globalworth™

BECOMING THE

LARGEST OFFICE INVESTOR IN ROMANIA

ANNUAL REPORT AND FINANCIAL STATEMENTS 2015

2015 HIGHLIGHTS

Financial Highlights

Portfolio open market value
€931.1 m
+55% on 2014

Loan to value ratio
43.9%

Bank loans outstanding
€408.6 m

NAV
€499.7 m
+27% on 2014

NAV per share
€7.98
+9% on 2014

Net operating income
€28.4 m
+120% on 2014

EPRA NAV
€568.3 m
+31% on 2014

EPRA NAV per share
€9.08
+12% on 2014

EBITDA
€66.3 m
+181% on 2014

Gain on the valuation of property
€49.4 m
+98% on 2014

Operational Highlights

- Acquired four Class "A" office buildings in Bucharest for a total of c.€173m in 2015
- Expanded the TAP light industrial complex in Timisoara by pre-letting and developing two new facilities of c.53,900sqm to Continental and Elster
- Commercial standing GLA increased by c.77% in 2015, reaching 303,155sqm
- Improved the average occupancy of commercial standing GLA by c.7.9%, reaching c.85.1% at year-end 2015
- c.310,730sqm of commercial space let or pre-let with a WALL of c.6.9 years
- Progressed with the construction of three Class "A" office development projects in Bucharest
  - Globalworth Tower delivered in Q1-16, offering c.54,700sqm of Class "A" office space

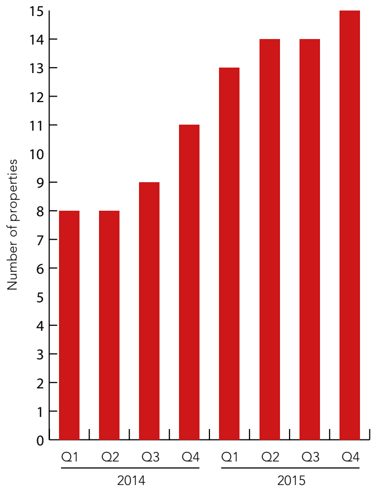
To learn more about our business and investments visit us online at
globalworth.com

GLOBALWORTH
AT A GLANCE

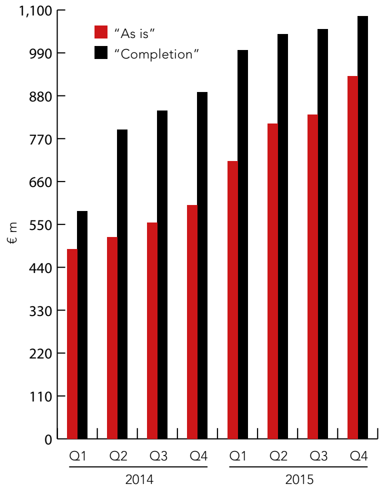
Globalworth Real Estate Investments Limited ("Globalworth" or "the Company") is a real estate investment company focused on taking advantage of investment opportunities in Romania and the broader SEE region.

The Company was incorporated in Guernsey as a non-cellular company with liability limited by shares on 14 February 2013, with registered number 56250. The Company was successfully admitted on the Alternative Investment Market of the London Stock Exchange ("AIM") in July 2013, with the Ordinary shares of the Company trading under the ticker "GWI". The registered office of the Company is Ground Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey GY1 2HT.

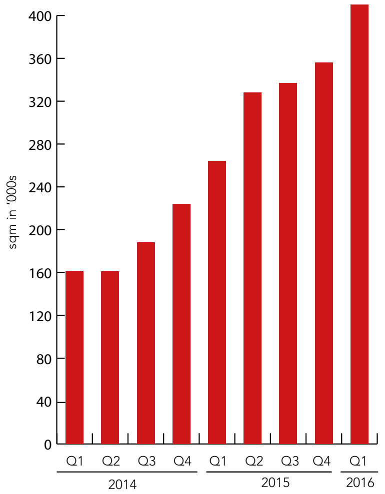
Owned investments



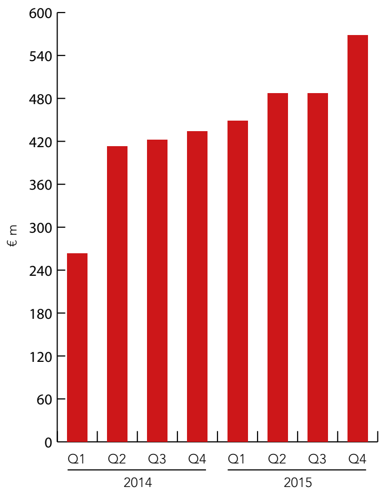
Portfolio valuation



Standing GLA



EPRA NAV evolution



Green Court "B"

GLOBALWORTH

The investment strategy is primarily focused on generating attractive risk risk-adjusted returns through a combination of yield and capital appreciation as a result of investing in a diversified portfolio of properties located primarily in Romania, but also the broader SEE region.

The principal focus is on:

1. assets (existing or to be developed) with most of their current or expected income derived from local members of multinational corporate groups and financial institution tenants on long, triple net, Euro-dominated and annually indexed leases; and
2. underperforming or undervalued properties (due to distress, mismanagement or otherwise) which, through active asset management, can be transformed into performing and marketable assets.

Globalworth is internally managed and employs a team of 67 professionals, the majority based in Bucharest (Romania) who are responsible for all the operating activities of the Company, including investment, development, leasing, and asset and property management operations.

Portfolio open market value

€931.1 m

+55% on 2014

OVERVIEW
STRATEGIC REVIEW
GOVERNANCE
FINANCIAL STATEMENTS

CHAIRMAN'S STATEMENT

Our strategy of focusing our investment on both standing properties and developments in Romania has been supported by favourable market conditions and has positioned us to take advantage of existing and upcoming opportunities. In 2015, we continued to build a portfolio comprising attractive and well-located assets.

Globalworth undertook c.€244m of real estate investment in Romania over the year, increasing our total investment since the Company's inception in February 2013 to c.€814m and ranking us as one of the most active investors in the country over the period.

Our investment was concentrated on two sectors and locations in 2015: office space in Bucharest's new Central Business District ("CBD") and light-industrial space at Timisoara, both of which meet our key criteria of strong tenant demand, a high level of synergy with our existing portfolio and the potential for attractive risk-adjusted returns for our shareholders. We acquired four standing office properties in Bucharest, completed the development of two light-industrial facilities in Timisoara, and progressed with the construction of three other office developments in Bucharest, resulting in a €331.8m (c.55%) overall increase in the appraised value of our real estate portfolio compared to the previous year end, reaching a total value of €931.1m.

Being in the right location, together with understanding the needs of our tenants and the overall demand trends in the market, is critical for the success of our business. At Globalworth we review every investment opportunity on its stand-alone merits and its strategic fit within our portfolio. The success of this strategy has been evidenced by our ability to negotiate the take-up or extension of a total c.174,300sqm over a 28-month period (starting in 2014) and achieve a high average occupancy rate for the standing commercial properties in our portfolio, which as of 31 December 2015 stood at c.85.1%. It should be noted that in the two locations where we have our highest concentration of assets, Bucharest New CBD and Timisoara, the respective occupancy rates of our standing commercial properties were 89.9% and 97.3%.

In October 2015, Globalworth successfully completed a third equity offering, raising a total of €53.8m at an issue price of €6.0 per share. The transaction was c.54% oversubscribed by equity investors, with the proceeds being used mainly to fund the construction of our development projects. The total appraised value upon completion of our portfolio as of 31 December 2015 was €1,083.8m.

The Company was also very active in accessing the debt capital markets. Over the course of 2015 we negotiated the roll-over or raised new debt totalling c.€214.5m from local and international debt providers. While in 2016, we continued to access the debt capital markets successfully concluding three facilities for c.€220m, with the highlight being the €180m bond transaction concluded with Canada Pension Plan Investment Board (CPPIB) and Cairn Capital. We are proud and thankful for the validation and support of an international investor of CPPIB's size and reputation.

Our achievements for the year are all the more notable given that they were delivered by a relatively small team of highly skilled professionals. This team is responsible for all the operating activities of Globalworth including investment, development, leasing, and asset management operations.

Our continued focus on delivering attractive risk-adjusted returns for our shareholders has resulted in our EPRA NAV rising to €568.3m, up by 30.9% compared to 2014, with EPRA NAV per share increasing by a lesser 12.2% as a result of our latest equity capital raise. Given that the majority of the equity capital that we raised has been used to fund the developments from which we expect to achieve the highest returns, we believe that our shareholders will be well compensated for the discount at which the latest capital raise was concluded.

2015 was also the first full operational year for our extended Board of Directors, which is now made up of 8 members. We believe that good communication between management and the Board is key for the Company to operate effectively. During the course of the year, the management team and Board members met regularly to discuss the progress of the business and how shareholder expectations can best be met.

At Globalworth, we aim to do business while adhering to strict business ethics and corporate social responsibility, which we believe makes a difference and adds value to the Company, our shareholders, the cummunity, and environment.

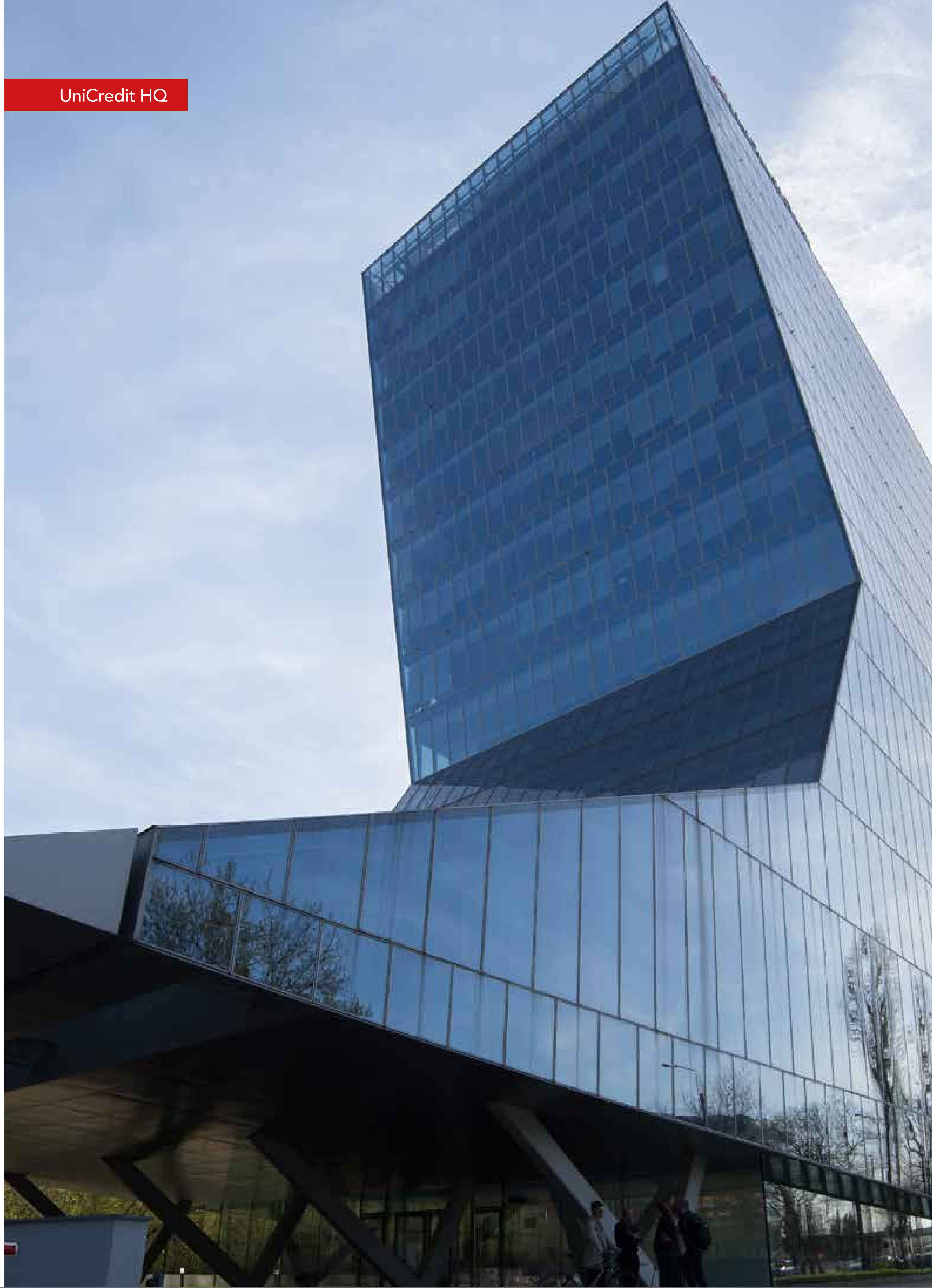
We continue to focus on investing in environmentally friendly properties, adding four green certified buildings to our portfolio in 2015, and we are exploring the potential for similar accreditations for other properties in our portfolio, both standing and development projects.

We are also very proud to be able to give back to the community, notably via the active support of senior management and the rest of the team to charities predominantly focused on those in need, with particular attention given to young children, single mothers and those in need of palliative care.

Globalworth is well-positioned to take advantage of the favourable market conditions in Romania through a combination of its portfolio of high quality, income-generating properties and developments, strong cash flow potential supported by long-term leases and good quality credit, moderate financing exposure, and its committed team of experts.

2016 is expected to be another milestone year for Globalworth, with a number of its development projects under construction being delivered to market. I look forward to a very exciting 2016.

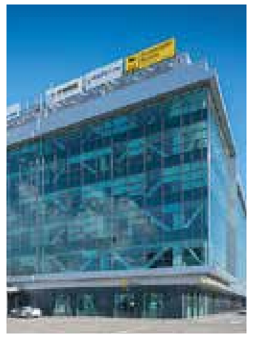
Geoff Miller
Chairman
2 June 2016



UniCredit HQ

OUR JOURNEY

€815M OF INVESTMENT UNDERTAKEN SINCE INCEPTION


FEB. 2013
Incorporation of GWI

JUL. 2013
Listing of GWI on LSE AIM, raising €54m

SEP. 2013
Acquisition of GAM

DEC. 2013
Acquisition of Globalworth Tower (ex. Bucharest One)

FEB. 2014
Acquisition of TCI

MAR. 2014
Acquisition of BOB, BOC & Upground Towers

APR. 2014
Equity Capital raise €144m

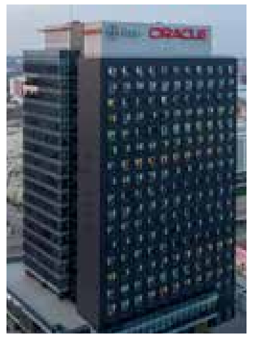
JUN. 2014
Acquisition of GWI Campus site

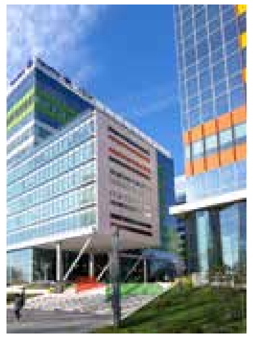
JUL. 2014
Acquisition of TAP

DEC. 2014
Acquisition of Gara Herastrau & Luterana lands



19 PROPERTIES WORTH €0.9BN "AS IS" AT YEAR END 2015


MAR. 2015
Acquisition of UniCredit HQ and Nusco Tower

APR. 2015
Delivery of Continental warehouse in TAP

JUN. 2015
Acquisition of Green Court "A"

SEP. 2015
Delivery of Elster warehouse in TAP

OCT. 2015
Equity Capital raise €54m

DEC. 2015
Acquisition of Green Court "B"

FEB. 2016
Delivery of Globalworth Tower

MAR. 2016
Gara Herastrau shell and core completed

APR. 2016
Globalworth Campus Tower I core completed

MAY 2016
€180m Bond issue subscribed by CPPIB and Cairn Capital

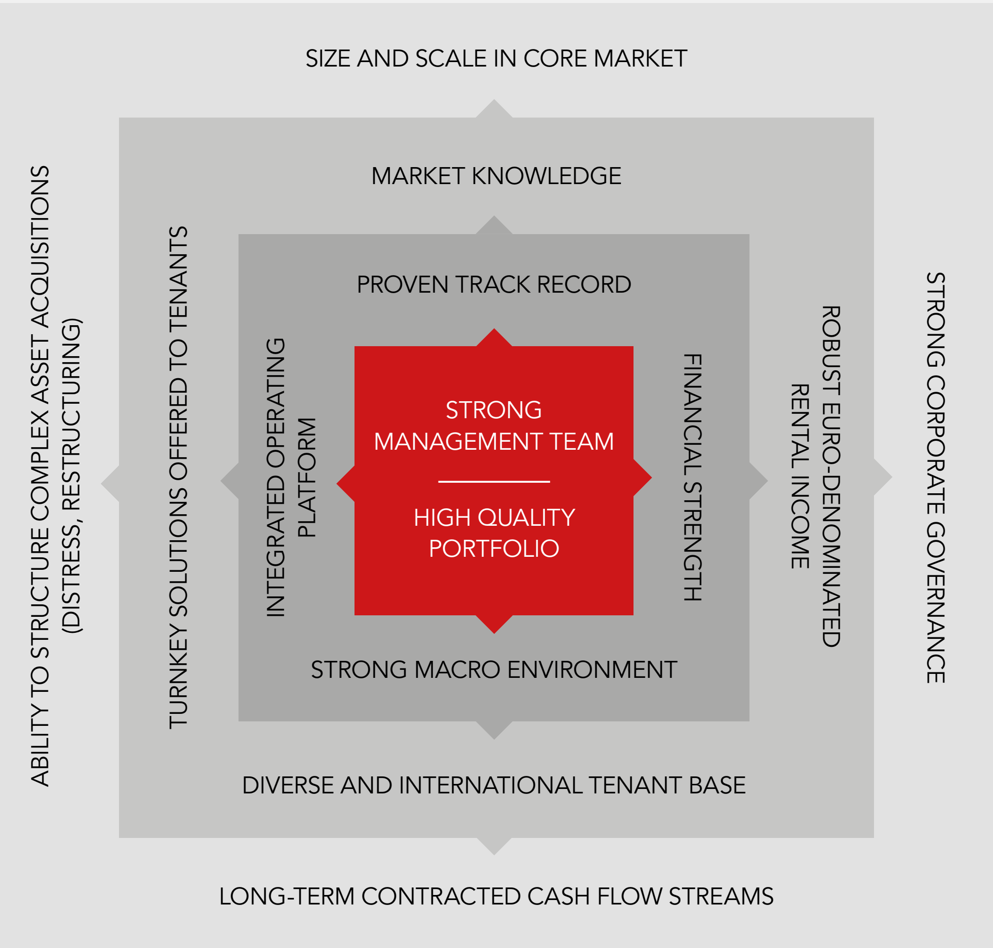


- Key corporate event.
- Acquisition.
- Completion of development projects.

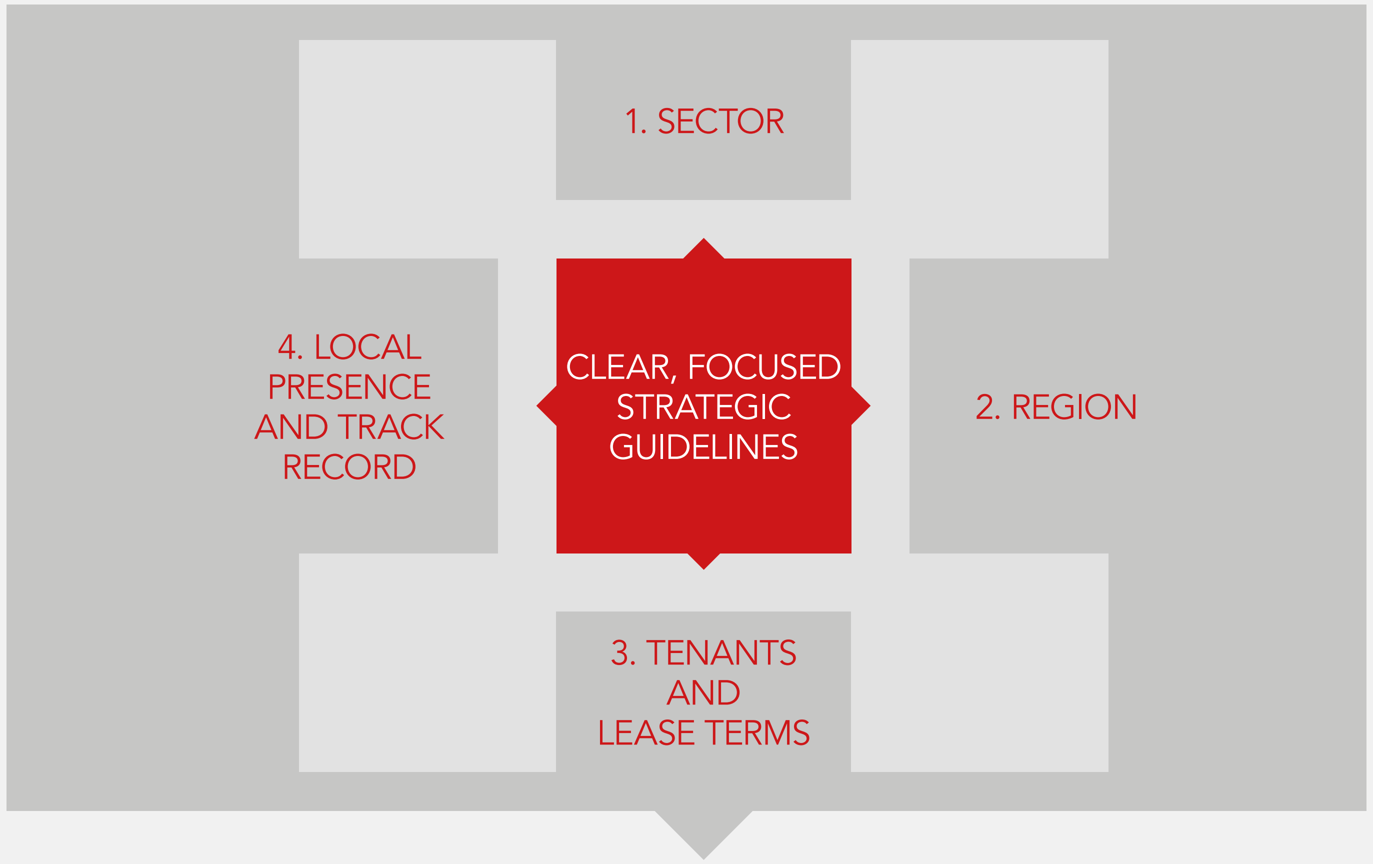
BUSINESS MODEL

A proven strategy generating attractive risk-adjusted returns, from a combination of yield and capital appreciation, by investing in a diversified, internally managed portfolio of properties.

We are a fully integrated real estate investment company with a primary focus on Romania where we acquire, develop and directly manage primarily high quality office real estate assets. We offer turnkey commercial real estate solutions and our leasing policy is to rent our office and other space to multinational corporate groups and financial institution tenants on long-term, triple net, annually indexed, euro-denominated leases.



CLEAR AND PROVEN STRATEGY



PROVEN INVESTMENT STRATEGY

1.

Acquisition, development and management of commercial assets

Active management of underperforming / mispriced assets

High quality portfolio with modern Class "A" assets

2.

Favourable macro conditions in Romania

Deep market knowledge with local presence for 15 years

Contrarian play that allowed securing investments at discount to 3rd party appraisals, offering capital appreciation potential

3.

Multinational corporates and financial institutions

Long-term, euro-denominated, triple net, inflation linked

Focus on quality, predictable, inflation protected cash flows, with very high NOI to EBITDA conversion, at attractive yields

4.

Strong management team with proven track record

Strong corporate governance

Local presence ensures maximum attention to market opportunities and dynamics

Integrated operator offering turnkey solutions to demanding tenants

Focus on mitigating construction risk and conservative use of debt

ATTRACTIVE RISK-ADJUSTED RETURNS, THROUGH YIELD AND CAPITAL APPRECIATION

ROMANIA MARKET REVIEW

Romania Market Overview:

2015 Country Performance	
Real Gross Domestic Product:	3.7%
Private Consumption growth:	5.8%
Current Account % of GDP:	- 1.1%
Budget Deficit % of GDP:	- 1.5%
Public Debt % of GDP:	38.5%
Inflation %:	-0.6%
Unemployment %:	6.8%

Strong Macroeconomic Fundamentals

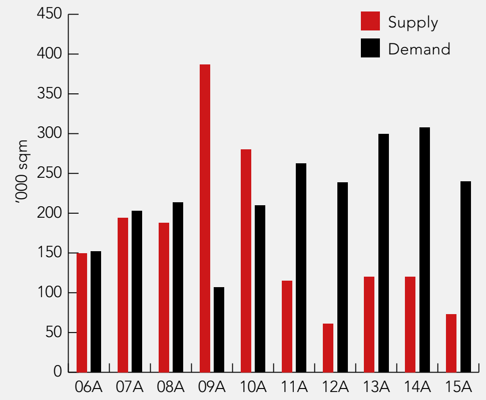
- Full membership of the EU since 2007
- Local currency: Romanian Leu
- Transactions typically completed in Euros
- 7th largest country in the EU by population
- Strategic location allowing access to the Black Sea and Central Europe
- Continued Real GDP growth since 2011
- Low public debt to GDP
- Significant National and EU funding available until 2020, supporting investment and further infrastructure improvements
- Stable tax system with corporate and personal income tax at 16%
- Highly skilled workforce sustaining growth and attracting multinational corporates to Romania
- One of the lowest costs of labour in the EU at an average of c.570 Euro/month
- Increasing private consumption (5.8% in 2015)

Real Estate Highlights

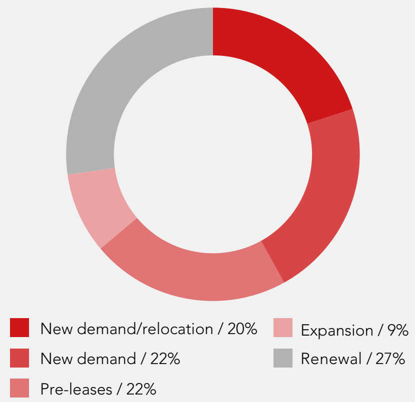
- Office demand consistently exceeding supply since 2011
- Modern office stock in Bucharest of c.2.4m sqm
- Demand driven by IT&C and production sectors
- Investment yields continued to contract in 2015, but remain higher than most SEE sub-markets
- Office prime yields at 7.5%
- Logistics prime yields at 9.0%
- Average vacancy for Class "A" prime office stock in Bucharest at c.5.3%
- Rents stabilised in 2014/15, with positive outlook

Source: Ministry of Finance Romania "MF", National Bank of Romania "CMBR", CBRE, Institute of National Statistics "INS", ILL, Colliers and the Company

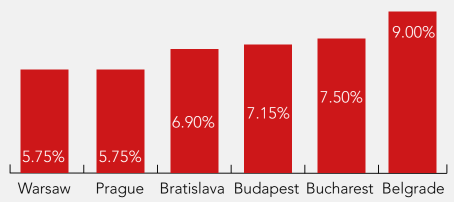
Demand exceeding supply in the office real estate market since 2011

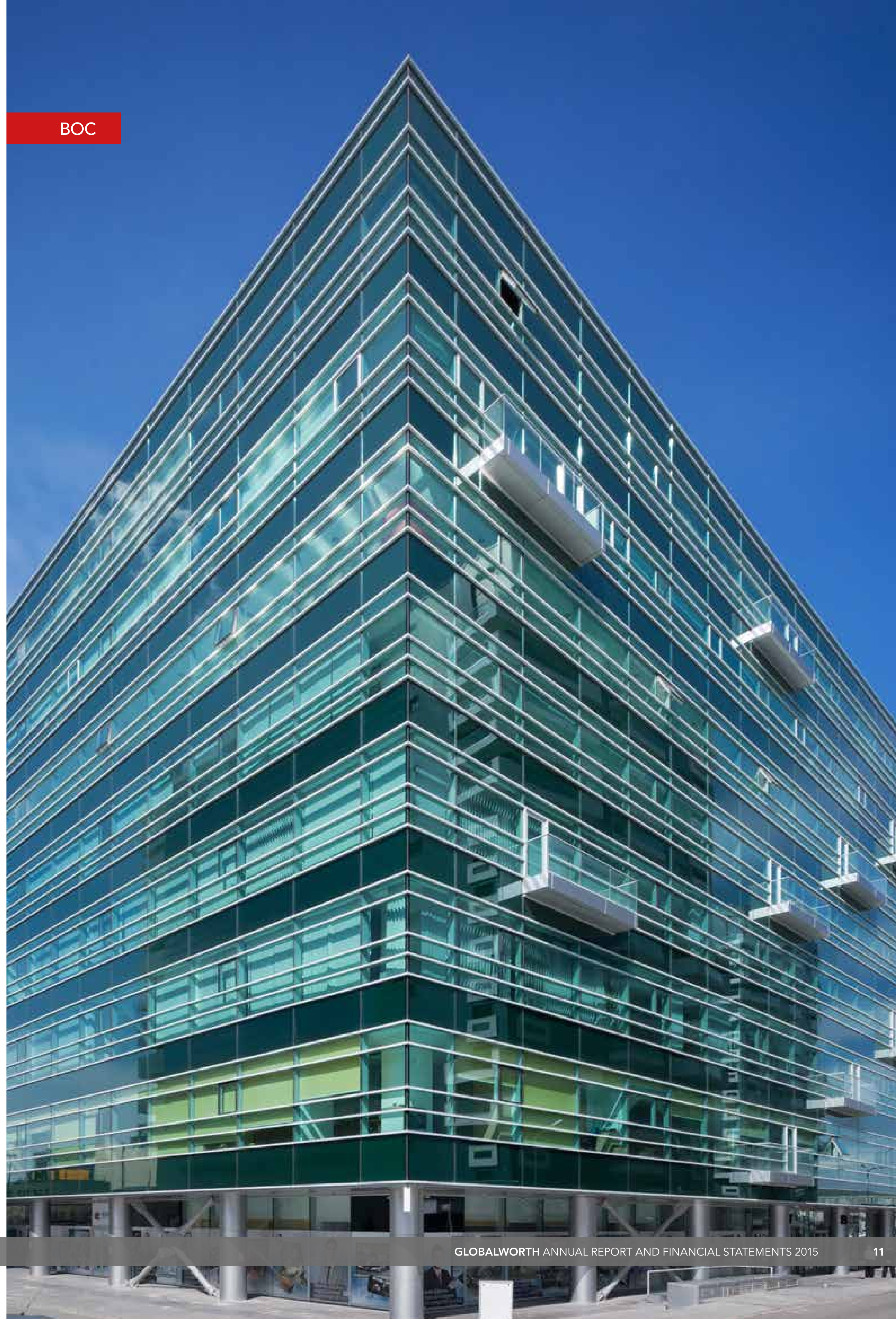


> 73% of the take-up comprising new occupation / pre-leases



Bucharest has one of the most attractive return profiles in the region.





ROMANIA MARKET REVIEW (CONTINUED)

City Offices

Romanian Commercial Real Estate Market

The Romanian commercial real estate market is the key area of focus for Globalworth. Since its inception, the Company has been exclusively investing in Romania, primarily in Class "A" office properties in Bucharest and a light-industrial park in Timisoara.

Romania has been one of the few consistently expanding European economies over the past five years, outpacing EU average growth. Its attractive macro-fundamentals resulted in Real GDP rising by 3.7% in 2015 and are forecast to drive further expansion in the medium term. Growth is also underpinned by European funds, which have been made available to the country since its accession to the EU in 2007. Romania is currently on the 2nd phase of its European funding programme, which runs from 2014 to 2020, with c.€43bn of approved EU funds expected to flow into the country over the period.

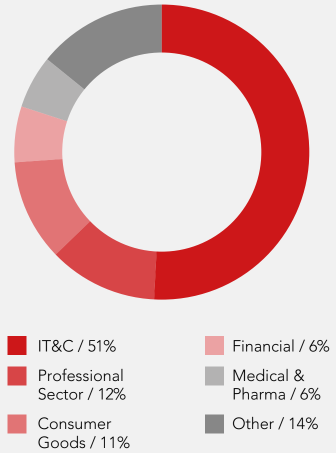
Real estate financing continues to be available for good quality real estate projects, with competition among financial providers improving terms for borrowers, albeit with banks remaining cautious on pricing terms and LTV.

In 2015, commercial investment volumes in Romania were estimated at c.€800m, down from the post-financial crisis peak of c.€1.1bn recorded in 2014. Although volumes were lower year-on-year, a similar number of transactions were completed, demonstrating that liquidity in the market remained strong. Furthermore, 2014 was dominated by activity in the retail sector whereas in 2015 this was largely substituted by transactions in the light-industrial and logistics sector.

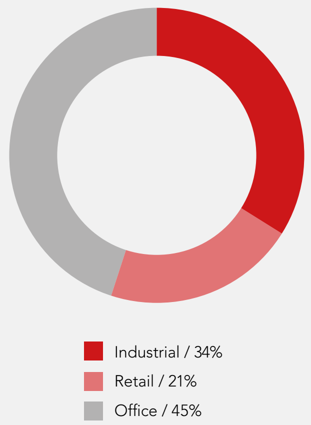
Prime yields continued to contract during the year to reach 7.50% and 9.00% for prime office and logistics properties respectively, down from 7.75% and 9.75% the previous year. Current prime yields in Romania are still higher than in most other prime markets in the SEE despite ongoing contraction and favourable market conditions.

Approximately 82% of our portfolio value is in offices (standing and developments), with the majority of our properties having either been constructed after 2010 or, in the cases of BOB (2008) and BOC (2009), having been extensively modernised in the past couple of years in

Office Take-up by Sector – 2015



Investment Volume by Sector (c.€800m) – 2015



Source: CBRE, JLL, Colliers

BOB

order to make them more environmentally friendly (both received Green accreditations in 2014). Our modern office stock competes directly with the current supply in the market, which in Bucharest has increased by c.+50% since 2010 to reach 2.35m sqm in Q4-15.

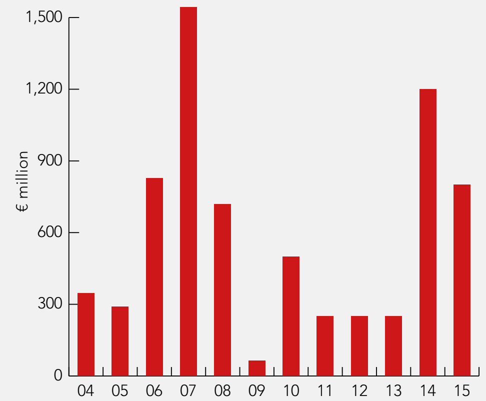
The average office vacancy rate in Bucharest decreased in 2015 to 11.9%. The vacancy rate for prime office properties in central locations, similar to those that make up the majority of our portfolio, has also decreased, and was estimated at c.5% in Q4-15. Vacancy for light-industrial properties varies significantly depending on quality and the location of the facility. Most new light-industrial properties are pre-let and built-to-suit to the specifications of the tenant, resulting in very low vacancies, as is the case at our TAP investment where we have 97% occupancy in the park.

Demand for Class "A" office space has been driven by companies in the IT&C, services and consumer goods sectors, with a number of multinational corporates consolidating their positions and expanding their operations in the market. This trend can be observed in the leases signed by Globalworth during the year with tenants which included Deutsche Bank, Vodafone, Honeywell and ADP.

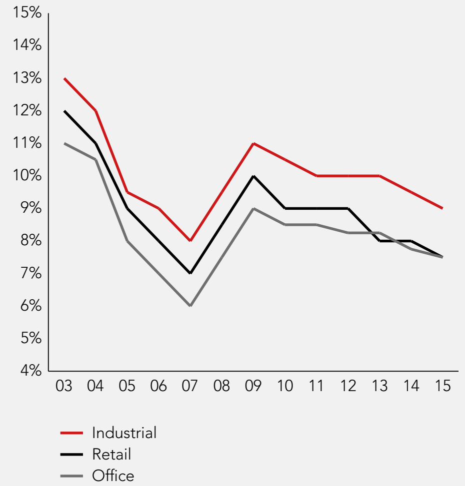
Supply of Class "A" office space is expected to increase over the next couple of years, with a number of projects being delivered to the market. It is estimated that c.360,000sqm of new office space is under construction and is expected to be delivered in 2016, including c.95,000sqm developed by Globalworth. Despite the new deliveries to the market, we do not anticipate that rents or overall vacancy will be impacted as some c.75% of the new supply is either pre-let or the landlords are already in active negotiation with tenants.

We believe that strong macro fundamentals will continue to benefit Romania's real estate market for the foreseeable future. The new schemes projected to be completed over the next two years are spread around Bucharest and, given the level of pre-lettings achieved and the increasing demand for good quality space, we do not anticipate that rental levels will be materially impacted. Yields are expected to contract further as financing becomes more readily available and demand increases from investors interested in acquiring good quality stock at a discount to other SEE real estate markets.

Investment Volume – Romania



Yield Evolution



Source: CBRE, JLL, Colliers

CHIEF EXECUTIVE'S STATEMENT

In 2015, Globalworth became the largest owner of Class "A" office properties in Romania and continued to be one of the leading investors in the country's commercial real estate market.

We are very proud to have been able to attract reputable international institutional investors since the Company's inception. The recent transaction we have concluded with an investor of CPPIB's calibre is a considerable endorsement of Globalworth and our position in the Romanian market.

During the year, we made significant strides in strengthening Globalworth's position as one of the leading real estate players in Romania and the wider SEE region. We continued to invest both in new real estate acquisitions and in own-developments of modern office and light industrial space. We also established new or improved existing relationships with our business partners, and invested in people and internal processes to enable us to run our operations more effectively and efficiently.

Essential to the success of our story is the environment in which we operate. Romania remains our primary focus and its real estate market continues to provide the right foundations for us to implement the strategy that we announced to investors during our IPO in July 2013 and have reiterated since.

The Romanian macro environment was again positive in 2015, resulting in Real GDP expanding by 3.7%, one of the highest growth rates in Europe. In addition, Romania has one of the lowest public debt to GDP ratios in the Eurozone (c.38.5%), and benefits from low unemployment (c.6.8%), an increasing rate of private consumption (+5.8%) and low inflation (c.-0.6%). Growth in Romania is also supported by its well-capitalised banking sector. During the course of the year, a renewed appetite to deploy capital led to increased competition among banks for good quality real estate projects and, as a result, to an improvement in financing terms. EU and national funds continue to be available to the country (more than €43bn to be provided over a 7-year period from 2014-2020) and are expected to further incentivise investment in Romania, thus underpinning its growth in the short to medium term.

The benefits of the favourable macro-economic environment have been reflected in the performance of Romania's real estate sector, with investment yields in all market segments continuing to contract. Office and industrial yields narrowed by 25 and 75 basis points in 2015, falling to 7.5% and 9.0% respectively in December 2015. As such, in order for Globalworth to achieve attractive risk-adjusted returns for its shareholders, we have invested in both standing, income-generating properties as well as properties to be developed by the Company. Typically, properties acquired from third parties are lower yielding than those developed by Globalworth, resulting in a blended, stabilised yield on capital invested of c.10%.

Across the market, total investment volume for the year was estimated at €800m, down from a post-crisis record of c.€1.1bn in 2014. Despite the reduction in volumes recorded, the total number of transactions completed in 2015 was similar to 2014, though more transactions targeting logistics and light-industrial properties were completed compared to retail transactions the year before.

Office and logistics space was again in strong demand in 2015, as the themes observed in 2014 continued to play out, and is expected to remain sought after in the short to medium term. Many corporates are further expanding their operations in Romania, benefiting from positive macroeconomic fundamentals, the stable tax system, a skilled workforce and the incentives available for investment and job creation in the country.

Being based on the ground and a direct beneficiary of this positive sentiment, in 2015 we continued to grow our portfolio and deployed c.€244m on 8 investments ranking us not only as the largest office investor but also one of the largest real estate investors in Romania for the year.

To help fund this investment programme, Globalworth successfully accessed the debt and equity capital markets, raising a total of €268.3m of additional funds in 2015. In March 2015, we put in place a c.€55.0m corporate facility, which in June 2015 was subsequently increased by c.€45.0m. In addition, during the course of the year we negotiated the roll-over or raised new debt totalling €114.5m, mainly from BCR (Erste Group) and UniCredit banks.

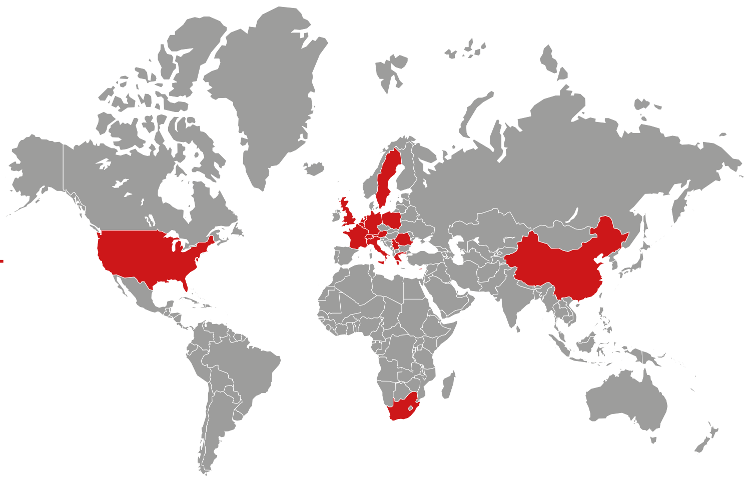
In September 2015, Globalworth announced its intention to raise a minimum of €35.0m of equity capital from the public markets. The offering was c.€19m oversubscribed by existing and new shareholders, as a result of which the Company successfully raised a total of c.€54m of new equity capital (October 2015), at an issue price of €6.0 per share. The offering was completed at a significant discount to our EPRA NAV, but as the proceeds from the raise were mainly targeted at funding our development projects, which we expect to achieve higher returns compared to our investment in income-generating properties, we believe that our shareholders will see an overall benefit from the transaction in the medium term. Our ability to access local and international debt and equity investors is testament to the quality of our portfolio, our track record to-date, and the future prospects of the Company.

During the year, we added 6 new standing commercial properties to our portfolio, of which four were new acquisitions in Bucharest and two were developed by Globalworth in Timisoara (part of the TAP light industrial complex). We currently own 100% of our 15 real estate investments, which were appraised at c.€931m ("As is") valuation as of December 2015.

Globalworth, in addition to the two light-industrial facilities constructed and delivered in 2015, has three other office developments projects under construction in Bucharest which, upon completion, will add c.124k sqm of GLA to our portfolio.

"DURING THE YEAR, WE MADE SIGNIFICANT STRIDES IN STRENGTHENING GLOBALWORTH'S POSITION AS ONE OF THE LEADING REAL ESTATE PLAYERS IN ROMANIA AND THE WIDER SEE REGION."

Origin
of our tenant mix



We are proud to announce that our flagship development project Globalworth Tower, was delivered in Q1-16, increasing our total standing office footprint to c.270k sqm and our overall commercial standing GLA to c.358k sqm. Our current pipeline of developments (excluding Globalworth Tower) includes four buildings of which two office properties are expected to be delivered in 2016, with the remaining office and light-industrial space coming on stream in 2017. On delivery, these developments (including Globalworth Campus Phase "B") will add an additional c.€153m of value to our portfolio ("On Completion" valuation of c.€1.1bn).

Total revenue generated by our portfolio increased to €44.8m (from €22.2m in 2014) following our investment in income-generating assets in 2014 and 2015 and as a result of increasing occupancy through active asset management. We have been very successful in retaining and indeed enhancing our tenant base, which now comprises more than 85 different national and multinational corporates and includes some of the best-known blue-chip corporates from over 15 different countries. As at 31 December 2015, our standing portfolio (excluding the Upground Towers residential complex) offered GLA of 303,155sqm and had an occupancy rate of 85.1%. As of the year-end, Globalworth had a combined total of c.310,730sqm of GLA leased in its standing and development projects. Since the beginning of 2016, we have managed to sign new lease contracts, increasing the total commercial area let or pre-let in our portfolio to c.340k sqm.

The increase in the total revenue for the Company was not reflected in the underlying EPS for year, which at €0.92 was down from €2.02 in 2014, impacted by the issue of c.9.0m new Ordinary Shares following the equity capital increase in October 2015.

Our EPRA Net Asset Value ("EPRA NAV") increased by 12% to €9.08 per share during the year as a result mainly of the new acquisitions and the revaluation of development projects, which were either delivered or whose construction made further progress in 2015. The appraised value for the remainder of our portfolio was, on a like-for-like basis, marginally changed on the year before. Overall, our EPRA NAV has grown by 65%, which compares to the weighted average equity contribution from Globalworth's share capital increases of €5.5 per share, representing significant value creation for shareholders.

In order to support the continued growth of the Company, we further enhanced our team of professionals which now comprises 67 people, the majority located in Bucharest. We also continued to invest in developing our in-house ERP software, which has already improved our overall operational effectiveness and efficiency and is expected to yield further benefits.

At Globalworth we remain committed to investing in environmentally friendly properties. In 2015, we increased the number of green properties in our portfolio following the acquisitions of the UniCredit HQ building (BREEAM "Very Good") and Green Court Building "A" (LEED Gold). During the year we received LEED Gold certification for our City Offices property, which was completely refurbished / repositioned at the end of 2014. In 2016, we added to our total of 5 environmentally accredited buildings, with Green Court Building "B" (LEED Gold). In addition, we are exploring the potential for similar accreditations for other properties in our portfolio (standing and development projects).

2016 is going to be another milestone year for Globalworth, as we have already completed our flagship Globalworth Tower development project Q1-16 and we expect to deliver two new development projects during the course of the year. We also completed a landmark bond financing for the Romanian market, with the issue of a €180m bond, which was directly negotiated / subscribed by the Canada Pension Plan Investment Board (CPPIB) and Cairn Capital. Securing the support of international real estate investors of the calibre of CPPIB is a huge endorsement of Globalworth and our position in the Romanian market. We remain positive about Romania and the real estate market in particular, where we believe the strong fundamentals will continue to support growth in the short to medium term, resulting in growing tenant demand and further market opportunities becoming available. Furthermore, our pipeline of exciting investment opportunities is expected to enhance the future growth of the Company.

We will continue to work hard to build on Globalworth's position as the premier real estate investment company in Romania and one of the largest in the wider SEE region.

Ioannis Papalekas
Chief Executive Officer
2 June 2016

MANAGEMENT REVIEW

2015 was another milestone year for Globalworth, as we continued to execute the plan set out by the Company at the time of its IPO. Overall, we invested €244m in real estate during the year for either new acquisitions or developments and continued to build solid foundations to establish Globalworth as one of the dominant real estate companies both in our core Romanian market and in South-East Europe.

2015 was another intensive year for management in our work to establish Globalworth as one of the leading real estate players in Romania and the wider SEE region.

In order to maintain our focus, we set a number of short to medium term objectives which we aim to meet every year.

Closing of Announced Transactions

One of Globalworth's primary objectives in 2015 was to finalise the acquisitions of Nusco Tower, UniCredit HQ and Green Court Building "A". All three transactions were announced by the Company in Q4-14 and, subject to the fulfilment of certain conditions, were to be concluded in 2015. All acquisitions involved standing Class "A" offices in Bucharest, which we believe provide a very good strategic fit with our existing portfolio in terms of the quality of both the properties and the tenants, and further improved the contribution of our standing properties compared to that of our development projects.

The Nusco Tower and UniCredit HQ properties were acquired in March 2015, followed by Green Court Building "A" in June 2015, for a total consideration of c.€129m. Management worked extensively together with its counterparties and financing banks (BCR and UniCredit) in order to achieve these milestone transactions and is very pleased to have been able to so within the agreed timelines.

Expand Real Estate Footprint through Selected Pipeline Acquisitions

Globalworth has an active pipeline of investments under consideration, from which Management, together with the Board of Directors, seeks to acquire those which provide the highest strategic and financial benefits to the Company.

In 2015 we reviewed numerous transactions in the local market and successfully completed the acquisition of Green Court Building "B", which we believed provided the greatest merits for Globalworth:

Strategic:

- Ownership of two of the three buildings within the Green Court Complex, and specifically the ones situated at the front, facing Gara Herastrau and Barbu Vacarescu Streets
- Further increases the footprint of the Company in the New CBD with the addition of a brand new Class "A" office building, certified with LEED Gold accreditation
- Improved the tenant mix with the addition of international tenants such as Carrefour, Sanofi, Adecco, Colgate Palmolive and Ericsson

Financial:

- Acquisition of a property with further upside potential as yields are expected to continue to contract in the short to medium term in the local market
- Immediate cash flow generation for the Group, which as the property is now 100% leased (occupancy at c.82% at the time of acquisition), has improved further since its acquisition

Progress with Globalworth's Development Programme

At the start of 2015, Globalworth had five buildings under construction in Bucharest and Timisoara which, upon completion, will offer c.191k sqm of Gross Build Area ("GLA") and c.149k sqm of Gross Leasable Area. ("GLA")

During the year, we successfully completed the construction and delivered two built-to-suit light industrial facilities offering total GLA of c.53,900sqm, which were majority leased to the high quality tenants Continental and Elster Rometrics (part of Honeywell Group) on long-term (+10 year) leases.

In addition, we completed the construction of our flagship Globalworth Tower Class "A" office development located in the new CBD of Bucharest, with the building registered with the authorities in Q1-16.

Furthermore, we made significant progress with the construction of our Gara Herastrau and Globalworth Campus Tower "I" developments, which are expected to be delivered in Q2 and Q3-16 respectively.

We are very proud that all our developments have either been delivered on time or are on track to be completed within their respective expected delivery dates. Our ability to execute multiple projects simultaneously, within budget and on time, is a testament to our internal project management capabilities and our close collaboration with our partners responsible for the construction and other related activities of the development process.

Overall, in 2015 we invested c.€71m in the development and extraordinary maintenance of our real estate portfolio, c.94% of which was in our five projects under construction.

Optimise Capital Efficiency

Management is focused on allocating capital efficiently in terms of the types of assets we invest in and how we fund investments between equity and third-party debt.

We manage our mix of equity and debt financing in order to achieve a balance that allows for the rapid growth of the Company, enhances shareholder returns in the medium-term and manages the inherent risk associated with third-party debt. We have, indeed, funded a number of developments directly through equity to avoid slowing the speed of execution and refinanced them at attractive terms on completion.

In 2015 we raised c.€215m from debt financing providers at an average cost of 5.21% and c.€54m of new equity capital in October 2015. We are very pleased that our proposed equity offering was oversubscribed by existing and new shareholders by €18.8m, which resulted in the Company electing to increase the overall size of the offering.

Our primary measure of leverage is Loan to Value ("LTV") on a consolidated basis for the Company. We are committed to maintaining LTV below 60% at all times so that our financial position will not threaten the viability of the Company should property values fall.

We believe that values in the office and logistics sectors in which we primarily operate will continue to appreciate in the medium term, although we would not increase our leverage solely on the basis of an improvement in market yields or future expectations.

As of the 31 December 2015, we have maintained a moderate LTV of 43.9%, which adjusted for the re-financing of our TAP investment, the financing of our Gara Herastrau project and the €180m senior secured real estate bond facility increases to 45.8%. Our endeavour to optimise our capital structure is also reflected by the reduction of our weighted average cost of debt from 6.18% as at 31 December 2015 to 5.3% (when adjusted for the new facilities).

High Occupancy Rate in our Portfolio supported by High Quality Long-Term Lease

Our ability to lease space in our properties is one of the key strengths of our Company. We value highly each and every relationship that we have developed with our partners over the years, many of which have grown apace with us in recent times.

Since the beginning of 2014, Globalworth has successfully negotiated the take-up or extension of a total of c.174,300sqm of commercial gross leasable area within our buildings, ranking us as one of the most successful landlords in the Romanian real estate market.

At the end of 2015, the average occupancy rate of our standing commercial portfolio was 85.1%, while the average duration of our new commercial leases was 8.2 years, in line with our strategy to agree long-term lease contracts.

Over the past 18 months we have successfully signed a number of leases with some of Romania's best known national and multinational corporates, including Valeo (TAP) for c.13,500sqm, ADP (Gara Herastrau) for c.6,100sqm, Nestor Nestor Diculescu Kingston Petersen (Globalworth Tower) for c.5,800sqm, Honeywell (BOC) for c.4,800sqm, Deutsche Bank (BOB) for c.3,100sqm, Wipro (Globalworth Tower) for c.1,980sqm, Vodafone (Globalworth Tower) for c.1,950sqm, Ericsson (Green Court "B") for c.1,910sqm, and Bunge (Globalworth Tower) for c.1,785sqm.

Our portfolio boasts a diversified, high-quality tenant mix, comprising some 85 national and multinational corporates from more than 15 different countries.

2016 is an important year for us, as we are involved in a number of negotiations for the take-up of available space in our properties and developments, as well as negotiating extensions for some of our existing leases.

MANAGEMENT REVIEW (CONTINUED)

High Quality Team of Professionals Based in Bucharest

In 2015, we continued to grow our talent pool, which now totals 67 professionals, the majority located in Bucharest (58 in 2014).

Our local presence has allowed us to develop a broad network of relationships over the years among owners, occupiers, property specialists and community representatives, as well as domestic and international investors and capital providers.

These relationships and our local market knowledge give us an advantage in identifying and investing in opportunities as and when they become available (either publicly or off-market).

Investing in a team of skilled professionals, each specialising in their respective field, is critical in order to be able to react quickly when opportunities arise and to operate as efficiently and effectively as possible. Our team is responsible for all the operating activities of Globalworth including investment, development, leasing, finance and accounting, property and asset management operations, and sales.

During the year we took the strategic decision to further build our property and asset management team, as Globalworth had reached c.356k sqm of standing GLA at the end of 2015 and is expected to reach c.450k sqm by the end of 2016 (c.490k sqm by the end of Q3-17). As such, in order to be able to service our tenants more effectively and to improve economies of scale and the efficiency of our operations, we added four new members to our team who are dedicated to this role.

Dimitris Raptis
Deputy Chief Executive Officer and Chief Investment Officer
2 June 2016

2015 Key Goals vs. Achievements

Closing of Announced Transactions
- In Q4-14, Globalworth announced the acquisitions of three Class "A" office properties in Bucharest, which, subject to the fulfilment of certain conditions, were to be concluded in 2015
- All acquisitions were completed within their respective acquisition timelines

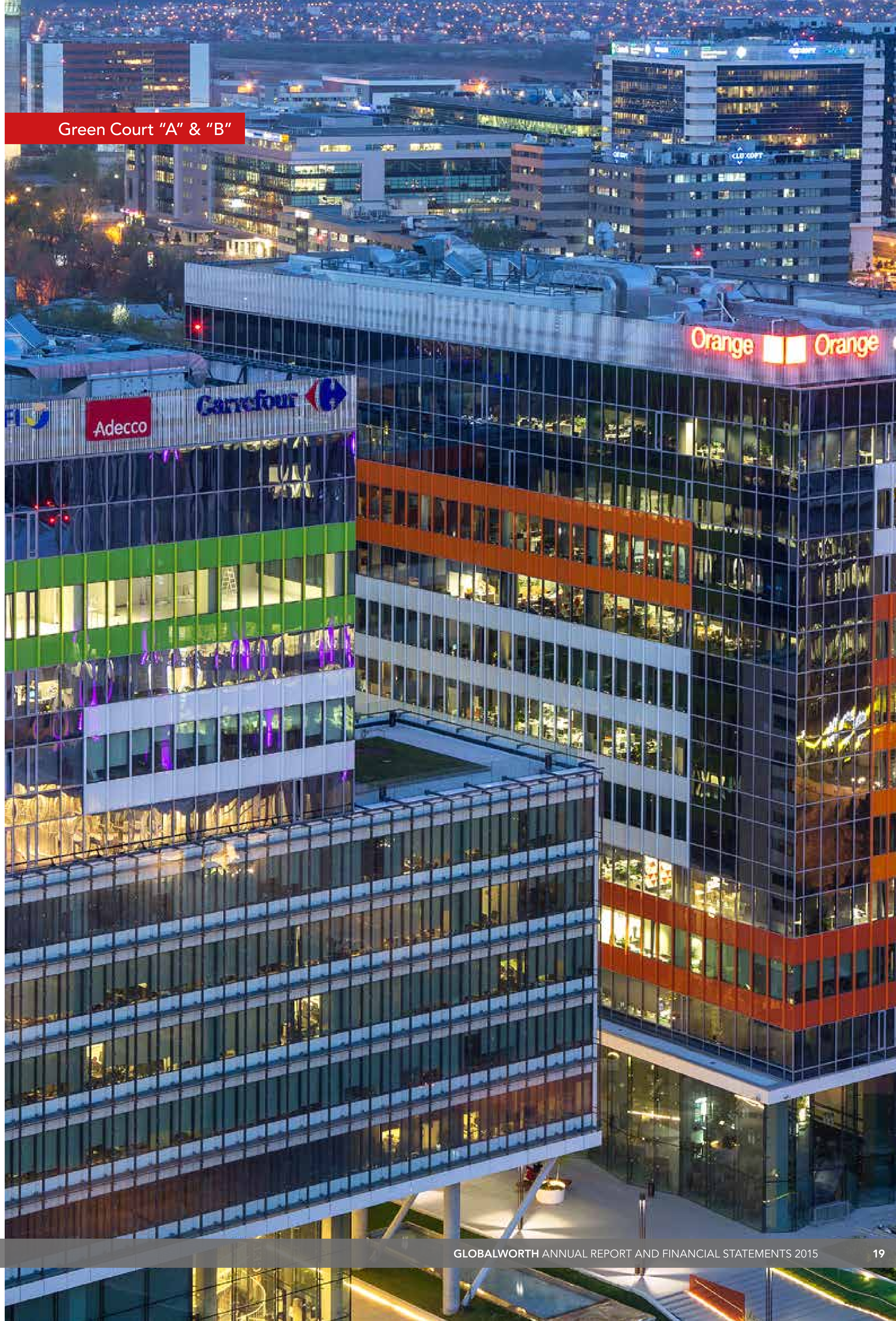
Expand Real Estate Footprint through Selected Pipeline Acquisitions
- One of Globalworth's mandates is to build an active pipeline of real estate investments and prioritise those which provide the highest strategic and financial benefits to the Company
- In Q4-15 Globalworth completed the acquisition of a second building within the Green Court complex development in Bucharest
- Green Court Building "B" was acquired for €44.5m and provides a number of strategic and financial benefits to Globalworth

Progress with Globalworth's Development Programme
- Globalworth had five buildings under construction in Bucharest and Timisoara at the start of 2015
- We delivered two light-industrial facilities offering total GLA of c.53,900sqm
- We completed the construction of our flagship Globalworth Tower Class "A" office development in Bucharest
- Made significant progress with two other developments in Bucharest and engaged in the necessary preparatory activities for the development of a new tower

Optimise Capital Efficiency
- Maintained moderate LTV of 43.9% as of year-end, in line with our commitment to keep LTV below 60%
- Continued to build relationships with direct and indirect capital providers
- Raised c.€215m from debt financing providers
- Raised c.€54m of new equity capital in October 2015
- Optimised trade-offs between the use of debt and equity capital and organisational flexibility
- Signed the landmark €180m senior secured real estate bond financing in May 2016
- Adjusted LTV for 2016 debt facilities of 45.8% as of 31 May 2016
- Reduced the weighted average cost of debt from 6.2% as at 31 December 2015 to 5.3% as at 31 May 2016

Achieve and Maintain High Occupancy Rate in our Portfolio supported by High Quality Long-Term Leases
- Signed c.174,300sqm of commercial space leases since 2014
- Improved occupancy of our commercial standing portfolio to 85.1% at year-end 2015
- Remaining weighted average lease length of our commercial leases of c.6.9 years (31 December 2015)

Enhance our High Quality Team of Professionals Based in Bucharest and Overall Effectiveness of the Company
- Team of highly skilled professionals, the majority based in Bucharest, reached 67
- Continued to invest in our people through internal and external training programmes
- Added new members to our team and further built our asset and property management expertise
- Continued building strong relationships with our tenants and partners who are key to Globalworth's success



Green Court "A" & "B"

INVESTMENT REVIEW

2015 was another strong year for Globalworth in terms of investment. We increased the number of standing properties in our portfolio by six – four in Bucharest and two in Timisoara – and further progressed with our three development projects located in Bucharest's new CBD. The Company invested a total of c.€244m over the course of the year, increasing its total investment in real estate to c.€815m since Globalworth was established.

We acquired four standing Class "A" office properties in Bucharest, including the three transactions announced in Q4-14, for a total of c.€173m.

Our new office additions included:

- the internationally acclaimed UniCredit HQ in Bucharest, developed by Bog'Art and ranked 17th on the list of the 30 most architecturally impressive bank headquarters in the world in 2013
- buildings "A" and "B" of the award-winning Green Court complex developed by Skanska in 2014/2015
- Nusco Tower, a high-rise Class "A" office property located at the entrance of the new CBD (opposite the Globalworth Tower)

In May 2015, we delivered Phase I of the TAP/Continental investment, which involved the development of a c.44,800sqm warehouse within our TAP complex in Timisoara. Subsequently, in August 2015, we expanded the complex by a further c.9,100sqm following the completion of a new light production facility, let principally to Elster. The complex will be further expanded with a fourth facility pre-let to Valeo, which is expected to be delivered within the next 18 months.

With the acquisition of UniCredit HQ and the delivery of the TAP (Continental) investment, we have now concluded all of the major investments set out in our April 2014 equity capital raise.

In addition to these investments, in 2015 Globalworth further progressed with the construction of three new office development projects, all located in Bucharest's new CBD. In total, as of year-end 2015, we had four office buildings with c.124k sqm of GLA under construction. Three of the office buildings are expected to be delivered to the market in 2016, of which our flagship 54,700sqm GLA, Globalworth Tower development, has already been delivered in Q1 2016. The Gara Herastrau and Tower "I" of the Globalworth Campus developments are expected to be completed in Q2 and Q3 2016 respectively.

€1,084 m

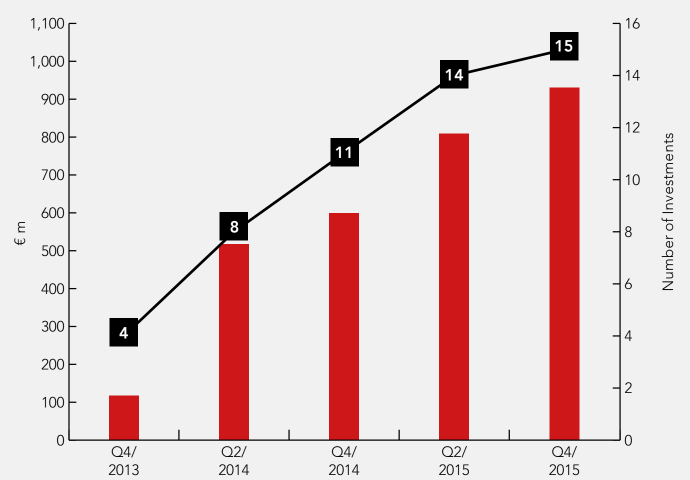
Q4 2015 "On Completion" Valuation
22% Y-o-Y increase

Investment Capex (2015)

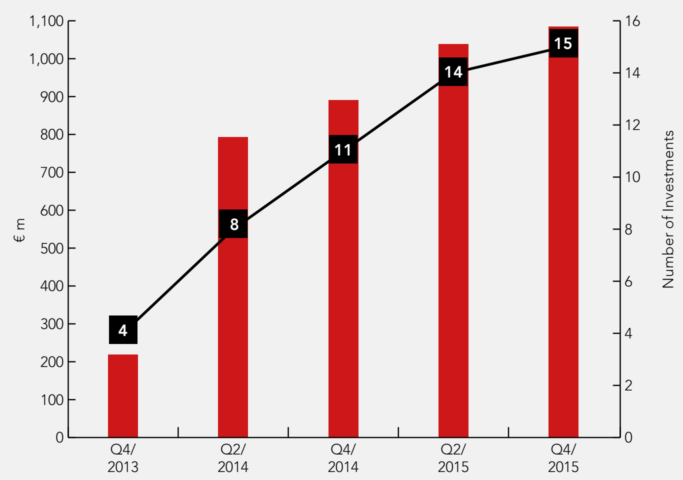
New Acquisitions	Developments – Delivered	Developments – Under Construction	Portfolio – Improvements
UniCredit HQ Nusco Tower Green Court A Green Court B	TAP – Continental TAP – Elster	Globalworth Tower Gara Herastrau Globalworth Campus	Other
c.€173.3m	**c.€8.7m**	**c.€57.6m**	**c.€4.4m**

Evolution of Portfolio

"As Is" Valuation



"Completion" Valuation



Note: Individual investments in TAP and Globalworth Campus have been consolidated in the graph

LEASING REVIEW

Since the beginning of 2014, Globalworth has successfully negotiated the take-up or extension of a total of c.174,300sqm of commercial gross leasable area within our buildings, ranking it as one of the most successful investors and developers in the Romanian real estate market.

In 2015, we signed 18 leases for a total of c.28,250sqm of commercial space within our properties, which in addition to the acquisition/delivery of new properties either with high occupancy rates or fully let, resulted in a total average occupancy rate for our standing commercial portfolio of 85.1% (as of 31 December 2015). 2016 has started strongly, with lease contracts for c.37,000sqm of office and logistics space signed since the beginning of the year.

The WALL for the majority of the commercial leases signed between 2015 and May 2016 was 8.2 years. In line with our strategy, these new leases were signed typically with multinational corporate groups and financial institutions on long-term, euro-denominated, inflation linked, triple net leases.

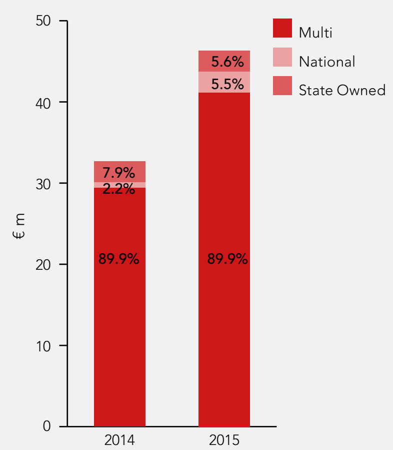
In our overall commercial portfolio we have achieved a diversified tenant mix comprising some 85 different national and multinational corporates from over 15 different countries, including some of the most recognisable corporates in their respective industries.

The WALL remaining on the commercial lease space in our portfolio was 6.9 years at 31 December 2015.

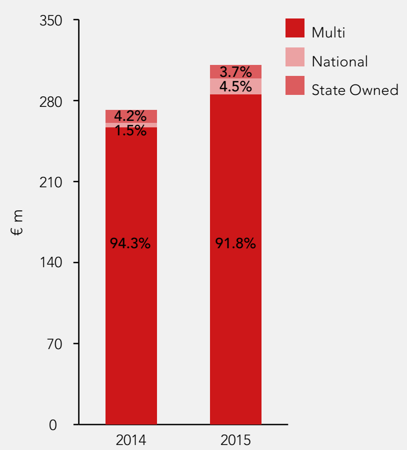
Selected Tenants of our Portfolio

Tenant Origin:	% of Contracted Rent	Selected Tenants of Commercial Portfolio
Multinational	88.9%	Abbott Laboratories, Adecco, ADP, Bayer, BCR, Billa, BRD, Bunge, Carrefour, Cegeka, Clearanswer, Colgate-Palmolive, Continental, Credit Agricole Bank, Delhaize Group, Deutsche Bank, Deutsche Telekom, EADS, Elster Rometrics, EY, G4S, GfK, Honeywell, HP, Huawei, Intel, Mood Media, NBG Group, Nestlé, Oracle, Orange, Piraeus Bank, Sanofi, Schneider Electric, Securitas, Skanska, Snamprogetti, Starbucks, Stefanini, Subway, UniCredit, Valeo, Vodafone, Way Media, Wipro, Worldclass
National	5.5%	CITR, GlobalVision, Generalcom, Centrofarm, NNDKP, NX Data, RINF
State Owned Entities	5.6%	Hidroelectrica, Ministry of European Funds

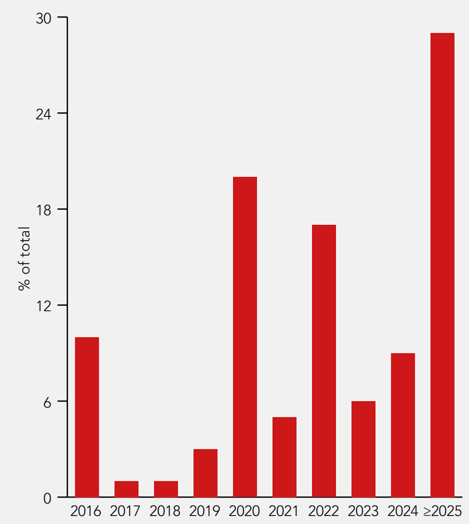
Tenant Contribution by Origin – Commercial Contracted Rent



Tenant Contribution by Origin – Commercial Contracted Areas (sqm)



Commercial Contracted Rent Expiration Profile – 31 December 2015



PORTFOLIO REVIEW

Since 2013 Globalworth has been investing in a "best-in-class" real estate portfolio located at prime sites in Romania, with an appraised value upon completion of c.€1.1bn.

Since its inception, Globalworth has invested in "best-in-class" properties positioned in prime locations within their respective sub-markets. All of our real estate properties are currently located in two principal cities in Romania, Bucharest (the capital) and Timisoara (one of the largest logistics hubs of the country), where we focus primarily on managing and developing office properties (c.80.4% of appraised value as of 31 December 2015).

The highest concentration of our portfolio is in the new Central Business District ("CBD") of Bucharest, where 9 of our 15 real estate (standing and developments) investments are situated, offering a total of c.147,900sqm of standing commercial GLA and 435 residential units as of 31 December 2015.

The new CBD is the area in the northern part of Bucharest – around the Dimitrie Pompeiu, Calea Floreasca and Barbu Vacarescu Boulevards – which has seen the highest level of office investment in recent years as a result of its excellent accessibility and infrastructure (metro, tram, bus, road), its proximity to the Henri Coanda International Airport, and the availability of sizeable land plots.

With the completion of our flagship Globalworth Tower development, our footprint in the new CBD increased by c.54,700sqm in Q1-16 and is expected to extend further during the course of the year with an additional c.40,600sqm coming on stream with the delivery of the Gara Herastrau and the Globalworth Campus - Tower "I" buildings. In total, we expect to deliver a total of c.123,700sqm of new office GLA in the new CBD in 2016 and 2017, increasing our total standing commercial GLA to c.271,600sqm in the area.

The remainder of our Bucharest portfolio comprises Class "A" offices offering total GLA of c.74,000sqm and two land plots held for future development. The properties are spread across the capital (centre, north and south), with each property occupying a prime location within its respective sub-market.

Following the delivery of Globalworth Tower in Q1-16, the Company owns the 2nd, 3rd and 5th tallest office towers in Bucharest and the two single largest office buildings (held by an institutional investor) in Romania.

We also own a light-industrial park comprising three facilities in Timisoara, one of Romania's principal peripheral industrial hubs. Our TAP industrial park is now ranked as one of the five largest industrial/logistics parks in the country, offering total GLA of 81,350sqm. The park is in the process of being further expanded with the addition of a fourth facility leased to Valeo, which will increase total GLA to c.94,900sqm by the end of Q3-17.

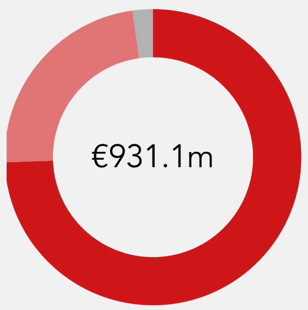
From "As Is" to "Completion" (Dec '15)

Property	Status	"As Is" Value (€ m)	Capex (€ m)	Mark to Market Uplift (€ m)	Value upon "Completion" (€ m)[1]	LTV %[2]
BOB	Completed	51.6	–	–	51.6	65
BOC	Completed	144.0	–	–	144.0	57
TCI	Completed	76.5	–	–	76.5	33
City Offices	Completed	62.1	–	–	62.1	23
Upground Towers	Completed	107.3	–	–	107.3	30
UniCredit HQ	Completed	52.6	–	–	52.6	43
Nusco Tower	Completed	57.7	–	–	57.7	49
Green Court "A"	Completed	50.1	–	–	50.1	54
Green Court "B"	Completed	50.2	–	–	50.2	40
TAP	Comp./Dev.	44.7	10.2	4.3	59.2	38
Globalworth Tower[3]	Development	139.5	15.0	0.6	155.1	–
Globalworth Campus	Development	57.6	98.8	16.5	172.9	–
Gara Herastrau	Development	19.0	7.3	–	26.3	–
Luterana	Land	12.4	–	–	12.4	–
Herastrau	Land	5.8	–	–	5.8	–
Total		**931.1**	**131.3**	**21.4**	**1,083.8**	

1 Data based on debt levels as of 31 December 2015 and "As Is" value. 3 Globalworth Tower was delivered in Q1-16.
2 Per the consolidated financial statements as of 31 December 2015.

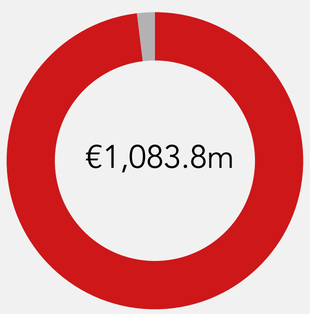
Portfolio Breakdown by Classification

"As is" Value (€m)



Standing Properties / 74.6%
Developments / 23.4%
Land for Future Development / 2%

Value upon "Completion" (€m)



Standing Properties / 98.3
Land for Future Development / 1.7%

Data based on 31 December 2015 appraisals

PORTFOLIO REVIEW (CONTINUED)

PORTFOLIO REVIEW (CONTINUED)

In 2015, Globalworth was one of the most active real estate investors in Romania, with a portfolio of high quality real estate properties offering total standing GLA of 355k+ sqm and 137k+ sqm under development.

Standing Properties

Our standing portfolio comprises 12 assets, valued at €695.1m (as of 31 December. 2015). In Bucharest we own 8 office properties and a residential complex, while in Timisoara we own a light-industrial park comprising three facilities.

Our standing portfolio increased by c.131,000sqm in 2015 following the acquisitions of UniCredit HQ, Nusco Tower, Green Court Building "A", Green Court Building "B" and the delivery of two new light-industrial facilities in the TAP complex, (pre-) let to Continental and Elster. The total GLA of our standing portfolio attained c.355,500sqm as of 31 December 2015.

Like-for-like third-party valuation of our standing portfolio did not materially change during 2015, although the overall value of our standing portfolio increased by a total of c.€235m, mainly as a result of new additions.

All our properties are modern and have been completed or refurbished since 2008. Approximately 78% of our GLA and c.72% of our standing portfolio value has been delivered within the past c.6 years. It is worth noting that four of the six new additions in our standing portfolio include properties delivered to market in the past c.1½ years and, following the delivery of our development projects (Globalworth Tower – completed in Q1-16, Gara Herastrau and Globalworth Campus Phase "A"), the proportion of modern office stock in our portfolio will further increase by the end of 2016.

In 2015, and in line with our principles of managing our business in an environmentally friendly way, we continued to focus on "green" properties. The number of 'green' properties owned by the Company has risen during the year with the addition of the UniCredit HQ (BREEAM "Very Good"), Green Court Building "A" and City Offices (both rewarded LEED Gold in 2015) and Green Court Building "B" (rewarded LEED Gold in 2016). We are targeting similar certifications for other properties in the portfolio and hope to receive these in the next 12 months.

Commercial Properties	Q4 – 2014	Q4 – 2015
Number of Investments:	5	9
Number of Assets:	5	11
GLA (sqm):	171,263	303,155
Valuation (31 Dec):	€359.0m	€595.6m
Occupancy:	77.2%	85.1%
Contracted Rent:	€20.7m	€36.3m
WALL:	6.2 yrs	6.0 yrs

In addition to our commercial portfolio, we own 435 apartments at Upground Towers (31 December 2015), a modern two-tower residential complex offering a total of 571 apartments benefiting from fine views of the nearby Tei lake. The property is ideally situated in the new CBD and in close proximity to our commercial portfolio, allowing us to leverage its use and provide a complete package to many of our international tenants looking for turnkey solutions when relocating operations.

In Q2-15, underpinned by the gradual improvement in the residential investment market, we actively marketed residential units in Upground Towers and, as a result, sold 12 apartments between May and December 2015 at an average price per unit of €129,400. In addition, we currently have 201 apartments leased, generating c.€1.5m of annual rental income.

Total Standing Properties	Q4 – 2014	Q4 – 2015
Number of Investments:	6	10
Number of Assets:	6	12
GLA (sqm)(1):	224,479	355,513
Valuation (31 Dec)(2):	€460.0m	€695.1m

(1) Includes c.53,217sqm and c.52,358sqm of residential space in 31 December 2014 and 31 December 2015 respectively.
(2) Appraised valuations as of 31 December 2014 and 31 December 2015.

As a result of the ongoing efforts of our leasing team and the addition of new properties which either had high occupancy rates (eg Green Court "B" and TAP - Elster) or were fully occupied (eg Green Court "A", UniCredit HQ and TAP – Continental), our standing commercial portfolio has an overall average occupancy rate of 85.1%. Seven of our buildings had occupancy of over 90.0%, and we are in active discussions for the remainder with a number of tenants for the take-up of the vacant spaces in the respective properties. Since the beginning of 2016, the number of properties with occupancy of over 90.0% has increased to eight, as Green Court "B" became fully let in Q1-16.

Developments

Continental's Phase-I light industrial space and Elster's light production facility, part of our TAP complex in Timisoara, were both delivered in 2015. Further progress was also made with the development of our three office projects, all located in the new CBD of Bucharest. One of these, our flagship Globalworth Tower office tower development, was delivered at the beginning of 2016.

Timisoara

In May 2015, we delivered a c.44,800sqm light industrial space, let to the leading German automotive manufacturing company Continental Automotive, at our TAP complex in Timisoara. The complex was further expanded in August 2015 following completion of the construction of a c.9,100 sqm production facility let principally to Elster, a subsidiary of Honeywell and a leading global provider of gas, electricity and water meters and related communications, networking and software solutions.

At the end of 2015, the TAP complex comprised a total of c.81,349sqm of GLA. In February 2016, Valeo exercised its option to expand further in the park by adding a new c.13,500sqm facility. This will be the third time within a c.1½ year period that a tenant has decided to lease space in the park, demonstrating the appeal of TAP to high quality multinational tenants.

TAP has the potential for further development, reaching to a total GLA of c.123,400sqm as a result of the extensions available to the existing tenants of the park.

Bucharest

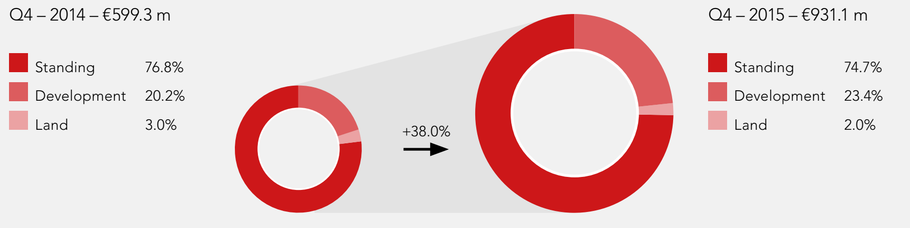
Globalworth Tower, our flagship project located in the heart of Bucharest's new CBD, was effectively completed in December 2015 in line with the estimated timeline and became fully operational in Q1-16. The majority of the current tenants are scheduled to move into Globalworth Tower in Q2 and Q3-16.

As of 31 December 2015, the property was c.51.0% pre-let to high quality national and international tenants including Vodafone (telecoms), Nestor Nestor Diculescu Kingston Petersen (law), Huawei (telecoms), Delhaize / Mega Image (supermarket) and had a weighted average lease length of 10.9 years. In May 2016, the occupancy rate increased to 66.7%, mainly as a result of the take-up of an additional floor by Vodafone and of office space taken up by Wipro (IT), Bunge (agricultural) and Globalworth (real estate). We are in active negotiations with a number of other tenants for the full occupancy of the property.

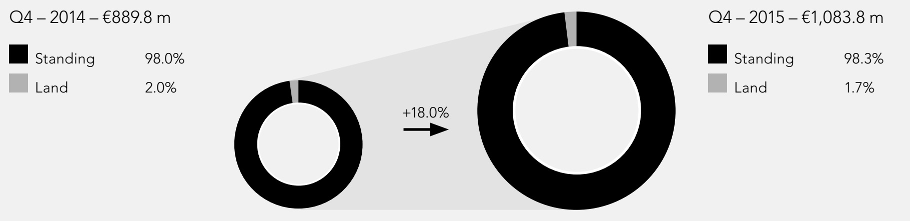
Globalworth Tower has been pre-certified with the Green Certification of LEED Platinum. Once obtained, Globalworth Tower will be the first building in Romania and the broader SEE region having received the highest available Green accreditation.

Portfolio Breakdown by Classification

"As Is" Valuation



"On Completion" Valuation



Green Certified Properties	
BOB:	• BREEAM In-use / Excellent and LEED Gold certifications (for part of the property)
BOC:	• BREEAM In-use / Excellent certification
UniCredit HQ	• BREEAM Very Good certification
City Offices	• LEED Gold certification
Green Court "A"	• LEED Gold certification
Green Court "B"	• LEED Gold certification

Development Projects – 31 December 2015	Under Construction[1]	Future Development[2]	Total Development
Number of Investments	3	2	5
Number of Assets to be Developed	4	3	7
GLA (sqm)[1]	123,645	73,757	197,402
"As Is" Valuation	€198.5 m	€19.3 m	€217.8 m
Estimated remaining development Capex	€81.1 m	€50.2 m	€131.3 m
"Completion" Valuation	€292.0 m	€78.5 m	€370.5 m
Occupancy	42.8%	–	26.8%
Contracted Rent	€10.1 m	–	€10.1 m
WALL	10.5 yrs	–	10.5 yrs

1 "Under Construction"; data as of 31 December 2015 comprises Globalworth Tower (completed in Q1-16), Globalworth Campus Phase "A", Gara Herastrau.
2 "Future Development"; data as of 31 December 2015 comprises Globalworth Campus Phase "B" and TAP extensions for Valeo and Continental in TAP.

The development of the Gara Herastrau project is progressing well, with the structural frame now in place and the façade 100% complete (Q1-16). The property, which upon delivery is estimated to offer c.12,000sqm of GLA, lies adjacent to Green Court Building "A" and some 200 metres from Nusco Tower and Globalworth Tower. As of Q1-16, the Gara Herastrau development is 50.6% pre-leased to ADP. The development is expected to be completed in Q2-16.

Our Globalworth Campus project, which upon completion will offer three Class "A" office towers and total GLA of 88,700sqm, is being developed in two phases. Phase "A" will comprise two (side) towers facing Dimitrie Pompeiu Street (main street) with a total GLA of c.57,000sqm on completion, while Phase "B" will comprise one (the middle) tower, which on completion will contribute additional GLA of c.31,700sqm.

Phase I is currently under development, with construction of Building "A" having reached the 12th floor (Q1-16) and the façade is currently being fitted out, while the necessary preparations, including excavations, site preparation etc. have been completed in Building "B". Delivery of the two towers is scheduled for Q3-16 and Q1-17 respectively.

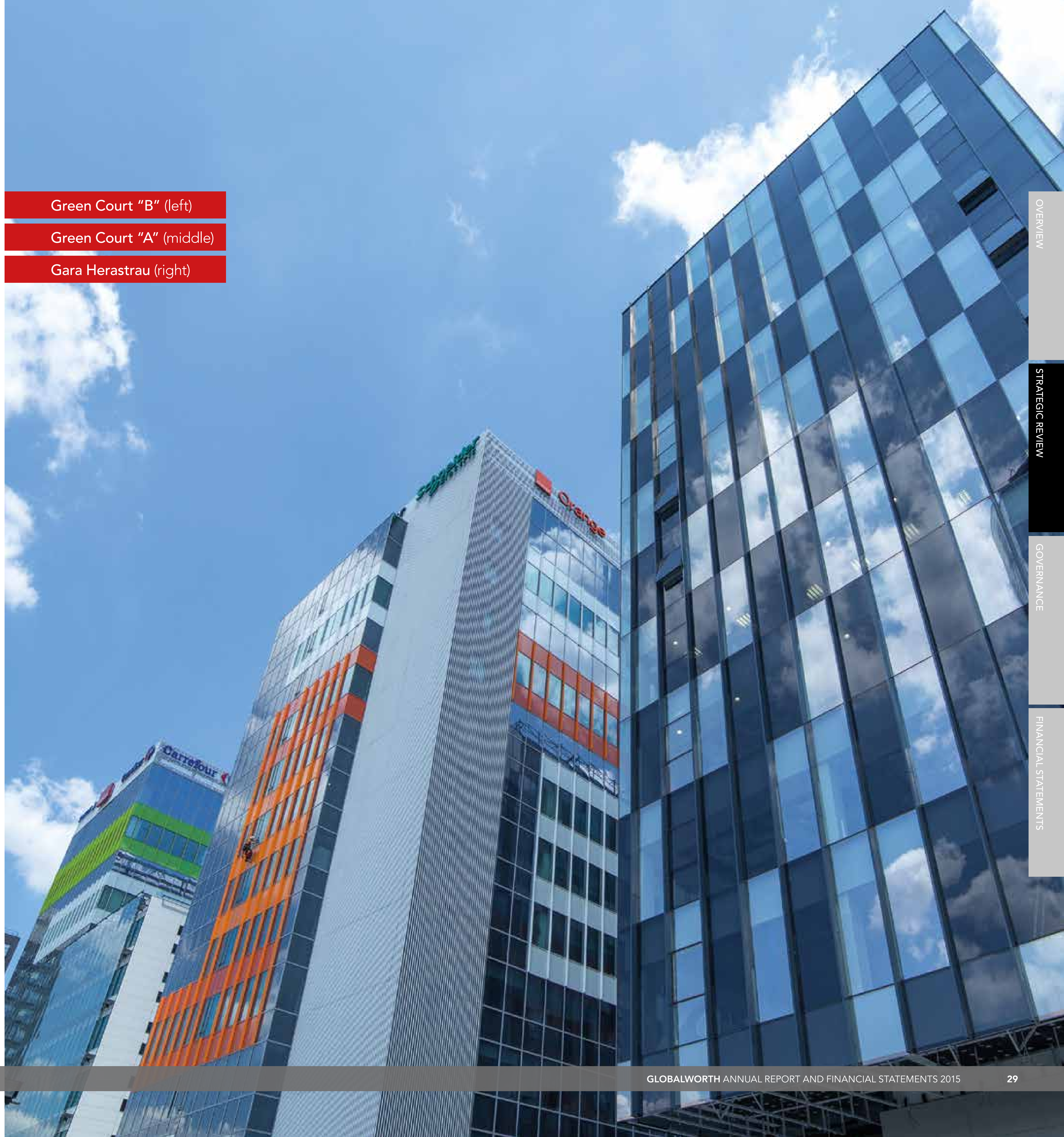
We have adopted a number of environmentally friendly principles for the development of Gara Herastrau and Globalworth Campus and as such we will seek to achieve Green certifications similar to those of other assets in the existing portfolio for both investments.

The appraised value of the Development Projects stands at €217.8m ("As Is" valuation 31 December 2015). On completion, the projects are expected to deliver c.197,400sqm of new office and light industrial space, with an appraised value of €370.5m ("Completion" valuation – 31 December 2015).

Land for Future Development

Globalworth owns land plots in two prime locations in Bucharest (Herastrau lake and the historical CBD) for future development. These plots represent further opportunities for office or mixed-use developments, which we intend to take advantage of in the future in order to further grow our real estate portfolio.

The total land size for future development in these two locations is c.9,767sqm and had an appraised value of €18.2m at 31 December 2015.



Green Court "B" (left)

Green Court "A" (middle)

Gara Herastrau (right)

PORTFOLIO REVIEW
STANDING

"BOB"

"BOB" is a modern Class "A" multi-tenanted office building located in the Northern part of Bucharest on Dimitrie Pompeiu Boulevard.

The property was delivered in 2008 and received both BREEAM In-use / Excellent and LEED Gold certifications (for part of the property) in 2014.

BOB was acquired by Globalworth in March 2014 and offers 22,391sqm of GLA over 7 floors above ground and 161 parking spaces.

The property is part of a wider building complex developed between 2006 and 2011, which includes BOC and Upground Towers.

Location:	Bucharest / New CBD
Status:	Standing Property
Description:	Class "A" multi-tenanted office building
Ownership:	100.0%
Year of Completion:	2008
Appraised Value "As Is":	€51.6m
GLA:	22,391sqm
Occupancy:	93.4%
Contracted Rent:	€3.5m
WALL:	4.9 yrs
Selected Tenants:	Deutsche Bank, Stefanini, Snamprogetti, NX Data, NBG Group, Clearanswer Europe

Note: All data as of 31 Dec. '15


Honeywell
GLOBAL VISION


Honeywell
stefanini
UPGROUND


Honeywell


Honeywell
GLOBAL VISION

PORTFOLIO REVIEW
STANDING

"BOC"

"BOC" is a modern Class "A" multi-tenanted office building located in the northern part of Bucharest on George Constantinescu Street.

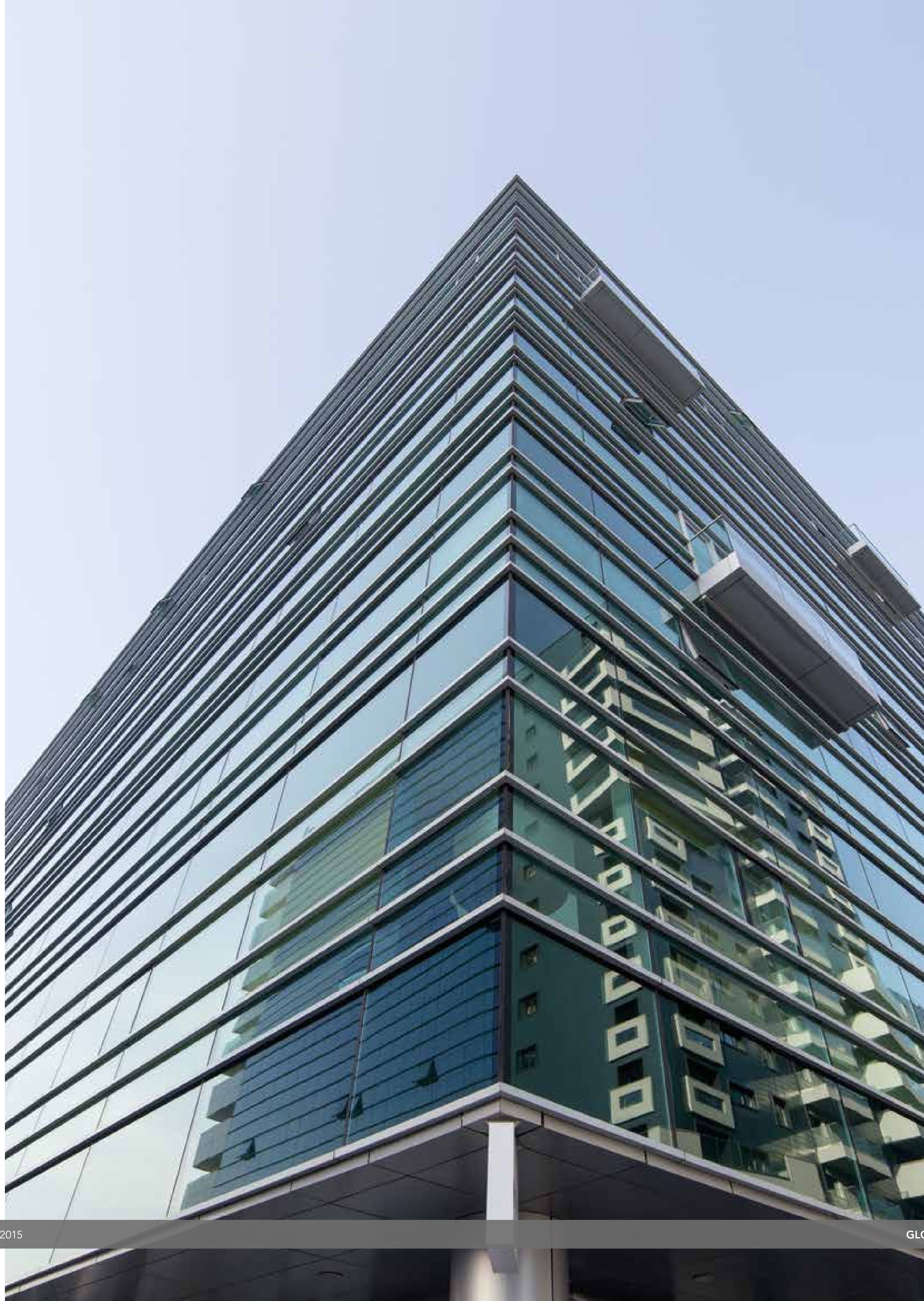
The property was delivered in 2009 and received BREEAM In-use / Excellent Green certification in 2014. It was nominated in the category for the best Green "Office: In-Use" property in the 2015 BREEAM awards. It was the first property in Romania to be rated "Excellent" for Asset Performance (Part 1) and Building Management (Part 2).

BOC was acquired by Globalworth in March 2014 and is the largest office building in Romania, offering 56,962sqm of GLA and 895 parking spaces. The property extends over 8 floors above ground and has 3 underground levels.

The property is part of a wider building complex developed between 2006 and 2011, which includes BOB and Upground Towers.

Location:	Bucharest / New CBD
Status:	Standing Property
Description:	Class "A" multi-tenanted office building
Ownership:	100.0%
Year of Completion:	2009
Appraised Value "As Is":	€144.0m
GLA:	56,962sqm
Occupancy:	99.5%
Contracted Rent:	€9.8m
WALL:	6.2 yrs
Selected Tenants:	Honeywell, NBG Group, HP, GfK, Intel, Nestle, EADs, Deutsche Telekom, Vodafone, Stefanini, ADP

Note: All data as of 31 Dec. '15



PORTFOLIO REVIEW
STANDING

Green Court – Building "A"

Green Court – Building "A" is a Class "A" multi-tenanted office building located in the northern part of Bucharest on Gara Herastrau Street.

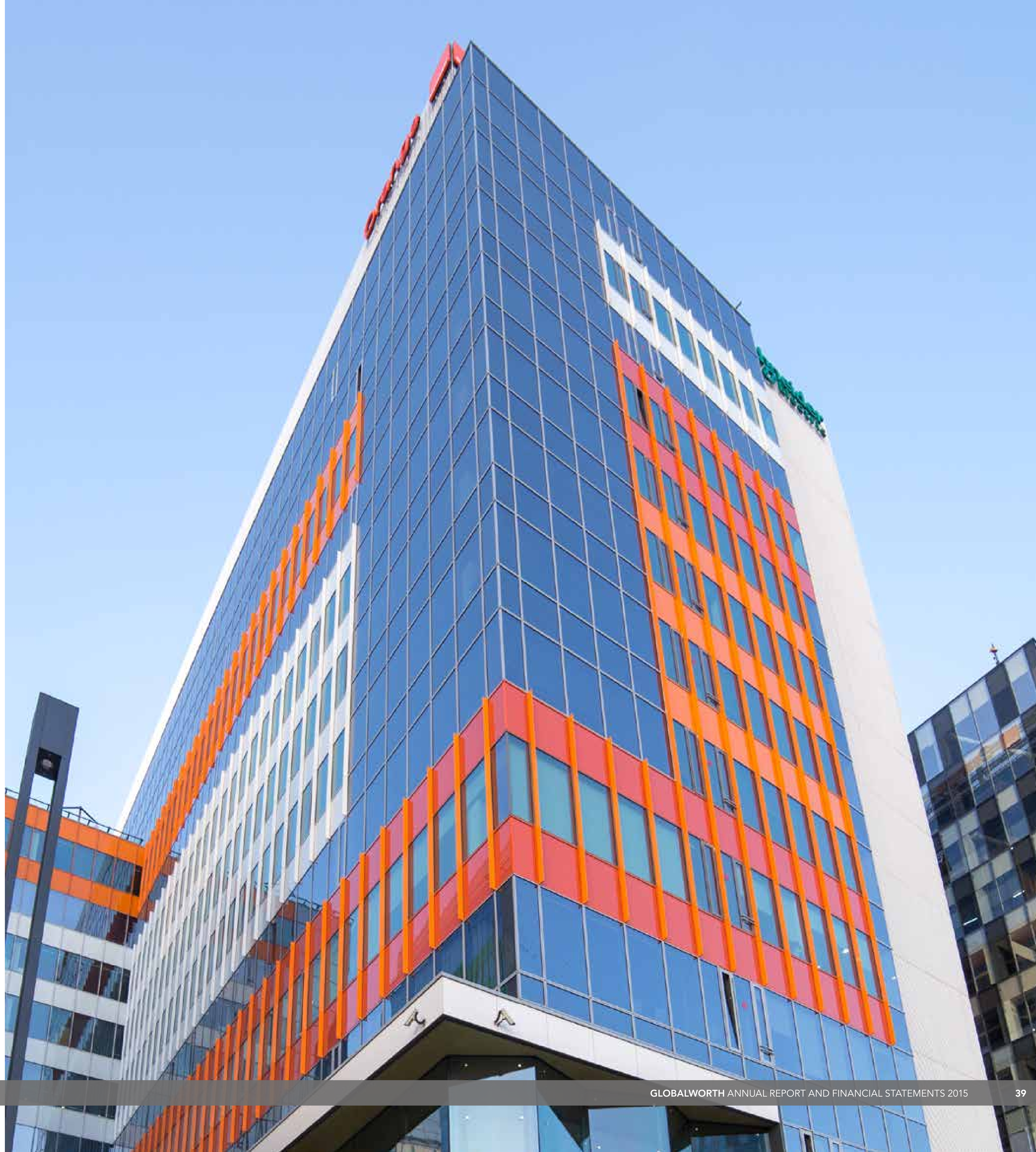
The property, which was developed by Skanska, was completed in 2014 and received LEED Gold certification in 2015.

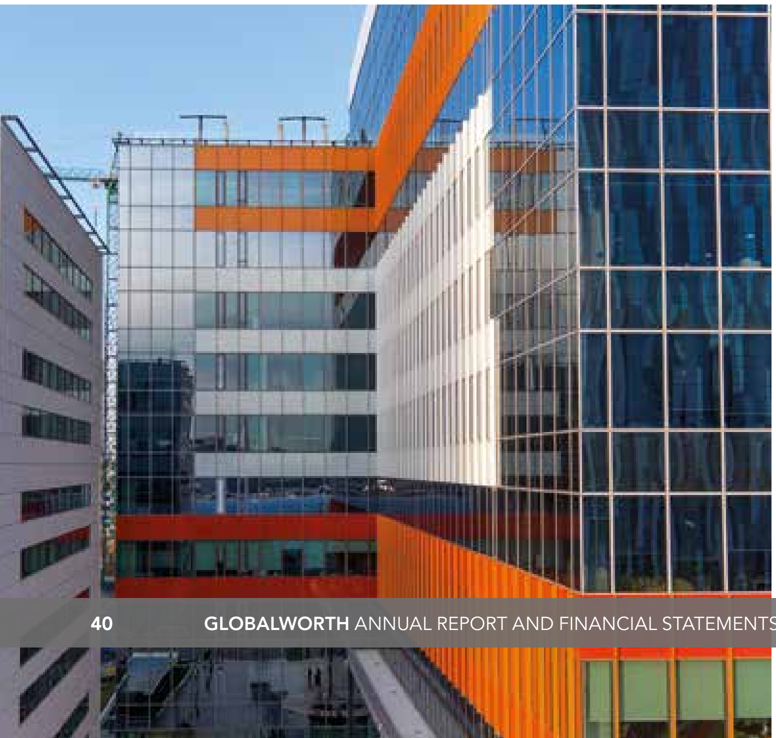
Green Court – Building "A" was acquired by Globalworth in June 2015, and offers 19,589sqm of GLA and 280 parking spaces. The property extends over 12 floors above ground and has 3 underground levels.

The property is part of the wider Green Court Building complex developed by Skanska, which upon completion will comprise 3 office towers (Globalworth currently owns two of the three office buildings, with the 3rd currently under construction by Skanska).

Location:	Bucharest / New CBD
Status:	Standing Property
Description:	Class "A" multi-tenanted office building
Ownership:	100.0%
Year of Completion:	2014
Appraised Value "As Is":	€50.1m
GLA:	19,589sqm
Occupancy:	100.0%
Contracted Rent:	€3.5m
WALL:	6.3 yrs
Selected Tenants:	Orange, Schneider Electric, CITR, Skanska

Note: All data as of 31 Dec. '15





PORTFOLIO REVIEW
STANDING

Green Court – Building "B"

Green Court – Building "B" is a Class "A" multi-tenanted office building located in the northern part of Bucharest on Gara Herastrau Street.

The property, which was developed by Skanska, was completed in 2015 and received LEED Gold certification in 2016.

Green Court – Building "B" was acquired by Globalworth in December 2015, and offers 18,369sqm of GLA and 310 parking spaces. The property extends over 12 floors above ground and has 3 underground levels.

The property is part of the wider Green Court Building complex developed by Skanska, which upon completion will comprise 3 office towers (Globalworth currently owns two of the three office buildings, with the 3rd currently under construction by Skanska).

Location:	Bucharest / New CBD
Status:	Standing Property
Description:	Class "A" multi-tenanted office building
Ownership:	100.0%
Year of Completion:	2015
Appraised Value "As Is":	€50.2m
GLA:	18,369sqm
Occupancy:	82.1% (100% as of 31 May '16)
Contracted Rent:	€2.9m (€3.5m as of 31 May '16)
WALL:	4.8 yrs
Selected Tenants:	Carrefour, Sanofi, Colgate, Rinf, Adecco, Abbott, Ericsson

Note: All data as of 31 Dec. '15


Carrefour
Adecco

PORTFOLIO REVIEW
STANDING

Nusco Tower

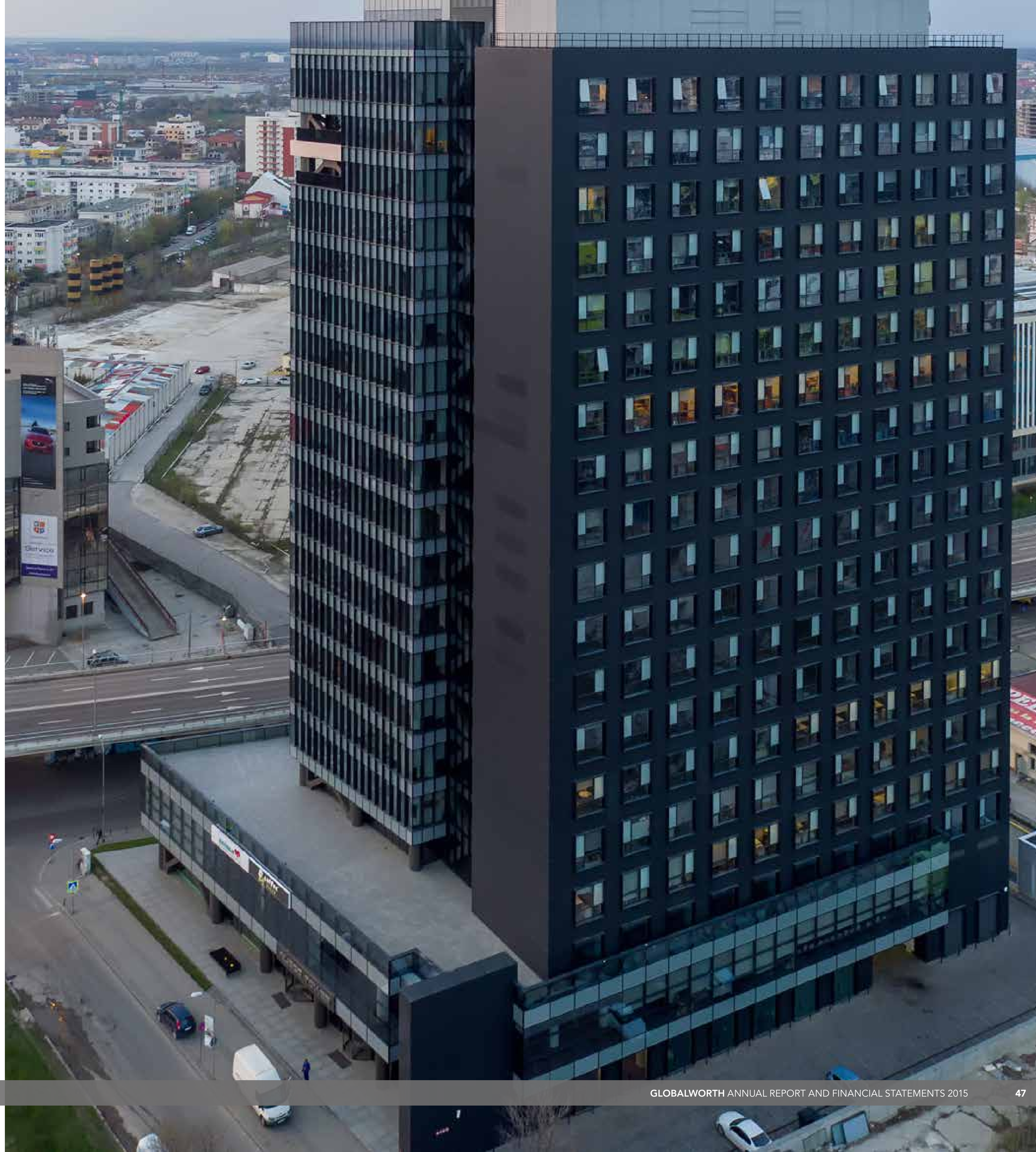
"Nusco Tower" is a Class "A" multi-tenanted office building located in the northern part of Bucharest on the junction of Pipera Road and Gara Herastrau Street.

The property was delivered in 2010 and was partially refurbished during 2014-15.

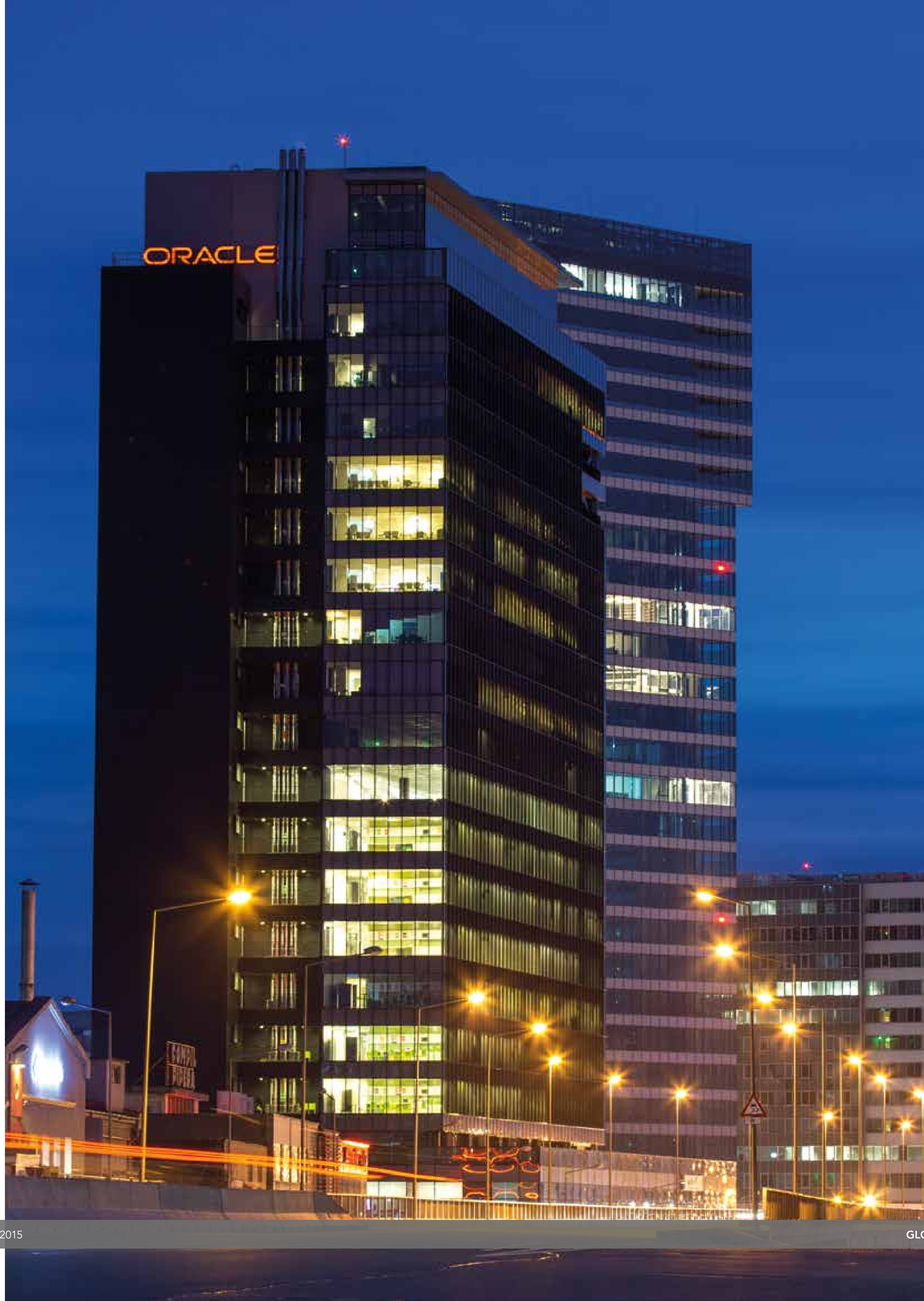
Nusco Tower was acquired by Globalworth in March 2015, and offers 24,020sqm of GLA and 336 parking spaces. The property extends over 21 floors above ground and has 3 underground levels.

Location:	Bucharest / New CBD
Status:	Standing Property
Description:	Class "A" multi-tenanted office building
Ownership:	100.0%
Year of Completion:	2010
Appraised Value "As Is":	€57.7m
GLA:	24,020sqm
Occupancy:	59.0%
Contracted Rent:	€2.1m
WALL:	1.6 yrs
Selected Tenants:	Oracle, Bayer

Note: All data as of 31 Dec. '15




ORACLE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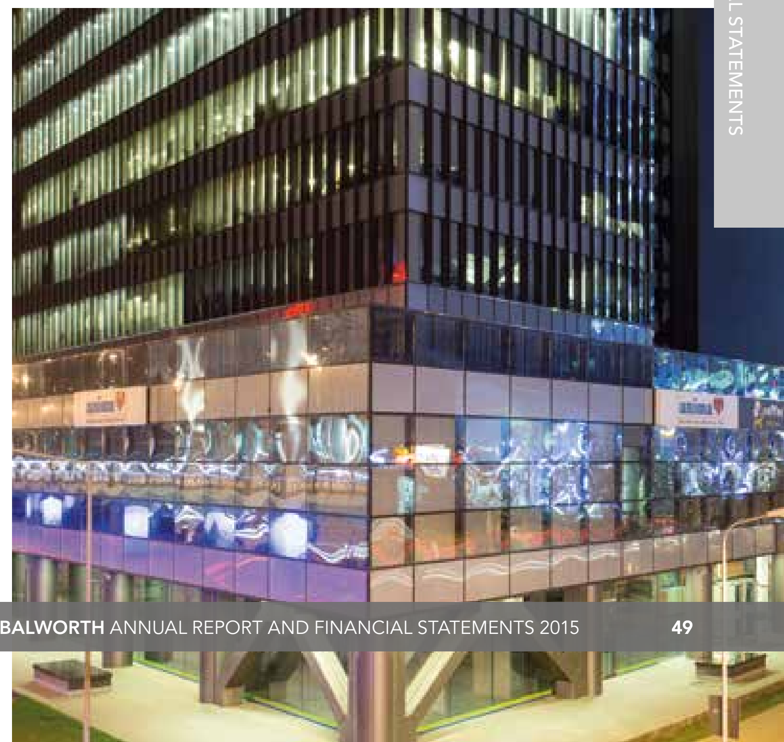


PORTFOLIO REVIEW STANDING

UniCredit HQ

"UniCredit HQ" is a landmark Class "A" single-tenanted office building located in the northern part of Bucharest on Expozitiei Boulevard, off Presei Libere Square.

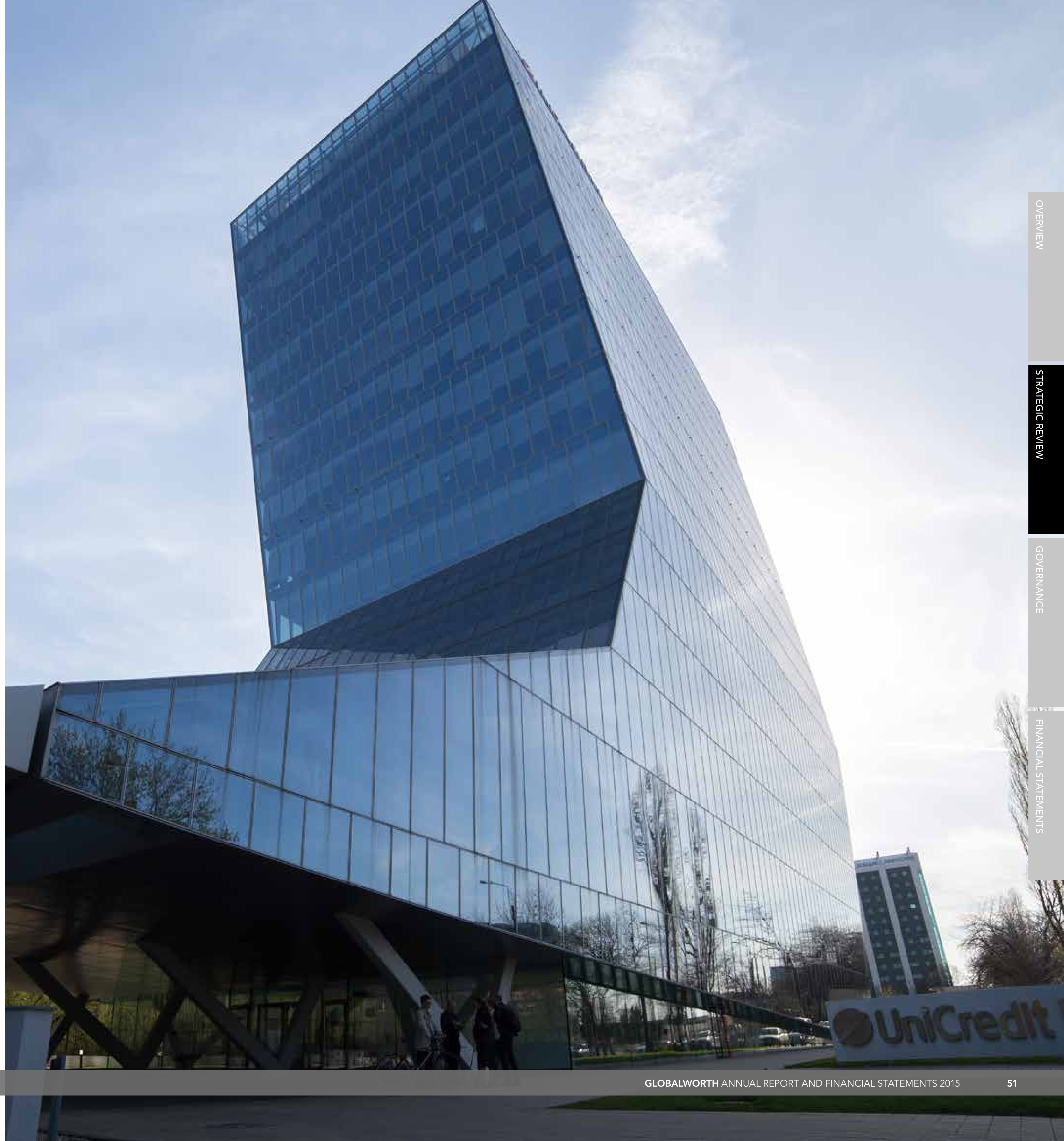
The property was delivered in 2012 and has received BREEAM In-Use / Very Good Green certification.

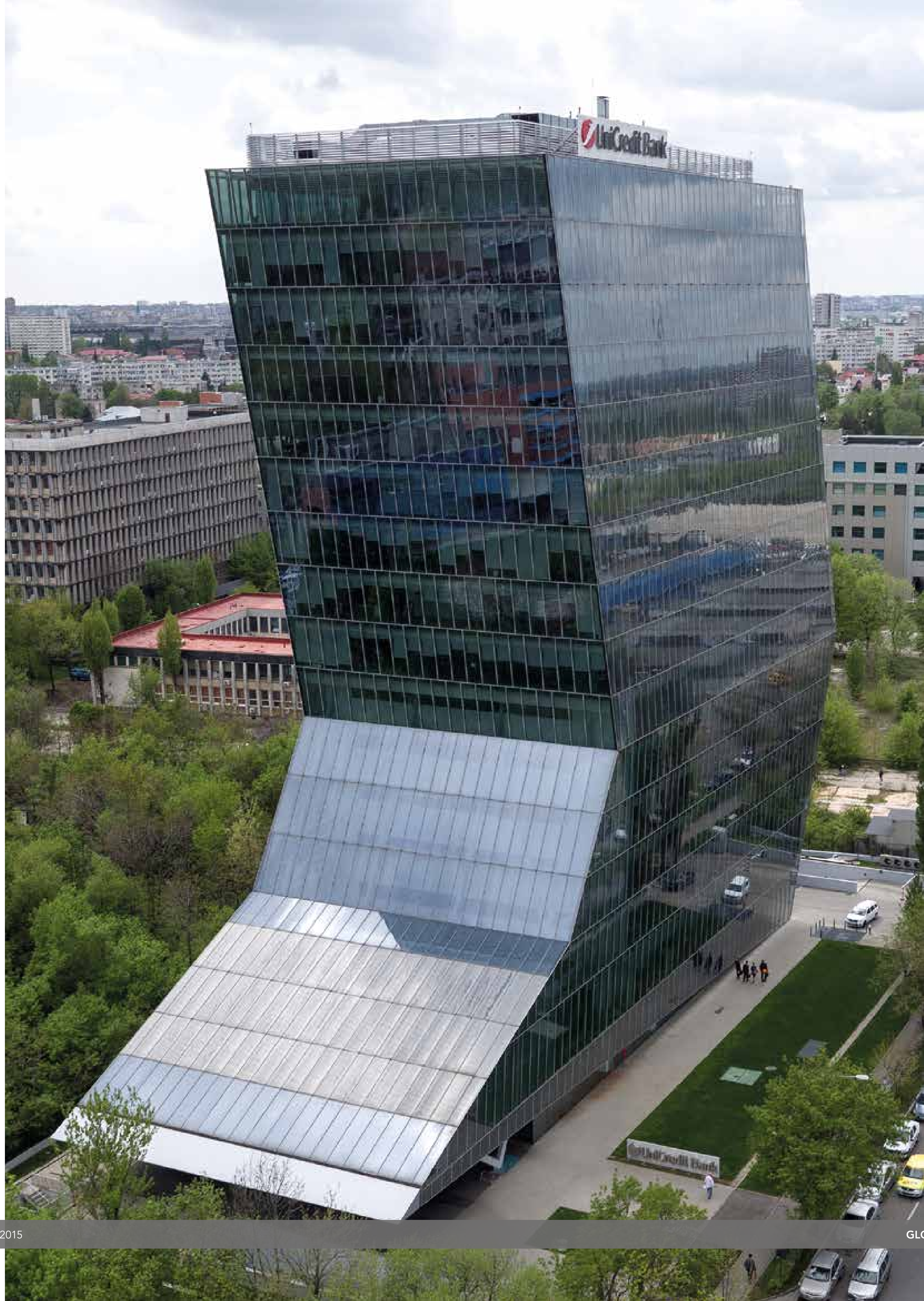
UniCredit HQ is the headquarters of the UniCredit Bank in Romania and was ranked 17th on the list of the 30 most architecturally impressive banks in the world in 2013.

Globalworth acquired UniCredit HQ in March 2015 and is offering c.15,500sqm of GLA and 156 parking spaces. The property extends over 16 floors above ground and has 2 underground levels.

Location:	Bucharest / North
Status:	Standing Property
Description:	Class "A" single-tenanted office building
Ownership:	100.0%
Year of Completion:	2012
Appraised Value "As Is":	€52.6m
GLA:	15,500sqm
Occupancy:	100.0%
Contracted Rent:	€3.8m
WALL:	6.4 yrs
Selected Tenants:	UniCredit Bank

Note: All data as of 31 Dec. '15




UniCredit Bank
UniCredit Bank

PORTFOLIO REVIEW STANDING

TCI

"TCI" is a landmark modern Class "A" multi-tenanted office building located in Bucharest's historical CBD, at Victoriei Square.

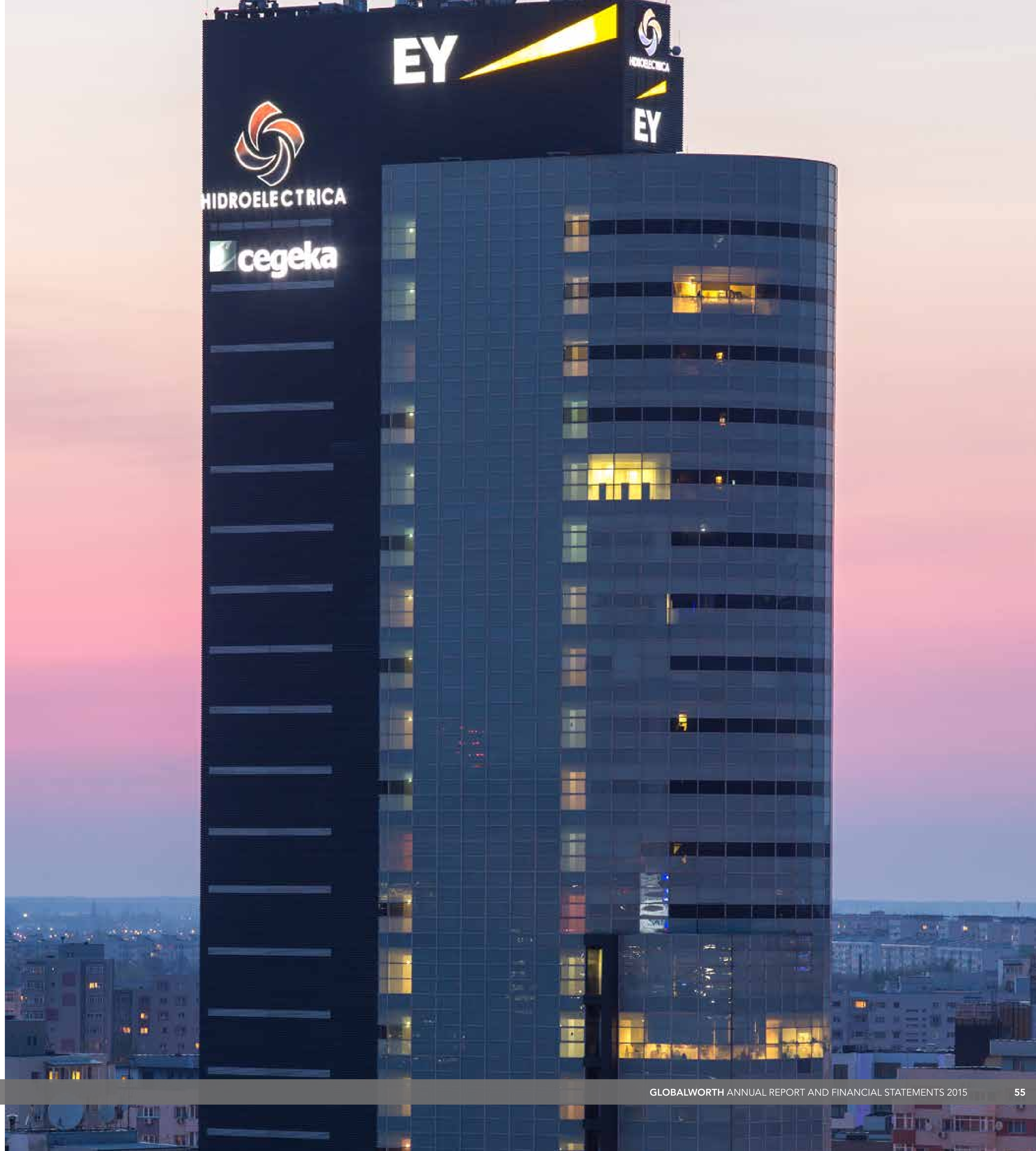
The property was delivered in 2012 and acquired by Globalworth in February 2014.

TCI consists of 2 interconnected buildings and, at 106 metres high, is currently the third tallest office property in Bucharest.

The property offers c.22,453sqm of GLA and 204 parking spaces, extending over 26 floors above ground and has 4 underground levels.

Location:	Bucharest / Historical CBD
Status:	Standing Property
Description:	Class "A" multi-tenanted office building
Ownership:	100.0%
Year of Completion:	2012
Appraised Value "As Is":	€76.5m
GLA:	22,453sqm
Occupancy:	99.7% (93.3% as of 31 May '16)
Contracted Rent:	€5.0m (€4.7m as of 31 May '16)
WALL:	3.7 yrs
Selected Tenants:	Ministry of European Funds, Ernst & Young, Hidroelectrica, Huawei, Cegeka, Deutsche Bank

Note: All data as of 31 Dec. '15 unless stated otherwise



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PORTFOLIO REVIEW
STANDING

City Offices

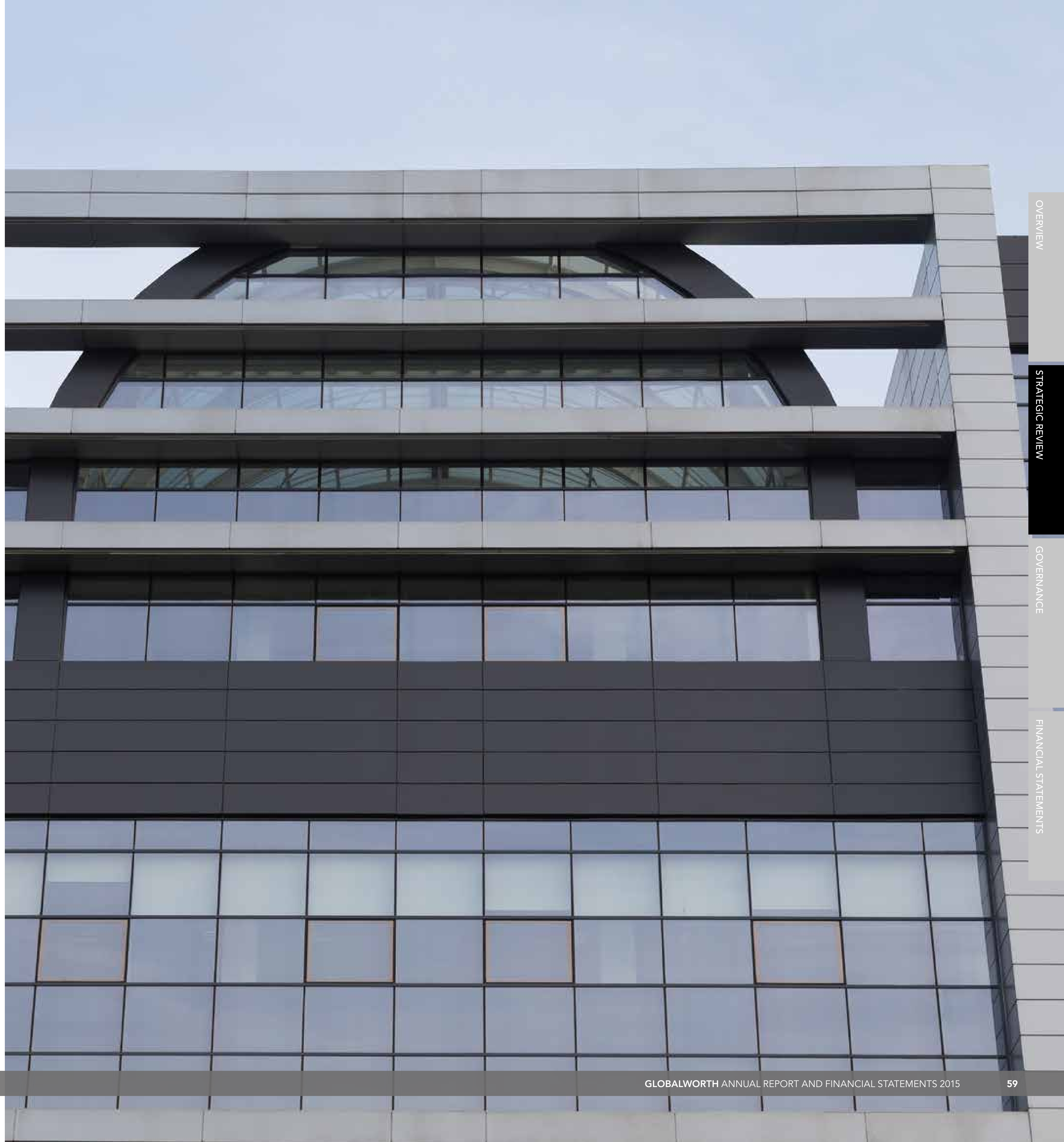
"City Offices" is a mixed-use property comprising two connected buildings, a commercial building and multi-level parking. The property is located in the southern part of Bucharest in the densely populated area of Eroii Revolutiei.

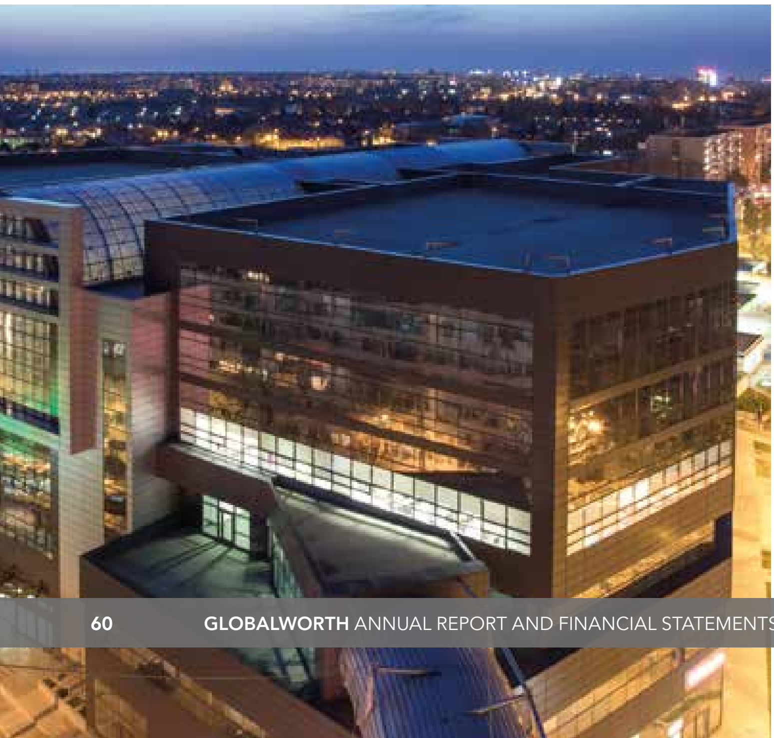
The commercial building was entirely refurbished by Globalworth, with works completed in Q4-14, and received LEED Gold accreditation in 2015.

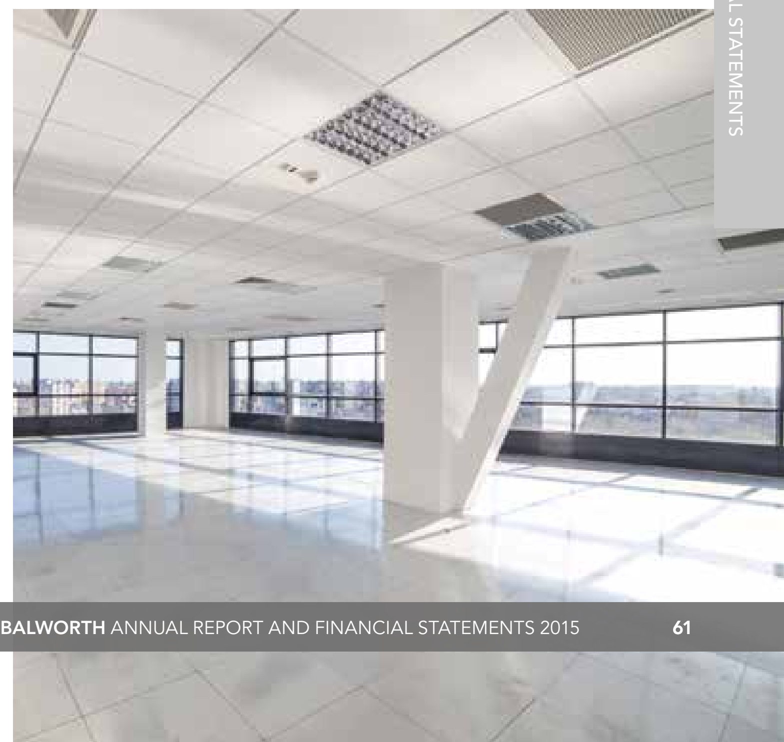
City Offices was acquired by Globalworth in September 2013 and offers 35,968sqm of commercial GLA over 6 floors above ground and 1,019 parking spaces.

Location:	Bucharest / South
Status:	Standing Property
Description:	Mixed-use property comprising of a "Commercial" building and multi-level parking
Ownership:	100.0%
Year of Completion/ Refurbishment:	2014
Appraised Value "As Is":	€62.1m
GLA:	35,968sqm
Occupancy:	21.6%
Contracted Rent:	€1.4m
WALL:	5.1 yrs
Selected Tenants:	Vodafone, Delhaize Group, Max Bet, Billa, BCR, Piraeus Bank, Credit Agricole Bank, Germanos

Note: All data as of 31 Dec. '15







PORTFOLIO REVIEW STANDING

Upground Towers

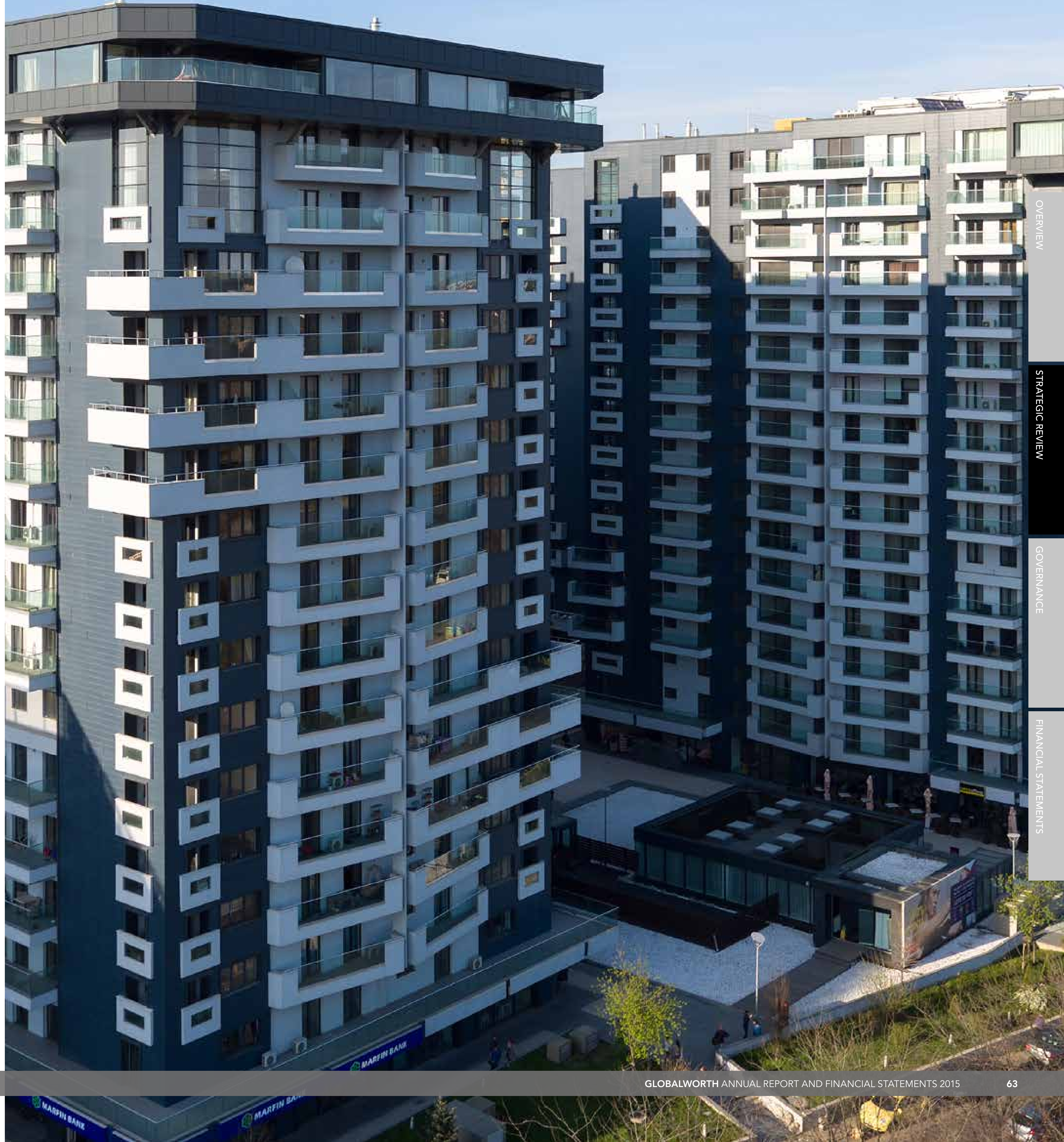
"Upground Towers" is a modern residential complex located in the northern part of Bucharest on Fabrica de Glucoza Street.

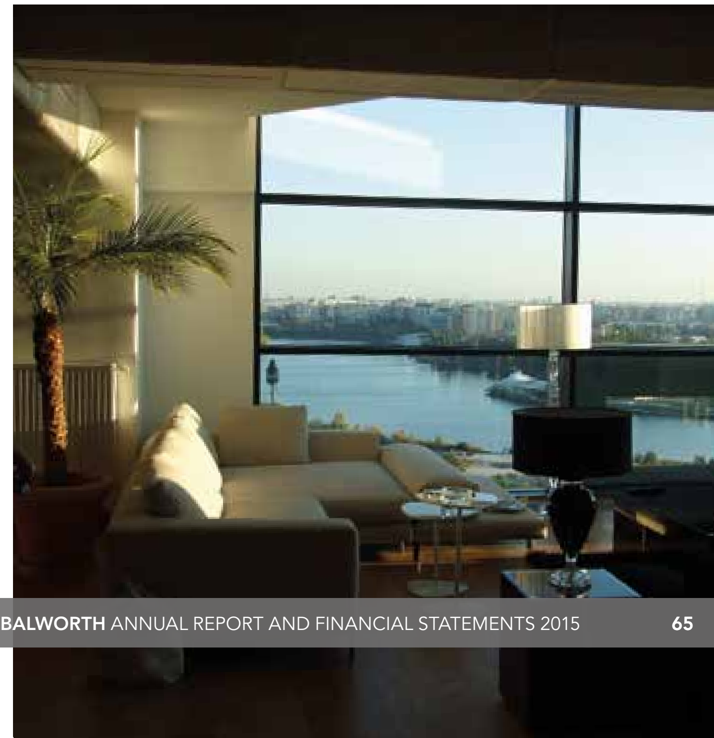
The property was delivered in 2011 and comprises 2 buildings with a total GBA of 101,354sqm. In total, Upground Towers offers 571 residential units, of which Globalworth (as of 31 December 2015) owned 435. In addition, we own 25 retail units and 583 parking spaces in the complex.

Upground Towers is part of a wider building complex developed between 2006 and 2011, which includes BOB and BOC.

Location:	Bucharest / New CBD
Status:	Standing Property
Description:	Residential complex comprising of two towers
Ownership:	100%
Year of Completion:	2010
Appraised Value "As Is":	€107.3m
GLA:	58,913sqm
Occupancy:	Commercial: 100% / Residential: 44.3%
Contracted Rent:	€2.3m
WALL:	8.2 / 1.5 yrs
Selected Tenants:	WorldClass, Delhaize Group, Marfin Bank, Subway, Starbucks, Sensiblue

Note: All data as of 31 Dec. '15





PORTFOLIO REVIEW STANDING / UNDER DEVELOPMENT

TAP

The Timisoara Airport Park ("TAP") is a light-industrial complex located in the North-East of Timisoara. The property is in close vicinity to the international airport and benefits from easy access to the fourth European Corridor.

The complex has been developed in phases and it currently offers a total GLA of 81,349sqm which is almost exclusively let to Valeo, Continental and Elster.

As of 2011, it offered c.27,474sqm of light-industrial space, with an additional c.45,400sqm delivered in Q2-15 and c.9,100sqm in Q3-15. On the exercise of all the expansion options available to its tenants, the complex will offer a total of c.123,380sqm of light-industrial space.

Location:	Timisoara
Status:	Standing / Under Development Property
Description:	Light-industrial complex
Ownership:	100%
Year of Completion:	2011 – 2017
Appraised Value "As Is":	€44.7m
Appraised Value "Completion":	€59.2m
GLA:	123,380sqm (81,349sqm in Dec 2015)
Occupancy:	97.3%
Contracted Rent:	€5.0m (€3.5m in Dec 2015)
WALL:	12.1 yrs
Selected Tenants:	Continental, Valeo, Elster

Note: All data as of 31 Dec. '15


elster



Valeo


PORTFOLIO REVIEW
DEVELOPMENTS

Globalworth Tower

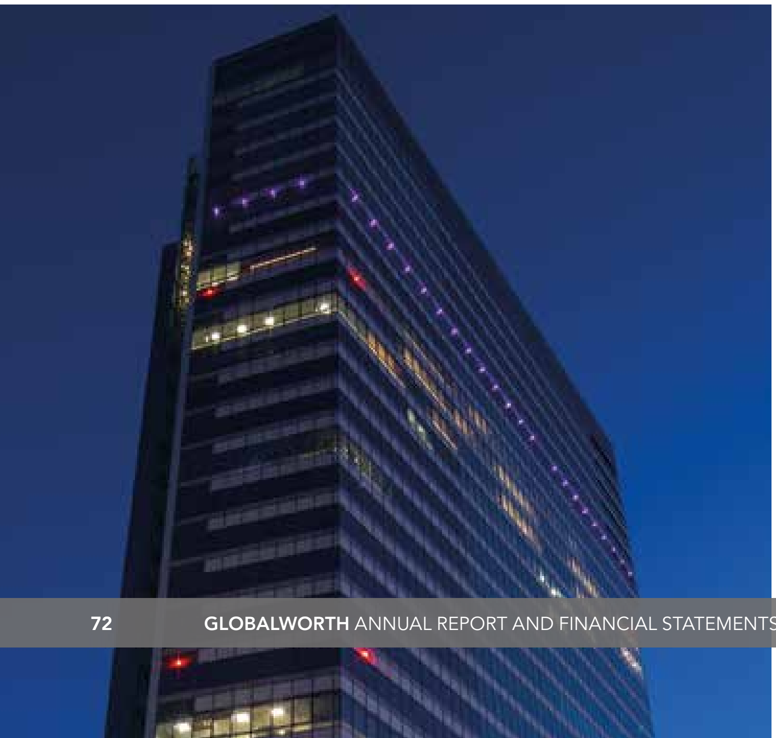
"Globalworth Tower" (formerly "Bucharest One") is a landmark Class "A" office building located in the northern part of Bucharest on the junction of 3 main streets: Barbu Vacarescu Street, Pipera Road and Calea Froreasca.

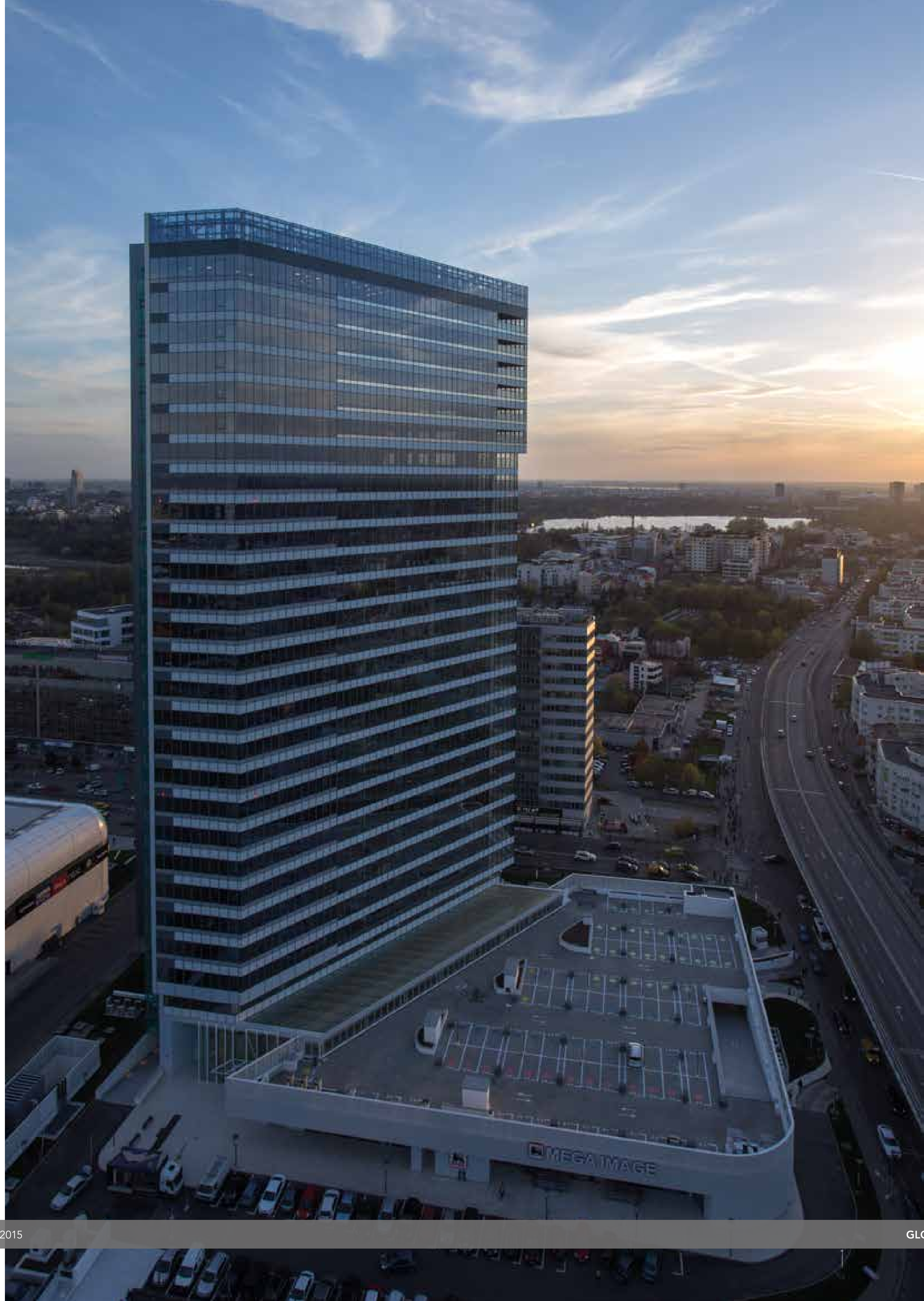
The property, as of 31 Dec, 2015 was classified as Under Development although it was effectively completed in Q4-15 in line with the estimated timeline, and was handed over formally with the relevant authorities in February 2016.

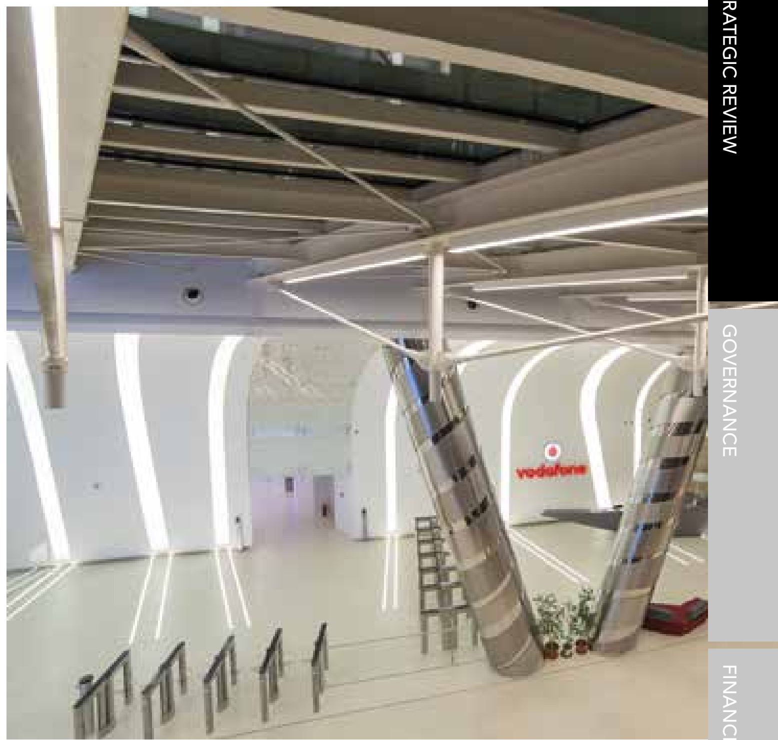
The project was acquired in December 2013 and subsequently developed by Globalworth and following its delivery it offers c.54,686sqm of GLA and 638 parking spaces. Globalworth Tower has a height of c.120 metres, ranking it as the second tallest office tower in Bucharest. The property extends over 26 floors above ground and has 3 underground levels. It has been pre-certified with LEED Platinum Green certification.

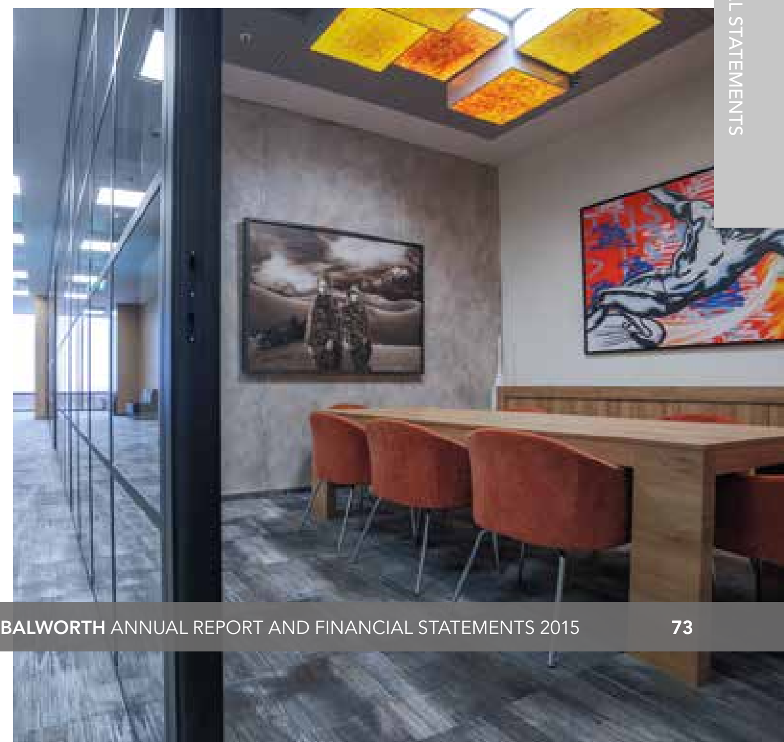
Location:	Bucharest / New CBD
Status:	Development / Under Construction (Delivered in Q1-16)
Description:	Class "A" multi-tenanted office building
Ownership:	100%
Year of Completion:	2016
Appraised Value "As Is":	€139.5m
Appraised Value "Completion":	€155.1m
GLA[1]:	54,686sqm
Occupancy:	51.0% (66.7% as of 31 May '16)
Contracted Rent:	€3.9m (€7.7m as of 31 May '16)
WALL:	10.9 yrs
Selected Tenants:	Vodafone, Huawei, Delhaize Group, NNDKP, Globalworth, Wipro, Bunge

Note: All data as of 31 Dec. '15 unless stated otherwise




MEGA IMAGE


vodafone



PORTFOLIO REVIEW
DEVELOPMENTS

Gara Herastrau

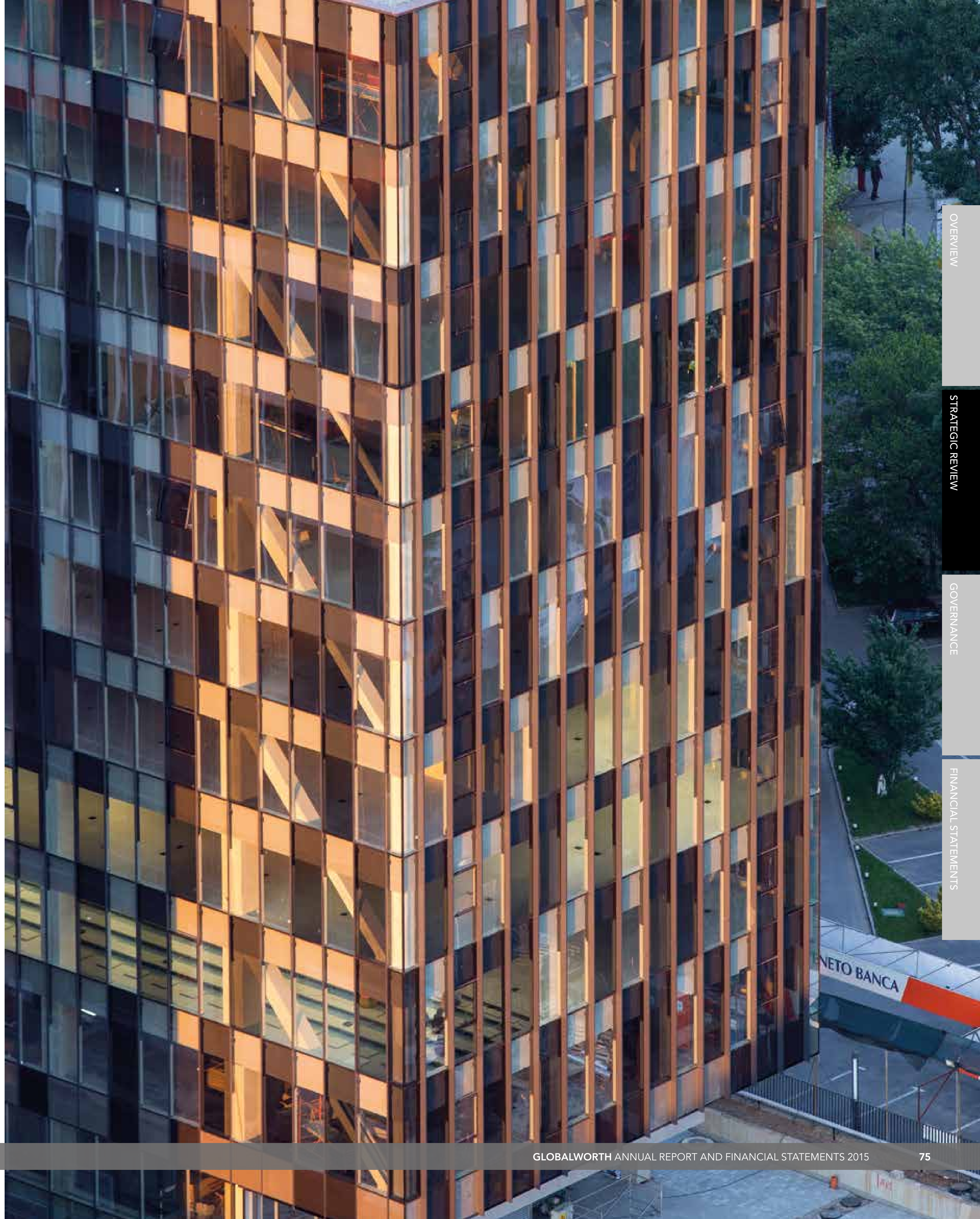
"Gara Herastrau" is a Class "A" office development located in the northern part of Bucharest on Gara Herastrau street. It is adjacent to Green Court Building "A" and is c.200 metres away from Globalworth Tower.

The land was acquired in December 2014 and subsequently the project was developed by Globalworth, with expected completion in Q2-16.

The Gara Herastrau development, upon completion, is expected to offer c.12,000sqm of GLA and 157 parking spaces. The property will extend over 12 floors above ground and will have 3 underground levels.

Location:	Bucharest / New CBD
Status:	Development / Under Construction
Description:	Class "A" office building
Ownership:	100.0%
Year of Completion:	2016E
Appraised Value "As Is":	€19.0m
Appraised Value "Completion":	€26.3m
GLA:	12,037sqm
Occupancy:	– (50.6% as of May '16)
Contracted Rent:	– (€1.0m as of May '16)
WALL:	– (€7.0yrs as of May '16)
Selected Tenants:	ADP (as of May '16)

Note: All data as of 31 Dec. '15



PORTFOLIO REVIEW
DEVELOPMENTS

Globalworth Campus

"Globalworth Campus" is a Class "A" office development located in the northern part of Bucharest on Dimitrie Pompeiu Street.

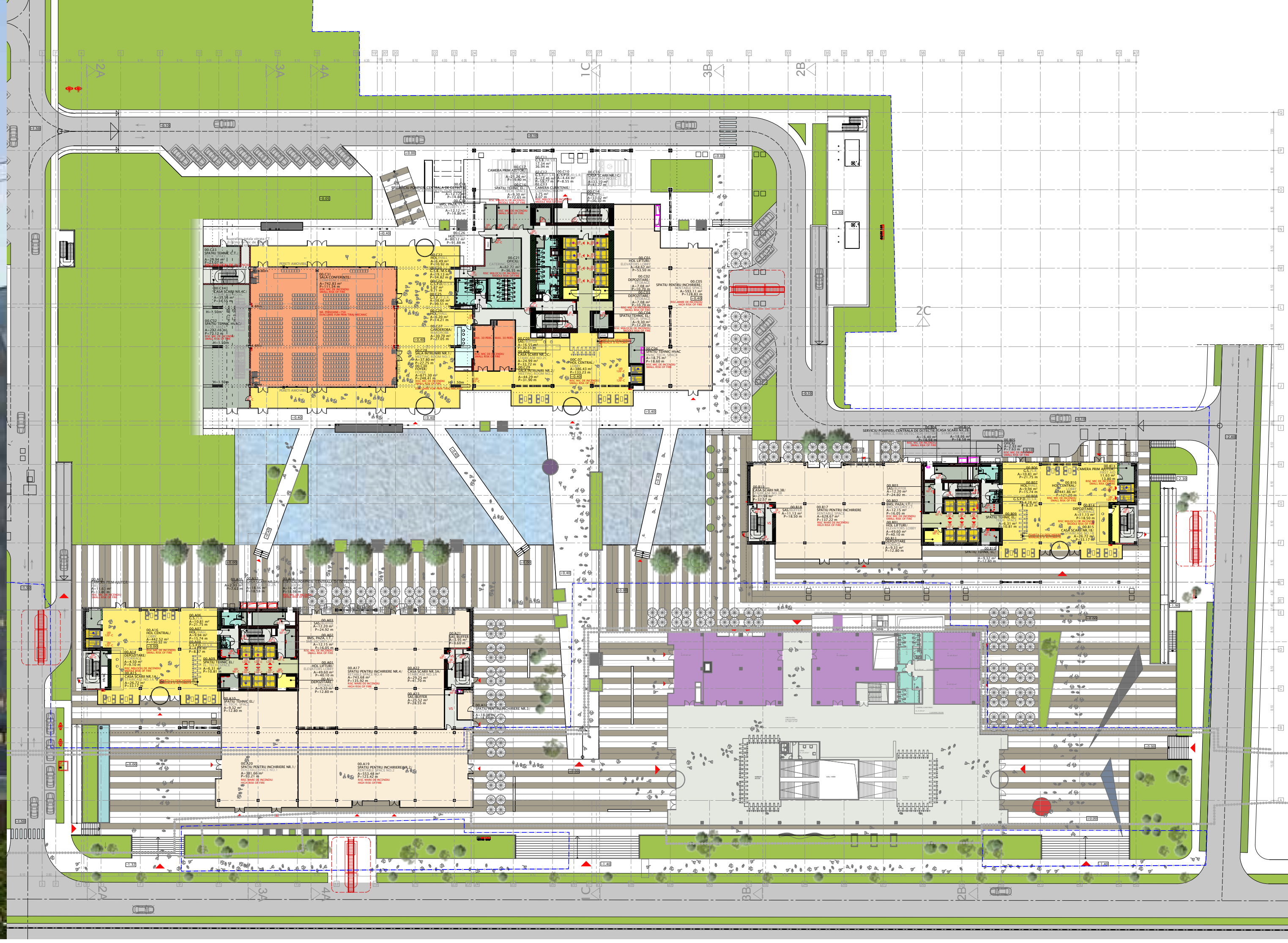
The site for the development of Globalworth Campus was acquired in 2013 and 2014 and is subsequently being developed by Globalworth.

Phase "A", currently under construction, will comprise two (side) towers facing Dimitrie Pompeiu Street (main street) offering, upon completion, a total GLA of c.57,000sqm. The two towers are expected to be delivered in Q3-16 and Q1-17 respectively and will extend over 12 floors (each) above ground and will have 2 underground levels. Phase "B" will comprise of a 3rd tower offering an additional GLA of c.31,700sqm.

Location:	Bucharest / New CBD
Status:	Development / Under Construction
Description:	Class "A" multi-tenanted office complex
Ownership:	100.0%
Year of Completion:	2016E / 2017E
Appraised Value "As Is":	€57.6m
Appraised Value "Completion":	€172.9m
GLA:	88,648sqm (Phase "A": 56,922sqm)
Occupancy:	28.2% (Phase "A" c.50%)
Contracted Rent:	€4.2m
WALL:	10.0 yrs
Selected Tenants:	Deutsche Telekom

Note: All data as of 31 Dec. '15.

In 2016 the tenant breached its obligation not to unilaterally terminate the Lease and the landlord has taken steps to protect its legal and contractual rights and recover the damages generated by the tenant's actions.



FINANCIAL REVIEW

An exceptional year in terms of the completion of acquisitions, growth and establishment of the Group as a market leader in office space in Bucharest and Romania.

Highlights

- 2015 was the second full calendar year of operation of the Company since its incorporation
- Significant growth in overall real estate portfolio value by €331.8m to €931.1m at 31 December 2015, as a result of the completion of the acquisition of 4 rented office buildings in Bucharest and an overall uplift in the value of the assets portfolio
- The completion of the acquisition of 4 office buildings in Bucharest during 2015 generated a total gain on acquisition of €17.2m, as reflected in the consolidated financial statements
- EPRA NAV as at 31 December 2015 increased to €568.3m/€9.08 per share, representing an annual increase of 31% and 12%, respectively
- Significant growth in operational results, NOI by 120% and EBITDA by 181%, compared to 2014, reflects the significant investment made on new property acquisitions, developments and overall upgrade of our real estate portfolio
- The full operational results potential of the 4 new property acquisitions completed in 2015 is not reflected in the consolidated financial statements of 2015 as three of these assets were acquired during the year, two on 31 March 2015, one on 30 June 2015, and one towards the end of December 2015

Revenues and Profitability

- Total revenue reached €44.8m in 2015 (twice as much as that of 2014), of which €9.7m was from new investments completed in 2015
  - Increase in revenues due to new investments during 2015 would have amounted to €15.3m had we acquired these entities at beginning of the year 2015
- NOI also increased in 2015, following the increase in total revenues and reaching a total of €28.4m, a significant improvement of 120% over 2014 figures
- Reduction in administrative expenses and acquisition costs by 20% and uplift in portfolio value of €49.4m led to a further improvement in EBITDA, which in turn recorded a total year-on-year increase of 180%, reaching €66.3m during 2015
- Increased finance costs during 2015 include €8.1m associated with the arrangement and serving of the €100m short-term Company level mezzanine debt financing secured during the year in order to finance our part of our new investments and developments, and €2.8m associated with the arrangement and serving of c.€117m debt financing taken over or secured by our Romanian subsidiaries during the year

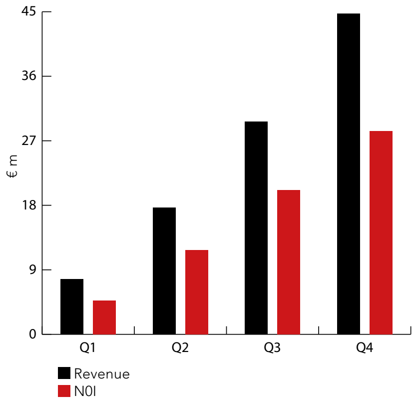
Portfolio Valuation, Shareholders Equity, Total Assets and NAV

- The significant level of investment and development activity in 2015 influenced positively the value of our portfolio, leading also to a significant (unrealised) gain of €49.4m
- c.€69.7m of capex additions on standing and under development properties together with the €114.4m cash used in acquisitions completed during the year resulted in an uplift of €331.8m in the value of the current property portfolio, with OMV of €931.1m at year end
- Equity share capital increased to 62.6m shares following the issuance c.9m new shares at an issue price of €6.00 per share during the year, as part of the successful c.€54m new shareholders equity raise at our October 2015 equity follow-on capital raise
- Total assets exceeded the €1bn mark at 31 December 2015 and increased by c.53% from 31 December 2014
- EPRA NAV increased to €9.08 per share as at 31 December 2015, representing an annual increase of 12%, driven mainly by the more significant increase in the value of our property portfolio than the increase in the level of our debt financing during the year

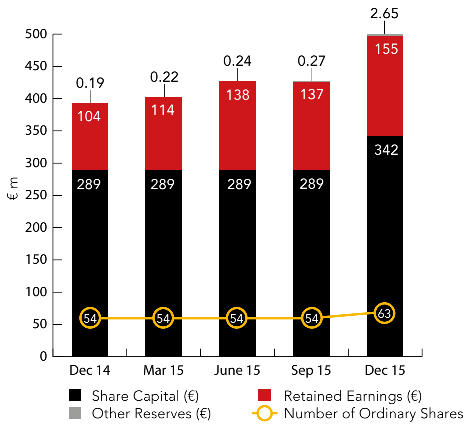
Cash Flows

- Net, immediately available cash resources raised during the year from successful debt and equity financing activities of €205.4m
- Cash used on new acquisitions, developments and overall upgrade of our real estate portfolio of €184.3m
- Cash generated from operating activities during the year amounted to €3m
- Operating cash flows are anticipated to continue an increasing positive trend in 2016 with the completion of the acquisition of 4 leased office buildings during 2015 and improvements made in the occupancy of existing properties previously under development

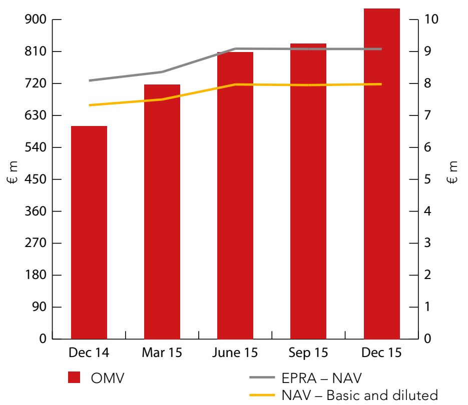
2015 Evolution of NOI and revenue – Cumulative data by quarter



2015 Evolution of Equity and shares in issue – Cumulative data by quarter



2015 Evolution of NAV/share and OMV by quarter



FINANCING AND LIQUIDITY REVIEW

Financing Achievements During 2015

In 2015 we managed to successfully secure or extend a total of €277.4m of financing from equity investors and debt providers. We diversified our equity investor base following the participation of a number of international accounts at our October 2015 equity capital raise, as well as increased the number of debt providers to 5 which now have exposure to Globalworth.

Most notably we:

- secured €53.8m additional equity through an equity capital fundraising in October 2015;
- signed in March 2015 and June 2015 a Company level mezzanine facility for a total of €100m with funds managed by York Capital and Oak Hill Advisors;
- took over, as part of the acquisition of the Corinthian Tower and UniCredit HQ properties in March 2015, the existing €52.5m credit facilities granted by UniCredit Bank;
- extended c.€8m existing facilities granted by local lender Bancpost SA and at the same time concluded a long-term, €9.1m loan facility with United Bulgarian Bank (member of NBG Group, transaction arranged by Banca Romaneasca SA) in June 2015, in order to refinance part of the equity injected into the SEE Exclusive Development SRL subsidiary, for the development of the TAP – Continental property;
- secured a c.€5m, medium-term loan facility with Libra Bank, secured on the Luterana and Herastrau One land plots; and
- signed two new, €27m and €22m long-term loan facilities with BCR (Erste Bank Group) in June 2015 and December 2015, respectively, secured on the Green Court Buildings A and B properties.

In addition to the above financing transactions during 2015, in Q1-16 we have refinanced the existing debt facilities of the TAP property with a €25m long-term loan facility from BCR, and also secured an additional €4.1m facility from the same bank for the development of an additional warehouse within the TAP property, pre-leased to Valeo.

Servicing of Debt During 2015

In 2015 we have paid in total c.€15m loan capital and c.€15m of accrued interest on the Group's drawn debt facilities.

Liquidity

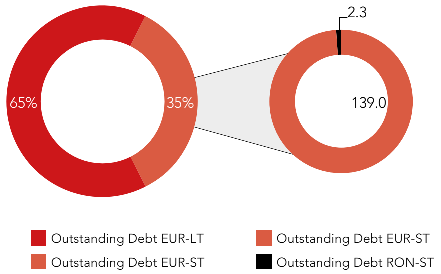
The Group seeks to maintain, at all times, sufficient liquidity to enable it to finance its ongoing, planned property investments, while maintaining flexibility to capture quickly attractive new investment opportunities.

During 2015 a total of c.€54m in additional equity and c.€163m in additional debt financing was secured during 2015, leading to an equal increase in cash resources during the year.

Moreover, during the year the Group maintained a healthy balance of available cash and cash equivalents of c.€37m on average (calculated using quarter-end balances). Available cash and cash equivalents as at 31 December 2015 amounted to c.€37m and, in addition, undrawn loan facilities amounted to c.€2m.

Loan Structure as at 31 December 2015

Short and long-term debt structure and EUR versus RON mix.



The Group's credit facilities secured with local banks in Romania 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 consolidated financial statements. The Company level Corporate Loan facility is secured with pledges on certain intra Group receivables and a subordination agreement in favour of the lenders, pledges on shares and floating charges over the assets of certain Group companies.

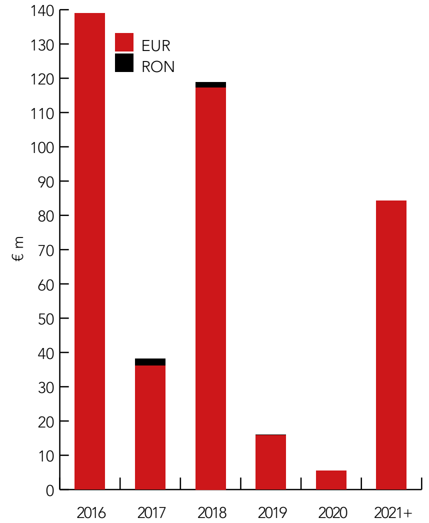
Loan Covenants

In terms of applicable financial covenants observed, the most notable are the Debt Service Cover Ratio ("DSCR") with values ranging from 110% to 120%, and the Loan to Value ("LTV"), with values ranging from 60% up to 80%. The Group's policy is to maintain an LTV ratio of up to 60%. As at 31 December 2015 the LTV ratio amounts to 43.9% (31 December 2014: 34.4%).

Loan Maturity

At 31 December 2015, the weighted average remaining duration of the Group's debt is 5.0 years (2014: c.5.4 years).

Maturity by year of the principal balance outstanding at 31 December 2015.



Loan Denomination Currency and Interest Rate Risk

Our long-term loan facilities are almost entirely Euro-denominated and bear interest based on 3-months Euribor plus a margin. This ensures a natural hedging linked to the Euro, original currency denomination of the most significant part of our liquid assets (cash and cash equivalents and rental receivables) and reporting currency for the fair market value of our investment property. This is depicted by the low level of overall net foreign exchange differences reported for the year 2015.

The weighted average cost of servicing debt as at 31 December 2015 amounted to 6.18% compared to 3.99% at 31 December 2014. The increase is due to the servicing cost of the short-term Corporate Loan facility, which will be refinanced shortly using the proceeds of a new long-term debt facility (see note 30 of the consolidated financial statements).

The Group's policy is to borrow funds at a competitive cost and to limit its exposure to upward interest rate fluctuations through employing appropriate hedging instruments on new long-term loans secured. Examples are the interest rate cap agreements concluded with BCR (to cover 50% of the outstanding facilities) as part of the new €75m long-term loan facilities secured in September 2014, June 2015 and December 2015.

CORPORATE SOCIAL RESPONSIBILITY

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

Globalworth's key objective is to create value for its shareholders by acting consistently in an ethical and socially responsible manner. With this in mind, we aim to build a sustainable business and manage our financial goals and shareholder returns while respecting our social and environmental objectives.

In 2015, we were very pleased to have been able to continue to promote and foster a sustainable and ecologically-responsible approach as well as supporting a number of social and charitable initiatives.

Social Focus

"Going about our business in a way that positively impacts and improves the outlook for our local community is a key driver of Globalworth"

The Globalworth family, and its Founder in particular, have, directly or indirectly, supported numerous local communities, charities and hospitals in Romania over the past 10 years. We have predominantly focused on those in need, with particular attention given to young children, orphanages, under-privileged families, single mothers and those in need of palliative care at the initiative of Hospices of Hope.

Every year we try to give a little bit more to those in need and we are very proud that our Founder, the companies under his control, and Globalworth (since its inception) have donated more than €1.2m in charitable contributions since 2011. In addition, our employees are contributing to several charities in Romania by diverting part of their State income tax deductions to charitable service.

Our involvement in causes goes over and beyond the financial contributions that we are committed to making. By organising events and visiting selected charities throughout the year, we actively support a number of causes and those in need. In 2015, these included distributing 3,200 gifts to children between the ages of 1 and 18 over the Christmas period, organising our 2016 Children's Day, and providing space in one our properties to host a charity shop and an international meeting organised by the University of Architecture and Urbanism in Bucharest. In addition, we hosted a number of local and international university gatherings at the Globalworth Tower site which, due to the complexity and manner of its construction, has raised significant interest and has been used as a "case study" for future engineers and universities.

Overview

- Education/Social Assistance and Child Care
- Health-related (Hospitals, Hospices etc)
- Health-related operations for various individual cases

Selected Charities / Donations

- Foundation Hospice "Casa Sperantei" Bucharest
- Foundation for the Hearing Impairement (Asociatia Procultura Surzilor)
- Foundation Pro Vita for born and unborn, Valea Screzii, Prahova county
- Foundation Together We are Overcoming Autism
- Association for child and family protection "Ana and the Children"
- Association for equal opportunities ("Un strop de fericire")
- Special School No9 for children (Scoala Gimnaziala Speciala nr. 9)
- "Sf Dimitrie" Foundation
- Metropolis Foundation for children

SUPPORTING HOSPICE CASA SPERANTEI

HOSPICE CASA SPERANȚEI
PREȚUIM FIECARE CLIPĂ DE VIAȚĂ

Since 1992, more than 17,500 people, battling against the odds, have found relief at HOSPICE. They and their families have received support when they have needed it and learned how they can preserve their dignity in the face of illnes.

www.hospice.ro

€5,700,000
total investment

8,000
consultations in the outpatient clinic/year

700
admissions/year

5,000
day centre attendances/year

2,000
patients cared for/year

11,000
home care visits/year

THE HOSPICE CENTRE AT ADUNATII COPACENI

The therapy centre for children with rare or life-limiting illnesses and their families.

The children diagnosed with a severe disease, that irremediably affects their entire existence, are often neglected by the Romanian state healthcare system. Their parents feel isolated and powerless and may end up by abandoning them or may end up with psychiatric problems, turning to alcohol or giving up the idea of a family. Also, the children or the young people experiencing the death of a parent or a sibling are forced to face difficult situations, without receiving the proper support.

At the moment, in Romania, there is no such place dedicated to the children, young people and families facing these kinds of problems.

The Centre at Adunatii Copaceni is conceived as a place where children, young people and vulnerable families can find refuge and solace for a certain period of time. The buildings have entered into a process of renovation and modernisation and some of them have already been completed. This is the case with the space dedicated to the summer camps, where groups of 20 to 30 children have already been the beneficiaries of the project.

The land was donated to HOSPICE Casa Speranei by the Florescu family, in 2012

The HOSPICE Centre will include a day centre (educational-therapeutic activities for children), a respite centre for palliative care (12 beds), a shelter for families in crisis situations (5 apartments) and an educational centre (for parents and palliative care specialists).

€218,000
Current investment

€1,384,000
Total estimated investment

CORPORATE SOCIAL RESPONSIBILITY

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- Foundation Pro V Screzii, Prahova
- Foundation Toge
- Association for c and the Children
- Association for e fericire")
- Special School N Speciala nr. 9)
- "Sf Dimitrie" Fou
- Metropolis Foun

HOSPICE ACHIEVEMENTS

17,500
Patients

2586
Children and adults diagnosed with incurable illnesses who received free-of-charge HOSPICE services in 2014.

Physiotherapy treatment
Sessions
1,489

Palliative care at home
Visits
17,468

HOSPICE inpatient unit admission
Admissions
651

Consultations in the outpatient clinic
Consultations
7,014

Psycho-emotional counselling
Sessions
1,619

Social services
Interventions
16,507

Spiritual counselling
Sessions
3,317

Day centre activities
Attendances
2,909

Counselling in partner hospitals
Patients
2,054

EDUCATIONAL PROGRAMMES

In 2014, the main beneficiaries of the educational programmes have been doctors, nurses and also the patients and their families.

214
103 doctors received the palliative care certificate, 111 doctors began the certification courses

43
professionals from all over the country, involved in teaching palliative care in nursing schools, attended an intensive palliative care course

848
attendances by nurses to introductory and advanced palliative care courses

783
nursing students from Brasov attended palliative care courses taught by HOSPICE professionals

56
licensed graduates from different areas of expertise attended the courses of the Masters in Palliative Care (reaching the 5th class)

27
specialists who have developed new palliative care services, graduated organisational courses

35
doctors attended one or more out of a total of 10 online palliative care courses

34
nurses from Romania, Central and Eastern Europe have joined the pilot nursing leadership training program

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- Special School N Speciala nr. 9)
- "Sf Dimitrie" Fo
- Metropolis Foun

2015 CHILDREN'S DAY EVENT

On December 16 and 17, we organised the 2015 Children's Day event where we hosted 1,200 children between the ages of 1 and 18 from Bucharest and the Prahova County.

The Children's Day is an annual event which we are particularly proud of and which in 2015 extended for the first time to two days. The event allows the entire Globalworth family to come together and give back directly to young children who currently face adversities in life and form part of the future of Romania.

At this year's event we hosted 13 charities focused on children and single mothers. We were delighted that they accepted our invitation and allowed us to share some happy moments with them over the Christmas period.

The 2015 festivities included a children's theatre, a science fair, magic tricks and games, following which we watched a show prepared by the children, had lunch, welcomed Santa and concluded the day with gifts given to the children.

In addition, and as part of the Children's Day, we organised a week-long Christmas market, hosted at our BOC building, where traditional gifts, sweets and art were sold, with all the proceeds donated to charity.

Dear Partners,

Christmas should be about joy, support, love and going back to our routes and family values. Nobody should feel alone and that should be the Christmas spirit and if possible throughout the year.

Me personally for many years and alongside Globalworth (since its establishment) we stand behind thousands of children and families as well as charitable organizations. We don't do charity, we believe in solidarity and for this reason we directly involved with giving back to our causes and particularly children.
For example we get directly involved with packaging, transporting, entertaining and giving to the children.

Globalworth and myself, have stopped exchanging gifts between ourselves (Directors, Employees and Partners) and instead we prefer to use those funds to give back to those in real need, where our support can make a change in their lives, relieve them of a pain and add a smile to every person we are able to reach.

This year marks the 10th anniversary since we first sponsored 50 children (at the time) in Romania. Since then we have been able to reach more than 4,000 children, in addition to the direct sponsorships provided to foundations and charitable organizations. This year's event will take place between 16th and 17th of December, at our BOC premises. During the two days we will host more than 1,200 children who will enjoy Puppet Theater, Christmas Carols, Street Dance, Improvisations, Popcorn stands, Cotton candy Stands, Magic Show, Bubble Show and many entertaining workshops, many surprises, lots of gifts, lots of food and of course Santa Claus.

To all our tenants: there will be a lot of enthusiasm, a lot of sound, a lot of traffic, a lot of security and we hope for your understanding during this period.

Starting from December 14th, between 10 am – 6 pm, in the main lobby, we have organized a Christmas Bazar. Sweets, toys and paintings will be offered from some of the Foundations we sponsor and all proceeds will go directly to these Foundations; in addition paintings and articles from my personal collection, accumulated during my 16 years in Romania will also be on offer. All proceeds from sales will go directly to twelve Foundations we sponsor and all are intended for children.

With this letter, I would like to invite you to these events, bring your children and family, to be part of the Christmas atmosphere and participate in our efforts actively.

Season's greetings and best wishes for a Happy and Prosperous New Year!

Globalworth Team & Ioannis Papalekas

CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)

Environmental Focus

At Globalworth, our vision is to build a "greener" and more environmentally-friendly portfolio, as we feel this is the best way to give back to local communities, our investors, our tenants, our partners and our staff who work in or live nearby our buildings.

Building a sustainable portfolio is also a commitment to our partners and our shareholders to create value for the long term.

In 2015, we dedicated our efforts to designing and building new developments with the aim of achieving LEED Gold or BREEAM Very Good or higher accreditations, to making sustainable acquisitions (three of our investments were Green certified class "A" offices), and to continuing to invest in properties in order to ensure an ongoing improvement in our sustainability performance.

Existing Properties

- Our portfolio includes 6 Class "A" office properties with LEED Gold or BREAM Very Good (or higher) certifications
- We are in the process of certifying additional properties owned by Globalworth
- City Office, which was refurbished in 2014, received LEED Gold accreditation in 2015
- New acquisition UniCredit HQ has been rewarded with BREEAM Very Good certification
- New acquisition Green Court "A" was rewarded with LEED Gold in 2015
- New acquisition Green Court "B" was rewarded with LEED Gold in 2016

Developments / New Investments

- Globalworth is designing its development projects to be energy efficient and sustainable, aiming to achieve LEED Gold or BREEAM Very Good or higher accreditations
- The Globalworth Tower project, which was delivered in Q1-16, received LEED Platinum pre-certification while under construction, and we are in the process of formalising its Green accreditation in 2016
- When considering new investments, Globalworth is looking, insofar as is possible, for Green buildings or properties which have the potential to receive a Green classification

globalworth™

INVESTMENT IN "GREEN" CERTIFIED REAL ESTATE

INVESTMENT IN NON-GREEN CERTIFIED REAL ESTATE WITH ENVIRONMENTALLY FRIENDLY POTENTIAL

- Standing properties
- Development

- Investment in real estate which meets the requirements of tenants, the wider community and our shareholders. Focus on investments that either have received green accreditation or have the potential to receive it in the future.
- Focus on investments that either have received green accreditation or have the potential to do receive in the future.
- Developments are designed to be energy efficient and sustainable aiming to achieve LEED Gold or BREEAM Very Good or higher accreditations

ACTIVE MANAGEMENT

EXPLORE AND IMPLEMENT ALTERNATIVES TO IMPROVE THE ENVIRONMENTAL FOOTPRINT OF PROPERTIES

- Active management of our properties to ensure that they operate according to their specifications.
- We actively work together with our tenants, partners and the community to identify ways to improve the effectiveness and efficiency of our properties.
- Constantly improving the workspace and the environmental footprint of our properties aims at maintaining the marketability of our properties

GIVE BACK TO COMMUNITY, PARTNERS AND SHAREHOLDERS

- Our goal is to create long term sustainable value, and we aim to do so by creating an environment in which tenants want to work in, and the overall community benefits from.

(LEED)

BREEAM®

Green Court "A"
STANDING

Green Court "B"
STANDING

BOB
STANDING

BOC
STANDING

Unicredit HQ
STANDING

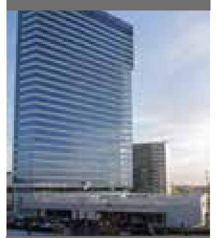
TCI
STANDING

BREEAM®
Very Good / Excellent
Under Certification

City Offices
STANDING

Globalworth Tower

Delivered in Q1-16



Platinum
Under Certification

Nusco Tower
STANDING

BREEAM®
Very Good / Excellent
Under Certification

Gara Herastrau
DEVELOPMENT

BREEAM®
Very Good / Excellent
Under Certification

Globalworth Campus
DEVELOPMENT

BREEAM®
Very Good / Excellent
Under Certification

Upground Towers
STANDING

BREEAM®
Very Good / Excellent
Under Certification

RISK REPORT
PRINCIPAL RISKS & UNCERTAINTIES

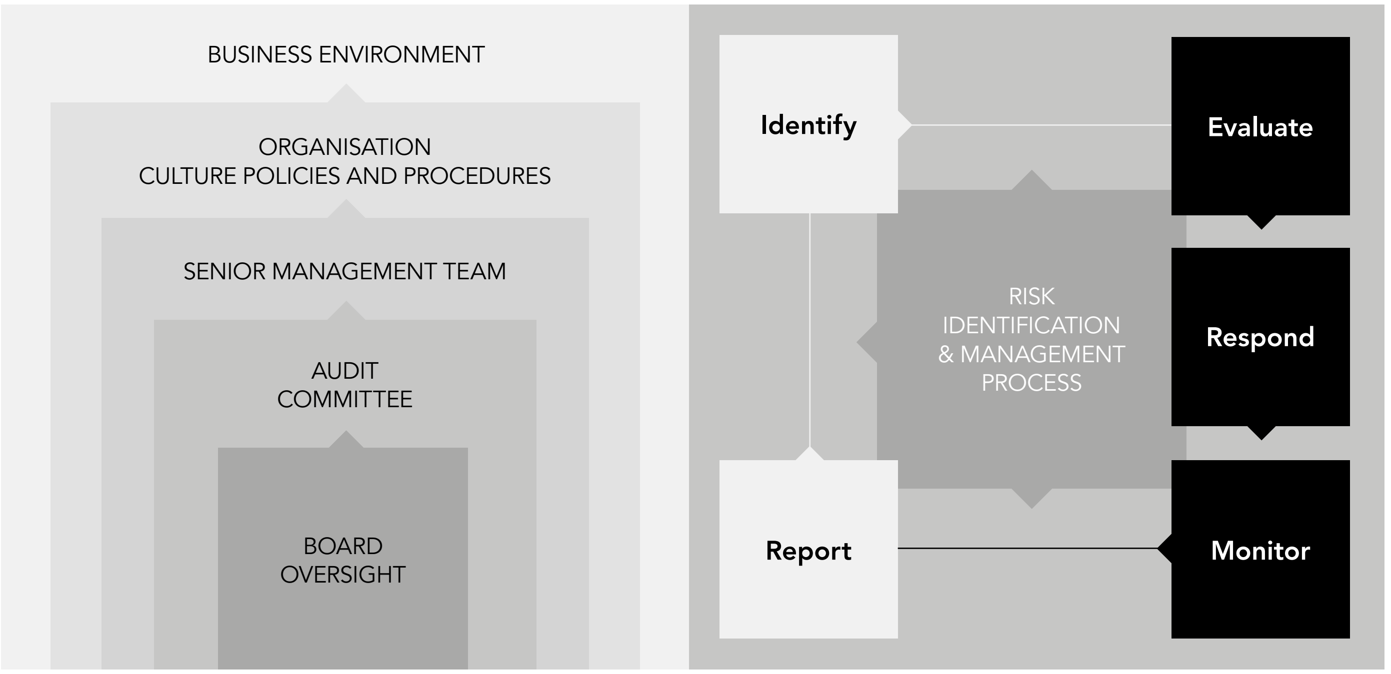
The Board is responsible for establishing and maintaining the Company's system of internal control and for maintaining and reviewing its effectiveness.

The system of internal control is designed to manage rather than to eliminate the risk of failure to achieve business objectives and as such can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Group has a conservative risk philosophy as it only accepts risks associated with the nature of its business activities.

The Group's approach to internal control and for monitoring and reviewing its effectiveness is set out within the Audit Committee Report, see page 110 of the Annual Report.

Since admission to AIM the Group has made suitable appointments in the area of financial management and supervision over internal control in order to strengthen the internal controls over financial reporting and other significant processes of the Group. Despite the existence of an effective internal control system, these risks can only be managed as they cannot be eliminated completely.



Identify
The Board and the Audit Committee identify risks with input from the key management of the Group. The Group follows an objectives-based risk identification strategy to identify key principal risks for each reporting period. Any event or factor that may endanger the achievement of the short and long-term goals partly or completely is identified as a risk.

Evaluate
Once risks have been identified, they are assessed as to their potential severity of impact on the Group's performance (a negative impact on financial results) and to the probability of occurrence, ie risk indexation.

Respond
Once risks have been identified and evaluated, one or a combination of the following techniques are used to manage each particular risk.

- Avoid (eliminate, withdraw from, or not become involved).
- Control (optimise – mitigate).
- Sharing (outsource or insure).
- Retention (accept and budget).

The selection of a particular response strategy depends upon the magnitude of the impact, probability of occurrence, existing internal and external controls.

Monitor
The initial risk management strategy may not address all issues as expected. Therefore, the Board will reassess, at each quarterly meeting, whether the previously selected controls are still applicable and effective and the possible risk level changes in the business environment.

Report
The Group presents the principal risks profile on page 92 of this Annual Report, and starting from the current year, we present below the changes in the risk classification of each identified principal risk from the prior to the current year.

The following key is used in the table below to highlight the changes in risk exposures during the year 2015:

↑ Risk exposure has increased in the current year

↓ Risk exposure has reduced in the current year

↔ No significant change in risk exposure since prior year

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

	Risk	Impact	Mitigation	Change from prior year
	Business Risks			
1	Exposure to the Economic Environment in Romania	A negative trend in the economic activity in Romania may affect the Group's tenants and potential new tenants and in turn can exert downward pressure on rent rates.	A significant number of the Group's tenants are subsidiaries of multinational groups with either insignificant exposure to developments in the Romanian economy and/or very sound financial standing. The Group also ensures that long-term leases are signed with new tenants and that current leases are renewed prior to their expiry for a longer term and at index-linked rental rates, so as to minimise the risk of possible negative variations in rent rates over the short and medium term.	↓ All key economic indicators showed positive results during 2015; therefore, the probability of a negative trend in the near future is lower as compared to our assessment at the 2014 year end.
2	Changes in the Political or Regulatory Framework in Romania or the European Union	The Group was set up to carry out investments in the Central and South-Eastern Europe region, focusing first on property investments in Romania. It is therefore exposed to political and regulatory framework changes that may occur in this region.	Even though the Group is currently focusing on investments in Romania (independent EU bodies place it among the most rapidly growing economies in Central and South-Eastern Europe), the Group may in future diversify its property portfolio with investments in other countries in the region. The Group's Executives monitor frequently political or regulatory developments in the Romanian market through their own observation and also by frequent reviews of available third party reports on the developments in Romania. In cases when changes in regulations occur, appropriate action is taken so as to maintain compliance with applicable regulations in Romania.	↔

PRINCIPAL RISKS & UNCERTAINTIES (CONTINUED)

Risk	Impact	Mitigation	Change from prior year
Property Risks			
3 Acquisition of Properties	Inability to execute the Group's plan of investing in high quality assets would affect the Group's objectives of maximisation in NAV and EPS.	The Group's management team have a proven track record of acquiring high quality assets, most of them at a discount to their fair market values. The team remain in close contact with leading European real estate agents with presence in Romania so as to get spontaneous access to potential sellers. The team takes the lead in negotiations with sellers of properties and put in place safeguards (involvement of legal, financial, tax and technical third party reputable and experienced due diligence advisers) and ensure the related agreements are concluded within a short period of time.	↓ During 2015, the Group finalised the acquisition of 4 Class "A" office buildings in Bucharest. At 31 December 2015 there were no committed acquisitions of assets which had not been already completed. Therefore, we concluded that there is a decline in the probability of the Group's inability to execute its property acquisition plans.
4 Counterparty Credit Risk ✓	Loss of income may result from the possible default of tenants.	The vast majority of tenants are reputable, blue-chip multinational and local groups of very good to excellent credit standing. Guarantee cash deposits or bank guarantee letters are received from all tenants for the credit period agreed in lease agreements.	↔
5 Changes in Interest Rates ✓	Additional financing costs may be incurred as a result of interest rate increases.	The Group monitors on a regular basis the cost of its debt financing and considers the use of suitable hedging instruments (such as variable-fixed rate swaps, interest caps) to minimise the potential increase of the cost of debt above acceptable levels. As of 31 December 2015, the Group's weighted average financing costs amounted to 6.18% (2014: 3.99%), however, we expect the weighted average financing costs to be lower in 2016 due to the refinancing of the corporate level facility. The Group explores on a continuous basis new refinancing options so as to maintain its average debt financing costs at competitive levels.	↓ The EURIBOR/ROBOR interest rates have decreased in 2015 and are expected to remain at very low levels in the foreseeable future, hence the reduction in the related risk.
6 Valuation of Portfolio ✓	Any error or negative trend in valuations of properties would significantly impact the results (NAV and EPS) of the Group.	The Group involves reputable third party valuation specialists to measure the fair value of the investment property portfolio at least twice a year. Management closely monitors the valuation approach for each class of investment property and estimates and assumptions about key inputs used in the valuation. Periodically, the Group also obtains second valuations from other reputable and experienced third party valuations specialists, other than those used for financial reporting purposes, as an additional safety measure in this area. The Group is also striving to maximise property values by employing an effective development strategy and/or a property management and leasing strategy.	↔

Risk	Impact	Mitigation	Change from prior year
Property Risks			
7 Inability to Lease Space and Renew Existing Leases ✓	Potential loss of revenues leading to inability to maximise the EPS and free cash flow available for distribution of dividends to shareholders.	The Group has proven ability to attract tenants to its properties even before the inauguration of the construction works for properties under development. The Group maintains a low level of vacant space for its completed properties (which decreased further during 2015), through the effective management of vacant space by its very experienced marketing and leasing team based in Romania. In addition, the leasing team cooperates closely with leading estate agents in the local market to tap all emerging opportunities.	↓ The overall vacancy rate for the Group's standing properties decreased from 22.8% 31 December 2014 to 15.1% 31 December 2015, through the signing of 18 leases for 28k sqm in 2015. Additional leases for 37k sqm. meters were signed in 2016 to date. Hence we concluded that the level of this risk has decreased.
8 Inability to Complete Projects Under Development on Time	Inability to deliver to tenants the pre-leased office space by the agreed dates due to delays caused by contractors or their possible default, leading to potential costs overruns, penalties and loss of revenues.	Risks for delay in completion of properties under development are passed on to the main contractors with whom fixed-cost turnkey contracts are signed and from which good execution guarantees are received and a portion of amounts payable to them, ranging from 5% to 15% of contracted value, are retained from the contractor's monthly certified works until the successful completion of the construction works. Only experienced, reputable and financially sound contractors are selected for the construction of properties under development, which are supervised on a daily basis by the project management team in Romania. Further, significant penalties are stipulated in the related construction contracts to minimise any loss due to the delayed completion of the development works.	↓ The Group has recently been able to deliver tenants' spaces in Globalworth Tower (our flagship property) on time and is ahead of schedule for the delivery of GWI Campus and Gara Herastrau buildings. Hence the reduction in the related risk.
Financial, Financing & Liquidity Risks			
9 Lack of Available Financing ✓	This would negatively affect the Group's ability to execute, to the full extent, its investment plan.	The Group's management tean hold frequent meetings with current and potential equity investors as well as continuous discussions with leading global and Romanian financing institutions in connection with its financing requirements. Since admission, the Group has raised over €900m in equity and debt (including new loan facilities and rolled-over loan facilities on the acquisition of subsidiaries) to meet its financing requirements.	↓ The Group has been able to secure a significant level of Company (GREIL) and subsidiaries' level (in Romania) debt financing, as well as equity financing of c.€277m in total during 2015. In 2016 to date significant additional debt financing has already been secured of c.€220m. Hence the reduction in the related risk.

PRINCIPAL RISKS & UNCERTAINTIES (CONTINUED)

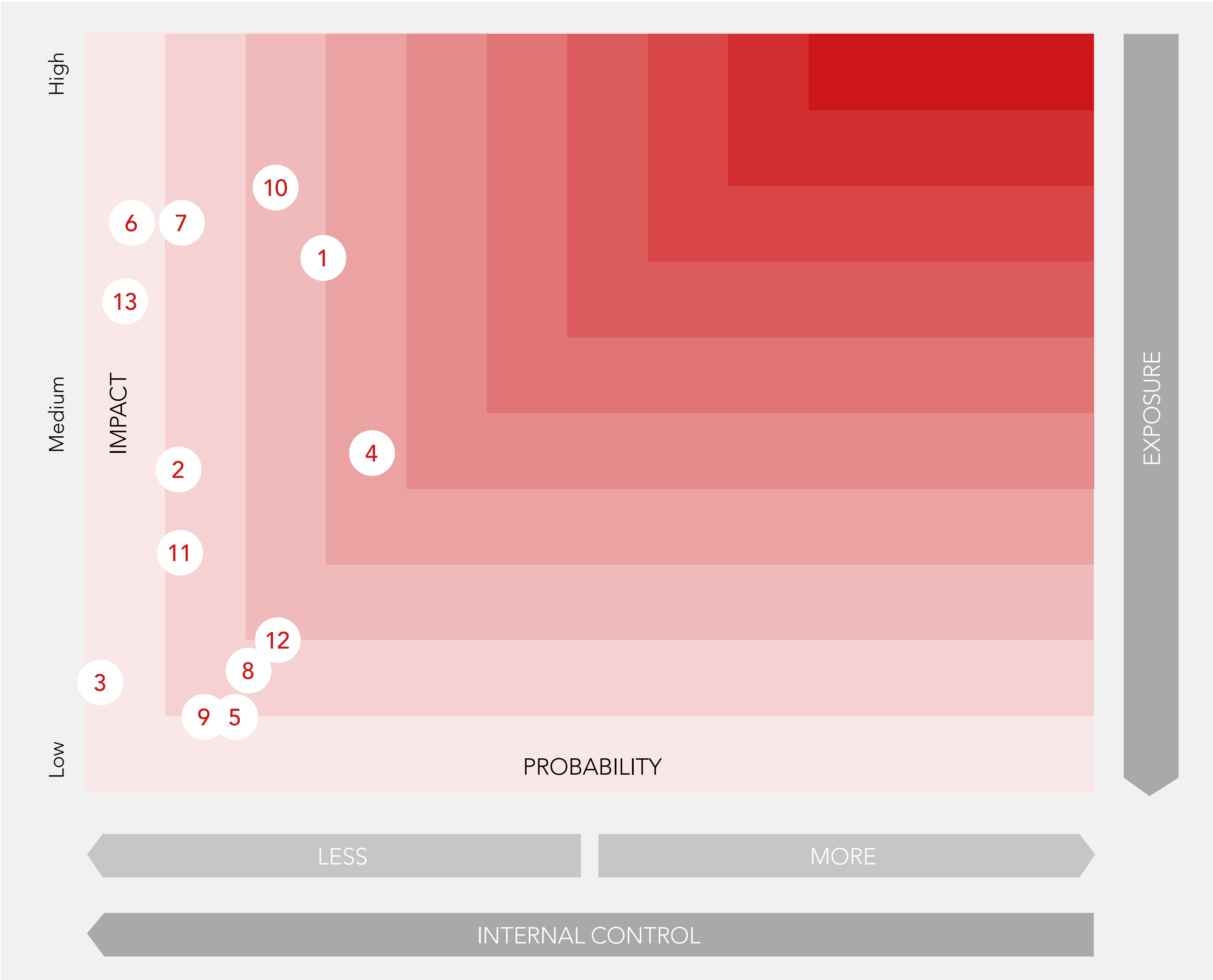
	Risk	Impact	Mitigation	Change from prior year
	Financial, Financing & Liquidity Risks			
10	Breach of Loan Covenants ✓	May negatively affect the Group's relationship with financing banks, may have going concern implications, and affect, negatively, its ability to raise further debt financing at competitive interest rates.	The Group monitors on a regular basis its compliance with loan covenants and has increased its resources on monitoring in the area of loan contractual terms (including covenants) compliance.	↔
11	Foreign Exchange Risk	Significant fluctuations, especially in the Romanian Lei to Euro exchange rate in the direction of the depreciation of the Romanian Lei against the Euro, may lead to significant realised foreign exchange losses.	The Group's exposure to negative realised foreign exchange fluctuations is limited to cases where the date invoices are issued to tenants or received from contractors and suppliers and the date of their settlement differ significantly. The limited exposure to foreign exchange fluctuations is due to the fact that the pricing in all major contracts entered into (with tenants and contractors/suppliers) is agreed in Euro, hence providing for a natural cash flow hedge to a large extent. The Group actively monitors, on a daily basis, the fluctuations in Romanian Lei to Euro exchange rate and strives to minimise the period between the issuance and settlement of invoices to tenants and by its contractors/suppliers and the potential related realised foreign exchange losses that may result. It also enters frequently into transactions with financial institutions for the purchase or sale of Romanian Lei at favourable exchange rates against the Euro, compared to the market average, due to the relatively high value of such transactions as a result of a batch settlement process followed for invoices received from contractors/suppliers.	↔

	Risk	Impact	Mitigation	Change from prior year
	Regulatory Risks			
12	Change in Fiscal and Tax Regulations	Adverse changes in favourable taxation provisions in the jurisdictions the Group's legal entities operate in would negatively affect its net results.	The Group, through engaging professional tax advisers on a regular basis in all the jurisdictions where its legal entities operate, monitors very closely the upcoming changes in taxation legislation and ensures that all steps are taken for compliance and optimisation of the tax efficiency of its structure over time. Through regular tax compliance monitoring and conservative policies in this area the Group ensures that the risks associated with potential additional, unexpected tax assessments is minimised. Moreover, the Group is monitoring closely its compliance with changes in EU member states legislation (mainly for Romania and Cyprus) in relation to OECD/BEPS recommendations.	↑ The increased risk assessment is related to changes in EU member states legislation (mainly for Romania and Cyprus) in relation to OECD/BEPS recommendations.
13	Compliance with Fire, Structural or Other Health and Safety Regulations	This has been identified as a new principal risk as a result of recent changes in related regulations in Romania. Non-compliance with related regulations in Romania may affect our reputation with existing and potential new tenants. It may also lead to loss of right to operate our properties, and may also lead to severe legal implications for the Romanian subsidiaries' Directors.	The Group has a specialised department dealing on a daily basis with matters related to compliance with such regulations in Romania, where the Group's properties are located. Apart from in-house expertise, the Group also engages external consultants, when required, on specialised matters related to its compliance with these regulations. Appropriate actions are taken as soon as a potential threat for non-compliance with such regulations is identified.	Not applicable.

INDEXATION OF PRINCIPAL RISKS

The diagram below portrays our current principal risks assessment in terms of their individual impact on the Group's future results and the probability of occurrence. The probability of risk occurrence is an estimate, since the past data on frequencies are not readily available. After all, probability does not imply certainty.

The probability of risk occurrence is, by nature, difficult to estimate. Likewise, the impact of the risk, in isolation, is estimated based on the management's past experience in the real estate industry. Further, both the above factors can change in magnitude depending on the adequacy of risk avoidance and prevention measures taken and due to changes in the external business environment. Hence the Board intends to continue the process of quarterly examination and evaluation of identified significant risks faced by the Group, as well as the controls in place to manage or mitigate those risks.



VIABILITY STATEMENT

In accordance with provision C2:2 of the 2014 revision of the UK Corporate Governance Code, the Board has considered the Company's viability over the next three years. As a result of the long-term nature of the Group's commitments from its tenants for its properties in Romania, as well as the long-term nature of the Group's assets (properties), the Board is confident over the long-term viability of the Group's business; however, it is difficult to assess the long-terms trends in the real estate market in Romania, the long-term availability of funds in the European and global capital markets, and the European Central Bank's long-term policies over the provision of liquidity to banks operating in the Eurozone, the largest of which have subsidiaries in Romania. In addition, it is difficult to assess the regulatory, tax and political environment in which the Group operates on a basis longer than a three year period. Therefore, the Board considered that a three year period is an appropriate period to perform its viability analysis, as also supported by the following factors:

- three years is the period over which the Group performs its cash flow projections and business plans due to the Group's dynamic growth plan. It would be very difficult to extent the Group's strategic planning period beyond a three year period and still maintain its accuracy to an acceptable level;
- part of the Group's financing facilities mature within the next 3 years; and
- three years is the average period over which the Group carries out its major development projects, starting from the date of purchase of land to the completion of the properties.

In 2015, the viability assessment process comprised the following key steps:

1. A review and assessment by the Audit Committee of the principal risks facing the Company. An outline of the identified principal risks, including changes in the assessed risk level from the prior year, is presented on pages 87 to 91.

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

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

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

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

Based on the assessment performed, the Board concluded that it has a reasonable expectation that the Company will be able to continue in operation and meet all its liabilities as they fall due up to June 2019. It should be noted that this assessment is based on the following assumptions which are not within the Company's control:

– no unanticipated changes in laws and regulations affecting the Company, including the value of its investments, operating performance and cash flows; and
– continued stability and availability of sufficient capital and market liquidity so as to enable the raising of additional equity, as well as the refinancing/rescheduling of the Group's debt facilities which mature within the next three years.

BOARD OF DIRECTORS

Geoff Miller
Non-Executive Director, Chairman of the Board

Geoff Miller has over 20 years' experience in research and fund management in the UK, specialising in the finance sector, with a focus on the specialty finance, insurance and investment company sub-sectors. He was formerly a number one rated UK mid and small cap financials analyst covering investment banks, hedge funds and hedge fund managers, structured products, insurance vehicles, investment companies and real estate companies.

He is based in Guernsey, having worked in Moscow and Singapore in recent years.

Geoff is currently Chief Executive Officer of GLI Finance Limited (admitted to AIM and CISX), Non-Executive Director and Chairman of the Risk Committee of Hastings Insurance Group Limited (holding company for a UK insurance broker and Gibraltar-based insurance underwriter), as well as acting as a Director for a number of private companies.

Ioannis Papalekas
Founder & Chief Executive Officer

The founder of Globalworth, Ioannis Papalekas has over 17 years of real estate investment and development experience, 15 of which in Romania, having created one of the most successful real estate development and investment groups in the Romanian real estate market. Experienced in the acquisition, master planning, development, reconstruction, refurbishment, operation and asset management of land and buildings across all major asset classes in Romania. Ioannis has been responsible for the development of more than 400,000sqm of commercial (office, retail and logistics) space and 1,000 residential units in Romania, realising an IRR of 175% and an equity multiple of 4.7x on invested capital.

Dimitris Raptis
Deputy Chief Executive Officer and Chief Investment Officer

Dimitris Raptis joined Globalworth in November 2012, following 16 years of experience in the financial services and real estate investment management industries with Deutsche Bank, the last 12 years as a senior member of the real estate investment management group of Deutsche Bank's Asset and Wealth Management division ("RREEF").

From 2008 to 2012, Dimitris was Managing Director and European Head of Portfolio Management for RREEF Opportunistic Investments ("ROI"). In this role he was responsible for overseeing ROI's acquisitions across Europe as well as managing ROI's pan-European real estate investment portfolio consisting of 40 investments with a gross asset value in excess of €6bn. From 2000 to 2008, Dimitris was a senior member of the team responsible for originating, structuring and executing real estate investments, with a main focus on the French, Italian and South-Eastern European markets with an enterprise value in excess of €5.5bn across all major asset classes.

Eli Alroy
Non-Executive Director

Eli Alroy has extensive international experience in real estate investment and project management. From 1994 to 2012 Eli was Chairman of the Supervisory Board of Globe Trade Centre S.A. ("GTC"), traded on the Warsaw stock exchange. During part of this period (from 1994 to 1997) Eli also served as the CEO of Kardan Real Estate.

Eli received a BSc in civil engineering from the Technion in Israel and an MSc from Stanford University in the USA.

In 2010 Eli was honoured with the prestigious CEEQA Real Estate Lifetime Achievement award, sponsored by the Financial Times, for his commitment to the real estate industry in Central and Eastern Europe.

John Whittle
Non-Executive Director, Chairman of the Audit and Remuneration Committees

John is a resident of Guernsey. He is a Chartered Accountant and holds the IoD Diploma in Company Direction. He is a Non-Executive Director of International Public Partnerships Ltd[2] (FTSE 250), Starwood European Real Estate Finance Ltd[1] (LSE), Toro Ltd[1] (SFM), India Capital Growth Fund Ltd, Globalworth Real Estate Investments Ltd[1] and Aberdeen Frontier Markets Investment Company Ltd[3] (AIM) and is alternate Director of GLI Finance Ltd (AIM). He also acts as Non-Executive Director to several other, mainly PE, Guernsey investment funds and B&Q Channel Islands.[1] Immediately before choosing to become non-executive he was Finance Director of Close Fund Services, a large independent fund administrator, where he successfully initiated a restructuring of client financial reporting services and was a key member of the business transition team. Prior to moving to Guernsey he was at Price Waterhouse in London before embarking on a career in business services, predominantly retail and telecoms. He co-led the business turnaround of Talkland International (now Vodafone Retail) and was directly responsible for the strategic shift into retail distribution and its subsequent implementation; he subsequently worked on the £20m private equity acquisition of Ora Telecom. He was previously at John Lewis and was CFO of Windsmoor (London LSE). He is Chairman of the NED committee of the Guernsey Investment Fund Association.

1 Audit Committee Chair
2 Audit Committee Chair and Senior Independent Director
3 Chairman

Akbar Rafiq
Non-Executive Director

Akbar Rafiq serves as a Managing Director, Co-Head Europe Credit at York Capital Management. He joined York Capital Management in June 2011 and is a Co-Head of European Credit, based in London, and Co-Portfolio Manager of the York European Distressed Credit funds. From 2007 to 2011, Akbar worked as a Vice President and Senior Distressed Debt Analyst at Deutsche Bank AG, London. Previously, Akbar held various positions in the investment banking division at Bear, Stearns and Co. Inc. From 2000 to 2003, Akbar worked as an Associate for a private equity firm, Alta Communications. Akbar received a BA in Economics from the University of Rochester and an MBA from the London Business School.

Alexis Atteslis
Non-Executive Director

Alexis Atteslis serves as a Managing Director at Oak Hill Advisors with senior responsibility for European investments. He has more than 10 years of experience in the finance industry, having previously worked at Deutsche Bank and PricewaterhouseCoopers. He received an MA from the University of Cambridge and has earned a Chartered Accountant qualification with the Institute of Chartered Accountants in England and Wales.

Andreea Petreanu
Non-Executive Director

Andreea Petreanu is currently Head of Credit Risk Management at Mizuho International in London. Over the past 15 years, Andreea has had various risk management roles with global investment banks such as Morgan Stanley, HSBC, Merrill Lynch, Bank of America and VTB Capital.

Andreea's educational background includes an Executive MBA from the University of Cambridge, Judge Business School and an MSc in Insurance and Risk Management from City University, CASS Business School. She is also an Associate of the Chartered Insurance Institute in London.

OUR TEAM

Top Management with a strong Track Record in the Real Estate sector

Ioannis Papalekas
Founder & CEO

- 17 yrs (15 yrs in Romania) real estate track record
- Multi-sector real estate experience in Romania and SEE
- Realised return on investments of ("IRR") of 175% and an equity multiple of 4

Andreas Papadopoulos
CFO

- Chartered Accountant with c.23 yrs of experience in audit and transactions advisory
- 16 yrs with big 4 audit firms (EY and PwC)
- Joined Globalworth in 2014

Dimitris Raptis
Deputy CEO / CIO

- 19 yrs of experience in financial services and real estate
- Former MD and European Head of Portfolio Management for Deutsche Bank's RREEF Opportunistic Investments
- Managed a portfolio of 40 investments (GAV >€6bn)
- Joined Globalworth in 2012

Adrian Danoiu
COO

- +20 yrs of experience in accounting, finance and business administration
- Part of the Founder's team since 2002

Stan Andre
Deputy CIO

- 8 yrs of experience with UBS (6 yrs), BAML and Credit Agricole in Leveraged Capital Markets, Special Situations Group, Emerging Markets Lending and DCM
- Joined Globalworth in 2014

Stamatis Sapkas
Deputy CIO

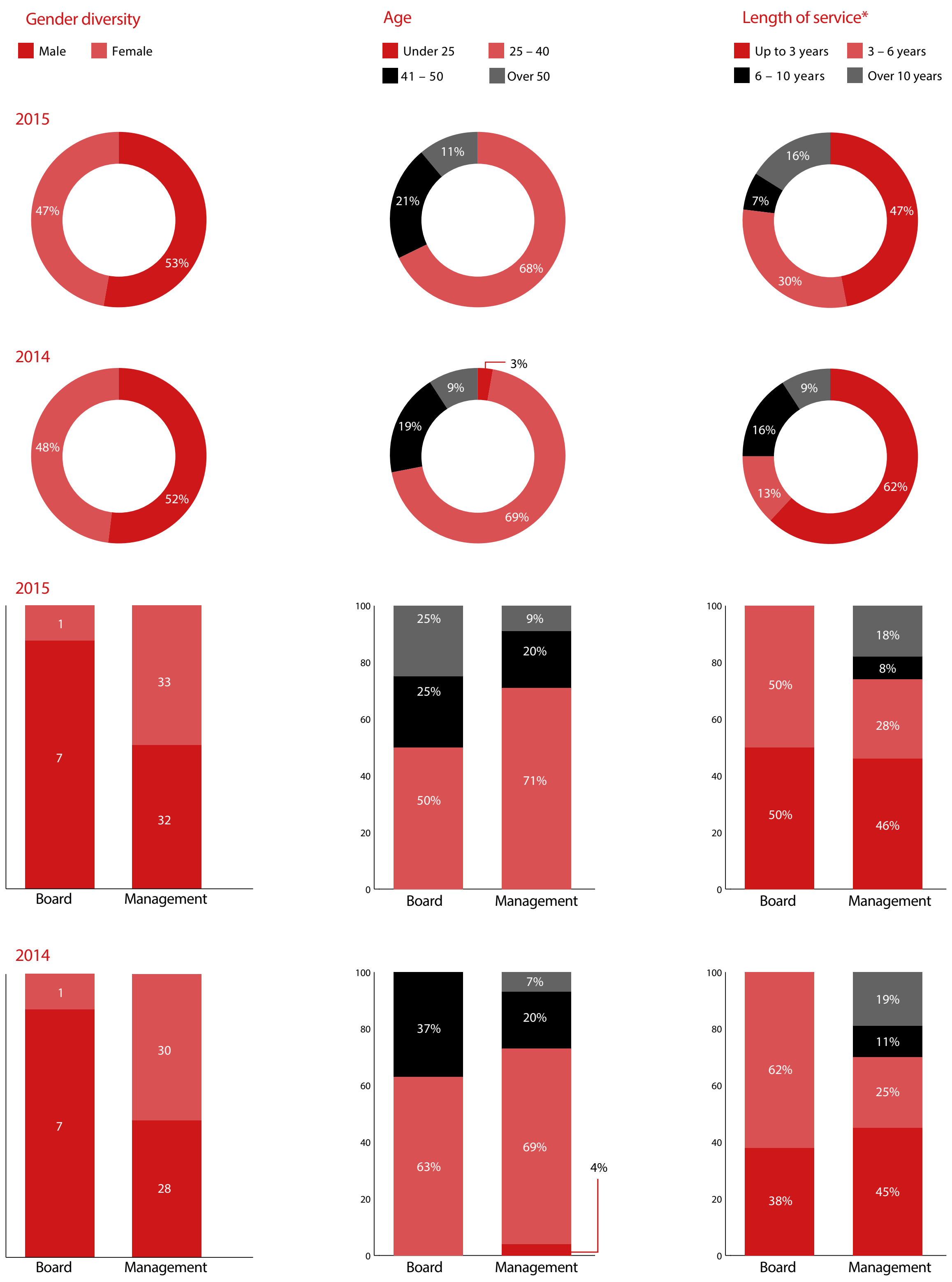
- 13 yrs of experience in EMEA real estate and lodging including 10 yrs with Citigroup Investment Banking (7 yrs) and Eurobank Properties
- Joined Globalworth in 2013

Construction and Development	Property Compliance	Asset Management	Leasing	Investments and Capital Markets	Legal	Accounting and Finance	Operations and Administrations
D. Pergamalis (Group Head) (+ 10 people)	G. Udroiu (Group Head) (+ 4 people)	C. Kolonias (Group Head) (+ 3 people)	E. Iftimie (Group Head) (+ 6 people)	S. Andre (D.CIO)/ S. Sapkas (D.CIO) (+ 3 people)	C. Tirziu (Group Head) (+ 1 person)	A. Papadopoulos (CFO) (+ 16 people)	A. Danoiu (COO) (+ 13 people)

Platform of 67 highly skilled professionals in their respective fields

Diversity

The Group maintains a policy of employing the best candidates available in every position, regardless of gender, ethnic group or background. Information about the diversity of the Group's Directors and employees is set out below:



* Directors' length of service is measured from the date of their appointment

OVERVIEW
STRATEGIC REVIEW
GOVERNANCE
FINANCIAL STATEMENTS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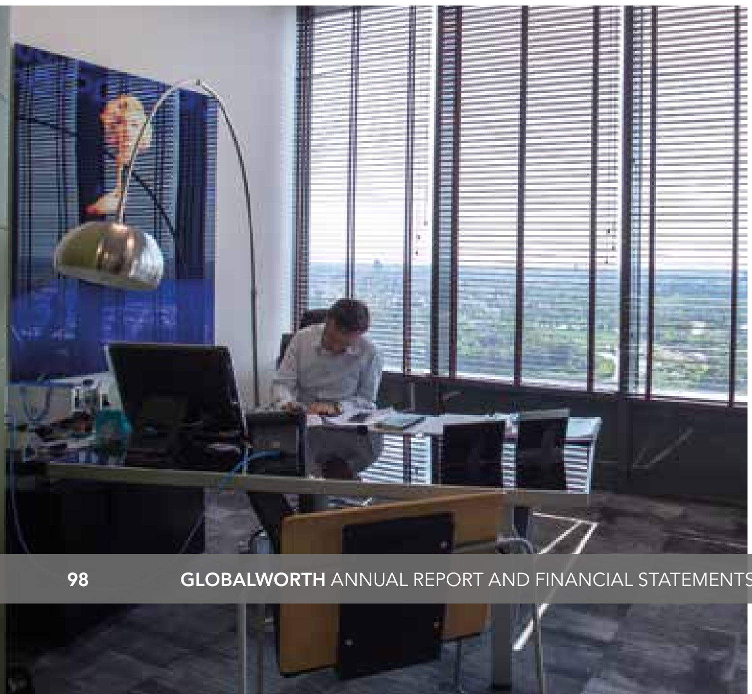
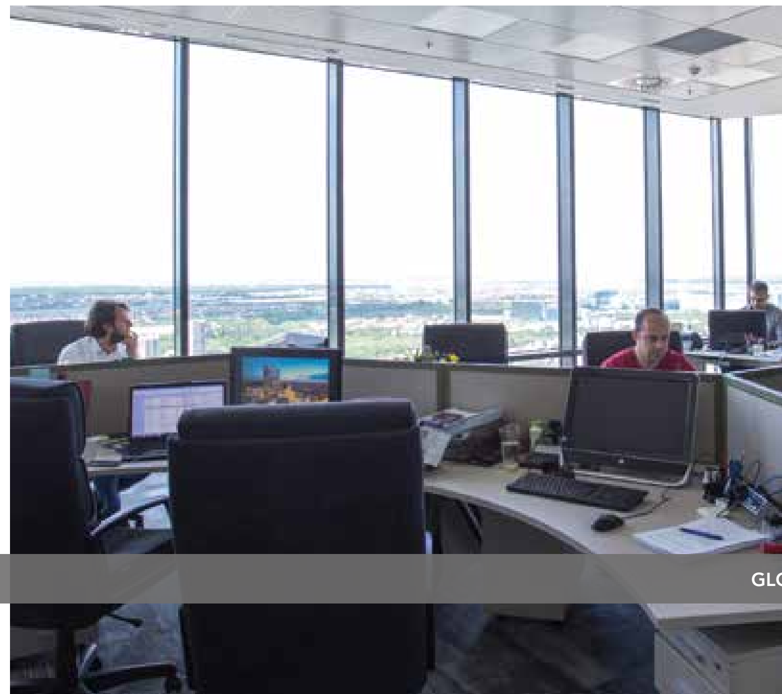




GOVERNANCE

City Offices

CORPORATE GOVERNANCE REPORT

Introduction

The Board of Directors is committed to high standards of corporate governance and has put in place a framework for corporate governance which it believes is appropriate considering its type of activities and size.

Corporate Governance Principles

The Company is a member of the Association of Investment Companies ("AIC") and has adopted the AIC Code of Corporate Governance ("the AIC Code") published in February 2015, which addresses all the principles set out in the UK Corporate Governance Code ("the UK Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The AIC Code contains 21 principles of corporate governance for investment companies, each with detailed recommendations which are designed to provide Boards of its member investment companies with a framework of best practice in respect of the governance of investment companies.

The AIC Code has been endorsed by the Financial Reporting Council which has confirmed that by following the AIC Code, investment company Boards should fully meet their obligations in relation to the UK Code. The Board has considered the principles and recommendations of the AIC Code with reference to the AIC Corporate Governance Guide for Investment Companies, dated February 2015 ("the AIC Guide"). In reporting against the AIC Code, the Company also complies with the corporate governance obligations applicable to Guernsey registered public companies whose shares are quoted on AIM.

The AIC Code and the AIC Guide are available on the AIC's website (www.theaic.co.uk). The UK Code is available on the Financial Reporting Council's website (www.frc.org.uk).

The Board considers that it has complied with the AIC Code and as such also covered the provisions of UK Code throughout the year ended 31 December 2015 subject to the exceptions explained below.

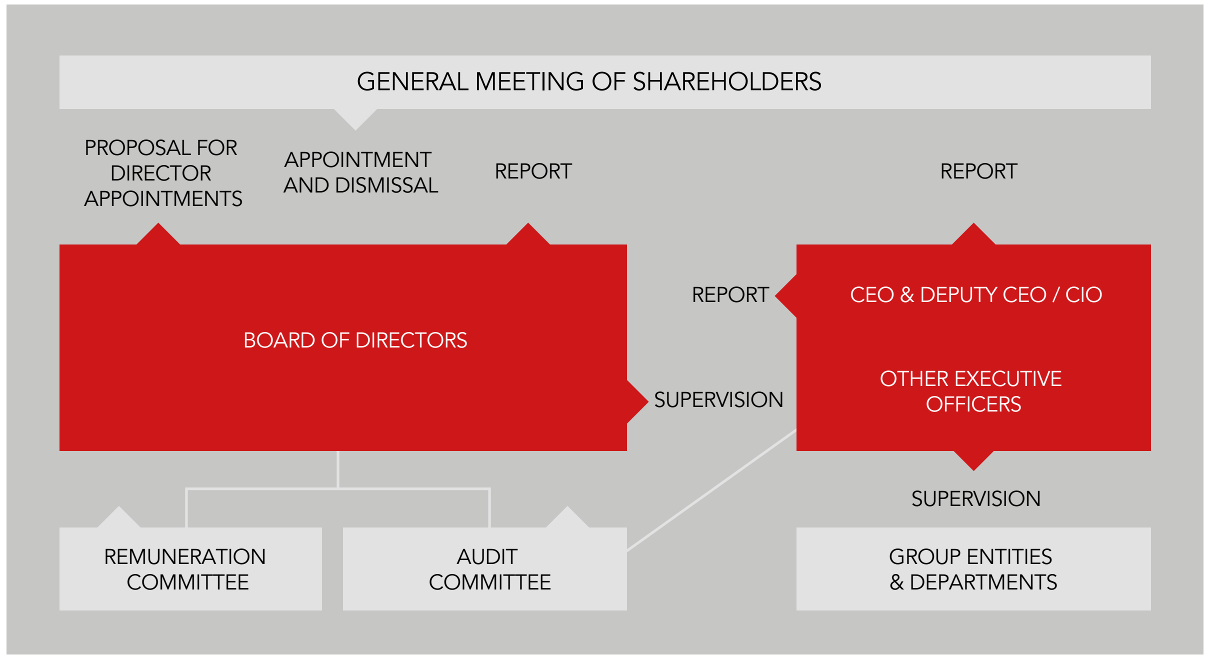
Board of Directors

Introduction

The Board comprises the Chairman, who is a Non-Executive Director, 2 Executive Directors and 5 other Non-Executive Directors.

The Articles of Incorporation of the Investment Adviser (Globalworth Investment Advisers Limited, a direct wholly owned subsidiary of the Group) provide that the Board of Directors of the Investment Adviser comprises 2 Executive Directors (Ioannis Papalekas and Dimitris Raptis) and 2 Non-Executive Directors (Geoff Miller and John Whittle).

With the exception of the Company and the Investment Adviser, there are no common directorships between members of the Board.



CORPORATE GOVERNANCE REPORT (CONTINUED)

Chairman

The Chairman of the Board is Geoff Miller. In considering the independence of the Chairman, the Board has taken note of the provisions of the AIC Code relating to independence. No appointment of a Senior Independent Director has been made to date. The Board acknowledges the related requirement of the Code and will address the appointment of a Senior Independent Director at the next quarterly Board meeting, within June 2016.

Directors

Directors' Duties and Responsibilities

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

Details on the profile, experience and date of appointment of the Executive and Non-Executive Directors are set out on pages 94– 95 of the Annual Report.

Committees of the Board

The committees of the Board comprise the Audit Committee and the Remuneration Committee, with terms of reference briefly summarised below. Further details about the Audit Committee and the Remuneration Committee and on their work during the year are provided in the Audit Committee Report and the Remuneration Committee Report on pages 109-111 and pages 107 – 108 respectively of the Annual Report.

Shareholder Communications

A report on shareholder communications is considered at each Board meeting. A quarterly announcement is published on the Company's website, reporting the quarter-end net asset value. Regular trading updates are also posted on the Company's website with commentary on significant events in the evolution of the Company's portfolio and performance.

The Investment Adviser and the Corporate Brokers maintain regular dialogue with institutional shareholders, feedback from which is reported to the Board. In addition, Board members are available to answer shareholders' questions at any time, and specifically at the Annual General Meeting ("AGM"). The Company Secretary is available to answer general shareholder queries at any time during the year. The Board monitors activity in the Company's shares and the discount or premium to net asset value at which the shares trade both in absolute terms and relative to the Company's peers.

Board Meetings, Committee Meetings and Directors' Attendance

The number of meetings of the Board of Directors, the Audit Committee and the Remuneration Committee attended by each Director, as applicable, during the year ended 31 December 2015 is set out below.

	Board Meetings[1]		Audit Committee		Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
Ioannis Papalekas	17	9	–	–	–	–
Dimitris Raptis	17	16	–	–	–	–
Geoff Miller	17	11	2	2	3	3
Eli Alroy	17	14	–	–	3	2
John Whittle	17	13	2	2	3	3
Akbar Rafiq	17	3	–	–	–	–
Alexis Atteslis	17	4	–	–	–	–
Andreea Petreanu	17	5	2	–	–	–

[1] Globalworth over the course of the financial year held in total 17 (ordinary and extraordinary) Board of Director's meetings. The increased number of meetings was due to the high volume of activity of the Group over the year. All Directors received invitations to, and the agendas of, all Board meetings and had the opportunity to comment on the matters to be discussed at each Board meeting either prior to or at the meeting. Director participation varied between meetings subject to the agenda of the matters under discussion.

Nomination Committee

The Board as a whole fulfils the function of a Nomination Committee. The size and independence of the Board is such that it is considered that the function of such a committee is best carried out by the Board as a whole. Any proposal for a new Director will be discussed and approved by the Board.

Management Engagement Committee

No separate Management Engagement Committee has been constituted to date as the monitoring of management is considered a primary function of the Board.

Performance Evaluation

The Board formally considers on an annual basis its effectiveness as a Board, the balance of skills represented and the composition and performance of its committees. The Board considers that it has an appropriate balance of skills and experience in relation to the activities of the Company. The Chairman evaluates the performance of each of the Directors on an annual basis, taking into account the effectiveness of their contributions and their commitment to the role. The performance and contribution of the Chairman is reviewed by the other Directors under the leadership of the Chairman of the Remuneration Committee.

An evaluation of the performance of the Board members who served during the entire year ended 31 December 2015 has been undertaken. The performance of the Chairman of the Board was also evaluated by the other Directors under the leadership of the Chairman of the Remuneration Committee. The result of the evaluation carried out was that all Directors' performance is in line with the expectations set out at the point of their appointment to the Board.

Independence Evaluation

The Board will consider the independence of each member of the Board at the next quarterly Board meeting, within June 2016.

Tenure and Re-election of Directors

In accordance with the Company's Articles of Incorporation, the Company's Non-Executive Directors, except Akbar Rafiq and Alexis Atteslis (who represent York Capital and Oak Hill Advisors, respectively), who have been appointed by the Board since the last AGM, or who held office at the time of the two preceding AGMs and who did not retire at either of them shall retire from office and may offer themselves for election or re-election by the Members. At the next AGM Geoff Miller, Dimitris Raptis, John Whittle and Eli Alroy are required to retire from office and offer themselves for re-election.

Moreover, Ioannis Papalekas is not required to submit himself for re-election, being the holder of the executive office of Chief Executive Officer for a fixed term, during the first five years, following Admission, unless required to do so by a two-thirds vote of the Company. These arrangements are in line with the term of the Founder's Service Agreement with the Investment Adviser.

Diversity

The details are provided on page 97 of the Annual Report.

DIRECTORS' REPORT

The Directors present their Annual Report and the audited consolidated financial statements of the Group for the year ended 31 December 2015.

Directors' Indemnities
The Company maintains qualifying third-party indemnity provisions in the form of a Directors' and Officers' insurance policy for the benefit of its Directors, which were made during the year and remain in force at the date of this report.

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

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

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

The complete investment policy of the Company can be found on its website under Investor Relations / AIM Rule 26 disclosures and on page 153 of the Annual Report.

Results and Dividends
The results for the year are set out in the consolidated statement of comprehensive income on page 113 of the Annual Report.

The Board of Directors has concluded that at this juncture the Company is best served by retaining its current cash reserves to support its investment strategy. Consequently, the Directors do not recommend the payment of a dividend for the year ended 31 December 2015.

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

Ongoing Charges
In accordance with the recommended methodology set out by the AIC, the ongoing charges ratio of the Group for the year ended 31 December 2015 was 0.98% (2014: 1.09%), excluding exceptional costs. No performance fees were charged during the year.

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

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

Investment Adviser
Under the Investment Advisory Agreement the Company has appointed the Investment Adviser, a wholly owned subsidiary of the Group, subject to the overall control and supervision of the Board of the Company, to act as Investment Adviser for a fixed five year period. The Investment Adviser has no authority to act for or represent the Company (or any other member of the Group) in any other capacity. The appointment is on an exclusive basis and the Company shall not be entitled to take any actions in relation to the Investing Policy other than on the recommendation of the Investment Adviser.

The Investment Adviser is obliged to advise in respect of potential and actual investments of the Company in pursuit of the Company's Investing Policy, subject to any applicable investment restrictions and having regard to any investment guidelines.

Subject to any applicable law, the Investment Adviser complies with all reasonable instructions issued by the Board (so long as these are not outside the Investing Policy as recorded in the admission document or contrary to the exclusivity of the Investment Adviser in relation to the Company's investment activities).

The Investment Adviser is entitled to fees as agreed with the Company, including so as to fund emoluments to employees of the Investment Adviser approved by the Remuneration Committee of the Board and any payments to be made to any Executive Director on the termination of his employment with the Investment Adviser. At quarterly Board meetings the Investment Adviser summarises its activities, proposals and achievements and the independent Directors review the performance of the Investment Adviser and the Executive Directors in relation thereto. Having considered the portfolio performance and investment strategy, the Board has agreed that the interests of the shareholders as a whole are best served by the continuing appointment of the Investment Adviser on the terms agreed.

The Investment Advisory Agreement remains in force during the initial fixed five year period until 23 July 2018, unless terminated by the Company by a two-thirds vote by the Board.

Substantial Interests
At 31 December 2015, the following shareholders had substantial interests (more than 3%) in the issued share capital of the Company:

	Number of shares	% of issued share capital of the Company
Ioannis Papalekas	22,603,792	36.1%
York Capital	15,357,813	24.5%
Oak Hill Advisors	8,396,613	13.4%
Gordel Holdings Limited	3,326,667	5.3%
Altshuler Shaham Group	2,845,703	4.5%

Directors' Interests
At 31 December 2015 and 2014, Directors held (either directly or through companies controlled by them) the following declarable interests in the Company:

	Number of shares held		Number of warrants held	
	2015	2014	2015	2014
Ioannis Papalekas	22,603,792	22,603,792	4,245,030	4,245,030
Dimitris Raptis	193,348	160,848	110,000	110,000
Geoff Miller	11,000	11,000	11,000	11,000
Eli Alroy	358,814	358,814	260,000	260,000
John Whittle	9,000	9,000	9,000	9,000
Akbar Rafiq	–	–	–	–
Alexis Atteslis	–	–	–	–
Andreea Petreanu	–	–	–	–

The Group has granted a number of warrants to Ioannis Papalekas ("the Founder"), Dimitris Raptis, Geoff Miller, Eli Alroy and John Whittle. Pursuant to the warrant agreements, the warrants confer the right to subscribe, at the Placing Price, for a specific number of Ordinary shares. The warrants will vest and become exercisable when the market price of an Ordinary share, on a weighted average basis over 60 consecutive days, exceeds a specific target price.

The Founder warrants are not transferable prior to the earlier of the second anniversary of Admission and vesting, save that they may be transferred to any other member of the Management Team (or any company owned, directly or indirectly, by that member) after the first anniversary of Admission. Subject to vesting, the warrants are exercisable in whole or in part during the period commencing on Admission and ending on the date falling 10 years from the date of Admission.

Founder Warrant Agreement
On 24 July 2013 the Company entered into a warrant agreement with Ioannis Papalekas and Zorviani Limited under which the Company agreed to issue at, and subject to, Admission to Zorviani Limited 3 tranches of warrants, each representing 5% of the aggregate of the Placing Shares and the Ordinary shares subscribed by Zorviani Limited (or other Founder companies), pursuant to the Founder Admission Subscription and the Founder Equity for Assets Subscriptions, subject to the market price per Ordinary share being at least €7.50, €10.00 and €12.50 (respectively) as a weighted average over a period of 60 consecutive days (each a "Market Price Vesting Threshold"). In each case, the subscription price will be €5.00.

DIRECTORS' REPORT (CONTINUED)

Director Warrant Agreement

On 24 July 2013 the Company entered into a warrant agreement with Dimitris Raptis, Eli Alroy, Geoff Miller and John Whittle under which the Company agreed to issue to such persons at, and subject to, Admission, warrants over 110,000, 260,000, 11,000 and 9,000 (respectively) Ordinary shares, subject to the market price per Ordinary share being at least €7.50 as a weighted average over a period of 60 consecutive days (the "Market Price Vesting Threshold"). In each case, the subscription price will be €5.00.

Auditors

The auditors, Ernst & Young LLP, have indicated their willingness to continue in office. Accordingly, a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

Power to Buy Back Shares

The Company has the power to buy back shares in the market, the renewal of which power is sought from shareholders on an annual basis at the Annual General Meeting, and the Board considers on a regular basis the exercise of those powers. The Board did not consider it appropriate to exercise such powers during the year ended 31 December 2015.

Annual General Meeting

The Annual General Meeting of the Company will be held on 26 July 2016 at 10 am British Summer Time at Ground Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

The Directors are required to prepare consolidated financial statements for each financial year in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union ("EU"), and applicable law.

The consolidated financial statements are required by law to give a true and fair view of the state of affairs at the end of the year and of the profit or loss for that year.

In preparing these consolidated financial statements, the Directors are required to:

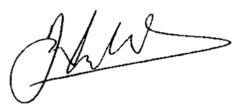
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;
- and prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for ensuring that the Company maintains proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Company and to enable them to ensure that the consolidated financial statements comply with the Companies (Guernsey) Law 2008, as amended. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors confirm to the best of their knowledge that:

- so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware, and each has taken all the steps he ought to have taken as a Director to make himself aware of any relevant information and to establish that the Company's auditor is aware of that information;
- these consolidated financial statements have been prepared in conformity with IFRS, as adopted by the EU, and give a true and fair view of the financial position of the Group; and
- this Annual Report and consolidated financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for the shareholders to assess the Company's performance, business model and strategy.

Approved by the Board of Directors and signed on behalf of the Board on 2 June 2016.



John Whittle
Director

REMUNERATION COMMITTEE REPORT

Composition of the Committee

Throughout the year ended 31 December 2015, the Remuneration Committee comprised 2 independent Non-Executive Directors: John Whittle (Chairman of the Remuneration Committee) and Geoff Miller. In addition, Eli Alroy was appointed as the third member of the Remuneration Committee on 8 June 2015. The Remuneration Committee has as its remit, amongst other matters, the determination and review of the fees payable to Globalworth Investment Adviser ("GIAL"), the Company's subsidiary, and the related emoluments of the Executive Directors and other senior executives of the Company who are shareholders of GIAL and the terms of any performance or incentive plans of the Investment Advisor, including the setting of performance thresholds, the allocation of any such entitlements as between shares and cash and the setting of any vesting periods (in each case, taking such independent advice as it considers appropriate in the circumstances). In addition, the Remuneration Committee prepares an Annual Report on the remuneration policies of the Company. The emoluments of the Non-Executive Directors is a matter for the Board. No Director or Manager may be involved in any decisions as to his own emoluments.

The complete details of the Remuneration Committee's formal duties and responsibilities are set out in its terms of reference, which can be found on the Company's website.

Directors' Remuneration Policy

The level of the Directors' salaries and/or fees was set at the time the Company was admitted to AIM and is disclosed in the IPO admission document.

During the year ended 31 December 2015, 3 meetings of the Remuneration Committee were held.

Directors' Emoluments

The Directors' emoluments during the year ended 31 December 2015 comprised a fixed level of salary and/or fees, plus dividends from GIAL in the case of the 2 Executive Directors.

During the year ended 31 December 2015 the emoluments of the Directors were as follows:

	Company	Subsidiaries[1]			Dividends[2]	Total[3]
Amounts in €'000	Fees	Fees	Salary	Total		emoluments
Ioannis Papalekas	–	–	575	575	2,500	3,075
Dimitris Raptis	–	–	150	150	725	875
Geoff Miller	70	35	–	35	–	105
Eli Alroy	200	–	–	–	–	200
John Whittle	69	35	–	35	–	104
Akbar Rafiq	–	–	–	–	–	–
Alexis Atteslis	–	–	–	–	–	–
Andreea Petreanu	56	–	–	–	–	56
	395	**70**	**725**	**795**	**3,225**	**4,415**

1 Globalworth Investment Advisers Limited ("GIAL") and Aserat SRL for Ioannis Papalekas, and GIAL for Dimitris Raptis.

2 The Executive Directors receive dividends in their capacity of shareholders of GIAL, the amount of which depends on the performance and profitability of GIAL. GIAL provides investment advisory services to the Company and is rewarded for the services it provides pursuant to the Investment Management Agreement signed on 24 July 2013, as amended from time to time (the "IMA"). For Ioannis Papalekas dividends include an accrual of €2.5m and for Dimitris Raptis dividends include an accrual of €0.575m. Out of the amounts outstanding at 31 December 2015, €50 thousand represent dividends declared and settled subsequent to 31 December 2015.

3 The amounts indicated represent accrued amounts corresponding to the period during which the beneficiaries were members of the Board. Out of the amounts disclosed in the above table €3.075m was payable to the Directors as of 31 December 2015. An additional amount of €30 thousand was due to the Directors as of 31 December 2015 for out of pocket expenses incurred. Out of the amounts due to the Directors at 31 December 2015, €50 thousand° was settled subsequent to 31 December 2015.

REMUNERATION COMMITTEE REPORT (CONTINUED)

During the year ended 31 December 2014 the emoluments of the Directors were as follows:

	Company	Subsidiaries[1]			Dividends[2]	Other benefits[3]	Total
Amounts in €'000	Fees	Fees	Salary	Total			emoluments[4]
Ioannis Papalekas	–	–	500	500	2,100	77	2,677
Dimitris Raptis	–	–	267	267	783	–	1,050
Geoff Miller	63	31	–	31	–	–	94
Eli Alroy	200	–	–	–	–	–	200
John Whittle	62	31	–	31	–	–	93
Akbar Rafiq	–	–	–	–	–	–	–
Alexis Atteslis	–	–	–	–	–	–	–
Andreea Petreanu	13	–	–	–	–	–	13
	338	**62**	**767**	**829**	**2,883**	**77**	**4,127**

1 Globalworth Investment Advisers Limited ("GIAL").
2 The Executive Directors receive dividends in their capacity of shareholders of GIAL, the amount of which depends on the performance and profitability of GIAL. GIAL provides investment advisory services to the Company and is rewarded for the services it provides pursuant to the IMA. For Ioannis Papalekas dividends include an accrual of €2.1m and for Dimitris Raptis dividends include an accrual of €0.7m. Subsequent to the date of approval of the 2014 Annual Report, additional €1.2m fees were awarded to GIAL for the services provided to the Company for the year 2014. In turn GIAL, with the approval of the Remuneration Committee, increased the emoluments for year 2014 for Ioannis Papalekas by €0.9m and Dimitris Raptis by €0.3m. These amounts represent dividends declared and settled subsequent to 31 December 2014, 50% in cash and 50% by the issuance of shares in the Company.
3 Other benefits represent the estimated value of furnished accommodation as benefit in kind.
4 The amounts indicated represent accrued amounts corresponding to the period during which the beneficiaries were members of the Board. Out of the amounts disclosed in the above table €3.27m was payable to the Directors as of 31 December 2014. An additional amount of €96 thousand was due to the Directors as of 31 December 2014 for out-of-pocket expenses incurred. Out of the amounts due to the Directors at 31 December 2015, €2.8m was settled subsequent to 31 December 2014, 50% in cash and 50% by the issuance of shares in the Company.

Founder and Director Warrant Agreements

Please refer to pages 105 and 106 of the Annual Report for details on the Founder and Director Warrant Agreements concluded on 24 July 2013.

Performance Incentive Scheme

The Company is currently in the process of designing a performance incentive scheme for the Investment Advisor.

John Whittle
Remuneration Committee Chairman

2 June 2016

AUDIT COMMITTEE REPORT

Introduction

We present below the Audit Committee ("the Committee") Report for the year ended 31 December 2015.

Structure and Composition

During the year ended 31 December 2015, the Audit Committee comprised 3 independent Non-Executive Directors: John Whittle (Chairman of the Audit Committee) and Geoff Miller who served during the entire year, whereas Andreea Petreanu was appointed a member of the Audit Committee on 8 June 2015.

The Chairman of the Committee is appointed by the Board and the members are appointed by the Board, in consultation with the Chairman of the Committee. The Committee shall have a minimum of 2 members. All members of the Committee shall be independent Non-Executive Directors with relevant financial experience.

John Whittle's profile and relevant experience is presented in the Board of Directors sub-section of the Annual Report (page 95).

Principal Duties of the Committee

The role of the Committee includes the following:

- Financial Reporting:
  – monitoring the integrity of the consolidated financial statements and any formal announcements regarding financial performance;
  – reviewing and reporting to the Board on the significant issues and judgements made in the preparation of the Group's published financial statements, preliminary announcements and other financial information having regard to matters communicated by the independent auditors; and
  – assessing whether the Annual Report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.
- Controls and Safeguards:
  – keeping under review the effectiveness of the Company's internal controls and risk management systems;
  – reviewing the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters and ensuring that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action; and
  – considering annually whether there is a need for the Company to have its own internal audit function.
- External Audit:
  – reviewing the effectiveness of the external audit process and the auditor's independence;
  – considering and making recommendations to the Board on the appointment, reappointment, replacement and remuneration of the Company's independent auditor;
  – developing and implementing a policy on the engagement of the external auditor to supply non-audit services;
  – and reporting to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

The complete details of the Committee's formal duties and responsibilities are set out in the Committee's terms of reference, which can be found on the Company's website.

Activities of the Committee

During the year ended 31 December 2015 and up to the date of this report the Committee has been active with the following activities, presented below under the 3 key areas of focus of financial reporting, controls and safeguards, and external audit:

Financial Reporting:

- Reviewed the Annual Reports for the years ended 31 December 2015 and 31 December 2014 prior to their approval by the Board.
- Reviewed the Interim Report and unaudited interim consolidated financial statements for the half year ended 30 June 2015.

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

- investment property appraisal process;
- accounting for business acquisitions and disposals;
- use of the going concern principle as a basis for preparation of the financial statements;
- underlying cash flow projections and sensitivity analysis supporting the viability statement; and
- compliance with the fair, balanced and understandable principle.

Investment Property Valuations

Valuations for investment property, property under construction and land bank are prepared by an external valuer, CBAR Research & Valuation Advisors S.R.L. ("Coldwell Banker"). The valuation of the investment property is inherently subjective, requiring significant estimates and assumptions by the valuer. Errors in the valuation could have a material impact on the Group's net assets value. Further information about the portfolio and inputs to the valuations are set out in note 4 of the consolidated financial statements.

The Board and the Committee discuss the outcome of the valuation process throughout the year and the details of each property on a semi-annual basis. The management liaise with valuers on a regular basis and meet them on a semi-annual basis prior to the finalisation of the portfolio valuation.

The external auditor has access to the external valuer and comments on the key assumptions used in the valuations performed and movements on property values. The Committee receives a detailed written report from Ernst & Young ("EY") presented to the Committee upon finalisation of the audit fieldwork.

Accounting for Acquisitions and Disposals

The Committee notes that there is judgement involved in identifying and valuing the consideration given and the fair value of the assets acquired in a business combination, or in the acquisition of assets. The Committee also notes that there is judgement involved in the accounting for disposals, particularly around the valuation of the consideration receivable. The Committee addressed this matter by challenging management's judgement on the assumptions and methodology supporting the fair value of net assets acquired for each significant acquisition in the year. Moreover, during the interim audit phase EY has reviewed in August 2015 the accounting performed for the three business combinations, which have been completed in the first half of 2015, and have discussed their findings with the Chairman of

AUDIT COMMITTEE REPORT (CONTINUED)

the Committee prior to the publication of the Company's Interim Report and unaudited interim consolidated financial statements for the half year ended 30 June 2015. EY has also communicated to the Chairman of the Audit Committee that following the procedures carried out no material errors have been identified with regard to the accounting performed for the three business combinations, which have been completed in the first half of 2015.

Going Concern Principle
The Committee has considered management's assessment and conclusion of continuing to use the going concern assumption as a basis of preparation of the Company's financial statements, as supported by detailed cash flow projections for the period up to 30 June 2017 and supporting documentation. Following their review of the Management's assessment the Committee concurred with Management's conclusion to continue using the going concern assumption as a basis of preparation of the Company's financial statements.

Fair, Balanced and Understandable Principle
The Committee has considered the Annual Report and financial statements and, taken as a whole, consider them to be fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, financial position, business model and strategy.

The Committee has reviewed the Company's Annual Report and financial statements for the year ended 31 December 2015 and has advised the Board that, in its opinion, the Annual Report and financial statements for the year ended 31 December 2015, taken as a whole, is fair, balanced and understandable and provides the information necessary to assess the Company's performance, operating model and strategy.

Controls and Safeguards:

- Reviewed the risk matrix used to identify and monitor the significant risks encountered by the Group, as well as the analysis underlying the viability report.
- Reviewed the principal risks and uncertainties identified by Management and the update thereof during 2015, presented on pages 87 to 91 of the Annual Report.
- Considered the requirement to perform an assessment of the internal controls of the Group; however, has decided to postpone the date of performance of such review as the internal controls continue their development, as indicated by the following activities:
  - throughout the year ended 31 December 2015 the Company's governance and internal control functions have continued their development and enhancement;
  - the Group has adopted its anti-corruption policy; and
  - the Group is currently at the implementation phase of an ERP software for its Romanian subsidiaries, where most operational activity of the Group takes place. During the ERP implementation process, changes and further development of internal controls are being carried out.
  - The Committee acknowledges that the related requirement of the Code is overdue and is committed to undertake a review of underlying controls within the year 2016.
- Considered whether there is a need for an internal audit function:
  - The Committee does not consider at present to be a need for an internal audit function, given the size of the Group and the fact that its internal control procedures are still under development so as to align these to the level of continuous development of the Group's activities.

External Audit:
Held regular meetings and discussions with the external auditor:

- The Chairman of the Committee held discussions with the auditor at the planning phase and at the end of the audit at the reporting stage, before the approval of the Company's consolidated financial statements and Annual Report for the year ended 31 December 2015.
- At the planning stage of the audit for the year ended 31 December 2015, the Chairman of the Committee met the auditor in October 2015. During this meeting the draft audit plan was presented, reviewed and discussed, as well as a discussion held regarding the risks on which the audit would be focusing. The auditor explained the risks the audit would focus on were the following:
  - property portfolio valuation;
  - accounting for business combinations;
  - revenue recognition;
  - taxation;
  - going concern, including loan covenant compliance; and
  - risk of misstatement due to fraud and error.

As noted above, in relation to the area of focus of the audit related to accounting for business combinations, the Chairman of the Audit Committee discussed in August 2015 the findings of EY following the work they carried out at the interim audit stage in August 2015 on the accounting for the three business acquisitions which have been completed in the first half of 2015, including the review of the related property valuation reports as of the acquisition date.

In addition, the Chairman of the Committee met in March 2016 with the external auditor and discussed the findings from their audit of the draft Annual Report and their draft audit report for the year ended 31 December 2015, prior to submission of the draft Annual Report to the Board for formal approval.

The Committee is due to meet shortly with the external auditor to discuss in detail the findings and recommendations based on their audit for the year ended 31 December 2015.

Assessed the independence and objectivity of the external auditor:

Ernst & Young LLP has been appointed the Company's independent auditor from the date of the initial listing on the AIM Market of the London Stock Exchange in July 2013.

The recent revisions to the UK Corporate Governance Code introduced a recommendation that the independent audit of FTSE 350 companies be put out to tender every 10 years. Similarly, the EU and the Competition Commission have also issued draft requirements to tender every 10 years and extend for a maximum of a further 10 years before mandatory rotation, which is yet to be finalised. The Committee will follow the developments around the Financial Reporting Council ("FRC"), EU and Competition Commission guidance on tendering at the appropriate time.

The auditor has confirmed to the Audit Committee its independence of the Group.

The independence and objectivity of the independent auditor is reviewed by the Committee, which also reviews the terms under which the independent auditor is appointed to perform non-audit services. During the year ended 31 December 2015 the Company adopted formally a non-audit services policy.

Services which are permissible in accordance with the auditor's independence and other professional standards, such as tax compliance, accounting and disclosure advice, special purpose audits, periodic reviews of financial information, and pre-acquisition due diligence reviews, are normally permitted to be performed by the independent auditor.

Audit Fees and Non-Audit Services
The table below summarises the remuneration of Ernst & Young LLP and other entities of EY during the years ended 31 December 2015 and 31 December 2014:

	Audit fees €'000		Non-audit fees €'000	
	2015	**2014**	**2015**	**2014**
Audit of financial statements	**365**	404	**–**	–
Other assurance services	**41**	37	**11**	160
Reporting accountant's fees (AIM admission)	**–**	–	**–**	–
Non-audit services related to AIM admission	**–**	–	**–**	–
Other non-audit services	**–**	–	**302**	307
	406	**441**	**313**	**467**

The Committee has reviewed the level of non-audit fees of the external auditor for the year ended 31 December 2015 and has considered that they are in line with the Group's level of development and concluded that they relate to permissible non-audit services under the auditor's independence and other related professional standards.

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

For the year ended 31 December 2015 the Committee reviewed the effectiveness of the external auditors. This was facilitated through the completion of a questionnaire by the relevant stakeholders (including members of the Committee and key financial management of the Group); interviews with finance staff; and a review of the audit plan and process for the year. The Committee has also reviewed and considered the findings of the latest Annual Audit Quality Inspection Report of the FRC for Ernst & Young LLP, dated May 2016. In addition, the Chairman of the Audit Committee discussed with the external auditor in March 2016 their preliminary findings on the audit of the consolidated financial statements for the year ended 31 December 2015. Furthermore, the Chairman of the Audit Committee discussed with the external auditor in March 2016 their final findings on the audit of the Annual Report and consolidated financial statements for the year ended 31 December 2015 and their draft audit opinion thereon.

Local statutory audits of individual subsidiary companies are also required in some jurisdictions in which the Group operates. EY Romania and EY Cyprus carry out these audits in Romania and Cyprus, respectively.

Following this review, the Committee recommended to the Board that Ernst & Young LLP be reappointed as external auditors for the year ending 31 December 2016.

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

John Whittle
Audit Committee Chairman

2 June 2016

FINANCIAL STATEMENTS

Nusco Tower

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 €'000	2014 €'000
Revenue	7	44,776	22,158
Operating expenses	8	(16,406)	(9,265)
Net operating income		**28,370**	**12,893**
Administrative expenses	9	(10,440)	(11,654)
Acquisition costs	23	(811)	(2,476)
Fair value gain on investment property	3	49,422	25,003
Bargain purchase gain on acquisition of subsidiaries	23	17,227	80,249
Gain on sale of subsidiary		–	198
Share based payment expense	21	(125)	(136)
Foreign exchange loss		(249)	(355)
		55,024	**90,829**
Profit before net financing cost		**83,394**	**103,722**
Finance cost	10	(21,407)	(8,322)
Finance income		526	327
Profit before tax		**62,513**	**95,727**
Income tax expense	11	(11,092)	(5,100)
Profit for the year		**51,421**	**90,627**
Other comprehensive income		–	–
Total comprehensive income for the year		**51,421**	**90,627**
Attributable to:			
Equity holders of the parent	12	51,421	91,124
Non-controlling interests		–	(497)
		51,421	**90,627**
Earnings per share (basic and diluted)	12	€0.92	€2.02

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	2015 €'000	2014 €'000
ASSETS			
Non-current assets			
Investment property	3	937,119	599,257
Goodwill	24	12,349	12,349
Advances for investment property	5	3,993	14,454
Other long-term assets		661	657
Other receivables	17	2,193	–
Prepayments		1,020	956
		957,335	**627,673**
Current assets			
Trade and other receivables	17	13,193	17,029
Income tax receivable		583	299
Prepayments		1,638	1,738
Cash and cash equivalents	18	37,036	21,957
Investment property held for sale	3.1	10,353	–
		62,803	**41,023**
Total assets		**1,020,138**	**668,696**
EQUITY AND LIABILITIES			
Total equity			
Issued share capital	20	341,784	288,740
Share based payment reserve	21	2,655	180
Retained earnings		155,242	103,815
Equity attributable to ordinary equity holders of the parent		499,681	392,735
Non-controlling interests		–	6
		499,681	**392,741**
Non-current liabilities			
Interest-bearing loans and borrowings	15	261,287	143,814
Deferred tax liability	11	70,413	47,111
Guarantees retained from contractors		957	1,052
Finance lease liabilities		5	23
Deposits from tenants		1,485	983
Trade and other payables	16	3,278	–
		337,425	**192,983**
Current liabilities			
Interest-bearing loans and borrowings	15	143,024	61,187
Trade and other payables	16	35,552	21,309
Other current financial liabilities	19	3,935	–
Finance lease liabilities		18	20
Deposits from tenants		75	433
Income tax payable		428	23
		183,032	**82,972**
Total equity and liabilities		**1,020,138**	**668,696**
NAV per share	13	€7.98	€7.32
EPRA NAV per share	13	€9.08	€8.09

The financial statements were approved by the Board of Directors on 2 June 2016 and were signed on its behalf by:

John Whittle
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Equity attributable to equity holders of the parent					
		Issued share capital €'000	Share based payment reserve €'000	Retained earnings €'000	Total €'000	Non-controlling interests €'000	Total equity €'000
As at 1 January 2014		106,956	44	12,691	119,691	588	120,279
Shares issued for cash	20	78,735	–	–	78,735	–	78,735
Transaction costs on issue of shares		(2,595)	–	–	(2,595)	–	(2,595)
Shares issued for acquisition of subsidiaries		34,459	–	–	34,459	–	34,459
Shares issued for outstanding consideration payable for acquisition of subsidiary		5,225	–	–	5,225	–	5,225
Shares issued for mandatorily convertible debt		65,960	–	–	65,960	–	65,960
Fair value of option warrants issued for executive share scheme	21	–	136	–	136	–	136
Derecognised on sale of subsidiary		–	–	–	–	(85)	(85)
Profit for the year		–	–	91,124	91,124	(497)	90,627
As at 31 December 2014		**288,740**	**180**	**103,815**	**392,735**	**6**	**392,741**
As at 1 January 2015							
Shares issued for cash	20	53,830	–	–	53,830	–	53,830
Transaction costs on issue of shares	20	(786)	–	–	(786)	–	(786)
Fair value of option warrants issued for executive share scheme	21	–	125	–	125	–	125
Reclassification from liabilities to equity	21	–	2,350	–	2,350	–	2,350
Acquisition of minority interest	25	–	–	6	6	(6)	–
Profit for the year		–	–	51,421	51,421	–	51,421
As at 31 December 2015		**341,784**	**2,655**	**155,242**	**499,681**	**–**	**499,681**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 €'000	2014 €'000
Profit before tax		**62,513**	**95,727**
Adjustments to reconcile profit before tax to net cash flows			
Fair value gain on investment property	3	(49,422)	(25,003)
Bargain purchase gain on acquisition of subsidiaries	23	(17,227)	(80,249)
Gain on sale of subsidiaries		–	(198)
Share based payment expense	21	125	136
Depreciation on other long-term assets		174	129
Foreign exchange loss		249	355
Net financing costs		20,881	7,995
Operating profit before changes in working capital		**17,293**	**(1,108)**
Decrease in trade and other receivables		4,148	2,659
Decrease in trade and other payables		(2,896)	(26,578)
Interest paid		(15,158)	(6,698)
Interest received		78	143
Income tax paid		(447)	(745)
Cash flows from/(used in) operating activities		**3,018**	**(32,327)**
Investing activities			
Expenditure on investment property under refurbishment and development		(69,729)	(56,108)
Advances for investment property	5	–	(9,251)
Payment for acquisition of subsidiaries less cash acquired	23	(114,406)	(27,683)
Proceeds from sale of subsidiary less cash disposed		–	126
Acquisition of other long-term assets		(162)	(60)
Cash flows used in investing activities		**(184,297)**	**(92,976)**
Financing activities			
Proceeds from share issuance	20	53,830	78,735
Payment of transaction costs on issue of shares		(389)	(1,945)
Proceeds from interest-bearing loans and borrowings[1]		155,634	100,126
Repayment of interest-bearing loans and borrowings		(15,095)	(37,289)
Payment of loan arrangement fees		(3,622)	(1,873)
Cash flows from financing activities		**190,358**	**137,754**
Net increase in cash and cash equivalents		**9,079**	**12,451**
Cash and cash equivalents at the beginning of the year	18	21,957	9,506
Cash and cash equivalents at the end of the year	18	**31,036**	**21,957**

[1]Net of the €6m cash reserve, see note 18.

SECTION I: BASIS OF PREPARATION

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

1. Basis of Preparation

Corporate Information

Globalworth Real Estate Investments Limited ("the Company") is a company with liability limited by shares and incorporated in Guernsey. The Group's registered office address, corporate profile, principal activities and nature of its operations are set out on pages 2 and 3 of the Annual Report.

Basis of Preparation and Compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), as adopted by the European Union ("EU") and in compliance with the Companies (Guernsey) Law 2008, as amended.

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 2017. 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. As outlined in note 30 of the financial statements, the Group has recently secured a €180m long-term debt facility in order to refinance the €100 million Corporate Loan Facility, which matures in July 2016, as well as 3 secured loans of 3 of the Group's Romanian subsidiaries, with outstanding capital amounting to €78.3m, one of which matures in December 2016 (with current outstanding capital of €30m). The projections show that in the period up to 30 June 2017 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.

These consolidated financial statements have been prepared on a historical cost basis, except for investment property and derivatives which are measured at fair value. The significant accounting policies adopted are set out in the relevant notes to the financial statements and consistently applied throughout the periods presented except for the new and amended IFRSs, see note 28, which were adopted on 1 January 2015. These consolidated financial statements are prepared in Euro ("EUR" or "€"), rounded to the nearest thousand, being the functional currency and presentation currency of the Company.

Basis of Consolidation

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries ("the Group") at 31 December. Subsidiaries are fully consolidated (refer to note 23) from the date of acquisition, being the date on which the Group obtains control (refer to note 25), and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the period from the date of obtaining control to 31 December, using consistent accounting policies. All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions are eliminated in full. Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the income statement and within equity in the consolidated statement of financial position, separately from net assets and profit and loss attributable to equity holders of the parent.

Foreign Currency Transactions and Balances

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

SECTION I: BASIS OF PREPARATION (CONTINUED)

2. Critical Accounting Judgements, Estimates and Assumptions

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

Selection of Functional Currency

The Company and its subsidiaries used their judgement, based on the criteria outlined in IAS 21 "The Effects of Changes in Foreign Exchanges Rates", and determined that the functional currency of all the entities is the EUR.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. Consideration in determining the functional currency is given to the denomination of the major cash flows of the entity e.g. revenues and financing. As a consequence, the Company uses the EUR as the functional currency, rather than the local currency (RON) for the subsidiaries incorporated in Romania, and Pounds Sterling ("GBP") for the Company and the subsidiary incorporated in Guernsey.

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

- Investment Property, see note 3 and Fair value measurement and related estimate and judgements, see note 4
- Commitments (operating leases commitments - Group as lessor), see note 6
- Taxation, see note 11
- Trade and other receivables, see note 17
- Business combinations, see note 23
- Goodwill, see note 24
- Investment in subsidiaries, see note 25

SECTION II: INVESTMENT PROPERTY

This section focuses on the assets in the balance sheet of the Group which form the core of Globalworth's business activities. This includes investment property and related disclosures on fair valuation inputs, advances for investment properties and commitments for future property developments. This section quantifies the property portfolio valuations and movements for the year.

Further information about each property is described in the portfolio review on pages 22 to 79 of the Annual Report.

3. Investment Property

Policy

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

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

Valuations are performed as of the statement of financial position date by professional valuers, who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. This value corresponds to the price that a third-party investor would be disposed to pay in order to acquire each of the properties making up the portfolio of assets and in order to benefit from their rental income.
Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the year in which they arise. In order to avoid double accounting, the assessed fair value is reduced by the carrying amount of any accrued income (if any outstanding at the statement of financial position date) resulting from the spreading of lease incentives and/or minimum lease payments.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised. Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset would result in either gains or losses at the retirement or disposal of investment property.

	Completed investment property €'000	Investment property under refurbishment €'000	Investment property under development €'000	Land bank for further development €'000	Total €'000
As at 1 January 2014	**7,725**	**55,900**	**51,610**	**6,100**	**121,335**
Business acquisitions	383,285	–	6,930	–	390,215
Properties acquired during the year	–	–	4,560	22,024	26,584
Subsequent expenditure	2,105	8,406	29,194	681	40,386
Capitalised borrowing costs	–	141	86	–	227
Derecognised on sale of subsidiary	–	–	(4,221)	–	(4,221)
Disposal during the year	(272)	–	–	–	(272)
Fair value adjustment	2,167	553	3,228	19,055	25,003
Transfer to completed investment property	65,000	(65,000)	–	–	–
At 31 December 2014	**460,010**	**–**	**91,387**	**47,860**	**599,257**
As at 1 January 2015					
Business acquisitions (note 23)	209,800	–	–	–	209,800
Transfer to investment property under development	–	–	29,800	(29,800)	–
Subsequent expenditure	4,421	–	66,170	68	70,659
Other additions	–	–	6,021	–	6,021
Capitalised borrowing costs	–	–	3,115	–	3,115
Disposal during the year	(1,155)	–	–	–	(1,155)
Fair value adjustment	(3,675)	–	53,025	72	49,422
Transfer to completed investment property	27,000	–	(27,000)	–	–
At 31 December 2015	**696,401**	**–**	**222,518**	**18,200**	**937,119**

SECTION II: INVESTMENT PROPERTY (CONTINUED)

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

Other additions include €6,021 thousand (2014: Nil) of unamortised lease incentives (a similar corresponding amount was recorded in trade and other payables as payables for tenant lease incentives, see note 16) representing the Group's estimated net cost for undertaking existing operating leases in properties owned by third parties, as well as for the commitment to undertake additional operating lease expense, under certain conditions, related to one of the Group's tenants. The net cost is estimated by deducting from the operating lease expenses the revenues from sub-letting the respective properties to third parties selected by the Group, for the unexpired portion of their leases.

3.1 Investment Property Held for Sale

Policy
Investment property is classified as investment property held for sale when their carrying amount is to be recovered principally through a sale transaction rather than from continuing use and a sale is considered highly probable. Investment property held for sale is stated at the lower of carrying amount and fair value less costs to sell. Investment property held for sale is presented separately as current items in the statement of financial position.

As disclosed in note 27, on 24 February 2016, the Group entered into an agreement with Bakaso Holdings Limited, a company controlled by the Founder, to sell its 100% shareholding in Mycre Investment S.A., the owner of a property in Greece, for a total consideration of €11,300 thousand. The transaction was concluded in February 2016 and the full consideration was received in cash. As of 31 December 2015, the Group reclassified the carrying value of this investment as investment property held for sale, as there were already advanced negotiations for the sale at that date. As the consideration receivable less cost to sell exceeded the carrying value of the property, no gain or loss was recognised in the income statement upon the reclassification from investment property to investment property held for sale. The property was included in opearting segment "Other" (note 26). Together with the property owned by Mycre Investment S.A., the Group agreed to dispose, cash and cash equivalents (€200 thousand as at 31 December 2015) and other immaterial liabilities of the subsidiary.

4. Fair Value Measurement and Related Estimates and Judgements

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

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

The Group measures non-financial assets such as investment properties at fair value (recurring) at each statement of financial position date and for financial liabilities such as interest-bearing loans and borrowings, carried at amortised cost using the effective interest rate method, the fair value is disclosed.

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

Investment Property Measured at Fair Value
The Group's investment properties were valued by CBAR Research & Valuation Advisors S.R.L. ("Coldwell Banker"), independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued, using recognised valuation techniques.

Our Property Valuation Approach and Process

The Group's investment department includes a team that reviews the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the Chief Financial Officer ("CFO"), the Chief Investment Officer ("CIO") and the Chief Executive Officer ("CEO"). Discussions of valuation processes and results are held between the CFO, CIO, CEO, the valuation team and the independent valuers twice in a financial year.

The fair value hierarchy levels are specified in accordance with IFRS 13 "Fair Value Measurement". Some of the inputs to the valuations are defined as "unobservable" by IFRS 13 and these are analysed in the tables below. Any change in valuation technique or fair value hierarchy (from Level 2 to Level 3 or vice versa) is analysed at each reporting date or as of the date of the event or variation in the circumstances that caused the change. During the year, the Group transferred an investment property valued at €28,000 thousand from Land Bank – for further Development to Investment Property Under Development and its valuation method was changed accordingly from sales comparison to residual method. There were no transfers from Level 1 to other categories or vice versa.

For each independent valuation performed the investment team, along with the finance department:

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

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

As noted under subsection "Investment Property Valuations" of the Audit Committee Report on page 109 of the Annual Report, property valuations are inherently subjective as they are made on the basis of assumptions made by the valuer which may not prove to be accurate.

Valuation techniques comprise the discounted cash flow, the sales comparison approach and residual value method. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial 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.

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

Class of property	Carrying value 2015 €'000	Carrying value 2014 €'000	Valuation technique	Fair value hierarchy	Input	Range 2015	Range 2014
Completed investment property	589,060	351,100	Discounted cash flow	Level 3	Rental value (sqm)	€2.77–€65	€3.37–€65
					Discount rate	7.30%–9.00%	7.25%–9.25%
					Exit yield	6.65%–8.75%	6.75%–8.75%
	107,341	108,910	Sales comparison	Level 3	Sales value (sqm)	€1,190	€1,190
	696,401	460,010					
Investment property under development	222,518	91,387	Residual method	Level 3	Rental value (sqm)	€12.50–€35.00	€2.77–€20.8
					Discount rate	7.40%–8.50%	7.75%–8.25%
					Exit yield	7.00%–7.25%	7.25%–8.75%
					Capex (€m)	€53.6	€27.1
Land bank – for further development	18,200	47,860	Sales comparison	Level 3	Sales value (sqm)	€1,833–€1,872	€1,015–€1,853
TOTAL	**937,119**	**599,257**					

The fair value gain on investment property recognised in the income statement includes an amount of €49,422 thousand (2014: €5,566 thousand) for fair value measurements as of the statement of financial position date related to investment properties categorised within Level 3 of the fair value hierarchy.

In arriving at estimates of market values as at 31 December 2015 and 2014, the independent valuation experts used their market knowledge and professional judgement and did not rely solely on historical transactional comparables. In these circumstances, there was a greater degree of uncertainty in estimating the market values of investment properties than would have existed in a more active market.

SECTION II: INVESTMENT PROPERTY (CONTINUED)

4. Fair Value Measurement and Related Estimates and Judgements

Sensitivity Analysis on Significant Inputs

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

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

		€0.5 change in rental value per month, per sqm		25 bps change in market yield		5% change in Capex		€50 change in sales prices per sqm	
Class of property	Year	Increase €'000	Decrease €'000	Increase €'000	Decrease €'000	Increase €'000	Decrease €'000	Increase €'000	Decrease €'000
Completed investment property	**2015**	21,330	(21,320)	(14,150)	15,080	–	–	–	–
	2014	11,900	(11,900)	(8,000)	8,500	–	–	–	–
Investment property under development	**2015**	9,720	(9,520)	(8,560)	9,390	(4,439)	4,439	–	–
	2014	5,380	(5,490)	(5,120)	5,330	(4,032)	4,122	–	–
Land for further development	**2015**	–	–	–	–	–	–	450	(530)
	2014	–	–	–	–	–	–	1,840	(1,960)

For completed investment property valued under the sales comparison technique, if the average price per sqm increases or decreases by €25 then investment property value will increase or decrease by €1,940 thousand or €1,937 thousand (2014: €1,961 thousand or €1,969 thousand) respectively. Similarly, for properties valued under the DCF method, if the vacancy rate in perpetuity per property increases or decreases by 2.5% then completed investment property will decrease or increase by €11,730 thousand or €10,620 thousand and investment property under development will decrease or increase by €7,160 thousand or €6,310 thousand.

Other Disclosures Related to Investment Property

Interest-bearing loans and borrowings are secured on investment property, see note 15 for details. Further information about individual properties is disclosed in the Portfolio Review on pages 22 to 79 of the Annual Report.

5. Advances for Investment Property

	2015 €'000	2014 €'000
Advances for acquisition of properties under business combination	–	6,100
Advances for land and other property acquisitions	2,000	5,151
Advances to contractors for investment properties under development	1,993	3,203
	3,993	**14,454**

6. Commitments

Commitments for Investment Property Under Construction

As at 31 December 2015 the Group had agreed construction contracts with third parties and is consequently committed to future capital expenditure in respect of investment property under construction of €32,093 thousand (2014: €48,140 thousand), and had committed with tenants to incur fit-out works of €1,616 thousand (2014: €621 thousand).

Operating Leases Commitments – Group as Lessor

Policy

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases; see note 7 for policies on revenue recognition for properties under operating leases and related costs.

Judgements made for Properties under Operating Leases

The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of the investment properties leased to third parties, therefore, accounts for these leases as operating leases. The duration of these leases is one year or more (2014: two years or more) and rentals are subject to annual upward revisions based on the consumer price index.

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

	2015 €'000	2014 €'000
Not later than 1 year	35,100	20,990
Later than 1 year and not later than 5 years	162,200	108,376
Later than 5 years	109,200	45,531
	306,500	**174,897**

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SECTION III: FINANCIAL RESULTS

This section includes the results and performance of the Group, including the net asset value and EPRA net asset value. This section also includes details of the Group's tax credits in the year and deferred tax assets and liabilities held at the year end.

The section quantifies the financial impact of the operations for the year; further analysis on operations is described in the Financial Review on page 80 of the Annual Report.

7. Revenue

Policy

a) Rental Income

Rental income is measured at the fair value of the consideration received or receivable, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income. The value of rent free periods and all similar lease incentives is spread on a straight-line basis over the term of the lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished. If the annual lease rent increases as result of a price index to cover inflationary cost, then the policy is not to spread the amount but to recognise them when the increase takes place (applied prospectively when the right to receive it arises).

b) Service Charge Income

Income arising from service charges and expenses recoverable from tenants is recognised in the period in which the compensation becomes receivable.

c) Rendering of Services

Revenue from property and asset management fees is recognised at the time the service is provided. Revenue from rendering property development services is recognised by reference to the stage of completion.

	2015 €'000	2014 €'000
Rental income	30,921	15,140
Service charge income	10,814	4,435
Property and asset management fees	–	586
Property development services	3,041	1,997
	44,776	**22,158**

The total contingent rents recognised as income during the year amount to €107 thousand (2014: €191 thousand).

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

8. Operating Expenses

Policy

a) Service Costs

Services costs paid, as well as those borne on behalf of the tenants, are included under direct property expenses. Their reclaiming from the tenants is presented separately under revenue.

b) Works Carried Out on Properties

Works carried out which are the responsibility of the building's owner and which do not add any extra functionality to or enhance significantly the standard of comfort of the building are considered as current expenditure for the period and recorded in the income statement as expenses.

	2015 €'000	2014 €'000
Property management, utilities and insurance	14,002	6,516
Property development services costs	2,009	2,433
Property maintenance costs and other non-recoverable costs	395	316
	16,406	**9,265**

Operating expenses analysis by revenue and non-revenue generating properties	2015 €'000	2014 €'000
Property expenses arising from investment property that generate rental income	14,057	6,768
Property expenses arising from investment property that did not generate rental income	340	64
Property development services costs	2,009	2,433
Total operating expenses	**16,406**	**9,265**

9. Administrative Expenses

Policy

Administrative expenses are expensed as incurred with the exception of expenditure on long-term developments, see note 3. Subsidiary acquisition costs are presented separately in the consolidated statement of comprehensive income, see note 23.

	2015 €'000	2014 €'000
Directors' emoluments (page 107)[1]	4,441	5,238
Salaries and wages[1]	3,240	2,743
Incorporation and administration costs	450	926
Legal and other advisory services	294	774
Audit and non-audit services (page 111)	713	908
Travel and accommodation	237	510
Marketing and advertising services	616	361
Post, telecommunication and office supplies	92	104
Stock exchange expenses	292	50
Bank charges	65	40
	10,440	**11,654**

[1] Includes €212 thousand and €106 thousand contributed to the mandatory Government Pension Fund of the employees and key management of the Group, respectively.

10. Finance Cost

Policy

Borrowing costs associated with direct expenditure on properties under development or undergoing major refurbishment are capitalised. Where borrowings are associated with specific developments, the amount capitalised is the gross interest less finance income (if any) incurred on those borrowings. Interest is capitalised as from the commencement of the development work until the date of practical completion. Arrangement fees are amortised over the term of the borrowing facility. All other borrowing costs are expensed in the period in which they occur.

	2015 €'000	2014 €'000
Interest on bank loans	11,551	6,982
Interest on Corporate Loan facility	5,609	–
Interest on loans from minority interest holders	–	2
Debt issue cost amortisation	4,247	1,338
	21,407	**8,322**

11. Taxation

Policy

Current Income Tax

Current income tax is the tax payable on the taxable income for the year using tax rates applicable at the statement of financial position date. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income statement in the period in which the determination is made. Tax is included in the income statement except to the extent that it relates to items recognised directly in equity, in which case the related tax is recognised in equity.

Deferred income tax

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements at the income tax rate applicable at the reporting date, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill, or of an asset, or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- deferred tax assets are only recognised to the extent that it is foreseeable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses, can be utilised; and
- in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Income tax expense	2015 €'000	2014 €'000
Current income tax expense	245	64
Deferred income tax expense	10,847	5,036
	11,092	**5,100**

OVERVIEW STRATEGIC REVIEW GOVERNANCE FINANCIAL STATEMENTS

The Company has obtained an exempt company status in Guernsey under the terms of the Income Tax (Exempt Bodies) Ordinance, 1989. The Directors intend to conduct the Company's affairs so that it remains eligible for exemption. The subsidiaries in Romania, the Netherlands and Cyprus are subject to income taxes in respect of local sources of income. The income tax rate applicable to the Company in Guernsey is nil. The current income tax charge of €245 thousand (2014: €64 thousand) represents tax charges on profit arising in the Netherlands, Romania and Cyprus in a few subsidiaries. Tax charges on profit arising in Romania, the Netherlands and Cyprus are subject to corporate income tax at the rate of 16%, 25% (20% for tax on profit up to €200 thousand), and 12.5%, respectively.

The Group's subsidiaries registered in Cyprus and the Netherlands need to comply with the Cyprus and Netherlands tax regulations; however, the Group does not expect any taxable income, other than dividend and interest income, which are the most significant future sources of income of the Group companies registered in these countries. Dividend income is exempt or taxed at 0% in Cyprus and the Netherlands, respectively; however, interest income is subject to corporate income tax at the rate of 12.5% in Cyprus and ranges from 20% to 25%, depending on total taxable profit (20% for tax on profit up to €200 thousand), in the Netherlands.

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

Uncertainties exist, particularly in Romania where the Group has significant operations, with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile. In Romania, the tax position is open to further verification for 5 years and no subsidiary in Romania has had a corporate income tax audit in the last 5 years.

Reconciliation Between Applicable and Effective Tax Rate

The reconciliation between tax expense and the product of accounting profit multiplied by the Company's income tax rate for the year ended 31 December 2015 and the year ended 31 December 2014 is as follows:

	2015 €'000	2014 €'000
Profit before tax	62,513	95,727
At Company's income tax rate 0% (2014: 0%)	–	–
Effect of higher tax rates in foreign jurisdictions		
Tax in Romania		
– Corporate income tax	202	3
– Deferred tax expenses for taxable temporary differences	10,847	5,035
Tax in Cyprus		
– Corporate income tax	12	51
Tax in the Netherlands		
– Corporate income tax	31	11
Tax expense reported in the income statement	**11,092**	**5,100**
Effective tax rate, including deferred tax expenses (%)	**17.7%**	**5.3%**
Effective tax rate, excluding deferred tax expenses (%)	**0.3%**	**0.0%**

	Consolidated statement of financial position		Consolidated statement of comprehensive income	
Deferred tax liability	**2015 €'000**	2014 €'000	**2015 €'000**	2014 €'000
Acquired under business combinations (note 23):	12,456	29,674	–	–
Recognised unused tax losses	(50)	(1,062)	–	–
Deferred tax liability	12,506	30,736	–	–
Valuation of investment property at fair value	60,003	17,550	11,611	5,118
Deductible temporary differences	(467)	(292)	(6)	(292)
Discounting of tenant deposits and long-term deferred costs	164	210	(84)	210
Share issue cost recognised in equity	(7)	(7)	–	–
Derecognised on subsidiary disposal	–	(24)	–	–
Valuation of financial instruments at fair value	110	–	110	–
Recognised unused tax losses	(1,846)	–	(784)	–
	70,413	**47,111**	**10,847**	**5,036**

In Romania, the Group has unused assessed tax losses carried forward of €68,341 thousand (2014: €40,035 thousand) that are available for offsetting against future taxable profits of the respective entity in Romania, in which the losses arose, within 7 years from the year of origination. As of the statement of financial position date the Group had recognised deferred tax assets of €1,896 (2014: €1,062) out of the total available deferred tax assets of €10,934 thousand (2014: €6,401 thousand) calculated at the corporate income tax rate of 16%.

11. Taxation continued

There are also temporary non-deductible interest expenses and net foreign exchange losses related to intercompany loans of €21.8m (such amounts can be carried forward indefinitely, until the component teams reach a debt-to-equity tax ratio in the range nil to 3, at which time the amount would become deductions in the respective period's current income tax computation (i.e. tax saving), for which no deferred tax asset was recorded as well.

Expiry year	2016	2017	2018	2019	2020	2021	2022	**TOTAL**
Fiscal year	2009	2010	2011	2012	2013	2014	**2015**	
Available deferred tax assets	–	953	1,103	2,140	2,002	1,529	3,207	**10,934**

Judgements, Estimates and Assumptions Used for Assessed Tax Losses and Related Deferred Tax Assets

At each statement of financial position date, the Group assesses whether the realisation of future tax benefits is sufficiently probable to recognise deferred tax assets. This assessment requires the exercise of judgement on the part of management with respect to, among other things, benefits that could be realised from available tax strategies and future taxable income, as well as other positive and negative factors. The recorded amount of total deferred tax assets could be reduced if estimates of projected future taxable income and benefits from available tax strategies are lowered, or if changes in current tax regulations are enacted that impose restrictions on the timing or extent of the Group's ability to utilise future tax benefits.

12. Earnings Per Share

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

Date	Event	Note	Number of shares issued (in thousand)	% of the period	Weighted average (in thousand)
1 January 2014	**At the beginning of the year**		**20,906**	**100**	**20,906**
18 February 2014	Acquisition of Tower Center International S.R.L.		2,733	87	2,373
20 March 2014	Acquisition of Upground Estates S.R.L.		2,600	79	2,043
21 March 2014	Acquisition of Oystermouth Holding Limited and Dunvant Holding Limited		1,072	78	839
24 March 2014	Shares issued for outstanding consideration payable for acquisition of Pieranu Enterprises Limited		989	77	764
24 April 2014	Shares issued for cash		13,345	69	9,202
18 December 2014	Shares issued for mandatorily convertible debt		12,000	75	8,962
31 December 2014	**Shares in issue at year end**		**53,645**		**45,089**
1 January 2015	**At the beginning of the year**		**53,645**	**100**	**53,645**
1 October 2015	Shares issued for cash	20	8,972	25	2,243
31 December 2015	**Shares in issue at year end**		**62,617**		**55,888**

	2015 €'000	2014 €'000
Profit attributable to equity holders of the parent for basic and diluted earnings per share	51,421	91,124
	Number (in thousand)	Number (in thousand)
Weighted average number of Ordinary shares for basic and diluted earnings per share	55,888	45,089
Earnings per share (basic and diluted)	**€0.92**	**€2.02**

As there are no dilutive instruments outstanding at the year end, basic and diluted earnings per share are identical.

On 25 January 2016 the Company issued 407,296 Ordinary shares at €5.77 per Ordinary share to the Executive Directors and senior management employees to settle a liability of the Company towards its subsidiary, Globalworth Investment Advisers Limited ("GIAL"), which provides investment advisory services to the Company.

SECTION III: FINANCIAL RESULTS (CONTINUED)

13. Net Asset Value Per Share ("NAV")

NAV Per Share

The following reflects the net assets and number of shares data used in the NAV per share computations:

	Note	2015 €'000	2014 €'000
Net assets attributable to equity holders of the parent		499,681	392,735
		Number (in thousand)	Number (in thousand)
Ordinary shares outstanding at the end of the year	12	62,617	53,645
NAV per share		**€7.98**	**€7.32**

EPRA NAV Per Share

The following reflects the net assets and number of shares data used in the EPRA NAV per share computations:

		2015 €'000	2014 €'000
Net assets attributable to equity holders of the parent		499,681	392,735
Exclude:			
Deferred tax liability	11	70,413	47,111
Fair value of interest rate swap instrument		3,935	–
Goodwill as a result of deferred tax		(5,697)	(5,697)
EPRA NAV attributable to equity holders of the parent		**568,332**	**434,149**
		Number (in thousand)	Number (in thousand)
Ordinary shares outstanding at the end of the year	12	62,617	53,645
EPRA NAV per share		**€9.08**	**€8.09**

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

SECTION IV: FINANCIAL ASSETS AND LIABILITIES

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

14. Financial Instruments

Policy

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognised on the balance sheet when the Group becomes a party to the contractual obligations of the instrument. The Group determines the classification of its financial assets and financial liabilities at initial recognition.

Initially, financial instruments are recognised at their fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are only recognised in determining the carrying amount, if the financial instruments are not measured at fair value through profit or loss. Subsequently, financial instruments are measured according to the category to which they are assigned.

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if, and only if, the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial Assets

Financial assets of the Group mainly include cash and cash equivalents and trade and other receivables.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired; or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of change in value. Such investment includes cash in hand and cash balances at banks and short-term bank deposits with maturity of 3 months or less.

Trade and Other Receivables

Trade and other receivables are recognised initially at fair value and subsequently at amortised cost including, where relevant and material, an adjustment for the time value of money, less any impairment provision. A provision for impairment is established where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables concerned.

If, in a subsequent year, the amount of the provision for impairment loss changes because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by recording a gain or loss in the income statement.

Trade and other receivables together with the associated provision are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If collection is expected in more than one year, they are classified as non-current assets.

Financial Liabilities

Financial liabilities of the Group mainly comprise interest-bearing loans and borrowings, trade and other payables, finance lease payables, other derivative financial liabilities and tenant security deposits.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Interest-Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Derivative Financial Instruments

Derivatives are recognised initially, and are subsequently remeasured at fair value. Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. Derivative assets and liabilities arising from different transactions are offset only if the transactions are with the same counterparty, a legal right of offset exists, and the parties intend to settle the cash flows on a net basis. Fair value movements on derivative financial instruments at fair value through profit and loss account are recognised in the statement of comprehensive income.

SECTION IV: FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

15. Interest-Bearing Loans and Borrowings

This note describes information on the material contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to market risk, currency risk and liquidity risks, see note 19.

	Note	2015 €'000	2014 €'000
Current			
Current portion of secured bank loans		42,681	61,187
Corporate loan facility	27	100,343	–
		143,024	**61,187**
Non-current			
Secured bank loans		261,287	143,814
		404,311	**205,001**

Terms and conditions of outstanding loans were as follows:

					2015		2014	
Secured facility	Contract date	Currency	Nominal interest rate	Maturity date	Face value €'000	Carrying value €'000	Face value €'000	Carrying value €'000
Loan 3	Nov 2013	RON	ROBOR 3M+ margin	Feb 2016	423	423	485	485
Loan 6	Mar 2013	EUR	EURIBOR 3M+ margin	Mar 2019	13,768	13,518	14,848	14,515
Loan 7	Aug 2008	EUR	EURIBOR 3M+ margin	Dec 2016	30,000	29,938	37,000	36,820
Loan 8	May 2008	EUR	EURIBOR 3M+ margin	Dec 2018	33,626	33,626	34,508	34,508
Loan 9	May 2008	EUR	EURIBOR 3M+ margin	Dec 2018	82,505	82,505	84,388	84,388
Loan 10	Mar 2011	EUR	EURIBOR 3M+ margin	Dec 2020	–	–	4,588	4,588
Loan 11	Sep 2014	EUR	EURIBOR 3M+ margin	Oct 2032	25,317	24,909	26,192	25,697
Loan 12	Mar 2011	EUR	EURIBOR 3M+ margin	Oct 2015	–	–	4,000	4,000
Loan 13	Jun 2015	EUR	EURIBOR 3M+ margin	Jun 2022	7,885	7,660	–	–
Loan 14	Jun 2015	EUR	EURIBOR 3M+ margin	Jun 2022	8,905	8,905	–	–
Loan 15	Aug 2008	EUR	EURIBOR 1M+ margin	Dec 2017	28,398	28,398	–	–
Loan 16	Mar 2010	EUR	EURIBOR 1M+ margin	Jun 2022	21,907	21,907	–	–
Loan 17	Mar 2010	RON	ROBOR 1M+ margin	Apr 2019	718	718	–	–
Loan 18	Aug 2015	RON	ROBOR 3M+ margin	Aug 2018	4,872	4,845	–	–
Loan 19	Jun 2015	EUR	EURIBOR 3M+ margin	Jul 2035	27,165	26,849	–	–
Loan 20	Dec 2015	EUR	EURIBOR 3M+ margin	Dec 2030	20,022	19,767	–	–
Corporate Loan	Jun 2015	EUR	Fixed rate	Jul 2016	103,067	100,343	–	–
Total					**408,578**	**404,311**	**206,009**	**205,001**

Secured Bank Loans

In June 2015, the Group concluded a seven year, €9,087 thousand loan facility (secured bank loan 14) in order to refinance part of the equity injected into this subsidiary for the development of the TAP property. At the same time ,2 existing facilities (secured bank loans 10 and 12) of the same subsidiary with outstanding balance of €8,046 thousand in total were extended to June 2022 (secured bank loan 13). In August 2015, the Group signed a RON 24,500 thousand facility (equivalent to €5,500 thousand). The facility carries a variable interest rate and is secured with mortgage on investment properties (secured bank loan 18).

As disclosed in note 23, as part of the business acquisitions of Nusco Tower, UniCredit HQ and Green Court A properties, the Group has taken over 4 existing long-term facilities (secured bank loans 15, 16, 17 and 19) with a total outstanding balance of €52,822 thousand. Similarly, in December 2015, as part of the business acquisition of Gamma, the Group entered into a long-term loan facility of €22,000 thousand for 15 years (secured bank loan 20) in order to partly fund the acquisition consideration of the respective property. The facilities carry variable interest rates and are secured with mortgages on the respective investment properties acquired under business combinations.

Secured bank loans are secured by investment properties with a carrying value of €692,570 thousand at 31 December 2015 (2014: €477,217 thousand) and also carry pledges on rent receivable balances of €3,044 thousand (2014: €1,996 thousand), tenant deposits of €1,914 thousand (2014: €1,416 thousand), VAT receivable balances of €3,336 thousand (2014: €13,371 thousand) and a moveable charge on the bank accounts (see note 18).

Corporate Loan Facility

In March 2015, the Group concluded a €55,000 thousand corporate level facility ("the Facility") in order to fund the equity portion of the above two acquisitions. The facility has been provided by subsidiaries of funds managed by Oak Hill Advisors, L.P. and certain of its advisory affiliates ("Oak Hill") for €36,667 thousand of the facility and York Capital Management Global Advisors, LLC, through York Global Finance Offshore BDH (Luxembourg) S.à r.l. for €18,333 thousand of the Facility ("York" and, together with Oak Hill, the "Lenders"). Subsequently, in June 2015, the Group signed an amendment to the above-mentioned €55,000 thousand facility agreement in order to obtain an additional €45,000 thousand funding (Oak Hill Advisors, L.P. and certain of its advisory affiliates for €30,000 thousand of the facility and York Global Finance Offshore BDH (Luxembourg) S.à r.l. for €15,000 thousand of the facility) and extended the maturity of the entire €100,000 thousand facility to July 2016 (secured facility 1). The proceeds from this loan are used to fund the Company's existing ongoing property development activities, business acquisitions and general corporate purposes.

Other Disclosures

The loans are subject to certain financial covenants, which are calculated based on the individual financial statements of the respective subsidiaries and of the Group. The Group is in compliance with all financial covenants and there was no defaults for payments during the year 2015. Financial covenants mainly include the loan-to-value ratio ("LTV") which ranges from 50% – 85% and the debt service cover ratio ("DSCR") that ranges from 100% – 120%. LTV is calculated as the loan value divided by the market value of the relevant property (for a calculation date), and DSCR (historical and/or projected, as the case may be, for a 12-month period) is calculated as net operating income divided by the debt service. As of 31 December 2015, the Group had undrawn borrowing facilities of €2,000 thousand (2014: €4,000 thousand).

16. Trade and Other Payables

	Note	2015 €'000	2014 €'000
Current			
Payable for property service charges		2,358	1,534
Payable to suppliers for properties under development		12,263	4,605
Guarantees retained from contractors		3,277	2,155
Payable for tenant lease incentives	3	2,743	–
Consideration payable for business acquisition	23	1,894	2,428
Advances from customers		625	607
Deferred income		3,381	823
Directors' emoluments payable		3,650	4,453
Salaries and related payables		915	1,251
Accruals for administrative expenses		2,715	1,613
Other taxes payable		588	726
Other short-term payables		1,143	1,114
		35,552	**21,309**
Non-current			
Payable for tenant lease incentives	3	3,278	–
		38,830	**21,309**

17. Trade and Other Receivables

	Note	2015 €'000	2014 €'000
Current			
Rent and service charges receivable		3,399	1,996
VAT and other taxes receivable		8,045	13,371
Loan receivable from subsidiary disposed		400	1,170
Consideration receivable from the seller		290	290
Advances to suppliers for services		184	–
Advances to Directors	27	650	–
Sundry debtors		225	184
		13,193	**17,029**
Non-current			
VAT and other taxes receivable		2,193	–
		15,386	**17,029**

Rent and Service Charges Receivable

Rent and service charges receivable are non-interest bearing and are typically due within 30-90 days (see more information on credit risk and currency profile in note 19). For the terms and conditions related to related party receivables, see note 27.

SECTION IV: FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

18. Cash and Cash Equivalents

	Note	2015 €'000	2014 €'000
Cash at bank and in hand		25,778	18,590
Short-term deposits		5,258	3,367
Cash and cash equivalents as per statement of cash flows		**31,036**	**21,957**
Corporate Loan – cash reserve	15	6,000	–
Cash and cash equivalents as per statement of financial position		**37,036**	**21,957**

Details of cash and cash equivalents denominated in foreign currencies are disclosed in note 19.

Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group and earn interest at rates ranging from 0.05% to 0.1% (2014: 1% to 2%) per annum. Cash at bank and in hand includes restricted cash balances of €12,400 thousand (2014: €2,759 thousand).

19. Financial Risk Management – Objective and Policies

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

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

Market Risk

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

i) Foreign Currency Risk

The Group has entities registered in several EU countries, with the majority of operating transactions arising from its activities in Romania. Therefore, the Group is exposed to foreign exchange risk, primarily with respect to the Romanian Leu (RON). Foreign exchange risk arises in respect of those recognised monetary financial assets and liabilities that are not in the functional currency of the Group. The Group's exposure to foreign currency risk was as follows (based on nominal amounts):

	2015			2014		
	RON	GBP	USD	RON	GBP	USD
All amounts are presented in €'000 equivalent value		denominated			denominated	
ASSETS						
Cash and cash equivalents	13,561	14	80	6,163	20	–
Trade and other receivables	13,757	–	–	15,548	–	–
Income tax receivable	583	–	–	299	–	–
Total	**27,901**	**14**	**80**	**22,010**	**20**	**–**
LIABILITIES						
Interest-bearing loans and borrowings	5,987	–	–	485	–	–
Trade and other payables	15,459	994	–	6,306	58	–
Income tax payable	1	–	–	1	–	–
Deposits from tenants	1,094	–	–	979	–	–
Total	**22,541**	**994**	**–**	**7,771**	**58**	**–**
Net exposure	**5,360**	**(980)**	**80**	**14,239**	**(38)**	**–**

Foreign Currency Sensitivity Analysis

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

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

	2015		2014	
All amounts in €'000	Profit and loss	Equity	Profit and loss	Equity
RON	(268)	(268)	(712)	(712)
GBP	49	49	2	2
USD	(4)	(4)	–	–

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

ii) Interest Rate Risk

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

The Group's interest rate risk principally arises from interest-bearing loans and borrowings. As at 31 December 2015, 75% of the total outstanding borrowings carried variable interest rates (including the 1M and 3M EURIBOR and 1M ROBOR as bases) which expose the Group to cash flow interest rate risk. In order to minimise this risk, the Group hedged 19% of such variable interest rate borrowings with fixed-variable interest rate swap and interest rate cap instruments. Based on the Group's debt balances at 31 December 2015, an increase or decrease of 25 basis points in the EURIBOR or ROBOR will result in an increase or decrease (net of tax) in the result for the year of €745 thousand (2014: €498 thousand), with a corresponding impact on equity for the same amount. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

The Group have EUR dominated short term borrowings (secured facility 1) at fixed rates which constitutes 25% of total debt portfolio. The facility is payable in July 2016; therefore, has insignificant exposure to fair value interest rate risk. There were no fixed rate long-term borrowings outstanding at year end 31 December 2015.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's policy is to trade with recognised and creditworthy third parties. The Group's exposure is continuously monitored and spread amongst approved counterparties.

The Group's maximum exposure to credit risk, by class, of financial asset is equal to their carrying values at the statement of financial position date.

	2015 €'000	2014 €'000
Trade receivables – net of provision	3,399	1,996
Other receivables	836	1,572
VAT and other taxes receivable	10,821	13,670
Cash and cash equivalents	37,036	21,957
	52,092	**39,195**

Trade Receivables – Net of Provision

There is no significant concentration of credit risk with respect to trade receivables, as the Group has a large number of tenants, a few of which are part of multinational groups, internationally dispersed, as disclosed in the subsection "Leasing review" on page 21 of the Annual Report. For related parties it is assessed that there is no significant risk of non-recovery.

Estimates and Assumptions Used for Impairment of Trade Receivables

The Group assesses when there is sufficient objective evidence to require the impairment of individual trade receivables. It does this on the basis of the age of the relevant receivables, external evidence of the credit status of the counterparty and the status of any disputed amounts. The movements in the provision for impairment of receivables during the respective periods were as follows:

	2015 €'000	2014 €'000
Opening balance	2,313	35
Provision balance acquired under business combination	–	2,265
Impairment during the year	229	12
Closing balance	**2,542**	**2,312**

SECTION IV: FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

19. Financial Risk Management – Objective and Policies continued

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

	Neither past due nor impaired	Past due but not impaired <90 days	<120 days	<365 days	TOTAL
2015 (€'000)	**2,602**	**228**	**554**	**15**	**3,399**
2014 (€'000)	1,545	195	92	164	1,996

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

Other Receivables

This balance relates to sundry debtors of €146 thousand, consideration receivable for the seller of €290 thousand and loan receivable from subsidiary disposed of €400 thousand. Management has made due consideration of the credit risk associated with these balances resulting in no impairment being identified.

VAT and Other Taxes Receivable

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

Cash and Cash Equivalents

The credit risk on cash and cash equivalents is very small, since the cash and cash equivalents are held at reputable banks in different countries. The most significant part of the cash and cash equivalents balance is kept at the parent (the Company) with credit rating of A-2 and in subsidiaries in Romania in local branches of reputable international banks with credit rating of BBB.

Liquidity Risk

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

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

All amounts in €'000	Contractual payment					Difference from carrying amount	Carrying amount
2015	<3 months	3 months – 1 year	1-5 years	>5 years	Total		
Interest-bearing loans and borrowings	8,891	152,517	205,175	103,320	469,903	(65,592)	404,311
Deposits from tenants	164	263	1,450	447	2,324	(411)	1,913
Finance lease liabilities	6	14	4	–	24	(1)	23
Trade payables (excluding advances from customers)	15,863	11,798	3,278	–	30,939	–	30,939
Income tax payable	75	–	–	–	75	–	75
Other payables	743	3,143	–	–	3,886	–	3,886
Total	**25,742**	**167,735**	**209,907**	**103,767**	**507,151**	**(66,004)**	**441,147**

All amounts in €'000	Contractual payment					Difference from carrying amount	Carrying amount
2014	<3 months	3 months – 1 year	1-5 years	>5 years	Total		
Interest-bearing loans and borrowings	3,885	62,385	139,723	27,825	233,818	(28,817)	205,001
Deposits from tenants	171	328	474	930	1,903	(487)	1,416
Finance lease liabilities	5	17	24	–	46	(3)	43
Trade payables (excluding advances from customers)	7,125	11,640	–	–	18,765	–	18,765
Income tax payable	23	–	–	–	23	–	23
Other payables	28	1,086	–	–	1,114	–	1,114
Total	**11,237**	**75,456**	**140,221**	**28,755**	**255,669**	**(29,307)**	**226,362**

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

Financial Instruments for which Fair Values are Disclosed

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

All amounts in €'000	Year	Carrying amount	Fair value hierarchy Level 1	Level 2	Level 3	TOTAL
Interest bearing loans and borrowings (note 15)	**2015**	404,311	–	404,311	–	404,311
	2014	205,001	–	205,001	–	205,001
Other current financial liabilities	**2015**	3,935	–	3,935	–	3,935
	2014	–	–	–	–	–
Finance lease obligations	**2015**	23	–	23	–	23
	2014	43	–	43	–	43

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

Other current financial liabilities represent the market-to-market value of an interest rate swap, obtained from the counterparty financial institution, at €3,935 thousand at the end of the current year. The fair value of derivative was developed in accordance with the requirements of IFRS 13. Bog'Art Offices S.R.L "Bog'Art" an entity acquired during the year see note 23, entered into an arrangement with the lender (a local financial institution), for risk management purposes, in 2011 at a notional amount of €22.8 m which has been transferred to the Group, as a consequence of the acquisition of Bog'Art , at market-to-market value of €4,595 thousand at acquistion date. Under the terms of the Swap agreement, the Group is entitled to receive a floating rate of 1 month EURIBOR on the above referred notional amount and is required to pay a fixed rate of interest of 3.62% p.a. on the said notional amount in four quarterly instalments, with maturity date of June 2022. The movement in fair value recognised in the income statement in the year was a financial income of €660 thousand (2014: nil).

On 31 December 2015, the Group had interest rate cap instruments valued market-to-market at €151 thousand (2014: for €115 thousand) for secured bank loans 11, 19 and 20 (see note 15) under which the Group capped EURIBOR at 1.25% for 50% of the notional loan facilities. These derivative financial instruments were fair valued (level 2) at each reporting date and any change in fair value is recognized in the consolidated statements of income within finance cost. The change in the fair value during the year ended 31 December 2015 was a loss of €212 thousand (2014: €11 thousand).

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

SECTION V: SHARE CAPITAL AND RESERVES

The disclosures in this section focus on the issued share capital, the share schemes in operation and the associated share-based payment charge to profit or loss. Other mandatory disclosures, such as details of capital management, can also be found here.

20. Issued Share Capital

Policy

Ordinary shares are classified as equity. The costs of issuing or acquiring equity are recognised in equity (net of any related income tax benefit), as a reduction of equity on the condition that these are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognised as an expense. Those costs might include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties.

	Note	2015 €'000	2015 Number (in thousand)	2014 €'000	2014 Number (in thousand)
At beginning of the year		288,740	53,645	106,956	20,906
Shares issued for cash		53,830	8,972	78,735	13,345
Transaction costs on issue of shares		(786)	–	(2,595)	–
Shares issued on acquisition of subsidiaries		–	–	34,459	6,405
Shares issued for settlement of acquisition obligation		–	–	5,225	989
Shares issued for mandatorily convertible debt		–	–	65,960	12,000
Balance at 31 December		**341,784**	**62,617**	**288,740**	**53,645**

Ordinary shares carry no right to fixed income but are entitled to dividends as declared from time to time. Each ordinary share is entitled to one vote at meetings of the Company. There is no limit on the authorised share capital of the Company. The Company can issue no par value and par value shares as the shareholders see fit for the five year period following the incorporation of the Company (unless renewed, revoked or varied by a general meeting). This authority has not been revoked by the shareholders.

Under Guernsey Company Law there is no distinction between distributable and non-distributable reserves, requiring instead that a company passes a solvency test in order to be able to make distributions to shareholders. Similarly, share premium for issuance of shares above their par value per share is recognised directly under share capital and no separate share premium reserve account is recognised.

Shares Issued for Cash

On 1 October 2015, additional 8,972 thousand ordinary shares were issued at €6.00 each (€53,830 thousand) following the completion of the fundraising announced on 22 September 2015.

21. Share Based Payment Reserve

Policy

Equity-settled transactions where vesting is conditional upon a market or non-vesting condition, are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all service conditions are satisfied. The cost of equity-settled transactions is recognised in income statement, together with a corresponding increase in other reserves in equity (share based payment reserve), over the period in which the service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired. Where the share scheme have market related performance criteria, the Group has used a binomial option pricing model to establish the relevant fair values at grant date, taking into accounts the terms and conditions.

The following table analyses the movement in total cost outstanding at year end.

Share based payments reserve	2015 €'000	2014 €'000
Executive share option plan	305	180
Reclassification from liabilities to equity	2,350	–
Closing balance	**2,655**	**180**

Executive Share Option Plan

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

During 2013, the Group granted warrants to the Founder and the Directors which entitle each holder to subscribe for ordinary shares in the Company at an exercise price of €5.00 per share if the market price of an ordinary share, on a weighted average basis over 60 consecutive days, exceeds a specific target price and the holder is employed on such date. The contractual term of each warrant granted is ten years. There are no cash settlement alternatives and the Group does not have the intention to offer cash settlement for these warrants. Further details are disclosed in the Directors' Report on pages 105 and 106 of the Annual Report.

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

	2015 Cost €'000	2015 Number (thousand)	2014 Cost €'000	2014 Number (thousand)
At the beginning of the year	180	4,635	44	3,526
Granted during the year	–	–	–	1,109
Share scheme expense during the year	125	–	136	–
At 31 December	**305**	**4,635**	**180**	**4,635**
Weighted average remaining contractual life (years)		**7.58**		**8.58**

The fair value of the warrants was estimated at the grant date (i.e. July 2013) at €0.073 per share. There have been no cancellations or modifications to any of the plans during the year.

Reclassification from Liabilities to Equity

In January 2016, the Company issued 407,296 Ordinary shares at €5.77 per share and delivered them to the Executive Directors and other senior management employees, on behalf of its subsidiary GIAL, in order to settle a liability of €2.35m owed by the Company to its subsidiary, related to the fees charged by GIAL to the Company pursuant to the Investment Advisory Agreement concluded between the Company and GIAL.

22. Capital Management

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

The Group monitors capital primarily using a loan-to-value ratio, which is calculated as the amount of outstanding debt divided by the open market value of its investment property portfolio as certified by external valuers. As at 31 December 2015 the loan-to-value ratio was 43.9% (2014: 34.4%).

SECTION VI: BUSINESS COMBINATIONS AND RELATED DISCLOSURES

This section includes details about Globalworth's subsidiaries, new businesses acquired, subsidiary disposed, goodwill and related impact on the income statement and cash flows.

23. Business Combinations

Policy

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. The Group continues to measure the non-controlling interest at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs, transfer duties, legal fees and other ancillary costs are expensed as incurred and included in Acquisition costs.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement as bargain purchase gain on business combination. Goodwill is measured in accordance with the policy set out in note 24.

Judgements and Assumptions used for Business Combinations

At the time of acquisition, the Group considers whether each acquisition represents an acquisition of a business or an acquisition of an asset. Where an integrated set of activities are acquired in addition to the property more specifically the consideration is made of the extent to which significant processes are acquired, the transaction is accounted for as a business combination.

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

The Group acquired a 100% interest in the following entities during the year. The existing strategic management functions and associated processes were acquired with the properties and, as such,the management considered these transactions as acquisitions of a business rather than asset acquisitions. The details about the nature of their activities and respective acquisition date are presented below:

Acquiree	Bog'Art Offices S.R.L ("BogArt")	Nusco Tower S.R.L (subsequently renamed "Corinthian Tower S.R.L.") ("Corinthian")	SPC Beta Property Development Company S.R.L. ("Beta")	SPC Gamma Property Development Company S.R.L. ("Gamma")
Acquisition date	31 March 2015	31 March 2015	30 June 2015	22 December 2015
Activity	Office Building	Office Building	Office Building	Office Building
Location	Bucharest, Romania	Bucharest, Romania	Bucharest, Romania	Bucharest, Romania

The revenue and profit contributed by each subsidiary, since acquisition date, and the impact on the Group's results had these companies been acquired at the beginning of the year, are disclosed below:

All amounts in €'000	BogArt	Corinthian	Beta	Gamma	Total
Subsidiary's contribution					
Revenue	3,500	4,100	2,034	70	**9,704**
Profit/(Loss) after tax	2,001	176	2,204	(80)	**4,301**
Pro-forma Group's results					
Consolidated revenue	45,951	46,079	46,626	46,270	**50,598**
Consolidated profit after tax	52,079	51,930	51,371	49,681	**50,798**

Judgements and Assumptions used for the Fair Value Assessment of Assets Acquired and Liabilities Assumed

The fair value of investment property at acquisition date in accordance with related IFRS 3 "Business Combinations" provisions, was determined based on the independent valuation at the respective acquisition date, as disclosed above. The deferred tax liability disclosed in the below table for each subsidiary comprises the tax effect of the difference between the tax base and the fair value of the property at acquisition date.

The bargain purchase gain represents the purchase price discount on the value of the property acquired in accordance with the respective Share Sale and Purchase Agreement. The identifiable net assets acquired do not include loans payable (including interest) to former shareholders of Beta and Gamma with a nominal value of €78,131 thousand which were undertaken by the Company and repaid immediately on the acquisition date as part of consideration paid to the sellers. For purchase price allocation purposes such loans payable are considered to be part of the equity of the acquiree. Therefore, the purchase consideration, as disclosed above, includes the price paid both for the shares of the acquiree and for such loans settled with former shareholders to the Company.

The following table describes the fair value of assets acquired, liabilities assumed and the consideration paid for these companies at the respective date of acquisition for each subsidiary:

All amounts in €'000	BogArt	Corinthian	Beta	Gamma	TOTAL
Completed investment property	52,300	59,700	47,600	50,200	**209,800**
Advances for investment property	–	–	198	–	**198**
Other non-current assets	–	–	7	9	**16**
Gross trade receivables	50	118	98	431	**697**
Provision for doubtful trade receivables	–	–	–	–	**–**
Other receivables	100	120	676	1,256	**2,152**
Cash and cash equivalents	1,309	2,472	739	102	**4,622**
ASSETS	**53,759**	**62,410**	**49,318**	**51,998**	**217,485**
Interest-bearing loans and borrowings	23,755	29,067	–	–	**52,822**
Deferred tax liability	2,870	4,455	2,297	2,834	**12,456**
Other current financial liabilities	4,595	–	–	–	**4,595**
Deposits from tenants	–	39	126	74	**239**
Trade and other payables	605	1,296	709	514	**3,124**
LIABILITIES	**31,825**	**34,857**	**3,132**	**3,422**	**73,236**
Total identifiable net assets at fair value	21,934	27,553	46,186	48,576	**144,249**
Bargain purchase gain arising on acquisition	(1,821)	(9,245)	(4,107)	(2,054)	**(17,227)**
Purchase consideration transferred	**20,113**	**18,308**	**42,079**	**46,552**	**127,022**
Purchase consideration transferred					
Cash paid	20,113	18,308	42,062	44,645	**125,128**
Consideration payable to the seller	–	–	17[1]	1,877[1]	**1,894**
TOTAL	**20,113**	**18,308**	**42,079**	**46,552**	**127,022**
Cash flows on acquisition:					
Cash paid	(20,113)[2]	(18,308)	(42,062)[3]	(44,645)	**(125,128)**
Cash acquired under the acquisition of subsidiaries	1,309	2,472	739	102	**4,622**
Net cash outflow on acquisition	**(18,804)**	**(15,836)**	**(41,323)**	**(44,543)**	**(120,506)**

1 Paid in cash subsequent to the year end 2015.
2 Includes €2,000 thousand paid as an advance in 2014.
3 Includes €4,100 thousand paid as an advance in 2014.

Acquisition Costs

Incidental costs of €811 thousand, incurred in connection with the business acquisitions, have been expensed and are included in the operating results under the line acquisition costs.

SECTION VI: BUSINESS COMBINATIONS AND RELATED DISCLOSURES (CONTINUED)

24. Goodwill

Policy

Goodwill only arises upon a business combination, and is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, after recognising the acquiree's identifiable assets, liabilities and contingent liabilities.

Subsequently, goodwill is carried at cost and is subject to reviews for impairment at each year end or whenever there is an indication of impairment. At the date of acquisition, goodwill is allocated to one or more cash-generating units that are expected to benefit from the combination. The recoverable amount of a cash-generating unit, for the purpose of impairment testing, is determined using the discounted cash flows method and is applied to the full cash-generating unit rather than each legal entity. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Where goodwill arises as result of deferred tax liabilities, recognised under a business combination on acquisition date, the impairment of this goodwill is calculated according to the amounts of tax optimisation existing at the date of reporting. Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Movement in goodwill balance	2015 €'000	2014 €'000
Opening balance	12,349	12,616
Derecognised on the sale of subsidiary	–	(267)
Closing balance	**12,349**	**12,349**

Goodwill is allocated to the Group's cash-generating units ("CGUs") which represented individual properties acquired under business combinations. The goodwill balance arose from deferred tax liabilities, recognised at the acquisition date of a subsidiary (Globalworth Asset Managers S.R.L.), and its property management activities.

Key Estimates and Assumptions used for Goodwill Impairment Testing

The Group's impairment test for goodwill is based on value in use calculations that use a discounted cash flow model. The cash flows are derived from the budget for the next four years approved by management and significant future investments that will enhance the asset base of the cash-generating unit being tested. These calculations require the use of estimates which mainly include the assumptions on the financial performance of CGU's operations.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The goodwill tested for impairment is related to the property management activity with a carrying value of €6,651 thousand (2014: 6,651 thousand). No impairment charge arose as a result of the impairment test at year end. Management believes that as of 31 December 2015 no reasonable change in the main assumptions could result in an impairment charge (31 December 2014: same). The value-in-use of the property management activity was determined based on the following main assumptions as at 31 December 2015, which were similar to those used as at 31 December 2014:

1. Budgets for 4 years (2014: 3 years);
2. Discount rate of 12.0% p.a. as of 31 December 2015 (2014: 12.4% p.a.); and
3. Extrapolation in perpetuity from 2019 onwards, considering a growth rate of 1.0% p.a. (2014: 1.0% p.a.).

The goodwill related to deferred tax liabilities recognised on acquisition was not tested for impairment as there were no changes in the tax circumstances of the relevant entities or other events that would indicate an impairment thereof.

SECTION VII: OTHER DISCLOSURES

This section includes segmental disclosures highlighting the core areas of Globalworth's operations in the office, residential and other (industrial and corporate segments). There were no significant transactions between segments except for management services provided by the offices segment to the residential and other (industrial) segments.

The transactions with related parties, new standards and amendments adopted by the EU in 2015 that have no impact on the Group's financial position and performance, contingencies that existed at the year end and details on significant events which occurred subsequent to the date of the financial statements.

25. Investment in Subsidiaries

Policy

The Group assess whether it has control over a subsidiary or an investee, in order to consolidate the assets, liabilities, income and expenses of the subsidiary or the investee in the Group's consolidated financial statements, based on certain judgements and assumptions.

Key Judgements and Assumptions used in Determining the Control over an Entity:

- Power over the investee (i.e. existing rights, directly or indirectly, in the investee that give it the current ability to direct the relevant activities of the investee). If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights.
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns (such as appointment of administrator or director in the subsidiary or investee).

Details on all direct and indirect subsidiaries of the Company, over which the Group has control and consolidated as of 31 December 2015 and 2014, are disclosed in the table below. There are no other subsidiaries which were not consolidated.

As of 31 December 2015, the Group held a 100% shareholding interest (31 December 2014: 100%) in the following subsidiaries, being holding companies as principal activities.

Subsidiary	Place of incorporation
Globalworth Investment Advisers Limited, Globalworth Finance Guernsey Limited	Guernsey, Channel Islands
GWI Finance B.V., Globalworth Holding B.V., GW Real Estate Finance B.V.	Netherlands
Globalworth Holdings Cyprus Limited, Zaggatti Holdings Limited, Tisarra Holdings Limited, Ramoro Limited, Vaniasa Holdings Limited, Serana Holdings Limited, Kusanda Holdings Limited, Kifeni Investments Limited, Casalia Holdings Limited, Pieranu Enterprises Limited, Dunvant Holding Limited, Oystermouth Holding Limited	Cyprus
Mycre Investment S.A.[1]	Greece

1 Disposed of subsequent to the year end, see note 30.

As of 31 December 2015, the Group held a 100% shareholding interest (31 December 2014: 100%) in the following subsidiaries, who own real estate assets in Romania, being asset holding companies as their principal activities.	
Corinthian Five S.R.L., Tower Center International S.R.L., Upground Estates S.R.L., BOB Development S.R.L., BOC Real Property S.R.L., Netron Investment S.R.L., SEE Exclusive Development S.R.L.[2], **Aserat Properties S.R.L.[2]	Romania

2 Converted from a joint stock to a limited liability company during the year.

As disclosed in note 23, during the year ended 31 December 2015, the Group acquired a 100% shareholding interest (new wholly owned subsidiaries) in the following companies, who own real estate assets in Romania, being asset holding companies as their principal activities.	
Corinthian Tower S.R.L., Bog'Art Offices S.R.L., Beta Property Development Company S.R.L., SPC Gamma Property Development Company S.R.L.	Romania

During the year ended 31 December 2015 the following companies were incorporated, 100% owned by the Group: Saniovo Holdings Limited, as holding company, in Cyprus and Globalworth Building Management S.R.L., as building management, in Romania.

During the year ended 31 December 2015, the Group increased its shareholding interest in Globalworth Asset Managers S.R.L. (an asset holding and asset manager company incorporated in Romania) from 99.99553% at 31 December 2014 to 100% by acquiring the remaining 0.00447% minority interest for a total consideration of €267. The carrying value of minority interest at acquisition date and disposal date was €6,210 and €6,339, respectively.

SECTION VII: OTHER DISCLOSURES (CONTINUED)

26. Segmental Information

Policy

The Board of Directors is of the opinion that the Group is engaged mainly in three segments of business, being offices investment property, residential investment property and other, in one geographical area, Romania. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Executive Directors.

The Group is domiciled in Guernsey. The Group earns revenue and holds non-current assets (investment properties) in Romania only, the geographical area of its operations.

For investment property, discrete financial information is provided on a property-by-property basis (including those under construction/refurbishment) to members of executive management, which collectively comprise the Executive Directors of the Group. The information provided is net rental income "NOI" (gross rental income less property expenses) and property valuation gains/losses. The individual properties are aggregated into segments with similar economic characteristics, such as the nature of the property and the occupier market it serves. Management considers that this is best achieved by aggregating into the office, residential and other segments.

Consequently, the Group is considered to have three reportable operating segments: the Offices segment (acquires, develops, leases and manages offices and spaces), the Residential segment (builds, acquires, develops and leases apartments) and the Other segment (acquires, develops, leases and manages industrial spaces and corporate holding offices). Share based payments expense is not allocated to individual segments as underlying instruments are managed at group basis.

Segment assets and liabilities reported to executive management on a segmental basis are set out below:

	2015					2014				
Segments	**Office €'000**	**Residential €'000**	**Other €'000**	**Inter-segment eliminations €'000**	**Total €'000**	Office €'000	Residential €'000	Other €'000	Inter-segment eliminations €'000	Total €'000
Revenue	37,977	2,855	5,779	(1,835)	44,776	19,686	2,283	796	(607)	22,158
Operating expenses	(11,885)	(1,843)	(3,333)	655	(16,406)	(7,727)	(1,464)	(81)	7	(9,265)
Segment NOI	**26,092**	**1,012**	**2,446**	**(1,180)**	**28,370**	**11,959**	**819**	**715**	**(600)**	**12,893**
Administrative expenses	(3,575)	(1,280)	(6,475)	890	(10,440)	(2,989)	(923)	(8,342)	600	(11,654)
Acquisition costs	(811)	–	–	–	(811)	(1,026)	–	(1,450)	–	(2,476)
Change in fair value of investment property	47,859	(437)	2,000	–	49,422	26,204	382	(1,583)	–	25,003
Bargain purchase gain on acquisition of subsidiary	17,227	–	–	–	17,227	32,139	40,461	7,649	–	80,249
Foreign exchange loss	(169)	(10)	(70)	–	(249)	(331)	(16)	(8)	–	(355)
Finance cost	(18,535)	(2,206)	(666)	–	(21,407)	(9,276)	(1,754)	2,708	–	(8,322)
Finance Income	522	2	2	–	526	229	31	67	–	327
Segment results	**68,610**	**(2,919)**	**(2,763)**	**(290)**	**62,638**	**56,909**	**39,000**	**(244)**	**–**	**95,665**
Share based payment expense	–	–	(125)	–	(125)	–	–	(136)	–	(136)
Gain on sale of subsidiary	–	–	–	–	–	198	–	–	–	198
Profit before tax	**68,610**	**(2,919)**	**(2,888)**	**(290)**	**62,513**	**57,107**	**39,000**	**(380)**	**–**	**95,727**

Revenues are derived from a large number of tenants and no tenant contributes more than 10% of the Group's rental revenues for the year ended 31 December 2015 (2014: nil).

	2015					2014				
Segments	**Office €'000**	**Residential €'000**	**Other €'000**	**Inter-segment eliminations €'000**	**Total €'000**	Office €'000	Residential €'000	Other €'000	Inter-segment eliminations €'000	Total €'000
Segment non-current assets	804,218	108,760	44,391	(34)	957,335	473,167	109,855	44,651	–	627,673
Total assets	844,212	110,246	67,140	(1,460)	1,020,138	499,660	111,830	59,297	(2,091)	668,696
Total liabilities	458,184	37,606	26,158	(1,493)	520,455	210,751	44,678	22,617	(2,091)	275,955
Additions to non-current assets	70,982	24	8,789	–	79,795	55,388	–	11,809	–	67,197

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

27. Transactions with Related Parties

The Group's related parties are Ioannis Papalekas, the Company's other Directors, as well as all companies controlled by them or under their joint control, or under significant influence by Ioannis Papalekas.

The Group's major shareholder is Mr. Ioannis Papalekas (the Founder) who at 31 December 2015 owned 36.1% (2014: 42.1%) of the Company's Ordinary shares. The remaining 63.9% (2014: 57.9%) of the Ordinary shares are held by several shareholders, see further information in the Directors' Report on page 105 of the Annual Report.

The related party transactions are set out in the table below:

All amounts in €'000		Income statement		Statement of financial position	
		Income/(expense)		Amounts owing (to)/from	
Name	Nature of transactions/balance amounts	**2015 £'000**	2014 £'000	**2015 £'000**	2014 £'000
BOB Development S.R.L.[1]	Disposal fees, management services and fit-out works	–	1,508		
BOC Real Property S.R.L.[1]	Disposal fees, management services and fit-out works Lessor for operating lease	– –	138 (63)		
Netron Investment S.R.L.[1]	Rent expenses	–	3		
Upground Estates S.R.L.[1]	Disposal fees, management services and fit-out works Rent and utilities	– –	404 (6)		
Tower Center International S.R.L.[1]	Management services and fit-out works	–	53		
Asia CCF Investment S.à r.l	Corporate Loan facility	(828)	–	(11,337)	–
CDP ESCF Investment S.à r.l.	Corporate Loan facility	(1,204)	–	(15,563)	–
ESCF Investment S.à r.l.	Corporate Loan facility	(1,774)	–	(21,300)	–
York Global Finance Offshore BDH (Luxembourg) S.à r.l.	Corporate Loan facility	(2,606)	–	(34,356)	–
SPFC Investment S.à r.l.	Corporate Loan facility	(541)	–	(6,081)	–
Indiana Public Retirement System	Corporate Loan facility	(247)	–	(4,123)	–
Centre Street Investments S.à r.l.	Corporate Loan facility	(493)	–	(8,245)	–
OCA OHA Credit Fund LLC	Corporate Loan facility	(123)	–	(2,061)	–
Mr. Ioannis Papalekas[2]	Advances to Directors	–	–	650	–
Risunam Enterprises Limited Malanis Holdings Limited	Payable for properties acquired Payable for properties acquired	–	–	–	(2,345) (83)

1 These represent only transactions for the pre-acquisition period incurred with the companies that were acquired by the Group subsequently.
2 Advance amount was returned subsequent to the year end 2015.

27. Transactions with Related Parties continued
As disclosed in note 25, the Group acquired the remaining minority interest of 0.00447% in Globalworth Asset Managers S.R.L. from the Founder and Mr. Adrian Danoiu (one of the Directors of the subsidiary) at RON 1,170 (equivalent to €265) for 0.00443% of the share capital and at RON 10 (equivalent to €2) for 0.00004% of the share capital, respectively.

The Group entered into a transaction with Bakaso Holdings Limited, a company controlled by the Founder, in order to dispose of the entire shareholding interest and control in Mycre Investment S.A., the owner of a property in Mykonos, Greece. Further details about the transactions are disclosed in notes 3 and 30.

Transactions with Directors are disclosed in the Directors' Report on page 105 of the Annual Report and the emoluments of the Executive and Non-Executive Directors are disclosed in the Remuneration Committee Report on page 107 of the Annual Report.

28. New and Amended Standards
Starting from 1 January 2015 the Group adopted Annual improvements to IFRSs 2011–2013 cycle; these narrow scope amendments had no impact on the Group's financial position and performance.

Standards issued but not yet effective and not early adopted by the Group are presented in the table below. The management believes that there will be no significant impact in the Group's consolidated financial statements, except for IFRS 15 "Revenue from Contracts with Customers" and IFRS 16 "Leases", for which the Group is in process of assessing the impact.

Narrow scope amendments and new Standards	Effective date
Annual improvements to IFRSs 2010–2012 cycle	Feb-15
IAS 19 Defined Benefit Plans (Amended): Employee Contributions	Feb-15
IFRS 14 Regulatory Deferral Accounts	Jan-16
IFRS 11 Joint arrangements (Amendment): Accounting for Acquisitions of Interests in Joint Operations	Jan-16
IAS 16 Property, Plant & Equipment and IAS 38 Intangible assets (Amendment): Clarification of Acceptable Methods of Depreciation and Amortisation	Jan-16
IAS 27 Separate Financial Statements (amended)	Jan-16
IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (Amendments)	Jan-16
IAS 1 Disclosure Initiative (Amendment)	Jan-16
Annual improvements to IFRSs 2010–2014 cycle	Jan-16
IAS 12 Income taxes (Amendments): Recognition of Deferred Tax Assets for Unrealised Losses	Jan-17
IAS 7 Statement of Cash Flows (Amendments): Disclosure Initiative	Jan-17
IFRS 9 Financial Instruments: Classification and Measurement	Jan-18
IFRS 15 Revenue from Contracts with Customers	Jan-18
IFRS 16 Leases	Jan-19
IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not yet announced

29. Contingencies
Policy
Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

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

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

30. Subsequent Events

Date	Description
25 January 2016	The Company issued 407,296 Ordinary shares at €5.77 per Ordinary share to settle a liability towards its subsidiary GIAL, which provides investment advisory services to the Company.
24 February 2016	The Group concluded a share sale-purchase agreement in order to dispose of 100% shareholding and control of Mycre Investment S.A. for total consideration of €11,300 thousand, in cash, and ceased to have control over this entity by transferring the title of the shares to Bakaso Holdings Limited, a company controlled by the Founder.
9 March 2016	The Group signed a c.€29.1m long-term debt facility agreement with Banca Comerciala Romana ("BCR") in Romania (Erste Bank Group) in order to refinance the existing secure loan facilities related to the TAP light industrial park in Timisoara, and to fund the development of an extension to this property. This facility is secured on the TAP property and matures in year 2031.
19 May 2016	The Group signed a €10.3m long-term debt facility agreement with the Garanti Bank in Romania in order to refinance equity and to fund the remaining development costs of the Gara Herastrau office building. This facility is secured on the land and building under development and matures in the 1st quarter of 2026.
27 May 2016	The Group secured a €180m three-year facility (the "Matisse Facility"). The Matisse Facility will be provided by Matisse Funding B.V. (an orphan SPV) which is expected to issue €180m of senior secured Notes to institutional investors. The proceeds of such issuance will be on-lent to the Group in order to refinance the €100m corporate facility obtained in 2015 from funds managed by York Capital and Oakhill Advisors and three secured debt facilities at the level of three of its Romanian subsidiaries. The Matisse Facility is secured on the properties of these Romanian subsidiaries as well as their holding companies. Drawdown under the Matisse Facility is expected in June 2016.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLOBALWORTH REAL ESTATE INVESTMENTS LIMITED

1. Our opinion on the consolidated financial statements

In our opinion Globalworth Real Estate Investments Limited's ("the Company") and its subsidiaries (the "Group") consolidated financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's affairs as at 31 December 2015 and its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"); and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law 2008.

2. What we have audited

We have audited the Group financial statements of Globalworth Real Estate Investments Limited Limited for the year ended 31 December 2015, which comprise:

- the Consolidated Statement of Comprehensive Income for the year ended 31 December 2015;
- the Consolidated Statement of Financial Position as at 31 December 2015;
- the Consolidated Statement of Changes in Equity for the year ended 31 December 2015;
- the Consolidated Statement of Cash Flows for the year ended 31 December 2015; and
- the related notes 1 to 30.

The financial reporting framework that has been applied in their preparation is applicable law and IFRS.

3. Overview of our audit approach

Risks of material misstatement	• Valuation of investment properties • Accounting for business combinations • Revenue recognition • Going concern
Audit scope	• We have performed an audit of the complete financial information of nine components and audit procedures on specific balances, particularly the valuation of investment property, where we considered the risk of material misstatement to be higher, for a further four components, as well as for other specific balances, for a further thirteen components. • The reporting components where we performed audit procedures accounted for 98% of total equity (including the parent company which was a full scope component), and 99% of the Groups' total revenue.
Materiality	• Overall materiality of €5 million (2014: €3.9 million) which represents 1% (2014: 1%) of total equity.
What has changed	• We increased our focus on revenue due to the increase in revenue during the year.

The audit was led by EY Guernsey. The Group audit team comprised individuals from Guernsey and Romania and we operated as an integrated team across both jurisdictions. We engaged component teams in Romania and in Cyprus (the latter for specific scope assigned). The engagement partner and senior manager from Guernsey visited Romania to review work done there. We performed audit procedures and responded to the risks identified as described below.

3.1. Our assessment of risk of material misstatement

We identified the risks of material misstatement described below as those that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team. This is not a complete list of all risks or areas of focus identified by our audit. In addressing these risks, we have performed the procedures below which were designed in the context of the financial statements as a whole and, consequently, we do not express any opinion on these individual areas.

Changes from prior year

Our audit approach and assessment of areas of focus changed in response to changed circumstances affecting the Group's business and impacting the Group's financial statements. Since the 2014 audit we have made the following changes to areas of focus:

- We increased our focus on recognition of revenue, particularly rental income, due to the increase in the year from €15 million to €31 million (see note 7 to the financial statements) and the use of lease incentives which can give rise to complex accounting. We also associated a fraud risk to revenue recognition.

Risk	Our response to the risk	What we concluded to the Audit Committee
Fair valuation of investment property (€937 million ; 2014 - €599 million) The valuation of investment property is the key driver of the Group's net asset value and total return. Valuation of investment property requires specialist expertise and the use of significant estimates and judgements giving rise to a higher risk of misstatement. Refer to the Audit Committee Report (page 109) and note 3 of the financial statements (page 119)	• We performed full and specific scope audit procedures over the valuation of investment property which covered 100% thereof. Specific scope procedures were performed by component audit teams based on instructions issued by the Group audit team. Those procedures are described below: • We documented our understanding of the processes, policies and methodologies used by management for valuing investment property and performed walkthrough tests to confirm our understanding of the systems and controls implemented. • We agreed the valuations recorded in the consolidated financial statements to the values reported by the Company's independent experts ("Specialists"). • We agreed a sample of the significant inputs used by the Specialists to value investment property, particularly rental data, let areas and projected capex, to contractual documentation and development plans. • We tested the arithmetical accuracy of the calculations done by Specialists for the main assumptions in the model, by reperforming a sample of their calculations. • We engaged our own internal valuation experts from Romania to: • use their knowledge of the market to assess and corroborate the market related judgements and valuation inputs (including discount rates, exit yields and sales values) used by the Specialists; and • assist us in determining whether the Specialists were appropriately qualified and independent.	We confirmed that there were no material matters arising from our audit work on the inputs used and the judgments made by the Specialists that we wished to bring to the attention of the Audit Committee. We confirmed that investment property was not materially misstated.
Accounting for business combinations which gave rise to bargain purchase gains (€17 million; 2014 - €80 million) The assessment of the fair value of net assets acquired and the consideration paid requires significant judgement and the accounting is complex giving rise to a higher risk of misstatement. Refer to the Audit Committee Report (page 109) and note 23 of the financial statements (page 138)	• We performed procedures over 100% of acquisitions that gave rise to bargain purchase gains. There were no transactions during the year that gave rise to goodwill. Our procedures are described below. • We read transaction documentation and assessed whether management had properly dealt with the accounting implications of the transaction. • We evaluated the assumptions used by management to calculate the fair values of the assets and liabilities acquired and we engaged our internal valuation specialists to assess the fair values of investment property at the date of purchase. • We tested management's calculations of the fair value of the consideration paid and the calculation of bargain purchase gains. • We assessed the methodology applied, the significant judgments and estimates made in relation to the acquisitions, and their classification.	We confirmed that there were no material matters arising from our audit work that we wished to bring to the attention of the Audit Committee. We confirmed that bargain purchase gains were not materially misstated.
Recognition of rental income (€31 million; 2014 - €15 million) Management may seek to overstate rental income as it is a significant metric and indicator of the Group's progress giving rise to a higher risk of misstatement. Refer to note 7 of the financial statements (page 124)	• We documented our understanding of the processes, policies and methodologies used by management in respect of revenue recognition and performed walkthrough tests to confirm our understanding of the systems and controls implemented. • On a sample basis we agreed rental rates to tenancy agreements and rent received to bank statements. • For a sample of tenancy agreements with lease incentives, we recalculated the spreading of the incentives over the period of the contract by reference to the terms of the agreements and we assessed the appropriateness of the accounting treatment by reference to the requirements of IFRS.	We confirmed that there were no matters identified during our audit work on revenue recognition that we wished to bring to the attention of the Audit Committee. We confirmed that revenue from rental income was recognised in accordance with IFRS.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLOBALWORTH REAL ESTATE INVESTMENTS LIMITED (CONTINUED)

3.1. Our assessment of risk of material misstatement continued

Risk	Our response to the risk	What we concluded to the Audit Committee
Risk that the Company has not appropriately assessed whether there is a material uncertainty with respect to going concern. Refer to the Audit Committee Report (page 110) and notes 1 and 30 of the financial statements (pages 117 and 145 respectively)	• We assessed whether management's going concern forecasts were a reasonable estimate of likely developments in the Group's financial position, as it relates to going concern, over the forecast period. • We assessed managements' conclusion that there was no material risk that the Group would be unable to draw down the bond facility by considering whether there was any material risk that the Group would be unable to satisfy the conditions precedent of the bond facility agreement.	We confirmed that we agreed with management's judgements with respect to going concern.

4. Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements. For the purposes of determining whether the financial statements are free from material misstatement we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced.

4.1. Materiality

This is the magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined planning materiality for the Group to be €5 million (2014: €3.9 million), which is 1% (2014: 1%) of total equity. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

It was considered inappropriate to determine materiality based on the Group's profit before tax as the primary performance measures of the Group for internal and external reporting are based on equity.

We believe that total equity provides us with an appropriate basis for audit materiality as it is a key published performance measure and is a key metric used by management in assessing and reporting on overall performance.

During the course of our audit, we reassessed initial materiality and noted no matters leading us to amend materiality levels from those originally determined at the audit planning stage.

4.2. Performance materiality

This refers to the application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2014: 50%) of our planning materiality, namely €2.5 million (2014: €1.95 million). Our objective in adopting this approach was to ensure that total uncorrected and undetected audit differences in the financial statements did not exceed our materiality level.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. For the Group audit, the performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was €420 thousand to €1.2 million (2014: €400 thousand to €1 million). This is set out in more detail in section 5 below.

4.3. Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of €250 thousand (2014: €195 thousand), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

5. Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

5.1. Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the Group financial statements. The factors that we considered when assessing the scope of the Group audit and the level of work to be performed at each location included the following: the financial significance and specific risks of the location; the size of the component in relation to the Group total equity; the organisation of the Group and effectiveness of the control environment, including group-wide controls; and changes in the business environment.

Of the 27 components selected, which includes the parent company, we performed an audit of the complete financial information of nine components ("full scope component") which were selected based on their size and risk characteristics. For the remaining seventeen components ("specific scope components"), we performed specific audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of the accounts or their risk profile. For those specific accounts selected, as part of our specific scope components, the extent of our audit work on those accounts was the same as that for a full scope audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLOBALWORTH REAL ESTATE INVESTMENTS LIMITED (CONTINUED)

5. Scope of the audit of the Financial Statements continued

The components selected, in addition to the parent company which is a full scope component, together with the allocated performance materiality, were as follows:

Component Name	Location	Investment type	Scope	Performance materiality € 000's
Globalworth Asset Managers SRL	Romania	Asset manager / Completed Investment property / Investment property under development	Full scope	945,000
BOC Real Property SRL	Romania	Completed Investment property	Full scope	1,155,000
Upground Estates SRL	Romania	Completed Investment property	Full scope	1,050,000
Tower Center International SRL	Romania	Completed Investment property	Full scope	945,000
Corinthian Five SRL	Romania	Investment property under development	Full scope	945,000
Corinthian Tower SRL	Romania	Completed Investment property	Full scope	735,000
Bog'art Offices SRL	Romania	Completed Investment property	Full scope	630,000
SPC Beta Property Development Company SRL	Romania	Completed Investment property	Full scope	630,000
SPC Gamma Property Development Company SRL	Romania	Completed Investment property	Full scope	420,000
BOB Development SRL	Romania	Completed Investment property	Specific scope (1)	735,000
SEE Exclusive Development SRL	Romania	Completed Investment property/ Investment property under development	Specific scope (2)	630,000
Netron Investment SRL	Romania	Investment property under development	Specific scope (3)	525,000
Aserat Properties SRL	Romania	Land bank for further development	Specific scope (4)	420,000
Globalworth Holdings Cyprus Limited	Cyprus	Holding entity	Specific scope (5)	420,000
Pieranu Enterprises Ltd	Cyprus	Holding entity	Specific scope (5)	420,000
Tisarra Holding Limited	Cyprus	Holding entity	Specific scope (5)	420,000
Ramoro Ltd	Cyprus	Holding entity	Specific scope (5)	420,000
Oystermouth Holding Limited	Cyprus	Holding entity	Specific scope (5)	420,000
Dunvant Holding Limited	Cyprus	Holding entity	Specific scope (5)	420,000
Zaggatti Holdings Limited	Cyprus	Holding entity	Specific scope (5)	420,000
Casalia Holdings Limited	Cyprus	Holding entity	Specific scope (5)	420,000
Kifeni Holdings Limited	Cyprus	Holding entity	Specific scope (5)	420,000
Serana Holdings Limited	Cyprus	Holding entity	Specific scope (5)	420,000
Vaniasa Holdings Limited	Cyprus	Holding entity	Specific scope (5)	420,000
Saniovo Holding Limited	Cyprus	Holding entity	Specific scope (5)	420,000
Kusanda Holdings Limited	Cyprus	Holding entity	Specific scope (5)	420,000

(1) Investment Property, Rent revenue and net recoveries, Cash, Bank Loans & Interest expense, Commitments and Contingent liabilities and Taxation (including deferred taxation)
(2) Investment Property , Rent revenue and net recoveries, Cash, Accounts payables (including guarantees payable), Bank Loans & Interest expense, Commitments and Contingent liabilities and Taxation (including deferred taxation)
(3) Investment Property, Cash, Accounts payables (including guarantees payable to constructors), Commitments and Contingent liabilities and Taxation (including deferred taxation and VAT receivable)
(4) Investment Property, Cash, Commitments and Contingent liabilities and Taxation (including deferred taxation)
(5) Taxation and Contingent liabilities.

The reporting components where we performed audit procedures accounted for 98% (2014: 96%) of the Group's total equity (including the parent company which was a full scope component), and 99% (2014: 100%) of the Group's total revenue. For the current year, the full scope components contributed 77% (2014: 72%) of the Group's total equity and 79% (2014: 100%) of the Group's total revenue. The specific scope components contributed 21% (2014: 27%) of the Group's total equity and 21% (2014: 0%) of the Group's total revenue.

The remaining components together represent only 1% of the total equity, none are individually greater than 2% of the Group's total equity. For these components we only performed analytical procedures (and certain audit procedures as applicable) as there were no risks identified that could indicate the group financial statements might be materially misstated.

5.2. Involvement with component teams

Team structure

The overall audit strategy is determined by the opinion signatory who is based in Guernsey. Since the group's operations are principally in Romania, the audit team includes EY teams from Romania. The Group audit team visited Romania during the current year and prior year audits. Whilst in Romania we focused our time on the significant risks and judgemental areas of that audit. In addition, EY Cyprus was involved for the components in Cyprus with assigned specific scope.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by the Group audit team, or by the component team operating under our instruction. For the specific scope components, where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to be satisfied that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole. The Group audit team, assisted by our internal valuation specialists in Romania, performed procedures on the valuations of investment properties.

The Group audit team also participated in key discussions, via conference calls with all full and specific scope locations. The Group audit team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed key working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at group level, gave us appropriate audit evidence for our opinion on the Group financial statements.

6. Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 106, the Directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

7. Matters on which we are required to report by exception

ISAs (UK and Ireland) reporting	We are required to report to you if, in our opinion, financial and non-financial information in the annual report is: • materially inconsistent with the information in the audited financial statements; or • apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or • otherwise misleading. In particular, we are required to report whether we have identified any inconsistencies between our knowledge acquired in the course of performing the audit and the directors' statement that they consider the annual report and accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the entity's performance, business model and strategy; and whether the annual report appropriately addresses those matters that we communicated to the audit committee that we consider should have been disclosed.	We have no exceptions to report.
Companies (Guernsey) Law 2008 reporting	We are required to report to you if, in our opinion: • proper accounting records have not been kept; or • the financial statements are not in agreement with the accounting records; or • we have not received all the information and explanations we require for our audit.	We have no exceptions to report.
Voluntary compliance with the governance requirements of the AIC code	We are required by ISAs (UK and Ireland) to review: • The directors' statement in relation to going concern and longer-term viability, set out on pages 104 and 93; and • the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.	We have no exceptions to report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLOBALWORTH REAL ESTATE INVESTMENTS LIMITED (CONTINUED)

8. Statement on the Directors' Assessment of the Principal Risks that Would Threaten the Solvency or Liquidity of the Entity

ISAs (UK and Ireland) reporting	We are required to give a statement as to whether we have anything material to add or to draw attention to in relation to: • the Directors' confirmation in the Annual Report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity; • the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated; • the Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and • the Directors' explanation in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.

Ernst & Young LLP
Guernsey
2 June 2016

Notes:
1. The maintenance and integrity of the Globalworth Real Estate Investments Limited web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in Guernsey governing the preparation and dissemination of group financial statements may differ from legislation in other jurisdictions.

INVESTING POLICY

Investing strategy
The Company's primary focus is to invest in a diversified portfolio of real estate opportunities situated in Romania and the wider South and Central Eastern European regions. The Directors believe its primary market of investment represents an attractive real estate investment proposition over the medium-to-long term.

By investing in income-generating properties, asset repositioning and development opportunities, and seeking to derive most of its income from multinational corporate groups and institutional financial tenants on long, triple net leases, the Company intends to provide investors with an attractive, risk-adjusted combination of yield and capital appreciation.

Globalworth is internally managed, with all investment advisory and portfolio management services exclusively provided by Globalworth Investment Advisers Ltd ("GIAL"), a wholly owned subsidiary of the Company. Asset management services to the Company's real estate portfolio are provided by Globalworth Asset Managers ("GAM"), another wholly owned subsidiary of Globalworth, which employs a team of 53 professionals.

Assets or companies in which the Company can invest
Investments made by the Company may take the form of, but are not limited to, single real estate assets, real estate portfolios and companies, joint ventures, loan portfolios and equity and debt instruments.

Strategy through which the investing policy is achieved
The Company's strategy is to focus on acquiring underperforming or undervalued properties (due to financial distress, mismanagement or otherwise) and, through active asset management, to transform these into performing and marketable assets. Most of the current or expected income from these assets is derived from multinational corporate groups and institutional financial tenants on long, triple net and annually indexed leases.

Investment approach
The Company assumes a proactive approach to every real estate investment in the Company's portfolio and pursues various asset management initiatives according to the most appropriate business plan for each investment. These initiatives may include: repositioning of existing assets (including re-letting, refurbishment or re-development); development of new assets, corporate restructuring and reorganisation; portfolio break-ups (for example, "wholesale" to "retail" trades); and optimising capital structure.

Holding period for investments
The typical holding period for any investment is expected to be five to seven years. The decision to exit a particular investment will be taken by the Company's Board of Directors ("the Board") following the recommendation of the Investment Adviser, and may be less or greater than the expected holding period. Such a decision may result from a variety of factors, including the need to optimise the risk/return of the investment, responding to asset or market dynamics, or taking advantage of an unsolicited enquiry, but always with a view to ensuring that returns to shareholders are maximised.

Gearing and cross holdings policies
The Company is permitted, directly or indirectly, to borrow for working capital, investment and any other purpose. Debt financing is expected to be an important component of the structuring and execution of the Company's investments, to improve returns for both developmental and income-generating assets. Borrowings may be undertaken by the Company itself or by any of its subsidiaries or project companies. The amount of leverage employed in respect of an investment is dependent on the nature of the opportunity, however, it is expected that the maximum loan-to-value for the Group will not exceed 60%.

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

Investing restrictions
Unless the Board (at its absolute discretion) approves otherwise, the Company will not acquire or invest in commercial properties which do not satisfy the minimum pre-letting commitment targets and will not acquire any asset where any such acquisition would result in more than 50%. of the Company's net asset value (at the time of investment) being attributable to assets located outside Romania. The Company's minimum pre-letting commitment is as follows:
- for any logistics or warehouse property, pre-letting commitments for a minimum of 60%. of the gross leasable area of such property; and
- for any other commercial property, pre-letting commitments for minimum of 50%. of the gross leasable area of such property.

These above restrictions will not preclude the Company making investments in short-dated cash or near-cash equivalent securities, which form part of its cash management practices.

Nature of returns that the Company seeks to deliver to Shareholders
To support shareholder dividends, the Directors anticipate that a sustainable cash flow will be generated through stable and recurring rental income, increased where appropriate through active asset management. The determination as to whether or not to reinvest some of the proceeds of the disposal of an asset, and the declaration of dividends, is at the absolute discretion of the Board. It is intended that 90%. of the Company's distributable profits represented by recurring net free cash flow will be distributed to shareholders of the Company on a semi-annual basis.

SCHEDULE OF PROPERTIES

Property name	Location	Address	Year of completion	Acquisition date	Ownership %	GLA m²	Occupancy %	Contracted rent €m	WALL years	"As Is" valuation €'000	"Completion" valuation €'000
Standing											
BOB	Bucharest	6A Dimitrie Pompeiu Blvd, Bucharest 2	2008	Q1, 2014	100	22,391	93.4	3.5	4.9	51,600	51,600
BOC	Bucharest	3 George Constantinescu St., Bucharest 2	2009	Q1, 2014	100	56,962	99.5	9.8	6.2	144,000	144,000
City Offices	Bucharest	2 – 4A Oltenitei Street., Bucharest 4	2014	Q3, 2013	100	35,968	21.6	1.5	5.1	62,100	62,100
TCI	Bucharest	15-17 Ion Mihalache Blvd, Bucharest 1	2012	Q1, 2014	100	22,453	99.7	5.0	3.7	76,500	76,500
UniCredit HQ	Bucharest	1F Expozitiei Blvd, Bucharest 1	2012	Q1, 2015	100	15,500	100.0	3.8	6.4	52,600	52,600
Nusco Tower	Bucharest	42 Pipera Road, Bucharest 2	2010	Q1, 2015	100	24,020	59.0	2.1	1.5	57,700	57,700
Green Court 'A'	Bucharest	4 Gara Herastrau, Bucharest 2	2014	Q2, 2015	100	19,589	100.0	3.5	6.3	50,100	50,100
Green Court 'B'	Bucharest	4 Gara Herastrau, Bucharest 2	2015	Q4, 2015	100	18,369	82.1	2.9	4.8	50,200	50,200
						215,251	**79.9**	**32.1**		**544,800**	**544,800**
Development										-	-
Globalworth Tower	Bucharest	201 Barbu Vacarescu Street, Bucharest 2	Q1 2016	Q3, 2013	100	54,686	51.0	5.9	10.9	139,520	155,100
Gara Herastrau	Bucharest	4B Gara Herastrau Street, Bucharest 2	2016e	Q2, 2014	100	12,037	–	–	–	18,960	26,300
Globalworth Campus	Bucharest	4-6 Dimitrie Pompeiu Blvd, Bucharest 2	2016e	Q1, 2014	100	88,648	28.2	4.2	10.0	57,580	172,900
						155,371.5	**34.0**	**10.1**		**216,060.0**	**354,300.0**
Industrial											
Completed											
TAP – completed[1]	Timisoara	Lipovei Way, Giarmata, Timis	2011/2015	Q3, 2014	100	81,349	97.3	3.5	12.1	42,968	42,968
Development										–	–
TAP – (development)[1]	Timisoara	Lipovei Way, Giarmata, Timis	2016/2017e	Q3, 2014	100	42,031	100.0	1.5	11.3	1,728	16,228
						123,380	**98.2**	**5.0**		**44,696**	**59,196**
Retail/residential						**Commercial/residential**					
Upground Towers	Bucharest	9B Fabrica de Glucoza Street, Bucharest 2	2011	Q1, 2014	100	58,913	100.0/44.3	2.3	8.2/1.5	107,341	107,341
						58,913	**100.0/44.3**	**2.3**	**8.2/1.5**	**107,341**	**107,341**
Land bank – for further development											
Luterana	Bucharest	7-13 Luterana Street, Bucharest 1	–	Q4, 2014	100	–	–	–	–	12,400	12,400
Herastrau One	Bucharest	48-50 Soseaua Nordului, Bucharest 1	–	Q3, 2013	100	–	–	–	–	5,800	5,800
						–	**–**	**–**		**18,200**	**18,200**
						552,916	**–**	**–**		**931,097**	**1,083,837**

1 includes extension options from the tenants.

GLOSSARY

Accounting Return
It is the growth in EPRA NAV plus dividend paid, and this can be expressed as a percentage of EPRA NAV per share at the beginning of the period.

AIC Code
The Association of Investment Companies Code of Corporate Governance.

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

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

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

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

CBD
Central Business District

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.

Costs to Complete
It represents additional costs to complete the property under development.

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

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

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

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

EBITDA
Earnings before finance cost, tax, depreciation, amortisation of other non-current assets and purchase gain on acquisition of subsidiaries.

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

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

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

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

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

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

Financial Year
Period from 1 January to 31 December.

Future Rental Cash Inflows
Future rental cash inflows computed based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties.

GLA
Gross leasable area.

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

Income Capitalisation Method
Valuation method that takes into consideration the income that a property is expected to generate if leased out assuming a stabilised occupancy level, and applying to that income a capitalisation rate reflecting the investors' interest in a property of this kind.

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

Property Under Refurbishment
Properties that are in the process of being refurbished and do not meet all the requirements to be transferred to completed investment property.

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

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

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

Like-for-like Property Value ("LTLV")
LTLV is the change in fair value over a period of one year on the standing and underdevelopment investment properties.

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

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

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 rental value of let sqm as a percentage of the total estimated rental value 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 financial position date).

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

Portfolio Open Market Value ("OMV")
Portfolio open market value means the fair value of the Group's investment properties determined by CBAR Research & Valuation Advisors S.R.L. (Coldwell Banker), independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued, using recognised valuation techniques.

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

Property Valuation on "Completion"
Represents the appraised value for standing and operational properties (owned and announced), properties under development and land, performed by Coldwell Banker as of financial position date, assuming that the properties under development were completed as of the date of valuation. The estimated appraised values on completion are subject to risks and uncertainties that could cause actual outcomes to differ materially from those expressed or implied by the relevant statements; they are not guarantees of future performance and there can be no assurance that these estimated values on completion can or will be achieved.

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

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

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

SPA
Share sale purchase agreement.

SQM
Square metres.

Stabilised Vacancy
It represents the reasonably estimated vacancy rate registered by the building with the proper marketing, management and maintenance conditions.

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

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

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

The Asset Manager
Globalworth Asset Managers S.R.L., an Asset Holding and Asset Manager wholly owned subsidiary incorporated in Romania.

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

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

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1 Wholly owned subsidiaries of the Company.

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