GLOBALWORTH REAL ESTATE INVESTMENTS LIMITED

INTERIM REPORT AND UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

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FINANCIAL HIGHLIGHTS: H1-2021

Combined portfolio open market value	Shareholders' equity	EPRA NRV per share
€3.1bn	€1.7bn	€8.61
+1.3% on YE-20	-1.1% on YE-20	-0.8% on YE-20

IFRS Earnings before tax	Adjusted normalised EBITDA	Net Operating Income
€18.9m	€64.8m	€72.2m
-€46.1m in H1-20	-9.4% on H1-20	-9.4% on H1-20

IFRS Earnings per share	EPRA Earnings per share	Dividends paid in H1-21
6 cents	13 cents	15 cents
-22 cents in H1-20	-38.1% on H1-20	-50.0% on H1-20

CHIEF EXECUTIVE'S REVIEW

Dear readers,

The first half of 2021 has been one of contradictions for Globalworth as, despite the continuing very challenging market due to the COVID-19 pandemic, we have experienced operating successes and business growth which has, nonetheless, not been reflected in our results for this six-month period.

Having said this, we firmly believe that we have been implementing the right strategy to address the present challenges, which we anticipate will persist for the remainder of 2021, and reinforce our position as THE landlord of choice in our home markets of Poland and Romania.

Our Market

Overall, the uncertainty caused by the COVID-19 global pandemic has had an impact on demand for office space in the second half of 2020, which has persisted in the first half of 2021 in both Poland and Romania.

Market conditions are expected to remain challenging for the remainder of 2021 as new COVID-19 variants are emerging, further forcing a number of companies to keep reassessing their occupational plans (extensions, expansions, relocations, release of spaces etc), as well as the duration of the leases signed, and delaying many of them from allowing their employees to return to the office as originally planned.

Having said the above, although challenges remain ahead in the near term, we continue to be optimistic about the medium and long-term prospects of the office market. Economic activity has rebounded significantly globally and in our home markets in H1-2021, with year-on-year GDP growing by 10.9% and 13.0% in Poland and Romania respectively, and we expect that multinationals sooner rather than later will start implementing the expansion plans that were halted as a result of the pandemic. In addition, we have seen a significant reduction in future planned office development projects which should translate into less supply in the next 18-24 months, thereby easing the competitive pressure from new stock in the medium term.

Our Leasing

Despite the current challenging market environment, we achieved our best ever half year in terms of leasing transactions, with 122 tenants signing contracts for 194.4k sqm (+68.2% increase compared to H1-2020) of commercial space to be taken-up or extended, at an average WALL of 4.7 years, which we expect to generate future rental income of €132.5 million.

As was the case in 2020, most of our leasing success was in contract renewals, accounting for 57.3% of our total leasing activity, followed by new take-up (34.3%), while 27 tenants chose to expand their operations, taking up additional space to house their operations.

Investment in Our Portfolio

The footprint of our combined standing portfolio (net) increased by 31.7k sqm to 1.3 million sqm of GLA on 30 June 2021. In the period, we have successfully delivered our class "A" Globalworth Square office in Bucharest and completed our first purchases of standing properties since our decision to suspend new acquisitions due to COVID-19 as part of our initiatives to safeguard our business and liquidity in a period of increased uncertainty. These two high-quality logistic / light-industrial facilities, which are located in the western part of Romania, offer a total area of 27.0k sqm, were acquired for €17.9 million and are 100% let to two multinational tenants on 15-year lease agreements.

We prioritised the development of other new high-quality logistic / light-industrial facilities in Romania (99.7k sqm) and the refurbishment / repositioning of two mixed-use properties in Poland aiming at increasing their class "A" office space and improving their retail/commercial offering, in response to current market conditions.

In addition, in our efforts to improve the quality of our services to our partners, we continued to internalise the property management of our portfolio, kept (re)investing in our properties, maintained and, where required, improved the quality of our buildings. Overall, we internally manage 962.4k sqm of high-quality office and mixed-use space in Poland and Romania with an appraised value of €2.5 billion, accounting for 96.8% of office and mixed-use standing properties (90.7% by total standing portfolio by value). In addition, we invested €7.7 million in our standing portfolio and the two mixed-use properties which are under refurbishment / repositioning.

CHIEF EXECUTIVE'S REVIEW

Occupancy, Rent and Valuation

Our successful efforts in leasing in the first half of the year were not fully reflected in the average occupancy of our combined standing commercial portfolio, which decreased by 2.4% compared to year-end 2020 to 88.7% (89.7% including tenant options), due to average occupancy of three new standing properties lower than the Group average, and the 1.3% decrease in like-for-like occupancy due to very challenging market conditions.

However, total annualised contracted rent increased by 1.0% to €185.2 million compared to year-end 2020, with 94.7% in active leases and the remainder being pre-let. The benefits of our longstanding strategy to establish long-term partnerships with high-quality national and multinational tenants, thus ensuring sustainable cash-flow generation, allowed us to maintain a high rate of collection with c.98.9% of the rents invoiced being received in line with their customary cycle.

As a result, the total combined portfolio value increased by 1.3% to €3.1 billion, with the like-for-like appraised value of standing commercial properties remaining effectively unchanged at €2.7 billion (0.1% lower compared to 31 December 2020).

Our Results and Corporate Activity

The lower occupancy in our portfolio, has impacted our Net Operating Income for the first six months of 2021, decreasing by 9.4% to €72.2 million compared to the first half of 2020, including the 1.3% impact due to restrictions addressing COVID-19.

Our initiatives to improve operational efficiency where somewhat offset by the one-off costs associated with the cash offer by the consortium of CPI Property Group S.A. and Aroundtown SA (via Zakiono Enterprises Limited "(Zakiono")) to acquire the entire issued and to be issued share capital (not already held, or agreed to be acquired, by Zakiono) of Globalworth in May 2021, thus resulting in EPRA earnings decreasing by 37.5% to €29.0 million, as compared to the same period in 2020. Adjusted normalised EBITDA decreased by a lower percentage (9.4% decrease) to €64.8 million, due to the effect of lower NOI (9.4% lower than in H1-2020) and despite the decrease in recurring administrative expenses of €0.8 million.

During the period we paid the second interim dividend for 2020 of €0.15 per share, while on 31 August 2021, we announced the first interim dividend for 2021 of €0.15 per share. Both dividends represented an amount of at least 90% of the EPRA Earnings of the respective period they relate to, as stipulated by our articles of incorporation.

Liquidity has always been a key area of focus and, especially since the COVID -19 pandemic outbreak, we have taken several steps to ensure that we have sufficient cash in this period while investing in our portfolio, with our liquidity being c.€459.9 million (vs c.€527.8 million at 2020 year-end) and our LTV at 39.2% at 30 June 2021 (vs 37.8% at 2020 year-end).

In addition, all three major rating agencies, following their year-end 2020 review of Globalworth, maintained their investment grade status for the Group, with S&P and Fitch ratings of "BBB –" rating and "Stable" outlook and Moody's of "Baa3" rating and "Negative" outlook mainly due to their house view on the Romanian economy.

As mentioned above, CPI Property Group S.A. and Aroundtown SA formed a consortium, and, via Zakiono, made a cash offer for the entire issued and to be issued share capital in the Company at €7.00 / share which was initiated by way of a formal offer first announced on 12 May 2021. The offer was successfully completed, with the consortium now holding 60.6% of the share capital, via Zakiono, thus becoming the largest and controlling shareholder of Globalworth. The fact that Globalworth is now controlled by two very sizeable, financially strong, and reputable European real estate institutional investors is not only a vote of confidence by them in the quality of the company and its portfolio but also on its future growth prospects. We are confident that with their support and closer cooperation, Globalworth will be even more successful in the future.

Sustainable Development

We maintained our strong focus of giving back to our community, with Globalworth and the Globalworth Foundation contributing c.€445k in more than 10 initiatives in Romania and Poland.

Furthermore, consistent with our commitment to energy efficient properties, we certified or recertified 22 properties with BREEAM Very Good or higher certifications, and at the end of the first half of 2021 we owned 57 green certified properties valued at €2.7 billion.

Most of our standing combined portfolio is environmentally certified, with 55 properties awarded BREEAM Very Good and LEED Gold or higher, and EDGE accreditation, accounting for 92.3% of our standing commercial portfolio by value.

In addition, the Renoma and Supersam mixed-use properties in Poland which are currently under refurbishment / repositioning have maintained their BREEAM Excellent accreditations, as the works performed are in accordance with a strict set of guidelines which do not impact their green certification status.

CHIEF EXECUTIVE'S REVIEW

Furthermore, in the first half we were able to secure 100% of the energy used in our Polish properties to be generated from renewable sources and in the third quarter of the year we increased the use of energy generated from renewable sources in our Romanian properties from 49% to 97%.

Outlook

For the second half of 2021, our primary focus will continue to be the active management of our portfolio of high-quality properties. At the same time, investing in our high-quality developments will remain a priority and we are also ready to act quickly if new attractive opportunities become available.

Although the office of the future may need to be adjusted to potentially offer greater flexibility or alternative space planning arrangements, I strongly believe that its importance will not diminish. Many companies are also publicly confirming the view that the office environment increases productivity, promotes creativity, innovation, consistency, and fosters relationships and corporate culture, which are essential for the long-term sustainability and growth of their businesses.

We are very well-placed to continue to successfully address ongoing challenges and I firmly believe that we can achieve new levels of success in the future.

Stay safe and healthy!

Dimitris Raptis

Chief Executive Officer

20 September 2021

MANAGEMENT REVIEW

REAL ESTATE INVESTMENT ACTIVITY

- Completed the development of Globalworth Square in Bucharest in June 2021, adding 29.1k sqm class "A" office space to our portfolio.
- Prioritised the development of new high-quality logistic / light-industrial facilities in Romania, in response to current market conditions.
- Continued (and continuing) to monitor market trends for the development of office properties in the future.
- Acquired two high-quality logistic / light-industrial facilities in the western part of Romania with a total area of 27.0k sqm for €17.9 million which are let to two multinational tenants on 15-year lease agreements.

Developments

The COVID-19 pandemic outbreak resulted in us focusing our development programme on projects with significant pre-lets or at advanced levels of construction - thus, following a very active 2020 where, in Romania, we delivered four properties with 95.8k sqm, at the beginning of 2021 we had one class "A" office under construction in Bucharest and several other industrial projects at various stages of development across the country.

New Deliveries

In June 2021, we delivered the Globalworth Square development in the New CBD of Bucharest. This class "A" office features several new technologies, such as ice storage and geothermal energy systems which target the lowering of energy/occupational costs and the improving of efficiencies in the property, aiming at becoming the first property in our portfolio in Romania with BREEAM Outstanding green accreditation (currently under certification process).

Globalworth Square is located between our own Globalworth Plaza and Green Court B class "A" offices, extending over 15 floors above ground and three underground levels, offering 29.1k sqm of high-quality GLA and c.450 parking spaces. The property, as at 30 June 2021, was 36.8% leased to Wipro, a leading multinational company delivering innovation-led strategy, technology and business consulting services. Furthermore, to allow for the highest level of "customisation" of the available spaces for future tenants in the property, the available spaces have remained in a core and shell design.

Review of Development Projects

In the first half of 2021, we prioritised the development of new logistic / light-industrial facilities in our portfolio, and in this period, we progressed with select preparatory activities, including planning and/or permitting, of the subsequent phases in four of our projects in Romania. We expect that together these facilities will, on completion, further increase our footprint by 99.7k sqm of high-quality GLA.

In addition, we own, directly or through JV partnerships, other land plots in prime locations in Bucharest, regional cities in Romania and Poland, covering a total land surface of 1.2 million sqm (comprising 2.3% of the Group's combined GAV), for future developments of office, industrial or mixed-use properties. When fully developed, these land plots have the potential to add in total a further 785.1k sqm of high-quality GLA to our standing portfolio footprint.

These projects, which are classified for "Future Development", continue to be reviewed by the Group, albeit periodically, with the pace at which they will be developed being subject to tenant demand and general market conditions.

Developments – Prioritised

	Timisoara Industrial Park II (Phase B)	Chitila Logistics Hub (Phases B and C)*	Pitesti Industrial Park Phase B	Constanta Business Park (Phase B)*
Location	Timisoara	Bucharest	Pitesti	Constanta
Status	Under construction	Under construction	Under permitting	Dev. prioritised
Expected Delivery	2022	2021-2022	2021	2022
GLA (k sqm)	19.0	54.1	6.7	19.8
CAPEX to 30 Jun 20 (€ m)	0.6	6.1	1.9	0.5
GAV (€ m)	1.1	5.8	1.4	0.9
Estimated CAPEX to Go (€ m)	7.7	23.4	3.4	8.5
ERV (€ m)	0.8	2.3	0.5	0.9
Estimated Yield on Development Cost	9.2%	8.0%	9.6%	9.7%

(*) 50:50 Joint Venture; figures shown on 100% basis.

Future Developments

	Podium Park III	Globalworth West	Constanta Business Park (Phased)*	Timisoara Industrial Park I & II (Phased)	Luterana	Green Court D
Location	Krakow	Bucharest	Constanta	Timisoara	Bucharest	Bucharest
Status	Constr. Postponed	Constr. Postponed	Planned	Planned	Planned	Planned
GLA (k sqm)	17.7	33.4	526.2	165.2	26.4	16.2
CAPEX to 30 Jun 20 (€ m)	8.5	5.2	11.5	6.43	7.4	2.5
GAV (€ m)	9.6	7.8	21.5	10.4	14.0	6.1
Estimated CAPEX to Go (€ m)	29.7	38.5	243.6	63.5	39.7	23.9
ERV (€ m)	3.1	5.1	27.8	6.7	5.8	3.0
Estimated Yield on Development Cost	8.1%	11.5%	10.9%	9.6%	12.3%	11.4%

(*) 50:50 Joint Venture; figures shown on 100% basis.

New Acquisitions

During the period, we completed the acquisition of two high-quality logistic / light-industrial facilities in the western part of Romania with a total area of 27.0k sqm for €17.9 million and acquired additional land adjacent to one of our existing mixed-use developments in Constanta improving the visibility and access of our existing investment.

The facilities in Arad and Oradea represent the first purchases of standing properties for the Group since our decision in 2020 to suspend the acquisition of new standing properties, as part of our initiatives to safeguard our business and liquidity in a period of increased uncertainty due to COVID-19.

Industrial Park West – Arad ("IPW Arad")

Industrial Park West – Arad is a 20.1k sqm facility in the North-West part of the city and part of the industrial zone of Arad. IPW Arad was developed in two phases between 2012 and 2020.

- Phase 1 was delivered in 2012, and comprises of light-production, warehouse, office and technical areas
- Phase 2 was delivered in 2020, further increasing the production and office areas in the property

IPW Arad is strategically located only a few kilometres from the A1 motorway, the Arad International Airport and the city centre, to which has excellent connectivity, while the park has the necessary infrastructure within the park to be able to support high-quality international corporates.

The park is 100% leased, and on a 15 year lease (13.6 years remaining) to Huf Romania, the Romanian subsidiary of the global automotive supplier Huf Group, the leading specialist for secure car access and authorisation.

Industrial Park West – Oradea ("IPW Oradea")

Industrial Park West – Oradea comprises of 6.9k sqm facility delivered in the second half of 2020, and 100% leased on a 15-year lease (14.2 years remaining) to Iwis, the world leader in innovative, cost-effective timing drive systems based on precision chains.

IPW Oradea is located within the industrial zone of Oradea, and strategically located in the European Road E60 and c.4 km from the Romanian / Hungarian border.

The park could potentially increase its floor space by up to 9.9k sqm in the future.

Select Land Acquisition

In order to facilitate further the success and the development of the future phases of the Constanta Business Park project, we acquired a small parcel of land (1.5k sqm) which increases its visibility from the main road and also improves access.

Industrial Park West – Arad & Oradea Overview

	City	Acquisition Price (€m)	GLA (k sqm)	Occupancy (%)	100% Occupancy Yield (*)
IPW - Arad	Arad / Romania	13.3	20.1	100%	8.5%
IPW - Oradea	Oradea / Romania	4.6	6.9	100%	8.6%
Total		**17.9**	**27.0**	**100%**	**8.5%**

****100% Occupancy Yield based on acquisition data, divided by acquisition price.***

MANAGEMENT REVIEW

ASSET MANAGEMENT REVIEW

- 194.4k sqm of commercial space taken-up or extended at an average WALL of 4.7 years despite challenging market conditions, representing a +68.2% increase compared to H1-2020.
- Leases renewed accounted for the majority of our activity, at 57.3%, improving our WALL over the period (4.8 years as at 30 June 2021 vs 4.5 years as at 31 December 2020).
- Average standing occupancy of our combined commercial portfolio of 88.7% (89.7% including tenant options), decreasing from 90.9% (91.7% including tenant options) at year-end 2020. Like-for-like occupancy decreased by 1.3%.
- Most of our contracted rent is from office and industrial spaces (91.4% of annualised contracted rent) which have remained largely unaffected by measures taken by the authorities against COVID-19.
- Moderate impact from COVID-19 with:
  - Rate of collections for rents invoiced and due remaining high at 98.9% during the first half of 2021
  - Net Operating Income 1.3% lower due to pandemic
- Total combined value of our real estate portfolio in Poland and Romania, marginally increased to €3.1 billion (+1.3%), mainly due to new acquisitions and the net positive impact from our developments (delivered, in progress or under refurbishment).
  - Like-for-like appraised value of our standing commercial properties remained effectively unchanged at €2.7 billion as at 30 June 2021, 0.1% lower compared to 31 December 2020.

Leasing Review

Despite the current challenging environment and drop on demand for office space in our home markets, our total leasing activity in the first half of 2021 was 68.2% higher compared to the same period last year.

New Leases

In the first six months of 2021, the Group successfully negotiated the take-up (including expansions) or extension of 194.4k sqm of commercial spaces in Poland (60.9% of transacted GLA) and Romania (39.1% of transacted GLA), with an average WALL of 4.7 years. Our principal focus continued to be the prolongation of leases with existing tenants in our portfolio and take-up of available spaces in standing properties and developments as, in the current market environment, companies in general are taking a much more conservative approach to leasing (relocation or expansion of their operations), while in several cases they were forced to downsize or even close-down their operations. As such, signing of new leases, typically for large multinational and national corporates, takes longer in the current market environment as potential tenants are re-assessing their future occupational plans.

Leases were renewed for a total of 111.3k sqm of GLA with 68 of our tenants, at a WALL of 3.8 years, with the most notable extensions involving Infosys (25.5k sqm) in Green Horizon, Rockwell (12.9k sqm renewal plus 6.7k sqm expansion) in A4 Business Park and EY (6.0k sqm) in TCI, while c.74.7% of the renewals by GLA signed were for leases that were expiring in 2022 or later.

New leases were signed with 40 tenants for 66.7k sqm of GLA at a WALL of 6.5 years. The majority were for logistic / light-industrial spaces which accounted for 52.8% with the remainder involving office and retail/commercial spaces.

The largest new leases in this period were with HAVI Logistics, for a total of 20.6k sqm in two logistic / light-industrial facilities in Bucharest, Heineken (8.6k sqm) in Podium Park II and Wipro (6.0k sqm plus 4.7k sqm expansion) in the newly delivered Globalworth Square. In H1-2021 we have signed 16.3k sqm of expansions with 27 tenants, at an average WALL of 5.7 years.

Summary Leasing Activity for Combined Portfolio in H1-2020

	GLA (k sqm)	No. of Tenants*	WALL (yrs)
New Leases / New Contracts	66.7	40	6.5
New Leases / Expansion	16.3	27	5.7
Renewals / Extensions	111.3	68	3.8
Total	**194.4**	**122**	**4.7**

Number of individual tenants.

Occupancy

The average occupancy of our combined standing commercial portfolio as at 30 June 2021 was 88.7% (89.7% including tenant options), representing a 2.4% decrease over the past 6 months (90.9% as at 31 December 2020 / 91.7% including tenant options).

Standing occupancy has been affected by the addition of three properties with an average occupancy (67.2%) lower than the Group average, and the negative net uptake of space despite the signing of new contracts, resulting in a lower average standing commercial occupancy rate across our portfolio.

On a like-for-like basis, following the reclassification of our Supersam mixed-used property in Poland to a property under refurbishment / redevelopment, occupancy decreased by 1.3% to 89.6% at the end of the first half 2021. This decrease is considered modest and is mainly attributable to the office properties in our portfolio, due to the very challenging market conditions - however, we remain confident that we will be able to lease the available spaces in our portfolio in the future as business conditions return to a more normalised state.

Occupancy in our Renoma and Supersam mixed-use assets in Wroclaw and Katowice, respectively, has also decreased by 7.4% in this six-month period to 67.9% (30 June 2021), however, this is due to the properties undergoing a partial refurbishment / repositioning and are not included in our occupancy metrics.

Across the portfolio, at the end of the first half of 2021, we had 1,126.9k sqm of commercial GLA leased to approximately 560 tenants in our standing properties (98.3% of the total leased GLA in our standing assets), at an average WALL of 4.7 years, the majority of which is let to national and multinational corporates that are well-known within their respective markets.

In addition, we had 44.2k sqm leased in the two mixed-use properties which are currently under refurbishment / repositioning and not included in our standing portfolio.

Occupancy Evolution H1-2021 (GLA 'k sqm) – Commercial Portfolio

	Poland	Occupancy Rate (%)	Romania	Occupancy Rate (%)	Group	Occupancy Rate (%)
Standing Available GLA - 31 Dec. 20	**566.2**		**672.7**		**1,238.9**	
Acquired GLA	-		27.0		27.0	
New Built GLA	-		29.1		29.1	
Remeasurements, reclassifications*	(24.3)		0.3		(24.0)	
Standing Available GLA - 30 Jun. 21	**541.9**		**729.1**		**1,271.0**	
Occupied Standing GLA - 31 Dec. 20	**506.4**	**89.4%**	**619.2**	**92.0%**	**1,125.6**	**90.9%**
Acquired/Developed Occupied GLA	-		37.7		37.7	
Expiries & Breaks	(33.2)		(29.1)		(62.3)	
Renewals**	84.0		21.6		105.6	
New Take-up	25.9		22.4		48.3	
Other Adj.*** (relocations, remeasurements, etc)	(22.4)		(0.0)		(22.4)	
Occupied Standing GLA - 30 Jun. 21	**476.7**	**88.0%**	**650.2**	**89.2%**	**1,126.9**	**88.7%**

** Includes the reclassification of Supersam mixed-use property (Katowice) from standing to under refurbishment (24.3k sqm of GLA).*
*** Renewals are neutral to the occupancy calculation.*
**** Includes the reclassification of occupied GLA in Supersam from standing to under refurbishment (22.6k sqm of occupied GLA). Other lease expirations, renewals, or new take-up in relation to Supersam are excluded from the table.*

Rental Levels

Headline market rental levels have remained relatively stable in our portfolio, despite the uncertainty in the market and the cautious approach of tenants, reflecting the quality of our properties, our active asset management initiatives since the outbreak of the pandemic, our approach to sustainability as well as the lower high-quality supply of spaces in Poland and Romania. . At the end of June 2021 our average headline rent in our standing properties for office, retail/commercial and industrial spaces were €14.2/sqm/month (€14.2 at YE-2020), €12.0/sqm/month (€12.1 at YE-2020) and €3.8/sqm/month (€3.7 at YE-2020) respectively.

In the first half of the year, although rental levels vary significantly between type of spaces, buildings and submarkets, new leases and leases extended were signed at 3.4% lower rents compared to the previously prevailing averages.

Our overall commercial GLA take-up during the first six months of 2021 was agreed at an average rent of €11.1/sqm/month (€10.9/sqm/month for FY2020), with office leases signed at an average rent of €13.5/sqm/month, industrial spaces at €3.9/sqm/month, driving the average rate down for the period as such leases accounted for 22.9% of the total leasing activity, while retail spaces were leased at €11.7/sqm/month.

Contracted Rents (on annualised basis)

Total annualised contracted rent in our portfolio in Poland and Romania increased by 1.0% to €185.2 million compared to year-end 2020 mainly due to new additions and leases signed on properties under refurbishment / repositioning or being developed.

Total annualised contracted rents in our standing commercial portfolio were €176.0 million at 30 June 2021, lower by 1.0% compared to 31 December 2020, increasing to €177.0 million when including rental income generated by renting 153 residential units and other auxiliary spaces in Upground, the residential complex in Bucharest which we partially own.

Like-for-like annualised commercial contracted rents in our standing commercial portfolio decreased by 1.5% to €171.8 million at the end of the first half of 2021 compared to 31 December 2020, as the increase in rents (0.5% on average) due to indexation was outweighed primarily by the lower occupancy.

Annualised Contracted Rent Evolution H1-2021 (€m)

	Poland	Romania	Group
Rent from Standing Commercial Properties ("SCP") 31 Dec 2020	**97.0**	**80.7**	**177.7**
Less: Properties reclassified(*)	(3.4)	-	(3.4)
Rent from SCP Adj. for Properties Reclassified 31 Dec 2020	**93.6**	**80.7**	**174.3**
Less: Space Returned	(5.9)	(2.6)	(8.6)
Plus: Rent Indexation	0.3	0.5	0.8
Plus/Less: Lease Renewals (net impact) & Other	(1.0)	(0.1)	(1.1)
Plus: New Take-up	4.7	1.6	6.3
Total L-f-L Rent from SCP 30 Jun 2021	**91.7**	**80.1**	**171.8**
Plus: Standing Commercial Properties Acquired During the Period	-	1.5	1.5
Plus: Developments Completed During the Period	-	2.7	2.7
Total Rent from Standing Commercial Properties	**91.7**	**84.3**	**176.0**
Plus: Residential Rent	-	1.0	1.0
Total Rent from Standing Properties	**91.7**	**85.3**	**177.0**
Plus: Active and Pre-lets of Space on Projects Under Development / Refurbishment	7.0	1.2	8.2
Total Contracted Rent as at 30 Jun 2021	**98.7**	**86.5**	**185.2**

**Supersam mixed-use asset (Katowice) was reclassified under redevelopment during H1-2021*

Combined Annualised Commercial Portfolio Contracted Rent Profile as at 30 June 2021

	Poland	Romania	Group
Contracted Rent (€ m)	**98.7**	**85.5**	**184.2**
Tenant origin - %			
Multinational	68.4%	91.6%	79.1%
National	30.1%	7.2%	19.5%
State Owned	1.5%	1.2%	1.4%

Note: Commercial Contracted Rent excludes c.€1.0 million from residential spaces as at 30 June 2021

Annualised Contracted Rent by Period of Commencement Date as at 30 Jun 2021 (€m)

	Active Leases	H2-2021	H1-2022	H2-2022	>2022	Total
Standing Properties	168.7	6.1	1.9	0.0	0.3	177.0
Developments	6.7	1.5	-	-	-	8.2
Total	**175.4**	**7.6**	**1.9**	**0.0**	**0.3**	**185.2**

Annualised Commercial Portfolio Lease Expiration Profile as at 30 Jun 2021 (€m)

Year	H2-2021	2022	2023	2024	2025	2026	2027	2028	2029	≥2030
Total	**12.2**	**17.2**	**18.7**	**29.6**	**17.3**	**19.9**	**16.3**	**10.5**	**8.4**	**34.1**
% of total	*6.6%*	*9.4%*	*10.2%*	*16.1%*	*9.4%*	*10.8%*	*8.9%*	*5.7%*	*4.6%*	*18.5%*

The Group's rent roll across its combined portfolio is well diversified, with the largest tenant accounting for 5.0% of contracted rents, while the top three tenants account for 10.6% and the top 10 account for 27.1%. We expect this diversity to grow further as the portfolio continues to expand.

Cost of Renting Spaces

The headline (base) rent presents the reference point which is typically communicated in the real estate market when a new lease is signed. However, renting spaces typically involves certain costs, such as rent-free periods, fitouts for the space leased, and brokerage fees, which are incurred by the landlord. These incentives can vary significantly between leases, and depend on market conditions, type of lease (new take-up or lease extension), space leased (office, other commercial, etc), duration of the contract and other factors.

In calculating our effective rent, we account for the costs incurred over the lifetime of the lease, which we deduct from the headline (base) rent, thus allowing us to assess the profitability of a rental agreement.

Overall, in the first half of 2021, we successfully negotiated the take-up (including expansions) or extension of 194.4k sqm of commercial spaces in our portfolio. The overall weighted average effective rent for these new leases was €7.8/sqm/month with a weighted average lease term of 4.7 years. Industrial leases completed in the period, which accounted for 22.9% of the total leasing activity, resulted in lower average headline and effective rent achieved.

The difference between headline (base) and effective rents in the first half of 2021 was on average c.29.3%, a discount higher compared to the FY2020 (average of c.21%) due to the continuing challenging market conditions and the type of leases signed.

In total, new leases signed in the first six months of the year will generate a future rental income of €132.5 million.

Weighted Average Effective Rent (€ / sqm / m) – H1-2021

	Poland	Romania	Group
Headline Commercial Rent	**13.1**	**7.8**	**11.1**
Less: Rent Free Concessions	(2.8)	(0.6)	(2.0)
Less: Tenant Fitouts	(1.4)	(0.4)	(1.0)
Less: Broker Fees	(0.4)	(0.2)	(0.3)
Effective Commercial Rent	**8.5**	**6.7**	**7.8**
WALL (in years)	4.2	6.1	4.7

Note: Certain casting differences in subtotals / totals are due to figures presented in 1 decimal place.

Tenant Demands / Claims Review

Tenant demands / claims decreased in 2021 as the business community has been absorbing the initial shock from the COVID-19 pandemic outbreak, and restrictions imposed by the authorities that directly and/or indirectly impacted certain businesses and industries have been easing in Poland and Romania since the beginning of the year.

The majority of our portfolio comprises office premises and industrial properties or essential retail businesses (supermarkets, pharmacies, convenience stores etc), none of which were impacted by measures taken by the authorities since the beginning of the pandemic in our countries of focus. In February 2021, restrictions on non-essential or stationary retail were significantly eased in Poland, limited only by the number of customers in stores.

Of our €185.2 million of total contracted rent on the last day of June, office rent accounted for 85.1% (including parking rent), with retail / commercial, industrial and other spaces accounting for 6.3%, 6.3% and 2.3%, respectively.

Overall, for the first six months of 2021 we have estimated the value of the tenant demands / claims received at c.€3.6 million, reflecting c.1.9% of our contracted annual rent, with the majority of them mainly awarded to tenants of retail / commercial spaces in our properties which were impacted by restrictive measures / closures in the first part of the year.

Our approach towards these tenant demands / claims, was to continue to consider each case separately, rather than applying a horizontal or vertical approach, aiming at identifying the optimal solution for our tenants and Globalworth. Some of the solutions implemented have been to award rent free months or to replace fixed rent with turnover rent for retail tenants for certain periods of tenant leases which in certain cases resulted in lease extensions.

For us, however, the most important measure is the impact on our Net Operating Income due to COVID-19 which was limited to 1.3%, with the majority related to tenants affected directly or indirectly by restrictions imposed on the operation of non-essential retail/commercial spaces by the authorities.

We expect the level of claims to decrease in the future, as restrictive measures continue to ease and increasing number of people return to the office.

MANAGEMENT REVIEW

Collections Review

The ability to collect contracted rents is a key determinant for the success of a real estate company.

Our rate of collections of rents invoiced and due in the first half of 2021 remained high at 98.9%[1] (99.0% for 2020FY), due to the long-term partnerships we established with high-quality national and multinational tenants since inception of the Group and continue to cultivate since, which have helped us minimise the impact on rent collections in this period of higher economic uncertainty and ensure sustainable cash flow generation.

More specifically, considering the current market environment, rent to be collected in the first six months of 2021 was classified as:

- Rent eligible for invoicing: Includes rents to be invoiced to tenants in accordance with the terms of their lease agreements. Such rents were either collected or subject to collection; and
- Rent impacted by measures imposed by the authorities: Such rent was to be collected based on the contractual agreements in place, however due to measures taken by the authorities in Poland and Romania, tenants were excluded from paying, and as such no invoices were issued by the Group.

Under normal conditions, the Group during the period would have had €77.5 million of rent be invoiced and due, however €1.0 million was not invoiced due to measures taken by the authorities.

Portfolio Valuation

Our entire portfolio in Poland and Romania was revalued, by independent appraisers, two times in the first half of 2021.

- The first valuation was performed for the benefit of the independent committee of the Group responsible for assessing the cash offer for the entire issued and to be issued share capital of Globalworth, with effective date the 31 March 2021;
- The second valuation was performed, as at 30 June 2021, in accordance with our policy of revaluing our properties twice a year, at the end of June and December respectively.

The valuations were performed by CBRE and Knight Frank for our properties in Poland, with Colliers and Cushman and Wakefield valuing our properties in Romania (more information is available under note 4 of the unaudited interim condensed consolidated financial statements as of and for the period ended 30 June 2021).

Our portfolio since inception of the Group has been growing due to new additions through acquisition or development of high-quality properties in Poland and Romania, our asset management initiatives, and the performance of the real estate markets in which we operate resulting in healthy investor interest and contracting yields, as well as healthy tenant demand leading to stable or growing rental levels and lowering tenant incentives.

Overall, our total combined portfolio value increased from €0.1 billion in 2013 to €3.0 billion in 2019, remaining effectively unchanged in 2020 as the impact of the COVID-19 pandemic was reflected at our year-end independent valuation appraisal of our properties, and marginally increasing (+1.3%) at the end June 2021 to €3.1 billion.

Portfolio growth in the first half of 2021, is mainly attributed to the addition through acquisition of two high-quality logistic / light-industrial properties in Romania and the net positive impact from our developments (delivered, in progress or under refurbishment). Like-for-like appraised value of our standing commercial properties was €2.7 billion at the end of the period, 0.1% lower compared to 31 December 2020.

In valuing our properties, the key market indicators used by the four independent appraisers although vary, considering factors such as the commercial profile of the property, its location and the country in which it is situated, have remained consistent with those of year-end 2020, with ERVs, yields and/or discount rates remaining stable with only few exceptions, where positive adjustments were made to reflect improvements in operating performance.

It has to be noted that since 30 June 2020 independent valuations, yields and/or discount rates used by appraisers have remained stable, which for the majority of our office and mixed-use properties, were 10 – 50bps wider compared to December 2019.

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[1] Information as at 10 September 2021.

MANAGEMENT REVIEW

Combined Portfolio Value Evolution 30 Jun 2021 (€m)

	Poland	Romania	Group
Total Portfolio Value at 31 Dec 2020	**1,610.1**	**1,422.8**	**3,032.9**
Less: Properties Held in Joint Venture (*)	-	(51.2)	(51.2)
Total Investment Properties at 31 Dec 2020	**1,610.1**	**1,371.6**	**2,981.7**
Plus: Transactions	-	17.2	17.2
o/w New Acquisitions	-	*17.9*	*17.9*
o/w Disposals	-	*(0.7)*	*(0.7)*
Plus: Capital Expenditure	1.1	15.8	16.9
o/w Developments	*1.1*	*15.8*	*16.9*
o/w Standing Properties	-	-	-
o/w Future Developments	-	-	-
Plus: Net Revaluations Adjustments	(7.8)	11.0	3.2
o/w Developments	*(3.6)*	*5.5*	*1.8*
o/w Standing Properties	*(4.1)*	*2.2*	*(2.0)*
o/w Lands, Future Developments & Acquisitions	-	*3.4*	*3.4*
Total Investment Properties at 30 Jun 2021	**1,603.4**	**1,415.5**	**3,018.9**
Plus: Properties Held in Joint Venture (*)	-	53.7	53.7
o/w Capital Expenditure & Acquisitions	-	*4.4*	*4.4*
o/w Net Revaluation Adjustments	-	*(1.9)*	*(1.9)*
Total Portfolio Value at 30 Jun 2021	**1,603.4**	**1,469.2**	**3,072.6**

(*) Properties held through joint ventures are shown at 100%, Globalworth owns 50% stake in the respective joint ventures
Note: Certain casting differences in subtotals / totals are due to figures presented in 1 decimal place.

Combined Portfolio Value Overview 30 Jun 2021 (€m)

	Poland	Romania	Group	% of Total Portfolio	YoY % Change	LfL % Change
Office	**1,334.3**	**1,186.5**	**2,520.8**	***82.0%***	***0.8%***	***(0.1%)***
o/w Standing Properties	1,324.7	1,158.6	2,483.3	*80.8%*	*2.5%*	*(0.1%)*
o/w Future Developments	9.6	27.9	37.5	*1.2%*	*0.5%*	*0.5%*
Mixed-Use	**269.2**	**-**	**269.2**	***8.8%***	***(1.3%)***	***(1.2%)***
o/w Standing Properties	120.1	-	120.1	*3.9%*	*(29.2%)*	*(0.9%)*
o/w Re-developments	149.0	-	149.0	*4.9%*	*44.5%*	*(1.6%)*
Industrial	**-**	**206.4**	**206.4**	***6.7%***	***13.8%***	***0.9%***
o/w Standing Properties	-	165.3	165.3	*5.4%*	*14.2%*	*0.8%*
o/w Developments in progress	-	5.5	5.5	*0.2%*	*n.m.*	*n.m.*
o/w Future Developments	-	35.6	35.6	*1.2%*	*(3.0%)*	*3.1%*
Other	**-**	**76.3**	**76.3**	***2.5%***	***(1.3%)***	***(0.4%)***
o/w Standing Properties	-	68.4	68.4	*2.2%*	*(1.4%)*	*(0.5%)*
o/w Lands	-	7.9	7.9	*0.3%*	*(0.0%)*	-
Total Portfolio at 30 Jun 2021	**1,603.4**	**1,469.2**	**3,072.6**	***100.0%***	***1.3%***	***(0.1%)***

(*) Properties held through joint ventures are shown at 100%, Globalworth owns 50% stake in the respective joint ventures.

STANDING PORTFOLIO REVIEW

- Standing portfolio footprint increased by 31.7k sqm mainly attributed to the addition of three new high-quality office and industrial properties in Romania, to 1,303.0k sqm of GLA.
  - Supersam, the mixed-use property in Katowice has been reclassified due to partial refurbishment / repositioning
- Total combined standing GLA of over 1.3 million sqm, with total standing portfolio value remaining effectively unchanged at €2.8 billion
- Total contracted rent of €185.2 million (over 99% of rent from office, industrial or other commercial spaces) in our standing properties
- Standing WALL remaining high at 4.7 years (versus 4.4 years at year-end 2020)
- All our properties in Poland are now internally managed, resulting in 90.7% of our combined standing commercial portfolio by value (96.8% of office and mixed-use standing properties) being internally managed by the Group
- €7.7 million were invested in our renovation and upgrade programme in the first half of 2021
  - Repositioning / renovation of two mixed use properties in Poland, our landmark Renoma and Supersam in progress and expected to be completed in 2022

MANAGEMENT REVIEW

Standing Portfolio Evolution

Our combined portfolio of high-quality standing properties as at 30 June 2021, comprised 39 standing investments (37 at 31 December 2020) with 66 buildings (64 at 31 December 2020) in Poland and Romania.

In the first half of the year, two high-quality logistic / light-industrial facilities in regional Romania and a new Class-A office in Bucharest were added to our standing portfolio, with Supersam our mixed-use property in Katowice (Poland) being reclassified as it is going through partial refurbishment / repositioning.

Overall, our standing portfolio comprised 30 Class "A" offices (50 properties in total) and a mixed-use investment (with five properties in total) in central locations in Bucharest (Romania), Warsaw (Poland) and five of the largest office markets/cities of Poland (Krakow, Wroclaw, Katowice, Gdansk and Lodz).

In addition, we fully own in Romania two logistic / light-industrial parks with five facilities in Timisoara and three modern warehouses in Pitesti, Arad and Oradea, and have a 50% ownership through a Joint Venture in two other industrial parks (with two standing facilities) in Bucharest and Constanta. We also own part of a residential complex in Bucharest.

Globalworth Combined Portfolio: Key Metrics

Total Standing Properties	30 Jun. 2020	31 Dec. 2020	30 Jun. 2021
Number of Investments	37	37	39
Number of Assets	62	64	66
GLA (k sqm)	1,248.5	1,271.3	1,303.0
GAV (€ m)	2,844.1	2,805.5	2,837.2
Contracted Rent (€ m)	187.0	178.7	177.0

Of which Commercial Properties	30 Jun. 2020	31 Dec. 2020	30 Jun. 2021
Number of Investments	36	36	38
Number of Assets	61	63	65
GLA (k sqm)	1,215.5	1,238.9	1,271.0
GAV (€ m)	2,783.5	2,745.9	2,778.6
Occupancy (%)	93.3% (94.2%)	90.9% (91.7%*)	88.7% (89.7%*)
Contracted Rent (€ m)	186.1	177.7	176.0
Potential rent at 100% occupancy (€ m)	202.7	199.2	202.5
WALL (years)	4.4	4.5	4.7

(*) Including tenant options

The total gross leasable area of our combined standing commercial portfolio increased by 32.1k sqm or 2.6% over the first six months of 2021 to reach 1,271.0k sqm, with the overall combined standing portfolio GLA increasing 2.4% to 1,303.0k sqm.

The net increase in the size of our portfolio was attributed to the addition of 29.1k sqm of class "A" office space following the delivery of Globalworth Square in Bucharest and of 27.0k sqm from the two newly acquired high-quality logistic / light-industrial facilities in Arad and Oradea, partially offset by the reclassification of our mixed-use Supersam (24.3k sqm) property, the remeasurement of certain of our properties ((0.1)k sqm), and the sale of certain units in our Upground residential complex.

The appraised value of our combined standing portfolio as at 30 June 2021 was €2.8 billion, with the overall increase mainly attributed to the addition of new properties, through acquisition and completion, which was offset by the revaluations of properties held throughout the period (like-for-like), and the sale of certain units in our Upground residential complex. Value of like-for-like properties remained effectively unchanged, and 0.1% lower at the end of June 2021 compared to 31 December 2020 (additional information can be found in the "Asset Management Review").

Evolution of Combined Standing Portfolio over 2021

	31 Dec. 2020	LfL Change*	New Acq.	Reclass.	New Deliv.	Sales (& Other Adj**)	30 Jun. 2021
GLA (k sqm)	**1,271.3**	0.0	27.0	(24.3)	29.1	(0.1)	**1,303.0**
GAV (€ m)	**2,805.5**	(2.3)	20.8	(48.4)	63.6	(2.0)	**2,837.2**

(*) Like-for-Like change represents the changes in GLA or GAV of standing properties owned by the Group at 31 December 2020 and 30 June 2021.
(**) Includes impact in areas (sqm) from the remeasurement of certain properties and other GAV adjustments (redevelopment capex, reclassification).

Standing Properties Operation, Renovation and Upgrade Programme

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

We believe that through a "hands-on" approach with continuous active management and investment in our portfolio we can preserve and enhance the value of our properties, generate long-term income, as well as offering best-in-class real estate space to our business partners.

Over the past few years, real estate has been gradually moving away from "static" bricks and mortar buildings to more vibrant environments where people and businesses can flourish, and as such the ability to quickly adapt to trends and customise spaces is becoming an increasingly important factor for success, which has been accelerated by COVID-19 pandemic and the shifting format towards a more flexible / hybrid-ecosystem with less desk space and more collaborative areas.

In order to be able to provide spaces for our current and future business partners requirements, we continue to internalise the asset management of our portfolio, keep (re)investing in our properties, maintain and, where required, improve the quality of our buildings and of our services.

We are pleased that all our properties in Poland are now internally managed by the Group, with the latest addition being the Green Horizon class "A" office in Lodz, and in Romania, almost all our offices (with the exception of one) are internally managed. Overall, we internally manage 962.4k sqm of high-quality office and mixed-use space in Poland and Romania with an appraised value of €2.5 billion. Of our total standing commercial portfolio, our internally managed properties account for 90.7% by value (96.8% of office and mixed-use standing properties) as at 30 June 2021.

Our Renovation and Upgrade Programme has resumed at a more normalised state in 2021, following its scaling back for part of 2020 due to COVID-19. Overall, in the first half of 2021, €7.7 million were invested in our standing portfolio and the two mixed-use properties which are under refurbishment / repositioning. As a result of our ongoing in-house initiatives and properties additions, we consider holding a modern portfolio with 47 of our standing commercial properties, accounting for 71.8% by GLA and 73.9% by commercial portfolio value, which has been delivered or significantly refurbished in or after 2014.

In 2021 we commenced the refurbishment / repositioning project of our Renoma landmark mixed-use property in Wroclaw which involves the conversion of certain retail / commercial spaces to office, as well as the reallocation of certain commercial uses. Works for Renoma are in progress and are expected to be completed by the end of H2-2022.

In addition, similar works will be performed to our Supersam mixed-use property in Katowice, focusing on the redevelopment of the entire first level from commercial / retail space to class "A" office and reconfiguring part of the first underground level to high-quality retail & commercial spaces (food court and entertainment). Works are estimated to cost €3.6 million and are expected to be completed in H2-2022.

Finally, we are pleased that tenant fitout works have not been affected during this period.

Supersam Refurbishment / Repositioning – Overview on Completion

Total Gross Leasable Area	26.2k sqm (+7.7%)
Total Office Leasable Area	13.4k sqm (+2x)
Retail & Other Leasable Area	12.7k sqm (-27.5%)
Total Investment	€3.6m
Est. Completion	Q3-2022

Properties Under Refurbishment / Repositioning

	Renoma	Supersam
Location	Wroclaw	Katowice
Status	Refurbishment / Repositioning	Refurbishment / Repositioning
Expected Delivery	H2-2022	H2-2022
GLA – on Completion (k sqm)	48.4	26.2
CAPEX to 30 Jun 21 (€ m)	2.5	0.5
GAV (€ m)	101.5	47.5
Estimated CAPEX to Go (€ m)*	22.1	5.1
ERV (€ m)	9.4	4.3
Estimated Yield on Completion of Project**	9.7%	10.1%

** Estimated CAPEX to Go partially excludes tenant contributions which are subject to tenant negotiation and may impact the final yield on Completion of the Project.*
*** Estimated Rental Value increase versus current Contracted rent + ERV on vacant spaces divided by total Development Capex.*

MANAGEMENT REVIEW

SUSTAINABLE DEVELOPMENT UPDATE / OTHER INITIATIVES

- 22 properties were certified or recertified with BREEAM Very Good or higher certifications to our portfolio in H1-2021
- Newly certified and recertified properties included Skylight & Lumen (Warsaw), Silesia Star (Katowice), Rondo Business Park and Quattro A and B (Krakow)
- Overall, 57 green certified properties in our portfolio valued at €2.7bn
- Issued the third sustainable development report for the Group for the FY 2020, and our inaugural Green Bond Report
- Globalworth maintained its low-risk rating by Sustainalitics and BBB by MSCI
- c.€445k donated to over 10 initiatives in Romania and Poland.

Green Buildings

Consistent with our commitment to energy efficient properties, we certified or recertified 22 properties with BREEAM Very Good or higher certifications to our portfolio.

Five properties in Poland were environmentally certified for the first time in 2021, with Silesia Star (Katowice – 2 buildings) and Rondo Business Park (Krakow – 3 buildings) accredited with BREEAM Excellent certifications.

In addition, 17 other properties had their certifications updated in this period and we are pleased that we were able to improve the level of certification, from BREEAM Very Good to Excellent, for three buildings part of the Quattro Business Park in Krakow, for the A4 Business Park (3 buildings) in Katowice and for West Link in Wroclaw. All other properties, including Skylight & Lumen (Warsaw), maintained their original level of accreditation.

Overall, as at 30 June 2021, our combined standing portfolio comprised 55 green certified properties, accounting for 92.3% of our standing commercial portfolio by value. BREEAM accredited properties account for 72.1% of our green certified standing portfolio by value, with the remainder of properties being holders of other certifications (LEED Gold or Platinum, Edge).

In addition, the Renoma and Supersam mixed-use properties in Poland which are currently under refurbishment / repositioning have maintained their BREEAM Excellent accreditations, as the works performed are in accordance with a strict set of guidelines which do not impact their green certification status.

At Globalworth we aim for 100% of our portfolio to be green accredited and are currently in the process of certifying or recertifying 11 other properties in our portfolio, principally targeting BREEAM certifications.

Furthermore, as part of our overall green initiatives in the first half of the year we were able to secure 100% of the energy used in our Polish properties to be generated from renewable sources, and in the third quarter were able to increase the same ratio from 49% to 97% for our Romanian properties. This represents a significant increase from 2020 and 2019 where 56% and 40%, respectively, of the energy used in our properties, in Poland and Romania together, was generated from renewable sources.

Globalworth Foundation Initiatives

In the first half of 2021, the Globalworth Foundation continued with its very active social programme, and together with the entire Globalworth team, it has been working to ensure the safety and wellbeing of our people, communities, and wider stakeholder universe.

Participation in programmes such as “Nesting a brighter future for children” (United Ways Foundation), the “Visits of Hope” (Hospice "Casa Sperantei" Foundation), and bringing the first digital solution for virtual sports to children and teenagers with physical and intellectual disabilities in placement and residential centres in Romania, the Globalworth Foundation aims at contributing to the communities in Romania and Poland in which we live and work.

Overall, in the first six months of 2021 the Globalworth Foundation has contributed c.€445k to over 10 initiatives in Romania and Poland.

Reporting

As part of our effort to improve disclosure in relation to our sustainable development strategy, initiatives and performance, we published Globalworth’s “2020 Sustainable Development Report”.

This is the third report published by the Group and has been prepared in accordance with the GRI Standards: Core option and with the European Public Real Estate Association’s Sustainability Best Practice Reporting Recommendations (EPRA sBPR).

In addition, in July and in line with our commitment as part of the issue of our inaugural €400 million Green Bond financing, we issued our (first) “2020 Green Bond Report” which has received independent limited assurance from EY on the allocations of the net proceeds.

Finally, the Globalworth Foundation published it inaugural report, “2020 Globalworth Foundation Annual Report”, focusing on the social initiatives in which it is involved.

MANAGEMENT REVIEW

PORTFOLIO SNAPSHOT

Our real estate investments are in Poland and Romania, the two largest markets in the CEE. As at 30 June 2021, our portfolio was spread across 12 cities, with Poland accounting for 52.2% by value and Romania 47.8%.

Combined Portfolio Snapshot (as at 30 June 2021)

	Poland	Romania	Combined Portfolio
Standing Investments[(1)]	19	20	**39**
GAV[(2)] / Standing GAV (€m)	€1,603m / €1,445m	€1,469m / €1,392m	**€3,073m / €2,837m**
Occupancy[(3)]	88.0%	89.2% (91.0% including tenant options)	**88.7% (89.7% including tenant options)**
WALL[(4)]	4.0 years	5.7 years	**4.8 years**
Standing GLA (k sqm)[(5)]	542.0k sqm	761.0k sqm	**1,303.0k sqm**
Contracted Rent (€m)[(6)]	€98.7m	€86.5m	**€185.2m**
GAV Split by Asset Usage			
Office	83.2%	79.4%	**81.4%**
Mixed-Use	16.8%	0.0%	**8.8%**
Industrial	0.0%	11.6%	**5.6%**
Others	0.0%	9.0%	**4.3%**
GAV Split by City			
Bucharest	0.0%	87.2%	**41.7%**
Timisoara	0.0%	5.5%	**2.7%**
Pitesti	0.0%	3.4%	**1.6%**
Constanta	0.0%	2.4%	**1.1%**
Arad	0.0%	1.1%	**0.5%**
Oradea	0.0%	0.4%	**0.2%**
Warsaw	44.4%	0.0%	**23.2%**
Wroclaw	21.4%	0.0%	**11.2%**
Katowice	15.5%	0.0%	**8.1%**
Lodz	10.8%	0.0%	**5.7%**
Krakow	4.3%	0.0%	**2.2%**
Gdansk	3.5%	0.0%	**1.8%**
GAV as % of Total	**52.2%**	**47.8%**	**100.0%**

1. Standing Investments representing income producing properties. One investment can comprise multiple buildings. e.g. Green Court Complex comprises three buildings or one investment
2. Includes all property assets, land and development projects valued at 30 June 2021
3. Occupancy of standing commercial properties, and in the case of Poland, including office rental guarantees
4. Includes pre-let commercial standing and development assets. WALL of standing commercial properties in Romania, Poland and the Combined portfolio are 5.6 years, 3.9 years and 4.7 years, respectively.
5. Including 32.0k sqm of residential assets in Romania
6. Total rent comprises commercial (€176.0 million) and residential (€1.0 million in Romania) standing properties, which includes contracted rent under master lease agreement, rent in assets under redevelopment (€7.0 million in Poland) and development pre-lets (€1.2 million in Romania).

MANAGEMENT REVIEW

CAPITAL MARKETS UPDATE

- On 12 May 2021, CPI Property Group and Aroundtown formed a consortium ("CPI/AT Consortium") and launched a cash offer, via Zakiono Enterprises Limited, for the acquisition of the entire issued and to be issued share capital (not already held, or agreed to be acquired, by Zakiono) (effectively 48.8% of Globalworth shares) at € 7.00 / share
- Following the completion of the tender offer in July 2021, the CPI/AT Consortium holds 60.6% of Globalworth's share capital
- Share price performance impacted by the COVID-19 pandemic and the Offer by the CPI/AT Consortium, closing 3.0% lower at 30 June 2021 compared to year-end 2020
- Globalworth maintained its investment grade rating by all three major agencies post their 2020 year-end review of the Group

Equity Capital Markets and Shareholder Structure Update

On 14 April 2021, CPI Property Group S.A. ("CPI") and Aroundtown SA ("Aroundtown" and, together with CPI, the "CPI/AT Consortium") announced a unilateral cash offer for the shares of Globalworth (the "Offer") through Zakiono. The Offer was for the acquisition of Globalworth shares at € 7.00 / share, with the transaction being subject to certain conditions which were either fulfilled or waived between the date of announcement and 23 July 2021, when the offer closed.

The independent committee of the Board (the "Independent Committee") responsible for evaluating the Offer, following advice from J.P. Morgan and Panmure Gordon, considered that it undervalued the Group and recommended to shareholders not to accept it. Subsequently the Offer was accepted by holders of 9.24% of the issued share capital of Globalworth, thus resulting for the CPI/AT Consortium increasing through Zakiono their controlling share in Globalworth from 51.39% to 60.63% of the share capital following the completion of the transaction.

Globalworth's share price has been impacted by the COVID -19 pandemic and the Offer in the first half of 2021, trading consistently below its 31 December 2020 EPRA NAV level of € 8.68 / share, reaching its lowest closing price on 18 March at €5.70 per share and its highest price on 20 April at €7.48 per share.

Following the formal announcement of the Offer, the share price of Globalworth ranged between €6.74 and €7.48 per share, closing at €6.91 per share on 30 June 2021, representing a 3.0% decrease since the beginning of the year. Including dividends paid, the total return for the first half of 2021 was (0.9)%.

The Globalworth share price underperformed both FTSE EPRA Developed Europe and the FTSE EPRA Global indices in the first six months of 2021.

Globalworth Shareholding

		30 June 21	23 August 21
CPI Property Group	Together: Zakiono Enterprises	29.5%	60.6%
Aroundtown		22.0%	
Growthpoint Properties		29.5%	29.4%
Oak Hill Advisors		5.3%	5.3%
EBRD		5.0%	-
Other		8.7%	4.7%

Basic Data on Globalworth Shares
(Information as at 30 June 2021)

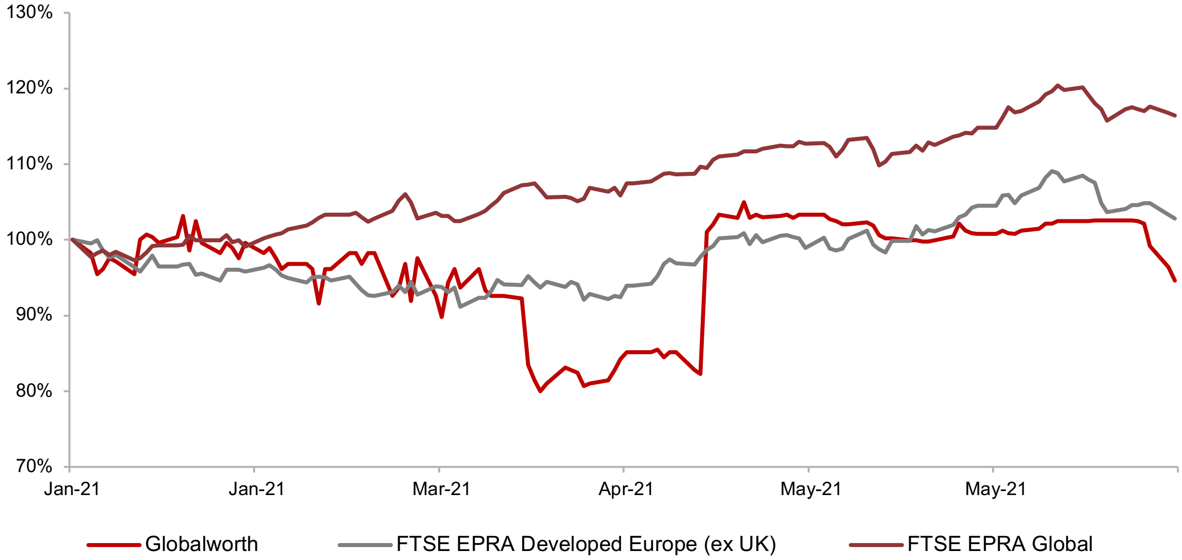
Number of Shares	221.1m plus 1.3m shares held in treasury (22.6m plus 0.8m shares in treasury at 23 Aug. 21)
Share Capital	€1.7bn
WKN / ISIN	GG 00B979FD04
Symbol	GWI
Free Float	18.6% (9.9% at 23 Aug. 21)
Exchange	London AIM

Globalworth Share Performance

	H1-2021	H1-2020
Market Capitalisation (€ million) – 30 June	1,528	1,369
30-June Closing Price (€)	6.91	6.18
52-week high (€)	7.48	10.10
52-week low (€)	5.70	5.55
Dividend per share	0.15	0.19

MANAGEMENT REVIEW

Globalworth H1-2021 Share Price Performance



Bonds Update

Globalworth in the first half of 2021 had three Eurobonds outstanding for a total of €1.3 billion. The Eurobonds issued in June 2017, March 2018 and July 2020 (inaugural green bond), are expiring in 2022, 2025 and 2026, respectively, and have a weighted average maturity of 3.5 years.

These three facilities, which account for 78.0% of our total outstanding debt financing, provide us with a simplified capital structure and improve the efficiency of our capital allocation.

In addition, to be able to issue Eurobonds in an efficient and quick way, potentially benefiting from favourable market opportunities, in 2018 we established a Euro Medium Term Notes (EMTN) programme allowing the Group to issue €1.5 billion of bonds. Currently, the Group has raised €950 million as part of its EMTN programme, allowing a further €550 million of bonds to be issued in the future.

Globalworth is rated from all three major agencies, with each of S&P, Fitch and Moody's maintaining their investment credit rating following their 2020 year-end review of the Group, which is testament to the nature and quality of our portfolio, the resilience of our cash flows, and the protective measures we have taken to protect the business and its assets amidst very challenging but improving market conditions.

We maintained our "BBB –" rating and "Stable" outlook from S&P and Fitch, and from Moody's our "Baa3" rating and "Negative" outlook mainly due to their house view on the Romanian economy.

In 2021, all our bonds continued performing well, resulting in further compression in the yield to maturity, with 17/22 bond trading negatively for the majority of the second quarter of the year.

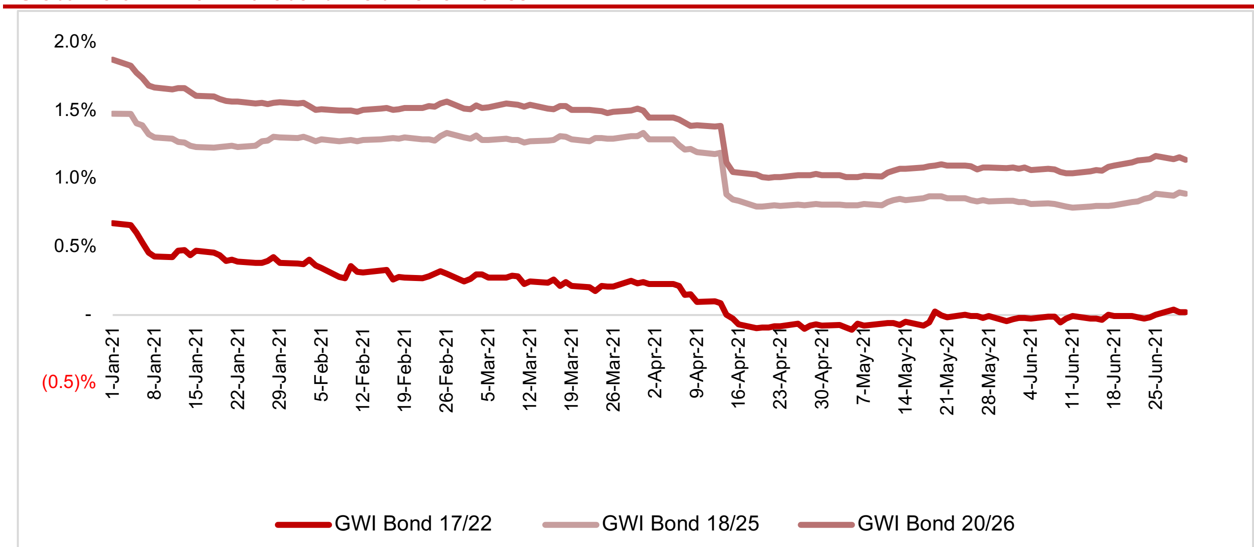
Basic Data on the Globalworth Bonds

	GWI bond 17/22	GWI bond 18/25	GWI bond 20/26
ISIN	XS1577957837	XS1799975922	XS2208868914
SEDOL	BD8Q3P6	BD9MPV	-
Segment	Euronext Dublin, BVB	Euronext Dublin, BVB	Euronext Dublin
Minimum investment amount	€100,000	€100,000 and €1,000 thereafter	€100,000 and €1,000 thereafter
Coupon	2.875%	3.000%	2.950%
Issuance volume	€550 million	€550 million	€400 million
Outstanding 30 Jun. 2021	€323 million	€550 million	€400 million
Maturity	20 June 2022	29 March 2025	29 July 2026

Performance of the Globalworth Bonds

	H1-2021	H1-2020
GWI bond 17/22		
30 June closing price	102.76	100.31
Yield to maturity at 30 June	0.02%	2.71%
GWI bond 18/25		
30 June closing price	107.72	100.82
Yield to maturity at 30 June	0.89%	2.81%
GWI bond 20/26		
30 June closing price	108.46	-
Yield to maturity at 30 June	1.14%	-

Globalworth H1-2021 Eurobond Yield Performance



FINANCIAL REVIEW

1. Highlights

Globalworth had a relatively small negative impact on its operational profitability in H1-2021, compared to its best performing half year in H1-2020, as a result of the significant efforts made by Management in minimising the negative impact of the COVID-19 pandemic on its business and results.

Revenues **€108.1m** -5.2% on H1-20	NOI[1] **€72.2m** -9.4% on H1-20
IFRS Earnings per share[2] **6 cents** -22 cents in H1-20	Combined Portfolio Value (OMV)[1] **€3.1bn** +1.3% on 31 Dec. 2020
EPRA NRV[1,3] **€1,903.4m** -1.0% on 31 Dec. 2020	EPRA NRV per share[1,3] **€8.61** -0.8% on 31 Dec. 2020
Adjusted normalised EBITDA[1,4] **€64.8m** -9.4% on H1-20	EPRA Earnings per share[1,2] **13 cents** -38.1% on H1-20
LTV[1,5] **39.2%** 37.8% at 31 Dec. 2020	Dividends paid in H1- 21 per share **15 cents** -50.0% on H1-20

1. See Glossary (pages 72-74) for definitions.
2. See note 12 of the unaudited condensed consolidated financial statements for calculation.
3. See note 19 of the unaudited condensed consolidated financial statements for calculation.
4. See page 22 for further details.
5. See note 21 of the unaudited condensed consolidated financial statements for calculation.

2. Revenues and Profitability

Following the best performing six-month period from an operating profitability point of view in H1-2020, consolidated revenues decreased by 5.2% in H1-2021 (compared to H1-2020) due to the effects of COVID-19 and our efforts to extend as many of our existing leases and secure new ones for our available spaces in our properties in Poland and Romania.

Lower consolidated revenues resulted from a 7.2% decline in rental income to €75.4 million (H1-2020: €81.2 million), with the overall reduction in consolidated revenues of €5.8 million driven by:

- a €6.0 million or 7.4% reduction in rental income from standing properties owned throughout both periods (5.3% reduction in Poland and 2.1% reduction in Romania);
- a €0.8 million or 1.0% reduction in rental income from the Renoma mixed-use property in Poland which is currently undergoing refurbishment / repositioning, which started in December 2020;
- a €0.5 million or 0.6% reduction in additional rental income from surrender premia charged to tenants; and
- an increase of €1.5 million or 1.8% in rental income in H1-2021 from the completion of a property under development in Poland (Podium Park B) in Q4-2020 (1.5% increase) and the acquisition of two industrial Properties in Romania (IPW Arad and IPW Oradea) in May 2021 (0.3% increase).

The Group revenues in H1-2021 were split 54% Poland / 46% Romania, compared to 56% Poland / 44% Romania in H1-2020.

Net Operating Income declined to €72.2 million, lower by 9.4% compared to H1-2020 (€79.6 million), which was largely in line with the decrease in overall Group revenues. The decrease in NOI reflected a drop of €5.4 million in Poland and an additional €2.0 million in Romania.

- NOI was split 56% Poland / 44% Romania, compared to 57% Poland / 43% Romania in H1-2020.

Adjusted normalised EBITDA[1] was €64.8 million for the period, a decrease of 9.4% over H1-2020 (€71.5 million), resulting from the net effect of the decrease of NOI (by €7.4 million) and the decrease in recurring administrative expenses (by €0.8 million).

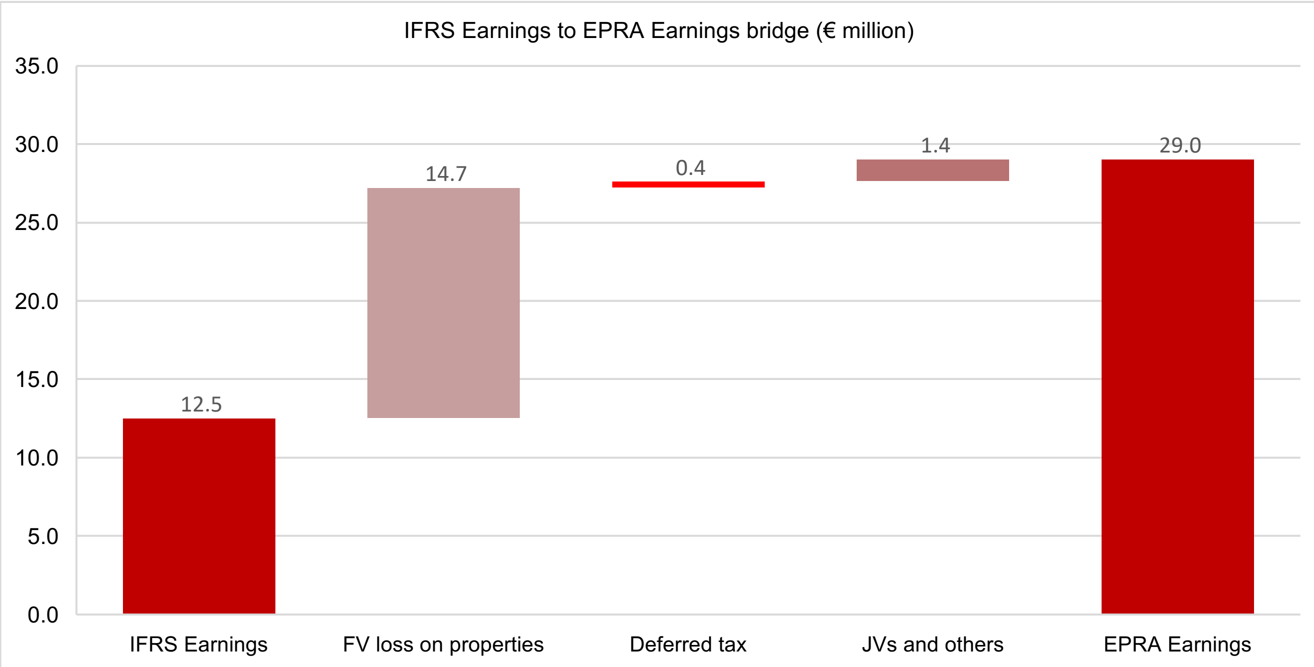
Net finance costs were €26.7 million for the period, representing a 19.5% increase (or €4.4 million higher) over H1-2020 (€22.3 million), due to:

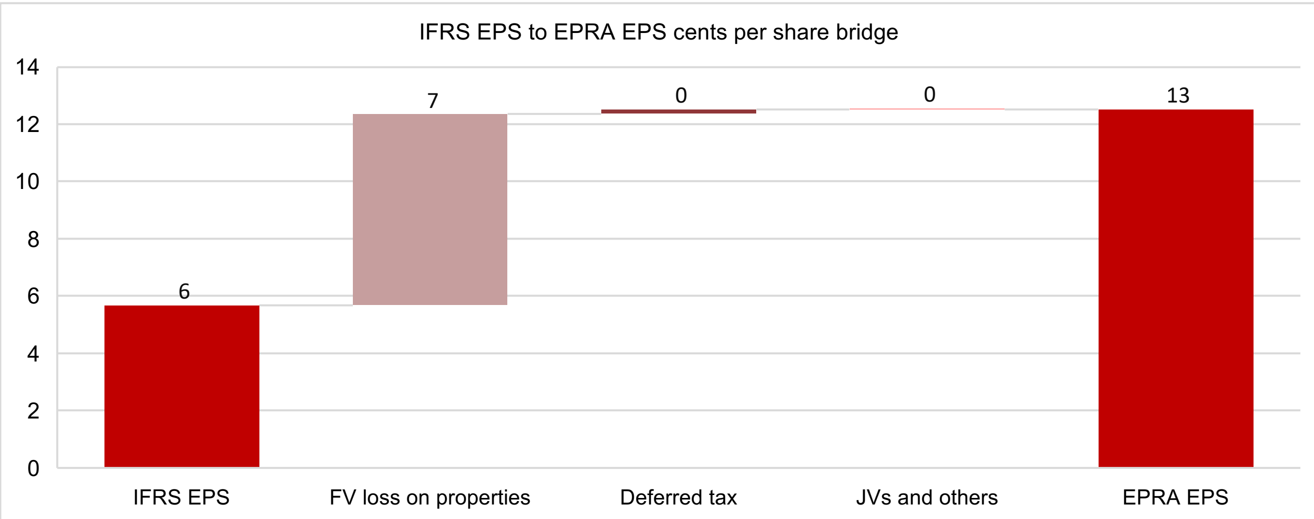
- higher (by €3.0 million) coupon on Bonds from the additional net €173.3 million outstanding Eurobonds starting from the end of July 2020 with the issuance of a new €400 million green Bond maturing in 2026, which was partly used to repay €226.7 million of the Bond maturing in 2022;
- higher (by €0.7 million) debt amortisation costs resulting from the issuance of the new green Bond and part repayment of the 2022 Bond;
- higher (by €0.4 million) interest on new secured bank loans drawn down in H1-2020, higher (by €0.5 million) negative interest charged on Euro deposits and current accounts balances, as well as on Polish Zloty current accounts balances, higher (by €0.2 million) lease liability, as well as less (by €0.3 million) interest income on cash deposits; and
- a partly offsetting reduction in interest expenses (by €0.7 million) resulting from the fact that no RCF balance was outstanding during H1-2021, whereas during Q2-2020 €200 million was outstanding.

Joint ventures, including two light industrial properties under development in Romania, generated net losses during H1-2021 and our share of these amounted to €1.3 million, whereas in H1-2020 they contributed €1.3 million profit to the Group's result. The negative result from joint ventures resulted from our share of the net valuation losses (net of the related deferred tax effect) of €2.7 million. In H1-2020 our share of valuation gains (net of the related deferred tax effect) was €1.4 million.

[1] Earnings before finance cost, tax, depreciation, amortisation of other non-current assets (H1-2021: €47.1 million positive; H1-2020: €24.8 million negative), plus: net fair value loss on investment property and financial instruments (H1-2021: €15.0 million loss; H1-2020: €91.8 million loss), less: other income (H1-2021: €0.5 million; H1-2020: €0.3 million); plus: acquisition costs (H1-2021: €0.0 million; H1-2020: €2.3 million); plus: non-recurring administration and other expense items (H1-2021: €3.2 million, including €1.9 million related to professional advisory fees in connection with the cash offer for Globalworth shares made by CPI Property Group S.A. and Aroundtown SA through Zakiono Enterprises Limited in May 2021; H1-2020: €2.5 million).

Earnings before tax were positive (€18.9 million) in H1-2021 compared to H1-2020 where a loss was generated (€46.1 million), mainly as a result of the €77.3 million lower revaluation loss recorded in H1-2021 (€14.7 million) compared to H1-2020 (€92.0 million). EPRA earnings, however, were €29.0 million (or 13 cents per share), 37.5% lower compared to H1-2020 (€46.4 million, or 21 cents per share) as a result of the reduction in operational profitability, as indicated by the decrease in NOI and adjusted normalised EBITDA. EPRA Earnings per share for H1-2021 also followed the same trend as EPRA earnings as the weighted average number of shares during H1-2021 (221.2 million) and H1-2020 (221.5 million) has not differed significantly.





Following the trend in earnings before tax, which turned to a profit in H1-2021 from a loss in H1-2020 due to the more significant valuation loss recorded in the prior year's comparative period, IFRS earnings per share was 6 cents positive compared to 22 cents negative in H1-2020. The IFRS earnings were €12.5 million positive compared to €48.6 million negative in H1-2020.

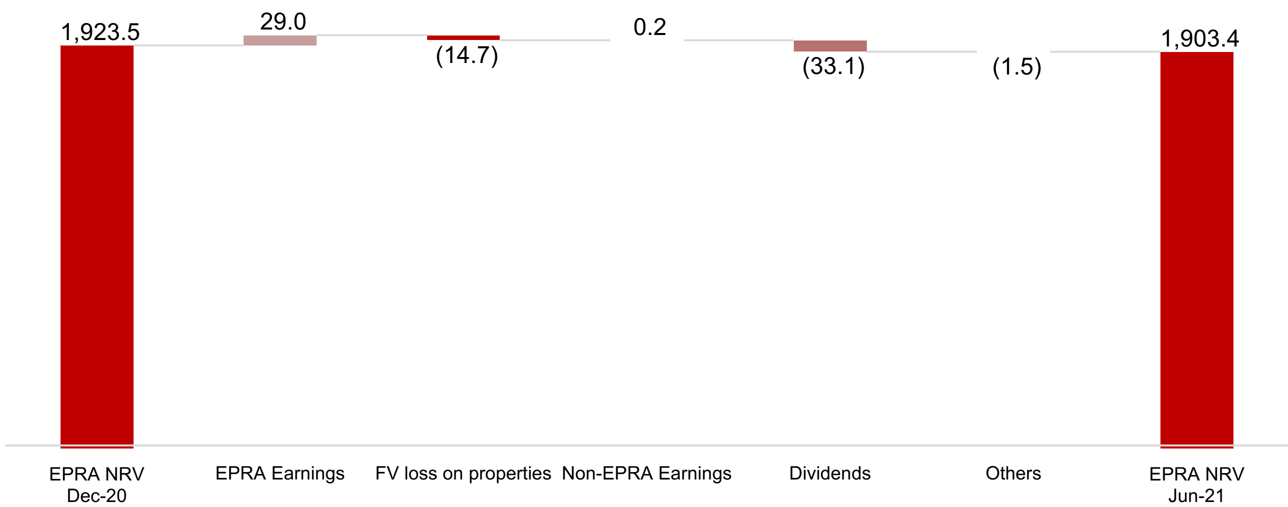
3. Balance Sheet

The combined portfolio open market value increased by €39 million, an increase of 1.3% compared to 31 December 2020, to €3,103 million (31 Dec. 20: €3,064 million). This comprises €3,049 million of investment property held on our balance sheet as at 30 June 2021, and a further €54 million representing the 100% value of joint venture properties comprising two light industrial properties under development, in phases, in Romania (Chitila Logistics Hub and Constanta Business Park).

The balance sheet value of our investment property (freehold) portfolio at 30 June 2021 amounted to €3,019 million (31 December 2020: €2,982 million). The small increase is mainly due to the acquisition of two standing industrial properties (€18 million), CAPEX investments made on a property under development in Romania and other value accretive CAPEX on standing properties (€25.2 million), as offset by the net fair value losses on freehold properties of €14.7 million (€20.8 million net fair value loss in Poland and a €6.1 million net fair value gain in Romania).

Total assets as at 30 June 2021 were €3,606 million, marginally lower by 0.7% compared to 31 December 2020 (€3,630 million), primarily due to the net fair value loss on freehold investment property, as well as our Group's share of net fair value loss on properties held through joint ventures.

EPRA NRV[2] Bridge from 31 December 2020 to 30 June 2021 (€ million)



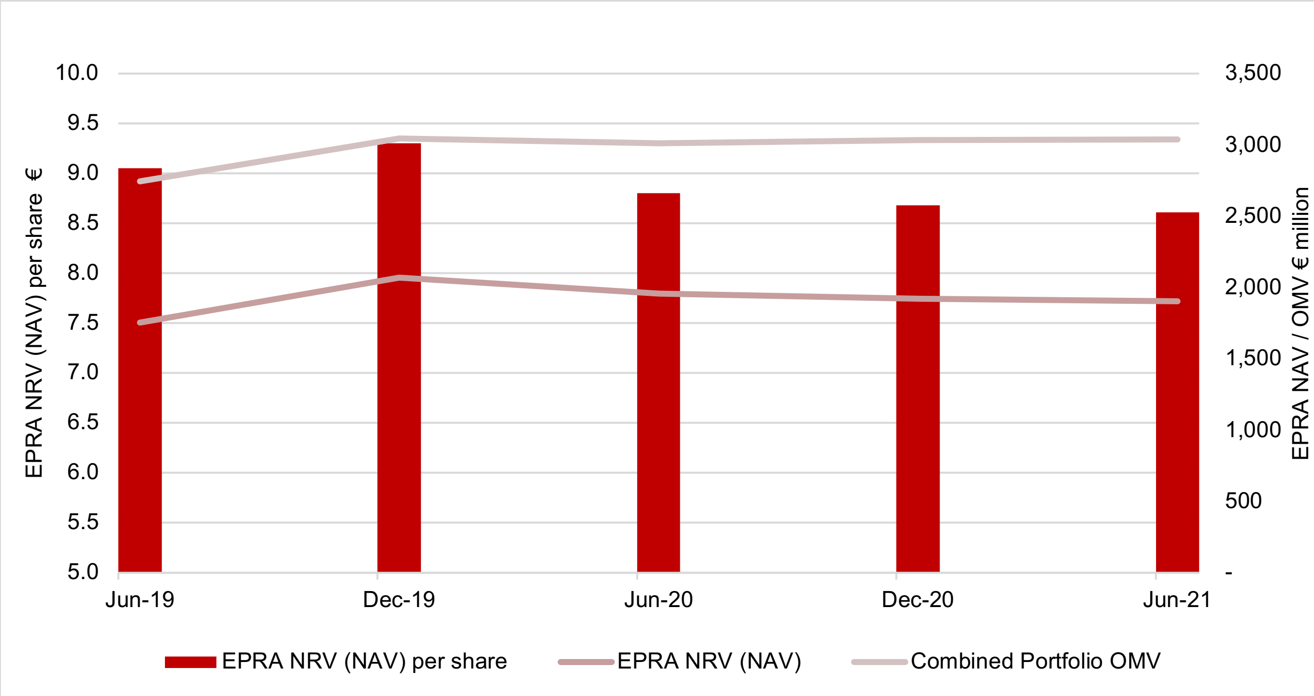
EPRA NRV decreased to €1,903.4 million as at 30 June 2021, a decrease of 1.0% compared to 31 December 2020 (€1,923.5 million). As a result, EPRA NRV per share also decreased to €8.61 per share (31 December 2020: €8.68 per share).

The main factors driving the change in EPRA NRV during H1-2021 were:

- The effect of the fair value loss on properties of €14.7 million on the positive net profit for the period; and
- The dividends of €33.1 million paid in March 2021 in respect of the six months ended 31 December 2020.

[2] From 2021 onwards the Group is using the EPRA NRV matric as its primary NAV metric, which is equivalent to the EPRA NAV metric used in prior years / periods.

Evolution of EPRA NRV (NAV)/[3]share and OMV by semester



4. Results and dividends

The results for the period are set out in the consolidated statement of comprehensive income on page 30.

In March 2021, the Company made an interim dividend distribution of 15 cents per share in respect of the six-month period ended 31 December 2020. Post the period end, on 31 August 2021, the Company declared its first interim dividend in respect of the six-month period ended 30 June 2021 of 15 cents per share.

5. Financing & Liquidity Review

In the context of the ongoing COVID-19 pandemic, the Group's main focus during the first half of 2021 was to preserve the available cash position and available undrawn RCF and minimise the negative impact of the COVID-19 pandemic over its operations and results.

Dividends

As stated above, in March 2021 the Company paid an interim dividend of 15 cents per share (c.€33.1 million) in respect of the six-month period ended 31 December 2020, while on 31 August 2021 it announced the payment of an interim dividend of 15 cents per share (c.€33.2 million) in respect of the six-month period ended 30 June 2021.

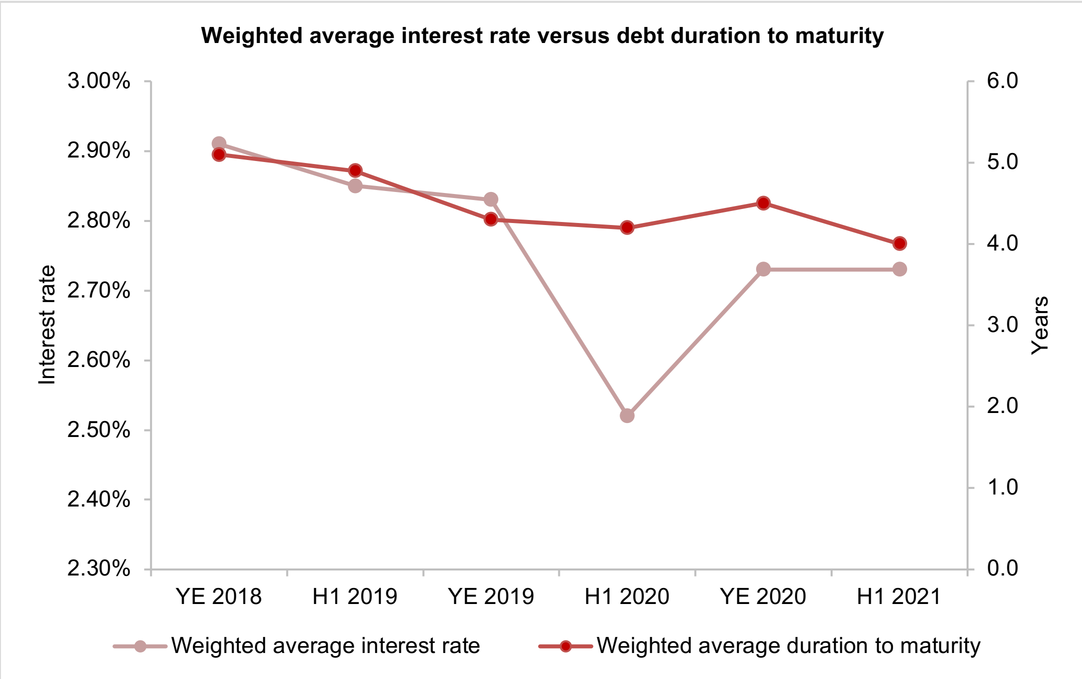
Debt Summary

The Group's outstanding debt remained largely unchanged at 30 June 2021 compared to 31 December 2020.

The total outstanding debt portfolio of the Group at 30 June 2021 of €1.63 billion (31 December 2020: €1.63 billion) comprises medium to long-term debt, denominated entirely in Euro and no debt maturity until 20 June 2022, when our 2022 Bond is maturing (€323.1 million).

[3] Reference to the EPRA NAV metric in the diagram below refers to year or period end dates prior to 31 December 2020 and are presented as equivalent to the EPRA NRV metric.

The Group has continued in 2021 its strategy over the last few years of maintaining a relatively low weighted average interest rate on debt financing. At 30 June 2021, our weighted average interest rate on debt remained at 2.73% (same as at 31 December 2020), while the average period to maturity of 4.0 years (4.5 years at 31 December 2020) followed an anticipated trend, as the Group has not entered into any new financing arrangements nor extended the term of existing debt, as presented in the chart below:



Servicing of Debt During H1-2021

In the first half of 2021, we repaid in total €1.4 million of loan capital and €29.4 million of accrued interest on the Group's drawn debt facilities, including €25.8 million in relation to the full annual coupon for two of the three Eurobonds of the Company.

Liquidity & Loan to value ratio

The Group's aim is to maintain at all times sufficient liquidity also in order to have the flexibility to react quickly at the moment when attractive new investment opportunities may arise.

As at 30 June 2021, the Group had cash and cash equivalents of €459.9 million (31 December 2020: €527.8 million) available to use. In addition, the Group had available liquidity from committed undrawn loan facilities (RCF) amounting to €215 million.

The Group's loan to value ratio at 30 June 2021 was 39.2%, compared to 37.8% at 31 December 2020. This is consistent with the Group's strategy to manage its long-term target LTV of below 40%.

Debt Structure as at 30 June 2021

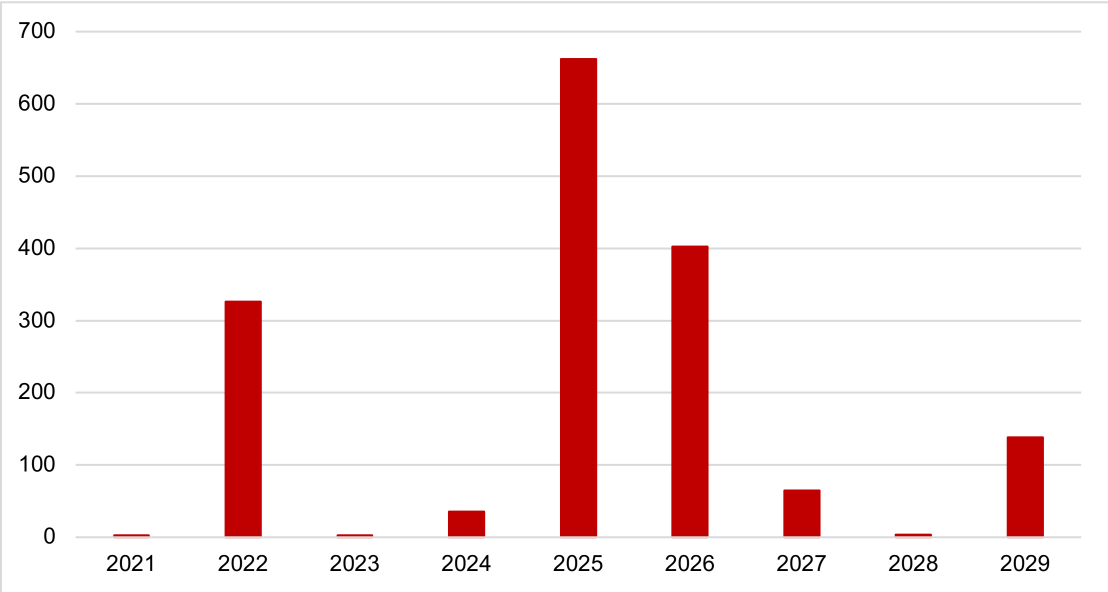
Debt Structure - Secured vs. Unsecured Debt

The majority of the Group's debt at 30 June 2021 is unsecured: 77.8% (31 December 2020: 77.7%), with the remainder secured with real estate mortgages, pledges on shares of the underlying ring-fenced financing subsidiaries, trade receivables and intra-group loan subordination agreements in favour of the financing parties.

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

The Group had at 30 June 2021 credit facilities and Eurobonds with different maturities, all on medium and long-term (similar to 31 December 2020), as presented in the chart below:

Maturity by year of the principal balance outstanding at 30 June 2021 (€ million)



Debt Denomination Currency and Interest Rate Risk

Our loan facilities are entirely Euro denominated and bear interest based either on one month's or three months' Euribor plus a fixed margin (8.6% of the outstanding balance at 30 June 2021, compared to 8.7% at 31 December 2020), or at a fixed interest rate (91.4% of the outstanding balance at 30 June 2021, compared to 91.3% at 31 December 2020).

The high degree of fixed interest rate debt ensures a natural hedging to the Euro, the currency in which the most significant part of our liquid assets (cash and cash equivalents and rental receivables) is originally denominated and the currency for the fair market value of our investment property.

Debt Covenants

The Group's financial indebtedness is arranged with standard terms and financial covenants, the most notable as at 30 June 2021 being the following:

Unsecured Eurobonds and Revolving Credit Facility

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

Secured Bank Loans

- the debt service cover ratio ('DSCR') / interest cover ratio ('ICR'), with values ranging from 120% to 350% (be it either historic or projected); and
- the LTV ratio, with contractual values ranging from 60% to 83%.

There have been no breaches of the aforementioned covenants occurring during the period ended 30 June 2021.

Cash flows

- Cash flows from operating activities decreased to €18.8 million, compared to €24.7 million in H1-2020, reflecting the decline in operating profitability.
- Acquisition of two industrial properties in Romania in May 2021 for €18.0 million.
- Cash used on capital expenditure on a property under development in Romania of €11.9 million, on an asset under refurbishment in Poland of €1.3 million, on standing assets of €11.3 million, and €1.2 million on land preparation costs.
- Extended €5.8 million funding to joint ventures for use in advancing two industrial development projects.
- Dividends paid in H1-2021 of €33.1 million in respect of the six-month period ended 31 December 2020, compared to €66.4 million in H1-2020 in respect of the six-month period ended 31 December 2019.
- Cash and cash equivalents as at 30 June 2021 reached €459.9 million, compared to €527.8 million at 31 December 2020.

6. Principal Risks and Uncertainties

The key risks which may have a material impact on the Group's performance, together with the corresponding mitigating actions, are presented on pages 98 to 102 of the Annual Report for the year ended 31 December 2020, which is available at www.globalworth.com.

These risks comprise the following:

- Exposure to the economic environment in Romania and Poland;
- Changes in the political or regulatory framework in Romania, Poland or the European Union;
- Inability to execute planned acquisitions and timely completion of development of properties;
- Risk of negative changes in the valuation of the portfolio;
- Inability to lease space and renew expiring leases;
- Counterparty credit risk;
- Sustainable portfolio risk and Response to Climate Change;
- Lack of available financing and refinancing;
- Risk of breach of loan covenants;
- Risk of changes in interest rates and exchange rates; and
- Compliance with fire, structural, health and safety, or other regulations.

There has been no significant change in these risks during the six month period ended 30 June 2021, and these risks are expected to continue to remain relevant during the second half of 2021.

7. Going Concern

The Directors have considered the Company's ability to continue to operate as a going concern based on the Management's cash flow projections for the 15 months subsequent to the date of approval of the unaudited interim condensed consolidated financial statements. The Directors believe that the Company would have sufficient cash resources to meet its obligations as they fall due and continue to adopt the going concern basis in preparing the unaudited interim condensed consolidated financial statements as of and for the six months ended 30 June 2021.

GLOBALWORTH REAL ESTATE INVESTMENTS LIMITED

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2021

globalworth

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

	Note	**30 June 2021 €'000**	30 June 2020 €'000
Revenue	7	**108,110**	114,039
Operating expenses	8	**(35,957)**	(34,392)
Net operating income		**72,153**	79,647
Administrative expenses	9	**(9,323)**	(8,824)
Acquisition costs		**-**	(2,302)
Fair value loss on investment property	3	**(14,703)**	(91,977)
Share-based payment expense	20.3	**(432)**	(194)
Depreciation on other long-term assets		**(259)**	(203)
Other expenses		**(795)**	(1,444)
Other income		**476**	285
Foreign exchange loss		**(50)**	(167)
(Loss)/gain from fair value of financial instruments at fair value through profit or loss	14	**(243)**	151
		(25,329)	(104,675)
Profit/(loss) before net financing cost		**46,824**	(25,028)
Net financing cost			
Finance cost	10	**(27,523)**	(23,528)
Finance income		**839**	1,203
		(26,684)	(22,325)
Share of (loss)/profit of equity-accounted investments in joint ventures	22	**(1,273)**	1,258
Profit/(loss) before tax		**18,867**	(46,095)
Income tax expense	11	**(6,333)**	(2,487)
Profit/(loss) for the period		**12,534**	(48,582)
Other comprehensive income		**–**	–
Total comprehensive income		**12,534**	(48,582)
Profit/(loss) attributable to equity holders of the Company		**12,534**	(48,582)
		Cents	Cents
Earnings per share			
– Basic	12	**6**	(22)
– Diluted	12	**6**	(22)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	30 June 2021 Unaudited €'000	31 December 2020 Audited €'000
ASSETS			
Non-current assets			
Investment property	3	**3,049,467**	3,013,014
Goodwill		**12,349**	12,349
Advances for investment property	5	**4,128**	4,215
Investments in joint ventures	22	**33,190**	28,358
Equity investments		**10,589**	10,369
Other long-term assets		**1,957**	2,148
Prepayments		**387**	432
Deferred tax asset	11	**137**	786
		3,112,204	3,071,671
Current assets			
Financial assets at fair value through profit or loss	14	**7,510**	7,695
Trade and other receivables	15	**17,354**	16,025
Contract assets		**1,840**	2,819
Guarantees retained by tenants		**887**	894
Income tax receivable		**846**	931
Prepayments		**5,614**	2,227
Cash and cash equivalents	16	**459,893**	527,801
		493,944	558,392
Total assets		**3,606,148**	3,630,063
EQUITY AND LIABILITIES			
Issued share capital		**1,704,374**	1,704,374
Treasury shares	20.5	**(9,592)**	(12,977)
Share-based payment reserve	20	**3,557**	6,184
Retained earnings		**37,187**	57,783
Equity attributable to ordinary equity holders of the Company		**1,735,526**	1,755,364
Non-current liabilities			
Interest-bearing loans and borrowings	13	**1,284,655**	1,604,043
Deferred tax liability	11	**149,713**	144,843
Lease liabilities	3.2	**26,965**	27,324
Guarantees retained from contractors		**2,307**	2,235
Deposits from tenants		**3,558**	3,449
Trade and other payables		**1,012**	692
		1,468,210	1,782,586
Current liabilities			
Interest-bearing loans and borrowings	13	**340,211**	26,051
Guarantees retained from contractors		**3,417**	4,032
Trade and other payables		**37,835**	40,209
Contract liability	3.2	**2,488**	2,088
Other current financial liabilities		**552**	875
Current portion of lease liabilities		**2,096**	1,765
Deposits from tenants		**15,575**	16,245
Provision for tenant lease incentives		**-**	46
Income tax payable		**238**	802
		402,412	92,113
Total equity and liabilities		**3,606,148**	3,630,063

The financial statements were approved by the Board of Directors on 20 September 2021 and were signed on its behalf by:

John Whittle
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

	Note	Issued share capital €'000	Treasury shares €'000	Share-based payment reserve €'000	Retained earnings €'000	Total Equity €'000
As at 1 January 2020		1,704,374	(8,379)	5,571	213,101	1,914,667
Shares issued to the Executive Directors and other senior management employees		–	392	(392)	–	–
Interim dividends		–	271	(72)	(108,523)	(108,324)
Share based payment expense under the subsidiaries' employees share award plan		–	–	1,071	–	1,071
Shares vested under the subsidiaries' employees share award plan		–	540	(540)	–	–
Shares purchased with cash by the Company		–	(8,345)	–	–	(8,345)
Cash-based portion of deferred annual bonus plan converted to deferred shares settlement		–	–	1,025	–	1,025
Deferred annual bonus plan reserve for the year		–	–	2,065	–	2,065
Shares vested under the deferred annual bonus incentive plan		–	2,544	(2,544)	–	–
Total comprehensive income for the year		–	–	–	(46,795)	(46,795)
As at 31 December 2020		**1,704,374**	**(12,977)**	**6,184**	**57,783**	**1,755,364**
Shares issued to the Executive Directors and other senior management employees	20.2	**–**	**180**	**(180)**	**–**	**–**
Interim dividends	18, 20	**–**	**9**	**2**	**(33,130)**	**(33,119)**
Share based payment expense under the subsidiaries' employees share award plan	20.3	**–**	**–**	**432**	**–**	**432**
Shares vested under the subsidiaries' employees share award plan	20.3	**–**	**823**	**(823)**	**–**	**–**
Deferred annual bonus plan settled in cash	20.4	**–**	**–**	**(79)**	**–**	**(79)**
Shares vested under the deferred annual bonus incentive plan	20	**–**	**2,373**	**(1,979)**	**–**	**394**
Total comprehensive income for the period		**–**	**–**	**–**	**12,534**	**12,534**
As at 30 June 2021		**1,704,374**	**(9,592)**	**3,557**	**37,187**	**1,735,526**

	Issued share capital €'000	Treasury shares €'000	Share-based payment reserve €'000	Retained earnings €'000	Total Equity €'000
As at 1 January 2020	1,704,374	(8,379)	5,571	213,101	1,914,667
Interim dividends	–	–	129	(66,572)	(66,443)
Share based payment expense under the subsidiaries' employees share award plan	–	–	194	–	194
Shares vested under the subsidiaries' employees share award plan	–	14	(14)	–	–
Shares purchased with cash by the Company	–	(1,624)	–	–	(1,624)
Cash-based portion of deferred annual bonus plan converted to deferred shares settlement	–	–	1,025	–	1,025
Total comprehensive income for the period	–	–	–	(48,582)	(48,582)
As at 30 June 2020	**1,704,374**	**(9,989)**	**6,905**	**97,947**	**1,799,237**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

	Note	**30 June 2021 €'000**	30 June 2020 €'000
Profit/(loss) before tax		**18,867**	(46,095)
Adjustments to reconcile profit before tax to net cash flows			
Fair value loss on investment property	3	**14,703**	91,977
Loss on sale of investment property		**162**	107
Share-based payment expense	20	**432**	194
Depreciation on other long-term assets		**259**	203
Net increase in allowance for doubtful debts	17.2	**563**	991
Foreign exchange loss/(gain)		**50**	(1,396)
Loss/(gain) from fair valuation of financial instrument	14	**243**	(151)
Share of loss/(profit) of equity-accounted joint ventures	22	**1,273**	(1,258)
Net financing costs		**26,685**	22,325
Operating profit before changes in working capital		**63,237**	66,897
(Increase)/decrease in trade and other receivables		**(4,560)**	2
Decrease in trade and other payables		**(9,309)**	(3,844)
Interest paid		**(29,436)**	(35,470)
Interest received		**178**	663
Income tax paid		**(1,315)**	(3,533)
Cash flows from operating activities		**18,795**	24,715
Investing activities			
Expenditure on investment property completed and under development or refurbishment		**(25,715)**	(31,392)
Refund of advances given for property acquisition		**–**	10,000
Payment for acquisition of investment property		**(18,011)**	–
Proceeds from sale of investment property		**524**	1,518
Investment in financial assets at fair value through profit or loss	14	**(143)**	(1,003)
Proceeds from sale of financial assets through profit and loss		**85**	16,186
Payments for equity investments		**(220)**	(177)
Investment in and loans given to joint ventures	22	**(5,770)**	(13,656)
Payment for the acquisition of remaining 50% stake in joint venture		**–**	(2,000)
Payment for purchase of other long-term assets		**(68)**	(230)
Cash flows used in investing activities		**(49,318)**	(20,754)
Financing activities			
Purchase of own shares	20.5	**–**	(1,624)
Proceeds from interest-bearing loans and borrowings	13	**–**	346,577
Payments of interest-bearing loans and borrowings	13	**(1,398)**	(2,104)
Payment of interim dividend to equity holders of the Company	18	**(33,130)**	(66,443)
Payment for lease liability obligations	3.2	**(1,463)**	(1,595)
Payment of bank loan arrangement fees and other financing costs		**(1,208)**	(2,197)
Cash flows from financing activities		**(37,199)**	272,614
Net increase in cash and cash equivalents		**(67,722)**	276,575
Effect of exchange rate fluctuations on cash and bank deposits held		**(186)**	(1,217)
Cash and cash equivalents at the beginning of the period	16	**527,801**	290,694
Cash and cash equivalents at the end of the period[1]	16	**459,893**	566,052

1 Nil restricted cash reserve (30 June 2020: €1.0 million), see note 16.

1 Basis of Preparation

Corporate Information

Globalworth Real Estate Investments Limited ('the Company' or 'Globalworth') is a company with liability limited by shares and incorporated in Guernsey on 14 February 2013, with registered number 56250. The registered office of the Company is at Anson Court, La Route des Camps, St Martin, Guernsey GY4 6AD. Globalworth, being a real estate Company, has had its ordinary shares admitted to trading on AIM (Alternative Investment Market of the London Stock Exchange) under the ticker "GWI" since 2013.

The Company's Eurobonds have been admitted to trading on the official List of the Irish Stock Exchange in June 2017, March 2018 and July 2020, respectively. In addition, the Company's Eurobonds maturing in June 2022 and March 2025 have been admitted to trading on the Bucharest Stock Exchange in July 2017 and May 2018, respectively. The Group's principal activities and nature of its operations are set out in the strategic report section of the 2020 Annual Report.

Directors

The Directors of the Company are:

- Dimitris Raptis, Executive, Chief Executive Officer, Member of the Investment Committee
- Geoff Miller, Independent Non-executive, Chair of the Board, Investment and Nomination Committees, Member of the Remuneration Committee
- John Whittle, Independent Non-executive, Chair of the Audit Committee, Member of the Remuneration Committee
- Andreea Petreanu, Independent Non-executive Director, Chair of the Risk Committee, Member of the Audit and Nomination Committees
- Richard van Vliet, Independent Non-executive, Member of the Audit, Risk and Nomination Committees
- Norbert Sasse, Non-executive, Member of Investment Committee
- Martin Bartyzal, Non-executive, Chair of the Remuneration Committee, Member of the Risk Committee
- David Maimon, Non-executive, Member of the Risk and Investment Committees

Basis of Preparation and Compliance

The condensed consolidated financial statements of the Group (or 'financial statements' or 'consolidated financial statements') as of and for the six-month period ended 30 June 2021 have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting". These consolidated financial statements are prepared in Euro ("EUR" or "€"), rounded to the nearest thousand, being the functional currency and presentation currency of the Company. These financial statements have been prepared on a historical cost basis, except for investment property, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which are measured at fair value.

These financial statements are prepared on a going concern basis. The Directors believe that it is appropriate to adopt the going concern basis in preparing the financial statements. The Directors based their assessment on the Group's detailed cash flow projections for the period up to 31 December 2022. These projections take into account the very significant available cash resources of the Group (as at 30 June 2021 these amounted to c.€460 million), the latest contracted rental income, anticipated additional rental income from new possible lease agreements during the period covered by the projections, modification of existing lease contracts due to COVID-19 as well as repayment of contracted debt financing, CAPEX, and other commitments. The projections show that, in the period up to 31 December 2022, the Company anticipates having sufficient liquid resources to continue to fund ongoing operations and asset development without the need to raise any additional debt or equity financing, or the need to reschedule existing debt facilities or other commitments. Further details on the Company's response to the COVID-19 pandemic can be found in other sections of the Interim Report.

Accounting policies

These consolidated financial statements apply the same accounting policies, presentation and methods of calculation as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2020, which were prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU') and the Companies (Guernsey) Law 2008, as amended. The consolidated financial statements included in this Interim Report should be read in conjunction with the consolidated financial statements for the year ended 31 December 2020. On 1 January 2021, the Group adopted certain new accounting policies where necessary to comply with amendments to IFRS, refer to note 26 for more details.

1. Basis of Preparation *continued*

Basis of Consolidation

These condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries ('the Group') as of and for the period ended 30 June. Subsidiaries are fully consolidated (refer to note 23) from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the period from the date of obtaining control to 30 June, using consistent accounting policies. All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Foreign Currency transactions and balances

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 functional currency of the Company and its subsidiaries are retranslated at the rates of exchange prevailing on the statement of financial position date. Gains and losses on translation are taken to profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2 Critical Accounting Judgements, Estimates and Assumptions

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

Selection of Functional Currency

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

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

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

- Investment Property, see note 3 and Fair value measurement and related estimates and judgements, see note 4;
- Commitments (operating leases commitments – Group as lessor), see note 6;
- Taxation, see note 11;
- Financial assets at fair value through profit or loss, see note 14;
- Trade and other receivables, see note 15;
- Share-based payment reserve, see note 20;
- Investment in Joint Ventures, see note 22; and
- Investment in Subsidiaries, see note 23.

SECTION II: INVESTMENT PROPERTY

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

Further information about the property portfolio is described in the Management Review section of the Interim Report.

3 Investment Property

		Investment property – *freehold*						
		Completed investment property	Investment property under refurbishment	Investment property under development	Land for further development	Sub-total	**Investment property leasehold-Right of usufruct of the land**	**TOTAL**
	Note	€'000	€'000	€'000	€'000	€'000	€'000	€'000
1 January 2020		2,845,958	–	131,720	39,200	3,016,878	32,077	3,048,955
Subsequent expenditure		13,968	681	40,077	706	55,432	–	55,432
Net lease incentive movement		24,594	696	1,809	–	27,099	–	27,099
Other operating lease commitment		(1,353)	–	–	–	(1,353)	–	(1,353)
Capitalised borrowing costs		–	–	1,452	–	1,452	–	1,452
Transfer to completed investment property		116,375	–	(116,375)	–	–	–	–
Transfer to land for further development		(1,350)	–	–	1,350	–	–	–
Transfer to investment property under refurbishment		(104,935)	104,935	–	–	–	–	–
Disposal during the period		(2,131)	–	–	(287)	(2,418)	–	(2,418)
Fair value gain/(loss) on investment property		(112,806)	(3,182)	1,067	(519)	(115,440)	(713)	(116,153)
31 December 2020		2,778,320	103,130	59,750	40,450	2,981,650	31,364	3,013,014
Asset acquisition	3.1	**18,011**	**–**	**–**	**–**	**18,011**	**–**	**18,011**
Subsequent expenditure		**6,165**	**1,550**	**16,336**	**1,181**	**25,232**	**–**	**25,232**
Net lease incentive movement		**7,482**	**(271)**	**902**	**–**	**8,113**	**–**	**8,113**
Capitalised borrowing costs	10	**–**	**–**	**479**	**–**	**479**	**–**	**479**
Transfer to completed investment property		**63,600**	**–**	**(63,600)**	**–**	**–**	**–**	**–**
Transfer to investment property under development		**–**	**–**	**2,500**	**(2,500)**	**–**	**–**	**–**
Transfer to investment property under refurbishment		**(47,520)**	**47,520**	**–**	**–**	**–**	**–**	**–**
Disposal during the period		**(679)**	**–**	**–**	**–**	**(679)**	**–**	**(679)**
Fair value gain/(loss) on investment property		**(13,729)**	**(2,899)**	**3,483**	**(731)**	**(13,876)**	**(827)**	**(14,703)**
30 June 2021		**2,811,650**	**149,030**	**19,850**	**38,400**	**3,018,930**	**30,537**	**3,049,467**

3.1 Investment Property – Freehold

Judgements

Classification of Investment Property

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

Asset acquisition

On 27 April 2021, the Group acquired through its wholly owned subsidiary Industrial Park West SRL, two standing industrial investment properties located in the west side of Romania, namely IPW Arad and IPW Oradea.

3.1 Investment Property – Freehold *continued*

Disposal of Investment Property not in the Ordinary Course of Business

The Group enters into contracts with customers to sell properties that are complete. The sale of completed property is generally expected to be the only performance obligation and the Group has determined that it will be satisfied at the point in time when control transfers. For unconditional exchange of contracts, this is generally expected to be when legal title transfers to the customer. For conditional exchanges, this is expected to be when all significant conditions are satisfied. The recognition and measurement requirements in IFRS 15 are applicable for determining the timing of derecognition and the measurement of consideration (including applying the requirements for variable consideration) when determining any gains or losses on disposal of non-financial assets when that disposal is not in the ordinary course of business.

Other Disclosures Related to Investment Property

Interest-bearing loans and borrowings are secured on investment property freehold, see note 13 for details. Further information about individual properties is disclosed in the asset management review section in the Interim Report.

3.2 Investment property – Leasehold

Right of Perpetual Usufruct of the Land (the "RPU")

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

4 Fair Value Measurement and Related Estimates and Judgements

Investment Property Measured at Fair Value

The Group's investment property portfolio for Romania was valued by Colliers Valuation and Advisory SRL and Cushman & Wakefield LLP and for Poland by Knight Frank Sp. z o.o. and CBRE Sp. z o.o. All independent professionally qualified valuers hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued using recognised valuation techniques.

Our Property Valuation Approach and Process

The Group's investment department includes a team that reviews twice in a financial year the valuations performed by the independent valuers for financial reporting purposes. For each independent valuation performed, the investment team along with the finance team:

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

The fair value hierarchy levels are specified in accordance with IFRS 13 Fair Value Measurement. Some of the inputs to the valuations are defined as "unobservable" by IFRS 13 and these are analysed in the tables below. Any change in valuation technique or fair value hierarchy (between level 1, level 2 and level 3) is analysed at each reporting date or as of the date of the event or variation in the circumstances that caused the change. As of 30 June 2021 (2020: same) the values of all investment properties were classified as level 3 fair value hierarchy under IFRS 13 and there were no transfers from or to level 3 from level 1 and level 2.

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

Property valuations are inherently subjective as they are made on the basis of assumptions made by the valuer. Valuation techniques comprise the discounted cash flows, the sales comparison approach and the residual value method.

The Group has based its assumptions and estimates on the parameters available when the consolidated financial statements were prepared, including the amendments or possible amendments of the current lease contracts due to COVID-19, delays to non-committed capital expenditure, cost-cutting initiatives and delays in construction activity. Consideration was also given to the possible impact of the stay at home and social distancing measures imposed by governments in countries in which it operates. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. However, all such assumptions or estimates are sensitive to change due to the current market environment in light of COVID-19. Such uncertainty is reflected in the assumptions used for the valuation and the Group disclosed below the sensitivity to different key inputs to overall valuation.

4 Fair Value Measurement and Related Estimates and Judgements *continued*

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

Class of property	Carrying value 30 June 2021 €'000	Carrying value 31 December 2020 €'000	Valuation Technique	Country	Input	30 June 2021	31 December 2020
Completed Investment property	**1,444,850**	1,497,420	DCF	Poland	Rent per sqm	**€11.5–€24**	€11.5–€24
					Discount rate	**4.56%–10.81%**	4.18%–10.87%
					Exit yield	**5.37%–8.50%**	5.34%–8.50%
	1,287,900	1,119,000	DCF	Romania	Rent per sqm	**€3.25–€35.00**	€3.40–€35.00
					Discount rate	**7.50%–8.75%**	7.50%–8.75%
					Exit yield	**6.25%–8.00%**	6.25%–8.00%
	20,300	102,300	DC	Romania	Rent per sqm	**€2.91–€5.87**	€2.90–€9.95
					Exit yield	**7.75%**	6.85%–7.75%
Sub-total	**2,753,050**	2,718,720					
	58,600	59,600	SC	Romania	Sales value (sqm)	**€1,866**	€1,843
	2,811,650	2,778,320					
Investment property under development	**9,550**	9,550	RM	Poland	Rent per sqm	**€13.50**	€13.50
					Discount rate	**6.50%-7.53%**	6.50%-7.64%
					Exit yield	**6.50%**	6.50%
					Capex (€m)	**€27.98**	€27.98
	10,300	50,200	RM	Romania	Rent per sqm	**€3.80–€15.00**	€11.00–€15.00
					Discount rate	**7.75%-9.00%**	9.00%
					Exit yield	**7.00%-7.75%**	7.00%-7.75%
					Capex (€m)	**€53.40**	€57.40
Investment property under refurbishment	**149,030**	103,130	RM	Poland	Rent per sqm	**€13.25 –€14.00**	€14.00
					Discount rate	**6.76%-7.94%**	4.53%-9.18%
					Exit yield	**6.87%-7.62%**	6.88%
					Capex (€m)	**€37.71**	€29.14
Land bank – for further development	**15,000**	17,050	SC	Romania	Sales value (sqm)	**€25.00-€2,500**	€25.00-€2,500
					Rent per sqm	**€2.75-€16.50**	€2.75-€16.50
	23,400	23,400	RM	Romania	Exit yield	**7.00%-8.25%**	7.00%-8.25%
TOTAL	**3,018,930**	2,981,650					

DCF: Discounted Cash Flows, DC: Direct Capitalisation, SC: Sales Comparison, RM: Residual Method

Sensitivity Analysis on significant estimates used in the valuation

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

4 Fair Value Measurement and Related Estimates and Judgements *continued*

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

			€0.5 change in rental value per month, per sqm[1]		25 bps change in market yield		5% change in Capex		€50 change in sales prices per sqm[2]		2.5% change in vacancy in Perpetuity[3]	
Investment property	Year	Country	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
			€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Completed	**2021**	**Poland**	**39,080**	**(39,080)**	**(63,970)**	**69,700**	**–**	**–**	**–**	**–**	**–**	**–**
	2021	**Romania**	**34,000**	**(34,400)**	**(33,100)**	**35,000**	**–**	**–**	**1,800**	**(1,800)**	**(15,200)**	**11,700**
	2020	Poland	41,020	(41,140)	(64,510)	70,160	–	–	–	–	–	–
	2020	Romania	33,700	(34,000)	(30,900)	33,600	–	–	1,900	(1,800)	(13,600)	10,200
Under development	**2021**	**Poland**	**1,450**	**(1,450)**	**(1,670)**	**1,810**	**(1,320)**	**1,320**	**–**	**–**	**–**	**–**
	2021	**Romania**	**2,400**	**(2,400)**	**(1,300)**	**1,400**	**(2,500)**	**2,400**	**–**	**–**	**–**	**–**
	2020	Poland	1,450	(1,450)	(1,670)	1,810	(1,530)	1,530	–	–	–	–
	2020	Romania	3,600	(3,600)	1,400	(1,100)	(2,700)	2,600	–	–	–	–
Under refurbishment	**2021**	**Poland**	**5,400**	**(5,380)**	**(6,490)**	**6,990**	**(990)**	**1,000**	**–**	**–**	**–**	**–**
	2020	Poland	3,620	(3,610)	(4,720)	5,090	(1,750)	1,750	–	–	–	–
Further development	**2021**	**Poland**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2021	**Romania**	**2,000**	**(2,000)**	**(1,800)**	**2,000**	**(2,200)**	**2,200**	**1,300**	**(1,400)**	**–**	**–**
	2020	Poland	–	–	–	–	–	–	–	–	–	–
	2020	Romania	2,000	(2,000)	(1,800)	2,000	(2,200)	2,200	1,450	(1,600)	–	–

1. The quantitative sensitivity analysis was computed as €0.25 change in rental value per month, per sqm for four industrial properties (2020: two industrial properties at €0.25 change in rental value per month, per sqm).
2. The quantitative sensitivity analysis was computed as €1.5 change in sales price per sqm for industrial properties portfolio.
3. The vacancy in perpetuity sensitivity analysis is not followed for the Polish properties portfolio as this factor is considered in the valuation methodology as part of yields and not a variable in isolation.

4.1 Investment properties owned by Joint Ventures

	Note	Completed investment property €'000	Investment property under development €'000	Land for further development €'000	TOTAL €'000
1 January 2020		–	6,400	23,100	29,500
Subsequent expenditure		965	14,600	522	16,087
Net lease incentive movement		223	102	–	325
Capitalised borrowing costs		–	311	–	311
Transfer to investment property under development		24,976	(24,976)	–	–
Fair value gain/(loss) on investment property		(364)	3,563	1,778	4,977
31 December 2020		25,800	–	25,400	51,200
Land acquired during the period		**–**	**–**	**130**	**130**
Subsequent expenditure		**339**	**4,284**	**844**	**5,467**
Net lease incentive movement		**50**	**–**	**–**	**50**
Capitalised borrowing costs		**–**	**20**	**–**	**20**
Transfer to investment property under development		**–**	**1,200**	**(1,200)**	**–**
Fair value gain/(loss) on investment property	22.3	**(689)**	**(2,504)**	**26**	**(3,167)**
30 June 2021	22.2	**25,500**	**3,000**	**25,200**	**53,700**

Sensitivity analysis on significant estimates used in the valuation of investment properties owned by the joint venture

As disclosed in note 22, the Group also has investments in two joint ventures where investment properties were valued at fair value under the similar Group accounting policies by Colliers Valuation and Advisory SRL, an independent qualified professional valuer.

The table below describes key information about the fair value measurements, valuation technique and significant unobservable inputs (Level 3) used in arriving at the fair value under IFRS 13.

4.1 Investment properties owned by Joint Ventures *continued*

Class of Joint venture property	Carrying value 30 June 2021 €'000	31 December 2020 €'000	Valuation technique	Country	Input	Range 30 June 2021	31 December 2020
Completed Investment Property	**25,500**	13,800	DCF	Romania	Rent per sqm	**€2.00-€8.50**	€3.00-€7.35
					Discount rate	**8.50%**	8.50%
					Exit yield	**7.75%**	7.75%
	–	12,000	DC		Rent per sqm	-	€3.12-€8.50
					Discount rate	-	8.75%
					Exit yield	-	7.75%
Investment property under development	**3,000**	-	RM	Romania	Discount rate	**8.50%**	-
					Exit yield	**7.75%**	-
					Capex (€m)	**€4.26**	-
Land bank – for further development	**25,200**	25,400	SC	Romania	Sales value sqm	**€24.00-€42.00**	€23.00-€42.00
TOTAL	**53,700**	51,200					

DCF: Discounted Cash Flows, DC: Direct Capitalisation, SC: Sales Comparison, RM: Residual Method

A quantitative sensitivity analysis (for properties owned by joint ventures), in isolation, of the most sensitive inputs used in the independent valuations performed, as of the statement of financial position date, are set out below:

Joint Ventures Investment Property	Year	Country	€0.25 change in rental value per month, per sqm Increase €'000	Decrease €'000	25 bps change in market yield Increase €'000	Decrease €'000	5% change in capex Increase €'000	Decrease €'000	€1.5 change in sales prices per sqm Increase €'000	Decrease €'000	2.5% change in vacancy in perpetuity Increase €'000	Decrease €'000
– Completed	**2021**	**Romania**	**1,200**	**(1,100)**	**(400)**	**500**	**–**	**–**	**–**	**–**	**(300)**	**400**
	2020	Romania	1,200	(1,100)	(400)	400	–	–	–	–	(400)	400
– Under development	**2021**	**Romania**	**500**	**(500)**	**(200)**	**200**	**(300)**	**200**	**–**	**–**	**–**	**–**
	2020	Romania	–	–	–	–	–	–	–	–	–	–
– Further development	**2021**	**Romania**	**–**	**–**	**–**	**–**	**–**	**–**	**1,500**	**(1,500)**	**–**	**–**
	2020	Romania	–	–	–	–	–	–	1,600	(1,500)	–	–

5 Advances for investment Property

	30 June 2021 €'000	31 December 2020 €'000
Advances for land and other property acquisitions	**2,000**	2,000
Advances to contractors for investment properties under development	**2,128**	2,215
	4,128	4,215

6 Commitments

Commitments for Investment Property

As at 30 June 2021 the Group had agreed construction contracts with third parties and is consequently committed to future capital expenditure in respect of completed investment property of €7.3 million (2020: €11.3 million), investment property under development of €3.2 million (2020: €21.0 million) and had committed with tenants to incur incentives (such as fit-out works, leasing fees and other lease incentives) of €24.0 million (2020: €15.9 million).

The Group's Joint Ventures were committed to the construction of investment property for the amount of €29.8 million at 30 June 2021 (2020: €0.1 million).

Judgements Made for Properties Under Operating Leases, being the lessor

The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of the investment properties leased to third parties and, therefore, being the lessor accounts for these leases as operating leases.

The duration of these leases is one year or more (2020: one year or more) and rentals are subject to annual upward revisions based on the consumer price index. The future aggregate minimum rentals receivable under non-cancellable operating leases for investment properties – freehold are as follows:

	30 June 2021 €'000	31 December 2020 €'000
Not later than 1 year	**167,265**	171,841
Later than 1 year and not later than 5 years	**438,557**	433,228
Later than 5 years	**193,706**	186,307
	799,528	791,376

SECTION III: FINANCIAL RESULTS

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

7 Revenue

Revenue from asset management fees, marketing and other income are recognised at the time the service is provided.

	30 June 2021 €'000	30 June 2020 €'000
Rental income	**75,378**	81,246
Revenue from contracts with customers		
Service charge income	**28,795**	29,513
Fit-out services income	**3,884**	2,799
Asset management fees	**24**	-
Marketing and other income	**29**	481
	32,732	32,793
	108,110	114,039

The total contingent rents and surrender premia recognised as rental income during the period amount to €0.8 million (30 June 2020: €0.1 million) and €0.4 million (30 June 2020: €0.9 million), respectively.

8 Operating Expenses

	30 June 2021 €'000	30 June 2020 €'000
Property management, utilities and insurance	**31,304**	30,730
Property maintenance costs and other non-recoverable costs	**791**	886
Property expenses arising from investment property that generate rental income	**32,095**	31,616
Property expenses arising from investment property that did not generate rental income	**10**	75
Fit-out services costs	**3,852**	2,701
	35,957	34,392

9 Administrative expenses

	30 June 2021 €'000	30 June 2020 €'000
Directors' emoluments	**579**	759
Employment related costs	**4,141**	3,402
Accounting, secretarial and administration costs	**404**	374
Legal and other advisory services	**829**	1,066
Audit and non-audit services	**54**	80
Corporate social responsibility	**546**	1,342
Travel and accommodation	**74**	220
Marketing and advertising services	**237**	200
Post, telecommunication, and office supplies	**232**	366
Stock exchange expenses	**294**	380
Exceptional and non-recurring expenses	**1,933**	635
	9,323	8,824

During the period ended 30 June 2021, exceptional and non-recurring expenses include mainly professional advisory fees in connection with the cash offer for Globalworth shares, made by CPI Property Group S.A. and Aroundtown SA through Zakiono Enterprises Limited in May 2021. During the period ended 30 June 2020, exceptional and non-recurring costs included restructuring costs of €0.4 million and COVID-19 related expenses of €0.2 million.

10 Finance Cost

	Note	30 June 2021 €'000	30 June 2020 €'000
Interest on secured loans		**3,548**	3,154
Interest on unsecured revolving facility		**–**	721
Interest on fixed rate bonds		**18,640**	16,024
Debt cost amortisation and other finance costs	10.1	**4,178**	3,587
Other financial expenses		**–**	16
Interest on lease liability	3.2	**905**	712
Bank charges		**731**	214
Gross finance cost		**28,002**	24,428
Less borrowing costs capitalised in investment property under development		**(479)**	(900)
		27,523	23,528

The capitalisation rate used to determine the borrowings eligible for capitalisation was 3.33% (30 June 2020: 3.33%).

10.1 Debt cost amortisation and other finance costs

	30 June 2021 €'000	30 June 2020 €'000
Debt issue cost amortisation – secured bank loans	**256**	153
Debt issue cost amortisation – unsecured revolving facility	**738**	817
Debt issue cost amortisation – fixed rate bonds	**3,184**	2,617
	4,178	3,587

11 Taxation

	30 June 2021 €'000	30 June 2020 €'000
Current income tax expense	**814**	2,191
– Related to current period	***793***	*2,083*
– Related to prior period	***21***	*108*
Deferred income tax expense	**5,519**	296
	6,333	2,487

Current income tax expense

The Corporate income tax rate "CIT" applicable to the Company in Guernsey is nil. The subsidiaries in Romania, Poland and Cyprus are subject to tax on local sources of income. The current income tax expense of €0.8 million (30 June 2020: €2.2 million) represents the profit tax for the Group. The taxable income arising in each jurisdiction is subject to the following standard corporate income tax rates: Romania at 16%, Cyprus at 12.5% and Poland at 19% (however for small entities with revenue up to €2 million (2020: €1.2 million) in the given tax year and entities starting a new business for their first tax year of operation, under certain conditions, are charged a reduced rate of 9%).

The Group's subsidiaries in Poland are subject to the minimum tax, which is applied to income from ownership of certain high-value fixed assets having an initial value of the asset exceeding PLN 10 million at a rate of 0.035% per month. From 2019, the taxpayer has a right to apply for the refund of previously paid minimum tax which was not deducted from the advance corporate income tax. This minimum tax can be set-off against CIT if CIT is higher. The tax is applied only to leased buildings while no tax applies on vacant buildings or on vacant space in partially occupied buildings. Due to the COVID-19 pandemic, the minimum tax scheme was suspended since 1 March 2020 (until such a future date when the authorities would resume its effect) and the Group's subsidiaries are subject to corporate income tax.

The Group's subsidiaries registered in Cyprus need to comply with the National tax regulations; however, the Group does not expect to generate significant taxable income, other than dividend and interest income, these being the most significant future sources of income of the Group subsidiaries registered in Cyprus. Dividend income is tax exempt under certain conditions and interest income, however, is subject to corporate income tax at the rate of 12.5% in Cyprus.

11 Taxation *continued*

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

There are uncertainties in Romania and Poland where the Group has significant operations and this is due to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile. In Romania and Poland, the tax position is open to further verification for five years and no subsidiary in Romania has had a corporate income tax audit in the last five years while in Poland some entities are currently under tax audit with respect to the corporate income tax settlement for the fiscal years 2016 and 2017.

Deferred tax (asset)/liabilities

	30 June 2021 €'000	31 December 2020 €'000
Deferred tax asset	**(137)**	(786)
Deferred tax liabilities	**149,713**	144,843
	149,576	144,057

Deferred income tax expense

	Consolidated statement of financial position		**Consolidated statement of comprehensive income**	
	30 June 2021	31 December 2020	**30 June 2021**	30 June 2020
Net Deferred Tax	**€'000**	€'000	**€'000**	€'000
Acquired through asset acquisition	**–**	–	**–**	330
Valuation of investment property at fair value	**171,571**	171,197	**374**	3,500
Deductible temporary differences	**(2,391)**	(3,657)	**1,266**	(247)
Interest expense and foreign exchange loss on intra-group loans	**(15,954)**	(20,017)	**4,063**	(4,097)
Discounting of tenant deposits and long-term deferred costs	**75**	63	**12**	(14)
Share issue cost recognised in equity	**(7)**	(7)	**–**	–
Valuation of financial instruments at fair value	**117**	112	**5**	(1,067)
Recognised unused tax losses	**(3,835)**	(3,634)	**(201)**	1,891
	149,576	144,057	**5,519**	296

The Group has unused assessed tax losses carried forward of €66.8 million (2020: €63.4 million) in Romania and €20.7 million (2020: €20.2 million) in Poland that are available for offsetting against future taxable profits of the entity which has the tax losses. The tax losses in Romania and Poland can be carried forward over seven and five consecutive tax years from the year of origination, respectively. In Poland, in any particular tax year, the taxpayer may not deduct more than 50% of the loss incurred in the year for which it was reported. Additionally, starting from 2020, the taxpayer may utilise one-time tax losses generated after 31 December 2018 in the amount of being the greater of PLN 5 million or 50% of tax loss of any given fiscal year in the following five fiscal years.

As of the statement of financial position date the Group had recognised deferred tax assets of €3.8 million (2020: €3.6 million) in Romania and Poland for which deferred tax asset recognition criteria were met under IAS 12, out of the total available deferred tax assets of €14.7 million (2020: €14.0 million), calculated at the corporate income tax rates of 16% in Romania and 19% (9% for small entities) in Poland, respectively. Thus, the deferred tax asset of €10.9 million (2020: €10.4 million) was not recognised in Romania and Poland out of total available deferred tax assets, presented in the table below, in the absence of conditions necessary for the recognition of asset as per the criteria under IAS 12.

Expiry year	2021	2022	2023	2024	2025	2026	2027	2028	**Total**
Total available deferred tax assets (€m)	1.7	2.3	2.7	4.7	0.7	1.3	0.3	1.0	**14.7**

Furthermore, in addition to the above, there are also temporary non-deductible interest expenses and net foreign exchange losses of €213.7 million, €37.0 million in Romania and €176.7 million in Poland (2020: €192.2 million, €32.8 million in Romania and €159.4 million in Poland) related to intercompany and bank loans. Such amounts can be carried forward indefinitely and each year an amount up to 30% of tax EBITDA (but not less than PLN 3 million in Poland) would become tax deductible for each respective subsidiary, for which €15.9 million (€0.7 million in Romania and €15.2 million in Poland) deferred tax asset was recorded (2020: €20.0 million, €1.5 million in Romania and €18.5 million in Poland).

12 Earnings Per Share

The following table reflects the data used in the calculation of basic and diluted earnings per share per IFRS and EPRA guidelines:

Date	Event	Note	Number of shares issued ('000)	% of the year	Weighted average ('000)
1 Jan 2020	**At the beginning of the year**		**221,479**		**221,479**
	– Shares purchased with cash by the Company		(271)	7	(20)
30 June 2020	**Shares in issue at period-end (basic)**		**221,208**		**221,459**
Jan–June 2020	Effect of dilutive shares		1,160	92	1,064
30 June 2020	**Shares in issue at period-end (diluted)**		**222,368**		**222,523**
1 Jan 2021	**At the beginning of the year**		**220,297**		**220,297**
Jan 2021	– Treasury shares allotted under the Executive share option plan (vested and exercised)	20.2	26	89	23
Jan–Feb 2021	– Treasury shares allotted under deferred annual bonus plan (vested and exercised)	20.4	303	68	206
March 2021	– Shares allotted under Subsidiaries' Employees Share Award plan (vested and exercised)	20.3	97	51	49
30 June 2021	**Shares in issue at period-end (basic)**		**220,723**		**220,575**
	Dilutive shares:				
Jan 2021	– at the beginning of the year		895	100	895
Jan–March 2021	– vested and exercised under share-based plans during the period	20	(426)	65	(278)
Jan- March 2021	– assigned as unvested under share-based plans during the period	20	5	86	4
30 June 2021	**Shares in issue at period-end (diluted)**		**221,197**		**221,196**

Unvested share option warrants of 2.85 million were not included in basic or diluted number of shares being unvested and anti-dilutive on issue date (refer to note 25.1 for further information). However, 20,000 share option warrants which were vested and exercisable at 30 June 2021 were included in the dilutive number of shares outstanding at 30 June 2021 (2020: same). Subsequent to 30 June 2021, the Company issued 20,000 new shares to two non-Executive Directors under the share option warrants plan.

	30 June 2021 €'000	30 June 2020 €'000
Profit/(loss) attributable to equity holders of the Company for the basic and diluted earnings per share	**12,534**	(48,582)
IFRS earnings per share	**Cents**	Cents
– Basic	**6**	(22)
– Diluted	**6**	(22)

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12. Earnings Per Share *continued*

EPRA Earnings Per Share

The following table reflects the reconciliation between IFRS earnings as per the statement of comprehensive income and EPRA earnings (non-IFRS measure):

	Note	**30 June 2021 €'000**	30 June 2020 €'000
Earnings attributable to equity holders of the Company (IFRS)		**12,534**	(48,582)
Changes in fair value of financial instruments and associated close-out costs		**(325)**	(277)
Fair value loss on investment property	3	**14,703**	91,977
Losses on disposal of investment properties		**162**	107
Changes in value of financial assets at fair value through profit or loss	14	**243**	(151)
Acquisition costs		**–**	2,302
Deferred tax charge in respect of above adjustments		**379**	2,433
Adjustments in respect of joint ventures and other items		**1,337**	(1,420)
EPRA earnings attributable to equity holders of the Company		**29,033**	46,389

EPRA earnings per share	**Cents**	Cents
– Basic	**13**	21
– Diluted	**13**	21

This section focuses on financial instruments, together with the working capital position of the Group and financial risk management of the risks that the Group is exposed to at period end.

13 Interest-Bearing Loans and Borrowings

This note describes information on the material contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to market risk, currency risk and liquidity risks, see note 17.

	30 June 2021 €'000	31 December 2020 €'000
Current		
Secured loans and accrued interest	**3,497**	3,580
Unsecured fixed rate Bonds, including accrued interest	**336,714**	22,471
Sub-total	**340,211**	26,051
Non-current		
Secured loans	**357,607**	358,836
Unsecured fixed rate Bonds	**927,048**	1,245,207
Sub-total	**1,284,655**	1,604,043
TOTAL	**1,624,866**	1,630,094

13.1 Key terms and conditions of outstanding debt

				30 June 2021		31 December 2020	
				Face value	**Carrying value**	Face value	Carrying value
Facility	Currency	Nominal interest rate	Maturity date	**€'000**	**€'000**	€'000	€'000
Loan 16	EUR	EURIBOR 1 month + margin	May 2025	**14,102**	**14,099**	14,724	14,721
Loan 25	EUR	Fixed rate Bond	June 2022	**323,383**	**321,648**	328,066	325,460
Loan 37	EUR	Fixed rate Bond	March 2025	**554,204**	**547,886**	562,522	555,324
Loan 38[1]	EUR	Fixed rate & Floating rate EURIBOR 3 months + margin	May 2025	**100,105**	**99,475**	100,111	99,405
Loan 41	EUR	EURIBOR 3 month + margin	March 2029	**85,309**	**84,555**	85,313	84,505
Loan 43	EUR	EURIBOR 3 month + margin	December 2024	**36,814**	**36,669**	37,599	37,438
Loan 44/45	EUR	Fixed rate	February 2027	**62,293**	**61,964**	62,295	61,935
Loan 46	EUR	Fixed rate	November 2029	**65,043**	**64,342**	65,105	64,412
Loan 48	EUR	Fixed rate Bond	July 2026	**410,862**	**394,228**	405,011	386,894
Total				**1,652,115**	**1,624,866**	1,660,746	1,630,094

1 Loan 38 was drawn down in two tranches – 95% of the facility carries a fixed interest rate and 5% carries a floating EURIBOR 3-month rate.

Unsecured corporate Bonds

In June 2017, the Company issued a €550 million unsecured Eurobond (Loan 25). The five-year Euro-denominated Bond matures on 20 June 2022 and carries a fixed interest rate of 2.875%. In March 2018, the Group issued a €550 million unsecured Eurobond (Loan 37). The seven-year Euro-denominated Bond matures on 29 March 2025 and carries a fixed interest rate of 3.0%.

In July 2020 the Company successfully completed under its €1.5 billion Euro Medium Term Notes Programme the issuance of €400 million new Notes, due in 2026, by exchanging €226.9 million of the €550 million Notes due in June 2022 (loan 25) and the remaining amount €158.7 million, after deduction of buy-back premium and issuance fees, was received in cash which further enhanced the liquidity position of the Group.

The redemption of the June 2022 notes and the issuance of the July 2026 notes were negotiated in contemplation of one another and therefore the transaction constituted an exchange of old for new debt instead of a separate extinguishment of part of the June 2022 notes and separate issuance of the July 2026 notes as per IFRS 9. Therefore, unamortised finance costs of €1.5 million and the 2% buy-back premium on the exchanged €226.9 million June 2022 notes were added to the issuance cost of July 2026 notes and are amortised over the term of the July 2026 notes.

Financial covenants

Financial covenants on unsecured fixed rate bonds are calculated on a semi-annual basis at 30 June and 31 December each year and include the Consolidated Coverage Ratio, with minimum value of 200%, the Consolidated Leverage Ratio, with maximum value of 60%, and the Consolidated Secured Leverage Ratio with a maximum value of 30%.

13 Interest-Bearing Loans and Borrowings *continued*

Unsecured Revolving Credit Facility

At the end of October 2019, the Group entered into a €200 million unsecured Revolving Credit Facility ("RCF") with a syndicate of local and international banks. On 18 March 2020, the full amount was drawn down in order to further strengthen the liquidity during the pandemic period, however, following the successful Bond issuance, the €200 million outstanding balance on the RCF was repaid in full on 13 August 2020.

In July 2020, the Group exercised its option to increase the RCF credit line by €15 million under a pre-existing commitment from the syndicate of Banks, thus as at 30 June 2021 and 31 December 2020, the entire RCF facility of €215 million was available for utilisation until 31 March 2024, with maturity date 30 April 2024.

The RCF terms have been structured to, generally, align with the Company's existing Euro Medium Term Note (EMTN) programme for fixed rate Bonds. In addition to the financial covenants applicable for unsecured fixed rate bonds, the RCF facility contains a supplementary financial covenant of the Total Unencumbered Assets Ratio with minimum value of 125%.

13.2 Secured facilities

Financial covenants

Financial covenants on secured loans are calculated based on the individual financial statements of the respective subsidiaries and subject to the following ratios:

- gross loan-to-value ratio ("LTV") with maximum values ranging from 60%–83% (2020: 60%–83%). LTV is calculated as the loan value divided by the market value of the relevant property (for a calculation date);
- the debt service cover ratio ("DSCR") minimum values of 120% (2020: 120%). DSCR is calculated, depending on the respective credit facility, on the preceding 12-months historical ratio or projected future 12-months period ratio; and
- minimum interest cover ratio ("ICR"), historic with minimum values from 350% and projected with minimum values from 250% (2020: 250%), which was applicable to two properties as at 30 June 2021 (31 December 2020: same). Historic ICR is calculated, as Actual Net Rental Income as a percentage of the Actual Interest Costs for the twelve preceding months period from the calculation date. Projected ICR is calculated as Projected Net Rental Income as a percentage of the Projected Interest Costs for the twelve months period commencing immediately after the date of the calculation.

Secured bank loans are secured by investment properties which were recognised in the statement of financial position at fair value of €798.3 million at 30 June 2021 (2020: €796.7 million) and also carry pledges on rent and other receivable balances of €3.4 million (2020: €2.5 million), VAT receivable balances of €0.8 million (2020: €0.7 million) and a movable charge on the respective bank accounts with a total balances of €37.3 million at 30 June 2021 (2020: €30.0 million).

The Group is in compliance with all financial covenants and there were no payment defaults during the period ended 30 June 2021 (2020: same). As of 30 June 2021, the Group had undrawn borrowing facilities of €215 million (2020: €215 million).

14 Financial assets at fair value through profit or loss

Project name	Interest rate	Maturity date	31 December 2020	Additions	Disposal	Valuation loss	**30 June 2021**
			€'000	€'000	€'000	€'000	**€'000**
Browary Stage J	fixed	December 2021	43	–	–	–	**43**
My Place I (formerly: Beethovena I)	fixed	December 2021	4,229	143	–	(112)	**4,260**
My Place II (formerly: Beethovena II)	fixed	December 2021	3,423	–	(85)	(131)	**3,207**
TOTAL			**7,695**	**143**	**(85)**	**(243)**	**7,510**

Right of First Offer Agreements ('ROFO' bonds)

The fair value of the financial assets (ROFO bonds) is individually determined by taking into account a number of factors. The significant key factors are fair value of underlying investment properties, outstanding cost to complete the construction and leasing progress. Any significant change in inputs may result in significant change in the fair value of ROFO especially considering current COVID-19 environment. For example, as at 30 June 2021 a 5% change in outstanding cost to complete or the fair value of underlying investment property would have increased or decreased the ROFO fair value by €0.9 million and €1.0 million (2020: €0.9 million and €0.9 million), respectively.

The maturity dates presented in the table above are stated in the agreements, however, the planned repayment dates of debentures would take place upon completion of each ROFO project. The fair value of debentures is calculated based on percentage of completion of each ROFO projects and developer margin of the project which is calculated as a difference between each ROFO Project value upon completion and the project's construction budget. As at 30 June 2021, a loss of €0.24 million (2020: gain of €0.15 million) from the fair valuation of the above financial instruments was recognised in the statement of comprehensive income, categorised Level 3 within the fair value hierarchy.

The Group is committed to invest in each of the ROFO Assets at least 25% of the funds required by each of the ROFO SPVs (less the external construction bank financing at a loan to construction ratio of 60%) to complete the development of each respective ROFO Asset. As of 30 June 2021, the cumulative investment made by the Group under the ROFO Agreement amounts to €16.6 million (2020: €16.6 million) out of which €0.1 million was invested during the current period (during 2020 the Group sold ROFO bonds for an amount of €16.5 million). During 2020 the Group sold ROFO bonds related to Browary Stage J for an amount of €16.5 million to Echo Investment S.A., the majority stake holder. Due to COVID-19 the completion date of the My Place development project was deferred to December 2021.

15 Trade and Other receivables

	30 June 2021 €'000	31 December 2020 €'000
Current		
Rent and service charges receivable	**10,755**	10,785
VAT and other taxes receivable	**6,102**	5,028
Advances to suppliers for services	**288**	90
Sundry debtors	**209**	122
	17,354	16,025

Rent and Service Charges receivable

Rent and service charges receivable are presented in the above table net of an allowance for bad or doubtful debts of €5.5 million (2020: €4.9 million). Rent and service charges receivable are non-interest-bearing and are typically due within 30-90 days (see more information on credit risk and currency profile in note 17.2). For the terms and conditions for related party receivables, see note 25.

16 Cash and Cash Equivalents

	30 June 2021	31 December 2020
	€'000	€'000
Cash at bank and in hand	**200,119**	300,704
Short-term deposits	**259,774**	226,097
Cash and cash equivalents as per statement of cash flows	**459,893**	526,801
Guarantee deposits – cash reserve	**–**	1,000
Cash and cash equivalents as per statement of financial position	**459,893**	527,801

Cash at bank and in hand includes restricted cash balances of €9.4 million (2020: €6.4 million) and short-term deposits include restricted deposits of €0.1 million (2020: €3.2 million). The restricted cash balance can be used to repay the outstanding debts and repayment of deposits to tenants. The cash balance of €0.4 million (2020: €0.2 million) held by the Globalworth Foundations (Fundatia Globalworth in Romania and Fundacja Globalworth in Poland) is restricted only for charity purposes.

Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group and earn interest at rates on Euro deposits ranging from minus 0.17% to 0.20% (2020: minus 0.60% to 0.35%) per annum and for RON deposits from 0.40% to 1.38% (2020: 0.62% to 2.55%) per annum. For RON deposits highest interest rate was earned on overnight deposits.

Details of cash and cash equivalents denominated in foreign currencies are disclosed in note 17.

17 Financial Risk Management – Objective and Policies

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

- Market risk (including currency risk, interest rate risk);
- Credit risk; and
- Liquidity risk.

17.1 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.
The Group's market risks arise from open positions in: (a) foreign currencies; and (b) interest-bearing assets and liabilities, to the extent that these are exposed to general and specific market movements.

17.1 a) Foreign currency risk

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

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

17 Financial Risk Management – Objective and Policies *continued*

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

	30 June 2021				31 December 2020			
	Denominated in				Denominated in			
Amounts in €'000 equivalent value	**RON**	**PLN**	**GBP**	**USD**	RON	PLN	GBP	USD
ASSETS								
Cash and cash equivalents	**17,305**	**15,496**	**48**	**6**	27,672	16,136	71	18
Trade and other receivables	**8,508**	**7,102**	**–**	**–**	7,573	8,219	–	–
Contract assets	**860**	**980**	**–**	**–**	1,506	1,311	–	–
Income tax receivable	**42**	**806**	**–**	**–**	192	725	–	–
Total	**26,715**	**24,384**	**48**	**6**	36,943	26,391	71	18
LIABILITIES								
Trade and other payables	**12,016**	**9,799**	**–**	**–**	10,418	9,909	–	–
Lease liability	**–**	**29,061**	**–**	**–**	–	29,089	–	–
Income tax payable	**160**	**86**	**–**	**–**	632	170	–	–
Guarantees from subcontractors	**137**	**1,846**	**–**	**–**	–	2,165	–	–
Deposits from tenants	**2,799**	**6,598**	**–**	**5**	3,271	5,954	–	–
Total	**15,112**	**47,390**	**–**	**5**	14,321	47,287	–	–
Net exposure	**11,603**	**(23,006)**	**48**	**1**	22,622	(20,896)	71	18

Foreign Currency Sensitivity Analysis

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

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

	30 June 2021		30 December 2020	
All amounts in €'000	**Profit or (loss)**	**Equity**	Profit or (loss)	Equity
RON	**(580)**	**(580)**	(1,131)	(1,131)
PLN	**1,150**	**1,150**	1,045	1,045
USD	**–**	**–**	(1)	(1)
GBP	**(2)**	**(2)**	(4)	(4)

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

17.1 b) Interest Rate Risk

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

The Group's interest rate risk principally arises from interest-bearing loans and borrowings. As at 30 June 2021, the total outstanding balance of interest-bearing loans and borrowing 91.4% (2020: 91.3%) carry fixed rate interest, as a consequence, the Group is exposed to fair value interest rate risk, which has been disclosed under IFRS. As of 30 June 2021, the fair value of such fixed rate debt was higher by €94 million (2020: higher with €93 million) than the carrying value as disclosed below in fair value hierarchy table.

Furthermore, as at 30 June 2021, from the total outstanding interest-bearing loans and borrowing balance 8.6% (2020: 8.7%) carry variable interest rate, which range from EURIBOR 1-month to EURIBOR 3-month rates, see note 13 for details on each individual loan. These loans expose the Group to cash flow interest rate risk and in order to minimise this risk, the Group hedged 10.0% (2020: 10.3%) of such variable interest rate exposure with fixed-variable interest rate swap instrument and further 43.4% (2020: 30.0%) hedged with interest rate cap instruments.

Based on the Group's debt balances at 30 June 2021, an increase or decrease of 25 basis points in the EURIBOR will result in an increase or decrease (net of tax) of interest expense by €2.1 million (2020: €2.3 million), with a corresponding impact on equity for the same amount, respectively. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

17 Financial Risk Management – Objective and Policies *continued*

17.2 Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's policy is to trade with recognised and creditworthy third parties. The Group's exposure is continuously monitored and spread amongst approved counterparties. The Group's maximum exposure to credit risk, by class of financial asset, is equal to their carrying values at the statement of financial position date.

	Note	**30 June 2021 €'000**	31 December 2020 €'000
Financial assets measured at fair value through profit or loss	14	**7,510**	7,695
Loan receivable from joint venture	22	**22,556**	16,451
Trade receivables – net of provision	15	**10,755**	10,785
Contract assets		**1,840**	2,819
Sundry debtors		**209**	122
Guarantees retained by tenants		**887**	894
VAT and other taxes receivable	15	**6,102**	5,028
Income tax receivable		**846**	931
Cash and cash equivalents	16	**459,893**	527,801
		510,598	572,526

Financial assets at fair value through profit or loss and other comprehensive income

The Group places funds in financial instruments issued by reputable real estate companies with high credit worthiness.

Contract assets and Trade Receivables

A trade receivable is recognised if an amount of consideration that is unconditional is due from the customer (only the passage of time is required before payment of the consideration is due).

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

Estimates and assumptions used for impairment of trade receivables and contract assets

The Group's trade receivables do not contain any financing component and mainly represent lease receivables. Therefore, the Group applied the simplified approach under IFRS 9 and measured the loss allowance based on a provision matrix that is based on historical collection and default experience adjusted for forward looking factors in order to estimate the provision on initial recognition and throughout the life of the receivables at an amount equal to lifetime ECL (Expected Credit Losses). The assessment is performed on a six-month basis and any change in original allowance will be recorded as gain or loss in the income statement.

The COVID-19 pandemic and work from home policies have created a challenging environment for many industries and businesses and, in particular, for some of our retail tenants. We are in close contact with our tenants and we are communicating on a regular basis in order to understand and respond to their challenges, including the amendment of lease terms and also rescheduling of outstanding receivables on a few occasions. We continue to monitor the cash collections of rents daily throughout the entire portfolio. As of financial statements approval date, we have observed insignificant instances, primarily in our retail portfolio in the mixed-use segment, where invoices were not collected from tenants within due date or tenants requested rescheduling of outstanding invoices. This indicates, as per instances observed until the end of July 2021, a lower likelihood of possible business failures, though we continue to monitor closely all customers especially tenants who are facing financial difficulties due to COVID-19. We expect to see low to moderate risk delays in rent collection or low risk of non-payment of rent in the future, considering the current conditions and the availability of vaccines or other solutions against the COVID-19 pandemic. Refer to the Collection Review in the Interim Report for further details.

17 Financial Risk Management – Objective and Policies *continued*

The movements in the provision for impairment of receivables during the respective periods were as follows:

	30 June 2021 €'000	31 December 2020 €'000
Opening balance	**4,976**	4,030
Provision for specific doubtful debts	**783**	1,370
Reversal of provision for doubtful debts	**(220)**	(218)
Utilised	**–**	(62)
Foreign currency translation income	**(43)**	(144)
Closing balance	**5,496**	4,976

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

30 June 2021 (€'000)	**Neither past due nor impaired**	**due but not impaired**				
		<90 days	**<120 days**	**<365 days**	**>365 days**	**TOTAL**
Trade and other receivables – gross	**4,445**	**4,590**	**597**	**2,471**	**4,147**	**16,250**
Less: Specific provision	**–**	**290**	**110**	**588**	**4,147**	**5,135**
Less: Expected credit loss	**3**	**131**	**7**	**219**	**–**	**360**
Carrying amount	**4,442**	**4,169**	**480**	**1,664**	**–**	**10,755**
Expected credit loss rate	**0.1%**	**3.2%**	**1.5%**	**13.2%**	**–**	

31 December 2020 (€'000)	Neither past due nor impaired	due but not impaired				
		<90 days	<120 days	<365 days	>365 days	TOTAL
Trade and other receivables – gross	5,905	3,481	478	2,139	3,758	15,761
Less: Specific provision	–	51	46	761	3,758	4,616
Less: Expected credit loss	6	266	20	68	–	360
Carrying amount	5,899	3,164	412	1,310	–	10,785
Expected credit loss rate	0.1%	8.4%	4.8%	5.2%	–	

The customer balances which were overdue but not provisioned are due to the fact that the related customers committed and started to pay the outstanding balances subsequent to the period end. Further deposits payable to tenants may be withheld by the Group in part or in whole if receivables due from the tenant are not settled or in case of other breaches of contractual terms.

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

Cash and cash equivalents
The credit risk on cash and cash equivalents is very small, since the cash and cash equivalents are held at reputable banks in different countries. The most significant part of the cash and cash equivalents balance is kept at the company level with international banks having credit rating profile (assigned by S&P, Moody's or Fitch) in upper medium grade range (i.e. A+ to A- for long-term and P-2, P2, F-1, F-2 for short-term) for 54% (2020: 70%) of the cash and cash equivalents balance of the Group, in lower medium grade range (BBBs) for 45% (2020: 29%) of the cash and cash equivalents balance of the Group and only 1% (2020: 1%) in non-investment grade. Surplus funds from operating activities are deposited only for short-term period, which are highly liquid with reputable institutions.

Loans receivable from joint ventures
The outstanding loan balance is neither past due nor impaired. Loans receivable from joint ventures are considered to be low credit risk where they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations.

17 Financial Risk Management – Objective and Policies *continued*

Financial instruments for which Fair values are disclosed

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

	Year	Carrying amount €000	Fair value hierarchy Level 1 €000	Level 2 €000	Level 3 €000	Total €000
Interest-bearing loans and borrowings (note 13)	**2021**	**1,624,866**	**1,358,335**	**–**	**374,690**	**1,733,025**
	2020	1,630,094	1,342,184	–	384,887	1,727,071
Other current financial liabilities	**2021**	**552**	**–**	**552**	**–**	**552**
	2020	875	–	875	–	875
Financial asset at fair value through profit or loss	**2021**	**7,510**	**–**	**–**	**7,510**	**7,510**
	2020	7,695	–	–	7,695	7,695
Lease liabilities (note 3)	**2021**	**29,061**	**–**	**–**	**29,061**	**29,061**
	2020	29,089	–	–	29,089	29,089

The fair value of financial liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. When determining the fair values of interest-bearing loans and borrowings and lease liabilities the Group used the DCF method with inputs such as discount rate that reflects the issuer's borrowing rate as at the statement financial position date. Specifically, for the Eurobonds, their fair value is calculated on the basis of their quoted market price. The own non-performance risk at the statement of financial position date was assessed to be insignificant.

17.3 Liquidity Risk

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

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

All amounts in €'000 30 June 2021	Contractual payment term <3 months	3 months-1 year	1-5 years	>5 years	Total	Difference from carrying amount	Carrying amount
Interest-bearing loans and borrowings	**14,118**	**355,869**	**822,357**	**626,141**	**1,818,485**	**(193,619)**	**1,624,866**
Lease liability	**–**	**2,096**	**8,885**	**118,375**	**129,356**	**(100,295)**	**29,061**
Trade payables and guarantee retained from contracts (excluding advances from customers)	**19,830**	**15,001**	**2,057**	**1,455**	**38,343**	**(162)**	**38,181**
Other payables	**17**	**–**	**–**	**–**	**17**	**–**	**17**
Deposits from tenants	**15,445**	**130**	**3,323**	**810**	**19,708**	**(575)**	**19,133**
Income tax payable	**238**	**–**	**–**	**–**	**238**	**–**	**238**
Total	**49,648**	**373,096**	**836,622**	**746,781**	**2,006,147**	**(294,651)**	**1,711,496**

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17 Financial Risk Management – Objective and Policies *continued*

All amounts in €'000 31 December 2020	Contractual payment term <3 months	3 months- 1 year	1-5 years	>5 years	Total	Difference from carrying amount	Carrying amount
Interest-bearing loans and borrowings	18,823	28,029	1,172,979	628,991	1,848,822	(218,728)	1,630,094
Lease liability	–	1,766	8,708	117,705	128,179	(99,090)	29,089
Trade payables and guarantee retained from contracts (excluding advances from customers)	27,305	10,515	2,827	22	40,669	(186)	40,483
Other payables	–	255	–	–	255	–	255
Provision for tenant lease incentives	46	–	–	–	46	–	46
Deposits from tenants	15,990	107	3,579	417	20,093	(399)	19,694
Income tax payable	802	–	–	–	802	–	802
Total	62,966	40,672	1,188,093	747,135	2,038,866	(318,403)	1,720,463

Other current financial liabilities

Other current financial liabilities represent the mark-to-market value of an interest rate swap, obtained from the counterparty financial institution, at €0.6 million at 30 June 2021 (2020: €0.9 million). The fair value of derivative was developed in accordance with the requirements of IFRS 13. Under the terms of the swap agreement, the Group is entitled to receive a floating rate of 1-month EURIBOR at a notional amount of €14.85 million (2020: €15.51 million) and is required to pay a fixed rate of interest of 3.62% p.a. on the said notional amount in monthly instalments, with maturity date of June 2022. A financial income of €0.3 million (30 June 2020: €0.3 million) was recognised in the income statement for the period ended 30 June 2021 for the change in the fair value.

The Group assessed that the fair values of other financial assets and financial liabilities, such as trade and other receivables, guarantees retained by tenants, cash and cash equivalents, income tax receivable and payables, trade and other payables, guarantees retained from contractors and deposits from tenants, approximate their carrying amounts largely due to short-term maturities and low transaction costs of these instruments as of the statement of financial position date.

The disclosures in this section focus on dividend distributions, the share schemes in operation and the associated share-based payment charge to profit or loss. Other mandatory disclosures, such as details of capital management, are also disclosed in this section.

18 Dividends

	30 June 2021 €'000	30 June 2020 €'000
Declared and paid during the period		
Interim cash dividend: €0.15 per share (2020: €0.30 per share)	**33,130**	66,443

On 19 February 2021, the Board of Directors of the Company approved the payment of an interim dividend in respect of the six-month financial period ended 31 December 2020 of €0.15 per ordinary share, which was paid on 19 March 2021 to the eligible shareholders.

19 Financial Position Key Performance Measures

The net assets value ("NAV"), EPRA Net Reinstatement Value ("EPRA NRV") and the numbers of shares used for the calculation of each key performance measure on the financial position of the Group and the reconciliation between IFRS and EPRA measures are shown below.

	Note	**30 June 2021 €'000**	31 December 2020 €'000
Net assets attributable to equity holders of the Company		**1,735,526**	1,755,364

Number of ordinary shares used for the calculation of:		**Number ('000)**	Number ('000)
– NAV per share	12	**220,723**	220,297
– Diluted NAV and EPRA NRV per share	12	**221,197**	221,486

	€	€
NAV per share	**7.86**	7.97
Diluted NAV per share	**7.85**	7.93

EPRA NRV Per Share	Note	**30 June 2021 €'000**	31 December 2020 €'000
Net assets attributable to equity holders of the Company		**1,735,526**	1,755,364
Exclude:			
Deferred tax liability on investment property	11	**171,571**	171,197
Fair value of interest rate swap instrument	17	**547**	872
Goodwill as a result of deferred tax		**(5,697)**	(5,697)
Adjustment in respect of the joint venture for above items		**1,495**	1,742
EPRA NRV attributable to equity holders of the Company		**1,903,442**	1,923,478

	€	€
EPRA NRV per share	**8.61**	8.68

20 Share-Based Payment Reserve

Share-based payments reserve	Note	30 June 2021 €'000	31 December 2020 €'000
Executive share option plan	20.1	**158**	158
Shares granted to Executive Directors and other senior management employees – not transferred	20.2	**175**	353
Subsidiaries' Employees Share Award Plan	20.3	**140**	531
Performance Incentive Scheme		**–**	–
Deferred annual bonus plan	20.4.1	**2,941**	4,999
Long-term incentive plan	20.4.2	**143**	143
		3,557	6,184

Share-based payments expense		30 June 2021 €'000	30 June 2020 €'000
Subsidiaries' Employees Share Award Plan	20.3	**432**	1,071
Total expense during the period		**432**	1,071

20.1 Executive Share Option Plan

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

In 2013, the Group granted warrants to the Founder (at 30 June 2021 the unvested warrants were held by Zakiono Enterprises Limited, a company owned on 30 June 2021 by CPI Property Group) and the Directors which entitle each holder to subscribe for ordinary shares in the Company at an exercise price of €5.00 per share if the market price of an ordinary share, on a weighted average basis over 60 consecutive days, exceeds a specific target price and the holder is employed on such date. The contractual term of each warrant granted is 10 years. There are no cash settlement alternatives, and the Group does not have the intention to offer cash settlement for these warrants.

As of 30 June 2021, under the share option warrants scheme Zakiono Enterprises Limited had the right to subscribe in two tranches of 2.85 million ordinary shares in total (1.425 million for each tranche) at an exercise price of €5.00 per share if the market price of an ordinary share, on a weighted average basis over 60 consecutive days, exceeds €10.00 per share and €12.50 per share for each tranche respectively. As defined per IAS 33 "Earnings per share" ordinary shares to be issued for each unvested share option warrants were not included in basic or diluted number of shares as disclosed in note 12. The fair value of the warrants was estimated at the grant date (i.e. July 2013) at €0.073 per share. There have been no cancellations or modifications to any of the plans during the period ended 30 June 2021.

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

	30 June 2021		31 December 2020	
	Cost €'000	**Number ('000)**	Cost €'000	Number ('000)
Closing balance	**158**	**2,850**	158	2,850
Weighted average remaining contractual life (years)		**3.08**		3.33
Warrants vested and exercisable		**20**		20

20 Share-Based Payment Reserve *continued*

20.2 Shares granted to Executive Directors and other senior management employees

	30 June 2021 €'000	31 December 2020 €'000
Opening balance	**353**	838
Vested shares transferred to the Executive Directors and other senior management employees during the period	**(180)**	(392)
Dividend equivalent amount on vested shares paid in cash	**(4)**	(26)
Unpaid dividend equivalent on unvested shares	**6**	34
Unallocated dividend transferred to treasury shares	**-**	(101)
Closing balance	**175**	353

Shares Issued to the Executive Directors and Other Senior Management Employees

In January 2021, Globalworth Investment Advisers Limited's ("GIAL") delivered 0.026 million ordinary shares (ordinary shares of no par value), out of treasury shares held by it, to one of its preference shareholders as settlement for the share-based payment reserve, in order to settle the second tranche of 0.026 million ordinary shares, comprising part of the ordinary shares that were allotted to GIAL in part settlement of the fee due to GIAL by the Company for the year ended 31 December 2018. As at 30 June 2021, 0.017 million shares (2020: 0.04 million shares) held by GIAL and not transferred by that date are accounted for as treasury shares. The shares rank pari passu with the existing shares of the Company.

20.3 Subsidiaries' Employees Share Award Plan

	30 June 2021 €'000	31 December 2020 €'000
Opening balance	**531**	–
Share-based payment expense during the period/year	**432**	1,071
Shares vested and exercised during the period/year	**(823)**	(540)
Closing balance	**140**	531
Weighted average remaining unvested period (years)	**0.75**	0.25
Weighted average price per share – vested and exercised shares	**7.00**	7.00
Weighted average price per share – unvested shares	**7.00**	7.00

During 2021, the Company recorded €0.43 million (2020: €1.1 million) as share-based payment expense in the income statement for the lapsed vesting period. Furthermore, during the current period, the Group allotted 0.097 million ordinary shares to employees (vested shares) in order to settle the share-based reserve under this scheme.

Under the share award plan, the subsidiaries' employees are required to remain in service for a one-year period after the date of acceptance of the share offer letter. The Company anticipates that all employees will remain in service until the expiry of the unvested period.

20 Share-Based Payment Reserve *continued*

20.4 Current Group remuneration policy

20.4.1 Deferred annual bonus plan ("DABP")

The Investment Manager and selected senior employees are eligible to participate in an annual bonus plan. The current annual bonus plan for participants in the scheme is paid through a combination of maximum 50% cash and the balance in deferred shares. The maximum award for each participant cannot exceed 150% of annual salary, target performance cannot exceed 75% of annual salary and threshold performance cannot exceed 37.5% of annual salary. Awards under the DABP vest in three instalments on the first, second and third anniversaries of the date of grant, unless otherwise approved by the Company's Remuneration Committee and the Board of Directors. Participants are entitled to receive dividend equivalents on the unvested shares until, and payable on or shortly after, they vest.

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

Deferred annual bonus plan - *equity settlement*	**30 June 2021 €'000**	31 December 2020 €'000
At the beginning of the period	**4,999**	1,888
Shares transferred during the year	**(1,979)**	–
Share based incentive bonus for the period	–	2,065
Unpaid dividend equivalent on unvested shares	–	21
Share based portion of annual incentive plan settled in cash	**(79)**	–
Cash-based portion of annual incentive plan converted to equity settled plan	–	1,025
Closing balance	**2,941**	4,999

Following the assessment performed of the current year's achievements for the specific key performance indicators compared to the target amounts set for the year, the Group has provisioned €4.0 million for the benefit of DABP participants as of 31 December 2020. Out of the total incentive amount, €3.8 million was capitalised as cost of new lease addendum signed during the year and would be amortised on such lease term in the income statement and a corresponding credit was made under trade and other payables, representing the 48% cash element, for an amount of €1.9 million. In addition, a share-based payment reserve was set up, representing the 52% of deferred shares element, for an amount of €2.1 million. Dividend equivalents are paid in relation to shares which vest until the normal vesting date or, if there is one, until the end of the holding period.

20.4.2 Long-term Incentive Plan

The LTIP provides the long-term incentive arrangement for the Investment Manager and selected senior employees (the "LTIP Participants"). Under the LTIP, it is intended that performance share awards will be granted on an annual basis either in the form of Company shares without cost to the LTIP participant or nil (or nominal) cost options to subscribe to Company shares. Annual awards will be determined by reference to that number of shares which equals in value to a maximum of 100% of salary for employees who are not a director of the Company and 150% of salary for the Executive Director of the Company. Awards vest three years from the date of grant of the award (or upon the assessment of performance conditions if later) subject to the LTIP participant's continued service and the extent to which the performance conditions specified for the awards are satisfied.

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

As at 30 June 2020 the Group continued to have a €0.14 million provisional expense recorded in connection with the Company's TAR performance for the year ended 31 December 2019.

20 Share-Based Payment Reserve *continued*

20.5 Treasury shares

	Note	30 June 2021 Amount €'000	30 June 2021 Number ('000)	31 December 2020 Amount €'000	31 December 2020 Number ('000)
Opening balance		**(12,977)**	**(2,109)**	(8,379)	(929)
Shares purchased with cash by the Company		**-**	**-**	(8,345)	(1,562)
Shares for Executive Directors and other senior management employees	20.2	**180**	**26**	392	43
Shares for subsidiaries' employee share award plan	20.3	**823**	**97**	540	62
Shares vested under the deferred annual bonus incentive plan		**2,373**	**303**	–	–
Transfer of vested shares for performance incentive scheme termination		**-**	**-**	2,544	277
Dividend on treasury shares held by subsidiary		**9**	**-**	271	
Closing balance		**(9,592)**	**(1,683)**	(12,977)	(2,109)

21 Capital Management

The Company has no legal capital regulatory requirement. The Group's policy is to maintain a strong equity capital base so as to maintain investor, creditor and market confidence and to sustain the continuous development of its business. The Board considers from time to time whether it may be appropriate to raise new capital by a further issue of shares. The Group monitors capital primarily using an LTV ratio and manages its gearing strategy to a long-term target LTV of less than 40%.

The LTV is calculated as the amount of outstanding debt (Group's debt balance plus 50% of joint ventures' debt balance), less cash and cash equivalents (Group cash balance plus 50% of joint ventures' cash balance), divided by the open market value of its investment property portfolio (Group's investment property- freehold portfolio plus 50% of joint ventures' investment property – freehold value) as certified by external valuers. The future share capital raise or debit issuance are influenced, in addition to other factors, by the prevailing LTV ratio.

	Note	30 June 2021 €'000	31 December 2020 €'000
Interest-bearing loans and borrowings (face value)	13	**1,652,115**	1,660,746
Less:			
Cash and cash equivalents	16	**459,893**	527,801
Group Interest-bearing loans and borrowings (net of cash)		**1,192,222**	1,132,945
Add:			
50% Share of Joint Ventures interest-bearing loans and borrowings		**3,514**	3,514
50% Share of Joint Ventures cash and cash equivalents		**(1,699)**	(311)
Combined Interest-bearing loans and borrowings (net of cash)		**1,194,037**	1,136,148
Less:			
Group Investment property- freehold value as of financial position date	3	**3,018,930**	2,981,650
Add:			
50% Share of Joint Ventures Investment property value as of financial position date	22	**26,850**	25,600
Open market value as of financial position date		**3,045,780**	3,007,250
Loan-to-value ratio ("LTV")		**39.2%**	37.8%

Since the carrying value of lease liability closely matches with fair value of the investment property – leasehold under the applicable accounting policy as per IFRS 16 therefore both lease asset and liability, related to the right of perpetual usufruct of the lands, are excluded from the above calculation for the current and prior periods.

This section includes details about Globalworth's subsidiaries, if any new business and /or new properties acquired, investment in joint ventures and related impact on the statement of comprehensive income and cash flows.

22 Investment in Joint ventures

Investments	Note	30 June 2021 €'000	31 December 2020 €'000
Opening balance		**11,907**	10,010
Share of (loss)/profit during the period	22.4	**(1,273)**	1,897
Sub-total		**10,634**	11,907
Loans receivable from joint ventures			
Opening balance		**16,451**	7,847
Loan provided to the joint ventures		**5,770**	16,555
Loan repayments from the joint ventures		**–**	(8,485)
Interest repayment from the joint ventures		**–**	(199)
Interest income on the loans to joint ventures		**335**	733
Sub-total		**22,556**	16,451
TOTAL		**33,190**	28,358

22.1 Investments in the Joint Ventures

In April 2019, the Group's subsidiary, Globalworth Holdings Cyprus Limited, entered into a joint venture agreement with Bucharest Logistic Park SRL, through which it acquired a 50% shareholding interest (€0.09 million investment) in Global Logistics Chitila SRL ("Chitila Logistics Hub"), an unlisted company in Romania, owning land for further development, at acquisition date, in Chitila, Romania. As at 30 June 2021 and 31 December 2020, the investment properties were classified under the industrial segment for the Group.

In June 2019, the Group's subsidiary, Globalworth Holdings Cyprus Limited, entered into a joint venture agreement with Mr. Sorin Preda through which it acquired a 50% shareholding interest (€6.36 million investment) in Black Sea Vision SRL ("Constanta Business Park"), an unlisted company in Romania, owning land for further development, at acquisition date, in Constanta, Romania. As at 30 June 2021 and 31 December 2020, the investment properties were classified as industrial segment for the Group.

Judgements and assumptions used for Joint Ventures

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. Following such assessment, the Group's investment was classified as a joint venture. Until the disposal date, the carrying amount of the investment in the joint venture was recorded at cost plus the change in the Group's share of net assets of the joint venture until the disposal date.

As at 30 June 2021, the Group determined that there is no objective evidence that the investments in the joint venture are impaired. The financial statements of the joint ventures are prepared for the same reporting period as the Group. The joint ventures had no other contingent liabilities or commitments as at 30 June 2021 (2020: €nil), except construction commitments disclosed in note 6.

22 Investment in Joint ventures *continued*

22.2 Summarised Statements of Financial Position of the Joint Ventures as at reporting date

The summarised statements of financial position of the joint ventures are disclosed below, which represents the assets and liabilities recognised in the financial statements of each joint venture without adjusting of the balance payable to or receivable from the Group. Transactions and balances receivable or payable between the Group and the individual joint ventures are disclosed in note 25.

	30 June 2021 €'000 Constanta Business Park	**30 June 2021 €'000 Chitila Logistics Hub**	**30 June 2021 €'000 Combined**	31 December 2020 €'000 Constanta Business Park	31 December 2020 €'000 Chitila Logistics Hub	31 December 2020 €'000 Combined
Completed investment property	**12,300**	**13,200**	**25,500**	12,000	13,800	25,800
Land bank – for further development	**22,400**	**5,800**	**28,200**	21,400	4,000	25,400
Other non-current assets	**1**	**1,263**	**1,264**	29	96	125
Total non-current assets	**34,701**	**20,263**	**54,964**	33,429	17,896	51,325
Other current assets	**274**	**963**	**1,237**	403	345	748
Cash and cash equivalents	**89**	**3,309**	**3,398**	420	203	623
Total assets	**35,064**	**24,535**	**59,599**	34,252	18,444	52,696
Loans payable to the Group	**11,273**	**11,283**	**22,556**	11,060	5,391	16,451
Bank loans (at amortised cost)	**-**	**6,978**	**6,978**	-	6,976	6,976
Loan from Joint venture partner	**150**	**2,797**	**2,947**	150	2,670	2,820
Other non-current liabilities	**3,073**	**-**	**3,073**	3,009	534	3,543
Total non-current liabilities	**14,496**	**21,058**	**35,554**	14,219	15,571	29,790
Loan from Joint venture partner	**11**	**205**	**216**	9	276	285
Other current liabilities	**432**	**4,299**	**4,731**	356	313	669
Total liabilities	**14,939**	**25,562**	**40,501**	14,584	16,160	30,744
Net assets	**20,125**	**(1,027)**	**19,098**	19,668	2,284	21,952

The Group has signed loan facilities amounting to €53.3 million (2020: €23 million) with Chitila Logistics Hub and Constanta Business Park joint ventures to fund the development costs of the projects, out of which €31.6 million was available for future drawdown as of 30 June 2021 (2020: €7.2 million). Further details about the fair valuation of investment property owned by the Joint Ventures are disclosed in note 4.1.

22.3 Summarised Statements of Financial Performance of the Joint Ventures

The table below includes individual and combined income statements of the joint venture extracted from the individual financial statements of each joint venture without adjusting for the transactions with the Group.

	30 June 2021 €'000 Constanta Business Park	**30 June 2021 €'000 Chitila Logistics Hub**	**30 June 2021 €'000 Combined**	30 June 2020 €'000 Constanta Business Park	30 June 2020 €'000 Chitila Logistics Hub	30 June 2020 €'000 Combined
Revenue	**428**	**343**	**771**	-	-	-
Operating expenses	**(187)**	**(234)**	**(421)**	-	(9)	(9)
Administrative expenses	**(33)**	**(22)**	**(55)**	(15)	(21)	(36)
Fair value gain/(loss) on investment property	**508**	**(3,675)**	**(3,167)**	1,975	1,448	3,423
Foreign exchange loss	**(5)**	**(13)**	**(18)**	(21)	(25)	(46)
Profit/(loss) before net financing cost	**711**	**(3,601)**	**(2,890)**	1,939	1,393	3,332
Finance expense	**(217)**	**(249)**	**(466)**	4	(91)	(87)
Finance income	**1**	**1**	**2**	-	-	-
Income tax (expense)/income	**(48)**	**541**	**493**	(335)	(248)	(583)
Total comprehensive income for the period	**447**	**(3,308)**	**(2,861)**	1,608	1,054	2,662

Income tax expense mainly represents deferred tax (expense)/income on the valuation of investment property.

22 Investment in Joint ventures *continued*

22.4 Share of profit/(loss) of equity-accounted investments in joint ventures

The following table presents a reconciliation between the profit/(loss) for the period ended 30 June 2021 and 30 June 2020 recorded in the individual financial statements of the joint ventures with the Share of profit recognised in the Group's financial statements under the equity method.

	30 June 2021 €'000 Constanta Business Park	**30 June 2021 €'000 Chitila Logistics Hub**	**30 June 2021 €'000 Combined**	30 June 2020 €'000 Constanta Business Park	30 June 2020 €'000 Chitila Logistics Hub	30 June 2020 €'000 Combined
Profit/(loss) for the period	**447**	**(3,308)**	**(2,861)**	1,608	1,054	2,662
Group 50% share of profit/(loss) for the period	**224**	**(1,654)**	**(1,430)**	804	527	1,331
Adjustments for transaction with the Group	**114**	**43**	**157**	(56)	(17)	(73)
Share of profit/ (loss) of equity-accounted investments in joint ventures	**338**	**(1,611)**	**(1,273)**	748	510	1,258

23 Investment in Subsidiaries

Details on all direct and indirect subsidiaries of the Company, over which the Group has control and consolidated as of 30 June 2021 and 31 December 2020, are disclosed in the table below. The Group did not have any restrictions (statutory, contractual or regulatory) on its ability to transfer cash or other assets (or settle liabilities) between the entities within the Group.

As of 30 June 2021, the Group consolidated the following subsidiaries, being holding companies as principal activities.

Subsidiary	Note	**30 June 2021 Shareholding interest (%)**	31 December 2020 Shareholding interest (%)	Place of incorporation
Globalworth Investment Advisers Limited		**100**	100	Guernsey, Channel Islands
Elgan Automotive Kft.	23.2	**–**	100	Hungary
Globalworth Holdings Cyprus Limited Zaggatti Holdings Limited Tisarra Holdings Limited Ramoro Limited Vaniasa Holdings Limited Serana Holdings Limited Kusanda Holdings Limited Kifeni Investments Limited Casalia Holdings Limited Pieranu Enterprises Limited Dunvant Holding Limited Oystermouth Holding Limited Kinolta Investments Limited Minory Investments Limited Globalworth Tech Limited	23.1	**100**	100	Cyprus
IB 14 Fundusz Inwestycyjny Zamkniety Aktywow Niepublicznych Lima Sp. z o.o. Luapele Sp. z o.o. w likwidacji	23.1	**100**	100	Poland
West Gate Wroclaw Sp. z o.o. West Gate Investments Sp. z o.o	23.2	**–**	100	Poland

23 Investment in Subsidiaries *continued*

As of 30 June 2021, the Group consolidated the following subsidiaries, which own real estate assets in Romania and Poland, being asset holding companies as their principal activities, except for Globalworth Building Management SRL, GPRE Property Management Sp. z o.o. and GPRE Management Sp. z o.o. with building management activities in Romania and Poland, and Fundatia Globalworth in Romania and Fundacja Globalworth in Poland, non-profit organisations with corporate social responsibility activities.

Subsidiary	Note	**30 June 2021 Shareholding interest (%)**	31 December 2020 Shareholding interest (%)	Place of incorporation
Aserat Properties SRL				
BOB Development SRL				
BOC Real Property SRL				
Corinthian Five SRL				
Corinthian Tower SRL				
Corinthian Twin Tower SRL				
Elgan Automotive SRL				
Elgan Offices SRL				
Globalworth Asset Managers SRL				
Globalworth Building Management SRL		**100**	100	Romania
Globalworth EXPO SRL				
SPC Beta Property Development Company SRL				
SPC Epsilon Property Development Company SRL				
SPC Gamma Property Development Company SRL				
Netron Investment SRL				
SEE Exclusive Development SRL				
Tower Center International SRL				
Upground Estates SRL				
Fundatia Globalworth				
Industrial Park West SRL*		**100**	–	Romania
DH Supersam Katowice Sp. z o.o.				
Hala Koszyki Sp. z o.o.				
Dolfia Sp. z o.o.				
Ebgaron Sp. z o.o.				
Bakalion Sp. z o.o.				
Centren Sp. z o.o.				
Tryton Business Park Sp. z o.o.				
GPRE Property Management Sp. z o.o.				
GPRE Management Sp. z o.o.				
A4 Business Park Sp. z o.o.				
West Link Sp. z o.o.				
Lamantia Sp. z o.o.				
Dom Handlowy Renoma Sp. z o.o.				
Nordic Park Offices Sp. z o.o.				
Warta Tower Sp. z o.o.		**100**	100	Poland
Quattro Business Park Sp. z o.o.				
West Gate Sp. z o.o. (formerly: Wagstaff Investments Sp. z o.o.)				
Gold Project Sp. z o.o.				
Spektrum Tower Sp. z o.o.				
Warsaw Trade Tower 2 Sp. z o.o.				
Rondo Business Park Sp. z o.o.				
Artigo Sp. z o.o.				
Ingadi Sp. z o.o.				
Imbali Sp. z o.o.				
Kusini Sp. z o.o.				
Podium Park Sp. z o.o.				
Fundacja Globalworth				

* This subsidiary was set up in April 2021.

23 Investment in Subsidiaries *continued*

23.1 Subsidiaries under liquidation process

As of 30 June 2021 the following companies, who transferred all assets to Globalworth Holdings Cyprus Limited as settlement for the equity investment and shareholder loans from Globalworth Holdings Cyprus Limited during the year 2020, are still under the liquidation process, namely: Casalia Holdings Limited, Dunvant Holding Limited, Kifeni Investments Limited, Oystermouth Holding Limited, Pieranu Enterprises Limited, Ramoro Limited, Vaniasa Holdings Limited, and Zaggatti Holdings Limited.

At 30 June 2021, the Polish entity Luapele Sp. z o.o. w likwidacji was under a liquidation process, following which it will be stricken off from the Register of Companies in Poland during 2021.

23.2 Mergers during the period

On 19 February 2021, Kinolta Investments Limited has absorbed Elgan Automotive Kft. as a result of the cross-border merger process that started during the year 2020.

During the six-month period ended 30 June 2021, Wagstaff Investments Sp. z o.o. absorbed West Gate Wroclaw Sp. z o.o and West Gate Investments Sp. z o.o, each one of them being registered in Poland. As part of the merger process Wagstaff Investments Sp. z o.o. was renamed to West Gate Sp. z o.o. West Gate Investments Sp. z o.o. was the owner of West Gate investment property and the other companies were holding companies.

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

24 Segmental Information

The Group earns revenue and holds non-current assets (investment properties) in Romania and Poland, the geographical area of its operations. For investment property, discrete financial information is provided on a property-by-property basis (including those under construction or refurbishment) to members of executive management, which collectively comprise the Executive Directors of the Group. The information provided is Net Operating Income ('NOI' i.e. gross rental income less property expenses) and valuation gains/losses from property valuation at each semi-annual basis. The individual properties are aggregated into Office, Mixed-use, Industrial and Residential segments. Industrial property segment and head office segments are presented on collective basis as Others in the table below since their individual assets, revenue and absolute profit (or loss) are below 10% of all combined total asset, total revenue and total absolute profit (or loss) of all segments. All other segments disclosed separately as these meets quantitative threshold of IFRS 8.

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

30 June 2021

	Office	Mixed-use	Residential	Other	Inter- segment eliminations	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Rental income – Total	**65,374**	**5,168**	**786**	**4,273**	**(223)**	**75,378**
Romania	28,491	–	786	4,273	(141)	33,409
Poland	36,883	5,168	–	–	(82)	41,969
Revenue from contract with customers - Total	**28,231**	**2,571**	**253**	**3,035**	**(1,358)**	**32,732**
Romania	13,459	–	253	3,035	(256)	16,491
Poland	14,772	2,571	–	–	(1,102)	16,241
Revenue-total	**93,605**	**7,739**	**1,039**	**7,308**	**(1,581)**	**108,110**
Operating expenses	(29,740)	(3,276)	(419)	(2,947)	425	(35,957)
Segment NOI	**63,865**	**4,463**	**620**	**4,361**	**(1,156)**	**72,153**
NOI - Romania	27,152	–	620	4,361	(350)	31,783
NOI – Poland	36,713	4,463	–	–	(806)	40,370
Administrative expenses	(5,790)	(336)	(107)	(3,702)	612	(9,323)
Acquisition costs	–	–	–	–	–	–
Fair value (loss)/gain on investment property	(11,475)	(6,181)	(576)	3,529	–	(14,703)
Depreciation on other long-term assets	(213)	–	(27)	(19)	–	(259)
Other expenses	(649)	18	* (164)	–	–	(795)
Other income	220	15	–	255	(14)	476
Foreign exchange loss	39	(48)	(13)	(28)	–	(50)
Finance cost	(26,863)	(250)	(1)	(409)	–	(27,523)
Finance income	488	–	9	342	–	839
Segment result	**19,622**	**(2,319)**	**(259)**	**4,329**	**(558)**	**20,815**
Share-based payment expense	–	–	–	(432)	–	(432)
Gain from fair value of financial instruments	(243)	–	–	–	–	(243)
Share of (loss)/profit of equity-accounted investments in joint ventures	–	–	–	(1,273)	–	(1,273)
Profit/(loss) before tax	**19,379**	**(2,319)**	**(259)**	**2,624**	**(558)**	**18,867**

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24 Segmental Information *continued*

30 June 2020

	Office €'000	Mixed-use €'000	Residential €'000	Other €'000	Inter-segment eliminations €'000	Total €'000
Rental income – Total	69,236	6,515	872	4,845	(222)	81,246
Romania	29,446	–	872	4,845	(137)	35,026
Poland	39,790	6,515	–	–	(85)	46,220
Revenue from contract with customers - Total	27,655	2,789	294	2,260	(205)	32,793
Romania	13,334	–	294	2,260	(180)	15,708
Poland	14,321	2,789	–	–	(25)	17,085
Revenue-total	96,891	9,304	1,166	7,105	(427)	114,039
Operating expenses	(28,223)	(3,410)	(502)	(2,361)	104	(34,392)
Segment NOI	68,668	5,894	664	4,744	(323)	79,647
NOI - Romania	28,789	–	664	4,744	(238)	33,959
NOI – Poland	39,879	5,894	–	–	(85)	45,688
Administrative expenses	(6,557)	(1,413)	(85)	(3,967)	3,198	(8,824)
Acquisition costs	(1,903)	–	–	(399)	–	(2,302)
Fair value (loss)/gain on investment property	(71,301)	(20,427)	(567)	318	–	(91,977)
Depreciation on other long-term assets	(50)	(1)	(32)	(120)	–	(203)
Other expenses	(766)	(583)	(129)	34	–	(1,444)
Other income	74	220	–	(9)	–	285
Foreign exchange loss	(339)	225	(10)	(43)	–	(167)
Finance cost	(22,914)	(490)	(2)	(122)	–	(23,528)
Finance income	773	22	30	378	–	1,203
Segment result	(34,315)	(16,553)	(131)	814	2,875	(47,310)
Share-based payment expense	–	–	–	(194)	–	(194)
Gain from fair value of financial instruments	151	–	–	–	–	151
Share of (loss)/profit of equity-accounted investments in joint ventures	–	–	–	1,258	–	1,258
Profit/(loss) before tax	(34,164)	(16,553)	(131)	1,878	2,875	(46,095)

* Other expenses include a loss on sale of non-core investment property (residential apartments) of €162 thousand (30 June 2020: €107 thousand) and other one-off expenses.

Revenues are derived from a large number of tenants and no tenant contributes more than 10% of the Group's rental revenues for the period ended 30 June 2021 (30 June 2020: €nil).

30 June 2021

Segments	**Office €'000**	**Mixed-use €'000**	**Residential €'000**	**Other €'000**	**Inter segment eliminations €'000**	**Total €'000**
Segment non-current assets	**2,551,004**	**278,465**	**68,463**	**152,830**	**(1,295)**	**3,049,467**
Romania	**1,194,400**	**–**	**68,463**	**152,830**	**(193)**	**1,415,500**
Poland	**1,356,604**	**278,465**	**–**	**–**	**(1,102)**	**1,633,967**
Total assets	**3,088,726**	**287,919**	**68,798**	**162,719**	**(2,014)**	**3,606,148**
Total liabilities	**1,832,235**	**21,697**	**4,697**	**12,638**	**(645)**	**1,870,622**
Additions to non-current assets						
– Romania	**19,281**	**–**	**257**	**18,995**	**–**	**38,533**
– Poland	**10,899**	**2,403**	**–**	**–**	**–**	**13,302**

24 Segmental Information *continued*

31 December 2020

Segments	Office €'000	Mixed-use €'000	Residential €'000	Other €'000	Inter segment eliminations €'000	Total €'000
Segment non-current assets	2,585,332	281,260	66,909	138,577	(407)	3,071,671
Romania	1,222,364	–	66,909	138,577	(200)	1,427,650
Poland	1,362,968	281,260	–	–	(207)	1,644,021
Total assets	3,016,712	287,463	69,516	257,078	(706)	3,630,063
Total liabilities	1,834,889	22,243	4,582	13,914	(929)	1,874,699
Additions to non-current assets						
– Romania	29,440	–	512	3,162	–	33,114
– Poland	45,032	4,484	–	–	–	49,516

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

25 Transactions with Related Parties

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

		Income statement		**Statement of financial position**	
		Income/(expense)		**Amounts owing (to)/from**	
Name	**Nature of transaction/balances Amounts**	**30 June 2021 €'000**	30 June 2020 €'000	**30 June 2021 €'000**	31 December 2020 €'000
Mindspace Ltd.[1]	Revenue	**-**	665[1]	**n/a[1]**	n/a[1]
Global Logistics Chitila SRL (50% Joint Venture)	Shareholder loan receivable	**-**	-	**11,283**	5,391
	Trade and other receivables	**11**	-	**-**	-
	Finance income	**122**	146	**-**	-
	Office rent	**6**	6	**-**	-
	Asset management fees	**9**	-	**-**	-
Black Sea Vision SRL (50% Joint Venture)	Shareholder loan receivable	**-**	-	**11,273**	11,060
	Trade and other receivables	**12**	-	**-**	-
	Finance income	**-**	117	**-**	-
	Office rent	**6**	6	**-**	-
	Asset management fees	**9**	-	**-**	-
Mr. Ioannis Papalekas (Chief Executive Officer – until 16 December 2020)	Donation made to Fundatia Globalworth	**n/a**	200	**n/a**	-

1. A key Executive of Mindspace Ltd. is a close family member of a former Non-Executive Director of the Company. The former non-Executive Director of the Company resigned from the Board of the Company on 30 March 2020, therefore, the above table only includes the transactions entered between the subsidiaries of Mindspace Limited (namely Mindspace Co-working SRL and Mindspace Poland S.A.) and certain subsidiaries of the Company until the end of his term in office as a non-Executive Director of the Company.

26 New and Amended Standards

Starting from 1 January 2021 the Group adopted the following new and amended standards and interpretations. The new standards and amendments had no significant impact on the Group's financial position and performance.

Narrow scope amendments and new Standards	**Effective Date (EU endorsement)**
Interest Rate Benchmark Reform – Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	**Jan-21**
Amendments to IFRS 4 Insurance Contracts – deferral of IFRS19	**Jan-21**

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

Narrow scope amendments and new Standards	**Effective Date (EU endorsement)**
IFRS 17 Insurance Contracts	**Jan-23**
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	**Jan-23**
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies	**Jan-23**
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	**Jan-23**
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	**Jan-23**
Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020	**Jan-22**
Amendments to IFRS 16 Leases: COVID-19-Related Rent Concessions beyond 30 June 2021	**Apr-21**

27 Contingencies

Taxation

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

Transfer Pricing

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

Legal Proceedings

In recent years the Romanian State Authorities initiated reviews of real estate restitution processes and in some cases commenced legal procedures where it has considered that the restitution was not performed in accordance with the applicable legislation. The Group is involved in one such case, which is currently at a very early stage and may take a very long time to be concluded, and management believes that the risk of any significant loss occurring in future is remote.

28 Subsequent events

On 31 August 2021, the Company announced that its Board of Directors had approved the payment of an interim dividend in respect of the six-month financial period ended 30 June 2021 of €0.15 per ordinary share, which will be paid on 1 October 2021 to shareholders on the register as at close of business on 10 September 2021 with a corresponding ex-dividend date of 9 September 2021.

ADDITIONAL INFORMATION

EPRA NAV Metrics

	EPRA NRV 30-Jun-21 €'000	EPRA NRV 31-Dec-20 €'000	EPRA NTA 30-Jun-21 €'000	EPRA NTA 31-Dec-20 €'000	EPRA NDV 30-Jun-21 €'000	EPRA NDV 31-Dec-20 €'000
Net assets attributable to equity holders of the parent	1,735,526	1,755,364	1,735,526	1,755,364	1,735,526	1,755,364
Include / exclude						
I) Hybrid instruments	–	–	–	–	–	–
Diluted NAV	**1,735,526**	**1,755,364**	**1,735,526**	**1,755,364**	**1,735,526**	**1,755,364**
Include:						
II. a) Revaluation of IP (if IAS 40 cost option is used)	–	–	–	–	–	–
II. b) Revaluation of IPUC (if IAS 40 cost option is used)	–	–	–	–	–	–
II. c) Revaluation of other non-current investments	–	–	–	–	–	–
III.) Revaluation of tenant leases held as finance leases	–	–	–	–	–	–
IV.) Revaluation of trading properties	–	–	–	–	–	–
Diluted NAV at fair value	**1,735,526**	**1,755,364**	**1,735,526**	**1,755,364**	**1,735,526**	**1,755,364**
Exclude:						
V) Deferred tax in relation to fair value gains of IP	171,571	171,197	85,786	85,599	n/a	n/a
VI) Fair value of financial instruments	547	872	547	872	547	872
VII) Goodwill as a result of deferred tax	(5,697)	(5,697)	(5,697)	(5,697)	(5,697)	(5,697)
VIII. a) Goodwill as per the IFRS balance sheet	n/a	n/a	(6,652)	(6,652)	(6,652)	(6,652)
VIII. b) Intangibles as per the IFRS balance sheet	n/a	n/a	(18)	(49)	(18)	(49)
IX) Adjustment in respect of joint venture for above items	1,495	1,742	1,495	1,742	n/a	n/a
Include:						
IX) Fair value of fixed interest rate debt	n/a	n/a	n/a	n/a	(108,159)	(93,441)
X) Revaluation of intangibles to fair value	n/a	n/a	n/a	n/a	n/a	n/a
XI) Real estate transfer tax / acquisition costs	–	–	–	–	n/a	n/a
NAV	**1,903,442**	**1,923,478**	**1,810,986**	**1,831,179**	**1,615,547**	**1,650,397**
Fully diluted number of shares	221,197	221,486	221,197	221,486	221,197	221,486
NAV per share (EUR)	8.61	8.68	8.19	8.27	7.30	7.45

STANDING PORTFOLIO - BREAKDOWN BY LOCATION TYPE (30 JUNE 2021)

	Number of		Value	Area	Occupancy Rate	Rent			Contracted Headline Rent / Sqm or Unit		
	Investments (#)	Properties (#)	GAV (€m)	GLA (k sqm)	by GLA (%)	Contracted Rent (€m)	WALL Years	100% Rent (€m)	Office (€/sqm/m)	Commercial (€/sqm/m)	Logistics / L.I. (€/sqm/m)
Office & Mixed-Use Portfolio											
Bucharest New CBD	8	12	876.4	344.5	82.6%	53.2	4.8	64.1	14.1	14.1	--
Bucharest Other	4	6	282.2	118.2	92.3%	18.4	6.2	20.4	13.5	13.2	--
Romania: Office	**12**	**18**	**1,158.6**	**462.7**	**85.1%**	**71.7**	**5.2**	**84.5**	**14.0**	**13.8**	**--**
Warsaw	9	14	712.3	210.9	86.5%	42.5	3.5	49.2	17.5	17.6	--
Krakow	4	12	333.7	150.1	82.0%	21.5	3.4	26.3	13.2	13.2	--
Wroclaw	2	3	147.3	56.6	97.8%	9.2	6.6	9.4	12.8	12.8	--
Lodz	1	2	68.5	35.5	87.1%	4.6	5.9	5.4	11.6	11.8	--
Katowice	2	5	126.2	63.3	94.3%	9.7	3.9	10.2	12.7	12.5	--
Gdansk	1	1	56.8	25.6	98.9%	4.2	3.3	4.3	12.9	12.8	--
Poland: Office & Mixed-Use	**19**	**37**	**1,444.9**	**542.0**	**88.0%**	**91.7**	**3.9**	**104.8**	**14.6**	**14.6**	**--**
Total Office & Mixed-Use Portfolio	**31**	**55**	**2,603.5**	**1,004.7**	**86.6%**	**163.4**	**4.5**	**189.3**	**14.3**	**14.3**	**--**
Logistic / light-industrial											
Timisoara	2	5	70.0	121.3	100.0%	5.5	5.8	5.5	6.3	3.8	3.5
Arad	1	1	15.5	20.1	100.0%	1.1	13.6	1.1	6.3	4.7	4.4
Oradea	1	1	5.3	6.9	100.0%	0.4	14.2	0.4	5.0	4.8	4.7
Pitesti	1	1	49.0	68.4	100.0%	3.4	9.4	3.4	4.2	4.2	4.2
Constanta	1	1	12.3	20.7	89.2%	0.8	6.2	0.9	6.8	3.5	3.3
Bucharest	1	1	13.2	23.0	67.6%	0.7	8.4	1.1	7.3	3.8	3.7
Total Logistics / Light-Ind. Portfolio	**7**	**10**	**165.3**	**260.4**	**96.3%**	**12.0**	**8.0**	**12.4**	**6.0**	**4.0**	**3.8**
Other Portfolio											
Bucharest New CBD Upground Complex - Residential	1	1	58.6	32.0	nm	1.0	0.8	1.0	--	--	--
Bucharest New CBD Upground Complex - Commercial	--	--	9.8	6.0	95.6%	0.7	10.8	0.7	--	9.7	--
Total Other Portfolio			**68.4**	**38.0**	**nm**	**1.6**	**4.9**	**1.7**	**--**	**9.7**	**--**
Total Standing Commercial Portfolio	**38**	**65**	**2,778.6**	**1,271.0**	**88.7%**	**176.0**	**4.7**	**202.5**	**14.2**	**12.0**	**3.8**
Of which Romania	*19*	*28*	*1,333.7*	*729.1*	*89.2%*	*84.3*	*5.6*	*97.6*	*13.6*	*10.0*	*3.8*
Of which Poland	*19*	*37*	*1,444.9*	*542.0*	*88.0%*	*91.7*	*3.9*	*104.8*	*14.6*	*14.6*	*--*

GLOSSARY

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

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

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

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

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

CBD
Central Business District

CEE
Central and Eastern Europe

CIT
Corporate income tax

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

Combined Portfolio
Includes the Group's property investments consolidated on the balance sheet under Investment Property- Freehold as at 30 June 2021, plus those properties held as Joint Ventures (currently the lands relating to Chitila Logistics Hub and Constanta Business Park projects) presented at 100%.

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

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

Contracted Rent
The annualised headline rent as at 30 June 2021 that is contracted on leases (including pre-leases) before any customary tenant incentive packages.

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

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

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

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

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

EDGE
Excellence in Design for Greater Efficiencies ("EDGE"). An innovation of the International Finance Corporation ("IFC"), member of the World Bank Group, EDGE is a green building standard and a certification system for more than 160 countries.

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

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

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

EPRA Net Assets Value ("EPRA NAV")
Net assets per the statement of financial position, excluding the mark-to-market on effective cash flow hedges and related debt adjustments and deferred taxation on revaluations excluding goodwill. This metric was used at year or period ends up to 31 December 2020.

EPRA Net Reinstatement Value ("EPRA NRV")
The objective of the EPRA Net Reinstatement Value measure is to highlight the value of net assets on a long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value movements on financial derivatives and deferred taxes on property valuation surpluses are therefore excluded. Since the aim of the metric is to also reflect what would be needed to recreate the company through the investment markets based on its current capital and financing structure, related costs such as real estate transfer taxes are included, as applicable. This metric is used by the Group from 2021 onwards as an equivalent to the previously used EPRA NAV metric.

EPRA Net Tangible Assets ("EPRA NTA")
The underlying assumption behind the EPRA Net Tangible Assets calculation assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability.

GLOSSARY

EPRA Net Disposal Value ("EPRA NDV")
The EPRA Net Disposal Value provides the reader with a scenario where deferred tax, financial instruments, and certain other adjustments are calculated as to the full extent of their liability, including tax exposure not reflected in the Balance Sheet, net of any resulting tax. This measure should not be viewed as a "liquidation NAV" because, in many cases, fair values do not represent liquidation values.

EPRA NAV, EPRA NRV, EPRA NTA, EPRA NDV Per Share
EPRA NAV, or EPRA NRV, or EPRA NTA, or EPRA NDV divided by the diluted number of shares outstanding at the year or period end.

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

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

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

Financial Year
Period from 1 January to 31 December.

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

GLA
Gross leasable area.

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

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

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

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

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

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

Loan to Value ("LTV")
Calculated as the total outstanding debt excluding amortised cost, less cash and cash equivalents as of financial position date, divided by the appraised value of owned assets as of the financial position date. both outstanding debt and the appraised value of owned assets include our share of these figures for joint ventures, which are accounted for in the consolidated financial statements under the equity method.

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

Master Lease
Master lease, includes various rental guarantees, which range between 3 and 5 years, covering certain vacant spaces in certain properties owned in Poland.

MSCI
MSCI is an international finance company headquartered in New York City and listed on New York Stock Exchange and serves as a global provider of equity, fixed income, hedge fund stock market indexes, multi-asset portfolio analysis tools and ESG products. An MSCI ESG Rating is designed to measure a company's resilience to long-term, industry material environmental, social and governance (ESG) risks.

NBP
National bank of Poland.

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

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

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

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

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

Open Market Value ("OMV" or "GAV")
Open market value means the fair value of the Group's investment properties and the joint ventures (where the Group owns 50%) determined by Colliers Valuation and Advisory SRL ("Colliers"), Cushman & Wakefield LLP (C&W), Knight Frank Sp. z o.o. ("Knight Frank") and CBRE Sp. z o.o. ("CBRE") independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued, using recognised valuation techniques.

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

GLOSSARY

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

ROBOR
Romanian Interbank Offer Rate.

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

SPA
Share sale purchase agreement.

SQM
Square metres.

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

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

Total Unencumbered Assets Ratio
Calculated as the Unsecured Consolidated Total Assets divided by Unsecured Consolidated Total Indebtedness.

Unsecured Consolidated Total Assets
Means such amount of Consolidated Total Assets that is not subject to any Security granted by any subsidiary of the Group.

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

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

WIBOR
Warsaw Interbank Offered Rate.

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