globalworth

11 March 2019

Globalworth Poland Real Estate N.V.

("GPRE" or the "Company")

Preliminary Financial Information for the year ended 31 December 2018

GPRE, the leading office investor in Poland, is pleased to provide a comprehensive update of its operations, along with a preliminary release of its unaudited Consolidated Statement of Comprehensive Income and unaudited Consolidated Statement of Financial Position for the year ended 31 December 2018.

Operational Highlights

- €520.8million of acquisitions were completed spanning five standing investments in Warsaw (€346.0 million), Krakow (€139.0 million) and Wroclaw (€35.8 million).
- GPRE's portfolio value rose by 79% to €1.2 billion at 31 December 2018 (31 December 2017: €0.7 billion). The total GLA of the Group's combined portfolio reached 428.7 thousand sqm, an increase of over 186.1k sqm (including measurement change 0.3 k sqm) on 31 December 2017.
- During 2018, the GPRE negotiated the take-up or extension of 45.7k sqm of commercial space, comprising some 20.0k sqm of new lettings or expansions and 25.7k sqm of renewals.
- The average occupancy ratio increased from 92.4% (98.5% including master leases) as of December 2017 to 95.0% as of December 2018 (95.4% including master leases). The decrease of occupancy ratio including master leases is caused by termination and cash settlement of the Rental Guarantee Agreements and NOI Guarantee Agreement.
- Green-certified properties now account for 70% of our standing commercial portfolio, with the potential to rise to 100% through properties currently under certification and recertification.

Financial Highlights

- Net operating income ("NOI") increased significantly in 2018, following the increase in total revenues and reaching a total of €78,257 thousand (2017: €31,730 thousand), a significant improvement of 147% or €46,527 thousand over 2017 figures.
- EBITDA amounted to €96,005 thousand (2017: €26,671 thousand). Earnings before tax amounted to €69.2 million, an increase of 62% on 2017 (€42.6 million). IFRS earnings per share increased by 3% from 20.0 cents to 20.6 cents.
- EPRA earnings amounted to €55,511 thousand in 2018 (2017: €15,594 thousand, representing an increase of €39,917 thousand over 2017. EPRA earnings per share increased by 77% from 10.0 cents to 17.7 cents per share in 2018.
- Loan to Value of 5.7% (31 December 2017: 41.3%) - excluding loans from the shareholders.
  Loan to Value of 38.0% (31 December 2017: 65.6%) – including loans from the shareholders.
- EPRA NAV at 31 December 2018 (€737,075 thousand) increased by 179% from 31 December 2017 (€264,130 thousand), however, EPRA NAV per share was affected with the capital raise and as at 31 December 2018 amounted to €1.66 per share, lower by c. 2% compared to 31 December 2017 (€1.69 per share).
- For 2018, the Company decided to distribute an interim dividend and established 3 January 2019 as the record date and 31 January 2019 as the payment date of an interim dividend. The amount of the interim dividend per share amounts to €0.08, higher by 208% comparing to 2017 (€0.026).

The Company's audited 2018 Annual Report and Financial Statements for the year ended 31 December 2018 will be published on 22 March 2019.

Headquarters:
Globalworth Poland Real Estate N.V.
Claude Debussylaan 15
1082 MC Amsterdam, The Netherlands

kontakt@globalworth.pl
www.globalworth.pl

GLOBALWORTH POLAND REAL ESTATE N.V.

PRELIMINARY FULL YEAR RESULTS AND UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

MANAGEMENT REVIEW

REVIEW OF NEW ACQUISITIONS

- Five new investments for €520.8 million
- 185.8k sqm of class "A" office GLA acquired

Over the course of the year, GPRE completed five new investments in Poland for total €520.8 million.

We are very pleased to have been able to acquire some of the most recognisable properties available in the Polish market, which included three of the 10 largest office transactions of the year. In total we concluded in five transactions for €520.8 million, adding 185.8k sqm of class "A" office space, which at the end of 2018 were 94.8% occupied and had €37.3 million of contracted rent with and average WALL of 3.5 years.

These acquisitions offer an attractive entry yield of 7.2%, with the scope for this to rise to 7.6% under full occupancy. This is consistent with the Group's strategy of acquiring standing properties at yields above prime market levels, where we believe that we can enhance the attractiveness and performance of our investments by applying different asset management initiatives over time.

The majority of our new acquisitions were properties in Warsaw, where we have now established a strong presence in the country's principal real estate market. In addition, we continued to pursue opportunities in select regional cities, successfully expanding our portfolio through new investments in Krakow and Wroclaw.

- Skylight & Lumen: The Group's largest property transaction to-date finalised in Q4-18 for a total consideration of €190.0 million. The investment comprises two offices, offering 45.4 k sqm of GLA and 453 parking spaces, forming part of the "Złote Tarasy" multifunctional mixed-use complex in the heart of Warsaw, which combines high-quality office, retail and leisure space with excellent connectivity to the capital's main train station.
- Spektrum Tower: is a high-rise class "A" office in the heart of Warsaw's Central Business District, acquired for a total consideration of €101.0 million. It was completed in 2003 and underwent extensive refurbishment in 2015, when it was converted into a multi-tenanted building offering 32.1k sqm of GLA and 318 parking spaces.
- Warta Tower: is a class "A" office located in the extended West Central Business District of Warsaw and was acquired for a total consideration of €55.0 million. It offers 33.7k sqm of GLA and 542 parking spaces.
- Quattro Business Park ("QBP"): is a high-quality office complex of five buildings in Krakow acquired for a total consideration of €139.0 million. QBP was completed in phases and offers a total of 60.2k sqm of GLA and 1,327 parking spaces.
- West Link: is a recently completed class "A" office in Wroclaw, acquired for a total consideration of €35.8 million. West Link is located to the west of the city centre, offering 14.4k sqm of GLA and 265 parking spaces. The property is adjacent to West Gate (also owned by the Group), creating an office complex with a total of 31.0k sqm of high-quality office space almost exclusively leased to Nokia Solutions & Network.

REVIEW OF STANDING PORTFOLIO

- GAV of our portfolio increased by 79% in 2018 to €1.2 billion
- Total standing GLA increased by over 186.1k sqm to reach 428.7k sqm of leasable space
- 70.0% of the portfolio by value is green certified
- Standing occupancy of 95.4% (95.0% excluding master leases)
- €81.8million contracted rent
- WALL of 3.9yrs

Our portfolio continued to expand in 2018, following the acquisition of 5 standing investments (10 office properties) in Poland. As of 31 December 2018, there were 17 standing investments in GPRE's portfolio.

Our standing portfolio comprised 14 office investments and 3 mixed-use investments in central locations in Warsaw (Poland) and 5 of the largest office markets/cities of Poland (Krakow, Wroclaw, Katowice, Gdansk and Lodz).

GPRE's total standing commercial GLA at the end of December 2018 had increased by 76.7% to reach 428.7k sqm.

The independently appraised value of our standing properties rose to €1.2 billion (31 December 2018), representing an annual increase of 78.9%, mainly due to new acquisitions and fair value gain for the year amounts to €19.0 million.

Standing Properties	31 Dec. 2018	31 Dec. 2017
Number of Investments	17	12
GLA (k sqm)	428.7	242.6
GAV (€ million) (1)	1,216.8	680.1
Occupancy (2)	95.4%	98.5%
Contracted Rent (€ million) (2)	81.8	45.5
WALL (years)	3.9	4.6

(1) Appraised valuations as of 31 December 2017 and 2018 respectively.

(2) Including master leases.

Consistent with our commitment to energy efficient properties, we added 9 environmentally certified properties in our portfolio. All properties acquired this year were green with WARTA Tower, the Quattro Business Park (3 of 5 buildings) and Spektrum Tower being certified with BREEAM Very Good accreditation, with the remaining 2 buildings of the Quattro Business Park, Skylight and Lumen being certified with BREEAM Excellent accreditation, while West Link which was green certified at the time of acquisition is currently in a re-certification process.

Overall, 70.0% of portfolio's GLA as of 31 December 2018 comprised of green certified properties and we are in the process of certifying or re-certifying the remaining 30.0% of portfolio's GLA.

REVIEW OF DEVELOPMENTS

Right of First Offer Portfolio

GPRE has invested in two projects in Poland which are at different phases of construction, in each of which it owns a 25% economic stake with the right to acquire the remaining interest once certain conditions have been satisfied.

- Beethovena I & II are a class "A" office project located in Warsaw comprising two, four-floor offices, which on completion will offer total GLA of 35.8k sqm. Beethovena I and II are of similar size (18.9k sqm and 16.9k sqm) and are expected to be delivered in Q2-2019 and Q3-2020 respectively. The first phase is currently pre-leased at 64% to tenants such as Havas and MasterCard and others.
- The Gatehouse Offices (previously Browary J) is a class "A" office project located in Warsaw comprising a stepped shaped "main" building extending over 11 floors and the lower 7th floor wing. The project was delivered in Q4-2018 and offers 15.7k sqm of GLA, of which 100% is leased to blue-chip office tenants (including Epam, L'Oreal, Sony and WeWork).

The sale of Gatehouse Offices to a fund managed by GLL Real Estate Partners was preliminary signed in Q4 2018.

	Location	Completion Date	GLA (k sqm)	Equity Invested (€million)
Beethovena I	Warsaw	Q2-2019	18.9	2.9
Beethovena II	Warsaw	Q3-2020	16.9	2.8
The Gatehouse Offices (ex. Browary J)	Warsaw	Q4-2018	15.7	4.2
Total ROFO			**51.5**	**9.9**

Other Pipeline Investment Opportunities

Consistent with its ongoing growth strategy, GPRE has signed memoranda of understandings or is in an advanced stage of negotiation for the potential acquisition of four property investments in Poland.

All investments involve high-quality standing offices in line with the Group's strategy, with one property located in Warsaw and three in major regional cities.

The properties benefit from high occupancy rate and are leased to well-known national and international corporates operating in Poland and abroad, on market standard triple-net, Euro denominated and annually indexed leases. The pipeline is expected to potentially contribute additional contracted rental income of approximately €20.4 million (€21.8 million on stabilisation) per annum.

Total investment is estimated at c.€280 million and the Group is currently undertaking the necessary due diligence on the properties.

Acquisition Pipeline (28 Feb 2019)

Pipeline	Location	GLA (k sqm)	Stabilised Rent (€ million)	Est. Investment Cost (€ million)
Class "A" office	Warsaw	45	10.1	130
Class "A" office	Regional	18	3.3	37
Class "A" office	Regional	29	4.5	54
Class "A" office	Regional	22	3.9	59
Total		**114**	**21.8**	**280**

Headquarters:
Globalworth Poland Real Estate N.V.
Claude Debussylaan 15
1082 MC Amsterdam, The Netherlands

kontakt@globalworth.pl
www.globalworth.pl

ASSET MANAGEMENT REVIEW

- 45.7k sqm of commercial space successfully negotiated
- Overall occupancy up by 2.6pp to 95.0% (excluding master leases)
- €7.8million invested in our renovation and maintenance program

Leasing Review

In 2018 the Company has successfully negotiated the take-up or extension of c. 45,700 sqm of commercial GLA, 40.900 sqm on like-for-like ("LFL") basis (like-for-like: excluding assets acquired in 2018), which constitutes 17% of its property portfolio.

From among the new lease agreements 20,000 sqm relates to the new leases and 25,700 sqm to renewals of existing leases. 38,100 sqm of leased space was signed with office tenants (20% LFL of the office-component GLA) while 7,600 sqm concerned retail tenants (13% of the retail-component GLA).

GLA – Sqm	Poland
New Leases	11,962.4
Expansion	8,071.4
Renewal / Extension	25,652.6
Total Take Up or Extension	**45,686.5**

Contracted Rent - € m	Poland
New Leases	2.1
Expansion	1.6
Renewal / Extension	4.5
Total Take Up or Extension	**8.2**

2018 - WALL	Poland
New Leases	4.0
Expansion	5.8
Renewal / Extension	4.7
Total	**4.8**

The average occupancy ratio increased from 92.4% (98.5% including master leases) as of December 2017 to 95.0% as of December 2018 (95.4% including master leases). The decrease of occupancy ratio including master leases is caused by termination and cash settlement of the Rental Guarantee Agreements and acquisitions of buildings with slightly lower occupancies than the average one (Skylight and Lumen, Spektrum Tower and Warta Tower).

In December 2018, GPRE settled certain master lease and net operating income ("NOI") guarantees which had been granted ahead of the GPRE initial public offering in April 2017 by its previous controlling shareholders and were due to expire in April 2022. The purpose of these guarantees was to cover previously unleased office space across GPRE's original IPO portfolio and to top up any NOI shortfall to a specified level on the retail component of GPRE's three mixed-use assets, for five years post IPO, as well as covering certain specified situations to top up rent subject to a rent-free period and other related costs. They were settled in exchange for GPRE receiving cash settlement of €21.5 million (representing the net present value of the expected guaranteed income) to compensate for any and all amounts due now or in the future under these agreements. The entire amount of €21.5 million less €1.2 million (already recognised as income from NOIGA in 2017) was recognised as income in 2018.

The master leases settled accounted for 1.1% of portfolio's GLA at the time of their settlement, with the Company being confident that it will be able to lease the corresponding spaces in the short to medium term.

Contracted Rent Profile as at 31 December 2018	
Contracted Rent (€ million)	**81.8**
Tenant Origin - %	
Multinational	63.1%
National	34.1%
State Owned	2.4%
Master Lease	0.4%
Occupancy - %	**95.4%**
WALL – yrs	**3.9**

In total we have 428.7k sqm of commercial GLA leased to approximately 500 tenants, the majority of which is let to national and multinational corporates which are well-known within their respective markets. The GPRE's rent roll is well diversified, with the largest tenant accounting for 5.8% of contracted rents, while the top three tenants account for 15.1% and the top 10 tenants account for 30.9%, a feature which we expect to diversify further as the portfolio continues to expand.

Due to the numerous acquisitions completed in 2018 we have managed to extend the list of blue chip, multinational tenants, strengthening the portfolio's risk profile (like Google, Capgemini, Epam in Quattro Business Park, WARTA TUiR in Warta Tower, Pernod Ricard, Mars in Skylight & Lumen or NOKIA in West Link). Adding some big names to the top 10 enants list resulted in them generating almost 1/3rd of the portfolio's Gross Rental Income. On the other hand we have diversified tenants' profile by acquiring multi-tenant office schemes like Quattro Business Park, Spektrum Tower and Skylight & Lumen.

Acquisitions of pure office buildings completed in 2018 resulted in increase of office tenants' share in portfolio's Gross Rental Income from 74% as of December 2017 to 86% as of December 2018 (jointly Pure office and High-street office tenants). The tenant base remains predominated by multinational tenants – this group generates almost 2/3rd of portfolio's Gross Rental Income.

In 2018 we managed to almost fully let the office components of mixed-use assets. In Hala Koszyki a total of 4,300 sqm office space was signed, including further Mindspace's expansions (2,300 sqm). In Supersam, Groupon expanded for 1,100 sqm.

The total vacancy of the portfolio acquired in December 2017 from EPP (covered with master lease) dropped from 4,300 sqm to 1,200k sqm mainly due to Rockwell's expansion and Lux Med's new leases in A4 Business Park and new lease agreement with Cityspace in Tryton (1,000 sqm).

Furthermore, the Company has continued to improve the risk profile of its portfolio through the extension and/or expansion of leases with some of its prime tenants. The biggest leasing transaction in the portfolio in 2018 was an extension of NOKIA lease of 14,100 sqm in West Gate, Wroclaw. In Nordic Park both Baxter and ZBP (Polish Banks Association) expanded and extended their leases for 3,600 sqm and 1,800 sqm accordingly. Eurozet extended their lease in Bliski Centre (4,000 sqm).

The biggest retail leases signed in 2018 concern replacement of Jatomi Fitness by Calypso for two units in Supersam (1,800 sqm) and Renoma (1,700 sqm).

Lease Expiration Profile – Standing properties as at 31 December 2018 (€ million)

Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	>=2028
Lease Agreements	7.6	8.4	14.9	18.5	8.7	9.5	7.2	3.1	0.8	2.7
Master Lease	--	0.3	--	--	--	--	--	--	--	--
Total	**7.6**	**8.7**	**14.9**	**18.5**	**8.7**	**9.5**	**7.2**	**3.1**	**0.8**	**2.7**
% of total	*9%*	*10%*	*18%*	*23%*	*11%*	*12%*	*9%*	*4%*	*1%*	*3%*

The active leasing attitude regarding standing assets resulted in maintaining the high WALL of 4.2 years on LFL basis (vs 4.6 years in December 2017). Securing long term leases caused the flattening of lease expiry profile; 80% of lease agreements expire in more than 2 years.

Renovation and Maintenance Programme of Standing Properties

GPRE takes a long-term approach to its portfolio, looking to maximise returns over the full life cycle of its individual buildings. Continuous management and investment in our portfolio enables us to preserve value and offer best-in-class real estate space to our business partners.

Every asset has an asset management strategy. Depending on the stage in the life cycle of each of our buildings, improvements in technology and their prevailing condition, we may conduct works which extend from small scale upgrades to large scale refurbishments. Larger scale refurbishments allow us to more fully upgrade an asset, secure new leases and re-set the life clock of the property.

As part of our ongoing strategy to offer best-in-class real estate space to our business partners, the Company is continuing the improvement works of selected properties. As part of this renovation and repair programme we invested a total of € 7.8 million in 2018 (building CAPEX and fit-out works).

Reinforcing our In-House Team of Professionals

To meet our expansion needs and to maintain and improve the high standards and success of our business, we have continued to invest in multi-disciplined, skilled professionals, adding 55 team members to the Company in 2018.

The majority of our new team members were recruited to support our asset management operations which are core to our customer service and product offering, as well as maintaining and strengthening the broad network of relationships in our main real estate markets. We have also internalised accounting function and implemented ERP system SAP Business One HANA in order to improve our resource management and reporting capabilities.

The GPRE Team

Department	**Poland**
Management	3
Administration	4
Asset, Property and Facility Management	30
Leasing	7
Investments & Capital Markets	4
Legal	6
Technical	10
Finance & Accounting	21
HR	1
IT	2
TOTAL	**88***

* excluding Non-Executive Directors

globalworth

FINANCIAL REVIEW

Overview

Significant growth in revenues and NOI by €56,904 thousand and €46,527 thousand, respectively, resulting mainly from the new acquisitions completed during the 2018, termination of RGA and NOIGA[1] as well as leasing progress.

EPRA Earnings for 2018 increased by 77% compared to 2017, reaching 17.7 cents per share from 10.0 cents per share in 2017, while IFRS Earnings per share for 2018 amounted to 21.0 cents, as compared to 20.0 cents in 2017, an increase of 5%.

Interim dividends declared for 2018 and paid in January 2019 8.0 cents per share, as compared to 2.6 cents for 2017.

EPRA NAV at 31 December 2018 (€737,075 thousand) increased by 179% from 31 December 2017 (€264,130 thousand), however, EPRA NAV per share was affected with the capital raise and as at 31 December 2018 amounted to €1.66 per share, lower by c. 2% compared to 31 December 2017 (1.69 per share).

LTV at 31 December 2018 amounted to 5.7%, decreased from 41.3% at 31 December 2017 mainly as a result of the considering shareholder loans as equity. LTV including shareholder loans amounted to 38.0% at 31 December 2018 and decreased comparing to 31 December 2017 (65.6%).

Revenues and Profitability

- Group revenues of €102.7 million in 2018 rose by 124% on 2017 (€45.8 million), driven by:
- the effect of the settlement of RGA and NOIGA, which resulted in a €21.5 million cash payment to GPRE which also covered €1.2 million accrued for 2017.
- additional revenues related to properties acquired during the 2018 in the amount of €19.8 million as well as full year revenue generated by properties acquired in December 2017 increased by €9.2 million compared to 2017. Additional service charge income on these acquisitions amounts to €9.0 million.

Net Operating Income of €78.3 million in 2018, a 147% increase over 2017 (€31.7 million), in line with the increase in Group revenue.

EBITDA[2] of €96.0 million in 2018, an increase of 260% over 2017 (€26.7 million). In addition to the growth in NOI by €46.5 million, higher valuation gains on investment property and financial instruments (by €21.2 million) contributed to the increase.

A decrease by 98% in financial income resulted mainly from the change of functional currency from PLN to EUR. In 2017 the balance consisted mainly of foreign exchange differences (€24.6 million out of €25.5 million total finance income in 2017). Increase in financial costs by €17.8 million resulted mainly from new loan granted by related party of main shareholder to finance new acquisitions.

Earnings before tax of €69.2 million, an increase of 62.4% over 2017 (€42.6 million), mainly as a result of the increase in NOI, increase in valuation of investment property and financial instruments off set by decrease in net finance costs. IFRS earnings per share increased by 3% from 20.0 cents to 20.6 cents.

EPRA earnings of €55.5 million, an increase of 256% over 2017 (€15.6 million), similarly resulting from the ongoing expansion of the Group's operations and notably NOI but which also factors the positive effect of the Polish lease guarantee termination. EPRA earnings per share increased by 78% from 10.0 cents to 17.8 cents in 2018, where the effect of RGA and NOIGA termination amounted to 6.5 cents.

[1] Refer to glossary section below for definition.

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

Balance Sheet

Investment activity in 2018, which included c.€515.6 million of new acquisitions and capital expenditures as well as valuation gains of €18.9 million, contributed to a 78.9% increase in the balance sheet value of our investment property portfolio at 31 December 2018 to €1.2 billion (31 December 2017: €0.7 billion).

Growth in Portfolio Value	In €million
Investment Property - 31 Dec 2017	680
Open Market Value – 31 Dec 2017	**680**
Acquisitions	508
Capex	11
Valuation Uplift	17
Open Market Value – 31 Dec 2018	**1,216**
Investment Property - 31 Dec 2018	1,216

Total assets at 31 December 2018 exceeded €1.3 billion and increased by 74.2% from 31 December 2017 (€0.8 billion), primarily due to the expansion of the property portfolio.

EPRA NAV of €737 million at 31 December 2018, an increase of 200.8% on 31 December 2017 (€264 million), while EPRA NAV per share decreased by c. 2% to €1.66 per share (31 December 2017: €1.69 per share).

Cash Flows

Cash flows from operating activities were €62.4 million, compared to €23.7 million in 2017, reflecting the expansion of the Group's operating activities and the termination of RGA and NOIGA.

Net proceeds from the successful debt financing in 2018 of €575.9 million, with €523.2 million being used to repay senior debt facilities secured on some of our properties.

Cash used for investments made in 2018 of €516.0 million, including the acquisition of five standing properties and capital expenditures.

Dividends paid in 2018 of €11.2 million in respect of period starting on 13 April 2017 till 31 December 2017.

Cash and cash equivalents at 31 December 2018 stood at €59.8 million, €44.1 million higher than 31 December 2017 (€15.7 million).

Financing Activity in 2018

In April 2018, the Group received loan granted by the subsidiary of the main stockholder - Globalworth Finance Guernsey Ltd. to repay all but one of the bank loans secured on our properties in Poland, thereby extending the flexibility of GPRE's predominantly unsecured debt structure across the Group and further simplifying the Group's financial structure by consolidating debt and reducing the number of financing banks. Shareholder loan is granted for 7 years, interest rate assigned to the agreement is fixed and amounts to 5% p.a.

The Group selectively uses secured bank financing facilities in order to diversify sources of funding and build greater flexibility in its debt book. In 2018, the Group took advantage of favourable conditions in the bank financing market to secure portfolio facility. In June 2018, the Group signed a €100 million seven-year facility for Tryton Business Park, CB Lubicz, West Gate and West Link at a competitive interest rate with a consortium consisting of Landesbank Hessen-Thüringen and Deutsche Pfandbriefbank AG, following the above-mentioned repayment of all but one of the bank loan facilities secured on our properties in Poland.

In June 2018 Globalworth Poland Real Estate N.V. completed a €450 million equity capital raise. The transaction was fully subscribed by GPRE (66.7%) and Growthpoint Properties (33.3%), resulting in €150 million of new capital becoming available to fund further growth of the Polish portfolio. The remaining €300 million was used to partially repay outstanding debt under various inter-company loans previously entered into between GPRE and Globalworth Finance Guersney Ltd.

Dividends

On 26 April 2018 the Annual General Meeting of Globalworth Poland Real Estate N.V. resolved to distribute the amount of € 11.2 million (PLN 0.11 per share) to the Company's shareholders. The dividend has been paid on July, 2018. On 21 December 2018 the Company decided to distribute an interim dividend in the amount of € 35.42 million (€ 0.08 per share) and established 3 January 2019 as the record date regarding the Interim Dividend and 31 January 2019 as the payment date of the Interim Dividend, which is already reflected in the condensed consolidated financial statements and presented as trade and other payables.

Debt Summary

The total debt portfolio of the Group at 31 December 2018 of €138.8 million (excluding loan granted by the subsidiary of the main stockholder in the amount of €392.2 million) comprises long-term debt, denominated mostly in €, with insignificant facilities denominated in Polish Zloty ('PLN').

The loan to value at 31 December 2018 was 5.7%, decreasing during 2018 following bank loan repayments (31 December 2018: 41.3%). The net loan to value including shareholder loan as at 31 December 2018 was 38.0%, decreasing as well comparing to 31 December 2017 (65.6%).

Debt Structure - Secured vs. Unsecured Debt

All the external debt constituting bank loans is secured with real estate mortgages, pledges on shares, receivables and loan subordination agreements in favour of the financing parties.

Loans granted by the subsidiary of the main stockholder are unsecured debt.

Servicing of Debt During 2018

In 2018, we repaid in total c.€236.1 million of loan capital, the majority of which relates to the refinancing of existing facilities and c.€4.1 million of accrued interest on the Group's drawn debt facilities.

Liquidity

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

As at 31 December 2018, the Group had cash and cash equivalents of €72.7 million, while additional available liquidity from committed, undrawn loan facilities at 31 December 2018 amounted to €2.8 million.

Debt Structure as at 31 December 2018

The Group has bank loan facilities with different maturities, 99.9% of which are long-term (compared to 95.5 % at 31 December 2017).

Maturity by year of the principal balance outstanding at 31 December 2018 (€ million)

2019	2020	2021	2022	2023	2024	2025	2026-2035
0.2	-	-	-	-	-	99.3	39.3

Debt Denomination Currency and Interest Rate Risk

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

Debt Covenants and Securities

The Group's financial indebtedness is arranged with standard terms and financial covenants.

There have been no breaches of the aforementioned covenants occurring during the year ended 31 December 2018.

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

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

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	Note	Year ended 31 December 2018 € '000	2017 € '000
Revenue	7	102,709	45,805
Operating expenses	8	(24,452)	(14,075)
Net operating income		78,257	31,730
Administrative expenses		(6,407)	(7,821)
Fair value movement	4	18,984	3,199
Other expenses		(566)	(721)
Other income		274	284
Gain/(loss) from valuation of financial instruments	14	5,463	-
		17,748	(5,059)
Profit before net financing costs		96,005	26,671
Net financing costs			
– Finance cost	10	(27,317)	(9,559)
– Finance income	9	498	25,479
		(26,819)	15,920
Profit before tax		69,186	42,591
Income tax (expenses)	11	(4,506)	(11,271)
Profit for the year		64,680	31,320
Attributable to:			
Equity holders of the parent		64,680	31,320
Earnings per share (basic and diluted):	12	0.21	0.20
EPRA Earnings per share (basic and diluted)*:	12	0.18	0.10

**EPRA Earnings per share – EPRA Earnings divided by the basic or diluted weighted number of shares outstanding for the period and at the year for comperative data due to the first operating year of the Group where change in average number of shares was not adequate. (This is non-IFRS measure).*

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Year ended 31 December 2018 € '000	2017 € '000
Profit for the year	64,680	31,320
Other comprehensive income transferable later on to the profit/(loss):		
Foreign currency translation reserve	-	10,313
Other comprehensive income/(loss)	-	10,313
Total comprehensive income/(loss) for the year, net of tax	64,680	41,633
Comprehensive income attributable to:		
Equity holders of the parent	64,680	41,633

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December	
		2018	2017
		€ '000	€ '000
ASSETS			
Non-current assets			
Investment property	3	1,216,790	680,130
Available for sale financial assets		-	5,897
Other financial assets	14	2,828	-
Other long-term assets		378	47
Other receivables		-	69
Long-term restricted cash	16	-	2,958
		1,219,996	689,101
Current assets			
Short-term loans		-	60
Trade and other receivables		13,238	10,634
Income tax receivable		193	1
Debentures		-	18,389
Available for sale financial assets		-	4,346
Other financial assets	14	12,878	-
Cash and cash equivalents	16	72,746	34,685
		99,055	68,115
TOTAL ASSETS		1,319,051	757,216

	Note	As at 31 December 2018 € '000	2017 € '000
EQUITY AND LIABILITIES			
Total equity			
Issued share capital	17	442,757	156,133
Share premium		199,884	44,026
Other reserves		8,121	8,121
Foreign currency translation reserve		5,171	5,171
Retained earnings		49,396	31,320
Equity attributable to equity holders of the parent		705,329	244,771
Non-current liabilities			
Bank loans	15	135,124	278,690
Other borrowings	15	392,233	–
Deferred tax liability	11	17,363	19,020
Deferred consideration payable		694	-
Guarantees retained from contractors		666	537
Deposists from tenants		9,801	5,834
		555,881	304,081
Current liabilities			
Bank loans	15	3,686	26,202
Other borrowings	15	-	165,413
Guarantees retained from contractors		1,088	508
Trade and other payables		48,169	15,238
Deposits from tenants		1,853	270
Income tax payable		3,045	733
		57,841	208,364
TOTAL EQUITY AND LIABILITIES		1,319,051	757,216
		Euro	Euro
NAV per share		1.59	1.57
Diluted NAV per share		1.59	1.57
EPRA NAV per share		1.66	1.69

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Issued share capital € '000	Share premium € '000	Foreign currency transalation reserve € '000	Net assets attributable to shareholders € '000	Other reserves € '000	Retained earnings € '000	Total € '000
1 January 2017		**45**	**–**	**(5,142)**	**41,334**	**–**	**–**	**36,237**
Profit for the year		–	–	–	–	–	31,320	**31,320**
Other comprehensive income		–	–	10,313	–	–	–	**10,313**
Total comprehensive income		**–**	**–**	**10,313**	**–**	**–**	**31,320**	**41,633**
Shares issued for capital		156,088	44,026	–	–	–	–	**200,114**
The reorganisation of the Group		–	–	–	(41,334)	8,121	–	**(33,213)**
At 31 December 2017	**17**	**156,133**	**44,026**	**5,171**	**–**	**8,121**	**31,320**	**244,771**
At 1 January 2018		**156,133**	**44,026**	**5,171**	**–**	**8,121**	**31,320**	**244,771**
Profit for the year		-	-	-	-	-	64,680	64,680
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	-	64,680	64,680
Operations with shareholders		-	-	-	-	-	-	-
Issue of share capital		286,624	155,858	-	-	-	-	442,482
Dividend paid or declared		-	-	-	-	-	(46,604)	(46,604)
At 31 December 2018		442,757	199,884	5,171	-	8,121	49,396	705,329

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2018 € '000	2017 € '000
Profit/(loss) before tax		69,186	42,591
Adjustments to reconcile profit before tax to net cash flows			
Fair value movement on investment property		(18,984)	(3,199)
Gain/(loss) from valuation of financial instruments		(5,459)	-
Net financing (income)/costs		26,243	(16,469)
Operating profit before changes in working capital		70,986	22,923
Operating activities			
Decrease/(increase) in trade and other receivables		731	(3,609)
(Decrease)/increase in trade and other payables		(3,773)	2,671
Movements in deposits from tenants and other deposits		(562)	2,052
VAT settlements		444	1,066
Other items		(1,209)	(1,444)
Income tax paid		(4,203)	41
Cash flows from operating activities		62,414	23,700
Investing activities			
Capital expenditure on investment property		(15,634)	(14,621)
Rental Guarantee Payment (CAPEX)		4,580	3,986
Payment for acquisition of subsidiaries less cash acquired	19	(482,143)	(155,151)
Dividend received		-	3
Movements in loans granted		20	(27,466)
Interest received		115	32
Cash flows from investing activities		(493,062)	(193,217)
Financing activities			
Proceeds from share issuance		450,000	29,129
Payment of transaction costs on issue of shares		(7,517)	-
Dividend paid		(11,183)	-
Bank loan proceeds		67,611	11,098
Bank loan repayments		(236,067)	(8,702)
Proceeds from borrowings		508,300	164,194
Repayment of borrowings		(287,107)	(1,118)
Payment of other financing costs		(5,671)	–
Interest paid		(12,587)	(7,337)
Change in restricted cash		9,044	(12,873)
Cash flows from financing activities		474,823	174,391
Net increase/(decrease) in cash and cash equivalents		44,175	4,874
Cash and cash equivalents at the beginning of the period		15,657	10,010
Translation differences		(29)	773
Cash and cash equivalents at the end of the period	16	59,803	15,657

1. Basis of Preparation

The consolidated financial statements of the Group include consolidated financial data as of 31 December 2018 and for the year ended 31 December 2018 in relation to the consolidated profit and loss account, the consolidated statement of changes in equity and the consolidated cash flow statement.

The comparative data include consolidated financial data as of 31 December 2017 and for the year ended 31 December 2017 in relation to the consolidated profit and loss account, the consolidated statement of changes in equity and the consolidated cash flow statement.

Unless indicated otherwise, all financial data in the Group's consolidated financial statements have been presented in thousands of EUR.

The accumulated profit contains results of the entities within the Group since 1 January 2018 to 31 December 2018.

1.1. Corporate information

Globalworth Poland Real Estate N.V. Group (further "**the Group**" or "**GPRE Group**") owns and manages yielding real estates throughout Poland. On 31 December 2018 the Group is composed of the entities presented below in the Note 20.

On 21 December 2016, Globalworth Poland Real Estate N.V. ("**the Company**") (formerly known as Griffin Premium RE.. N.V.) was incorporated with the aim to become a holding company to the Group for the purpose of creating a real estate platform to be then listed on Warsaw Stock Exchange.

As a result of the settlement of the tender offer on 6 December 2017 Globalworth Real Estate Investments Ltd group ("Globalworth Group"), through its fully controlled entity, became the major shareholder of the Company.

Company's shares are listed on the Warsaw Stock Exchange since 13 April 2017.

Management Board of Globalworth Poland Real Estate N.V.

Dimitris Raptis	-	CEO, Executive Director (approved as CEO and Executive Director by General Meeting on 5 February 2019, previously Non-Executive Director)
Małgorzata Turek	-	CEO, Executive Director (since 11 September 2017 till 12 December 2018)
Rafał Pomorski	-	CFO, Executive Director
Ioannis Papalekas	-	Non-Executive Director (since 6 December 2017)
Norbert Sasse	-	Non-Executive Director (since 26 April 2018)
George Muchanya	-	Non-Executive Director (since 26 April 2018)
Maciej Dyjas	-	Non-Executive Director (since 13 March 2017 till 27 February 2018)
Nebil Senman	-	Non-Executive Director (since 13 March 2017 till 27 February 2018)
Claudia Pendred	-	Independent Non-Executive Director (since 11 September 2017)
Marcus M.L.J. van Campen	-	Independent Non-Executive Director (since 13 March 2017)
Thomas Martinus de Witte	-	Independent Non-Executive Director (since 13 March 2017)
Andreas Segal	-	Independent Non-Executive Director (since 13 March 2017 till 15 September 2018)

1.2. Basis of Preparation and Compliance

The Consolidated Financial Statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. Accounting books and records underlying these financial statements are maintained in accordance with Polish Accounting Standards.

The Consolidated Financial Statements have been prepared on a going concern basis, applying a historical cost basis, except for:

- investment property;
- other financial assets (till 31 December 2017 classified as financial instruments available for sale).

The Company's Board used its best judgment in the selection of the applicable standards, as well as measurement methods and principles for the different items of the Consolidated Financial Statements.

Measurement of items denominated in foreign currencies

The Group's Consolidated Financial Statements are presented in euro ("EUR" or "€") being the functional currency of the Group for the year ended 31 December 2018 (the presentation currency for year eneded 31 December 2017). From 1 January 2018 the Entities have changed the functional currency from PLN to EUR, due to the following reasons:

1) The Group intended to refinance part of its portfolio including recently acquired properties which effectively took place in the first half-year of 2018. All new loans are denominated in EUR;
2) Previously, the Group had loans denominated both in EUR and PLN, while after transfer of all loans receivables to GPRE Management Sp. z o.o. during 2017, the loans were converted to EUR and now the Group has solely loans denominated in EUR;
3) EUR is the currency of real estate business in Europe. Rents are usually denominated in EUR although in Poland albeit determined in EUR they are usually invoiced and paid in PLN. Valuations of commercial real estates are prepared in EUR and debt financing is also maintained in EUR;
4) All cash flow projections are prepared only in EUR and majority of planned transactions will be performed in EUR.

1.3. Accounting policies

These condensed consolidated financial statements apply the same accounting policies, presentation and methods of calculation as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2017 except for those new accounting policies where necessary to comply with amendments to IFRS, none of which had a material impact on the consolidated results, financial position or cash flows of the Group (see note 23). The condensed consolidated financial statements included in this announcement should be read in conjunction with the consolidated financial statements for the year ended 31 December 2017.

These condensed consolidated financial statements are prepared in Euro ('EUR' or '€'), rounded to the nearest thousand unless otherwise indicated, being the functional currency and presentation currency of the Company.

These condensed consolidated 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 consolidated financial statements. The Directors based their assessment on the Group's detailed cash flow projections for the period up to 30 June 2020. These projections take into account the latest contracted rental income, anticipated additional rental income from new lease agreements to be concluded during the period covered by the projections, as well as contracted debt financing, CAPEX, and other commitments. The projections show that, in the period up to 31 December 2020, the Company has sufficient resources to continue to fund ongoing operations and asset development without the need to raise any additional debt or equity financing or the need to reschedule existing debt facilities or other commitments.

1.4. Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the Group) for the year ended 31 December 2018.

The financial statements of the subsidiaries are prepared for the same reporting period as those of the parent company, using consistent accounting policies. Subsidiaries are fully consolidated (refer to Note 20) from the date of acquisition, being the date on which the Group obtains control (refer to Note 20), and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the period from the date of obtaining control till 31 December 2018. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The parent controls an entity, if the parent has:

- power over this entity,
- exposure, or rights, to variable returns from its involvement with the entity, and

- the ability to use its power over the entity to affect the amount of its returns.

The Company reassesses whether it controls the entity if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Any changes in the shareholding structure of the parent company that do not result in a loss of control over subsidiary company are recognised as equity transactions. In such cases, in order to reflect changes in the relative interest in a subsidiary, the Group adjusts the carrying amount of the controlling and non-controlling interest.

All differences between the value of the adjustment to the non-controlling interest and the fair value of the consideration paid or received are taken to the shareholders' equity and allocated to the owners of the parent. The consolidated financial statements incorporate the assets, liabilities, income, expenses and cashflows of the Group and all entities controlled by the Group. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Intercompany transactions, balances and unrealised profits or losses between the Group companies are eliminated on consolidation.

All significant intercompany balances, transactions, including unrealised gains and losses resulting from intra-group transactions, are eliminated in full. Unrealised losses are eliminated unless they indicate impairment.

2. Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Group's 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, including contingent liabilities.

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

- Investment Property, see Note 3 and Fair value measurement and related estimate and judgements, see Note 4;
- Commitments (operating leases commitments – Group as lessor), see Note 6;
- Taxation, see Note 11;
- Functional currency, see Note1.2;
- Other financial assets (ROFO), see Note 14.

3. Investment property

	Investment property
	€ '000
At 1 January 2018	680,130
Asset deal	507,808
Capital expenditures	7,823
Agent fees	532
Rent free period incentive	1,513
Fair value movement on investment property	18,984
At 31 December 2018	1,216,790

	Investment property
	€ '000
At 1 January 2017	470,380
Asset deal	163,635
Capital expenditures	12,056
Agent fees	892
Rental guarantee	133
Rent free period incentive	110
Fair value movement on investment property	3,199
Foreign currency translation	29,725
At 31 December 2017	680,130

4. Fair Value Measurement and Related Estimates and Judgements

Fair value hierarchy

The following tables show an analysis of the fair values of investment property recognised in the statement of financial position by level of the fair value measurement hierarchy:

	Fair value measurement using				
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total	Total gain nor (loss) in the period in the statements of profit and loss
31 December 2018					
Investment property	–	–	**1,216,790**	**1,216,790**	**18,984**
Total	–	–	**1,216,790**	**1,216,790**	**18,984**
31 December 2017					
Investment property	–	–	680,130	680,130	3,199
Total	–	–	680,130	680,130	3,199

The fair value of investment property is classified at Level 3 of the fair value hierarchy.

Sensitivity analysis on Significant Inputs

The Group has conducted the sensitivity analysis of the significant unobservable inputs used to fair value measurement, the details to the analysis for each reporting period are presented in the tables below:

	€0.5 change in rental value per month, per sqm		25 bps change in market yield	
As of 31 December 2018	Increase €'000	Decrease €'000	Increase €'000	Decrease €'000
Investment property	**30,680**	**(30,380)**	**(50,280)**	**54,550**
Total	**30,680**	**(30,380)**	**(50,280)**	**54,550**
As of 31 December 2017	Increase €'000	Decrease €'000	Increase €'000	Decrease €'000
Investment property	16,148	(16,184)	(28,237)	26,128
Total	16,148	(16,184)	(28,237)	26,128

Valuation technique

The fair value of completed investment properties is determined using a discounted cash flow ("DCF") method.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Under the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, an appropriate, market derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The basis for determining the fair value of Group's property portfolio is the market-based measurement, which is the estimated amount for which a property could be exchanged on the date of valuation, under current market conditions between market participants in an arm's length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion, i.e. acted in their economic best interest.

Fair value calculated using cash flow projections is based on the terms of the lease agreements and, in case of vacancy on the rent that is considered would be obtainable on an open market letting as at the date of valuation. Valuation fees are not related to the property value and valuation results. The valuation by the professional appraiser takes account of lease incentives, agent fees, property interests, financial leasing related to perpetual usufruct of land compensations and letting fees. The fair value of investment property reflects, among others, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

The investment property portfolio is valued by the independent valuer at least annually. The valuations were performed by CBRE Sp. z o.o. and Knight Frank Sp. z o.o., both being accredited independent valuers with a recognised and relevant professional qualification and with recent experience in the locations and categories of the investment properties being valued. The valuation models in accordance with those recommended by the International Valuation Standards Committee have been applied and are consistent with the principles in IFRS 13.

Discount rates used to estimate the fair value as at 31 December 2018 ranged from 4.84% to 10.32% (as at 31 December 2017 ranged from 5.46% to 8.87%).

5. Advances for Investment property

In the reporting periods ended 31 December 2018 and 31 December 2017 there were no advances to contractors for investment properties under development and advances for land and other property acquisitions.

6. Commitments

Commitments for Investment Property Under Construction

As at 31 December 2018 the Group had agreed construction contracts with third parties and is consequently committed to future capital expenditure in respect of investment property completed € 3.5 million (2017: € 2.9 million) and had committed with tenants to incur fit-out works of € 5.3 million (2017: € 7.3 million).

Operating Leases Commitments

Judgements Made for Properties Under Operating Leases

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

The Group adopted a standard of lease agreement including following provisions:

- rental payments denominated in EUR, with rent adjustments following annual inflation index;
- fixed lease term, up to 10 years with an extension option;
- rent payment secured by a deposit or a guarantee.

The commercial property leases typically have lease terms between 5 and 10 years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Some leases contain options to break before the end of the lease term.

Lease agreements with a rent-free period or a reduced rent period are required to have the rent expense to a tenant or rental income to a landlord recognised on a straight-line basis over the lease term based on the total rental payments. This condition does not apply to the agreements with rent-free periods covered by the Rental Guarantee Agreement.

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

Year ended 31 December	2018 € '000	2017 € '000
Within 1 year	77,852	44,715
After 1 year, but not more than 5 years	192,768	140,433
More than 5 years	38,227	27,770
	308,847	212,918

7. Revenue

Year ended 31 December	2018 € '000	2017 € '000
Rental income	79,452	32,278
Service charge	22,279	11,897
Marketing income	545	567
Other income	433	1,063
Total revenues	102,709	45,805

The total rents and income from NOI and rental guarantees recognised as income during the year amount to € 25,581 thousand (2017: € 7,658 thousand) out of which € 20.3 million results from the effect of the settlement of termination of RGA and NOIGA (2017: € 0 thousand).

8. Operating Expenses

Year ended 31 December	2018 € '000	2017 € '000
Utilities	(9,164)	(5,148)
Property administration	(9,872)	(5,488)
Real estate taxes	(4,056)	(2,322)
Marketing services	(1,005)	(1,117)
Other property related costs	(355)	-
Total operating expenses	(24,452)	(14,075)

Operating expenses analysis by revenue and non-revenue generating properties

Year ended 31 December	2018 € '000	2017 € '000
Property expenses arising from investment property that generated rental income	(24,452)	(14,075)
Total property expenses	(24,452)	(14,075)

9. Finance income

Year ended 31 December	2018 € '000	2017 € '000
Bank interest	100	86
Interest from loans to related parties	-	19
Other financial assets interest	-	342
Debentures interest	295	387
Foreign exchange differences	-	24,633
Other financial income	103	12
Total finance income	498	25,479

10. Finance Cost

Year ended 31 December	2018 € '000	2017 € '000
Interest:	(19,446)	(8,820)
Bank borrowings	(7,187)	(7,679)
Loans from related parties*	(12,165)	(1,103)
Other interest expenses	(94)	(38)
Foreign exchange differences	(527)	–
Bank charges	(70)	(563)
Early loan repayment fees**	(2,836)	–
Arrangement fees from related parties loans	(4,377)	–
Other financial costs	(61)	(176)
Total financial cost	(27,317)	(9,559)

**refers to the loan granted by Globalworth Finance Guernsey Limited, for details please refer to Note 15.*
*** of which € 1,978 thousand results from the prepayment of the loan granted by Globalworth Finance Guernsey Limited, for details please refer to Note 15.*

11. Taxation

The major components of income tax expense for the years ended 31 December 2018 and 2017 are:

Year ended 31 December	2018 € '000	2017 € '000
Income tax expense		
Current income tax expense	(6,163)	4
Deferred income tax expense	1,657	(11,275)
	(4,506)	(11,271)

The Group is subject to income and capital gains taxes in different jurisdictions. Significant judgement is required to determine the total provision for current and deferred taxes.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax provisions in the period in which the determination is made.

In 2018 Polish tax authorities introduced the minimum tax applied to income from ownership of certain high-value fixed assets at a rate of 0.035 percent per month of the initial value of the asset that exceeds PLN10 million (€2.33 million).

Starting from 2019, there are two amendments implemented regarding minimum tax:

- the tax is applied only to parts of a property that are subject to a lease or tenancy agreement, with vacant parts of properties to be removed from the scope of the tax;
- the entity has a right to apply for the refund of previously paid tax, which was not deducted from income tax calculated on general principles. The tax authorities shall refund the tax once no irregularities are identified in:
  - the amount of tax liability or loss shown in the annual tax return;
  - the amount of tax on the revenues from buildings.

The verification will be subject in particular to whether the costs of debt financing related to the purchase or construction of the building, as well as other revenues and costs have been determined on market terms. The Group presents amount relating to minimum income tax in line "Income tax (expenses)" in Consolidated Statement of Profit and Loss.

Significant accounting judgements, estimates and assumptions

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of transactions and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expenses already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective Group Company's domicile.

Reconciliation of tax expense and the accounting profit multiplied by Poland's tax rate for 2018 and 2017 is, as follows:

Year ended 31 December	2018 € '000	2017 € '000
Profit/(loss) before income tax	69,186	42,591
Expected taxation charge at the tax rate 25%/19%/9%	(17,297)	(9,712)
Effect of:		
Minimum income tax on investment properties	(1,022)	-
Income not subject to tax	9,671	156
Expenses not deductible for tax purposes	(5,099)	(1,114)
Adjustments relating to differences on tax rates applicable for the Group Companies	12,842	2,524
Adjustments for companies not obliged to calculate income tax	(3,016)	(1,474)
Tax losses from prior years from which no deferred tax asset was recognised	(162)	-
Impairment of deferred tax asset on expired tax losses	(423)	-
Reversal of impairment deferred tax asset on not expired tax losses	-	(1,651)
Tax (charge)/credit	(4,506)	(11,271)

Due to restructuring in 2017 the Dutch company has become the parent company of the Group and under Dutch Tax Law the corporate income tax amounts to 25%.

	Consolidated statement of financial position		Consolidated statement of comprehensive income	
	31 December 2018	31 December 2017	1.01.2018-31.12.2018	1.01.2017-31.12.2017
Net - Deferred Tax Liability	€ '000	€ '000	€ '000	€ '000
Acquired under asset deal:	-	-	-	(239)

Deferred tax	-	-	-	(239)
Valuation of investment property at fair value	31,746	19,304	(12,442)	(5,206)
Other taxable temporary differences	(1,157)	(291)	866	337
Interest and exchange rate differences accrued	(9,644)	2,201	11,845	(6,762)
Deferred income	(19)	-	19	-
Valuation of financial instruments at fair value	865	56	(809)	(93)
Recognised unutilized tax losses	(4,428)	(2,250)	2,178	688
	17,363	19,020	1,657	(11,275)

As at 31 December 2018 the Group has tax losses that arose in Poland that are available for 5 years for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of tax losses in amount of € 14,255 thousand (2017: € 3,074 thousand) as they are not probable to be used to offset taxable profits in the Group, they have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other convincing evidence of recoverability in the near future.

Expiry year	2019	2020	2021	2022	2023	TOTAL
Fiscal year	2014	2015	2016	2017	2018	
Available tax losses (€million)	-	-	10	11	3	24

12. Earnings per share (EPS)

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

			Number of shares issued	% of the period	Weighted average
Date	Event	Note	('000')		('000')
2017-01-01	At the beginning of the year		45	100	45
	Shares issued for:				
2017-01-27	Shares issued in exchange for assets conribution within Group reorganisation		67,604	93	62,788
2017-01-27	Shares issued in exchange for assets conribution within Group reorganisation		66,270	93	61,550
2017-02-28	Shares issued in exchange for assets conribution within Group reorganisation		11	84	9
2017-02-28	Shares issued in exchange for assets conribution within Group reorganisation		1	84	1
2017-03-03	Shares issued in exchange for assets conribution within Group reorganisation		1	83	1
2017-03-29	Shares issued within IPO		22,201	76	16,909
2017-12-31	Shares in issue at year end (basic)		156,133		141,303
2017-12-31	Shares in issue at year end (diluted)		156,133		141,303
2018-01-01	At the beginning of the year		156,133	100	156,133
2018-06-14	Shares issued within private placement		286,624	55	157,840
2018-12-31	Shares in issue at year end (basic)		442,757		313,973
2018-12-31	Shares in issue at year end (diluted)		442,757		313,973

The following table reflects the reconciliation between earnings as per the statement of profit and loss and EPRA earnings:

	2018 € '000	2017 € '000
Earnings attributable to equity holders of the Company (IFRS)	64,680	31,320
ROFO bonds valuation under IFRS 9	(5,463)	-
Fair value movement of investment property	(18,984)	(3,199)
Loan close-put costs	2,836	-
Foreign exchange differences relating to bank loans	-	(17,348)
Deferred tax charge in respect of valuation of investment property at fair value	12,442	4,821
EPRA earnings	55,511	15,594
EPRA earnings per share (basic and diluted) in €	0.18	0.10

The following table reflects the net assets used in the NAV share computation:

	2018 € '000	2017 € '000
Net assets attributable to equity holders of the Company	705,329	244,771
Deferred tax liabilities related to investment property	31,746	19,304
Deferred tax related to financial instruments	-	55
EPRA NAV	737,075	264,130
EPRA NAV per share (basic and diluted) in €	1.66	1.69

13. Profit sharing

On 26 April 2018 the annual general meeting of the Company resolved to distribute the amount of € 11.2 million (PLN 0.11 per share, equivalent of € 0.026) to the Company's shareholders. The dividend has been paid in July 2018. On 21 December 2018 the Company decided to distribute an interim dividend for 2018 and established 3 January 2019 as the record date and 31 January 2019 as the payment date of an interim dividend. The amount of an interim dividend per share amounts to € 0.08, therefore the Company as at 31 December 2018 includes € 35,421 thousand as other payables (including withholding tax in the amount of € 668 thousand).

14. Other financial assets

In June 2017 and December 2017 Group acquired following financial instruments, which had been primarily classified as available for sale financial assets. Beginning on 1 January 2018 the Group has reclassified them, in line with IFRS 9 requirements, to financial assets measured at Fair Value Through Profit and Loss category. The value of these instruments as at 31 December 2018 was as follows:

ROFO debentures as at 31 December 2018

Issuer	Interest rate	Maturity	Total € '000	Long–term € '000	Short–term € '000
Pudsey Sp. z o.o.	fixed	April 2019	9,270	–	9,270
Projekt Beethovena – Projekt Echo – 122 Spółka z ograniczoną odpowiedzialnością S.K.A. (Stage 1)	fixed	September 2019	3,608	–	3,608
Projekt Beethovena – Projekt Echo – 122 Spółka z ograniczoną odpowiedzialnością S.K.A. (Stage 2)	fixed	September 2020	2,828	2,828	–
			15,706	2,828	12,878

ROFO debentures as at 31 December 2017

Issuer	Interest rate	Maturity	Total € '000	Long–term € '000	Short–term € '000
Pudsey Sp. z o.o.	fixed	December 2018	4,346	–	4,346

Projekt Beethovena – Projekt Echo – 122 Spółka z ograniczoną odpowiedzialnością S.K.A. (Stage 1)	fixed	March 2019	3,002	3,002	–
Projekt Beethovena – Projekt Echo – 122 Spółka z ograniczoną odpowiedzialnością S.K.A. (Stage 2)	fixed	June 2019	2,895	2,895	–
			10,243	5,897	4,346

Debentures acquired in connection with Right of First Offer Agreements ("ROFO Debentures") are described below. The fair value of debentures is determined by the fair value of ROFO assets and will be measured on the basis of the current valuation report at completion date, actual construction budget and percentage of completion of each of the projects.

As of 31 December 2018 an increase of valuation of ROFO debentures amounted to € 5,463 thousand and have been presented in Consolidated Statement of Profit and Loss in line "Gain/(loss) from valuation of financial instruments".

The maturity dates presented in the table above are stated in the agreements, however the planned repayment dates of debentures would take place after completion of ROFO project.
Expected repayments of the projects are as follows:

- Pudsey Sp. z o.o. – 30 April 2019;
- Projekt Beethovena - Projekt Echo - 122 SP. Z O.O. S.K.A. (Stage 1) - 30 September 2019;
- Projekt Beethovena - Projekt Echo - 122 SP. Z O.O. S.K.A. (Stage 2) - 30 September 2020.

In the twelve-month period of 2018 the Group has not changed the classification of the financial instruments due to change of manner of usage.

Right of First Offer Agreements

On 9 March 2017, the Company signed the preliminary agreement for the acquisition of 25% stakes in ROFO projects being developed by Echo. Total office GLA of these projects to be completed in 2019/2020 is 51,356 sqm.

On 9 March 2017 an agreement was concluded between Echo, the Company and GPRE Management sp. z o.o. (the "**Bondholder**") that Bondholder will purchase bonds to be issued by the respective limited partners of all of the respective ROFO SPVs (the "**ROFO Agreement**"). The ROFO Agreement covers all of the ROFO Assets. Echo indirectly holds 100% of the shares or interest in the ROFO.

SPVs and the ROFO SPVs are developing the ROFO Assets. The Company intended to invest (indirectly through the Bondholder), on the terms and conditions set out in the ROFO Agreement, in each of the ROFO Assets the amount of 25% of the funds required by each of the ROFO SPVs (less the external construction bank financing at a loan to construction ratio of 60%) to complete the development of each respective ROFO Asset. Based on the construction budget presented by Echo to the Issuer in connection with the execution of the ROFO Agreement, the amount of the contribution (the investment) to be made by the Company under the ROFO Agreement amounts to € 9.9 million.

The investment of the Company under the ROFO Agreement were made solely from the proceeds from the Offering and no further debt funding is required by the Company for this purpose.

Segment	City/town	Street	Project name
office	Warsaw	Beethovena	Beethovena I
office	Warsaw	Beethovena	Beethovena II
office	Warsaw	Grzybowska	The Gatehouse Offices (ex. Browary Stage J)

The expected completion dates of the ROFO properties are as follows:

- Pudsey Sp. z o.o. – Q4 2018;
- Projekt Beethovena - Projekt Echo - 122 SP. Z O.O. S.K.A. (Stage 1) - Q2 2019;
- Projekt Beethovena - Projekt Echo - 122 SP. Z O.O. S.K.A. (Stage 2) – Q3 2020.

On 12 June 2017 the Bondholder, subscribed for bonds of several series with a total nominal value of € 6.4 million issued by certain subsidiaries of Echo ("**ROFO Bonds**"). On 22 December 2017 the additional series of bonds in the amount of € 3.5 million have been subscribed for. The ROFO Bonds were subscribed for in performance of the ROFO Agreement which relates to an investment of 25% of the equity which had already been invested and future equity required to complete the construction and to finalise commercial office projects currently in progress in Warsaw, i.e. the Beethovena project (stage I and II) and the Browary Warszawskie project (stage J). The redemption date for all the series of the ROFO Bonds is 12 June 2032, and the ROFO Bonds will be redeemed by way of the payment of a sum equal to the nominal value of each of the bonds. The ROFO Bonds accrue interest at a fixed interest rate in the amounts of and on the conditions provided in the terms and conditions of the ROFO Bonds. Final amount of interest will be adjusted by accompanied option agreement so that it reflects actual development profit realised on each of the projects. The ROFO Bonds have been issued as unsecured bonds.

15. Interest-Bearing Loans and Borrowings

As at 31 December 2018	Total € '000	Long-term € '000	Short-term € '000
Bank loans	**138,810**	**135,124**	**3,686**
Other borrowings	**392,233**	**392,233**	**-**
Interest-bearing loans and borrowings	**531,043**	**527,357**	**3,686**
As at 31 December 2017	Total € '000	Long-term € '000	Short-term € '000
Bank loans	304,892	278,690	26,202
Other borrowings	165,413	–	165,413
Interest-bearing loans and borrowings	470,305	278,690	191,615

Bank loans

In the second quarter of 2018 the Group has repaid the majority of bank loans from prior periods and has entered into new loan agreement embracing four new loans. New bank loans are mostly (95% of the outstanding amount) at the fixed interest rates and partly (5% of the outstanding amount) at the floating interest rates. Interest costs may increase or decrease as a result of changes in the interest rates.

As at 31 December 2018

Bank	Interest rate	Maturity	Total € '000	Long-term € '000	Short-term € '000
Loan 14	**combination of fixed & floating rate***	**May 2025**	**38,511**	**37,604**	**907**
Loan 15	**combination of fixed & floating rate***	**May 2025**	**33,686**	**32,697**	**989**
Loan 16	**combination of fixed & floating rate***	**May 2025**	**13,017**	**12,712**	**305**
Loan 17	**combination of fixed & floating rate***	**May 2025**	**14,091**	**13,757**	**334**
Loan 7	**NBP reference rate less social indicator**	**June 2034**	**2,536**	**2,309**	**227**
Loan 8	**WIBOR 1M + margin**	**February 2019**	**187**	**-**	**187**
Loan 9	**EURIBOR 1M + margin**	**August 2026****	**36,782**	**36,045**	**737**
			138,810	**135,124**	**3,686**

As at 31 December 2017

Bank	Interest rate	Maturity	Total € '000	Long-term € '000	Short-term € '000
Loan 1	EURIBOR 3M + margin	April 2019	34,647	33,843	804
Loan 2	EURIBOR 3M + margin	March 2020	44,846	42,225	2,621
Loan 3	EURIBOR 3M + margin	February 2018	6,216	–	6,216
Loan 4	EURIBOR 3M + margin	January 2034	7,284	6,951	333
Loan 5	EURIBOR 3M + margin	February 2018	7,171	–	7,171
Loan 6	EURIBOR 3M + margin	July 2034	13,466	12,464	1,002

Loan 7	NBP reference rate less social indicator	June 2034	4,320	3,869	451
Loan 8	WIBOR 1M + margin	February 2018	251	–	251
Loan 9	EURIBOR 1M + margin	August 2026*	52,148	50,769	1,379
Loan 10	EURIBOR 1M + margin	June 2026	95,650	91,259	4,391
Loan 13	EURIBOR 3M + margin	June 2027	38,893	37,310	1,583
			304,892	278,690	26,202

** 95% of the outstanding amount at the fixed interest rates & 5% of the outstanding amount at the floating rate:EURIBOR 3M + margin*
*** The construction loan will be converted into investment loan. The maturity of investment loan is August 2026.*

The undrawn bank facilities as of 31 December 2018 amounted to € 2,837 thousand, whereas as at the end of 2017 the undrawn facilities amount to € 2,711 thousand.

In 2014 Hala Koszyki Sp. z o.o. received the financing under JESSICA initiative. JESSICA initiative is a part of the Regional Operational Programme of the Masovian District under which the entity is granted with the financing under favourable conditions in terms of interests. The interest rates under JESSICA loan are lower than the market ones. This grant has been recognised in the books resulting in recognition of loan at a fair value being lower than the nominal value and resulting in a decrease of the property capitalised cost (in the amount of the grant being the difference between loan nominal value and loan fair value at the inception date. As of 31 December 2018 the amount of grant recognised amounted to € 898 thousand (31 December 2017: € 1,602 thousand).

In the reporting period no loan default or breach of loan agreement occurred.

Other borrowings

At the year ended 31 December 2018 and 2017 the balance of the other borrowings was as follows:

As at 31 December 2018

Lender	Total € '000	Below 1 year € '000	After 1 year but no more than 5 years € '000	More than 5 years € '000
Globalworth Finance Guernsey Limited	392,233	-	-	392,233
	392,233	-	-	392,233

As at 31 December 2017

Lender	Total € '000	Below 1 year € '000	After 1 year but no more than 5 years € '000	More than 5 years € '000
Globalworth Finance Guernsey Limited	165,413	165,413		
	165,413	165,413	–	–

On 18 December 2017 the Company entered into short-term corporate loan agreement (the "First facility") in the amount of € 165 million granted by Globalworth Finance Guernsey Limited ("GFGL"), a related entity. On 8 March 2018 the Company signed Annex No. 1 increasing the principal by € 55 million for acquisition of certain assets. On 13 June 2018 the GFGL Loan was repaid in total.

On 16 April 2018, the Company concluded a second loan facility at fixed interest rate with GFGL in the amount of € 400,000,000 divided into two available tranches (the "Second Facility"):

- Tranche A in the amount of € 233 million;
- Tranche B in the amount of € 167 million.

The Company has agreed with GFGL to apply the borrowed amounts towards the acquisition of certain assets and refinancing of the existing financial indebtedness of the Company and its subsidiaries. The loans will bear fixed interest from the date of utilization at a level of 5% p.a., which will be accrued on the loan balance and due at repayment date (the date falling 7 years from the first each of tranche utilization date). The arrangement fee for the loans is equal to 1% of the available amount of the loan and it is accrued on the loan balance and due at repayment. The Second Facility provides for certain undertakings, representations and events of default customary for financing of such type. The loan is measured at amortised cost using the effective interest rate method.

On 20 April 2018, the Company drawn down a net amount of € 229.3 million under the Second Facility (Tranche A). On 13 June 2018 the Company repaid two loans: the entire amount of the First facility and part of the Second facility in the total amount of € 300 million. On 21 June 2018 the Company drew down Tranche B of the Second Facility in the amount of € 74 million.

On 30 October 2018 the Company signed Annex to the Second facility increasing the facility by Tranche C in the amount of € 180 million. On 12 December 2018 the Company drawn down a net amount of € 150 million under the Second Facility (Tranche C).

At 1 January 2018	165 413
Capital drawdown	508,300
Capital repayment	(287,107)
Interest accrued	14,963
Interest repayment	(8,400)
Arrangement fee payment	(4,493)
Amortized cost valuation	3,557
At 31 December 2018	392,233

At 1 January 2017	-
Capital drawdown	165 000
Interest accrued	297
Amortized cost valuation	116
At 31 December 2017	165 413

16. Cash and cash equivalents

As at 31 December	2018 € '000	2017 € '000
Unblocked		
Cash at bank and on hand	59,690	14,481
Short-term deposits	113	1,176
Cash and cash equivalents as per Consolidated Statement of Cash Flows	59,803	15,657
Blocked		
Short-term:	*12,943*	*19,028*
Tenant deposits	3,026	9,309
Capex accounts	-	797
Rent accounts	9,131	8,663
Other bank deposits	704	-
Other	82	259
Long-term	-	*2,958*
Debt service reserve account	-	2,958
	12,943	21,986
Cash and cash equivalents as per Consolidated Statement of Financial Position	72,746	37,643

17. Issued capital

Authorised shares

According to the information available to Globalworth Poland Real Estate N.V., the shareholding structure of the Company as at 31 December 2018 was as follows:

Shareholders	Number of shares	Par value per share [€]	Value of share capital [€]	Percentage of share capital and total votes at general meeting
Globalworth Holding B.V.	308,622,859	1	308,622,859	69.71%
Growthpoint Properties International (Pty) Ltd	95,541,401	1	95,541,401	21.58%
Nationale Nederlanden OFE	15,600,000	1	15,600,000	3.52%
European Bank for Reconstruction and Development	14,807,000	1	14,807,000	3.34%
Other shareholders	8,186,123	1	8,186,123	1.85%
Total	442,757,383		442,757,383	100.00%

Changes during the reporting period in the issued share capital have been presented in the table below:

	2018		2017	
	€ '000	Number ('000)	€ '000	Number ('000)
Opening balance	**156,133**	**156,133**	45	45
Shares issued for cash	**286,624**	**286,624**	156,088	156,088
Closing balance	**442,757**	**442,757**	156,133	156,133

From the balance sheet date till the Condensed Consolidated Financial Statements publication date Globalworth Holding B.V has acquired 14,807,000 shares from European Bank for Reconstruction and Development and 3,025,921 shares from other shareholders.

On 26 April 2018 the annual general meeting of the Company resolved to distribute the amount of € 11.2 million (PLN 0.11 per share) to the Company's shareholders. The dividend has been paid in July 2018. On 21 December 2018 the Company decided to distribute an interim dividend for 2018 and established 3 January 2019 as the record date and 31 January 2019 as the payment date of an interim dividend. The amount of an interim dividend per share amounts to € 0.08, therefore the Company as at 31 December 2018 includes € 35,421 thousand as other payables (including withholding tax in the amount of € 668 thousand).

Foreign currency translation reserve

The foreign currency translation reserve presented in the comperative data was used to record exchange differences arising from the translation of the financial data from functional currency to presentation currency. As on 1 January 2018 the Group has changed the functional currency from PLN to EUR the revaluation reserve stays unchanged comparing to 31 December 2017.

18. Capital management

The primary objective of the Group's capital management is to ensure that it remains within its quantitative financial covenants and maintains a strong credit rating.

While managing the capital, the Group makes decisions regarding the level of financial leverage, dividend policy, issuance of new shares or purchasing and subsequent redemption or resale of previously issued shares and the possible sale of assets to reduce debt.

Like other companies in the industry, the Group monitors its capital by such methods as loan-to-value ratio.

During the reporting periods, the Group did not breach any of its loan covenants and borrowings nor did it default on any other of its obligations under its loan and borrowings agreements.

As at 31 December	2018 € '000	2017 € '000
Total Interest-bearing loans and borrowings	138,810	304,892
Cash	68,935	24,320
Net debt, excl. ICL	69,875	280,572
ICL	392,233	165,413
Total external valuation of investment property and investment property under construction	1,216,790	680,130
Loan-to-Value ratio (LTV) in % excl. ICL*	5.7%	41.3%
Gross Loan-to-Value ratio (gross LTV) in % excl. ICL*	11.4%	44.8%
Loan-to-Value ratio (LTV) in % incl. ICL*	38.0%	65.6%
Gross Loan-to-Value ratio (gross LTV) in % incl. ICL*	43.6%	69.1%
Total Interest-bearing loans and borrowings	138,810	304,892
Cash	68,935	24,320
Net debt, excl. ICL	69,875	280,572

* ICL means related party loan

19. Asset acquisition

Policy

During the financial year ended 31 December 2018 the Group has acquired 100% of shares of following entities:

- On 14 March 2018, the Group acquired 100 % of the shares of Warta Tower Investments Sp. z o.o. (formerly Warta Tower Spółka z ograniczoną odpowiedzialnością Sp. k.) holding a "Warta Tower" office building;
- On 25 May 2018, the Group acquired 100 % of the shares of West Gate II - Projekt Echo - 114 Sp. z o.o. Sp. k. holding a "West Link" office building;
- On 21 June 2018, the Group acquired 100 % of the shares of Quattro Business Park Sp. z o.o. (formerly: Blackwyn Investments Sp. z o.o.) holding a "Quattro Business Park" office building;
- On 12 July 2018, the Group acquired 100 % of the shares of Spektrum Tower Sp. z o.o holding a "Spektrum Tower" office building.
- On 21 December 2018, the Group acquired 100 % of the shares of Gold Project Spółka z ograniczoną odpowiedzialnością Sp. j. holding two office building - "Skylight&Lumen".

The existing strategic management functions and associated processes were not acquired with the properties listed above and, as such, the Directors consider this transaction as an assets acquisition.

The acquisition price for the purchased assets amounted to c. € 508.8 million to be adjusted to reflect the net asset value as of the date of the execution of the agreement on the basis of the closing balance sheet of the newly acquired company. The difference between the purchase price and executed payments in the amount of € 2.2 million net settlement results from the final price settlement and is presented as a part of "Receivables from Sellers (price adjustments)". Based on the latest external valuation report, value of acquired investment properties as at 31 December 2018 is above € 540.2million.

The aggregate cash consideration in respect of te subsidiaries' acquisitions

	2018 €'000
Acquisition price	508,857
Less:	
Net working capital of the subsidiary	(1,383)
Investment property acquired	507,474
Cash of acquired entities	(7,200)
Sub-total	**500,274**
Less:	
Debentures (outstanding from the acquiree)*	18,684
Cash consideration paid	481,876
Other incidental costs paid	1,974
Consideration receivable from the seller	2,233

*non-cash settlement

20. Consolidation of subsidiaries

Policy

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Consolidated Financial Statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2017 and as at 31 December 2018. Specifically, the Group controls an investee if, and only if, it has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit and loss and each component of Other Comprehensive Income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit and loss. Any investment retained is recognised at fair value.

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

Entity	Registered office	As at 2018 %	Consolidation method
Globalworth Poland Real Estate N.V. (parent company)	Amsterdam/The Netherlands	100	full
Akka SCSp (liquidated on 31 August 2018)	Luxembourg/Luxembourg	100	full
Charlie SCSp (liquidated on 26 February 2019)	Luxembourg/Luxembourg	100	full
December SCSp (liquidated on 28 February 2019)	Luxembourg/Luxembourg	100	full
Griffin Premium RE Lux S.à r.l.	Luxembourg/Luxembourg	100	full
IB 14 FIZ Aktywów Niepublicznych	Warsaw/Poland	100	full
A4 Business Park Sp. z o. o.	Warsaw/Poland	100	full
Akka RE Sp. z o.o.	Warsaw/Poland	100	full
Bakalion Sp. z o.o.	Warsaw/Poland	100	full
Centren Sp. z o.o.	Warsaw/Poland	100	full
Charlie RE Sp. z o.o.	Warsaw/Poland	100	full
December RE Sp. z o.o.	Warsaw/Poland	100	full
Dolfia Sp. z o.o.	Warsaw/Poland	100	full
Dom Handlowy Renoma Sp. z o.o.	Warsaw/Poland	100	full
Dom Handlowy Renoma Spółka z ograniczoną odpowiedzialnością Sp. k.	Warsaw/Poland	100	full
DH Supersam Sp. z o.o.	Warsaw/Poland	100	full
Ebgaron Sp. z o.o.	Warsaw/Poland	100	full
Eliseea Investments Sp. z o.o.	Warsaw/Poland	100	full
Emfold investments Sp. z o.o.	Warsaw/Poland	100	full
Gold Project Sp. z o.o.	Warsaw/Poland	100	full
Gold Project Spółka z ograniczoną odpowiedzialnością Sp. j.	Warsaw/Poland	100	full
GPRE Management Sp. z o.o.	Warsaw/Poland	100	full
GPRE Property Management Sp. z o.o.	Warsaw/Poland	100	full
Hala Koszyki Sp. z o.o.	Warsaw/Poland	100	full
Iris Capital Sp. z o.o	Warsaw/Poland	100	full
Lamantia Sp. z o.o.	Warsaw/Poland	100	full
Lamantia Spółka z ograniczoną odpowiedzialnością Sp. k.	Warsaw/Poland	100	full
Light Project Sp. z o.o.	Warsaw/Poland	100	full
Lima Sp. z o.o.	Warsaw/Poland	100	full
Luapele Sp. z o.o.	Warsaw/Poland	100	full
Nordic Park Offices Sp. z o.o.	Warsaw/Poland	100	full

Nordic Park Offices Spółka z ograniczoną odpowiedzialnością Sp. k.	Warsaw/Poland	100	full
Ormonde Sp. z o.o.	Warsaw/Poland	100	full
Quattro Business Park Sp. z o.o.	Warsaw/Poland	100	full
Spektrum Tower Sp. z o.o.	Warsaw/Poland	100	full
Tryton Business Park Sp. z o.o.	Warsaw/Poland	100	full
Wagstaff Investments Sp. z o.o	Warsaw/Poland	100	full
Warta LP Sp. z o.o.	Warsaw/Poland	100	full
Warta Tower Sp. z o.o.	Warsaw/Poland	100	full
Warta Tower Investments Sp. z o.o.	Warsaw/Poland	100	full
West Gate Wrocław Sp. z o.o.	Warsaw/Poland	100	full
West Gate Wrocław Spółka z ograniczoną odpowiedzialnością Sp. k. (since 2 January 2019 West Gate Investments Sp. z o.o.)	Warsaw/Poland	100	full
West Link Sp. z o.o.	Warsaw/Poland	100	full
West Link Spółka z ograniczoną odpowiedzialnością Sp. k.	Warsaw/Poland	100	full
Wetherall Investments Sp. z o.o.	Warsaw/Poland	100	full

21. Reporting by segments

Segments of the Group business are presented in accordance with data from internal management reporting and analysed by the key decision maker, responsible for allocating resources and assessing performance of operating segments.

For investment property, discrete financial information is provided on a property-by-property basis to members of executive management, which collectively comprise the chief operating decision maker. The information provided comprises of Rental income (including gross Service charge and marketing income and Property operating expenses), Valuation gains/(losses) from investment property, Net gains/(losses) on investment property. The individual properties are aggregated into segments with similar economic characteristics such as the nature of the property and the occupied market it serves. Management Board considered to aggregate high-street mixed-use and office into segments.

Consequently, the Group is considered to have two reportable segments, as follows:

- High-street mixed-use – acquires, develops and leases shopping malls and office space in these malls;
- Office – acquires, develops and leases offices.

Moreover the Group distinguishes the Unallocated and Consolidation eliminations positions. The first position comprises of GPRE Management Sp. z o.o., GPRE Property Management Sp. z o.o., Luapele Sp. z o.o., Lima Sp. z o.o., IB14 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, Globalworth Poland Real Estate N.V. HQ figures (loans granted to SPVs, Asset management fee revenues, HQ administrative/human resources costs) as well as unallocated operations.

Bonds issued by GPRE Management Sp. z o.o, Lima Sp. z o.o., Luapele Sp. z o.o. and purchased by IB14 are presented per net, as both entities belong to the Unallocated position. All other transactions between individual segments are eliminated in the Consolidation eliminations position – mainly intercompany loans and asset management fee.

Income, expenses, measurement of segment profit/(loss), valuation of assets and liabilities of the segment are determined in accordance with the accounting policies adopted for the preparation and presentation of the Consolidated Financial Statements, as well as the accounting policies that relate specifically to segment reporting. The measure of segment profit/(loss) is the Operating Profit/(loss) before tax.

Segments	High-street mixed-use properties € '000	Office properties € '000	Unallocated € '000	Consolidation eliminations € '000	Total € '000
	As at 31 December 2018				
Segments non-current assets including:					
Investment property	305,440	911,350	-	-	1,216,790
Goodwill	-	-	-	-	-
Investment in subsidiaries	-	-	1,230,466	(1,230,466)	-
Long-term loans	1,013	2,968	913,014	(916,995)	-
Debentures	-	-	-	-	-
Other financial assets	-	-	2,828	-	2,828
Deferred tax assets	-	-	-	-	-
Other non-current assets	13	5	360	-	378
	306,466	914,323	2,146,668	(2,147,461)	1,219,996
Segments current assets including:					
Short-term loans	-	568	383,621	(384,189)	-
Debentures	-	-	-	-	-
Other financial assets	-	-	12,878	-	12,878
Investment property held for sale	-	-	-	-	-
Other current assets	25,614	37,212	23,547	(196)	86,177
	25,614	37,780	420,046	(384,385)	99,055
Total assets	332,080	952,103	2,566,714	(2,531,846)	1,319,051
Segments non-current liabilities including:					
Bank loans	38,354	96,770	-	-	135,124
Other borrowings	193,588	682,713	445,058	(929,126)	392,233
Deferred consideration payable	-	-	694	-	694
Deferred tax liability	8,105	14,207	6,018	(10,967)	17,363
Guarantees retained from contractors	76	590	-	-	666
Deposits from tenants	2,310	7,491	-	-	9,801
Other non-current liabilities	-	-	-	-	-
	242,433	801,771	451,770	(940,093)	555,881
Segments current liabilities including:					
Bank loans	1,150	2,536	-	-	3,686
Other borrowings	-	402	25	(427)	-
Derivative financial instruments	-	-	-	-	-
Guarantees retained from contractors	187	901	-	-	1,088
Deposits from tenants	190	1,663	-	-	1,853
Other current liabilities	3,508	7,148	43,919	(3,361)	51,215
	5,035	12,650	43,944	(3,788)	57,841
Total liabilities	247,468	814,421	495,714	(943,881)	613,722

Segments	As at 31 December 2017				
	High-street mixed-use properties € '000	Office properties € '000	Unallocated € '000	Consolidation eliminations € '000	Total € '000
Segments non-current assets including:					
Investment property	309,100	371,030	–	–	680,130
Investment in subsidiaries	–	–	535,389	(535,389)	–
Long-term loans	–	389	264,876	(265,265)	–
Available for sale financial assets	–	–	5,897	–	5,897
Other non-current assets	1,645	1,415	14	–	3,074
	310,745	372,834	806,176	(800,654)	689,101
Segments current assets including:					
Short-term loans	–	–	55	5	60
Debentures	–	–	18,389	–	18,389
Available for sale financial assets	–	–	4,346	–	4,346
Other current assets	20,785	16,920	8,214	(599)	45,320
	20,785	16,920	31,004	(594)	68,115
Total assets	**331,530**	**389,754**	**837,180**	**(801,248)**	**757,216**
Segments non-current liabilities including:					
Bank loans	183,207	95,483	–	–	278,690
Other borrowings	55,555	195,416	14,246	(265,217)	–
Deferred tax liability	6,015	1,251	11,754	–	19,020
Guarantees retained from contractors	84	453	–	–	537
Deposits from tenants	2,894	2,940	–	–	5,834
	247,755	295,543	26,000	(265,217)	304,081
Segments current liabilities including:					
Bank loans	8,056	18,146	–	–	26,202
Other borrowings	–	–	165,424	(11)	165,413
Guarantees retained from contractors	158	350	–	–	508
Deposits from tenants	171	99	–	–	270
Other current liabilities	7,089	3,326	6,155	(599)	15,971
	15,474	21,921	171,579	(610)	208,364
Total liabilities	**263,229**	**317,464**	**197,579**	**(265,827)**	**512,445**

Segments	Year ended 31 December 2018				
	High-street mixed-use properties € '000	Office properties € '000	Unallocated € '000	Consolidation eliminations € '000	Total € '000
Revenue	39,471	63,238	-	-	102,709
Operating expenses	(8,720)	(15,332)	(604)	204	(24,452)
Segment NOI	30,751	47,906	(604)	204	78,257
Asset management income	-	-	3,419	(3,419)	-
Asset management expense	(1,085)	(2,156)	(178)	3,419	-
Other administrative expenses	(510)	(2,010)	(9,260)	5,373	(6,407)
Acquisition costs	-	-	-	-	-
Fair value movement	(7,096)	35,926	-	(9,846)	18,984
Other expenses	(267)	(271)	(22)	(6)	(566)
Other income	94	173	1,868	(1,861)	274
Gain/(loss) from valuation of financial instruments	-	-	9,108	(3,645)	5,463
Foreign exchange loss	(54)	(170)	(338)	35	(527)
Finance costs (excl. foreign exchange losses)	(15,910)	(33,532)	(20,822)	43,474	(26,790)
Finance income	90	303	36,933	(36,828)	498
Segment results	6,013	46,169	20,104	(3,100)	69,186
Gain on sale of subsidiary	-	-	1,377	(1,377)	-
Profit/(loss) before tax	6,013	46,169	21,481	(4,477)	69,186

Segments	Year ended 31 December 2017				
	High-street mixed-use properties € '000	Office properties € '000	Unallocated € '000	Consolidation eliminations € '000	Total € '000
Revenue	25,742	20,063	–	–	45,805
Operating expenses	(8,771)	(5,304)	–	–	(14,075)
Segment NOI					
Asset management income	-	-	1,313	(1,313)	-
Asset management expense	(742)	(999)	(104)	1,313	(532)
Other administrative expenses	(1,441)	(1,433)	(4,612)	197	(7,289)
Fair value movement	(2,175)	2,239	–	3,135	3,199
Other expenses	(386)	(323)	(12)	–	(721)
Other income	202	82	–	–	284
Foreign exchange gains	12,854	14,728	(3,436)	486	24,632
Finance costs	(8,360)	(7,945)	(1,060)	7,806	(9,559)
Finance income (excl. foreign exchange gains)	90	35	8 445	(7 723)	847
Segment results	17,013	21,143	534	3,901	42,591
Gain on sale of subsidiary	–	–	(361)	361	–
Profit/(loss) before tax	17,013	21,143	173	4,262	42,591

Geographical information

Rental income and other revenue

	1.01.2018-31.12.2018	1.01.2017-31.12.2017
	€ '000	€ '000
City of Investment Property location		
High street segment:		
Gdansk	-	-
Katowice	9,558	5,870
Krakow	-	-
Lodz	-	-
Warsaw	13,563	7,911
Wroclaw	16,350	11,961
	39,471	25,742
Office segment:		
Gdansk	5,071	125
Katowice	6,700	197
Krakow	15,989	5,989
Lodz	7,228	7,083
Warsaw	21,921	6,567
Wroclaw	6,329	102
	63,238	20,063
Total	102,709	45,805

Carrying amount of investment property:

	31 December 2018	31 December 2017
City of Investment Property location	€ '000	€ '000
High street segment:		
Gdansk	-	-
Katowice	57,810	61,530
Krakow	-	-
Lodz	-	-
Warsaw	120,250	108,430
Wroclaw	127,380	139,140
	305,440	309,100
Office segment:		
Gdansk	56,290	56,350
Katowice	68,630	68,520
Krakow	212,230	70,660
Lodz	71,970	71,270
Warsaw	423,430	62,330
Wroclaw	78,800	41,900
	911,350	371,030
Total	1,216,790	680,130

22. Related party disclosures

Sales and purchases from related parties are concluded at arm's length conditions. The entity monitors the completeness of the identified related parties on a regular basis during the process of transactions recignition. Additionally a list of the related parties is confirmed by the Executive and Non-Executive Directors.

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the years ended 31 December 2018 and 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

As at 31 December Receivables to related parties	2018 € '000	2017 € '000
Mindspace Ltd.	12	–
	12	–

As at 31 December Payables to related parties	2018 € '000	2017 € '000
Mindspace Ltd.	926	–
Globalworth Finance Guernsey Ltd.	392,233	165,413
East Management Slovakia s.r.o.	-	1,500
	393,159	1,500

Year ended 31 December Sales of services	2018 € '000	2017 € '000
Mindspace Ltd.	834	–
Fundacja Edukacyjna Jana Karskiego*	–	19
Blue Gas N'R'G Sp. z o.o.*	–	18
E-Toto Zakłady Bukmacherskie Sp. z o.o.*	–	35
City Space – SPV 1 sp. z o.o.*	–	15
Griffin Topco II S.à r.l.*	–	6,230
Griffin Topco III S.à r.l.*	–	3,013
MultiMedia Polska S.A.*	–	9
	834	9.339

Year ended 31 December Costs	2018 € '000	2017 € '000
Mindspace Ltd.	430	–
Globalworth Finance Guernsey Ltd.	18,520	–
Griffin Advisors Sp. z o.o.*	–	78
Apenon Sp. z o.o.*	–	29
Griffin Real Estate Sp. z o.o.*	–	525
Griffin Finance III Sp. z o.o.*	–	3
MultiMedia Polska S.A.*	–	2
Proservice Agent Transferowy Sp. z o.o.*	–	1
Echo Investment S.A.*	–	143
EPP PROPERTY MANAGEMENT *	–	241
Ventry Investments Spółka z ograniczoną odpowiedzialnością Sp. k.*	–	3
Griffin Finance II Sp. z o.o.*	–	2
	18,950	1,027

**from 6 December 2017, the date of the Group acquisition by the Globalworth Group, Entities ceased to be related parties to the GPRE Group.*

Entity	Nature of transactions	Consolidated Statement of Profit and Loss Income/(expense)		Consolidated Statement of Financial Position Amounts owing (to)/from	
		2018 € '000	2017 € '000	2018 € '000	2017 € '000
Apenon Sp. z o.o.*	Loans granted	–	4	–	–
Griffin Topco II S.á r.l. *	Loans granted	–	11	–	–
			15	–	–
Globalworth Finance Guernsey Limited	Loan received	**18,520**	297	**392,233**	165,413
GT II FIZ Aktywów Niepublicznych*	Loan received	–	–	–	–
Griffin Topco II S.á r.l. *	Loan received	–	195	–	–
Griffin Topco III S.á r.l. *	Loan received	–	16	–	–
Griffin Finance II Sp. z o.o.*	Loan received	–	16	–	–
Griffin Finance III Sp. z o.o.*	Loan received	–	89	–	–
		18,520	613	**392,233**	165,413

**from 6 December 2017, the date of the Group acquisition by the Globalworth Group, Entities ceased to be related parties to the GPRE Group.*

Expenses relating to key management personel are presented below:

Directors' remuneration (Amounts in €) in 2018				
Director	Management Remuneration	Committee Remuneration	Bonuses and other variable pay	Total
Executive Directors				
Mr D. Raptis	-	-	-	-
Mr R. Pomorski	114	-	116	230
Subtotal	114	-	116	230
Former Executive Directors				
Ms M. Turek	199	-	81	280
Subtotal	199	-	81	280
(Non-) Executive Directors				
Mr I. Papalekas	-	-	-	-
Mr N. Sasse	-	-	-	-
Mr G. Muchanya	-	-	-	-
Ms C. Pendred	20	4	-	24
Mr T.M. de Witte	20	5	-	25
Mr M.M.L.J. van Campen	20	6	-	26
Subtotal	60	15	-	75
Former Non-Executive Directors				
Mr A. Segal	14	3	-	17
Mr. M. Dyjas	3	2		5
Mr. N. Senman	3	2		5
Subtotal	20	7	-	27
Grand Total	393	22	197	612

Ioannis Papalekas, Norbert Sasse and George Muchanya being directors nominated by direct shareholders of GPRE (Globalworth and Growthpoint) are not entitled to receive director's ordinary remuneration. Dimitris Raptis was appointed as CEO on 5 February 2019, previously being Non-Executive Director. As he is employed by Globalworth, he is also not entitled to receive director's ordinary remuneration from entities other than Globalworth.

Directors' remuneration (Amounts in €) in 2017				
Director	Management Remuneration	Committee Remuneration	Bonuses and other variable pay	Total
Executive Directors				
Ms M. Turek	67	-	-	67
Mr R. Pomorski	75	-	70	145
Subtotal	142	-	70	212
Former Executive Directors				
Ms. D. Wysokińska-Kuzdra	80	-	-	80
Subtotal	80	-	-	80
(Non-) Executive Directors				
Mr A. Segal	14	4	-	18
Mr M.M.L.J. van Campen	14	4	-	18
Mr T.M. de Witte	14	7	-	21
Mr N. Senman	14	7		21
Mr M.W. Dyjas	14	7		21
Ms C. Pendred	6	-	-	6
Mr I. Papalekas	1	-	-	1
Mr D. Raptis	1	-	-	1
Subtotal	81	29	-	109
Former Non-Executive Directors				
Mr P.T. Krych	14	3	-	17
Mr. K. Khairallah	13	3		16
Subtotal	27	7	-	33
Grand Total	330	35	70	435

23. Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year. The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2018.

The following new standards and amendments became effective as at 1 January 2018:

a) IFRIC Interpretation 22 *Foreign Currency Transaction and Advance Considerations*.

   The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advances consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt in advance consideration.
   This Interpretation does not have any impact on the Group's consolidated financial statements.

b) Amendments to IAS 40 *Transfers of Investment Property*.

   The amendments clarify when an entity should transfer property, including property under construction for development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.
   These amendments do not have any impact on the Group's consolidated financial statements.

c) Amendments to IFRS 2 *Classification and Measurement of Share-based Payment Transaction*.

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transactions; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.
These amendments do not have any impact on Group's consolidated financial statements.

d) Amendments to IFRS 4 Applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts*.

The amendments allow entities that carry out insurance activity to postpone the date of entry into force of IFRS 9 by 1 January 2021. The effect of such postponement is that the entities concerned may continue to prepare financial statements in accordance with the applicable standard, i.e. IAS 39.
These changes do not apply to the Group.

e) Amendments to IAS 28 *Investments in Associates and Joint Ventures* as a part of Amendments resulting from the review of IFRSs 2014-2016.

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit and loss under IFRS 9. If an entity, that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interest in subsidiaries. This selection is made separately for each investment entity associate or joint venture, at the later of the date on which a) the investment entity associate or joint venture is initially recognised; b) the associate or joint venture becomes an investment entity; c) the investment entity associate or joint venture becomes a parent.
These amendments do not have any impact on Group's consolidated financial statements.

f) Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* as part of amendments resulting from the review of IFRSs 2014-2016.

Short-term exemptions in paragraphs E3-E7 of IFRS 1 were deleted because they have not served their intended purpose.

Althought these amendments applied for the first time in 2018, they did not have a material impact on the annual consolidated financial statements of the Group.

The Group considers that the remaining standards and regulations do not materially affect Group's Consolidated Financial Statements.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Beginning on 1 January 2018 the Group has introduced IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers*.

24. New standards and announcements effective after 1 January 2019

- IFRS 14 Regulatory Deferral Accounts (issued on 30 January 2014) – The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard– not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2016;
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (issued on 11 September 2014) - the endorsement process of these Amendments has been postponed by EU - the effective date was deferred indefinitely by IASB;
- IFRS 16 Leases (issued on 13 January 2016) - effective for financial years beginning on or after 1 January 2019;
- IFRS 17 Insurance Contracts (issued on 18 May 2017) - not yet endorsed by EU at the date of approval of these financial statements - effective for financial years beginning on or after 1 January 2021;

- IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017) - effective for financial years beginning on or after 1 January 2019;
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on 12 October 2017) - effective for financial years beginning on or after 1 January 2019;
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on 12 October 2017) – effective for financial years beginning on or after 1 January 2019;
- Annual Improvements to IFRS Standards 2015-2017 Cycle (issued on 12 December 2017) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2019;
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (issued on 7 February 2018) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2019;
- Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2020;
- Amendment to IFRS 3 Business Combinations (issued on 22 October 2018) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2020;
- Amendments to IAS 1 and IAS 8: Definition of Material (issued on 31 October 2018) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2020.

The Group has analysed the potential impact of the amendments of following standards, effective from 1 January 2018 on the Group's Consolidated Financial Statements:

- IFRS 16 *Leases* (issued on 13 January 2016) - effective for financial years beginning on or after 1 January 2019;

As at 1 January 2019, the Group is going to adopt IFRS 16. According to IFRS 16 lessor's accounting remains largely unchanged and the distinction between operating and finance leases is retained comparing to IAS 17. The lessor will continue to recognise all lease agreements taking into account requirements adopted already with IAS 17.

Right of perpetual usufruct

IFRS 16 was issued in January 2016 and it replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The fundamental amendment under the new Standard introduces a new definition of leases based on the concept of control of the asset and the resulting obligation of the lessee to recognise in the balance sheets assets and liabilities under all leases which meet the criteria of the Standard (with a limited number of derogations and simplifications). The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). In general, at the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group performed a detailed analysis of the impact of IFRS 16 on the consolidated financial statements. The analysis of the Group's contracts has identified the Right of perpetual usufruct of the land (the "RPU") contracts meeting the criteria of leases. RPU is a contract with a term from 40 up to 99 years. As neither right-to-use asset nor lease liability regarding RPU were not recognised on Group's balance sheet the value of both right-to-use asset and lease liability was calculated at the date of initial application meaning January 1, 2019. The value of lease liability was estimated as Net Present Value of future annual fees with following assumptions:

- starting date January 1, 2019
- end date – RPU end date for each project individually
- discount rate – 5.77% which represented lessee's incremental borrowing rate

- RPU fee for 2018 amounting to c.a. € 1.5 million.

The Group is planning to use a simplification i.e., not to calculate lease assets/liabilities for short-term leases and low-value leases (e.g., coffee machines, low-value electronic equipment).

Taking into account the same value of right-to-use asset and lease liability recognised by the Group as at the date of initial application, the impact on the consolidated statement of comprehensive income is not expected. The Group does not expect impact on cash flow either as RPU payments remains unchanged.

The right-to-use asset is going to be presented as part of value of investment property. The corresponding lease liability is going to be presented in consolidated financial statements as a part of:

- Trade and other payables (current) – not discounted annual RPU charge
- Trade and other payables (non-current) – discounted RPU cost till end date of each RPU agreement.

The impact of IFRS 16 is presented in the tables below:

Investment property	€
31 December 2018	1,216,790
IFRS 16 impact relating to RPU right-to-use asset	26,196
1 January 2019	1,242,986

Trade and other payables, deposits from tenants and other deposits	1 January 2019	IFRS 16 impact	1 January 2019 restated
Current			
[...]	62,204	-	62,204
Lease liability related to RPU	-	1,535	1,535
	62,204	1,535	63,739
Non-current			
[...]	73,365	-	73,365
Lease liability related to RPU	-	24,661	24,661
	73,365	24,661	98,026
	135,569	26,196	161,765

In the following years, as at balance sheet date the Group is going to continue approach regarding the valuation of the right-to-use asset in the amount of lease liability calculated as NPV of future lease payment till RPU closing date.

To arrive at the carrying amount of the investment property using the fair value model, recognised right-to-use asset representing the same amount as lease liability will be added back to a valuation obtained for a property (that is net of all payments expected to be made under RPU). Any change in carrying amount of investment property will be charged to profit and loss and presented in line "Fair value movement".

The amortised cost valuation effect of lease liability is going to be presented in Statement of profit and loss in line "Finance cost".

The recognition of RPU right-to-use asset and lease liability related to RPU as at 1 January 2019 does not have impact on profit and loss statements.

In the following years, as at balance sheet date the Group is going to continue approach regarding the valuation of the right-to-use asset in the amount of lease liability calculated as NPV of future lease payment till RPU closing date.

25. Contingencies and commitments

As at 31 December 2018 the Group had mortgages on investment properties in the amount of € 200,692 thousand (31 December 2017: € 596,630 thousand).

In addition to mortgages on investment properties, the Group had in 2018 the following contingent liabilities and commitments:

Granted by the borrowers towards the financing banks:

- Financial and registered pledges over bank accounts of the borrowers;
- Registered and civil pledges over the shares of the borrowers being limited liability partnerships;
- Registered and civil pledges over the general and limited partner's rights in the borrowers being limited partnerships;
- Registered and civil pledges over the shares of selected limited partners and general partners holding rights in the borrowers being limited partnerships;
- Registered pledges and ordinary pledges on the monetary receivables of the limited partner;
- Registered pledges and ordinary pledges on the monetary receivables of the general partner;
- Registered pledges over collection of movable assets and property rights of the borrowers;
- Power of attorney to bank accounts of the borrowers;
- Security assignment in relation to rights under existing and future contracts including, but not limited to insurance agreements, lease agreements, lease guarantees, agreement with general contractor and other relevant contracts;
- Security assignment in relation to rights under subordinated debt;
- Subordination of the existing intercompany debts;
- Blank promissory notes with promissory note declarations;
- Statements on voluntary submission to execution.

Established towards other third parties:

- Amended agreement regarding terms of one of the investment implementation describing contractual penalty – payment in case of disposal of the investment property without transferring commitments resulting from Agreement, including the payment of compensation, to new entity;
- Amended agreement regarding terms of one of the investment implementation, describing compensation resulting from permission to implement the investment and establishment of the right of way – payment after entering the right of way into the land and mortgage register;
- Agreement – notarial deed, resulting in obligation of contractual penalty payment for a breach of agreement in terms of information obligation, complaints withdrawal etc. – payment in case of failure to fulfil the commitments resulting from agreement and receiving request for payment;
- Amended agreement requiring compensation payment resulting from establishment of the right of way and permission to implement the one of investments;
- Amended agreement, which results in obligation of covering part of land lot renovation costs on condition that the right of way is established and invoices are provided by The Building Works and Property Agency;
- Appendix to Agreement concerning one of the investments design preparation – single premium payment after completed investment, if the design solutions used by the Architect with their final optimization allow the Investor to achieve investment budgetary objective;
- Cost overruns guarantee agreement;

Transmission service easement for investment property regarding transformer station.

26. Events after the reporting period

Except events stated in Note 17, from the balance sheet date till the Consolidated Financial Statements publication date Globalworth Holding B.V has acquired 14,807,000 shares from European Bank for Reconstruction and Development and 3,025,921 shares from other shareholders.

On 31 January 2019, the Company paid out the Interim Dividend for year 2018 in the amount of € 35,421 thousand.

Headquarters:
Globalworth Poland Real Estate N.V.
Claude Debussylaan 15
1082 MC Amsterdam, The Netherlands

kontakt@globalworth.pl
www.globalworth.pl

APPENDIX

PORTFOLIO SNAPSHOT – 31 Dec. 2018

Portfolio Summary	
As at 31 Dec 2018	
Standing Investments	17
GAV	€1,217m
Occupancy(1)	95.4%
WALL(2)	3.9 years
Standing GLA sqm	428.7
Contracted Net Rent	81.8
GAV Split by Asset Usage	
Office	*74.9%*
Mixed-Use	*25.1%*
GAV Split by City	
Warsaw	*44.8%*
Krakow	*17.4%*
Wroclaw	*16.9%*
Katowice	*10.4%*
Lodz	*5.9%*
Gdansk	*4.6%*

1. Occupancy of standing commercial properties, and in the case of Poland, including rental guarantees
2. Excluding tenant’s break options

PORTFOLIO SNAPSHOT POLAND – 31 Dec. 2018

Property name	Number of Properties	Location	Year of completion / Latest Refurbishment	GLA (k sqm)	Occupancy (%)	Contracted rent (€million)	WALL (years)	Potential rent at 100% occcupancy (€million) (1)	"As Is" valuation (€million)
Office									
Batory Building 1	1	Warsaw	2000 / 2017	6.6	91.9%	0.9	2.7	1.0	12.0
Bliski Centrum	1	Warsaw	2000 / 2018	4.9	96.5%	1.0	7.6	1.0	12.5
Nordic Park	1	Warsaw	2000 / 2018	9.0	87.2%	1.6	3.8	1.8	23.8
Philips	1	Warsaw	1999 / 2018	6.2	91.9%	1.1	3.3	1.2	13.7
Skylight & Lumen	2	Warsaw	2007	45.4	88.8%	11.5	3.7	13.0	191.2
Spektrum Tower	1	Warsaw	2003 / 2015	32.1	96.8%	6.7	4.6	7.0	107.2
WARTA Tower	1	Warsaw	2000	33.7	92.4%	5.9	2.5	6.5	63.1
Tryton	1	Gdansk	2016	24.1	100.0%	3.9	3.3	3.9	56.3
A4 Business Park	3	Katowice	2014, '15 & '16	30.6	100.0%	5.1	3.7	5.1	68.6
CB Lubicz(2)	2	Krakow	2000/2018(5) & 2009	24.0	96.1%	4.7	2.7	5.0	70.5
Quattro Business Park	5	Krakow	2010, '11, '13, '14 & '15	60.2	98.3%	10.7	2.6	10.9	141.7
Green Horizon	2	Lodz	2012 & '13	33.5	98.9%	5.2	4.7	5.3	72.0
West Gate	1	Wroclaw	2015	16.6	99.5%	2.9	6.6	2.9	41.8
West Link	1	Wroclaw	2018	14.4	100.0%	2.5	6.2	2.5	37.0
Mixed-Use									
Hala Koszyki	5	Warsaw	2016	22.2	96.9%	6.9	5.8	7.0	120.3
Supersam	1	Katowice	2015	24.2	91.6%	3.6	4.1	4.0	57.8
Renoma	1	Wroclaw	2009	40.9	91.7%	7.6	3.5	8.2	127.4
Right of First Offer (ROFO)(4)									
Beethovena I	1	Warsaw	2019(E)	18.9	63.6%	n/a	n/a	3.4	17.8
Beethovena II	1	Warsaw	2020(E)	16.9	0.0%	n/a	n/a	2.9	4.2
The Gatehouse Offices(3)	1	Warsaw	2018	15.7	100.0%	3.8	n/a	3.8	65.0

Headquarters:
Globalworth Poland Real Estate N.V.
Claude Debussylaan 15
1082 MC Amsterdam, The Netherlands

kontakt@globalworth.pl
www.globalworth.pl

[(1)] *Contracted rent at 100% occupancy (including ERV on available spaces).*

[(2)] *CB Lubicz - I, property currently under refurbishment (partially completed).*

[(3)] *The Gatehouse Offices, is the investment previously known as Browary J*

[(4)] *GPRE has a 25% economic interest in the ROFO assets*

[(5)] *Property is on going renovation*

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.

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.

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

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

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

Contracted Rent
The annualised headline rent as at 31 December 2018 that is contracted on leases (including pre-leases) before any customary tenant incentive packages.

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

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

EBITDA
Earnings attributable to equity holders of the Company before finance cost, tax, depreciation, amortisation of other non-current assets.

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

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

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

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

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

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.

GLA
Gross leasable area.

Group
Globalworth Poland Real Estate N.V. with subsidiaries.

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.

k
thousand

LFL
Like-for-like

Loan to Value ("LTV")
Calculated as the total outstanding debt, 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.

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

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

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

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

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

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

RGA and NOIGA
Rental Guarantee Agreement and NOI Guarantee Agreement concluded between respective Group's entities ("Beneficiaries") and Griffin Topco II S.á r.l. ("GT II") and Griffin Topco III S.á r.l. ("GT III") (jointly "Guarantors").

SQM
Square metres.

Standing portfolio
Investment property portfolio owned by GPRE as at 31 December 2018.

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

globalworth

WALL

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

Headquarters:
Globalworth Poland Real Estate N.V.
Claude Debussylaan 15
1082 MC Amsterdam, The Netherlands

kontakt@globalworth.pl
www.globalworth.pl