the costs of compliance with such laws, regulations or policies;
- increases in insurance premiums;
- unforeseen increases in the costs of maintaining properties;
- increased building and development costs; and
- unforeseen capital expenditures which may arise as a result of defects affecting the properties which need to be rectified, failure to perform by sub-contractors or increases in operating costs.

Such increases, changes and expenditures could have a material adverse effect on the Company's financial position, capital resources and the Company's ability to achieve the Stabilised NOI and associated yield stated in this document, to make anticipated distributions or any distributions to Shareholders and to achieve a net return on investments.

The Company may hold certain of its real estate assets through co-investments, which are subject to certain risks of shared ownership and control of real estate assets.

The Company may decide to acquire an interest in real estate assets through co-investment. In these cases, the real estate assets in which the Company invests will be partially owned by third parties (including in respect of the Company's proposed acquisition of an indirect 60 per cent. interest in the property in the Initial Portfolio known as Floreasca 1). It is possible that the Company may hold minority economic and voting interests in the vehicle holding the real estate asset. Due to the nature of some of these co-investment arrangements (but not in the case of Floreasca 1), the Company may not retain complete control over all decisions regarding the real estate assets in which it invests, including decisions to sell or retain assets, and as a result the co-investment vehicles may take actions that are in the interests of the other co-investors but not in those of the Company. Accordingly, the Company may not be able to resolve all the issues that arise with respect to such decisions, or it may have to provide financial or other inducements to its partners to obtain a resolution in its favour. In the absence of dispute resolution and expert determination mechanisms provided for in the co-investment arrangements, major conflict with other co-investors may lead to deadlock and result in the Company being unable to pursue its desired strategy or exit the joint venture or co-ownership arrangement other than on disadvantageous terms. For co-investment arrangements the Company does not manage, or where the Company does not have control over the co-investment vehicle, the Company will not be able to make sole decisions as to internal controls over financial and accounting systems of the co-investment vehicle, the selection and application of accounting policies, the restructuring of operations or liabilities, refurbishment or development of properties, reduction of inefficiencies, maintenance of records, authorisation of disbursements and safeguarding of assets. In circumstances where the Company does not have access to financial and accounting reports of a co-investment vehicle on a regular basis, it is exposed to increased risk that controls may not be designed or operate effectively, which could ultimately affect the accuracy of financial information related to these vehicles as prepared by the controlling co-investors.

Various restrictive provisions and rights may govern sales or transfers of interests in co-investment arrangements. These may affect the Company's ability to dispose of a real estate asset at a time that the Company believes to be most advantageous, for example by giving the co-investors a pre-emptive right and/or requiring the approval of the co-investors for disposal to a particular purchaser. In addition, in certain circumstances, if Company does not, when requested to do so, provide further funding to a co-investment vehicle, its interest in the ownership of and revenues from the co-investment vehicle may be diluted.

Co-investment arrangements may exist for so long as the particular vehicle has an interest in the real estate assets or they may exist for a specified term of years, which may be extended upon agreement by the investors. The bankruptcy, insolvency or severe financial distress of one of the Company's co-investors could materially and adversely affect the assets held by the co-investment vehicle. If a co-investment vehicle has incurred recourse obligations, the insolvency of a co-investor may, in certain circumstances, result in the Company assuming a liability for a greater portion of those obligations than it would otherwise bear, or result in the winding up or sale of the co-investment vehicle.

In addition, there is a risk of disputes between the Company and third parties who have an interest in the asset or entity in question. Any litigation or arbitration resulting from any such disputes may increase the Company's expenses and distract the management from focusing their time to fulfil the strategy of the Company. The Company may also, in certain circumstances, be liable for the actions of such third parties.

The Company may not be successful in completing refurbishment or development projects as planned, or on commercially favourable terms.

The Company may not succeed in completing refurbishment or development projects on time or within budget, and failing to do so may prove costly and the Company may only be able to lease the space on unfavourable terms.

The planning phase for a refurbishment or development property may extend over several years and the time to obtain anchor commitments from tenants, planning and regulatory approvals and financing can vary significantly from project to project. Construction and other project costs may exceed the Company's original estimates because of increases in material and labour costs, delays and costs to obtain anchor tenant commitments, potentially making the project unprofitable.

For large refurbishment or development projects, planning costs in securing the property, obtaining planning, demolition and/or construction or other permission and dealing with other third party and regulatory approvals can be significant. The Company may abandon refurbishment or development opportunities that it has begun pursuing and consequently fail to recover expenses already incurred. In some cases, the refurbishment or development of properties may be subject to revaluation losses due to, for example, the Company's determination that a given refurbishment or development property is not likely to yield a desired level of net rental income or occupancy. Other write offs relating to abandoned refurbishment or development opportunities, or revaluation losses resulting from changes in the value of a refurbishment or development properties, may occur in the future.

The Company is subject to general construction and development risks.

The Company's construction and development activities may involve the following risks:

- inability to proceed with the development of properties as a result of failing to obtain financing upon favourable terms;
- additional construction costs for a development project being incurred in excess of original estimates, due to increased material, labour or other costs, which may make completion of the project uneconomical;
- inability to obtain, or delays in obtaining, required planning, land-use, demolition, building, occupancy, and other governmental permits and authorisations, which could result in increased costs and could require the Company to abandon a project entirely. There is also a risk that planning or permitted use consents are not obtained or are delayed, or are granted subject to uneconomic or unfavourable conditions. Laws may be introduced that may be retrospective and affect existing building consents which restrict development in the Company's target geographies. This could have an adverse effect on the Company's business;
- acts of nature, such as earthquakes and floods, that may damage or delay construction of properties as well as discovery of historical elements such as fossils, coins, articles of value or antiquity and structures and/or other remains of geological or archaeological interest that may impede or delay construction of properties;
- inability to complete the construction and leasing of a property on schedule, resulting in increased debt service expense and construction or renovation costs which may result in the termination of existing investment agreements and further result in claims by third parties for damages and termination of respective land leases; and
- building methods or materials used in the Company's developments may prove defective and where a construction company or subcontractor used on a development becomes insolvent it may prove impossible to recover compensation for such defective work or materials. In addition, the Company may incur losses as a result of repairing the defective work or paying damages to persons who have suffered loss as a result of such defective work. Furthermore, these losses and costs may not be covered by the professional liability insurance of the Company, the construction company or the subcontractor.

Any negative change in one or more of the above factors may adversely affect the Company's business, financial condition, results of operations and ability to achieve the Stabilised NOI and associated yield stated in this document.

It is to be noted that the risk that the building and/or planning consents may not be obtained in relation to the properties within the Initial Portfolio known as Bucharest One, Herestrau 1, Floreasca 1 and the third phase of TAP is addressed by the fact that, pursuant to the applicable Acquisition Agreements, such matters are Conditions or the subject of price adjustment or put-back arrangements (as applicable).

The Company depends on contractors and subcontractors to refurbish or construct its projects.

The Company relies on contractors and subcontractors for all of its refurbishment and construction activities. If the Company cannot enter into construction agreements and/or subcontracting arrangements on acceptable terms (or at all) it will incur additional costs which may have an adverse effect on its business. The competition for the services of quality contractors and subcontractors may cause delays in construction, exposing the Company to a loss of competitive advantage. Contracting and/or subcontracting arrangements may be on less favourable terms than would otherwise be available, which may result in increased development and construction costs. By relying on contractors and/or subcontractors, the Company becomes subject to a number of risks relating to these entities, such as quality of performance, varied work ethics, performance delays, construction defects and the financial stability (including potential insolvency) of the subcontractors. A shortage of workers would also have a detrimental effect on the Company and its contractors and/or subcontractors and, as a result, on the Company's ability to conclude the construction phase on time and within budget.

The Company may be affected by shortages in raw materials and employees.

The building industry may from time to time experience fluctuating prices and shortages in the supply of raw materials as well as shortages of labour and other materials. The inability to obtain sufficient amounts of raw materials and to retain efficient employees on terms acceptable to the Company may result in delay in the construction of a project and costs exceeding the project's budget and, consequently, may have a material adverse effect on the results of the Company's operations.

The Company may incur environmental liabilities relating to its real estate assets.

The real estate assets held by the Company will be subject to various laws and regulations of the European Union and its member states and other relevant jurisdictions and territories relating to the protection of the environment and health and safety. Under such laws and regulations, the Company may be liable for the investigation, removal or remediation of hazardous or toxic substances, including asbestos present within buildings, located on or in a real estate asset owned or leased by it, if environmental liabilities develop or are identified in the future. Environmental laws and regulations may impose strict liability rendering the Company liable without regard to negligence or fault, and could expose the Company to liability for the conduct of, or conditions caused by, others, or for acts that were in compliance with all applicable laws at the time such acts were performed. In addition, contaminated real estate assets may experience decreases in value.

Although the Independent Valuer may conduct environmental due diligence, regulatory authorities may disagree with the conclusions and risk assessments of Independent Valuer or its environmental consultants. The costs of any required removal, investigation or remediation of such substances may be substantial. The presence of such substances, or the failure to remediate such substances properly, may also adversely affect the Company's ability to sell or lease the real estate or to borrow using the real estate as security. Laws and regulations, as these may be amended over time, may also impose liability for the release of certain materials into the air or water from a real estate investment, including asbestos, and such release can form the basis for liability to third persons for personal injury or other damages. Other laws and regulations relating to environmental issues can limit the development of, and impose liability for, the disturbance of wetlands or the habitats of threatened or endangered species. Environmental laws often impose liability regardless of whether the owner or operator of the property knew of, or was responsible for, the presence or release of the hazardous substances. Non-compliance with, or liabilities under, existing or future environmental laws and regulations, including failure to hold the requisite permits or licences, could result in liabilities, fines, penalties, third-party claims, operational restrictions and other costs being imposed on Company, which could have a material adverse effect on Company's business, financial condition and results of operations and could negatively affect the value of the Shares.

The Company's ownership interests or lease rights in land may be challenged and the Company may become involved in other disputes in relation to its property interests. There is a general risk of restitution in Romania.

There is a risk of title disputes arising in connection with the Company's real estate investments, for example, disputes with former owners of such assets who claim that they are, or their ancestors were, the rightful owners of the relevant assets prior to the instalment of the communist regime and, pursuant to various special enactments, intend regaining ownership of these assets. Further, there may be a risk of legal disputes with neighbouring land owners and legal disputes with architects, project managers and suppliers, in respect to the refurbishment/construction projects of the Company.

Former owners of real estate assets in Romania whose property was abusively taken over under the pre-1990 communist regime were given the right to seek restitution of that property, so long as they provided adequate supporting documentation.

In view of the above, it is still necessary in Romania to investigate the title historically, going back, if possible, to the "initial owner" or even prior to any abusive takeover by the Romanian State (if applicable). Defects in the chain of title can result in a prior transfer of title being subject to a claim by an interested third party that it is invalid. It should be noted, however, that complete ownership documentation dating back to the "initial owner" might not always be completely identified as most of the times such documents have not been properly kept. Therefore, the majority of real estate transactions in Romania face missing documentation issues and, therefore, the legal analysis on title and ownership is typically focused on the risks associated with such issues and the level of defence a purchaser can have against potential claims.

In Romania, similar to other former communist countries, such as Bulgaria, Hungary and the Czech Republic, certain acquisitions or sales of property may be rendered void under applicable local law provisions as a result of insolvency, fraud, lack of consideration, gross undervaluation, avoidance of creditors or defrauding of creditors. Accordingly, a court in a relevant jurisdiction may void or set aside such a sale or acquisition.

In addition, the sale or transfer of real estate may also be rendered void as a result of other technical requirements in the conveyance of property. For example, in Romania, sales or transfers of property can be rendered void for, among other reasons, flaws in the transacting parties' contractual will, lack of proper authentication by the notary public, lack of corporate capacity, corporate authority or improper representation of the parties for the transfer, fraud, breach or contravention of relevant fiscal or other mandatory laws, breach of legal prohibitions relating to the transfer of ownership or ownership limitations relating to specific types of properties.

Notwithstanding that the Company intends to take reasonable and practical steps to mitigate the risk in respect of any such matters including title insurance from the vendors of any property, any of such matters could apply in relation to the Company and, if they were to occur, they could have a material adverse effect on the Company's business, financial condition, results of operations, prospects, the value of the ordinary shares and/or the level of dividends.

The Company may also acquire investments where it has only a leasehold interest in the land (but ownership of any building on it). Where there are no structures owned by the Company on the land, the land lease may be terminated early in various circumstances; ordinarily this would be in the event of breach of the land lease provisions, but there may be other circumstances provided for in the relevant lease. In addition, the land lease may not contain renewal rights. Even if ultimately settled or decided in favour of the Company, the Company may not be able to recover its costs incurred in relation to the dispute.

Any termination of a lease, challenges to ownership, delays to or cancellations of the development of projects or any other dispute could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

In relation to the above risk factors, it is to be noted that the assets within the Initial Portfolio known as TCI, Bucharest One, City Offices and Herastrau 1, as well as BOB/BOC within the Founder Pipeline, are, or on acquisition by the Company will be, the subject of title insurance, further details of which are contained in Part V of this document.

The Company will be exposed to potential claims relating to its leasing, selling, refurbishment or development of real estate.

The Company may be subject to claims due to defects in quality relating to the leasing, selling, refurbishment or repositioning of its properties. This liability may apply to defects that arise from the actions or omissions of third parties, and are unknown to the Company but could have, or should have, been discovered. Although the Company may have rights against the building contractor/professional team in connection with such defects and/or recourse to latent defects insurance in place for the project in question, there can be no assurance that the Company will be able to enforce its rights and fully recover the costs arising from any claim against it. In addition, the Company may be exposed to substantial undisclosed or unascertained liabilities embedded in real estate assets that were incurred or that arose prior to the completion of the acquisition of such real estate assets.

These liabilities could include, but are not limited to:

- in cases where the Company has acquired the entity which owned the real estate assets, liabilities (including tax liabilities and other liabilities, to state entities) to existing tenants, to creditors or to other persons involved with the real estate assets prior to the acquisition;
- indemnity claims by parties claiming to be entitled to be indemnified by the former owners of the real estate assets; and
- an obligation for the Company to pay deferred consideration for the real estate assets if certain events occur (for example, the grant of planning permission upon letting or completion of the construction works).

Although the Company may have obtained contractual protection against such claims and liabilities from the seller, there can be no assurance that such contractual protection will always be successfully obtained, or that it would be enforceable or effective if obtained under contract.

Such potential liabilities, if realised, could have a material adverse effect on the returns realised on the real estate assets.

Any claims for recourse the Company may have against parties from which the Company has purchased such real estate assets may fail because of the expiration of warranty periods, the statute of limitations, lack of proof that the previous seller knew or should have known of the defect, the insolvency of the previous seller, or for other reasons.

The Company may also be subject to claims by purchasers of its real estate assets as a result of representations and warranties about those real estate assets provided by the Company at the time of disposal. The Company's representations and warranties could pertain to, among other things, title to the real estate assets, environmental liabilities, and liabilities for the payment of tax. The Company may become party to claims, disputes or litigation concerning such representations and warranties and may be required to make payments to third parties as a result. In addition, following the disposal of any real estate assets, the Company is obliged by law, and may be obliged by contract, to retain certain liabilities or potential liabilities that exist in respect of such assets. The costs of any such claims, disputes or litigation, to the extent they materialise, would reduce the Company's available cash flow and could have an adverse effect on its returns on investments and the value of the Shares.

Claims may also be brought against the Company with respect to its refurbishment or development of real estate assets, by, among others, tenants or buyers of the real estate assets as a result of delays, construction defects or other factors. The Company may not perform the refurbishment or development itself but rather may use the services of design and construction companies. Any claim for recourse by the Company against such design and construction companies could fail because of the expiration of the statute of limitations, the claim being uncollectible, or for other reasons.

The Company may be insufficiently insured against all losses, damage and limitations of use of its properties.

Details of the insurance cover in respect of the Initial Portfolio and the Founder Pipeline are contained in Part V of this document. Notwithstanding the foregoing, physical damage to a Company's properties may result in losses (including loss of rent) which may not be compensated fully, or at all, by insurance. Certain types of losses, generally of a catastrophic nature, such as earthquakes, floods, hurricanes, terrorism or acts of war, may be uninsurable or may not be economically insurable, and the Company's insurance policies may be subject to exclusions of liability and limitations of liability both in amount and with respect to the insured loss events. Inflation, changes in building codes and ordinances, environmental considerations, and other factors, including terrorism or acts of war, might also result in insurance proceeds, if any, being insufficient to repair or replace a property if it is damaged or destroyed.

In the event such a loss occurs, there can be no assurance that the insurance proceeds, if any, will fully cover the Company's loss with respect to the affected properties. The occurrence of an uninsured loss or a loss in excess of insured limits could result in the loss of the Company's capital invested in the affected property as well as anticipated future revenue from that property. In addition, the Company could be liable to repair damage caused by uninsured risks as well as remain liable for any debt or other financial obligation related to that property. There can be no assurance that the Company will be sufficiently and effectively insured against all contingencies. If the Company suffers an uninsured loss or has to pay damages, it could have a material adverse effect on the Company's business, financial condition and results of operations and could negatively affect the value of the Shares.

The Company may incur significant costs complying with property laws and regulations.

The Company and its real estate assets will be required to comply with a variety of laws and regulations of local, regional, national and European Union authorities, including planning, zoning, environmental, health and safety, tax and other laws and regulations. If the Company or any of its real estate assets fail to comply with these laws and regulations, the Company may have to pay penalties or private damage awards. In addition, changes in existing laws or regulations, or their interpretation or enforcement, could require the Company to incur additional costs in complying with those laws or regulations, alter the Investing Policy, operations or accounting and reporting systems, leading to additional costs or loss of revenue.

The Company is subject to planning and compliance risks.

The Company's properties must be permitted for commercial or residential activities of the type intended for development by the Company. In instances where the existing planning is not suitable or in which the planning is yet to be determined, the Company will need to apply for the required classifications. This procedure may be protracted, particularly where the bureaucracy is cumbersome and inefficient. The Company cannot be certain that the process of obtaining proper planning will be completed with sufficient speed and cost to enable the property to be developed ahead of the competition without delays, or at all. Opposition by local residents and/or NGOs to planning building applications and permits may also cause considerable delays. In addition, arbitrary changes to applicable planning may jeopardise projects which have already commenced. Therefore, if the Company does not receive planning approvals or if the procedures for the receipt of such planning approvals and/or building consents are delayed, the Company's costs will increase which may have an adverse effect on the Company's business, financial condition and results of operations. It is to be noted that, although planning/building consents have not yet been granted in respect of the proposed development of the Bucharest One, Herestrau 1 and Floreasca 1 properties (all being properties the subject of the Acquisition Agreements), these matters are the subject of Conditions, price adjustment arrangements or put-back rights under the applicable Acquisition Agreements.

Changes in laws could adversely affect the Company's properties.

Various laws and regulations, including fire and safety requirements, environmental regulations, land disposal and use restrictions and taxes affect properties held by the Company. If the Company's properties do not comply with these requirements, the Company may incur governmental fines or private damage awards. New or amended laws, rules, regulations or ordinances could require significant unanticipated expenditures or impose restrictions on the development, construction or sale of properties. Such laws, rules, regulations or ordinances may also adversely affect the Company's ability to operate or resell properties.

The valuations prepared by the Property Valuers in relation to the Initial Portfolio and the Founder Pipeline contain certain assumptions and estimates that may prove to be incorrect. Further, such valuations rely on market predictions and information provided by third parties, including the Company, that may prove to be incorrect.

The Valuation Reports reproduced in Part VII of this document are made on the basis of certain assumptions which may prove not to be correct. In particular, the Valuation Reports assume that: (i) all documents, information, opinions and estimates provided by the Company or the representatives of the Company in relation to the valued property are correct, (ii) the property is in good condition, (iii) there are no adverse or unidentified soil or ground conditions and the load bearing qualities of the sites of each property are sufficient to support the building constructed or to be constructed and (iv) any comparable sales data relied upon in the reports are believed to be from reliable sources but may not have been examined.

In calculating the future NOI and the market value of the properties for the purposes of the Valuation of the Initial Portfolio and the Founder Pipeline, the Property Valuers have relied on certain estimates and assumptions which may prove not to be correct. In particular, the Property Valuers have relied on the following estimates and assumptions for the purposes of the valuation of the Initial Portfolio and the Founder Pipeline: (i) the future rent levels are determined based on comparable sales data for the relevant area, (ii) the future annual vacancy and collection loss rates are determined based on current vacancy rates for each property and the duration of current lease contracts, (iii) the renewal rent levels are estimated based on comparable sales data, (iv) the current vacant spaces will be leased in the year of the relevant report for a duration which is estimated based on the duration of the current leases in the relevant property, (v) a leasing fee, which is determined based on market data, is applied to all estimated renewals or vacant spaces and (vii) a rent free period, which is estimated based on market practice, is applicable to all renewals and vacant spaces leased in the future.

Incorrect estimates and assumptions may negatively affect the expected net operating income (and expected associated yield), and/or the value, of the assets in the Initial Portfolio and the Founder Pipeline and thereby have a material adverse effect of the Company's financial condition, its prospects, the value of the Ordinary Shares and the level of dividends. Furthermore, all values shown in the Valuation Reports rely on current market conditions and forecasts. These values may not be accurate in other time periods or as conditions change. The change of market or other conditions additionally affects the mathematical models and projections used by the Independent Valuers. Therefore, the values shown in the reports shall be regarded as best estimates rather than results that will actually be achieved.

Risks relating to investment in SEE and CEE countries

The Company's financial performance will depend, in part, on the economic situation of the countries in SEE and CEE.

The Company's financial performance will depend, in part, on the economic situation of the countries in SEE and CEE and, in particular, the demand for office, commercial and residential space in the SEE and CEE countries in which the Company may invest. There can be no guarantee that the residential and commercial property markets in these countries will experience growth in their development.

Investors in companies operating in emerging markets such as SEE and CEE should be aware that those markets are subject to greater risks than more developed markets, including legal, economic and political risks. In addition, adverse political or economic developments in neighbouring countries could have a significant negative impact on, among other things, individual countries' GDP, foreign trade or economy in general.

The Company's performance could be significantly affected by events beyond its control in SEE and CEE, such as a general downturn in the economy of the region, changes in regulatory requirements and applicable laws (including in relation to taxation and planning), the condition of financial markets in SEE and CEE and interest and inflation rate fluctuations. Such events could reduce the Company's income from its investments and/or capital value of its properties, and, consequently, could have an adverse impact on the Company's ability to pay dividends and its NAV per Ordinary Share.

Deterioration in the Western European economies can be expected to have an adverse effect on the amount of money spent in tourism, business travel and foreign direct investment and accordingly on property prices in SEE and CEE.

With any investment in a foreign country there exists the risk of adverse political or regulatory developments, including (but not limited to) nationalisation, confiscation without fair compensation, terrorism, war or currency restrictions. The latter may be imposed to prevent capital flight and may make it difficult or impossible to exchange or repatriate foreign currency.

The availability of investment opportunities will depend on the state of the economy and financial markets in Romania and other countries in SEE and CEE.

The availability of potential investments that meet the Company's investment criteria will depend on the state of the economy and financial markets in Romania and other countries in SEE and CEE. The Company can offer no assurance that it will be able to identify and make investments that are consistent with its investment criteria or rate of return targets or that it will be able to invest its available capital fully.

The investment opportunities constituted by the Third Party Pipeline are in the process of negotiation or discussion. There is no guarantee that these investment opportunities will continue to be available in the future at a time or in a form which is convenient for the Company or that the Company will or will be able to invest in these opportunities. The inability to find or agree terms of such investment opportunities could have a materially adverse effect on the financial position and prospects of the Company.

Government action of the SEE and CEE countries may have a material adverse effect on the Company's business.

Governments often have the power, by regulation or governmental act, to interfere in certain circumstances with the performance of, or nullify or terminate, contracts. Selective or arbitrary governmental actions could include the denial or withdrawal of licences, sudden and unexpected tax audits, criminal prosecutions and civil actions. Government entities may sometimes use matters surrounding share issues and registrations to void transactions. The Company's competitors may receive preferential treatment from government entities, potentially giving them a competitive advantage over the Company. Such a competitive advantage may result in a material adverse effect on the Company's business, financial condition and results of operations.

Changes or particular events of a local, regional or global nature or extent may affect the Company's financial performance.

Persons inclined to invest in investment property in the SEE and CEE countries may decide not to invest because of events specific to the SEE and CEE geographical area. Political, economic and social factors, changes in the laws or regulations of the SEE and CEE countries and the status of the SEE and CEE countries' relations with other countries may adversely affect the value of the Company's assets. In addition, the economy of each of the SEE and CEE countries may differ favourably or unfavourably from other economies in several respects, including the rate of growth of GDP, the rate of inflation, resource self-sufficiency and balance of payments position.

Epidemics and other natural calamities can cause customers and businesses to cancel or postpone any decision to lease or purchase property in the SEE and CEE countries. Similarly, terrorism and threats of terrorism, may contribute to a reduction of foreign investment. Wars, and threats of war, and other political uncertainties could also reduce demand for investment property by owners or tenants and reduce the sale value of the Company's investments.

Future political and economic conditions in SEE and CEE countries may result in the governments of SEE and CEE countries adopting different policies with respect to foreign investment. Future actions of these governments could have a significant effect on the economy of each SEE and CEE country, which could adversely affect the value of the Company.

Earthquakes and other seismic events in Romania may adversely affect the Company's assets and disrupt its business.

Romania is situated in a seismically active region and has in the past experienced devastating and deadly earthquakes. The Bucharest area has experienced a number of tremors of varying intensities, the most recent serious earthquake being in March 1977 which killed 1,574 people, including 1,424 in Bucharest, and led to the collapse of 32 buildings, with more than 130 being severely damaged. Whilst Romania has specific regulations covering seismic risks for the design and execution of construction works, the consequences of an earthquake will vary greatly depending upon the circumstances surrounding the quake. Whilst no one can predict with any certainty what the impact might be, it may adversely affect the Company's assets, disrupt its operations and adversely affect the value of the Ordinary Shares and the level of dividends.

Hostilities with neighbouring countries and civil unrest in the SEE and CEE countries may adversely affect SEE and CEE countries' economies, disrupt the Company's operations and cause its business to suffer.

SEE and CEE countries have from time to time experienced instances of hostilities with neighbouring countries. Military activity or terrorist attacks in the future could influence the SEE and CEE countries' economies by disrupting communications, making travel more difficult and deterring inwards investment. Such political tensions could create a greater perception that investments in SEE and CEE companies involve a higher degree of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Europe, could influence the SEE and CEE countries' economies and could have a material adverse effect on the value of the Company.

A slowdown in economic growth in the SEE and CEE countries, and other political and economic factors, may adversely affect the Company's business and results of operations.

All of the Company's investments will be located in Romania and other SEE and CEE countries. The Company's investments may be affected by foreign exchange rates and controls, interest rates, changes in government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting some or all of the SEE and CEE countries.

The assets and employees of the Company may become adversely affected by crime and corruption.

Organised crime, including extortion and fraud, pose a risk to businesses in Romania and other SEE and CEE countries. Property and employees of the Company may become targets of theft, violence and/or extortion. Threats or incidents of crime may force the Company to cease or alter certain activities or to liquidate certain investments, which may cause losses or have other negative impacts on the Company. Corruption and money laundering may be problems that exist in Romania and other SEE and CEE countries.

Official statistics may be unreliable.

Official statistics and other data published by Romania and other SEE and CEE countries may not be as complete or reliable as those of more developed countries.

Romania and other SEE and CEE countries which are not part of the Euro may expose the Company to exchange risks which may reduce the Company's operating results.

The Company's functional and presentational currency is the Euro. As a result, the Company's consolidated financial statements will carry the Company's assets in Euros. However, the Company is targeting to make acquisitions in countries that have not adopted the Euro which will expose it to currencies other than the Euro. When consolidating businesses that have functional currencies other than the Euro, the Company may be required to translate, amongst other things, the balance sheet and operational results of such businesses into Euros. Due to the foregoing, changes in exchange rates between Euros and other currencies could lead to significant changes in the Company's reported financial results from period to period. Among the factors that may affect currency values are trade balances, levels of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. Although the Company may seek to manage its foreign exchange exposure, there can be no assurance that such arrangements will be entered into or available at all times when the Company wishes to use them or that they will be sufficient to cover the risk. The degree of correlation between price movements of the instruments used in hedging activities and price movements in a position being hedged may vary. An imperfect correlation could prevent the Company from limiting its risk exposure and create new risks of loss.

There may be uncertainties in relation to enforcement under Romanian law and the laws of other SEE and CEE countries.

Romanian and other SEE and CEE law may govern some of the Company's material agreements. It cannot be guaranteed that the Company will be able to enforce in Romania any of its material agreements (or any other agreements entered into on its behalf) governed by foreign legislation or that remedies will be available outside of Romania.

The Romanian legal system is a civil law system based on written statutes. Unlike common law systems, the Romanian legal system does not recognise case law or judicial precedent as a source of legal rules. Any developments in the Romanian legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the pre-emption of national laws by international treaties and EU law, could materially affect the structure and stability of the main laws and regulation in place for property matters.

Although one of the main concepts behind the applicability of legal enactments in Romania is based on the principle that a law cannot apply to former acts or matters concluded, or circumstances which occurred, prior to the entry into force of that law, there may be cases when the new laws/regulations shall apply to acts concluded before the coming into force of the new enactment. Such a dual applicability of former and new regulations could affect the ability of the Company to conduct its business in relation to the assets the subject matter of the acts or the circumstances the subject of this situation.

Risks relating to taxation

Any change in the Company's tax status, the tax regime applicable to holding Ordinary Shares or in the tax legislation (or its interpretation) in any of the jurisdictions in which the Company operates or may invest, could affect the value of the investments held by the Company and/or affect the Company's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders. Statements in this document concerning the taxation of the Company and its investors are based upon tax law and published practice at the date of this document, which is subject to change.

The Company may be treated as a PFIC

The Company may be treated as a passive foreign investment company ("**PFIC**") for US federal income tax purposes because of the composition of its assets and the nature of its income. If so treated, Investors that are US persons, as defined in the Internal Revenue Code, may be subject to adverse US federal income tax consequences on a disposition or constructive disposition of the Ordinary Shares and on the receipt of certain distributions. Investors who are US persons should consult their own advisers concerning the US federal income tax consequences that would apply if the Company is a PFIC and certain US federal income tax elections that may help to minimise adverse US federal income tax consequences. If the Company is a PFIC in any year, it intends to provide US holders of Ordinary Shares, on request, the information that would be necessary in order for such persons to make a "qualified electing fund" ("QEF") election.

General Risks

The rights of Shareholders and the fiduciary duties owed by the Board to the Company will be governed by Guernsey law and the Articles of Incorporation of the Company and may differ from the rights and duties owed to companies under the laws of other countries.

The Company is a closed-ended collective investment scheme that has been formed and registered under the laws of Guernsey. The rights of its Shareholders and the fiduciary duties that the Board owes to the Company are governed by Guernsey law and the Articles of Incorporation of the Company. As a result, the rights of its Shareholders and the fiduciary duties that are owed to them and the Company may differ in material respects from the rights and duties that would be applicable if the Company was organised under the laws of a different jurisdiction.

The residence of the Company and its Directors may make it more difficult to enforce any judgment in the UK and the US.

The Company is incorporated in Guernsey, the majority of its Directors and the Company's senior management are non-residents of the UK or the US and none of its assets, or few of the assets of those persons, are located in the UK or the US. Therefore, it may be difficult to enforce a judgment obtained in the UK or the US against the Company or any of these persons.

The AIFM Directive may adversely affect the marketing of the Ordinary Shares in the European Union, which would be likely to adversely affect liquidity in the Ordinary Shares and the ability of Shareholders to realise their investment.

The EU Alternative Investment Fund Managers Directive (No. 2011/61/EU) ("**AIFM Directive**") is expected to be transposed into the national legislation of each EU Member State by 22 July 2013. The AIFM Directive is likely to significantly increase management costs, including regulatory and compliance costs and may affect the Company's flexibility as to the structures and methods it can use to deploy its capital.

The AIFM Directive will initially allow the continued marketing of non-EU alternative investment funds ("**AIFs**"), such as the Company, by the AIFM or its agent under national private placement regimes of those EU Member States that have private placement regimes for unregulated funds. Such marketing will be subject to, amongst other things, (a) the requirement that appropriate cooperation agreements are in place between the supervisory authorities of the relevant EU member states and the GFSC, (b) Guernsey not being on the Financial Action Task Force money-laundering blacklist and (c) compliance by the AIFM with certain aspects of the AIFM Directive (such as disclosure and transparency requirements). It is intended that, over time, a passport will be phased in to allow the marketing of non-EU AIFs such as the Company and that private placement regimes will be phased out. Both the adoption of the passport and the phasing out of national private placement regimes are subject to certain criteria. Consequently, there may be restrictions on the marketing of the Company's shares in the EU, which in turn may have a negative effect on marketing and liquidity generally.

Regulatory regime and permits.

The value of the Company will be, in part, dependent upon the continuation of a favourable regulatory climate with respect to its investments. The failure to obtain or to continue to comply with all necessary approvals, licences or permits, including renewals thereof or modifications thereto, may adversely affect the Company's performance, as could delays caused in obtaining such consents due to objections from third parties.

The Investment Adviser is not subject to any regulation.

The Investment Adviser is not (nor are its personnel) subject to regulation by the Financial Conduct Authority in the UK. Accordingly, the Investment Adviser will not be subject to the requirements applicable to persons who are authorised by the Financial Conduct Authority to provide investment management and similar services in the United Kingdom. Furthermore, the activities of the Investment Adviser in connection with the Company are not subject to any regulation, supervision or oversight by any regulator or supervisory body in Guernsey or Romania.

The Company may become subject to liability as a result of it being a controlling person in relation to its investments.

The Company may have controlling interests in some of its investments through SPVs or may own such properties directly. The exercise of control over an entity (or the property itself) can impose additional risks of liability for environmental damage, failure to supervise management, violation of government regulations (including securities laws) or other types of liability in which the limited liability characteristic of business ownership may be ignored. If such liabilities were to arise, the Company might suffer a significant loss.

The current classification of the Company as an investing company under the AIM Rules may change, in which case it would no longer be subject to the requirements, interpretations and guidance applicable to an investing company.

At the time of Admission, the Company will be classified as an investing company under the AIM Rules. This means that it will be subject to specific requirements, rule interpretation and guidance relating to investing companies as set out in the AIM Notes for Investing Companies. Whilst the Company currently intends to remain classified as an investing company under the AIM Rules, it is possible that in the future it may no longer be classified as such (whether by choice or because it is deemed that there is not sufficient separation between the Company and its investments or for any other reason), in which case it would no longer be subject to those requirements, interpretations and guidance. Amongst other things, this would mean that different rules would apply to substantial transactions, reverse takeovers and fundamental changes of business as expounded in the AIM Rules which may be more or less onerous.

The Ordinary Shares may be subject to price volatility and Shareholders could lose all or part of the value of their investment.

The market price of the Ordinary Shares may be subject to wide fluctuations in response to a range of events. Factors that may cause the market price of the Ordinary Shares to vary include, but are not limited to:

- changes in the financial performance and prospects of the Company or comparable funds invested in distressed assets in the SEE or CEE real estate market;
- failure to develop and/or lease in accordance with expectations;
- changes in the underlying valuation of the Company's investments;
- the termination of the employment agreements or the departure of some or all of the Senior Management Team;
- the failure to source or secure investment opportunities in a timely fashion;
- divergence in the Company's financial results from investor or stock market expectations, including the failure to meet or exceed earnings estimates by analysts and/or the Stabilised NOI and associated yield stated in this document;
- speculation by the media or investment community regarding the Company's business or investments;
- trends in the European real estate market and the regional economy generally;
- purchases or sales of Ordinary Shares by the Senior Management Team or large purchases or sales of Ordinary Shares by any persons;

- a perception that other market sectors may have higher growth prospects;
- general economic conditions, the loss of or failure to obtain debt financing;
- changes in laws or regulations, or new interpretations or applications of laws or regulations, affecting the Company, the Asset Manager or the European real estate markets generally (and the Romanian real estate market in particular); and
- other events and factors beyond the control of the Company.

In addition, securities markets have from time to time experienced significant price and volume fluctuations which may not be correlated in a predictable way to the performance or prospects of particular companies, and volatility in the capital markets has increased significantly in recent years as a result of the financial crisis. Prospective investors should be aware that the value of the Ordinary Shares could decrease as well as increase and investors may therefore not recover the value of their original investment, especially as the market in the Shares may have limited liquidity.

It is possible that, following full performance by the Founder of his obligations under the Founder Subscription Agreement, approximately 66 per cent. of the Ordinary Shares will be held by the Founder or by Founder Companies. The Founder's shareholding in the Company may also increase pursuant to the exercise of the Founder Warrants (potentially up to 70 per cent. if the relevant share price vesting thresholds are achieved) and/or if the Company exercises its share buy-back right other than from the Founder. The size of the Founder's shareholding in the Company may limit the ability of Shareholders to influence shareholder decisions.

On Admission, the Founder will own the Founder Admission Shares, representing approximately 28 per cent. of the Ordinary Shares. Assuming that the Company acquires all of the Initial Portfolio pursuant to the Acquisition Agreements and, as a result, the Founder subscribes for a further 18,000,000 Ordinary Shares pursuant to the Founder Subscription Agreement (and the Non-Founder Vendors Share Subscriptions will take place), the Founder will then hold 21,000,000 Ordinary Shares representing approximately 66 per cent., of all Ordinary Shares at that time. The Founder's shareholding in the Company may also increase pursuant to the exercise of the Founder Warrants (potentially up to 70 per cent., if the relevant share price vesting thresholds are achieved) and/or if the Company exercises its share buy-back right other than from the Founder. Although the Founder Subscription Agreement and the Founder Relationship Agreement provide mechanics aimed at ensuring that the Company's independence will be maintained, the Founder will be in a position to exercise significant influence over the Company, including the election of Directors. This concentration of ownership may have the effect of delaying, preventing and/or deterring a change in control of the Company, depriving Shareholders of an opportunity to receive a premium for their Ordinary Shares as part of a sale of the Company and/or adversely affecting the market price of the Ordinary Shares. To the extent that the interests of the Founder differ from the interests of other Shareholders, such other Shareholders may be disadvantaged by any such actions that the Founder seeks to pursue. In addition, and notwithstanding the provisions of the Founder Lock-up Agreement, any decision by the Founder to sell all or part of the Ordinary Shares held by him or by Founder Companies could adversely affect the market price of the Ordinary Shares. Investors should also note that the Panel has granted a waiver in respect of the mandatory bid obligation that would otherwise apply to the Founder as a result of acquiring interests in Ordinary Shares over specified thresholds. Further details of this waiver are set out in paragraph 17 of Part IV of this document.

Duration and terms of the arrangements with the Founder.

Pursuant to the Investment Advisory Agreement, the Company has appointed the Investment Adviser as its exclusive provider of investment advice in relation to the implementation of the Investing Policy for the period of five years following Admission (including the sourcing of investments, the creation and implementation of business plans in respect of the Company's investments and the timing and terms of the disposal of any such investments). The Company may not acquire or dispose of assets other than on the recommendation of the Investment Adviser through the Investment Advisory Agreement. The Founder Service Agreement is for an initial fixed term of five years and, other than for cause, at any time in that five year period when the Founder holds at least 10 per cent. of the issued Ordinary Shares, it cannot be terminated by the Investment Adviser other than following a Two Thirds Vote. Any such termination following a Two Thirds Vote would result in the salary for the remainder of the 5 year term being paid up in full, the vesting of all Founder Warrants held by him at that time (irrespective of whether or not the applicable market price vesting thresholds had been achieved), the vesting of all historical performance awards and the Company being required to pay the Founder a cash payment of Euro 10 million (less two times the number of whole years elapsed since Admission multiplied by Euro 1 million). In such circumstances, after the first anniversary following Admission, the Founder would not be subject to any lock-up in respect of any Ordinary Shares or Warrants held by him. These arrangements may discourage the removal of the Founder from his primary investment advisory role and may have the effect of delaying, preventing and/or deterring a change in control of the Company, depriving Shareholders of an opportunity to receive a premium for their Ordinary Shares as part of a sale of the Company and/or adversely affecting the market price of the Ordinary Shares. The key terms of the arrangements with the Founder, and between the Company and the Investment Adviser, are summarised in paragraph 6 of Part II of this document and paragraphs 2 and 3 of Part IV of this document and your attention is drawn to those paragraphs.

The Ordinary Shares could trade at a discount to NAV per Ordinary Share.

The Shares could trade at a discount to NAV per Ordinary Share for a variety of reasons, including market conditions and/or to the extent that investors undervalue the Company's investments and activities and/or the fact that the Acquisition Cost of the Initial Portfolio is lower than the average of the valuations of the Initial Portfolio by the Property Valuers reproduced in Part VII of this document. If an agreement is reached to acquire the Founder Pipeline, similar considerations are likely to apply in relation to the Founder Pipeline. The only way for investors to realise their investment (other than through any dividends which are paid by the Company) is to sell their Shares for cash. Accordingly, in the event that a Shareholder requires immediate liquidity or otherwise seeks to realise the value of its investment in the Company through a sale of its Shares, the amount received by the Shareholder upon such sale may be less than NAV per Ordinary Share. There can be no assurance that the market will value the Shares at or above NAV per Ordinary Share.

The Ordinary Shares carry limited rights of repurchase.

The Company has been established as a closed-ended collective investment scheme. Accordingly, other than in the circumstances and subject to the conditions set out in paragraph 8 of Part IV of this document, Shareholders will have no right to have their Ordinary Shares purchased by the Company at any time. While the Directors retain the right to effect purchases of Ordinary Shares in the manner described in this document, they are under no obligation to use such powers at any time and Shareholders should not place any reliance on the willingness of the Directors to do so. Shareholders wishing to realise their investment in the Company will normally therefore be required to dispose of their Ordinary Shares through the secondary market. Accordingly, Shareholders' ability to realise their investment at NAV per Share or at all is dependent on the existence of a liquid market for the Ordinary Shares.

Sales of the Ordinary Shares following Admission could depress the Company's share price.

Sales of a substantial number of Ordinary Shares in the public markets following the Placing, or the possibility that these sales may occur, could have a material adverse effect on the price of the Ordinary Shares and/or impair the Company's ability to obtain further capital through an offering of equity securities.

The Company is subject to the general risks relating to investment in AIM listed securities.

Investment in shares traded on AIM is perceived to involve a higher degree of risk and be less liquid than investment in companies whose shares are listed on the Official List. AIM has been in existence since June 1995 but its future success and liquidity in the market for the Company's securities cannot be guaranteed. It is possible that an active trading market may not develop and continue upon completion of the Placing. Even if an active trading market develops, the market price for the Ordinary Shares may fall below the Placing Price. As a result of fluctuations in the market price of the Ordinary Shares, investors may not be able to sell their Ordinary Shares at or above the Placing Price, or at all. Investors may therefore realise less than, or lose all of, their investment. In addition, AIM is a less regulated market than the Official List. For example, there are fewer circumstances in which the Company would be required to seek Shareholder approval for transactions and the requirements for disclosure of the financial history of any asset holding companies that are acquired may be lower. Investors may suffer actual or perceived prejudice to the extent the Company takes advantage of the increased flexibility it is allowed through an AIM listing.

The Company may have additional requirements for cash which may be funded by further equity financings and so lead to a dilution in Shareholders' percentage holdings in the Company.

It may be necessary or desirable for the Company to raise further funds in the future, from time to time, which may be by way of the issue of Ordinary Shares on a non pre-emptive basis and which would result in a dilution in the interests of Shareholders at that time of such issue. There is no requirement to issue Ordinary Shares on a pre-emptive basis if they are being issued other than for cash (up to a maximum aggregate amount equal to one third of the Fully Diluted Share Capital Ordinary Shares or as otherwise approved by Shareholders) or if they are being issued for cash at an issue price which is not more than 10 per cent. below the NAV per Ordinary Share.

There is currently no market for the Ordinary Shares and a market for the Ordinary Shares may not develop, which could adversely affect the liquidity and price of the Ordinary Shares.

There is currently no market for the Ordinary Shares. Therefore, prospective investors should be aware that they cannot benefit from information about the prior market history of the Ordinary Shares as to their decisions to invest. Furthermore, an active trading market for the Ordinary Shares may never develop or, if developed, may not be maintained. Shareholders may be unable to sell their Ordinary Shares unless a market can be established or maintained.

Additional requirements for capital may not be met successfully.

Additional financing may be required for the future for the Company to fully exploit opportunities available and generally to pursue its Investing Policy. Such funding requirements may be met by way of the issue of further Ordinary Shares, which may be on a non pre-emptive basis. No assurances can be given that the Company will be able to raise the additional finance that it may require for its anticipated future operations and generally to pursue its Investing Policy. Real estate prices, environmental rehabilitation or restitution, revenues, taxes, capital expenditures and operating expenses are all factors which may have an impact on the amount of additional capital that may be required. Any additional equity financing may have a dilutive effect and debt financing, if available, may involve restrictions on financing and operating activities.

THE RISKS NOTED ABOVE DO NOT NECESSARILY COMPRISE ALL RISKS FACED BY THE COMPANY AND ARE NOT INTENDED TO BE PRESENTED IN ANY ASSUMED ORDER OF PRIORITY.

PART II

THE INVESTING POLICY

1. Introduction

The Company was incorporated in Guernsey on 14 February 2013 under the Companies Law with registered number 56250 and was registered by the GFSC as a registered closed-ended collective investment scheme on 12 July 2013. The Company has been formed to take advantage of investment opportunities in real estate assets situated in the SEE and CEE region, with a primary focus on properties located in Romania. The Directors believe that the Romanian market in particular (and the SEE and CEE markets in general) offer an attractive real estate investment proposition in the medium-to-long term.

By investing in income-generating properties, asset repositioning and development opportunities, and seeking to derive most of its income from local members of multinational corporate groups and financial institution tenants on long, triple net leases (in many cases supported by parent company guarantees), the Company intends to provide Investors with an attractive risk-adjusted combination of yield and capital appreciation.

All investment advisory and portfolio management services will be provided exclusively by the Investment Adviser, a wholly owned subsidiary of the Company which will employ the Founder and Dimitris Raptis. All asset management and administration services will be provided to the relevant property owning members of the Group by the Asset Manager (which is currently owned by a Founder Company and which, pursuant to the Asset Manager Acquisition Agreement, is expected to be acquired by the Company within three months after Admission).

2. The opportunity

The Company offers Investors access to a growing portfolio of real estate assets focused primarily in Romania most of which are (or are expected to be) leased to local members of multinational corporate groups and financial institutions on long, triple net and annually indexed leases (in many cases supported by parent company guarantees) and which are (or will be on acquisition by the Company) managed by a team of professionals with a proven track record of real estate investment and development and particular expertise in generating value from underperforming or undervalued assets.

It is expected that, during the period of three months following Admission (and subject to satisfaction of the applicable Conditions), the Company will acquire all of the Initial Portfolio pursuant to the Acquisition Agreements so as to take prompt advantage of investment opportunities in Romania, that the negotiations to acquire the Founder Pipeline will conclude successfully and that (subject to the availability of appropriate third party debt) discussions in relation to some of the Third Party Pipeline will continue.

Initial Portfolio and Founder Pipeline

The Initial Portfolio comprises the Asset Manager and interests in seven properties in Romania, including income-generating properties and properties under redevelopment or to be developed, all currently managed by the Asset Manager (which, directly or indirectly, owns four of the relevant interests in these assets).

The relevant interests in the properties within the Initial Portfolio have been valued at an average value of approximately Euro 317 million[1] and (subject to satisfaction of the Conditions) are to be acquired by the Company for an aggregate Acquisition Cost of Euro 220 million and have an expected total Transaction Cost of approximately Euro 310 million (including an aggregate of approximately Euro 161 million third party debt). The aggregate equity commitment in respect of the total Transaction Cost is expected to be approximately Euro 150 million, of which (if the whole of the Initial Portfolio is acquired) Euro 90 million will be satisfied by the issue of further Ordinary Shares to Founder Companies pursuant to Founder Equity for Assets Subscriptions and approximately Euro 15 million will be satisfied by Non-Founder Vendors Share Subscriptions.

The properties within the Founder Pipeline comprise two income-generating office buildings in Bucharest and have been valued at an average value of approximately Euro 182 million[2]. It is expected that the

[1] Based on the average of the valuations set out in the Valuation Reports reproduced in Part VII of this document and an independent valuation of the Asset Manager operations.

[2] Based on the average of the valuations of the Founder Pipeline set out in the Valuation Reports reproduced in Part VII of this document.

Acquisition Cost in respect of such properties will be Euro 152 million (including an aggregate of approximately Euro 124 million third party debt).

The properties within the Initial Portfolio and the Founder Pipeline have a total of approximately 323,501 square metres GBA (assuming completion of construction in relation to the development properties) and a Stabilised NOI of approximately Euro 51 million.

Further details regarding the Initial Portfolio and the Founder Pipeline are set out in paragraphs 1 to 3 of Part V of this document. The Valuation Reports in respect of the Initial Portfolio and the Founder Pipeline are reproduced in Part VII of this document.

Third Party Pipeline

There are currently active discussions or negotiations, predominantly with several international corporate groups and financial institutions, in relation to a Third Party Pipeline comprising more than ten commercial real estate investment opportunities in Romania and Greece. The Company expects to progress discussions in relation to certain of these opportunities (including assessing the availability of the necessary third party debt) with a view to considering the possibility of acquiring certain of these (or similar) assets within nine to twelve months following Admission. Further details regarding the Third Party Pipeline are set out in paragraph 5 of Part V of this document.

Investment environment

The Directors believe that attractive real estate investment opportunities across Europe have emerged following the financial crisis of 2008 and the most severe post-war global recession. The ensuing and ongoing Eurozone sovereign debt crisis has further increased risk aversion among real estate investors, who have consequently focused their attention on prime assets, mainly located in the major cities and financial centres of large Western European countries. This has led to significant increases in prices for such assets in these markets to levels which the Directors believe are not commensurate with a high yield, opportunistic real estate strategy.

The Directors believe that, by focusing primarily on real estate investments in Romania and the broader SEE and CEE region (combined with the substantial reduction in real estate values in these regions as a result of the distress caused by the global financial crisis), the Company can take advantage of the significant yield and pricing arbitrage currently in place so as to achieve higher, risk-adjusted returns. Some of the factors that, in the view of the Board, make investment in Romania and the broader SEE and CEE region a compelling proposition are summarised below.

- *Limited equity capital availability:* As many real estate institutional investors in Europe are currently focused on investing in prime assets in Western Europe, there is currently limited institutional investor appetite for Romania and the broader SEE and CEE region. The Directors believe that global investor capital flows will gradually move from markets considered as "safe havens" to more peripheral markets in search of higher yielding investments. As a result, Romania and the broader SEE and CEE region should, in due course, become more attractive destinations for a wide investor audience. The Company will hold an early mover advantage in these markets and should therefore benefit significantly from this gradual shift in investor sentiment.

- *Limited availability of senior debt financing:* Availability of senior debt financing is currently scarce across Europe, with many of the traditional real estate lenders either withdrawing from the market and/or retreating to their home lending markets. Many senior debt lenders are currently focused on lending primarily in respect of prime assets in major Western European cities. This exacerbates the liquidity and capital availability issue that Romania and the broader SEE and CEE region are currently experiencing, thereby increasing the competitive advantage of a large, well-capitalised investor such as the Company to access attractive investment opportunities.

- *Bank deleveraging:* Banks must respond to pressure to improve capital ratios and strengthen balance sheets so that they can meet new and more stringent regulatory capital requirements. According to a "Blue Paper" published by Morgan Stanley[3], banks with exposure to Europe's Euro 2.45 trillion of

[3] Banks Deleveraging and Real Estate, November 9, 2012

outstanding commercial real estate debt have deleveraged as much as Euro 138 billion in the 18 months immediately prior to the date of the Blue paper, equating to 23 per cent. of the total Euro 600 billion planned over the next three to five years. Disposing of real estate loans and assets is one of the primary means of repairing banks' balance sheets and a growing number of related trades have taken place over the last 12-18 months in Western Europe, with cross-border exposures being the first to go (for example, Morgan Stanley's Blue Paper concludes that Romania has Euro 4.6 billion of cross-border real estate lending exposure).

- *Debt Funding Gap:* The rapid bank deleveraging outlined above, coupled with a significant wall of maturities in loans and collateralised mortgage backed securities in the near term, create a significant funding gap. Estimates vary from USD 86 billion over 2012-13[4] to Euro 300-600 billion over the next 5 years[5].

- *Corporate outsourcing:* Scarcity of capital and lack of debt availability are expected to lead corporates operating in Romania and the broader SEE and CEE region to sell and lease back significant parts of their real estate assets to free cash and expand operationally or to rationalise their occupational needs by seeking to consolidate their occupational requirements to higher quality and more affordable buildings.

- *Attractive real estate market dynamics:* Romania and most countries in the broader SEE and CEE real estate markets are still in a relatively early phase of their development compared with Western markets, and are characterised by a lack of supply of high quality commercial property and significant value erosion, thereby, in the view of the Directors, creating an attractive real estate investment opportunity.

3. Investment objectives and themes

The investment objective is to pursue a real estate investing policy aiming to generate attractive risk-adjusted returns through a combination of yield and capital appreciation as a result of investing in a diversified portfolio of properties located primarily in Romania but also in the broader SEE and CEE region. The principal focus will be on assets (existing or to be developed, and including the Initial Portfolio and the Founder Pipeline) in Romania with most of their current or expected income derived from local members of multinational corporate groups and financial institution tenants on long, triple net and annually indexed leases (in many cases supported by parent company guarantees) and on acquiring underperforming or undervalued properties (due to distress, mismanagement or otherwise) and, through active asset management, transforming them into performing and marketable assets.

The Directors anticipate that a sustainable cash flow to support shareholder dividends will be generated through stable and recurring rental income, increased where appropriate through active asset management. The Directors also anticipate that Net Asset Value will increase, including through selective developments, refurbishment and/or redevelopment, active management by the Asset Manager of rental assets and rising property values.

Investments made by the Company pursuant to the Investing Policy may take the form of, but shall not be limited to, investments in single assets, real estate portfolios and companies, joint ventures, loan portfolios and equity and debt instruments.

The Directors believe that the Company should be able to take advantage of specific market dislocations and arbitrage opportunities so as to create returns for shareholders through the sourcing, structuring and execution of real estate transactions and their subsequent optimisation through asset management initiatives.

In pursuance of its investment objective, the Company intends to target the following investment themes and opportunities:

- *Distress:* This theme relates mainly to the financial distress of real estate operating companies (including developers, real estate funds and portfolio holding companies). The primary focus of this theme will be the acquisition of unfinished or partially let commercial buildings at prices well below replacement cost where capital can be deployed to complete construction and fund fit-outs for committed high quality tenants on long-term triple net leases.

[4] DTZ Insight Net Debt Funding Gap, November 14, 2012

[5] Morgan Stanley Blue Paper, Banks Deleveraging and Real Estate, March 15, 2012.

- *Restructuring:* These investment opportunities primarily relate to real estate portfolios or companies whose primary assets comprise real estate holdings currently owned by financial institutions, corporates or governments that are seeking to dispose of them in an effort to restructure their balance sheets, improve their finances and/or reduce debt burdens.

- *Developments:* Due to the scarcity of investor capital, the substantial reduction of banks' ability to fund development projects and the significant fall in construction costs due to lack of ongoing construction, the Directors are of the view that superior returns can be obtained from such transactions. The Company will focus on such opportunities on a selective basis, primarily in cases where pre-letting commitments can be achieved from high quality tenants.

- *Arbitrage opportunities from securing multinational corporates and financial institutions as tenants:* The Company will endeavour to attract local members of multinational corporate groups and financial institutions as tenants in its assets on long leases. Where possible, such leases will be backed by parent company guarantees, thereby creating an arbitrage between the acquisition yield and structured financing that can be put in place on the back of such guarantees.

In pursuing the Investing Policy and unless the Board (in its absolute discretion) approves otherwise, the Company will not acquire or invest in commercial properties which do not satisfy the Minimum Pre-letting Commitment and will not acquire any asset where any such acquisition would result in more than 50 per cent. of the NAV (at the time of investment) being attributable to assets located outside Romania. Subject to the satisfaction of the applicable Conditions, the development assets and land in the Initial Portfolio will be acquired pursuant to the relevant Acquisition Agreements, notwithstanding that the Minimum Pre-letting Commitment will not be satisfied at the time of such acquisition.

4. Borrowing

The Company will be permitted, directly or indirectly, to borrow for working capital, investment and any other purpose. Whilst the Company intends to use debt financing to improve returns on investments for both developmental and income-generating assets, it is expected that the maximum LTV for the Group will not exceed 60 per cent.

5. Execution of Investing Policy

Pursuant to the Investment Advisory Agreement, the Investment Adviser is the exclusive provider of investment advice in relation to the implementation of the Investing Policy, and the Company is not able to pursue any aspects of its Investing Policy (including acquiring and disposing of investments) other than on the recommendation of the Investment Adviser pursuant to the Investment Advisory Agreement. Further details in relation to the Investment Advisory Agreement, and the relationship between the Company and the Investment Adviser, is set out in paragraph 2 of Part IV of this document.

The key steps of the investment process are described below.

Origination channels

The Investment Adviser will devote substantial resources to sourcing investment opportunities and to recommending the allocation of appropriate capital to new investments and incremental capital to existing investments.

Screening of opportunities and due diligence

Investment opportunities will be subject to preliminary analysis, including the assessment of risk and return characteristics and suitability for the Investing Policy. It is expected that many opportunities will be investigated on a preliminary basis, with only a few proceeding to full due diligence.

Once the Investment Adviser has determined that a particular opportunity falls within the Investing Policy, it will be presented to the Board. If the Board gives its preliminary approval, there will then be a detailed due diligence process (within a budget authorised by the Board) whose scope will typically include: real estate valuations; detailed research and market study; legal (corporate and real estate); financial (accounting and tax); technical and capex; major tenant review; and acquisition and tax structure.

Structuring of investments

In pursuing investment opportunities, the Company may establish one or more companies in such jurisdictions as may be appropriate or economical, or acquire some or all of the share capital of such companies. The Company may also acquire listed securities in cases where the transaction business plan provides for the formation of a strategic partnership with a publicly listed entity or pursuing the delisting of that company. The Company may also enter into joint ventures with operating or financial partners in cases where such entities have introduced such opportunities and wish to participate as co-investors, particularly where they have specialised expertise or local knowledge or where there is a need for additional funding to consummate a particular investment.

The Company may fund its investments through an appropriate mix of share capital, intra-Group shareholder loans and third party debt. The amount of leverage employed in respect of an investment will be dependent on the nature of the opportunity (subject to the restriction on borrowing set out in paragraph 4 above). Debt financing is expected to be an important component of the structuring and execution of the Company's investments. The Senior Management Team has substantial experience in structuring and executing debt financing transactions, often involving a high degree of complexity.

The recent financial crisis has changed the role of debt financing in investment execution. The Directors believe that in many instances new acquisition financing may not be required for the Company's investments as opportunities could involve, for example, working with existing lenders to restructure their financing or acquiring loans on a "loan to own" strategy. The Directors believe that the Senior Management Team's extensive financing experience will provide a key advantage in analysing and understanding existing debt structures and, where necessary, executing complex restructurings in relation to the Company's investments.

In connection with third party debt, the Company may enter into one or a series of interest rate hedging products (including, among others, swaps, caps, collars or options) to protect the returns of the relevant investment against adverse interest rate fluctuations. Although it is anticipated that all rentals and debt finance will be in Euro, the Company may also enter into one or a series of currency hedging instruments (including, among others, swaps, caps, collars or options) to protect the returns of the relevant investment against adverse currency fluctuations.

Further information in relation to the expected structuring of investments is set out in paragraph 9 of Part IV of this document.

Investment decision

Once the due diligence is substantially completed, a detailed investment case, including the results of the due diligence, the acquisition structure, the terms of any debt financing and the transaction documentation, will be summarised in a presentation to the Board by the Senior Management Team. This presentation will also include a financial analysis of the investment's anticipated economics and a recommendation to proceed with the investment to the extent that it meets the Investing Policy.

Investment closing

Following Board approval, the relevant transaction will enter the closing phase, including negotiating the detailed agreements (such as joint venture, sale and purchase, leases and financing agreements), instructing appropriate professional advisers and coordinating all closing steps. If material changes to the terms approved by the Board are required during the closing process, the Senior Management Team will seek to have such changes approved by the Board.

Asset management

Following the closing of a transaction, the Company intends to pursue one or more asset management initiatives commensurate with the business plan for the relevant investment. These initiatives may include the following (as appropriate): asset repositioning (including re-letting, refurbishment or re-development of existing buildings); corporate restructuring and reorganisation; portfolio break-ups (for example, "wholesale" to "retail" trades); and optimising capital structure. It is expected that these initiatives will be effected through the Asset Manager. Any major decisions outside approved business plans (such as significant asset acquisitions, investment or disposals, new debt financing or amendments to existing debt financing) will require the approval of the Board.

Risk management

The Company will employ active risk management as an integral part of the management of its investments. Among others, the relevant processes are expected to include: valuation and auditing; interest rate and currency hedging; investment tracking; monitoring of leverage (compliance with covenants, debt maturities etc.); insurance; and liquidity and cash flow.

Transactions with the Founder

In relation to transactions between a member of the Group and the Founder or any of his associates (including, but not limited to, any agreement which is reached in relation to the acquisition of the Founder Pipeline and, although none is anticipated, any material change to any of the Acquisition Agreements), the investment process will be subject to the additional procedures as set out in paragraph 4 of Part IV of this document and, from a regulatory perspective, the provisions of AIM Rule 13.

Cash

The Company intends to adopt a cash management policy, which is expected to provide for matters such as the spread of risk (so that cash, as distinct from cash-equivalent securities, is held by, or the Company's risk is otherwise spread between, a minimum of three financial or other institutions with the relevant credit rating) and for the implementation of such policy to be managed by a committee comprising at least three employees or directors of the Group (including at least one non-executive Director and, when appointed, the Group's Chief Financial Officer). The proceeds of the Placing pending its investment pursuant to the Investing Policy, and cash held by the Company pending its distribution to Shareholders, will be held in a bank account or in cash-equivalent securities with the Company's principal bankers, UBS, and, when the cash management policy is adopted as referred to above, may also be held with other banks having a credit rating and international reputation equivalent to that of UBS. When assets are acquired by the Company, cash at the asset level will generally be held by one or more banks in the jurisdiction of the relevant asset (again, in accordance with the Company's cash management policy). A list of all banks holding the Company's cash and securities from time to time will be available at the registered office of the Company. The Company may grant authority to the Investment Adviser to give instructions to UBS on behalf of the Company, to the extent permitted by the Company's cash management policy. Cash and securities held by UBS will be held pursuant to an agreement between the Company and UBS and subject to Swiss substantive law. Further information regarding the agreement with UBS is set out in paragraph 11.17 of Part XII of this document.

6. Competitive advantages

The Directors believe that the key competitive advantages of the Company are as described below.

The Management Team

The Directors believe that the Company is well placed to execute the Investing Policy as it has several key attributes which should allow it to generate a good performance on a consistent basis over the long term. These competitive advantages are summarised below.

- *Local presence:* The Management Team is based in Bucharest, Romania, ensuring an in-depth knowledge of the Initial Portfolio and the Founder Pipeline and of the local and neighbouring markets and access to proprietary deal sourcing opportunities, both of which are key differentiators in driving investment performance. The Directors believe that this local presence is fundamental to the successful sourcing, managing and execution of transactions.

- *Access to transaction flow:* The market reputation of the Senior Management Team and the extensive industry contacts built by them and the rest of the Management Team over more than 15 years across Europe means that the Company will benefit from their transaction record and their longstanding relationships with property owners, financial institutions and institutional investors (which have given rise to investment opportunities, sometimes before they are generally known to the market).

- *Active hands-on asset management approach:* The Directors believe that, while acquisition and disposal decisions are critical, equally important is the period of ownership and asset management when substantial value can be gained or lost. The Management Team's local market focus allows them to be closer to the properties and in front of tenants and other market participants more often. In addition, the Company will (through the Asset Manager) have access to the Asset Management Team, which has expertise across a wide variety of real estate and corporate functions, including (amongst others): project planning and management; development and property management; engineering; commercial and residential letting; residential sales, administration and human resources; legal and accounting; and finance. The Directors believe that this hands-on real estate experience, together with local presence, translates into more timely and efficient real estate decisions that ultimately increase property level income returns and add long-term value for investors.

- *Experienced Senior Management Team:* The Founder and the Deputy CEO have more than 15 years of real estate investment experience each and have proven and long-standing real estate investment track records in many types of real estate asset classes, including office, retail, industrial, leisure and residential. They have also experienced numerous market cycles which have had a significant impact on real estate investments, including credit crises, valuation cycles, systemic risks and political shocks. The Directors believe that the long and varied experience of the Senior Management Team is invaluable when developing and executing an investing policy for today's environment. Further information in relation to the track-record of the Founder and Dimitris Raptis is set out in paragraph 2 of Part III of this document.

- *Strong investor focus:* The Founder's standing has been built around acting as a fiduciary to his co-investors (with such third party investors participating in most of the Founder's real estate projects). The Founder seeks to attract and retain professionals who are good stewards of investors' assets and capital and who pride themselves on their responsiveness and transparency in managing investments.

- *Particular expertise in executing the Company's Investing Policy:* In addition to all the above, the Directors believe that the Management Team possess the following particular skills and expertise which are relevant to the successful execution of the Investing Policy:
  - experience in the acquisition of distressed, underperforming or undervalued assets which, through hands-on asset management work, can be transformed into performing and marketable properties;
  - longstanding and successful track record of attracting members of well established multinational corporate groups and financial institutions as tenants;
  - ability to deliver premises to tenants on time, to specification and within budget;
  - significant experience in building and construction, with over 400,000 sq. m built and delivered for use; and
  - engineering acumen and architectural "practical" knowledge, as well as project management, general contractor and sub-contracting experience with well-established and reputable partners so as to ensure developments are achieved within agreed budgets and high quality workmanship.

An attractive Initial Portfolio and Founder Pipeline

Following Admission, it is expected that the Company will acquire an attractive Initial Portfolio (and, subject to a satisfactory conclusion of negotiations, the Founder Pipeline) of real estate assets in Romania and will have access to further real estate assets in Romania which, if and to the extent acquired by the Company, the Directors believe, should underpin future distributions and capital growth. In particular, the Directors believe that the expected completion of the acquisition of the Initial Portfolio shortly after Admission will enhance the Company's ability to attract further opportunities in Romania and other countries in the SEE and CEE region.

Alignment of Founder's and Investors' interests

Internal management

The Founder and the Deputy CEO will be employed by the Investment Adviser so that the sourcing, acquisition and strategic management of investments will be carried out within the Group, subject to the overall supervision of the Board. Subject to satisfaction of the applicable Conditions, the Company will acquire the Asset Manager pursuant to the Asset Manager Acquisition Agreement so as to internalise all asset evaluation, management and administration required by the relevant asset-owning members of the Group. The Founder has undertaken that, if for any reason (and contrary to expectations) the Company does not acquire the Asset Manager, he will procure that the Asset Manager will continue to provide the same asset management services, and all financial reporting services required by the Company, on arms' length terms. A Chief Financial Officer will, and further members of the Senior Management Team may, be employed by the Investment Adviser or the Asset Manager, as appropriate (and as approved by the Board).

Investment in Ordinary Shares by the Founder

Pursuant to the Founder Subscription Agreement:

- conditional on (and as at) Admission, Zorviani Limited (a Founder Company) will subscribe Euro 15 million in cash for the Founder Admission Shares; and
- the Founder will procure that, on the basis that the whole of the Initial Portfolio is acquired, Euro 90 million of the proceeds received (or receivable) by him or by any Founder Companies in respect of the acquisition by the Company, through intermediate holding companies and asset-owning companies, of the relevant interest in properties within the Initial Portfolio will be used (to the extent practicable, by way of set off) to subscribe for Ordinary Shares pursuant to the Founder Equity For Assets Subscriptions.

Further information in relation to the Founder Subscription Agreement is set out in paragraph 11.4 of Part XII of this document.

Zorviani Limited, being a Founder Company, holds the Founder Warrants, as summarised in paragraph 5 of Part III of this document and in paragraph 11.6 of Part XII of this document.

Lock-up arrangements

Pursuant to the Founder Lock-up Agreement (including as required by AIM Rule 7), the Founder has agreed, subject to certain limited exceptions (being a disposal required by a court order and a sale in relation to a takeover offer), to procure that no Ordinary Shares subscribed by any Founder Company shall be sold or otherwise disposed of for the period of one year following Admission, that 50 per cent. of such Ordinary Shares as at the end of that year are not sold or otherwise disposed of for a further period of one year (subject to the same limited exceptions and permitting the granting of security where the Founder retains the voting rights prior to enforcement and disposals with the prior written consent of the Company and Panmure Gordon), and that any sale permitted in the second year is effected through Panmure Gordon. The Founder has also undertaken to procure that no Founder Warrants are sold or otherwise disposed of during the first year following Admission or, other than to another member of the Management Team (or a company owned, directly or indirectly, by any such member), during the second year after Admission prior to vesting.

Further information in relation to the Founder Lock-up Agreement is set out in paragraph 11.2 of Part XII of this document.

Founder Service Agreement

The Founder has entered into the Founder Service Agreement with the Investment Adviser. This agreement is for a five year term, with certain Good Leaver and Bad Leaver provisions. Further details in relation to the Founder Service Agreement are set out in paragraph 3 of Part IV of this document.

Exclusivity and right of first offer

Pursuant to the Founder Relationship Agreement, the Founder has agreed certain exclusivity and right of first offer arrangements with the Company as described in paragraph 4 of Part IV of this document.

7. Exit and dividend policy

Although the typical holding period for any investment is expected to be five to seven years, the decision to exit a particular investment will be taken by the Board, following the recommendation of the Investment Adviser. Such a decision could be as a result of a variety of factors, including the need to optimise the risk/return of the investment, responding to asset or market dynamics or taking advantage of an unsolicited enquiry.

It is intended that 90 per cent. of the Company's distributable profits represented by recurring net free cashflow will be distributed to Shareholders in cash on a semi-annual basis. The determination as to whether or not to reinvest some of the proceeds of disposal of an asset, and the declaration of dividends, shall be at the absolute discretion of the Board.

PART III

THE MANAGEMENT TEAM AND TRACK-RECORD

1. Senior Management Team

The Senior Management Team will initially comprise the Founder (*Chief Executive Officer*) and Dimitris Raptis (*Deputy Chief Executive Officer and Chief Investment Officer*). A Chief Financial Officer will be appointed shortly after Admission. Pending appointment of the Chief Financial Officer, Dimitris Raptis will act as Interim Chief Financial Officer. Other members of the Senior Management Team may be appointed by the relevant member of the Group (with the approval of the Board).

The Senior Management Team will (amongst other things) source and supervise the evaluation of new investments, prepare and review investment business plans, financing and hedging strategies and consider investment disposals, in each case to be recommended to, and subject to the approval of, the Board.

2. Track record

The Founder and the Deputy CEO have an average of more than 15 years of real estate investment experience in Romania and across Europe and have long-standing real estate investment track records in a broad range of real estate asset classes (including, amongst others, office, retail, industrial, leisure and residential).

(a) **Ioannis Papalekas** – *Founder and Chief Executive Officer*, Aged 37

The Founder has over 15 years of real estate investment and/or development experience and has been present in the Romanian market for 12 consecutive years, having created one of the most successful real estate development and investment groups in the Romanian real estate market. During this time, he has been involved in numerous real estate transactions and operations, mainly through companies in which he has participated as founder, major shareholder and general manager. These companies have been involved in the acquisition, master planning, development, reconstruction, refurbishment, operation and asset management (including property management and disposal) of land and buildings across all major asset classes (office, retail, logistics and residential) in Romania.

The Founder has been responsible for the development of more than 400,000 square metres of commercial (office, retail and logistics) space and 1,000 residential units in Romania, where he has invested in excess of Euro 70 million of proprietary and third party investor capital with a combined realised IRR of 175 per cent. and an equity multiple of 4.7 times, generating a total capital gain of approximately Euro 270 million. This excludes unrealised projects in Romania and in the rest of the SEE (including the Founder's interests in two hotels in Sofia and Belgrade). The table below contains certain details regarding the Founder's realised projects in Romania since 2001.

Project name	*Type*	*Time Period*	*Total equity investment (Euro m)*	*Total distributions to investors (Euro m)*	*Multiple*	*IRR (%)*
City Mall	Retail	2004-6	19.3	89.7	4.7x	532
Eliade Tower	Office	2003-7	6.0	33.7	5.6x	304
PGV Tower	Office	2003-7	8.0	26.4	3.3x	83
Energoreparatii	Land	2005-7	2.8	6.0	2.1x	46
Terenuri Nordului	Land	2001-9	1.2	7.0	5.9x	43
Diamond project: BOB	Office	2006-8	9.0	69.4	7.7x	360
Diamond project: BOC	Office	2006-11	21.4	62.2	2.9x	60
Other projects		2001-05	5.0	47.0	9.4x	197
TOTAL			72.6	341.4	4.7x	175

The description below provides a summary of certain key transaction milestones regarding the above projects. Certain references in the description below to "the Founder" include the Founder's co-investors.

City Mall

The Founder acquired the distressed half-completed mall in 2004. The property was fully developed within a year, creating a built area of 31,000 square metres. By completion the Founder had let the mall to well known local and international tenants (including Nautica, Umbro, Sony, Vodafone, KFC and Burger King). In 2006 the asset was sold to an international real estate investment fund for Euro 103 million. In November 2011 the Founder bought back the property out of insolvency for Euro 17.3 million. This property is now named City Offices and forms part of the Initial Portfolio.

Eliade Tower

In 2003 the Founder acquired this building, situated in one of the most prominent suburbs in Bucharest, for Euro 4.4 million. Subsequently, the Founder completed its redevelopment, delivering an 11,000 square metre building over 10 floors and let the asset to a number of local and international tenants (including Air Liquide, Romanian Railways and Konica Minolta). In 2007 the property was sold for Euro 26.3 million to Eurobank Properties, the largest Greek listed real estate investment company.

PGV Tower

In 2003 the Founder acquired a concrete structure under financial distress in the centre of Bucharest for Euro 4.8 million. Subsequently, he completed the redevelopment of the building which comprised 18,000 square metres over 14 floors, and let it predominantly to affiliates of Bancpost, the Romanian subsidiary of Eurobank, one of Greece's largest banks. In 2006 the Founder sold the building for Euro 28 million to a fund managed by a company belonging to Allianz Group.

Energoreparatii

In 2005 the Founder acquired a 74,539 square metre land plot with production and administrative buildings for Euro 1.8 million. The Founder proceeded with the re-zoning of the land and in 2007 the land and building were sold to a local investor for Euro 6 million.

Terenuri Nordului

Between 2001 and 2008, the Founder acquired 5 land plots totalling 2,500 square metres in prime Bucharest locations for Euro 4.5 million and proceeded with re-zoning. By 2009, the Founder sold all of these land plots to local investors for an aggregate Euro 7 million.

Diamond project – BOB

Following the acquisition of the land in 2006, the Founder built two office buildings totalling 50,000 square metres and, by 2008, he had fully let them, predominantly to multinational financial institutions and large corporates (including Eurobank, Raiffeisen and Petrom/OMV). In 2008 the Founder sold the first building to Eurobank Properties and the second building to a fund managed by RREEF, the real estate investment management division of Deutsche Bank. The Founder then re-invested part of the proceeds from the sale of the second building to become the fund's joint venture partner. This property is the BOB Office Building which forms part of the Founder Pipeline.

Diamond project – BOC

In 2006 the Founder acquired the land and in 2008 started the construction of BOC as an office building. In 2008 the Founder sold, on a forward purchase contract basis, BOC to a fund managed by RREEF.

In 2009 BOC was completed and sold to a company owned by the RREEF-managed fund and the Founder, who re-invested part of the sale proceeds to become the fund's joint venture partner. This property is the BOC Office Building which forms part of the Founder Pipeline.

The Founder holds a BEng in Management and Engineering from the University of Wolverhampton, England, a MSc in Engineering from City University, London, England and a MA in Real Estate Investment and Development from Middlesex University, England. He is fluent in English, Romanian, Greek and French.

(b) **Dimitris Raptis**, *Deputy Chief Executive Officer, Chief Investment Officer and Interim Chief Financial Officer*, Aged 37

Mr Raptis has 16 years of experience in the financial services and real estate investment industries with Deutsche Bank, one of the largest banking groups in the world by total assets. From July 2000 until October

2012 he was a senior member of RREEF Real Estate, part of Deutsche Bank's asset and wealth management division and one of the largest managers of real estate assets in the world.

Between 2000 and 2008 Dimitris Raptis was a senior member of the team responsible for originating, structuring and executing real estate investments with a main focus on the French, Italian and South Eastern European markets. The projects primarily related to large portfolios of assets in Italy and France, as well as in SEE. These covered a wide range of sectors, including office, retail, warehousing and residential. The strategies included sale and leasebacks, portfolio break-up disposals to institutional and/or local private investors, investing in operating companies with large real estate holdings to exploit the yield arbitrage between Opco and Propco, corporate and debt restructuring and hands-on active asset management to improve operating performance and other value creation initiatives. A list of the relevant projects is set out in the table below.

Project	**Country**	**Year**	**Asset Class**	**Transaction description**
Tomahawk	France	2001	Office and light industrial	Sale and leaseback with Thales SA of a portfolio of 23 assets.
Duomo	Italy	2002	Mixed Use	Acquisition from Banca Popolare di Verona e Novara of a portfolio of 234 assets.
Friends	Italy	2002	Office	Acquisition of a portfolio of 26 assets sold by the Italian government.
Hermes	Greece	2002	Retail	Sale and leaseback with Carrefour of a portfolio of 16 supermarkets.
Domus	Italy	2004	Office and warehouse	Acquisition from Enel Spa of a company owning circa 900 assets primarily leased back to Enel and the related property management operations.
Puma	Italy	2005	Retail	Acquisition of the operations and real estate assets of Rinascente, Italy's largest department store operator.
Express	Italy	2005	Office and hotel	Sale and leaseback with Ferrovie dello Stato (Italian Railways) of 48 assets.
Diana	Italy	2005	Retail	Sale and leaseback with Carrefour of a portfolio of 6 "cash and carry" retail assets.
Thalassa	Cyprus	2007	Hotel and residential	Public-to-private acquisition of Lanitis Development Ltd, owner of Aphrodite Hills, one of SEE's most recognised integrated leisure resorts.
Tigre	France	2007	Retail	Acquisition of the operations and real estate assets of Printemps, France's second largest department store operator.
Diamond Project (BOB, BOC & Upground)	Romania	2008	Office and residential	Forward purchase of four buildings (two office and two residential) in Bucharest, Romania.

Between July 2008 and October 2012 Mr Raptis was European Head of Portfolio Management for RREEF Opportunistic Investments ("ROI"), RREEF's global real estate opportunistic investments platform, where he was responsible for overseeing ROI's acquisition and asset management activities in Europe and for managing ROI's pan-European real estate investment portfolio consisting of 40 investments with a gross asset value exceeding Euro 6 billion across three real estate opportunistic funds. Key experience gained during this period included: the restructuring and renegotiation of investment level debt financings amounting to several billions of Euro; concluding three debt buybacks at significant discounts to the debt's face value; creating significant additional equity value in performing transactions and/or stabilised/rescued problematic investments; implementing exits from a number of problematic and/or capital intensive investments; structuring, negotiating and executing a recapitalisation fund-level facility; and achieving significant distributions to the ROI funds. During this period, Mr Raptis was a voting member of ROI's Investment Committee.

Mr Raptis holds a BSc (Hons) in Banking and International Finance from City University's Cass Business School in London, UK. He is fluent in English and Greek and proficient in French.

3. The Asset Management Team

The Asset Management Team is employed by the Asset Manager and currently comprises 33 professionals and executives with significant expertise in property management, leasing and sales, project management, construction management, accounting/bookkeeping and administration. Details relating to the key professionals within the Asset Management Team, many of whom have managed the Founder's investments over many years, are set out below.

Adrian Danoiu, *Chief Operating Officer*

Mr Danoiu has over 20 years of professional experience in accounting, finance and business administration. He has been working with the Founder since 2002 and has held several positions in accounting, finance and the technical department, as well as serving as a board member in a number of companies owned and/or controlled by Mr Papalekas. He holds a BSc in Precision Mechanics from the Technical University of Timisoara, Romania. Mr Danoiu is fluent in Romanian and English.

Stamatis Sapkas, *Investment Director*

Mr Sapkas has 10 years of experience in real estate advisory and investment. Prior to his current position, Mr Sapkas was for approximately 7 years, a member of Citigroup's Real Estate and Lodging investment banking team based in London (most recently as Vice President) and prior to that he spent approximately 3 years with EFG Eurobank Ergasias (and Eurobank Properties).

He has been involved in transactions exceeding a total of €12 billion in M&A, Equity Offering, Debt Financing and NPL in the Real Estate and Lodging sectors and has worked in a number of jurisdictions in Europe, Middle East and Africa.

Mr Sapkas holds a BSc in Management Science with Computing from the University of Kent and an MSc in Banking & International Finance from the Cass Business School.

Irina Baltag, *Administration and Human Resources Director*

Ms Baltag has been working with the Founder since 2005 and has over 10 years of professional experience in systems and operations, having held several positions in operational management and administration when at the Romanian-American University in Bucharest, Romania. She holds a MA in Business Administration from Romanian-American University in Bucharest, Romania. Ms Baltag is fluent in Romanian, English and French.

Bogdan Barbulescu, *Finance Manager*

Mr Barbulescu has been working with the Founder since 2003 and has 10 years of professional experience in real estate finance and accounting and 5 years of experience in banking and tax. He has been a Romanian certified accountant since 2003 and Romanian licensed tax adviser since 2007. He holds a BSc in Accounting and Management Information Systems from the Academy of Economic Studies in Bucharest, Romania. Mr Barbulescu is fluent in Romanian and English.

Marian Cojocaru, *Finance Manager*

Mr Cojocaru has been working with the Founder since 2011 and has 15 years of professional experience in accounting and 5 years of experience in finance management. He has been a Romanian certified accountant since 2005 and a Romanian licensed tax adviser since 2007. He holds a BSc in Accounting and Management Information Systems from the Academy of Economic Studies in Bucharest, Romania. Mr Cojocaru is fluent in Romanian and English.

Dimitris Pergamalis, *Project Management Director*

Mr Pergamalis has 15 years of experience in civil engineering and project management in various projects in Greece and in Romania. He has been working with the Founder since 2007 when he successfully led the engineering team involved in the Upground residential project. He holds a BSc in Civil Engineering from the National Technical University in Athens, Greece and a MSc. in Engineering Project Management from UMIST, Manchester, UK. Mr Pergamalis is fluent in Greek and English.

Gabriel Udroiu, *Development Management Director*

Mr Udroiu has 18 years of experience in civil engineering and project management in various projects in Romania. He has been working with the Founder since 2003 and has been involved in all the Founder's development projects since then. He holds a BSC in Civil Engineering from the Technical University of Bucharest, Romania. Mr Udroiu is fluent in Romanian and English.

Emanuela Mina, *Commercial Leasing Director*

Ms Mina has 8 years of real estate professional experience and has been working with the Founder since 2005. She is responsible for the supervision of the Asset Manager's letting activities, including tender, negotiations, contract conclusion and performance. She holds a BSc. in Sociology and Psychology from "Spiru Haret" University in Bucharest and is fluent in Romanian and English.

Mihaela Dicu, *Residential Sales Director*

Ms Dicu has approximately 7 years of professional real estate experience and has been working with the Founder since 2010. She is responsible for the supervision of the Asset Manager's residential sales and lease-related activities, including marketing, negotiations and contract conclusion. She holds a BA in English Language from the University of Sibiu, Romania, and is fluent in Romanian and English.

Costin Barbu, *Investment Manager*

Mr Barbu has 9 years of experience in the real estate consultancy and investment brokerage with Colliers International and Knight Frank in Romania, being involved in the preparation of over 400 corporate valuation reports and feasibility studies for companies such as: Petrom (part of OMV Group), AIG, CA IMMO, Portland Trust/AREA Property, Immofinanz, BCR (part of Erste Group), BRD – Groupe Societe Generale. He specialises in the optimisation of large real estate portfolios. He holds a BSc in Engineering from the Polytechnics University in Bucharest and is a member of ANEVAR (National Association of Romanian Appraisers). He is fluent in Romanian and English and proficient in German.

4. Management Team performance incentive scheme

One of the terms of reference of the Remuneration Committee of the Board is to introduce a performance incentive scheme based on Total Shareholder Return and benchmarked against a group of other relevant publicly listed real estate companies.

The Total Shareholder Return thresholds, and the extent of participation above such thresholds and how awards are made (including whether in cash or in shares subject to a vesting period and the conditions to any such vesting), will be as determined by the Remuneration Committee at the relevant time.

The Remuneration Committee will consult with independent specialist advisers in relation to the terms of the performance incentive scheme for the Management Team and the basis on which targets are to be set and awards made from time to time.

5. Founder Warrants

The Company has granted the Founder Warrants to Zorviani Limited, a Founder Company. Pursuant to the Founder Warrant Agreement, the Founder Warrants confer the right to subscribe, at the Placing Price, for three tranches of Ordinary Shares, each representing 5 per cent. of the aggregate of the number of Placing Shares, the number of Ordinary Shares subscribed by Founder Companies under the Founder Subscription Agreement and the number of Ordinary Shares issued pursuant to Non-Founder Vendors Share Subscriptions. The Founder Warrants will vest and become exercisable when the market price of an Ordinary Share, on a weighted average basis over 60 consecutive days, exceeds Euro 7.50, Euro 10.00 and Euro 12.50 (respectively). The Founder Warrants are not transferable prior to the earlier of the second anniversary of Admission and vesting, save that they may be transferred to any other member of the Management Team (or any company owned, directly or indirectly, by that member) after the first anniversary of Admission. Any unvested Founder Warrants will terminate if the Founder Service Agreement is terminated in circumstances where the Founder is a Bad leaver. If the Founder resigns after the second anniversary of Admission, any unvested Founder Warrants will continue. Any Founder Warrants will be terminated if, following leaving the employment of the Group and prior to vesting, he breaches the ongoing non-compete or confidentiality obligations in the Founder Service Agreement. Subject to vesting, the Founder Warrants are exercisable in whole or in part during the period commencing on Admission and ending on the date falling ten years from the date of Admission.

Further details of the terms of the Warrant Instrument and the Founder Warrant Agreement are set out in paragraphs 11.5 and 11.6 of Part XII of this document.

PART IV

THE BOARD, CORPORATE GOVERNANCE, POLICIES AND ADMINISTRATION

1. Directors

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

The Directors are as follows:

- Mr Ioannis Papalekas – Chief Executive Officer.
- Mr Dimitris Raptis – Deputy Chief Executive Officer, Chief Investment Officer and Interim Chief Financial Officer.
- Mr Geoff Miller – non-executive Director, Interim Chairman of the Board.
- Mr Eli Alroy – non-executive Director.
- Mr David Kanter – non-executive Director.
- Mr John Whittle – non-executive Director, Chairman of the Audit Committee and Chairman of the Remuneration Committee.

There are active discussions regarding the appointment of a permanent independent non-executive Chairman and it is expected that this appointment will be made before the end of 2013.

The track record of the executive Directors is set out in paragraph 2 of Part III of this document.

Details of the experience of the non-executive Directors are set out below.

Geoff Miller has over twenty years' experience in research and fund management in the UK, before moving offshore six years ago and has subsequently been based in Moscow, Singapore, and now Guernsey. He is a specialist in financial stocks and investment companies and has structured, marketed, researched and fund-raised for, and has been a director of, a variety of non-bank financial companies and investment companies in the UK, US, Russia and Western Europe. He has expertise in emerging markets, in particular Russia and CIS, China and Central and South East Asia and Sub-Saharan Africa, and in private equity and debt based investment companies. He was formerly the number one rated UK mid and small cap financials analyst covering investment banks, hedge funds and hedge fund managers, structured products, insurance vehicles, investment companies and real estate companies. Mr Miller is currently Chief Executive Officer of GLI Finance Limited (a Guernsey domiciled company admitted to trading on AIM and CISX), Non-Executive Director and Chairman of the Risk Committee of Hastings Insurance Group Limited (a Jersey-based holding company for a UK insurance broker and Gibraltar-based insurance underwriter), as well as a Director of a number of private companies.

Eli Alroy graduated from the Technion Institute of Technology (Cum Laude) and earned a Master of Science degree from Stanford University. He has a vast international experience in real estate investment and project management. From 1991 to 1994 Eli Alroy served as the CEO at A.M.T, a developer company. In 1994-1997 Mr. Alroy served as the CEO at Kardan Real Estate. From 1994 to 2012 Eli Alroy was Chairman of the Supervisory Board of Globe Trade Centre S.A., (GTC) traded on the Warsaw stock exchange. In 2007 he was awarded the title of CEE Real Estate Industry Professional of the Year. In 2010 Eli Alroy was honoured with the prestigious CEEQA (sponsored by Financial Times) Real Estate Lifetime Achievement award for his commitment to the real estate industry in Central and Eastern Europe

John Whittle has a strong background in large third party Fund Administration. He has worked extensively in high tech service industries and has in-depth experience of strategic development and mergers/acquisitions. He has experience in listed company boards as well as the private equity, property and fund of funds sectors. He is currently a director of International Public Partnerships Ltd (a member of the FTSE250), Starwood European Real Estate Financing Limited (listed on the main board of the London Stock Exchange), India Capital Growth Fund Ltd and Advance Frontier Markets Fund Ltd (the last two of which are admitted to trading on AIM). Mr Whittle has served as Finance Director of Close Fund Services

Limited (responsible for internal finance and client financial reporting), Managing Director of Hugh Symons Group PLC, a Finance Director and Deputy MD of Talkland International Limited (now Vodafone Retail), Commercial Director of Ann Street Group, Finance Director of Ora Telecom Ltd (where he co-led a £20 million Management Buy-In) and non-executive director (chairing the Audit and Valuation Committees) of Aurora Russia Limited (admitted to trading on AIM).

David Kanter is a Senior Managing Director at Sunrise Securities, where he is responsible for capital markets and investment banking activities across many industries, including natural resources, real estate and shipping. He has nearly 25 years' investment banking experience in debt and equity financings, M&A and restructuring advisory. Prior to Sunrise Securities, Mr. Kanter was Managing Director, Investment Banking at The Seabury Group; Managing Director, Leveraged Finance for RBS Global Banking and Markets; Managing Director and Head of Leveraged Finance and High Yield, North America for ABN AMRO Incorporated and various positions at Lazard Frères & Co. LLC. Mr Kanter graduated magna cum laude with an A.B. in Economics from Harvard College. Sunrise Securities is a Manager and will, in such capacity, receive fees.

2. Relationship between the Company and the Investment Adviser

The Investment Adviser is a direct wholly owned subsidiary of the Company. Pursuant to the Investment Advisory Agreement, the Company has appointed the Investment Adviser as its exclusive provider of investment advice in relation to the execution of the Investing Policy for a period of five years commencing on Admission (including in relation to the making of investments, the preparation and execution of business plans for the Group's investments, financing and the disposal of investments). The Investment Advisory Agreement and the Articles provide that the Company is able to execute the Investing Policy only on recommendations from the Investment Adviser.

The articles of incorporation of the Investment Adviser provide that the board of directors of the Investment Adviser comprises two executive directors (currently being the Founder and Dimitris Raptis) and two non-executive Directors (currently being Geoff Miller and John Whittle) and that, on all matters relating to the Investing Policy, the Founder has the casting vote in the event of a deadlock. The articles of incorporation of the Investment Adviser can only be amended, and the Investment Advisory Agreement can only be terminated, by the Company after a Two Thirds Vote.

3. Founder Service Agreement

The Founder and the Investment Adviser have entered into the Founder Service Agreement, which is for an initial five year fixed term at a base annual salary of Euro 500,000 (the "**Initial Fixed Term**"). On the expiry of the Initial Fixed Term (unless terminated earlier in accordance with the terms of the Founder Service Agreement), the employment will continue on an ongoing basis until terminated by either party giving not less than six months' notice.

The Founder will be entitled to participate in an annual Management Team performance incentive scheme calculated by reference to Total Shareholder Return, amongst other things, as in place from time to time (as referred to in paragraph 4 of Part III of this document). During the Initial Fixed Term (and thereafter), the Founder is required to spend at least 75 per cent. of his time on the business of the Group. His primary role will be the Chief Executive Officer of the Group.

The Founder is subject to confidentiality and intellectual property obligations. He is also subject to various post-employment restrictive covenants which, amongst other things, restrict him from competing for a 12 month period in the SEE or any other territory or jurisdiction in which the Company has 20 per cent. of its assets immediately following the termination of his employment unless the Founder is a Good Leaver as described below.

The Founder Service Agreement can be terminated at any time during the Initial Fixed Term following a majority Board vote for Cause, in which circumstance the Founder is treated as a Bad Leaver and all unvested Founder Warrants will terminate, all unvested or outstanding performance awards will be forfeit, there will be no payment with respect to the remainder of the Initial Fixed Term and the restrictive covenants will continue to apply.

During the Initial Fixed Term, provided that the Founder holds at least 10 per cent. of the issued share capital of the Company at the relevant time and in circumstances where he would be a Good Leaver, the Founder Service Agreement can be terminated by the Investment Adviser only after a Two Thirds Vote. Any Material Changes to the Founder's role will also require a Two Thirds Vote (when the Founder holds at least 10 per cent. of the Ordinary Shares) and will entitle the Founder to terminate his employment as a Good Leaver. At any time during the Initial Fixed Term when the Founder does not hold 10 per cent. of the issued share capital of the Company, the Founder's employment can be terminated, and Material Changes can be made, by the Investment Adviser after a majority vote by the Board.

The Founder will also be treated as a Good Leaver where he is terminated by the Investment Adviser other than for Cause, resigns following one or more Material Changes, resigns after the fifth anniversary of Admission, dies, is permanently incapacitated due to ill health or disability, retires with the agreement of the Board, is terminated on the grounds of illness or other incapacity (whether physical or mental) or in any other circumstance with the prior written consent of the Board.

If the Founder's Service Agreement is terminated by the Investment Adviser or by the Founder during the Initial Fixed Term, in each case in circumstances where the Founder is treated as a Good Leaver, the Founder will be entitled to his salary for the remainder of the Initial Fixed Term, all the Founder Warrants held by him will vest and will be freely transferable, all of his historical unvested performance awards will vest and the Founder will receive a cash payment (to be paid at any time during the year following termination) based on the amount of time remaining in the Initial Fixed Term equal to Euro 10 million in the first year, Euro 8 million in the second year, Euro 6 million in the third year, Euro 4 million in the fourth year and Euro 2 million in the fifth year. The restrictive covenants will continue to apply in this circumstance based on the amount of time remaining.

The Founder may also resign from his employment at any time after the initial two years of the Initial Fixed Term has expired by giving six months' notice. In this circumstance, the Founder will not receive salary for the balance of the fixed term period and will forfeit any deferred compensation amounts or other termination payments. However, the Founder will not forfeit any unvested Founder Warrants and they will continue to be held by the Founder in accordance with their terms. The restrictive covenants will continue to apply in this circumstance.

Further details regarding the Founder Service Agreement (including in relation to the meaning of Cause, Material Changes, Good Leaver and Bad Leaver) are contained in paragraph 8.1 of Part XII of this document.

4. Conflicts of interest

Certain matters which could give rise to conflicts of interest are dealt with in the Founder Relationship Agreement, the key terms of which are detailed below.

Initial Portfolio

The Founder has agreed to sell his interests in the Initial Portfolio to the Company pursuant to the Acquisition Agreements and to use his reasonable endeavours to procure the satisfaction of the Conditions and to address any material matter that arises so as to facilitate the closing of each acquisition. The Founder has also agreed that, for a period of at least six months following Admission, he will not dispose of any interest in the Initial Portfolio other than to the Company pursuant to the relevant Acquisition Agreement, provided that this restriction shall cease to apply in relation to any interest in the Initial Portfolio immediately upon the Board determining that the applicable Conditions are incapable of satisfaction (notwithstanding the Founder's agreement to use his reasonable endeavours to procure the satisfaction of such Conditions).

Founder Pipeline

The Founder has agreed to use his reasonable endeavours to procure that the third party holder of the 78 per cent. interest in the Founder Pipeline sells its interest in the Founder Pipeline to the Company so that the Company can acquire 100 per cent. of the Founder Pipeline. The Founder has also agreed that, for a period of at least six months following Admission, he will not dispose of his 22 per cent. interest in the Founder Pipeline other than to the Company.

Following any such determination or otherwise on the expiry of the six month period (in each case as referred to above in relation to the Initial Portfolio and the Founder Pipeline), at the Company's request the Founder shall procure that his (or his associate's) interest in the relevant property is sold to a third party and the Company shall have an option to acquire such interest on the final terms agreed with any such third party.

Exclusivity

Subject to the provisions relating to the Initial Portfolio and the Founder Pipeline detailed above, the Founder has undertaken that the Company will be the exclusive vehicle through which he and any of his associates invests in real estate in Romania or (other than following the right of first offer procedure referred to below) SEE and CEE. This restriction shall not apply in relation to the property in Bucharest known as the Millennium Building and its associated land from time to time, which may be held by the Founder pending settlement or discharge of litigation in relation to that property, or the property held by BG Management, which may be held until completion of the privatisation of that company, at which time the relevant assets must be offered to the Company at a market price prior to them being offered to any other person on no better terms.

Right of first offer; SEE and CEE other than Romania

The Founder has also agreed that, if he or any of his associates encounters a property-related opportunity in the SEE or CEE region (outside Romania), he will promptly notify the Company and, if the Company determines that it is interested in acquiring the relevant property, he will not pursue that opportunity without first referring it to the Company for consideration. This restriction does not apply to the Founder's substantial indirect equity interests in the Sheraton Sofia or the Metropole Palace, Belgrade.

The minor properties owned in Romania by Founder Companies known as Baneasa 1 and the block of six apartments in Sinaia, and the Founder's indirect interest in Iole Investments (which holds agricultural land) and Land Imob (which holds industrial land), are excluded in all respects from these exclusivity and rights of first offer provisions.

Time commitment

The Founder has agreed, for so long as he is employed by a member of the Group, to spend 75 per cent. of his time on the Group's business.

Conflicts

Notwithstanding these undertakings, the Founder may engage in a broad spectrum of real estate investment activities, including (amongst others) investments in the SEE and CEE outside the Investing Policy and real estate investments outside those regions. It is intended that, if the Founder identifies material issues involving actual or potential conflicts of interests, he will refer such actual or potential conflict of interests to the Board (other than the Founder) for review and determination, subject to law and regulation and the advice of external counsel if required.

Transactions between the Company and the Founder

The Founder has agreed that each transaction between a member of the Group and himself (or any of his associates, including the Asset Manager prior to its acquisition by the Company) shall be carried out on an arm's length basis and any services provided by any such persons shall be provided on normal commercial terms. All transactions between the Company and the Founder or any of his associates will be subject to the approval of the independent non-executive Directors and, in the case of asset transfers, will be subject to an Independent Valuation commissioned and on terms, and delivered in a form, approved by the independent non-executive Directors. The Founder will be a "related party" under the AIM Rules for Companies. Pursuant to Rule 13 of the AIM Rules for Companies, at the time of each material transaction between the Company and the Founder or any of his associates, the Board will be required to make an announcement to the effect that the Directors (other than the Founder), having consulted with the Company's nominated adviser (currently Panmure Gordon), consider that the terms of the transaction are fair and reasonable insofar as its shareholders are concerned. The Founder has undertaken to procure the provision of all reasonable assistance in relation to establishing compliance with the Founder Relationship Agreement and facilitating compliance with the AIM Rules. The procedures summarised in this paragraph will not apply in relation to the completion of the acquisition of the Initial Portfolio pursuant to the Acquisition Agreements, unless the final terms of any such acquisition vary in any material respect from the terms envisaged by such agreements and disclosed in this document, but they will apply in relation to any agreement which is reached to acquire the Founder Pipeline.

Asset transfers between the Founder and the Company (including pursuant to the Acquisition Agreements) must also comply with the "arm's length" requirements under the Registered Collective Investment Scheme Rules 2008 of Guernsey.

Independent Directors

The Founder has agreed that, for so long as he and his associates own or control Ordinary Shares representing at least 10 per cent. of the votes entitled to be cast at a general meeting of the Company, he shall procure that the voting rights attached to any and all Ordinary Shares held by him or any of his associates shall be used to maintain the independence of the Group from himself and his associates, including to seek to ensure that the majority of Directors are independent non-executive directors.

Each potential investor should note that David Kanter, non-executive Director, is also an employee of Sunrise and that Sunrise will receive fees as a Manager.

Set off

The Founder has agreed that any sums owed by him or any of his associates (including a Founder Company vendor under any of the Acquisition Agreements) to any member of the Group may be set off against (so as to reduce) any sum owing by any member of the Group to the Founder or any of his associates (including any amount that may be owed to the Founder at any time in respect of salary or under any management performance incentive scheme in place at the relevant time).

Further information in relation to the Founder Relationship Agreement is set out in paragraph 11.3 of Part XII of this document.

5. Committees of the Board

The Company intends, where appropriate for a company of its size and nature, to comply with the main provisions of the principles of good governance and the code of best practice set out in the Corporate Governance Code.

The Company has adopted the AIC Code which addresses all the principles set out in the Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. In reporting against the AIC Code, the Company also complies with the corporate governance obligations applicable to Guernsey registered public companies whose shares are quoted on AIM.

The Company is subject to the GFSC Finance Sector Code of Corporate Governance, which applies to all companies that are regulated by the GFSC or which are registered or authorised as collective investment schemes. As the Company will report against the AIC Code, it will be deemed to meet the requirements of the GFSC Finance Sector Code of Corporate Governance.

In this regard, the Company has established an audit committee and a remuneration committee with terms of reference briefly summarised below. The Company does not, however, consider it necessary to establish a nomination committee. The Board as a whole will review annually the level of Directors' fees. The Company will take all reasonable steps to ensure compliance by the Directors and any relevant employees of the Group with the provisions of the AIM Rules for Companies relating to dealings in securities of the Company and has adopted a share dealing code for this purpose.

Audit committee

The audit committee comprises three independent non-executive Directors and will meet (following Admission) at least four times each year. The audit committee is chaired by John Whittle and the other members are Geoff Miller and David Kanter. The audit committee must consider, amongst other matters: (i) the integrity of the financial statements of the Company, including its annual and interim accounts and the effectiveness of the Company's internal controls and risk management systems; (ii) auditors' reports; and (iii) the terms of appointment and remuneration of the auditor. The committee supervises and monitors, and advises the Board on, risk management and control systems and the implementation of codes of conduct. In addition, the audit committee supervises the submission by the Company of financial information and a number of other audit-related issues.

Remuneration committee

The remuneration committee comprises three independent non-executive Directors and will meet (following Admission) at least once each year. The remuneration committee is chaired by John Whittle and the other members are Geoff Miller and David Kanter. The remuneration committee has as its remit, amongst other matters, the determination and review of the remuneration of the executive Directors and the terms of any performance, incentive or bonus plans of the Group, including the setting of performance thresholds and the extent of participation above any such thresholds, the allocation of aggregate entitlements across the Management Team, the allocation of any such entitlements as between shares and cash and the setting of any vesting periods (in each case, taking such independent advice as it considers appropriate in the circumstances). In addition, the remuneration committee prepares an annual report on the remuneration policies of the Company. The remuneration of the non-executive Directors is a matter for the Board. No Director or manager may be involved in any decisions as to his/her own remuneration.

6. Directors' Ordinary Shares and Warrants

Details of the Founder's equity arrangements are set out in Part II and in paragraph 11 of Part XII of this document.

Each of Eli Alroy, Geoff Miller, John Whittle and Dimitris Raptis (or a company, directly or indirectly, wholly owned by any such person) will subscribe for Ordinary Shares and be granted Warrants, in each case as at Admission, as follows:

	Number of Ordinary Shares	*Number of Warrants*
Eli Alroy	130,000	260,000
Geoff Miller	11,000	11,000
Dimitris Raptis	110,000	110,000
John Whittle	9,000	9,000

The market price vesting threshold for all Warrants granted to the Directors listed above is Euro 7.50 and the subscription price is the Placing Price.

Pursuant to the Placing Agreement and AIM Rule 7, each of the Directors listed above has agreed not to dispose, directly or indirectly, of any interest in Ordinary Shares or Warrants during the year following Admission.

7. Net Asset Value per Ordinary Share publication, calculation and suspension

Publication of Net Asset Value per Ordinary Share

Commencing as at 31 December 2013, the Company currently intends to publish its estimate of the Net Asset Value per Ordinary Share (in Euro) on a quarterly basis within thirty Business Days after the end of the relevant three-month period. Accordingly, the first such publication will be no later than 12 February 2014. The Net Asset Value per Ordinary Share will be published by an RIS announcement and on the website of the Company at www.globalworth.com.

Calculation of Net Asset Value per Ordinary Share

An Independent Valuer will undertake at the end of each financial year a valuation of the real estate assets held by the Group. The financial year-end of the Company is 31 December each year and the first accounting period of the Company will end on 31 December 2013.

Subject to the discretion of the Board, a new Independent Valuation of an investment at the end of the financial year is not necessary if an Independent Valuation not older than six months is available, provided that there has been no material change in the economic situation or condition of the investment since the last Independent Valuation.

The Company may also at any time commission an Independent Valuation of a real estate investment if, in the opinion of the Board, there have been material changes to the conditions of the market or the relevant assets since the last Independent Valuation.

Save where an Independent Valuation is required or otherwise commissioned as referred to above, the Investment Adviser will ascribe a value to the Company's real estate assets as at the relevant Valuation Date. The Administrator shall calculate the NAV and the NAV per Ordinary Share as at each Valuation Date.

Suspension of Net Asset Value calculation

The Board may temporarily suspend the calculation of the Net Asset Value during a period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility or power of the Board, disposal or valuation of the Company's investments or other transactions in the Company's ordinary course of business is not reasonably practicable, without this being materially detrimental to the interests of the Shareholders if, in the opinion of the Board, the Net Asset Value cannot be fairly calculated as a result of there being a breakdown of the means of communication normally employed in determining the calculation of the Net Asset Value or if it is reasonably not practicable to determine the Net Asset Value on an accurate and timely basis. Any decision to suspend the calculation of Net Asset Value will be announced promptly through an RIS.

8. Control of any discount to NAV per Ordinary Share

The Directors have the authority to purchase in the market up to 14.99 per cent. of the Ordinary Shares in issue on Admission at a price not exceeding 105 per cent. above the average market values of Ordinary Shares for the five Business Days before the purchase is made.

Once the Company has invested all (or substantially all) of the proceeds of the Placing and the Founder Admission Subscription, the Directors will give consideration to repurchasing Ordinary Shares under this authority, but are not bound to do so, where the market price of an Ordinary Share trades at more than five per cent. below the Net Asset Value per Ordinary Share for more than three months, subject to the availability of cash which is not otherwise required for working capital purposes or the payment of dividends in accordance with the Company's dividend policy. The Company is also entitled to borrow cash to fund any such purchases of Ordinary Shares.

If not previously used, this authority shall expire at the conclusion of the Company's annual general meeting to be held in 2014 or, if earlier, the date following 18 months from the passing of the resolution. The Directors intend to seek annual renewal of this buyback authority from shareholders each year at the Company's annual general meeting.

Purchases of Ordinary Shares will only be made through the market for cash at prices below the last published Net Asset Value per Ordinary Share. Ordinary Shares which are purchased may be cancelled or held in treasury.

Investors should note that the purchase of Ordinary Shares by the Company is entirely discretionary and no expectation or reliance should be placed on the Directors exercising such discretion on any one or more occasions. Investors should also note that any repurchase of Ordinary Shares will be subject to the ability of the Company to fund the purchase price. The Companies Law provides, amongst other things, that any purchase is subject to the Company satisfying the solvency test contained in the Companies Law at the relevant time.

The amount and timing of any purchase of Ordinary Shares that the Company may undertake will be solely within the discretion of the Directors to determine and will be subject to compliance with all applicable laws.

9. Group structure

The Investment Adviser is a direct wholly owned subsidiary of the Company and, subject to completion of the Asset Manager Acquisition Agreement, it is expected that the Asset Manager will become an indirect wholly owned subsidiary of the Company shortly after Admission.

The Directors expect that investments will be made through special purpose subsidiaries which will be funded by equity (and, where appropriate, debt) from the Company and may also take on third party debt.

The Company and the Investment Adviser have entered into the Investment Advisory Agreement pursuant to which the Investment Adviser will provide investment advice to the Company on an exclusive basis and, following the satisfaction of the applicable Conditions and the acquisition of the Asset Manager pursuant to the Asset Manager Acquisition Agreement, there will be an Asset Management Agreement between the Asset Manager and each property-owning subsidiary.

10. Further issues of Ordinary Shares

The Company may issue Ordinary Shares at the discretion of the Directors and, save as provided below, no Shareholder consent is required in relation to such issue. There are no provisions of Guernsey law which confer pre-emption rights on existing shareholders in connection with the allotment of equity securities. Furthermore, the Company has not enshrined any such general pre-emption rights in its Articles. The Articles do provide, however, that (save for certain exceptions including, but not limited to, the issue of shares pursuant to an employee share scheme or a management performance incentive scheme) Ordinary Shares will not, without the prior approval of Shareholders, be issued at an issue price more than 10 per cent. below the NAV per Ordinary Share prevailing at that time without first offering the new Ordinary Shares to Shareholders pro rata to their existing holdings (subject to variation for the purposes of dealing with fractional entitlements and applicable local laws). Furthermore, pursuant to the Articles, the Company is not permitted to issue further Ordinary Shares other than for cash except with the approval of Shareholders by special resolution.

By written, special resolutions of the Founder (being the sole shareholder of the Company) passed on 14 July 2013 and 23 July 2013, the Company was authorised to issue the following shares for non-cash consideration: the Ordinary Shares to be issued pursuant to the Warrant Agreements, the Ordinary Shares to be issued pursuant to the Founder Equity for Assets Subscription and the Non-Founder Vendors Share Subscriptions, the Sunrise Shares, the Ordinary Shares to be issued pursuant to any agreement to acquire the Founder Pipeline and Ordinary Shares up to an aggregate amount representing one third of the Fully Diluted Ordinary Share Capital. Pursuant to the aforementioned written, special resolutions, the aforementioned pre-emption rights were disapplied in relation to, and Shareholders shall have no pre-emption rights in respect of, any and all issues of the aforementioned classes of shares as well as the Placing Shares and the Founder Admission Shares.

The Company is subject to a contractual lock-up prohibiting it from issuing new Ordinary Shares for the period expiring twelve months from Admission, subject to certain exceptions (including the issue of Ordinary Shares pursuant to the Founder Subscription Agreement, the Non-Founder Vendors Share Subscriptions and the Warrant Agreements), without the prior written consent of the Nominated Adviser (currently Panmure Gordon).

11. Meetings, reports and accounts

All general meetings of the Company will take place in Guernsey or such place outside of the United Kingdom as may be determined by the Board from time to time. The first general meeting (being an annual general meeting) shall be held within a period of not more than 18 months from the date on which the Company was incorporated. Thereafter, the Company will hold an annual general meeting in each calendar year. The annual report and accounts of the Company will be made up to 31 December in each year with a copy expected to be available on the Company's website within the following four months. A copy of an unaudited interim report for the six months to 30 June in each year will also be available on the Company's website within the following three months. Shareholders who have notified the Company (subject to the Company confirming receipt of such notice) that they do not wish to receive these accounts and reports in this manner will be sent copies in the same time period. The first financial period of the Group will cover the period from incorporation to 31 December 2013.

12. Administration

Administrator and secretary

Anson Fund Managers Limited has been appointed as Administrator and Secretary of the Company pursuant to the Administration Agreement (further details of which are set out in paragraph 11.13 of Part XII of this document). The Administrator will be responsible for the day-to-day administration of the Company and general secretarial functions required by the Companies Law and the POI Law, as well as the Company's general administrative functions such as the calculation and publication of the estimated quarterly Net Asset Value per Ordinary Share and maintenance of the Company's accounting and statutory records.

Registrar

Capita Registrars (Guernsey) Limited has been appointed as registrar and CREST transfer agent of the Company pursuant to the share registration services agreement (further details of which are set out in paragraph 11.14 of Part XII of this document).

13. Fees and expenses

Initial expenses relating to the Placing

The initial expenses of the Company are those that are necessary for the incorporation of the Company (and the Investment Adviser), Admission (including negotiating and finalising the Acquisition Agreements) and the Placing. It is estimated that these expenses, which will be borne by the Company, will be approximately 7.5 per cent. of the gross proceeds of the Placing and the Founder Admission Subscription.

These expenses will be paid on or around Admission and will include, without limitation, placing fees and commissions, registration and admission fees, the cost of settlement and escrow arrangements, printing, advertising and distribution costs, legal, accounting and valuation fees and any other applicable expenses. All such expenses will immediately be written-off.

Ongoing, annual expenses

The Company will also incur ongoing annual expenses, including those summarised below.

Directors

The non-executive Directors, being Eli Alroy, David Kanter, Geoff Miller and John Whittle, will receive annual fees of Euro 200,000, Euro 60,000, £40,000 and £40,000, respectively. Geoff Miller will receive an additional fee of £10,000 per annum as Chairman of the Board (plus a one-off fee of £10,000). In addition, John Whittle, as Chairman of the Audit Committee, and the Remuneration Committee, will receive a further fee of £5,000 per annum for his services in each of these roles.

Administrator

Under the terms of the Administration Agreement, the Administrator is entitled to various fees, including a minimum annual administration fee of €36,000, a financial reporting fee of £8,000-12,000, and a value fee of 0.00885 per cent. by which the gross asset value of the Company exceeds Euro 50,000.

Registrar

The Registrar will be entitled to an annual fee from the Company of £2.00 per Shareholder per annum or part thereof, with a minimum fee of £7,750 per annum. Other registrar activity will be charged in accordance with the Registrar's normal tariff as published from time to time.

Other operational expenses

All other ongoing expenses of the Group will be paid by the relevant member of the Group including, without limitation, the incidental costs of acquiring, managing and disposing of investments and the implementation of the Investing Policy; the salary and related costs due to the members of the Senior Management Team employed by the Investment Adviser and (on completion of the acquisition of the Asset Manager pursuant to the Asset Manager Acquisition Agreement) to the executives employed by the Asset Manager; travel, accommodation and printing costs; website maintenance; accounting, audit, legal and valuation fees and annual AIM fees. All out of pocket expenses of the Administrator, the Registrar and the Directors relating to the Company that are reasonably and properly incurred will be borne by the Company.

14. Basis of accounting

The audited accounts of the Company will be prepared under IFRS, which the directors believe is an acceptable body of generally acceptable accounting practice. The values of the assets in the portfolio will be determined in accordance with IFRS.

15. Insurance

The Company will arrange insurance for its real estate assets on an asset by asset basis on terms considered by the Company to be appropriate and having due regard to the availability of cover. Further information in relation to the insurance referable to the Initial Portfolio and the Founder Pipeline is set out in paragraph 4 of Part V of this document.

The Company is expecting to have the benefit of key man insurance in respect of the Founder and Dimitris Raptis (subject to the satisfactory completion of medical examinations), and the Directors have the benefit of professional indemnity (D&0) insurance.

16. Independent Valuations

Coldwell Banker has been the valuer of the Initial Portfolio and the Founder Pipeline for several years. In order to provide further independent review for the purposes of the Placing and Admission, SC Prime Property Advisers Srl (in association with Knight Frank) have also valued the Initial Portfolio and the Founder Pipeline (and the reports of both valuers are reproduced in Part VII of this document). After Admission and the acquisition of the Initial Portfolio, the Company intends to use one Independent Valuer with commercial real estate valuation experience in Romania for at least five years in respect of each of its real estate assets. The Company also intends to rotate its valuers periodically (for example, every two years) in respect of each asset. The Group may use more than one such valuer at any time but not more than one in respect of each asset, and the same valuer may be retained by the Group for longer than the relevant rotation period but not in respect of the same asset.

17. The City Code and takeovers

The City Code is issued and administered by the Panel and applies to all takeover and merger transactions, however effected, where the offeree company is a public company, whether quoted or unquoted, incorporated and (until 30 September 2013) which are considered by the Panel to have their place of central management and control in the United Kingdom, the Channel Islands or the Isle of Man. After 30 September 2013, the residency test will no longer apply to offers for companies which have their registered offices in the UK, the Channel Islands or the Isle of Man and which have securities admitted to trading on a multilateral trading facility (which includes AIM). On Admission, Globalworth will be a company to which the City Code applies, and its shareholders are accordingly entitled to the protections afforded by the City Code. The City Code will apply in any event as from 30 September 2013 (when the residency test changes as referred to above).

Under Rule 9 of the City Code, when a person or a group of persons acting in concert acquires shares in a company which is subject to the City Code, and such shares (when taken together with shares already held) carry 30 per cent. or more of the voting rights of the Company, such person or group of persons is normally obliged to make a general offer in cash to all of the Company's shareholders to acquire the remaining equity share capital at the highest price paid by any member of such concert party within the preceding 12 months. Rule 9 of the City Code also states that, if any person or group of persons acting in concert holds shares carrying not less than 30 per cent., but not more than 50 per cent., of the voting rights, and such person, or any person acting in concert with him, acquires any additional shares which increases their percentage of the voting rights, such person or group of persons is, in the same way, obliged to make a general offer to all shareholders.

If the Placing Shares and the Founder Admission Shares are issued in full, on Admission the Founder will be interested in approximately 28 per cent. of the issued ordinary share capital of the Company. If (as expected) the Founder subscribes the maximum number of Ordinary Shares pursuant to the Founder Equity for Assets Subscriptions (and, therefore, that the Non-Founder Vendors Share Subscriptions take place), the Founder would be interested in approximately 66 per cent. of the Company's issued ordinary share capital. If the Founder Warrants were to be retained and exercised by the relevant Founder Companies (which would require an increase in the market price of the Ordinary Shares to at least the relevant market price vesting threshold, which will not necessarily occur), the Founder's interest in the issued ordinary share capital of the Company would increase to approximately 67 per cent. (if the market price reaches Euro 7.50), 68 per cent. (if the market price reaches Euro 10.00) and 70 per cent. (if the market price reaches Euro 12.50).

Ordinarily, at any time when the City Code applies to the Company (which, as referred to above, will occur at Admission and in any event on and after 30 September 2013), any increase in the holding of the Founder pursuant to the Founder Admission Subscription, the Founder Equity for Assets Subscription and the exercise of Founder Warrants which resulted in him being interested in 30 per cent. or more of the Ordinary Shares would give rise to a mandatory bid obligation under Rule 9 of the City Code as referred to above.

The Panel will, in appropriate cases, however, grant a waiver of such an obligation provided, amongst other things, appropriate disclosure is made to shareholders. In this case, given the disclosure of the Founder's potential shareholding in this document (and this is the basis upon which Investors will be participating in the Placing and otherwise acquiring Ordinary Shares following Admission), the Panel has agreed to waive any obligation on the Founder to make a general offer for Ordinary Shares that might otherwise arise under Rule 9 as a result of the acquisition of interests in Ordinary Shares by the Founder or Founder Companies pursuant to the Founder Admission Subscription, the Founder Equity for Assets Subscriptions and the exercise of the Founder Warrants.

The Company will, with effect from Admission and until the Company's annual general meeting in 2014, have authority to buy-back up to 14.99 per cent. of the Ordinary Shares on Admission, and it is anticipated that this authority will be renewed by shareholders at that, and each subsequent, annual general meeting. Any exercise of such authority may give rise to an increase in the percentage ownership of the Company's issued share capital in which the Founder is interested. It should be noted that, on full exercise of such authority from shareholders other than the Founder (and assuming full subscription by Founder Companies pursuant to the Founder Admission Subscription and the Founder Equity for Assets Subscription, full vesting and exercise of all the Founder Warrants as referred to above and that the Non-Founder Vendors Share Subscriptions take place), the Founder could, in an extreme case, be interested in a maximum aggregate of 82 per cent. of the issued ordinary share capital of the Company.

Under Rule 37 of the City Code, any increase in the percentage of the shares carrying voting rights in which a shareholder or group of shareholders acting in concert is interested as a result of the redemption or purchase by a company of its own shares may be treated as an acquisition of additional shares for the purposes of Rule 9. Although a shareholder who exceeds the limits in Rule 9 as a result of a company's redemption or purchase of its own shares would not normally incur an obligation to make a mandatory offer (provided that person has not acquired an interest in shares at a time when he had reason to believe that such a redemption or purchase of own shares would take place), such an obligation would normally apply to a person who is a director, or where the relationship of the person with any one or more of the directors is such that the person is, or is presumed to be, acting in concert with any of the directors.

The Panel will, in appropriate cases, however, grant a waiver of any such an obligation provided, amongst other things, appropriate disclosure is made to shareholders. In this case, given the disclosure of the Founder's potential shareholding in this document (and this is the basis upon which Investors will be participating in the Placing and otherwise acquiring Ordinary Shares following Admission), the Panel has agreed to waive any obligation on the Founder to make a general offer for Ordinary Shares that might otherwise arise under Rule 9 as a result of any exercise of the buy-back authority described above.

If the Founder's aggregate direct and indirect percentage interest in the issued share capital of the Company were to increase other than as a result of his subscription for Ordinary Shares as contemplated above or as a result of any share buyback, he may be subject to a mandatory bid obligation under Rule 9 of the City Code.

18. Compulsory acquisition of Ordinary Shares

Ordinary Shares may be subject to compulsory acquisition in the event of a takeover offer which satisfies the requirements of Part XVIII of the Companies Law, or in the event of a scheme of arrangement under Part VIII of the Companies Law. In order for a takeover offer to satisfy the requirements of Part XVIII of the Companies Law, the prospective purchaser must prepare a scheme or contract (the "**Offer**") relating to the acquisition of the Ordinary Shares and make the Offer to some or all of the Shareholders. If, at the end of a four month period following the making of the Offer, the Offer has been accepted by Shareholders holding 90 per cent. in value of the Ordinary Shares affected by the Offer the purchaser has a further two months during which it can give a notice (a "**Notice to Acquire**") to any Shareholder to whom the Offer was made but who has not accepted the Offer (the "**Dissenting Shareholders**") explaining the purchaser's intention to acquire their Ordinary Shares on the same terms. The Dissenting Shareholders have a period of one month from the Notice to Acquire in which to apply to the Court for the cancellation of the Notice to Acquire. If the Notice to Acquire has not been cancelled by the Court by the end of that one month period, the purchaser may acquire the Ordinary Shares belonging to the Dissenting Shareholders by paying the consideration payable under the Offer to the Company, which will hold it on trust for the Dissenting Shareholders.

A scheme of arrangement is a proposal made to the Court by the Company in order to effect an "arrangement" or "reconstruction", which may include a corporate takeover in which the Ordinary Shares are acquired in consideration for cash or shares in another company. A scheme of arrangement is subject to the approval of a majority in number of the Shareholders representing 75 per cent. in value of the Shareholders (or class of Shareholders) present and voting at a meeting of such Shareholders and subject to the approval of the Court in Guernsey. If approved, the scheme of arrangement is binding on all Shareholders. In addition, the Companies Law permits the Company to effect an amalgamation, in which the Company amalgamates with another company to form one combined entity.

19. Tax status and policy

The effective corporate tax rate applicable to the Group will depend upon the jurisdictions in which the Group invests, the structures through which those investments are made and the manner in which the relevant members of the Group carry on their business. It is expected that the tax rate on taxable income of Romanian asset-owning companies will be 16 per cent., being the corporate tax rate in Romania.

If there are investments in countries other than Romania, the tax rate on pre tax income may change.

The Directors intend to conduct the affairs of each relevant member of the Group so that its place of effective management and tax residence is the jurisdiction of its incorporation. Also, the Directors intend to conduct the activity of each member of the Group in such a way that no permanent establishment will be created in any other jurisdiction. The Directors will seek to optimise taxation in the jurisdictions in which it invests and, to this end, the Board will take appropriate tax advice. This section should be read in conjunction with Part XI of this document.

No taxation advice is being provided to Investors in this document. If you are in any doubt as to your tax position, you should consult your professional adviser immediately.

20. Regulatory status

The Company is registered by the GFSC as a registered closed-ended collective investment scheme pursuant to the POI Law and The Registered Collective Investment Scheme Rules 2008.

The GFSC, in granting registration has not reviewed this document but has relied upon specific warranties provided by the Administrator. Neither the GFSC nor the States of Guernsey Policy Counsel take any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it. A registered collective investment scheme, such as the Company, is not permitted to be directly offered to the public in Guernsey but may be offered to regulated entities in Guernsey or offered to the public by entities appropriately licensed under the POI Law.

The Investment Adviser is exempt from the requirement to be licensed under the POI Law in connection with the investment advisory services to be provided to the Company as both the Investment Adviser and the Company are in the same corporate group.

21. The Data Protection (Bailiwick of Guernsey) Law, 2001

Pursuant to The Data Protection (Bailiwick of Guernsey) Law, 2001, as amended, (the "**DP Law**") the Company and/or its Registrar may hold personal data (as defined in the DP Law) relating to past and present Shareholders. Such personal data held is used by the Registrar to maintain the Company's Register of Shareholders and mailing lists and this may include sharing such data with third parties in one or more of the countries mentioned below when: (a) effecting the payment of dividends and other moneys to Shareholders; and (b) filing returns of Shareholders and their respective transactions in Ordinary Shares with statutory bodies and regulatory authorities. Personal data may be retained on record for a period exceeding six years after it is no longer used. The countries referred to above include, but need not be limited to, those in the European Economic Area or the European Union and any of their respective dependent territories overseas, Argentina, Australia, Brazil, Canada, Hong Kong, Hungary, Japan, New Zealand, Singapore, South Africa, Switzerland and the United States of America. By becoming registered as a holder of Ordinary Shares in the Company a person becomes a data subject (as defined in the DP Law) and is deemed to have consented to the processing by the Company or its Registrar of any personal data relating to them in the manner described above.

PART V

THE INITIAL PORTFOLIO, THE FOUNDER PIPELINE AND THE THIRD PARTY PIPELINE

1. Initial Portfolio and the Founder Pipeline

(a) *Summary*

The Company has entered into the Acquisition Agreements to acquire the Initial Portfolio, which comprises interests in seven real estate assets in Romania, six of them located in Bucharest and one in Timisoara (TAP), together with the Asset Manager (which itself owns four of the interests). All the real estate assets within the Initial Portfolio are managed by the Asset Manager (which is owned and controlled by the Founder). Although Founder Companies hold varying direct or indirect percentage shareholdings in the real estate interests within the Initial Portfolio, the Acquisition Agreements provide for the acquisition of 100 per cent. of such interests (other than a minor asset, Floreasca 1, in respect of which an indirect 60 per cent. shareholding is to be acquired) and the Directors expect that the Acquisition Agreements will be completed, and the Initial Portfolio will be acquired by the Company, within three months following Admission.

Further information in relation to the Initial Portfolio is set out in paragraph 2 below.

There have been extensive negotiations in relation to the acquisition by the Company of the Founder Pipeline, which comprises two income generating offices in Bucharest, Romania which are managed by the Asset Manager pursuant to the BOB/BOC Asset Management Agreements. The Company has carried out due diligence in respect of these properties and the Board has approved their acquisition at an aggregate Acquisition Cost of Euro 152 million and otherwise on substantially the same terms as the Acquisition Agreements. The Founder has stated that he is prepared to sell his indirect 22 per cent. interest in BOB/BOC on such terms but, whilst there have been extensive negotiations with the holder of the other 78 per cent. interest with a view to the Company acquiring a 100 per cent. interest in these properties, an agreement to acquire BOB/BOC has not yet been reached. Although it is not possible to predict with certainty how the negotiations will progress, the Company has reasonable confidence that negotiations will reach a satisfactory conclusion so that BOB/BOC can be acquired within three months following Admission.

Further information in relation to the Founder Pipeline is set out in paragraph 3 below.

The table below provides a summary outline of the assets in the Initial Portfolio and the Founder Pipeline.

Property	*City*	*Status*	*Main Uses*	*GBA(1) (sqm)*	*% of Total GBA(2)*	*Stabilised NOI (€ million)*	*Stabilised NOI Yield (€ million)*
Initial Portfolio							
Upground Towers	Bucharest	Standing/Partially Let	Residential/Retail	62,968	19.5	5.0	9.6%
TCI	Bucharest	Standing/Partially Let	Office	24,711	7.6	5.3	9.1%
Bucharest One	Bucharest	Development	Office	48,732	15.1	12.5	13.9%
Asset Manager							
City Offices	Bucharest	Standing/Under Re-development	Office/Parking/ Retail	56,038	17.3	5.4	12.9%
TAP(3)	Timisoara	Phases 1 and 2: Standing and let					
		Phase 3: Turn-key development and let	Industrial	27,474	8.5	2.1	10.5%
Herastrau 1	Bucharest	Development	Office	12,166	3.8	2.7	11.7%
Small Assets(4)	Bucharest	Development/ Standing	Office	9,200	2.8	0.9	8.3%
Asset Manager				nm	–	2.7	17.7%
Sub total				241,289	74.6	36.5	11.8%
Founder Pipeline							
BOB	Bucharest	Standing/Partially Let	Office	23,631	7.3	4.2	10.0%
BOC	Bucharest	Standing/Partially Let	Office	58,581	18.1	10.1	9.2%
Sub total				82,212	25.4	14.3	9.4%
Total				323,501	100.0	50.8	11.0%

(1) In the case of the development properties, Gross Build Area assumes that the construction of all the properties has been completed.

(2) The % Total GBA is in respect of the Initial Portfolio and the Founder Pipeline combined.

(3) The Asset Manager has the benefit of an agreement to purchase the property.

(4) Small assets include Floreasca 1 (adjusted to reflect the 60 per cent. ownership) and 31 apartments, 23 parking spaces and 2 storage areas in Upground Towers.

Most of the currently let commercial GLA within the Initial Portfolio and the Founder Pipeline is leased to local members of multinational corporate groups and financial institutions on long-term inflation-indexed leases, which in some cases are supported by parent company guarantees. Substantially all current commercial lease NOI is triple net. All of the commercial leases are Euro-denominated and governed by Romanian law and all of the parent company guarantees are governed by the law of incorporation of the parent company. It is expected that this position will continue as assets are acquired or developed/redeveloped.

The total Acquisition Cost of the Initial Portfolio pursuant to the Acquisition Agreements is approximately Euro 220 million and the expected total Transaction Cost is approximately Euro 310 million, of which it is expected that approximately 50 per cent. will, directly or indirectly, be funded by third party debt. It is expected that the total equity commitment of the Company in respect of the total Transaction Cost will be approximately Euro 150 million, of which (if the whole of the Initial Portfolio is acquired) Euro 90 million will be satisfied by the issue of further Ordinary Shares pursuant to Founder Equity for Assets Subscriptions and a further approximately Euro 15 million will be satisfied by Non-Founder Vendors Share Subscriptions.

Information regarding the Founder's percentage interest, the average valuation (as derived from the Valuation Reports reproduced in Part VII of this document), the Acquisition Cost, the expected Transaction Cost and the expected leverage in respect of the Initial Portfolio and the Founder Pipeline is set out in the table below.

Property/ Company	*Founder's Interest (%)*	*Independent Valuation(1) "As is" (€ million)*	*Acquisition Cost (€ million)*	*Independent Valuation(1) "Upon Completion" (€ million)*	*Transaction Cost (€ million)*	*Estimated Debt(2) (€ million)*	*Estimated Equity Commitment (€ million)*
Initial Portfolio							
Upground Towers	22.5	97.3	52.0	97.3	52.0	38.0	14.0
TCI	50.0	70.3	58.0	70.3	58.0	25.0	33.0
Bucharest One	100.0	44.8	30.0	135.7	90.0	50.0	40.0
Asset Manager							
City Offices	100.0	51.0	37.0	58.1	42.0	17.0	25.0
TAP	100.0	15.4	14.0	20.0	20.0	12.0	8.0
Herastrau 1	100.0	6.7	6.0	28.7	23.0	13.0	10.0
Small Assets(3)	60.0-100.0	9.0	8.0	11.8	10.2	5.5	4.7
Asset Manager	100.0	(4)22.4	15.0	22.4	15.0	–	15.0
Sub total	–	316.8	220.0	444.3	310.2	160.5	149.7
Founder Pipeline							
BOB	22.0	47.6	(7)42.0	47.6	42.0	38.0	4.0
BOC	22.0	134.2	(7)110.0	134.2	110.0	86.0	24.0
Sub total	–	181.8	(7)152.0	181.8	152.0	124.0	28.0
Total	–	498.6	372.0	626.1	462.2	284.5(5)	177.7(6)

(1) The Independent Valuation represents the average of the valuations carried out by The Advisers/Knight Frank and Coldwell Bankers as reproduced in Part VII of this document.

(2) The estimated debt and equity commitment amounts include such amounts for the construction of the development properties.

(3) Small assets include Floreasca 1 and 31 apartments, 23 parking spaces and 2 storage areas in Upground Towers.

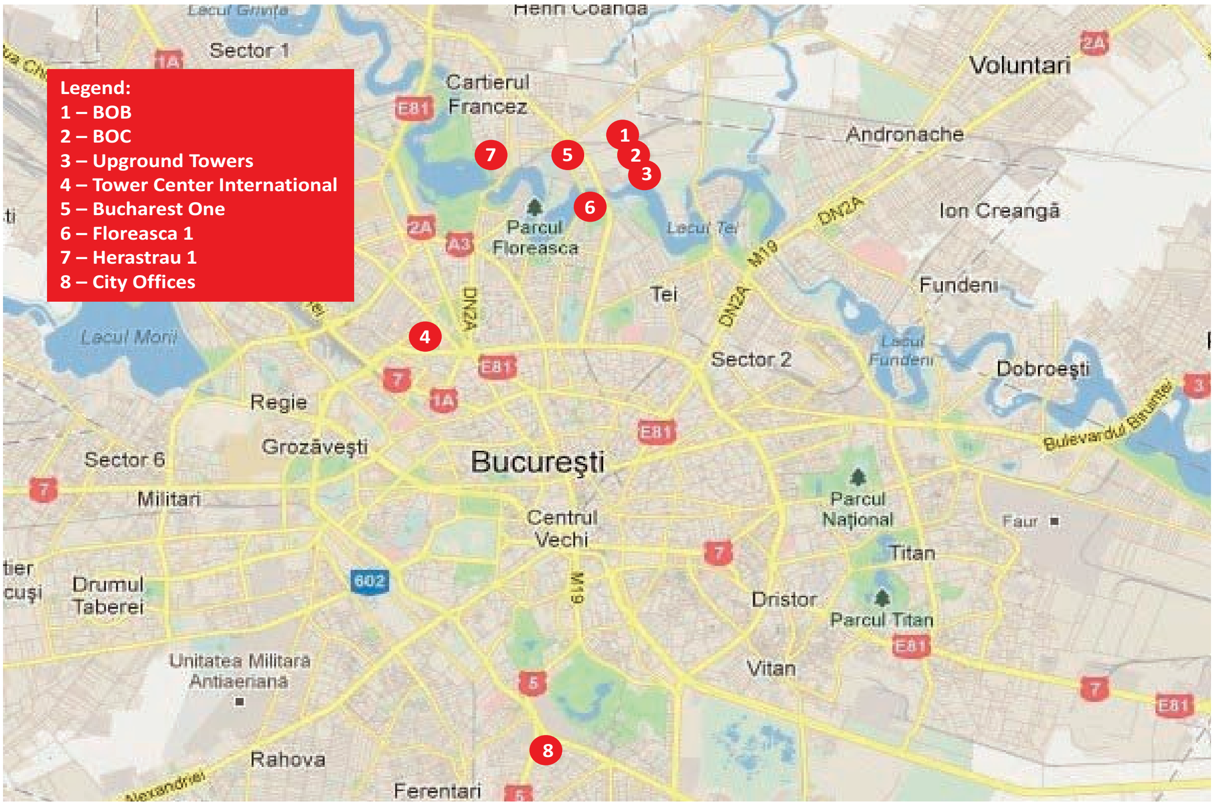
(4) The stated value for the Asset Manager is for the Asset Manager operations as determined by another independent valuer.

(5) Debt as at 31 May 2013 in relation to the Initial Portfolio is Euro 74.1 million and in relation to the Founder Pipeline is Euro 126.7 million.

(6) The estimated equity commitment is in respect of the total Transaction Cost. If the whole of the Initial Portfolio is acquired, Euro 90 million of this will be satisfied by further subscriptions for Ordinary Shares by the Founder pursuant to the Founder Equity for Assets Subscriptions and a further approximately Euro 15 million will be satisfied by Non-Founder Vendors Share Subscriptions.

(7) In the case of the Founder Pipeline, the Acquisition Cost is merely an expectation; there is no agreement regarding the Acquisition Cost in respect of the Founder Pipeline.

The location of the assets in the Initial Portfolio and the Founder Pipeline situated in Bucharest is shown below.



On completion of the Asset Manager Acquisition Agreement (which will require the satisfaction of the Conditions applicable to such Agreement), the asset management and administration of the Company's portfolio will be internalised within the Group.

The real estate related rights over the assets within the Initial Portfolio and the Founder Pipeline are reflected in land book extracts from the relevant District Land Book and Real Estate Publicity Office. More information regarding the Romanian real estate system is set out in section C of Part VI of this document.

(b) ***Acquisition Agreements***

The Company has entered into the Acquisition Agreements to acquire the Initial Portfolio (subject to the satisfaction of the applicable Conditions). All Acquisition Agreements are subject to the satisfaction of the following Conditions: (i) the occurrence of Admission; (ii) the Romanian Official Gazette Condition (other than in the case of the Asset Manager Acquisition Agreement) and (iii) there being no breach of any of the warranties in the relevant Acquisition Agreement.

The Upground Acquisition Agreement is also subject to the Financing Condition. It is possible that, in order to satisfy the Financing Condition, the allocation of the Acquisition Cost between debt and equity could change. The TCI Acquisition Agreement is subject to the condition that the Company obtains committed third party finance of Euro 25 million to acquire TCI and refinance its current third party debt.

If an agreement is reached to acquire the Founder Pipeline and in the unlikely event that any such agreement completes before the Asset Manager Acquisition Agreement, the acquisition of the Asset Manager pursuant to the Asset Manager Acquisition Agreement will be subject to obtaining the approval of the Competition Council in Romania.

The Acquisition Agreements referable to each of TCI, City Offices and Herastrau 1 are conditional upon there being a commitment to provide title insurance in respect of such properties in an amount equal to the average of the valuations for such properties as set out in the Valuation Reports from an investment grade Demotech A-rated insurer and on such other terms to the satisfaction of the Company. An insurer of the required rating has reviewed these properties and indicated that it would provide this title insurance following Admission and upon receipt of the relevant premiums. The cost of the insurance will be borne by the vendors under the relevant Acquisition Agreements. Further information regarding the expected title insurance for these properties within the Initial Portfolio (and the properties within the Founder Pipeline) is contained in paragraph 4(a) of this Part V.

The Bucharest One Acquisition Agreement is conditional on the obtaining of (i) the building permit in relation to the construction of an office building with an unfolded area of approximately 48,000 sqm at a CUT (land use coefficient) of 4 (the "**Project BP**") or (ii) cumulatively, the traffic solution and approvals from Metrorex SA necessary to obtain the Project BP and a CUT of 4 being achieved. The Asset Manager Acquisition Agreement provides for an initial purchase price in respect of the 60 per cent. indirect interest in Floreasca 1 and a further instalment when the requisite office building permit is obtained. This Agreement also provides for a deduction of the Acquisition Cost of TAP if it is not acquired by the closing date. Also, if the building permit for Herastrau 1 is not obtained within 18 months from completion, the Company can put the land back to Zakiono Enterprises Limited (a Founder Company), or a company nominated by it, for the Euro 6 million Acquisition Cost allocated to it. In each case, these provisions are to address the special assumptions in the valuations of the relevant properties set out in the Valuation Reports reproduced in Part VII of this document.

The Founder has undertaken to use his reasonable endeavours to procure that the Conditions are satisfied, and the Directors are of the view that all the Conditions are capable of satisfaction without material additional cost or time. If the Conditions referable to an Acquisition Agreement are not satisfied or waived by the Company within the three months following the date of the Acquisition Agreement (or such longer period as may be agreed by the parties and subject to there being an automatic extension of a further three months under the Bucharest One Acquisition Agreement if the required building/planning consents are not available at the end of the first period of three months), the relevant Acquisition Agreement will terminate.

The TCI Acquisition Agreement provides that Euro 5 million of the purchase price payable to the Non-Founder Vendors under such Agreement may be satisfied by the issue of Ordinary Shares at the Placing Price. The Upground Acquisition Agreement provides that the whole of the purchase price payable under such Agreement (being Euro 14 million, Euro 13 million of which is to be satisfied by the issue of Ordinary Shares at the Placing Price).

If the final terms of any acquisition vary in any material respect from the applicable Acquisition Agreement, such variation will be subject to Board approval and the additional procedures set out in paragraph 4 of Part IV of this document.

Notwithstanding the Acquisition Agreements (together with the Founder's undertaking and the Directors' view referred to above), the Directors can give no assurance that all of the Conditions will be satisfied or, therefore, that the acquisition of any of the assets within the Initial Portfolio (including the Asset Manager) will complete.

Further information regarding the Acquisition Agreements is contained in paragraph 11.15 of Part XII of this document.

(c) ***Potential terms for acquisition of the Founder Pipeline***

There is currently no agreement in respect of the acquisition of BOB and BOC office buildings. The Board expects that any agreement which is reached regarding the acquisition by the Company of the Founder Pipeline will be on substantially the same terms as the Acquisition Agreements, with the Acquisition Cost expected to be Euro 42 million for BOB and Euro 110 million for BOC. It is also expected that any such agreement would be conditional upon the third party lenders waiving the change of control event of default that would otherwise arise on any such acquisition, the availability of title insurance in the amount of the respective Acquisition Cost and (if, as expected, completion would be after the completion of the Asset Manager Acquisition Agreement) approval of the Competition Council in Romania. The Board has approved the acquisition of BOB/BOC on those terms.

Although, the Founder has stated that he is prepared to sell his 22 per cent. indirect interest in the Founder Pipeline on these terms, there is no agreement regarding the Company's acquisition of 100 per cent. of the Founder Pipeline and, notwithstanding the Directors' expectation that such an agreement can be reached, and the Founder Pipeline acquired, within three months of Admission, the Directors can give no assurance that an agreement can be reached regarding the acquisition of 100 per cent. of the Founder Pipeline on the expected terms, in the expected timescale or at all or that, if any such agreement is reached, it will be completed.

Any agreement which is reached to acquire the Founder Pipeline will be subject to the conditional related party procedures set out in paragraph 4 of Part IV of this document.

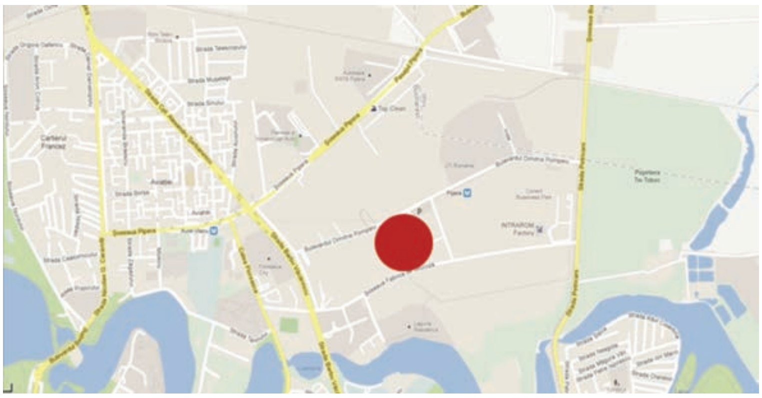
2. Description of the Initial Portfolio

Further information in relation to the assets within the Initial Portfolio is set out below.

(a) ***Upground Towers***

Description and history	Upground Towers is a modern residential complex located in the Northern part of Bucharest on Fabrica de Glucoza Street. It was completed in 2009 and comprises two buildings with a total of 101,354 sqm of Gross Built Area over seventeen floors above ground. Upground Towers is part of the wider building complex developed by the Founder between 2006 and 2011 which includes the BOB and BOC office buildings referred to above. The residential complex was developed in order to address part of the demand for good quality residential space, mainly from professionals working in the area. On completion, Upground Towers comprised 571 residential units of which 156 have been sold (including 31 apartments, 23 parking places and 2 storage areas which have been sold to, and are currently held by, the Asset Manager). Currently Upground Estates Srl owns 415 apartments (which, together with the 31 apartments owned by the Asset Manager, cover 53,318 sqm or approximately 60,904 sqm including balconies), of which 155 units are currently let with the remaining being available for sale. Substantially all of the apartments have 1-bedroom (44.6 per cent.), 2-bedrooms (41.9 per cent.) or 3-bedrooms (11.9 per cent.). The remaining apartments have 4 or 5 bedrooms. The average size of the apartments is 119.5 sqm (136.6 sqm including the balconies). A range of amenities is available in the complex, including a gym and spa, dry cleaning, pharmacy, supermarket, several restaurants and coffee shops. The total gross build retail area is 6,555 sqm and, including open space areas, 9,238 sqm.
Area and access	Upground Towers is located in the Dimitrie Pompeiu area, a predominantly office area of Bucharest. The residential complex has good views to the Tei Lake as well as the ongoing infrastructure/support works announced by the City council, which include the development of new visitor attractions with small marinas, entertainment area, sports grounds, etc. in the Tei Lake and Park areas. The property is easily accessible by public transport. Bus and tram stations are located on Dimitrie Pompeiu Boulevard, which is in the immediate vicinity of the property. A subway station is within 5 minutes walking distance from the property and access by car is available from Fabrica de Glucoza Road or George Constantinescu Street.
Tenancy	Fourteen tenants occupy approximately 97 per cent. of the retail space in Upground. The duration of the leases range from five years (9 tenants) to twenty years. The three largest tenants (World Class

	Romania, CO.CA Catering and Marfin Bank) have signed lease contracts for 15 and 10 years. Monthly retail rents range from Euro 5.0 to Euro 20.0 per sqm and the current average rent is Euro 8.6 per sqm for retail space and Euro 6.42 per sqm for storage units. Leases are typically subject to indexation by reference to HICP on 1 January each year: three tenants are subject to step rents and two are subject to turnover rents.
Ownership	The property (which does not include the 31 apartments, 23 parking places and 2 storage areas owned by the Asset Manager) is owned by Upground Estates SRL (incorporated in Romania), certain financial information in respect of which is set out in Section C of Part IX of this document. The Founder owns, indirectly, a 22.5 per cent. equity interest in Upground Estates SRL.
Third party finance	Upground Estates SRL is a party to a secured facilities agreement with one bank. The aggregate amount outstanding under such facilities is approximately Euro 38 million and the repayment date is 31 December 2015.
Address	9B (former 9-11) Fabrica de Glucoza Street, Bucharest
Year of completion	2009
Property type	Residential & retail
Status	Standing and partially let
Land plot	10,765 sqm
Floor breakdown	3UG+GF+16F
Gross Build Area	83,409 sqm (above ground including common spaces but not including the 31 apartments owned by the Asset Manager)
Parking spaces	563 (indoor) and 55 (open)
Key tenants	Mega Image, World Class, Subway, Timea Trade, Q's Inn and Huawei
Map of property	



View of property

(b) ***Tower Center International***

Description and history

Tower Center International ("**TCI**") is a recently constructed landmark office ("class A") building centrally located in Bucharest's CBD area at Victoriei Square.

The property, which consists of two interconnected buildings, is the 2nd tallest building in Bucharest. It comprises 24,711 sqm of Gross Built Area over twenty six floors above ground and has 130 underground and 8 open parking spaces.

The building was delivered before 2012 but remained empty due to multiple legal actions which have now been resolved. The Founder (50 per cent.) and co-investors acquired the property out of insolvency in July 2012.

Area and access

The Central Business District is one of Bucharest's prime office sub-markets. It accommodates more than 13 per cent. of the City's total modern office stock in 24 buildings each of which exceeds 3,000 sqm. This includes landmark buildings such as America House, Europe House, BRD Tower, Piraeus Headquarters, Bucharest Corporate Centre and Victoria 145.

The area has good infrastructure, public transportation (subway, tram and bus) and is in close proximity to many public institutions.

The main landlords of office space in Victoriei Square include BRD (BRD Tower), Ixis (America House), PremiumRed (Premium Plaza and Premium Point), CA IMMO (Europe House), Bluehouse (Victoria 145) and Immofinanz (Bucharest Corporate Centre).

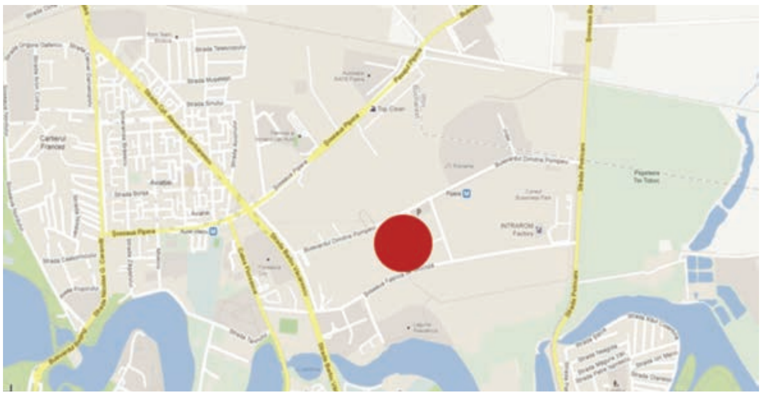
The area is tenanted by a number of government entities as well as national and international corporations. Financial institutions (BRD, ING, BCR, Piraeus Bank, Citibank and Millennium bank), accounting firms (Ernst & Young and Deloitte), law firms (Tuca, Zbarcea si Asociatii, Reff si Asociatii and Wolf Theiss) and telecommunication companies (Orange), have all leased space in Victoriei Square.

TCI is easily accessible by public transport as 4 bus stops, 2 tram stations and the Victoriei Square subway station are located in close proximity to the property. Access by car is available from the Ion Mihalache Boulevard.

Tenancy

Four tenants occupy 12,775 sqm of the property. The durations of the lease contracts are: 2 years (one contract, 20 per cent. of the leased area), 7 years (one contract, 19 per cent. of the leased area),

	10 years (one contract, 35 per cent. of the leased area) and 11.25 years (one contract, 26 per cent. of the leased area). The WALT is approximately 8.8 years (based on passing rent) and the current vacancy level is approximately 43 per cent. Monthly office rents in the property range from Euro 16.5 to Euro 18.0 per sqm and the average rent is Euro 17.1 per sqm. The rent is adjusted annually by reference to HICP.
Ownership	The property is owned by Tower Center International SRL (incorporated in Romania), certain financial information in respect of which is set out in Section E of Part IX of this document. A Founder Company owns a 50 per cent. equity interest in Tower Center International SRL.
Third party finance	Tower Center International SRL is a party to a secured facility agreement with one bank. The amount outstanding under such facility is approximately Euro 14.9 million (as at 31 March 2013) and the repayment date is 8 August 2013.
Address	15-17 Ion Mihalache Boulevard, Bucharest
Year of completion	2012
Property type	Office
Status	Standing and partially let
Land plot	2,770 sqm
Floor breakdown	4UG+GF+25F
Gross Build Area	24,711 sqm (above ground) and 8,238 sqm (below ground)
Parking spaces	130 (indoor) and 8 (open)
Key tenants	Hidroelectrica, E&Y, Inside Software (Cegeka), Huawei
Map of property	



View of property

(c) ***Bucharest One***

Description and history

Bucharest One is an office development project to be constructed in the northern part of Bucharest in the Floreasca/Barbu Vacarescu area.

Upon completion, the building is expected to comprise 48,732 sqm of Gross Build Area over twenty three floors above ground.

Land was acquired in May 2013 by a Founder Company for future development. The project has the necessary demolition permits and is currently in the process of obtaining construction permits. It is expected that construction will be completed in 2015.

Area and access

The Floreasca/Barbu Vacarescu area is considered the fastest growing office sub-market in Bucharest.

It is located in the northern part of the City and has close proximity to the City centre (two stops from Victoriei Square/ CBD) and easy access through public transport (tram and bus) and car. There are also relevant on-going improvements in infrastructure.

The appeal of the area has resulted in both strong investor and tenant demand and one of the lowest office vacancy rates in Bucharest.

International developers and landlords active in the area include Portland Trust/Apollo Fund, Nusco Group, Uniqa, Raiffeisen International and Skanska.

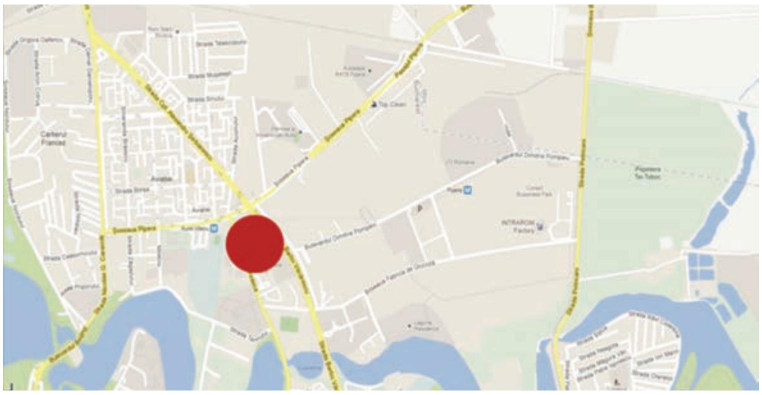
National and international tenants which have leased space in the area include financial institutions (Volksbank, RBS and Banca Romaneasca), IT companies (Oracle) and accounting firms (PwC).

Bucharest One enjoys a direct opening to three streets (Barbu Vacarescu Street, Pipera Road and Calea Floreasca Road), this results in a high level of visibility. The property will be easily accessible by public transport as the Aurel Vlaicu Square subway station, 3 bus stops and 2 tram stations are located in the close proximity to the property. The property is accessible by car from the three aforementioned streets, namely Barbu Vacarescu Street, Pipera Road and Calea Floreasca Road.

Ownership

The property is owned by SC Corinthian Five SRL (incorporated in Romania), certain financial information in respect of which is set out

	in section D of Part IX of this document. A Founder Company owns a 100 per cent. equity interest in SC Corinthian Five SRL.
Third party finance	The land is currently not subject to any third party finance but it is expected that the development cost will be approximately Euro 60 million (including approximately 10 to 15 per cent. of this sum in soft costs) and that the property will be subject to third party debt of Euro 50-55 million.
Address	201 Barbu Vacarescu Boulevard, Bucharest
Expected year of completion	2015
Property type	Office
Status	Development
Land plot	12,066 sqm (including 2,124 sqm of further land to be acquired for the project)
Floor breakdown	3UG+GF+M+23F
Gross Build Area	48,732 sqm (above ground) and 20,260 sqm (below ground)
Parking spaces	537 (indoor) and 122 (open)
Map of property	



View of property

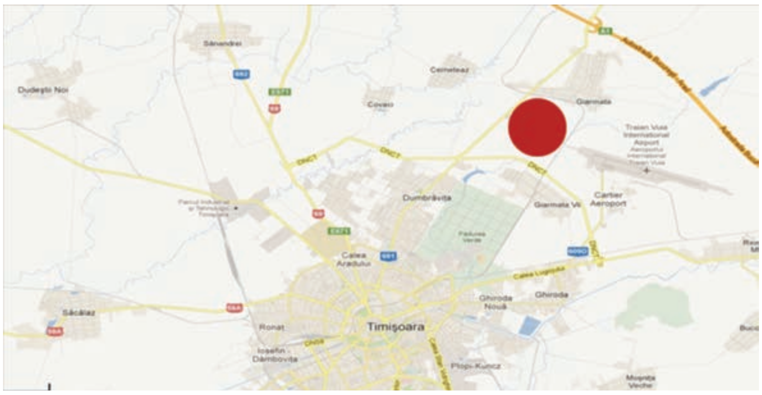
(d) ***Timisoara Airport Park***

Description and history	Timisoara Airport Park ("**TAP**") is an industrial property located to the north – east of Timisoara in close vicinity to the Traian Vuia International Airport.

	TAP property has been partially developed, with two phases completed in 2011 and subsequently leased in its entirety to Valeo. The two completed phases comprised a building with 27,474 sqm of Gross Built Area over two floors above ground. The asset will be the subject of a further phase of development, for which permits have not been applied for.
Area and access	Timisoara is the second largest (by population) city in Romania, situated in the western part of the country, and represents an important social, economic and educational centre, particularly for the western part of the country. The close proximity of Timisoara to the western border with Hungary and Serbia has resulted in it becoming one of the main logistics sub-markets of Romania, attracting a number of international companies, especially in the automotive and IT&T sectors. The TAP property has good access, as it is located within an industrial park which is conveniently situated between the ring road and the new highway along the 4th European Corridor.
Tenancy	The property is leased in its entirety to Valeo, a multinational corporate operating in the automotive industry. The lease contract is for an unbreakable period of 15 years, it commenced in 2011 and is secured by a parent company guarantee. In addition, Valeo can exercise an option requiring the landlord to construct approximately 12,000 sqm of additional build to suit space which is to be leased by the tenant. The term of the lease of the additional space constructed pursuant to the tenant exercising the option referred to immediately above will expire in 2026. The monthly average rent for industrial space in the property is Euro 3.6 per sqm and Euro 7.0 per sqm for office space. Annual adjustment by reference to HICP applies to the sole lease contract.
Ownership	The Asset Manager has entered into an agreement to purchase TAP. Certain financial information in respect of the Asset Manager is set out in Section G of Part IX of this document.
Acquisition Agreement	The Asset Manager's interest in TAP will be acquired pursuant to the Asset Manager Acquisition Agreement (subject to satisfaction of the Conditions applicable to that Agreement), under which the Acquisition Cost attributable to TAP is Euro 14 million (provided that this will be deducted from the Acquisition Cost if TAP is not acquired by the closing date).
Third party finance	It is expected that the development cost of the third phase will be approximately Euro 3.5 million and that the property will be subject to approximately Euro 10-12 million of third party financing.
Address	Calea Lipovei, Giarmata, Timis County, Timisoara
Year of completion (Phase 1 and Phase 2)	2011
Estimated year of completion (Phase 3)	Q1 2014
Property type	Industrial
Status	Partially developed

Land plot	84,359 sqm
Floor breakdown	GF+1F
Gross Build Area	27,474 (above ground)
Tenant	Valeo

Map of property



View of property

(e) ***City Offices***

Description and history

City Offices is a mixed-use re-development/re-positioning project located in the southern part of Bucharest in the densely populated area of Eroii Revolutiei at the crossroad of two of the City's principal arteries (Giurgiului Road and Oltenitei Road).

City Offices consists of two connected buildings which, upon completion of the works undertaken, will offer a Commercial Building ("**CB**") and Multilevel Parking ("**MP**").

The Commercial Building is currently under renovation and the works are expected to be completed by the end of 2013. The building permit for the extension and reconversion of the 5th floor of the Commercial Building is in the course of approval and is expected to be received in approximately 2 months. Upon completion, the property will comprise 27,155 sqm of Gross Build Area over six floors above ground. The ground floor will offer retail space and the remaining floors are to be used as office.

The Multilevel Parking building comprises 28,883 sqm of Gross Build Area over 13 floors above ground, with retail space on the ground floor and 882 parking spaces spread across the property.

The Commercial Building was originally developed by the Founder as a shopping centre, known as the City Mall Shopping Centre. City Mall (as it was then known) was acquired by an international institutional investor in 2005, which subsequently developed the Multilevel Parking building.

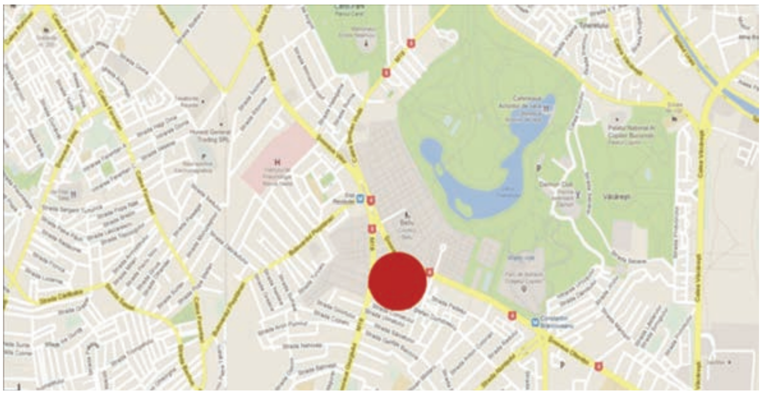
A Founder Company re-acquired the property (including the Multilevel Parking building) out of insolvency in December 2011.

Further information regarding the history of City Offices is set out in paragraph 2(a) of Part III of this document.

Area and access	The large Berceni, Tineretului and Vacaresti neighbourhoods are located in close vicinity, as well as the important Tineretului and Carol Parks. The southern part of the City is not an established office sub-market of Bucharest, though it has received some investor demand with at least two projects currently under construction (eg, Green Gate). Construction has been mainly driven by certain companies which prefer to relocate their operations closer to their employees' or clients' houses. City Offices is easily accessible by public transport as 2 bus stops, 2 tram stops and 2 subway stations are located in close proximity to the property. The property can be reached by car from two main arteries, Oltenitei Road and Giurgiului Road.
Tenancy	Due to the Commercial Building being under re-development, the office component of City Offices is currently vacant. The retail premises and parking spaces are partially let. Fourteen tenants occupy approximately 34 per cent. and approximately 48 per cent. of the retail space available in the Commercial Building and the Multilevel Parking, respectively. In addition, there are active negotiations for the take-up of significant or all of the office space and additional retail space in the two buildings. Lease contracts of retail areas in the property are for a duration of 5, 10 or 15 years and the WALT is approximately 6.4 years. Monthly retail rents in the property range from Euro 12 to Euro 65 per sqm, with a current average of Euro 20.59 per sqm. The leases are typically adjusted annually by reference to HICP.
Ownership	The Asset Manager directly owns City Offices. Certain financial information in respect of the Asset Manager is set out in Section G of Part IX of this document.
Acquisition Agreement	City Offices will be acquired by the Company pursuant to the Asset Manager Acquisition Agreement (subject to satisfaction of the Conditions applicable to that Agreement), under which the Acquisition Cost attributable to City Offices is Euro 37 million.
Third party finance	The Asset Manager is currently party to a secured facility agreement (in relation to City Offices) with one lending bank, under which the amount outstanding is approximately Euro 10 million (as at 31 March 2013). It is expected that the remaining development cost will be approximately Euro 7.1 million and that the property will be subject to an aggregate of approximately Euro 17 million of bank debt.
Address	CB: 2 Oltenitei Road, Bucharest MP: 4A Oltenitei Road, Bucharest

Expected year of completion	2013
Property type and status	CB: office & retail, under redevelopment MP: parking & retail, operational
Land plot	CB: 7,774 sqm MP: 2,435 sqm
Floor breakdown	CB: 3UG+GF+5F MP: UG+GF+12F
Gross Build Area	CB: 27,155 (above ground) and 8,090 (underground) MP: 28,883 (above ground) and 2,119 (underground)
Parking spaces	CB: 137 (indoor) MP: 882 (indoor)
Key tenants	CB: Mega Image, Vodafone, Pharma Vision MP: Billa, MaxBet, Piraeus Bank

Map of property



View of property (plan)

Note: CB refers to the Commercial Building and MP to the Multilevel Parking.

(f) ***Floreasca 1***

Description and history

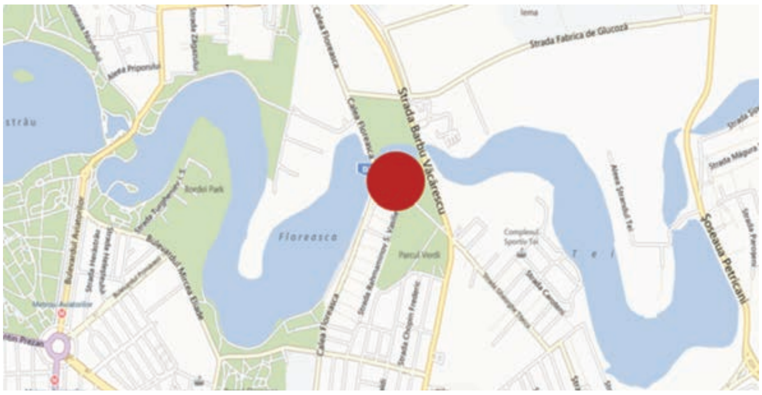
Floreasca 1 is an office development on the shore of the lake in the northern part of Bucharest in the Floreasca area. Upon completion, the building is expected to comprise 4,711 sqm of Gross Build Area over nine floors above ground.

The site was acquired in January 2013 by Victoria Ventures SA (in which the Asset Manager has a 60 per cent. equity interest) for future development. The development is expected to receive the

	necessary change of use building permits by December 2013 and construction is expected to be completed in late 2014.
Area and access	Floreasca is located in the northern part of Bucharest and is one of the most exclusive areas of the City. The area has close proximity to the City Centre (two stops from Victoriei Square/ CBD), with easy access through public transport (subway, tram and bus) and car. There are also relevant on-going improvements in infrastructure. The appeal of the area has resulted in both strong investor and tenant demand and has one of the lowest vacancy rates for office space in the Bucharest. The area comprises a mixture of high-end residential units and newly built landmark office buildings such as Lakeview, Sky Tower (the highest building in Romania recently delivered to the market), the Floreasca Business Park and Nusco Tower. The area is well known also for the leisure and entertainment facilities it offers, including sports clubs (Dinu Pescariu, Studentesc and Vointa), gyms, spas, restaurants (Sofa and Trattoria) and night clubs. Floreasca 1 will be easily accessible by public transport as 1 bus stop, 1 tram stop and 1 subway station is located in close proximity to the property. The property is accessible by car from 2 main arteries, Calea Floreasca and Barbu Vacarescu Boulevard.
Ownership	The Asset Manager owns a 60 per cent. equity interest in Victoria Ventures SA, the company (incorporated in Romania) which owns the property known as Floreasca 1. Certain financial information in respect of the Victoria Ventures SA is included within the financial information on the Victoria Ventures SA set out in Section F of Part IX of this document.
Acquisition Agreement	The Asset Manager's 60 per cent. interest in Floreasca 1 will be acquired by the Company pursuant to the Asset Manager Acquisition Agreement (subject to satisfaction of the Conditions applicable to that Agreement), under which the Acquisition Cost attributable to the 60 per cent. interest in Floreasca 1 is Euro 2.6 million (Euro 0.6 million of which is not payable until the necessary building permit is received).
Third party finance	The property is currently not subject to any finance. It is expected that the development cost of the property will be approximately Euro 3 million, which is going to be partly financed by third party debt. The total amount of debt is estimated to range from Euro 4.0 million to Euro 4.5 million.
Address	206-208 Gheorghe Titeica Road, Bucharest
Expected year of completion	2014
Property type	Office
Status	About to be under construction
Land plot	965 sqm

Floor breakdown	2UG+SB+GF+8F(1)
Gross Build Area	4,711 (above ground) and 1,930 (underground)
Parking spaces	32 (indoor)

Map of property



View of property

(g) ***Herastrau 1***

Description and history

Herastrau 1 is an office development to be constructed in the northern part of Bucharest on Nordului Road across from Herastrau Park. Upon completion, the building is expected to comprise 12,166 sqm of Gross Build Area over seven floors above ground.

Most of the site was acquired out of insolvency in October and November 2012 by the Asset Manager for future development. The development is currently at conceptual phase and (subject to obtaining all necessary permits) construction is expected to be completed in 2015.

Area and access

The site is located in an area which is characterised by high demand for office and residential space due to its close proximity to the Herastrau park, which is the largest park in Bucharest, covering more than 110 hectares and offering a variety of leisure and other activities.

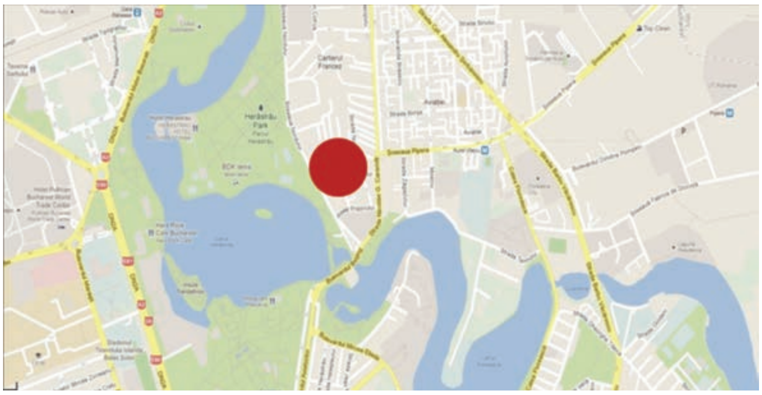
The area around the park is considered one of the most exclusive residential areas of Bucharest, and one which has also attracted significant office interest. A number of national and international corporations, such as Lukoil, Tiriac Group, UniCredit, Whirlpool, Gewiss and Legrand, have their offices in the area.

The Herastrau 1 site benefits from an attractive view over Herastrau Park and is the only sizeable and available land plot with a direct opening to the Nordului Road (main road).

Herastrau 1 is easily accessible by public transport as the property is situated close to one bus top and one subway station. Access to the property can also be achieved by car from two main arteries, namely Nordului Road and Nicolae Caramfil Road.

Ownership	The Asset Manager owns directly the land known as Herastrau 1. Certain financial information in respect of the Asset Manager is set out in Section G of Part IX of this document.
Acquisition Agreement	Herastrau will be acquired pursuant to the Asset Manager Acquisition Agreement (subject to satisfaction of the Conditions applicable to that Agreement), under which the Acquisition Cost attributable to Herastrau 1 is Euro 6 million.
Third party finance	The anticipated development cost for Herastrau 1 is approximately Euro 11.25 million (plus a further 15 per cent. in soft costs). The Asset Manager is party to two facility agreements with one lending bank in respect of this property. The total aggregate amount outstanding under the facilities in respect of this property is approximately Euro 2.9 million. It is expected that, upon completion of the development, the total third party finance associated with the property will be increased to approximately Euro 15 million.
Address	48, 48A, 50, 50A Nordului Road, Bucharest and 33, 35 and 37 Barajul Arges, Bucharest
Expected year of completion	2015
Property type	Office
Status	Development
Land plot	3,476 sqm
Floor breakdown	2UG+GF+6F
Gross Build Area	12,166 (above ground) and 4,200 (underground)
Parking spaces	120 (indoor)

Map of property



3. Description of the Founder Pipeline

(a) ***BOB Office Building***

Description and history

"BOB" is a modern ("class A") office building located in the Northern part of Bucharest on Dimitrie Pompeiu Boulevard.

It was completed in 2008 and comprises 23,631 sqm of Gross Built Area over seven floors above ground and has 161 open parking spaces.

BOB is part of a wider building complex developed by the Founder between 2006 and 2011 which consists of three office buildings (including BOB and BOC), two residential towers (Upground Towers), retail space and other amenities.

Further information regarding the history of BOB is set out in paragraph 2(a) of Part III of this document.

Area and access

The Dimitrie Pompeiu area can be easily accessed by public transport (subway, tram and bus) and car and, together with the availability of large land plots, this has resulted in its significant development in the recent past. Access has been further improved with the completion of the new overpass on Pipera Road, which has reduced traffic congestion.

Bus and tram stations are located on Dimitrie Pompeiu Boulevard, which is in the immediate vicinity of the property. A subway station is situated within 5 minutes walking distance from the property. BOB is accessible by car from Fabrica de Glucoza Road or George Constantinescu Street.

The area has evolved into one of the City's principal office sub-markets, offering over 300,000 sqm of modern office space (representing approximately 20 per cent. of the City's total stock) and has the highest concentration of office buildings in Bucharest. Tenants located in the area include many known national and international corporations and is considered the most popular location for back-office operations in Bucharest.

Tenancy

Twelve tenants occupy space in the building, with another tenant (an international financial institution) having agreed to lease approximately 10,000 sqm of office space in two tranches (June 2013 and June 2014).

Common lease contracts signed in the property range in duration between five (24 per cent. of the leased area) and ten years (66 per cent. of the leased area). The WALT is approximately 4.4 years (including the new lease contract referred to above, based on passing rent).

The current vacancy level is estimated at approximately 27 per cent. In the coming five months, three tenants are to vacate, either partially or entirely, their space in the property. Part of the created vacancy is to be substituted by agreed contracts.

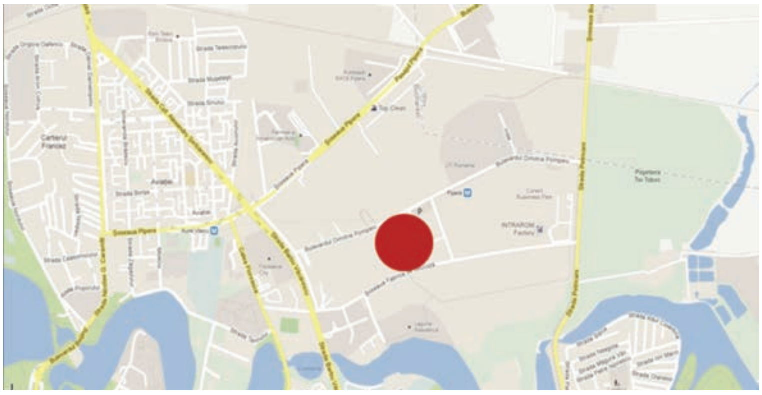
Monthly rents in the property range from Euro 12.6 to Euro 43.1 (bank branch on the Ground floor) per sqm and the current average rent is Euro 15.4 per sqm. Leases are typically adjusted annually by reference to HICP (one lease is adjusted by HICP + 1 per cent.).

Ownership

The property is owned by BOB Development SRL (incorporated in Romania). Certain financial information in respect of BOB

	Development SRL is set out in Section A of Part IX of this document. A Founder Company owns, indirectly, a 22 per cent. equity interest in BOB Development SRL.
Third party finance	BOB Development SRL is a party to a secured facility agreement with two lending banks, which are also party to the facilities referable to the BOC Office Building. The aggregate amount outstanding under such facilities is approximately Euro 39.8 million (as at 31 March 2013) and the repayment date is 31 July 2015. These facilities are indirectly cross-guaranteed with the facilities in respect of the BOC Office Building at the respective immediate parent company level.
Address	6A Dimitrie Pompeiu Boulevard
Year of completion	2008
Property type	Office
Status	Standing and partially let
Land plot	8,198 sqm
Floor breakdown	GF+6F
GBA	23,631 sqm
Parking spaces	161 (open)
Key tenants	Snamprogetti (ENI Group), Medicover and Securitas

Map of property



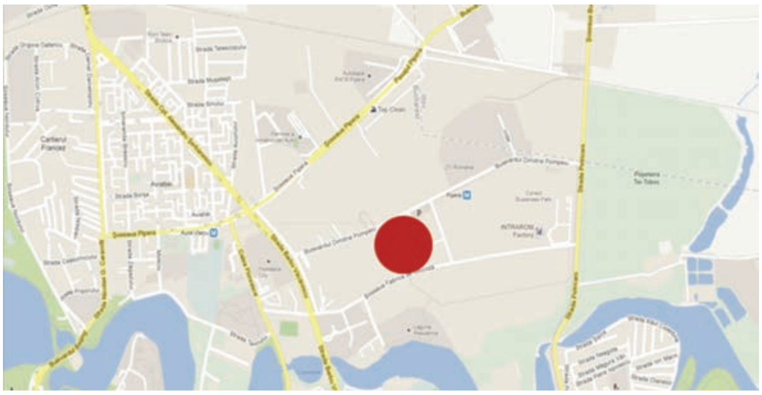
View of property

(b) ***BOC Office Building***

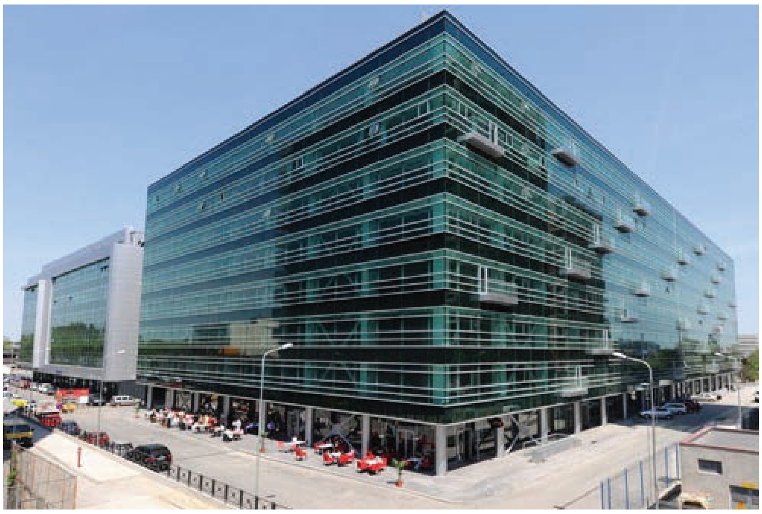
Description and history	"BOC" is a modern ("class A") office building located in the Northern part of Bucharest on Str. George Constantinescu. It was completed in 2009 and comprises 58,581 sqm of Gross Built Area extending over eight floors above ground. BOC is part of the same wider building complex developed by the Founder between 2006 and 2011, which includes the BOB office building and Upground Towers. Further information regarding the history of BOC is set out in paragraph 2(a) of Part III of this document.
Area and access	The property is located in the Dimitrie Pompeiu area, one of the City's principal office sub-markets. The BOC office building benefits from excellent access, as it can be reached easily by car and public transport, with the Pipera subway station located next to the property. Bus and tram stations are located in the immediate vicinity of the property and access by car is available from Fabrica de Glucoza Road or George Constantinescu Street.
Tenancy	Eighteen tenants occupy space in the building. Lease contracts signed in the property range from five (5 per cent. of the leased area) to ten years (60 per cent. of the leased area). The WALT is approximately 6 years (including the extension of the lease contract with Honeywell International Services, which is expected to start on 1 November 2013 / based on passing rent). Approximately 11 per cent. of the total income generated by the property expires by May 2014. The current vacancy level is estimated at approximately 6 per cent. (adjusted for the expected extension of the Honeywell contract). Monthly office rents in the property range from Euro 10.0 to Euro 15.5 per sqm, the current average rent being Euro 13.3 per sqm. Leases are typically adjusted annually by reference to HICP (and in some cases adjusted by HICP + 0.5 per cent. and HICP + 1 per cent.).
Ownership	The property is owned by BOC Real Property SRL (incorporated in Romania). Certain financial information in respect of BOC Real Property SRL is set out in Section B of Part IX of this document. A Founder Company owns, indirectly, a 22 per cent. equity interest in BOC Real Property SRL.
Third party finance	BOC Real Property SRL is a party to a secured facility agreement with two lending banks, which are also party to the facilities referable to the BOB Office Building. The aggregate amount outstanding under such facilities is approximately Euro 87.2 million (as at 31 March 2013) and the repayment date is 31 July 2015. The facilities are cross-guaranteed with the facilities in respect of the BOB Office Building.
Address	3 George Constantinescu Street, Bucharest
Year of completion	2009
Property type	Office
Status	Standing and partially let

Land plot	11,038 sqm
Floor breakdown	3UG+GF+7F
Gross Build Area	58,581 sqm (above ground) and 26,358 sqm (under ground)
Parking spaces	842 (indoor) and 53 (open)
Key tenants	Banca Romaneasca (National Bank of Greece Group), Intel, Global E Business Centre (Hewlett Packard Group), Nestle, Cassidian (EADS Group), Honeywell

Map of property



View of property



4. Property insurance

(a) ***Title insurance***

The Acquisition Agreements referable to TCI, City Offices and Herastrau 1 are conditional on (amongst other things) such properties being the subject of a commitment to provide title insurance subject only to completion of the acquisition and payment of the premiums. An insurer with an appropriate rating has reviewed these properties (and those within the Founder Pipeline) and has indicated that it would provide this cover subject to Admission and payment of the relevant premiums. It is expected that this cover will have a 10 years assignment right.

It is expected that, subject to certain exceptions and exclusions specific to each project, the insurance will cover (amongst other things) the following risks: title being vested in another person; any defect in or lien or encumbrance on the title; a defect in the title caused by forgery, fraud, the failure to have authorised a transfer or conveyance; inadequate authorisation, public record errors; any binding contractual restrictive covenants on the title; and inadequate, legal description of the property; and a defect in the title caused by an erroneous, inadequate or inaccurate legal description of the property.

The title insurance will be subject to certain exclusions applicable to each project. The principal examples of such exclusions concern losses arising from: any laws (including those relating to building and zoning) restricting, regulating or prohibiting the use or occupancy of the property, or the character, dimensions of the property; rights of compulsory purchase or expropriation; defects liens, encumbrances or adverse claims created, assumed, agreed or otherwise known by the insured company (not known by the title insurer and not disclosed in writing to the title insurer); and any claim by reason of the operation of bankruptcy, insolvency or similar creditors' rights laws which arises out of the transaction vesting the title in the relevant insured company. There may be further exclusions on a case by case basis.

The Bucharest One land also has the benefit of title insurance.

(b) ***General insurance***

The companies which own the real estate assets within the Initial Portfolio known as Upground, City Offices and TCI, as well as BOB/BOC within the Founder Pipeline, have concluded various types of insurance policies to cover potential damage resulting from occurrence of certain risks. Property "all risk", third party liability, professional liability and property terrorism insurance policies are currently in place.

The "all risk" policies cover, depending on the property, risks such as damage caused to buildings, equipment and/or the inventory of businesses destroyed by fire, lightning, explosion, landslide /stone fall, avalanche, earthquake, theft, vehicle collision, water leak from sprinkler installation, etc. Certain policies additionally cover the risks associated with business interruption. Generally, these types of policies exclude nuclear or political risks, as well as among other things collapse or crack of buildings, ongoing deterioration, inherent flaws, hidden flaws, normal wear etc.

The "third party liability" policies cover public liability (including sudden and accidental pollution) and legal liability for claimants' costs and expenses. Such policies exclude workers' compensation, automobile/marine and aviation liability, damage to products, pollution etc.

The "property terrorism" policies usually cover the building and its contents which belonged to the insured, or for which the insured was legally responsible, against direct physical loss or physical damage, and, to the extent expressly regulated in the policies, loss of income resulting directly from interruptions to the insured's business. Such policies usually exclude acts of terrorism derived from the emission and/or discharge of chemical or biological content, loss of market, loss of income caused by strike or by the re-building or repairing of the property, etc.

The "professional risk" policy covers property management services referring to privacy breach, intellectual property, defamation and internet liability etc. and excludes anti-competitive conduct, bodily injury, property, insolvency, war and terrorism etc.

5. The Third Party Pipeline

The Founder has also identified a number of other potential investment opportunities. In particular, there are currently discussions or negotiations in relation to a number of sale and leaseback opportunities, predominantly with several international corporate groups and financial institutions, in relation to existing assets and Build-to-Suit Developments as well as various prime commercial real estate properties in Bucharest. The Directors consider that discussions will continue in relation to certain of these opportunities (including obtaining the availability of appropriate third party debt) with a view to assessing whether it would be appropriate for the Company to acquire some of these assets, or similar third party investment opportunities, within nine to twelve months following Admission.

The Directors have not carried out any due diligence, or entered into any heads of terms or binding commitments of any nature whatsoever, in respect of any of the assets within the Third Party Pipeline and they can therefore give no assurance at all that the Company will acquire any of such assets.

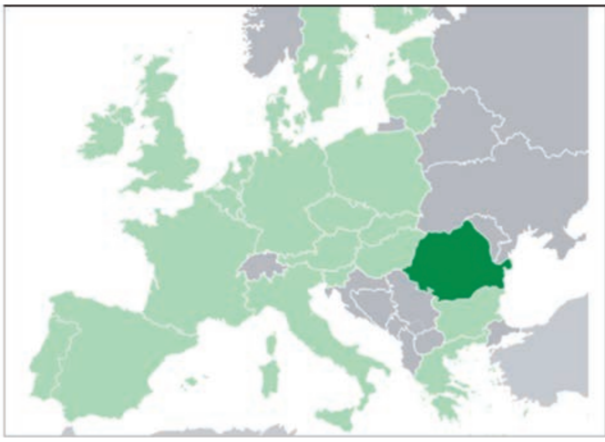
PART VI

OVERVIEW OF ROMANIA, THE COMPANY'S KEY INVESTMENT MARKET

A: COUNTRY OVERVIEW – ROMANIA

The Company's principal market of focus will be Romania, as the Directors believe that it offers promising economic and real estate market potential.

Map of Europe



Map of Romania

Romania is geographically situated in south-eastern Europe and is the second largest country in Central and Eastern Europe ("CeE[5]") and ninth largest in the European Union ("EU") by footprint, covering an area of 238,391 sq km. It borders Hungary and Serbia to the west, the Ukraine and Moldova to the northeast, Bulgaria to the south, and has a stretch of sea coast along the Black Sea to the east.

In terms of population, it is the second largest in the CeE and seventh largest country in the EU with approximately 21.4 million inhabitants. Bucharest is the political capital and most populated city (with approximately 1.9 million inhabitants) in Romania as well as the country's principal economic and financial centre.

Romania was governed by a socialist regime between 1947 and 1989, which had resulted in a very tightly centralised and controlled economic system. The collapse of the regime in 1989 resulted in the collapse of industry and agriculture which, up until that time, was heavily influenced by the State.

The political stability provided by the new democratic regime, together with the structural changes undertaken towards an open market economy and in conjunction with Romania joining the North Atlantic Treaty Organisation (March 2004) and the European Union (January 2007), has positively impacted the economic performance of the country.

The country's economic performance improved significantly between 2000 and 2008 with real GDP growing by approximately 63 per cent. over the period, supported by an increase in exports and the development of a more competitive economy. During that period the state also privatised some of the biggest state-owned companies including Petrom (the largest Romanian oil company – 2004), Banca Comerciala Romana (the largest Romanian bank – 2005) and Romtelecom (the largest Romanian telecommunication company at the time of its privatisation – 2003).

Additionally, several types of services and industries have attracted significant foreign investment driven by the skilled workforce, attractive wages and the proximity of Romania to Western Europe. Industries such as the automotive, Information Technology & Telecommunication (IT&T), green energy, agricultural and manufacturing have significantly developed in Romania.

[5] CeE includes Albania, Bosnia & Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Poland, Romania, Serbia, Slovakia, Slovenia, Montenegro and Kosovo.

Selected Industry Overview

Automotive Industry

- There are more than 50 major companies operating in Romania focusing on all areas of industry
- Major companies have attracted several smaller/ancillary companies, usually located in close proximity to their corresponding facilities
- Renault has a production facility in Mioveni (>4 million cars produced) and has allocated EUR 664 million for the development of an R&D Centre and a gear box facility. It employs approximately 18,000 people and is reported to have invested more than EUR 1.7 billion over a ten year period in the country
- Ford acquired the former Daewoo factory in Craiova and intends to invest EUR 1.2 billion
- According to the Association of Romanian Auto Manufacturers and Importers, the Romanian car manufacturing sector registered a 6 per cent. increase in 2012 with 326,600 units produced by Dacia and Ford (mainly for export)
- Major tyre manufacturers such as Pirelli (factory in Slatina – largest unit worldwide), Continental (new 30,000 sqm engineering and testing facility delivered in 2012) and Michelin (two factories in Floresti and Zalau) have a significant presence in the country

Information Technology & Telecommunication (IT&T)

- Romania was the first country in Eastern Europe to build computers and it has become a regional hub for international companies
- Sector supported by the local skilled workforce and tax incentives
- IT&T industry was estimated in 2011 at EUR 7 billion with more than 8,000 software and IT companies located in the country
- International companies with a presence in Romania include Oracle, Microsoft, Hewlett-Packard, Vodafone, Orange, Huawei Technologies, IBM and Romtelecom (Deutsche Telekom)

Green Energy Sector

- Romania ranks 1st in the CeE by annual wind power capacity installations and in 2011 was the 7th in the EU by installed Wind Farm Capacity
- The sector has received more than EUR 3 billion of investment between 2010 and 2012 in the development of more than 800 wind mills and another EUR 1 billion estimated for 2013
- Major companies present in Romania include CEZ, Enel, Iberdrola, Monsson Group, Energias de Portugal and Promocion Inversolar 65 (developing the largest photovoltaic park in Romania – approximately EUR 100 million investment)

Agriculture

- Romania has historically been a major producer and exporter of agricultural products
- Has approximately 9 million hectares of workable agricultural land
- A number of international and local companies have acquired and consolidated large land areas aiming at improving production

The global financial crisis had an adverse impact on Romania's economic performance, with the economy contracting by approximately 6.6 per cent. between 2008 and 2009, and resulting in the government seeking assistance from the IMF. On 4 May 2009, an initial stand-by agreement for EUR 12.95 billion was signed with the IMF, which formed a part of a EUR 19.95 billion assistance package provided to the country from the World Bank, European Bank for Reconstruction and Development and the EU. The funds were partially used to finance a structural fiscal deficit which reached 9.0 per cent. in 2009 and 6.5 per cent. in 2010.

The agreement has resulted in the undertaking of a number of fiscal reforms including a reduction in public sector wages of approximately 25 per cent. and a 5 per cent. increase in VAT. Overall, Romania has used

EUR 11.9 billion of the approved EUR 12.95 billion. In 2011 a further approval for an additional precautionary follow-up deal of approximately EUR 5 billion was reached (of which no funds have been drawn). Thus far, EUR 1.3 billion has been repaid to the IMF, with EUR 5.2 billion (in respect of the amounts drawn between 2009 and 2011) expected to be repaid in 2013 and the remaining amount in 2014.

It is anticipated that investment in Romania will increase in the short-to-medium term as a result of funds becoming available to legal entities which comply with certain grants and subsidies predominantly relating to the creation of new jobs in the country.

Romanian legal entities (including local members of multinational companies) can draw funds for development purposes in the form of non-refundable financing from programmes administered by the Romanian Government and the European Union.

Government Aid Schemes:

Following Romania's accession to the EU in 2007, the Romanian Government has been supporting initial investments made by certain[1] new and existing businesses in relation to:

- the creation of new or expansion of existing units;
- the diversification of a unit's production by adding new products; or
- fundamentally changing the overall production process of an existing unit.

42 per cent. of the Euro 1 billion of funds made available by the Romanian Government from 2009 to 2013 has been absorbed to date. Examples of multinational companies which have taken advantage of such grants are Renault, Honeywell, Bosch, De Longhi, Valeo and Pirelli.

European Aid Schemes:

Romania and the EU have reached an agreement for certain structural and cohesion funds to be made available to the country. The aforementioned funds mainly relate to: (i) the promotion of the less wealthy regions of Europe and (ii) integrating European infrastructure. Together with Agricultural Funds, Community Initiatives and Community Programmes, these funds constitute the greater bulk of EU funding and the majority of total EU spending.

In general, EU supports the improvement of economic and social indicators in the majority of sectors by encouraging durable and viable investments. The supported sectors include, among others, infrastructure, transport, agriculture, sustainability, the environment, research and development, employment and human resources, tourism, energy, education and training and urban and rural development.

The first programming period occurred from 2007 to 2013 during which Euro 19 billion of funds were made available, of which only 13 per cent. has been absorbed. In addition, Romania is expecting to receive approximately Euro 40 billion during the second programming period, which is to extend from 2014 to 2020. Improvements in the absorption and deployment of EU funding are expected to increase the level of investment in Romania and further boost export potential over the long term.

Economic performance in Romania improved in both 2011 and 2012 with real GDP and private consumption increasing year on year. Economic outlook remains positive for the medium term, supported by one of the lowest Public Debt to GDP (approximately 40 per cent.) and unemployment ratios (approximately 5.6 per cent.) in the EU.

Selected Romania Macro-economic Indicators

	2008	*2009*	*2010*	*2011*	*2012*
Real GDP (Lei billions)	131.7	123.0	121.0	124.0	124.8
Real GDP Growth Rate (%)	7.3	(6.6)	(1.6)	2.5	0.7
Inflation Rate (av. of period)	7.8	5.6	6.1	5.8	3.3
Population (millions)	21.5	21.5	21.5	21.4	21.4
Unemployment Rate (%)	4.4	7.8	7.0	5.1	5.6
Budget Deficit (%)	(4.8)	(7.3)	(6.4)	(4.3)	(2.5)
Private Consumption Growth (%)	9.2	(9.8)	(0.1)	1.2	1.0

Source: Romania National Institute of Statistics (INSSE).

Note: 2012 Population is an estimate.

[1] Industries excluded from such provisions are agriculture (only primary products), fishing, steel and synthetic fibres.

B: ROMANIA REAL ESTATE MARKET

The Romanian Office Market

Bucharest is the main real estate office market in Romania where the highest concentration of office space is situated. However, in recent years the office market has started to expand to include other major cities in the country, such as Timisoara and Cluj-Napoca (where new business and office parks have been developed).

Bucharest is the political capital of Romania, as well as the country's principal economic and financial centre. Central government and the majority of the known national and intentional corporations are principally based in the capital.

There are five main sub-markets in Bucharest: the Central Business District ("CBD"), two areas in the North East of Bucharest (i) Calea Floreasca/Barba Vacarescu streets and (ii) Dimitrie Pompeiu street, the area in the North West surrounding Casa Presei Libere and the Orhideelor area situated in the Central West of the City.

The total Grade A and B office stock in the Bucharest is approximately 1.7 million square metres as of December 2012, having almost doubled since 2007.

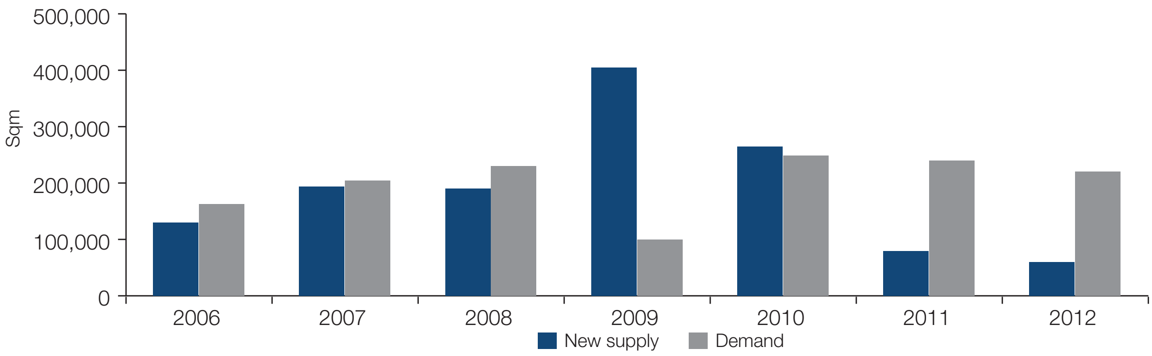
Demand

Demand for office space in Bucharest has demonstrated positive signs of performance in spite of the European turmoil associated with sovereign risk and local political instability (during the 1st half of 2012).

Take-up of office space in 2012 was approximately 220,000 sqm (approximately 8 per cent. lower compared to 2011) of which approximately 89 per cent. involved modern office space. Lease renewals contributed approximately 30 per cent. (22 per cent. in 2011) of executed transactions and new leases contributed 26 per cent. (50 per cent. in 2011). Pre-lettings were the strongest compared to the period between 2009 and 2011, when they were extremely rare.

The expansion of IT companies in Romania has been demonstrated by office take-up, where demand has been driven by companies from the IT sector followed by financial institutions and companies in the manufacturing, industrial and energy sectors, with approximately 40, 14 and 12 per cent. respectively. The majority of office lettings occurred in the CBD and the Calea Floreasca-Barbu Vacarescu areas which accounted for approximately 45 per cent. of the total leased space in 2012, followed by the Centre West area which accounted for approximately 20 per cent.

Office Supply and Demand Evolution in Bucharest



Source: The Advisers/Knight Frank.

Tenant demand in 2013 is expected to remain at a similar level to 2012, while pre-leases will continue to account for a significant share of the total volume of space transacted. Most of the prime space which has become available because of recent consolidations has already been leased, and transactions are expected to be closed in H1 2013, at the latest, for the remaining available space. Outside of Bucharest, an increase in demand is foreseen in cities such as Cluj, Iasi and Timisoara, which are expected to appeal to occupiers from the IT sector.

Supply

The impact of the deterioration of international market conditions is demonstrated by the limited increase in new office stock in the market during 2012, currently reaching approximately 1.7 million sqm at the end of the year.

Geographically, approximately 25 per cent. of office stock is located in the centre, approximately 40 per cent. in the semi-centre and approximately 35 per cent. in the periphery. Prior to 2010, the majority of new investment was focused in the peripheral areas of Bucharest, mainly driven by the availability of larger land plots and lower cost of land. Currently, the trend has shifted with most developers focusing in central and semi-central areas due to ease of access and higher quality of infrastructure in place.

Calea Floreasca/Barbu Vacarescu area is emerging as the new business hub of the City. As well as the public infrastructure works carried out recently (new overpass and additional parking spaces developed), several projects are under construction or have been announced such as the Floreasca Park developed by Portland Trust, Skanska has started works at Green Court and the construction of the Bucharest One office tower to be constructed by the Founder.

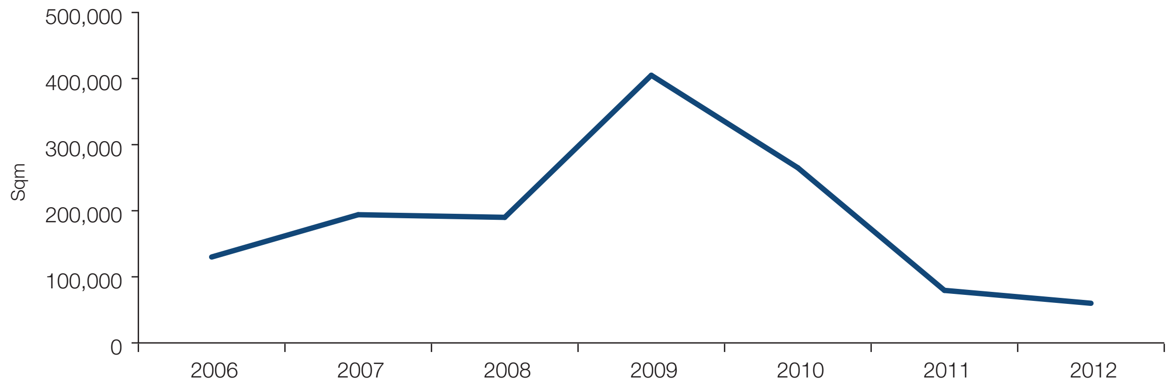
The area known as Centre West (the area surrounding the Basarab Overpass) has also attracted developers interest, with AFI having started the construction of the second phase of the AFI Business Park while Interprime secured a site for development.

New office supply delivered to the market in 2012 was only 60,000 sqm, the lowest level in the last 5 years. It has to be noted though, that new supply was impacted by delays in construction and postponement of completions of on-going projects to 2013.

The major developments completed in 2012 in Bucharest's main office sub-markets included:

- Unicredit's HQ: a 15,000 sqm (GLA) built-to-suit building on Expozitiei Boulevard
- AFI Park 1: a 12,000 sqm (GLA) building located in Centre West. The building is the first of the five phases of AFI Park, a mixed-use project alongside the AFI Palace Cotroceni shopping mall.

Evolution of Supply in Bucharest



Source: The Advisers/Knight Frank.

The Romanian market has historically attracted a significant number of national and international developers. The principal developers active in the market include GTC (Europe House, America House, City Gate), Portland Trust/AREA Property (Opera Centre, Bucharest Business Park, Floreasca Business Park) and the Founder (BOB, BOC, Eliade Tower, PGV Tower, other).

Supply of office space is expected to increase by more than 300,000 sqm by the end of 2014, and more than 18 new projects have already been announced.

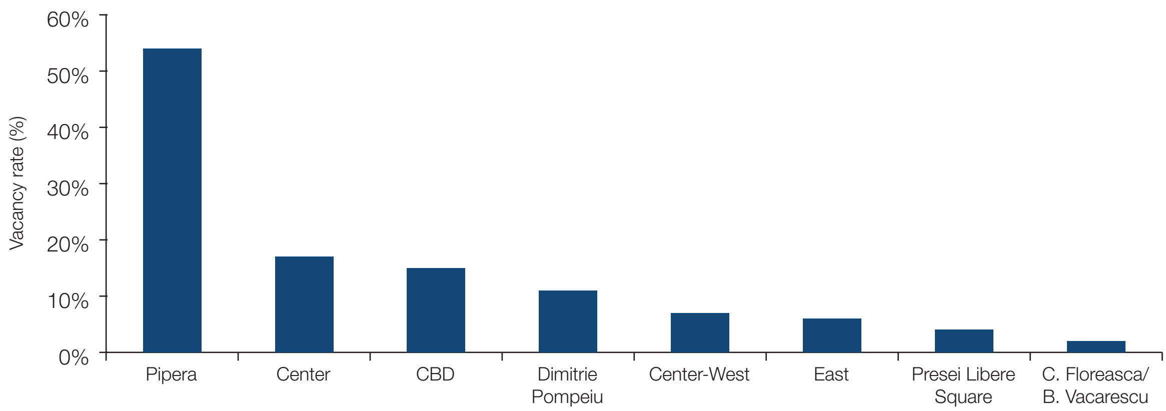
#	*Development*	*Landlord*	*Delivery Date*	*Address*	*GLA (sq m)*
1	Sky Tower	Raiffeisen	Q1 2013	Barbu Vacarescu Blvd.	56,000
2	West Gate Park H5	Genesis Development	Q1 2013	24 Preciziei Street	14,000
3	Armand Calinescu OB	Top Trio Capital	Q2 2013	26 Armand Calinescu Street	3,383
4	Floreasca Park	Portland Trust	Q4 2013	43, Pipera Blvd.	37,500
5	Siriului ACMS	ACMS Primavera	Q2 2013	Siriului Street	3,200
6	Averescu OB	Averescu Office Building	Q4 2013	Maresal Averescu Street	4,000
7	Stirbei Voda OB	n.a.	Q3 2013	Stirbei Voda Street	2,400
8	Floreasca One	Upground	Q4 2013	Gh. Titeica 206-208	4,640
9	Green Cube	Chandler	Q4 2013	Calea Floreasca	5,000
10	Monolit Plaza	Monolit Development	Q1 2014	Bucuresti-Ploiesti Blvd.	6,000
11	AFI Business Park II phase	AFI Europe	Q2 2014	4, Vasile Milea Blvd.	20,000
12	Hermes Business Campus phase I	Atenor	Q1 2014	Dimitrie Pompeiu Blvd.	18,000
13	Green Gate	S-Group	Q1 2014	22, Tudor Vladimirescu Blvd.	27,500
14	Unirii View	C&I Building	Q4 2014	6-8 Coposu Street	23,000
15	The Landmark	Project Bucuresti	Q4 2014	Intersecti Str. Caderea Bastiliei cu C. Danil si V. Alecsandri	24,000
16	Pangratti 30A	n.a.	Q2 2014	20, Pangratti Street	3,000
17	Green Court	Skanska	2014/2015	Gara Herastrau Street	50,000
18	Floreasca Offices/Ethos House	Thassos	Q2 2014	Gh. Titeica 212-214	7,288
Total					308,911

Vacancy Rate

Office average vacancy in Bucharest is estimated at approximately 16 per cent., though it varies significantly between submarkets and properties within those submarkets. The area with the lowest vacancy rate is Calea Floreasca/Barbu Vacarescu at approximately 2 per cent. and the one with the highest is Pipera with approximately 53 per cent.

Taking into account current Demand/Supply equilibrium, it is expected that overall vacancy for office space in the capital will decrease in the short/medium term.

Class A Vacancy Rate in Bucharest



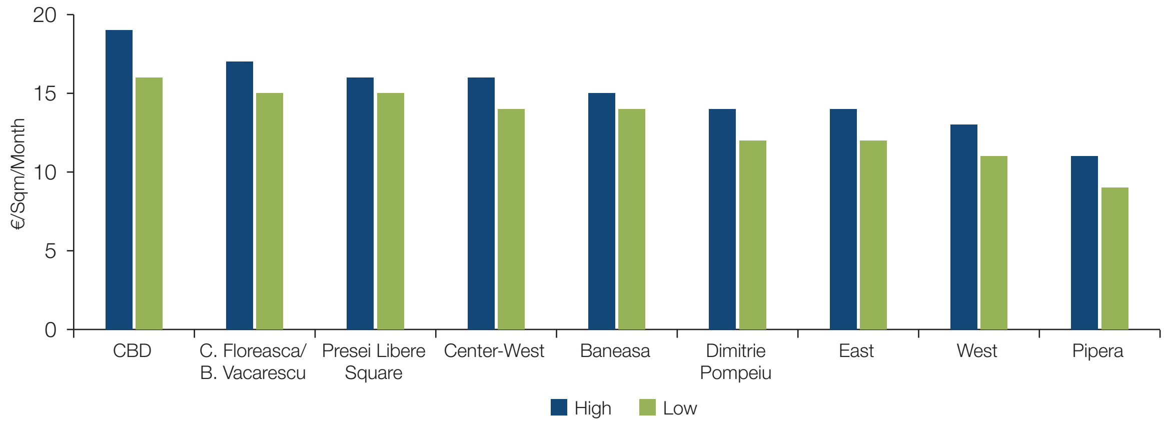
Source: The Advisers/Knight Frank.

Rents and Yields

Demand for good quality office space, together with limited supply of new stock, has resulted in prime rents stabilising in Bucharest. Incentive packages remain a common practice in the market, which vary depending on location, specifications and tenant quality.

Rental rates range from Euro 16 to Euro 19 per square metre per month for prime locations in the CBD, around Euro 16 per square metre per month in Calea Floreasca/Barbu Vacarescu area and from Euro 14 to Euro 16 per square metre in the Centre West area of Bucharest.

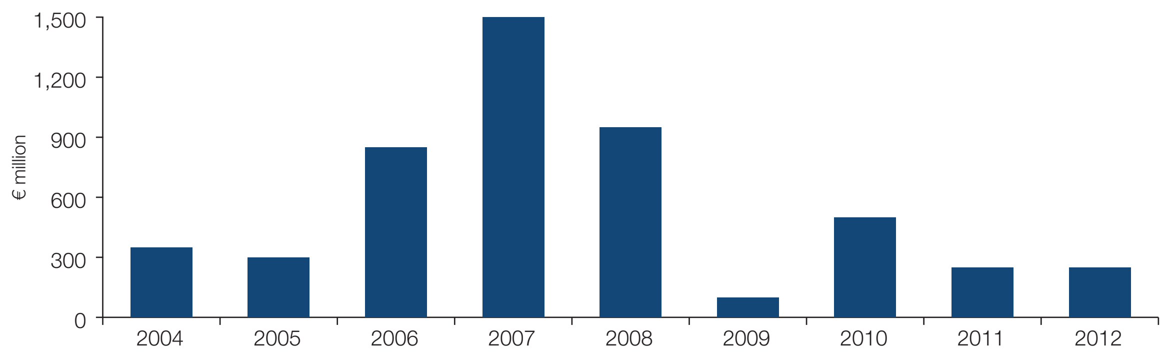
Prime Headline Rents by District in Bucharest



Source: The Advisers/Knight Frank.

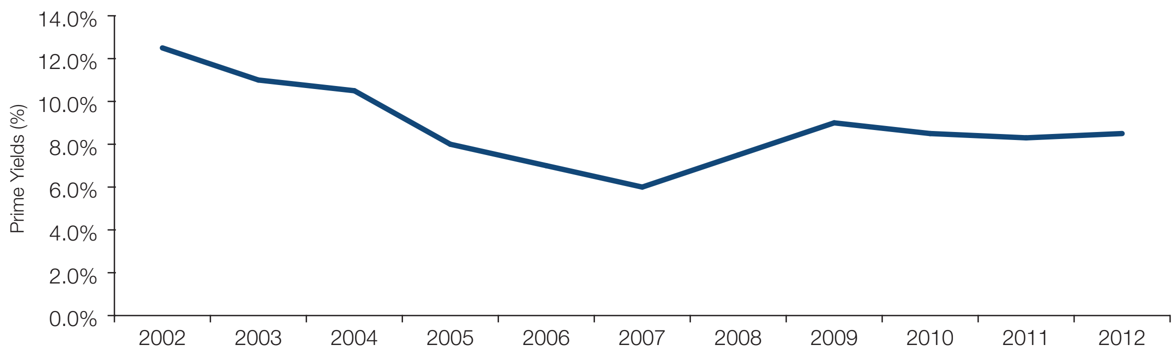
Limited availability of financing in Romania together with the reluctance of vendors and financial institutions to monetise their real estate investments has significantly impacted the number, the size of potential office transactions and the yields at which those transactions were completed. Between 2002 and 2007, prime office yields in Bucharest contracted reaching their lowest level at approximately 6.0 per cent. The unfavourable in market conditions resulted in yields expanding to approximately 9.0 per cent. in 2009 and subsequently stabilising at approximately 8.0 per cent. in December 2012. Real estate transactions are expected to increase in the future as a number of vendors (mainly financial institutions) are now more willing to exit from their holdings.

Investment Volume in Romania



Source: The Advisers/Knight Frank.

Prime Office Yields in Bucharest



Source: The Advisers/Knight Frank.

The Romanian Retail Market

Romania's retail market during 2012 was characterised by the development and opening of shopping galleries attached to "big-box" developments and the on-going re-development of Bucharest's Old City Centre.

The fastest growing sector in the Romanian retail market is the shopping centre segment (currently there are shopping malls only in 7 large cities in Romania). In addition to shopping centre developments, new projects/formats are being considered in order to satisfy demand for retail space generated by international hypermarkets and DIY chains.

Bucharest (as with office) is the main real estate retail market in Romania and accounts for approximately 35 per cent. of total retail stock for the country.

Demand

Increasing consumer spending, impacting retail sales (excluding the sale of motor vehicles and cycles) in Romania positively, has led to an increase in demand for retail space.

Demand for retail space has been driven mainly by hypermarkets and international retailers with direct presence in Romania who are looking to expand their operations in Bucharest and the rest of the country. These retailers are looking to take advantage of the availability of prime space in the Romania and the favourable commercial conditions in order to increase market share.

Food retailers such as Mega Image, Profi, Carrefour as well as fashion retailers such as H&M, the Inditex Group, New Yorker, Deichmann and Humanic were among the most active companies strengthening their presence in the local market during 2012.

Supply

The market is characterised by relative shortage of pipeline projects, limiting expansion opportunities for a number of companies. Hypermarkets in particular, in order to partially address this issue, have been involved in projects in which they acted as the anchor tenants.

Total supply of retail space in Romania in 2012 reached approximately 2.4m sqm of which approximately 35 per cent. is located in Bucharest.

The most notable developments delivered to the market 2012 included:

- **Bucharest** three new small/medium size schemes which opened in the second half of 2012, InterCora Mihai Bravu, Cora Rahova (22,000 sqm) and Auchan Crangasi.
- **Rest of Romania** the Palas Mall Iasi (approximately 55,000 sqm) developed by the Iulius Group and the Ploiesti Shopping City (approximately 55,000 sqm) developed by NEPI. The Ploiesti Shopping City is the first shopping mall to be opened in the Prahova region, north of Bucharest.

Future pipeline involves a number of small/medium size projects which are either under construction or have announced for future development.

Retail Projects Under Construction

Project	*City*
Promenada Mall	Bucharest
Uventura Mall	Botosani
Coresi Shopping City (Phase 1)	Brasov
Corall	Constanta
AFI Palace Ploiesti	Ploiesti

Source: The Advisers/Knight Frank.

Rents and Yields

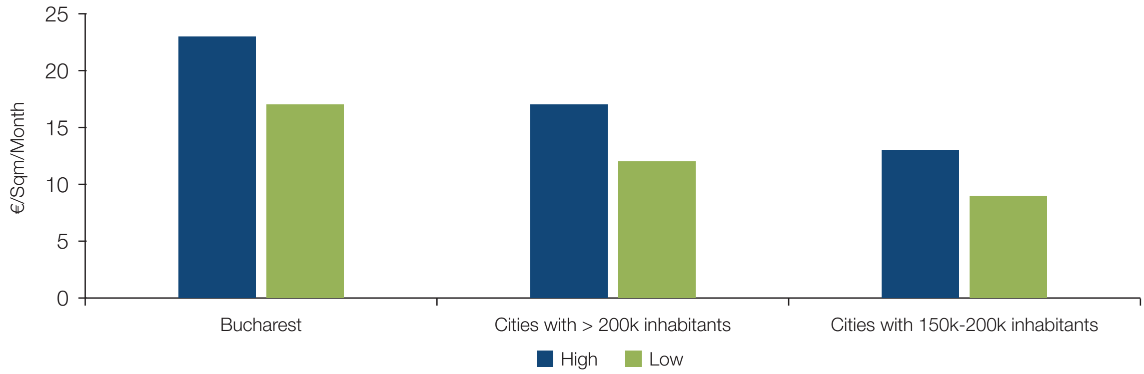
Rents achieved for retail space in shopping centres varies depending on the stage of development and success of each centre.

- Rents in existing developments have stabilised or marginally decreased in 2012 compared to 2011, although there are differences between the rents achieved in the best performing shopping centres and less attractive ones.

- Rents associated with new schemes which are currently under development have fallen up to 10 per cent. (and 20 per cent. in certain cases), reflecting the increased uncertainty associated with the success of the development, the stage of the pre-letting, nature of the tenant and consumer outlook.

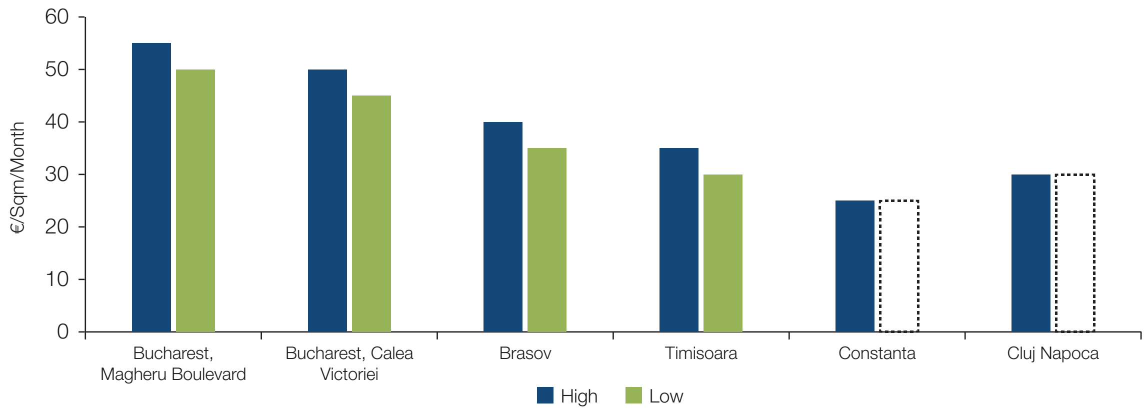
High street rents in most locations in Bucharest have stabilised or marginally decreased as high street landlords have adopted a 'wait and see' approach rather adjusting rents downwards. The exception is the Old City Centre, which still registers the strongest level of demand and commands the highest levels of rent in Bucharest.

Average Shopping Centre Rents in Romania (Q4 2012)



Source: The Advisers/Knight Frank.

Prime High Street Rents in Romania (Q4 2012)



Note: Rents in Cluj Napoca and Constanta represent the average high street rent.

Source: The Advisers/Knight Frank.

Transactions in retail in 2012 involved either acquisitions aimed at active management of the assets or acquisitions aimed at repositioning of the assets. Total volume for the year was approximately EUR 95m, representing an increase compared to 2011, though significantly lower compared to pre-crisis levels. Limited access to debt was the principal cause for limited transaction flow.

Prime yields stabilised in Q4 2012 for all retail classes, though they have hardened by 25-50 basis points for retail warehouses and shopping centres since Q4 2011. Due to the very limited number of transactions executed on the local high street market, yields for prime properties are estimated to range between 9.5 per cent. and 10.5 per cent.

The Romanian Logistics/Industrial Market

Investment in logistics/industrial space in Romania has increased over the past decade mainly driven by international companies opening branches in the local market and the relocation of old factories. A number of international developers acquired large land plots in and around Bucharest as well as major European routes (4th European Corridor) which they developed over the years.

Bucharest is the principal industrial/logistics hub in Romania, followed by Ploiesti, Timisoara, Cluj and Constanta which have emerged as Tier 2 hubs.

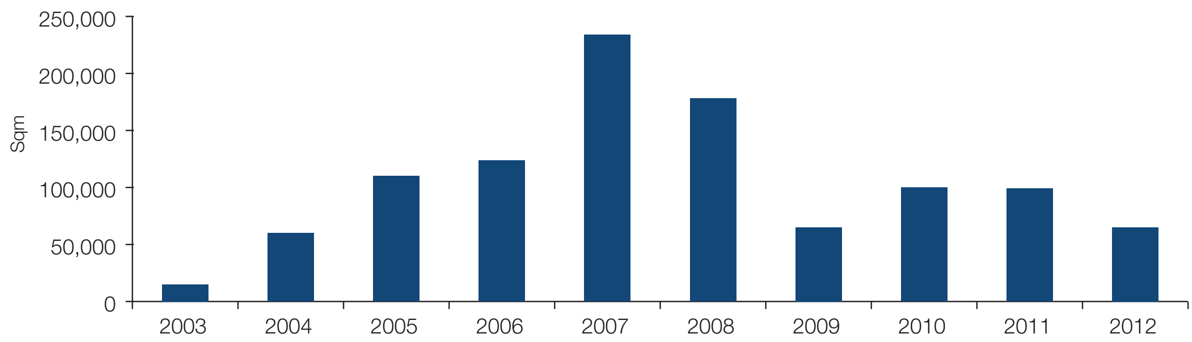
Demand

Demand for logistics/industrial space in Bucharest has been mainly driven by companies operating in the logistics, healthcare, retail and FMCG sectors, while in Tier 2 hubs demand was from the automotive industry.

Total take-up of logistics/industrial space in 2012 was approximately 170,000 sqm of which approximately 80 per cent. involved modern industrial stock. Bucharest accounted for approximately half of the absorption of modern space with approximately 62,000 sqm (including the pre-letting of DSV in Bucharest West Park), representing a decrease of approximately 30 per cent. from 2011. In spite of Bucharest's lower performance, total take-up remained relatively constant for the year as demand was offset by increase in other major industrial markets such as Ploiesti, Pitesti, Brasov, Timisoara, Cluj and Craiova.

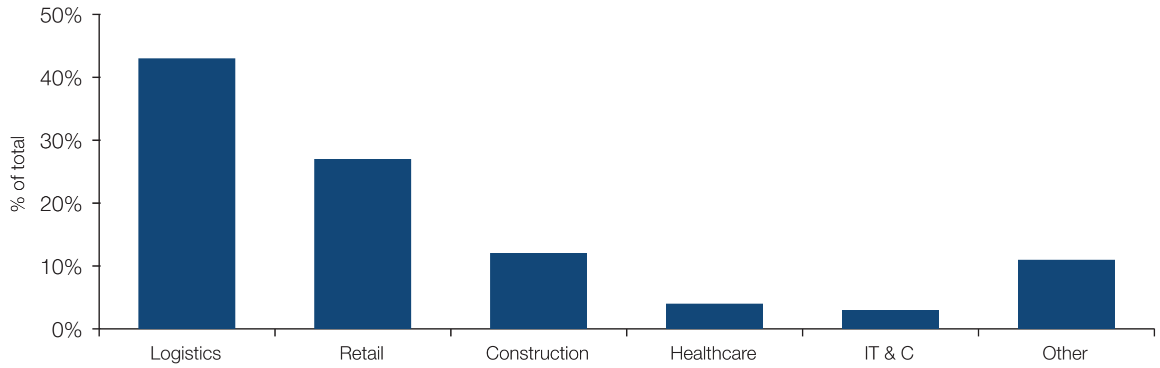
Absorption was led by the logistics sector and retail industry which were the most active segments in the market for 2012, followed by construction companies, IT&C and the healthcare sector.

Industrial Take-up in Bucharest



Source: The Advisers/Knight Frank.

Industrial Leasing Transactions by Industry (in 2012)



Source: The Advisers/Knight Frank.

Supply

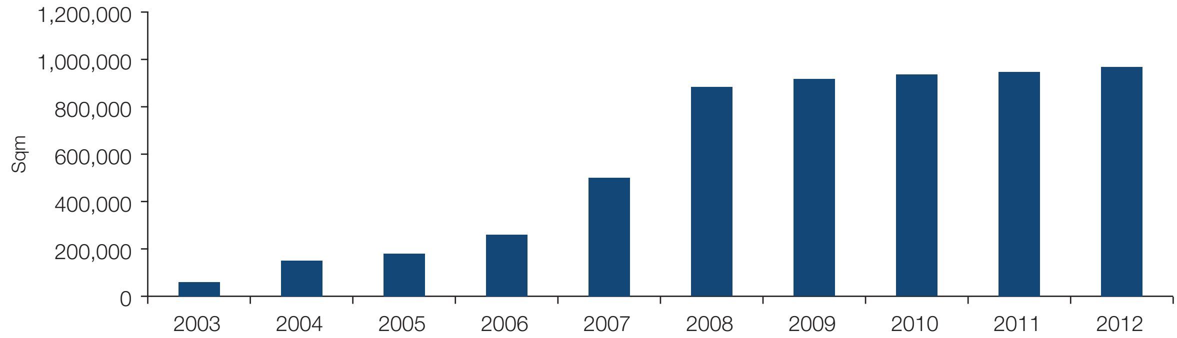
Romania's logistics/industrial real estate market has been characterised by the limited speculative development of new space, with the majority of the projects involving built-to-suit, pre-let or owner occupied properties.

The total stock of modern logistics/industrial space in Romania (as of December 2012) was estimated at approximately 1.8m sqm, with Bucharest accounting for approximately 55 per cent. of the total. Supply in Bucharest marginally increased in the year reaching approximately 970,000 sqm (approximately 940,000 sqm in 2011).

Further to Bucharest a number of other hubs have evolved over time including Timisoara, Ploiesti, Cluj-Napoca, Brasov, Pitesti, Arad, Constanta, Iasi and Craiova. Supply in the western part of the country has focused on automotive industry due to the short distance with Hungary, while Timisoara has attracted investments from the industrial/retail sector (Continental, Solectron, Siemens, Lisa Draexlmaier, Valeo and Kromberg & Schubert) and the development of logistic/industrial parks around the City (Incontro, Log Centre Timisoara, Timisoara Airport Park and Dunca Park).

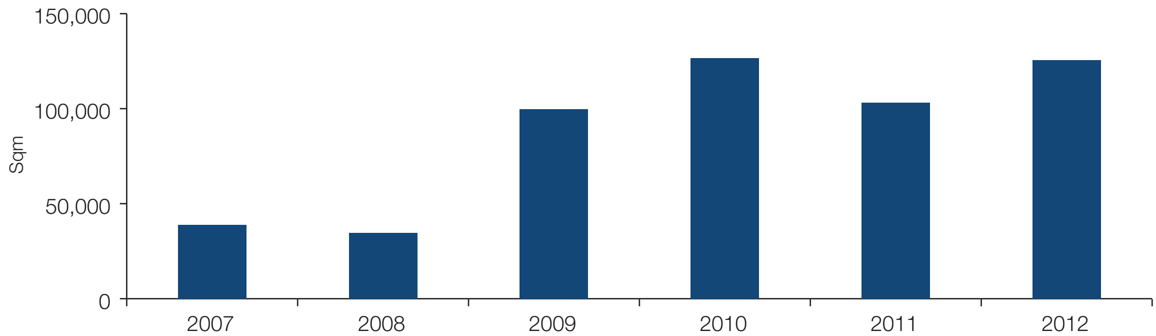
The overall vacancy rate in the Bucharest industrial market increased moderately, from 10 to 12 per cent.

Evolution of Industrial Supply in Bucharest



Source: The Advisers/Knight Frank.

Industrial Space Available in Bucharest (Q4 2012)



Source: The Advisers/Knight Frank.

Currently the majority of supply is located in the west part of Bucharest on the 4th European Corridor, where a number of international investors have developed their schemes.

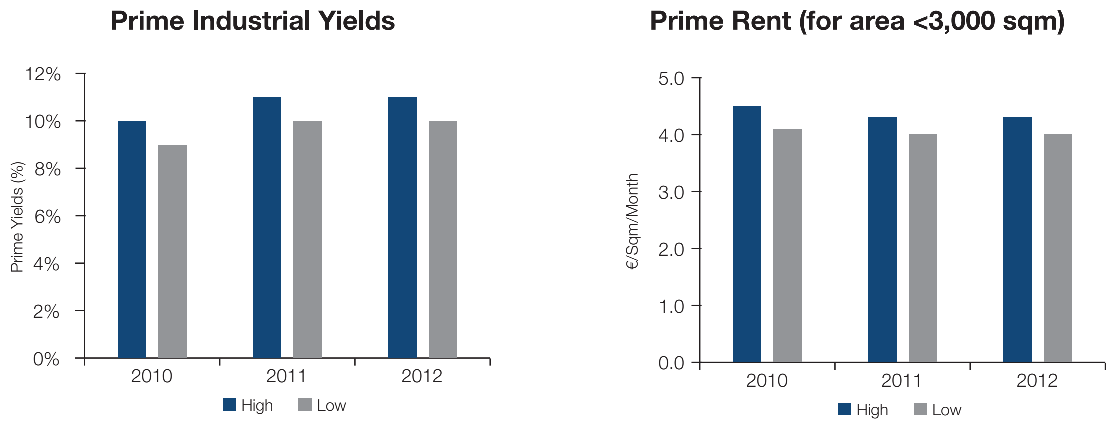
Rents and Yields:

Prime rents for industrial/logistics space have remained stable in Romania in 2012, ranging between EUR 3.40-4.30 per sqm per month depending on the size of the facility and duration of the lease, as well as the location. In addition service charges are applied to the space leased, which have also stabilised ranging between EUR 0.50-0.95 per sqm per month.

Typically logistics/industrial spaces are leased for 3-5 years, increasing to 7-10 years for built-to-suit developments.

Prime yields in the market have stabilised at 10.0 per cent. in Bucharest and at 11 per cent. in Tier 2 sub-markets such as Timisoara, Brasov and Constanta, though no significant transactions were recorded in the market in 2012.

Prime Industrial Rent and Yields in Romania



Source: The Advisers/Knight Frank.

The Romanian Residential Market

Romania's residential market started to form in 2005, when the first large scale residential developments projects were announced in order to address the rising middle class which required a higher quality of residential product. The adverse international financial conditions have impacted the local market, with the Government providing a number of incentive schemes to try to revitalise it.

Development of residential units can be categorised in (i) stand-alone units, (ii) small/medium scale developments offering up to 100 units and (iii) large scale development offering more than 100 units. The latter can found principally in Bucharest and in certain other satellite locations.

Demand

Demand for residential units (associated with large scale schemes) in recent years has been impacted by the adverse market conditions and the high VAT (24 per cent.) applied to the sales of new dwellings. The Government has tried to sustain/improve demand by introducing the "Prima Casa" (First Home) and 5 per cent. VAT social programs.

Prima Casa is a government program aimed to support the residential sector. The Romanian state guarantees the mortgage loans if banks provide affordable financing schemes. The program stipulates a maximum loan level of EUR 57,000, so it is referable to small size apartments.

In total approximately 2,000 apartments were acquired directly from developers in 2012, representing an average absorption rate of 3 to 5 units per month, depending on price, location and type of project. Given the level of stock in the market, developers which have adjusted their sale prices to the prevailing market levels have largely been able monetise part or all of their investment.

Demand for units designed prior to the crisis has been largely concentrated on studio and one bedroom apartments, which were included in the government program schemes. Larger apartments have been less appealing to investors due to the higher VAT (24 per cent.) imposed on transactions.

Off-plan sales have become an increasingly important part of take-up, particularity for projects which involve multiple phases, part of which has already been completed. Typically off-plan sales are achieved at discount prices compared to the when the development is completed, reflecting the higher risk associated with the investment.

Supply

Residential stock in Bucharest at the end of 2012 was estimated at approximately 1m apartments. Total supply remained relatively constant in the year as only 1,500 apartments in 11 developments were delivered to the market, representing an increase of 0.15 per cent. for the year.

According to international standards, it is recommended that a city replaces 1-2 per cent. of its housing stock annually in order to maintain its housing standards. In the case of Bucharest, this would mean the delivery of 10,000 to 20,000 units annually, though current new supply is significantly below the recommended threshold.

Total stock of new apartments in the capital, delivered to the market in recent years, is estimated at approximately 25,000 units of which 25 per cent. are still up for sale directly from developers.

Available residential stock may increase to 8,000-10,000 if units available for second sale and units in small/medium schemes are included.

The majority of the new residential supply in 2012 involved the completion of new phases of existing developments such as Cosmopolis, Felicity, Militari Residence and NewTown Residence.

Approximately 70 per cent. of the new space offered is located in peripheral areas of the City, in standard residential compounds and for apartments which are suitable for government programs.

Price, Rents and Yields

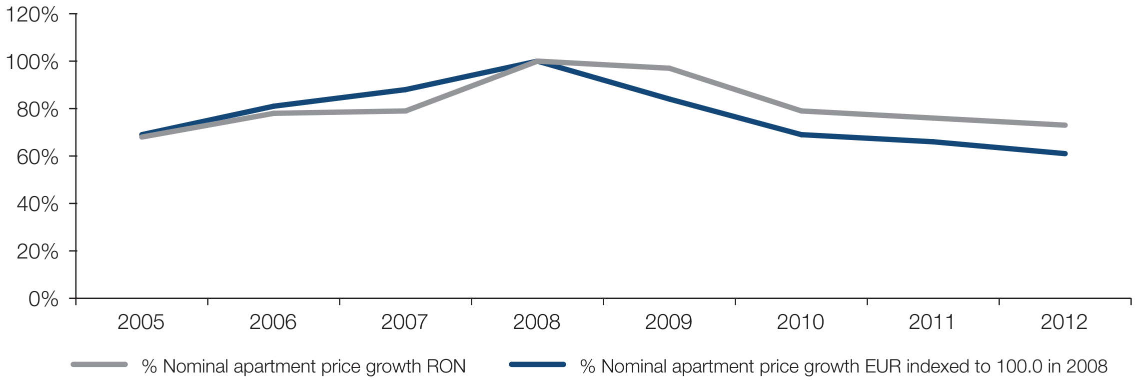
Residential prices in Bucharest have been impacted by the unfavourable market conditions, which has resulted in many developers decision to rent the new stock (instead of selling) until the market recovers (while reducing their monthly expenses). Alternatively, a number of incentives are being utilised in order to improve the attractiveness of their product, including:

- Offering of a parking space or storage box in the price of the apartment.
- Offering alternative purchasing schemes such as such as rent-to-buy or move now and pay in a year schemes.

Residential prices[6] range significantly depending on the quality of the product offered and location. For high and upper quality product asking prices range between EUR 1,000 – EUR 1,400 per sqm and EUR 1,500 – EUR 2,000 per sqm respectively, while for low and medium quality product range between EUR 600 – EUR 900 per sqm and EUR 900 – EUR 1,100 per sqm respectively. On average residential prices during 2012 have decreased between 5 and 10 per cent.

Yields in the market vary depending on location and development scheme and range between 6 per cent. and 7 per cent.

Evolution of Average Apartment Prices - indexed, 2008 = 100

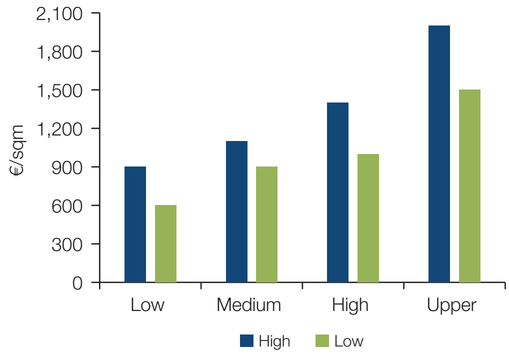


Source: The Advisers/Knight Frank.

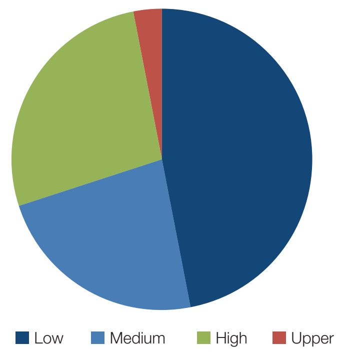
[6] The Advisers/Knight Frank 2013 analysis only considers new developments with more than 100 announced units, located within the capital's city limits or in landmark projects in satellite locations. The research addressed more than 70 active residential projects throughout Bucharest, both existing schemes and projects under construction, as of December 2012.

Breakdown of Residential by Type

Residential Prices by Type



Residential Stock by Type



Source: The Advisers/Knight Frank.

C: REAL ESTATE LAW AND PRACTICE

A report by Nestor Nestor Diculescu Kingston Petersen

1. Overview of law and practice in the Romanian real estate market

(a) Romanian legislative framework

Romania has a civil law legal system, where only the legislation, the usages and the general principles of law are legitimate sources of law. As of 1 October 2011, a new Romanian Civil Code came into force. The Code is a fundamental new piece of legislation bringing substantial changes in the civil and commercial legal framework. Certain changes are still untested in the Romanian market and there is currently no official guideline available, which leads to a degree of uncertainty as to the applicable legal solutions in various particular cases. Since October 2011, however, there have been various legal guides and commentary of scholars on the New Civil Code. It is therefore expected that a period will be required by all practicians in law to adapt to the new legal environment. New Civil Procedural Rules also came into force on 15 February 2013, which completes the amendments brought by the Civil Code in certain areas.

(b) Restitution of real estate properties

The legislation regarding private real estate property is complex and its evolution has been dynamic for the past 23 years. Due to the mass expropriation and nationalisation conducted during the communist regime, the general provisions regarding real estate property and ownership rights included in the Civil Code were supplemented after 1989 by various pieces of legislation aiming at the restitution of land and/or buildings to former owners or their successors in rights. In particular, the re-instatement of private ownership over real estate property was commenced under *two main directions*:

- Restructuring of the state-owned enterprises and separation of the patrimony thereof from the State's property, performed under Law no. 15/1990 and subsequent related legislation. Lands became private property of the former state-owned enterprises following issuance (by State agencies) of certificates attesting the ownership over land ("**Ownership Certificates**").

- Restitution of land and/or buildings to the historic owners (or inheritors thereof) deprived of their rights under the communist regime, through several different pieces of legislation: (i) Law no. 18/1991 and Law no. 1/2000 regarding restitution of agricultural/arable and forestry land; and (iii) Law no. 10/2001 regarding restitution of lands and buildings located inside city limits. The laws referenced above shall be collectively referred to as "**Restitution Laws**".

As many provisions contained in the Restitution Laws overlapped among themselves and with pre-existing legislation, it is often difficult to accommodate the various legal regimes in order to acquire certainty with respect to the ownership right or the preferred ownership right over a piece of real estate property.

Most types of claims falling under the Restitution Laws could have been made before 14 February 2001 (for Law no. 10/2001) or before 30 November 2005 (for Land Law no. 18/1991). Apart from these claims, the legal regime also permitted for court claims to be filed against the current owner of the property pursuant to the provisions of the Civil Code, as an alternative means of recovering the property.

Further to subsequent amendments of the Restitution Laws, as well as by way of Romanian's courts' incisive reference to the European Court of Human Right's jurisprudence, the legal system adopted a new perspective in the restitution field, mainly consisting of the principle that former owners not having made use of the restitution process entailed by the special restitution laws would no longer have access to recovery of their assets by way of the common restitution claim on the basis of the Civil Code (which, as a rule, is not time barred).

Despite this theoretical approach, the current practice of Romanian courts is still not unitary, hence leaving room in some cases for restitution to be accessed on the basis of the Civil Code, by way of in kind or compensating restitution claims.

In respect to the Restitution Laws, we also note recent amendments thereof brought by Law no. 165/2013 published on 17 May 2013 (the "**New Law**").

The main aspects entailed by the New Law which might be of interest are as follows:

- The New Law imposes certain deadlines in which the competent public authorities would be compelled to finalize the restitution procedure i.e. to solve the pending restitution requests lodged within the deadlines set forth by the Restitution Laws. For this aim, the New Law allows for additional supporting documentation to be added to the initial restitution requests within various deadlines, depending on the competent authority and specific procedure of the relevant applicable Restitution Law. If the New Law will be accurately implemented, it might be expected that the restitution procedure to be finalized in the year 2016.
- The competent authorities are obliged to set-up a complete list of claimed assets which can make the object of in-kind restitution.
- For the lands which were arable lands upon the date of the abusive taking-over, but which are currently located inside city limits, the New Law sets a limit of 50 hectares which can be restituted to the claimant.

Considering this situation, if the restitution petitions would be solved in the next few years and the actual location of the claimed properties would be determined, there might be the case that the historic owners which petitions are rejected by the local authorities or which are not satisfied with the manner in which the authorities would settle such restitution petitions would make use of court claims in order to have their ownership right acknowledged. Such claims in court would most likely be filed also against the current owners of the claimed properties.

(c) **Land Book system**

Real estate property in Romania is currently subject to the Land Books publicity system introduced under Law No. 7/1996 regarding real estate registration and publicity ("**Law no. 7/1996**"). Land Books are public records kept distinctively for each real estate property, evidencing any and all successive rights in the immovable asset and the beneficiaries thereof.

Until recently the Land Book system has been viewed as a barometer of real estate transactions, evidencing to third parties different operations that involved immovable assets (e.g., sale purchase, establishment of real estate related rights such as rights of use and superficies rights).

The entry into force of the New Civil Code ("**NCC**") on 1 October 2011 aimed at changing the Land Book system, in the sense of conditioning the valid transfer/establishment of real estate rights by the actual registration of the real estate rights within land book records (the so called "*constitutive effect of the land book*"). The NCC has a transition period to allow for cadastral works to be finalised within each administrative territorial unit (which is still deemed as indefinite period). During this transition period a double effect of the land book system shall apply, namely (i) an opposability effect for those parts of the county/administrative territorial units where cadastral works have not been completed and (ii) constitutive effects for those parts of the country/administrative territorial units where cadastral works have been completed.

(d) **Good faith under the Land Book system**

While the Land Book principles within Law no. 7/1996 permitted, until recently, for third party acquirers in good faith to attempting to "block" a restitution claim by arguing that such claim had been registered with the land book records for more than three or ten years, the Civil Code and associated practice did not recognise this argument. This usually lead to common in kind restitution claims being lodged and admitted against the third "good faith" acquirer.

The NCC strengthens the position of third party acquirers having registered themselves in good faith with the land book, by providing a strong assumption in favour of third parties, which ownership rights would prevail against any restitution claims, provided that no historic owner (i.e., having successfully won a restitution claim) initiated/successfully won a land book rectification claim to replace the third party acquirer in the land book and to overcome the ownership assumption, within a term of three or five years as of the date they registered themselves in good faith as owners with the land book. In view of the novelty of the NCC and the fact that the provisions above have not yet been sufficiently tested in practice, however the leverage of Romanian courts in understanding and applying this new approach of the good faith concept cannot yet be fully assessed.

(e) **Real Estate Statutes of Limitation/Ususcapio**

Until recent legislative changes brought the entry into force of the NCC, if a former owner filed a restitution claim with respect to any property and the current owner's title over that property proved null and void, the remedy under the Romanian law was to invoke the real estate statute of limitation (ususcapio) (Romanian: "uzucapiune"), which depending on the scenario, would be of 10 to 20 years, or of 30 years as of the date the possessor took hold of the property.

In the field of adverse possession, the NCC brings both a change in structure and effect, by diving it into (i) extra tabular adverse possession and (i) tabular adverse possession.

The extra tabular adverse possession applies in those cases where the asset was/is no longer registered with the land book. The prerequisites that determine this type of adverse possession to lead to ownership acquisition are (i) 10 years' possession, (ii) good faith and (iii) registration of the ownership right with the land book upon elapse of the 10 year period. Registration with the land book is a mandatory condition, not only one of opposability.

Tabular adverse possession occurs in those cases when the title of the current owner of an asset is liable to be invalidated by a third party. Tabular adverse possession provides for a very strong assumption for the current owner that such title is consolidated and "cured" of any invalidation grounds if (i) the current owner duly registered its right with the land book, (ii) the current owner possessed the asset for 5 years in good faith and (iii) no third party succeeded in invalidating its title within the 5 years' term calculated as of the date the current owner registered its right with the land book.

These two types of adverse possession apply only to possession that started to elapse after the date the NCC entered into force.

(f) **Good faith defence**

In case of a challenge to the validity of one of the transfers/ownership titles in the chain of title of a real estate property, the current owner of the property could raise the defence of the good faith purchaser of a real estate property from a transferor who was duly registered with the Land Book. The good faith purchaser would be reasonably expected to benefit from an enhanced protection of its title in the case of annulment of the transferor's title. The courts of law are competent to determine, based on the evidence presented by the claimant, the good faith of the current owner upon acquiring the property.

It is to be noted, however, that the practice of the courts in assessing good faith no longer recognised the standard of a diligent purchaser who made reasonable inquiries in order to establish the validity of the chain of titles with respect to the property as well as the absence of any pending restitution claims. Instead, following a series of decisions of the European Court of Human Rights, which ruled that the ownership right of former owners was infringed in several particular cases, the practice of the Romanian courts has begun to change to conditioning the effectiveness of the good faith defence on the exhaustion of all means of investigation of the title related issues upon the acquisition of the relevant property.

The NCC brings an element of novelty to this aspect, as it grants the concept of "good faith" an express definition, which provides that anyone who acquired a real estate related right in good faith, by means of a transfer agreement concluded for consideration, shall be strongly presumed to be the rightful owner of the relevant real estate. This presumption can be challenged/overcome under the NCC, mainly by means of the land book rectification ruling, under the strict terms and conditions provided for in such ruling.

(g) **Ownership right over buildings**

Ownership over land does not necessarily confer title to the buildings on the land or construction rights to erect buildings on bare land. As a general proposition, the owner of the land is presumed to also be the owner of the building erected on that land.

Under the NCC regulation, this presumption might be overturned if and to the extent the owner of the buildings exhibits a valid title over them, either in the form of a superficies agreement (i.e., an acknowledged right to have or to erect a construction) or of a separate convention between the holder of the land and author of the construction.

Moreover, the new Romanian legal system created under the NCC grants the author of the construction the possibility for it to force the owner of the land to purchase its construction or to indemnify it for the construction (depending on various conditions), or even to require the recognition of co-ownership over the real estate (for the case of two neighbouring lands where one land has a construction erected on it).

2. Legal and practical approach to lease agreements

(a) **Introduction**

The lease sector has significantly developed over recent years due to developers' intention of both optimising costs whilst obtaining the best leverage of letting income. The main aspects that have undergone various amendments due to the change of the civil code provisions are summarised below.

(b) **Writ of execution character**

The core element of Romanian lease agreements, particularly in the context of the newly enacted provisions of the NCC, is determined by the fact that they are recognised as writs of execution. The importance of this legal characteristic is derived from the fact that developers are allowed to enforce a lease agreement directly against the lessee for payment of the rent and/or recovery of the leased asset upon termination of the contract, provided that the lease agreement was either concluded under authenticated form or registered with the competent fiscal authorities.

(c) **Sale of leased asset**

Should the developer decide to sell the leased asset to a third party, the lease agreement shall be deemed opposable to the third party acquirer depending on whether the asset subject matter of the lease had been registered with the land book, namely (i) for those leased assets registered with the land book, the acquirer shall have to observe the contract if the lease agreement was registered with the land book and (ii) for leased assets not registered with the land book, the acquirer shall have to observe the contract if the date of the lease is prior to the date of the asset's transfer to the third party acquirer.

(d) **Hardship**

The parties to the lease (or generally to a contract) must perform their obligations even if events have rendered the respective performance more onerous than would reasonably have been anticipated at the time of the conclusion of the agreement. However, if the performance has become excessively burdensome due to an exceptional event, beyond a party's reasonable control, therefore rendering the obligation of the party clearly unjust, the court can decide to determine to amend or terminate the agreement.

(e) **Preference right for the lessee**

The NCC has established in favour of the existing tenant a preference right to re-lease on the same conditions offered to a new tenant, provided that the existing tenant fulfilled its obligations under the lease agreement. Although not clearly drafted with regard to its scope, it may be interpreted that such preference right also applies to office/industrial leases. Until the applicability of this NCC provision to commercial (office/industrial) leases is subject to a recognised professional interpretation, parties entering into lease agreements after 1 October, 2011 should consider expressly providing in the contracts for the applicability or tenant's waiver of this preference right.

(f) **Developer's direct action against the sub-lessee**

Landlord's direct action against the sub-lessee is sustained in the NCC on the following principles:

(a) the sub lease and assignment are allowed unless expressly prohibited by the contract; and

(b) the prohibition on sub lease implies the prohibition to assign, although the prohibition does not imply the prohibition on sub lease.

If the principal lessee does not pay the rent to the landlord, the landlord may act directly against the sub-lessee within the limit of the amounts owed by the sub-lessee to the principal lessee. Also, the landlord may act against the sub-lessee and require fulfilment by the sub lessee of the obligations under the sub-lease agreement.

(g) **Repealing of the landlord's privilege over the lessee's assets**

The former civil code provided that landlord's privileged security for the execution of the lessee's undertakings and enabled the landlord to sell the lessee's assets in order to recover the damage. The NCC repealed this privilege.

3. Legal aspects of financing Romanian projects

(a) **Facility agreements**

Romanian law and European regulations allow the parties to agree on the law and jurisdiction applicable to an agreement. Facility agreements for financing a Romanian company or a Romanian project can therefore be governed by a foreign law. Security agreements are generally governed by Romanian law. As a matter of practice, finance agreements (except for security documents) are governed by English law (in syndicated or club loans) or by the law of the lender (in the case of bilateral loans). It is notable that the market is generally very familiar with LMA standards and ISDA based hedging arrangements.

A Romanian law governed loan agreement granted by a Romanian credit institution would qualify, by virtue of law, as a writ of enforcement (which would allow enforcement without a judgment on the merits). Loan agreements under foreign law, by foreign lenders, are unlikely to be deemed to be writs of enforcement under Romanian law. A writ of enforcement on foreign agreements can be achieved, however, further to a court judgment obtained in a foreign law which is itself recognised as a writ of execution under the applicable EU Regulations or treaties.

(b) **Romanian security agreements**

Romanian security agreements are generally writs of enforcement by virtue of law. If the security is accessory to foreign law governed financing agreements, a Romanian court of law may take different positions as regards the approval of their enforcement in the absence of a writ of enforcement ascertaining the underlying secured debt. The practice of courts is not uniform; some courts requesting the loan agreement to be a writ of enforcement or a court decision/writ of enforcement to be obtained as a pre-requisite for approving the enforcement of the security agreements, while other courts do not and, instead, approve the enforcement on the basis of the security agreements and a loan agreement which is not a writ of execution.

There are various fees payable in relation to an enforcement procedure, depending on the enforcement measures and procedures (if an attachment/seizure is applied prior to enforcement, if opposition is lodged by the debtor etc.); the main fees are the fees payable to the enforcement officer and they may go up to 1 per cent. of the claims subject to enforcement. This would be, however, the maximum and such costs are generally recoverable from the proceeds of enforcement.

PART VII

VALUATION REPORTS

Section A

Executive Summary No. 1/10.06.2013

THE ADVISERS In association with Knight Frank

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June 10th, 2013

Mr. Dimitris Raptis
Globalworth Real Estate Investments Limited
Anson Place, Mill Court,
La Charroterie, St. Peter Port
Guernsey GY1 1EJ

Mrs. Nicola Marrin
Director – Investment Banking
Panmure Gordon & Co
London

Dear Mr. Raptis, Mrs. Marrin,

VALUATION OF THE GLOBALWORTH REAL ESTATE INVESTMENTS LIMITED PORTFOLIO CONSISTING OF 9 PROPERTIES LOCATED IN BUCHAREST AND TIMIS COUNTY, ROMANIA.

Instructions

In accordance with your instructions, we have performed the valuation of 9 properties included in the Globalworth Real Estate Investments Limited (Globalworth) portfolio, in order to advise you as to our opinion of the Market Value for 8 of the 9 properties, except Globalworth Tower where the Investment Value has been estimated, upon your request. The valuation date for all properties is June 5th, 2013.

Properties

The properties we have valued are listed in the Appendix 3 attached to this Summary Report.

Documents Received

In order to carry out our valuation we have been provided with documentation and information relating to this portfolio by Globalworth (The Beneficiary), which we have assumed to be correct, verified and complete. In case the information proves to be incorrect or incomplete and the valuations could be affected, we reserve the right to amend our reports accordingly. We do not accept responsibility for any errors or omissions in information and documentation provided to us.

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Basis of Valuation

The present valuation is performed in accordance with the RICS Valuation Standards, published by the Royal Institution of Chartered Surveyors (RICS) in March 2012.

The valuation of 8 of the 9 properties (except Globalworth Tower) has been carried out on the basis of Market Value. According to RICS Valuation Standards (VS 3.2), published by the Royal Institution of Chartered Surveyors (RICS) in March 2012, the Market Value is defined as follows:

„The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

As per your instruction, the basis of value for Globalworth Tower is Investment Value, defined as follows by RICS Valuation Standards (VS 3.4), published by the Royal Institution of Chartered Surveyors (RICS) in March 2012:

„Investment Value is the value of an asset to the owner or a prospective owner for individual investment or operational objectives."

The general assumptions and special conditions used in the valuation are presented in Appendix 1. The description of the valuation methodology used is included in Appendix 2.

The inspections of the subject properties were made externally and internally, with the exception of Timisoara Airport Park, where we have been able to inspect only the exterior of the property, as per your instruction. During the inspection of the properties, we have been accompanied by the Beneficiary's representatives, with the exception of Timisoara Airport Park and Herastrau 1.

Following our inspections and based on the information available to us, we are of the opinion that the Market Value of the freehold interests in 8 of the 9 properties (except Globalworth Tower), as at June 5th 2013, is:

417,634,000 Euro
(Four Hundred Seventeen Million Six Hundred Thirty Four Thousand Euro).

Following our inspection and based on the information available to us, we are of the opinion that the Investment Value of the freehold interest in Globalworth Tower, as at June 5th 2013, is:

43,090,000 Euro
(Forty Three Million Ninety Thousand Euro).

For the purposes of the subject valuation we have valued the properties individually and no account has been taken of any discount or premium that may be negotiated in the market if all

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or part of the portfolio was to be marketed simultaneously. A full list of the individual values of each property comprising the subject portfolio is attached as Appendix 3.

The present assignment has been carried out by a team of five valuers, ANEVAR members, in their capacity of external valuers, for and on behalf of Prime Property Advisers SRL.

The individual valuation reports are signed by Mrs. Roxana Bencze, ANEVAR member No. 10631, RICS member No. 1293509.

As per VS 1.9, we state that the total fees paid by the Beneficiary (through the corresponding SPVs) during the preceding year to Prime Property Advisers SRL are minimal. We have previously valued 4 of the 9 analyzed properties for different purposes other than the present assignment (i.e. internal purpose or statutory – tax purpose).

Yours faithfully,

For and on behalf of Prime Property Advisers SRL

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APPENDIX 1

General Assumptions

The acceptance of this appraisal assignment and the completion of the valuation are contingent, but not limited to the following general assumptions:

a) No allowance has been made for legal fees or any other costs or expenses, which would be incurred on the sale of the property.

b) We have not taken into account any liability for tax, which may arise on a disposal, whether actual or notional, and neither have we made any deduction for Capital Gains Tax, Valued Added Tax or any other tax.

c) We assume that the legal description given for the subject property is correct and take no responsibility for legal matters, including those affecting title. The title of the subject property is considered good and marketable.

d) The subject property is appraised free and clear of mortgages, liens and encumbrances.

e) We do not perform a building or structural survey of the analyzed premises in order to establish the details of any defects or disrepairs. Our valuation is based on the assumption that the subject property is in good condition, except for any defects specifically noted within the report. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render the property more or less valuable.

f) Engineering analyses of the property were neither provided for use nor made as a part of this engagement. Any representation as to the suitability of the property for uses suggested in this analysis is therefore based only on our rudimentary examination and the value conclusions are subject to such limitations.

g) We assume that the building services and any associated controls or software are in good working order. We presume that all licenses necessary to operate the property have been obtained.

h) Unless otherwise stated in the report, the subject property is assumed to have the necessary statutory consents for the current construction and use.

i) It is assumed that the use of the land and of the improvements is within the boundaries or lines of the property and that there is no encroachment or trespass unless noted in the report.

j) Our valuation assumes that the property would, in all respects, be insurable against all usual risks including terrorism, flooding, at normal, commercially acceptable premiums.

k) We do not perform measurements of the site and building. Areas provided from a quoted source will be relied upon.

l) We assume to be no unidentified adverse ground or soil conditions and that the load bearing qualities of the sites of each property are sufficient to support the building constructed or to be constructed thereon.

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m) We assume the subject property is free of any contamination or hazardous substances and is not affected by environmental factors. However, if their presence or potential presence can be established during the course of the valuation inspection of the property, through normal enquiries or local knowledge, it will be mentioned in the report. We would like to state that we are not qualified to detect such substances and we recommend you to retain an expert in this field if desired.

n) The subject property has been appraised as if it is and will remain under responsible ownership and competent management.

o) This appraisal is to be used only in its entirety, and no part is to be used without the whole report.

p) All documents, information, opinion and estimates provided to us by the Beneficiary's representatives or others are assumed to be correct. No responsibility for the accuracy of such information is assumed by us. Moreover, we do not assume any responsibility for incorrect analysis because of incorrect or incomplete information. If new information of significance becomes available the value given in the report is subject to change.

q) Any comparable sales data relied upon in the report are believed to be from reliable sources. It may have been impossible to examine all comparables due to monetary and time constraints. The value conclusions are subject to the accuracy of such information.

r) Opinions and estimates expressed in the report represent our best judgment but should not be construed as advice or recommendation to act. Any actions taken by the Beneficiary or any others should be based on their own judgment and the decision process should consider many factors other than just the value estimate and information given in this report. Before relying on any statement made in this report interested parties should contact us for the exact extent of data collection and verification on any point they believe to be important to their decision making.

s) All values shown in the report are projections based on our analysis as of the effective date of the appraisal. These values may not be valid in other time periods or as conditions change. We take no responsibility for events, conditions or circumstances affecting the value of the property that take place subsequent to the date of value noted in the report.

t) Since mathematical models and other projections are based on estimates and assumptions which are inherently subject to uncertainty and variation depending upon evolving events, we do not present them as results that will actually be achieved, but as best estimations.

u) Illustrative material is to assist the reader and may not be exact.

v) Neither all nor any part of the contents of any individual report, or copy thereof, shall be conveyed to the public through advertising, public relations, news, sales, or any other media without our written consent. Possession of an individual report or any copy thereof does not carry with it the right of publication, nor may it be used for any purpose other than its intended use, as stated in the body of the report.

w) Our liability is limited to the Beneficiary under the terms settled in the letter of engagement and to Panmure Gordon under the terms settled in the Disclosure and Reliance Notice. There is no accountability, obligation or liability to any other third party.

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x) We will not give testimony in court or in any other hearing as a result of having prepared the appraisal, either in full or in part. We are not required to engage in post-appraisal consultation with the client or other third parties, except under separate arrangements at an additional fee.

Besides the general assumptions listed above, the valuation assignment is also subject to the below assumptions and special assumptions used in the valuation of Globalworth portfolio. In case the following special assumptions prove to be incorrect, we reserve the right to change our valuation accordingly, as the values estimated may differ.

a) BOC :

- The valuation was based on the assumption that Honeywell will sign the lease agreement, in accordance with the terms provided by the Beneficiary. The valuer has relied on these contractual terms and used them in the value estimation.

b) Upground Residential & Retail :

- The valuation was based on the assumption that all apartments, parking spaces and storages are vacant and available for sale on the open market at the valuation date, disregarding the fact that some of them are currently rented.

c) Tower Center International:

- The valuation was based on the assumption that, besides those provided by the Beneficiary, there are no other incentives to be supported by the Landlord for the existing tenants.

d) City Offices:

- The valuation was based on the assumption that the building permit will be granted for the extension of the 5^{th} floor, in accordance with the areas provided by the Beneficiary. In addition, the valuation is based on the assumption that construction works will continue according to schedule and the delivery date is met.

e) BOB :

- The valuation was based on the assumption that the lease agreement with Deutsche Bank is legally valid and in place at the date of valuation. In addition, we have assumed that Deutsche Bank will be granted 4 rent free months as an incentive, in accordance with the market practice.

f) Globalworth Tower:

- The valuation was based on the assumption that the Metrorex approval will be obtained and in due time.

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- The valuation was based on the assumption that the site can be used for office development, taken into account the coefficients provided by the Beneficiary (CUT, POT), which are in line with those of other plots/developments in the analyzed area.

g) Timisoara Airport Park:

- The valuation was based on the assumption that the 3rd phase of development, consisting of 12,000 sq m of warehouse space, will be delivered until April 1st, 2014.
- The valuation was based on the assumption that the value of the completed property has been estimated subject to the lease of the new phase by Value Lighting Injection, under the same terms of the existing contract.

h) Herastrau 1:

- No special assumptions used in the valuation.

i) Floreasca 1:

- The valuation was based on the assumption that the building permit for the new use (office) will be obtained in due time, so that the delivery date used in the valuation is met.

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APPENDIX 2

Basis of Valuation

In order to carry out the subject valuation we have used the following valuation approaches:

- For income producing assets: Income Approach (Discounted Cash Flow technique);
- For residential properties: Market Comparison Approach;
- For development land plots: Market Comparison Approach and Residual Technique;
- For properties undergoing reconversion works: Income Approach (Discounted Cash Flow technique).

The income producing assets included in the portfolio (BOC, BOB, Tower Center International, City Offices, Timisoara Airport Park and Upground-retail spaces) have been valued based on the current existing leases.

As per your instruction, in case of 5 properties (Globalworth Tower, City Offices, Herastrau 1, Timisoara Airport Park and Floreasca 1), we have also estimated the value of the completed property (i.e. the value of the property, as of the date it is anticipated to be complete).

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APPENDIX 3

Properties, Market Values, Investment Value and Values of Completed Properties as at June 5th, 2013:

No.	Property	City	Address	Owner	Space Type	Property Type	Valuation Approach	Market Value (EUR)*	Investment Value (EUR)*	Value of Completed Property (EUR)*
1	BOC	Bucharest	3 George Constantinescu Street, 2nd district	BOC Real Property SRL	office building	existing	Income Approach - DCF Technique	129,469,000	-	-
2	Upground Residential + Retail	Bucharest	9B Fabrica de Glucoza Road, 2nd district	Globalworth Asset Managers SRL and Upground Estates SRL	residential compound with retail spaces at the ground floor	existing	Market Comparison Approach (apartments) and Income Approach - DCF Technique (retail spaces)	99,818,000	-	-
3	Tower Center International	Bucharest	15-17 Ion Mihalache Blvd., 1st district	Tower Center International SRL	office building	existing	Income Approach - DCF Technique	67,800,000	-	-
4	City Offices	Bucharest	2 Oltenitei Road and 4A Oltenitei Road, 4th district	Globalworth Asset Managers SRL	office building with retail spaces and parking facilities	property under reconversion	Income Approach - DCF Technique	49,560,000	-	56,760,000
5	BOB	Bucharest	6A Dimitrie Pompeiu Blvd., 2nd district	BOB Development SRL	office building	existing	Income Approach - DCF Technique	45,848,000	-	-
6	Globalworth Tower	Bucharest	201 Barbu Vacarescu Street, 2nd district and 246A Floreasca Road, 1st District	Corinthian Five SRL and Floreasca Office Building SA	land for office use	development land	Residual Technique	-	43,090,000	130,052,000
7	Timisoara Airport Park	Giarmata	Calea Lipovei FN, Km 8 + 775 m, Giarmata, Timis County	See Exclusive Development SRL	warehouse	existing	Income Approach - DCF Technique	14,970,000	-	19,650,000
8	Herastrau 1	Bucharest	48, 48A, 50, 50A Nordului Road and 33, 35, 37 Barajul Arges Street, 1st district	Globalworth Asset Managers SRL	land for office use	development land	Market Comparison Approach and Residual Technique	7,300,000	-	27,850,000
9	Floreasca 1	Bucharest	206-208 Gheorghe Titeica Street, 2nd district	Victoria Ventures SRL	land with structure for office use	land with structure for office	Residual Technique	2,869,000	-	7,177,000
TOTAL								417,634,000	43,090,000	241,489,000

*VAT not included, except for Upground Residential (excluding Upground Retail) where VAT=0%

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GLOSSARY OF SELECTED REAL ESTATE TERMS

Please find below the main terms used in the valuation, as defined by the RICS Valuation Standards, published by the Royal Institution of Chartered Surveyors (RICS) in March 2012:

Basis of value — A statement of the fundamental measurement assumptions of a valuation.

Market Value(MV) — The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm`s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Investment Value — The value of an asset to the owner or a prospective owner for individual investment or operational objectives.

Valuation date — The date on which the opinion of value applies.

Date of the report — The date on which the valuer signs the report.

Market approach — An approach that provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available.

Income approach — An approach that provides an indication of value by converting future cash flows to a single current capital value.

Assumption — A supposition taken to be true. It involves facts, conditions or situations affecting the subject of, or approach to, a valuation that by

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agreement does not need to be verified by the valuer as part of the valuation process.

Typically, an assumption is made where specific investigation by the valuer is nor required in order to prove that something is true.

Special assumption

An assumption that either assumes facts that differ from the actual facts existing at the valuation date, or that would not be made by a typical market participant in a transaction on the valuation date.

Inspection

A visit to a property to examine it and obtain relevant information, in order to express a professional opinion of its value.

Section B

EXECUTIVE SUMMARY

Coldwell Banker Research & Valuation

COLDWELL BANKER
RESEARCH & VALUATION ADVISORS

JUNE 2013

S.C. CBAR Research & Valuation Advisors S.R.L. BUCURESTI

COLDWELL BANKER
RESEARCH & VALUATION ADVISORS

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Wednesday, 5th of June 2013

To: GLOBALWORTH REAL ESTATE INVESTMENTS LIMITED

PANMURE GORDON (UK) LIMITED

Ref: PORTFOLIO VALUATION

Dear Sirs,

Further to your request and to the written instructions received, we have the pleasure to present to you the following conclusions regarding 9 valuation reports comprising office and residential buildings in Bucharest and Timisoara.

PROPERTIES

The properties we have valued are presented in appendix 3 attached to this Executive Summary. We also presented information regarding the owner of the properties or portfolio where applicable.

BENEFICIARY OF THE REPORT

The Beneficiary and the addressee of each valuation report is **Globalworth Real Estate Investments Limited** with legal seat in Anson Place Mill Court La Charroterie, St Peter Port, Guernsey, GY1 1EY and **Panmure Gordon (UK) Limited** with legal seat in One New Change, London, EC4M 9AF.

BASIS OF VALUATION

The value estimation of the subject properties in accordance with International Valuation Standards IVS 2011 published at 1st of June 2011 (IVS 101 – Scope of work; IVS 102 – Implementation, IVS 103 – Reporting, IVS 230 – Real Property Interests) and the Romanian Appraisers National Association (ANEVAR).

As instructed and in accordance with the requirements of above mentioned standards, the valuation has been prepared based on the principles presented below:

Market Value This is defined according to the International Standard IVS - Framework, published by the International Valuation Standards.

The valuation for each property has been carried out on the bases of Market Value or Investment Value considering the ongoing projects. The definitions of the appraised values as set forth are the following:

Definition ***"The Market Value"*** is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion"

"Investment value" is the value of an asset to the owner or a prospective owner for individual investment or operational objectives. Investment value may also be known as worth.

The valuations have been carried out by Mr. Vandici Octavian or by Mrs. Dumitrescu Monica, valuer qualified for the purpose that was set in advance with the Beneficiary.

In order to carry out the subject valuation we have used the investment method approach. Our basic parameters and assumption used are presented in Appendix 1.

Our bases of valuation are attached as Appendix 2.

S.C. CBAR Research Advisors S.R.L. BUCURESTI

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Following our valuation process and based on the information received from the Beneficiary, the Market Value and Investment value of the freehold interests, as of 5th of June 2013, for all properties is:

€494,082,000

Four Hundred Ninety Four Million, Eighty Two Thousand Euros

from which

€ 46,450,000 is the investment value of Bucharest One Tower

€ 447,632,000 represents the market value of the other properties

For the purposes of the subject valuation we have valued the properties individually and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously.

A full list of the individual values of each property comprising the subject portfolio is presented in Appendix 3.

The whole valuation process was supervised by Mr. Ion Anghel, FRICS, who expressed its personal opinion regarding appraised values, considering the methodology used and the key assumptions (e.g. exit yields, discount rates, market rents, market) are reasonable and reliable considering current real estate market in Bucharest and Romania, in general.

Kind Regards,

Mihaila Catalin Alexandru
Head of Research & Valuation Department

SC CBAR Research & Valuation Advisors SRL
member of Coldwell Banker Affiliates of Romania

Vandici Octavian	***Monica Dumitrescu***	*Prof.* ***Ion Anghel***
EPI, Valuator, ANEVAR	EPI, Valuator, ANEVAR	FRICS, REV, MAA
Coldwell Banker Affiliates of Romania	*Coldwell Banker Affiliates of Romania*	*as independent supervisor*

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APPENDIX 1 – GENERAL PRINCIPLES AND ASSUMPTIONS

In order to estimate the Market Value (MV) or Investment Value (in case of Bucharest One) for each of the properties comprising the subjected portfolio, we have used the following methods:

- **Income approach – discounted cash-flows (DCF)** for office buildings and commercial spaces that are already finalized. We based our valuation considering mainly the actual lease contracts. The main source of information was provided to us by the Beneficiary representing an excel table with all the key elements of the contract meaning: leased area, fixed rent, turnover rent, indexation, lease terms and break options.

  We have also made several assumptions regarding the estimated market rents for the available area, the occupancy and take-up rates in the following years and the estimated facilities offered to a new tenant (e.g. one month free). Other assumptions consider HICP and MUICP indexation, discount rates and exit yields.

  In case of the discount rates we used the build-up method when determining the values taking into account risk free rates, sector rates, business rates and unforeseen or additional risk subjected to each property.

- **Sales comparison approach** for residential properties like apartments, parking spaces and storage units in Upground Residence and also for a property comprising a plot of land named Herastrau 1.

  In rely of our task considering this method we based our valuation on similar comparable residential projects and land prices. We have made adjustments considering different criteria's like market condition, legal rights, financing conditions, location, finishing's (where applicable), facilities, technical building conditions of the area (where applicable), etc.

  For each apartment or storage area we estimated an average price per measure unit. Following that we have multiplied the average price as per measure unit with corresponding values (e.g. total built area of an apartment or storage). In case of the parking units we estimated the average selling price for one parking, underground or aboveground.

  The final values in case of Upground Residence portfolios (Upground Towers and Upground Apartments) represent the sum of each identifiable unit and no discount rates have been applied in case of an eventually sale.

- **Income approach – direct capitalization (DC)** has been applied for commercial units in Upground Residence comprising the Upground Towers portfolio. The method considers an average rent for the whole spaces as per actual contracts. This average rent will be applied in the valuation process to each unit and for the available units we considered an additional market vacancy. In case of commercial units the lease contracts are not triple net, meaning the owner will pay the taxes and insurance.

- **The residual income approach** has been applied for those properties that currently are proposed office projects like Bucharest One, Floreasca 1 and also Herastrau One.

  In case of Bucharest One this methods provides the Investment Value of the property considering that as per valuation date the site is not fully improved towards office destination (e.g. on site there was still present the old building that will be demolished).

  In case of Floreasca 1, the valuation method will provide the market value as on site the structure of the project is already built and brings value for the land.

  In case of Herastrau One we presented the residual income as an Investment Value but we also provided the Market Value considering the sales comparison approach.

  As general aspect of this method we based our valuation considering approximate built areas confirmed with the Beneficiary and project details like GLA for office and commercial spaces, parking or storage.

  Considering this information we conducted estimations regarding the income generated by the future property and deducted the total Costs comprising Hard and Soft cost, Financing cost and developer's profit. The estimated residual amount was discounted to present value considering a reasonable project timeline and discount rate.

S.C. CBAR Research Valuation Advisors S.R.L. BUCURESTI

COLDWELL BANKER
RESEARCH & VALUATION ADVISORS

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It should be noted that our valuations are based upon the facts and evidence at the date of the valuation (June 2013). It is therefore recommended that valuations be periodically revised.

Valuing real estate properties employs various mathematical calculations to provide value indications, the final estimate of value is subjective and may be influenced by the valuators' experience and other factors not specifically set forth in the valuation report.

Land areas and buildable areas used in the appraisals were provided by the client and have not been verified by legal counsel.

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APPENDIX 2 – VALUATION BASIS

This valuation reports has been prepared for the exclusive use of Beneficiary for the sole purpose which was set in advance. We have not made any allowance for the vendors cost of sale, nor for tax liability that might arise upon disposal of the property at our estimate of value.

1. No allowance has been made for legal fees or any other cost of expenses, which would be incurred on the sale of the property.
2. Whilst we have had regard to the general effects of taxation on market value, we have not taken into account any liability for tax, which may arise on a disposal, wheatear actual or notional, and neither has made any deduction for Capital Gains Tax, Value Added Tax or any other tax.
3. We have disregarded the existence of any mortgage, debenture or other change to which the property may be subject.
4. Any estimated figures in the valuation reports pertain to the valued property, taken as a whole and any division or fractioning of the obtained figures will void the estimated value except when the division or fractioning is implicit.
5. No responsibility is assumed for matters legal in nature. No investigation has been made of the title to or any liabilities against the properties appraised. The appraisals presumes, unless otherwise noted, that the owner's claim is valid, the properties rights are good and marketable, and there are no encumbrances which cannot be cleared through normal processes.
6. We have not made any formal searches or enquiries in respect of the property and the therefore unable to accept any responsibility in this connection. We have, however, made informal enquires of the local planning authority in whose area each property is situated as the whether or not it is affected by planning proposals. We have not received a written reply, and, accordingly, have had to rely upon information obtained verbally.
7. We have assumed except where stated differently that all consents, licenses, and premises including, inter alia, fire certificates, enabling the property to be put to the uses ascertained at the data of our inspection have been obtained and there are no outstanding works or conditions required by lessors of statutory, local or other component authorities.
8. No soil analysis or geological studies were ordered or made in conjunction with this report, nor was any water, oil, gas, coal, or other subsurface mineral and use rights or conditions investigated.
9. Unless stated otherwise within this report, our valuation has been based upon the assumption that the rent is to be assessed upon premises as existing at the date of our inspection.
10. Land areas and buildable areas used in this appraisal were provided by the client and have not been verified by legal counsel. The land description is included for identification purposes only and should not be used in a conveyance or other legal document without proper verification by an attorney.
11. We have assumed that all rent and other payments payable by virtue of the leases have been paid to date. If there are rents or other arrears, we recommend that should be informed in order that our valuations should be revised.
12. The valuation report is based on economic, fiscal, legal and political conditions as of the date of this report. Should these conditions change, the conclusions of this report may not be valid anymore. The valuators take no responsibility for any events, conditions or circumstances affecting the property's market value that take place subsequent to either the date of value contained in this report or the date of our field inspection, whichever occurs first.
13. The value or values presented in this report are based upon the premises outlined herein and are valid only for the purpose or purposes stated. All mortgages, liens, encumbrances, leases and servitudes have been disregarded unless specified otherwise. While the information contained herein is believed to be correct it is subject to change. Nothing contained herein is to be construed as a representation or warranty of any kind.
14. The quality of each property on-site management has a direct effect on their economic viability and market value. The financial forecasts presented in each valuation assume both responsible ownership and competent management. Any variance from this assumption may have a significant impact on the forecast operating results and value estimates.

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15. To the best of our knowledge, all data set forth in each valuation report is true and accurate. Although gathered from reliable sources, no guarantee is made nor is any liability assumed for the accuracy of any data, opinions or estimates identified as being furnished by others which have been used in our analysis.
16. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material contained in each valuation report it is recommended that the reader contact the valuator.
17. No environmental impact study has been ordered or made. Full compliance with applicable environmental regulations and laws is assumed unless otherwise stated, defined, and considered in each valuation report. It is also assumed that all required licenses, consents, or other legislative or administrative authority from any government, or private entity organization, either have been or can be obtained or renewed for any use which the reports covers.
18. The date of value to which the conclusions and opinions expressed apply is set forth in for each valuation report. The value opinions herein rendered are based on the status of the national business economy.
19. Under present assignment, we are not required to give testimony or attendance in court by reason of these valuations without previous arrangements and only when our standard per diem fees and travel costs are paid prior to the appearance.

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APPENDIX 3 – LIST OF PROPERTIES

Commercial Name	*Owner*	*Appraised value* *as of today*	*Appraised value* *as per project completed*
BOC 3 George Constantinescu Street	BOC Real Estate Property	138,900,000	n/a
UPGROUND TOWERS 9B Fabrica de Glucoza Street	Upground Estates	101,031,300	n/a
TOWER CENTER INTERNATIONAL 15-17 Ion Mihalache Blvd	Tower Center International	72,700,000	n/a
CITY OFFICES 2 - 4A Oltenitei Street	Star Imob Construct	52,400,000	59,500,000
BOB II 6A Dimitrie Pompeiu Blvd	Bob Development	49,330,000	n/a
BUCHAREST ONE 201 Barbu Vacarescu Blvd	Corinthian Five	46,450,000	141,300,000
TAP – VALEO DJ 691, Giarmata, Timis	S.E.E. Executive Development	15,800,000	20,400,000
UPGROUND APARTMENTS 9B Fabrica de Glucoza Street	Star Imob Construct	7,830,700	n/a
HERASTRAU 1 48-50 Nordului Street	Star Imob Construct	6,180,000	29,500,000
FLOREASCA 1 206-208 Gheorghe Titeica Street	Victoria Ventures	3,460,000	8,660,000
TOTAL		**494,082,000**	

Appraised values

as of today

Refers to the market value (investment value) of the properties as they are presented at the valuation date, meaning some properties are not currently built or finalized.

In such cases where the actual physical status is a free plot of land or a building under construction the appraised value as of today represents the residual market value of the future project. There is one exception from this rule for Herastrau I, representing a plot of land, for which we have applied the sales comparison method

as per project completed

Refers to the market value of the proposed project when completed. There are three properties for which we have conducted an Investment value considering the office project will be completed. All the calculations were based on the assumption that for the proposed projects the owner will obtain all the legal permits and will ensure all the funding needed in order to complete the construction according to schedule.

In rely on our task we based our valuation on estimates regarding the potential net income that such property would generate considering an appropriate exit yield.

S.C. CBAR Research & Valuation Advisors S.R.L. BUCURESTI

PART VIII

UNAUDITED PRO FORMA FINANCIAL INFORMATION

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

The unaudited pro forma statement of net assets set out below has been prepared to illustrate the effect on the net assets of the Company at the date of incorporation as if the Placing and the acquisition of the Initial Portfolio had occurred at that date. The Company has signed Sale and Purchase agreements for the acquisition of the Initial Portfolio, which are subject to the satisfaction of the applicable Conditions as described in Part V and Part XII of this document. The statement has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation. It therefore does not represent the Company's actual financial position or results.

		Adjustments					
	Company Note 1 Euro	*IPO Proceeds Note 2 Euro*	*Initial Portfolio at 31 December 2012 Note 3 Euro*	*Property Purchase before Admission Note 4 Euro*	*Loan Facility Note 5 Euro*	*Initial Portfolio Purchase Note 6 Euro*	*Pro Forma Euro*
ASSETS							
Non-current asset							
Property, plant and equipment			205.591				205.591
Investment property			141.448.289	22.600.000		56.500.386	220.548.675
Investment property under construction			1.292.655				1.292.655
Intangibles – Goodwill			–			1.411.554	1.411.554
Other non-current assets			64.392				64.392
Assets in progress			–				–
	–	–	143.010.927	22.600.000	–	57.911.940	223.522.867
Current assets							
Inventory property			52.159.778				52.159.778
Trade receivables			797.548				797.548
Other receivables			2.725.502	1.874.470			4.599.972
Advances to suppliers			170.092				170.092
Income tax receivable			348.963				348.963
Cash and cash equivalents	1	49.000.000	1.142.382	3.363.448		(39.740.959)	13.764.872
	1	49.000.000	57.344.265	5.237.918	–	(39.740.959)	71.841.225
TOTAL ASSETS	**1**	**49.000.000**	**200.355.191**	**27.837.918**	**–**	**18.170.981**	**295.364.091**
EQUITY AND LIABILITIES							
Equity							
Issued share capital & premium	1	49.000.000	33.671.131			71.436.368	154.107.500
Reserves and equity portion of shareholders' loans	–	–	14.862.756	–	(9.907.905)	29.627.364	34.582.215
Equity before minority interest	1	49.000.000	48.533.887	–	(9.907.905)	101.063.732	188.689.715
Minority interest			36.000			(23.807)	12.193
Equity after minority interest	1	49.000.000	48.497.887	–	(9.907.905)	101.087.539	188.677.522
Non-current liabilities							
Bank loan & interest			40.463.000	10.064.650	9.907.905		60.435.555
Shareholder loan & interest			20.143.601	17.773.268		(37.916.869)	–
Long term deposits			–				–
Guarantees payables			146.087				146.087
Deferred tax liability			11.347.396			9.040.062	20.387.458
Provisions			1.055.690				1.055.690
	–	**–**	**73.155.774**	**27.837.918**	**9.907.905**	**(28.876.807)**	**82.024.790**
Current liabilities			–				–
Trade payables			3.586.959				3.586.959
Bank loan & interest			20.831.023				20.831.023
Shareholder loan & interest			54.039.751			(54.039.751)	–
Other payables			243.798				243.798
	–	–	78.701.531	–	–	(54.039.751)	24.661.780
Total equity and liabilities	**1**	**49.000.000**	**200.355.191**	**27.837.918**	**–**	**18.170.981**	**295.364.091**

1. The financial information on the Company reflects the Company's financial position at incorporation (share capital at a nominal amount of Euro 1).
2. The adjustment to reflect the IPO proceeds is based on the gross proceeds of the Placing of Euro 53 million. This amount reflects the issue of 7,600,000 Ordinary Shares at a subscription price of Euro 5 per Ordinary Share, thereby increasing the share capital by Euro 38 million, plus the gross proceeds of the Founder Subscription Shares of Euro 15 million, less estimated expenses directly attributable to the Placing of Euro 4.0 million.
3. The Initial Portfolio represents the aggregation of the financial information of each of the companies forming the Initial Portfolio, extracted from the Financial Information for the year ended 31 December 2012 contained in Part IX: Historical Financial Information of this document (with the exception of Oystermouth and Dunvant, shareholders of BOB and BOC, which are not part of the Initial Portfolio), as summarized by the following table:

	Upground *Euro*	*Star Imob* *Euro*	*Corinthian* *Euro*	*Victoria* *Euro*	*TCI* *Euro*	*Adjustments (note (i))* *Euro*	*Initial Portfolio Aggregated* *Euro*
ASSETS							
Non-current asset							
Property, plant and equipment	–	205.591	–	–	–	–	205.591
Investment property	15.677.500	64.401.175	3.000.000	–	58.369.614	–	141.448.289
Investment property under construction	–	1.292.655	–	–	–	–	1.292.655
Intangibles – Goodwill	–	–	–	–	–	–	–
Other non-current assets	426.249	12.193	–	–	–	(374.050)	64.392
Assets in progress	–	–	–	–	–	–	–
	16.103.749	**65.911.614**	**3.000.000**	**–**	**58.369.614**	**(374.050)**	**143.010.927**
Current assets							
Inventory property	52.159.778	–	–	–	–	–	52.159.778
Trade receivables	1.022.790	358.971	–	–	–	(584.213)	797.548
Other receivables	410.639	1.653.093	748.564	–	1.302.313	(1.389.107)	2.725.502
Advances to suppliers	23.817	146.275	–	–	–	–	170.092
Income tax receivable	278.195	70.768	–	–	–	–	348.963
Cash and cash equivalents	530.490	230.067	89.843	20.322	271.660	–	1.142.382
	54.425.709	**2.459.174**	**838.407**	**20.322**	**1.573.973**	**(1.973.320)**	**57.344.265**
TOTAL ASSETS	**70.529.458**	**68.370.788**	**3.838.407**	**20.322**	**59.943.587**	**(2.347.371)**	**200.355.191**
EQUITY AND LIABILITIES							
Equity							
Issued share capital & premium	355	237	47	20.322	33.626.363	23.807	33.671.131
Reserves and equity portion of shareholders' loans	(20.267.729)	32.252.195	483.360	(84)	2.395.014	–	14.862.756
Equity before minority interest	**(20.267.374)**	**32.252.432**	**483.407**	**20.238**	**36.021.377**	**23.807**	**48.533.887**
Minority interest			–			36.000	36.000
Equity after minority interest	**(20.267.374)**	**32.252.432**	**483.407**	**20.238**	**36.021.377**	**(12.193)**	**48.497.887**
Non-current liabilities							
Bank loan & interest	37.000.000	3.463.000	–	–	–	–	40.463.000
Shareholder loan & interest	–	16.928.765	3.214.836	–	–	–	20.143.601
Long term deposits	–	–	–	–	–	–	–
Guarantees payables	–	–	–	–	146.087	–	146.087
Deferred tax liability	1.874.512	5.659.840	102.485	–	3.710.559	–	11.347.396
Provisions	–	–	–	–	1.055.690	–	1.055.690
	38.874.512	**26.051.605**	**3.317.321**	**–**	**4.912.336**	**–**	**73.155.774**
Current liabilities							–
Trade payables	2.277.392	3.400.424	37.679	–	182.268	(2.310.804)	3.586.959
Bank loan & interest	1.000.000	4.952.639	–	–	14.878.384	–	20.831.023
Shareholder loan & interest	48.550.364	1.700.000	–	–	3.789.387	–	54.039.751
Other payables	94.564	13.688	–	84	159.835	(24.373)	243.798
	51.922.320	**10.066.751**	**37.679**	**84**	**19.009.874**	**(2.335.177)**	**78.701.531**
Total equity and liabilities	**70.529.458**	**68.370.788**	**3.838.407**	**20.322**	**59.943.587**	**(2.347.371)**	**200.355.191**

Note (i) : Adjustments represent balances between the companies in the Initial Portfolio, which are eliminated on aggregation.

4. Adjustments have been made in respect of the following transactions by entities that form part of the Initial Portfolio occurring after 31 December 2012: (i) In May 2013 Star Imob, entered into an agreement to acquire a further investment property (TAP) at an agreed price of Euro 15.8 million which is expected to complete in Autumn 2013; and (ii) Corinthian and Victoria have increased their investment in the properties they own (Bucharest One and Floreasca 1, respectively) by a total amount of Euro 6.8 million and paid Euro 1.9 million in respect of VAT relating to demolition and construction work.

   The funding of these transactions (TAP, Bucharest One and Floreasca 1) is financed by additional shareholders' loans of Euro 17.8 million and additional bank loans of Euro 10.1 million with the unused funds raised being added to cash resources.

5. TCI had bank indebtedness, including accrued interest, of Euro 15.1 million, for the acquisition of TCI by the Company is subject to TCI obtaining refinancing of this indebtedness in the form of a new facility for at least Euro 25 million. This facility will be drawn down to the extent of Euro 25 million and the proceeds used to repay current loan of Euro 15.1 million (including accrued interest) and the remaining Euro 9.9 million will be returned to existing shareholders of TCI by a share capital reduction and/or repayment of shareholders' loans.

6. On the basis that the Conditions are met, the consideration for the purchase of the entire share capital of companies forming the Initial Portfolio and the shareholder loans will be Euro 219.3 million plus the book value of non-property assets as of the transfer date, less the book value of all other liabilities (excluding Deferred Tax Liability and Shareholders' Loans) as of the transfer date. The consideration shown in the pro forma adjustment below is based on the other assets and liabilities shown in note 3 above and property purchase before Admission shown in note 4 above, and therefore may differ from the actual consideration payable on the transfer date.

	Euro	*Euro*
Cash consideration		39.740.958
Shares issued to other shareholders		15.107.500
Shares issued to Founder		90.000.000
		144.848.458
Net assets acquired	38.602.175	
Shareholders' loans	91.956.620	
Fair value adjustment (note i)	47.460.324	178.019.119
Total goodwill		(33.170.661)
Positive goodwill (note ii)		1.411.554
Negative goodwill (note iii)		(34.582.215)
		(33.170.661)

(i) The fair value adjustment relates to a preliminary assessment of the fair value of the Initial Portfolio properties on the basis of the valuation report issued as at 5 June 2013 contained in Part VII of this Document) as set out below, less the associated deferred tax adjustment. The final fair value assessment will not be determined until the completion of the acquisition of the Initial Portfolio.

	Book value at 31 December 2012 Euro	*Subsequent acquisition (Note 4) Euro*	*Adjusted book value Euro*	*Valuation at 5 June 2013 Euro*	*Deferred tax Euro*	*Net adjustment Euro*
Upground- Investment Property	15.677.500		15.677.500	0	0	0
Upground – Inventory Property	52.159.778		52.159.778	0	0	0
Star Imob	64.401.175	15.800.000	80.201.175	2.010.000	(321.600)	1.688.400
Corinthian (note iv)	3.000.000	5.000.000	8.000.000	38.500.000	(6.160.000)	32.340.000
Victoria	0	1.800.000	1.800.000	1.660.000	(265.600)	1.394.400
TCI	58.369.614		58.369.614	14.330.386	(2.292.862)	12.037.524
Total	193.608.067	22.600.000	216.208.067	56.500.386	(9.040.062)	47.460.324

(ii) Positive goodwill relates to the excess of the purchase consideration related to Star Imob in excess of the fair value of the net assets of those companies.

(iii) Negative goodwill relates to the excess of the fair value of the net assets of Upground, Corinthian, Victoria and TCI over the purchase consideration related to those companies.

(iv) The fair value as of 5 June 2013 assumes that Corinthian will obtain a construction permit to develop an office building with a gross build area of 48,732 square metres. The permit is not currently in place. The acquisition of Corinthian (at a consideration of Euro 30 million) is contingent on the construction permit being granted. Management has no reason to believe that the permit will not be received.

7. The pro forma financial information does not reflect any adjustments regarding the issue of the Founder or any other parties' Warrants. The pro forma financial information does not reflect the acquisition of Oystermouth and Dunvant or any adjustments regarding these entities, since the Company is not committed to their acquisition.

8. Save as set out above, the unaudited pro forma statement of net assets of the Group does not reflect any changes in the trading and net asset position of the Group since 31 December 2012.

PART IX

HISTORICAL FINANCIAL INFORMATION

None of the companies whose historical financial information is set out in this Part IX is part of the Group on Admission. There are signed Acquisition Agreement for the companies whose historical financial information is set out in Sections C to G and which hold the properties which comprise the Initial Portfolio. Whilst there are advanced negotiations for the acquisition of the Founder Pipeline, there are no agreements for the acquisitions of the companies which hold those properties and whose historical financial information is set out in Sections A, B, H and I.

Section A – BOB Development SRL

Subsection A(i) Accountant's Report on BOB Development SRL

The Directors
Globalworth Real Estate Investments Limited
Anson Place
Mill Court
La Charroterie
St Peter Port
Guernsey
GY1 1EY

23 July 2013

Dear Sirs

BOB DEVELOPMENT SRL

We report on the financial information set out in Section A of Part IX of the Admission Document issued by Globalworth Real Estate Investments Limited ("the Company") for the years ended 31 December 2010, 2011 and 2012. This financial information has been prepared for inclusion in the Admission Document dated 24 July 2013 of Globalworth Real Estate Investments Limited on the basis of the accounting policies set out in note 4. This report is required by Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that schedule and for no other purpose.

Save for any responsibility arising under Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the AIM admission document.

Responsibilities

The Directors of Globalworth Real Estate Investments Limited are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of BOB Development SRL as at the dates stated and of its profits, cash flows and changes in equity for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the AIM admission document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM admission document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

Ernst & Young Assurance Services SRL

BOB DEVELOPMENT SRL

FINANCIAL INFORMATION

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

As at and for the years ended 31 DECEMBER 2012, 2011 and 2010

STATEMENT OF COMPREHENSIVE INCOME

For the years ended 31 December 2012, 2011 and 2010

(All amounts are expressed in EUR)

	Note	*For the year ended 31 December 2012*	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Income				
Rental income	5	3,911,516	4,411,571	4,486,182
Other operating income	6	–	580	480,643
		3,911,516	4,412,151	4,966,825
Operating expenses	7	(495,805)	(471,937)	(324,698)
Valuation losses from completed investment property	10	(9,060,000)	(2,650,276)	(1,915,510)
Finance expense	8	(4,381,400)	(3,154,302)	(3,593,159)
Finance income	8	976,438	570,129	85,767
Loss before tax		(9,049,251)	(1,294,235)	(780,775)
Income tax (expense)/credit	9	1,319,898	334,289	254,334
Loss for the year		(7,729,353)	(959,946)	(526,441)
Other comprehensive income		–	–	–
Total comprehensive income		(7,729,353)	(959,946)	(526,441)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2012, 2011 and 2010

(All amounts are expressed in EUR)

	Note	As at 31 December 2012	As at 31 December 2011	As at 31 December 2010
ASSETS				
Non-current asset				
Investment property	10	50,700,000	59,760,000	62,410,276
Intangibles		109	3,443	7,214
Other non-current assets		3,728	4,314	–
		50,703,837	59,767,757	62,417,490
Current assets				
Trade receivables	11	401,640	29,882	148,044
Other receivables	12	85,078	55,977	60,827
Advances to suppliers		17,153	17,583	21,261
Cash and cash equivalents	13	727,672	2,544,206	1,990,541
		1,231,543	2,647,648	2,220,673
TOTAL ASSETS		51,935,380	62,415,405	64,638,163
EQUITY AND LIABILITIES				
Equity				
Issued share capital	14	140	140	140
Legal reserve		89	89	89
Retained earnings		(11,121,520)	(10,161,574)	(9,635,133)
Loss for the year		(7,729,353)	(959,946)	(526,441)
		(18,850,644)	(11,121,291)	(10,161,345)
Non-current liabilities				
Interest bearing loans and borrowings	15	39,189,277	40,061,277	40,933,277
Long term deposits		257,954	30,116	30,116
Deferred tax liability	9	5,602,955	6,922,853	7,257,142
		45,050,186	47,014,246	48,220,535
Current liabilities				
Trade payables	16	150,863	233,115	83,394
Interest bearing loans and borrowings	15	25,496,554	25,206,970	23,825,041
Other payables	17	88,421	1,082,365	2,670,538
		25,735,838	26,522,450	26,578,973
TOTAL EQUITY AND LIABILITIES		51,935,380	62,415,405	64,638,163

STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December 2012, 2011 and 2010

(All amounts are expressed in EUR)

	Note	*Issued share capital*	*Legal reserve*	*Retained earnings (Net)*	*Total*
As at 1 January 2010		140	89	(9,635,133)	(9,634,904)
Loss for the year		–	–	(526,441)	(526,441)
Other comprehensive income		–	–	–	–
Total comprehensive income		–	–	(526,441)	(526,441)
As at 31 December 2010	14	140	89	(10,161,574)	(10,161,345)
As at 1 January 2011		140	89	(10,161,574)	(10,161,345)
Loss for the year		–	–	(959,946)	(959,946)
Other comprehensive income		–	–	–	–
Total comprehensive income		–	–	(959,946)	(959,946)
As at 31 December 2011	14	140	89	(11,121,520)	(11,121,291)
As at 1 January 2012		140	89	(11,121,520)	(11,121,291)
Loss for the year		–	–	(7,729,353)	(7,729,353)
Other comprehensive income		–	–	–	–
Total comprehensive income		–	–	(7,729,353)	(7,729,353)
As at 31 December 2012	14	140	89	(18,850,873)	(18,850,644)

CASH FLOW STATEMENT

For the years ended 31 December 2012, 2011 and 2010

(All amounts are expressed in EUR)

	Note	*For the year ended 31 December 2012*	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
OPERATING ACTIVITIES				
Loss before taxation		(9,049,251)	(1,294,235)	(780,775)
Adjustments to reconcile loss before taxation to net cash flow				
Non-cash adjustments:				
Depreciation		3,920	4,283	4,304
Valuation losses on investment property		9,060,000	2,650,276	1,915,510
Interest income		(51,775)	(28,483)	(26,039)
Interest expense		4,381,400	3,154,302	3,593,159
Allowance for doubtful debts		199,801	–	–
Other non-cash items		–	–	79,906
Working capital adjustments:				
(Increase)/Decrease in trade receivables		(571,559)	118,163	121,270
(Increase)/Decrease in other receivables		(29,101)	4,850	33,303
(Increase)/Decrease in advances to suppliers		431	3,677	(5,755)
Increase/(Decrease) in trade payables		(82,252)	149,721	(60,523)
Increase/(Decrease) in other payables		(554,586)	(380,840)	(26,452)
Interest received		51,775	28,483	26,039
Income tax paid		–	–	(3,920)
Net cash flows from operating activities		3,358,803	4,410,197	4,870,027
INVESTING ACTIVITIES				
Fixed Assets purchased		–	(4,826)	–
Net cash generated from investing activities		–	(4,826)	–
FINANCING ACTIVITIES				
Repayments of borrowings from credit institutions		(872,000)	(872,000)	(872,000)
Long term deposits received from tenants		227,838	–	3,939
Interest paid		(4,531,175)	(2,979,706)	(2,966,797)
Net cash flows used in financing activities		(5,175,337)	(3,851,706)	(3,834,858)
Net increase/(decrease) in cash and cash equivalents		(1,816,534)	553,665	1,035,169
Cash and cash equivalents at 1 January		2,544,206	1,990,541	955,372
Cash and cash equivalents at 31 December		727,672	2,544,206	1,990,541

NOTES TO THE FINANCIAL INFORMATION

For the years ended 31 December 2012, 2011 and 2010

(All amounts are expressed in EUR)

1. CORPORATE INFORMATION

BOB Development SRL (hereinafter referred to as the "Company") is a limited liability company incorporated in Romania on 5 July 2006, with a registered office at 6A Dimitrie Pompeiu Blvd, District 2, Bucharest, Romania, registered with the Trade Registry under the number B12722978, unique fiscal registration number 18825949. The Company is in the real estate investment business and the main activity is the lease of a Class A office building in Bucharest.

The initial shareholders of the Company were Ithorno Limited (50 per cent. shareholdings) and Sefercon Limited (50 per cent. shareholdings). The construction of the building was completed in June 2008 and in July 2008 the Company was split into two companies in accordance with the share purchase agreement between Ithorno Limited and Sefercon Limited (as Sellers) and Farsala Investment (as Purchaser), dated 22 May 2008 ("the SPA"). As a result of the said agreement, one company (BOB Development SRL) was acquired by Farsala Investment SRL from the existing shareholders of the Company, and other one (Seferco Development SRL) was sold to Eurobank Properties R.E.I.C. Approximately half of the building and some assets and liabilities were transferred in July 2008 from BOB Development SRL to Seferco Development SRL.

Currently the Company is owned by Oystermouth Ltd (78 per cent.) and Dunvant Holding (22 per cent.).

2. BASIS OF PREPARATION

(A) General

The Financial Information has been prepared on the historical cost basis, except for investment property and derivative financial instruments, which have been measured at fair value. Principal accounting policies applied in the preparation of this Financial Information, as set out below, have been consistently applied throughout the period presented.

The Financial Information has been prepared assuming that the Company will continue as a going concern. The Company has received confirmation of the shareholders' continuing support during the next 12 months should the need arise for additional funding of what is or will be available for its operations and/or third party sources.

The Financial Information of the Company has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

The fiscal year end of the Company is 31 December.

This Financial Information, for the year ended 31 December 2012, are the first the Company has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2012, the Company prepared statutory financial statements in accordance with local generally accepted accounting principles (starting from 1 January 2010 being Ministry of finance Order 3055/2009 with subsequent amendments).

Accordingly, the Company has prepared Financial Information which comply with IFRS applicable for the years ended 31 December 2012, 31 December 2011 and respectively 31 December 2010, as described in the summary of significant accounting policies. In preparing these Financial Information, the Company's opening statement of financial position was prepared as at 1 January 2010, the Company's date of transition to IFRS.

Note 2 C) explains the principal adjustments made by the Company in restating its Romanian GAAP financial statements, including the statement of financial position as at 1 January 2010 and the Financial Information as at and for the year ended 31 December 2012.

(B) Standards issued but not yet effective and not early adopted

The Company has not early adopted the following standards/interpretations:

- **IAS 1 Financial Statement Presentation (Amended) – Presentation of Items of Other Comprehensive Income**

  The amendment is effective for annual periods beginning on or after 1 July 2012. The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Company's financial position or performance.

- **IAS 19 Employee Benefits (Revised)**

  The amendment is effective for annual periods beginning on or after 1 January 2013. The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The Company does not expect that this amendment will have an impact on the financial position or performance of the Company.

- **IAS 27 Separate Financial Statements (Revised)**

  The Standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. Earlier application is permitted. The Company does not expect that this amendment will have an impact on the financial position or performance of the Company.

- **IAS 28 Investments in Associates and Joint Ventures (Revised)**

  The Standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. As a consequence of the new IFRS 11 Joint arrangements and IFRS 12 Disclosure of Interests in Other Entities,IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The Company does not expect that this amendment will have an impact on the financial position or performance of the Company.

- **IAS 32 Financial Instruments: Presentation (Amended) - Offsetting Financial Assets and Financial Liabilities**

  The amendment is effective for annual periods beginning on or after 1 January 2014.These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The Company does not expect that this interpretation will have an impact on the financial position or performance of the Company.

- **IFRS 7 Financial Instruments: Disclosures (Amended) - Offsetting Financial Assets and Financial Liabilities**

  The amendment is effective for annual periods beginning on or after 1 January 2013. These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The Company does not expect that this interpretation will have an impact on the financial position or performance of the Company.

- **IFRS 9 Financial Instruments: Classification and Measurement**

  The new standard is effective for annual periods beginning on or after 1 January 2015. IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of financial assets, but will not have an impact on classification and measurements of financial liabilities. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued. This standard has not yet been endorsed by the EU.

- **IFRS 10 Consolidated Financial Statements**

  The new standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The Company does not expect that this interpretation will have an impact on the financial position or performance of the Company.

- **IFRS 11 Joint Arrangements**

  The new standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The Company does not expect that this interpretation will have an impact on the financial position or performance of the Company.

- **IFRS 12 Disclosures of Interests in Other Entities**

  The new standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The new standard has only disclosure effects.

- **IFRS 13 Fair Value Measurement**

  The new standard is effective for annual periods beginning on or after 1 January 2013. IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements.IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Company does not expect that this interpretation will have a significant impact on its financial position or performance.

- **IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine**

  The interpretation is effective for annual periods beginning on or after 1 January 2013.This interpretation applies to waste removal (stripping costs) incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. Management has assessed that the amendment has no impact on the Company's financial position or performance.

- The IASB has issued the Annual Improvements to IFRSs – 2009 – 2011 Cycle, which contains amendments to its standards and the related Basis for Conclusions. The annual improvements project provides a mechanism for making necessary, but non-urgent, amendments to IFRS. The effective date for the amendments is for annual periods beginning on or after 1 January 2013. Earlier application is permitted in all cases, provided that fact is disclosed. This project has not yet been endorsed by the EU. Management has assessed that the amendments have no impact on the Company's financial position or performance.

  – ***IAS 16 Property, Plant and Equipment:*** This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

  – ***IAS 32 Financial Instruments, Presentation:*** This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

  – ***IAS 34 Interim Financial Reporting:*** The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

- **Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)**

  The guidance is effective for annual periods beginning on or after 1 January 2013. The IASB issued amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application' in IFRS 10 is defined as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief. This guidance has not yet been endorsed by the EU. Management has assessed that the guidance will have no impact on the Company's financial position or performance.

- **Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)**

  The amendment is effective for annual periods beginning on or after 1 January 2014. The amendment applies to a particular class of business that qualify as investment entities. The IASB uses the term 'investment entity' to refer to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds. Under IFRS 10 Consolidated Financial Statements, reporting entities were required to consolidate all investees that they control (i.e. all subsidiaries). The Investment Entities amendment provides an exception to the consolidation requirements in IFRS 10 and requires investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them.The amendment also sets out disclosure requirements for investment entities. This amendment has not yet been endorsed by the EU. Management has assessed that the amendments will have no impact on the Company's financial position or performance.

- **IFRIC Interpretation 21: Levies**

  The interpretation is effective for annual periods beginning on or after 1 January 2014. The Interpretations Committee was asked to consider how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements. This interpretation is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. This interpretation has not yet been endorsed by the EU. Management has assessed that this interpretation will have no impact on the financial position or performance of the Company.

- **IAS 36 Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets**

  This amendment is effective for annual periods beginning on or after 1 January 2014. In developing IFRS 13 the IASB decided to amend IAS 36 to require the disclosure of information about the recoverable amount of impaired assets, particularly if that amount is based on fair value less costs of disposal. In particular, instead of requiring an entity to disclose the recoverable amount of an asset (including goodwill) or a cash-generating unit for which a material impairment loss was recognised or reversed during the reporting period, the amendment made to IAS 36 required an entity to disclose the recoverable amount of each cash generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit is significant in comparison with the entity's total carrying amount of goodwill or of intangible assets with indefinite useful lives. This amendment has not yet been endorsed by the EU. Management has assessed that this amendment will have no impact on the financial position or performance of the Company.

(C) IFRS first-time adoption

The Company has early applied from the **Annual Improvements to IFRSs – 2009 – 2011 Cycle** the improvement related to ***IAS 1 Presentation of Financial Statements:*** This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period.

Estimates

The estimates at 1 January 2010, at 31 December 2010, 31 December 2011 and 31 December 2012 are consistent with those made for the same dates in accordance with Romanian GAAP and in accordance to IFRS principles. The estimates used by the Company to present these amounts in accordance with IFRS reflect conditions at 1 January 2010, the date of transition to IFRS, and as of 31 December 2010, 31 December 2011 and 31 December 2012

Company reconciliation of equity as at 1 January 2010 (date of transition to IFRS)

	Note	*1 January 2010 GAAP*	*Adjustment*	*1 January 2010 IFRS*
Non-current asset				
Investment property	1	53,476,527	10,849,259	64,325,786
Intangibles		11,458	–	11,458
Other noncurrent assets		–	–	–
		53,487,985	10,849,259	64,337,244
Current assets				
Trade receivables		269,315	–	269,315
Other receivables		94,130	–	94,130
Advances to suppliers		15,506	–	15,506
Cash and cash equivalents		955,372	–	955,372
		1,334,323	–	1,334,323
TOTAL ASSETS		54,822,308	10,849,259	65,671,567
EQUITY AND LIABILITIES				
Equity				
Issued share capital		140	–	140
Legal reserve		89	–	89
Retained earnings		21,055,114	(30,690,297)	(9,635,133)
Share premium	2	(30,668,838)	30,668,838	–
		(9,613,495)	(21,409)	(9,634,904)
Non-current liabilities				
Interest bearing loans and borrowings		62,861,228	–	62,861,228
Long term deposits		26,176	–	26,176
Deferred tax liability	3	–	7,457,322	7,457,322
		62,887,404	7,457,322	70,344,726
Current liabilities				
Trade payables		40,075	–	40,075
Interest bearing loans and borrowings		874,921	–	874,921
Other payables	4	633,403	3,413,346	4,046,749
		1,548,399	3,413,346	4,961,745
Total equity and liabilities		54,822,308	10,849,259	65,671,567

Company reconciliation of equity and total comprehensive income for the year ended 31 December 2012

	Note	*31 December 2012 GAAP*	*Adjustment*	*31 December 2012 IFRS*
Non-current asset				
Investment property	1	33,046,076	17,653,924	50,700,000
Intangibles		109	–	109
Other non current assets		3,728	–	3,728
		33,049,913	17,653,924	50,703,837
Current assets				
Trade receivables		401,640	–	401,640
Other receivables		85,078	–	85,078
Advances to suppliers		17,153	–	17,153
Cash and cash equivalents		727,672	–	727,672
		1,231,543	–	1,231,543
TOTAL ASSETS		34,281,456	17,653,924	51,935,380
EQUITY AND LIABILITIES				
Equity				
Issued share capital		140	–	140
Legal reserve		89	–	89
Retained earnings		2,923,803	(14,045,323)	(11,121,520)
Share premium	2	(30,668,838)	30,668,838	–
Loss for the year		(3,156,807)	(4,572,546)	(7,729,353)
		(30,901,613)	12,050,969	(18,850,644)
Non-current liabilities				
Interest bearing loans and borrowings		39,189,277	–	39,189,277
Long term deposits		257,954	–	257,954
Deferred tax liability	3	–	5,602,955	5,602,955
		39,447,231	5,602,955	45,050,186
Current liabilities				
Trade payables		150,863	–	150,863
Interest bearing loans and borrowings		25,496,554	–	25,496,554
Other payables		88,421	–	88,421
		25,735,838	–	25,735,838
Total equity and liabilities		34,281,456	17,653,924	51,935,380

	Notes	For the year-ended 31 December 2012 local GAAP	Adjustments	For the year-ended 31 December 2012 IFRS
Income				
Rental income		3,911,516	–	3,911,516
		3,911,516	–	3,911,516
Operating expenses	1	(1,219,170)	723,364	(495,805)
Valuation gains from completed investment property	1	–	(9,060,000)	(9,060,000)
Finance costs, net	5	(5,849,153)	2,444,191	(3,404,962)
Loss before tax		3,156,807	(5,892,445)	(9,049,251)
Income tax expense	3	–	1,319,898	1,319,898
Loss for the period		3,156,807	(4,572,546)	(7,729,353)

Notes to the reconciliation of equity as at 1 January 2010 and 31 December 2012 and total comprehensive income for the year ended 31 December 2012

1. Under local GAAP the investment property is recognized as property plant and equipment and it is valued at cost less accumulated depreciation and impairment. Under IFRS investment property is valued at fair value based on the valuation report prepared by an independent valuation expert, using recognised valuation techniques.

2. Share premium resulting from the merger with Farsala Investment SRL netted off against retained earnings.

3. Deferred tax liability recorded for the temporary difference between the carrying value of the investment property and the corresponding tax base.

4. Derivative financial instrument – interest rate swap, not recognised under local GAAP.

5. Effect of derivative financial instrument and functional currency translation difference.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of Financial Information in conformity with the IFRS as adopted by the EU requires the management to make certain critical accounting estimates, judgement and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the Financial Information, and the reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgments in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual results could differ from management's estimates. Revisions to accounting estimates are reviewed periodically and, as adjustments become necessary, they are recognised in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Company's accounting policies, the management makes the following judgements and estimates which have a significant effect on the classification and measurement of the Financial Information elements:

(a) Selection of functional currency

The Company used its judgment, based on the criteria outlined in IAS 21, and determined that the functional currency of the Company is the EUR. The EUR is also the presentation currency of the Financial Information.

(b) Classification of investment property

The Company is required to determine whether a property qualifies as investment property.

Investment property comprises land and buildings (principally offices, commercial warehouse and retail property) which are not occupied substantially for use by, or in the operations of, the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. The Company considers that when the property is in a condition which will allow the generation of cash flows from its rental that the property is no longer a property under development but an investment property.

(c) Valuation of property

The fair value of investment property has been determined by independent real estate valuation experts using recognized valuation techniques. These techniques comprise the sales comparison approach, the cost approach and the income approach.

The sales comparison approach compares the subject property with quoted prices of similar properties in the same or similar location. In preparing the valuation reports on the Company's investment property, the external appraisers excluded distressed sales when considering comparable sales prices.

The cost approach is principally used for the valuation of specialised property, which is property that is rarely, if ever, sold in the market. Starting from the replacement cost new, necessary adjustments for obsolescence are made in order to reflect the difference in value of the subject property and a new modern equivalent.

For income generating properties, various methods are used to indicate value, all of which share the common characteristic that the value is based on actual or estimated income that is or could be generated by a potential owner.

The income capitalization method takes into consideration the income that a property is expected to generate if leased out assuming a stabilized occupancy level, and applying to that income a capitalization rate reflecting the investors' interest in a property of this kind. This method, often known as all risks yield method cannot be reliably used where the income is expected to change in future periods to an extent greater than that generally expected in the market.

When a more sophisticated analysis of risk is required, various forms of discounted cash flows models can be used. Valuators typically use Discounted Cash-Flow Analysis (DCF), which implies income projections of the property for a discrete period of time, usually between 5-10 years.

The Discounted Cash Flow Method involves the projection of a series of periodic cash flows either to an operating property or a development property. To this projected cash flow series, an appropriate, market derived discount rate is applied to establish an indication of the present value of the income stream associated with the property. The calculated periodic cash flow is typically estimated as gross rental income less vacancy and collection losses and less operating expenses/outgoings. A series of periodic net operating incomes, along with an estimate of the exit value anticipated at the end of the projection period, are discounted to present value. The aggregate of the net present values equals the market value of the property.

Management has reviewed the appraisers' assumptions underlying discounted cash flow models and confirmed that factors such as the discount rate have been appropriately determined considering the market conditions at the end of the reporting period.

Forecasts of net operating income are based on leases signed as at the valuation date, the estimated rental values for existing leases at expiry and the estimated achievable rental values in relation to the existing vacancies. The valuers' assessments of non-recoverable expenses are based on experience of comparable properties and information on historical costs provided by the Company.

Volatility in the global financial system is reflected in commercial real estate markets. There was a significant reduction in transaction volumes in 2010 and 2011 and, to a lesser extent, in 2012. Therefore, in arriving at estimates of market values as at 31 December 2010, 31 December 2011 and 31 December 2012, the independent valuation experts used their market knowledge and professional judgment 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.

Changes in the economic conditions of the Romanian real estate market may not be captured in its totality since valuation dates do not always coincide with financial year end dates.

(d) Operating lease contracts – the Company as lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company 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 these property and so accounts for the leases as operating leases.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Functional currency and presentation currency

The Financial Information is presented in Euro, which is the Company's functional and presentation currency. This Financial Information is based on the statutory accounting records, with adjustments and reclassifications recorded for the purpose of fair presentation in accordance with IFRS principles, as applicable to this Financial Information.

4.2 Foreign currency translation

Foreign currency transactions during the period are initially recorded in the functional currency at the exchange rates approximating those ruling on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies other than the Company's functional currency are retranslated at the rates of exchange prevailing on the statement of financial position. Gains and losses on translation are taken to profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.3 Investment property

Property that is held for long term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property and accounted for under International Accounting Standard 40 "Investment Property".

Investment properties are initially measured at cost, including transaction costs. Such cost includes the cost of replacing part of the investment property, if the recognition criteria are met. When a major inspection is performed, its cost is recognised in the carrying amount of the investment property as a replacement, if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or losses incurred.

Investment property is subsequently re measured at fair value, which is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the year in which they arise.

For the purposes of these financial statements, in order to avoid double accounting, the assessed fair value is:

- Reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and/or minimum lease payments
- Increased by the carrying amount of any liability to the superior leaseholder or freeholder that has been recognised in the balance sheet as a finance lease obligation.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

4.4 Revenue recognition

Revenue is recognized when the amount of revenue and associated costs can be reliably measured, it is probable that economic benefits associated with the transaction will be realized, and the stage of completion of the transaction can be reliably measured.

This concept is applied to the key-revenue generating activities of the Company as follows:

Rental income

Rental income is measured at the fair value of the consideration received or receivable, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such a basis. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the income statement when the right to receive them arises.

Service charges and expenses recoverable from tenants

Income arising from expenses recharged to tenants is recognised in the period in which the compensation becomes receivable. Service charges and other such receipts are netted of with the related costs in expenses.

Interest income

Interest from all interest-bearing assets and liabilities is recognized as net interest income using the effective interest method. The effective interest rate is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or expense over the relevant period using the estimated future cash flows. The estimated future cash flows used in this calculation include those determined by the contractual terms of the asset or liability, all fees that are considered to be integral to the effective interest rate, direct and incremental transaction costs, and all other premiums or discounts.

4.5 Trade and other receivables

Trade and other receivables are carried at the original invoiced amounts less any allowances recorded for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due, according to the original terms of sale. The amount of the allowance is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market interest rate available for similar borrowers. Bad debts are written off when management believes that collection is no longer possible.

4.6 Cash and cash equivalents

For purposes of the statement of cash flows, the Company's cash and cash equivalents include highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of change in value. Such investment includes cash in hand and balances at banks and short term deposits with banks.

4.7 Loans and Borrowings

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

4.8 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.9 Taxation

Income tax on the results for the period represents the sum of current tax and deferred tax. Income tax is recognized in the profit or loss, except when it relates to items charged or credited directly to equity, in which case it is recognized in directly to equity.

Current tax

Current tax is based on taxable profit of the period. Taxable profit differs from net profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The Company is in the position to carry forward the loss for a period of seven years beginning with losses incurred in 2009 (five years for losses incurred before 2009).

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences will be realized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

4.10 Provisions

A provision is recognized when, and only when, the Company has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

4.11 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. The particular measurement methods adopted are disclosed in individual policy statements associated with each item.

Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on derecognition of financial assets and financial liabilities are taken to profit and loss account.

4.12 Offsetting of financial instruments

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

4.13 Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Company of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

4.14 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value (which is essentially the transaction cost) on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair values on derivatives during the year are taken directly to profit and loss account.

The Company uses interest rate swaps to hedge its risks associated with interest rate fluctuations (being an economic hedge for which it does not apply however hedge accounting under IAS 39). Such derivative financial instruments are stated at fair value. The fair value of interest rate swap is the estimated amount that the Company would receive or pay to sell the swap at the balance sheet date, taking into account the current interest rates.

4.15 Tenant security deposits

Tenant security deposits represent advances made by lessees as guarantees during the lease period and are repayable by the Company upon termination of lease contracts.

Tenant deposits liabilities are initially recognised at fair value and subsequently measured at amortised cost where material. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognised on a straight-line basis over the lease term.

4.16 Leases – Company as lessor

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Leases in which the Company does not transfer substantially all the risk and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

5. RENTAL INCOME

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Office rental	3,663,720	4,171,526	4,187,954
Parking space	164,421	131,721	189,547
Income from rental of advertising panels	83,375	108,324	108,681
	3,911,516	4,411,571	4,486,182

6. OTHER OPERATING INCOME

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Others	–	580	480,643
	–	580	480,643

Included under this line in 2010 were mainly penalties for early termination of the contract with Cofidis.

7. OPERATING EXPENSES

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Office building operating cost	(30,198)	11,785	166,369
Depreciation expense	3,920	4,283	4,304
Other third parties services	90,216	69,653	76,296
Other operating expenses	431,867	386,216	77,729
Total	495,805	471,937	324,698

Office building operating cost is presented net of related income from re-charge of expenses, amounting EUR 1,134,568 in 2012, EUR 1,310,069 in 2011 and EUR 1,283,939 in 2010.

8. FINANCE EXPENSE AND FINANCE INCOME

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Finance income			
Interest income	51,775	28,483	26,039
Foreign exchange gain	924,663	541,646	59,728
Finance income	976,438	570,129	85,767
Finance expense			
Derivative financial instruments - Interest rate swap	–	1,029,815	793,559
Interest expense	(4,381,400)	(4,184,117)	(4,386,718)
Finance expense	(4,381,400)	(3,154,302)	(3,593,159)

9. INCOME TAX

	For the year ended 31 December 2012	For the year ended 31 December 2011	For the year ended 31 December 2010
Current income tax	–	–	3,920
Deferred income tax expense/(credit)	(1,319,898)	(334,289)	(258,254)
Income tax expense/(credit) per profit or loss	(1,319,898)	(334,289)	(254,334)

Deferred Income Tax

	Statement of Financial Position 31 December 2012	31 December 2011	31 December 2010
Fair Value adjustment on investment property	5,602,955	6,922,853	7,257,142
Deferred income tax liability	5,602,955	6,922,853	7,257,142

	Statement of Comprehensive Income For the year 2012	For the year 2011	For the year 2010
Fair Value adjustment on investment property	(1,319,898)	(334,289)	(258,254)
Deferred income tax expense/(credit)	(1,319,898)	(334,289)	(258,254)

The reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate applicable in as follows:

	For the year ended 31 December 2012 EUR	For the year ended 31 December 2011 EUR	For the year ended 31 December 2010 EUR
Accounting (loss) before income tax	(9,049,251)	(1,294,235)	(780,775)
Income tax at 16%	(1,447,880)	(207,078)	(124,924)
Tax losses for which no deferred tax asset is recognized	129,761	–	216,557
Tax effect of tax losses brought forward	–	(84,016)	–
Permanent differences	(1,779)	(43,195)	(345,967)
Income tax (credit)	(1,319,898)	(334,289)	(254,334)
Effective tax rate	15%	26%	33%

The Company's current income tax is determined on the basis of statutory profits adjusted for non-deductible expenses and non-taxable incomes at a rate of 16 per cent.

In 2010, the Romanian authorities imposed a minimum tax payable by the companies irrespective of whether they have income or loss. The minimum tax installments were set according to the turnover. The Company paid for 2010 EUR 3,920. During 2011 the minimum income tax was abolished and the Company did not record any current income tax expense.

No deferred tax asset was recognized in relation to the grace period for rent and trade receivables allowance as these are subject to high fluctuations depending on the number of tenants and to their liquidity in a period of continuous economic crisis.

Unused tax losses carried forward as of 31 December 2012, 31 December 2011 and 31 December 2010 amount to EUR 5,880,937, EUR 5,198,441 and EUR 5,770,161, respectively. The tax losses prior to 2009 can be utilized against taxable profits over a period of five years following the year in which the tax losses have arisen. Tax losses since 2009 can be carried forward over a period of seven years. In 2010, there have been two fiscal reporting periods: January-September, during which the Company recorded a fiscal loss of RON 2,948,325 (EUR 688,089) and October- December during which the Company recorded a fiscal loss of RON 2,851,064 (EUR 665,390). The tax loss related to the period January–September 2010 shall be recovered from the taxable profits realized in the following 7 consecutive years, the first year for carrying forward of the tax loss being the period October –December 2010. The tax loss related to the period October – December 2010 shall be recovered from the taxable profits realized in the following 7 consecutive years.

The Company is waiting until taxable profits are available to utilize the fiscal losses carried forward and as a result no deferred tax asset was recorded in this respect.

10. INVESTMENT PROPERTY

	Total
Balance as of 1 January 2010	64,325,786
Additions during the year	–
Disposals during the year	–
Fair value adjustment	(1,915,510)
Balance as of 31 December 2010	62,410,276
Additions during the year	–
Disposals during the year	–
Fair value adjustment	(2,650,276)
Balance as of 31 December 2011	59,760,000
Additions during the year	–
Disposals during the year	–
Fair value adjustment	(9,060,000)
Balance as of 31 December 2012	50,700,000

The Company's investment property includes office property.

BOB 2 Office Building is Class Office building with land of 8,198 sqm in Pipera on Dimitrie Pompeiu street. The building was completed in 2008. The office building has a build area of 23,631 sqm, 6 floors and ground floor. The property also includes 183 outside parking spaces.

Investment property is stated at fair value, which has been determined based on valuations performed by Coldwell Banker Research and Valuation, an accredited independent valuer, which is an industry specialist in valuing these types of investment properties.

The fair values of EUR 50,700,000 as of 31 December 2012 (EUR 59,760,000 as of 31 December 2011, EUR 62,410,276 as of 31 December 2010 and EUR 64,325,786 as of 1 January 2010) were determined by the valuers using the income approach – discounted cash flow analysis method.

The significant assumptions made relating to valuations are set out below:

Assumption	*2012*	*2011*	*2010*
Period of initial future cash-flows	5 years	5 years	5 years
Rent per sqm (EUR)	12.5	13	14
Letting area (sqm)	23,619	23,619	23,695
Parking rent (EUR)	84.3	82.5	79.7
Parking units	161	153	153
Vacancy rate considered during the period	16%-10%	16%-8%	18%-5%
Discount rate	8.75%-7.75%	8.75%-6.75%	9.50%-7.50%
Estimated growth	0.25%	0%	0%
Exit yield (perpetuity rate)	7.50%	6.75%	7%

11. TRADE RECEIVABLES

	As at 31 December 2012	*As at 31 December 2011*	*As at 31 December 2010*
Trade receivables	867,832	296,273	414,435
Allowance for doubtful debts	(466,192)	(266,391)	(266,391)
Trade receivable – net	401,640	29,882	148,044

In 2012 the Company recorded an additional 199,801 EUR allowance for doubtful debts (in 2011 and 2010 no additional allowance was recorded).

The ageing analysis of the trade receivables is presented below:

		Past due but not impaired					
	Neither past due nor impaired	*0-30 days*	*31-60 days*	*61-90 days*	*91-120 days*	*>120 days*	*Total*
2012	–	173,561	–	204,316	23,763	–	401,640
2011	–	28,346	1,536	–	–	–	29,882
2010	–	105,147	2,075	13,708	27,114	–	148,044

12. OTHER RECEIVABLES

	As at 31 December 2012	*As at 31 December 2011*	*As at 31 December 2010*
Prepayments	8,805	7,776	9,979
Sundry debtors	76,224	48,151	50,798
Social security	49	50	50
	85,078	55,977	60,827

13. CASH AND CASH EQUIVALENTS

	As at 31 December 2012	*As at 31 December 2011*	*As at 31 December 2010*
Cash at bank			
Local currency	578,919	522,864	501,702
Foreign currency	148,690	2,021,277	1,488,773
Petty cash	63	65	66
	727,672	2,544,206	1,990,541

All bank accounts are pledged in favour of the banks that granted the bank borrowings (see Note 15).

As per loan agreement with NBG and Bank of Cyprus (refer to Note 15), the Company should have available in certain bank accounts designated by the Bank the funds for repayment of the quarterly interest. The balance of these restricted bank accounts was EUR 165 as of 31 December 2012, EUR 691,653 as of 31 December 2011 and EUR 404,405 as of 31 December 2010.

14. ISSUED SHARE CAPITAL

	As at 31 December 2012	*As at 31 December 2011*	*As at 31 December 2010*
Authorized share capital			
150 ordinary shares with a nominal value of RON 10 each	500	500	500
Issued and fully paid			
50 ordinary shares of RON 10 each	140	140	140

The Company was incorporated on 5 July 2006 with a share capital of RON 1,500, divided into 150 shares of 10 RON each. Following the merger with Farsala Investment SRL in 2009, the Company's issued share capital decreased to RON 500, divided into 50 shares of 10 RON each. These shares are owned 78 per cent. by Oystermouth Holding Limited and 22 per cent. by Dunvant Holding Limited. The share capital is translated into EUR at the historical exchange of RON 3.5955/EUR 1.

15. LOANS AND BORROWINGS

Loans and borrowings consist of the following:

		As at 31 December 2012	*As at 31 December 2011*	*As at 31 December 2010*
Current				
Due to credit institutions	15.1	872,000	872,000	872,000
Due to present shareholders- principal	15.2	17,909,094	18,799,099	18,802,020
Due to present shareholders- interest	15.2	6,485,389	5,076,714	3,666,782
Interest on loans and borrowings		230,071	459,157	484,239
Total current		25,496,554	25,206,970	23,825,041
Non current				
Due to credit institutions	15.1	39,189,277	40,061,277	40,933,277
Total non-current		39,189,277	40,061,277	40,933,277
Interest bearing loans and borrowings		64,685,831	65,268,247	64,758,318

15.1 This represents a credit facility arranged by Farsala Investment SRL during the year ended 31 December 2008, under loan agreement executed between Farsala Investment SRL, and National

Bank of Greece and Bank of Cyprus, for the purpose of financing its funding requirements. Under the terms of the said agreement, the Company has secured a credit facility of EUR 43.6 million to refinance the loans payable to former shareholders. The repayment date of the loan agreement is 31 July 2015. The said facility carries interest at the rate of 3 months EURIBOR plus a margin of 1.65 per cent. (3.2 per cent. from July 2012), payable quarterly in arrears.

NBG and Bank of Cyprus have first rank aggregate mortgage on the land in Dimitrie Pompeiu 6A and on the building erected on it, pledge over the bank accounts, pledge over the future and past assets and assignment of receivables arising from lease agreements, hedging arrangements, insurance policies and others. Since 2010, Bank of Cyprus also has second rank mortgage on the land in Dimitrie Pompeiu 6A and on the building erected on it.

The loan agreements are subject to certain financial and non-financial covenants, which the Company met as of 31 December 2012.

15.2 The balance includes borrowings contracted with the present shareholders, Oystermouth Limited and Dunvant Holding and there are no collaterals attached to them. The loans carry an interest of 7.5 per cent./year each and are repayable in full at the end of the loan term. As per the agreement, the repayment date of the loans from both shareholders is 12 May 2013 (no addendum was signed yet to prolong the due date).

16. TRADE PAYABLES

	As at 31 December 2012	*As at 31 December 2011*	*As at 31 December 2010*
Suppliers of utilities and other services	149,705	156,733	51,835
Advance payments from customers	1,158	76,382	31,559
	150,863	233,115	83,394

17. OTHER PAYABLES

	As at 31 December 2012	*As at 31 December 2011*	*As at 31 December 2010*
Derivative financial instrument – Interest rate swap (i)	–	1,029,815	2,619,786
Other payables	88,421	52,550	50,752
	88,421	1,082,365	2,670,538

(i) The outstanding balance represents the fair value of the interest rate swap, determined at the end of the year. The Company entered into an arrangement with the National Bank of Greece during the period ended 31 December 2008 at a notional amount of EUR 43,600,000. Under the terms of the Swap agreement, the Company was entitled to receive a floating rate of 3 months EURIBOR on the above referred notional amount and is required to pay the fixed rate of interest of 4.975 per cent. p.a. on the said notional amount in four quarterly instalments. The agreement was valid until 31 July 2012.

18. OPERATING LEASES

The Company has entered into leases on its property portfolio (offices).

The commercial property leases include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Some leases contain options to break before the end of the lease term.

The future minimum lease payments under non-cancellable operating leases are as follows:

	31 December 2012	*31 December 2011*	*31 December 2010*
Not later than 1 year	4,381,615	4,367,451	4,494,833
Later than 1 year and not later than 5 years	4,922,395	7,968,314	11,285,736
Later than 5 years	2,333,642	3,473,307	4,371,461
Total operating lease receivable	11,637,652	15,809,072	20,152,030

19. CONTINGENCIES

Taxation

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

The Company believes that it has paid in due time and in full all applicable taxes, penalties and penalty interests in the applicable extent

In Romania, the tax position is open to further verification for 5 years.

Transfer pricing

According to the applicable relevant Romanian tax legislation, the tax assessment of related party transactions is based on the concept of market value for the respective transfers. Following this concept, the transfer prices should be adjusted so that they reflect the market prices that would have been set between unrelated companies acting independently (i.e. based on the "arm's length principle").

It is likely that transfer pricing reviews will be undertaken in the future in order to assess whether the transfer pricing policy observes the "arm's length principle" and therefore no distortion exists that may affect the taxable base of the Romanian tax payer. The Company could not estimate the potential impact of a transfer pricing review.

20. SUBSEQUENT EVENTS

Initial public offering

In February 2013, Globalworth Real Estate Investments Limited, a company registered in Guernsey, commenced preparations for an initial public offering in the AIM market of the United Kingdom. Following the completion of the initial public offering Globalworth Real Estate Investments Limited will seek acquisition of the Company's shares.

21. CAPITAL MANAGEMENT

Capital includes equity attributable to the equity holders. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares or convert the shareholder loan into equity.

Given the nature of the Company's activity, there are no specific ratios that are computed and monitored for capital structure or return on capital.

Under Romanian legislation (Law 31/1990 as amended and updated (Article 153.24)) if the annual financial statements indicate that the net assets value (the equivalent of total equity) of a company is less than 50 per cent. of its share capital value, then remedial action should be taken by the administrators and shareholders or any interested party can request the Court of Registration to dissolve the company, subject to subsequent action that may be taken by the affected company to resolve the situation within a period as specified by the Court of Registration. The Company as of 31 December 2012 has negative equity in statutory accounts.

22. RELATED PARTIES TRANSACTIONS

The Company's related parties are the shareholders and all entities controlled by Ioannis Papalekas, as well as the Company's Directors.

22.1 Material related party transactions

Loans from the shareholders are set out in note 15 "Loans and borrowings".

Other balances and transactions (including VAT) with each related party are disclosed below:

	As of and for the year ended 31 December 2012	*As of and for the year ended 31 December 2011*	*As of and for the year ended 31 December 2010*
Trade and other receivables			
Upground Estates SRL	–	6,763	6,818
Total Trade and other receivables	–	6,763	6,818
Trade and other payables			
Star Imob Construct SRL	6,269	6,169	–
Total Trade and other payable	6,269	6,169	–
Sales			
BOC Real Property SRL	–	70,221	–
Star Imob Construct SRL	–	–	957
Upground Estates SRL	–	41,220	–
Total sales	–	111,441	957
Purchases			
BOC Real Property SRL	42,370	50,564	–
Star Imob Construct SRL	310,512	239,436	–
Upground Estates SRL	–	–	196,524
Total purchases	352,882	290,000	196,524

22.2 Key management

The Directors of the Company received no remuneration during the years presented.

23. FINANCIAL INSTRUMENTS DISCLOSURES AND FINANCIAL RISK MANAGEMENT

(a) Fair values of financial instruments

Financial instruments in the statement of financial position include trade and other receivables, cash and cash equivalents, loans from shareholders and from credit institutions, trade and other payables, and interest rate swap. The estimated fair values of these instruments do not differ significantly from their current carrying amounts, especially when they are short-term in nature or their interest rates are changing in line with the change in the current market conditions.

(b) Credit risk management

The Company's activities expose it to a variety of risks. Management is aware and monitors the effects of these risks and events that may have an adverse effect on the Company's operations.

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company's policy is to trade with recognized, creditworthy third parties. The Company's exposure is continuously monitored and spread amongst approved counterparties. The maximum exposure is the carrying amount as disclosed in Note 11 and Note 12. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. For related parties it is assessed that there is no significant risk of unrecoverability.

(c) Interest rate risk

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

The shareholders loans bear fixed interest rate. The Company also has bank loans which bear variable interest rate. However, the Company had made a swap arrangement with Bank of Cyprus under which the Company paid also a fixed interest rate of 4.975 per cent. p.a. instead of a floating rate. The agreement was valid until July 31, 2012.

(d) Liquidity risk

The Company'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 the management. The Company manages liquidity risk by maintaining adequate cash reserves and planning and close monitoring of cashflows.

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

	Less than 3 months	*3 months – 1 year*	*1-5 years*	*>5 years*	*2012 Total*
Long-term deposits	–	–	257,954	–	257,954
Trade payables	150,863	–	–	–	150,863
Interest bearing loans and borrowings	–	27,566,501	41,171,717	–	68,738,218
Other payables	88,421	–	–	–	88,421
Total	239,284	27,566,501	41,429,671	–	69,235,456

	Less than 3 months	*3 months – 1 year*	*1-5 years*	*>5 years*	*2011 Total*
Long-term deposits	–	–	30,116	–	30,116
Trade payables	233,115	–	–	–	233,115
Interest bearing loans and borrowings	–	27,295,554	44,678,937	–	71,974,491
Other payables	52,550	1,029,815	–	–	1,082,365
Total	285,665	28,325,369	44,709,053	–	73,320,087

	Less than 3 months	*3 months – 1 year*	*1-5 years*	*>5 years*	*2010 Total*
Long-term deposits	–	–	30,116	–	30,116
Trade payables	83,394	–	–	–	83,394
Interest bearing loans and borrowings	–	27,307,458	46,933,097	–	74,240,555
Other payables	50,752	2,619,786	–	–	2,670,538
Total	134,146	29,927,244	46,963,213	–	77,024,603

The tables presented above present the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay, and includes both interest and principal cash flows.

(e) Foreign exchange risk

The Company's functional currency is EUR however a part of its transactions are denominated in RON.

The carrying amounts of the Company's monetary assets and monetary liabilities by currency denomination at the reporting date are as follows:

2012

	RON	*EUR*
ASSETS		
Cash and cash equivalents	578,982	148,690
Trade receivables	401,640	–
Other receivables	85,078	–
Total	1,065,700	148,690
LIABILITIES		
Trade payables	150,863	–
Interest bearing loans and borrowings	–	64,685,831
Other payables	88,421	–
Long-term deposits	257,954	–
Total	497,238	64,685,831

2011

	RON	*EUR*
ASSETS		
Cash and cash equivalents	522,929	2,021,277
Trade receivables	29,882	–
Other receivables	55,977	–
Total	608,788	2,021,277
LIABILITIES		
Trade payables	233,115	–
Interest bearing loans and borrowings	–	65,268,247
Other payables	49,630	1,032,735
Long-term deposits	30,116	–
Total	312,861	66,300,982

2010

	RON	*EUR*
ASSETS		
Cash and cash equivalents	501,768	1,488,773
Trade receivables	148,044	–
Other receivables	60,827	–
Total	710,639	1,488,773
LIABILITIES		
Trade payables	83,394	–
Interest bearing loans and borrowings	–	64,758,318
Other payables	53,670	2,616,868
Long-term deposits	30,116	–
Total	167,180	67,375,186

(f) Foreign currency sensitivity analysis

The Company is mainly exposed to foreign exchange risk in respect of the exchange rate of the RON. The following table details the Company's sensitivity to a 5 per cent. increase and decrease in RON exchange rate against EUR.

5 per cent. 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 period end for a 5 per cent. change in foreign currency exchange rates. A negative number below indicates a decrease in profit where foreign currency strengthens 5 per cent. against RON. For a 5 per cent. weakening of foreign currency against the EUR there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative. Change is mainly attributable to RON denominated loans and trade payable outstanding at year end.

	Increase/ (Decrease)	*Profit and loss effect 2012*	*Profit and loss effect 2011*	*Profit and loss effect 2010*
RON	(5%)	(9,345)	(14,181)	(20,745)
RON	5%	9,345	14,181	20,745

Section B – BOC Real Property SRL

Subsection B(i) Accountant's Report on BOC Real Property SRL

The Directors
Globalworth Real Estate Investments Limited
Anson Place
Mill Court
La Charroterie
St Peter Port
Guernsey
GY1 1EY

23 July 2013

Dear Sirs

BOC REAL PROPERTY SRL

We report on the financial information set out in Section B of Part IX of the Admission Document issued by Globalworth Real Estate Investments Limited ("the Company") for the years ended 31 December 2010, 2011 and 2012. This financial information has been prepared for inclusion in the Admission Document dated 24 July 2013 of Globalworth Real Estate Investments Limited on the basis of the accounting policies set out in note 4. This report is required by Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that schedule and for no other purpose.

Save for any responsibility arising under Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the AIM admission document.

Responsibilities

The Directors of Globalworth Real Estate Investments Limited are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of BOC Real Property SRL as at the dates stated and of its profits, cash flows and changes in equity for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the AIM admission document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM admission document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

Ernst & Young Assurance Services SRL

BOC REAL PROPERTY SRL

FINANCIAL INFORMATION

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

As at and for the years ended 31 DECEMBER 2012, 2011 and 2010

STATEMENT OF COMPREHENSIVE INCOME

For the years ended 31 December 2012, 2011 and 2010

(All figures are expressed in EUR)

	Note	*For the year ended 31 December 2012*	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Income				
Rental income	5	8,296,947	6,051,398	6,420,625
Other operating income	6	481,478	1,235,319	726,581
Operating expenses	7	(1,397,850)	(3,690,013)	(2,090,556)
Valuation losses from completed investment property	10	(5,939,402)	(5,674,699)	(801,779)
Operating Result		1,441,173	(2,077,995)	4,254,871
Finance costs	8	(8,500,393)	(5,255,913)	(10,246,946)
Finance income	8	667,427	16,018	688,016
Profit/(Loss) before tax		(6,391,793)	(7,317,890)	(5,304,059)
Income tax (expense)/credit	9	372,996	(156,404)	(124,407)
Loss for the year		(6,018,797)	(7,474,294)	(5,428,466)
Other comprehensive income		–	–	–
Total comprehensive income		(6,018,797)	(7,474,294)	(5,428,466)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2012, 2011 and 2010

(All figures are expressed in EUR)

	Note	As at 31 December 2012	As at 31 December 2011	As at 31 December 2010
ASSETS				
Non-current asset				
Investment property	10	140,000,000	145,510,000	146,900,000
Other non-current assets	11	195,548	23,322	–
Assets in progress		383,551	38,981	2,520,802
		140,579,099	145,572,303	149,420,802
Current assets				
Trade receivables	12	973,931	539,164	1,115,389
Other receivables	12	52,466	67,350	319,469
Income tax receivable		–	114,849	115,143
Cash and cash equivalents	13	2,451,377	2,417,294	2,322,190
		3,477,774	3,138,657	3,872,191
TOTAL ASSETS		144,056,873	148,710,960	153,292,993
EQUITY AND LIABILITIES				
Equity				
Share capital	14	13,517,644	13,517,644	13,517,644
Retained earnings		(12,876,522)	(5,402,228)	26,238
Loss for the year		(6,018,797)	(7,474,294)	(5,428,466)
		(5,377,675)	641,122	8,115,416
Non-current liabilities				
Deferred tax	9	12,204,573	12,577,571	12,421,167
Long term deposits	16	449,950	680,883	969,614
Interest bearing loans and borrowings	15	85,773,871	87,627,869	89,481,870
		98,428,394	100,886,323	102,872,651
Current liabilities				
Trade payables	17	231,667	763,512	528,627
Other payables	18	825,409	1,426,792	1,763,699
Interest bearing loans and borrowings	15	49,949,078	44,993,211	40,012,600
		51,006,154	47,183,515	42,304,926
TOTAL LIABILITIES		149,434,548	148,069,838	145,177,577
TOTAL EQUITY AND LIABILITIES		144,056,873	148,710,960	153,292,993

STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December 2012, 2011 and 2010

(All figures are expressed in EUR)

	Issued share capital	*Retained earnings*	*Share Premium*	*Total*
As at 1 January 2010	352	13,543,530	–	13,543,882
Increase in share capital and negative share premium due to merger with Ornegin	13,517,292	(13,517,292)	–	–
Loss for the year	–	(5,428,466)	–	(5,428,466)
Other comprehensive income	–	–	–	–
Total comprehensive income	–	(5,428,466)	–	(5,428,466)
As at 31 December 2010	13,517,644	(5,402,228)	–	8,115,416
Loss for the year	–	(7,474,294)	–	(7,474,294)
Other comprehensive income	–	–	–	–
Total comprehensive income	–	(7,474,294)	–	(7,474,294)
As at 31 December 2011	13,517,644	(12,876,522)	–	641,122
Loss for the year	–	(6,018,797)	–	(6,018,797)
Other comprehensive income	–	–	–	–
Total comprehensive income	–	(6,018,797)	–	(6,018,797)
As at 31 December 2012	13,517,644	(18,895,319)	–	(5,377,675)

CASH FLOW STATEMENT

For the years ended 31 December 2012, 2011 and 2010

(All figures are expressed in EUR)

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
OPERATING ACTIVITIES			
Loss before taxation	(6,391,793)	(7,317,890)	(5,304,059)
Adjustments to reconcile loss before taxation to net cash flow			
Non-cash adjustments:			
Depreciation and amortization	2,312	271	–
Fair value adjustment on investment property	5,939,402	5,674,699	801,779
Interest income	(25,943)	(16,018)	(454,487)
Interest expense	8,340,089	5,093,910	7,654,083
Movement in allowance for doubtful debts	(29,033)	957,114	131,545
Discounting effect of tenant deposits	55,984	294,594	(231,680)
Working capital adjustments:			
(Increase) in trade receivables	(276,001)	(128,476)	(1,049,213)
(Increase) in other receivables	–	–	(405,963)
Increase/(decrease) in trade payables	(970,655)	802,390	194,994
Increase/(decrease) in other payables	(576,102)	(699,870)	6,003
Interest received	25,942	16,018	42,804
Income tax paid	–	–	(1,960)
Net cash flows used in operating activities	6,094,202	4,676,742	1,383,846
INVESTING ACTIVITIES			
Purchase of fixed assets	(948,510)	(1,826,471)	(2,520,802)
Net cash flows from investing activities	(948,510)	(1,826,471)	(2,520,802)
FINANCING ACTIVITIES			
Repayment of long term loans from banks	(1,854,000)	(1,854,000)	(1,364,131)
Proceeds from loans from shareholders	2,390,000	2,505,000	3,977,500
Long term deposits received from tenants	148,427	323,829	174,281
Interest paid	(5,934,526)	(3,729,996)	(1,286,571)
Net cash flows from financing activities	(5,111,609)	(2,755,167)	1,501,079
Net increase in cash and cash equivalents	34,083	95,104	364,123
Cash and cash equivalents at 1 January	2,417,294	2,322,190	1,958,067
Cash and cash equivalents at 31 December	2,451,377	2,417,294	2,322,190

NOTES TO THE FINANCIAL INFORMATION

(All figures are expressed in EUR)

1. CORPORATE INFORMATION

BOC Real Property SRL (hereinafter referred to as the "Company") is a limited liability company incorporated in Romania on 5 October 2009, with a registered office at 6A Dimitrie Pompeiu Blvd, District 2, Bucharest, Romania, registered with the Trade Registry under the number 9884 unique fiscal registration number 26063762. The Company is in the real estate investment business and the main activity is the lease of a Class A office building in Bucharest.

The Company was established on 5 October 2009 in order to host the office building development and rental of office space activity of Upground. The activity was demerged from Upground Estate SRL ("Upground") based on a division plan which was effected on 7 October 2009.

Ornegin Investment SRL ("Ornegin") acquired the Company from Upground on 16 October 2009. Shortly after, on 15 December 2009, the two companies, parent and subsidiary, began the merger process which was finalized on 22 June 2010, with the absorption of Ornegin Investment SRL by the former subsidiary BOC Real Property SRL.

Currently the Company is owned by Oystermouth Ltd (78 per cent.) and Dunvant Holding (22 per cent.).

2. BASIS OF PREPARATION

(A) General

The Financial Information has been prepared on the historical cost basis, except for investment property and derivative financial instruments, which have been measured at fair value. Principal accounting policies applied in the preparation of this Financial Information, as set out below, have been consistently applied throughout the period presented.

The Financial Information has been prepared assuming that the Company will continue as a going concern. The Company has received confirmation of the Parent's continuing support during the next 12 months should the need arise for additional funding of what is or will be available for its operations and / or third party sources.

The Financial Information of the Company has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

The fiscal year end of the Company is 31 December.

This Financial Information, for the year ended 31 December 2012, is the first the Company has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2012, the Company prepared statutory financial statements in accordance with local generally accepted accounting principles (starting from 1 January 2010 being Ministry of finance Order 3055/2009 with subsequent amendments).

Accordingly, the Company has prepared Financial Information which comply with IFRS applicable for the years ended 31 December 2012, 31 December 2011 and 31 December 2010, as described in the summary of significant accounting policies. In preparing this Financial Information, the Company's opening statement of financial position was prepared as at 1 January 2010, the Company's date of transition to IFRS.

Note 2 C) explains the principal adjustments made by the Company in restating its Romanian GAAP financial statements, including the statement of financial position as at 1 January 2010 and the Financial Information as at and for the year ended 31 December 2012.

(B) Standards issued but not yet effective and not early adopted

The Company has not early adopted the following standards/interpretations:

- **IAS 1 Financial Statement Presentation (Amended) – Presentation of Items of Other Comprehensive Income**

  The amendment is effective for annual periods beginning on or after 1 July 2012. The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Company's financial position or performance.

- **IAS 19 Employee Benefits (Revised)**

  The amendment is effective for annual periods beginning on or after 1 January 2013. The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The Company does not expect that this amendment will have an impact on the financial position or performance of the Company.

- **IAS 27 Separate Financial Statements (Revised)**

  The Standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. Earlier application is permitted. The Company does not expect that this amendment will have an impact on the financial position or performance of the Company.

- **IAS 28 Investments in Associates and Joint Ventures (Revised)**

  The Standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. As a consequence of the new IFRS 11 Joint arrangements and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The Company does not expect that this amendment will have an impact on the financial position or performance of the Company.

- **IAS 32 Financial Instruments: Presentation (Amended) - Offsetting Financial Assets and Financial Liabilities**

  The amendment is effective for annual periods beginning on or after 1 January 2014.These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The Company does not expect that this interpretation will have an impact on the financial position or performance of the Company.

- **IFRS 7 Financial Instruments: Disclosures (Amended) - Offsetting Financial Assets and Financial Liabilities**

  The amendment is effective for annual periods beginning on or after 1 January 2013. These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The Company does not expect that this interpretation will have an impact on the financial position or performance of the Company.

- **IFRS 9 Financial Instruments: Classification and Measurement**

  The new standard is effective for annual periods beginning on or after 1 January 2015. IFRS 9, as issued, reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of financial assets, but will not have an impact on classification and measurements of financial liabilities. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued. This standard has not yet been endorsed by the EU.

- **IFRS 10 Consolidated Financial Statements**

  The new standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The Company does not expect that this interpretation will have an impact on the financial position or performance of the Company.

- **IFRS 11 Joint Arrangements**

  The new standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The Company does not expect that this interpretation will have an impact on the financial position or performance of the Company.

- **IFRS 12 Disclosures of Interests in Other Entities**

  The new standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The new standard has only disclosure effects.

- **IFRS 13 Fair Value Measurement**

  The new standard is effective for annual periods beginning on or after 1 January 2013. IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Company does not expect that this interpretation will have a significant impact on its financial position or performance.

- **IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine**

  The interpretation is effective for annual periods beginning on or after 1 January 2013.This interpretation applies to waste removal (stripping costs) incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. Management has assessed that the amendment has no impact on the Company's financial position or performance.

- The IASB has issued the Annual Improvements to IFRSs – 2009 – 2011 Cycle, which contains amendments to its standards and the related Basis for Conclusions. The annual improvements project provides a mechanism for making necessary, but non-urgent, amendments to IFRS. The effective date for the amendments is for annual periods beginning on or after 1 January 2013. Earlier application is permitted in all cases, provided that fact is disclosed. This project has not yet been endorsed by the EU. Management has assessed that the amendments have no impact on the Company's financial position or performance.

  – ***IAS 16 Property, Plant and Equipment:*** This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

  – ***IAS 32 Financial Instruments, Presentation:*** This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

  – ***IAS 34 Interim Financial Reporting:*** The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

- **Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)**

  The guidance is effective for annual periods beginning on or after 1 January 2013. The IASB issued amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application' in IFRS 10 is defined as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief. This guidance has not yet been endorsed by the EU. Management has assessed that the guidance will have no impact on the Company's financial position or performance.

- **Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)**

  The amendment is effective for annual periods beginning on or after 1 January 2014. The amendment applies to a particular class of business that qualify as investment entities. The IASB uses the term 'investment entity' to refer to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds. Under IFRS 10 Consolidated Financial Statements, reporting entities were required to consolidate all investees that they control (i.e. all subsidiaries). The Investment Entities amendment provides an exception to the consolidation requirements in IFRS 10 and requires investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendment also sets out disclosure requirements for investment entities. This amendment has not yet been endorsed by the EU. Management has assessed that the amendments will have no impact on the Company's financial position or performance.

- **IFRIC Interpretation 21: Levies**

  The interpretation is effective for annual periods beginning on or after 1 January 2014. The Interpretations Committee was asked to consider how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements. This interpretation is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. This interpretation has not yet been endorsed by the EU. Management has assessed that this interpretation will have no impact on the financial position or performance of the Company.

- **IAS 36 Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets**

  This amendment is effective for annual periods beginning on or after 1 January 2014. In developing IFRS 13 the IASB decided to amend IAS 36 to require the disclosure of information about the recoverable amount of impaired assets, particularly if that amount is based on fair value less costs of disposal. In particular, instead of requiring an entity to disclose the recoverable amount of an asset (including goodwill) or a cash-generating unit for which a material impairment loss was recognised or reversed during the reporting period, the amendment made to IAS 36 required an entity to disclose the recoverable amount of each cash generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit is significant in comparison with the entity's total carrying amount of goodwill or of intangible assets with indefinite useful lives. This amendment has not yet been endorsed by the EU. Management has assessed that this amendment will have no impact on the financial position or performance of the Company.

(C) IFRS first-time adoption

The Company has early applied from the **Annual Improvements to IFRSs – 2009 – 2011 Cycle** the improvement related to ***IAS 1 Presentation of Financial Statements:*** This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period.

Estimates

The estimates at 1 January 2010, at 31 December 2010, 31 December 2011 and 31 December 2012 are consistent with those made for the same dates in accordance with Romanian GAAP and in accordance to IFRS principles. The estimates used by the Company to present these amounts in accordance with IFRS reflect conditions at 1 January 2010, the date of transition to IFRS, and as of 31 December 2010, 31 December 2011 and 31 December 2012.

Company reconciliation of equity as at 1 January 2010 (date of transition to IFRS)

	Notes	*1 January 2010 GAAP*	*Adjustments*	*1 January 2010 IFRS*
Non-current asset				
Intangibles		134	–	134
Investment property	1	71,039,146	76,662,633	147,701,779
		71,039,280	76,662,633	147,701,913
Current assets				
Trade and Other receivables		226,371	–	226,371
Cash and Cash equivalents	3	1,786,538	171,529	1,958,067
		2,012,909	171,529	2,184,438
TOTAL ASSETS		73,052,189	76,834,162	149,886,351
EQUITY				
Share capital		352	–	352
Retained earnings	6	33,150	13,510,380	13,543,530
		33,502	13,510,380	13,543,882
Non-current liabilities				
Deferred tax	2	–	12,266,021	12,266,021
Long term deposits	4	603,768	466,578	1,070,346
Interest bearing loans and borrowings	3	58,841,227	48,861,911	107,703,138
		59,444,995	61,594,510	121,039,505
Current liabilities				
Trade and other Payables	5	126,503	618,815	745,318
Interest bearing loans and borrowings	3	13,447,189	1,110,457	14,557,646
		13,573,692	1,729,272	15,302,964
Total liabilities		73,018,687	63,323,782	136,342,469
Total equity and liabilities		73,052,189	76,834,162	149,886,351

Company reconciliation of equity and total comprehensive income for the year ended 31 December 2012

	Notes	*31 December 2012 GAAP*	*Adjustments*	*31 December 2012 IFRS*
Non-current asset				
Intangibles				
Investment property	1	70,302,935	69,697,065	140,000,000
Other non current assets		195,548	–	195,548
Assets in progress		383,551	–	383,551
		70,882,034	69,697,065	140,579,099
Current assets				
Trade and Other receivables		1,026,397	–	1,026,397
Cash and Cash equivalents		2,451,377	–	2,451,377
		3,477,774	–	3,477,774
TOTAL ASSETS		74,359,808	69,697,065	144,056,873
EQUITY				
Share capital		12,903,222	614,422	13,517,644
Retained earnings	6	(69,714,225)	56,837,703	(12,876,522)
Loss for the year	6	(6,406,844)	388,047	(6,018,797)
		(63,217,847)	57,840,172	(5,377,675)
Non-current liabilities				
Deferred tax	2	–	12,204,573	12,204,573
Long term deposits	4	797,630	(347,680)	449,950
Interest bearing loans and borrowings		85,773,871	–	85,773,871
		86,571,501	11,856,893	98,428,394
Current liabilities				
Trade and other Payables		1,057,076	–	1,057,076
Interest bearing loans and borrowings		49,949,078	–	49,949,078
		51,006,154	–	51,006,154
Total liabilities		137,577,655	11,856,893	149,434,548
Total equity and liabilities		74,359,808	69,697,065	144,056,873

	Notes		Adjustments	For the year ended 31 December 2012 IFRS
Income				
Rental income	4	8,348,011	(51,064)	8,296,947
Other operating income		481,478	–	481,478
Operating expenses	1	(3,775,540)	2,377,690	(1,397,850)
Valuation losses from completed investment property	1	–	(5,939,402)	(5,939,402)
		5,053,949	(3,612,776)	1,441,173
Finance cost – net	5	(11,460,793)	3,627,827	(7,832,966)
Loss before tax		(6,406,844)	15,051	(6,391,793)
Income tax credit	2	–	372,996	372,996
Loss for the year		(6,406,844)	388,047	(6,018,797)

Notes to the reconciliation of equity as at 31 December 2012 and total comprehensive income for the year ended 31 December 2012

1. Under local GAAP the investment property is recognized as property plant and equipment and it is valued at cost less accumulated depreciation and impairment. Under IFRS investment property is valued at fair value based on the valuation report prepared by an independent valuation expert, using recognised valuation techniques.

2. Deferred tax liability recorded for the temporary difference between the carrying value of the investment property and the corresponding tax base and the temporary differences generated by other IFRS adjustments.

3. Impact of the merger with Ornegin Investment SRL;

4. Under IFRS the deposits received from tenants are discounted to net present value, the difference being recorded in rental income.

5. Effect of derivative financial instruments and functional currency translation differences.

6. Cumulated effect of the IFRS adjustments explained above.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In the process of applying the Company's accounting policies, the management makes the following judgments and estimates which have a significant effect on the classification and measurement of the financial statement elements:

(a) Selection of functional currency

The Company used its judgment, based on the criteria outlined in IAS 21, and determined that the functional currency of the Company is the EUR, which is also the presentation currency of the Financial Information.

(b) Classification of investment property

The Company is required to determine whether a property qualifies as investment property.

Investment property comprises land and buildings (principally offices, commercial warehouse and retail property) which are not occupied substantially for use by, or in the operations of, the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. The Company considers that when the property is in a condition which will allow the generation of cash flows from its rental that the property is no longer a property under development but an investment property.

(c) Valuation of property

The fair value of investment property has been determined by independent real estate valuation experts using recognized valuation techniques. These techniques comprise the sales comparison approach, the cost approach and the income approach.

The sales comparison approach compares the subject property with quoted prices of similar properties in the same or similar location. In preparing the valuation reports on the Company's investment property, the external appraisers excluded distressed sales when considering comparable sales prices.

The cost approach is principally used for the valuation of specialised property, which is property that is rarely, if ever, sold in the market. Starting from the replacement cost new, necessary adjustments for obsolescence are made in order to reflect the difference in value of the subject property and a new modern equivalent.

For income generating properties, various methods are used to indicate value, all of which share the common characteristic that the value is based on actual or estimated income that is or could be generated by a potential owner.

The income capitalization method takes into consideration the income that a property is expected to generate if leased out assuming a stabilized occupancy level, and applying to that income a capitalization rate reflecting the investors' interest in a property of this kind. This method, often known as all risks yield method cannot be reliably used where the income is expected to change in future periods to an extent greater than that generally expected in the market.

When a more sophisticated analysis of risk is required, various forms of discounted cash flows models can be used. Valuators typically use Discounted Cash-Flow Analysis (DCF), which implies income projections of the property for a discrete period of time, usually between 5-10 years.

The Discounted Cash Flow Method involves the projection of a series of periodic cash flows either to an operating property or a development property. To this projected cash flow series, an appropriate, market derived discount rate is applied to establish an indication of the present value of the income stream associated with the property. The calculated periodic cash flow is typically estimated as gross rental income less vacancy and collection losses and less operating expenses/outgoings. A series of periodic net operating incomes, along with an estimate of the exit value anticipated at the end of the projection period, are discounted to present value. The aggregate of the net present values equals the market value of the property.

Management has reviewed the appraisers' assumptions underlying discounted cash flow models and confirmed that factors such as the discount rate have been appropriately determined considering the market conditions at the end of the reporting period.

Forecasts of net operating income are based on leases signed as at the valuation date, the estimated rental values for existing leases at expiry and the estimated achievable rental values in relation to the existing vacancies. The valuers' assessments of non-recoverable expenses are based on experience of comparable properties and information on historical costs provided by the Company.

Volatility in the global financial system is reflected in commercial real estate markets. There was a significant reduction in transaction volumes in 2010 and 2011 and, to a lesser extent, in 2012. Therefore, in arriving at estimates of market values as at 31 December 2010, 31 December 2011 and 31 December 2012, the independent valuation experts used their market knowledge and professional judgment 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.

Changes in the economic conditions of the Romanian real estate market may not be captured in its totality since valuation dates do not always coincide with financial year end dates.

(d) Operating lease contracts – the Company as lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company 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 these property and so accounts for the leases as operating leases.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Functional currency and presentation currency

The Financial Information is presented in Euro, which is the Company's presentation currency and functional currency of the Company. This Financial Information is based on the Statutory accounting records, with adjustments and reclassifications recorded for the purpose of fair presentation in accordance with IFRS principles, as applicable to this Financial Information.

4.2 Foreign currency translation

Foreign currency transactions during the period are initially recorded in the functional currency at the exchange rates approximating those ruling on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies other than the Company's functional currency are retranslated at the rates of exchange prevailing on the statement of financial position date. Gains and losses on translation are taken to profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.3 Investment property

Property that is held for long term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property and accounted for under International Accounting Standard 40 "Investment Property".

Investment properties are initially measured at cost, including transaction costs. Such cost includes the cost of replacing part of the investment property, if the recognition criteria are met. When a major inspection is performed, its cost is recognized in the carrying amount of the investment property as a replacement, if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the profit or loss as incurred.

Investment property is subsequently re measured at fair value, which is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the year in which they arise. For the purposes of these financial statements, in order to avoid double accounting, the assessed fair value is:

- Reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and/or minimum lease payments.
- Increased by the carrying amount of any liability to the superior leaseholder or freeholder that has been recognised in the balance sheet as a finance lease obligation.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

4.4 Revenue

Revenue is recognized when the amount of revenue and associated costs can be reliably measured, it is probable that economic benefits associated with the transaction will be realized, and the stage of completion of the transaction can be reliably measured. This concept is applied to the key-revenue generating activities of the Company as follows:

Rental income

Rental income is measured at the fair value of the consideration received or receivable, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such a basis. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the income statement when the right to receive them arises.

Service charges and expenses recoverable from tenants

Income arising from expenses recharged to tenants is recognised in the period in which the compensation becomes receivable. Service charges and other such receipts are netted of with the related costs in expenses.

Interest income

Interest from all interest-bearing assets and liabilities is recognized as net interest income using the effective interest method. The effective interest rate is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or expense over the relevant period using the estimated future cash flows. The estimated future cash flows used in this calculation include those determined by the contractual terms of the asset or liability, all fees that are considered to be integral to the effective interest rate, direct and incremental transaction costs, and all other premiums or discounts.

4.5 Trade and other receivables

Trade and other receivables are carried at the original invoiced amounts less any allowances recorded for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due, according to the original terms of sale. The amount of the allowance is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market interest rate available for similar borrowers. Bad debts are written off when management believes that collection is no longer possible.

4.6 Cash and cash equivalents

For purposes of the statement of cash flows, the Company's cash and cash equivalents include highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of change in value. Such investment includes cash in hand and balances at banks and short term deposits with banks.

4.7 Loans and Borrowings

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

4.8 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.9 Taxation

Income tax on the results for the period represents the sum of current tax and deferred tax. Income tax is recognized in the profit or loss, except when it relates to items charged or credited directly to equity, in which case it is recognized directly to equity.

Current tax

Current tax is based on taxable profit of the period. Taxable profit differs from net profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The Company is in the position to carry forward the loss for a period of seven years beginning with losses incurred in 2009 (five years for losses incurred before 2009).

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences will be realized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

4.10 Provisions

A provision is recognized when, and only when, the Company has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

4.11 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. The particular measurement methods adopted are disclosed in individual policy statements associated with each item.

Financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of financial assets and financial liabilities are taken to profit and loss account.

4.12 Offsetting of financial instruments

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if, and only if, the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

4.13 Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Company of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

4.14 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value (which is essentially the transaction cost) on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair values on derivatives during the year are taken directly to profit and loss account.

The Company uses interest rate swaps to hedge its risks associated with interest rate fluctuations (being an economic hedge for which it does not apply however hedge accounting under IAS 39). Such derivative financial instruments are stated at fair value. The fair value of interest rate swap is the estimated amount that the Company would receive or pay to sell the swap at the balance sheet date, taking into account the current interest rates.

4.15 Tenant security deposits

Tenant security deposits represent advances made by lessees as guarantees during the lease period and are repayable by the Company upon termination of lease contracts.

Tenant deposits liabilities are initially recognised at fair value and subsequently measured at amortised cost where material. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognised on a straight-line basis over the lease term.

5. RENTAL INCOME

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Office rental	7,526,442	5,783,648	5,716,749
Parking space	813,997	549,997	471,869
Income from rental of advertising panels	12,493	12,347	327
Discounting effect of tenant deposits	(55,985)	(294,594)	231,680
	8,296,947	6,051,398	6,420,625

6. OTHER OPERATING INCOME

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Other operating income (fit out costs)	29,272	547,693	726,581
Other operating income recorded in service charge	452,206	687,626	–
	481,478	1,235,319	726,581

In this caption the Company includes the penalties invoiced to tenants for outstanding settlements for rent and service charge and amount received for fit out costs.

7. OPERATING EXPENSES

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Building operating expenses	366,750	1,115,548	477,719
Commissions and fees	61,631	56,211	248,682
Allowance for doubtful debts	(29,033)	957,114	131,545
Depreciation expense	2,312	271	–
Other third parties services	996,190	1,560,869	1,232,610
	1,397,850	3,690,013	2,090,556

Office building operating cost is presented net of related income from re-charge of expenses of EUR 2,349,188 in 2012, EUR 1,588,076 in 2011 and EUR 1,604,976 in 2010.

Other third parties services include:

		For the year ended 31 December 2012	For the year ended 31 December 2011	For the year ended 31 December 2010
Maintenance, facility, administrative services (not related to rented spaces)	7.1	691,092	498,189	1,000,741
Fit out works for tenants	7.2	–	983,622	–
Other operating expenses		181,344	79,058	231,869
Commission and broker expenses		123,754	–	–
		996,190	1,560,869	1,232,610

7.1 Other operating expenses represent mainly the expenses with property management services, maintenance, facility and administrative services provided by Global Vision.

7.2 Fit out works for tenants performed in 2011 represent expenses for works invoiced by Star Imob Construct SRL for the spaces rented to HP and Honeywell clients.

8. FINANCE COSTS AND FINANCE INCOME

	For the year ended 31 December 2012	For the year ended 31 December 2011	For the year ended 31 December 2010
Finance income			
Interest income	25,943	16,018	454,487
Foreign exchange Gain	641,484	–	233,529
Finance income	667,427	16,018	688,016
Finance costs			
Foreign exchange Loss	–	(35,716)	(2,358,814)
Derivative financial instruments – Interest rate swap	–	1,111,694	(1,747,193)
Interest expense	(8,340,089)	(6,205,604)	(5,906,890)
Bank commissions and similar charges	(160,304)	(126,287)	(234,049)
Finance costs	(8,500,393)	(5,255,913)	(10,246,946)

9. INCOME TAX

	For the year ended 31 December 2012	For the year ended 31 December 2011	For the year ended 31 December 2010
Current income tax	–	–	(1,960)
Deferred income tax (expense)/credit	372,996	(156,404)	(122,447)
Income tax (expense)/credit per profit or loss	372,996	(156,404)	(124,407)

Current income tax

The Company's current income tax is determined on the basis of statutory profits adjusted for non-deductible expenses and non-taxable incomes at a rate of 16 per cent..

The Company was in a fiscal loss position at the end of 2012, therefore no current income tax was applicable.

In 2010, the Romanian authorities imposed a minimum tax payable by the companies irrespective of whether they have income or loss. The minimum tax installments were set according to the turnover. During 2011 the minimum income tax was abolished and the Company did not record any current income tax expense.

Deferred Income Tax

	Statement of Financial Position		
	31 December 2012	*31 December 2011*	*31 December 2010*
Fair Value adjustment on investment property	12,260,202	12,642,157	12,532,888
Discount effect of tenant deposits	(55,629)	(64,586)	(111,721)
Deferred income tax liability	12,204,573	12,577,571	12,421,167

	Statement of Comprehensive Income		
	31 December 2012	*31 December 2011*	*31 December 2010*
Fair Value adjustment on investment property	(381,953)	109,269	266,867
Discount effect of tenants deposits	8,957	47,135	(144,420)
Deferred income tax expense/(credit)	(372,996)	156,404	122,447

No deferred tax asset was recognized in relation to the grace period for rent and trade receivables allowance as these are subject to high fluctuations depending on the number of tenants and to their liquidity in a period of continuous economic crisis.

Unused tax losses carried forward as of 31 December 2012 are RON 31,851,832 (EUR 7,192,140), while as of 31 December 2011 and 31 December 2010 they amount to RON 19,433,465 (EUR 4,498,800) and RON 12,124,915 (EUR 2,829,751), respectively. The tax losses prior to 2009 can be utilized against taxable profits over a period of five years following the year in which the tax losses have arisen. Tax losses occurring from 2009 onwards can be carried forward over a period of seven years.

In 2010, there have been two fiscal reporting periods: January-September, during which the Company recorded a fiscal loss of RON 4,046,880 (EUR 967,069) and October- December during which the Company recorded a fiscal loss of RON 3,242,397 (EUR 756,030). The tax loss related to the period January–September 2010 shall be recovered from the taxable profits realized in the following 7 consecutive years, the first year for carrying forward of the tax loss being the period October –December 2010. The tax loss related to the period October – December 2010 shall be recovered from the taxable profits realized in the following 7 consecutive years.

The Company is waiting until taxable profits are available to utilize the fiscal losses carried forward and as a result no deferred tax asset was recorded in this respect.

The reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate applicable is as follows:

	31 December 2012	*31 December 2011*	*31 December 2010*
Accounting loss before income tax	(6,391,793)	(7,317,890)	(5,304,059)
Income tax at 16%	(1,022,687)	(1,170,862)	(848,649)
Tax losses for which no deferred tax asset is recognized	448,760	270,706	285,110
Permanent differences	200,929	1,056,559	687,946
Income tax expense/(credit)	(372,996)	156,404	124,407
Effective tax rate	6%	(2%)	(2%)

10. INVESTMENT PROPERTY

	Total
Balance as of 1 January 2010	147,701,779
Additions during the period	–
Disposals during the period	–
Fair Value adjustment	(801,779)
Balance as of 31 December 2010	146,900,000
Additions during the period	4,284,699
Disposals during the period	–
Fair Value adjustment	(5,674,699)
Balance as of 31 December 2011	145,510,000
Additions during the period	429,402
Disposals during the period	–
Fair Value adjustment	(5,939,402)
Balance as of 31 December 2012	140,000,000

The Company's investment property includes office property.

The office building has a rentable area of 57,604 sqm, 7 floors, 3 basement floors and ground floor. The property also includes 751 underground parking spaces and 46 outside parking spaces.

Investment property is stated at fair value, which has been determined based on valuations performed by Coldwell Banker Research and Valuation, an accredited independent valuator, which is an industry specialist in valuing these types of investment properties.

The fair values of EUR 140,000,000 as of 31 December 2012, EUR 145,510,000 as of 31 December 2011, EUR 146,900,000 as of 31 December 2010 and EUR 147,701,779 as of 1 January 2010 were obtained using the income approach – discounted cash flow analysis method.

The significant assumptions made relating to valuations are set out below:

Assumption	*2012*	*2011*	*2010*
Period of initial future cash-flows	5 years	5 years	5 years
Rent per sqm (EUR)	12.5	13 – 14.67	14 – 18.69
Letting area (sqm)	57,607	57,607	57,607
AG Parking rent (EUR)	69.35	69.64	92.3
AG Parking units	40	43	25
UG Parking rent (EUR)	100.82	99.57	102
UG Parking units	710	671	408
Vacancy rate considered during the period	16% – 10%	5% – 17%	25% – 10%
Discount rate	7.50% – 8.25%	6.50% – 8.75%	7.50% – 10.50%
Estimated growth	0.25%	0%	0%
Exit yield (perpetuity rate)	7.25%	6.50%	7%

11. OTHER NON CURRENT ASSETS

	As of 31 December 2012	*As of 31 December 2011*	*As of 31 December 2010*
Opening balance	23,593	–	–
Additions during the year	184,538	23,593	–
Closing balance	208,131	23,593	–
Accumulated depreciation	(12,583)	(271)	–
Net	195,548	23,322	–

Other non-current assets represent access gates and fittings.

12. TRADE AND OTHER RECEIVABLES

	As of 31 December 2012	*As of 31 December 2011*	*As of 31 December 2010*
Trade receivables – Gross	2,096,683	1,690,949	1,310,060
Allowance for doubtful debts	(1,122,752)	(1,151,785)	(194,671)
Trade receivables net	973,931	539,164	1,115,389
Prepayments	17,046	16,675	20,177
Taxes receivable	(90)	–	235,592
Other	35,510	50,675	63,700
Total other receivables	52,466	67,350	319,469

The balance represents the amount receivable from tenants. The Company has written off in 2012 an amount of EUR 29,033 related to doubtful debts.

The ageing analysis of trade receivables is as follows:

Year	*Current*	*1 – 30 days*	*31 – 60 days*	*61 – 90 days*	*91 – 120 days*	*Total*
2012	453,192	–	263,067	63,272	194,400	973,931
2011	71,858	404,048	63,258	–	–	539,164
2010	67,679	559,426	405,673	82,611	–	1,115,389

13. CASH AND CASH EQUIVALENTS

	As of 31 December 2012	*As of 31 December 2011*	*As of 31 December 2010*
Cash at bank			
Local currency	1,855,464	1,127,475	1,161,815
Foreign currency	595,162	1,289,049	1,159,599
Petty cash	751	770	776
Total	2,451,377	2,417,294	2,322,190

All bank accounts are pledged in favour of the banks that granted the bank borrowings (see Note 15).

As per loan agreement with NBG and Bank of Cyprus (refer to Note 15), the Company should have available in certain bank accounts designated by the Bank the funds for repayment of the quarterly interest. The balance of these restricted bank accounts was EUR 3,774 as of 31 December 2012, EUR 1,676,932 as of 31 December 2011 and EUR 938,994 as of 31 December 2010.

14. ISSUED SHARE CAPITAL

	As of 31 December 2012	*As of 31 December 2011*	*As of 31 December 2010*
Authorized share capital			
5,714,600 ordinary shares with a nominal value of RON 10 each	13,517,644	13,517,644	13,517,644
Issued and fully paid			
5,714,600 ordinary shares with a nominal value of RON 10 each	13,517,644	13,517,644	13,517,644

The Company was incorporated with a share capital of RON 1,500, divided into 150 shares of 10 RON each. Presently, its share capital is in amount of RON 57,144,500, divided into 5,714,450 shares of 10 RON each. The Company's shareholders are Oystermouth Ltd (78 per cent.) and Dunvant Holding (22 per cent.). The share capital is translated into EUR at the historical exchange rates.

15. LOANS AND BORROWINGS

Loans and borrowings consist of the following:

	Note	*As of 31 December 2012*	*As of 31 December 2011*	*As of 31 December 2010*
Non current				
Due to credit institutions	15.1	85,773,871	87,627,869	89,481,870
		85,773,871	87,627,869	89,481,870
Current				
Due to credit institutions	15.1	1,854,000	1,854,000	1,854,000
Due to present shareholders	15.2	37,019,500	34,629,500	32,124,500
Interest on loans and borrowings		11,075,578	8,509,711	6,034,100
		49,949,078	44,993,211	40,012,600
Total		135,722,949	132,621,080	129,494,470

15.1 The long term bank loans represent a long term credit facility with National Bank of Greece, S.A, London Branch "NBG", as a member of the National Bank of Greece Group and the Bank of Cyprus, in equal amounts with a repayment date of 31 July 2015.

NBG and Bank of Cyprus have first and second rank aggregate mortgage on the land in Dimitrie Pompeiu 6A and on the building erected on it, pledge over the bank accounts, pledge over the future and past assets and assignment of receivables arising from lease agreements, hedging arrangements, insurance policies and others.

The said facility carries interest at the rate of 3 months EURIBOR plus a margin of 3.2 per cent., payable quarterly in arrears along with principle instalments in amount EUR 463,500 (2010: EUR 463,500) payable at the end of each quarter until the final repayment date.

The Company entered into an interest rate swap arrangements with the National Bank of Greece and Bank of Cyprus at a notional amount of EUR 45,667,934. Under the terms of the swap agreements, the Company was entitled to receive a floating rate of 3 months EURIBOR on the above referred notional amount and was required to pay the fixed rate of interest of 2.382 per cent. p.a. on the said notional amount in four quarterly installments with a calculation period beginning on 31 January 2010 and terminated on 31 October 2012.

The loan agreements are subject to certain financial and non-financial covenants, which the Company met as of 31 December 2012.

15.2 The amount due to shareholders includes borrowings part contracted by the Company in 2010 and part by Ornegin Investment SRL, which were taken over by the Company after the absorption of the former parent, from Oystermouth Holding and Dunvant Holding. There are no collaterals attached to them. The loans carry an interest of 7.5 per cent. / year each and are repayable in full at the end of the loan term. As per the agreement, the repayment date of the loans from both shareholders is 27 November 2013.

16. LONG TERM DEPOSITS FROM TENANTS

	As of 31 December 2012	*As of 31 December 2011*	*As of 31 December 2010*
Opening balance undiscounted	1,084,547	1,667,872	1,536,924
Amount received during the year	148,427	323,829	174,281
Discounting effect	(347,680)	(403,664)	(698,258)
Decrease due to lease closed	(435,344)	(907,154)	(43,333)
Closing balance	449,950	680,883	969,614

The balance represents amounts received from tenants as security deposits for monthly rentals and services charges under the lease agreements. The agreements were concluded for a periods ranging from 5 to 10 years and the security deposits is payable at the end of the lease term. The security deposits are interest free and unsecured. The security deposits have been discounted using the market interest rate of 7.5 per cent. and resulting fair value adjustment is recorded in profit and loss.

The carrying value of security deposit (undiscounted), refers to the following tenants:

Description	*2012*	*2011*	*2010*
Banca Romaneasca SA	548,255	574,884	574,884
Bancpost SA	22,576	36,086	36,086
Bob Development SRL	12,246	11,867	11,867
Clarity Systems	–	68,636	68,636
Efg leasing ifn SA	1,724	1,779	1,779
Geva Consult SRL	367	393	393
Romenergo SA	–	–	124,156
Star Imob Construct SRL	64,036	67,073	67,073
Upground Estates SRL	–	–	782,998
Aeh Fresh Lunch SRL	47,905	–	–
Mood Media SRL	100,522	–	–
G4S	–	323,829	–
	797,631	1,084,547	1,667,872

17. TRADE AND OTHER PAYABLES

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Suppliers of utilities and other services	231,667	763,512	155,743
Suppliers of fixed assets	–	–	372,886
	231,667	763,512	528,627

18. OTHER PAYABLES

	Note	*For the year ended 31 December 2012*	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Derivative financial instrument – Interest rate swap		–	635,499	1,747,193
Other payables		223,787	274,241	16,506
Deferred income	18.1	601,622	517,052	–
		825,409	1,426,792	1,763,699

18.1 The outstanding balance represents the fair value of the interest rate swap, determined at the end of the current year. The Company entered into an arrangement with the National Bank of Greece and Bank of Cyprus during the period ended 31 December 2009. Under the terms of the Swap agreement, the Company was entitled to receive a floating rate of 3 months EURIBOR on the notional amount (outstanding balance of the loan agreement signed with the two banks (Note 15)) was required to pay the fixed rate of interest of 4.975 per cent. p.a. on the said notional amount in four quarterly installments. The hedging agreement matured on 31 October 2012 and the Company did not entered into another agreement afterwards.

19. OPERATING LEASES

The Company has entered into leases on its property portfolio (offices).

The commercial property leases include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Some leases contain options to break before the end of the lease term.

The future minimum lease payments under non-cancellable operating leases are as follows:

	31 December 2012	*31 December 2011*	*31 December 2010*
Not later than 1 year	5,795,454	4,610,972	3,107,900
Later than 1 year and not later than 5 years	21,172,342	18,241,894	12,296,938
Later than 5 years	9,328,707	10,052,418	13,059,387
Total operating lease receivable	36,296,503	32,905,284	28,464,225

20. CONTINGENCIES

Taxation

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

The Company believes that it has paid in due time and in full all applicable taxes, penalties and penalty interests in the applicable extent.

In Romania, the tax position is open to further verification for 5 years.

Transfer pricing

According to the applicable relevant Romanian tax legislation, the tax assessment of related party transactions is based on the concept of market value for the respective transfers. Following this concept, the transfer prices should be adjusted so that they reflect the market prices that would have been set between unrelated companies acting independently (i.e. based on the "arm's length principle").

It is likely that transfer pricing reviews will be undertaken in the future in order to assess whether the transfer pricing policy observes the "arm's length principle" and therefore no distortion exists that may affect the taxable base of the Romanian tax payer. The Company could not estimate the potential impact of a transfer pricing review.

21. SUBSEQUENT EVENTS

Initial public offering

In February 2013, Globalworth Real Estate Investments Limited, a company registered in Guernsey, commenced preparations for an initial public offering in the AIM market of the United Kingdom. Following the completion of the initial public offering, Globalworth Real Estate Investments Limited will seek acquisition of the Company's shares.

22. CAPITAL MANAGEMENT

Capital includes equity attributable to the equity holders. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or convert the shareholder loans into equity.

Given the nature of the Company's activities, there are no specific ratios that are computed and monitored for Capital structure or return on capital.

Under Romanian legislation (Law 31/1990 as amended and updated (Article 153.24)) if the annual financial statements indicate that the net assets value (the equivalent of total equity) of a company is less than 50 per cent. of its share capital value, then remedial action should be taken by the administrators and shareholders or any interested party can request the Court of Registration to dissolve the company, subject to subsequent action that may be taken by the affected company to resolve the situation within a period as specified by the Court of Registration. The Company as of 31 December 2012 has negative equity in statutory accounts.

23. RELATED PARTIES TRANSACTIONS

The Company's related parties are the shareholders and all entities controlled by Ioannis Papalekas, as well as the Company's Directors.

23.1 Material related party transactions

Loans from the shareholders are set out in note 15 "Loans and borrowings".

Other balances and transactions (including VAT) with related parties are disclosed below:

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Trade and other receivables			
Upground Estates SRL	657,918	631,511	636,654
Star Imob Construct SRL	136,432	47,864	22,937
Total Trade and other receivables	794,350	679,375	659,591
Trade and other payables			
Star Imob Construct SRL	6,269	513,787	372,886
Upground Estates SRL	–	–	663,876
Total Trade and other payables	6,269	513,787	1,036,762
Sales			
Star Imob Construct SRL	304,877	287,094	269,724
Upground Estates SRL	112,355	–	3,737,482
BOB Development SRL	42,370	50,564	–
Total sales	459,602	337,658	4,007,206
Purchases			
Star Imob Construct SRL	1,972,361	3,484,157	3,439,653
Upground Estates SRL	–	265,511	615,631
BOB Development SRL	–	70,221	–
Total purchases	1,972,361	3,819,889	4,055,284

23.2 Key management

The Directors of the Company received no remuneration during the years presented.

24. FINANCIAL INSTRUMENTS DISCLOSURES AND FINANCIAL RISK MANAGEMENT

(a) Fair values of financial instruments

Financial instruments in the statement of financial position include trade and other receivables, cash and cash equivalents, loans from shareholders and from credit institutions, trade and other payables and interest rate swap. The estimated fair values of these instruments does not differ significantly from their current carrying amounts, especially when they are short-term in nature or their interest rates are changing in line with the change in the current market conditions.

(b) Credit risk management

The Company's activities expose it to a variety of risks. Management is aware and monitors the effects of these risks and events that may have an adverse effect on the Company's operations.

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company's policy is to trade with recognized, creditworthy third parties. The Company's exposure is continuously monitored and spread amongst approved counterparties. The maximum exposure is the carrying amount of trade and other receivables as disclosed in Note 12. Trade receivables of the Company do not bear great credit risk. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. For related parties it is assessed that there is no significant risk of unrecoverability.

(c) Interest rate risk

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

The intercompany loans bear fixed interest rate. The Company is exposed to floating interest rate on the long term loans with National Bank of Greece and Bank of Cyprus. The interest rate carries a mark-up of Euribor 3M + 3.2 per cent.. However, as disclosed in Note 18, the Company entered into an interest rate swap arrangement on 16 October 2009 with lenders to hedge its floating interest rate risk against a fixed pre-determined fixed rate payable in four quarterly installments, The swap agreement ended on 31 October 2012.

(d) Liquidity risk

The Company'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 the management. The Company manages liquidity risk by maintaining adequate cash reserves and planning and close monitoring of cashflows.

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

	Less than 3 months	*3 months– 1 year*	*1–5 years*	*5+ years*	*2012 Total*
Long term deposits	–	–	797,631	–	797,631
Loans and borrowings	–	52,255,054	88,282,343	–	140,537,397
Trade payables	231,667	–	–	–	231,667
Other payables	223,787	–	–	–	223,787
Total	455,454	52,255,054	89,079,974	–	141,790,482

	Less than 3 months	*3 months– 1 year*	*1–5 years*	*5+ years*	*2012 Total*
Long term deposits	–	–	1,084,547	–	1,084,547
Loans and borrowings	–	47,289,271	91,816,121	–	139,065,947
Trade payables	763,512	–	–	–	763,512
Other payables	274,241	635,499	–	–	909,740
Total	1,037,753	47,924,770	92,900,668	–	141,863,746

	Less than 3 months	*3 months– 1 year*	*1–5 years*	*5+ years*	*2012 Total*
Long term deposits	–	–	1,667,873	–	1,667,873
Loans and borrowings	–	40,259,522	96,890,600	–	137,150,122
Trade payables	154,494	1,248	372,885	–	528,627
Other payables	16,506	1,747,193	–	–	1,763,699
Total	171,000	42,007,963	98,931,358	–	141,110,321

The tables presented above present the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay, and includes both interest and principal cash flows.

(e) Foreign exchange risk

The Company's functional currency is EUR however a significant part of its transactions is denominated in RON. Certain assets and liabilities are denominated in foreign currencies, which are retranslated at the prevailing exchange rate at each reporting date. The resulting differences are charged or credited to the profit or loss but do not affect cash flows.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

2012

	RON	EUR
ASSETS		
Cash and cash equivalents	1,856,214	595,163
Trade receivables	973,931	–
Other receivables	52,466	–
Total	2,882,611	595,163
LIABILITIES		
Trade payables	231,667	–
Other payables	223,787	–
Loans and borrowings	–	135,722,949
Long term deposits	–	449,950
Total	455,454	136,172,899

2011

	RON	EUR
ASSETS		
Cash and cash equivalents	1,128,245	1,289,049
Trade receivables	539,164	–
Other receivables	67,350	–
Income tax receivable	114,849	–
Total	1,849,608	1,289,049
LIABILITIES		
Trade payables	763,512	–
Other payables	274,241	635,499
Loans and borrowings	–	132,621,080
Long term deposits	–	680,883
Total	1,037,753	133,937,462

2010

	RON	EUR
ASSETS		
Cash and cash equivalents	1,162,591	1,159,599
Trade receivables	1,115,389	–
Other receivables	319,469	–
Income tax receivable	115,143	–
Total	1,712,592	1,159,599
LIABILITIES		
Trade payables	528,627	–
Other payables	–	1,763,699
Loans and borrowings	–	129,494,470
Long term deposits	–	969,614
Total	528,627	132,227,783

(f) Foreign currency sensitivity analysis

The Company is mainly exposed to foreign exchange risk in respect of the exchange rate of the EUR. The following table details the Company's sensitivity to a 5 per cent. increase and decrease in EUR exchange rate against RON.

5 per cent. 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 period end for a 5 per cent. change in foreign currency exchange rates. A negative number below indicates a decrease in profit where foreign currency strengthens 5 per cent. against EUR. For a 5 per cent. weakening of foreign currency against the EUR there would be an equal and opposite impact on the profit and equity, and the balances below would be negative. Change is mainly attributable to RON denominated bank balance, trade receivable and trade payable outstanding at year end.

	Increase/ (Decrease)	*Profit or loss effect 2012*	*Profit or loss effect 2011*	*Profit or loss effect 2010*
RON	(5%)	(72,661)	(13,644)	(52,604)
RON	5%	72,661	13,644	52,604

Section C – Upground Estates SRL

Subsection C(i) Accountant's Report on Upground Estates SRL

The Directors
Globalworth Real Estate Investments Limited
Anson Place
Mill Court
La Charroterie
St Peter Port
Guernsey
GY1 1EY

23 July 2013

Dear Sirs

UPGROUND ESTATES SRL

We report on the financial information set out in Section C of Part IX of the Admission Document issued by Globalworth Real Estate Investments Limited ("the Company") for the years ended 31 December 2010, 2011 and 2012. This financial information has been prepared for inclusion in the Admission Document dated 24 July 2013 of Globalworth Real Estate Investments Limited on the basis of the accounting policies set out in note 4. This report is required by Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that schedule and for no other purpose.

Save for any responsibility arising under Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the AIM admission document.

Responsibilities

The Directors of Globalworth Real Estate Investments Limited are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of Upground Estates SRL as at the dates stated and of its profits, cash flows and changes in equity for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the AIM admission document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM admission document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

Ernst & Young Assurance Services SRL

UPGROUND ESTATES SRL

FINANCIAL INFORMATION

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

As at and for the years ended 31 DECEMBER 2012, 2011 and 2010

STATEMENT OF COMPREHENSIVE INCOME

For the years ended 31 December 2012, 2011 and 2010

(All figures are expressed in EUR)

	Note	*For the year ended 31 December 2012*	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Income				
Rental income	5	1,175,408	52,839	–
Profit from disposal of investment property		–	2,387,015	–
Sales of inventory property	5	584,471	32,303,591	–
Cost of sales – inventory property	5	(426,337)	(17,805,306)	–
Other operating income	6	2,422,801	1,184,520	570,672
Operating expenses	7	(5,698,179)	(10,492,600)	(5,325,202)
Fair value adjustment on investment property	10	(7,156,657)	10,623,790	(8,979,265)
Operating profit/(loss)		(9,098,493)	18,253,849	(13,733,795)
Finance costs	8	(4,220,665)	(3,792,205)	(295,059)
Finance income	8	80,768	1,639,019	136,550
Profit/(Loss) before tax		(13,238,390)	16,100,663	(13,892,304)
Income tax (expense)/credit	9	598,188	(1,041,379)	(210,953)
Profit/(Loss) for the year		(12,640,202)	15,059,284	(14,103,257)
Other comprehensive income		–	–	–
Total comprehensive income		(12,640,202)	15,059,284	(14,103,257)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2012, 2011 and 2010

(All figures are expressed in EUR)

	Note	*As at 31 December 2012*	*As at 31 December 2011*	*As at 31 December 2010*
ASSETS				
Non-current asset				
Investment property	10	15,677,500	22,834,158	15,571,912
Intangibles		–	–	565
Property, plant and equipment		426,249	134,247	72,728
		16,103,749	22,968,405	15,645,205
Current assets				
Inventory property	10	52,159,776	52,571,314	74,316,396
Trade receivables	11	1,022,790	947,203	1,745,443
Other receivables	12	410,644	835,710	4,538,847
Income tax receivables		278,195	285,214	–
Advances to suppliers	11	23,816	42,374	36
Cash and cash equivalents	13	530,490	1,144,046	999,426
		54,425,711	55,825,861	81,600,148
TOTAL ASSETS		70,529,460	78,794,266	97,245,353
Equity				
Issued share capital	14	355	355	355
Retained earnings		(11,603,224)	(26,662,508)	(12,559,251)
Profit/(Loss) for the year		(12,640,202)	15,059,284	(14,103,257)
Shareholder loan – additional contribution	15	3,975,697	2,779,450	–
		(20,267,374)	(8,823,419)	(26,662,153)
Non-current liabilities				
Interest bearing loans and borrowings	15	37,000,000	36,000,000	40,000,000
Deferred income tax liability	9	1,874,512	1,949,424	208,994
		38,874,512	37,949,424	40,208,994
Current liabilities				
Trade payables	16	2,277,394	3,202,353	28,864,030
Interest bearing loans and borrowings	15	49,550,364	46,348,665	43,222,447
Other payables	17	94,564	117,243	11,612,035
		51,922,322	49,668,261	83,698,512
TOTAL EQUITY AND LIABILITIES		70,529,460	78,794,266	97,245,353

STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December 2012, 2011 and 2010

(All figures are expressed in EUR)

	Note	*Issued share capital*	*Retained earnings*	*Shareholder loan – additional contribution*	*Total*
As at 1 January 2010	14	355	(12,559,251)	–	(12,558,896)
Loss for the year		–	(14,103,257)	–	(14,103,257)
Other comprehensive income		–	–	–	–
Total comprehensive income		–	(14,103,257)	–	(14,103,257)
As at 31 December 2010		355	(26,662,508)	–	(26,662,153)
As at 1 January 2011	14	355	(26,662,508)	–	(26,662,153)
Profit for the year		–	15,059,284	–	15,059,284
Other comprehensive income		–	–	–	–
Total comprehensive income		–	15,059,284	–	15,059,284
Shareholder loan – additional contribution		–	–	2,779,450	2,779,450
As at 31 December 2011		355	(11,603,224)	2,779,450	(8,823,419)
As at 1 January 2012	14	355	(11,603,224)	2,779,450	(8,823,419)
Loss for the year		–	(12,640,202)	–	(12,640,202)
Other comprehensive income		–	–	–	–
Total comprehensive income		–	(12,640,202)	1,196,247	(12,640,202)
Shareholder loan – additional contribution		–	–	1,196,247	1,196,247
As at 31 December 2012		355	(24,243,426)	3,975,697	(20,067,374)

CASH FLOW STATEMENT

For the years ended 31 December 2012, 2011 and 2010

(All figures are expressed in EUR)

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Operating activities			
(Loss)/Profit before taxation	(13,238,390)	16,100,663	(13,892,304)
Non-cash adjustment:			
Depreciation	34,572	20,010	19,705
Fair value adjustment on investment property	7,156,657	(10,623,790)	8,979,265
Profit from disposal of investment property	–	(2,387,015)	–
Interest income	(2,745)	(8,915)	(122,656)
Interest expense	4,220,665	3,792,205	295,059
Doubtful debts allowance	375,847	80,557	–
Working capital adjustments:			
(Increase)/Decrease in trade and other receivables	(16,601)	4,420,815	2,449,341
Increase)/Decrease in advances to suppliers	18,557	(42,338)	3,411
Increase)/Decrease in inventories	411,536	21,745,080	(39,088,723)
Increase/(Decrease) in trade and other payables	950,383	(37,202,330)	11,693,387
Interest received	2,745	8,915	122,656
Income tax paid	–	(285,214)	–
Net cash flows from operating activities	(1,987,540)	(4,381,357)	(29,540,859)
INVESTING ACTIVITIES			
Proceeds from disposal of investment property	–	5,748,558	–
Purchases of non-current assets	(326,574)	–	(30.870)
Net cash generated from investing activities	(326,574)	5,748,558	(30,870)
FINANCING ACTIVITIES			
Repayment of bank loans	(2,000,000)	(13,206,352)	(10,468,608)
Proceeds of borrowings from credit institutions	–	–	37,976,604
Proceeds of borrowings from shareholders	5,875,000	14,595,000	–
Interest paid	(2,174,442)	(2,611,229)	(383,792)
Net cash flows used in financing activities	1,700,558	(1,222,581)	27,124,204
Net increase/(decrease) in cash and cash equivalents	(613,556)	144,620	(2,447,525)
Cash and cash equivalents at 01 January	1,144,046	999,426	3,446,951
Cash and cash equivalents at 31 December	530,490	1,144,046	999,426

NOTES TO THE FINANCIAL INFORMATION

For the years ended 31 December 2012, 2011 and 2010

(All figures are expressed in EUR)

1. CORPORATE INFORMATION

Upground Estates SRL (hereinafter referred to as the "Company") is a limited liability company incorporated in Romania on 5 April 2007, with a registered office at 3rd, George Constantinescu Street, District 2, Bucharest, Romania, registered with the Trade Registry under the number B2430766, unique fiscal registration number 21527195. The Company's activity is in the Commercial Real Estate Industry, as developer and owner. The Company has finalized construction of residential buildings and commercial spaces in Bucharest in 2011 and is now renting or selling these apartments.

The Company is owned by Milabrin Limited (50 per cent.) and Tomafer Limited (50 per cent.), two Cypriot companies.

2. BASIS OF PREPARATION

(A) General

The Financial Information has been prepared on the historical cost basis, except for investment property which has been measured at fair value. Principal accounting policies applied in the preparation of this Financial Information, as set out below, have been consistently applied throughout the period presented.

The Financial Information has been prepared assuming that the Company will continue as a going concern.

The Financial Information of the Company has been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("IFRS").

The fiscal year end of the Company is 31 December.

This Financial Information, for the year ended 31 December 2012, is the first the Company has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2012, the Company prepared statutory financial statements in accordance with Romanian local generally accepted accounting principles (starting from 1 January 2010 being Ministry of finance Order 3055/2009 with subsequent amendments).

Accordingly, the Company has prepared Financial Information which comply with IFRS applicable for the years ending on 31 December 2012, 2011 and 2010, as described in the summary of significant accounting policies. In preparing this Financial Information, the Company's opening statement of financial position was prepared as at 1 January 2010, the Company's date of transition to IFRS.

Note 2 C) explains the principal adjustments made by the Company in restating its Romanian GAAP financial statements, including the statement of financial position as at 1 January 2010 and the Financial Information as at and for the year ended 31 December 2012.

(B) Standards issued but not yet effective and not early adopted

The Company has not early adopted the following standards/interpretations:

- **IAS 1 Financial Statement Presentation (Amended) – Presentation of Items of Other Comprehensive Income**

  The amendment is effective for annual periods beginning on or after 1 July 2012. The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Company's financial position or performance.

- **IAS 19 Employee Benefits (Revised)**

  The amendment is effective for annual periods beginning on or after 1 January 2013. The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The Company does not expect that this amendment will have an impact on the financial position or performance of the Company.

- **IAS 27 Separate Financial Statements (Revised)**

  The Standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. Earlier application is permitted. The Company does not expect that this amendment will have an impact on the financial position or performance of the Company.

- **IAS 28 Investments in Associates and Joint Ventures (Revised)**

  The Standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. As a consequence of the new IFRS 11 Joint arrangements and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The Company does not expect that this amendment will have an impact on the financial position or performance of the Company.

- **IAS 32 Financial Instruments: Presentation (Amended) - Offsetting Financial Assets and Financial Liabilities**

  The amendment is effective for annual periods beginning on or after 1 January 2014.These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The Company does not expect that this interpretation will have an impact on the financial position or performance of the Company.

- **IFRS 7 Financial Instruments: Disclosures (Amended) - Offsetting Financial Assets and Financial Liabilities**

  The amendment is effective for annual periods beginning on or after 1 January 2013. These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The Company does not expect that this interpretation will have an impact on the financial position or performance of the Company.

- **IFRS 9 Financial Instruments: Classification and Measurement**

  The new standard is effective for annual periods beginning on or after 1 January 2015. IFRS 9, as issued, reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of financial assets, but will not have an impact on classification and measurements of financial liabilities. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued. This standard has not yet been endorsed by the EU.

- **IFRS 10 Consolidated Financial Statements**

  The new standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The Company does not expect that this interpretation will have an impact on the financial position or performance of the Company.

- **IFRS 11 Joint Arrangements**

  The new standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The Company does not expect that this interpretation will have an impact on the financial position or performance of the Company.

- **IFRS 12 Disclosures of Interests in Other Entities**

  The new standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The new standard has only disclosure effects.

- **IFRS 13 Fair Value Measurement**

  The new standard is effective for annual periods beginning on or after 1 January 2013. IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Company does not expect that this interpretation will have a significant on its financial position or performance. However, IFRS 13 expands the disclosure requirements about methods and judgments in respect of fair value estimations.

- **IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine**

  The interpretation is effective for annual periods beginning on or after 1 January 2013.This interpretation applies to waste removal (stripping costs) incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. Management has assessed that the amendment has no impact on the Company's financial position or performance.

- The IASB has issued the Annual Improvements to IFRSs – 2009 – 2011 Cycle, which contains amendments to its standards and the related Basis for Conclusions. The annual improvements project provides a mechanism for making necessary, but non-urgent, amendments to IFRS. The effective date for the amendments is for annual periods beginning on or after 1 January 2013. Earlier application is permitted in all cases, provided that fact is disclosed. Management has assessed that the amendments have no impact on the Company's financial position or performance.

  – ***IAS 1 Presentation of Financial Statements:*** This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period.

  – ***IAS 16 Property, Plant and Equipment:*** This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

- ***IAS 32 Financial Instruments, Presentation:*** This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

- ***IAS 34 Interim Financial Reporting:*** The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

● **Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)**

The guidance is effective for annual periods beginning on or after 1 January 2013. The IASB issued amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application' in IFRS 10 is defined as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief. This guidance has not yet been endorsed by the EU. Management has assessed that the guidance will have no impact on the Company's financial position or performance.

● **Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)**

The amendment is effective for annual periods beginning on or after 1 January 2014. The amendment applies to a particular class of business that qualify as investment entities. The IASB uses the term 'investment entity' to refer to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds. Under IFRS 10 Consolidated Financial Statements, reporting entities were required to consolidate all investees that they control (i.e. all subsidiaries). The Investment Entities amendment provides an exception to the consolidation requirements in IFRS 10 and requires investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendment also sets out disclosure requirements for investment entities. This amendment has not yet been endorsed by the EU. Management has assessed that the amendments will have no impact on the Company's financial position or performance.

● **IFRIC Interpretation 21: Levies**

The interpretation is effective for annual periods beginning on or after 1 January 2014. The Interpretations Committee was asked to consider how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements. This interpretation is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. This interpretation has not yet been endorsed by the EU. Management has assessed that this interpretation will have no impact on the financial position or performance of the Company.

● **IAS 36 Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets**

This amendment is effective for annual periods beginning on or after 1 January 2014. In developing IFRS 13 the IASB decided to amend IAS 36 to require the disclosure of information about the recoverable amount of impaired assets, particularly if that amount is based on fair value less costs of disposal. In particular, instead of requiring an entity to disclose the recoverable amount of an asset (including goodwill) or a cash-generating unit for which a material impairment loss was recognised or reversed during the reporting period, the amendment made to IAS 36 required an entity to disclose the recoverable amount of each cash generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit is significant in comparison with the entity's total carrying amount of goodwill or of intangible assets with indefinite useful lives. This amendment has not yet been endorsed by the EU. Management has assessed that this amendment will have no impact on the financial position or performance of the Company.

(C) IFRS first-time adoption

Estimates

The estimates at 1 January 2010, at 31 December 2010, 31 December 2011 and 31 December 2012 are consistent with those made for the same dates in accordance with Romanian GAAP and in accordance to IFRS principles and reflect conditions as of those dates.

Company reconciliation of equity as at 1 January 2010 (date of transition to IFRS)

Management assessed that no significant adjustments are to be made in restating its local GAAP Financial Statements as of 1 January 2010.

	Local GAAP	*Adjustments*	*IFRS as at 1 January 2010*
ASSETS			
Non-current asset			
Investment property	–	24,551,177	24,551,177
Intangibles	–	–	–
Property, plant and equipment	62,129	–	62,129
	62,129	24,551,177	24,613,306
Current assets			
Inventory property	59,778,847	(24,551,177)	59,778,847
Trade receivables	431,718	–	431,718
Other receivables	8,294,481	–	8,294,481
Income tax receivables	–	–	–
Advances to suppliers	3,447	–	3,447
Cash and cash equivalents	3,439,548	–	3,439,548
	71,948,041	(24,551,177)	32,227,670
TOTAL ASSETS	72,010,170	–	72,010,170
EQUITY AND LIABILITIES			
Equity			
Issued share capital	355	–	355
Retained earnings	(12,574,086)	–	(12,574,086)
Shareholder loan – additional contribution	–	–	–
	(12,573,731)	–	(12,573,731)
Non-current liabilities			
Interest bearing loans and borrowings	6,381,663	–	6,381,663
Guarantees payables	–	–	–
Deferred income tax liability	–	–	–
	6,381,663	–	6,381,663
Current liabilities			
Trade payables	19,751,484	–	19,751,484
Interest bearing loans and borrowings	49,625,924	–	49,625,924
Other payables	8,824,830	–	8,824,830
	78,202,238	–	78,202,238
Total equity and liabilities	72,010,170	–	72,010,170

Company reconciliation of equity as of 31 December 2012

	Notes	Local GAAP	Adjustments	IFRS as at 31 December 2012
ASSETS				
Non-current asset				
Investment property	1	3,534,381	12,143,119	15,677,500
Intangibles		–	–	–
Property, plant and equipment		403,315	22,934	426,249
		3,937,696	12,166,053	16,103,749
Current assets				
Inventory property	2	49,821,312	2,338,464	52,159,776
Trade receivables	3	2,781,478	(1,758,688)	1,022,790
Other receivables		410,644	(0)	410,644
Income tax receivable		278,195	0	278,195
Advances to suppliers		23,816	0	23,816
Cash and cash equivalents		530,490	(0)	530,490
		53,845,935	579,776	54,425,711
TOTAL ASSETS		57,783,631	12,745,829	70,529,460
EQUITY AND LIABILITIES				
Equity				
Issued share capital	4	339	16	355
Retained earnings		(29,431,663)	17,828,439	(11,603,224)
Loss for the year		(5,757,468)	(6,882,734)	(12,640,202)
Shareholder loan – additional contribution	5	–	3,975,697	3,975,697
		(35,188,792)	14,921,418	(20,267,374)
Non-current liabilities				
Interest bearing loans and borrowings		37,000,000	–	37,000,000
Deferred income tax liability		–	1,874,512	1,874,512
		37,000,000	(1,874,512)	38,874,512
Current liabilities				
Trade payables	3	4,036,082	(1,758,688)	2,277,394
Interest bearing loans and borrowings	5	51,841,816	(2,291,452)	49,550,364
Other payables		94,525	38	94,564
		55,972,423	(4,050,101)	51,922,322
Total equity and liabilities		57,783,631	12,745,829	70,529,460

Company reconciliation of total comprehensive income for the year ended 31 December 2012

	Notes	*Local GAAP*	*Adjustments*	*For the year ended 31 December 2012*
Rental income		1,175,408	–	1,175,408
Sales of inventory property		584,471	–	584,471
Cost of sales – investment property		(426,337)	–	(426,337)
Other operating income		2,422,801	–	2,422,801
Operating expenses	8	(5,079,099)	(619,080)	(5,698,179)
Fair value adjustment on investment property	6	–	(7,156,657)	(7,156,657)
Operating profit/(loss)		(1,322,756)	(7,775,737)	(9,098,493)
Finance cost, net	7	(4,434,712)	294,815	(4,139,897)
Profit/(Loss) before tax		(5,757,468)	(7,480,922)	(13,238,390)
Income tax (expense)/credit		–	598,188	598,188
Loss for the year		(5,757,468)	(6,882,734)	(12,640,202)

Notes to the reconciliation of equity as at 1 January 2010 and as at 31 December 2012 and total comprehensive income for the year ended 31 December 2012

1. As at 31 December 2012 the market value of the investment property was determined based on the valuation report prepared by an independent real estate valuation experts using recognised valuation techniques. Under local GAAP the investment property is recognized as property plant and equipment and it is valued at cost, depreciated over their useful economic life.

2. As at 31 December 2012 the inventory property is stated at the lower of cost and net realisable value (NRV). Under local GAAP part of these assets are classified as the investment property, and the related fair value adjustment is reversed.

3. As at 31 December 2012 the trade receivables is adjusted to reflect the advances invoiced and not collected netted off against the payables line while under local GAAP the amounts are presented on the gross basis.

4. Under IFRS the share capital is stated in EUR at historical exchange rate, whereas under local GAAP the share capital it is presented in RON and translated at closing exchange rate.

5. Under IFRS the Company recognized the loan from the shareholders at fair value of the consideration received, being the present value of all future cash receipts discounted using the market interest rate for such loan, which was estimated by management to be 5 per cent. The difference between the fair value of the long term loan and the cash received, of EUR 4,732,973, was recognized as an equity component in the statement of financial position, net of the related deferred tax liability impact of EUR 757,276. An additional borrowing cost of EUR 1,846,374 was recorded under IFRS in order to account for the notional interest expense.

6. Under local GAAP the Company records depreciation in relation to the property plant and equipment, while under IFRS investment property is valued at fair value based on the valuation report prepared by an independent real estate valuation expert.

7. Difference in finance costs is explained by the notional interest (please see point 5, above) and foreign currency translation differences generated by the RON to EUR conversion of the amounts presented under IFRS.

8. Cumulative effect of depreciation expense of EUR 287,809 recorded for local GAAP purposes (see note 6) and opposite impact of fit out costs which are expensed under IFRS while on local GAAP they are deducted from guarantees payable.

9. Deferred tax is not recognised for local GAAP purposes.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of Financial Information in conformity with the IFRS as adopted by the EU requires the management to make certain critical accounting estimates, judgement and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the Financial Information, and the reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgments in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual results could differ from management's estimates. Revisions to accounting estimates are reviewed periodically and, as adjustments become necessary, they are recognised in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Company's accounting policies, the management makes the following judgements and estimates which have a significant effect on the classification and measurement of the financial statement elements:

(a) Selection of functional currency

The Company used its judgment, based on the criteria outlined in IAS 21,and determined that the functional currency of the company is the EUR. The EUR is also the presentation currency of the Financial Information.

(b) Classification of property

The Company determines whether a property is classified as investment property or inventory property:

– Investment property comprises land and buildings (principally offices, commercial warehouse and retail property) which are not occupied substantially for use by, or in the operations of, the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

– Inventory property comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that the Company develops and intends to sell before or on completion of construction. When construction is complete and the Company is waiting for prospective buyers, it leases the property units at market rates to earn revenues partly to cover expenses. Because it is in the Company's ordinary course of business to hold property for short-term sale rather than for long-term capital appreciation, the entire property (including the leased units) is accounted for and presented as inventory, as long as it remains the intention to sell the property in the short term. The rent received is included in revenues and does not represent a reduction in the cost of inventory.

(c) Estimation of net realisable value for inventory property

Inventory property is stated at the lower of cost and net realisable value (NRV).

NRV for completed inventory property is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Company in the light of recent market transactions.

NRV in respect of inventory property under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less an estimate of the time value of money to the date of completion.

(d) Valuation of property

The fair value of investment property is determined by independent real estate valuation experts using recognised valuation techniques. These techniques comprise the Sales comparison method, the Cost approach method, the Income approach method.

The sales comparison method compares the subject property with quoted prices of similar properties from the same location (or similar areas around). In preparing the valuation reports on the Company's investment property, the external appraisers excluded distressed sales when considering comparable sales prices.

The cost approach is principally used for the valuation of specialised property, which is property that is rarely, if ever, sold in the market. Starting from the replacement cost new, necessary adjustments for obsolescence are made in order to reflect the difference in value of the subject property and a new modern equivalent.

For income generating properties, various methods are used to indicate value, all of which share the common characteristic that the value is based on actual or estimated income that is or could be generated by a potential owner.

The income capitalization method takes into consideration the income that a property is expected to generate if leased out assuming a stabilized occupancy level, and applying to that income a capitalization rate reflecting the investors' interest in a property of this kind. This method, often known as all risks yield method cannot be reliably used where the income is expected to change in future periods to an extent greater than that generally expected in the market.

When a more sophisticated analysis of risk is required, various forms of discounted cash flows models can be used. Valuators typically use Discounted Cash-Flow Analysis (DCF), which implies income projections of the property for a discrete period of time, usually between 5-10 years.

The Discounted Cash Flow Method involves the projection of a series of periodic cash flows either to an operating property or a development property. To this projected cash flow series, an appropriate, market derived discount rate is applied to establish an indication of the present value of the income stream associated with the property. The calculated periodic cash flow is typically estimated as gross rental income less vacancy and collection losses and less operating expenses/outgoings. A series of periodic net operating incomes, along with an estimate of the exit value anticipated at the end of the projection period, are discounted to present value. The aggregate of the net present values equals the market value of the property.

Management has reviewed the appraisers' assumptions underlying discounted cash flow models and confirmed that factors such as the discount rate have been appropriately determined considering the market conditions at the end of the reporting period.

Forecasts of net operating income are based on leases signed as at the valuation date, the estimated rental values for existing leases at expiry and the estimated achievable rental values in relation to the existing vacancies. The valuers' assessments of non-recoverable expenses are based on experience of comparable properties and information on historical costs provided by the Company.

Volatility in the global financial system is reflected in commercial real estate markets. There was a significant reduction in transaction volumes in 2010 and 2011 and, to a lesser extent, in 2012. Therefore, in arriving at estimates of market values as at 31 December 2010, 31 December 2011 and 31 December 2012, the independent valuation experts used their market knowledge and professional judgment 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.

Changes in the economic conditions of the Romanian real estate market may not be captured in its totality since valuation dates do not always coincide with financial year end dates.

(e) Operating lease contracts – the Company as lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company 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 these property and so accounts for the leases as operating leases.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Functional currency and presentation currency

The Financial Information is presented in Euro, which is the Company's functional and presentation currency. This Financial Information is based on the Statutory accounting records, with adjustments and reclassifications recorded for the purpose of fair presentation in accordance with IFRS principles, as applicable to this Financial Information.

4.2 Foreign currency translation

Foreign currency transactions during the period are initially recorded in the functional currency at the exchange rates approximating those ruling on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies other than the Company's functional currency are retranslated at the rates of exchange prevailing on the statement of financial position. Gains and losses on translation are taken to profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.3 Investment property

Property that is held for long term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property and accounted for under International Accounting Standard 40 "Investment Property".

Investment properties are initially measured at cost, including transaction costs. Such cost includes the cost of replacing part of the investment property, if the recognition criteria are met. When a major inspection is performed, its cost is recognised in the carrying amount of the investment property as a replacement, if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit and losses incurred.

Investment property is subsequently remeasured at fair value, which is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the year in which they arise. For the purposes of these financial statements, in order to avoid double accounting, the assessed fair value is:

- Reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and/or minimum lease payments
- Increased by the carrying amount of any liability to the superior leaseholder or freeholder that has been recognised in the balance sheet as a finance lease obligation.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

4.4 Inventory property

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory property and is measured at the lower of cost and net realisable value.

Cost includes:

– Freehold and leasehold rights for land
– Amounts paid to contractors for construction

– Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs

Non refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale.

The cost of inventory property recognised in profit or loss on disposal is determined with reference to the

specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

4.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhead costs, are normally charged to profit or loss account in the period when they are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain/loss arising on disposal of asset is included in profit or loss account in the year the item is derecognized.

Construction in progress represents plant and properties under construction and is stated at cost, less any impairment loss. This includes cost of construction and other direct costs. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged on a straight-line basis over the estimated useful lives of the assets. The rates of depreciation used are based on the following estimated useful lives:

	Useful lives
Equipments and machines	4 years
Office furniture and fixture	9 years

The useful lives, residual values and depreciation method are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from items in property, plant and equipment.

Property, plant and equipment are reviewed annually for any indications of impairment. If indicators that an impairment loss may have occurred are present, the Company makes a formal estimate of the recoverable amount of the cash generating unit or asset. The recoverable value is the higher of value in use and fair value less costs to sell.

4.6 Revenue recognition

Revenue is recognized when the amount of revenue and associated costs can be reliably measured, it is probable that economic benefits associated with the transaction will be realized, and the stage of completion of the transaction can be reliably measured.

This concept is applied to the key-revenue generating activities of the Company as follows:

Rental income

Rental income is measured at the fair value of the consideration received or receivable, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such a basis. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option. Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the income statement when the right to receive them arises.

Sale of completed property

A property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

Service charges and expenses recoverable from tenants

Income arising from expenses recharged to tenants is recognised in the period in which the compensation becomes receivable. Service charges and other such receipts are netted of with the related costs in expenses.

Interest income

Interest from all interest-bearing assets and liabilities is recognized as net interest income using the effective interest method. The effective interest rate is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or expense over the relevant period using the estimated future cash flows. The estimated future cash flows used in this calculation include those determined by the contractual terms of the asset or liability, all fees that are considered to be integral to the effective interest rate, direct and incremental transaction costs, and all other premiums or discounts.

4.7 Trade and other receivables

Trade and other receivables are carried at the original invoiced amounts less any allowances recorded for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due, according to the original terms of sale. The amount of the allowance is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market interest rate available for similar borrowers. Bad debts are written off when management believes that collection is no longer possible.

4.8 Cash and cash equivalents

For purposes of the statement of cash flows, the Company's cash and cash equivalents include highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of change in value. Such investment includes cash in hand and balances at banks and short term deposits with banks.

4.9 Loans and Borrowings

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

Interest free long term loan from the parent is recognised initially at fair value of the consideration received. The fair value of a financial instrument on initial recognition is normally the transaction price (i.e. the fair value of the consideration given or received) However, if part of the consideration given or received is for something other than the financial instrument, the fair value of the financial instrument is estimated using a valuation technique. The fair value of a long term loan that carries no interest is estimated as the present value of all future cash receipts discounted using the prevailing market rate of interest for a similar instrument with a similar credit rating. As the substance of a financial instrument, rather than its legal form, governs its classification on the entity's statement of financial position therefore the differential between the fair value of the long term loan at origination and the cash received is recognised as equity component in the statement of financial position (additional contribution from shareholders).

Differences between proceeds (net of transactions costs) and the redemption value are recognized in the profit or loss over the period of the borrowings, as borrowing costs.

4.10 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.11 Taxation

Income tax on the results for the period represents the sum of current tax and deferred tax. Income tax is recognized in the profit of loss, except when it relates to items charged or credited directly to equity, in which case it is recognized directly to equity.

Current tax

Current tax is based on taxable profit of the period. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The Company is in the position to carry forward the loss for a period of seven years beginning with losses incurred in 2009 (five years for losses incurred before 2009).

The Company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

4.12 Provisions

A provision is recognized when, and only when, the Company has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

4.13 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. The particular measurement methods adopted are disclosed in individual policy statements associated with each item.

Financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on derecognition of financial assets and financial liabilities are taken to profit and loss account.

4.14 Offsetting of financial instruments

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

4.15 Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Company of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

4.16 Tenant security deposits

Tenant security deposits represent advances made by lessees as guarantees during the lease period and are repayable by the Company upon termination of lease contracts.

Tenant deposits liabilities are initially recognised at fair value and subsequently measured at amortised cost where material. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognised on a straight-line basis over the lease term.

4.17 Leases – Company as lessor

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Leases in which the Company does not transfer substantially all the risk and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

4.18 Operating segment reporting

An operating segment is a component of an entity:

(a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),

(b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and

(c) for which discrete financial information is available.

The Company itself will not be listed and does not fall within the scope of IFRS 8; moreover, the Company assessed that it has only one operating segment.

5. RENTAL INCOME AND SALES OF INVENTORIES

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Rental income	1,175,408	52,839	–
Sales of inventory property	584,471	32,303,591	–
Cost of sales – inventory property	(426,337)	(17,805,306)	–
Gros profit on disposal of inventory property	158,134	14,498,285	–

6. OTHER OPERATING INCOME

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Other income	2,422,801	1,184,520	570,672
	2,422,801	1,184,520	570,672

Other income includes mainly income recorded as a result of cancellation of pre-sale agreements for which the advances collected were not returned.

7. OPERATING EXPENSES

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Building operating cost	956,263	416,121	184,475
Doubtful debts allowance	375,847	80,557	–
Depreciation expense	34,572	20,010	19,705
Other third parties services	3,007,587	5,846,270	390,015
Other operating expenses	1,323,910	4,129,642	4,731,007
Total	5,698,179	10,492,600	5,325,202

Building operating costs for the period ended 31 December 2012 are presented net of service charge income of EUR 3,604 (2011: nil, 2010: EUR 21,159).

8. FINANCE COSTS AND FINANCE INCOME

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Finance income			
Interest income	2,745	8,915	122,656
Foreign exchange gain	78,023	1,630,104	13,894
Total finance income	80,768	1,639,019	136,550
Finance costs			
Interest expense	(4,220,665)	(3,792,205)	(295,059)
Total finance costs	(4,220,665)	(3,792,205)	(295,059)

9. INCOME TAX

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Current income tax	–	–	(1,960)
Deferred tax income (expenses/credit)	598,188	(1,041,379)	(208,993)
Income tax (expense)/credit per profit or loss	598,188	(1,041,379)	(210,953)

Current income tax

The Company's current income tax is determined on the basis of statutory profits adjusted for non-deductible expenses and non-taxable incomes at a rate of 16 per cent..

The Company was in a fiscal loss position at the end of 2012, therefore no current income tax was applicable.

In 2010, the Romanian authorities imposed a minimum tax payable by the companies irrespective of whether they have income or loss. The minimum tax installments were set according to the turnover. The Company paid for 2010 EUR 1,960. During 2011 the minimum income tax was abolished and the Company did not record any current income tax expense.

Deferred Income Tax

	Statement of Financial Position		
	31 December 2012	*31 December 2011*	*31 December 2010*
Fair Value adjustment on investment property	1,117,236	1,420,005	208,994
Shareholder loan – additional contribution	757,276	529,419	–
Deferred income tax liability	1,874,512	1,949,424	208,994

	Statement of Comprehensive Income		
	For the year 2012	*For the year 2011*	*For the year 2010*
Fair Value adjustment on investment property	302,768	(1,211,011)	(208,993)
Deferred tax related to shareholder loan equity component	295,420	169,632	–
Deferred income tax (expense)/credit	598,188	(1,041,379)	(208,993)

	Equity		
	For the year 2012	*For the year 2011*	*For the year 2010*
Deferred tax related to shareholder loan equity component	(227,857)	(529,419)	–
Deferred income tax reported in equity credit/(debit)	(227,857)	(529,419)	–

The reconciliation of income tax applicable to accounting profit before income tax at the statutory income tax rate applicable is as follows:

	31 December 2012	*31 December 2011*	*31 December 2010*
Accounting profit/(loss) before income tax	(13,238,390)	16,100,663	(13,892,304)
Income tax at 16%	(2,118,142)	2,576,106	(2,222,769)
Tax losses for which no deferred tax asset is recognized	673,739	758,645	707,932
Permanent differences	846,215	(2,293,372)	1,725,790
Deferred tax (credit)/expense	(598,188)	1,041,379	210,953
Effective tax rate	(4.52%)	6.47%	(1.52%)

The Company's current income tax is determined on the basis of statutory profits adjusted for non-deductible expenses and non-taxable incomes at a rate of 16 per cent.

Unused tax losses that can be detailed as follows: 31 December 2012 EUR 4,815,645, 31 December 2011 EUR 3,772,056, 31 December 2010 EUR 8,592,933 and 31 December 2009 EUR 4,214,022. The tax losses prior to 2009 can be utilized against taxable profits over a period of five years following the year in which the tax losses have arisen. Tax losses specifically since 2009 can be carried forward over a period of seven years. The Company is waiting until taxable profits are available to utilize the fiscal losses carried forward and as a result no deferred tax asset was recorded in this respect.

10. INVESTMENT PROPERTY

	Investment property
Balance as of 31 December 2009	24,551,177
Additions during the year	–
Disposals during the year	–
Fair value adjustment gain/(loss)	(8,979,265)
Balance as of 31 December 2010	15,571,912
Additions during the year	–
Disposals during the year	(3,361,543)
Fair value adjustment gain/(loss)	10,623,789
Balance as of 31 December 2011	22,834,158
Additions during the year	–
Disposals during the year	–
Fair value adjustment gain/(loss)	(7,156,658)
Balance as of 31 December 2012	15,677,500

Investment property comprise of: residential complex located in Bucharest Fabrica de Glucoza Street having main view towards Tei Lake. The complex delivered in December 2010, contained 571 apartments in two towers of 16 floors high, 5,727 sq m of commercial space at ground floor, 419 storage spaces and 616 underground parking spaces. Until 31 December 2012, 154 apartments were sold and at the end of 2012 the Company still owned 417 apartments, out of which 162 apartments were rented, 53 up ground parking spaces and 544 underground parking spaces and 384 storage spaces. All the commercial spaces are rented and the complex includes also a fitness center.

The Company classified as investment property the commercial spaces, parking spaces and storage area, while the apartments are classified as inventory property.

Investment property is stated at fair value, which has been determined based on valuations performed by Caldwell Banker Research and Valuation, an accredited independent valuer, which is an industry specialist in valuing these types of investment properties.

The fair values of EUR 15,677,500 as of 31 December 2012, EUR 22,834,158 as of 31 December 2011 and EUR 15,571,912 as of 31 December 2010 were obtained using the income approach — discounted cash flow analysis method for commercial spaces and market approach for the parking places and storage area.

The significant assumptions made relating to valuations are set out below:

	2012	*2011*	*2010*
Fixed monthly rent (EUR/sqm – for commercial spaces)	13,50	18.75-19.50	8.50
Comparable selling price (EUR/unit – for parking spaces only)	11,300	15,200	12,000
Reversionary yield/Perpetuity discount rate	9.75%	9-10%	9.00%
Vacancy rate used in perpetuity	0-15%	0-15%	5%
Vacancy rate used in initial years	n/a	n/a	5-50%
Initial discount (yield) rate	n/a	n/a	10.5%

The Company capitalized borrowing costs of EUR 7,207,833 in 2010 and EUR 11,058,243 in 2011. In 2012 no borrowing costs were capitalized.

INVENTORY PROPERTY

The Company develops residential property, which it sells in the ordinary course of business.

The reception of the apartments was concluded on 15 December 2010 and thus transferred from work in progress to finished goods.

It is noted that as per IAS 2 Inventories are stated at the lower of cost and net realisable value. Carrying value of inventories as of 31 December 2012 of Euro 52,159,776 represent the construction cost of the apartments at historic values. Based on a valuation performed by an independent valuer, the fair value of the apartments as of 31 December 2012 is Euro 86,985,900, therefore, bringing the total fair value of Investment and Inventory properties as at 31 December 2012 to Euro 102,663,400.

11. TRADE RECEIVABLES

	As at 31 December 2012	*As at 31 December 2011*	*As at 31 December 2010*
Trade receivables	1,479,194	1,027,760	1,745,443
Allowance for doubtful debts	(456,404)	(80,557)	–
Trade receivable - net	1,022,790	947,203	1,745,443

The balance represents the amount receivable from tenants.

The movement of the allowance of doubtful debts is presented below:

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Opening balance	80,557	–	–
Additional allowance for the period	375,847	80,557	–
Accounts written off	–	–	–
Unused amounts reversed	–	–	–
Closing balance	456,404	80,557	–

The ageing analysis of the trade receivables is presented below:

		Past due but not impaired					
	Neither past due nor impaired	*0-30 days*	*31 – 60 days*	*61 – 90 days*	*91 – 120 days*	*>120 days*	*Total*
2012	121,184	209,480	66,118	69,647	554,599	1,762	1,022,790
2011	–	27,857	33,377	165,800	–	720,169	947,203
2010	–	3,141	5,081	–	–	1,737,221	1,745,443

The Company did not record allowance for receivables older than 91-120 days as they mostly consist of related party balances and third party balances which were collected subsequent to the balance sheet date.

12. OTHER RECEIVABLES

	As at 31 December 2012	*As at 31 December 2011*	*As at 31 December 2010*
Prepayments	24,287	29,663	4,778
Other receivables	379,545	795,446	4,524,667
Social security and salaries	6,812	10,602	9,402
	410,644	835,710	4,538,847

Other receivables mainly include VAT receivable.

13. CASH AND CASH EQUIVALENTS

Cash at bank	*As at 31 December 2012*	*As at 31 December 2011*	*As at 31 December 2010*
Local currency	278,159	169,268	79,351
Foreign currency	251,751	968,944	915,752
Petty cash	580	5,834	4,323
	530,490	1,144,046	999,426

14. ISSUED SHARE CAPITAL

	As at 31 December 2012	*As at 31 December 2011*	*As at 31 December 2010*
Authorized share capital			
150 ordinary shares with a nominal value of RON 10 each	355	355	355
Issued and fully paid			
150 ordinary shares of RON 10 each	355	355	355

The Company was incorporated on 5 April 2007 with a share capital of RON 1,500, divided into 150 shares of 10 RON each. These shares are owned by existing shareholders in the proportion of 50 per cent. by Milabrin Limited and 50 per cent. by Tomafer Limited.

15. LOANS AND BORROWINGS

Loans and borrowings consist of the following:

	Note	*As at 31 December 2012*	*As at 31 December 2011*	*As at 31 December 2010*
Current				
Due to shareholders – Principal	15.2	47,864,934	41,863,083	29,686,385
Due to shareholders – Interest	15.2	685,430	485,582	364,805
Due to credit institutions – Principal (NGB) – EUR	15.1	1,000,000	4,000,000	10,000,000
Due to credit institutions- Interest (NGB) – LEI	15.1	–	–	3,171,257
Total current		49,550,364	46,348,665	43,222,447
Non current				
Due to credit institutions (NBG) – EUR	15.1	37,000,000	36,000,000	40,000,000
Total non-current		37,000,000	36,000,000	40,000,000
Total (current + non-current)		86,550,364	82,348,665	83,222,447

15.1 This represents a credit facility under loan agreement executed between the Company, "Banca Romaneasca" Bank and National Bank of Greece and Bank of Cyprus, for the purpose of financing its funding requirements. Under the terms of the said agreement, the Company has secured a credit facility of EUR 40 million to finance the cost of the project and refinance own investments. The said facility carries interest at the rate of 3 months EURIBOR plus a margin of 4.75 per cent., payable quarterly in arrears and the repayment date of the loan agreement is July 31, 2015.

NBG and Bank of Cyprus have first rank aggregate mortgage on the land and on the building erected on it, pledge over the bank accounts, pledge over the future and past assets and assignment of receivables arising from lease agreements, hedging arrangements, insurance policies and others. Since 2010, Bank of Cyprus also has second rank mortgage on the land and on the building erected on it (see note 10 for more details on the property).

15.2 The balance represents short-term borrowings contracted with the present shareholders, Milabrind Limited and Tomafer Limited and there are no collaterals attached to them. The loans are denominated in EUR and carry an interest of 0.5 per cent. each and are repayable in full at the end of the loan term (12 December 2013).

The Company recognized the loan from the shareholders at fair value of the consideration received, being the present value of all future cash receipts discounted using the market interest rate for such loan, which was estimated by management to be 5 per cent. The difference between the fair value of the loan and the cash received, of EUR 4,732,973 (2011: EUR 3,308,869), was recognized as an equity component in the statement of financial position, net of the related deferred tax liability impact of EUR 757,276 (2011: EUR 529,419). An additional borrowing cost of EUR 1,846,374 (2011: EUR 1,060,200) as a result of this adjustment was recognized in the profit or loss for the year in relation with this loan, with a corresponding deferred tax credit of EUR 295,420 (2011:169,632) recorded in the profit or loss for the year.

16. TRADE PAYABLES

	As at 31 December 2012	*As at 31 December 2011*	*As at 31 December 2010*
Suppliers of utilities and other services	1,789,719	1,032,094	3,498,803
Suppliers of non-current assets	157,672	61,951	2,321
Advance payment from customers	330,003	2,108,308	25,362,906
	2,277,394	3,202,353	28,864,030

17. OTHER PAYABLES

	As at 31 December 2012	*As at 31 December 2011*	*As at 31 December 2010*
Social securities	20,418	6,981	7,303
Other payables	74,146	110,262	11,604,732
	94,564	117,243	11,612,035

Other payables of EUR 11,604,732 as at 31 December 2010 consist of guarantees retained from suppliers due in less than one year.

18. COMMITMENTS

As of 31 December 2010 the Company had a commitment for the construction works performed by Lufin Construct SRL. The total amount agreed for the residential phase based on the construction agreement was EUR 74,740,822. On 24 January 2011, an amendment to the construction agreement was signed, establishing a new completion date (i.e. 28 February 2011 and 31 March 2011 respectively), for specific works) and the final cost agreed for the residential phase amounted to EUR 80,330,822, comprising:

a. EUR 74,740,822 – the amount agreed for the residential phase based on the construction agreement.
b. EUR 5,590,000 – the price of all variations, related to the residential phase.

Until 31 December 2010, the constructor billed only EUR 1,000,000 out of the amount EUR 5,590,000, while the remaining difference of EUR 4,590,000 was billed in 2011.

Operating leases

The Company has entered into leases on its property portfolio (commercial spaces, offices and apartments).

The commercial property leases typically have lease terms between 5 and 20 years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Some leases contain options to break before the end of the lease term.

The future minimum lease payments under non-cancellable operating leases are as follows:

	31 December 2012 EUR	*31 December 2011 EUR*	*31 December 2010 EUR*
Not later than 1 year	629,253	–	–
Later than 1 year and not later than 5 years	2,499,983	–	–
Later than 5 years	3,727,113	–	–
Total operating lease receivable	6,856,349	–	–

The Company is also a lessor in operating leases involving apartments, which are cancellable agreements.

19. CONTINGENCIES

Taxation

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

The Company believes that it has paid in due time and in full all applicable taxes, penalties and penalty interests in the applicable extent

In Romania, the tax position is open to further verification for 5 years.

Transfer pricing

According to the applicable relevant Romanian tax legislation, the tax assessment of related party transactions is based on the concept of market value for the respective transfers. Following this concept, the transfer prices should be adjusted so that they reflect the market prices that would have been set between unrelated companies acting independently (i.e. based on the "arm's length principle").

It is likely that transfer pricing reviews will be undertaken in the future in order to assess whether the transfer pricing policy observes the "arm's length principle" and therefore no distortion exists that may affect the taxable base of the Romanian tax payer. The Company could not estimate the potential impact of a transfer pricing review.

20. SUBSEQUENT EVENTS

Initial public offering

In February 2013, Globalworth Real Estate Investments Limited, a company registered in Guernsey, commenced preparations for an initial public offering in the AIM market of the United Kingdom. Following the completion of the initial public offering, it is expected that 100 per cent. of the Company's shares will be acquired by Globalworth Real Estate Investments Limited should a relevant Sale and Purchase Agreement be agreed and signed with existing shareholders.

21. CAPITAL MANAGEMENT

Capital includes equity attributable to the equity holders of the parent. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares or convert the shareholder loan into equity.

Given the nature of the Company's activity, there are no specific ratios that are computed and monitored for capital structure or return on capital.

Under Romanian legislation (Law 31/1990 as amended and updated (Article 153.24) if the annual statutory financial statements indicate that the net assets value (the equivalent of total equity) of a company is less than 50 per cent. of its share capital value, then remedial action should be taken by the administrators and shareholders or any interested party can request the Court of Registration to dissolve the company, subject to subsequent action that may be taken by the affected company to resolve the situation within a period as specified by the Court of Registration. The Company as of 31 December 2012 has net statutory assets value less than 50 per cent. of its share capital value.

22. RELATED PARTIES TRANSACTIONS

The Company's related parties are the shareholders and all entities controlled by Ioannis Papalekas, as well as the Company's Directors.

22.1 Material related party transactions

Loans from the shareholders are set out in note 15 “Loans and borrowings”.

Other related parties balances and transactions (including VAT) are disclosed below:

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Trade and other receivables			
Star Imob Construct SRL	425,453	122,788	283,160
BOC Real Property SRL	–	–	663,876
Total Trade and other receivables	426,221	122,788	947,036
Trade and other payables			
BOC Real Property SRL	657,918	631,511	636,654
Star Imob Construct SRL	114,534	672,301	7,212
BOB Development SRL	–	6,763	6,818
Total Trade and other payables	772,452	1,310,575	650,684
Sales			
Star Imob Construct SRL	1,580,279	5,960,147	–
BOC Real Property SRL	–	265,511	615,631
BOB Development SRL	–	–	196,524
Total sales	1,580,279	6,225,658	812,154
Purchases			
BOC Real Property SRL	112,355	–	3,737,482
Star Imob Construct SRL	1,184,256	194,501	–
BOB Development SRL	–	41,220	–
Total purchases	1,296,612	235,720	3,737,482

22.2 Key management

The Directors of the Company received no remuneration during the years presented.

23. FINANCIAL INSTRUMENTS DISCLOSURES AND FINANCIAL RISK MANAGEMENT

(a) Fair values of financial instruments

Financial instruments in the statement of financial position include trade and other receivables, cash and cash equivalents, loans from shareholders and from credit institutions, trade and other payables. The estimated fair values of these instruments does not differ significantly from their current carrying amounts, especially when they are short-term in nature or their interest rates are changing in line with the change in the current market conditions. The Company was not party to any derivative instruments during the years ended 31 December 2012, 2011 and 2010

(b) Credit risk management

The Company’s activities expose it to a variety of risks. Management is aware and monitors the effects of these risks and events that may have an adverse effect on the Company’s operations.

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company’s policy is to trade with recognized, creditworthy third parties. The Company’s exposure is continuously monitored and spread amongst approved counterparties. The maximum exposure is the carrying amount as disclosed in Notes 11 and 12. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. For related parties it is assessed that there is no significant risk of unrecoverability.

(c) Interest rate risk

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

The shareholders loans bear fixed interest rate. The Company also has bank loans which bear variable interest rate (i.e.: depending on EURIBOR rate).

(d) Liquidity risk

The Company'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 the management. The Company manages liquidity risk by maintaining adequate cash reserves. The following tables detail the Company's remaining contractual maturity for financial liabilities.

	Less than 3 months	*3 months – 1 year*	*1 – 5 years*	*More than 5 years*	*2012 Total*
Trade payables	1,947,391	–	–	–	1,947,391
Other payables	94,564	–	–	–	94,564
Loans and interest borrowings	–	49,798,116	41,535,795	–	91,333,911
Total	2,041,955	49,798,116	41,535,795	–	93,281,302

	Less than 3 months	*3 months – 1 year*	*1 – 5 years*	*More than 5 years*	*2011 Total*
Trade payables	1,094,045	–	–	–	1,094,045
Other payables	117,243	–	–	–	117,243
Loans and interest borrowings	–	46,580,408	42,127,890	–	88,708,299
Total	1,211,288	46,580,408	42,127,890	–	89,919,586

	Less than 3 months	*3 months – 1 year*	*1 – 5 years*	*More than 5 years*	*2010 Total*
Trade payables	3,501,124	–	–	–	3,501,124
Other payables	11,612,035	–	–	–	11,612,035
Loans and interest borrowings	–	43,438,559	48,708,767	–	92,147,326
Total	15,113,159	43,438,559	48,708,767	–	107,206,485

The tables presented above present the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay, and includes both interest and principal cash flows.

(e) Foreign exchange risk

The Company's functional currency is EUR however a part of its transactions are denominated in RON.

The carrying amounts of the Company's monetary assets and monetary liabilities by currency denomination at the reporting date are as follows:

2012

	RON	*EUR*
ASSETS		
Cash and cash equivalents	278,740	251,750
Trade and receivables	1,022,790	–
Other current assets	688,839	–
Total	1,990,369	251,750
LIABILITIES		
Trade and other payables	1,947,391	–
Loans payable	–	86,550,364
Other payable	94,564	–
Other current liabilities	–	–
Total	2,041,955	86,550,364

2011

	RON	*EUR*
ASSETS		
Cash and cash equivalents	175,102	968,944
Trade and receivables	947,203	-
Other current assets	1,120,924	-
Total	2,243,229	968,944
LIABILITIES		
Trade and other payables	1,094,045	–
Loans payable	–	82,348,665
Other payables	117,243	–
Other current liabilities	–	–
Total	1,211,288	82,348,665

2010

	RON	*EUR*
ASSETS		
Cash and cash equivalents	83,674	915,752
Trade and receivables	1,745,443	–
Other current assets	4,538,847	–
Total	6,367,964	915,752
LIABILITIES		
Trade and other payables	3,501,124	–
Loans payable	–	83,222,447
Other payable	11,612,035	–
Other current liabilities	–	–
Total	15,113,159	83,222,447

(f) Foreign currency sensitivity analysis

The Company is mainly exposed to foreign exchange risk in respect of the exchange rate of the RON. The following table details the Company's sensitivity to a 5 per cent. increase and decrease in RON exchange rate against EUR.

5 per cent. 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 period end for a 5 per cent. change in foreign currency exchange rates. A negative number below indicates a decrease in profit where foreign currency strengthens 5 per cent. against RON. For a 5 per cent. weakening of foreign currency against the EUR there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative. Change is mainly attributable to RON denominated loans and trade payable outstanding at year end.

	Increase/ (Decrease)	*Profit and loss effect 2012*	*Profit and loss effect 2011*	*Profit and loss effect 2010*
RON	(5%)	31,798	65,960	1,705,403
RON	5%	(31,798)	(65,960)	1,705,403

Section D – Corinthian Five SRL

Subsection D(i) Accountant's Report on Corinthian Five SRL

The Directors
Globalworth Real Estate Investments Limited
Anson Place
Mill Court
La Charroterie
St Peter Port
Guernsey
GY1 1EY

23 July 2013

Dear Sirs

CORINTHIAN FIVE SRL

We report on the financial information set out in Section D of Part IX of the Admission Document issued by Globalworth Real Estate Investments Limited ("the Company") for the years ended 31 December 2010, 2011 and 2012. This financial information has been prepared for inclusion in the Admission Document dated 24 July 2013 of Globalworth Real Estate Investments Limited on the basis of the accounting policies set out in note 4. This report is required by Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that schedule and for no other purpose.

Save for any responsibility arising under Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the AIM admission document.

Responsibilities

The Directors of Globalworth Real Estate Investments Limited are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of Corinthian Five SRL as at the dates stated and of its profits, cash flows and changes in equity for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the AIM admission document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM admission document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

Ernst & Young Assurance Services SRL

CORINTHIAN FIVE SRL

FINANCIAL INFORMATION

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

As at and for the years ended 31 DECEMBER 2012, 2011 and 2010

STATEMENT OF COMPREHENSIVE INCOME

For the years ended 31 December 2012, 2011 and 2010

(All figures are expressed in EUR)

	Note	*For the year ended 31 December 2012*	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Operating expenses	5	(30,461)	(20)	(21)
Finance costs	6	(66,152)	–	–
Loss before tax		(96,613)	(20)	(21)
Income tax credit (expense)	7	6,723	–	–
Loss for the year		(89,890)	(20)	(21)
Other comprehensive income		–	–	–
Total comprehensive income		(89,890)	(20)	(21)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2012, 2011 and 2010
(All figures are expressed in EUR)

	Note	*As at 31 December 2012*	*As at 31 December 2011*	*As at 31 December 2010*
ASSETS				
Non-current asset				
Intangibles		–	9	30
Investment property under construction	8	3,000,000	–	–
		3,000,000	9	30
Current assets				
Other receivables	9	748,564	–	–
Cash and cash equivalents	10	89,843	49	49
		838,407	49	49
TOTAL ASSETS		3, 838,407	58	79
EQUITY AND LIABILITIES				
Equity				
Issued share capital	11	47	47	47
Retained earnings		(93)	(73)	(52)
Parent loan – equity component	12	573,343	–	–
Loss for the year		(89,890)	(20)	(21)
		483,407	(46)	(26)
Non-current liabilities				
Parent loans	12	3,214,836	104	105
Deferred tax liability	7	102,485	–	–
		3,317,321	104	105
Current liabilities				
Trade payables	13	37,679	–	–
		37,679	–	–
TOTAL EQUITY AND LIABILITIES		3,838,407	58	79

STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December 2012, 2011 and 2010

(All figures are expressed in EUR)

	Note	*Issued share capital*	*Retained earnings*	*Parent loan – equity component*	*Total*
As at 1 January 2010		47	(52)	–	(5)
Loss for the year		–	(21)	–	(21)
Other comprehensive income		–	–	–	-
Total comprehensive income		–	(21)	–	(21)
As at 31 December 2010		47	(73)	–	(26)
As at 1 January 2011		47	(73)	–	(26)
Loss for the year		–	(20)	–	(20)
Other comprehensive income		–	–	–	–
Total comprehensive income		–	(20)	–	(20)
As at 31 December 2011		47	(93)	–	(46)
As at 1 January 2012		47	(93)	–	(46)
Parent loan – equity component	12	–	–	573,343	573,343
Loss for the year		–	(89,890)	–	(89,890)
Other comprehensive income		–	–	–	–
Total comprehensive income		–	(89,890)	–	(89,890)
As at 31 December 2012	11	47	89,983	573,343	483,407

CASH FLOW STATEMENT

For the years ended 31 December 2012, 2011 and 2010

(All figures are expressed in EUR)

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
OPERATING ACTIVITIES			
Loss before taxation	(96,613)	(20)	(21)
Non-cash adjustments:			
Amortization	10	20	21
Interest expense	47,107	–	–
Working capital adjustments:			
(Increase)/Decrease in other receivables	(748,565)	–	–
Increase/(Decrease) in payables	37,855	–	–
Net cash flows from operating activities	(760,206)	–	–
INVESTING ACTIVITIES			
Advances paid for acquisition of investment property	(3,000,000)	–	–
Net cash generated from investing activities	(3,000,000)	–	–
FINANCING ACTIVITIES			
Proceeds of borrowings from Parent	3,850,000	–	(2)
Net cash flows used in financing activities	3,850,000	–	(2)
Net increase/(decrease) in cash and cash equivalents	89,794	–	(2)
Cash and cash equivalents at 1 January	49	49	51
Cash and cash equivalents at 31 December	89,843	49	49

NOTES TO THE FINANCIAL INFORMATION
For the years ended 31 December 2012, 2011 and 2010
(All figures are expressed in EUR)

1. CORPORATE INFORMATION

CORINTHIAN FIVE SRL (hereinafter referred to as the "Company") is a limited liability company incorporated in Romania on 2 July 2007, with a registered office at 3rd, George Constantinescu Street, District 2, Bucharest, Romania, registered with the Trade Registry under the number B2623305, unique fiscal registration number 22036854. The Company's main activity is development and promotion of real estate investments.

Starting with September 2012 the Company is owned by Bakaso Holdings Limited (100 per cent.).

The ultimate owner is Mr. Ioannis Papalekas.

2. BASIS OF PREPARATION

A) General

The Financial Information has been prepared on the historical cost basis. Principal accounting policies applied in the preparation of the Financial Information, as set out below, have been consistently applied throughout the period presented.

The Financial Information has been prepared assuming that the Company will continue as a going concern. The Company has received confirmation of the Parent's continuing support during the next 12 months should the need arise for additional funding of what is or will be available for its operations and/or third party sources.

The Financial Information of the Company has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

The fiscal year end of the Company is 31 December.

This Financial Information, for the year ended 31 December 2012, is the first the Company has prepared in accordance with IFRS as adopted by the European Union. For periods up to and including the year ended 31 December 2012, the Company prepared statutory financial statements in accordance with local generally accepted accounting principles (starting from 1 January 2010 being Ministry of finance Order 3055/2009 with subsequent amendments).

Accordingly, the Company has prepared Financial Information which comply with IFRS as adopted by the European Union applicable for the years ending on 31 December 2012, 2011 and 2010, as described in the summary of significant accounting policies. In preparing the Financial Information, the Company's opening statement of financial position was prepared as at 1 January 2010, the Company's date of transition to IFRS.

Note 2 C) explains the principal adjustments made by the Company in restating its Romanian GAAP financial statements, including the statement of financial position as at 1 January 2010 and the Financial Information as at and for the year ended 31 December 2012.

B) Standards issued but not yet effective and not early adopted

The Company has not early adopted the following standards/interpretations:

- **IAS 1 Financial Statement Presentation (Amended) – Presentation of Items of Other Comprehensive Income**
  The amendment is effective for annual periods beginning on or after 1 July 2012. The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items that will never be

reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Company's financial position or performance.

- **IAS 19 Employee Benefits (Revised)**
  The amendment is effective for annual periods beginning on or after 1 January 2013. The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The Company does not expect that this amendment will have an impact on the financial position or performance of the Company.

- **IAS 27 Separate Financial Statements (Revised)**
  The Standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. Earlier application is permitted. The Company does not expect that this amendment will have an impact on the financial position or performance of the Company.

- **IAS 28 Investments in Associates and Joint Ventures (Revised)**
  The Standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. As a consequence of the new IFRS 11 Joint arrangements and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The Company does not expect that this amendment will have an impact on the financial position or performance of the Company.

- **IAS 32 Financial Instruments: Presentation (Amended) - Offsetting Financial Assets and Financial Liabilities**
  The amendment is effective for annual periods beginning on or after 1 January 2014.These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The Company does not expect that this interpretation will have an impact on the financial position or performance of the Company.

- **IFRS 7 Financial Instruments: Disclosures (Amended) - Offsetting Financial Assets and Financial Liabilities**
  The amendment is effective for annual periods beginning on or after 1 January 2013. These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The Company does not expect that this interpretation will have an impact on the financial position or performance of the Company.

- **IFRS 9 Financial Instruments: Classification and Measurement**
  The new standard is effective for annual periods beginning on or after 1 January 2015. IFRS 9, as issued, reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of financial assets, but will not have an impact on classification and measurements of financial liabilities. The Company will quantify the

effect in conjunction with the other phases, when the final standard including all phases is issued. This standard has not yet been endorsed by the EU.

- **IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements**
  The new standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The Company does not expect that this interpretation will have an impact on the financial position or performance of the Company.

- **IFRS 11 Joint Arrangements**
  The new standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The Company does not expect that this interpretation will have an impact on the financial position or performance of the Company.

- **IFRS 12 Disclosures of Interests in Other Entities**
  The new standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The new standard has only disclosure effects.

- **IFRS 13 Fair Value Measurement**
  The new standard is effective for annual periods beginning on or after 1 January 2013. IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Company does not expect that this interpretation will have a significant impact on its financial position or performance.

- **IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine**
  The interpretation is effective for annual periods beginning on or after 1 January 2013.This interpretation applies to waste removal (stripping costs) incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. Management has assessed that the amendment has no impact on the Company's financial position or performance.

- The IASB has issued the Annual Improvements to IFRSs – 2009 – 2011 Cycle, which contains amendments to its standards and the related Basis for Conclusions. The annual improvements project provides a mechanism for making necessary, but non-urgent, amendments to IFRS. The effective date for the amendments is for annual periods beginning on or after 1 January 2013. Earlier application is permitted in all cases, provided that fact is disclosed. This project has not yet been endorsed by the EU. Management has assessed that the amendments have no impact on the Company's financial position or performance.

  – ***IAS 16 Property, Plant and Equipment:*** This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

  – ***IAS 32 Financial Instruments, Presentation:*** This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

– ***IAS 34 Interim Financial Reporting:*** The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

- **Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)**
  The guidance is effective for annual periods beginning on or after 1 January 2013. The IASB issued amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application' in IFRS 10 is defined as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief. This guidance has not yet been endorsed by the EU. Management has assessed that the guidance will have no impact on the Company's financial position or performance.

- **Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)**
  The amendment is effective for annual periods beginning on or after 1 January 2014. The amendment applies to a particular class of business that qualify as investment entities. The IASB uses the term 'investment entity' to refer to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds. Under IFRS 10 Consolidated Financial Statements, reporting entities were required to consolidate all investees that they control (i.e. all subsidiaries). The Investment Entities amendment provides an exception to the consolidation requirements in IFRS 10 and requires investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendment also sets out disclosure requirements for investment entities. This amendment has not yet been endorsed by the EU. Management has assessed that the amendments will have no impact on the Company's financial position or performance.

- **IFRIC Interpretation 21: Levies**

  The interpretation is effective for annual periods beginning on or after 1 January 2014. The Interpretations Committee was asked to consider how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements. This interpretation is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. This interpretation has not yet been endorsed by the EU. Management has assessed that this interpretation will have no impact on the financial position or performance of the Company.

- **IAS 36 Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets**

  This amendment is effective for annual periods beginning on or after 1 January 2014. In developing IFRS 13 the IASB decided to amend IAS 36 to require the disclosure of information about the recoverable amount of impaired assets, particularly if that amount is based on fair value less costs of disposal. In particular, instead of requiring an entity to disclose the recoverable amount of an asset (including goodwill) or a cash-generating unit for which a material impairment loss was recognised or reversed during the reporting period, the amendment made to IAS 36 required an entity to disclose the recoverable amount of each cash generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit is significant in comparison with the entity's total carrying amount of goodwill or of intangible assets with indefinite useful lives. This amendment has not yet been endorsed by the EU. Management has assessed that this amendment will have no impact on the financial position or performance of the Company.

C) IFRS first-time adoption

The Company has early applied from the **Annual Improvements to IFRSs – 2009 – 2011 Cycle** the improvement related to ***IAS 1 Presentation of Financial Statements:*** This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period.

Estimates

The estimates at 1 January 2010, at 31 December 2010, 31 December 2011 and 31 December 2012 are consistent with those made for the same dates in accordance with Romanian GAAP and in accordance to IFRS principles. The estimates used by the Company to present these amounts in accordance with IFRS reflect conditions at 1 January 2010, the date of transition to IFRS, and as of 31 December 2010, 31 December 2011 and 31 December 2012.

Company reconciliation of equity as at 1 January 2010 (date of transition to IFRS)

Management assessed that no significant adjustments are to be made in restating its Local GAAP financial statements as of 1 January 2010.

	Local GAAP	*Adjustments*	*IFRS as at 1 January 2010*
ASSETS			
Non-current asset			
Intangibles	50	–	50
	50	–	50
Current assets			
Cash and cash equivalents	51	–	51
	51	–	51
TOTAL ASSETS	101	–	101
EQUITY AND LIABILITIES			
Equity			
Issued share capital	47	–	47
Retained earnings	(52)	–	(52)
	(5)	–	(5)
Non-current liabilities			
Parent loans	106	–	106
	106	–	106
Current liabilities			
Trade payables	–	–	–
	–	–	–
TOTAL EQUITY AND LIABILITIES	101	–	101

Company reconciliation of equity and total comprehensive income for the year ended 31 December 2012

	Note	*Local GAAP*	*Adjustments*	*IFRS as at 31 December 2012*
ASSETS				
Non-current asset				
Investment property under construction	1	3,088,648	(88,648)	3,000,000
Intangibles		–	–	–
		3,088,648	(88,648)	3,000,000
Current assets				
Other receivables		748,564	–	748,564
Cash and cash equivalents		89,843	–	89,843
		838,407	–	838,407
TOTAL ASSETS		3,927,055	(88,648)	3,838,407
EQUITY AND LIABILITIES				
Equity				
Issued share capital		47	–	47
Retained earnings		(93)	–	(93)
Parent loan - equity contribution	2	–	573,343	573,343
Gain/Loss for the year	3	34,026	(123,916)	(89,890)
		33,980	449,427	483,407
Non-current liabilities				
Parent loans	2	3,855,396	(640,540)	3,214,836
Deferred tax liability	2	–	102,485	102,485
		3,855,396	(538,055)	3,317,321
Current liabilities				
Trade payables		37,679	–	37,679
		37,679	–	37,679
Total equity and liabilities		3,927,055	(88,648)	3,838,407

	Note	Local GAAP	Adjustments	IFRS as at 31 December 2012
Operating expenses		(30,461)		(30,461)
Finance costs	3	64,487	(130,639)	(66,152)
Loss before tax		34,026	(130,639)	(96,613)
Income tax credit (expense)	2	–	6,723	6,723
Profit/(Loss) for the year		34,026	(123,916)	(89,890)
Other comprehensive income		–	–	–
Total comprehensive income		34,026	(123,916)	(89,890)

Notes to the reconciliation of equity as at 31 December 2012 and total comprehensive income for the year ended 31 December 2012

1. Adjustment for investment property to bring the advances paid at historical cost. This amount was recorded in the profit or loss for the year.

2. Adjustment to recognize the loan from the Parent at fair value of the consideration received, being the present value of all future cash receipts discounted using the market interest rate for such loan. The difference between the fair value of the long term loan and the cash received, of EUR 682,551, was recognised as an equity component in the statement of financial position, net of the related deferred tax liability impact of EUR 109,208 (net effect of EUR 573,343). An additional borrowing cost of EUR 42,023 as a result of this adjustment was recognized in the profit or loss for the year in relation with this loan, with a corresponding deferred tax credit of EUR 6,723 recorded in the profit or loss for the year.

   The deferred tax liability as of 31 December 2012 (EUR 102,485) recorded in connection with the equity component related to the parent loan, refers to a debit of EUR 109,208 recorded directly in equity and a credit of EUR 6,723 recorded in the profit or loss for the year.

3. Adjustment made to Finance costs as follows:

   – EUR 88,648 (expense) to bring of the advance for investment property to historical cost

   – EUR 42,023 (expense) additional borrowing cost in relation with the loan from Parent

   – EUR 31 (income) being functional currency translation differences for the interest expense.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of Financial Information in conformity with the IFRS as adopted by the EU requires the management to make certain critical accounting estimates, judgement and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the Financial Information, and the reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgments in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual results could differ from management's estimates. Revisions to accounting estimates are reviewed periodically and, as adjustments become necessary, they are recognised in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Company's accounting policies, the management makes the following judgements and estimates which have a significant effect on the classification and measurement of the financial statement elements:

(a) Selection of functional currency

The management used its judgment, based on the criteria outlined in IAS 21 and taking into account the specifics of the Company's planned future activities, and determined that the functional currency of the company is the EUR. The EUR is also the presentation currency of the Financial Information.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Functional currency and presentation currency

The Financial Information is presented in Euro, which is the Company's functional and presentation currency. The Financial Information is based on the Statutory accounting records, with adjustments and reclassifications recorded for the purpose of fair presentation in accordance with IFRS principles, as applicable to the Financial Information.

4.2 Foreign currency translation

Foreign currency transactions during the period are initially recorded in the functional currency at the exchange rates approximating those ruling on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies other than the Company's functional currency are retranslated at the rates of exchange prevailing on the statement of financial position date. Gains and losses on retranslation are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.3 Investment property

Property that is held for long term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property and accounted for under International Accounting Standard 40 "Investment Property".

Investment properties are initially measured at cost, including transaction costs. Such cost includes the cost of replacing part of the investment property, if the recognition criteria are met. When a major inspection is performed, its cost is recognised in the carrying amount of the investment property as a replacement, if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or losses incurred.

Investment property is subsequently re measured at fair value, which is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. Gains or losses arising from changes in the fair value of investment property are included in net profit or loss for the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

4.4 Cash and cash equivalents

For purposes of the statement of cash flows, the Company's cash and cash equivalents include highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of change in value. Such investment includes cash in hand and balances at banks and short term deposits with banks.

4.5 Trade and other receivables

Trade and other receivables are carried at the original invoiced amounts less any allowances recorded made for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due, according to the original terms of sale. The amount of the allowance is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market interest rate available for similar borrowers. Bad debts are written off when management believes that collection is no longer possible.

4.6 Loans and Borrowings

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

Interest free loans from shareholders or other related parties are recognised initially at fair value of the consideration received. The fair value of a financial instrument on initial recognition is normally the transaction price (i.e. the fair value of the consideration given or received) However, if part of the consideration given or received is for something other than the financial instrument, the fair value of the financial instrument is estimated using a valuation technique. The fair value of a loan that carries no interest is estimated as the present value of all future cash receipts discounted using the prevailing market rate of interest for a similar instrument with a similar credit rating. As the substance of a financial instrument, rather than its legal form, governs its classification on the entity’s statement of financial position therefore the residual amount between the fair value of the loan and the cash received is recognised as equity component in the statement of financial position.

Differences between proceeds (net of transactions costs) and the redemption value are recognized in the profit or loss over the period of the borrowings, whereas differences between proceeds from the parent (borrowings/loan from the parent) and the amortised cost (assessed using market yield) are recognized in the equity as a loan from the parent - equity component. Borrowing costs are recognized as an expense when incurred.

4.7 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.8 Taxation

Income tax on the results for the period represents the sum of current tax and deferred tax. Income tax is recognized in the profit or loss, except when it relates to items charged or credited directly to equity, in which case it is recognized in directly to equity.

Current tax

Current tax is based on taxable profit of the period. Taxable profit differs from net profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The Company is in the position to carry forward the loss for a period of seven years beginning with losses incurred in 2009 (five years for losses incurred before 2009).

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences will be realized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

4.9 Provisions

A provision is recognized when, and only when, the Company has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

4.10 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. The particular measurement methods adopted are disclosed in individual policy statements associated with each item.

Financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on derecognition of financial assets and financial liabilities are taken to profit and loss account.

4.11 Offsetting of financial instruments

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

4.12 Impairment of financial assets

The Company assesses at each report date whether there is any objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the

Company of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

5. OPERATING EXPENSES

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Office building operating cost	7	–	–
Amortization expense	10	20	21
Other third parties services	30,397	–	–
Other operating expenses	47	–	–
Total	30,461	20	21

6. FINANCE COSTS

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Finance costs			
Foreign exchange loss net	(19,045)	–	–
Interest expense	(47,107)	–	–
Finance costs	(66,152)	–	–

7. INCOME TAX

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Current income tax	–	–	–
Deferred income tax credit	6,723	–	–
Income tax credit per profit or loss	6,723	–	–

The Company's current income tax is determined on the basis of statutory profits adjusted for non-deductible expenses and non-taxable incomes at a rate of 16 per cent..

In 2010, the Romanian authorities imposed a minimum tax payable by the companies irrespective of whether they have income or loss. The minimum tax instalments were set according to the turnover. The Company did not pay such tax. During 2011 the minimum income tax was abolished.

DEFERRED TAX LIABILITY

	Statement of Financial Position		
	31 December 2012	*31 December 2011*	*31 December 2010*
Deferred tax related to parent loan equity component	102,485	–	–
Deferred income tax liability	102,485	–	–

The net effect of the change in deferred income tax balances recognized as at 31 December 2012 is reflected as follows:

	Statement of Comprehensive Income		
	For the year 2012	*For the year 2011*	*For the year 2010*
Deferred tax related to parent loan equity component	6,723	–	–
Deferred income tax credit (expense)	6,723	–	–

		Equity	
	For the year 2012	*For the year 2011*	*For the year 2010*
Deferred tax related to parent loan equity component	(109,208)	–	–
Deferred income reported in equity tax (debit)	(109,208)	–	–

The deferred tax liability as of 31 December 2012 (EUR 102,485) recorded in connection with the equity component related to the parent loan, refers to a debit of EUR 109,208 recorded directly in equity and a credit of EUR 6,723 recorded in the profit or loss for the year.

8. INVESTMENT PROPERTY UNDER CONSTRUCTION

Investment property under construction of EUR 3,000,000 as at 31 December 2012 consist of advances paid for the purchase of a real estate property.

On 6 August 2012 the Company concluded with Porsche Immobilien SRL a pre-sale purchase agreement having as object the real estate located in Barbu Vacarescu Street, consisting in land in surface of 9,617 sqm and the constructions located on this land. The total price of the real estate based on the pre-sale purchase agreement is EUR 8,000,000.

On 30 April 2013 the parties signed the final sale purchase agreement and the remaining price was paid by the Company.

9. OTHER RECEIVABLES

	As at 31 December 2012	*As at 31 December 2011*	*As at 31 December 2010*
Other receivables	748,564	–	–
	748,564	–	–

Outstanding balance as at 31 December 2012 consists of VAT receivable.

10. CASH AND CASH EQUIVALENTS

	As at 31 December 2012	*As at 31 December 2011*	*As at 31 December 2010*
Cash at bank			
Local currency	89,836	49	49
Petty cash	7	–	–
	89,843	49	49

11. ISSUED SHARE CAPITAL

	As at 31 December 2012	*As at 31 December 2011*	*As at 31 December 2010*
Authorized share capital			
20 ordinary shares with a nominal value of RON 10 each	47	47	47
Issued and fully paid			
20 ordinary shares of RON 10 each	47	47	47

The Company was incorporated on 2 July 2007 with a share capital of RON 200, divided into 20 shares of 10 RON each. These shares are owned as of 31 December 2012 by the sole shareholder Bakaso Holdings Limited in the proportion of 100 per cent. (until September 2012 by Laura Adina Duca (50 per cent.) and Augustin Laurentiu Moga (50 per cent.)).

12. LOANS AND BORROWINGS

Loans and borrowings consist of the following:

	As at 31 December 2012	*As at 31 December 2011*	*As at 31 December 2010*
Current			
	–	–	–
Non current			
Loan from Parent	3,850,281	104	105
Adjustment for amortized cost	(640,529)	–	–
Amortized cost of the loan	3,209,752	104	105
Interest	5,084	–	–
	3,214,836	104	105
Total	3,214,836	104	105

The balance as of 31 December 2012 represents a long-term borrowing contracted in September 2012 with the Parent, Bakaso Holdings Limited and there are no collaterals attached to them. The loan was granted to finance the acquisition of the real estate property mentioned in Note 8. The loan carries an interest of 0.5 per cent. per annum and is repayable in full (principal and interest) at its maturity on 30 August 2017. The total value of the facility contracted is EUR 10,000,000. Undrawn borrowings as of 31 December 2012 were EUR 6,150,000.

The Company recognized the loan from the Parent at fair value of the consideration received, being the present value of all future cash receipts discounted using the market interest rate for such loan, which was estimated by management to be 5 per cent.. The difference between the fair value of the long term loan and the cash received, of EUR 682,551, was recognised as an equity component in the statement of financial position, net of the related deferred tax liability impact of EUR 109,208. An additional borrowing cost of EUR 42,023 as a result of this adjustment was recognized in the profit or loss for the year in relation with this loan, with a corresponding deferred tax credit of EUR 6,723 recorded in the profit or loss for the year.

13. TRADE PAYABLES

	As at 31 December 2012	*As at 31 December 2011*	*As at 31 December 2010*
Suppliers of utilities and other services	37,679	–	–
	37,679	–	–

14. SUBSEQUENT EVENTS

As described in Note 8, on 30 April 2013 the Company signed the final sale-purchase agreement with Porsche Immobilien SRL for the purchase of the real estate (land and buildings) and paid the remaining value of the real estate, being EUR 5 million (an advance of EUR 3 million was paid on 6 August 2012 when the pre-sale purchase agreement was concluded between the two parties) (the Company made additional drawings from the loan facility presented in Note 12 above for the payment of the remaining value of the real estate).

Initial public offering:

In February 2013, Globalworth Real Estate Investments Limited, a company registered in Guernsey, commenced preparations for an initial public offering in the AIM market of the United Kingdom. Following the completion of the initial public offering, it is expected that 100 per cent. of the Company's shares will be acquired by Globalworth Real Estate Investments Limited should a relevant Sale and Purchase Agreement is agreed and signed with existing shareholders.

15. CAPITAL MANAGEMENT

Capital includes equity attributable to the equity holders. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares or convert the shareholder loan into equity.

Given the nature of the Company's activity and the present stage of its project, there are no specific ratios that are computed and monitored for capital structure or return on capital.

16. CONTINGENCIES AND COMMITMENTS

As of 31 December 2012 the Company had a commitment for the acquisition of a real estate (land and buildings) from Porsche Immobilien SRL (refer to details in Note 8), for a total price of EUR 8,000,000 (an advance of EUR 3 million was paid in August 2012). As described in Note 14, on 30 April 2013 the Company signed the final sale-purchase agreement with Porsche Immobilien SRL for the purchase of the real estate and paid the remaining value of the real estate, being EUR 5 million.

17. RELATED PARTIES TRANSACTIONS

The Company's related parties are the parent and all entities controlled by Ioannis Papalekas, as well as the Company's Directors.

Material related party transactions

Details regarding loans from the parent company are set out in note 12 "Interest bearing loans and borrowings".

There were no other transactions with related parties during the years ended 31 December 2012, 2011 and 2010.

Key management

The Directors of the Company received no remuneration during the years presented.

18. FINANCIAL INSTRUMENTS DISCLOSURES AND FINANCIAL RISK MANAGEMENT

a) Fair values of financial instruments

Financial instruments in the statement of financial position include trade and other receivables, cash and cash equivalents, loans, trade and other payables. The estimated fair values of these instruments do not differ significantly from their current carrying amounts, especially when they are short-term in nature or their interest rates are changing in line with the change in the current market conditions. The Company was not party to any derivative instruments during the years ended 31 December 2012, 2011 and 2010.

b) Credit risk management

The Company's activities expose it to a variety of risks. Management is aware and monitors the effects of these risks and events that may have an adverse effect on the Company's operations.

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company's policy is to trade with recognized, creditworthy third parties. The Company's exposure is continuously monitored and spread amongst approved counterparties. The maximum exposure is the carrying amount. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

c) Interest rate risk

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

The intercompany loans bear fixed interest rate.

d) Liquidity risk

The Company'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 the management. The Company manages liquidity risk by maintaining adequate cash reserves. The following tables detail the Company's remaining contractual maturity for financial liabilities.

	Less than 1 month	*1-3 months*	*3 months – 1 year*	*1 – 5 years*	*More than 5 years*	*2010 Total*
Trade payables	–	–	–	–	–	–
Parent loans	–	–	–	105	–	105
Total	–	–	–	105	–	105

	Less than 1 month	*1-3 months*	*3 months – 1 year*	*1 – 5 years*	*More than 5 years*	*2011 Total*
Trade payables	–	–	–	–	–	–
Parent loans	–	–	–	104	–	104
Total	–	–	–	104	–	104

	Less than 1 month	1-3 months	3 months – 1 year	1 – 5 years	More than 5 years	2012 Total
Trade payables	37,679	–	–	–	–	37,679
Parent loans	–	–	–	3,946,538	–	3,946,538
Total	37,679	–	–	3,946,538	–	3,984,217

The tables presented above present the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay, and includes both interest and principal cash flows.

e) Foreign exchange risk

The Company's functional currency is EUR however a part of its transactions are denominated in RON. Assets and liabilities denominated in foreign currencies are retranslated at the prevailing exchange rate at each reporting date. The resulting differences are charged or credited to profit or loss but do not affect cash flows.

The carrying amounts of the Company's monetary assets and monetary liabilities by currency denomination at the reporting date are as follows:

2012

	RON	EUR
ASSETS		
Cash and cash equivalents	89,843	–
Other current assets	748,564	–
Total	838,407	–
LIABILITIES		
Trade and other payables	37,679	–
Parent loans	–	3,214,836
Total	37,679	3,214,836

2011

	RON	EUR
ASSETS		
Cash and cash equivalents	49	–
Total	49	–
LIABILITIES		
Parent loans	–	104
Total	–	104

2010

	RON	EUR
ASSETS		
Cash and cash equivalents	49	–
Total	49	–
LIABILITIES		
Parent loans	–	105
Total	–	105

f) Foreign currency sensitivity analysis

The Company is mainly exposed to foreign exchange risk in respect of the exchange rate of the RON. The following table details the Company's sensitivity to a 5 per cent. increase and decrease in RON exchange rate against EUR.

5 per cent. 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 period end for a 5 per cent. change in foreign currency exchange rates. A negative number below indicates a decrease in profit where foreign currency strengthens 5 per cent. against RON. For a 5 per cent. weakening of foreign currency against the EUR there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative. Change is mainly attributable to RON denominated loans and trade payable outstanding at year end.

	Increase/ (Decrease)	*Profit and loss effect 2012*	*Profit and loss effect 2011*	*Profit and loss effect 2010*
RON	(5%)	(40,036)	(2)	(2)
RON	5%	40,036	2	2

Section E – Tower Center International SRL

Subsection E(i) Accountant's Report on Tower Center International SRL

The Directors
Globalworth Real Estate Investments Limited
Anson Place
Mill Court
La Charroterie
St Peter Port
Guernsey
GY1 1EY

23 July 2013

Dear Sirs

TOWER CENTER INTERNATIONAL SRL

We report on the financial information set out in Section E of Part IX of the Admission Document issued by Globalworth Real Estate Investments Limited ("the Company") for the years ended 31 December 2010, 2011 and 2012. This financial information has been prepared for inclusion in the Admission Document dated 24 July 2013 of Globalworth Real Estate Investments Limited on the basis of the accounting policies set out in note 4. This report is required by Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that schedule and for no other purpose.

Save for any responsibility arising under Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the AIM admission document.

Responsibilities

The Directors of Globalworth Real Estate Investments Limited are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of Tower Center International SRL as at the dates stated and of its profits, cash flows and changes in equity for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the AIM admission document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM admission document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

Ernst & Young Assurance Services SRL

TOWER CENTER INTERNATIONAL SRL

FINANCIAL INFORMATION

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

As at and for the years ended 31 DECEMBER 2012, 2011 and 2010

STATEMENT OF COMPREHENSIVE INCOME
For the years ended 31 December 2012, 2011 and 2010
(All figures are expressed in EUR)

	Notes	*31 December 2012*	*31 December 2011*	*31 December 2010*
Rental income	6	–	–	–
Other operating income	7	(2,603,098)	421,413	3,242,197
Other operating expenses	8	(6,980,997)	(878,608)	(2,817,783)
Finance income	9	563,683	39,212	–
Finance costs	10	(3,069,707)	(2,278,843)	(2,125,693)
Valuation gains from investment property	12	11,737,139	–	–
Profit/(Loss) before tax		(352,980)	(2,696,826)	(1,701,279)
Income tax (expense)/credit	11	(1,892,530)	405,935	463,644
Loss for the year		(2,245,510)	(2,290,891)	(1,237,635)
Other comprehensive income		–	–	–
Total comprehensive income for the year		(2,245,510)	(2,290,891)	(1,237,635)

STATEMENT OF FINANCIAL POSITION

For the years ended 31 December 2012, 2011 and 2010

(All amounts are expressed in EUR)

	Notes	*31 December 2012*	*31 December 2011*	*31 December 2010*
ASSETS				
Non-current assets				
Investment property	12	58,369,614	47,014,288	47,239.220
		58,369,614	47,014,288	47,239,220
Current assets				
Other current assets	13	721,959	1,505	1,050
Other receivables	14	580,354	380,524	223,102
Cash and cash equivalents	15	271,660	25,419	11,380
		1,573,973	407,448	235,532
TOTAL ASSETS		59,943,587	47,421,736	47,474,752
EQUITY AND LIABILITIES				
Equity				
Issued share capital	16	33,626,363	4,621,689	4,621,689
Legal reserve		64,898	64,898	64,898
Equity contribution – parent loan	17	8,338,484	8,371,047	8,370,134
Equity contribution – related party loan	17	209,441	5,703	–
Retained earnings		(3,972,299)	(1,681,408)	(443,773)
Loss for the year		(2,245,510)	(2,290,891)	(1,237,635)
		36,021,377	9,091,038	11,375,313
Non-current liabilities				
Deposits from tenants		146,087	–	–
Provisions	18	1,055,690	743,733	208,949
Deferred tax liability	11	3,710,559	1,785,467	2,192,315
		4,912,336	2,529,200	2,401,264
Current liabilities				
Provisions	18	–	356,099	633,919
Trade payables	19	182,268	1,191,217	1,836,426
Interest bearing loans and borrowings	17	18,667,771	27,404,824	23,764,530
Other payables	20	159,835	6,849,358	7,463,300
		19,009,874	35,801,498	33,698,175
TOTAL EQUITY AND LIABILITIES		59,943,587	47,421,736	47,474,752

STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December 2012, 2011 and 2010

(All amounts are expressed in EUR)

	Note	*Issued share capital*	*Legal reserve*	*Retained earnings*	*Equity contribution parent loan*	*Equity contribution Related party loan*	*Total*
At 1 January 2010		4,621,689	–	(378,875)	8,274,297	–	12,517,111
Profit/(loss) for the year		–	–	(1,237,635)	–	–	(1,237,635)
Other comprehensive income		–	–	–	–	–	–
Total comprehensive income		–	–	*(1,237,635)*	–	–	*(1,237,635)*
Legal reserves allocation		–	64,898	(64,898)	–	–	–
Equity contribution – parent loan	17	–	–	–	95,837	–	95,837
At 31 December 2010		4,621,689	64,898	(1,681,408)	8,370,134	–	11,375,313
Profit/(loss) for the year		–	–	(2,290,891)	–	–	(2,290,891)
Other comprehensive income		–	–	–	–	–	–
Total comprehensive income		–	–	(2,290,891)	–	–	(2,290,891)
Equity contribution – parent loan	17	–	–	–	913	–	913
Equity contribution – related party loan	17	–	–	–	–	5,703	5,703
At 31 December 2011		4,621,689	64,898	(3,972,299)	8,371,047	5,703	9,091,038
Profit/(loss) for the year		–	–	(2,245,510)	–	–	(2,245,510)
Other comprehensive income		–	–	–	–	–	–
Total comprehensive income		–	–	(2,245,510)	–		(2,245,510)
Equity contribution – related party loan	17	–	–	–	(32,563)	203,738	171,175
Issue of share capital	16	29,004,674	–	–	–	–	29,004,674
At 31 December 2012		33,626,363	64,898	(6,217,809)	8,338,484	209,441	36,021,377

CASH FLOW STATEMENT

For the years ended 31 December 2012, 2011 and 2010

(All figures are expressed in EUR)

	Notes	*31 December 2012*	*31 December 2011*	*31 December 2010*
OPERATING ACTIVITIES				
Profit/(Loss) before tax		(352,980)	(2,696,826)	(1,701,279)
Non cash adjustments				
Valuation gains on investment property	12	(11,737,139)	–	–
Interest income	9	(18,064)	(93)	–
Interest expense	10	3,069,707	2,278,842	2,111,441
Provisions net impact	18	(44,142)	256,964	842,868
Fair value adjustment of loans		(657,155)	1,361,980	269,067
Other non cash adjustments		458,433	230,107	979,595
Working capital adjustments				
Decrease/(increase) in other receivables	13,14	(920,284)	(157,877)	1,423,487
(Decrease)/increase in trade and other payables	19;20	(7,698,472)	(1,259,151)	(3,741,755)
Change in tenant deposits		146,087	–	–
Interest received		18,064	93	–
Income tax paid		–	–	–
Net cash flow from operating activities		(17,735,945)	14,039	183,424
INVESTING ACTIVITIES				
Expenditure on investment property under construction		(71,668)	–	(213,949)
Net cash flow from investing activities		(71,668)	–	(213,949)
FINANCING ACTIVITIES				
Proceeds from borrowings		20,792,347	–	–
Repayment of borrowings		(2,128,211)	–	–
Interest paid		(610,282)	–	–
Net cash flow from financing activities		18,053,854	–	–
Net increase in cash and cash equivalents		246,241	14,039	(30,525)
Cash and cash equivalents at the beginning of the period		25,419	11,380	41,905
Cash and cash equivalents at 31 December		271,660	25,419	11,380

NOTES TO THE FINANCIAL INFORMATION

For the years ended 31 December 2012, 2011 and 2010

(All amounts are expressed in EUR'000)

1. CORPORATE INFORMATION

TOWER CENTER INTERNATIONAL SRL (hereinafter referred to as the "Company" or "TCI") is a limited liability company incorporated in Romania on 13 October 2003, with a registered office at 242-246th, Calea Floreasca Street, District 1, Bucharest, Romania, registered with the Trade Registry under the number 15811167. The Company's activity is real estate developer and owner. The company has finalized construction of the building in Bucharest in 2012 and is now renting office spaces.

Currently, the Company is owned by Pokandro Limited (50 per cent) and Stanuta Enterprises Limited (50 per cent).

2. BASIS OF PREPARATION

(A) General

The financial information has been prepared on the historical cost basis, except for investment property which has been measured at fair value. Principal accounting policies applied in the preparation of this financial information, as set out below, have been consistently applied throughout the periods presented.

The financial information has been prepared assuming that the Company will continue as a going concern. The Company has received confirmation of the Parents' continuing support during the next 12 months should the need arise for additional funding of what is or will be available for its operations and/or third party sources.

The financial information of the Company has been prepared in accordance with the principles contained within International Financial Reporting Standards, as adopted by the European Union ("IFRS").

The fiscal year end of the Company is 31 December.

These financial information, for the years ended 31 December 2012, 2011 and 2010 is the first the Company has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2012, the Company prepared statutory financial statements in accordance with local generally accepted accounting principles (starting from 1 January 2010 being Ministry of Finance Order 3055/2009 with subsequent amendments).

Accordingly, the Company has prepared financial information which comply with IFRS applicable for the years ending on 31 December 2012, 2011 and 2010, as described in the summary of significant accounting policies. In preparing this financial information, the Company's opening statement of financial position was prepared as at 1 January 2010, the Company's date of transition to IFRS.

Note 4 explains the principal adjustments made by the Company in restating its Romanian GAAP financial statements, including the statement of financial position as at 1 January 2010 and the financial information as at and for the years ended 31 December 2012, 2011 and 2010.

(B) Standards issued but not yet effective and not early adopted

The Company has not early adopted the following standards/interpretations:

- **IAS 1 Financial Statement Presentation (Amended) – Presentation of Items of Other Comprehensive Income**

  The amendment is effective for annual periods beginning on or after 1 July 2012. The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land

and buildings). The amendment affects presentation only and has no impact on the Company's financial position or performance.

- **IAS 19 Employee Benefits (Revised)**

  The amendment is effective for annual periods beginning on or after 1 January 2013. The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The Company does not expect that this amendment will have an impact on the financial position or performance of the Company.

- **IAS 27 Separate Financial Statements (Revised)**

  The Standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. Earlier application is permitted. The Company does not expect that this amendment will have an impact on the financial position or performance of the Company.

- **IAS 28 Investments in Associates and Joint Ventures (Revised)**

  The Standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. As a consequence of the new IFRS 11 Joint arrangements and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The Company does not expect that this amendment will have an impact on the financial position or performance of the Company.

- **IAS 32 Financial Instruments: Presentation (Amended) – Offsetting Financial Assets and Financial Liabilities**

  The amendment is effective for annual periods beginning on or after 1 January 2014.These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The Company does not expect that this amendment will have an impact on the financial position or performance of the Company.

- **IFRS 7 Financial Instruments: Disclosures (Amended) – Offsetting Financial Assets and Financial Liabilities**

  The amendment is effective for annual periods beginning on or after 1 January 2013. These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation.

  The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The amendment affects presentation only and has no impact on the Company's financial position or performance.

- **IFRS 9 Financial Instruments: Classification and Measurement**

  The new standard is effective for annual periods beginning on or after 1 January 2015. IFRS 9, as issued, reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of financial assets, but will not have an impact on classification and measurements of financial liabilities. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued. This standard has not yet been adopted by the EU.

- **IFRS 10 Consolidated Financial Statements**

  The new standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The Company does not expect that the new standard will have an impact on the financial position or performance of the Company.

- **IFRS 11 Joint Arrangements**

  The new standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The Company does not expect that the new standard will have an impact on the financial position or performance of the Company.

- **IFRS 12 Disclosures of Interests in Other Entities**

  The new standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The new standard has only disclosure effects.

- **IFRS 13 Fair Value Measurement**

  The new standard is effective for annual periods beginning on or after 1 January 2013. IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Company does not expect that the new standard will have a significant impact on its financial position or performance.

- **IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine**

  The interpretation is effective for annual periods beginning on or after 1 January 2013. This interpretation applies to waste removal (stripping costs) incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. Management has assessed that the new interpretation has no impact on the Company's financial position or performance.

- The IASB has issued the **Annual Improvements to IFRSs – 2009 – 2011 Cycle**, which contains amendments to its standards and the related Basis for Conclusions. The annual improvements project provides a mechanism for making necessary, but non-urgent, amendments to IFRS. The effective date for the amendments is for annual periods beginning on or after 1 January 2013. Earlier application is permitted in all cases, provided that fact is disclosed. This project has not yet been adopted by the EU. Management has assessed that the amendments have no impact on the Company's financial position or performance.

  – ***IAS 16 Property, Plant and Equipment:*** This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

- *IAS 32 Financial Instruments, Presentation:* This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

- *IAS 34 Interim Financial Reporting:* The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

● **Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)**

The guidance is effective for annual periods beginning on or after 1 January 2013. The IASB issued amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application' in IFRS 10 is defined as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief. This guidance has not yet been adopted by the EU. Management has assessed that the guidance will have no impact on the Company's financial position or performance.

● **Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)**

The amendment is effective for annual periods beginning on or after 1 January 2014. The amendment applies to a particular class of business that qualify as investment entities. The IASB uses the term 'investment entity' to refer to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organizations, venture capital organizations, pension funds, sovereign wealth funds and other investment funds. Under IFRS 10 Consolidated Financial Statements, reporting entities were required to consolidate all investees that they control (i.e. all subsidiaries). The Investment Entities amendment provides an exception to the consolidation requirements in IFRS 10 and requires investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendment also sets out disclosure requirements for investment entities. This amendment has not yet been adopted by the EU. Management has assessed that the amendments will have no impact on the Company's financial position or performance.

● **IFRIC Interpretation 21: Levies**

The interpretation is effective for annual periods beginning on or after 1 January 2014. The Interpretations Committee was asked to consider how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements. This Interpretation is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. This interpretation has not yet been adopted by the EU. Management has assessed that the amendments will have no impact on the Company's financial position or performance.

● **IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets**

This amendment is effective for annual periods beginning on or after 1 January 2014. In developing IFRS 13 the IASB decided to amend IAS 36 to require the disclosure of information about the recoverable amount of impaired assets, particularly if that amount is based on fair value less costs of disposal. In particular, instead of requiring an entity to disclose the recoverable amount of an asset (including goodwill) or a cash-generating unit for which a material impairment loss was recognised or reversed during the reporting period, the amendment made to IAS 36 required an entity to disclose the recoverable amount of each cash generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit is significant in comparison with the entity's total carrying amount of goodwill or of intangible assets with indefinite useful lives. This amendment has not yet been adopted by the EU. Management has assessed that the amendments will have no impact on the Company's financial position or performance.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial information in conformity with the IFRS as adopted by the EU requires the management to make certain critical accounting estimates, judgment and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the Group Consolidation Schedules, and the reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgments in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual results could differ from management's estimates. Revisions to accounting estimates are reviewed periodically and, as adjustments become necessary, they are recognized in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Company's accounting policies, the management makes the following judgments and estimates which have a significant effect on the classification and measurement of the financial statement elements:

(a) Selection of functional currency

The Company management used its judgment, based on the criteria outlined in IAS 21 and taking into account the specifics of the Company's planned future activities, and determined that the functional currency of the company is the EUR. The EUR is also the presentation currency of the financial information.

(b) Classification of investment property

The Company is required to determine whether a property qualifies as investment property.

Investment property comprises land and buildings (principally offices, commercial warehouse and retail property) which are not occupied substantially for use by, or in the operations of, the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

The Company considers that when the property is in a condition which will allow the generation of cash flows from its rental that the property is no longer a property under development but an investment property.

(c) Valuation of property

The fair value of investment property has been determined by independent real estate valuation experts using recognized valuation techniques. These techniques comprise the sales comparison approach, the cost approach and the income approach.

The sales comparison approach compares the subject property with quoted prices of similar properties in the same or similar location. In preparing the valuation reports on the Company's investment property, the external appraisers excluded distressed sales when considering comparable sales prices.

The cost approach is principally used for the valuation of specialised property, which is property that is rarely, if ever, sold in the market. Starting from the replacement cost new, necessary adjustments for obsolescence are made in order to reflect the difference in value of the subject property and a new modern equivalent.

For income generating properties, various methods are used to indicate value, all of which share the common characteristic that the value is based on actual or estimated income that is or could be generated by a potential owner.

The income capitalization method takes into consideration the income that a property is expected to generate if leased out assuming a stabilized occupancy level, and applying to that income a capitalization rate reflecting the investors' interest in a property of this kind. This method, often known as all risks yield method cannot be reliably used where the income is expected to change in future periods to an extent greater than that generally expected in the market.

When a more sophisticated analysis of risk is required, various forms of discounted cash flows models can be used. Valuators typically use Discounted Cash-Flow Analysis (DCF), which implies income projections of the property for a discrete period of time, usually between 5-10 years.

The Discounted Cash Flow Method involves the projection of a series of periodic cash flows either to an operating property or a development property. To this projected cash flow series, an appropriate, market derived discount rate is applied to establish an indication of the present value of the income stream associated with the property. The calculated periodic cash flow is typically estimated as gross rental income less vacancy and collection losses and less operating expenses/outgoings. A series of periodic net operating incomes, along with an estimate of the exit value anticipated at the end of the projection period, are discounted to present value. The aggregate of the net present values equals the market value of the property.

Management has reviewed the appraisers' assumptions underlying discounted cash flow models and confirmed that factors such as the discount rate have been appropriately determined considering the market conditions at the end of the reporting period.

Forecasts of net operating income are based on leases signed as at the valuation date, the estimated rental values for existing leases at expiry and the estimated achievable rental values in relation to the existing vacancies. The valuers' assessments of non-recoverable expenses are based on experience of comparable properties and information on historical costs provided by the Company.

Volatility in the global financial system is reflected in commercial real estate markets. There was a significant reduction in transaction volumes in 2010 and 2011 and, to a lesser extent, in 2012. Therefore, in arriving at estimates of market values as at 31 December 2010, 31 December 2011 and 31 December 2012, the independent valuation experts used their market knowledge and professional judgment 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. Changes in the economic conditions of the Romanian real estate market may not be captured in its totality since valuation dates do not always coincide with financial year end dates.

4. IFRS first-time adoption

This financial information, for the years ended 31 December 2012, 2011 and 2010 is the first the Company has prepared in accordance with IFRS. For all periods up to and including the year ended 31 December 2012, the Company prepared its financial statements in accordance with Romanian generally accepted accounting practice (Romanian GAAP).

Accordingly, the Company has prepared this financial information which comply with IFRS applicable for the years ending on 31 December 2012, 2011 and 2010, as described in the summary of significant accounting policies. In preparing this financial information, the Company's opening statement of financial position was prepared as at 1 January 2010, the Company's date of transition to IFRS. This note explains the principal adjustments made by the Company in restating its Romanian GAAP financial statements, including the statement of financial position as at 1 January 2010 and the financial information as at and for the year ended 31 December 2012.

The Company has early applied from the **Annual Improvements to IFRSs – 2009 – 2011 Cycle** the improvement related to ***IAS 1 Presentation of Financial Statements:*** This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period.

Estimates

The estimates at 1 January 2010, at 31 December 2010, 31 December 2011 and 31 December 2012 are consistent with those made for the same dates in accordance with Romanian GAAP and in accordance to IFRS principles. The estimates used by the Company to present these amounts in accordance with IFRS reflect conditions at 1 January 2010, the date of transition to IFRS, and as of 31 December 2010, 31 December 2011 and 31 December 2012.

Company reconciliation of equity as at 1 January 2010 (date of transition to IFRS)

	Note	*Local GAAP*	*Adjustments*	*IFRS as at 1 January 2010*
ASSETS				
Non-current asset				
Investment property	1	38,029,011	9,896,383	47,925,394
		38,029,011	9,896,383	47,925,394
Current assets				
Other receivables		1,647,639	–	1,647,639
Cash and cash equivalents		41,905	–	41,905
		1,689,544	–	1,689,544
TOTAL ASSETS		39,718,555	9,896,383	49,614,938
EQUITY AND LIABILITIES				
Equity				
Issued share capital		4,621,689	–	4,621,689
Translation reserves	4	(127,000)	127,000	-
Equity contribution – parent loan	5	–	8,274,297	8,274,297
Retained earnings	1;2;3;5	(4,901,769)	4,522,894	(378,875)
		(407,080)	12,924,191	12,517,111
Non-current liabilities				
Deferred tax liability	2	–	2,671,221	2,671,221
Current liabilities				
Trade payables		2,250,158	–	2,250,158
Interest bearing loans and borrowings	5	28,150,167	(6,765,042)	21,385,125
Other payables	3	9,725,310	1,066,013	10,791,323
		40,125,635	(5,699,029)	34,426,606
TOTAL EQUITY AND LIABILITIES		39,718,555	9,896,383	49,614,938

Company reconciliation of equity as at 31 December 2012

	Note	Local GAAP	Adjustments	IFRS as at 31 December 2012
ASSETS				
Non-current asset				
Investment property	1;6	41,619,265	16,750,349	58,369,614
		41,619,265	16,750,349	58,369,614
Current assets				
Other current assets		721,959	–	721,959
Other receivables		580,354	–	580,354
Cash and cash equivalents		271,660	–	271,660
		1,573,973	–	1,573,973
TOTAL ASSETS		43,193,238	16,750,349	59,943,587
EQUITY AND LIABILITIES				
Equity				
Issued share capital		33,626,363	–	33,626,363
Legal reserve		64,898	–	64,898
Revaluation Reserves	6	9,630,668	(9,630,668)	–
Translation reserves	4	54,000	(54,000)	–
Equity contribution - parent loan	5	–	8,338,484	8,338,484
Equity contribution - related party loan	5	–	209,441	209,441
Retained earnings	1;3;5	(10,351,748)	6,379,449	(3,972,299)
Profit/(loss) for the year		(10,357,133)	8,110,623	(2,245,510)
		22,668,048	13,353,329	36,021,377
Non-current liabilities				
Deposits from tenants		256,481	(110,394)	146,087
Provisions		1,055,690	–	1,055,690
Deferred tax liability	2	–	3,710,559	3,710,559
		1,312,171	3,600,165	4,912,336
Current liabilities				
Trade payables		182,268	–	182,268
Interest bearing loans and borrowings	5	18,870,916	(203,145)	18,667,771
Other payables		159,835	–	159,835
		19,213,019	(203,145)	19,009,874
TOTAL EQUITY AND LIABILITIES		43,193,238	16,750,349	59,943,587

Company reconciliation of total comprehensive income for the year ended 31 December 2012

	Note	*Local GAAP*	*Adjustments*	*IFRS as at 31 December 2012*
Rental income		–	–	–
Other operating income		587	(2,603,685)	(2,603,098)
Operating expenses	5	(10,146,776)	3,165,779	(6,980,997)
Finance income	5	396,683	167,000	563,683
Finance costs	5	(606,628)	(2,463,079)	(3,069,707)
Valuation gains from investment property	6	–	11,737,139	11,737,139
Profit/(loss) before tax		(10,356,134)	10,003,154	(352,980)
Income tax expense	2	–	(1,892,530)	(1,892,530)
Profit/(loss) for the year		(10,356,134)	8,110,624	(2,245,510)
Other comprehensive income		–	–	–
Total comprehensive income/(loss) for the year		(10,356,134)	8,110,624	(2,245,510)

Notes to the reconciliation of equity as at 1 January 2010 and 31 December 2012 and total comprehensive income for the year ended 31 December 2012

1. As at 31 December 2011 the market value of the investment property was determined based on the consideration established in the agreement concluded in 2011 between the Ceeres Central Eastern European Real Estate Shareholding BV (assignor) and SC Industrial Export SA (assignee) for the 50 per cent. acquisition of shares. The consideration paid for 50 per cent of shares was of EUR 5 million and was extrapolated to EUR 10 million for all shares. Also total liabilities as at 31 December 2011 of EUR 38 million were added as part of the fair value. Considering that there were no changes in the Company's situation, in terms of progress of building construction, litigation developments, not obtaining the building permit, etc, management has concluded that the investment property had the same fair value as at 31 December 2009 and 31 December 2010. Thus a fair value adjustment in amount of EUR 16.2 million.

   As there were no tenant agreements in force as at 31 December 2009, 31 December 2010 and 31 December 2011, there was no other reliable, measurable market value or discounted cash flow projections which could be determined at these dates.

   The positive impact of the fair valuation was partially offset by:

   – Following a technical review of expenses capitalized, the management deemed appropriate to reconsider its initial assessment and decided to write-off (through retained earnings) EUR 2.4 million as it did not meet the recognition criteria;

   – Fit up cost of EUR 4 million incurred by the Company in relation with Alpha Bank. Subsequent to ceasing of Alpha Bank's contractual rights, the Company considered that the fit-up cost cannot be recovered and should be written-off.

2. As at 31 December 2009, the deferred tax liability was generated by investment property (EUR 1.6 million) and fair value adjustment of loans (EUR 1 million). At 31 December 2012, the cumulative effect of deferred tax is of EUR 3.7 million. Refer to disclosure 11 for more detailed information regarding deferred tax.

3. The amount of EUR 1 million represents an adjustment of VAT relating to a previously billed advance to be recovered from Alpha Bank.

4. As the functional currency is EUR, all amounts shown as translation reserves for the translation of the RON statutory financial statements into the EUR presentation currency were recorded through the profit or loss account.

5. The fair value adjustment of the loan received from the parent had an impact of EUR 9.8 million in equity contribution and of EUR 1.6 million in deferred tax liability. The unwinding effect of the previously discounted loan had a total impact of EUR 0.6 million in retained earnings and of EUR 2.5 million in the profit and loss accounts (and cumulated 2012: EUR 6.8 million).

   The loan received from the group was adjusted for fair value of EUR 0.2 million (with a deferred tax effect of 16 per cent).

6. Following the appraisal of investment property as of 31 December 2012, the value increased with EUR 11.8 million, while the statutory valuation of EUR 9.6 million (recorded in reserves) and impairment of EUR 2.3 million were reversed.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Functional currency and presentation currency

The financial information is presented in Euro, which is the Company's functional and presentation currency. This financial information is based on the statutory accounting records, with adjustments and reclassifications recorded for the purpose of fair presentation in accordance with IFRS principles, as applicable to this financial information.

5.2 Foreign currency translation

Foreign currency transactions during the period are initially recorded in the functional currency at the exchange rates approximating those ruling on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies other than the Company's functional currency are retranslated at the rates of exchange prevailing on the statement of financial position date. Gains and losses on translation are taken to profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

5.3 Investment property

Property that is held for long term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property and accounted for under International Accounting Standard 40 "Investment Property".

Investment properties are initially measured at cost, including transaction costs. Such cost includes the cost of replacing part of the investment property, if the recognition criteria are met. When a major inspection is performed, its cost is recognized in the carrying amount of the investment property as a replacement, if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Investment property is subsequently remeasured at fair value, which is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the year in which they arise.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

5.4 Revenue recognition

Revenue is recognized when the amount of revenue and associated costs can be reliably measured, it is probable that economic benefits associated with the transaction will be realized, and the stage of completion of the transaction can be reliably measured.

This concept is applied to the key-revenue generating activities of the Company as follows:

Rental income

Rental income is measured at the fair value of the consideration received or receivable.

Interest income

Interest from all interest-bearing assets and liabilities is recognized as net interest income using the effective interest method. The effective interest rate is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or expense over the relevant period using the estimated future cash flows. The estimated future cash flows used in this calculation include those determined by the contractual terms of the asset or liability, all fees that are considered to be integral to the effective interest rate, direct and incremental transaction costs, and all other premiums or discounts.

5.5 Trade and other receivables

Trade and other receivables are carried at the original invoiced amounts less any allowances recorded for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due, according to the original terms of sale. The amount of the allowance is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market interest rate available for similar borrowers. Bad debts are written off when management believes that collection is no longer possible.

5.6 Cash and cash equivalents

For purposes of the statement of cash flows, the Company's cash and cash equivalents include highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of change in value. Such investment includes cash in hand and balances at banks and short term deposits with banks.

5.7 Loans and Borrowings

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

Interest free loans from shareholders or other related parties are recognized initially at fair value of the consideration received. The fair value of a financial instrument on initial recognition is normally the transaction price (i.e. the fair value of the consideration given or received) However, if part of the consideration given or received is for something other than the financial instrument, the fair value of the financial instrument is estimated using a valuation technique. The fair value of a loan that carries no interest is estimated as the present value of all future cash receipts discounted using the prevailing market rate of interest for a similar instrument with a similar credit rating. As the substance of a financial instrument, rather than its legal form, governs its classification on the entity's statement of financial position therefore the residual amount between the fair value of the loan and the cash received is recognized as equity component in the statement of financial position.

Differences between proceeds (net of transactions costs) and the redemption value are recognized in profit or loss over the period of the borrowings, whereas differences between proceeds from the parent (borrowings/loan from the parent) and the amortized cost (assessed using market yield) are recognized in the equity as a loan from the parent - equity component. Borrowing costs are recognized as an expense when incurred.

5.8 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

5.9 Taxation

Income tax on the results for the period represents the sum of current tax and deferred tax. Income tax is recognized in profit or loss, except when it relates to items charged or credited directly to equity, in which case it is recognized directly to equity.

Current tax

Current tax is based on taxable profit of the period. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The Company is in the position to carry forward the loss for a period of seven years beginning with losses incurred in 2009 (five years for losses incurred before 2009).

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences will be realized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5.10 Provisions

A provision is recognized when, and only when, the Company has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

5.11 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. The particular measurement methods adopted are disclosed in individual policy statements associated with each item.

Financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on derecognition of financial assets and financial liabilities are taken to profit and loss account.

5.12 Offsetting of financial instruments

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

5.13 Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Company of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

5.14 Tenant security deposits

Tenant security deposits represent advances made by lessees as guarantees during the lease period and are repayable by the Company upon termination of lease contracts.

6. RENTAL INCOME

Up to year end 2012 the Company did not generate rental income, however concluded a rental agreement with Hidroelectrica on 17 December 2012 for sqm 3,265, contract that will come in force in 2013. Subsequent to 31 December 2012 the Company has entered into two additional contracts for sqm 2,455 commencing on 26 April 2013 and for sqm 4,532 starting on 15 June 2013.

7. OTHER OPERATING INCOME

	31 December 2012 EUR	*31 December 2011 EUR*	*31 December 2010 EUR*
Gain/(loss) from sale of assets	(2,603,684)	–	2,374,922
Income from penalties	–	–	725,451
Other operating income	586	421,413	141,824
Total	(2,603,098)	421,413	3,242,197

According to the contract concluded with Alpha Bank, the Company invoiced in 2010 part of the investment property (and related penalties). As the contract parties did not agree on the terms of the agreement, this transaction was reversed in 2012, as result of the reorganization plan that was approved towards the year end. Please refer to Note 12 for more details.

8. OPERATING EXPENSES

	31 December 2012 EUR	*31 December 2011 EUR*	*31 December 2010 EUR*
Bank fees	156,616	504	517
Commissions	44,400	53,267	50,430
Insurance	28,896	13,575	–
Maintenance	35,721	6,311	9,599
Rent	23,967	27,524	24,914
Salaries and related taxes	26,431	88,108	101,578
Taxes	181,870	(29,378)	319,154
Utilities	197,240	152,116	23,483
Change in provisions	(44,142)	256,822	854,146
Other expenses	6,329,998	309,759	1,433,962
Total	6,980,997	878,608	2,817,783

The main factor that generated the EUR 6.3 million as other operating expenses in 2012 is the fact that the Company settled its contractual obligations towards Alpha Bank and reimbursed EUR 17.5 millions (as explained under Note 12). This amount was netted-off against previously recognized receivables, as follows: advances of EUR 10.8 million and related VAT of EUR 1 million. The remaining amount of EUR 5.9 million was recognized directly in the profit or loss account.

The provision expense recorded as of 31 December 2010 mainly refers to litigation with Alpha Bank (EUR 275 thousand) and to Bog'Art (EUR 370 thousand), which were subsequently settled and hence were reversed. Also, as the investment property was officially put in function in August 2012 and accepted as such by the City Hall, the Company recorded in 2010: EUR 209 thousand; 2011: EUR 535 thousand and 2012: EUR 312 thousand the property tax that it expects to be enforced by the fiscal authorities.

9. FINANCE INCOME

	31 December 2012 EUR	*31 December 2011 EUR*	*31 December 2010 EUR*
Interest income	18,064	93	–
Foreign exchange gains	545,619	39,119	–
Finance income	563,683	39,212	–

10. FINANCE COSTS

	31 December 2012 EUR	*31 December 2011 EUR*	*31 December 2010 EUR*
Foreign exchange losses	–	–	(14,252)
Interest expense	(3,069,707)	(2,278,843)	(2,111,441)
Finance costs	(3,069,707)	(2,278,843)	(2,125,693)

11. INCOME AND DEFERRED TAX

	31 December 2012 EUR	31 December 2011 EUR	31 December 2010 EUR	31 December 2009 EUR
Current income tax				
Current income tax expense	–	–	(2,043)	–
Deferred income tax				
Relating to origination and reversal of temporary differences	(1,892,530)	405,935	465,687	(1,095,164)
Income tax expense reported in profit or loss	(1,892,530)	405,935	463,644	(1,095,164)
Equity contribution – loan	(32,562)	913	15,262	(1,576,057)
Total	(1,925,092)	406,848	478,906	(2,671,221)
Deferred tax asset/(liability) reported in the statement of financial position	(3,710,559)	(1,785,467)	(2,192,315)	(2,671,221)

	31 December 2012 EUR	31 December 2011 EUR	31 December 2010 EUR	31 December 2009 EUR
Investment property	3,857,489	1,595,629	1,595,817	1,588,814
Provisions	(168,893)	(175,992)	(134,859)	-
Fair value adjustment of loan	21,963	365,830	731,357	1,082,407
Deferred tax liability	3,710,559	1,785,467	2,192,315	2,671,221

	31 December 2012 EUR	31 December 2011 EUR	31 December 2010 EUR
Accounting profit/(loss) before income tax	(352,980)	(2,696,826)	(1,701,279)
Income tax at 16 per cent.	(56,477)	(431,492)	(272,205)
Tax losses for which no deferred tax asset is recognized	546,864	280,926	241,176
Permanent differences	1,402,143	(255,369)	(432,615)
Income tax expense/(credit)	1,892,530	(405,935)	(463,644)
Reported in the income statement	1,892,530	(405,935)	(463,644)

The Company's current income tax is determined on the basis of statutory profits adjusted for non-deductible expenses and non-taxable incomes at a rate of 16 per cent.

Unused tax losses that can be detailed as follows: 31 December 2012 EUR 21.9 million, 31 December 2011 EUR 5.9 million, 31 December 2010 EUR 4.2 million and 31 December 2009 EUR 5.5 million, for which no deferred tax asset has been recognized. The tax losses prior to 2009 can be utilized against taxable profits over a period of five years following the year in which the tax losses have arisen. Tax losses specifically since 2009 can be carried forward over a period of seven years. The Company is waiting until taxable profits are available to utilize the fiscal losses carried forward and as a result no deferred tax asset was recorded in this respect.

The valuation differences between the fiscal accepted values and IFRS recognized amounts generated a deferred tax liability of EUR 3.9 million as at 31 December 2012 and of EUR 1.6 million as at 31 December 2011 (constant with 2010 and 2009).

The provisions recognized by the Company generated a deferred tax asset of EUR 0.1 million as at 31 December 2010 and EUR 0.2 million as at 31 December 2011 and as at 31 December 2012.

The fair value adjustment of the loan generated an impact of, as follows: EUR 1 million as at 31 December 2009, EUR 0.7 million as at 31 December 2010, EUR 0.4 million as at 31 December 2011, while at the end of 2012 the impact is considered insignificant as the related debt was converted to equity.

12. INVESTMENT PROPERTY

	Completed investment property EUR	*Construction in progress EUR*	*Total EUR*
COST			
1 January 2010	–	47,925,394	47,925,394
Additions	–	–	–
Disposals/Transfers	–	(686,174)	(686,174)
Fair value adjustment	–	–	–
31 December 2010	–	47,239,220	47,239,220
NET BOOK VALUE			
1 January 2010	–	47,925,394	47,925,394
31 December 2010	–	47,239,220	47,239,220

The subject property is represented by Tower Center International, a 22,435 sqm office tower. The property includes office and storage spaces, as well as retail facilities on the ground floor and 180 underground parking spaces. The property is formed of two interconnected buildings, as follows:

- Building A: 3UG+GF+22F+3T;
- Building B: 4UG+GF+3F.

On 12 August 2004 Tower Center International SRL (TCI) concluded with Alpha Bank Romania SA a contract through which TCI sales towards Alpha Bank Romania part of the land (1,188 sqm) and part of the future building (12,958 sqm).

Simultaneously, a loan agreement was concluded between Tower Center International and Alpha Bank Romania in amount of EUR 22 million. The loan was used to finance the construction of Bucharest Tower Center building.

The construction completion date established by the parties involved was end of April 2007. Due to difficulties encountered in obtaining the construction authorization Tower Center International was not able to meet the deadline regarding the completion of the building.

In these circumstances Alpha Bank Romania decided in June 2007 to cease the financing of the project, refusing to accept the change of the initial construction completion date. Alpha Bank informed Tower Center International SRL regarding the eligibility of the loan and in the same time debited the Company's bank accounts. As a response to the actions performed by Alpha Bank Romania, Tower Center International challenged in court the actions undertaken by the bank.

In March 2008, Alpha Bank Romania called on Tower Center International to pay the debt in amount of EUR 16 million plus enforcement cost for the building. As a consequence of the actions undertaken by Alpha Bank Romania, Tower Center International was forced to pay its debt towards the bank.

Tower Center International continued the construction work for the building using funds made available by Industrial Export SA (shareholder). In August 2010 the reception committee was assembled (hence the transfer from construction in progress). Alpha Bank Romania urged the City Hall not to be present at the reception of the building, citing an ownership right of the building. According to the agreement concluded by Tower Center International with the City Hall District 1 the reception of the building was to take place according to the Government Decision No 273/1994.

In March 2011, Tower Center International and Alpha Bank Romania agreed to recognize a temporary owner for the building until a final decision from the Court is obtained in order to limit the losses generated by the non utilization of the building.

In August 2011, Tower Center International started the insolvency procedures. As part of the Reorganization plan from 2012, an agreement was concluded between the TCI and Alpha Bank. Based on this agreement, Alpha recognized TCI as sole owner of the land and building, by the cancellation of the previous sale contracts and refunding of the amounts paid to TCI in total value of EUR 17.5 million.

	Completed investment property EUR	*Construction in progress EUR*	*Total EUR*
COST			
31 December 2010	–	47,239,220	47,239,220
Additions	–	–	–
Disposals/Transfers	–	(224,932)	(224,932)
31 December 2011	–	47,014,288	47,014,288
NET BOOK VALUE			
31 December 2010	–	47,239,220	47,239,220
31 December 2011	–	47,014,288	47,014,288
COST			
31 December 2011	–	47,014,288	47,014,288
Additions	–		
Disposals	–	(381,813)	(381,813)
Transfer from CIP	46,632,475	(46,632,475)	-
Fair value adjustment	11,737,139	–	11,737,139
31 December 2012	58,369,614	–	58,369,614
NET BOOK VALUE			
31 December 2011	–	47,014,288	47,014,288
31 December 2012	58,369,614	–	58,369,614

The final put in function reception took place in August 2012, and the Company transferred from construction in progress as investment property EUR 46.7 million.

As of 31 December 2012, the valuer (The Advisers Knight Frank) determined the market value of the investment property to be EUR 58.4 million. The market value was determined based on discounted cash flows, using a reversionary yield of 7.5 per cent.

The significant assumptions made for the valuation are set out below:

Assumption	*2012*
Period of future cash-flows	5 years
Surface considered (sqm)	22,435
Monthly rent per sqm (EUR)	15-18 EUR/sqm, in line with the actual lease contracts already concluded
Approach used for computing NPV	DCF
Initial discount (yield) rate	9%
Reversionary yield/Perpetuity discount rate	7.5%
Vacancy rate used in initial years	50% in first year, decreasing to 30% in the second year and 10% in the third year at a stabilized level
Vacancy rate used in perpetuity	5%

13. OTHER CURRENT ASSETS

	31 December 2012 EUR	31 December 2011 EUR	31 December 2010 EUR
Opening balance	2,468	1,042	–
Paid	1,380,612	463	1,050
Utilized	(661,121)	–	–
Closing balance	721,959	1,505	1,050

One of the contractual obligations regarding the loan obtained from Alpha Bank was to submit EUR 1.3 million as cash collateral. This deposit is used subsequently for interest repayments.

14. OTHER RECEIVABLES

	31 December 2012 EUR	31 December 2011 EUR	31 December 2010 EUR
Tax receivables from State	569,044	372,886	149,048
Advance paid to suppliers	11,310	7,638	11,013
Sundry debtors	–	–	63,041
Total	580,354	380,524	223,102

15. CASH AND CASH EQUIVALENTS

	31 December 2012 EUR	31 December 2011 EUR	31 December 2010 EUR
Cash at bank			
Local currency	265,749	25,419	11,065
Foreign currency	5,911	–	315
Total	271,660	25,419	11,380

All cash is subject to restriction in case the loan from Alpha Bank defaults (please refer to note 17).

16. ISSUED SHARE CAPITAL

	31 December 2012	31 December 2011	31 December 2010
Number of share	100,000	12,887	12,887
Nominal value (EUR)	336	359	359
Share capital (EUR)	33,626,363	4,621,689	4,621,689

As of 31 December 2010, the shareholders are Industrial Export and Cerees, both with a weight of 50 per cent in share capital. As of 31 December 2011 the sole shareholder became Industrial Export.

According to the Reorganization Plan of Tower Center International SRL, Lorient Ltd received shares equal to the receivable amount in lieu of cash payments. The amount of RON 128.5 million equivalent of EUR 30 million was previously taken through a cession contract of the receivable from Trioni Investment Ltd and Nazeran Enterprises Ltd. Lorient Ltd became the new shareholder holding 87.11 per cent and Industrial Export SA holding 12.89 per cent as a result of share capital increase.

For the investment in Tower Center International, Industrial Export SA has signed in 2012 a selling contract with Stanuta Enterprises Ltd for the entire investment.

At the same time on 8 January 2013, applicable retroactively due to the fulfillment of the contract conditions, Lorient Ltd signed a shares assignment agreement with Pokandro Ltd for selling of the shares owned in Tower Center International SRL. Pokandro Ltd also signed a shares assignment agreement on 8 January 2013 with Stanuta Enterprises Ltd for selling of 37,112 shares owned in Tower Center International SRL, representing 37.11 per cent. Thus, as at 31 December 2012, the two shareholders Pokandro Ltd and Stanuta Enterprises Ltd have equal shares.

The share capital is translated into EUR at the historical exchange of RON 4.1117/EUR 1.

17. LOANS AND BORROWINGS

Loans and borrowings consist of the following:

	31 December 2012 EUR	*31 December 2011 EUR*	*31 December 2010 EUR*
Current			
Due to shareholders	–	27,404,824	23,764,530
Due to related party	3,789,387	–	
Due to credit institutions – Principal	14,875,000	–	–
Due to credit institutions – Interest	3,384	–	–
Total	18,667,771	27,404,824	23,764,530

As of year-end 2012, the Company has in balance two loans, of EUR 4 million owed to Industrial Export (related party) and respectively EUR 14.9 million to Alpha Bank. The amounts due to the former shareholder are free of interest and the reimbursement date is of one year from the date of the reorganization plan' approval (31 December 2012). The credit facility contracted from Alpha Bank bears an interest of Euribor 3M + 8 per cent. and it is due on July 9, 2013.

The bank loan caries the following mortgages and guarantees:

– Mortgage on building and land (Ion Mihalache nr 15-17)
– Mortgage on all the additions to the building
– Security mortgage to all the Capital Shares of SC Tower Center International SRL
– Security mortgage on all the accounts opened at bank
– Security mortgage on all receivables generated from rent agreements
– Security mortgage on all the receivables from sale/purchase contracts
– Security mortgage on all the receivables from the insurance policy
– Security mortgage on cash amounting the total interest for one year, created in one Alpha Bank account
– Promissory note “in white" issued by borrower and credited by Lorient Limited
– Promissory note “in white" issued by borrower and credited by the shareholders
– Personal Guarantee issued by Dragos Bilteanu containing benefit waiver clause of discussion and division
– Personal Guarantee issued by El Lakis Najib containing benefit waiver clause of discussion and division.

The debt in balance as of year-end 2010 and 2011 represent amounts owed to shareholders (subsequently, through assignment agreements to Trioni Investment Limited, Lorient, Pokandro) and which in 2012 were converted into share capital. Such amounts were interest free.

Interest-free shareholder loans have been adjusted at fair value at the date of initial recognition, using the estimated RON borrowing comparable market rates (between 6.00 per cent. for 2011 and 10.25 per cent for 2008).

18. PROVISIONS

	31 December 2012 EUR	*31 December 2011 EUR*	*31 December 2010 EUR*
Opening balance	1,099,832	842,868	-
Expense	1,055,926	534,662	842,868
Reversal	(1,100,068)	(277,698)	-
Closing balance	1,055,690	1,099,832	842,868

The provision recorded as of 31 December 2010 refers to the Alpha Bank (EUR'000 278) and to Bog'Art (EUR'000 356) lawsuits, which were subsequently settled and hence were reversed (please refer for further details to Note 12). Also, as the investment property was officially put in function in August 2012 and accepted as such by the City Hall, the Company recorded in 2010: EUR'000 209; 2011: EUR'000 535 and 2012: EUR'000 312 provisions for the property tax that it expects to be enforced by the fiscal authorities.

19. TRADE PAYABLES

	31 December 2012 EUR	*31 December 2011 EUR*	*31 December 2010 EUR*
Suppliers of utilities/other services	155,648	449,114	257,576
Suppliers of non-current assets	–	723,048	1,571,470
Accruals	26,620	19,055	7,380
Total	182,268	1,191,217	1,836,426

20. OTHER PAYABLES

	31 December 2012 EUR	*31 December 2011 EUR*	*31 December 2010 EUR*
Advances from clients	–	6,622,666	6,676,608
Salaries	566	2,555	2,512
Land tax	156,848	–	184,111
Guarantees from suppliers	2,421	224,137	597,608
Other	–	–	2,461
Total	159,835	6,849,358	7,463,300

The outstanding balance as of 31 December 2010 and 31 December 2011 represents advances billed to Alpha Bank for the investment property that would have been occupied by the bank (as detailed in Note 12). As the Company settled its liability towards Alpha Bank, at the end of 2012 the outstanding debt is nil.

21. SUBSEQUENT EVENTS

At 3 April 2013, the Company contracted a new loan of EUR 1.3 million from Stanuta Enterprises Limited, which was previously assigned from Ioannis Papalekas. The loan carries an interest of 1 per cent p.a. and has a maturity of one year.

At 26 February 2013, the Company withdrew an additional EUR 0.8 million from Industrial Export S.A. (related party). For additional information regarding the related party loan refer to paragraph 15.

The current short term loan with Alpha Bank, expiring on July 9, 2013, has been extended by one month. In addition the company is in advanced discussions with Raiffeisen Bank for a new long term loan facility of Euro 25 million, which will refinance among others the existing short term facility.

On 22 May 2013 a contract was signed with a new tenant for renting three floors (2,523.12 sqm), 12 parking places and a storage area (92 sqm) of the office building Tower Centre (through two addendums).

Initial Public Offering

In February 2013, Globalworth Real Estate Investments Limited, a company registered in Guernsey, commenced preparations for an initial public offering in the AIM Market of the United Kingdom. Following the completion of the initial pubic offering, it is expected that 100 per cent of the Company's shares will be acquired by Globalworth Real Estate Investments Limited should a relevant Sale and Purchase Agreement is agreed and signed with existing shareholders.

22. CAPITAL MANAGEMENT

Capital includes equity attributable to the equity holders of the parent. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares or convert the shareholder loan into equity.

Given the nature of the Company's activity and the present stage of its project, there are no specific ratios that are computed and monitored for capital structure or return on capital.

23. CONTINGENCIES AND COMMITMENTS

There is no commitment in respect of purchase of investment properties or other investments. The Company has contingent liabilities as at 31 December 2012, due to some litigation in course with the local tax authorities, for which the Company has already booked a provision.

Taxation

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

The Company believes that it has paid in due time and in full all applicable taxes, penalties and penalty interests in the applicable extent

In Romania, the tax position is open to further verification for 5 years.

Transfer pricing

According to the applicable relevant Romanian tax legislation, the tax assessment of related party transactions is based on the concept of market value for the respective transfers. Following this concept, the transfer prices should be adjusted so that they reflect the market prices that would have been set between unrelated companies acting independently (i.e. based on the "arm's length principle").

It is likely that transfer pricing reviews will be undertaken in the future in order to assess whether the transfer pricing policy observes the "arm's length principle" and therefore no distortion exists that may affect the taxable base of the Romanian tax payer. The Company could not estimate the potential impact of a transfer pricing review.

24. RELATED PARTIES TRANSACTIONS

The Company's related parties are the shareholders and all entities controlled by Iannis Papalekas and Dragos Bilteanu, as well as the Company's directors.

24.1 Material related party transactions

Loans from the related parties are set out in note 17 "Interest bearing loans and borrowings".

Company	*31 December 2012 EUR*	*31 December 2011 EUR*	*31 December 2010 EUR*
Romenergo SA	2,508	2,477	–
Industrial Export	–	353,606	947,181
Total payables closing balance	2,508	356,083	947,181

Company	*31 December 2012 EUR*	*31 December 2011 EUR*	*31 December 2010 EUR*
Romenergo SA	87,400	9,464	–
Industrial Export SA	–	352,962	264,385
Total purchases	87,400	362,426	264,385

24.2 Key management

The directors of the Company received no remuneration for the current and prior year.

25. FINANCIAL INSTRUMENTS DISCLOSURES AND FINANCIAL RISK MANAGEMENT

(a) Fair values of financial instruments

Financial instruments in the statement of financial position include trade and other receivables, cash and cash equivalents, loans from shareholders and from credit institutions, trade and other payables. The estimated fair values of these instruments does not differ significantly from their current carrying amounts, especially when they are short-term in nature or their interest rates are changing in line with the change in the current market conditions. The Company was not party to any derivative instruments during the years ended 31 December 2012, 2011 and 2010.

(b) Credit risk management

The Company's activities expose it to a variety of risks. Management is aware and monitors the effects of these risks and events that may have an adverse effect on the Company's operations.

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company's policy is to trade with recognized, creditworthy third parties. The Company's exposure is continuously monitored and spread amongst approved counterparties. The Company does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics.

(c) Interest rate risk

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

The intercompany loan is free of interest. The Company also has a bank loan which bears a variable interest rate (Euribor 3M).

	Increase/ (decrease) in basis points EUR	*Effect on equity EUR*	*Effect on profit before tax EUR*
2012			
Euribor	+15	351	351
Euribor	–15	(351)	(351)

(d) Liquidity risk

The Company'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 the management. The Company manages liquidity risk by maintaining adequate cash reserves. The following tables detail the Company's remaining contractual maturity for financial liabilities.

The tables presented below disclose the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay, and includes both interest and principal cash flows.

	On demand EUR	*Less than 3 months EUR*	*3 to 12 months EUR*	*1 to 5 years EUR*	*> 5 years EUR*	*Total EUR*
Year ended 31 December 2012						
Interest-bearing loans and borrowings	–	–	18,871,286	–	–	18,871,286
Deposits from tenants	–	–	–	256,481	–	256,481
Trade and other payables	–	–	342,103	–	–	342,103
	–	–	19,213,389	256,481	–	19,469,870
Year ended 31 December 2011						
Interest-bearing loans and borrowings	–	–	29,869,534	–	–	29,869,534
Trade and other payables	–	–	8,040,575	–	–	8,040,575
	–	–	37,910,109	–	–	37,910,109
Year ended 31 December 2010						
Interest-bearing loans and borrowings	–	–	28,501,852	–	–	28,501,852
Trade and other payables	–	–	9,299,726	–	–	9,299,726
	–	–	37,801,578	–	–	37,801,578

(e) Foreign exchange risk

The Company's functional currency is EUR however a part of its transactions are denominated in RON.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	EUR	RON	31 December 2012	EUR	RON	31 December 2011	EUR	RON	31 December 2010
ASSETS									
Other receivables	–	580,354	580,354	–	380,524	380,524	–	223,102	223,102
Cash and cash equivalents	5,885	265,775	271,660	–	25,419	25,419	–	11,380	11,380
Other current assets	721,959	–	721,959	–	1,505	1,505	–	1,050	1,050
	727,844	846,129	1,573,973	–	407,448	407,448	–	235,532	235,532
LIABILITIES									
Trade payables	–	182,268	182,268	–	1,191,217	1,191,217	–	1,836,426	1,836,426
Interest bearing loans and borrowings	18,667,771	–	18,667,771	–	27,404,824	27,404,824	–	23,764,530	23,764,530
Guarantees payables		146,087	146,087		–	–	–	–	–
Other payables	–	159,835	159,835	–	6,849,358	6,849,358	–	7,463,300	7,463,300
	18,667,771	488,190	19,155,961	–	35,445,399	35,445,399	–	33,064,256	33,064,256

(f) Foreign currency sensitivity analysis

The Company is mainly exposed to foreign exchange risk in respect of the exchange rate of EUR. The following table details the Company's sensitivity to a 5 per cent increase and decrease in EUR exchange rate against RON.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5 per cent change in foreign currency exchange rates. A negative number below indicates a decrease in profit where foreign currency strengthens 5 per cent against RON. For a 5 per cent weakening of foreign currency against the EUR there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative. Change is mainly attributable to EUR denominated loans.

	Increase/ (Decrease)	*Effect on profit before tax 2012*	*Effect on profit before tax 2011*	*Effect on profit before tax 2010*
RON	5%	12,377	(1,875,133)	(1,853,491)
RON	-5%	(12,377)	1,875,133	1,853,491

Section F – Victoria Ventures SA

Subsection F(i) Accountant's Report on Victoria Ventures SA

The Directors
Globalworth Real Estate Investments Limited
Anson Place
Mill Court
La Charroterie
St Peter Port
Guernsey
GY1 1EY

23 July 2013

Dear Sirs

VICTORIA VENTURES SA

We report on the financial information set out in Section F of Part IX of the Admission Document issued by Globalworth Real Estate Investments Limited ("the Company") for the period ended 31 December 2012. This financial information has been prepared for inclusion in the Admission Document dated 24 July 2013 of Globalworth Real Estate Investments Limited on the basis of the accounting policies set out in note 4. This report is required by Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that schedule and for no other purpose.

Save for any responsibility arising under Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the AIM admission document.

Responsibilities

The Directors of Globalworth Real Estate Investments Limited are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of Victoria Ventures SA as at the dates stated and of its profits, cash flows and changes in equity for the period then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the AIM admission document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM admission document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

Ernst & Young Assurance Services SRL

VICTORIA VENTURES SA

FINANCIAL INFORMATION

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

As at and for the period ended 31 DECEMBER 2012

STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 December 2012

(All amounts are expressed in EUR)

	Note	*For the period ended 31 December 2012*
Operating expenses	5	(83)
Finance costs	6	(1)
Loss before tax		(84)
Income tax (expense)		–
Loss for the year		(84)
Other comprehensive income		–
Total comprehensive income		(84)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

(All amounts are expressed in EUR)

	Note	*As at 31 December 2012*
ASSETS		
Non-current assets		–
Current assets		
Cash and cash equivalents	7	20,322
		20,322
TOTAL ASSETS		20,322
EQUITY AND LIABILITIES		
Equity		
Issued share capital	8	20,322
Retained earnings		–
Loss for the year		(84)
		20,238
Non-current liabilities		–
Current liabilities		
Other payables	9	84
		84
TOTAL EQUITY AND LIABILITIES		20,322

STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2012

(All amounts are expressed in EUR)

	Note	*Issued share capital*	*Retained earnings*	*Total*
As at 28 December 2012		–	–	–
Increase during the year	8	20,322	–	20,322
Loss for the year		–	84	84
Other comprehensive income		–	–	–
Total comprehensive income		–	(84)	(84)
As at 31 December 2012		20,322	(84)	20,238

CASH FLOW STATEMENT

For the period ended 31 December 2012

(All amounts are expressed in EUR)

	For the period ended 31 December 2012
OPERATING ACTIVITIES	
Loss before taxation	(84)
Non-cash adjustment:	–
Working capital adjustments:	
Increase/(Decrease) in other payables	84
Net cash flows from operating activities	(0)
INVESTING ACTIVITIES	
Net cash generated from investing activities	–
FINANCING ACTIVITIES	
Issued share capital	20,322
Net cash flows used in financing activities	20,322
Net increase/(decrease) in cash and cash equivalents	20,322
Cash and cash equivalents at 28 December	–
Cash and cash equivalents at 31 December	20,322

NOTES TO THE FINANCIAL INFORMATION

For the period ended 31 December 2012

(All amounts are expressed in EUR)

1. CORPORATE INFORMATION

VICTORIA VENTURES SA (hereinafter referred to as the "Company") is a limited liability company incorporated in Romania on 28 December 2012, with a registered office at 3rd, George Constantinescu Street, District 2, Bucharest, Romania, registered with the Trade Registry under the number J40/15247/2012, unique fiscal registration number 31050203. The Company's main activity is the development of real estate properties.

The Company is owned by Star Imob Construct SRL (60 per cent.), Mbahara Limited (20 per cent.) and Rafail Ioan Paul (20 per cent.).

Star Imob Construct SRL is owned by Mr. Ioannis Papalekas.

2. BASIS OF PREPARATION

(A) General

The Financial Information has been prepared on the historical cost basis. Principal accounting policies applied in the preparation of this Financial Information, as set out below, have been consistently applied throughout the period presented.

The Financial Information has been prepared assuming that the Company will continue as a going concern. The Company has received confirmation of the Parent's continuing support during the next 12 months should the need arise for additional funding of what is or will be available for its operations and/or third party sources.

The Financial Information of the Company has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

The fiscal year end of the Company is 31 December.

The Financial Information, for the year ended 31 December 2012, is the first the Company has prepared in accordance with IFRS as adopted by the European Union. As the Company was incorporated in 2012 there are no comparative period data. Management assessed that no significant adjustments are to be made in restating its Local GAAP financial statements as at and for the period ended 31 December 2012.

(B) Standards issued but not yet effective and not early adopted

The Company has not early adopted the following standards/interpretations:

- **IAS 1 Financial Statement Presentation (Amended) – Presentation of Items of Other Comprehensive Income**

  The amendment is effective for annual periods beginning on or after 1 July 2012. The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Company's financial position or performance.

- **IAS 19 Employee Benefits (Revised)**

  The amendment is effective for annual periods beginning on or after 1 January 2013. The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The Company does not expect that this amendment will have an impact on the financial position or performance of the Company.

- **IAS 27 Separate Financial Statements (Revised)**

  The Standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. Earlier application is permitted. The Company does not expect that this amendment will have an impact on the financial position or performance of the Company.

- **IAS 28 Investments in Associates and Joint Ventures (Revised)**

  The Standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. As a consequence of the new IFRS 11 Joint arrangements and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The Company does not expect that this amendment will have an impact on the financial position or performance of the Company.

- **IAS 32 Financial Instruments: Presentation (Amended) – Offsetting Financial Assets and Financial Liabilities**

  The amendment is effective for annual periods beginning on or after 1 January 2014.These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The Company does not expect that this interpretation will have an impact on the financial position or performance of the Company.

- **IFRS 1 First Time Adoption of IFRS (Amended) – Government loans**

  These amendments require first-time adopters to apply the requirements of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, prospectively to government loans existing at the date of transition to IFRS. Entities may choose to apply the requirements of IFRS 9 (or IAS 39, as applicable) and IAS 20 to government loans retrospectively if the information to do so had been obtained at the time of initially accounting for that loan. The exception would give first-time adopters relief from retrospective measurement of government loans with a below-market rate of interest. This amendment has not yet been endorsed by the EU. Management has assessed that this interpretation will have an impact on the financial position or performance of the Company.

- **IFRS 7 Financial Instruments: Disclosures (Amended) – Offsetting Financial Assets and Financial Liabilities**

  The amendment is effective for annual periods beginning on or after 1 January 2013. These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The Company does not expect that this interpretation will have an impact on the financial position or performance of the Company.

- **IFRS 9 Financial Instruments: Classification and Measurement**

  The new standard is effective for annual periods beginning on or after 1 January 2015. IFRS 9, as issued, reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in

December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of financial assets, but will not have an impact on classification and measurements of financial liabilities. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued. This standard has not yet been endorsed by the EU.

- **IFRS 10 Consolidated Financial Statements,**

  The new standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The Company does not expect that this interpretation will have an impact on the financial position or performance of the Company.

- **IFRS 11 Joint Arrangements**

  The new standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The Company does not expect that this interpretation will have an impact on the financial position or performance of the Company.

- **IFRS 12 Disclosures of Interests in Other Entities**

  The new standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The new standard has only disclosure effects.

- **IFRS 13 Fair Value Measurement**

  The new standard is effective for annual periods beginning on or after 1 January 2013. IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Company does not expect that this interpretation will have a significant impact on its financial position or performance.

- **IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine**

  The interpretation is effective for annual periods beginning on or after 1 January 2013.This interpretation applies to waste removal (stripping costs) incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. Management has assessed that the amendment has no impact on the Company's financial position or performance.

- The IASB has issued the Annual Improvements to IFRSs – 2009 – 2011 Cycle, which contains amendments to its standards and the related Basis for Conclusions. The annual improvements project provides a mechanism for making necessary, but non-urgent, amendments to IFRS. The effective date for the amendments is for annual periods beginning on or after 1 January 2013. Earlier application is permitted in all cases, provided that fact is disclosed. This project has not yet been endorsed by the EU. Management has assessed that the amendments have no impact on the Company's financial position or performance.
  - ***IFRS 1 First-time adoption of IFRS:*** This improvement clarifies that an entity that stopped applying IFRS in the past and chooses, or is required, to apply IFRS, has the option to re-apply IFRS 1. If IFRS 1 is not re-applied, an entity must retrospectively restate its financial statements as it if had never stopped applying IFRS.
  - ***IAS 1 Presentation of Financial Statements:*** This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period.
  - ***IAS 16 Property, Plant and Equipment:*** This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.
  - ***IAS 32 Financial Instruments, Presentation:*** This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.
  - ***IAS 34 Interim Financial Reporting:*** The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

- **Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)**

  The guidance is effective for annual periods beginning on or after 1 January 2013. The IASB issued amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application' in IFRS 10 is defined as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief. This guidance has not yet been endorsed by the EU. Management has assessed that the guidance amendment will have no impact on the Company's financial position or performance.

- **Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)**

  The amendment is effective for annual periods beginning on or after 1 January 2014. The amendment applies to a particular class of business that qualify as investment entities. The IASB uses the term 'investment entity' to refer to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds. Under IFRS 10 Consolidated Financial Statements, reporting entities were required to consolidate all investees that they control (i.e. all subsidiaries). The Investment Entities amendment provides an exception to the consolidation requirements in IFRS 10 and requires investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendment also sets out disclosure requirements for investment entities. This amendment has not yet been endorsed by the EU. Management has assessed that the amendments will have no impact on the Company's financial position or performance.

- **IFRIC Interpretation 21: Levies**

  The interpretation is effective for annual periods beginning on or after 1 January 2014. The Interpretations Committee was asked to consider how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements. This interpretation is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. This interpretation has not yet been endorsed by the EU. Management has assessed that this interpretation will have no impact on the financial position or performance of the Company.

- **IAS 36 Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets**

  This amendment is effective for annual periods beginning on or after 1 January 2014. In developing IFRS 13 the IASB decided to amend IAS 36 to require the disclosure of information about the recoverable amount of impaired assets, particularly if that amount is based on fair value less costs of disposal. In particular, instead of requiring an entity to disclose the recoverable amount of an asset (including goodwill) or a cash-generating unit for which a material impairment loss was recognised or reversed during the reporting period, the amendment made to IAS 36 required an entity to disclose the recoverable amount of each cash generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit is significant in comparison with the entity's total carrying amount of goodwill or of intangible assets with indefinite useful lives. This amendment has not yet been endorsed by the EU. Management has assessed that this amendment will have no impact on the financial position or performance of the Company.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of Financial Information in conformity with the IFRS as adopted by the EU requires the management to make certain critical accounting estimates, judgment and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the Financial Information, and the reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgments in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual results could differ from management's estimates. Revisions to accounting estimates are reviewed periodically and, as adjustments become necessary, they are recognised in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Company's accounting policies, the management makes the following judgments and estimates which have a significant effect on the classification and measurement of the Financial Information elements:

Selection of functional currency

The Company used its judgment, based on the criteria outlined in IAS 21 and taking into account the specifics of its planned future activities, and determined that the functional currency of the Company is the EUR. The EUR is also the presentation currency of the Financial Information.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Functional currency and presentation currency

The Financial Information is presented in Euro, which is the Company's functional and presentation currency. This Financial Information is based on the Statutory accounting records, with adjustments and reclassifications recorded for the purpose of fair presentation in accordance with IFRS principles, as applicable to this Financial Information.

4.2 Foreign currency translation

Foreign currency transactions during the period are initially recorded in the functional currency at the exchange rates approximating those ruling on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies other than the Company's functional currency are retranslated at the rates of exchange prevailing on the statement of financial position date. Gains and losses on translation are taken to profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.3 Cash and cash equivalents

For purposes of the statement of cash flows, the Company's cash and cash equivalents include highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of change in value. Such investment includes cash in hand and balances at banks and short term deposits with banks.

4.4 Taxation

Income tax on the results for the period represents the sum of current tax and deferred tax. Income tax is recognized in the profit or loss, except when it relates to items charged or credited directly to equity, in which case it is recognized in directly to equity.

Current tax

Current tax is based on taxable profit of the period. Taxable profit differs from net profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The Company is in the position to carry forward the loss for a period of seven years.

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences will be realized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

4.5 Provisions

A provision is recognized when, and only when, the Company has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

4.6 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. The particular measurement methods adopted are disclosed in individual policy statements associated with each item.

Financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on derecognition of financial assets and financial liabilities are taken to profit and loss account.

4.7 Offsetting of financial instruments

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

4.8 Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Company of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

5. OPERATING EXPENSES

	For the period ended 31 December 2012
Other third parties services	83
Total	83

6. FINANCE COSTS

	For the period ended 31 December 2012
Finance costs	
Functional currency difference	(1)
Finance costs	(1)

7. CASH AND CASH EQUIVALENTS

Cash at bank	*As at 31 December 2012*
Local currency	20,322
Foreign currency	–
Petty cash	–
Total	20,322

8. ISSUED SHARE CAPITAL

	As at 31 December 2012
Authorized share capital	
9,000 ordinary shares with a nominal value of RON 10 each	20,322
Issued and fully paid	
9,000 ordinary shares of RON 10 each	20,322

The Company was incorporated on 28 December 2012 with a share capital of RON 90,000, divided into 9,000 shares of 10 RON each. These shares are owned by existing shareholders in the proportion of 60 per cent. by Star Imob Construct SRL, 20 per cent. by Mbahara Limited and 20 per cent. by Mr. Rafail Ioan Paul. The share capital is translated into EUR at the historical exchange of RON 4.4287/EUR.

9. OTHER PAYABLES

	As at 31 December 2012
Other payables	84
	84

10. SUBSEQUENT EVENTS

During January – May 2013, the Company contracted shareholder loans in amount of EUR 2,287,000 granted by:

- Star Imob Construct (EUR 1,380,000)
- Mbahara Ltd (EUR 447,000)
- Rafail Paul (EUR 460,000).

The loans were received in order to acquire land located in Gheorghe Titeica street number 206-208, in District 2, Bucharest, Romania. Apart from acquiring the plot of land for EUR 1,190,000, the Company also started to build the structure for the future building (the carrying value of construction in progress as of 31 May 2013 was approximately EUR 631 thousand).

Initial public offering:

In February 2013, Globalworth Real Estate Investments Limited, a company registered in Guernsey commenced preparations for an initial public offering in the AIM market of the United Kingdom. Following the completion of the initial public offering, it is expected that 100 per cent. of the shares of Star Imob Construct SRL (the Company's parent) will be acquired by Globalworth Real Estate Investments Limited should a relevant Sale and Purchase Agreement is agreed and signed with existing shareholders.

11. CAPITAL MANAGEMENT

Capital includes equity attributable to the equity holders. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares or convert the shareholder loan into equity.

Given the nature of the Company's activity and the present stage of its project, there are no specific ratios that are computed and monitored for capital structure or return on capital.

12. RELATED PARTIES TRANSACTIONS

The Company's related parties are the shareholders and all entities controlled by Ioannis Papalekas, as well as the Company's directors.

12.1 Material related party transactions

There were no transactions with related parties during the year 2012.

12.2 Key management

The Directors of the Company received no remuneration during the years presented.

13. FINANCIAL INSTRUMENTS DISCLOSURES AND FINANCIAL RISK MANAGEMENT

(a) Fair values of financial instruments

Financial instruments in the statement of financial position include cash and cash equivalents and other payables. The estimated fair values of these instruments do not differ significantly from their current carrying amounts, especially when they are short-term in nature or their interest rates are changing in line with the change in the current market conditions. The Company was not party to any derivative instruments during the period ended 31 December 2012.

(b) Credit risk management

The credit risk is not significant for the Company at this stage.

(c) Interest rate risk

The interest rate risk is not significant for the Company at this stage.

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

(d) Liquidity risk

The Company'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 the management. The Company manages liquidity risk by maintaining adequate cash reserves. The following tables detail the Company's remaining contractual maturity for financial liabilities.

	Less than 1 month	*1-3 months*	*3 months – 1 year over*	*2012 Total*
Other payables	84	–	–	–
Total	84	–	–	–

The table presented above present the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay, and includes both interest and principal cash flows.

(e) Foreign exchange risk

The Company's functional currency is EUR however a part of its transactions are denominated in RON.

The carrying amounts of the Company's monetary assets and monetary liabilities by currency denomination at the reporting date are as follows:

2012

	RON	*EUR*
ASSETS		
Cash and cash equivalents	20,322	–
Total	20,322	–
LIABILITIES		
Other payable	84	–
Total	84	–

(f) Foreign currency sensitivity analysis

The Company is mainly exposed to foreign exchange risk in respect of the exchange rate of the RON. The following table details the Company's sensitivity to a 5 per cent. increase and decrease in RON exchange rate against EUR.

5 per cent. 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 period end for a 5 per cent. change in foreign currency exchange rates. A negative number below indicates a decrease in profit where foreign currency strengthens 5 per cent. against RON. For a 5 per cent. weakening of foreign currency against the EUR there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative. Change is mainly attributable to RON denominated loans and trade payable outstanding at year end.

	Increase/ (Decrease)	*Profit and loss effect 2012*
RON	(5%)	(1,012)
RON	5%	1,012

Section G - Star Imob Construct SRL

Subsection G(i) Accountant's Report on Star Imob Construct SRL

The Directors
Globalworth Real Estate Investments Limited
Anson Place
Mill Court
La Charroterie
St Peter Port
Guernsey
GY1 1EY

23 July 2013

Dear Sirs

STAR IMOB CONSTRUCT SRL

We report on the financial information set out in Section G of Part IX of the Admission Document issued by Globalworth Real Estate Investments Limited ("the Company") for the years ended 31 December 2010, 2011 and 2012. This financial information has been prepared for inclusion in the Admission Document dated 24 July 2013 of Globalworth Real Estate Investments Limited on the basis of the accounting policies set out in note 4. This report is required by Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that schedule and for no other purpose.

Save for any responsibility arising under Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the AIM admission document.

Responsibilities

The Directors of Globalworth Real Estate Investments Limited are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of Star Imob Construct SRL as at the dates stated and of its profits, cash flows and changes in equity for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the AIM admission document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM admission document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

Ernst & Young Assurance Services SRL

STAR IMOB CONSTRUCT SRL

FINANCIAL INFORMATION

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

As at and for the years ended 31 DECEMBER 2012, 2011 and 2010

STATEMENT OF COMPREHENSIVE INCOME

For the years ended 31 December 2012, 2011 and 2010

(All amounts are expressed in EUR)

	Note	*For the year ended 31 December 2012*	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Income				
Rental income	5	1,339,419	255,836	85,674
Other operating income	6	4,733,986	6,030,009	2,869,804
		6,073,405	6,285,845	2,955,478
Operating expenses	7	(4,307,926)	(5,133,426)	(4,148,906)
Valuation gains/(losses) from completed investment property	10	34,495,765	–	–
Finance costs	8	(1,440,399)	(184,519)	(275,776)
Finance income	8	12,619	120,265	9,128
Profit/(Loss) before tax		34,833,464	1,088,165	(1,460,076)
Income tax expense	9	(5,589,208)	(45,662)	(1,960)
Profit/(Loss) for the year		29,244,256	1,042,503	(1,462,036)
Other comprehensive income		–	–	–
Total comprehensive income		29,244,256	1,042,503	(1,462,036)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2012, 2011 and 2010

(All amounts are expressed in EUR)

	Note	As at 31 December 2012	As at 31 December 2011	As at 31 December 2010
ASSETS				
Non-current asset				
Property, plant and equipment		205,591	270,128	82,846
Completed investment property	10	64,401,175	24,043,469	127,903
Investment property under construction	10	1,292,655	554,630	2,200,250
Investments		12,193	–	–
		65,911,614	24,868,227	2,410,999
Current assets				
Trade receivables	11	358,971	993,184	563,831
Other receivables	12	1,653,094	420,879	601,356
Advances to suppliers		146,275	657,682	2,799,706
Income tax receivable		70,768	–	–
Cash and cash equivalents	13	230,067	48,961	72,837
		2,459,175	2,120,706	4,037,730
TOTAL ASSETS		68,370,789	26,988,933	6,448,729
EQUITY AND LIABILITIES				
Equity				
Issued share capital	14	237	237	237
Share premium		105	105	105
Legal reserve		15,689	15,689	15,689
Other reserve		803,843	803,843	803,843
Parent loan – equity contribution	15	1,424,560	732,280	–
Related party loan – equity contribution	15	54,924	–	–
Retained earnings		708,818	(333,685)	1,128,351
Profit/(Loss) for the year		29,244,256	1,042,503	(1,462,036)
		32,252,432	2,260,972	486,189
Non-current liabilities				
Interest bearing loans and borrowings	15	20,449,089	20,922,122	1,337,215
Deferred tax liability	9	5,659,840	135,660	–
		26,108,929	21,057,782	1,337,215
Current liabilities				
Trade payables	16	3,400,424	3,540,323	4,603,576
Interest bearing loans and borrowings	15	6,595,316	59,699	5,737
Other payables	17	13,689	21,611	16,012
Income tax payable		–	48,546	–
		10,009,429	3,670,179	4,625,325
TOTAL EQUITY AND LIABILITIES		68,370,789	26,988,933	6,448,729

STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December 2012, 2011 and 2010

(All amounts are expressed in EUR)

	Note	*Issued share capital*	*Share Premium*	*Legal reserve*	*Other reserves*	*Parent loan equity contribution*	*Related party loan equity contribution*	*Retained earnings*	*Total*
As at 1 January 2010	14	237	105	15,689	803,843	–		1,128,351	1,948,225
Profit/(Loss) for the year		–	–	–	–	–	–	(1,462,036)	(1,462,036)
Other comprehensive income		–	–	–	–	–	–	–	–
Total comprehensive income		–	–	–	–	–	–	(1,462,036)	(1,462,036)
As at 31 December 2010		237	105	15,689	803,843	–	–	(333,685)	486,189
As at 1 January 2011	14	237	105	15,689	803,843	–	–	(333,685)	486,189
Parent loan – equity contribution		–	–	–	–	732,280	–	–	732,280
Profit/(Loss) for the year		–	–	–	–	–	–	1,042,503	1,042,503
Other comprehensive income		–	–	–	–	–	–	–	–
Total comprehensive income		–	–	–	–	–	–	1,042,503	1,042,503
As at 31 December 2011		237	105	15,689	803,843	732,280	–	708,818	2,260,972
As at 1 January 2012	14	237	105	15,689	803,843	732,280	–	708,818	2,260,972
Parent loan – equity contribution		–	–	–	–	692,280	–	–	692,280
Related party loan – equity contribution		–	–	–	–	–	54,924	–	54,924
Profit/(Loss) for the year		–	–	–	–	–	–	29,244,256	29,244,256
Other comprehensive income		–	–	–	–	–	–	–	–
Total comprehensive income		–	–	–	–	–	–	29,244,256	29,244,256
As at 31 December 2012		237	105	15,689	803,843	1,424,560	54,294	29,953,075	32,252,432

CASH FLOW STATEMENT

For the years ended 31 December 2012, 2011 and 2010

(All amounts are expressed in EUR)

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
OPERATING ACTIVITIES			
Profit/(Loss) before taxation	34,833,464	1,088,165	(1,460,076)
Non-cash adjustments:			
Depreciation	59,178	43,721	18,477
Valuation gains from completed investment property	(34,495,765)	–	–
Interest income	(12,619)	(22,759)	(9,128)
Interest expense	1,074,136	184,519	894
Movement in allowance for doubtful debts	32,491	362,522	–
Working capital adjustments:			
(Increase)/Decrease in trade receivables	601,723	(429,352)	(380,675)
(Increase)/Decrease in other receivables	(1,315,176)	(182,045)	61,435
(Increase)/Decrease in advances to suppliers	511,407	2,142,024	1,499,296
Increase/(Decrease) in trade payables	(69,130)	(728,986)	(1,258,810)
Increase/(Decrease) in other payables	44,019	(67,770)	(14,467)
Interest received	12,619	22,759	9,128
Income tax paid	(326,667)	(49,483)	(1,960)
Net cash flows from operating activities	949,680	2,363,314	(1,535,886)
INVESTING ACTIVITIES			
Acquisitions of other non-current assets	–	(231,004)	(48,528)
Acquisitions of investment property	(1,753,608)	(22,269,944)	87,460
Net cash generated from investing activities	(1,753,608)	(22,500,948)	38,932
FINANCING ACTIVITIES			
Repayment of borrowings from shareholders	(500,000)	(3,667,000)	(59,618)
Proceeds of borrowings from shareholders	–	–	1,380,993
Proceeds of borrowings from related parties	1,700,000	20,643,000	–
Proceeds of borrowings from credit institutions	–	3,463,000	–
Repayments of borrowings from credit institutions	–	(164,607)	(8,598)
Interest paid	(214,966)	(160,635)	(894)
Net cash flows used in financing activities	985,034	20,113,758	1,311,883
Net increase/(decrease) in cash and cash equivalents	181,106	(23,876)	(185,071)
Cash and cash equivalents at 1 January	48,961	72,837	257,908
Cash and cash equivalents at 31 December	230,067	48,961	72,837

NOTES TO THE FINANCIAL INFORMATION
For the years ended 31 December 2012, 2011 and 2010
(All figures are expressed in EUR)

1. CORPORATE INFORMATION

STAR IMOB CONSTRUCT SRL (hereinafter referred to as the "Company") is a limited liability company incorporated in Romania on 17 July 2002, with a registered office at 3rd, George Constantinescu Street, District 2, Bucharest, Romania, registered with the Trade Registry under the number B2469895, unique fiscal registration number 14757841. The Company operates in the real estate development business and it also provides property management services.

The Company is owned by Mr. Ioannis Papalekas (99 per cent.) and Mr. Adrian Danoiu (1 per cent.).

2. BASIS OF PREPARATION

(A) General

The Financial Information has been prepared on the historical cost basis, except for investment property which has been measured at fair value. Principal accounting policies applied in the preparation of this Financial Information, as set out below, have been consistently applied throughout the period presented.

The Financial Information has been prepared assuming that the Company will continue as a going concern. The Company has received confirmation of the Parent's continuing support during the next 12 months should the need arise for additional funding of what is or will be available for its operations and / or third party sources.

The Financial Information of the Company has been prepared in accordance with the principles contained within International Financial Reporting Standards, as adopted by the European Union ("IFRS").

The fiscal year end of the Company is 31 December.

This Financial Information, for the year ended 31 December 2012, is the first the Company has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2012, the Company prepares statutory financial statements in accordance with local generally accepted accounting principles (starting from 1 January 2010 being Ministry of finance Order 3055/2009 with subsequent amendments).

Accordingly, the Company has prepared Financial Information which comply with IFRS applicable for the years ending on 31 December 2012, 2011 and 2010, as described in the summary of significant accounting policies. In preparing this Financial Information, the Company's opening statement of financial position was prepared as at 1 January 2010, the Company's date of transition to IFRS.

Note 2 C) explains the principal adjustments made by the Company in restating its Romanian GAAP financial statements, including the statement of financial position as at 1 January 2010 and the Financial Information as at and for the year ended 31 December 2012.

(B) Standards issued but not yet effective and not early adopted

The Company has not early adopted the following standards/interpretations:

- **IAS 1 Financial Statement Presentation (Amended) – Presentation of Items of Other Comprehensive Income**

  The amendment is effective for annual periods beginning on or after 1 July 2012. The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Company's financial position or performance.

- **IAS 19 Employee Benefits (Revised)**

  The amendment is effective for annual periods beginning on or after 1 January 2013. The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The Company does not expect that this amendment will have an impact on the financial position or performance of the Company.

- **IAS 27 Separate Financial Statements (Revised)**

  The Standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. Earlier application is permitted. The Company does not expect that this amendment will have an impact on the financial position or performance of the Company.

- **IAS 28 Investments in Associates and Joint Ventures (Revised)**

  The Standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. As a consequence of the new IFRS 11 Joint arrangements and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The Company does not expect that this amendment will have an impact on the financial position or performance of the Company.

- **IAS 32 Financial Instruments: Presentation (Amended) - Offsetting Financial Assets and Financial Liabilities**

  The amendment is effective for annual periods beginning on or after 1 January 2014.These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The Company does not expect that this interpretation will have an impact on the financial position or performance of the Company.

- **IFRS 7 Financial Instruments: Disclosures (Amended) - Offsetting Financial Assets and Financial Liabilities**

  The amendment is effective for annual periods beginning on or after 1 January 2013. These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The Company does not expect that this interpretation will have an impact on the financial position or performance of the Company.

- **IFRS 9 Financial Instruments: Classification and Measurement**

  The new standard is effective for annual periods beginning on or after 1 January 2015. IFRS 9, as issued, reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of financial assets, but will not have an impact on classification and measurements of financial liabilities. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued. This standard has not yet been endorsed by the EU.

- **IFRS 10 Consolidated Financial Statements**

  The new standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The Company does not expect that this interpretation will have an impact on the financial position or performance of the Company.

- **IFRS 11 Joint Arrangements**

  The new standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The Company does not expect that this interpretation will have an impact on the financial position or performance of the Company.

- **IFRS 12 Disclosures of Interests in Other Entities**

  The new standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The new standard has only disclosure effects.

- **IFRS 13 Fair Value Measurement**

  The new standard is effective for annual periods beginning on or after 1 January 2013. IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Company does not expect that this interpretation will have a significant impact on its financial position or performance.

- **IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine**

  The interpretation is effective for annual periods beginning on or after 1 January 2013. This interpretation applies to waste removal (stripping costs) incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. Management has assessed that the amendment has no impact on the Company's financial position or performance.

- The IASB has issued the **Annual Improvements to IFRSs – 2009 – 2011 Cycle,** which contains amendments to its standards and the related Basis for Conclusions. The annual improvements project provides a mechanism for making necessary, but non-urgent, amendments to IFRS. The effective date for the amendments is for annual periods beginning on or after 1 January 2013. Earlier application is permitted in all cases, provided that fact is disclosed. This project has not yet been endorsed by the EU. Management has assessed that the amendments have no impact on the Company's financial position or performance.

- **IAS 16 Property, Plant and Equipment:** This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

- **IAS 32 Financial Instruments, Presentation:** This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

- **IAS 34 Interim Financial Reporting:** The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

● **Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)**

The guidance is effective for annual periods beginning on or after 1 January 2013. The IASB issued amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application' in IFRS 10 is defined as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief. This guidance has not yet been endorsed by the EU. Management has assessed that the guidance will have no impact on the Company's financial position or performance.

● **Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)**

The amendment is effective for annual periods beginning on or after 1 January 2014. The amendment applies to a particular class of business that qualify as investment entities. The IASB uses the term 'investment entity' to refer to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds. Under IFRS 10 Consolidated Financial Statements, reporting entities were required to consolidate all investees that they control (i.e. all subsidiaries). The Investment Entities amendment provides an exception to the consolidation requirements in IFRS 10 and requires investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendment also sets out disclosure requirements for investment entities. This amendment has not yet been endorsed by the EU. Management has assessed that the amendments will have no impact on the Company's financial position or performance.

● **IFRIC Interpretation 21: Levies**

The interpretation is effective for annual periods beginning on or after 1 January 2014. The Interpretations Committee was asked to consider how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements. This interpretation is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. This interpretation has not yet been endorsed by the EU. Management has assessed that this interpretation will have no impact on the financial position or performance of the Company.

● **IAS 36 Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets**

This amendment is effective for annual periods beginning on or after 1 January 2014. In developing IFRS 13 the IASB decided to amend IAS 36 to require the disclosure of information about the recoverable amount of impaired assets, particularly if that amount is based on fair value less costs of disposal. In particular, instead of requiring an entity to disclose the recoverable amount of an asset (including goodwill) or a cash-generating unit for which a material impairment loss was recognised or reversed during the reporting period, the amendment made to IAS 36 required an entity to disclose the recoverable amount of each cash generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit is significant in comparison with the entity's total carrying amount of goodwill or of intangible assets with indefinite useful lives. This amendment has not yet been endorsed by the EU. Management has assessed that this amendment will have no impact on the financial position or performance of the Company.

(C) IFRS first-time adoption

The Company has early applied from the **Annual Improvements to IFRSs – 2009 – 2011 Cycle** the improvement related to ***IAS 1 Presentation of Financial Statements:*** This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period.

Estimates

The estimates at 1 January 2010, at 31 December 2010, 31 December 2011 and 31 December 2012 are consistent with those made for the same dates in accordance with Romanian GAAP and in accordance to IFRS principles. The estimates used by the Company to present these amounts in accordance with IFRS reflect conditions at 1 January 2010, the date of transition to IFRS, and as of 31 December 2010, 31 December 2011 and 31 December 2012

Company reconciliation of equity as at 1 January 2010 (date of transition to IFRS)

Management assessed that no significant adjustments are to be made in restating its Local GAAP financial statements as of 1 January 2010.

	Local GAAP	*Adjustments*	*IFRS as at 1 January 2010*
ASSETS			
Non-current asset			
Property, plant and equipment	35,091	–	35,091
Completed investment property	212,518	–	212,518
Investment property under construction	2,200,250	–	2,200,250
	2,447,859	–	2,447,859
Current assets			
Trade receivables	183,156	–	183,156
Other receivables	619,573	–	619,573
Income tax receivables	43,218	–	43,218
Advances to suppliers	4,299,002	–	4,299,002
Cash and cash equivalents	257,908	–	257,908
	5,402,857	–	5,402,857
TOTAL ASSETS	7,850,716	–	7,850,716
EQUITY AND LIABILITIES			
Equity			
Issued share capital	237	–	237
Share premium	105	–	105
Legal reserve	15,689	–	15,689
Other reserve	803,843	–	803,843
Retained earnings	1,128,351	–	1,128,351
	1,948,225	–	1,948,225
Non-current liabilities			
Interest bearing loans and borrowings	9,625	–	9,625
	9,625	–	9,625
Current liabilities			
Trade payables	5,862,386	–	5,862,386
Interest bearing loans and borrowings	–	–	–
Other payables	30,479	–	30,479
	5,892,865	–	5,892,865
Total equity and liabilities	7,850,716	–	7,850,716

Company reconciliation of equity as at 31 December 2012

	Notes	*Local GAAP*	*Adjustments*	*IFRS as at 31 December 2012*
ASSETS				
Non-current asset				
Property, plant and equipment		205,591	–	205,591
Completed investment property	1	29,905,410	34,495,765	64,401,175
Investment property under construction		1,286,689	5,966	1,292,655
Investments		12,193	–	12,193
		31,409,883	34,501,731	65,911,614
Current assets				
Trade receivables		358,971	–	358,971
Other receivables		1,653,094	–	1,653,094
Income tax receivable		70,768	–	70,768
Advances to suppliers		146,275	–	146,275
Cash and cash equivalents		230,067	–	230,067
		2,459,175	–	2,459,175
TOTAL ASSETS		33,869,058	34,501,731	68,370,789
EQUITY AND LIABILITIES				
Equity				
Issued share capital	2	234	3	237
Share premium		105	–	105
Legal reserve		15,689	–	15,689
Other reserve		803,843	–	803,843
Parent loan – equity contribution	3	–	1,424,560	1,424,560
Related party loan – equity contribution	4	–	54,924	54,924
Retained earnings		532,494	176,324	708,818
Profit/Loss for the year	1	362,271	28,881,985	29,244,256
		1,714,636	30,537,796	32,252,432
Non-current liabilities				
Interest bearing loans and borrowings	3,4	22,144,993	(1,695,905)	20,449,089
Deferred tax liability	5	–	5,659,840	5,659,840
		22,144,993	3,963,935	26,108,929
Current liabilities				
Trade payables		3,400,424	–	3,400,424
Interest bearing loans and borrowings		6,595,316	–	6,595,316
Other payables		13,689	–	13,689
		10,009,429	–	10,009,429
Total equity and liabilities		33,869,058	34,501,731	68,370,789

Company reconciliation of total comprehensive income for the year ended 31 December 2012

	Notes	*Local GAAP*	*Adjustments*	*As at 31 December 2012*
Income				
Rental income		1,339,419	–	1,339,419
Other operating income		4,733,986	–	4,733,986
		6,073,405	–	6,073,405
Operating expenses	1	(4,700,572)	392,646	(4,307,926)
Valuation gains from completed investment property	1	–	34,495,765	34,495,765
Finance costs, net	6	(803,209)	(624,571)	(1,427,780)
Profit before tax		569,624	34,263,840	34,833,464
Income tax expense	5	(207,353)	(5,381,855)	(5,589,208)
Profit for the period		362,271	28,881,985	29,244,256

Notes to the reconciliation of equity as at 31 December 2012 and total comprehensive income for the year ended 31 December 2012

1. As at 31 December 2012 the market value of the investment property was determined based on the valuation report prepared by an independent real estate valuation expert using recognised valuation techniques. Under local GAAP the investment property is recognized as property plant and equipment and it is valued at cost, depreciated over their useful economic life.

2. Under IFRS the share capital is stated in EUR at historical exchange rate, whereas under local GAAP the share capital it is presented in RON and translated at closing exchange rate.

3. Under IFRS the Company recognized the loan from the shareholders at fair value of the consideration received, being the present value of all future cash receipts discounted using the market interest rate for such loan, which was estimated by management to be 5 per cent.. The difference between the fair value of the long term loan and the cash received, of EUR 1,695,905, was recognized as an equity component in the statement of financial position, net of the related deferred tax liability impact of EUR 271,345. An additional borrowing cost of EUR 851,110 was recorded under IFRS in order to account for the notional interest expense with a corresponding deferred tax credit of EUR 136,177 recorded in the profit or loss for the year.

4. The Company recognized the loan from the related parties at fair value of the consideration received, being the present value of all future cash receipts discounted using the market interest rate for such loan, which was estimated by management to be 5 per cent. The difference between the fair value of the long term loan and the cash received, of EUR 65,385, was recognized as an equity component in the statement of financial position, net of the related deferred tax liability impact of EUR 10,462. An additional borrowing cost of EUR 8,061 as a result of this adjustment was recognized in the profit or loss for the year in relation with this loan, with a corresponding deferred tax credit of EUR 1,290 recorded in the profit or loss for the year.

5. Under local GAAP the recognition of deferred tax assets or liabilities is not allowed.

6. Difference in finance costs is explained by the notional interest (please see points 3 and 4, above) and foreign currency translation differences generated by the RON to EUR conversion of the amounts presented under IFRS.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of Financial Information in conformity with the IFRS as adopted by the EU requires the management to make certain critical accounting estimates, judgement and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the Group Consolidation Schedules, and the reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgments in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual results could differ from management's estimates. Revisions to accounting estimates are reviewed periodically and, as adjustments become necessary, they are recognised in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Company's accounting policies, the management makes the following judgements and estimates which have a significant effect on the classification and measurement of the financial statement elements:

(a) Selection of functional currency

The Company used its judgment, based on the criteria outlined in IAS 21, and determined that the functional currency of the Company is the EUR. The EUR is also the presentation currency of the Financial Information.

(b) Classification of investment property

The Company is required to determine whether a property qualifies as investment property.

Investment property comprises land and buildings (principally offices, commercial warehouse and retail property) which are not occupied substantially for use by, or in the operations of, the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. The Company considers that when the property is in a condition which will allow the generation of cash flows from its rental that the property is no longer a property under development but an investment property.

(c) Valuation of property

The fair value of investment property has been determined by independent real estate valuation experts using recognized valuation techniques. These techniques comprise the sales comparison approach, the cost approach and the income approach.

The sales comparison approach compares the subject property with quoted prices of similar properties in the same or similar location. In preparing the valuation reports on the Company's investment property, the external appraisers excluded distressed sales when considering comparable sales prices.

The cost approach is principally used for the valuation of specialised property, which is property that is rarely, if ever, sold in the market. Starting from the replacement cost new, necessary adjustments for obsolescence are made in order to reflect the difference in value of the subject property and a new modern equivalent.

For income generating properties, various methods are used to indicate value, all of which share the common characteristic that the value is based on actual or estimated income that is or could be generated by a potential owner.

The income capitalization method takes into consideration the income that a property is expected to generate if leased out assuming a stabilized occupancy level, and applying to that income a capitalization rate reflecting the investors' interest in a property of this kind. This method, often known as all risks yield method cannot be reliably used where the income is expected to change in future periods to an extent greater than that generally expected in the market.

When a more sophisticated analysis of risk is required, various forms of discounted cash flows models can be used. Valuators typically use Discounted Cash-Flow Analysis (DCF), which implies income projections of the property for a discrete period of time, usually between 5-10 years.

The Discounted Cash Flow Method involves the projection of a series of periodic cash flows either to an operating property or a development property. To this projected cash flow series, an appropriate, market derived discount rate is applied to establish an indication of the present value of the income stream associated with the property. The calculated periodic cash flow is typically estimated as gross rental income less vacancy and collection losses and less operating expenses/outgoings. A series of periodic net operating incomes, along with an estimate of the exit value anticipated at the end of the projection period, are discounted to present value. The aggregate of the net present values equals the market value of the property.

Management has reviewed the appraisers' assumptions underlying discounted cash flow models and confirmed that factors such as the discount rate have been appropriately determined considering the market conditions at the end of the reporting period.

Forecasts of net operating income are based on leases signed as at the valuation date, the estimated rental values for existing leases at expiry and the estimated achievable rental values in relation to the existing vacancies. The valuers' assessments of non-recoverable expenses are based on experience of comparable properties and information on historical costs provided by the Company.

Volatility in the global financial system is reflected in commercial real estate markets. There was a significant reduction in transaction volumes in 2010 and 2011 and, to a lesser extent, in 2012. Therefore, in arriving at estimates of market values as at 31 December 2010, 31 December 2011 and 31 December 2012, the independent valuation experts used their market knowledge and professional judgment 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.

Changes in the economic conditions of the Romanian real estate market may not be captured in its totality since valuation dates do not always coincide with financial year end dates.

(d) Operating lease contracts – the Company as lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company 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 these property and so accounts for the leases as operating leases.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Functional currency and presentation currency

The Financial Information is presented in Euro, which is the Company's functional and presentation currency. This Financial Information is based on the statutory accounting records, with adjustments and reclassifications recorded for the purpose of fair presentation in accordance with IFRS principles, as applicable to this Financial Information.

4.2 Foreign currency translation

Foreign currency transactions during the period are initially recorded in the functional currency at the exchange rates approximating those ruling on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies other than the Company's functional currency are retranslated at the rates of exchange prevailing on the statement of financial position date. Gains and losses on translation are taken to profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.3 Investment property

Property that is held for long term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property and accounted for under International Accounting Standard 40 "Investment Property".

Investment properties are initially measured at cost, including transaction costs. Such cost includes the cost of replacing part of the investment property, if the recognition criteria are met. When a major inspection is performed, its cost is recognised in the carrying amount of the investment property as a replacement, if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Investment property is subsequently remeasured at fair value, which is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the year in which they arise. For the purposes of these financial statements, in order to avoid double accounting, the assessed fair value is:

- Reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and/or minimum lease payments
- Increased by the carrying amount of any liability to the superior leaseholder or freeholder that has been recognised in the balance sheet as a finance lease obligation.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

4.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhead costs, are normally charged to profit or loss account in the period when they are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain/loss arising on disposal of asset is included in profit or loss account in the year the item is derecognized.

Construction in progress represents plant and properties under construction and is stated at cost, less any impairment loss. This includes cost of construction and other direct costs. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged on a straight-line basis over the estimated useful lives of the assets. The rates of depreciation used are based on the following estimated useful lives:

	Useful lives
Equipments and machines	4 years
Office furniture and fixture	9 years

The useful lives, residual values and depreciation method are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from items in property, plant and equipment.

Property, plant and equipment are reviewed annually for any indications of impairment. If indicators that an impairment loss may have occurred are present, the Company makes a formal estimate of the recoverable amount of the cash generating unit or asset. The recoverable value is the higher of value in use and fair value less costs to sell.

4.5 Revenue recognition

Revenue is recognized when the amount of revenue and associated costs can be reliably measured, it is probable that economic benefits associated with the transaction will be realized, and the stage of completion of the transaction can be reliably measured.

This concept is applied to the key-revenue generating activities of the Company as follows:

Rental income

Rental income is measured at the fair value of the consideration received or receivable, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such a basis. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option. Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the income statement when the right to receive them arises.

Rendering of services

Revenue from property management is recognized at the time the service is provided. Revenue from provisioning of construction services is recognized by reference to the stage of completion.

Service charges and expenses recoverable from tenants

Income arising from expenses recharged to tenants is recognised in the period in which the compensation becomes receivable. Service charges and other such receipts are netted of with the related costs in expenses.

Interest income

Interest from all interest-bearing assets and liabilities is recognized as net interest income using the effective interest method. The effective interest rate is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or expense over the relevant period using the estimated future cash flows. The estimated future cash flows used in this calculation include those determined by the contractual terms of the asset or liability, all fees that are considered to be integral to the effective interest rate, direct and incremental transaction costs, and all other premiums or discounts.

4.6 Trade and other receivables

Trade and other receivables are carried at the original invoiced amounts less any allowances recorded for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due, according to the original terms of sale. The amount of the allowance is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market interest rate available for similar borrowers. Bad debts are written off when management believes that collection is no longer possible.

4.7 Cash and cash equivalents

For purposes of the statement of cash flows, the Company's cash and cash equivalents include highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of change in value. Such investment includes cash in hand and balances at banks and short term deposits with banks.

4.8 Loans and Borrowings

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

Interest free long term loan from the parent is recognised initially at fair value of the consideration received. The fair value of a financial instrument on initial recognition is normally the transaction price (i.e. the fair value of the consideration given or received) However, if part of the consideration given or received is for something other than the financial instrument, the fair value of the financial instrument is estimated using a valuation technique. The fair value of a long term loan that carries no interest is estimated as the present value of all future cash receipts discounted using the prevailing market rate of interest for a similar instrument with a similar credit rating. As the substance of a financial instrument, rather than its legal form, governs its classification on the entity's statement of financial position therefore the residual amount between the fair value of the long term loan and the cash received is recognised as equity component in the statement of financial position.

Differences between proceeds (net of transactions costs) and the redemption value are recognized in profit or loss over the period of the borrowings, whereas differences between proceeds from the parent (borrowings/loan from the parent) and the amortised cost (assessed using market yield) are recognized in the equity as a loan from the parent - equity component. Borrowing costs are recognized as an expense when incurred.

4.9 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.10 Taxation

Income tax on the results for the period represents the sum of current tax and deferred tax. Income tax is recognized in profit or loss, except when it relates to items charged or credited directly to equity, in which case it is recognized directly to equity.

Current tax

Current tax is based on taxable profit of the period. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The Company is in the position to carry forward the loss for a period of seven years beginning with losses incurred in 2009 (five years for losses incurred before 2009).

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences will be realized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

4.11 Provisions

A provision is recognized when, and only when, the Company has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

4.12 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. The particular measurement methods adopted are disclosed in individual policy statements associated with each item.

Financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on derecognition of financial assets and financial liabilities are taken to profit and loss account.

4.13 Offsetting of financial instruments

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

4.14 Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Company of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

4.15 Tenant security deposits

Tenant security deposits represent advances made by lessees as guarantees during the lease period and are repayable by the Company upon termination of lease contracts.

Tenant deposits liabilities are initially recognised at fair value and subsequently measured at amortised cost where material. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognised on a straight-line basis over the lease term.

4.16 Leases – Company as lessor

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Leases in which the Company does not transfer substantially all the risk and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

4.17 Operating segment reporting

An operating segment is a component of an entity:

(a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),

(b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and

(c) for which discrete financial information is available.

The Company itself will not be listed and does not fall within the scope of IFRS 8; the Company assessed that it has only one operating segment.

5. RENTAL INCOME

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Office rental	1,339,419	255,836	85,674
	1,339,419	255,836	85,674

6. OTHER OPERATING INCOME

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Penalties charged	11,260	499,374	974
Income from management services	865,561	349,046	–
Income from construction works	3,523,142	4,907,994	2,773,914
Other income	334,023	273,595	94,916
	4,733,986	6,030,009	2,869,804

The Company signed in July 2011 an agreement for business management services with BOB Development SRL and BOC Real Property SRL. In addition, the Company is also obtaining income from sub-contracting construction works executed on office and residential buildings, main clients being Upground Estates SRL, BOC Real Property SRL and Lufin Construct SRL (a third party).

7. OPERATING EXPENSES

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Office building operating cost	1,794,246	884,951	544,553
Depreciation expense	59,178	43,721	18,477
Other third party services	2,025,080	3,803,865	3,163,259
Allowances for current assets	382,920	362,522	146,911
Other operating expenses	46,502	38,367	275,706
Total	4,307,926	5,133,426	4,148,906

"Other third party services" line comprises the following:

Third party services	*For the year ended 31 December 2012*	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Property management services	483,062	94,515	209,689
Design costs for BOC offices	293,349	2,436,723	1,453,539
Construction services	271,445	274,969	439,763
Advisory services	204,584	10,249	–
Materials providing services	182,657	675,629	701,440
Building technology services	157,736	57,137	3,109
Installation services	111,663	124,082	131,244
Development services	108,232	20,548	–
Audit services	102,128	8,516	–
Other services	82,263	54,689	211,513
Bank fees	14,875	37,918	529
Transportation services	5,634	6,677	–
Travel services	4,877	1,024	11,896
Communication expenses	2,575	1,189	537
Total	2,025,080	3,803,865	3,163,259

8. FINANCE COSTS AND FINANCE INCOME

	For the year ended 31 December 2012	For the year ended 31 December 2011	For the year ended 31 December 2010
Finance income			
Interest income	12,619	22,759	9,128
Foreign exchange gain	–	97,506	–
Total finance income	12,619	120,265	9,128
Finance costs			
Foreign exchange loss	(366,263)	–	(274,882)
Interest expense	(1,074,136)	(184,519)	(894)
Total finance costs	(1,440,399)	(184,519)	(275,776)

9. INCOME TAX

	For the year ended 31 December 2012	For the year ended 31 December 2011	For the year ended 31 December 2010
Current income tax	207,353	49,483	1,960
Deferred income tax	5,381,855	(3,821)	–
Income tax expense per income statement	5,589,208	45,662	1,960

Deferred Income Tax

	Statement of Financial Position		
	31 December 2012	31 December 2011	31 December 2010
Fair Value adjustment on investment property	5,519,322	–	–
Shareholder loan – Equity contribution	140,518	135,660	–
Deferred income tax liability	5,659,840	135,660	–

	Statement of Comprehensive Income		
	For the year 2012	For the year 2011	For the year 2010
Fair Value adjustment on investment property	5,519,322	–	–
Shareholder loan – Equity contribution	(137,467)	(3,821)	–
Deferred income tax expense/(credit)	5,381,855	(3,821)	–

	Equity		
	31 December 2012	31 December 2011	31 December 2010
Shareholder loan – equity contribution	142,325	139,482	–
Deferred income tax debit reported in equity	142,325	139,482	–

The reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate applicable in as follows:

	For the year ended 31 December 2012 EUR	*For the year ended 31 December 2011* EUR	*For the year ended 31 December 2010* EUR
Accounting profit/(loss) before income tax	34,833,464	1,088,165	(1,460,076)
Income tax at 16%	5,573,354	174,106	(233,612)
Tax losses for which no deferred tax asset is recognized	–	–	151,633
Tax effect of tax losses brought forward	–	(150,408)	–
Permanent differences	15,854	21,964	83,939
Income tax expense	5,589,208	45,662	1,960
Effective tax rate	16%	4%	0%

The Company's current income tax is determined on the basis of statutory profits adjusted for non-deductible expenses and non-taxable incomes at a rate of 16 per cent.

Unused tax losses carried forward as of 31 December 2010 amount to EUR 947,707 (as of 31 December 2011 and 31 December 2012 the Company was in a fiscal profit position). The tax losses prior to 2009 can be utilized against taxable profits over a period of five years following the year in which the tax losses have arisen. Tax losses since 2009 can be carried forward over a period of seven years. The Company is waiting until taxable profits are available to utilize the fiscal losses carried forward and as a result no deferred tax asset was recorded in this respect.

10. INVESTMENT PROPERTY

	Land	*Building*	*Property under construction*	*Total*
Balance as of 31 December 2009	91,140	124,224	2,200,250	2,415,614
Additions during the year	–	–	–	–
Disposals during the year	(86,786)	(675)	–	(87,461)
Balance as of 31 December 2010	4,354	123,549	2,200,250	2,328,153
Additions during the year	5,046,073	17,415,885	–	20,498,011
Disposals during the year	–	(192,012)	–	(192,012)
Transfer during the year	–	1,645,620	(1,645,620)	–
Balance as of 31 December 2011	5,050,427	18,993,042	554,630	24,598,099
Additions during the year	4,709,027	1,912,671	738,025	7,359,723
Disposals during the year	–	(759,757)	–	(759,757)
Fair value adjustment	–	34,495,765	–	34,495,765
Balance as of 31 December 2012	9,759,454	54,641,721	1,292,655	65,693,830

Investment property in use comprise of:

– Commercial gallery and parking built on a plot of land of 7,774 sqm, of 8 levels high (3 underground levels, ground floor and 4 floors) located in Bucharest. The property was acquired in 2011 for EUR 17 million and the Company has planned to redesign it and build additional office spaces of 28,627 sq m, the deadline for this project is 31 December 2013.

– As part of the same transaction presented above, the Company acquired during 2011 several plots of land in Bucharest from Victoria Holding SA as part of the City Mall transaction.

– 6 apartments in Sinaia and 31 apartments in Upground complex in Bucharest. The Sinaia apartments were bought 2 in 2009 and the rest in 2011. The apartments in Upground complex were bought 26 in 2011 and 5 in 2012. The Company manage to rent 14 apartments, 2 in Sinaia and 12 in Upground complex.

– Several plots of land in Bucharest that were purchased in 2012 from Lufin Construct SRL for an amount of EUR 4.7 million.

Investment property is carried at fair value that is assessed on an annual basis. The Company obtained independent appraisal reports from Redmond Partners, NAI Romania and Knight Frank. The fair value of investment property is based on the year-end appraisal reports.

The Company's investment properties as of 31 December 2012 included 6 apartments located in Colina Florilor Complex, Sinaia, some plots of land in Bucharest ("Nordului", "Argesului", "Voluntari"), and the commercial gallery and parking build on a plot of land, of 8 levels high (3 underground levels, ground floor and 4 floors) located in Bucharest.

NAI Romania prepared the valuation for City Mall as of 31 December 2012 – fair value of EUR 51,570,000, using the discounted cash flow method. The Company acquired City Mall property in November 2011, no valuation have been performed at 31 December 2011 since the acquisition was close to year end and no significant changes occurred in the market value of the property.

The significant assumptions made for the valuation of City Mall are set out below:

Assumption	*Office area*	*Commercial Area*
Period of initial future cash-flows	5 years	5 years
Rent per sqm (EUR)	11	17
Letting area (sqm)	25,830	4,943
Vacancy rate considered during the period	10%	65%
Discount rate	8.75%	8.75%
Estimated growth	0.25%	0.25%
Exit yield (perpetuity rate)	8.50%	8.50%

Redmond Partners prepared the valuation for 4 apartments using the following methods: market comparison, income approach and cost approach. The method that has prevailed is the market comparison, best suited for such properties. The market interval used is between 850 and 1,400 EUR/sqm and the market values for the 4 apartments were between 870 and 970 EUR/sqm.

The remaining 2 apartments were valued by Knight Frank using the same methods described above. The estimated value for these 2 apartments was between 770 and 870 EUR/sqm, values confirmed by the market value interval 700-1,100 EUR/sqm.

11. TRADE RECEIVABLES

	As at 31 December 2012	*As at 31 December 2011*	*As at 31 December 2010*
Trade receivables	492,344	1,059,749	563,831
Allowance for doubtful debts	(133,373)	(66,565)	–
Trade receivable – Net	358,971	993,184	563,831

In 2011 the Company recorded an allowance of 66,565 EUR and in 2012 an additional allowance of 66,808 EUR for all doubtful debts, after having deducted the value of the related guarantees.

The ageing of receivables is presented below:

Year	*Current*	*1-30 days*	*30-60 days*	*60-90 days*	*90-120 days*	*> 120 days*	*Total*
2012	286,502	22,538	33,138	16,793	–	–	358,971
2011	118,854	12,733	157,973	697,624	–	–	993,184
2010	70,030	–	2,480	375,121	–	116,200	563,831

12. OTHER RECEIVABLES

	As at 31 December 2012	*As at 31 December 2011*	*As at 31 December 2010*
Prepayments	5,614	5,548	1,787
Other receivables	1,844,138	711,288	399,569
Allowance for doubtful debts	(196,658)	(295,957)	–
	1,653,094	420,879	601,356

Other receivables mainly include VAT receivable, mostly related to land and apartments acquired in 2012.

13. CASH AND CASH EQUIVALENTS

	As at 31 December 2012	*As at 31 December 2011*	*As at 31 December 2010*
Cash at bank			
Local currency	189,878	34,841	67,985
Foreign currency	31,371	5,365	117
Petty cash	8,818	8,755	4,735
	230,067	48,961	72,837

14. ISSUED SHARE CAPITAL

	As at 31 December 2012	*As at 31 December 2011*	*As at 31 December 2010*
Authorized share capital			
100 ordinary shares with a nominal value of RON 10 each	237	237	237
Issued and fully paid			
100 ordinary shares of RON 10 each	237	237	237

The Company was incorporated on 17 July 2002 with a share capital of RON 1,000, divided into 100 shares of 10 RON each. These shares are owned by existing shareholders in the proportion of 99 per cent. by Mr. Ioannis Papalekas and 1 per cent. by Mr. Adrian Danoiu.

15. LOANS AND BORROWINGS

Loans and borrowings consist of the following:

	Note	*As at 31 December 2012*	*As at 31 December 2011*	*As at 31 December 2010*
Current				
Due to related parties	15.2	1,642,677	–	–
Due to credit institutions	15.3	4,952,639	59,699	5,737
		6,595,316	59,699	5,737
Non current				
Due to shareholders	15.1	16,986,089	17,459,122	1,331,000
Due to shareholders	15.1	–	–	–
Due to credit institutions	15.3	3,463,000	3,463,000	6,215
		20,449,089	20,922,122	1,337,215
Total		27,044,405	20,981,821	1,342,952

(15.1) The loans from shareholders refers to loans granted by Mr. Ioannis Papalekas in nominal amount of EUR 17,807,000 having as specific purpose financing the City Mall complex acquisitions and other investments made by the Company during 2012 with no interest rate and a due date in December 2012.

The total amount of the loan contracted in 2011 from Mr. Ioannis Papalekas amounts to EUR 20,000,000 EUR. The Company had undrawn borrowings from the shareholders' loans of EUR 1,696,000 as of 31 December 2011 and EUR 2,196,000 as of 31 December 2012.

The Company recognized the loan from the shareholders at fair value of the consideration received, being the present value of all future cash receipts discounted using the market interest rate for such loan, which was estimated by management to be 5 per cent. The difference between the fair value of the long term loan and the cash received, of EUR 1,695,905 (2011: EUR 871,762), was recognized as an equity component in the statement of financial position, net of the related deferred tax liability impact of EUR 271,345 (2011: EUR 139,482). An additional borrowing cost of EUR 851,110 (2011: EUR 23,884) as a result of this adjustment was recognized in the profit or loss for the year in relation with this loan, with a corresponding deferred tax credit of EUR 136,177 (2011: EUR 3,821) recorded in the profit or loss for the year.

(15.2) The Company also received in November 2012 a loan in nominal amount of EUR 1,700,000 from Risunam Enterprises LTD (related party) with an interest rate of 1 per cent and due date November 5, 2013. This loan was used for the advance payment for Lufin Construct building.

The Company recognized the loan from the related parties at fair value of the consideration received, being the present value of all future cash receipts discounted using the market interest rate for such loan, which was estimated by management to be 5 per cent. The difference between the fair value of the long term loan and the cash received, of EUR 65,385, was recognized as an equity component in the statement of financial position, net of the related deferred tax liability impact of EUR 10,462. An additional borrowing cost of EUR 8,061 as a result of this adjustment was recognized in the profit or loss for the year in relation with this loan, with a corresponding deferred tax credit of EUR 1,290 recorded in the profit or loss for the year.

(15.3) The Company has contracted loans from two banks: a credit facility from Marfin Bank with an outstanding balance as of 31 December 2012 of EUR 3,463,000 contracted in 2011 and repayable in May 2014, bearing an interest of EURIBOR 3M+3.00 per cent p.a., and two credit facilities from Unicredit Tiriac Bank with an outstanding balances as of 31 December 2012 of EUR 3,605,000 and RON 5,747,000, contracted in October 2012 and repayable on 31 October 2013 bearing an interest of EURIBOR 3M + 3.00 per cent. for EUR facility and ROBOR 12M + 12.5 per cent. for RON facility. The bank loans were contracted to partially finance the acquisition of real estate Lufin Construct SRL and are granted for a period of 1 year.

16. TRADE PAYABLES

	As at 31 December 2012	*As at 31 December 2011*	*As at 31 December 2010*
Suppliers of utilities and other services	3,026,269	1,792,009	3,947,478
Suppliers of non-current assets	–	12,278	641,396
Advance payment from customers	374,155	1,736,036	14,702
	3,400,424	3,540,323	4,603,576

17. OTHER PAYABLES

	As at 31 December 2012	*As at 31 December 2011*	*As at 31 December 2010*
Other payables	13,689	21,611	16,012
	13,689	21,611	16,012

18. COMMITMENTS

As of 31 December 2010 the Company had a commitment to buy a number of new apartments from Upground for a total amount of EUR 1,758,688.

19. CONTINGENCIES

Taxation

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

The Company believes that it has paid in due time and in full all applicable taxes, penalties and penalty interests in the applicable extent.

In Romania, the tax position is open to further verification for 5 years.

Transfer pricing

According to the applicable relevant Romanian tax legislation, the tax assessment of related party transactions is based on the concept of market value for the respective transfers. Following this concept, the transfer prices should be adjusted so that they reflect the market prices that would have been set between unrelated companies acting independently (i.e. based on the "arm's length principle").

It is likely that transfer pricing reviews will be undertaken in the future in order to assess whether the transfer pricing policy observes the "arm's length principle" and therefore no distortion exists that may affect the taxable base of the Romanian tax payer. The Company could not estimate the potential impact of a transfer pricing review.

20. SUBSEQUENT EVENTS

Initial public offering

In February 2013, Globalworth Real Estate Investments Limited, a company registered in Guernsey, commenced preparations for an initial public offering in the AIM market of the United Kingdom. Following the completion of the initial public offering, it is expected that 100 per cent of the Company's shares will be acquired by Globalworth Real estate Investments Limited should a relevant Sale and Purchase Agreement is agreed and signed with existing shareholders.

In May 2013 the Company has changed its name from Star Imob Construct SRL into Globalworth Asset Managers SRL and is planning to undertake the provision of marketing, asset management,construction related services and accounting services for a number of related parties.

All property management services (property maintenance; utilities invoicing; rent and service fee collection) will be entirely supervised by the Company. Effectively, the Company will be the internal asset manager for the respective related parties.

Also in May 2013 the Company's shareholding structure was changed as follows: Pieranu Enterprises Limited (99.991 per cent.), Papalekas Ioannis (0.0089 per cent.) and Danoiu Adrian (0.0001 per cent.)

The Company received a new loan from Pieranu Enterprises Limited for an amount of EUR 3.5 million, which carries an interest rate at 1 per cent. and has due date in 2014.

During the period May – July 2013, the Company signed three loan agreements with Ioannis Papalekas as follows:

- loan facility of EUR 300,000 with a maturity date 8 July 2014
- loan facility of EUR 800,000 with a maturity date 12 May 2014, out of which EUR 766,000 withdrawn
- loan facility of EUR 100,000 with a maturity date 6 July 2014, out of which EUR 80,000 withdrawn

All three loan agreements mentioned above are interest free.

In May 2013 the Company signed an SPA for the acquisition of Timisoara Airport Park (TAP) an industrial property located in Timisoara. The SPA is registered in the Land Registry but the formal transfer of title is pending. TAP is leased in its entirety to Veleo. The acquisition price is Euro 15.8 million.

21. CAPITAL MANAGEMENT

Capital includes equity attributable to the equity holders. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares or convert the shareholder loan into equity.

Given the nature of the Company's activity and the present stage of its project, there are no specific ratios that are computed and monitored for capital structure or return on capital.

Under Romanian legislation (Law 31/1990 as amended and updated (Article 153.24) if the annual financial statements indicate that the net assets value (the equivalent of total equity) of a company is less than 50 per cent. of its share capital value, then remedial action should be taken by the administrators and shareholders or any interested party can request the Court of Registration to dissolve the company, subject to subsequent action that may be taken by the affected company to resolve the situation within a period as specified by the Court of Registration. The Company as of 31 December 2012 has negative equity in statutory accounts.

22. RELATED PARTIES TRANSACTIONS

The Company's related parties are the shareholders and all entities controlled by Ioannis Papalekas, as well as the Company's Directors.

22.1 Material related party transactions

Loans from the parent company are set out in note 15 "Loans and borrowings".

Other related parties balances and transactions (including VAT) are disclosed below:

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Trade and other receivables			
BOC Real Property SRL	6,269	513,787	372,886
Upground Estates SRL	114,534	672,301	7,212
BOB Development SRL	6,269	6,169	–
Total Trade and other receivables	127,072	1,192,257	380,098
Trade and other payables			
BOC Real Property SRL	510,482	47,864	22,937
Upground Estates SRL	425,453	122,788	283,160
Total Trade and other payables	935,935	170,652	306,097
Sales			
BOC Real Property SRL	1,972,361	3,484,157	3,439,653
Upground Estates SRL	1,184,256	194,501	–
BOB Development SRL	310,513	239,436	–
Total sales	3,467,130	3,918,094	3,439,653
Purchases			
BOC Real Property SRL	304,877	287,094	269,724
Upground Estates SRL	1,580,279	5,960,147	–
BOB Development SRL	–	–	957
Total purchases	1,885,156	6,247,244	270,681

22.2 Key management

The Directors of the Company received no remuneration during the years presented.

23. FINANCIAL INSTRUMENTS DISCLOSURES AND FINANCIAL RISK MANAGEMENT

(a) Fair values of financial instruments

Financial instruments in the statement of financial position include trade and other receivables, cash and cash equivalents, loans from shareholders and from credit institutions, trade and other payables. The estimated fair values of these instruments do not differ significantly from their current carrying amounts, especially when they are short-term in nature or their interest rates are changing in line with the change in the current market conditions. The Company was not party to any derivative instruments during the years ended 31 December 2012, 2011 and 2010.

(b) Credit risk management

The Company's activities expose it to a variety of risks. Management is aware and monitors the effects of these risks and events that may have an adverse effect on the Company's operations.

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company's policy is to trade with recognized, creditworthy third parties. The

Company's exposure is continuously monitored and spread amongst approved counterparties. The maximum exposure is the carrying amount as disclosed in Note 11 and in Note 12. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. For related parties it is assessed that there is no significant risk of unrecoverability.

(c) Interest rate risk

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

The shareholders' loans bear fixed interest rate. The Company also has bank loans which bear variable interest rate.

(d) Liquidity risk

The Company'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 the management. The Company manages liquidity risk by maintaining adequate cash reserves and planning and close monitoring of cashflows.

2012	*Less than 3 months*	*3 months – 1 year*	*1-5 years*	*2012 Total*
Trade payable	3,026,269	–	–	3,026,269
Interest bearing loans and borrowings	–	6,935,217	21,320,142	28,255,359
Other payables	13,689	–	–	13,689
Income tax payable	–	–	–	–
Total	3,039,958	6,935,217	21,320,142	31,295,317

2011	*Less than 3 months*	*3 months – 1 year*	*1-5 years*	*2011 Total*
Trade payable	1,804,287	–	–	1,804,287
Interest bearing loans and borrowings	–	180,904	21,965,563	22,146,467
Other payables	21,611	–	–	21,611
Income tax payable	48,546	–	–	48,546
Total	1,874,443	180,904	21,965,563	24,020,911

2010	*Less than 3 months*	*3 months – 1 year*	*1-5 years*	*2010 Total*
Trade payable	4,588,874	–	–	4,588,874
Interest bearing loans and borrowings	–	5,737	1,430,948	1,436,685
Other payables	16,012	–	–	16,012
Income tax payable	–	–	–	–
Total	4,604,886	5,737	1,430,948	6,041,570

The tables presented above present the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay, and includes both interest and principal cash flows.

(e) Foreign exchange risk

The Company's functional currency is EUR however a part of its transactions are denominated in RON.

The carrying amounts of the Company's monetary assets and monetary liabilities by currency denomination at the reporting date are as follows:

2012

	RON	*EUR*
ASSETS		
Cash and cash equivalents	198,696	31,371
Trade receivables	358,971	–
Other receivables	1,653,094	–
Income tax receivable	70,768	–
Total	2,281,529	31,371
LIABILITIES		
Trade payables	3,026,269	–
Loans payable	–	27,044,405
Other payables	13,689	–
Total	3,039,958	27,044,405

2011

	RON	*EUR*
ASSETS		
Cash and cash equivalents	43,596	5,365
Trade receivables	993,184	–
Other receivables	420,879	–
Total	1,457,659	5,365
LIABILITIES		
Trade payables	1,804,287	–
Loans payable	–	20,981,821
Other payables	21,611	–
Income tax payable	48,546	–
Total	1,874,444	20,981,821

2010

	RON	*EUR*
ASSETS		
Cash and cash equivalents	72,720	117
Trade and receivables	563,831	–
Other receivables	601,356	–
Total	1,237,907	117
LIABILITIES		
Trade payables	4,588,874	–
Loans payable	–	1,342,952
Other payable	16,012	–
Total	4,604,886	1,342,952

(f) Foreign currency sensitivity analysis

The Company is mainly exposed to foreign exchange risk in respect of the exchange rate of the RON. The following table details the Company's sensitivity to a 5 per cent. increase and decrease in RON exchange rate against EUR.

5 per cent. 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 period end for a 5 per cent. change in foreign currency exchange rates. A negative number below indicates a decrease in profit where foreign currency strengthens 5 per cent. against RON. For a 5 per cent. weakening of foreign currency against the EUR there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative. Change is mainly attributable to RON denominated loans and trade payable outstanding at year end.

	Increase/ (Decrease)	*Profit and loss effect 2012*	*Profit and loss effect 2011*	*Profit and loss effect 2010*
RON	-5%	70,802	121,989	57,290
RON	5%	(70,802)	(121,989)	(57,290)

Section H – Dunvant Holdings Limited

Subsection H(i) Accountant's Report on Dunvant Holdings Limited

The Directors
Globalworth Real Estate Investments Limited
Anson Place
Mill Court
La Charroterie
St Peter Port
Guernsey
GY1 1EY

23 July 2013

Dear Sirs

Dunvant Holding Limited

We report on the financial information set out in Part IX of the Admission Document issued by Globalworth Real Estate Investments Limited ("the Company") on the date of this letter ("Admission Document") for the years ended 31 December 2010, 2011 and 2012. This financial information has been prepared for inclusion in the Admission Document dated 24 July 2013 of Globalworth Real Estate Investments Limited on the basis of the accounting policies set out in note 2. This report is required by Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that schedule and for no other purpose.

Save for any responsibility arising under Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the AIM admission document.

Responsibilities

The Directors of Globalworth Real Estate Investments Limited are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of Dunvant Holding Limited as at the dates stated and of its profits, cash flows and changes in equity for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the AIM admission document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM admission document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

Ernst & Young Cyprus Limited

DUNVANT HOLDING LIMITED

FINANCIAL INFORMATION

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

As at and for the years ended 31 DECEMBER 2012, 2011 and 2010

STATEMENT OF COMPREHENSIVE INCOME

For the years ended 31 December 2012, 2011 and 2010

(All amounts are expressed in EUR)

	Note	*For the year ended 31 December 2012*	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Income				
Interest income	12.1	950,205	911,611	839,568
Interest expense	12.2	(1,145,223)	(1,108,297)	(1,040,918)
Administration expenses		(18,068)	(14,398)	(13,433)
Operating Result	2	(213,086)	(211,084)	(214,783)
Finance cost	5	(737)	(856)	(535)
Share of profit/(loss) in associates		(310,115)	(1,954,261)	(1,247,426)
Loss before tax		(523,938)	(2,166,201)	(1,462,744)
Income tax (expense)/credit	6	(95,021)	(91,161)	(83,957)
Loss for the year		(618,959)	(2,257,362)	(1,546,701)
Other comprehensive income		–	–	–
Total comprehensive income		(618,959)	(2,257,362)	(1,546,701)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2012, 2011 and 2010

(All amounts are expressed in EUR)

	Note	As at 31 December 2012	As at 31 December 2011	As at 31 December 2010
ASSETS				
Non-current asset				
Investments in associates	7	–	310,115	2,264,376
		–	310,115	2,264,376
Current assets				
Loans to associates	8,12.3	16,780,339	15,500,135	13,993,023
Cash and cash equivalents	9	286	873	172
		16,780,625	15,501,008	13,993,195
TOTAL ASSETS		16,780,625	15,811,123	16,257,571
EQUITY AND LIABILITIES				
Equity				
Share capital	10	1710	1710	1710
Translation reserve		18	18	18
Retained earnings		(4,840,621)	(4,221,662)	(1,964,300)
		(4,838,893)	(4,219,934)	(1,962,572)
Non-current liabilities				
Loan from shareholder	12.4	–	19,653,726	17,944,429
		–	19,653,726	17,944,429
Current liabilities				
Income tax payable		400,400	305,379	214,218
Other payables	11	20,333	10,480	3,724
Shareholders' current accounts	12.5	69,336	61,472	57,772
Loans from shareholder	12.4	21,129,449	–	–
		21,619,518	377,331	275,714
TOTAL LIABILITIES		21,619,518	20,031,057	18,220,143
TOTAL EQUITY AND LIABILITIES		16,780,625	15,811,123	16,257,571

STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December 2012, 2011 and 2010

(All amounts are expressed in EUR)

	Share capital	*Translation reserve*	*Retained earnings (Net)*	*Total*
As at 1 January 2010	1,710	18	(417,599)	(415,871)
Loss for the year	–	–	(1,546,701)	(1,546,701)
As at 31 December 2010/1 January 2011	1,710	18	(1,964,300)	(1,962,572)
Loss for the year	–	–	(2,257,362)	(2,257,362)
As at 31 December 2011/1 January 2012	1,710	18	(4,221,662)	(4,219,934)
Loss for the year	–	–	(618,959)	(618,959)
As at 31 December 2012	1,710	18	(4,840,621)	(4,838,893)

CASH FLOW STATEMENT

For the years ended 31 December 2012, 2011 and 2010

(All amounts are expressed in EUR)

	Note	*For the year ended 31 December 2012*	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
OPERATING ACTIVITIES				
Loss before taxation		(523,938)	(2,166,201)	(1,462,744)
Adjustments to reconcile loss before taxation to net cash flow				
Non-cash adjustments:				
Interest income		(950,205)	(911,611)	(839,568)
Interest expense	12.2	1,145,223	1,108,297	1,040,918
Share of net loss in associates		310,115	1,954,261	1,247,426
Working capital adjustments:				
Increase in shareholders' current accounts		7,864	3700	29,711
Increase/(decrease) in trade and other payables		9,854	6,756	(9,491)
Net cash flows (used in)/from operating activities		(1,087)	(4,798)	6,252
INVESTING ACTIVITIES				
Loan granted to associate companies		(525,800)	(595,501)	(13,153,455)
Loans repayments received		195,800	–	12,256,456
Net cash flows from investing activities		(330,000)	(595,501)	(896,999)
FINANCING ACTIVITIES				
Proceeds from borrowings		330,500	601,000	890,500
Net cash flows from financing activities		330,500	601,000	890,500
Net increase in cash and cash equivalents		(587)	701	(247)
Cash and cash equivalents at 1 January		873	172	419
Cash and cash equivalents at 31 December	9	286	873	172

NOTES TO THE FINANCIAL INFORMATION
For the years ended 31 December 2012, 2011 and 2010
(All amounts are expressed in EUR)

1. CORPORATE INFORMATION

Country of incorporation

Dunvant Holding Limited (hereinafter referred to as the "Company") is a limited liability company incorporated in Cyprus on 11 April 2007, with a registered office at 20 Spyrou Kyprianou, CHAPO CENTRAL, 3rd floor, P.C. 1075, Nicosia, Cyprus.

Parent company

The Company is controlled by Day LILY Properties Ltd, a company incorporated in the British Virgin Islands, which owns 100 per cent. of the Company's shares. The Company is ultimately owned by Ioannis Papalekas.

Principal activities

The principal activity of the Company is to serve as an investment holding and financing company.

2. BASIS OF PREPARATION

(A) General

The financial information has been prepared in accordance with International Financial Reporting Standards (IFRSs) as endorsed by the European Union. The financial information has been prepared under the historical cost convention.

(B) Going concern

The financial information has been prepared assuming that the Company will continue as a going concern. The Company has obtained confirmation from its parent company that it will provide adequate financial support to enable the Company to meet its obligations for a period of at least one year from the reporting date.

(C) Changes in accounting policies and disclosures

The accounting policies applied by the Company throughout 2012 are consistent with those of 2010 and 2011 financial years, except for the adoption of new and amended Standards and Interpretations as of 1 January 2012. This adoption did not have a material effect on the accounting policies of the Company.

(D) Standards issued but not yet effective and not early adopted

Up to the date of approval of the financial information, certain new standards, interpretations and amendments to existing standards have been published that are not yet effective for the current reporting period and which the Company has not early adopted, as follows:

- **IAS 1 Financial Statement Presentation (Amended) – Presentation of Items of Other Comprehensive Income**

  The amendment is effective for annual periods beginning on or after 1 July 2012. The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Company's financial position or performance.

- **IAS 19 Employee Benefits (Revised)**

  The amendment is effective for annual periods beginning on or after 1 January 2013. The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The Company does not expect that this amendment will have an impact on the financial position or performance of the Company.

- **IAS 27 Separate Financial Statements (Revised)**

  The Standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. Earlier application is permitted. The Company does not expect that this amendment will have an impact on the financial position or performance of the Company.

- **IAS 28 Investments in Associates and Joint Ventures (Revised)**

  The Standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. As a consequence of the new IFRS 11 Joint arrangements and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The Company does not expect that this amendment will have an impact on the financial position or performance of the Company.

- **IAS 32 Financial Instruments: Presentation (Amended) – Offsetting Financial Assets and Financial Liabilities**

  The amendment is effective for annual periods beginning on or after 1 January 2014.These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The Company does not expect that this interpretation will have an impact on the financial position or performance of the Company.

- **IFRS 7 Financial Instruments: Disclosures (Amended) – Offsetting Financial Assets and Financial Liabilities**

  The amendment is effective for annual periods beginning on or after 1 January 2013. These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The Company does not expect that this interpretation will have an impact on the financial position or performance of the Company.

- **IFRS 9 Financial Instruments: Classification and Measurement**

  The new standard is effective for annual periods beginning on or after 1 January 2015. IFRS 9, as issued, reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of financial assets, but will not have an impact on classification and measurements of financial liabilities. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued. This standard has not yet been endorsed by the EU.

- **IFRS 10 Consolidated Financial Statements**

  The new standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The Company does not expect that this interpretation will have an impact on the financial position or performance of the Company.

- **IFRS 11 Joint Arrangements**

  The new standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The Company does not expect that this interpretation will have an impact on the financial position or performance of the Company.

- **IFRS 12 Disclosures of Interests in Other Entities**

  The new standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The new standard has only disclosure effects.

- **IFRS 13 Fair Value Measurement**

  The new standard is effective for annual periods beginning on or after 1 January 2013. IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Company does not expect that this interpretation will have a significant impact on its financial position or performance.

- **IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine**

  The interpretation is effective for annual periods beginning on or after 1 January 2013.This interpretation applies to waste removal (stripping costs) incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. Management has assessed that the amendment has no impact on the Company's financial position or performance.

- The IASB has issued the Annual Improvements to IFRSs – 2009 – 2011 Cycle, which contains amendments to its standards and the related Basis for Conclusions. The annual improvements project provides a mechanism for making necessary, but non-urgent, amendments to IFRS. The effective date for the amendments is for annual periods beginning on or after 1 January 2013. Earlier application is permitted in all cases, provided that fact is disclosed. This project has not yet been endorsed by the EU. Management has assessed that the amendments have no impact on the Company's financial position or performance.

  – ***IAS 16 Property, Plant and Equipment:*** This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

  – ***IAS 32 Financial Instruments, Presentation:*** This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

– ***IAS 34 Interim Financial Reporting:*** The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

- **Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)**

  The guidance is effective for annual periods beginning on or after 1 January 2013. The IASB issued amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application' in IFRS 10 is defined as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief. This guidance has not yet been endorsed by the EU. Management has assessed that the guidance will have no impact on the Company's financial position or performance.

- **Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)**

  The amendment is effective for annual periods beginning on or after 1 January 2014. The amendment applies to a particular class of business that qualify as investment entities. The IASB uses the term 'investment entity' to refer to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds. Under IFRS 10 Consolidated Financial Statements, reporting entities were required to consolidate all investees that they control (i.e. all subsidiaries). The Investment Entities amendment provides an exception to the consolidation requirements in IFRS 10 and requires investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendment also sets out disclosure requirements for investment entities. This amendment has not yet been endorsed by the EU. Management has assessed that the amendments will have no impact on the Company's financial position or performance.

- **IFRIC Interpretation 21: Levies**

  The interpretation is effective for annual periods beginning on or after 1 January 2014. The Interpretations Committee was asked to consider how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements. This Interpretation is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. This interpretation has not yet been endorsed by the EU. Management has assessed that this interpretation will have no impact on the financial position or performance of the Company.

- **IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets**

  This amendment is effective for annual periods beginning on or after 1 January 2014. In developing IFRS 13 the IASB decided to amend IAS 36 to require the disclosure of information about the recoverable amount of impaired assets, particularly if that amount is based on fair value less costs of disposal. In particular, instead of requiring an entity to disclose the recoverable amount of an asset (including goodwill) or a cash-generating unit for which a material impairment loss was recognised or reversed during the reporting period, the amendment made to IAS 36 required an entity to disclose the recoverable amount of each cash generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit is significant in comparison with the entity's total carrying amount of goodwill or of intangible assets with indefinite useful lives. This amendment has not yet been endorsed by the EU. Management has assessed that this amendment will have no impact on the financial position or performance of the Company.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In the process of applying the Company's accounting policies, the management makes the following judgments and estimates which have a significant effect on the classification and measurement of the financial statement elements:

(a) Selection of functional currency

The Company used its judgment, based on the criteria outlined in IAS 21, and determined that the functional currency of the Company is the EUR, which is also the presentation currency of the financial information.

(b) Income taxes

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) Impairment of investments in associates

The Company periodically evaluates the recoverability of investments in associates whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in associates may be impaired, the estimated future undiscounted cash flows associated with these subsidiaries/associates would be compared to their carrying amounts to determine if a write down to fair value is necessary.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Functional currency and presentation currency

The Financial information is presented in Euro, which is the Company's functional and presentation currency.

4.2 Foreign currency translation

Foreign currency transactions during the period are initially recorded in the functional currency at the exchange rates approximating those ruling on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies other than the Company's functional currency are retranslated at the rates of exchange prevailing on the statement of financial position date. Gains and losses on translation are taken to profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.3 Investment in associates

The Company's investment in its associate, an entity in which the Company has significant influence, is accounted for using the equity method.

Under the equity method, the investment in the associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the Company's share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

The Company's share of profit or loss of an associate is shown on the face of the income statement and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

If the Company's share of losses of an associate equals or exceeds its interest in the associate, the Company discontinues recognising its share of further losses. After the Company's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Company resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The financial information of the associate is prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of losses of an associate' in the income statement.

Upon loss of significant influence over the associate, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amounts of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

4.4 Revenue

Revenue is recognized when the amount of revenue and associated costs can be reliably measured, it is probable that economic benefits associated with the transaction will be realized, and the stage of completion of the transaction can be reliably measured. This concept is applied to the key-revenue generating activities of the Company as follows:

Interest income

Interest from all interest-bearing assets and liabilities is recognized as net interest income using the effective interest method. The effective interest rate is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or expense over the relevant period using the estimated future cash flows. The estimated future cash flows used in this calculation include those determined by the contractual terms of the asset or liability, all fees that are considered to be integral to the effective interest rate, direct and incremental transaction costs, and all other premiums or discounts.

4.5 Trade and other receivables

Trade and other receivables are carried at the original invoiced amounts less any allowances recorded for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due, according to the original terms of sale. The amount of the allowance is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market interest rate available for similar borrowers. Bad debts are written off when management believes that collection is no longer possible.

4.6 Loans and borrowings

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

4.7 Cash and cash equivalents

For purposes of the statement of cash flows, the Company's cash and cash equivalents include highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of change in value. Such investment includes cash in hand and balances at banks and short term deposits with banks.

4.8 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.9 Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

4.10 Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

4.11 Taxation

Income tax on the results for the period represents the sum of current tax and deferred tax. Income tax is recognized in the profit or loss, except when it relates to items charged or credited directly to equity, in which case it is recognized directly to equity.

Current tax

Current tax is based on taxable profit of the period. Taxable profit differs from net profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The Company is in the position to carry forward the loss for a period of five years.

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences will be realized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

4.12 Provisions

A provision is recognized when, and only when, the Company has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

4.13 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. The particular measurement methods adopted are disclosed in individual policy statements associated with each item.

Financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of financial assets and financial liabilities are taken to profit and loss account.

4.14 Offsetting of financial instruments

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if, and only if, the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

4.15 Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Company of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

4.16 Non current liabilities

Non current liabilities represent amounts that are due more than twelve months from the reporting date.

5. FINANCE COSTS, NET

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Financial expense			
Sundry finance expense	737	856	535
	737	856	535

6. INCOME TAX

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Statement of Comprehensive Income			
Overseas tax	95,021	91,161	83,957
Charge for the year	**95,021**	**91,161**	**83,957**

The tax on the Company's results before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Loss before tax	(523,938)	(2,166,201)	(1,462,744)
Tax calculated at the applicable tax rates	(52,394)	(216,620)	(146,274)
Tax effect of expenses not deductible for tax purposes	25,577	25,612	25,577
Overseas tax in excess of credit claim used during the year	90,826	86,743	79,912
Share of tax of associates	31,012	195,426	124,742
Tax charge	95,021	91,161	83,957

The corporation tax rate in Cyprus is 10 per cent. (increased from 10 per cent. to 12,5 per cent. as of 1 January 2013). Interest income earned by the Company incurs 10 per cent. tax in Romania (2011: 10 per cent., 2010: 10 per cent.).

Under certain conditions interest income may be subject to defence contribution at the rate of 15 per cent. (10 per cent. to 30 August 2011). In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 20 per cent. for the tax years 2012 and 2013 and 17 per cent. for 2014 and thereafter (up to 30 August 2011 the rate was 15 per cent. and was increased to 17 per cent. for the period thereafter to 31 December 2011).

7. INVESTMENT IN ASSOCIATES

At 31 December 2012 the Company has a 22 per cent. (2011: 22 per cent., 2010: 22 per cent.) interest in BOC Real Property SRL, BOB Development SRL and Netron Investment SRL, limited liability companies incorporated in Romania, which are involved in the real estate investment business.

According to the Share Pledge Agreement dated 31 July 2008, the Company created in favour of Banca Romaneasca S.A. (member of the group of National Bank of Greece), a share pledge over the shares held in BOB Development SRL, BOC Real Property SRL and Netron Investment SRL in order to guarantee payment of their obligations for the maximum amount of EUR 242,190,000.

The following table illustrates summarized financial information of the Company's investment in the three associates.

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
BOB Development SRL			
Share of the associate's statement of financial position:			
Current assets	270,939	582,483	488,548
Non-current assets	11,154,844	13,148,907	13,731,847
Current liabilities	(5,661,884)	(5,834,939)	(5,847,374)
Non-current liabilities	(9,911,041)	(10,343,134)	(10,608,517)
Equity	(4,147,142)	(2,446,683)	(2,235,496)
Share of the associate's revenue and profit:			
Revenue – Rental Income	860,533	970,546	986,960
Profits/(losses)	–	–	–
Carrying amount of the investment	–	–	–
BOC Real Property SRL			
Share of the associate's statement of financial position:			
Current assets	765,110	690,504	851,882
Non-current assets	30,927,401	32,025,906	32,872,576
Current liabilities	(11,221,354)	(10,380,373)	(9,307,084)
Non-current liabilities	(21,654,247)	(22,194,991)	(22,631,983)
Translation difference	169,069	169,069	169,069
Equity	(1,014,021)	310,115	1,954,460
Share of the associate's revenue and profit:			
Revenue – Rental Income	2,157,205	1,331,308	1,412,538
Profits/(losses)	(310,115)	(1,644,345)	(1,194,263)
Carrying amount of the investment	–	310,115	1,954,460

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Netron Investment SRL			
Share of the associate's statement of financial position:			
Current assets	6,614	34,880	1,124,039
Non-current assets	–	–	–
Current liabilities	(959,199)	(908,857)	(814,123)
Non-current liabilities	–	–	–
Equity	(952,585)	(873,977)	309,916
Share of the associate's revenue and profit:			
Revenue – Rental Income	–	–	–
Profits/(losses)	–	(309,916)	(53,163)
Carrying amount of the investment	–	–	309,916

The carrying value of the investment in Bob Development SRL was reduced to zero as of 1 January 2010, as a result of recording the proportionate share of loss. Thus, the Company discontinued recognising its share of further losses (for 2010, 2011 and 2012).

The carrying value of the investment in Boc Real Property SRL was reduced to zero as of 31 December 2012, as a result of recording the proportionate share of loss. Thus, the Company discontinued recognising its share of further losses (partially since 2012).

The carrying value of the investment in Netron Investment SRL was reduced to zero as of 31 December 2011, as a result of recording the proportionate share of loss. Thus, the Company discontinued recognising its share of further losses (partially since 2011, fully for 2012).

8. LOANS RECEIVABLE

The loans are receiveable as follows:

	As of 31 December 2012	*As of 31 December 2011*	*As of 31 December 2010*
Within one year (Note 12.3)	16,780,339	15,500,135	13,993,023
	16,780,339	15,500,135	13,993,023

The fair value of loans receivable approximates to their carrying amounts as presented above.

Loans receivable from associate companies of EUR 16,780,339 (2011: EUR 15,500,135, 2010: EUR 13,993,023) have been guaranteed by the ultimate shareholder of the Company. Refer to Note 12.3 for additional details on the loans receivable.

9. CASH AND CASH EQUIVALENTS

	As of 31 December 2012	*As of 31 December 2011*	*As of 31 December 2010*
Cash at bank	286	873	172
Total	286	873	172

10. ISSUED SHARE CAPITAL

	As of 31 December 2012	*As of 31 December 2011*	*As of 31 December 2010*
Authorized share capital			
5,000 ordinary shares of EUR 1.71 each	8,550	8,550	8,550
Issued and fully paid			
1,000 ordinary shares of EUR 1.71 each	1,710	1,710	1,710

11. OTHER PAYABLES

	As of 31 December 2012	*As of 31 December 2011*	*As of 31 December 2010*
Accruals	9,990	4,725	3,724
Other Creditors	10,343	5,755	–
	20,333	10,480	3,724

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

12. RELATED PARTY BALANCES AND TRANSACTIONS

Balances and transactions with related parties are disclosed below:

12.1 INTEREST INCOME

	Nature of transactions	*For the year ended 31 December 2012*	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
BOB Development SRL	Interest Income	309,690	310,208	310,208
BOC Real Property SRL	Interest Income	588,160	551,677	481,149
Netron Investment SRL	Interest Income	52,355	49,726	48,211
		950,205	911,611	839,568

Interest income represents loan interest income from loans due from associate companies. For more details refer to note 12.3 below.

12.2 EXPENSES

	Nature of transactions	*For the year ended 31 December 2012*	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Day Lily Properties Limited	Interest Expense	1,145,223	1,108,297	1,040,918
		1,145,223	1,108,297	1,040,918

For more details on the interest expense to Day Lily Properties Limited, refer to note 12.4 below.

12.3 LOANS DUE FROM ASSOCIATED UNDERTAKINGS

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
BOB Development SRL	5,363,577	5,249,687	4,939,479
BOC Real Property SRL	10,456,993	9,343,034	8,239,856
Netron Investment SRL	959,769	907,414	813,688
	16,780,339	15,500,135	13,993,023

On 12 May 2008, the Company granted a loan to Netron Investment SRL for the amount of EUR 1,141,000. The loan bears interest of 7,5 per cent. per annum and is repayable on 5 May 2013. During 2009, an amount of EUR 516,060 was repaid to the Company. During 2012 interest income of EUR 47.391 has been recognised in the statement of comprehensive income (2011: EUR 47,262, 2010: EUR 47,262).

On 8 March 2010, the Company granted a loan to Netron Investment SRL for the amount of EUR 11,000. The loan bears interest of 7,5 per cent. per annum and is repayable on 7 March 2013. On 1 September 2010, extra funds of EUR 11,000 were advanced by the Company as part of the loan. During 2012 interest income of EUR 1,653 has been recognised in the statement of comprehensive income (2011: EUR 1,650, 2010: EUR 949).

On 12 May 2008, the Company granted a loan to BOB Development SRL for the amount of EUR 4,136,103. The loan bears interest of 7,5 per cent. per annum and is repayable on 19 May 2013. During 2012, an amount of EUR 195,800 was repaid to the Company. During 2012 interest income of EUR 330,306 has been recognised in the statement of comprehensive income (2011: EUR 310,208, 2010: EUR 310,208).

On 20 November 2009, the Company granted a loan to BOC Real Property SRL for the amount of EUR 66,000. The loan bears interest of 7.5 per cent. per annum and during the year its repayment date was extended to 19 November 2013. During the year interest income of EUR 4,950 has been recognised in the statement of comprehensive income (2011: EUR 4,950, 2010: EUR 4,950).

On 12 May 2008, the Company granted a loan to BOC Real Property SRL for the amount of EUR 6,672,000. The loan bears interest of 7,5 per cent. per annum and is repayable on 5 May 2013. During 2009, an amount of EUR 3,142,920 was repaid to the Company. On 28 September 2010, extra funds of EUR875,000 were advanced by the Company as part of the loan. During 2011 the repayment date was extended to 5 May 2013. During 2012 interest income of EUR 330,306 has been recognised in the statement of comprehensive income (2011: EUR 330,306, 2010: EUR 281,761).

On 15 October 2009, the Company granted a loan to BOC Real Property SRL for the amount of EUR 2,592,500. The loan bears interest of 7,5 per cent. per annum and during 2011 its repayment date was extended to 15 October 2013. During 2012 interest income of EUR 194,438 has been recognised in the statement of comprehensive income (2011: EUR 194,438, 2010: EUR 194,438).

On 26 January 2011, the Company granted a loan to BOC Real Property SRL for the amount of EUR 111,500. The loan bears interest of 7,5 per cent. per annum and is repayable on 25 January 2013. During the year interest income of EUR 9,212 has been recognised in the statement of comprehensive income (2011: EUR 7,790).

On 21 July 2011, the Company granted a loan to BOC Real Property SRL for the amount of EUR 440,000. The loan bears interest of 7,5 per cent. per annum and is repayable on 20 July 2013. During the year interest income of EUR 33,917 has been recognised in the statement of comprehensive income (2011: EUR 14,193).

On 28 September 2011, the Company granted a loan to Netron Investments SRL for the amount of EUR 44,000. The loan bears interest of 7,5 per cent. per annum and during 2011 it's repayment date was extended to 27 September 2013. During the year interest income of EUR 3,309 has been recognised in the statement of comprehensive income (2011: EUR 814).

On 25 May 2012, the Company granted a loan to BOC Real Property SRL for the amount of EUR 330,000. The loan bears interest of 7,5 per cent. per annum and is repayable on 24 May 2013. During the year interest income of EUR 13,799 has been recognised in the statement of comprehensive income.

On 28 November 2012 the Company granted a loan to BOC Real Property SRL for the amount of EUR 195,800. The loan bears interest of 7,5 per cent. per annum and is repayable on 28 November 2013. During the year interest income of EUR 1,531 has been recognised in statement of comprehensive income.

12.4 LOANS FROM RELATED UNDERTAKINGS

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Day LILY Properties Limited	21,129,449	19,653,726	17,944,429
	21,129,449	19,653,726	17,944,429

On 12 May 2008, the Company was granted a loan from parent company for the amount of EUR 11,967,000. The loan is unsecured, bears interest of 7 per cent. per annum and is repayable on 19 May 2013 (extended to 19 May 2018, refer to Note 16). During 2009, an additional amount of EUR 2,667,500 was received by the Company from the parent company. During 2011 and 2012, additional amounts of EUR 601,000 and EUR 330,500 respectively, were received. During 2012 interest expense of EUR 1,145,223 was recognised in the statement of comprehensive income (2011: EUR 1,108,297, 2010: EUR 1,040,918).

12.5 SHAREHOLDERS' CURRENT ACCOUNTS – CREDIT BALANCES

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Day LILY Properties Limited	69,336	61,472	57,772
	69,336	61,472	57,772

The shareholders' current accounts are unsecured, interest free, and have no specified repayment date.

13. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND CAPITAL MANAGEMENT

Financial risk factors

The Company is exposed to interest rate risk, credit risk, liquidity risk and capital management risk arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's income and operating cash inflows are substantially independent of changes in market interest rates as the Company's interest bearing assets and liabilities bear interest at a fixed rate. The Company's associates have bank loans which bear variable interest rate. The associates entered into swap arrangements to hedge the floating interest rates against pre-determined fixed rates. The swap agreements ended in 2012.

(b) Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities primarily trade receivables and from its financing activities, including deposits with banks and other financial instruments.

Credit risk related to receivables: This is managed based on established policies, procedures and controls relating to counterparty credit risk management. The maximum exposure is the carrying amount as disclosed in the financial information. For related parties it is assessed that there is no significant risk of unrecoverability. The Company does not hold collateral as security.

Credit risk related to financial instruments and cash deposits: Cash balances are held with recognised financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

(c) Liquidity risk

The Company'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 the management. The Company manages liquidity risk by maintaining adequate cash reserves and planning and close monitoring of cashflows.

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

	Carrying amounts	*Contractual cash flows*	*Less than 1 month*	*Less than 3 months*	*3 - 12 months*	*1 to 5 years*	*More than 5 years*
2012							
Shareholders current a/c	69,336	69,336	69,336	–	–	–	–
Loan from related company	21,129,449	21,508,174	–	–	21,508,174	–	–
Total	21,198,785	21,577,510	69,336	–	21,508,174	–	–

	Carrying amounts	*Contractual cash flows*	*Less than 1 month*	*Less than 3 months*	*3 - 12 months*	*1 to 5 years*	*More than 5 years*
2011							
Shareholders current a/c	61,472	61,472	61,472	–	–	–	–
Loan from related company	19,653,726	21,212,425	–	–	–	21,212,425	–
Total	19,715,198	21,273,897	61,472	–	–	21,212,425	–

	Carrying amounts	*Contractual cash flows*	*Less than 1 month*	*Less than 3 months*	*3 - 12 months*	*1 to 5 years*	*More than 5 years*
2010							
Shareholders current a/c	57,772	57,772	57,772	–	–	–	–
Loan from related company	17,944,429	20,531,787	–	–	–	20,531,787	–
Total	18,002,201	20,589,559	57,772	–	–	20,531,787	–

The tables presented above present the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay, and includes both interest and principal cash flows.

(d) Foreign currency sensitivity analysis

The Company is partly exposed to foreign exchange risk in respect of the exchange rate of the RON. This pertains to its investments in associates, which have transactions and balances denominated in RON. The following table details the Company's sensitivity to a 5 per cent. increase and decrease in RON exchange rate against EUR.

5 per cent. 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 of the associates and adjusts their translation at the year end for a 5 per cent. change in foreign currency exchange rates. A negative number below indicates a decrease in profit.

	Increase/ (Decrease)	*Profit or loss effect 2012*	*Profit or loss effect 2011*	*Profit or loss effect 2010*
RON	(5%)	(17,856)	(5,013)	37,250
RON	5%	17,856	5,013	(37,250)

(e) Capital management

Capital includes equity shares and loan from parent company.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions, in order to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company's overall objectives, policies and processes remains unchanged from last year.

Fair values

The fair values of the Company's financial assets and liabilities do not differ significantly from their carrying amounts at the reporting date.

14. CONTINGENT LIABILITIES

On 31 July 2008, the Company entered into a share pledge agreement with Banca Romaneasca S.A. ('security agent') whereby the Company pledges the shares it holds in the associated companies BOB Development SRL, Netron Investments SRL and BOC Real Property SRL and secures any and all obligations and liabilities as defined in the Pledge agreement, in order to guarantee payment of their obligations for the maximum amount of EUR 242,190,000.

Further to the agreement, the security agent has a right, as a creditor, to demand payment from the Pledgors of any and all amounts that is owned today or in the future.

15. COMMITMENTS

The Company had no capital or other commitments as at 31 December 2012 (2011: Nil, 2010: Nil).

16. EVENTS AFTER THE REPORTING PERIOD

The negotiations of the Cyprus Government with the European Commission, the European Central Bank and the International Monetary Fund (the 'Troika'), in order to obtain financial support, resulted in an agreement and decision of the Eurogroup on 25 March 2013 on the key elements necessary for a future macroeconomic adjustment programme which includes the provision of financial assistance to the Republic of Cyprus of up to EUR 10 billion. The programme aims to address the exceptional economic challenges that Cyprus is facing, and to restore the viability of the financial sector, with a view to restoring sustainable economic growth and sound public finances in the coming years.

The Eurogroup decision on Cyprus includes plans for the restructuring of the financial sector and safeguards deposits below EUR 100,000 in accordance with European Union legislation. In addition, the Cypriot authorities have reaffirmed their commitment to step up efforts in the areas of fiscal consolidation, structural reforms and privatizations. The Eurogroup requested the Cypriot authorities and the European Commission, in liaison with the European Central Bank, and the International Monetary Fund, to finalise the relevant Memorandum of Understanding in April 2013 which will then be followed by the formal approval of the Board of Directors of the European Stability Mechanism as well as by the ratification by Eurozone member states through national parliamentary (or equivalent) approval.

On 12 April 2013 the Eurogroup welcomed the agreement that has been reached between Cyprus and the Troika institutions regarding the macroeconomic adjustment programme for Cyprus, and stated that the necessary elements were in place to launch the relevant national procedures required for the formal approval of the European Stability Mechanism financial assistance facility agreement.

On 22 March 2013 legislation was enacted by the House of Representatives of the Republic of Cyprus concerning restrictive measures in respect of transactions executed through the banking institutions operating in Cyprus. The extent and duration of the restrictive measures are decided by the Minister of Finance and the Governor of the Central Bank of Cyprus and they were enforced on 28 March 2013. The Company's operations will be affected by the extent and duration of these restrictive measures.

On 18 April 2013 legislation was enacted by the House of Representatives to increase the corporate tax from 10 per cent. to 12.5 per cent. with effect from 1 January 2013. Furthermore, legislation was enacted to increase the rate of special defence contribution from 15 per cent. to 30 per cent. on interest which does not arise from the ordinary course of business or is closely linked to it.

On 29 March 2013 the Central Bank of Cyprus issued Decrees relating to Laiki Bank and the Bank of Cyprus implementing measures for these two banks under the Resolution of Credit and Other Institutions Law of 2013.

The Company's cash held with banks affected from the above measures were below EUR100.000 as at the relevant date for implementation of the decisions, and hence are not affected.

Loans from related undertakings

On 19 May 2013 the repayment date of the loans granted by Day Lily Properties Limited to the Company was extended to 19 May 2018.

Initial public offering

In February 2013, Globalworth Real Estate Investments Limited, a company registered in Guernsey, commenced preparations for an initial public offering in the AIM market of the United Kingdom. Following the completion of the initial public offering, Globalworth Real Estate Investments Limited will seek acquisition of the Company's shares.

Section I – Oystermouth Holding Limited

Subsection I(i) Accountant's Report on Oystermouth Holding Limited

The Directors
Globalworth Real Estate Investments Limited
Anson Place
Mill Court
La Charroterie
St Peter Port
Guernsey
GY1 1EY

23 July 2013

Dear Sirs

Oystermouth Holding Limited

We report on the consolidated financial information set out in Part IX of the Admission Document issued by Globalworth Real Estate Investments Limited ("the Company") on the date of this letter ("Admission Document") for the years ended 31 December 2010, 2011 and 2012. This consolidated financial information has been prepared for inclusion in the Admission Document dated 24 July 2013 of Globalworth Real Estate Investments Limited on the basis of the accounting policies set out in note 2. This report is required by Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that schedule and for no other purpose.

Save for any responsibility arising under Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the AIM admission document.

Responsibilities

The Directors of Globalworth Real Estate Investments Limited are responsible for preparing the consolidated financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the consolidated financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the consolidated financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the consolidated financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the consolidated financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the consolidated financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of Oystermouth Holding Limited as at the dates stated and of its profits, cash flows and changes in equity for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the AIM admission document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM admission document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

Ernst & Young Cyprus Limited

OYSTERMOUTH HOLDING LIMITED

CONSOLIDATED FINANCIAL INFORMATION

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

As at and for the years ended 31 DECEMBER 2012, 2011 and 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

(All amounts are expressed in EUR)

	Note	*For the year ended 31 December 2012*	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Income				
Rental income	5	12,166,093	10,342,184	10,906,807
Other operating income	6	481,478	1,235,899	1,207,224
Operating expenses	7	(1,900,861)	(25,327,971)	(2,475,494)
Fair value adjustment on investment property	10	(14,999,402)	(8,324,975)	(2,717,289)
Operating Result		(4,252,692)	(22,074,863)	6,921,248
Finance cost	8	(15,528,870)	(10,555,393)	(15,378,365)
Finance income	8	2,133,084	1,373,565	1,365,036
Loss before tax		(17,648,478)	(31,256,691)	(7,092,081)
Income tax (expense)/credit	9	1,681,130	160,882	120,133
Loss for the year		(15,967,348)	(31,095,809)	(6,971,948)
Other comprehensive income		–	–	–
Total comprehensive income		(15,967,348)	(31,095,809)	(6,971,948)
Attributable to:				
Equity holders of the parent		(12,864,148)	(28,056,383)	(5,608,710)
Non-controlling interests		(3,103,200)	(3,039,426)	(1,363,238)
		(15,967,348)	(31,095,809)	(6,971,948)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

(All amounts are expressed in EUR)

	Note	*As at 31 December 2012*	*As at 31 December 2011*	*As at 31 December 2010*
ASSETS				
Non-current asset				
Investment property	10	190,700,000	205,270,000	209,310,276
Other non-current assets	11	199,276	27,636	–
Assets in progress		383,551	38,981	2,520,802
Intangibles		109	3,443	7,214
		191,282,936	205,340,060	211,838,292
Current assets				
Trade receivables	12	1,375,571	569,046	1,263,434
Other receivables	12	180,240	253,999	5,486,971
Income tax receivable		–	4,849	115,143
Advances to suppliers		17,152	17,583	21,261
Cash and cash equivalents	13	3,210,607	5,185,504	4,718,395
		4,783,570	6,140,981	11,605,203
TOTAL ASSETS		196,066,506	211,481,041	223,443,495
EQUITY AND LIABILITIES				
Equity				
Share capital	14	1,761	1,761	1,761
Share premium		14,949	14,949	14,949
Accumulated losses		(55,652,912)	(42,788,764)	(14,732,381)
Equity attributable to equity holders of the parent		(55,636,202)	(42,772,054)	(14,715,671)
Non-controlling interests		(6,282,816)	(3,179,616)	(140,190)
Total equity		(61,919,018)	(45,951,670)	(14,855,861)
Non-current liabilities				
Deferred tax	9	17,807,528	19,500,424	19,678,309
Long term deposits	16	707,903	710,999	999,730
Loans and borrowings	15	124,963,146	214,357,884	194,702,777
		143,478,577	234,569,307	215,380,816
Current liabilities				
Trade payables	17	382,530	996,627	612,022
Other payables	18	932,015	2,546,577	4,448,381
Current tax liabilities		28,174	24,314	7,668
Loans and borrowings	15	113,164,228	19,295,888	17,850,469
		114,506,947	22,863,404	22,918,540
TOTAL LIABILITIES		257,985,525	257,432,711	238,299,356
TOTAL EQUITY AND LIABILITIES		196,066,506	211,481,041	223,443,495

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

(All amounts are expressed in EUR)

	Attributable to owners of the parent					
	Issued share capital	*Share premium*	*Accumulated losses*	*Total*	*Non controlling interest*	*Total*
As at 1 January 2010	1,761	14,949	(9,113,671)	(9,096,961)	1,223,048	(7,873,913)
Loss for the year	–	–	(5,608,710)	(5,608,710)	(1,363,238)	(6,971,948)
Dividends paid	–	–	(10,000)	(10,000)	–	(10,000)
As at 31 December 2010	1,761	14,949	(14,732,381)	(14,715,671)	(140,190)	(14,855,861)
Loss for the year	–	–	(28,056,383)	(28,056,383)	(3,039,426)	(31,095,809)
As at 31 December 2011	1,761	14,949	(42,788,764)	(42,772,054)	(3,179,616)	(45,951,670)
Loss for the year	–	–	(12,864,148)	(12,864,148)	(3,103,200)	(15,967,348)
As at 31 December 2012	1,761	14,949	(55,652,912)	(55,636,202)	(6,282,816)	(61,919,018)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2012

(All amounts are expressed in EUR)

	Note	*For the year ended 31 December 2012*	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
OPERATING ACTIVITIES				
Loss before taxation		(17,648,478)	(31,256,691)	(7,092,081)
Non-cash adjustments:				
Depreciation and amortization		6,232	4,554	4,304
Fair value adjustment on investment property	10	14,999,402	8,324,975	2,717,289
Interest income		(79,286)	(47,604)	(486,418)
Interest expense		14,785,637	9,711,701	12,217,357
Movement in allowance for doubtful debts		170,768	957,114	131,545
Other non-cash items		–	–	79,906
Discounting effect of financial liabilities at fair value through profit or loss		55,984	(294,594)	(231,680)
Working capital adjustments:				
(Increase) in trade receivables		(856,233)	(20,313)	(926,233)
(Increase) in other receivables		58,876	4,990,853	(421,688)
Increase/(decrease) in advances to suppliers		431	3,677	(5,755)
Increase/(decrease) in trade payables		(1,063,469)	976,387	109,101
(Decrease) in other payables		(1,130,688)	(492,526)	(20,450)
Interest received		79,286	47,604	74,735
Income tax paid		(7,903)	(358)	(18,483)
Net cash flows from/(used in) operating activities		9,370,559	(7,095,221)	6,131,448
INVESTING ACTIVITIES				
Purchase of fixed assets		(948,510)	(1,831,296)	(2,520,802)
Net cash flows used in investing activities		(948,510)	(1,831,296)	(2,520,802)
FINANCING ACTIVITIES				
Repayment of long term loans from banks		(2,726,000)	(2,726,000)	(2,236,131)
Proceeds from loans from parent company		2,280,000	18,505,500	4,024,999
Long term deposits received from tenants		514,755	323,828	178,220
Dividends paid		–	–	(10,000)
Interest paid		(10,465,701)	(6,709,702)	(4,081,842)
Net cash flows from/(used in) financing activities		(10,396,946)	9,393,626	(2,124,754)
Net increase in cash and cash equivalents		(1,974,897)	467,109	1,485,892
Cash and cash equivalents at 1 January		5,185,504	4,718,395	3,232,503
Cash and cash equivalents at 31 December		3,210,607	5,185,504	4,718,395

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

For the year ended 31 December 2012

(All amounts are expressed in EUR)

1. CORPORATE INFORMATION

Oystermouth Holding Limited (the ''Company") was incorporated in Cyprus on 11 April 2007 as a limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at 20 Spyrou Kyprianou, CHAPO CENTRAL, 3rd floor, P.C. 1075, Nicosia, Cyprus.

The Group is in the real estate investment business and the main activity is the lease of Class A office buildings in Bucharest.

The Company is controlled by Thaumat Holdings Ltd, a company incorporated in Cyprus, which owns 100 per cent. of the Company's shares.

The ultimate parent is RREEF Global Opportunities Fund III LLC ('RREEF'), the real estate investment management division of Deutsche Bank AG.

1. BASIS OF PREPARATION

(A) General

The consolidated financial information has been prepared on the historical cost basis, except for investment property and derivative financial instruments, which have been measured at fair value. Principal accounting policies applied in the preparation of this consolidated financial information, as set out below, have been consistently applied throughout the period presented.

The financial information has been prepared assuming that the Group will continue as a going concern. The Group has received confirmation of RREEF's continuing support during the next 12 months should the need arise for additional funding of what is or will be available for its operations and/or third party sources.

The consolidated financial information of the Group has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

The fiscal year end of the Group is 31 December.

(B) Basis of consolidation

The consolidated financial information comprise the financial information of the Company and its subsidiaries (together referred to as the "Group") as at 31 December 2012.

Subsidiaries are consolidated 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 information of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences recorded in equity

- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(C) Standards issued but not yet effective and not early adopted

The Group has not early adopted the following standards/interpretations:

- **IAS 1 Financial Statement Presentation (Amended) – Presentation of Items of Other Comprehensive Income**

  The amendment is effective for annual periods beginning on or after 1 July 2012. The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position or performance.

- **IAS 19 Employee Benefits (Revised)**

  The amendment is effective for annual periods beginning on or after 1 January 2013. The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The Group does not expect that this amendment will have an impact on the financial position or performance of the Group.

- **IAS 27 Separate Financial Statements (Revised)**

  The Standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. Earlier application is permitted. The Group does not expect that this amendment will have an impact on the financial position or performance of the Group.

- **IAS 28 Investments in Associates and Joint Ventures (Revised)**

  The Standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. As a consequence of the new IFRS 11 Joint arrangements and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The Group does not expect that this amendment will have an impact on the financial position or performance of the Group.

- **IAS 32 Financial Instruments: Presentation (Amended) – Offsetting Financial Assets and Financial Liabilities**

  The amendment is effective for annual periods beginning on or after 1 January 2014.These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous.

The Group does not expect that this interpretation will have an impact on the financial position or performance of the Group.

- **IFRS 7 Financial Instruments: Disclosures (Amended) – Offsetting Financial Assets and Financial Liabilities**

  The amendment is effective for annual periods beginning on or after 1 January 2013. These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The Group does not expect that this interpretation will have an impact on the financial position or performance of the Group.

- **IFRS 9 Financial Instruments: Classification and Measurement**

  The new standard is effective for annual periods beginning on or after 1 January 2015. IFRS 9, as issued, reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of financial assets, but will not have an impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued. This standard has not yet been endorsed by the EU.

- **IFRS 10 Consolidated Financial Statements**

  The new standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The Group does not expect that this interpretation will have an impact on the financial position or performance of the Group.

- **IFRS 11 Joint Arrangements**

  The new standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Ventures. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The Group does not expect that this interpretation will have an impact on the financial position or performance of the Group.

- **IFRS 12 Disclosures of Interests in Other Entities**

  The new standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The new standard has only disclosure effects.

- **IFRS 13 Fair Value Measurement**

  The new standard is effective for annual periods beginning on or after 1 January 2013. IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Group does not expect that this interpretation will have a significant impact on its financial position or performance.

- **IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine**

  The interpretation is effective for annual periods beginning on or after 1 January 2013.This interpretation applies to waste removal (stripping costs) incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. Management has assessed that the amendment has no impact on the Group's financial position or performance.

- The IASB has issued the Annual Improvements to IFRSs – 2009 – 2011 Cycle, which contains amendments to its standards and the related Basis for Conclusions. The annual improvements project provides a mechanism for making necessary, but non-urgent, amendments to IFRS. The effective date for the amendments is for annual periods beginning on or after 1 January 2013. Earlier application is permitted in all cases, provided that fact is disclosed. This project has not yet been endorsed by the EU. Management has assessed that the amendments have no impact on the Group's financial position or performance.

  - **IAS 16 Property, Plant and Equipment:** This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

  - **IAS 32 Financial Instruments, Presentation:** This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

  - **IAS 34 Interim Financial Reporting:** The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

- **Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)**

  The guidance is effective for annual periods beginning on or after 1 January 2013. The IASB issued amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application' in IFRS 10 is defined as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief. This guidance has not yet been endorsed by the EU. Management has assessed that the guidance will have no impact on the Group's financial position or performance.

- **Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)**

  The amendment is effective for annual periods beginning on or after 1 January 2014. The amendment applies to a particular class of business that qualify as investment entities. The IASB uses the term 'investment entity' to refer to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organizations, venture capital organizations, pension funds, sovereign wealth funds and other investment funds. Under IFRS 10 Consolidated Financial Statements, reporting entities were required to consolidate all investees that they control (i.e. all subsidiaries). The Investment Entities amendment provides an exception to the consolidation requirements in IFRS 10 and requires investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendment also sets out disclosure requirements for investment entities. This amendment has not yet been endorsed by the EU. Management has assessed that the amendments will have no impact on the Group's financial position or performance.

- **IFRIC Interpretation 21: Levies**

  The interpretation is effective for annual periods beginning on or after 1 January 2014. The Interpretations Committee was asked to consider how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements. This Interpretation is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. This interpretation has not yet been endorsed by the EU. Management has assessed that this interpretation will have no impact on the financial position or performance of the Group.

- **IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets**

  This amendment is effective for annual periods beginning on or after 1 January 2014. In developing IFRS 13 the IASB decided to amend IAS 36 to require the disclosure of information about the recoverable amount of impaired assets, particularly if that amount is based on fair value less costs of disposal. In particular, instead of requiring an entity to disclose the recoverable amount of an asset (including goodwill) or a cash-generating unit for which a material impairment loss was recognized or reversed during the reporting period, the amendment made to IAS 36 required an entity to disclose the recoverable amount of each cash generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit is significant in comparison with the entity's total carrying amount of goodwill or of intangible assets with indefinite useful lives. This amendment has not yet been endorsed by the EU. Management has assessed that this amendment will have no impact on the financial position or performance of the Group.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In the process of applying the Group's accounting policies, the management makes the following judgments and estimates which have a significant effect on the classification and measurement of the financial information elements:

(a) Business combinations and goodwill

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

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

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstance is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(b) Selection of functional currency

The Group used its judgment, based on the criteria outlined in IAS 21, and determined that the functional currency of the parent company and its subsidiaries is the EUR, which is also the presentation currency of the financial information.

(c) Classification of investment property

The Group is required to determine whether a property qualifies as investment property.

Investment property comprises land and buildings (principally offices, commercial warehouse and retail property) which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

The Group considers that when the property is in a condition which will allow the generation of cash flows from its rental that the property is no longer a property under development but an investment property.

(d) Valuation of property

The fair value of investment property has been determined by independent real estate valuation experts using recognized valuation techniques. These techniques comprise the sales comparison approach, the cost approach and the income approach.

The sales comparison approach compares the subject property with quoted prices of similar properties in the same or similar location. In preparing the valuation reports on the Group's investment property, the external appraisers excluded distressed sales when considering comparable sales prices.

The cost approach is principally used for the valuation of specialised property, which is property that is rarely, if ever, sold in the market. Starting from the replacement cost new, necessary adjustments for obsolescence are made in order to reflect the difference in value of the subject property and a new modern equivalent.

For income generating properties, various methods are used to indicate value, all of which share the common characteristic that the value is based on actual or estimated income that is or could be generated by a potential owner.

The income capitalization method takes into consideration the income that a property is expected to generate if leased out assuming a stabilized occupancy level, and applying to that income a capitalization rate reflecting the investors' interest in a property of this kind. This method, often known as all risks yield method cannot be reliably used where the income is expected to change in future periods to an extent greater than that generally expected in the market.

When a more sophisticated analysis of risk is required, various forms of discounted cash flows models can be used. Valuators typically use Discounted Cash-Flow Analysis (DCF), which implies income projections of the property for a discrete period of time, usually between 5-10 years.

The Discounted Cash Flow Method involves the projection of a series of periodic cash flows either to an operating property or a development property. To this projected cash flow series, an appropriate, market derived discount rate is applied to establish an indication of the present value of the income stream associated with the property. The calculated periodic cash flow is typically estimated as gross rental income less vacancy and collection losses and less operating expenses/outgoings. A series of periodic net operating incomes, along with an estimate of the exit value anticipated at the end of the projection period, are discounted to present value. The aggregate of the net present values equals the market value of the property.

Management has reviewed the appraisers' assumptions underlying discounted cash flow models and confirmed that factors such as the discount rate have been appropriately determined considering the market conditions at the end of the reporting period.

Forecasts of net operating income are based on leases signed as at the valuation date, the estimated rental values for existing leases at expiry and the estimated achievable rental values in relation to the existing vacancies. The valuers' assessments of non-recoverable expenses are based on experience of comparable properties and information on historical costs provided by the Group.

Volatility in the global financial system is reflected in commercial real estate markets. There was a significant reduction in transaction volumes in 2010 and 2011 and, to a lesser extent, in 2012. Therefore, in arriving at estimates of market values as at 31 December 2010, 31 December 2011 and 31 December 2012, the independent valuation experts used their market knowledge and professional judgment 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.

Changes in the economic conditions of the Romanian real estate market may not be captured in its totality since valuation dates do not always coincide with financial year end dates.

(e) Operating lease contracts – the Company as lessor

The Group has entered into commercial property leases on its investment property portfolio. 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 these property and so accounts for the leases as operating leases.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Functional currency and presentation currency

The Group's consolidated financial information is presented in Euro, which is the parent company and its subsidiaries functional currency. This financial information is based on the Statutory accounting records, with adjustments and reclassifications recorded for the purpose of fair presentation in accordance with IFRS principles, as applicable to this consolidated financial information.

4.2 Foreign currency translation

Foreign currency transactions during the period are initially recorded in the functional currency at the exchange rates approximating those ruling on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies other than the Group's functional currency are retranslated at the rates of exchange prevailing on the statement of financial position date. Gains and losses on translation are taken to profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.3 Investment property

Property that is held for long term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property and accounted for under International Accounting Standard 40 "Investment Property".

Investment properties are initially measured at cost, including transaction costs. Such cost includes the cost of replacing part of the investment property, if the recognition criteria are met. When a major inspection is performed, its cost is recognized in the carrying amount of the investment property as a replacement, if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the profit or loss as incurred.

Investment property is subsequently re measured at fair value, which is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the year in which they arise. For the purpose of these financial statements, in order to avoid double accounting, the assessed fair value is:

- Reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and/or minimum lease payments; and
- Increased by the carrying amount of any liability to the superior leaseholder or freeholder that has been recognised in the balance sheet as a finance lease obligation.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

4.4 Revenue

Revenue is recognized when the amount of revenue and associated costs can be reliably measured, it is probable that economic benefits associated with the transaction will be realized, and the stage of completion of the transaction can be reliably measured. This concept is applied to the key-revenue generating activities of the Group as follows:

Rental income

Rental income is measured at the fair value of the consideration received or receivable, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such a basis. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the income statement when the right to receive them arises.

Service charges and expenses recoverable from tenants

Income arising from expenses recharged to tenants is recognised in the period in which the compensation becomes receivable. Service charges and other such receipts are netted of with the related costs in expenses.

Interest income

Interest from all interest-bearing assets and liabilities is recognized as net interest income using the effective interest method. The effective interest rate is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or expense over the relevant period using the estimated future cash flows. The estimated future cash flows used in this calculation include those determined by the contractual terms of the asset or liability, all fees that are considered to be integral to the effective interest rate, direct and incremental transaction costs, and all other premiums or discounts.

4.5 Trade and other receivables

Trade and other receivables are carried at the original invoiced amounts less any allowances recorded for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due, according to the original terms of sale. The amount of the allowance is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market interest rate available for similar borrowers. Bad debts are written off when management believes that collection is no longer possible.

4.6 Cash and cash equivalents

For purposes of the statement of cash flows, the Group's cash and cash equivalents include highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of change in value. Such investment includes cash in hand and balances at banks and short term deposits with banks.

4.7 Loans and Borrowings

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

4.8 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.9 Taxation

Income tax on the results for the period represents the sum of current tax and deferred tax. Income tax is recognized in the profit or loss, except when it relates to items charged or credited directly to equity, in which case it is recognized directly to equity.

Current tax

Current tax is based on taxable profit of the period. Taxable profit differs from net profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences will be realized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

4.10 Provisions

A provision is recognized when, and only when, the Group has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

4.11 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. The particular measurement methods adopted are disclosed in individual policy statements associated with each item.

Financial assets are derecognized at the time when the Group loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of financial assets and financial liabilities are taken to profit and loss account.

4.12 Offsetting of financial instruments

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

4.13 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

4.14 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value (which is essentially the transaction cost) on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair values on derivatives during the year are taken directly to profit and loss account.

The Group uses interest rate swaps to hedge its risks associated with interest rate fluctuations (being an economic hedge for which it does not apply however hedge accounting under IAS 39). Such derivative financial instruments are stated at fair value. The fair value of interest rate swap is the estimated amount that the Company would receive or pay to sell the swap at the balance sheet date, taking into account the current interest rates.

4.15 Tenant security deposits

Tenant security deposits represent advances made by lessees as guarantees during the lease period and are repayable by the Group upon termination of lease contracts.

Tenant deposits liabilities are initially recognised at fair value and subsequently measured at amortised cost where material. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognised on a straight-line basis over the lease term.

5. RENTAL INCOME

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Office rental	11,190,162	9,955,174	9,904,703
Parking space	936,048	560,933	661,416
Income from rental of advertising panels	95,868	120,671	109,008
Discount effect of tennant deposits	(55,985)	(294,594)	231,680
	12,166,093	10,342,184	10,906,807

6. OTHER OPERATING INCOME

	For the year-ended 31 December 2012	*For the year-ended 31 December 2011*	*For the year-ended 31 December 2010*
Other operating income (fit out costs)	29,272	547,693	726,581
Other operating income recorded in service charge	452,206	688,206	480,643
	481,478	1,235,899	1,207,224

Other operating income comprise penalties charged to tenants for delayed settlements for rent, service charges and amounts received for fit out costs.

7. OPERATING EXPENSES

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Building operating expenses	294,182	1,006,548	644,088
Commissions and fees	61,631	56,211	248,682
Allowance for doubtful debts	29,033	6,059,888	131,545
Depreciation expense	6,232	4,554	4,304
Other third parties services	1,077,916	1,657,060	1,308,906
Other operating expenses	431,867	543,710	137,969
Other expenses	–	16,000,000	–
	1,900,861	25,327,971	2,475,494

Building operating expenses are presented net of related income from re-charge of expenses, amounting to EUR 3,483,756 in 2012, EUR 2,898,145 in 2011 and EUR 2,888,915 in 2010.

Other expenses amounting to EUR 16,000,000 for the year ended 31 December 2011 relate to compensation paid to third parties upon cancellation of a share purchase agreement which stipulated that Netron Investment SRL would acquire an investment in a Romanian company operating in the real estate field. The Group also paid an additional EUR 5,000,000 in 2010 as an advance. This was written off and included in the allowance for doubtful debts in 2011, as it was agreed between the parties that it would not be refunded.

8. FINANCE COSTS, NET

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Finance income			
Interest income	79,332	47,631	486,487
Foreign exchange Gain	2,053,752	1,325,934	878,549
Finance income	2,133,084	1,373,565	1,365,036
Finance expense			
Foreign exchange Loss	(581,344)	(715,377)	(2,927,612)
Derivative financial instruments – Interest rate swap	–	2,141,509	(953,634)
Interest expense	(14,785,519)	(11,853,458)	(11,262,126)
Bank commissions and similar charges	(162,007)	(128,067)	(234,993)
Finance expense	(15,528,870)	(10,555,393)	(15,378,365)
Net finance costs	(13,395,786)	(9,181,828)	(14,013,329)

9. INCOME TAX

	For the year ended 31 December 2012	For the year ended 31 December 2011	For the year ended 31 December 2010
Current income tax expense	(11,764)	(17,003)	(15,674)
Deferred income tax credit	1,692,894	177,885	135,807
Income tax credit per profit or loss	1,681,130	160,882	120,133

Current income tax

The Group's current income tax is determined on the basis of statutory profits adjusted for non-deductible expenses and non-taxable income at Romania and Cyprus rates of 16 per cent. and 10 per cent. respectively (as of 1 January 2013 the corporation tax rate in Cyprus increased to 12.5 per cent.).

In 2010, the Romanian authorities imposed a minimum tax payable by the companies irrespective of whether they have income or loss. The minimum tax instalments were set according to the turnover. The Romanian subsidiaries paid for 2010 EUR 3,918. During 2011 the minimum income tax was abolished and the Romanian subsidiaries did not record any current income tax expense.

Deferred Income Tax

	Statement of Financial Position 31 December 2012	31 December 2011	31 December 2010
Fair Value adjustment on investment property	17,863,157	19,565,010	19,790,030
Discount effect of financial liabilities at fair value through income statement	(55,629)	(64,586)	(111,721)
Deferred income tax liability	17,807,528	19,500,424	19,678,309

	Statement of Comprehensive Income For the year 2012	For the year 2011	For the year 2010
Fair Value adjustment on investment property	1,701,851	225,018	(8,613)
Discount effect of financial liabilities at fair value through income statement	(8,957)	(47,133)	144,420
Deferred income tax expense	1,692,894	177,885	135,807

No deferred tax asset was recognized in relation to the grace period for rent and trade receivables allowance as these are subject to high fluctuations depending on the number of tenants and to their liquidity in a period of continuous economic crisis.

Unused tax losses of the Group's Romanian subsidiaries carried forward as of 31 December 2012 are EUR 13,073,077,while as of 31 December 2011 and 31 December 2010 they amounted to EUR 9,697,241 and EUR 8,599,912, respectively, for which no deferred tax asset has been recognized. The tax losses prior to 2009 can be utilized against taxable profits over a period of five years following the year in which the tax losses have arisen. Tax losses occurring from 2009 onwards can be carried forward over a period of seven years.

In 2010, there have been two fiscal reporting periods: January–September, during which the Group's Romanian subsidiaries recorded a fiscal loss of RON 6,995,205 (EUR 1,655,158) and October–December during which the Group's Romanian subsidiaries recorded a fiscal loss of RON 6,093,461 (EUR 1,421,420).

The tax loss related to the period January–September 2010 shall be recovered from the taxable profits realized in the following 7 consecutive years, the first year for carrying forward of the tax loss being the period October–December 2010. The tax loss related to the period October–December 2010 shall be recovered from the taxable profits realized in the following 7 consecutive years.

The Group is waiting until taxable profits are available to utilize the fiscal losses carried forward and as a result no deferred tax asset was recorded in this respect.

The reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate applicable in Cyprus and Romania, is as follows:

	For the year ended 31 December 2012 EUR	*For the year ended 31 December 2011 EUR*	*For the year ended 31 December 2010 EUR*
Accounting profit/(loss) before income tax	(17,648,478)	(31,256,691)	(7,092,081)
Income tax at 16% in Romania	(2,766,587)	(5,001,071)	(1,134,733)
Tax effect of allowances and income not subject to tax	(157)	(310)	(589)
Tax losses for which no deferred tax asset is recognized	578,521	270,706	501,667
Tax effect of tax losses brought forward	–	(84,016)	–
Permanent differences	394,870	2,487,801	(175,154)
Effect of lower tax rates (10%) in Cyprus	112,223	2,166,007	688,676
Income tax expense/(credit)	(1,681,130)	(160,883)	(120,133)
Effective tax rate	10%	1%	2%

10. INVESTMENT PROPERTY

	Total
Balance as of 1 January 2010	212,027,565
Additions during the period	–
Disposals during the period	–
Fair Value adjustment	(2,717,289)
Balance as of 31 December 2010	209,310,276
Additions during the period	4,284,699
Disposals during the period	–
Fair Value adjustment	(8,324,975)
Balance as of 31 December 2011	205,270,000
Additions during the period	429,402
Disposals during the period	–
Fair Value adjustment	(14,999,402)
Balance as of 31 December 2012	190,700,000

The Group's investment property includes office properties.

The first office building has a rentable area of 57,604 sqm, 7 floors, 3 basement floors and ground floor. The property also includes 751 underground parking spaces and 46 outside parking spaces.

The second office building is a Class Office building with land of 8,198 sqm in Pipera on Dimitrie Pompeiu street. The building was completed in 2008. The office building has a build area of 23,631 sqm, 6 floors and ground floor. The property also includes 183 outside parking spaces.

Investment property is stated at fair value, which has been determined based on valuations performed by Coldwell Banker Research and Valuation, an accredited independent valuator, which is an industry specialist in valuing these types of investment properties.

The fair values of EUR 190,700,000 as of 31 December 2012, EUR 205,270,000 as of 31 December 2011, EUR 209,310,276 as of 31 December 2010 and EUR 212,027,565 as of 1 January 2010 were obtained using the income approach – discounted cash flow analysis method.

The significant assumptions made relating to valuations are set out below:

Assumption	*2012*	*2011*	*2010*
Period of initial future cash-flows	5 years	5 years	5 years
Rent per sqm (EUR)	12.5	13-14.67	14-18.69
Letting area (sqm)	23,619-57,607	23,619-57,607	23,695-57,607
AG Parking rent (EUR)	69.35-84.30	69.64-82.50	79.70-92.30
AG Parking units	40-161	43-153	25-153
UG Parking rent (EUR)	0-100.82	0-99.57	0-102
UG Parking units	0-710	0-671	0-408
Vacancy rate considered during the period	16%-10%	5%-17%	5%-25%
Discount rate	7.50%-8.75%	6.50%-8.75%	7.50%-10.50%
Estimated growth	0.25%	0%	0%
Exit yield (perpetuity rate)	7.25%-7.50%	6.50%-6.75%	7%

11. OTHER NON CURRENT ASSETS

	As of 31 December 2012	*As of 31 December 2011*	*As of 31 December 2010*
Opening balance	27,636	–	–
Transferred from work in progress	–	–	–
Addition during the year	184,809	28,419	–
Closing balance	212,445	28,419	–
Accumulated depreciation	(13,169)	(783)	–
Net	199,276	27,636	–

Other non-current assets represent access gates and fittings.

12. TRADE AND OTHER RECEIVABLES

	Note	*As of 31 December 2012*	*As of 31 December 2011*	*As of 31 December 2010*
Trade receivables – Gross		2,964,515	1,987,222	1,724,496
Allowance for doubtful debts	12.1	(1,588,944)	(1,418,176)	(461,062)
Trade receivables net		1,375,571	569,046	1,263,434
Prepayments		25,851	24,451	30,156
Taxes receivable		(90)	–	235,592
Sundry Debtors	12.2	93,919	153,823	5,142,473
Social Security		49	50	–
Shareholders' current account-debit balances	12.3	25,000	25,000	15,000
Other		35,511	50,675	63,750
Total other receivables		180,240	253,999	5,486,971

(12.1) The balance represents the amount receivable from tenants. During 2012 the Group has written off an amount of EUR 228,834 related to doubtful debts (2011: nil, 2010: nil).

(12.2) Sundry debtors as at 31 December 2010 include EUR 5,000,000 advance given to third parties for a share purchase agreement that Netron Investment SRL entered into in 2008.

(12.3) The amount due from holding company (Thaumat Holdings Ltd) is interest free and repayable on demand.

The ageing analysis of the trade receivables is presented below:

		Past due but not impaired					
	Neither past due nor impaired	*1-30 days*	*31-60 days*	*61-90 days*	*91-120 days*	*> 120 days*	*Total*
2012	453,192	173,561	263,067	267,588	218,163	–	1,375,571
2011	71,858	432,394	64,794	–	–	–	569,046
2010	67,679	666,351	407,748	96,319	25,337	–	1,263,434

13. CASH AND CASH EQUIVALENTS

	As of 31 December 2012	*As of 31 December 2011*	*As of 31 December 2010*
Cash at bank			
Local currency	2,453,576	1,821,471	2,051,590
Foreign currency	756,217	3,363,198	2,665,963
Petty cash	814	835	842
Total	3,210,607	5,185,504	4,718,395

All bank accounts are pledged in favour of the banks that granted the bank borrowings (see Note 15).

As per loan agreement with NBG and Bank of Cyprus (refer to Note 15), the Group should have available in certain bank accounts designated by the Bank the funds for repayment of the quarterly interest. The balance of these restricted bank accounts amounts to EUR 3,939 as of 31 December 2012, EUR 2,368,585 as of 31 December 2011 and EUR 1,343,399 as of 31 December 2010.

14. ISSUED SHARE CAPITAL

	As of 31 December 2012	*As of 31 December 2011*	*As of 31 December 2010*
Authorized share capital			
5,000 Ordinary shares of €1,71 each	8,550	8,550	8,550
Issued and fully paid			
1,030 Ordinary shares of €1,71 each	1,761	1,761	1,761

15. LOANS AND BORROWINGS

Loans and borrowings consist of the following:

	Note	*As of 31 December 2012*	*As of 31 December 2011*	*As of 31 December 2010*
Non current				
Due to credit institutions	15.1	124,963,146	127,689,146	130,415,146
Due to shareholder	15.3	–	86,668,738	64,287,631
		124,963,146	214,357,884	194,702,777
Current				
Due to credit institutions	15.1	2,726,000	2,726,000	2,726,000
Due to non controlling interests	15.2	12,776,335	12,446,339	11,853,760
Due to shareholder	15.3	92,925,465	–	–
Interest on loans and borrowings		4,736,428	4,123,549	3,270,709
		113,164,228	19,295,888	17,850,469
Total		238,127,374	233,653,772	212,553,246

(15.1) The long term bank loans represent a long term credit facility with National Bank of Greece, S.A, London Branch "NBG", as a member of the National Bank of Greece Group and the Bank of Cyprus, in equal amounts with a repayment date of 31 July 2015.

NBG and Bank of Cyprus have first and second rank aggregate mortgage on the land in Dimitrie Pompeiu 6A and on the building erected on it, pledge over the bank accounts, pledge over the future and past assets and assignment of receivables arising from lease agreements, hedging arrangements, insurance policies and others.

The said facility carries interest at the rate of 3 months EURIBOR plus a margin of 3.20 per cent., payable quarterly in arrears along with principle instalments in amount EUR 463,500 payable at the end of each quarter until the final repayment date.

In addition, the long term bank loans represent a credit facility arranged during the period ended 31 December 2008, under loan agreement executed with National Bank of Greece and Bank of Cyprus, for the purpose of financing funding requirements. Under the terms of the said agreement, the Group has secured a credit facility of EUR 43.6 million to refinance the loans payable to former shareholders. The repayment date of the loan agreement is July 31, 2015. The said facility carries interest at the rate of 3 months EURIBOR plus a margin of 1.65 per cent. (3.2 per cent. from July 2012), payable quarterly in arrears.

NBG and Bank of Cyprus have first rank aggregate mortgage on the land in Dimitrie Pompeiu 6A and on the building erected on it, pledge over the bank accounts, pledge over the future and past assets and assignment of receivables arising from lease agreements, hedging arrangements, insurance policies and others. Since 2010, Bank of Cyprus also has second rank mortgage on the land in Dimitrie Pompeiu 6A and on the building erected on it.

All the above loan agreements are subject to certain financial and non-financial covenants, which the Company met as of 31 December 2012.

In addition, the Group entered into interest rate swap arrangements with the National Bank of Greece and Bank of Cyprus at a notional amount of EUR 45,667,934. Under the terms of the swap agreements, the Group is entitled to receive a floating rate of 3 months EURIBOR on the above referred notional amount and is required to pay the fixed rate of interest of 2.382 per cent. p.a. on the said notional amount in four quarterly instalments with a calculation period beginning on 31 January 2010 and terminated on 31 October 2012.

(15.2) The balance includes borrowings contracted with the non controlling interests (Dunvant Holding Ltd) and there are no collaterals attached to them. The loans carry an interest of 7.5 per cent./year each and are repayable in full at the end of the loan term. As per the agreements, the repayment date of the loans is during 2013.

(15.3) The balance includes borrowings contracted with RREEF Global Opportunities Fund III,LLC. On 18 July 2011, the Shareholder Loan Agreement dated 13 May 2008 was amended to increase the loan facility to an amount up to €76,680,000. The loan is unsecured, bears interest at a rate of 7 per cent. per annum and is repayable on 14 May 2013 (extended to 14 May 2018, refer to Note 21). The interest charged on the loan for the year amounted to €5,196,727 (2011: €4,471,108).

16. LONG TERM DEPOSITS FROM TENANTS

	As of 31 December 2012	*As of 31 December 2011*	*As of 31 December 2010*
Opening balance undiscounted	1,114,663	1,697,988	1,563,100
Amount received during the year	376,264	323,829	198,163
Discounting effect	(347,680)	(403,664)	(718,200)
Decrease due to lease closed	(435,344)	(907,154)	(43,333)
Closing balance	707,903	710,999	999,730

The balance represents amounts received from tenants as security deposits for monthly rentals and services charges under the lease agreements. The agreements were concluded for a periods ranging from 5 to 10 years and the security deposits is payable at the end of the lease term. The security deposits are interest free and unsecured. The security deposits have been discounted using the market interest rate of 7.5 per cent. and resulting fair value adjustment is recorded in profit and loss.

The carrying value of security deposit (undiscounted) refers to the following tenants:

Description	*2012*	*2011*	*2010*
Banca Romaneasca SA	571,864	598,493	598,493
Bancpost SA	22,576	36,086	36,086
Bob Development SRL	12,246	11,867	11,867
Clarity Systems	–	68,636	68,636
Efg leasing ifn SA	1,724	1,779	1,779
Geva Consult SRL	367	393	393
Romenergo SA	–	–	124,156
Star Imob Construct SRL	64,036	67,073	67,073
Upground Estates SRL	–	–	782,998
Aeh Fresh Lunch SRL	47,905	–	–
Capri Trading SRL	6,507	6,507	6,507
Alvarion SRL	227,838	–	–
Mood Media SRL	100,522	–	–
G4S	–	323,829	–
	1,055,585	1,114,663	1,697,988

17. TRADE PAYABLES

	As of 31 December 2012	As of 31 December 2011	As of 31 December 2010
Suppliers of utilities and other services	381,372	920,245	207,578
Suppliers of fixed assets	–	–	372,885
Advance payments from customers	1,158	76,382	31,559
	382,530	996,627	612,022

18. OTHER PAYABLES

	Note	As of 31 December 2012	As of 31 December 2011	As of 31 December 2010
Derivative financial instrument – Interest rate swap	18.1	–	1,665,314	4,366,979
Deferred income		601,622	517,052	–
Other payables		330,393	364,211	81,402
		932,015	2,546,577	4,448,381

(18.1) The outstanding balance represents the fair value of the interest rate swaps, determined at the end of the current year. The Group entered into an arrangement with the National Bank of Greece and Bank of Cyprus during the period ended 31 December 2009. Under the terms of the Swap agreement, the Group was entitled to receive a floating rate of 3 months EURIBOR on the notional amount (outstanding balance of the loan agreement signed with the two banks (Note 15)) and is required to pay the fixed rate of interest of 4.975 per cent. p.a. on the said notional amount in four quarterly instalments. The hedging agreement matured on 31 October 2012 and the Group did not enter into another agreement afterwards.

In addition, the Group entered into another arrangement with the National Bank of Greece during the year ended 31 December 2008 at a notional amount of EUR 43,600,000. Under the terms of the Swap agreement, the Group was entitled to receive a floating rate of 3 months EURIBOR on the above referred notional amount and is required to pay the fixed rate of interest of 4.975 per cent. p.a. on the said notional amount in four quarterly instalments. The agreement was valid until July 31, 2012.

19. OPERATING LEASES

The Group has entered into leases on its property portfolio (offices).

The commercial property leases include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Some leases contain options to break before the end of the lease term.

The future minimum lease payments under non-cancellable operating leases are as follows:

	31 December 2012	31 December 2011	31 December 2010
Not later than 1 year	10,177,069	8,978,423	7,602,733
Later than 1 year and not later than 5 years	26,094,737	26,210,208	23,582,674
Later than 5 years	11,662,349	13,525,725	17,430,848
Total operating lease receivable	47,934,155	48,714,356	48,616,255

20. CONTINGENCIES

Taxation

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

The Group believes that it has paid in due time and in full all applicable taxes, penalties and penalty interests in the applicable extent.

In Romania, the tax position is open to further verification for 5 years.

Transfer pricing

According to the applicable relevant Romanian tax legislation, the tax assessment of related party transactions is based on the concept of market value for the respective transfers. Following this concept, the transfer prices should be adjusted so that they reflect the market prices that would have been set between unrelated companies acting independently (i.e. based on the "arm's length principle").

It is likely that transfer pricing reviews will be undertaken in the future in order to assess whether the transfer pricing policy observes the "arm's length principle" and therefore no distortion exists that may affect the taxable base of the Romanian tax payer. The Group could not estimate the potential impact of a transfer pricing review.

Other

On 31 July 2008, the Company entered into a share pledge agreement with Banca Romaneasca S.A. ('security agent') whereby the Company pledged the shares it holds in the associated companies BOB Development SRL, Netron Investments SRL and BOC Real Property SRL and secured any and all obligations and liabilities as defined in the Pledge agreement.

Further to the agreement, the security agent has a right, as a creditor, to demand payment from the Pledgors of any and all amounts that is owned today or in the future.

21. SUBSEQUENT EVENTS

Initial public offering:

In February 2013, Globalworth Real Estate Investments Limited, a company registered in Guernsey, commenced preparations for an initial public offering in the AIM market of the United Kingdom. Following the completion of the initial public offering, Globalworth Real Estate Investments Limited will seek acquisition of the Company's shares.

Eurogroup Agreement:

The negotiations of the Cyprus Government with the European Commission, the European Central Bank and the International Monetary Fund (the 'Troika'), in order to obtain financial support, resulted in an agreement and decision of the Eurogroup on 25 March 2013 on the key elements necessary for a future macroeconomic adjustment programme which includes the provision of financial assistance to the Republic of Cyprus of up to EUR 10 billion. The programme aims to address the exceptional economic challenges that Cyprus is facing, and to restore the viability of the financial sector, with a view to restoring sustainable economic growth and sound public finances in the coming years.

The Eurogroup decision on Cyprus includes plans for the restructuring of the financial sector and safeguards deposits below EUR100,000 in accordance with European Union legislation. In addition, the Cypriot authorities have reaffirmed their commitment to step up efforts in the areas of fiscal consolidation, structural reforms and privatizations. The Eurogroup requested the Cypriot authorities and the European Commission, in liaison with the European Central Bank, and the International Monetary Fund, to finalise the relevant Memorandum of Understanding in April 2013 which will then be followed by the formal approval of the Board of Directors of the European Stability Mechanism as well as by the ratification by Eurozone member states through national parliamentary (or equivalent) approval.

On 22 March 2013 legislation was enacted by the House of Representatives of the Republic of Cyprus concerning restrictive measures in respect of transactions executed through the banking institutions operating in Cyprus. The extent and duration of the restrictive measures are decided by the Minister of Finance and the Governor of the Central Bank of Cyprus and they were enforced on 28 March 2013. The Company's operations will be affected by the extent and duration of these restrictive measures.

On 29 March 2013 the Central Bank of Cyprus issued Decrees relating to Laiki Bank and the Bank of Cyprus implementing measures for these two banks under the Resolution of Credit and Other Institutions Law of 2013. The Group's cash held with banks affected from the above measures were below EUR100,000 as at the relevant date for implementation of the decisions, and hence are not affected.

On 12 April 2013 the Eurogroup welcomed the agreement that has been reached between Cyprus and the Troika institutions regarding the macroeconomic adjustment programme for Cyprus, and stated that the necessary elements were in place to launch the relevant national procedures required for the formal approval of the European Stability Mechanism financial assistance facility agreement.

On 18 April 2013 legislation was enacted by the House of Representatives of Cyprus to increase the corporate tax from 10 per cent. to 12.5 per cent. with effect from 1 January 2013. Furthermore, legislation was enacted to increase the rate of special defence contribution from 15 per cent. to 30 per cent. on interest which does not arise from the ordinary course of business or is closely linked to it.

Loans from related undertakings:

On 14 May 2013 the repayment date of the loans granted by RREEF Global Opportunities Fund III LLC to the Company was extended to 14 May 2018.

22. CAPITAL MANAGEMENT

Capital includes equity attributable to the equity holders. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or convert the shareholder loans into equity.

Given the nature of the Group's activities, there are no specific ratios that are computed and monitored for Capital structure or return on capital.

Under Romanian legislation (Law 31/1990 as amended and updated (Article 153.24)) if the annual financial statements indicate that the net assets value (the equivalent of total equity) of a company is less than 50 per cent. of its share capital value, then remedial action should be taken by the administrators and shareholders or any interested party can request the Court of Registration to dissolve the company, subject to subsequent action that may be taken by the affected company to resolve the situation within a period as specified by the Court of Registration. The Romanian subsidiaries as of 31 December 2012 have negative equity in statutory accounts.

23. RELATED PARTIES TRANSACTIONS

The consolidated financial information of the Group includes:

Name	*Country of incorporation*	*2012 % of holding*	*2011 % of holding*	*2010 % of holding*
BOB Development SRL	Romania	78%	78%	78%
BOC Real Property SRL	Romania	78%	78%	78%
Netron Investment SRL	Romania	78%	78%	78%

23.1 Material related party transactions

The Group's related parties are the shareholders and all entities controlled by Ioannis Papalekas, as well as the Group's Directors.

Loans from the shareholder are set out in note 15 "Loans and borrowings". Amounts due from the parent are set out in note 12 "Trade and other receivables".

Other balances and transactions with related parties are disclosed below:

	For the year ended 31 December 2012	*For the year ended 31 December 2011*	*For the year ended 31 December 2010*
Trade receivables			
Upground Estates SRL	657,918	638,274	643,472
Star Imob Construct SRL	136,432	47,864	22,937
	794,350	686,138	666,409
Trade payables			
Star Imob Construct SRL	12,538	519,956	372,886
Upground Estates SRL	–	–	663,876
	12,538	519,956	1,036,762
Rental Income			
Star Imob Construct SRL	304,877	287,094	270,681
Upground Estates SRL	112,355	41,220	3,737,482
	417,232	328,314	4,008,163
Purchases			
Star Imob Construct SRL	2,282,873	3,723,593	3,439,653
Upground Estates SRL	–	265,511	812,155
	2,282,873	3,989,104	4,251,808

23.2 Key management

The Directors of the Group received no remuneration during the years presented.

24. FINANCIAL INSTRUMENTS DISCLOSURES AND FINANCIAL RISK MANAGEMENT

(a) Fair values of financial instruments

Financial instruments in the statement of financial position include trade and other receivables, cash and cash equivalents, loans from shareholders and from credit institutions, trade and other payables and interest rate swap agreements. The estimated fair values of these instruments does not differ significantly from their current carrying amounts, especially when they are short-term in nature or their interest rates are changing in line with the change in the current market conditions.

(b) Credit risk management

The Group's activities expose it to a variety of risks. Management is aware and monitors the effects of these risks and events that may have an adverse effect on the Group's operations.

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group's policy is to trade with recognized, creditworthy third parties. The Group's exposure is continuously monitored and spread amongst approved counterparties. The maximum exposure is the carrying amount of trade and other receivables as disclosed in Note 12. Trade receivables of the Group do not bear great credit risk. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. For related parties it is assessed that there is no significant risk of unrecoverability.

(c) Interest rate risk

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

The intercompany loans bear fixed interest rate. The Group is exposed to floating interest rate on the long term loans with National Bank of Greece and Bank of Cyprus. The interest rate carries a mark-up of Euribor 3M + 1.65 per cent./3.20 per cent. However, the Group entered into two interest rate swap arrangements with lenders to hedge its floating interest rate risk against a fixed pre-determined fixed rate payable in four quarterly installments. The swap agreements ended on 31 July 2012 and 31 October 2012, respectively.

(d) 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 the management. The Group manages liquidity risk by maintaining adequate cash reserves and planning and close monitoring of cashflows.

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

	Less than 3 months	*3 months – 1 year*	*1-5 years*	*5+ years*	*2012 Total*
Long term deposits	–	–	1,055,585	–	1,055,585
Loans and borrowings	–	118,394,778	129,454,060	–	247,848,838
Trade payables	428,887	–	–	–	428,887
Other payables	312,208	–	–	–	312,208
Total	741,095	118,394,778	130,509,645	–	249,645,518

	Less than 3 months	3 months – 1 year	1-5 years	5+ years	2011 Total
Long term deposits	–	–	1,114,663	–	1,114,663
Loans and borrowings	–	116,350,063	136,495,058	–	252,845,121
Trade payables	1,058,360	–	–	–	1,058,360
Other payables	1,356,606	635,499	–	–	1,992,105
Total	2,414,966	116,985,562	137,609,721	–	257,010,249

	Less than 3 months	3 months – 1 year	1-5 years	5+ years	2010 Total
Long term deposits	–	–	1,697,989	–	1,697,989
Loans and borrowings	–	93,974,950	143,823,697	–	237,798,647
Trade payables	237,888	1,248	372,885	–	612,021
Other payables	2,708,858	1,747,193	–	–	4,456,051
Total	2,946,746	95,723,391	145,894,571	–	244,564,708

The tables presented 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.

(e) Foreign currency sensitivity analysis

The Group's functional currency is EUR however a significant part of its transactions is denominated in RON. Certain assets and liabilities are denominated in foreign currencies, which are retranslated at the prevailing exchange rate at each reporting date. The resulting differences are charged or credited to the profit or loss but do not affect cash flows.

The Group is mainly exposed to foreign exchange risk in respect of the exchange rate of the EUR. The following table details the Company's sensitivity to a 5 per cent. increase and decrease in EUR exchange rate against RON.

5 per cent. 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 period end for a 5 per cent. change in foreign currency exchange rates. A negative number below indicates a decrease in profit where foreign currency strengthens 5 per cent. against EUR. For a 5 per cent. weakening of foreign currency against the EUR there would be an equal and opposite impact on the profit and equity, and the balances below would be negative. Change is mainly attributable to RON denominated bank balance, trade receivable and trade payable outstanding at year end.

	Increase/ (Decrease)	Profit and loss effect 2012	Profit and loss effect 2011	Profit and loss effect 2010
RON	(5%)	(81,162)	(22,785)	(69,032)
RON	5%	81,162	22,785	69,032

PART X

DETAILS OF THE PLACING

1. Placing

The Company is issuing the Placing Shares pursuant to the Placing at the Placing Price which in aggregate, together with the Founder Admission Shares, will raise approximately EUR 49 million (net of expenses). The Placing Shares will represent approximately 71.1 per cent. of the issued ordinary share capital of the Company immediately after Admission (although this will be diluted substantially upon each subsequent issue of Ordinary Shares pursuant to the Founder Equity for Assets Subscription, the Non-Founder Vendors Subscriptions and, if the market price vesting thresholds are achieved, as Ordinary Shares are issued pursuant to the exercise of Warrants and to the extent Ordinary Shares are issued in satisfaction of entitlements under the Company's performance incentive scheme). The Placing Shares have been placed with institutional and other sophisticated investors. In conjunction with the Placing, the Company will offer and sell Ordinary Shares to certain Approved US Private Placement Offerees in a separate private placement in the United States, pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and pursuant to the US Private Placement Memorandum. If any such exempted offer and sale were to occur, the proceeds of such a sale of Ordinary Shares therein would flow to the benefit of the Company in accordance with the Placing Agreement and the Ordinary Shares issued in such an exempted sale will increase the total outstanding number of the Company's Ordinary Shares.

2. Placing Agreement

The Company, the Directors, the Founder, the Asset Manager and the Managers have entered into the Placing Agreement, further details of which are contained in paragraph 11.1 of Part XII of this document. Pursuant to this Agreement the Managers have severally agreed, subject to the fulfilment of certain conditions, to use reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. Pursuant to a separate US Private Placement to certain Approved US Private Placement Offerees in the United States, Sunrise in its capacity as US Placing Agent has agreed to use reasonable endeavours to procure qualified subscribers for Ordinary Shares at the Placing Price. The issue of the Placing Shares for which subscriptions are received is conditional, amongst other things, upon Admission and the Placing Agreement becoming unconditional in all respects.

The Placing Agreement contains provisions entitling the Managers to terminate the Placing Agreement in certain circumstances prior to Admission (including certain "force majeure" events). If this right is exercised, the Placing Agreement will lapse and any monies received in respect of the Placing will be returned to Investors without interest. The Placing Agreement also contains certain warranties from the Company, the Founder, the Asset Manager and the Directors in favour of the Managers.

3. Admission, settlement and dealings

Application has been made for the Ordinary Shares to be admitted to trading on AIM and it is expected that Admission will become effective and that unconditional dealings in the Ordinary Shares will commence on 25 July 2013.

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of Ordinary Shares in CREST. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from Admission.

Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within CREST if any Shareholder so wishes other than a US person. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain or are required to receive share certificates will be able to do so. An investor applying for Ordinary Shares in the Placing may, however, elect to receive Ordinary Shares in uncertificated form if such investor is a system member (as defined in the CREST Regulations) in relation to CREST, provided that such investor is not located in the United States.

It is expected that the relevant Ordinary Shares will be delivered to the relevant CREST accounts on the day of Admission and that share certificates for the Ordinary Shares to be held in certificated form will be despatched within ten business days of Admission. No temporary documents of title will be issued.

4. Lock-up arrangements

Pursuant to the Founder Lock-up Agreement and AIM Rule 7, the Founder has agreed certain restrictions in relation to the sale or other disposal of Ordinary Shares and Founder Warrants issued or granted to him or to Founder Companies. Further information in relation to the Founder Lock-up Agreement is set out in paragraph 11.2 of Part XII of this document.

Pursuant to the Placing Agreement, further details of which are contained in paragraph 11.1 of Part XII of this document, each of the Directors (other than the Founder) has undertaken to each of the Managers, amongst other things, not to sell Ordinary Shares which he owns for a period of one year from Admission.

5. Selling restrictions

The distribution of this document and the offer of Ordinary Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions, including those that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

5.1 *European Economic Area*

In relation to each Relevant Member State, each Manager has represented and agreed that, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), it has not made and will not make an offer of Ordinary Shares to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the provisions of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the Ordinary referred to in (a) to (c) above shall require the Company or any Manager to publish a Prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Ordinary Shares to the public" in relation to any Ordinary Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Ordinary Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Ordinary Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State. The expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

5.2 *United Kingdom*

Each Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA received by it in connection with the issue or sale of the Ordinary Shares in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Ordinary Shares in, from or otherwise involving the United Kingdom.

5.3 *United States*

The Ordinary Shares have not been, and will not be registered under the Securities Act or any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold, transferred or delivered, directly or indirectly, within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. There will be no public offer of the Ordinary Shares in the United States.

The offering to which this Admission Document relates is not, and under no circumstances is to be construed as, an offering of any Ordinary Shares in the United States, or the territories or possessions thereof, or as a solicitation therein of an offer to buy any of the Ordinary Shares. Accordingly, this Admission Document may not be distributed to, or relied upon by, persons in the United States (i) in relation to any public offer of the Ordinary Shares there or (ii) any offer exempt from the registration requirements of the Securities Act unless accompanied by the US Private Placement Memorandum. The Company and the Managers (other than Sunrise, acting in the capacity of US Placing Agent) will not accept subscriptions from any person, or any person's agent, who appears to be, or who the Company or the Managers (other than Sunrise, acting in the capacity of US Placing Agent) have reason to believe is, a resident of the United States and to whom an offer, if made, would result in requiring registration under the Securities Act.

The Ordinary Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any U.S. State securities commission in the United States or any other U.S. regulatory authority nor have any of the foregoing authorities passed upon or endorsed the merits of the Ordinary Shares or the accuracy or the adequacy of this document. Any representation to the contrary is unlawful in the United States.

The offering of the Ordinary Shares to which this Admission Document relates are only being offered outside the United States pursuant to a safe harbor from registration under Regulation S promulgated under the Securities Act. The Ordinary Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act, or pursuant to exemption from registration thereunder.

Each investor in the Placing made under this Admission Document alone will be taken to have represented, warranted and agreed as follows:

- it understands that the Placing Shares have not been, and will not be, registered under the Securities Act and may not be offered or sold in the United States, except in transactions exempt from, or not subject to, registration under the Securities Act and any other applicable securities laws;
- it is not in the United States;
- it has not and will not send this document or any other material relating to the Placing to any person in the United States;
- it will not offer or sell the Placing Shares in the United States except in transactions exempt from, or not subject to, registration under the Securities Act and in compliance with all applicable laws in the jurisdiction in which the Placing Shares are offered and sold; and
- it understands that the Placing Shares can only be resold if such Placing Shares are offered and sold in an "offshore transaction" (as defined in Rule 902(h) under the Securities Act) complying with Regulation S under the Securities Act.

5.4 *Israel*

Each Manager has represented and agreed that no action has been or will be taken in Israel that would permit a public offering of the Ordinary Shares or distribution of the Admission Document to the public in Israel. The Admission Document has not been approved by the Israel Securities Authority. Accordingly, the Ordinary Shares shall only be sold in Israel to investors of the type listed in the First Schedule to Israel's Securities Law 5728-1968. The investor will be required to confirm in writing prior to any purchase of the Ordinary Shares that it is an investor of the type listed in the First Schedule to Israel's Securities Law, 5728-1968, that it is aware of the implications of being treated as such an investor, and consents to such treatment.

5.5 *Switzerland*

Each Manager has represented and agreed that the Shares may be distributed in or from Switzerland only to qualified investors within the meaning of the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). Neither this document nor any other offering or marketing material relating to the

Shares constitutes a prospectus as that term is understood pursuant to article 652a or 1156 of the Swiss Federal Code of Obligations or a prospectus in the sense of the CISA, and neither this document nor any other offering material relating to the Globalworth may be distributed or otherwise made available to any person other than a qualified investor within the meaning of CISA. Globalworth is not authorized by or registered with the Swiss Financial Market Supervisory Authority FINMA ("**FINMA**") under CISA. Therefore, investors do not benefit from protection under CISA or supervision by FINMA.

5.6 *Greece*

Each Manager has represented and agreed that the offering to which this Admission Document relates is not being made, directly or indirectly, to the public in the Hellenic Republic ("**Greece**"). Neither this Admission Document nor any other documents or materials relating to such offering constitute a "public offer" (*dimossia prosfora*), within the meaning of Greek Law 3401/2005, or "a solicitation to the public" (within the meaning of article 10 of Greek Law 876/1979) for the purchase, sale, exchange of or investment in securities in the Greek territory, and no information contained herein or therein can be considered as investment advice or a solicitation of investment in securities in the Greek territory under Greek Law 3606/2007. Accordingly, neither this Admission Document nor any other documents or materials relating to the offering to which this Admission Document relates have been or will be submitted to the Hellenic Capital Market Commission for approval pursuant to such laws, or otherwise distributed, forwarded or delivered in the Greek territory to any person other than to "qualified investors" (*eidikoi ependytes*), as defined in article 2 of Greek Law 3401/2005, acting on their own account or on the account of their clients who are themselves qualified investors.

5.7 *Romania*

Each Manager has represented and agreed that the Ordinary Shares may be offered and sold, directly or indirectly, in Romania only in compliance with Law no. 297/2004 on capital markets, as amended ("**Capital Markets Law**") and any other laws and regulations applicable in Romania, including implementing norms issued or approved by the Romanian Financial Surveillance Authority (Autoritatea de Supraveghere Financiară) and applicable EU legislation. This document has been prepared on the basis that all offers of the Ordinary Shares will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a prospectus in connection with offers of the Ordinary Shares. Accordingly, the offering to which this Admission Document relates is not being made, directly or indirectly, to the public in Romania. Neither this Admission Document nor any other documents or materials relating to such offering constitute a "public offer" (ofertă publică), within the meaning of Capital Markets Law. Therefore, neither this Admission Document nor any other documents or materials relating to the offering to which this Admission Document relates have been or will be submitted for the approval of or registered with the Financial Surveillance Authority, or otherwise distributed, forwarded or delivered in the Romania to any person other than to "qualified investors" (investitori calificaţi), as defined in Article 2 paragraph (1) item (15), corroborated with Article 2 paragraph (1) item (article 1 indices 2) of Capital Markets Law and the regulations issued by the Romanian National Securities Commission, implementing article 2 paragraph 1 under e) of the Prospectus Directive.

5.8 *Qatar*

Each Manager has represented and agreed that the Ordinary Shares have not been and will not be offered, sold or publicly promoted or advertised by it in Qatar other than in compliance with laws applicable in Qatar governing the issue, offering and sale of the Ordinary Shares.

5.9 *Other jurisdictions*

Each Manager has represented and agreed that the Ordinary Shares have not been and will not be registered under the applicable securities laws of Australia, Canada or Japan. Subject to certain exceptions, the Ordinary Shares may not be offered or sold in Australia, Canada or Japan or to, or for the account or benefit of, any resident of Australia, Canada or Japan. Each Manager has undertaken that it will not offer or sell the Ordinary Shares in any other jurisdiction except under circumstances that will, to the best of its knowledge, result in compliance with any applicable laws and regulations.

PART XI

TAXATION

1. General

The following statements are of a general and non-exhaustive nature based on the Directors' understanding of the tax legislation in force and the published practice of the tax authorities in Guernsey and the United Kingdom in effect at the date of this document (in each case which are subject to change, possibly with retrospective effect) and may not apply to certain shareholders in the Company, such as dealers in securities, insurance companies and collective investment schemes.

An investment in the Company involves a number of complex tax considerations. Changes in tax legislation in any of the countries in which the Company will have investments or in Guernsey or the United Kingdom (or in any other country in which a subsidiary of the Company through which investments are made, is located), or changes in tax treaties negotiated by those countries, could adversely affect the returns from the Company to Investors.

Prospective Investors should consult their professional advisers on the potential tax consequences of subscribing for, purchasing, holding, converting or selling Shares under the laws of their country and/or state of citizenship, domicile or residence.

2. Guernsey taxation

The Company

In response to the European Code of Conduct Group review Guernsey introduced its "zero 10" corporate tax regime on 1 January 2008 and abolished exempt status for the majority of companies.

Under the "zero 10" regime, companies incorporated in Guernsey are resident in Guernsey for tax purposes with the standard rate of income tax being zero per cent. There are exceptions to the standard rate, with banks paying tax at 10 per cent. on certain elements of income. Additionally, from 1 January 2013, the 10 per cent. rate was extended to include licensed fiduciaries (in respect of regulated activities), licensed insurers (in respect of domestic business), licensed insurance intermediaries and licensed insurance managers. All companies are taxable at twenty per cent. on income from rental property located in Guernsey and on income from activities regulated by the Office of the Director General of Utility Regulation.

Collective investment schemes are eligible for and therefore can apply for exempt status for Guernsey tax purposes under The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989, as amended (the "Exempt Ordinance"), as these were not identified as being harmful by the European Union Code of Conduct Group.

However, it is not intended that the Company apply for exempt status. It will therefore be considered resident in Guernsey and taxable at zero per cent.

Interest and dividends can be paid by the Company with no withholding tax. Where actual distributions are made to an individual shareholder resident in Guernsey, the company is required to withhold tax at a rate of 20 per cent. at the time of payment.

Guernsey does not levy taxes upon capital inheritances, capital gains, gifts, sales or turnover, nor are there any estate duties, save for a small ad valorem fee for the grant of probate or letters of administration. No stamp duty or capital duty is chargeable in Guernsey on the issue, transfer or redemption of shares.

Guernsey tax implications for Investors

Shareholders resident outside Guernsey will not be subject to any tax in Guernsey in respect of, or in connection with the acquisition, holding or disposal of any Shares in the Company owned by them. Such shareholders will receive dividends without deduction of Guernsey income tax.

Shareholders who are resident for tax purposes in Guernsey, Alderney or Herm will only incur Guernsey income tax on actual distributions made to them.

EU Savings Tax Directive

Although not a Member State of the European Union, Guernsey has introduced equivalent measures to those contained in the EU Savings Tax Directive (2003/48/EC) (the "Directive").Guernsey has adopted the information exchange option in relation to all accounts within scope of the Directive, and no longer allows the withholding tax option.

Under the Directive, income derived from Undertakings for Collective Investment in Transferable Securities or "UCITS" funds and undertakings for Collective Investment Schemes established outside the EU are potentially caught within the Directive. The Guernsey government has issued guidance which states that only Class A funds established in Guernsey should be within scope of the Directive. All other funds are regarded as out of scope. Accordingly, paying agents are not required to operate the measures on distributions made to shareholders by companies established in Guernsey that are not Class A funds. On the basis that the Company is not a Class A fund, it should therefore not be subject to the Directive.

The operation of the Directive is currently under review by the European Commission and a number of changes have been outlined which, if agreed, will significantly widen its scope. These changes could lead to the Scheme having to comply with the provisions of the Directive in the future.

Future Changes

The application of the Foreign Account Tax Compliance Act (**FATCA**) to the Company is not currently clear and its application may be affected by any intergovernmental agreement relating to the implementation of FATCA in Guernsey, into which Guernsey and the United States may enter. Different and potentially obligatory disclosure and withholding tax requirements may be imposed in respect of investors in the Company and their beneficial owners as a result of either local implementing legislation and/or domestic legislation similar to FATCA.

United States-Guernsey Intergovernmental Agreement

On 29 May 2013, the Chief Minister of Guernsey made a statement to Guernsey's parliament that the States of Guernsey is engaged in final negotiations with the United States to conclude an intergovernmental agreement regarding the implementation of FATCA. Once signed, an intergovernmental agreement would be subject to ratification by Guernsey's parliament and implementation of the agreement would be through Guernsey's domestic legislative procedure. It is currently anticipated that any such legislation will not come into effect until 2015 at the earliest. The impact of such an agreement on the Company and the Company's reporting and withholding responsibilities (if any) pursuant to FATCA as implemented in Guernsey are not currently known.

United Kingdom-Guernsey Intergovernmental Agreement

On 15 March 2013 the Chief Minister of Guernsey announced that Guernsey was in the process of finalising a draft intergovernmental agreement with the United Kingdom (**the UK-Guernsey IGA**) under which potentially obligatory disclosure requirements may be imposed in respect of certain investors in the Company who may have a connection with the United Kingdom. On 29 May 2013, the Chief Minister made a statement to Guernsey's parliament that discussions regarding the UK-Guernsey IGA were still ongoing. As at the date of this document details of the finalised terms and effective date of the UK-Guernsey IGA have yet to be published. Once signed, the UK-Guernsey IGA would be subject to ratification by Guernsey's parliament and implementation of the agreement would be through Guernsey's domestic legislative procedure. It is currently anticipated that any such legislation will not come into effect until 2016 at the earliest. The impact of the UK-Guernsey IGA on the Company and the Company's reporting responsibilities pursuant to the UK-Guernsey IGA are not currently known.

3. United Kingdom taxation

The Company

It is intended that the affairs of the Company will be managed in such a way that it should not be treated as resident in the United Kingdom for UK tax purposes.

UK tax implications for Shareholders

The following summary relates to persons who are resident in the United Kingdom for UK tax purposes, who are beneficial owners of Ordinary Shares and who hold their Ordinary Shares as an investment. In the case of an owner of Ordinary Shares who is an individual, it is assumed for the purposes of the following summary that the individual is not subject to tax on the remittance basis.

Taxation of capital gains

An individual who is resident in the United Kingdom (irrespective of whether that individual is domiciled in the United Kingdom), may be liable to UK capital gains tax on a disposal of Ordinary Shares.

A company which is resident in the United Kingdom for UK tax purposes may be liable to UK corporation tax on chargeable gains on a disposal of Ordinary Shares.

A Shareholder who is not resident in the United Kingdom, will not normally be liable to UK tax on capital gains on any disposal of Ordinary Shares unless that Shareholder carries on (in the case of an individual) a trade, profession or vocation in the United Kingdom through a branch or agency or (in the case of a company) a trade through a permanent establishment in the United Kingdom and the Ordinary Shares are, or have been, used, held or acquired for the purpose of that trade, profession or vocation.

Taxation of income

The Company will not be required to withhold any UK tax on dividend payments in respect of the Ordinary Shares.

Subject to comments below regarding the availability of a UK tax credit, an individual Shareholder who is resident in the United Kingdom for UK tax purposes (a "**UK resident individual Shareholder**") will be subject to UK income tax at the appropriate rate on the cash dividend received. For the tax year 2013-2014, the appropriate rate for such a Shareholder who is liable to UK income tax at the basic rate will be 10 per cent.; for such a Shareholder who is liable to UK income tax at the higher rate it will be 32.5 per cent.; and for a such Shareholder who is liable to UK income tax at the additional rate it will be 37.5 per cent.

A UK resident individual Shareholder will generally be entitled on receipt of a dividend to a notional tax credit equal to one-ninth of the net dividend (i.e. one-tenth of the aggregate of the net dividend and associated tax credit). The rate of UK income tax payable on such dividends by such a Shareholder whose total income, including the dividend and the associated tax credit, falls within the threshold for basic rate tax is 10 per cent. Accordingly, the tax credit will discharge such Shareholder's liability to UK income tax on the dividend. To the extent that the tax credit exceeds that Shareholder's liability to UK income tax, such Shareholder will not be entitled to claim payment of the excess from HMRC.

The rate of UK income tax payable on such dividends by a UK resident individual Shareholder whose total income, including the dividend and associated tax credit, falls above the threshold for higher rate tax (but below the additional rate threshold of £150,000), is 32.5 per cent., which, taking into account the 10 per cent. tax credit, gives an effective rate of tax of 25 per cent. on the net cash dividend received. The rate of UK income tax payable on such dividends by a UK resident individual Shareholder whose total income, including the dividend and associated tax credit, falls above £150,000 per annum, is 37.5 per cent., which, taking into account the 10 per cent. tax credit, gives an effective rate of tax of 30.6 per cent. on the net cash dividend received.

A company that is resident in the United Kingdom for UK tax purposes will generally be exempt from UK corporation tax on dividends received from companies resident outside the United Kingdom. There are various exceptions to this exemption, depending on the size of the corporate Shareholder. In particular, for "small" recipient companies (a "small company" is one which meets the definition of a small or micro enterprise as defined in the Annex to Commission Recommendation 2003/361/EC of 6 May 2003) dividends may be within the charge to UK corporation tax. Anti-avoidance provisions also exist. If the Company's dividends are not exempt they will be included in such Shareholder's profits chargeable to UK corporation tax and taxed at the appropriate rate of UK corporation tax.

*Stamp duty and stamp duty reserve tax ("**SDRT**")*

The statements below do not apply to certain intermediaries who are not liable to stamp duty or SDRT, or to persons connected with depository arrangements or clearance services, who may be liable to a higher rate.

No stamp duty or SDRT should be payable on the issue of the Ordinary Shares.

Any instrument effecting or evidencing a transfer of Ordinary Shares held in certified form which is executed in the United Kingdom may not be given in evidence or be available for any purpose whatsoever in the United Kingdom unless duly stamped. Any instrument of transfer executed outside the United Kingdom which relates to any matter or thing done, or to be done, in the United Kingdom may not be given in evidence or be available for any purpose whatsoever in the United Kingdom unless duty stamped after it has been received in the United Kingdom. The rate of stamp duty is 0.5 per cent. on the value of the consideration for the relevant transfer, rounded up to the next multiple of £5. However, transfers where the consideration is below £1,000 is exempt from stamp duty.

No charge to stamp duty will arise in relation to the transfer of Ordinary Shares held in certified form provided that all instruments relating to the transfer are executed and retained outside the United Kingdom and do not relate to anything done, or to be done, in the United Kingdom.

No charge to SDRT will arise in respect of any agreement to transfer Ordinary Shares held in certified form, provided such Ordinary Shares are not registered in any register kept in the United Kingdom for or on behalf of the Company.

No stamp duty or SDRT should arise on the transfer of Ordinary Shares to CREST for conversion into uncertified form, unless the transfer is for consideration.

Sales of Ordinary Shares within CREST will generally not be liable to SDRT provided such Ordinary Shares are not registered in any register kept in the United Kingdom by or on behalf of the Company.

On 20 March 2013, it was announced in the Budget 2013 that the UK Government intends, following consultation, to abolish SDRT on shares quoted on AIM with effect from April 2014.

Transfer of assets abroad legislation

Individual Shareholders should note that Chapter 2 of Part 13 of the Income Tax Act 2007 (the "transfer of assets abroad rules") may render them liable to UK income tax in respect of undistributed income or profits of the Company. These provisions are aimed at preventing the avoidance of UK income tax by individuals through a transaction resulting in the transfer of assets or income to persons (including companies) resident or domiciled abroad. However, these provisions will not apply if the individual can satisfy HMRC that:

(a) the purpose of avoiding liability to UK tax was not the purpose or one of the purposes of their investment in the Company;

(b) the investment was a genuine commercial transaction and was not designed for the purpose of avoiding UK tax; or

(c) the investment was a genuine transaction and any liability to tax under the transfer of assets abroad rules would constitute an unjustified and disproportionate restriction on a freedom protected by a relevant treaty provision (as defined in the transfer of assets abroad rules).

Controlled foreign companies legislation

Corporate Shareholders should note the provisions of Part 9A of the Taxation (International and Other Provisions) Act 2010 (the "**CFC Rules**").

In broad terms, the CFC Rules focus on the artificial diversion of profits from the United Kingdom, using "gateway" provisions to specifically define those profits which are caught. Where the profits of a controlled foreign company fall within the gateway provisions and are not otherwise excluded by any of the entry conditions, safe harbours or exemptions, the appropriate proportion of such profits will be apportioned to the United Kingdom and taxed on any UK resident company with an interest of 25 per cent. or more in the controlled foreign company.

PART XII

ADDITIONAL INFORMATION

1. Responsibility

The Directors, whose names appear on page 9 of this document, accept responsibility for the information contained in this document, including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect its import.

2. The Company

2.1 The Company was incorporated in Guernsey as a non-cellular company with liability limited by shares on 14 February 2013, with registered number 56250. The principal legislation under which the Company operates (and under which the Ordinary Shares have been created) is the Companies Law.

2.2 The Company was granted registration as a registered closed-ended collective investment scheme by the GFSC under the POI Law on 12 July 2013.

2.3 The Company is domiciled in Guernsey and is the ultimate holding company of the Group. The registered office and principal place of business of the Company is Anson Place, Mill Court, La Charroterie, St. Peter Port, Guernsey GY1 1EJ. The telephone number of the Company is +44(0)1481 722260. The address of the Company's website is www.globalworth.com.

2.4 The Company does not have a limited duration.

2.5 The liability of the Company's members is limited to the amount (if any) unpaid on the Ordinary Shares held by them.

2.6 The International Security Identification Number (ISIN) for the Ordinary Shares is GG00B979FD04.

2.7 The Group has no employees although, following Admission, the Founder and Dimitris Raptis will be employed by the Investment Adviser and, subject to satisfaction of the Conditions in the Asset Manager Agreement, the Asset Manager, which has 33 employees, will become a member of the Group.

3. The Company and its principal activities

3.1 The Company is the ultimate parent company of the Group comprising the Company, the Investment Adviser and, following satisfaction of the Conditions (and completion of the Acquisition Agreements), the wholly owned subsidiaries set out in paragraph 3.2 below.

3.2 Subject to, and immediately following, satisfaction of all the Conditions (and completion of all the Acquisition Agreements), the Company will (through intermediate holding companies) have the following wholly owned subsidiaries:

Name	*Country of incorporation*	*Activity*
Globalworth Asset Managers Srl	Romania	Provider of asset management and administration services and owner of the assets within the Initial Portfolio known as City Offices, Herestrau 1, the interest in TAP and the 60 per cent. equity interest in Victoria Ventures SA
Corinthian Five SRL	Romania	Owner of Bucharest One
Tower Center International SRL	Romania	Owner of Tower Center International
Upground Estates SRL	Romania	Owner of Upground Towers
Pieranu Enterprises Limited	Cyprus	Holding Company (the Asset Manager)

3.3 Subject to, and immediately following, satisfaction of all the Conditions (and completion of the Asset Manager Acquisition Agreement), the Company will have an indirect 60 per cent. interest in Victoria Ventures SA, a company incorporated in Romania and which is the owner of the asset within the Initial Portfolio known as Floreasca 1.

3.4 If an agreement is reached to acquire the Founder Pipeline, it is expected that the Company (through intermediate holding companies) will also have the following wholly owned subsidiaries:

Name	*Country of incorporation*	*Activity*
BOB Development SRL	Romania	Owner of the BOB Office Building
Dunvant Holding Limited	Cyprus	Holding Company (BOB Development SRL and BOC Real Property SRL)
BOC Real Property SRL	Romania	Owner of the BOC Office Building
Oystermouth Holding Limited	Cyprus	Holding Company (BOC Real Property SRL and BOB Development SRL)

3.5 Save for entering into the material contracts summarised in paragraph 11 of this Part XII and certain non-material contracts, since its incorporation, the Company has not carried on business, has no material assets or liabilities and has not prepared any financial statements. Audited financial statements in respect of the companies to be acquired pursuant to the Acquisition Agreements are reproduced in Part IX of this document.

4. Accounts

The Company's accounting reference date is 31 December. It is the Company's intention that audited financial reports will be published and distributed to Shareholders (or made available on the Company's website) within four months of the Company's year end and interim unaudited financial statements will be published and distributed to Shareholders (or made available on the Company's website) within three months following 30 June in the relevant accounting reference period.

5. Share capital

5.1 Subject to the provisions of the Companies Law and the Articles, the Directors may exercise the power of the Company to issue shares, grant rights to subscribe for or convert any security into shares, to issue shares of different types or classes, to issue shares with or without par value and to determine the consideration payable on the issue of such shares, in each case in respect of an unlimited number of shares. Subject to the provisions of the Companies Law, the Articles and other members' rights, shares may be issued with or have attached to them such rights and restrictions as the Board may from time to time decide. Subject to paragraph 5.9 below, the unissued shares of the Company shall be at the disposal of the Board which may dispose of them to such persons and in such manner and on such terms as the Board may determine from time to time. The Board is generally and unconditionally authorised to exercise all powers of the Company to issue, grant rights to subscribe for, or to convert any securities into, an unlimited number of shares of each class in the Company, provided that: (a) where the Board has resolved to issue different classes of shares and (b) where required by the Companies Law, such authority shall expire on the date which is five years from the date of incorporation of the Company (unless previously renewed, revoked or varied by the Company in general meeting) save that the Company may before such expiry make an offer or agreement which would or might require shares to be issued after such expiry and the Directors may issue shares in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

5.2 On incorporation the share capital of the Company was €1 consisting of one fully paid Ordinary Share issued to the Founder (the "**Subscriber Share**"). By a written, special resolution of the Founder (being the sole shareholder of the Company) passed on 14 July 2013, the Founder agreed that the Subscriber Share be redesignated as a redeemable share and that the Company is authorised to redeem the Subscriber Share at its issue price of €1 upon Admission. The Company shall redeem the Subscriber Share at its issue price of €1 upon Admission.

5.3 The issued share capital of the Company as it will be following Admission is set out below.

Number of Ordinary Shares	*Amount credited as paid up (Euro)*
10,718,703	€53,593,515

Note: The figures in the above table assume that all of the Placing Shares and the Founder Admission Shares are issued.

5.4 By written special resolution of the Founder (being the sole shareholder of the Company) passed on 14 July 2013, the Directors will, following Admission, and until the Company's first annual general meeting in 2014, have authority to make market acquisitions, in accordance with the Companies Law, up to 14.99 per cent. of the Company's Ordinary Shares in issue upon Admission.

Further to such authority, the minimum price (exclusive of expenses) which may be paid for an Ordinary Share is €0.01 and the maximum price (exclusive of expenses) which may be paid for an Ordinary Share is an amount equal to 105 per cent. of the average of the market value for an Ordinary Share taken from the Daily Official List of the London Stock Exchange for the five Business Days immediately preceding the day on which the Ordinary Share is purchased. This authority expires at the end of the annual general meeting of the Company to be held in 2014 or, if earlier, the date falling eighteen months from the passing of the resolution unless such authority is renewed prior to such time and, the Company may make a contract to purchase Ordinary Shares under the authority prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract.

The Company will seek renewal of this authority from Shareholders at the annual general meeting in 2014 and thereafter at subsequent annual general meetings. The making and timing of any market acquisitions will be at the absolute discretion of the Board and subject to the availability of funding and compliance with the Companies Law.

5.5 The Company has applied for the Ordinary Shares to enter the CREST system from the date of Admission to enable them to be traded in uncertificated form.

5.6 The Ordinary Shares will be issued and created in accordance with the Articles and the Companies Law. The Ordinary Shares carry the right to receive all income of the Company attributable to the Ordinary Shares (as determined by the Directors) and to participate in any distribution of such income made by the Company *pari passu* among the holders of Ordinary Shares of that class in proportion to the number of Ordinary Shares of such class held by them.

5.7 The Ordinary Shares are in registered form.

5.8 Other than the Subscriber Share issued to the Founder on the Company's incorporation, the Company has no shares in issue and the Placing (and other issues of Ordinary Shares contemplated by this document) will therefore not give rise to a dilution of existing shareholders.

5.9 The Company may issue Ordinary Shares at the discretion of the Directors and, save as provided below, no Shareholder consent is required in relation to such issue. There are no provisions of Guernsey law which confer pre-emption rights on existing shareholders in connection with the allotment of equity securities. Furthermore, the Company has not enshrined any such general pre-emption rights in its Articles. The Articles do provide, however, that (save for certain exceptions including, but not limited to, the issue of shares pursuant to an employee share scheme or a management performance incentive scheme) Ordinary Shares will not, without the prior approval of Shareholders, be issued at an issue price more than 10 per cent. below the NAV per Ordinary Share prevailing at that time without first offering the new Ordinary Shares to Shareholders pro rata to their existing holdings (subject to variation for the purposes of dealing with fractional entitlements and applicable local laws). Furthermore, pursuant to the Articles, the Company is not permitted to issue further Ordinary Shares other than for cash except with the approval of Shareholders by special resolution.

By written, special resolutions of the Founder (being the sole shareholder of the Company) passed on 14 July 2013 and 23 July 2013, the Company was authorised to issue the following shares for non-cash consideration: the Ordinary Shares to be issued pursuant to the Warrant Agreements, the Ordinary Shares to be issued pursuant to the Founder Equity for Assets Subscription and the Non-Founder Vendors Share Subscriptions, the Sunrise Shares, the Ordinary Shares to be issued pursuant to any agreement to acquire the Founder Pipeline and Ordinary Shares up to an aggregate amount representing one third of the Fully Diluted Ordinary Share Capital. Pursuant to the aforementioned written, special resolutions, the aforementioned pre-emption rights were disapplied in relation to, and Shareholders shall have no pre-emption rights in respect of, any and all issues of the aforementioned classes of shares as well as the Placing Shares and the Founder Admission Shares.

The Company is subject to a contractual lock-up prohibiting it from issuing new Ordinary Shares for the period expiring twelve months from Admission, subject to certain exceptions (including the issue of Ordinary Shares pursuant to the Founder Subscription Agreement, the Non-Founder Vendors Share Subscriptions and the Warrant Agreements), without the prior written consent of the Nominated Adviser (currently Panmure Gordon).

6. Memorandum and articles of incorporation

6.1 The Memorandum of Incorporation of the Company contains no restrictions on the objects of the Company. The objects of the Company are therefore unrestricted. Unless otherwise specified, all defined terms used in this paragraph 6 shall have the same meaning as set out in the Articles.

For so long as the Investment Advisory Agreement is in effect, the Company shall act in relation to its Investing Policy only pursuant to recommendations of the Investment Adviser and shall not terminate the Investment Advisory Agreement other than pursuant to a Two Thirds Vote or after the fifth anniversary after Admission.

6.2 The Company's Articles of Incorporation contain, amongst other things, the following provisions:

Voting rights

Subject as provided in the Articles and to any special rights or restrictions for the time being attached to any class of share:

(a) on a show of hands every Member (being an individual) present in person or by attorney or by proxy or (being a corporation) present by a duly authorised representative at a general meeting shall have one vote; and

(b) on a poll every Member (being an individual) present in person or by attorney or by proxy or (being a corporation) present by a duly authorised representative at a general meeting shall have one vote for each share held by him.

Any corporation which is a Member may by resolution of its directors authorise any one or more persons as it thinks fit to act as its representative(s) at any meeting of the Company or to approve any resolution submitted in writing and each person so authorised shall be entitled to exercise on behalf of the corporation which he, she or they represent the same powers (other than to appoint a proxy) as that corporation could exercise if it were an individual Member.

No Shareholder shall have enhanced voting rights regardless of how many Ordinary Shares it holds.

Dividends and other distributions

The Directors may from time to time authorise dividends and distributions (as those terms are defined under the Companies Law) to be paid to the Members in accordance with the procedure set out in the Companies Law and subject to any Member's rights attaching to their shares and the amount of such dividends or distributions paid in respect of one class may be different from that of another class. The declaration of the Directors as to the amount of the dividend or distribution available shall be final and conclusive.

All dividends and distributions declared in respect of a class of shares shall be apportioned and paid among the holders of shares of such class pro rata to their respective holdings of shares of such class.

In computing amounts available for dividend or distribution, if relevant the Board may be entitled to charge up to one hundred per cent. of the fees of the Company's service providers and finance costs and other expenses to capital.

The Board may, subject to such terms and in such manner as they may determine, issue shares in lieu of dividends in accordance with section 306 of the Companies Law.

The Board may deduct from any dividend or distribution payable to any Member on or in respect of a share all sums of money (if any) presently payable by him to the Company on account of calls or otherwise. Without prejudice to the generality of the foregoing, the Board may deduct from any dividend or distribution payable to the Founder or any associate of the Founder all sums of money at that time payable by him or any such associate to any member of the Group.

The Board may retain any dividend or distribution or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the liabilities or obligations in respect of which the lien exists.

No dividend or distribution or other moneys payable on or in respect of a share shall bear interest against the Company. All unclaimed dividends or distributions may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted as trustee in respect thereof. All dividends unclaimed on the earlier of (a) 12 years after the date when it first became due for payment and (b) the date on which the Company is wound up shall be forfeited and shall revert to the Company without the necessity for any declaration or other action on the part of the Company.

Winding up and return of capital

The Company may be wound up at any time by special resolution in accordance with the Companies Law.

On a winding up the surplus assets remaining after payment of all creditors shall be divided amongst the classes of shares then in issue (if more than one) in accordance with the rights of such classes of shares as set out in the Articles.

If the Company shall be wound up the liquidator may with the authority of an Extraordinary Resolution divide among the Members entitled to the same in specie the whole or any part of the assets of the

Company and whether or not the assets shall consist of property of a single kind and may for such purposes set such value as he deems fair upon any one or more class or classes or property and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may with the like authority vest any part of the assets in trustees upon such trusts for the benefit of Members as the liquidator with the like authority shall think fit and the liquidation of the Company may be closed and the Company dissolved but so that no Member shall be compelled to accept any shares or other assets in respect of which there is any outstanding liability.

Variation of rights

- If at any time the shares of the Company are divided into different classes, all or any of the rights for the time being attached to any share or class of shares (and notwithstanding that the Company may or may be about to be in liquidation) may be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of at least seventy five per cent. in value of the issued shares of that class or with the consent of an Extraordinary Resolution passed at a separate general meeting of the holders of shares of the class duly convened and held as provided in the Articles, but so that the quorum at such meeting (other than at an adjourned meeting) shall be two persons holding or representing by attorney or by proxy at least one third of the voting rights of the class in question (excluding any shares of that class held as treasury shares) (and so that at any adjourned meeting one holder entitled to vote and present in person or by attorney or by proxy (whatever the number of shares held by him) shall be a quorum) provided always that where the class has only one Member, that Member shall constitute the necessary quorum;

- any holder of shares of the class in question can demand a poll; and

- at any such separate general meeting: (a) on a show of hands every holder of shares present in person or by attorney or by proxy and entitled to vote shall have one vote and (b) on a poll every holder of shares of the relevant class present in person or by attorney or by proxy and entitled to vote shall have one vote for each share of such class held by him.

The rights conferred upon the holders of the shares of any class issued with preferred, deferred or other rights (including, without limitation, Ordinary Shares) shall not (unless otherwise expressly provided by the terms of issue of the shares of that class) be deemed to be varied by (a) the creation or issue of further shares or classes of shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith or having rights to participate only in a separate pool of assets of the Company provided in any event that such shares do not rank in any respect in priority to any existing class of shares or (b) the purchase or redemption by the Company of any of its own shares (or the holding of such shares as treasury shares).

Transfer and transmission of shares

The Directors shall have power to implement such arrangements as they may, in their absolute discretion, think fit in order for any class of shares to be admitted to settlement by means of the CREST UK System.

The Board may, in its absolute discretion and without giving a reason, decline to transfer, convert or register any transfer of any share in certificated form or (to the extent permitted by the CREST Guernsey Requirements) uncertified form which is not fully paid or on which the Company has a lien provided or if:

(a) it is in respect of more than one class of shares;

(b) it is in favour of a single or not more than four joint transferees;

(c) in relation to a share in certificated form, having been delivered for registration to the registered office or such other place as the Board may decide, it is not accompanied by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so; or

(d) the transfer is in favour of any Prohibited Person (as defined in the Articles), provided in the case of a listed share such refusal to register a transfer would not prevent dealings in the share from taking place on an open and proper basis on the relevant stock exchange. In the event that any holder becomes, or holds shares on behalf of, a Prohibited Person, such holder shall be required to notify the Administrator immediately.

The Board may decline to register a transfer of an uncertificated share which is traded through the CREST UK System and in accordance with the CREST Rules, where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

If the Board refuse to register the transfer of a share it shall, within two months after the date on which the transfer was lodged with the Company, send notice of the refusal to the transferee. To the extent permitted by law the registration of transfers may be suspended at such times and for such periods (not exceeding 30 days in the aggregate in any calendar year) as the Board may decide on giving notice in La Gazette Officielle and either generally or in respect of a particular class of share except that, in respect of any shares which are participating shares held in an uncertificated System, the Register shall not be closed without the consent of the official operator of the relevant system.

Ownership thresholds

The provisions of DTR5 of the Disclosure Rules and Transparency Rules ("**DTR5**") shall be deemed to be incorporated by reference into the Articles and accordingly the vote holder and issuer notification rules set out in DTR5 shall apply to the Company and each Member.

The Articles provide that any Shareholder who acquires or ceases to have an interest equal to 3 per cent. of the Ordinary Shares in the Company (excluding treasury shares) must notify the Company of such interest. The obligation of disclosure also arises if there is an increase of decrease in the percentage level. If the percentage level is not a whole number, it shall be rounded down to the next whole number.

Alteration of capital and purchase of own shares

Subject to the Articles, the Company may by Ordinary Resolution:

(a) consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares;

(b) subdivide all or any of its shares into shares of smaller amounts so that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived and so that the resolution whereby any share is subdivided may determine that as between the holders of the shares resulting from subdivision one or more of the shares may have such preferred, deferred or other rights over the others as the Company has power to attach to unissued or new shares;

(c) cancel any shares which at the date of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of shares so cancelled;

(d) redesignate or convert the whole, or any particular class, of its shares into shares of another class;

(e) convert all or any of its fully paid shares the nominal amount of which is expressed in a particular currency into fully paid shares of a nominal amount of a different currency, the conversion being effected at the rate of exchange (calculated to not less than three significant figures) current on the date of the resolution or on such other date as may be specified therein; and

(f) where its share capital is expressed in a particular currency or former currency, denominate or redenominate it, whether by expressing its amount in units or subdivisions of that currency or former currency or otherwise.

The Board on any consolidation of shares may deal with fractions of shares in any manner.

The Company may from time to time, subject to the provisions of the Companies Law, purchase its own shares (including any redeemable shares) in any manner authorised by the Companies Law and may cancel those shares or hold any such shares as treasury shares provided that the number of shares held as treasury shares shall not at any time exceed ten per cent. of the total number of shares of that class in issue at that time or such other amount as provided in the Companies Law.

General Meetings

The first general meeting (being an annual general meeting) shall be held within a period of not more than 18 months from the date on which the Company was incorporated. General meetings shall be held at least once in each calendar year provided that not more than 15 months may elapse between one annual general meeting and the next. General meetings shall be held in Guernsey or such other place outside the United Kingdom as may be determined by the Board from time to time. Not less than ten clear days' notice specifying the date, time and place of any general meeting and the text of any proposed resolutions and the general nature of the business to be dealt with at the meeting shall be given to such Members as are entitled to receive notices. The accidental omission to give notice of any meeting to or the non-receipt of such notice by any Member shall not invalidate any resolution (or any proposed resolution otherwise duly approved) passed or proceeding at any meeting.

If the Board, in its absolute discretion, considers that it is impractical or undesirable for any reason to hold a general meeting on the date or at the time or place specified in the notice calling the general meeting, it may postpone or move the general meeting to another date, time and/or place. The Board shall take reasonable steps to ensure that details of the date, time and place of the rearranged meeting are made available to any Member trying to attend the meeting at the original time and place. Notice of the business to be transacted at such rearranged meeting shall not be required.

The Members may require the Directors to call a general meeting in accordance with the Companies Law.

Unless otherwise provided for in the Articles, the quorum for a general meeting shall be two Members present in person or by attorney or by proxy.

Suspension of Net Asset Value

The Directors may at any time, but cannot be obliged to, temporarily suspend the calculation of the Net Asset Value and Net Asset Value per share of a class:

(a) during any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility or power of the Directors, disposal or valuation of the investments of the Company or other transactions in the Company's ordinary course of business is not reasonably practicable without this being materially detrimental to the interests of the Members; or

(b) if, in the opinion of the Directors, the Net Asset Value and/or Net Asset Value per share of the relevant class cannot be fairly calculated as a result of there being a breakdown in the means of communication normally employed in determining the value of the calculation of the Net Asset Value or if it is reasonably not practicable to determine the Net Asset Value on an accurate and timely basis.

Any suspension will be notified to Members by way of a RIS announcement.

Number of directors

The number of Directors shall be not less than three but shall not exceed seven unless otherwise determined by the Company by Ordinary Resolution. At no time shall a majority of the Board be resident in the United Kingdom for United Kingdom tax purposes.

Voting of directors

All matters shall be decided by a majority vote of directors entitled to vote and actually voting, provided that a Two Thirds Vote shall be required in respect of any determination regarding (i) the termination of the Founder Service Agreement, or the making of any Material Changes, during the first five years following Admission in circumstances where the Founder would be a Good Leaver (as defined in the

Founder Service Agreement) and where the Founder holds at least 10 per cent. of the issued share capital of the Company and (ii) the termination of the Investment Advisory Agreement.

Directors' shareholding qualification

A Director need not be a Member. A Director who is not a Member shall nevertheless be entitled to attend and speak at general meetings.

Appointment of directors

Subject to the Articles, the Board shall have power at any time to appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Board. Any person so appointed by the Board shall hold office only until the next annual general meeting and shall then be eligible for election in accordance with the Articles. No person other than a Director retiring at a general meeting shall, unless recommended by the Board, be eligible for election by the Company to the office of Director unless not less than seven nor more than 42 clear days before the date appointed for the meeting there shall have been left at the registered office a notice in writing signed or authenticated by a Member duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election together with notice in writing signed by that person of his willingness to be elected, specifying his tax residency status and containing a declaration that he is not ineligible to be a Director in accordance with the laws.

Age of directors

No person shall be or become incapable of being appointed a Director by reason of having attained the age of 70 or any other age and no Director shall be required to vacate his office at any time by reason of the fact that he has attained the age of 70 or any other age.

Retirement of directors

At each annual general meeting of the Company, any Director who has been appointed by the Board since the last annual general meeting or who held office at the time of the two preceding annual general meetings and who did not retire at either of them shall retire from office and may offer himself for election or re-election by the Members. The Company at the meeting at which a Director retires in the manner aforesaid may fill the vacated office by appointing a person thereto by Ordinary Resolution and in default the retiring Director shall, if willing to act, be deemed to have been re-appointed unless at such meeting it is expressly resolved not to fill the vacated office or a resolution for the re-appointment of such Director shall have been put to the meeting and lost. The Founder is not required to submit himself for re-election during the first five years following Admission unless required to do so by a Two Thirds Vote.

Removal of directors and vacation of office

The office of a Director shall be vacated:

(a) if he (not being a person holding for a fixed term an executive office subject to termination if he ceases from any cause to be a Director) resigns his office by giving three month's written notice signed by him sent to or deposited at the Company's registered office;

(b) if he dies;

(c) if he shall have absented himself (such absence not being absence with leave or by arrangement with the Board on the affairs of the Company) from meetings of the Board for a consecutive period of 12 months and the Board resolves that his office shall be vacated;

(d) if he becomes bankrupt or makes any arrangement or composition with his creditors generally;

(e) if he ceases to be a Director by virtue of, or becomes prohibited from being a Director by reason of, an order made under the provisions of any law or enactment;

(f) if he becomes ineligible to be a Director in accordance with the Companies Law;

(g) if the Company by Ordinary Resolution shall declare that he shall cease to be a Director;

(h) if the other Directors unanimously declare that he shall cease to be a Director; or

(i) if he becomes resident in the United Kingdom for UK tax purposes and, as a result thereof, a majority of the Directors would, if he were to remain a Director, be resident in the United Kingdom for UK tax purpose.

Directors' permitted interests

A Director must, immediately after becoming aware of the fact that he is interested in a transaction or proposed transaction with the Company, disclose to the Board (i) if the monetary value of the Director's interest is quantifiable, the nature and monetary value of that interest, or (ii) if the monetary value of the Director's interest is not quantifiable, the nature and extent of that interest, in each case unless the transaction or proposed transaction is between the Director and the Company, and is to be entered into in the ordinary course of the Company's business and on usual terms and conditions. A failure by a Director to comply does not affect the validity of a transaction entered into by the Company or the Director.

Subject to the provisions of the Companies Law, and provided that he has disclosed to the other Directors in accordance with the Companies Law the nature and extent of any material interest of his, a Director notwithstanding his office:

(a) may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director on such terms as to the tenure of office and otherwise as the Directors may determine;

(b) may be a party to, or otherwise interested in, any transaction or arrangement with the Company, or in which the Company is otherwise interested;

(c) may act by himself or through his firm in a professional capacity for the Company (otherwise than as Auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director;

(d) may be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, a shareholder of or otherwise directly or indirectly interested in, any body corporate promoted by the Company, or with which the Company has entered into any transaction, arrangement or agreement or in which the Company is otherwise interested; and

(e) shall not by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

Remuneration of directors

The Directors (other than those Directors who are also employees of the Company) shall be paid out of the funds of the Company by way of fees such sums per annum as the Directors shall determine or as may otherwise be approved by Ordinary Resolution of the Company. Directors' fees shall be deemed to accrue from day to day. The Directors shall also be entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as Directors or in attending meetings of the Board or of committees or general meetings (including reasonable expenses properly incurred by them in obtaining independent professional advice). If by arrangement with the Board, any Director shall perform or render any special duties or services outside his ordinary duties as a Director, he may be paid such reasonable additional remuneration as the Board may determine.

Borrowing powers

The Directors may exercise all the powers of the Company to borrow money to give guarantees, hypothecate, mortgage, charge or pledge all or part of the Company's assets, property or undertaking and uncalled capital, or any part thereof, and, subject to compliance with the Articles, to issue securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

Indemnity and insurance

Subject to the provisions of the Companies Law, the Directors, alternate Directors, secretary, agent, employee or other officers and servants for the time being of the Company and the trustees (if any for the time being) acting in relation to any of the affairs of the Company and their respective heirs and executors shall be entitled to be indemnified (to the extent permitted by applicable law) out of the assets and profits of the Company from and against all actions expenses and liabilities which they or their respective heirs or executors may incur by reason of any contract entered into or any act in or about the execution of their respective offices or trusts except such (if any) as they shall incur by or through their own wilful act neglect or default respectively and none of them shall be answerable for the acts, receipts, neglects or defaults of the others of them or for joining in any receipt for the sake of conformity or for any bankers or other person with whom any moneys or assets of the Company may be lodged or deposited for safe custody or for any bankers or other persons into whose hands any money or assets of the Company may come or for any defects of title of the Company to any property purchased or for insufficiency or deficiency of or defect in title of the Company to any security upon which any moneys of the Company shall be placed out or invested or for any loss, misfortune or damage resulting from any such cause as aforesaid or which may happen in or about the execution of their respective offices or trusts except the same shall happen by or through their own wilful act neglect or default.

Without prejudice to any other provisions of the Articles, the Board may exercise all the powers of the Company to purchase and maintain insurance for or for the benefit of any persons who are or were at any time Directors, officers, employees or auditors of the Company, or of any subsidiary (together "**Group Companies**") or otherwise associated with the Company or any Group Company or in which the Company or any such Group Company has or had any interest, whether direct or indirect, or of any predecessor in business of any of the foregoing, including (without prejudice to the generality of the foregoing) insurance against any costs, charges, expenses, losses or liabilities suffered or incurred by such persons in respect of any act or omission in the actual or purported execution and/or discharge of their duties and/or the exercise or purported exercise of their powers and discretion and/or otherwise in relation to or in connection with their duties, powers or offices in relation to the Company or any such other body.

Disclosure of interest in shares

The Directors shall have power by notice in writing to require any Member to disclose to the Company the identity of any person other than the Member (an interested party) who has, or has had at any time during the three years immediately preceding the date on which the notice is issued, any interest (whether direct or indirect) in the shares held by the Member and the nature of such interest. Any such notice shall require any information in response to such notice to be given in writing within such reasonable time as the Directors shall determine.

The Directors may be required to exercise their powers on the requisition of Members of the Company holding at the date of the deposit of the requisition not less than one-tenth of the total voting rights attaching to the Ordinary Shares at the relevant time.

If any Member has been duly served with a notice given by the Directors and is in default for the prescribed period in supplying to the Company the information thereby required, then the Directors may in their absolute discretion at any time thereafter serve a notice (a "**direction notice**") upon such Member as follows:

(a) a direction notice may direct that, in respect of:

  (i) any shares in relation to which the default occurred (all or the relevant number as appropriate of such shares being the "**default shares**"); and

  (ii) any other shares held by the Member,

  the Member shall not be entitled to vote at a general meeting or meeting of the holders of any class of shares of the Company either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Company or of the holders of any class of shares of the Company; and

(b) where the default shares represent at least 0.25 per cent. of the class of shares concerned, then the direction notice may additionally direct that in respect of the default shares:

  (i) any dividend or the proceeds of any repurchase, redemption or repayment on the default shares or part thereof which would otherwise be payable on such shares shall be retained by the Company without any liability to pay interest thereon when such money is finally paid to the Member;

(ii) no transfer other than an approved transfer of any of the shares held by such Member shall be registered unless:

(A) the Member is not himself in default as regards supplying the information requested; and

(B) when presented for registration the transfer is accompanied by a certificate by the Member in a form satisfactory to the Directors to the effect that after due and careful enquiry the Member is satisfied that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer.

If shares are issued to a Member as a result of that Member holding other shares in the Company and if the shares in respect of which the new shares are issued are default shares in respect of which the Member is for the time being subject to particular restrictions, the new shares shall on issue become subject to the same restrictions whilst held by that Member as such default shares. For this purpose, shares which the Company procures to be offered to Members pro rata (or pro rata ignoring fractional entitlements and shares not offered to certain Members by reason of legal or practical problems associated with offering shares outside the United Kingdom or Guernsey) shall be treated as shares issued as a result of a Member holding other shares in the Company.

Any direction notice shall have effect in accordance with its terms for as long as the default, in respect of which the direction notice was issued, continues but shall cease to have effect if the information requested in the notice is delivered to the Company within the prescribed deadline or in relation to any shares which are transferred by such Member by means of an approved transfer. As soon as practicable after the direction notice has ceased to have effect (and in any event within five Business Days thereafter) the Directors shall procure that the restrictions imposed shall be removed and that dividends and other monies withheld are paid to the relevant Member.

For the purpose of these provisions:

(a) a person shall be treated as appearing to be interested in any shares if the Member holding such shares has given to the Company a notification which either (a) names such person as being so interested or (b) fails to establish the identities of those interested in the shares and (after taking into account the said notification and any other relevant notification) the Company knows or has reasonable cause to believe that the person in question is or may be interested in the shares;

(b) the prescribed deadline in respect of any particular Member is 28 days from the date of service of a notice except where the default shares represent at least 0.25 per cent. of the class of shares concerned in which case such period shall be 14 days;

(c) a transfer of shares is an approved transfer if but only if:

(i) it is a transfer of shares to an offeror by way or in pursuance of acceptance of a public offer made to acquire all the issued shares in the capital of the Company not already owned by the offeror or connected person of the offeror in respect of the Company; or

(ii) the Directors are satisfied that the transfer is made pursuant to a sale of the whole of the beneficial ownership of the shares to a party unconnected with the Member and with other persons appearing to be interested in such shares; or

(iii) the transfer results from a sale made through a recognised investment exchange (as defined in the FSMA) or any stock exchange outside the United Kingdom on which the Company's shares are listed or normally traded.

Any Member who has given notice of an interested party who subsequently ceases to have any party interested in his shares or has any other person interested in his shares shall notify the Company in writing of the cessation or change in such interest and the Board shall promptly amend the register of interested parties accordingly.

7. Directors' interests and related party transactions

7.1 The Directors of the Company are:

Name	*Function*	*Age*	*Date of Appointment*
Ioannis Papalekas	Chief Executive Officer	37	14 February 2013
Dimitris Raptis	Deputy Chief Executive Officer, Chief Investment Officer and Interim Chief Financial Officer	37	14 February 2013
Geoff Miller	Non-executive, Interim Chairman	47	6 June 2013
John Whittle	Non-executive, Chairman of the Audit Committee and Chairman of the Remuneration Committee	57	6 June 2013
Eli Alroy (formerly known as Eliyahu Alroy)	Non-executive	62	6 June 2013
David Kanter	Non-executive	47	6 June 2013

all of the Company's registered office.

Further details relating to the Directors are disclosed in paragraphs 7.2 to 8.5 (inclusive) below.

7.2 The Founder is the legal and beneficial owner of the one issued Ordinary Share at the date of this document (and this share will be redeemed on Admission). None of the other Directors has any interest in the share capital or loan capital of the Company, nor does any person connected with the Directors have any such interest, whether beneficial or non-beneficial.

7.3 The Directors hold, or have held within the period of five years prior to the date of this document, the following directorships in addition to being Directors of the Company:

Name	*Current directorships*	*Past directorships*
Ioannis Papalekas	Jaguar Development SRL SC Victoria Holding SRL SC Iole Investitii SRL SC Land Imob Development SRL SC Upground Estates SRL SC Aserat Properties SRL SC Corinthian Five SRL Bandola Properties Limited Investment Adviser	SC Bob Development SRL SC Seferco Development SA SC BOC Real Property SRL.
Dimitris Raptis	Investment Adviser	Deutsche Bank AG London The following directorships were held as a result of Dimitris Raptis' position as an employee of Deutsche Bank: REIB Europe Investments Ltd Lanitis Development Ltd Lakkos tou Frangou Ltd Limex City EAD Limex Town EAD Winslow Properties EAD PM Office Centre One Sro PM Office Centre Two Sro PM Office Centre Three Sro PM Office Centre Four Sro Smichov City Sro PM Riverbank Sro Lighthouse Services Sro Lighthouse Holdings Limited SA

Dimitris Raptis (continued)		Prague Marina AS Vokovice BCP Holding SA Zelene Mesto sro Holesovice Residential Holdings SA CID Holdings SA C&R Developments Sro C&R Developments One Sro C&R Developments Two Sro C&R Developments Three Sro Sarka Business Park Sro Ares Properties ApS Bob Development Srl Netron Investment Srl Ornegin Investment Srl Farsala Investment Srl Excelsia Nove Srl Excelsia Otto Srl Duomo Holdings Srl Impresol Srl Rinascente Upim SpA Erice Srl Social & Public Initiatives – Fondo Comune di investimento Zenon Real Estate Sa Sasad Resort Real Estate Development Ltd Sasad Resort II Hungary Real Estate Development Ltd Le Printemps Immobilier
Eli Alroy	A.Y.R.A.D Investment Ltd A.Y.A.D.R Ltd Cloud Nine Wellness and Fitness Ltd. Healarium Inc. Abeer Habar Ltd. O.F.A Real Estate Investments Ltd. Bizzabo Ltd Ofer Investment Ltd.	Globe Trade Centre S.A.
John Whittle	Pont du Val Ltd International Public Partnerships Ltd The IPM renewable Energy Fund ICC Ltd The Solar Park Fund (GBP) IC Ltd India Capital Growth Fund Ltd Sciens Global Strategic Fund Ltd Mid Europa III Management Limited EMP Europe (CI) Limited (Mid Europa II) Mid Europa IV Management Limited The Offshore Mutual Fund PCC Ltd Guernsey International Management Company Ltd Perusa Partners Management Ltd CPL Guernsey Limited CPL GP Limited Steadfast Capital III (GP) Ltd B&Q (Retail) Guernsey Ltd B&Q (Retail) Jersey Ltd Advance Frontier Markets Fund Ltd	Close Fund Services Ltd Legion International Ltd GS Volatility Strategy IC Ltd GS High Frequency MSS UK Property Index Fund Management Ltd Aurora II GP Ltd Blue Skye GP Ltd Merchant Asset Management (Guernsey) Limited Avoca Senior Loans Europe Ltd FTSE UK Commercial Property Index Fund Limited Saunderton Data Centre GP Ltd The Sustainable Forestry ICC Ltd Sustainable Teak and Agarwood IC Ltd Sustainable Agroforestry IC Ltd Sustainable Red IC Ltd Sustainable Earth IC Ltd GC Dynamic Investments ICC Ltd

John Whittle (continued)	Starwood European Real Estate Finance Limited Starfin Public GP Limited Guernsey Yacht Club LBG Investment Adviser	Dynamic Fund IC Ltd Sciens Acqua master Fund Merchant Financing Funds ICC The Merchant Gemini Turnaround Fund IC The V2R Northern Ireland Opportunities Fund IC Aurora Russia Ltd
Geoff Miller	Asset Management Investment Company Ltd GLI Finance Ltd International Finance Development Company S.A. Lombardia Capital Partners, Inc GLF (GP) Limited Clarion ICC Limited Clarion 1 IC Limited Clarion 4 IC Limited Clarion 5 IC Limited Clarion 6 IC Limited Clarion 7 IC Limited Clarion 8 IC Limited Clarion 9 IC Limited Clarion 10 IC Limited Hastings Insurance Group Limited Word Play Limited GLIF BMS Holdings Limited BMS Finance AB Limited Green Street Holdings Limited Afaafa Limited Investment Adviser	Asset Management Investment Company plc Greenwich Loan Income Fund Ltd SmartMove Spain silkroutefinancial Greenwich Loan Income Fund Ltd Aurora Russia Limited Clarion Test Trade IC Limited Clarion 2 IC Limited Clarion 3 IC Limited
David Kanter	none	none

7.4 No Director is or has been within the period of five years prior to the date of this document, a partner in any partnership.

7.5 Directors' disclosures

Dimitris Raptis

Dimitris Raptis has had previous professional experience with financial institutions (Deutsche Bank, Credit Suisse and Bankers Trust). These institutions have, from time to time, been censured, disciplined, or publicly criticised. Dimitris Raptis has never been personally involved in any of these matters.

Dimitris Raptis had been a director in two Bulgarian companies that have now been declared insolvent by the Bulgarian courts (Limex City and Limex Town).

With regards to Limex City (a Bulgarian entity holding a land plot with certain developed structures project in Sofia, Bulgaria), the directors, among which was Dimitris Raptis, filed for insolvency on 19 January 2012, given the inability of the project to serve the interest payments to Raiffeisenbank. MD Investment EOOD, a company which claims a penalty due to delayed construction of a residential unit, also filed for insolvency and Raiffeisenbank joined to the insolvency proceedings. On 15 August 2012, Dimitris Raptis was deregistered from the Commercial Register as a board member of Limex City. On 22 October 2012, the court declared Limex City insolvent, with an initial date of the insolvency as 22 December 2011 and opened the insolvency procedure.

With regards to Limex Town (a Bulgarian entity holding a land plot in Sofia, Bulgaria), the directors of Limex Town, among which was Dimitris Raptis, filed for insolvency on 9 November 2011, as the financing of Limex Town was in payment default (bank financing provided by DSK Bank). DSK Bank also filed for insolvency. On 2 July 2012, Dimitrios Raptis was deregistered from the Commercial Register as a board member of Limex Town. On 5 July 2012, the court declared Limex Town insolvent, with an initial date of the insolvency as 31 December 2010.

Geoff Miller

Two companies of which Geoff Miller is currently a director (Asset Management Investment Company Ltd and GLF (GP) Limited) are in voluntary liquidation, neither with any outstanding creditors.

7.6 Save as disclosed in paragraphs 7.3 to 7.5 above, none of the Directors:

(a) is currently a Director of a company or a partner in a partnership or has been a Director of a company or a partner in a partnership within the five years immediately preceding the date of this document;

(b) has any unspent convictions for any indictable offences or has been declared bankrupt or has made any voluntary arrangement with his creditors;

(c) has been a Director of a company at the time of or within the twelve months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration or voluntary arrangement of that company or any composition or arrangement with its creditors generally or any class of its creditors;

(d) has been a partner in a partnership at the time of or within the twelve months preceding any compulsory liquidation, administration or voluntary arrangement of that partnership;

(e) has had any asset which has been subject to a receivership or has been a partner in a partnership at the time of or within the twelve months preceding an asset of the partnership being subject to a receivership; or

(f) has been publicly criticised by any statutory or regulatory authority (including any recognised professional body) or has been disqualified by a Court from acting as a Director of, or in the management or conduct of the affairs of any company.

7.6 No Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and which was effected by the Group and remains in any respect outstanding or unperformed.

7.7 No loans made or guarantees granted or provided by the Group to or for the benefit of any Director are outstanding.

7.8 Save as set out below, the Directors are not aware of any person, directly or indirectly, jointly or severally, who exercises or could exercise control over the Company or who is interested directly or indirectly in 3 per cent. or more of the issued share capital of the Company:

As at the date of this document	*On Admission*	
The Founder owns the one issued Ordinary Share	Zorviani Limited will hold the Founder Admission Shares, representing approximately 28 per cent. of the Ordinary Shares	
	Union Bancaire Privee	24.82%
	FINEXT Fund Management (Futureal 2 Global)	3.73%
	Pictet & Cie, Banquiers	7.74%
	Migdal Stock Exchange Services (N.E.) Ltd.	27.95%

7.9 Pursuant to AIM Rule 7, all related parties have agreed not to dispose of any interests in Ordinary Shares (including interests in \Warrants) for a period of one year from Admission.

8. Directors' service agreements

8.1 The Founder and the Investment Adviser have entered into a service agreement dated 24 July 2013 pursuant to which the Founder is employed as Chief Executive Officer of the Group. The agreement is for a fixed period of five years. The Founder has undertaken not to disclose any confidential information obtained in the course of his employment with the Investment Adviser, not to compete with the Group in relation to commercial property in Romania and to spend 75 per cent. of his time on the business of the Group. The agreement provides for an annual salary of Euro 500,000 and the reimbursement by the Investment Adviser of all reasonable expenses incurred by the Founder in the course of his employment.

For the purposes of the Founder Service Agreement and the service agreement of Dimitris Raptis, a summary of which is set out in paragraph 8.2 below:

(a) “**Cause**” means that the relevant employment with the Investment Adviser may be terminated without notice, payment in lieu of notice or compensation in lieu in the following events only: (i) gross default or gross misconduct; (ii) any act or omission constituting fraud or dishonesty; (iii) conviction of a criminal offence, other than an offence under road traffic legislation for which a non-custodial sentence is imposed or an offence which does not (or could not) have an adverse effect on the Investment Advisor or any member of the group (including, but not limited to, bringing the Investment Advisor or any member of the group into disrepute); (iv) fundamental or repeated breaches of a material term of the Employment Agreement in connection with the performance of his duties as an employee of a member of the Group which is not capable of rectification or which is not rectified within a reasonable period; and (v) in the case of the Founder only, the Founder (1) fundamentally or repeatedly breaches a material term of the Founder Subscription Agreement or the Founder Lock-up Agreement; (2) he commits a material breach of the exclusivity, right of first offer (including in relation to the Initial Portfolio), conflicts and independence provisions of the Founder Relationship Agreement; or (3) commits a manifest and persistent breach of the provision requiring him to spend at least 75 per cent. of his time on the Group’s business, in each case which is not capable of rectification or which the Founder fails to rectify within a reasonable period;

(b) “**Good Leaver**” means a person who ceases to be a director or employee of any member of the Group by reason of: (i) his service agreement being terminated other than for Cause during the Fixed Term; (ii) his resignation following one or more Material Changes; (iii) his resignation after the fifth anniversary of Admission; (iv) his death; (v) his permanent incapacity due to ill health or disability; (vi) his retirement as agreed with the board of the relevant member of the Group; (vii) the termination of his employment or engagement on the grounds of illness or other incapacity (whether physical or mental); or (viii) any other circumstances with the prior written consent of the Board;

“**Bad Leaver**” a person who ceases to be a director or employee of any member of the Group in circumstances where they are not a Good Leaver; and

“**Material Changes**” means: (i) a reduction in his annual salary; (ii) the assignment of duties to him materially inconsistent with his position (except as otherwise permitted under his service agreement); (iii) the termination, material amendment or material breach (including as to exclusivity) of the Investment Advisory Agreement by the Company; (iv) any material change to the Investing Policy without the prior written consent of the Founder.

8.2 Dimitris Raptis and the Investment Adviser have entered into a service agreement dated 24 July 2013 pursuant to which Dimitris Raptis is employed as the Deputy Chief Executive and Chief Investment Officer of the Group. The agreement is for a fixed term of five years. On the expiry of the fixed term (unless terminated earlier), the employment will continue on an ongoing basis until terminated by either party giving not less than three months’ notice. Dimitris Raptis has undertaken not to disclose any confidential information obtained in the course of his employment with the Investment Adviser and to spend substantially all of his time on the business of the Group. The agreement provides for an annual salary of Euro 350,000 and the reimbursement by the Company of all reasonable expenses incurred by Dimitris Raptis in the course of his employment. Dimitris Raptis will be entitled to a one-off payment on Admission of Euro 262,500 (in recognition of his work prior to Admission). If Dimitris Raptis’ service agreement is terminated by the Company or by Dimitris Raptis during the Initial Fixed Term, in each case in circumstances where he is treated as a Good Leaver, he will be entitled to his salary for the remainder of the Initial Fixed Term and a one-off lump sum cash payment (to be paid at any time during the year following termination) based on the amount of time remaining in the Initial Fixed Term equal to Euro 1.5 million in the first year, Euro 1.2 million in the second year, Euro 900,000 in the third year, Euro 600,000 in the fourth year and Euro 350,000 in the fifth year (pro rated to reflect the time of termination within the year of termination). The defined terms set out in paragraph 8.1 of this Part XII also apply to the service agreement between the Investment Adviser and Dimitris Raptis, save that (i) under Dimitris Raptis' service agreement, "Good Leaver" also includes where he ceases to be a director or employee of any member of the Group by reason of his resignation following a general offer for the entire ordinary share capital of the Company or any other holding company of the Company (other than any shares in the Company or such holding company held by the offeror and any person acting in concert with it) which becomes unconditional in all respects and (ii) reference to "the Founder" in paragraph (v) of the definitions of "Material Changes" shall be replaced by reference to Dimitris Raptis.

8.3 No non-executive Director has a service contract with the Company, nor are any such contracts proposed. Each of the non-executive Directors entered into a letter of appointment with the Company on 6 June 2013 which provide for them to act as a Non-Executive Director of the Company.

8.4 Pursuant the terms of their appointment letters: Eli Alroy, David Kanter, Geoff Miller and John Whittle will receive annual fees of €200,000, €60,000, £40,000 and £40,000, respectively; Geoff Miller will receive an additional fee of £10,000 per annum as chairman of the Board (plus a one-off fee of £10,000) and John Whittle will receive an additional £5,000 annual fee as chairman of each of the remuneration committee and the audit committee. Geoff Miller and John Whittle will also each receive a fee of £25,000 as director of the Investment Adviser. Each Director will be reimbursed for their reasonable travelling and out of pocket expenses.

8.5 No remuneration has been paid (including benefits in kind) to the Directors as at the date of this document. The estimated aggregate remuneration, including benefits in kind, to be paid to the Directors for the twelve month period ending 31 December 2013 is Euro 815,000. This estimate is based on the contractual arrangements currently in place with each Director.

9. Options and Warrants

9.1 The Company has granted Warrants over the following number of Ordinary Shares pursuant to the terms of the Warrant Agreements:

Name of Warrant Recipients	*Number of Ordinary Shares*
Lenuta Limited (for Dimitris Raptis)	110,000
A.Y.R.A.D. Investments Limited (for Eli Alroy)	260,000
Geoff Miller	11,000
John Whittle	9,000

Zorviani Limited (a Founder Company) has also been granted warrants in respect of that number of Ordinary Shares which is equal to 15 per cent. of the Placing Shares and the Ordinary Shares subscribed pursuant to the Founder Subscription Agreement and the Non-Founder Vendors Share Subscriptions.

Further details of the terms of the Warrant Instrument and the Warrant Agreements are set out in paragraphs 11.5 to 11.7 (inclusive) of this Part XII of this document.

9.2 As at the date of this document (and save as specified above), the Company had not granted any options over any of the Ordinary Shares.

10. Working capital

The Directors, having made due and careful enquiry, are of the opinion that, taking into account the net proceeds of the Placing, the terms of the Founder Subscription Agreement and the Acquisition Agreements and bank facilities available to the companies that are the subject of the Acquisition Agreements, the Company will from the time of Admission have sufficient working capital for its present requirements, that is for at least twelve months from the date of Admission.

11. Material contracts

The following contracts have been entered into by the Group, otherwise than in the ordinary course of business, during the two years preceding the date of this document and are or may be material:

11.1 *Placing Agreement*

The Placing Agreement was entered into on 24 July 2013 between the Company, the Directors, the Founder, the Asset Manager and the Managers. Sunrise has also agreed to procure subscribers for Placing Shares at the Placing Price pursuant to a separate private placement in the United States.

The Placing Agreement contains, amongst others, the following provisions:

(a) the Company has appointed the Managers and the Managers have severally agreed to use reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price, subject to certain conditions;

(b) the Company has agreed that each of the Managers will receive certain fees as more fully set out in the descriptions of the Panmure Gordon Advisory Agreement, the Cantor Fitzgerald Agreement and the Rosario Agreement below. The Company has agreed to issue to Sunrise the Sunrise Shares and to pay to Sunrise fees equal to 2.5 per cent. of the aggregate Placing Price of the Ordinary Shares which Sunrise places pursuant to the Placing Agreement;

(c) the obligations of the Managers to procure subscribers for Placing Shares are conditional upon certain conditions that are typical for an agreement of this nature. These conditions include, amongst others, the continuing accuracy of the representations and warranties under the Placing Agreement immediately prior to Admission and Admission occurring by not later than 8.00 a.m. on 2 August 2013 or such later time and/or date as the Managers may agree with the Company. The Managers may terminate the Placing Agreement prior to Admission in certain specified circumstances that are typical for an agreement of this nature. These include certain changes in financial, political or economic conditions. If any of the above-mentioned conditions are not satisfied (or waived, where capable of being waived) by, or the Placing Agreement is terminated prior to, Admission, then the Placing will lapse. The Placing Agreement cannot be terminated after Admission;

(d) the Company has agreed to pay or cause to be paid (together with certain related value added tax) certain costs, charges, fees, expenses of, or in connection with, or incidental to, amongst other things, the Placing and/or Admission;

(e) the Company, the Asset Manager, the Directors and the Founder have given certain representations and warranties to the Managers subject to certain limitations;

(f) each of the Directors (other than the Founder) has agreed that he will not, during a period of one year from Admission, sell, or dispose of, any interest in any Ordinary Shares which he owns;

(g) further provisions are included that are typical in the context of the separate private placement in the United States; and

(h) if Admission does not occur by 2 August 2013, all proceeds of the Placing will be returned to placees within five days of such date (without interest).

11.2 *Founder Lock-up Agreement*

Pursuant to the Founder Lock-up Agreement entered into on 24 July 2013, the Founder has undertaken to the Company and Panmure Gordon to procure, amongst other things, that (subject to certain limited exceptions relating to intervening court order and acceptance of a takeover offer) no Ordinary Shares (or any interests therein or in respect thereof) issued to him or any Founder Companies pursuant to the Founder Subscription Agreement or the Founder Warrant Agreement are offered, sold, pledged or otherwise disposed of (directly or indirectly) for a period of one year following Admission. The same restriction (other than in respect of the grant of security whilst retaining voting rights pending enforcement and disposals may be permitted by the prior written consent of Panmure Gordon and the Company) will continue to apply in respect of 50 per cent. of such Ordinary Shares as at the first anniversary of Admission for the year following such first anniversary and the Founder has agreed that he shall use his best endeavours to procure that any permitted sales in that year are made through Panmure Gordon.

The Founder has also agreed that Founder Warrants (or any interests therein or in respect thereof) shall not be transferred (i) during the period from Admission to the first anniversary of Admission and (ii) after the first anniversary of Admission and until the earlier of the second anniversary of Admission and vesting, other than to another member of the Management Team (or a company wholly owned by any such person).

11.3 *Founder Relationship Agreement*

The Founder Relationship Agreement contains the following provisions:

(a) the Founder has agreed that, for a period of at least six months, he will procure that no interest in the Initial Portfolio or the Founder Pipeline is sold or otherwise disposed of other than to a member of the Group (in the case of properties within the Initial Portfolio, pursuant to the Acquisition Agreements), provided that, if the Company determines that it does not wish to acquire any such interest, this restriction shall terminate in relation to any such interest upon such determination;

(b) following any such determination or otherwise on the expiry of the 6 month period referred to above, at the Company's request the Founder shall procure that his (or his associate's) interest in the relevant property is sold to a third party and the Company shall have an option to acquire such interest on the final terms agreed with any such third party;

(c) the Founder has undertaken that the Group will be the exclusive vehicle for investments in real estate in Romania and, other than following the procedure in paragraph (d) below, SEE and CEE for himself and his associates. This restriction shall not apply in relation to the property in Bucharest known as the Millennium Building unless and until all litigation in relation to such property is settled or discharged or to the property held by BG Management unless and until the privatisation of that company is completed, at which time the relevant assets must be offered to the Company at a market price prior to them being offered to any other person on no better terms;

(d) the Founder has undertaken that, in the event that he or any of his associates encounters a property-related opportunity in the SEE and CEE region (outside Romania), he will notify the Company of the opportunity and he will not pursue such opportunity without first referring it to the Company for consideration. If the Company (acting by its non-executive directors) decides not to pursue such an opportunity in relation to such a property, the Founder shall, if he has expressed such an intention to do so at the time of referral, be entitled to pursue that opportunity himself on the same or no better terms;

(e) the minor properties in Baneasa and Sinaia, and the Founders' indirect interest in Iole Investments and Land Imob, are excluded from all the restrictions in paragraphs (b), (c) and (d) above;

(f) the Founder has agreed to spend at least 75 per cent. of his time on the Group's business;

(g) the Founder has agreed not to provide any services to, or to invest in the equity capital of, any competitor of the Company;

(h) the Founder has agreed that any transactions between the Company and himself or any of his associates (including, until acquired by the Company, the Asset Manager) shall be carried out on an arm's length basis and any services provided by any such companies shall be provided on normal commercial terms. All transactions between the Company and the Founder or any of his associates (including any material changes to the terms of any of the Acquisition Agreements) will be subject to the approval of the independent non-executive Directors and, in the case of property transfers, will be subject to an Independent Valuation commissioned on terms, and in a form, approved by the independent non-executive Directors;

(i) the Founder has agreed certain confidentiality undertakings; and

(j) the Founder has agreed that, for so long as he and Founder Companies own or control Ordinary Shares representing at least 10 per cent. of the votes entitled to be cast at a general meeting of the Company:

(i) he shall seek to procure that the voting rights attached to any and all Ordinary Shares held by him or any Founder Company shall be used to seek to ensure that the majority of Directors are independent of the Company and any executive directors;

(ii) procure, so far as he is able to do so, that such voting rights are used so as to ensure that each member of the Group is at all times capable of carrying on its business independently from the Founder and any of his associates;

(iii) he will not exercise any voting rights in favour of any resolution to amend the Articles in a manner which would be inconsistent with the Founder Relationship Agreement; and

(iv) he will abstain from voting on any matter in which he is interested or where there is an actual or potential conflict with the interests of the Founder or the interests of any member of the Group.

The restrictions in paragraph (h) and (j) (ii) and (iv) above shall continue to apply for so long as the Founder holds 10 per cent. of the Ordinary Shares.

The other restrictions above terminate on the earlier of:

(i) the date the Founder ceases to be an employee of a member of the Group where his employment was terminated in circumstances where he was a Good Leaver;

(ii) following termination of the Founder's employment with a member of the Group in circumstances where he was a Bad Leaver or if he resigns as a Good Leaver during the period of two to five years after Admission, the date which is the later of one year after such termination and the fifth anniversary of Admission; and

(iii) the date the Founder or his associates cease to be the beneficial holder (directly or indirectly) of ten per cent. or more of all of the Ordinary Shares as a result of acceptance of a takeover offer (as contemplated by the City Code) for all of the Ordinary Shares.

The Founder has agreed that any sums owed by him, any Founder Company or any of his associates (which remains unpaid after notice to any member of the Group may be set off against (so as to reduce by an equal amount) any sum payable by that member of the Group to the Founder, a Founder Company or any of the Founder's associates.

11.4 *Founder Subscription Agreement*

Under the terms of the Founder Subscription Agreement:

(a) conditional on (and as at) Admission, the Founder has agreed to subscribe Euro 15 million at the Placing Price for the Founder Admission Shares; and

(b) the Founder will procure that the cash received or receivable by him or by Founder Companies in respect of the sale to the Company of interests in the Initial Portfolio and the Founder Pipeline (other than up to Euro 17 million cash receivable under the Asset Manager Acquisition Agreement and the Euro 10 million advance payment under the Bucharest One Acquisition Agreement) will be used (to the extent practicable, by way of set off) to subscribe for Ordinary Shares at a price equal to the Placing Price up to a maximum aggregate amount of Euro 90 million.

The maximum aggregate amount which the Founder (or Founder Companies) is required to procure to be subscribed for Ordinary Shares is Euro 105 million. The Company may put in place arrangements to ensure that the cash in respect of the purchase of interests from the Founder (or companies owned or controlled by him) is retained by the Company in satisfaction of the subscription obligation.

11.5 *Warrant Instrument*

On 24 July 2013 the Company executed the Warrant Instrument and thereby constituted up to 5,151,030 Warrants. The Warrants are exercisable during the period commencing on Admission and expiring on the earlier of: (i) ten years from Admission; or (ii) upon an offeror becoming entitled to acquire the entire issued share capital of the Company (other than shares already held by the offeror and any persons acting in concert with the offeror). Each of the Warrant recipients has agreed to certain restrictions on his ability to exercise or transfer the Warrants held by him as summarised in paragraphs 11.6 and 11.7 of this Part XII below.

The exercise price, the vesting thresholds and/or the number of Ordinary Shares relating to such Warrants will be subject to adjustment in respect of dilution events, including the payment by the Company of special dividends, any amalgamation, reorganisation, reclassification, consolidation or merger or sale of all or substantially all of the Group's assets, a rights issue at a discount to market price (but not any other issue of shares) and other dilutive events. The Warrants are freely transferable after the period of one year following Admission, subject to other restrictions agreed on issue of the relevant Warrants. The Company has agreed to take reasonable steps to facilitate a cashless exercise of Warrants.

11.6 *Founder Warrant Agreement*

On 24 July 2013 the Company entered into a warrant agreement with the Founder and Zorviani Limited under which the Company agreed to issue at, and subject to, Admission to Zorviani Limited three tranches of Warrants, each representing 5 per cent. of the aggregate of the Placing Shares and the Ordinary Shares subscribed by Zorviani Limited (or other Founder Companies) pursuant to the Founder Admission Subscription and the Founder Equity for Assets Subscriptions, subject to the market price per Ordinary Share being at least Euro 7.50, Euro 10.00 and Euro 12.50 (respectively) as a weighted average over a period of 60 consecutive days (each a "**Market Price Vesting Threshold**"). In each case, the subscription price will be equal to the Placing Price.

The Founder Warrant Agreement provides that:

(a) subject to paragraph (e) below, the Founder Warrants vest on achieving the applicable Market Price Vesting Threshold and each holder of Founder Warrants has undertaken to the Company not to transfer any Founder Warrants held by it until after the first anniversary following Admission and, during the year after the first anniversary of Admission until vesting, only to other members of the Management Team (or companies wholly owned by any such person);

(b) notwithstanding the above restrictions, the Founder Warrants shall be freely exercisable or transferable in the event of a general offer for the entire Ordinary Share capital of the Company (other than shares already held by the Offeror and its concert parties) becoming unconditional in all respects);

(c) the Founder Warrants vest on the Founder leaving the employment of a member of the Group as a Good Leaver;

(d) the Founder Warrants are retained (and the Market Price Vesting Threshold is not waived) if the Founder resigns after the second anniversary of Admission;

(e) subject to paragraphs (c) and (d) above, any unvested Founder Warrants shall terminate (and cease to be capable of vesting) upon the Founder or (if they are then held, directly or indirectly, by another member of the Management Team) that member of the Management Team ceasing to be an employee of a member of the Group and, irrespective of paragraph (d) above, unvested Founder Warrants shall terminate if the Founder breaches the restrictive covenants or confidentiality obligations after his employment with a member of the Group ceases.

11.7 *Director Warrant Agreement*

On 24 July 2013 the Company entered into a warrant agreement with Dimitris Raptis, Eli Alroy, Geoff Miller and John Whittle under which the Company agreed to issue to such persons at, and subject to, Admission, Warrants over 110,000, 260,000, 11,000 and 9,000 (respectively) Ordinary Shares, subject to the market price per Ordinary Share being at least Euro 7.50 as a weighted average over a period of 60 consecutive days (the "**Market Price Vesting Threshold**"). In each case, the subscription price will be equal to the Placing Price. The Directors Warrant Agreement provides that:

(a) subject to paragraph (d) below, the Director Warrants vest when the Market Price Vesting Threshold is satisfied;

(b) each holder of Director Warrants shall not transfer any Warrants held by him, or any Ordinary Shares issued to him on exercise of the Warrants, for a period of one year following Admission;

(c) notwithstanding the above restrictions, the Director Warrants shall be freely exercisable or transferable (subject to the restrictions in (b) above) in the event of an offer made for the entire ordinary share capital of the Company (other than shares already held by the offeror and any persons acting in concert with it) becoming unconditional in all respects; and

(d) any unvested Director Warrants shall terminate (and cease to be capable of vesting) upon the relevant Director ceasing to be an employee of a member of the Group.

11.8 *Panmure Gordon Advisory Agreement*

On 24 2013, the Company and Panmure Gordon entered into an agreement relating to the services to be provided by Panmure Gordon to the Company in relation to the Placing and Admission. Pursuant to this Agreement it is agreed that Panmure Gordon is entitled to a commission equal to 2.5 per cent. of the aggregate Placing Price of the Ordinary Shares which Panmure Gordon places pursuant to the Placing Agreement. The Company agreed to pay £400,000 in respect of corporate finance advisory services conditional on Admission.

11.9 *Cantor Fitzgerald Agreement*

On 17 June 2013, the Company and Cantor Fitzgerald entered into an agreement relating to the services to be provided by Cantor Fitzgerald to the Company in relation to the Placing and Admission. Pursuant to this Agreement it is agreed that Cantor Fitzgerald is entitled to a commission equal to 2.5 per cent. of the aggregate Placing Price of the Ordinary Shares which Cantor Fitzgerald places pursuant to the Placing Agreement. The Company agreed to pay £150,000 in respect of corporate advisory services, of which £125,000 is payable before Admission and the balance is payable on Admission. The Company has also agreed to pay an annual fee of £35,000 in respect of broker services.

11.10 *Rosario Agreement*

On 12 June 2013, the Company and Rosario entered into an agreement relating to the services to be provided by Rosario to the Company in relation to the Placing and Admission. Pursuant to this Agreement it was acknowledged that Rosario would be entitled to a commission equal to 2.5 per cent. of the aggregate Placing Price of the Ordinary Shares which Rosario places with investors in Israel which commission will rise to 3 per cent. in the event that Rosario places Ordinary Shares with an aggregate Placing Price in excess of EUR100,000,000 with such investors. Rosario is to act as the exclusive placing agent of the Company in Israel for the purposes of the Placing.

11.11 *Panmure Gordon Nominated Adviser and Broker Agreement*

On 24 July 2013, the Company entered into a nominated adviser and broker agreement with Panmure Gordon under which Panmure Gordon has agreed, conditional on Admission, to act as the Company's nominated adviser and broker as required by the AIM Rules. The initial term of the agreement is 12 months and is automatically renewable on an annual basis thereafter. Panmure Gordon shall be paid an annual fee of £65,000. The agreement is terminable by either party on 30 days' notice. On 24 July 2013, the Company and Panmure Gordon also entered into an indemnity agreement pursuant to which the Company agreed to indemnify the directors, partners, officers, employees and agents of the Panmure Group against any losses which they incur as a result of Panmure Gordon's role as nominated adviser or broker to the Company.

11.12 *Cantor Fitzgerald Strategic Advisory Agreement*

On 3 July 2013, the Company and Cantor Fitzgerald entered into an agreement pursuant to which Cantor Fitzgerald will provide strategic advice to the Company in relation to Admission and as and when required and agreed. In consideration for such services the Company shall pay to Cantor Fitzgerald a fee of £100,000.

11.13 *Administration Agreement*

On 24 July 2013 the Company and the Administrator entered into the Administration Agreement. Pursuant to the terms of such agreement the Company appointed the Administrator to provide administrative, company secretarial, valuation and certain accounting services to the Company. The Administrator shall be paid a fee of between £60,000 and £70,000 per annum. The Company shall pay or reimburse the Administrator in respect of all reasonable out of pocket expenses incurred in connection with the discharge of its duties. The Administration Agreement shall continue in force for an initial period of one year and, thereafter, may be terminated by either party on giving six months prior written notice to the other party.

11.14 *Agreement for the provision of share registration services*

On 24 July 2013, the Company and the Registrar entered into an Agreement for the provision of share registration services, pursuant to which it appointed the Registrar as the share registrar. The services to be provided include, amongst other things, share registration services, online access to share register, corporate action services and the maintenance of dividend instruction records. The Registrar shall be entitled to receive a minimum fee of £7,750 per annum.

11.15 *Acquisition Agreements:*

(a) Asset Manager Acquisition Agreement

On 24 July 2013 the Company entered into the Asset Manager Acquisition Agreement with Zakiono Enterprise Limited (the "**vendor**") pursuant to which the Company agreed to purchase (or to nominate another member of the Group to purchase), and the vendors agreed to sell, the whole of the issued share capital of Pieranu Enterprises Limited (which owns 99.99 per cent. of the Asset Manager) and the benefit of any and all loans from shareholders, other Founder Companies or the Founder as a director (or their related parties), conditional upon (i) Admission, (ii) there being no breach of any warranties at completion and (iii) title insurance being available in respect of Herastrau 1 for Euro 6 million and in respect of City Offices in the amount of Euro 51 million. If the conditions are not satisfied or waived by the Company within three months (or such longer period as the parties may agree), the Asset Manager Acquisition Agreement will terminate. The Acquisition Cost is Euro 37 million in respect of City Offices, Euro 6 million in respect of Herastrau 1, Euro 14 million in respect of TAP, Euro 1,972,200 in respect of the 60 per cent. interest in Floreasca 1, Euro 6 million in respect of the Upground apartments and Euro 15 million in respect of the operations of the Asset Manager. As the purchase price is payable to a Founder Company, the extent to which it is to be satisfied by the issue of Ordinary Shares is determined by the Founder Subscription Agreement. The purchase price is subject to adjustment following final determination of the completion balance sheet in respect of cash and debt movements since the management accounts prepared as at 31 May 2013 and any shareholder loans made after signing. The vendor has given warranties regarding the title, business and assets of the Asset Manager. The maximum liability of the vendor for breach of warranties (other than title and tax) is capped at five per cent. of the Acquisition Cost. If TAP has not been acquired by the closing date, its Acquisition Cost of Euro 14 million will be deducted from the price and a further Euro 600,000 amount is payable in respect of Floreasca 1 when the requisite building permit is obtained. Under a separate agreement, if the building permit for Herastrau 1 is not obtained within 18 months after completion, the Company can put the land back to Zakiono Enterprises Limited, or a company nominated by it, for the Euro 6 million Acquisition Cost referred to above.

(b) Bucharest One Acquisition Agreement

On 24 July 2013 the Company entered into the Bucharest One Acquisition Agreement with Bakaso Holdings Limited (the "**vendor**") and Corinthian Five SRL pursuant to which the Company agreed to purchase (or to nominate another member of the Group to purchase), and the vendor agreed to sell, the whole of the issued share capital of SC Corinthian Five SRL and the benefit of any and all loans to Corinthian Five SRL by shareholders, other Founder Companies or the Founder as a director (or their related parties), conditional upon (i) Admission, (ii) satisfying the Romanian Official Gazette Condition, (iii) there being no breach of any warranties at completion and (iv) the building permit in relation to the construction of an office building with an unfolded area of approximately 48,000 sqm are obtained at a CUT (land use coefficient) of 4 or, cumulatively, the traffic solution and the approvals from Metrorex SA necessary to obtain the Project BP and a CUT of 4 being achieved. If the conditions are not satisfied or waived by the Company within three months (or such longer period as the parties may agree), the Agreement will terminate (provided that, if the condition in (iv) above is not satisfied by such time that shall automatically be a further three months to allow satisfaction of such condition). The Acquisition Cost is Euro 30 million. Euro 10 million of the purchase price shall be paid to Bakaso Holdings Limited within 10 business days following signing (subject to Admission), with the remainder payable on completion. If the Agreement terminates, the Euro 10 million advance payment shall be repaid within 10 business days following any such termination. As the purchase price is payable to a Founder Company, the extent to which it is to be satisfied by the issue of Ordinary Shares is determined by the Founder Subscription Agreement. The purchase price is subject to adjustment following final determination of the completion balance sheet in respect of cash and debt movements since the management accounts prepared as at 31 May 2013 and any shareholder loans made in respect of construction and other related costs after signing. The vendor has given warranties regarding the title and underlying business and assets referable to Bucharest One. The maximum liability of the vendor for breach of warranty (other than title and tax) is capped at 5 per cent. of the Acquisition Cost.

(c) TCI Acquisition Agreement

On 24 July 2013 the Company entered into the TCI Acquisition Agreement with Stanuta Enterprises Limited and Pokandro Limited (together, the "**vendors**") and Tower Center International SRL pursuant to which the Company agreed to purchase (or to nominate another member of the Group to purchase), and the vendors agreed to sell, the whole of the issued share capital of Tower Center International Srl ("**TCI**") and the benefit of any and all loans to Tower Center International SRL by shareholders and associated parties, conditional upon (i) Admission, (ii) satisfaction of the Romanian Official Gazette Condition, (iii) there being no breach of any warranties at completion, (vi) title insurance being available in respect of TCI in the amount of Euro 70 million and (vii) the Company obtaining a commitment from a third party bank in the amount of Euro 25 million in respect of the acquisition of TCI and the refinancing of the third party debt currently applicable to TCI. If the conditions are not satisfied or waived by the Company within three months (or such longer period as the parties may agree), the Agreement will terminate. The Acquisition Cost is Euro 58 million. The extent to which the portion of the purchase price payable to Stanuta Enterprises Limited (a Founder Company) is to be satisfied by the issue of Ordinary Shares is determined by the Founder Subscription Agreement. Euro 5 million of the purchase price payable to Pokandro Limited will be satisfied by the issue of Ordinary Shares at the Placing Price. The purchase price is subject to adjustment following final determination of the completion balance sheet in respect of cash and debt movements since the management accounts prepared as at 31 May 2013 and any shareholder loans made after signing. The vendors have given warranties regarding the title and underlying business and assets referable to TCI. The maximum liability of the vendors for breach of such warranties (other than title and tax) is capped at 5 per cent. of the Acquisition Cost.

(d) Upground Acquisition Agreement

On 24 July 2013 the Company entered into the Upground Acquisition Agreement with Milabrin Limited and Tomafer Limited (together, the "**vendors**") and Upground Estates SRL pursuant to which the Company agreed to purchase (or to nominate another member of the Group to purchase), and the vendors agreed to sell, the whole of the issued share capital of Upground Estates SRL and the benefit of any and all loans to Upground Estates SRL by shareholders and associated parties, conditional upon (i) Admission, (ii) satisfaction of the Romanian Official Gazette Condition, (iii) the banks currently providing financing to Upground Estates SRL consenting to the proposed change of control (which would otherwise be an event of default under such financing) and (iv) there being no breach of any warranties at completion. If the conditions are not satisfied or waived by the Company within three months (or such longer period as the parties may agree), the Agreement will terminate. The purchase price is Euro 14 million, of which Euro 13 million is to be satisfied by the issue of Ordinary Shares at the Placing Price. The vendors have given warranties regarding the title and underlying business and assets referable to Upground Estates SRL. The maximum liability for breach of such warranties (other than title and tax) is capped at 5 per cent. of the Acquisition Cost.

11.16 *Investment Advisory Agreement*

Under the Investment Advisory Agreement the Company has appointed the Investment Adviser, subject to the overall control and supervision of the Board of the Company, to act as investment adviser for a fixed five year period. The Investment Adviser has no authority to act for or represent the Company (or any other member of the Group) in any other capacity. The appointment is on an exclusive basis and the Company shall not be entitled to take any actions in relation to the Investing Policy other than on the recommendation of the Investment Adviser.

The Investment Adviser is obliged to advise in respect of potential and actual investments of the Company in pursuit of the Company's Investing Policy, subject to any applicable investment restrictions and having regard to any investment guidelines.

Subject to any applicable law, the Investment Adviser shall comply with all reasonable instructions issued by the Board (so long as these are not outside the Investing Policy as recorded in the Admission Document or contrary to the exclusivity of the Investment Adviser in relation to the Company's investment activities). The Investment Adviser will be entitled to a fee which reflects expected expenditure as agreed with the Company, including so as to fund awards to employees of the Investment Adviser under the Management Team performance incentive scheme to be approved by the remuneration committee of the Board and any payments to be made to any executive director on the termination of his employment with the Investment Adviser. The Investment Adviser shall not be liable for any loss to the Company, except for loss due to the Investment Adviser's gross negligence, wilful default or fraud. The Company shall indemnify and keep indemnified the Investment Adviser (and its directors, officers and employees) from and against any and all liabilities, obligations, losses, damages, suits and expenses incurred by the Investment Adviser in its capacity as Investment Adviser, except for those resulting from gross negligence, wilful default or fraud.

Any termination by the Company within the initial five year term will be effective only following a Two Thirds Vote by the Board.

11.17 On 3 July 2013, the Company entered into an agreement with UBS regarding the establishment and operation of a bank account in Geneva and a custody account in Zurich. UBS has the right to delegate any of its functions to agents, nominees and delegates which are affiliated with it, or to any other agents, nominees and delegates. UBS shall not be liable for consequential indirect, special or unpersueable loss or other damages, or losses to Company's portfolio caused by the insolvency or acts or omissions of any sub-custodian or other third party by whom or in whose control any of the Company's investments or cash may be held. The Company shall hold UBS harmless for any claim, liability, damage, cost, loss and expense of any kind which may be incurred by UBS and for all actions or proceedings which may be brought against UBS as a result of the proper performance by UBS of its duties under the terms of the agreement other than as a result of fraud, wilful misconduct or gross negligence of UBS in connection with its obligations under the agreement. UBS is compensated for its services pursuant to this agreement and the fees and charges of UBS (as custodian) are subject to variation and renegotiation from time to time. The appointment of the Custodian will continue until terminated by either party upon 90 business days' written notice.

11.18 *BOB/BOC Asset Management Agreements*

BOB Development SRL and BOC Real Property SRL (each an "**owner**") have each entered into an asset management agreement with the Asset Manager dated 1 July 2011. Under the terms of these agreements, the Asset Manager provides asset advisory and management services in relation to the respective real estate properties in return for an asset management fee equal to 5 per cent. of the projected net rental income each quarter, plus a monthly fee of Euro 5,000 plus VAT. Each owner may terminate their respective asset management agreement at any time and without cause by giving written notice to the Asset Manager. The Asset Manager may resign at any time by giving three months' written notice (or immediately upon giving written notice if the Asset Manager has cause for resigning (including for non-payment of the asset management fee after the expiry of the grace period). Under both agreements, the Asset Manager's liability is capped at the asset management fee paid during the preceding four quarters.

11.19 *Escrow Agreement*

On 19 July the Company entered into an agreement with Sunrise Securities Corp. and Continental Stock Transfer & Trust Company (the "**Continental**") pursuant to which Continental agreed to act as escrow agent in relation to Placing proceeds received pursuant to the US Private Placing.

12. Litigation

No legal or arbitration proceedings are active, pending or threatened against, or being brought by, any member of the Group which are having or may have a significant effect on the Group's financial position.

13. Third party sources

The information sourced from third parties in this document (including, but without limitation, in paragraph 2 of Part II of this document and in Part VI of this document) has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the stated sources, no facts have been omitted which would render the information inaccurate or misleading.

14. Related party transactions

14.1 Except in relation to the Director appointment letters, the employment contracts for the Founder and Dimitris Raptis, the Founder Subscription Agreement, the Founder Lock-up Agreement, the Founder Relationship Agreement, the Founder Warrant Agreement and the Acquisition Agreements (details in relation to all of which are set out in paragraphs 8 and 11 of this Part XII), the Company has not since incorporation entered into any related party transaction (as set out in International Accounting Standard 24, as adopted according to Regulation (EC) No. 1606/2002).

14.2 The Acquisition Agreements are related party transactions (within the meaning of Rule 13 of the AIM Rules for Companies). As such, the independent Directors confirm that they consider, having consulted with Panmure Gordon (as the Company's Nominated Adviser), that the terms of such transactions are fair and reasonable insofar as the Shareholders are concerned. The independent Directors also confirm that the transactions are on an arm's length basis.

15. General

15.1 There are no patents or other intellectual property rights, licences or particular contracts that are of fundamental importance to the Company's business.

15.2 The Investment Adviser was incorporated with limited liability in Guernsey on 14 February 2013 with registered number 56249 under the Companies Law. The telephone number of the Investment Adviser is +44 (0)1481 722260.

15.3 The expenses of the Placing and Admission (including negotiation and finalisation of the Acquisition Agreements) are estimated to be Euro 4 million, excluding VAT, and are payable by the Company.

15.4 There has been no significant change in the financial or trading position of the Company since incorporation on 14 February 2013 or of the companies in respect of which financial information is set out in Part IX of this document since 31 December 2012, the date to which such financial information has been drawn up.

15.5 There has been no material change in the value of the properties within the Initial Portfolio and the Founder Pipeline since the dates to which the Valuation Reports set out in Part VII of this document have been prepared.

15.6 No person has received, directly or indirectly, from the Company within the 12 months preceding the date of this document, or entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Completion of the Placing and Admission any of the following:

(a) fees totalling £10,000 or more;

(b) securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or

(c) any other benefit with a value of £10,000 or more at the date of Completion of the Placing and Admission.

15.7 The principal activities of the Group are as described in Part II of this document. There are no exceptional factors which have influenced the Group's activities.

15.8 At the date of this document, no member of the Group has any borrowings or indebtedness and there is no mortgage, charge or other security interest over or attaching to the assets of any member of the Group.

15.9 Ernst & Young LLP, of Royal Chambers, St. Julians Avenue, St. Peter Port, Guernsey GY1 4AF, registered with the Institute of Chartered Accountants in England and Wales, were appointed as Auditors to the Company on 14 July 2013.

15.10 Ernst & Young Assurance Services Srl, of Premium Plaza Building, 63-69 Dr Jacob Felix Street, Sector 1, Bucharest 011033, Romania, registered with the Chamber of Financial Auditors in Romania (Camera Auditorilor Financiari din Romania), has given and not withdrawn its written consent to the inclusion of the accountant's reports in Sections A to G of Part IX of this document and references thereto and to its name in the form and context in which they are included in this document. Ernst & Young Assurance Services Srl has no material interest in the Company (although Ernst & Young Assurance Services Srl has provided, and will continue to provide, audit and tax services to Founder Companies and is a tenant in the building in the Initial Portfolio known as TCI).

15.11 Ernst & Young Cyprus Limited, of Nicosia Tower Centre, 36 Byron Avenue, Nicosia 1096, Cyprus, has given and not withdrawn its written consent to the inclusion of the accountant's reports in sections H and I of Part IX of this document and references thereto and to its name in the form and context in which they are included in this document. Ernst & Young Cyprus Limited has no material interest in the Company (although it has provided, and will continue to provide, audit and tax services to Founder Companies).

15.12 S.C. Prime Property Advisers Srl (in association with Knight Frank) of 239 Calea Dorobantilor, 3rd Floor, 1st District, Bucharest, Romania (member of ANEVAR), has given and not withdrawn its written consent to the inclusion of the Valuation Reports in Part VII of this document and the references thereto and to their names in the form and context in which they are included in this document. S.C. Prime Property Advisers Srl (in association with Knight Frank) has no material interest in the Company.

15.13 Coldwell Banker of 7a Maresal Averescu Boulevard, Alia Apartments, Bucharest 1, Romania (member of ANEVAR), has given and not withdrawn its written consent to the inclusion of the Valuation Reports in Part VII of this document and the references thereto and to their names in the form and context in which they are included in this document. Coldwell Banker has no material interest in the Company (although Coldwell Banker has provided valuation services to Founder Companies).

15.14 Save as set out in Part V of this document, there are no investments in progress which are significant.

15.15 Nestor Nestor Diculescu Kingston Petersen, registered with the Bucharest Bar (Baroul Bucuresti), Bucharest, Romania, Romanian legal advisers to the Company, has given and not withdrawn its written consent to the inclusion of its Romanian legal report in Section C of Part VI of this document and the references thereto and to its name in the form and context in which it is included in this document. Nestor Nestor Diculescu Kingston Petersen has no material interest in the Company (although it has provided, and will continue to provide, legal services to Founder Companies).

16. Availability of the Admission Document

Copies of this document will be available free of charge to the public at the registered office of the Company and at the office of Panmure Gordon at One New Change, London EC4M 9AF during usual business hours on the date of Admission and for not less than one month thereafter on any weekday (Saturdays, Sundays and public holidays excepted). A copy of this document is also available on the Company's website, www.globalworth.com. It is not available to persons in the United States.

Dated 24 July 2013

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City Offices

Tower Center International

Upground Towers