



**THE GLOBALWORTH POLAND REAL ESTATE GROUP (THE "GROUP")  
THE GLOBALWORTH POLAND REAL ESTATE N.V. (THE "COMPANY")**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL REPORT  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019**

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## Globalworth Poland Real Estate Group

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(All amounts in EUR thousands unless otherwise stated)

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## I. Selected consolidated financial data

|   | <i>in ths €</i>                  |                                  |                                  |                                  |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| <b>Consolidated statement of profit or loss</b> | <b>1.01.2019-<br/>30.06.2019</b> | <b>1.04.2019-<br/>30.06.2019</b> | <b>1.01.2018-<br/>30.06.2018</b> | <b>1.04.2018-<br/>30.06.2018</b> |
| Net Operating Income (NOI)                      | 39,442                           | 21,683                           | 24,702                           | 13,057                           |
| Profit/(loss) before net financing costs        | 60,503                           | 44,285                           | 42,220                           | 28,609                           |
| Profit/(loss) before tax                        | 51,815                           | 40,919                           | 24,641                           | 15,771                           |
| Profit/(loss) for the year                      | 44,673                           | 35,702                           | 23,093                           | 16,492                           |
| Number of shares                                | 442,757,383                      | 442,757,383                      | 183,053,684                      | 209,678,360                      |
| Profit per one share                            | 0.10                             | 0.08                             | 0.13                             | 0.08                             |

| <b>Consolidated statement of cashflows</b> | <b>1.01.2019-<br/>30.06.2019</b> | <b>1.01.2018-<br/>30.06.2018</b> |
|--|----------------------------------|----------------------------------|
| Cash flows from operating activities       | 28,597                           | 11,643                           |
| Cash flows from investing activities       | (87,717)                         | (209,795)                        |
| Cash flows from financing activities       | 34,444                           | 336,295                          |
| Net cash flows                             | (24,676)                         | 138,143                          |

|   | <i>in ths €</i>           |                               |                           |
|---|---------------------------|-------------------------------|---------------------------|
| <b>Consolidated statement of financial position</b> | <b>As at 30 June 2019</b> | <b>As at 31 December 2018</b> | <b>As at 30 June 2018</b> |
| Total assets  | 1,528,072                 | 1,319,051                     | 1,125,119                 |
| Total equity  | 750,001                   | 705,329                       | 699,275                   |
| Non-current liabilities                             | 672,557                   | 555,881                       | 398,814                   |
| Current liabilities                                 | 105,514                   | 57,841                        | 27,030                    |
| Number of shares                                    | 442,757,383               | 442,757,383                   | 442,757,383               |
| Book value per one share                            | 1.69                      | 1.59                          | 1.58                      |

|   | <i>in ths €</i>           |                               |                           |
|---|---------------------------|-------------------------------|---------------------------|
|   | <i>As at 30 June 2019</i> | <i>As at 31 December 2018</i> | <i>As at 30 June 2018</i> |
| <b>Financial ratios</b>                               |                           |                               |                           |
| Balance sheet equity ratio in %                       | 49%                       | 53%                           | 62%                       |
| Net Loan-to-Value ratio (net LTV) in % excl. ICL*     | 10%                       | 6%                            | 0%                        |
| Gross Loan-to-Value ratio (gross LTV) in % excl. ICL* | 12%                       | 11%                           | 15%                       |
| Net Loan-to-Value ratio (net LTV) in % incl. ICL*     | 45%                       | 38%                           | 23%                       |
| Gross Loan-to-Value ratio (gross LTV) in % incl. ICL* | 48%                       | 44%                           | 40%                       |
| Funds from Operations (FFO)                           | 34,904                    | 52,765                        | 5,812                     |
| Funds from Operations (FFO) per share                 | 0.08                      | 0.17                          | 0.03                      |
| Normalised Funds from Operation (FFO)                 | 36,718                    | 55,960                        | 7,527                     |
| Normalised Funds from Operations (FFO) per share      | 0.08                      | 0.18                          | 0.04                      |
| Adjusted Funds from Operations (FFO)                  | 22,585                    | 44,942                        | 2,071                     |
| Adjusted Funds from Operations (FFO) per share        | 0.05                      | 0.14                          | 0.01                      |
| EPRA Net asset value (EPRA NAV)                       | 788,266                   | 737,075                       | 729,172                   |
| EPRA Net asset value (EPRA NAV) per share             | 1.78                      | 1.66                          | 1.65                      |
| EPRA Triple Net asset value (EPRA NNNAV)              | 750,001                   | 705,329                       | 699,275                   |
| EPRA Triple Net asset value (EPRA NNNAV) per share    | 1.69                      | 1.59                          | 1.58                      |

\* ICL means related party loan

Net Loan-to-Value ratio calculated as: (Total bank loans – cash and short-term deposits as well as part of the restricted cash constituting debt service reserve account maintained at the request of the lending banks) / Investment property. (This is a non-IFRS measure).

Gross Loan-to-Value ratio calculated as: (Total bank loans / Investment property) (This is non-IFRS measure).

Net Loan-to-Value ratio (net LTV) in % incl. ICL - (Total bank loans + related party loans – cash and short-term deposits as well as part of the restricted cash constituting debt service reserve account maintained at the request of the lending banks) / Investment property (This is a non-IFRS measure).

Gross Loan-to-Value ratio (gross LTV) in % incl. ICL - (Total bank loans + related party loans / Investment property) (This is a non-IFRS measure).

Funds from Operations (FFO) calculated as: Net Rental Income – Administrative expenses – Other expenses + Other income + Finance Income (excluding non-cash elements) – Interest Expenses (excluding non-cash elements). (This is a non-IFRS measure).

Normalised Funds from Operations calculated as: FFO – one-off non-recurring items (e.g. acquisition costs, tender offer cost) (This is a non-IFRS measure).

Adjusted Funds from Operations (AFFO) calculated as: FFO – Capitalised expenses on Investment Property or Investment Property Under Construction (This is a non-IFRS measure).

EPRA Net Asset Value (EPRA NAV) calculated as: Total equity – Deferred tax assets on Investment Property + Deferred tax liabilities on Investment Property – Fair Value of financial instruments + Deferred tax on financial instruments (This is a non-IFRS measure).

EPRA Triple Net Asset Value (EPRA NNNAV) calculated as: EPRA NAV + Deferred tax assets on Investment Property - Deferred tax liabilities on Investment Property + Fair Value of financial instruments - Deferred tax on financial instruments – Fair value of debt (This is a non-IFRS measure).



**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP AS OF 30 JUNE  
2019 AND 6 MONTHS PERIOD ENDED 30 JUNE 2019**

## II. Unaudited Interim Condensed Consolidated Financial Statements of the Group as of 30 June 2019 and for 6 months period ended 30 June 2019

### Interim Condensed Consolidated Statement of Profit or Loss

|   |      | For the period           |                          |                          |                          |
|---|------|--------------------------|--------------------------|--------------------------|--------------------------|
|   |      | 1.01.2019-<br>30.06.2019 | 1.04.2019-<br>30.06.2019 | 1.01.2018-<br>30.06.2018 | 1.04.2018-<br>30.06.2018 |
|   | Note | Unaudited<br>€ '000      | Unaudited<br>€ '000      | Unaudited<br>€ '000      | Unaudited<br>€ '000      |
| Revenue   | 3    | 57,273                   | 30,950                   | 35,038                   | 18,262                   |
| Operating expenses                                  | 4    | (17,831)                 | (9,267)                  | (10,336)                 | (5,205)                  |
| <b>Net operating income</b>                         |      | <b>39,442</b>            | <b>21,683</b>            | <b>24,702</b>            | <b>13,057</b>            |
| Administrative expenses                             | 5    | (2,298)                  | (1,286)                  | (1,810)                  | (621)                    |
| Fair value movement                                 | 2    | 23,278                   | 24,016                   | 19,332                   | 16,153                   |
| Other expenses                                      |      | (470)                    | (461)                    | (180)                    | (55)                     |
| Other income  |      | 551                      | 333                      | 176                      | 75                       |
|   |      | <b>21,061</b>            | <b>22,602</b>            | <b>17,518</b>            | <b>15,552</b>            |
| <b>Profit/(loss) before net financing costs</b>     |      | <b>60,503</b>            | <b>44,285</b>            | <b>42,220</b>            | <b>28,609</b>            |
| Gain/(loss) from valuation of financial instruments | 9    | 1,569                    | 1,285                    | 1,653                    | 1,415                    |
| <b>Net financing costs</b>                          |      |                          |                          |                          |                          |
| - Finance cost                                      | 7    | (10,962)                 | (5,463)                  | (19,591)                 | (14,391)                 |
| - Finance income                                    | 6    | 705                      | 812                      | 359                      | 138                      |
|   |      | <b>(10,257)</b>          | <b>(4,651)</b>           | <b>(19,232)</b>          | <b>(14,253)</b>          |
| <b>Profit/(loss) before tax</b>                     |      | <b>51,815</b>            | <b>40,919</b>            | <b>24,641</b>            | <b>15,771</b>            |
| Income tax (expenses)                               | 8    | (7,142)                  | (5,217)                  | (1,548)                  | 721                      |
| <b>Profit/(loss) for the year</b>                   |      | <b>44,673</b>            | <b>35,702</b>            | <b>23,093</b>            | <b>16,492</b>            |
| Attributable to:                                    |      |                          |                          |                          |                          |
| Equity holders of the parent                        |      | 44,673                   | 35,702                   | 23,093                   | 16,492                   |
|   |      | <b>44,673</b>            | <b>35,702</b>            | <b>23,093</b>            | <b>16,492</b>            |
|   |      | in €                     | in €                     | in €                     | in €                     |
| <b>Earnings per share (basic and diluted):</b>      |      | 0.10                     | 0.08                     | 0.13                     | 0.08                     |
| <b>EPRA Earnings per share (basic and diluted):</b> |      | 0.06                     | 0.03                     | 0.09                     | 0.04                     |

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

EPRA Earnings per share - EPRA Earnings divided by the basic or diluted weighted number of shares outstanding for the period and at the year. (This is non-IFRS measure).

## Interim Condensed Consolidated Statement of Other Comprehensive Income

|   | For the period           |                          |                          |                          |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
|   | 1.01.2019-<br>30.06.2019 | 1.04.2019-<br>30.06.2019 | 1.01.2018-<br>30.06.2018 | 1.04.2018-<br>30.06.2018 |
|   | Unaudited<br>€ '000      | Unaudited<br>€ '000      | Unaudited<br>€ '000      | Unaudited<br>€ '000      |
| <b>Profit/(loss) for the year</b>   | <b>44,673</b>            | <b>35,702</b>            | <b>23,093</b>            | <b>16,492</b>            |
| Other comprehensive income transferable<br>later on to the profit/(loss): |                          |                          |                          |                          |
| Foreign currency translation reserve                                      | -                        | -                        | -                        | -                        |
| <b>Other comprehensive income/(loss)</b>                                  | <b>-</b>                 | <b>-</b>                 | <b>-</b>                 | <b>-</b>                 |
| <b>Total comprehensive income/(loss) for the<br/>year, net of tax</b>     | <b>44,673</b>            | <b>35,702</b>            | <b>23,093</b>            | <b>16,492</b>            |
| <b>Comprehensive income/(loss) attributable to:</b>                       |                          |                          |                          |                          |
| Equity holders of the parent  | 44,673                   | 35,702                   | 23,093                   | 16,492                   |



(All amounts in EUR thousands unless otherwise stated)

## Interim Condensed Consolidated Statement of Financial Position

|                             |      | 30 June 2019        | As at<br>31 December 2018 | 30 June 2018        |
|-----------------------------|------|---------------------|---------------------------|---------------------|
|                             | Note | Unaudited<br>€ '000 | Audited<br>€ '000         | Unaudited<br>€ '000 |
| <b>ASSETS</b>               |      |                     |                           |                     |
| <b>Non-current assets</b>   |      |                     |                           |                     |
| Investment property         | 2    | 1,447,289           | 1,216,790                 | 932,380             |
| Long-term loans             |      | 2                   | -                         | 44                  |
| Other financial assets      | 9    | 2,854               | 2,828                     | 5,920               |
| Other long-term assets      |      | 944                 | 378                       | 182                 |
|                             |      | <b>1,451,089</b>    | <b>1,219,996</b>          | <b>938,526</b>      |
| <b>Current assets</b>       |      |                     |                           |                     |
| Trade and other receivables | 12   | 16,266              | 13,238                    | 17,672              |
| Income tax receivable       |      | 224                 | 193                       | 21                  |
| Other financial assets      | 9    | 20,402              | 12,878                    | 5,976               |
| Cash and cash equivalents   | 13   | 40,091              | 72,746                    | 162,924             |
|                             |      | <b>76,983</b>       | <b>99,055</b>             | <b>186,593</b>      |
| <b>TOTAL ASSETS</b>         |      | <b>1,528,072</b>    | <b>1,319,051</b>          | <b>1,125,119</b>    |

**Globalworth Poland Real Estate Group**  
**Interim Condensed Consolidated Financial Statements**

(All amounts in EUR thousands unless otherwise stated)

|  |      | 30 June 2019        | As at<br>31 December 2018 | 30 June 2018        |
|--|------|---------------------|---------------------------|---------------------|
|  | Note | Unaudited<br>€ '000 | Audited<br>€ '000         | Unaudited<br>€ '000 |
| <b>EQUITY AND LIABILITIES</b>                          |      |                     |                           |                     |
| <b>Total equity</b>                                    |      |                     |                           |                     |
| Issued share capital                                   |      | 442,757             | 442,757                   | 442,757             |
| Share premium  |      | 199,884             | 199,884                   | 199,996             |
| Other reserves   |      | 8,121               | 8,121                     | 8,121               |
| Foreign currency translation reserve                   |      | 5,171               | 5,171                     | 5,171               |
| Retained earnings                                      |      | 94,068              | 49,396                    | 43,230              |
| Equity attributable to equity holders of the parent    |      | <b>750,001</b>      | <b>705,329</b>            | <b>699,275</b>      |
| <b>Non-current liabilities</b>                         |      |                     |                           |                     |
| Bank loans   | 10   | 96,827              | 135,124                   | 133,196             |
| Other borrowings                                       | 10   | 513,490             | 392,233                   | 236,438             |
| Deferred tax liability                                 | 8    | 22,160              | 17,363                    | 21,165              |
| Deferred consideration payable                         | 11   | 1,557               | 694                       | 685                 |
| Guarantees retained from contractors                   | 11   | 547                 | 666                       | 600                 |
| Deposits from tenants                                  | 11   | 8,986               | 9,801                     | 6,730               |
| Lease liability related to right of perpetual usufruct |      | 28,990              | -                         | -                   |
|  |      | <b>672,557</b>      | <b>555,881</b>            | <b>398,814</b>      |
| <b>Current liabilities</b>                             |      |                     |                           |                     |
| Bank loans   | 10   | 77,966              | 3,686                     | 7,167               |
| Guarantees retained from contractors                   | 11   | 2,093               | 1,088                     | 617                 |
| Trade and other payables                               | 11   | 21,318              | 48,169                    | 18,615              |
| Deposits from tenants                                  | 11   | 3,727               | 1,853                     | 289                 |
| Income tax payable                                     |      | 410                 | 3,045                     | 342                 |
|  |      | <b>105,514</b>      | <b>57,841</b>             | <b>27,030</b>       |
| <b>TOTAL EQUITY AND LIABILITIES</b>                    |      | <b>1,528,072</b>    | <b>1,319,051</b>          | <b>1,125,119</b>    |
|  |      | in €                | in €                      | in €                |
| NAV per share  |      | 1.69                | 1.59                      | 1.58                |
| Diluted NAV per share                                  |      | 1.69                | 1.59                      | 1.58                |
| EPRA NAV per share                                     |      | 1.78                | 1.66                      | 1.65                |

*Net Asset Value (NAV) Per Share (This is non-IFRS measure)*

*Equity attributable to equity holders of the company divided by the number of Ordinary shares in issue at the period end.*

*EPRA NAV Per Share (This is non-IFRS measure)*

*EPRA NAV divided by the diluted number of original shares in issue at the year or period end. (This is non-IFRS measure)*

*Net Assets Value (NAV) (This is non-IFRS measure)*

*Equity attributable to equity holders of the company and/or net assets value.*

*EPRA Net Assets (EPRA NAV) (This is non-IFRS measure)*

*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.*

**Globalworth Poland Real Estate Group**  
**Interim Condensed Consolidated Financial Statements**

(All amounts in EUR thousands unless otherwise stated)

## Interim Condensed Consolidated Statement of Changes in Equity

|                                   | Issued share<br>capital<br>€ '000 | Share<br>premium<br>€ '000 | Foreign<br>currency<br>translation<br>reserve<br>€ '000 | Net assets<br>attributable<br>to<br>shareholders<br>€ '000 | Other<br>reserves<br>€ '000 | Retained<br>earnings<br>€ '000 | Total          |
|-----------------------------------|-----------------------------------|----------------------------|---|--|-----------------------------|--------------------------------|----------------|
| <b>At 1 January 2019</b>          | <b>442,757</b>                    | <b>199,884</b>             | <b>5,171</b>  | -  | <b>8,121</b>                | <b>49,396</b>                  | <b>705,329</b> |
| Profit for the year               | -                                 | -                          | -   | -  | -                           | 44,672                         | 44,672         |
| <b>Total comprehensive income</b> | -                                 | -                          | -   | -  | -                           | <b>94,068</b>                  | <b>94,068</b>  |
| <b>At 30 June 2019</b>            | <b>442,757</b>                    | <b>199,884</b>             | <b>5,171</b>  | -  | <b>8,121</b>                | <b>94,068</b>                  | <b>750,001</b> |
| <b>1 January 2018</b>             | <b>156,133</b>                    | <b>44,026</b>              | <b>5,171</b>  | -  | <b>8,121</b>                | <b>31,320</b>                  | <b>244,771</b> |
| Profit for the year               | -                                 | -                          | -   | -  | -                           | 64,680                         | 64,680         |
| <b>Total comprehensive income</b> | -                                 | -                          | -   | -  | -                           | <b>64,680</b>                  | <b>64,680</b>  |
| Issue of share capital            | 286,624                           | 155,858                    | -   | -  | -                           | -                              | 442,482        |
| Dividend paid or declared         | -                                 | -                          | -   | -  | -                           | (46,604)                       | (46,604)       |
| <b>At 31 December 2018</b>        | <b>442,757</b>                    | <b>199,884</b>             | <b>5,171</b>  | -  | <b>8,121</b>                | <b>49,396</b>                  | <b>705,329</b> |
| <b>At 1 January 2018</b>          | <b>156,133</b>                    | <b>44,026</b>              | <b>5,171</b>  | -  | <b>8,121</b>                | <b>31,320</b>                  | <b>244,771</b> |
| Profit for the year               | -                                 | -                          | -   | -  | -                           | 23,093                         | 23,093         |
| <b>Total comprehensive income</b> | -                                 | -                          | -   | -  | -                           | <b>23,093</b>                  | <b>23,093</b>  |
| Shares issued for capital         | 286,624                           | 155,970                    | -   | -  | -                           | -                              | 442,594        |
| Dividend                          | -                                 | -                          | -   | -  | -                           | (11,183)                       | (11,183)       |
| <b>At 30 June 2018</b>            | <b>442,757</b>                    | <b>199,996</b>             | <b>5,171</b>  | -  | <b>8,121</b>                | <b>43,230</b>                  | <b>699,275</b> |

## Interim Condensed Consolidated Statement of Cash Flows

|   | Note      | For the period           |                          |
|---|-----------|--------------------------|--------------------------|
|   |           | 1.01.2019-<br>30.06.2019 | 1.01.2018-<br>30.06.2018 |
|   |           | Unaudited<br>€ '000      | Unaudited<br>€ '000      |
| <b>Profit/(loss) before tax</b>                                     |           | <b>51,815</b>            | <b>24,641</b>            |
| <i>Adjustments to reconcile profit before tax to net cash flows</i> |           |                          |                          |
| Fair value movement on investment property                          |           | (23,278)                 | (19,332)                 |
| Gain/(loss) from valuation of financial instruments                 |           | (1,569)                  | (1,653)                  |
| Net financing (income)/costs  |           | 10,257                   | 19,232                   |
| <b>Operating profit before changes in working capital</b>           |           | <b>37,225</b>            | <b>22,888</b>            |
| Decrease/(increase) in trade and other receivables                  |           | (1,474)                  | (4,608)                  |
| (Decrease)/increase in trade and other payables                     |           | (5,777)                  | (3,857)                  |
| Movements in deposits from tenants and other deposits               |           | 1,944                    | (694)                    |
| VAT settlements   |           | 968                      | 469                      |
| Other items   |           | 1,390                    | (505)                    |
| Income tax paid   |           | (5,679)                  | (2,050)                  |
| <b>Cash flows from operating activities</b>                         |           | <b>28,597</b>            | <b>11,643</b>            |
| <b>Investing activities</b>   |           |                          |                          |
| Capital expenditure on investment property                          |           | (7,743)                  | (7,981)                  |
| Rental Guarantee Payment (CAPEX)                                    |           | -                        | 3,432                    |
| Acquisition of investment property                                  | <b>18</b> | (33,451)                 | -                        |
| Payment for acquisition of subsidiaries less cash acquired          | <b>18</b> | (40,541)                 | (205,299)                |
| Loans granted to related party                                      |           | (2)                      | -                        |
| Repayment of loans granted  |           | -                        | 20                       |
| Movements in other Financial assets - bonds                         |           | (5,980)                  | -                        |
| Interest received   |           | -                        | 33                       |
| <b>Cash flows from investing activities</b>                         |           | <b>(87,717)</b>          | <b>(209,795)</b>         |
| <b>Financing activities</b>   |           |                          |                          |
| Proceeds from share issuance  |           | -                        | 450,000                  |
| Payment of transaction costs on issue of shares                     |           | -                        | (7,072)                  |
| Dividend paid   |           | (34,752)                 | (6,885)                  |
| Bank loan proceeds  |           | -                        | 66,871                   |
| Bank loan repayments  |           | (49,961)                 | (233,561)                |
| Proceeds from borrowings  |           | 113,500                  | 358,300                  |
| Repayment of borrowings   |           | -                        | (287,107)                |
| Payment of other financing costs                                    |           | (102)                    | (5,431)                  |
| Interest paid   |           | (2,219)                  | (11,028)                 |
| Change in restricted cash   |           | 7,978                    | 12,208                   |
| <b>Cash flows from financing activities</b>                         |           | <b>34,444</b>            | <b>336,295</b>           |
| <b>Net increase / (decrease) in cash and cash equivalents</b>       |           | <b>(24,676)</b>          | <b>138,143</b>           |
| Cash and cash equivalents at the beginning of the period            |           | 59,803                   | 15,657                   |
| Translation differences   |           | -                        | (654)                    |
| <b>Cash and cash equivalents at the end of the period</b>           | <b>13</b> | <b>35,127</b>            | <b>153,146</b>           |

## Notes to the Interim Condensed Consolidated Financial Statements

### 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 each note are included with that note. Accounting policies relating to non-material items are not included in these financial statements.

#### 1.1. Corporate information

Globalworth Poland Real Estate Group (further "**Globalworth Poland Group**", "**the Group**") owns and manages yielding real estate throughout Poland. On 30 June 2019 the Group is composed of the entities presented below in Note 1.1 of the Director's Report.

On 21 December 2016, Globalworth Poland Real Estate N.V. ("**the Company**") (formerly known as Griffin Premium RE.. N.V.) was incorporated with the aim to become a holding company to the Group for the purpose of creating a real estate platform to be then listed on Warsaw Stock Exchange. With effect from 3 March 2017 Globalworth Poland Real Estate N.V. became the legal parent of all underlying entities.

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

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

#### *Interim Condensed Consolidated Financial Statements of the Globalworth Poland Real Estate Group*

The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual Consolidated Financial Statements as at 31 December 2018. Consolidated Financial Statements of the Group for the year ended 31 December 2018 are available on the website <https://www.globalworth.pl/s,72,raporty-okresowe.html>, <https://en.globalworth.pl/s,72,periodic-reports.html>.

#### 1.2. Basis of preparation and compliance

The Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting adopted in the European Union. Accounting books and records underlying these financial statements are maintained in accordance with Polish Accounting Standards.

The Interim Condensed Consolidated Financial Statements of the Group include consolidated financial data as of 30 June 2019 and for the 6-month period ended on 30 June 2019 and for the 6-month period ended on 30 June 2018 in relation to the profit and loss account, presented in two periods the statement of changes in equity and the cash flow statement. The comparative data as of 31 December 2018 and 30 June 2018 are provided for the statement of financial position.

Interim Condensed Consolidated Statement of Profit or Loss and respective notes cover also the 3-month period ended 30 June 2019 and contain comparative data for the 3-month period ended 30 June 2018.

The Interim Condensed Consolidated Financial Statements have been prepared on a going concern basis, applying a historical cost basis, except for the measurement of investment property at fair value and other financial assets.

The Company's Management Board used its best judgment in the selection of the applicable standards, as well as measurement methods and principles for the different items of the interim condensed consolidated financial statements.

The accounting principles applied to these Interim Condensed Consolidated Financial Statements are consistent with the principles applied in the most recent annual financial statements (non-statutory) and have been applied on a continuous basis to all periods presented in the consolidated financial statements, except for the following new or amended standards, and new interpretations which are effective for annual periods beginning on or after 1 January 2019 described in Note 1.4.

These Interim Condensed Consolidated Financial Statements are prepared in Euro ("EUR" or "€"), rounded to the nearest thousand unless otherwise indicated, being the functional currency of the Group.

For further information regarding the functional and presentation currency please refer to "Measurement of items denominated in foreign currencies" in Note 1.3.

### **1.3. Basis of Consolidation**

These Interim Condensed Consolidated Financial Statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries are fully consolidated (refer to note 19) from the date of acquisition, being the date on which the Group obtains control (refer to note 19), and continue to be consolidated until the date when such control ceases. The financial data of the subsidiaries is prepared for the period from the date of obtaining control till the end of the reporting periods using consistent accounting policies. All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

#### ***Measurement of items denominated in foreign currencies***

The Group's Interim Condensed Consolidated Financial Statements are presented in euro ("EUR" or "€") being the functional currency of all entities within the Group for the period ended 30 June 2019.

##### ***a) Transactions and balances***

Transactions in foreign currencies are initially recorded by the Entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates prevailing 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 is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income ("OCI") or profit or loss are also recognised in OCI or profit or loss, respectively).

**b) Exchange rates used**

Exchange rates used to recalculate transactions and balances are as follows:

|         | Period ended |                  |              |
|---------|--------------|------------------|--------------|
|         | 30 June 2019 | 31 December 2018 | 30 June 2018 |
| PLN/EUR | 4.2520       | 4.3000           | 4.3616       |

  

|         | Average for the period |              |
|---------|------------------------|--------------|
|         | 30 June 2019           | 30 June 2018 |
| PLN/EUR | 4.2940                 | 4.2201       |

# **1.4. New and amended standards**

New standards and announcements after 1 January 2019:

- IFRS 14 Regulatory Deferral Accounts (issued on 30 January 2014) – The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard – not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2016;
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (issued on 11 September 2014) - the endorsement process of these Amendments has been postponed by EU - the effective date was deferred indefinitely by IASB;
- IFRS 17 Insurance Contracts (issued on 18 May 2017) - not yet endorsed by EU at the date of approval of these financial statements - effective for financial years beginning on or after 1 January 2021;
- Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2020;
- Amendment to IFRS 3 Business Combinations (issued on 22 October 2018) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2020;
- Amendments to IAS 1 and IAS 8: Definition of Material (issued on 31 October 2018) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2020.

The effective dates are dates provided by the International Accounting Standards Board. Effective dates in the European Union may differ from the effective dates provided in standards and are published when the standards are endorsed by the European Union.

The Group has analysed the potential impact of the amendments of following standards, effective from 1 January 2019 on the Group's Consolidated Financial Statements:

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

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

### ***Right of perpetual usufruct***

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

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

- starting date January 1, 2019
- end date – RPU end date for each project individually
- discount rate – 5.77% which represented lessee's incremental borrowing rate
- RPU fee for 2019 amounting to c.a. €1.5 million

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

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

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

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



**Globalworth Poland Real Estate Group**  
**Interim Condensed Consolidated Financial Statements**

(All amounts in EUR thousands unless otherwise stated)

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

| <b>Investment property</b>                        | <b>€ '000</b> |
|---|---------------|
| 31 December 2018                                  | 1,216,790     |
| IFRS 16 impact relating to RPU right-to-use asset | 25,844        |
| 1 January 2019                                    | 1,242,634     |

| <b>Trade and other payables, deposits from tenants and other deposits</b> | <b>1 January 2019</b> | <b>IFRS 16 impact</b> | <b>1 January 2019 restated</b> |
|---|-----------------------|-----------------------|--------------------------------|
| Current   |                       |                       |                                |
| [...]   | 51,110                | -                     | 51,110                         |
| Lease liability related to RPU  | -                     | 1,513                 | 1,513                          |
|   | 51,110                | 1,513                 | 52,623                         |
| Non-current   |                       |                       |                                |
| [...]   | 11,161                | -                     | 11,161                         |
| Lease liability related to RPU  | -                     | 24,331                | 24,331                         |
|   | 11,161                | 24,331                | 35,492                         |
|   | 62,271                | 25,844                | 88,115                         |

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

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

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

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

As at the date of first application of IFRS 16, the Group recognized new right-of-use asset relating to perpetual usufruct right only. For these lease contracts, previously classified as operating leases in accordance with IAS 17, the Group recognized leases as leasing liabilities measured at the present value of remaining lease payments as described above.

The amount of future minimum lease payments expected to be paid under non-cancellable operating lease can be summarized as follows:

|                            | <b>30 June 2019</b> | <b>31 December 2018</b> |
|----------------------------|---------------------|-------------------------|
|                            | <b>€ '000</b>       | <b>€ '000</b>           |
| Up to 1 year               | 2,089               | 1,513                   |
| Between 1 year and 5 years | 6,427               | 5,270                   |
| Over 5 years               | 22,563              | 19,061                  |

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

### **1.5. Significant Accounting Judgements, Estimates and Assumptions**

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

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

- Investment Property, see note 2;
- Fair value measurement and Fair value hierarchy, see note 14 and 15;
- Taxation, see note 8;
- Functional currency, see note 1.3;
- Other financial assets (ROFO), see note 9.

## **SECTION II: INVESTMENT PROPERTY**

### **2. Investment property**

#### **Policy**

##### ***Investment property***

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the Group, is classified as investment property. Investment property comprises freehold land, freehold buildings and land held under perpetual usufruct (approach is the same as for freehold properties).

Investment property is measured initially at cost, including related transaction costs. After initial recognition, investment property is stated at fair value. Fair value is based on valuation methods such as discounted cash flows projections and recent market comparable adjusted, if necessary, for differences in the nature, location or condition of the specific asset.

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 counting, the assessed fair value is adjusted 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 recognised as addition to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Consolidated Statement of Profit or Loss (Operating expenses) during the financial period in which they are incurred.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale. If an investment property becomes owner-occupied, it is reclassified to property, plant and equipment the deemed cost for subsequent accounting is the fair value at the date of change in use.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains and losses on disposals are determined by comparing the net disposal proceeds with the carrying amount and transaction costs and are recognised within Fair value movement on investment property in the Consolidated Statement of Profit or Loss.

Land acquired for development and future use as investment property is initially presented as investment property under construction and accounted for at cost. This includes all plots of land held by the Group on which no construction or development has started at the balance sheet date. If the Company begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property and is not reclassified as owner-occupied property during the redevelopment.

***Griffin Topco II S.á r. l. ("GT II") and Griffin Topco II S.á r. l. ("GT III") Rental and NOI Guarantee***

Fair value of the investment properties was also determined by the Rental Guarantee Agreements ("**RGA**") and NOI Guarantee Agreement ("**NOIGA**") concluded between respective Group's entities ("**Beneficiaries**") and GT II and GT III as well as EPP.

On 9 March 2017 respective subsidiaries of the Company and GT II and GT III concluded Rental Guarantee Agreements in respect of Batory Building I, Nordic Park, Philips House, Green Horizon, CB Lubicz, Bliski Centrum, Hala Koszyki, Renoma, Supersam ("**Beneficiaries**") properties as well as and NOI Guarantee Agreement in respect of Hala Koszyki, Supersam and Renoma ("**NOIGA Beneficiaries**"). Pursuant to RGA budgeted fit-out costs and outstanding general capex works regarding premises that were not leased or pre-leased by 13 April 2017 (the "**Offering Date**") were covered by the RGA. Moreover in accordance with the agreements each holder of title to the asset received the headline rent and the average amount of service charges for office part of the building that was not leased to third parties within a period of five years from the date of the Offering Date, received the rent under the signed lease agreement in the full amount (without rent free period effect) and received the leasing and agent fees related to the leasing of the property as well as agent fees related to the new leases in the negotiations of which the guarantor was not involved. Additionally, the entity recognizes annual revenue resulting from the NOIGA, according to which the GT II (as guarantor) is obliged to pay to the NOIGA Beneficiaries an amount equal to difference between the assumed NOI, amounting to €11.5 million p.a. ("**Assumed NOI**") and the actual NOI, calculated on the basis of rental income, operating expenses, overdue payments provision and refundable tenants' incentives. As a result, RGA and NOIGA are included in the valuation as they are part of entities future cashflows.

GT II and GT III which were the guarantors in accordance with all the agreements specified above, belong to the Oaktree Capital Management, a leading global alternative investment management firm with assets under management worth of USD 124 billion as of September 2018. Furthermore, a support letter was signed by Oaktree European Principal Fund III, LP and Oaktree European Principal Fund III (Parallel), LP ("**Oaktree Funds**") on 2 October 2017 (the "**Letter**").

On 21 December 2018 the Company and NOIGA Beneficiaries entered into an NOI Guarantee Termination and Settlement Agreement with GT II (the "**NOI Guarantee Termination Agreement**"). Under the NOI Guarantee Termination Agreement: (i) the parties thereto have agreed to terminate an NOIGA, as amended, on the date of payment by the Guarantor of the settlement amount referred to below on the terms and conditions set out in the NOI Guarantee Termination Agreement; and (ii) the NOI Guarantor has agreed to pay to the NOI Beneficiaries the aggregate settlement amount of €10,000,000 as a one-off payment for any and all amounts due now or in the future under the NOI Guarantee.

On the same date, the Company and Beneficiaries entered into a Rental Guarantee Termination and Settlement Agreement with Guarantors (the "**Rental Guarantee Termination Agreement**"). Under the Rental Guarantee Termination Agreement: (i) the parties thereto have agreed to terminate all individual rental guarantee agreements entered into between one of the Guarantors and, in each instance, a certain Beneficiary on 9 March 2017 (the "**Rental Guarantees**") on the date of payment by the Rental Guarantors of the settlement amount referred to below on the terms and conditions set out in the Rental Guarantee Termination Agreement; and (ii) the Guarantors have agreed to pay to the Beneficiaries the aggregate settlement amount of €11,469,950 as a one-off payment for any and all amounts due now or in the future under the Rental Guarantees.

The compensation amounted to €10,000,000 (for NOI Guarantee Termination Agreement) and €11,469,950 (for Rental Guarantee Termination Agreement) is recognised in profit or loss statement, in line "Revenues" as one-off payments received in December 2018.

Starting from 31 December 2018, the fair value of the investment properties is not affected by neither RGA nor NOIGA.

### ***EPP Rental Guarantee***

On 22 December 2017, Echo Polska Properties (Cyprus) PLC, as the guarantor and A4 Business Park Sp. z o.o. (formerly: A4 Business Park - Iris Capital spółka z ograniczoną odpowiedzialnością spółka komandytowa) ("**A4 Business Park**"), Tryton Business Park Sp. z o.o. (formerly: Emfold Investments spółka z ograniczoną odpowiedzialnością Sp.k.) ("**Tryton Business House**") and West Gate Investments Sp. z o.o. (formerly: West Gate Wrocław Sp. z o.o. Sp. k.) ("**West Gate**") as beneficiaries, entered into rental guarantee agreements in connection with the purchases of the A4 Business Park, Tryton Business House and West Gate properties (the "**EPP Rental Guarantees**"). The guarantees with A4 Business Park Sp. z o.o. and Tryton Business Park Sp. z o.o. were entered into for a term of three years in relation to premises that were not leased or pre-leased by 22 December 2017. Pursuant to each EPP Rental Guarantee, the beneficiary will:

- (i) receive the headline rent and the average amount of service charges (subject to annual reconciliation and also including any void costs arising from the lack of a tenant due to ongoing refurbishment or fit-out works) for each part of the building that is not leased to third parties within a period of three years starting from 22 December 2017;
- (ii) receive the rent under both signed and new lease agreements in the full amount, i.e. all amounts of rent reductions or rent-free periods under such lease agreements will be covered by the rental guarantee;
- (iii) receive the agent fees related to the new leases in the negotiations of which the guarantor was not involved, and
- (iv) receive all amounts equal to budgeted fit-out costs with respect to new lease agreements. The guarantees with A4 Business Park, Tryton Business House and West Gate Wrocław were entered into for a limited term in relation to specific leases with key tenants (A4 Business Park Sp. z o.o. for three years, West Gate Investments Sp. z o.o. (formerly: West Gate Wrocław Sp. z o.o. Sp. k.) for five years and Tryton Business Park Sp. z o.o. for three years).

Pursuant to each EPP Rental Guarantee, the beneficiary will receive the headline rent and service charge amount under such specific lease agreement within a period of five years starting from 22 December 2017 (i.e. the EPP Rental Guarantee will cover such amounts in case of earlier termination of lease agreement, break option utilization, lease expiry prior to the end of guaranteed period). Under the EPP Rental Guarantees, the guarantor is allowed to seek new tenants. The beneficiaries paid to the guarantor a one-off fee for the execution of the EPP Rental Agreements, included in the acquisition price of the EPP portfolio.

Changes in fair values are recorded in the Consolidated Statement of Profit or Loss within "Fair value movement".

**Significant accounting judgements, estimates and assumptions**

Investment properties are buildings rented by Entities, grouped together because of the risks and valuation method in two classes of investment property (high-street mixed-use properties and office buildings). The fair value of investment property is classified at Level 3 of the fair value hierarchy.

The fair value of yielding fixed income properties is determined by appraisers.

|  | Completed investment property<br>€ '000 |
|--|---|
| <b>At 1 January 2019</b>                   | <b>1,216,790</b>                        |
| Asset deal                                 | 159,194                                 |
| Capital expenditures                       | 12,319                                  |
| Agent fees                                 | 749                                     |
| Rent free period incentive                 | 3,275                                   |
| Right of perpetual usufruct                | 31,079                                  |
| Fair value movement on investment property | 23,883                                  |
| <b>At 30 June 2019</b>                     | <b>1,447,289</b>                        |

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

|  | Completed investment property<br>€ '000 |
|--|---|
| <b>At 1 January 2018</b>                   | <b>680,130</b>                          |
| Asset deal                                 | 228,731                                 |
| Capital expenditures                       | 3,741                                   |
| Agent fees                                 | 188                                     |
| Rent free period incentive                 | 258                                     |
| Fair value movement on investment property | 19,332                                  |
| <b>At 30 June 2018</b>                     | <b>932,380</b>                          |

| Fair value movement    | 1.01.2019-<br>30.06.2019<br>€ '000 | 1.04.2019-<br>30.06.2019<br>€ '000 | 1.01.2018-<br>30.06.2018<br>€ '000 | 1.04.2018-<br>30.06.2018<br>€ '000 |
|------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| IP fair value movement | 23,883                             | 24,621                             | 19,332                             | 16,153                             |
| RPU amortisation       | (605)                              | (605)                              | -                                  | -                                  |
| <b>Total</b>           | <b>23,278</b>                      | <b>24,016</b>                      | <b>19,332</b>                      | <b>16,153</b>                      |

Starting from 1 January 2019, as a part of Fair value movement line in Interim Condensed Consolidated Statement of Profit and Loss the Company includes amortisation of RPU asset as presented in the table above.

## **Commitments**

### **Operating Leases Commitments**

#### **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 3 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 Group adopted a standard of lease agreement including following provisions:

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

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

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

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

|   | <b>30 June<br/>2019<br/>€ '000</b> | 31 December<br>2018<br>€ '000 |
|---|------------------------------------|-------------------------------|
| Within 1 year                           | <b>89,022</b>                      | 77,852                        |
| After 1 year, but not more than 5 years | <b>209,310</b>                     | 192,768                       |
| More than 5 years                       | <b>47,795</b>                      | 38,227                        |
| Total                                   | <b>346,127</b>                     | 308,847                       |

## **SECTION III: FINANCIAL RESULTS**

### **3. Revenue**

From 1 January 2018 the Group introduced IFRS 15. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Group disaggregates revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

The standard requires entities to exercise judgment, taking into consideration all the relevant facts and circumstances when applying each step of the model to contracts with their customers.

#### **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. The value of rent-free periods and all similar lease incentives is spread on a straight-line basis over the term of the lease (on condition that the rent-free period stated in the agreement is not covered by the Rental Guarantee Agreement).

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 a result of a price index to cover inflationary cost, then the policy is not to spread the amounts but to recognise them when the increase takes place (applied prospectively when the right to receive it arises). The amount received from tenants to terminate non-cancellable operating leases are recognised in the statement of profit or loss when the right to receive them arise.

In comparative data for the six-month of 2018 revenues included also headline rent and the average amount of service charges as well as and the coverage of the rent-free periods for each part of the building that are secured by RGA. Revenue from RGA was recognized on a monthly basis. Additionally, the entity recognized quarterly revenue resulting from the NOIGA, according to which the Guarantor was obliged to pay to the Beneficiaries an amount equal to difference between the assumed NOI, amounting to €11,500,000 p.a. and the actual NOI, calculated on the basis of rental income, operating expenses, overdue payments provision and refundable tenants' incentives. Due to the fact that the Company entered into the NOI Guarantee Termination Agreement and the Rental Guarantee Termination Agreement in December 2018, the rental income for the six-month of 2019 is not affected by either RGA or NOIGA.

The rental income is excluded from requirements of IFRS 15.

##### **b) Service Charge Income**

Income arising from service charges and expenses recoverable from tenants is recognised in the time the service or good is provided.

To fulfil requirements of IFRS 15 the Group establish a model helping with revenue recognition procedure related to identified lease agreements with specific conditions such as:

- A. the tenant pays the rent only, excluding the cost of service charge – 5 lease agreements recognised;

or

- B. the tenant pays service charge only, excluding rent – 2 lease agreements recognised.



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In order to determine whether the Group is acting as a principal or an agent, it assesses the primary responsibility for providing the goods or services, inventory risk and discretion in establishing prices. The Group has concluded that it is the principal in all its revenue arrangements since it is the primary obligor and it has pricing latitude. Revenues from electricity, heating and water re-invoicing are presented gross in the line Service charge income below.

The Group considers impact of IFRS 15 as immaterial.

|                       | For the period           |                          |                          |                          |
|-----------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                       | 1.01.2019-<br>30.06.2019 | 1.04.2019-<br>30.06.2019 | 1.01.2018-<br>30.06.2018 | 1.04.2018-<br>30.06.2018 |
|                       | € '000                   | € '000                   | € '000                   | € '000                   |
| Rental income         | 40,448                   | 22,004                   | 24,868                   | 12,954                   |
| Service charge income | 16,490                   | 8,814                    | 9,353                    | 5,087                    |
| Marketing income      | 288                      | 114                      | 274                      | 132                      |
| Other income          | 47                       | 18                       | 543                      | 89                       |
|                       | <b>57,273</b>            | <b>30,950</b>            | <b>35,038</b>            | <b>18,262</b>            |

  

|                             | For the period           |                          |                          |                          |
|-----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                             | 1.01.2019-<br>30.06.2019 | 1.04.2019-<br>30.06.2019 | 1.01.2018-<br>30.06.2018 | 1.04.2018-<br>30.06.2018 |
|                             | € '000                   | € '000                   | € '000                   | € '000                   |
| <b>High street segment:</b> |                          |                          |                          |                          |
| Rental income               | 8,224                    | 4,041                    | 9,101                    | 4,209                    |
| Service charge income       | 3,567                    | 1,778                    | 3,844                    | 1,944                    |
| Marketing income            | 288                      | 114                      | 274                      | 132                      |
| Other income                | -                        | -                        | 509                      | 63                       |
|                             | <b>12,079</b>            | <b>5,933</b>             | <b>13,728</b>            | <b>6,348</b>             |
| <b>Office segment:</b>      |                          |                          |                          |                          |
| Rental income               | 32,225                   | 17,963                   | 15,767                   | 8,745                    |
| Service charge income       | 12,922                   | 7,036                    | 5,509                    | 3,143                    |
| Other income                | 47                       | 18                       | 34                       | 26                       |
|                             | <b>45,194</b>            | <b>25,017</b>            | <b>21,310</b>            | <b>11,914</b>            |
|                             | <b>57,273</b>            | <b>30,950</b>            | <b>35,038</b>            | <b>18,262</b>            |

## 4. Operating Expenses

### Policy

#### a) Service Costs

Service costs paid, as well as those borne on behalf of the tenants, are included under direct property expenses. Reclaiming them from 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.

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|                              | For the period           |                          |                          |                          |
|------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                              | 1.01.2019-<br>30.06.2019 | 1.04.2019-<br>30.06.2019 | 1.01.2018-<br>30.06.2018 | 1.04.2018-<br>30.06.2018 |
|                              | € '000                   | € '000                   | € '000                   | € '000                   |
| Utilities                    | (7,283)                  | (3,584)                  | (3,845)                  | (1,841)                  |
| Property administration      | (7,263)                  | (3,929)                  | (4,028)                  | (2,164)                  |
| Real estate taxes            | (2,793)                  | (1,469)                  | (1,796)                  | (950)                    |
| Marketing services           | (337)                    | (136)                    | (417)                    | (194)                    |
| Other property related costs | (155)                    | (149)                    | (250)                    | (56)                     |
|                              | <b>(17,831)</b>          | <b>(9,267)</b>           | <b>(10,336)</b>          | <b>(5,205)</b>           |

|   | For the period           |                          |                          |                          |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
|   | 1.01.2019-<br>30.06.2019 | 1.04.2019-<br>30.06.2019 | 1.01.2018-<br>30.06.2018 | 1.04.2018-<br>30.06.2018 |
|   | € '000                   | € '000                   | € '000                   | € '000                   |
| Property expenses arising from investment property that generated rental income | (17,831)                 | (9,267)                  | (10,336)                 | (5,205)                  |
| <b>Total property expenses</b>  | <b>(17,831)</b>          | <b>(9,267)</b>           | <b>(10,336)</b>          | <b>(5,205)</b>           |

## 5. Administrative Expenses

Administrative expenses are expensed as incurred with the exception of expenditure on long-term developments and direct investment property purchase transaction costs, see note 2.

|  | For the period           |                          |                          |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | 1.01.2019-<br>30.06.2019 | 1.04.2019-<br>30.06.2019 | 1.01.2018-<br>30.06.2018 | 1.04.2018-<br>30.06.2018 |
|  | € '000                   | € '000                   | € '000                   | € '000                   |
| Legal and consulting costs                                   | (484)                    | (225)                    | (370)                    | 273                      |
| Salaries and wages   | (727)                    | (347)                    | (147)                    | (122)                    |
| Accounting, secretarial and administration costs             | (143)                    | (7)                      | (624)                    | (276)                    |
| Audit and non-audit services                                 | (120)                    | (120)                    | (154)                    | (129)                    |
| Post, telecommunication, office expenses and office supplies | (508)                    | (321)                    | (230)                    | (122)                    |
| Taxes and other fees   | (227)                    | (220)                    | (237)                    | (223)                    |
| Other  | (89)                     | (46)                     | (48)                     | (22)                     |
| <b>Total administrative expenses</b>                         | <b>(2,298)</b>           | <b>(1,286)</b>           | <b>(1,810)</b>           | <b>(621)</b>             |

## 6. Finance income

### Interest income

Interest income is recognised as it accrues using the effective interest rate method. Interest income is included in finance income in the Consolidated Statement of Profit or Loss.

|  | For the period           |                          |                          |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | 1.01.2019-<br>30.06.2019 | 1.04.2019-<br>30.06.2019 | 1.01.2018-<br>30.06.2018 | 1.04.2018-<br>30.06.2018 |
|  | € '000                   | € '000                   | € '000                   | € '000                   |
| Bank interest                            | 79                       | 77                       | 31                       | 15                       |
| Debentures interest                      | -                        | -                        | 295                      | 118                      |
| Foreign exchange differences             | 21                       | 169                      | -                        | -                        |
| Right of perpetual usufruct amortisation | 605                      | 566                      | -                        | -                        |
| Other financial income                   | -                        | -                        | 33                       | 5                        |
|  | <b>705</b>               | <b>812</b>               | <b>359</b>               | <b>138</b>               |

## 7. Finance Cost

### Policy

Borrowing costs associated with direct expenditure on properties under development or undergoing major refurbishment are capitalised. When 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.

|                              | For the period           |                          |                          |                          |
|------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                              | 1.01.2019-<br>30.06.2019 | 1.04.2019-<br>30.06.2019 | 1.01.2018-<br>30.06.2018 | 1.04.2018-<br>30.06.2018 |
|                              | € '000                   | € '000                   | € '000                   | € '000                   |
| Interest:                    | (10,889)                 | (5,436)                  | (16,167)                 | (11,103)                 |
| Bank borrowings              | (3,132)                  | (2,304)                  | (5,391)                  | (3,575)                  |
| Loans from related parties*  | (7,757)                  | (3,132)                  | (10,733)                 | (7,500)                  |
| Other interest expenses      | -                        | -                        | (43)                     | (28)                     |
| Foreign exchange differences | -                        | -                        | (538)                    | (418)                    |
| Bank charges                 | (73)                     | (27)                     | (29)                     | (14)                     |
| Early loan repayment fees**  | -                        | -                        | (2,836)                  | (2,836)                  |
| Other financial costs        | -                        | -                        | (21)                     | (20)                     |
|                              | <b>(10,962)</b>          | <b>(5,463)</b>           | <b>(19,591)</b>          | <b>(14,391)</b>          |

\*refers to the loan granted by Globalworth Finance Guernsey Limited and Globalworth Holdings Cyprus Limited, for details please refer to Note 10.

\*\* in 2018, of which €1,978 thousand results from the prepayment of the loan granted by Globalworth Finance Guernsey Limited, for details please refer to Note 10.

## **8. Taxation**

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

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

In 2018 Polish tax authorities introduced the minimum tax applied to income from ownership of certain high-value fixed assets at a rate of 0.035 percent per month of the initial value of the asset that exceeds PLN10 million (€2.4 million).

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

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

The verification will be subject in particular to whether the costs of debt financing related to the purchase or construction of the building, as well as other revenues and costs have been determined on market terms.

Tax and other settlements may be subject to inspection by administrative bodies authorised to impose high penalties and fines, and any additional taxation liabilities calculated as a result must be paid together with high interest. The above circumstances mean that tax exposure is greater in Poland than in countries that have a more established taxation system. Accordingly, the amounts shown in the financial statements may change at a later date as a result of the final decision of the tax authorities.

On 15 July 2016, amendments were made to the Tax Ordinance to introduce the provisions of General Anti-Avoidance Rules (GAAR). GAAR are targeted to prevent origination and use of fictitious legal structures set up to avoid payment of tax in Poland. GAAR define tax evasion as an activity performed mainly with a view to realising tax gains, which is contrary, under given circumstances, to the subject and objective of the tax law. In accordance with GAAR, an activity does not bring about tax gains, if its *modus operandi* was false. Any instances of (i) unreasonable division of an operation (ii) involvement of agents despite lack of economic rationale for such involvement, (iii) mutually exclusive or mutually compensating elements, as well as (iv) other activities similar to those referred to earlier may be treated as a hint of artificial activities subject to GAAR. New regulations will require considerably greater judgment in assessing tax effects of individual transactions.

The GAAR clause should be applied to the transactions performed after clause effective date and to the transactions which were performed prior to GAAR clause effective date, but for which after the clause effective date tax gains were realised or continue to be realised. The implementation of the above provisions will enable Polish tax authority challenge such arrangements realised by tax remitters as restructuring or reorganization.

The Group accounts for current and deferred tax assets and liabilities based on the requirements of IAS 12 Income taxes, based on taxable profit (tax loss), taxable base, carry-forward of unused tax losses and carry-forward of unused tax credits, and tax rates, while considering the assessment of uncertainty related to tax settlements. If uncertainty exists as to whether and to what extent tax authority will accept individual tax treatments of made transactions, the Group discloses these settlements while accounting for uncertainty assessment.

The Group presents amount relating to minimum income tax in line "Income tax (expenses)" in Consolidated Statement of Profit or Loss.

### ***Current income tax***

#### **Policy**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity and not in the Consolidated Statement of Profit or Loss. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### ***Deferred income tax***

#### **Policy**

Deferred income tax is provided using the temporary difference approach, which focuses on the difference between the carrying amount of an asset or liability in the financial statements and its tax base.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward of unused tax credits or unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. In determining the expected manner of realisation of an investment property measured at fair value a rebuttable presumption exists that its carrying amount will be recovered through sale.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are only recognised subsequently when new information about facts and circumstances require this. If that new information is revealed during the measurement period the adjustment is treated as a reduction in goodwill (as long as it does not exceed goodwill). Otherwise, it is recognised in profit or loss.

***Significant accounting judgements, estimates and assumptions***

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

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

In Poland, the tax position is open to further verification for five years. Some entities of the Group in Poland are currently under tax audits for the fiscal year 2017.

The major components of income tax expense for the periods ended 30 June 2019 and 2018 are:

|                             | For the period           |                          |                          |                          |
|-----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                             | 1.01.2019-<br>30.06.2019 | 1.04.2019-<br>30.06.2019 | 1.01.2018-<br>30.06.2018 | 1.04.2018-<br>30.06.2018 |
|                             | € '000                   | € '000                   | € '000                   | € '000                   |
| <b>Income tax expense</b>   |                          |                          |                          |                          |
| Current income tax expense  | (2,345)                  | (1,346)                  | (1,624)                  | (1,178)                  |
| Deferred income tax expense | (4,797)                  | (3,871)                  | 76                       | 1,899                    |
|                             | <b>(7,142)</b>           | <b>(5,217)</b>           | <b>(1,548)</b>           | <b>721</b>               |

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(All amounts in EUR thousands unless otherwise stated)

|  | Consolidated statement<br>of financial position |                     |               | Consolidated statement<br>of comprehensive income |                          |                          |                          |
|--|---|---------------------|---------------|---|--------------------------|--------------------------|--------------------------|
|  | 30 June 2019                                    | 31 December<br>2018 | 30 June 2018  | 1.01.2019-<br>30.06.2019                          | 1.04.2019-<br>30.06.2019 | 1.01.2018-<br>30.06.2018 | 1.04.2018-<br>30.06.2018 |
|  | € '000  | € '000              | € '000        | € '000  | € '000                   | € '000                   | € '000                   |
| <b>Net - Deferred Tax Liability</b>              |   |                     |               |   |                          |                          |                          |
| Acquired under asset deal:                       | -   | -                   | -             | -   | -                        | 2,221                    | 2,221                    |
| Deferred tax asset                               | -   | -                   | -             | -   | -                        | 2,221                    | 2,221                    |
| Valuation of investment property at fair value   | 38,265  | 31,746              | 29,897        | 6,519   | 2,914                    | (10,593)                 | (7,345)                  |
| Other taxable temporary differences              | (3,761)   | (1,157)             | (2,401)       | (2,604)   | 1,247                    | 2,110                    | 2,617                    |
| Interest and exchange rate differences accrued   | (10,662)  | (9,644)             | (3,681)       | (1,018)   | (533)                    | 5,882                    | 4,356                    |
| Deferred income                                  | -   | (19)                | -             | 19  | -                        | -                        | -                        |
| Valuation of financial instruments at fair value | 1,402   | 865                 | 375           | 537   | 1,402                    | (319)                    | (375)                    |
| Recognised unutilized tax losses                 | (3,084)   | (4,428)             | (3,025)       | 1,344   | (1,159)                  | 775                      | 425                      |
|  | <b>22,160</b>                                   | <b>17,363</b>       | <b>21,165</b> | <b>4,797</b>                                      | <b>3,871</b>             | <b>76</b>                | <b>1,899</b>             |

## **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.

### **Financial instruments**

#### **Policy**

According to the new standard IFRS 9, implemented by the Group beginning on 1 January 2018, financial assets are classified into one of the following categories:

- financial assets measured at amortized cost;
- financial assets measured at Fair Value Through Other Comprehensive Income (FVTOCI);
- financial assets measured at Fair Value Through Profit or Loss (FVTP&L).

The classification of financial assets depends on the business model of financial assets management and the characteristics of the contractual cash flows of the financial asset. Classification of financial assets is made at the inception and may be changed only if the business model of managing the financial assets has changed.

Beginning on 1 January 2018 ROFO bonds are valued at fair value through profit or loss. Following IFRS 9 regulations the Group has analysed the expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group has not stated any significant impact of the IFRS 9 on entity's impairment.

The Group decided to introduce the modified retrospective approach, therefore the presentation of prior year data remains unchanged.

#### ***Financial assets measured at amortized cost***

Financial asset is measured at amortized cost if both of the following conditions are met:

- the asset is held by the Group whose objective is to hold assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI i.e. solely payment of principal and interest).

These financial assets are measured at amortized cost using the effective interest rate and are classified as non-current assets, if they are falling due within more than 12 months from the reporting date.

#### ***Financial asset measured at Fair Value Through Other Comprehensive Income***

Financial asset is measured at Fair Value Through Other Comprehensive Income (FVTOCI), if both of the following conditions are met:

- the asset is held by Group in which assets are managed to achieve a particular objective by both collecting contractual cash flows and selling financial assets, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI, solely payment of principal and interest).

At initial recognition the associated transaction costs of purchase are included.

Resulting from the impairment review, any change in fair value is taken to profit or loss account.

Upon derecognition, any gain or loss is based upon the carrying value at the date of disposal.



In case of equity instruments any amounts formerly taken to equity in previous accounting periods cannot be recycled. Instead, at derecognition, an entity may choose to make an equity transfer from other components of equity to retained earnings as any amounts previously taken to equity can now be regarded as having been realized.

At derecognition of debt instruments any gains or losses, previously recognized in other comprehensive income, are recycled to profit or loss.

***Financial assets measured at Fair Value Through Profit or Loss***

Other financial assets, that do not meet the conditions of the above-mentioned categories, are measured at Fair Value Through Profit or Loss (FVTP&L).

Financial assets at fair value through profit or loss are measured at fair value, which takes into account their market value as at the reporting date, but no sale transaction costs. Any change in the fair value of these instruments is taken to finance income (positive changes in the fair value) or finance costs (negative changes in the fair value) in the income statement/ statement of comprehensive income. Where a contract contains one or more embedded derivatives, the entire contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the underlying cash flows or it is clear, with or without high level review, that had similar hybrid instrument been considered in the first place, separation of the embedded derivative would be expressly forbidden.

As at 31 December 2018 ROFO bonds have been classified as financial assets measured at fair value through profit or loss.

***Derivatives***

Derivatives are recognized in the books at the time when the Entities become a party to a binding agreement.

The Group does not apply hedge accounting.

At the balance sheet date, derivatives are measured at fair value. Whereas derivatives with fair value greater than zero are financial assets, those with negative fair value are financial liabilities.

The Group recognizes profit/loss from valuation and realization of derivative instruments that fail to meet the requirements of hedge accounting as income/expense on operations, income/expenses on financial transactions or “profit/loss on derivative instruments in foreign currency”. In case of the profit / loss on valuation and realization of the relevant IRS, the change in fair value of financial instrument is recognised in finance cost.

In the Consolidated Statement of Cash Flows, cash flows of this nature are disclosed respectively as Financing activities.

***Trade and other receivables***

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are classified as current assets, provided their maturity does not exceed 12 months after the reporting date.

Rent and other receivables are recognised at their original invoiced value except where the time value of money is material, in which case receivables are recognised at fair value and subsequently measured at amortised cost.

From 1 January 2018 the Group introduced the expected credit loss model in accordance with the simplified approach required under IFRS 9 for all the receivables which don't contain a significant financing component within the scope of IFRS 15.

The Group has analysed the rent receivables and recalculated IFRS 9 impact on the impairment recognition and taking into account the fact that each of rent agreement is secured with at least 3 months deposit from tenant, the Group considered impact of IFRS 9 as well as the calculated loss allowance as insignificant as of the date of the first application.

***Cash and cash equivalents***

Cash and cash equivalents in the statement of financial position comprise cash at bank, restricted cash and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

Restricted cash is cash on separate bank accounts held for a specific purpose and therefore not available to the Group for immediate or general business use. As restricted cash Group presents mainly the debt service reserve accounts held as the obligation resulting from bank loans agreements, deposits from tenants and amounts blocked to cover capital expenditures.

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash, short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

***Short-term trade payables***

Short-term trade payables are carried at the amount due and payable.

***Financial liabilities at fair value through profit or loss***

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial liabilities may be designated at initial recognition as at fair value through profit or loss if the following criteria are met:

- (i) the designation eliminates or significantly reduces the inconsistent treatment or valuation or recognition of gains or losses that would otherwise arise from the measurement on a different basis; or
- (ii) the liabilities are part of a group of financial liabilities which are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy; or
- (iii) financial liabilities contain embedded derivatives which need to be recorded separately.

Financial liabilities at fair value through profit or loss are re-measured to fair value, after considering their market value at the reporting date, without transaction costs. Any changes in the fair value of these liabilities are recognised in the profit or loss as finance income or finance cost.

***Other financial liabilities***

Other financial liabilities which are not financial instruments at fair value through profit or loss are measured at amortised cost using the effective interest rate method.

A financial liability is derecognized by the Group when the obligation under the liability is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instrument with substantially different terms is accounted for by the Group as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, significant modifications to the terms and conditions of an existing financial liability are treated as an extinguishment of the original financial liability and the recognition of a new financial liability with any resultant differences in the respective carrying amounts taken to profit or loss.

Other non-financial liabilities include, in particular, liabilities to the tax office in respect of value added tax and advance payment liabilities which will be settled by way of delivery of goods or services, or fixed assets. Other non-financial liabilities are recognized at the amount due and payable.

***Interest bearing loans, borrowings and debentures***

All loans, borrowings and debentures are initially recognised at fair value less directly attributable transaction costs. After initial recognition, they are subsequently measured at amortised cost using the effective interest rate method ("EIR"). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset/liability.

The classification and carrying amount calculated under IAS 39 of following financial assets and liabilities have not been changed due to implementation of IFRS 9:

- Interest-Bearing Loans and Borrowings
- Other borrowings
- Trade and other receivables
- Trade and other payables

**9. Other financial assets**

Beginning on 1 January 2018 the Group has reclassified them, in line with IFRS 9 requirements, to financial assets measured at Fair Value Through Profit or Loss category. The value of these instruments as at 30 June 2019 was as follows:

**ROFO debentures**  
**As at 30 June 2019**

| Issuer  | Interest rate | Maturity       | Total         | Long-term    | Short-term    |
|---|---------------|----------------|---------------|--------------|---------------|
| Pudsey Sp. z o.o.   | fixed         | September 2019 | 16,443        | -            | 16,443        |
| Projekt Beethovena - Projekt Echo - 122 SP. Z O.O. S.K.A. (Stage 1) | fixed         | December 2019  | 3,959         | -            | 3,959         |
| Projekt Beethovena - Projekt Echo - 122 SP. Z O.O. S.K.A. (Stage 2) | fixed         | December 2020  | 2,854         | 2,854        | -             |
|   |               |                | <b>23,256</b> | <b>2,854</b> | <b>20,402</b> |

**As at 31 December 2018**

| Issuer  | Interest rate | Maturity       | Total         | Long-term    | Short-term    |
|---|---------------|----------------|---------------|--------------|---------------|
| Pudsey Sp. z o.o.   | fixed         | April 2019     | 9,270         | -            | 9,270         |
| Projekt Beethovena - Projekt Echo - 122 SP. Z O.O. S.K.A. (Stage 1) | fixed         | September 2019 | 3,608         | -            | 3,608         |
| Projekt Beethovena - Projekt Echo - 122 SP. Z O.O. S.K.A. (Stage 2) | fixed         | September 2020 | 2,828         | 2,828        | -             |
|   |               |                | <b>15,706</b> | <b>2,828</b> | <b>12,878</b> |

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**As at 30 June 2018**

| <b>Issuer</b>   | <b>Interest rate</b> | <b>Maturity</b> | <b>Total</b>  | <b>Long-term</b> | <b>Short-term</b> |
|---|----------------------|-----------------|---------------|------------------|-------------------|
| Pudsey Sp. z o.o.   | fixed                | December 2018   | 5,976         | -                | 5,976             |
| Projekt Beethovena - Projekt Echo - 122 SP. Z O.O. S.K.A. (Stage 1) | fixed                | September 2019  | 3,090         | 3,090            | -                 |
| Projekt Beethovena - Projekt Echo - 122 SP. Z O.O. S.K.A. (Stage 2) | fixed                | September 2020  | 2,830         | 2,830            | -                 |
|   |                      |                 | <b>11,896</b> | <b>5,920</b>     | <b>5,976</b>      |

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

As of 30 June 2019, an increase of valuation of ROFO debentures compared to 31 December 2018 amounted to €1,569 thousand and have been presented in Consolidated Statement of Profit or Loss in line "Gain/(loss) from valuation of financial instruments".

The maturity dates presented in the table above are stated in the agreements, however the planned repayment dates of debentures would take place upon purchase or repayment of ROFO project.

Expected repayments of the projects are as follows:

- Pudsey Sp. z o.o. – 30 September 2019;
- Projekt Beethovena - Projekt Echo - 122 SP. Z O.O. S.K.A. (Stage 1) – 31 December 2019;
- Projekt Beethovena - Projekt Echo - 122 SP. Z O.O. S.K.A. (Stage 2) – 31 December 2020.

In the six-month period ended 30 June 2019, the Group has not changed the classification of the financial instruments due to change of manner of usage.

The classification of ROFO bonds has been changed due to implementation IFRS 9 from Available for sale assets to Other financial assets measured at Fair Value Through Profit or Loss. The carrying amount of ROFO Bonds calculated under IAS 39 amounts to €17,910 thousand.

**Right of First Offer Agreements**

On 9 March 2017, the Company signed the preliminary agreement for the acquisition of 25% stakes in ROFO projects being developed by Echo. Total office GLA of these projects to be completed in 2018/2019 is 51,356 sqm.

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

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

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

| <b>Segment</b> | <b>City/town</b> | <b>Street</b> | <b>Project name</b>                              |
|----------------|------------------|---------------|--|
| office         | Warsaw           | Beethovena    | Moje Miejsce I (formerly: Beethovena I)          |
| office         | Warsaw           | Beethovena    | Moje Miejsce II (formerly: Beethovena II)        |
| office         | Warsaw           | Grzybowska    | The Gatehouse Offices (formerly Browary Stage J) |

On 12 June 2017 the Bondholder, subscribed for bonds of several series with a total nominal value of €6.4 million issued by certain subsidiaries of Echo. On 22 December 2017 and 7 March 2019 the additional series of ROFO debentures in the amount of €3.5 million and €6.0 million respectively have been subscribed for. The ROFO debentures were subscribed for in performance of the ROFO Agreement which relates to an investment of 25% of the equity which had already been invested and future equity required to complete the construction and to finalise commercial office projects currently in progress in Warsaw, i.e. the Moje Miejsce project (stage I and II) and the Browary Warszawskie project (stage J). The redemption date for all the series of the ROFO debentures is 12 June 2032, and the ROFO Bonds will be redeemed by way of the payment of a sum equal to the nominal value of each of the debentures. The ROFO debentures accrue interest at a fixed interest rate in the amounts of and on the conditions provided in the terms and conditions of the ROFO debentures. Final amount of interest will be adjusted by accompanied option agreement so that it reflects actual development profit realised on each of the projects. The ROFO debentures have been issued as unsecured bonds.

## **10. Information about the issue, redemption and repayment of debt securities and equity securities**

In the first half of 2019, neither Globalworth Poland Real Estate N.V. nor any of its subsidiaries were funded through the issue of external debt financial instruments.

Like other companies in the industry, the Group monitors its capital by such methods as loan to value ratio or balance sheet equity ratio. During the reporting periods, the Group did not breach any of its loan covenants, and borrowings nor did it default on any other of its obligations under its loan and borrowings agreements.

### **Bank loans**

In the first half of 2019 the Group has repaid loans 7, 8 and 9, principal and accrued interest till the date of final repayment.

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| Bank    | Interest rate                            | Maturity      | Total          | Long-term     | Short-term    |
|---------|--|---------------|----------------|---------------|---------------|
| Loan 14 | combination of fixed & floating rate*    | May 2025      | 38,544         | 37,629        | 915           |
| Loan 15 | combination of fixed & floating rate*    | May 2025      | 33,511         | 32,716        | 795           |
| Loan 16 | combination of fixed & floating rate*    | May 2025      | 13,019         | 12,714        | 305           |
| Loan 17 | combination of fixed & floating rate*    | May 2025      | 14,101         | 13,768        | 333           |
| Loan 7  | NBP reference rate less social indicator | June 2034     | -              | -             | -             |
| Loan 8  | WIBOR 1M + margin                        | February 2019 | -              | -             | -             |
| Loan 9  | EURIBOR 1M + margin                      | August 2026   | -              | -             | -             |
| Loan 18 | EURIBOR 3M + margin                      | November 2019 | 75,618         | -             | 75,618        |
|         |  |               | <b>174,793</b> | <b>96,827</b> | <b>77,966</b> |

**As at 31 December 2018**

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

**As at 30 June 2018**

| Bank    | Interest rate                            | Maturity       | Total          | Long-term      | Short-term   |
|---------|--|----------------|----------------|----------------|--------------|
| Loan 14 | combination of fixed & floating rate*    | May 2025       | 38,526         | 37,574         | 952          |
| Loan 15 | combination of fixed & floating rate*    | May 2025       | 33,506         | 32,682         | 824          |
| Loan 16 | combination of fixed & floating rate*    | May 2025       | 13,031         | 12,724         | 307          |
| Loan 17 | combination of fixed & floating rate*    | May 2025       | 14,113         | 13,764         | 349          |
| Loan 7  | NBP reference rate less social indicator | June 2034      | 4,555          | 2,333          | 2,222        |
| Loan 8  | WIBOR 1M + margin                        | September 2018 | 589            | -              | 589          |
| Loan 9  | EURIBOR 1M + margin                      | August 2026    | 36,043         | 34,119         | 1,924        |
|         |  |                | <b>140,363</b> | <b>133,196</b> | <b>7,167</b> |

\*95% of the outstanding amount at the fixed interest rates & 5% of the outstanding amount at the floating rate: EURIBOR 3M + margin

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

**Other borrowings**

**As at 30 June 2019**

| Lender                               | Interest rate | Total          | Below 1 year | After 1 year but no more than 5 years | More than 5 years |
|--------------------------------------|---------------|----------------|--------------|---------------------------------------|-------------------|
| Globalworth Finance Guernsey Limited | 5%            | 487,458        | -            | -                                     | 487,458           |
| Globalworth Holdings Cyprus Limited  | 4%            | 26,032         | -            | -                                     | 26,032            |
|                                      | <b>5%</b>     | <b>513,490</b> | <b>-</b>     | <b>-</b>                              | <b>513,490</b>    |

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| Lender                               | Interest rate | Total          | Below 1 year | After 1 year but no more than 5 years | More than 5 years |
|--------------------------------------|---------------|----------------|--------------|---------------------------------------|-------------------|
| Globalworth Finance Guernsey Limited | 5%            | 392,233        | -            | -                                     | 392,233           |
|                                      | <b>5%</b>     | <b>392,233</b> | -            | -                                     | <b>392,233</b>    |

**As at 30 June 2018**

| Lender                               | Interest rate | Total          | Below 1 year | After 1 year but no more than 5 years | More than 5 years |
|--------------------------------------|---------------|----------------|--------------|---------------------------------------|-------------------|
| Globalworth Finance Guernsey Limited | 5%            | 236,438        | -            | -                                     | 236,438           |
|                                      | <b>5%</b>     | <b>236,438</b> | -            | -                                     | <b>236,438</b>    |

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

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

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

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

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

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

On 21 January 2019 the Company drew down a net amount of €35.5 million under the Second Facility (Tranche C and D).

On 12 March 2019 the Company signed Annex to the Second facility increasing facility by Tranche D and Tranche E in the amount of €57.5 million.

On 25 March 2019 the Company drew down a net amount of €52 million (Tranche E).

On 12 June 2019 the subsidiary of the Group entered into long-term loan agreement in the amount of €26 million granted by Globalworth Holdings Cyprus Limited (“**GHCL**”), a related entity. The subsidiary has agreed with GHCL to apply the borrowed amounts towards the refinancing of the existing financial indebtedness of the subsidiaries. The loans will bear fixed interest from the date of agreement at a level

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of 4% p.a., which will be accrued on the loan balance and due at repayment date on 12 June 2027. The loan is measured at amortised cost using the effective interest rate method.

|                            | <b>Globalworth Finance Guernsey Limited</b> | <b>Globalworth Holdings Cyprus Limited</b> |
|----------------------------|---|--|
| <b>At 1 January 2019</b>   | <b>392,233</b>                              | -  |
| Capital drawdown           | 87,500                                      | 26,000                                     |
| Capital repayment          | -   | -  |
| Interest accrued           | 11,094                                      | 37   |
| Interest repayment         | -   | -  |
| Arrangement fee payment    | -   | -  |
| Amortized cost valuation   | (3,369)                                     | (5)  |
| <b>At 30 June 2019</b>     | <b>487,458</b>                              | <b>26,032</b>                              |
| <b>At 1 January 2018</b>   | <b>165,413</b>                              | -  |
| Capital drawdown           | 508,300                                     | -  |
| Capital repayment          | (287,107)                                   | -  |
| Interest accrued           | 14,963                                      | -  |
| Interest repayment         | (8,400)                                     | -  |
| Arrangement fee payment    | (4,493)                                     | -  |
| Amortized cost valuation   | 3,557                                       | -  |
| <b>At 31 December 2018</b> | <b>392,233</b>                              | -  |
| <b>At 1 January 2018</b>   | <b>165,413</b>                              | -  |
| Capital drawdown           | 358,300                                     | -  |
| Capital repayment          | (287,107)                                   | -  |
| Interest accrued           | 6,595                                       | -  |
| Interest repayment         | (6,422)                                     | -  |
| Arrangement fee payment    | (4,493)                                     | -  |
| Amortized cost valuation   | 4,152                                       | -  |
| <b>At 30 June 2018</b>     | <b>236,438</b>                              | -  |



## 11. Trade and other payables, deposits from tenants and other deposits

### *Deposits from tenants and other deposits received*

#### **Policy**

Deposits from tenants and other deposits liabilities are initially recognised at fair value and subsequently measured at amortised cost. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognised on a straight-line basis over the lease term.

Trade and other payables, deposits from tenants and other deposits are non-interest bearing and have settlement dates within one year, except for tenant deposits which are payable on lease termination.

For explanations on the Group's liquidity risk management processes, refer to Note 16.

|  | 30 June 2019  | As at<br>31 December 2018 | 30 June 2018  |
|--|---------------|---------------------------|---------------|
|  | € '000        | € '000                    | € '000        |
| <b>Current</b>   |               |                           |               |
| Trade payables   | 5,671         | 6,849                     | 3,873         |
| Capex payables   | 8,197         | 3,420                     | 4,588         |
| VAT payable  | 923           | 513                       | 705           |
| Deposits from tenants                                  | 3,727         | 1,853                     | 289           |
| Guarantees retained from contractors                   | 2,093         | 1,088                     | 617           |
| Deferred income  | 595           | 237                       | 742           |
| Other taxes payables                                   | 3,777         | 1                         | 1,815         |
| Salaries payable                                       | 66            | 115                       | 138           |
| Liabilities related to entities' acquisition           | -             | 1,121                     | 832           |
| Liabilities related to share issuance                  | -             | -                         | 178           |
| Liabilities related to new financing                   | -             | -                         | 233           |
| Dividend payable                                       | -             | 35,421                    | 4,011         |
| Amounts due to related parties                         | -             | 103                       | -             |
| Consideration payable                                  | -             | 182                       | 1,169         |
| Lease liability related to right of perpetual usufruct | 2,089         | -                         | -             |
| Other payables   | -             | 207                       | 331           |
|  | <b>27,138</b> | <b>51,110</b>             | <b>19,521</b> |
| <b>Non-current</b>                                     |               |                           |               |
| Deposits from tenants                                  | 8,986         | 9,801                     | 6,730         |
| Guarantees retained from contractors                   | 547           | 666                       | 600           |
| Consideration payable                                  | 1,557         | 694                       | 685           |
| Lease liability related to right of perpetual usufruct | 28,990        | -                         | -             |
|  | <b>67,218</b> | <b>62,271</b>             | <b>27,536</b> |

## 12. Trade and other receivables

|   | As at         |                  |               |
|---|---------------|------------------|---------------|
|   | 30 June 2019  | 31 December 2018 | 30 June 2018  |
|   | € '000        | € '000           | € '000        |
| <b>Current</b>                                    |               |                  |               |
| Rent and service charge receivables               | 11,962        | 9,634            | 8,138         |
| RGA and NOIGA rent and service charge receivables | 515           | 491              | 1,187         |
| Less: Provision for impairment of receivables     | (1,111)       | (1,446)          | (1,638)       |
| <b>Rent receivables - net</b>                     | <b>11,366</b> | <b>8,679</b>     | <b>7,687</b>  |
| VAT receivables                                   | 708           | 1,265            | 1,069         |
| Deferred expenses                                 | 3,924         | 788              | 2,746         |
| Receivables from related parties                  | -             | 12               | -             |
| RGA and NOIGA capex receivables                   | -             | -                | 779           |
| Dividend receivable                               | -             | -                | 3,770         |
| Receivables from Sellers (price adjustments)      | -             | 2,233            | 1,516         |
| Other   | 268           | 261              | 105           |
|   | <b>16,266</b> | <b>13,238</b>    | <b>17,672</b> |

Rent and service charge receivables are non-interest bearing and are typically due within 30 days.

### *Rent and other receivables impaired and provided for*

As at 30 June 2019 receivables with nominal value €1,113 thousand were impaired and provided for in the amount of €1,111 thousand due to tenant defaults. Movements in the provision for impairment of receivables were, as follows:

|                                   | As at        |                  |              |
|-----------------------------------|--------------|------------------|--------------|
|                                   | 30 June 2019 | 31 December 2018 | 30 June 2018 |
|                                   | € '000       | € '000           | € '000       |
| <b>At 1 January</b>               | <b>1,446</b> | <b>1,176</b>     | <b>1,176</b> |
| Provision at the acquisition date | -            | 416              | 410          |
| Charge for the year               | 74           | 130              | 70           |
| Utilised                          | (409)        | (276)            | (18)         |
| <b>At 30 June / 31 December</b>   | <b>1,111</b> | <b>1,446</b>     | <b>1,638</b> |

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As at 30 June 2019, 31 December 2018 and 30 June 2018, the analysis of rent and other receivables and classification of provisions for impairment of receivables is set out below:

|                         |                                     | Neither past<br>due nor<br>impaired | <30 days | 30-60 days | 60-90 days | 90-120 days | >120 days      |
|-------------------------|-------------------------------------|-------------------------------------|----------|------------|------------|-------------|----------------|
| As at                   | Total                               |                                     |          |            |            |             |                |
| <b>30 June 2019</b>     | 11,366                              | 5,194                               | 3,529    | 999        | 151        | 106         | 1,387          |
| <b>31 December 2018</b> | 8,691                               | 2,847                               | 4,476    | 613        | 495        | 189         | 71             |
| <b>30 June 2018</b>     | 8,466                               | 4,153                               | 2,874    | 1,094      | 152        | 39          | 154            |
| <b>As at</b>            |                                     |                                     |          |            |            |             |                |
| <b>30 June 2019</b>     | Impaired rent and other receivables |                                     | 38       | 22         | 19         | 49          | 985            |
|                         | Provision for impairment            |                                     | (38)     | (21)       | (18)       | (49)        | (985)          |
|                         | <b>Total provision</b>              |                                     |          |            |            |             | <b>(1,111)</b> |
| <b>31 December 2018</b> | Impaired rent and other receivables |                                     | 16       | 17         | 46         | 73          | 1,298          |
|                         | Provision for impairment            |                                     | (14)     | (17)       | (45)       | (72)        | (1,298)        |
|                         | <b>Total provision</b>              |                                     |          |            |            |             | <b>(1,446)</b> |
| <b>30 June 2018</b>     | Impaired rent and other receivables |                                     | -        | -          | 159        | 76          | <b>1,748</b>   |
|                         | Provision for impairment            |                                     | -        | -          | (7)        | (37)        | (1,594)        |
|                         | <b>Total provision</b>              |                                     |          |            |            |             | <b>(1,638)</b> |

### 13. Cash and cash equivalents

#### *Cash and short-term deposits*

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

#### *Blocked (restricted) cash*

The blocked (restricted) cash comprises of:

- debt service reserve accounts;
- deposits from tenants and amounts blocked to cover capital expenditures presented as short-term as they can be utilized to cover tenants' obligation due or current liabilities for capital expenditures;
- cash on the bank accounts with restrictions over the use of the funds.

|  | 30 June<br>2019<br>€ '000 | 31 December<br>2018<br>€ '000 | 30 June<br>2018<br>€ '000 |
|--|---------------------------|-------------------------------|---------------------------|
| <b>Unrestricted</b>  |                           |                               |                           |
| Cash at bank and on hand   | 34,835                    | 59,690                        | 151,880                   |
| Short-term deposits  | 292                       | 113                           | 1,266                     |
| <b>Cash and cash equivalents as per Consolidated Statement of Cash Flows</b>         | <b>35,127</b>             | <b>59,803</b>                 | <b>153,146</b>            |
| <b>Restricted</b>  |                           |                               |                           |
| <b>Short-term:</b>   | <b>4,964</b>              | <b>12,943</b>                 | <b>9,778</b>              |
| Tenant deposits  | 3,494                     | 3,026                         | 2,843                     |
| Capex accounts   | -                         | -                             | -                         |
| Rent accounts  | -                         | 9,131                         | 5,355                     |
| Debt service reserve account   | 740                       | -                             | -                         |
| Other bank deposits  | 714                       | 704                           | 1,044                     |
| Other  | 16                        | 82                            | 536                       |
|  | <b>4,964</b>              | <b>12,943</b>                 | <b>9,778</b>              |
| <b>Cash and cash equivalents as per Consolidated Statement of Financial Position</b> | <b>40,091</b>             | <b>72,746</b>                 | <b>162,924</b>            |

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## 14. Fair value measurements – financial assets and financial liabilities

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments presented in the Consolidated Financial Statements:

| As at                                | Carrying amount |                  |              | Fair value   |                  |              |
|--------------------------------------|-----------------|------------------|--------------|--------------|------------------|--------------|
|                                      | 30 June 2019    | 31 December 2018 | 30 June 2018 | 30 June 2019 | 31 December 2018 | 30 June 2018 |
| <b>Financial assets</b>              |                 |                  |              |              |                  |              |
| Long-term loans                      | 2               | -                | 44           | 2            | -                | 44           |
| Other financial assets               | 23,256          | 15,706           | 11,896       | 23,256       | 15,706           | 11,896       |
| Trade and other receivables          | 16,266          | 13,238           | 17,672       | 16,266       | 13,239           | 17,672       |
| Cash and cash equivalents            | 40,091          | 72,746           | 162,924      | 40,091       | 72,746           | 162,924      |
| <b>Financial liabilities</b>         |                 |                  |              |              |                  |              |
| Bank loans                           | 174,793         | 138,810          | 140,363      | 174,793      | 138,810          | 140,363      |
| Other borrowings                     | 513,490         | 392,233          | 236,438      | 513,490      | 392,233          | 236,438      |
| Deferred consideration payable       | 1,557           | 694              | 685          | 1,557        | 694              | 685          |
| Deposits from tenants                | 12,713          | 11,654           | 7,019        | 12,713       | 11,654           | 7,019        |
| Guarantees retained from contractors | 2,640           | 1,754            | 1,217        | 2,640        | 1,754            | 1,217        |
| Trade and other payables             | 21,318          | 48,169           | 18,615       | 21,318       | 48,169           | 18,615       |

Management has assessed that the fair values of cash and short-term deposits, rent and other receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and 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. The following methods and assumptions were used to estimate the fair values:

- Receivables are evaluated by the Group based on parameters such as individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 30 June 2019, 31 December 2018 and 30 June 2018, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values;
- The fair value of obligations under finance leases and deposits from tenants is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities;
- Derivatives valued using valuation techniques which employ the use of market observable inputs are mainly interest rate swaps. The Group enters into derivative financial instruments with financial institutions with investment grade credit ratings;
- Fair values of the Group's interest-bearing borrowings and loans are determined by using the DCF method using a discount rate that reflects each of the Entity borrowing rate including its own non-performance risk as at 30 June 2019, 31 December 2018 and 30 June 2018 appropriately.

## 15. Fair value hierarchy

Quantitative disclosures of the Group's financial instruments and investment property in the fair value measurement hierarchy as at 30 June 2019, 31 December 2018 and 30 June 2018:

| <b>As at 30 June 2019</b>            | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>     |
|--------------------------------------|----------------|----------------|----------------|------------------|
| Investment property                  | -              | -              | 1,447,289      | <b>1,447,289</b> |
| Long-term loans                      | -              | 2              | -              | <b>2</b>         |
| Other financial assets               | -              | -              | 23,256         | <b>23,256</b>    |
| Trade and other receivables          | -              | 16,266         | -              | <b>16,266</b>    |
| Cash and cash equivalents            | -              | 40,091         | -              | <b>40,091</b>    |
| Bank loans                           | -              | 174,793        | -              | <b>174,793</b>   |
| Other borrowings                     | -              | 513,490        | -              | <b>513,490</b>   |
| Deferred consideration payable       | -              | 1,557          | -              | <b>1,557</b>     |
| Deposits from tenants                | -              | 12,713         | -              | <b>12,713</b>    |
| Guarantees retained from contractors | -              | 2,640          | -              | <b>2,640</b>     |
| Trade and other payables             | -              | -              | 19,229         | <b>19,229</b>    |
| Lease liability related to RPU       | -              | -              | 31,079         | <b>31,079</b>    |
| <b>As at 31 December 2018</b>        | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>     |
| Investment property                  | -              | -              | 1,216,790      | <b>1,216,790</b> |
| Other financial assets               | -              | -              | 15,706         | <b>15,706</b>    |
| Trade and other receivables          | -              | 13,238         | -              | <b>13,238</b>    |
| Cash and cash equivalents            | -              | 72,746         | -              | <b>72,746</b>    |
| Bank loans                           | -              | 138,810        | -              | <b>138,810</b>   |
| Other borrowings                     | -              | 392,233        | -              | <b>392,233</b>   |
| Deferred consideration payable       | -              | 694            | -              | <b>694</b>       |
| Deposits from tenants                | -              | 11,654         | -              | <b>11,654</b>    |
| Guarantees retained from contractors | -              | 1,754          | -              | <b>1,754</b>     |
| Trade and other payables             | -              | -              | 48,169         | <b>48,169</b>    |

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| <b>As at 30 June 2018</b>            | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>   |
|--------------------------------------|----------------|----------------|----------------|----------------|
| Investment property                  | -              | -              | 932,380        | <b>932,380</b> |
| Long-term loans                      | -              | 44             | -              | <b>44</b>      |
| Other financial assets               | -              | -              | 11,896         | <b>11,896</b>  |
| Trade and other receivables          | -              | 17,672         | -              | <b>17,672</b>  |
| Cash and cash equivalents            | -              | 162,924        | -              | <b>162,924</b> |
| Bank loans                           | -              | 140,363        | -              | <b>140,363</b> |
| Other borrowings                     | -              | 236,438        | -              | <b>236,438</b> |
| Deferred consideration payable       | -              | 685            | -              | <b>685</b>     |
| Deposits from tenants                | -              | 7,019          | -              | <b>7,019</b>   |
| Guarantees retained from contractors | -              | 1,217          | -              | <b>1,217</b>   |
| Trade and other payables             | -              | -              | 18,615         | <b>18,615</b>  |

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## 16. Liquidity risk

Globalworth Poland Real Estate N.V. and Entities' objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments (including interest payments):

### *Liquidity risk*

|  | Contractual payments |                    |                |               |                | Total            | Difference to carrying amount | Carrying amount |
|--|----------------------|--------------------|----------------|---------------|----------------|------------------|-------------------------------|-----------------|
|  | On demand            | Less than 3 months | 3 to 12 months | 1 to 5 years  | > 5 years      |                  |                               |                 |
| <b>As at 30 June 2019</b>                            |                      |                    |                |               |                |                  |                               |                 |
| Bank loans   | -                    | 1,078              | 77,840         | 9,530         | 102,280        | <b>190,728</b>   | (15,935)                      | <b>174,793</b>  |
| Other borrowings                                     | -                    | -                  | -              | -             | 694,639        | <b>694,639</b>   | (181,149)                     | <b>513,490</b>  |
| Deferred consideration payable                       | 93                   | 209                | 1,180          | 75            | -              | <b>1,557</b>     | -                             | <b>1,557</b>    |
| Deposits from tenants                                | 2,004                | 160                | 1,600          | 6,846         | 2,103          | <b>12,713</b>    | -                             | <b>12,713</b>   |
| Guarantees retained from contractors                 | 550                  | 82                 | 1,511          | 494           | 3              | <b>2,640</b>     | -                             | <b>2,640</b>    |
| Lease liability related to RPU                       | -                    | 217                | 1,872          | 7,448         | 129,706        | <b>139,243</b>   | (108,164)                     | <b>31,079</b>   |
| Trade and other payables (excluding deferred income) | 4,057                | 13,577             | 1,409          | -             | -              | <b>19,043</b>    | -                             | <b>19,043</b>   |
|  | <b>6,704</b>         | <b>15,323</b>      | <b>85,412</b>  | <b>24,393</b> | <b>928,731</b> | <b>1,060,563</b> | <b>(305,248)</b>              | <b>755,315</b>  |

|  | Contractual payments |                    |                |               |                | Total          | Difference to carrying amount | Carrying amount |
|--|----------------------|--------------------|----------------|---------------|----------------|----------------|-------------------------------|-----------------|
|  | On demand            | Less than 3 months | 3 to 12 months | 1 to 5 years  | > 5 years      |                |                               |                 |
| <b>As at 31 December 2018</b>                        |                      |                    |                |               |                |                |                               |                 |
| Bank loans   | -                    | 1,204              | 3,518          | 15,963        | 140,511        | <b>161,196</b> | (22,386)                      | <b>138,810</b>  |
| Other borrowings                                     | -                    | -                  | -              | -             | 517,964        | <b>517,964</b> | (125,731)                     | <b>392,233</b>  |
| Deferred consideration payable                       | -                    | -                  | -              | 694           | -              | <b>694</b>     | -                             | <b>694</b>      |
| Deposits from tenants                                | 136                  | 41                 | 1,676          | 8,102         | 1,699          | <b>11,654</b>  | -                             | <b>11,654</b>   |
| Guarantees retained from contractors                 | 338                  | 166                | 584            | 640           | 26             | <b>1,754</b>   | -                             | <b>1,754</b>    |
| Trade and other payables (excluding deferred income) | 2,075                | 45,296             | 584            | -             | -              | <b>47,955</b>  | -                             | <b>47,955</b>   |
|  | <b>2,549</b>         | <b>46,707</b>      | <b>6,362</b>   | <b>25,399</b> | <b>660,200</b> | <b>741,217</b> | <b>(148,117)</b>              | <b>593,100</b>  |



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|                                      | Contractual payments |                    |                |               |                |                | Difference to carrying amount | Carrying amount |
|--------------------------------------|----------------------|--------------------|----------------|---------------|----------------|----------------|-------------------------------|-----------------|
|                                      | On demand            | Less than 3 months | 3 to 12 months | 1 to 5 years  | > 5 years      | Total          |                               |                 |
| <b>As at 30 June 2018</b>            |                      |                    |                |               |                |                |                               |                 |
| Bank loans                           | 85                   | 3,947              | 3,825          | 17,442        | 138,718        | <b>164,017</b> | (23,654)                      | <b>140,363</b>  |
| Other borrowings                     | 470                  | 2,986              | 8,861          | 47,419        | 258,224        | <b>317,960</b> | (81,522)                      | <b>236,438</b>  |
| Deferred consideration payable       | -                    | -                  | -              | 685           | -              | <b>685</b>     | -                             | <b>685</b>      |
| Deposits from tenants                | 97                   | 7                  | 185            | 5,108         | 1,622          | <b>7,019</b>   | -                             | <b>7,019</b>    |
| Guarantees retained from contractors | 368                  | 65                 | 184            | 525           | 75             | <b>1,217</b>   | -                             | <b>1,217</b>    |
| Trade and other payables             | 2,143                | 15,255             | 1,217          | -             | -              | <b>18,615</b>  | -                             | <b>18,615</b>   |
|                                      | <b>3,163</b>         | <b>22,260</b>      | <b>14,272</b>  | <b>71,179</b> | <b>398,639</b> | <b>509,513</b> | <b>(105,176)</b>              | <b>404,337</b>  |

**17. Information about the movements on impairments of financial assets, fixed assets and intangible assets.**

In the first half year of 2019 the revaluation allowance on trade and other receivables in the amount of €74 thousand has been created (please see Note 12), whereas provision in the amount of €415 thousand has been utilized. No other provision for impairment of the Group's assets have been created.

## SECTION V: ASSETS ACQUISITION AND OTHER DISCLOSURES

### 18. Asset acquisition

During the first half of 2019 the Group has entered into following transactions:

- On 26 March 2019, a subsidiary of the Group concluded a sale and purchase agreement regarding the acquisition of the ownership title to the complex of office buildings located in Kraków known as “Rondo Business Park” (“**Rondo BP**”) with the acquisition price amounted to €32.7 million (excluding acquisition costs of €0.7 million);
- On 3 April 2019 the Group acquired 100% of shares in Warsaw Trade Tower 2 spółka z ograniczoną odpowiedzialnością, holding the legal title to an office building under the name of Warsaw Trade Tower (“**WTT**”) located in Warsaw. The agreed price was calculated on the basis of a transaction value of € 132.9 million, less customary adjustments of €8.2 million and the outstanding balance of the existing bank financing that was taken over of € 85.2 million, plus €1.4 million working capital. Acquisition costs related to the transaction of €1.0 million were capitalised as part of initial carrying value of investment property on acquisition date. The transaction was financed from existing cash resources of the Group.

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

Based on the external valuation report, the value of acquired investment properties as at 30 June 2019 is €175 million.

Purchase price presented in cash flow statement is as follows:

**Payment for acquisition of subsidiaries and investment property presented in Cash Flow Statement:**

|                           | <b>WTT</b>    | <b>Rondo BP</b> | <b>Total</b>   |
|---------------------------|---------------|-----------------|----------------|
| Acquisition price         | 41,947        | 33,451          | <b>75,398</b>  |
| less:                     |               |                 | -              |
| Cash of acquired entities | (1,356)       | -               | <b>(1,356)</b> |
| Unpaid liability          | (50)          | -               | <b>(50)</b>    |
|                           | <b>40,541</b> | <b>33,451</b>   | <b>73,992</b>  |

The revenue and profit contributed by the subsidiary or investment property, 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:

|                                       | <b>WTT</b>    | <b>Rondo BP</b> | <b>Total</b>  |
|---------------------------------------|---------------|-----------------|---------------|
|                                       | <b>€ '000</b> | <b>€ '000</b>   | <b>€ '000</b> |
| <b>Subsidiary's contribution</b>      |               |                 |               |
| Revenue                               | 1,798         | 1,200           | <b>2,998</b>  |
| Profit/(loss) after tax               | (422)         | 2,230           | <b>1,808</b>  |
| <b>Half year subsidiary's results</b> |               |                 |               |
| Revenue                               | 3,657         | 2,263           | <b>5,920</b>  |
| Profit/(loss) after tax               | (188)         | 2,061           | <b>1,873</b>  |

## 19. Consolidation of subsidiaries

### Policy

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

The Interim Condensed Consolidated Financial Statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2019, 31 December 2018 and 30 June 2018. Specifically, the Group controls an investee if, and only if, it has:

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

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

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

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

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

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

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

Details on all direct and indirect subsidiaries of the Company, over which the Group has control and consolidated as of 30 June 2019, 31 December 2018 and 30 June 2018, are disclosed in section "Structure of the Group" of the Note 1.1. in the Directors' Report. There are no other subsidiaries which were not consolidated.

## 20. Reporting by segments

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

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

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

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

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

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

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

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**Interim Condensed Consolidated Statement of Financial Position by segments**

| As at 30 June 2019                          |   |                                |                       |                                      |                  |
|---|---|--------------------------------|-----------------------|--------------------------------------|------------------|
| Segments                                    | High-street mixed-use<br>properties<br>€ '000 | Office<br>properties<br>€ '000 | Unallocated<br>€ '000 | Consolidation eliminations<br>€ '000 | Total<br>€ '000  |
| Segments non-current assets including:      |   |                                |                       |                                      |                  |
| Investment property                         | 306,277                                       | 1,141,012                      | -                     | -                                    | 1,447,289        |
| Investment in subsidiaries                  | -   | -                              | 1,231,004             | (1,231,004)                          | -                |
| Long-term loans                             | 2,777   | 3,116                          | 1,325,450             | (1,331,341)                          | 2                |
| Other financial assets                      | -   | -                              | 2,854                 | -                                    | 2,854            |
| Other non-current assets                    | 49  | 7                              | 812                   | 76                                   | 944              |
|   | <b>309 103</b>                                | <b>1 144 135</b>               | <b>2 560 120</b>      | <b>(2 562 269)</b>                   | <b>1,451,089</b> |
| Segments current assets including:          |   |                                |                       |                                      |                  |
| Other financial assets                      | -   | -                              | 20,402                | -                                    | 20,402           |
| Other current assets                        | 8,684   | 40,756                         | 10,824                | (3,683)                              | 56,581           |
|   | <b>8,684</b>                                  | <b>40,756</b>                  | <b>31,226</b>         | <b>(3,683)</b>                       | <b>76,983</b>    |
| <b>Total assets</b>                         | <b>317 787</b>                                | <b>1 184 891</b>               | <b>2 591 346</b>      | <b>(2 565 952)</b>                   | <b>1,528,072</b> |
| Segments non-current liabilities including: |   |                                |                       |                                      |                  |
| Bank loans                                  | -   | 96,827                         | -                     | -                                    | 96,827           |
| Other borrowings                            | 26,032  | -                              | 487,458               | -                                    | 513,490          |
| Deferred consideration payable              | -   | -                              | 1,557                 | -                                    | 1,557            |
| Deferred tax liability                      | 7,886   | 18,078                         | 14,574                | (18,378)                             | 22,160           |
| Guarantees retained from contractors        | 81  | 466                            | -                     | -                                    | 547              |
| Deposits from tenants                       | 2,121   | 6,865                          | -                     | -                                    | 8,986            |
| Other non-current liabilities               | 7,705   | 21,285                         | -                     | -                                    | 28,990           |
|   | <b>43 825</b>                                 | <b>143 521</b>                 | <b>503 589</b>        | <b>(18 378)</b>                      | <b>672,557</b>   |
| Segments current liabilities including:     |   |                                |                       |                                      |                  |
| Bank loans                                  | -   | 77,966                         | -                     | -                                    | 77,966           |
| Guarantees retained from contractors        | 142   | 1,951                          | -                     | -                                    | 2,093            |
| Deposits from tenants                       | 430   | 3,297                          | -                     | -                                    | 3,727            |
| Other current liabilities                   | 2,790   | 14,487                         | 4,604                 | (153)                                | 21,728           |
|   | <b>3,362</b>                                  | <b>97,701</b>                  | <b>4,604</b>          | <b>(153)</b>                         | <b>105,514</b>   |
| <b>Total liabilities</b>                    | <b>47 187</b>                                 | <b>241 222</b>                 | <b>508 193</b>        | <b>(18 531)</b>                      | <b>778,071</b>   |

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| As at 31 December 2018                      |   |                                |                  |                                      |                  |
|---|---|--------------------------------|------------------|--------------------------------------|------------------|
| Segments                                    | High-street mixed-use<br>properties<br>€ '000 | Office<br>properties<br>€ '000 | Unallocated      | Consolidation eliminations<br>€ '000 | Total<br>€ '000  |
| Segments non-current assets including:      |   |                                |                  |                                      | -                |
| Investment property                         | 305,440                                       | 911,350                        | -                | -                                    | 1,216,790        |
| Investment in subsidiaries                  | -   | -                              | 1,230,466        | (1,230,466)                          | -                |
| Long-term loans                             | 1,013   | 2,968                          | 913,014          | (916,995)                            | -                |
| Other financial assets                      | -   | -                              | 2,828            | -                                    | 2,828            |
| Deferred tax assets                         | -   | -                              | -                | -                                    | -                |
| Other non-current assets                    | 13  | 5                              | 360              | -                                    | 378              |
|   | <b>306,466</b>                                | <b>914,323</b>                 | <b>2,146,668</b> | <b>(2,147,461)</b>                   | <b>1,219,996</b> |
| Segments current assets including:          |   |                                |                  |                                      |                  |
| Short-term loans                            | -   | 568                            | 383,621          | (384,189)                            | -                |
| Other financial assets                      | -   | -                              | 12,878           | -                                    | 12,878           |
| Other current assets                        | 25,614  | 37,212                         | 23,547           | (196)                                | 86,177           |
|   | <b>25,614</b>                                 | <b>37,780</b>                  | <b>420,046</b>   | <b>(384,385)</b>                     | <b>99,055</b>    |
| <b>Total assets</b>                         | <b>332,080</b>                                | <b>952,103</b>                 | <b>2,566,714</b> | <b>(2,531,846)</b>                   | <b>1 319,051</b> |
| Segments non-current liabilities including: |   |                                |                  |                                      |                  |
| Bank loans                                  | 38,354  | 96,770                         | -                | -                                    | 135,124          |
| Other borrowings                            | 193,588                                       | 682,713                        | 445,058          | (929,126)                            | 392,233          |
| Deferred consideration payable              | -   | -                              | 694              | -                                    | 694              |
| Deferred tax liability                      | 8,105   | 14,207                         | 6,018            | (10,967)                             | 17,363           |
| Guarantees retained from contractors        | 76  | 590                            | -                | -                                    | 666              |
| Deposits from tenants                       | 2,310   | 7,491                          | -                | -                                    | 9,801            |
|   | <b>242,433</b>                                | <b>801,771</b>                 | <b>451,770</b>   | <b>(940,093)</b>                     | <b>555,881</b>   |
| Segments current liabilities including:     |   |                                |                  |                                      |                  |
| Bank loans                                  | 1,150   | 2,536                          | -                | -                                    | 3,686            |
| Other borrowings                            | -   | 402                            | 25               | (427)                                | -                |
| Guarantees retained from contractors        | 187   | 901                            | -                | -                                    | 1,088            |
| Deposits from tenants                       | 190   | 1,663                          | -                | -                                    | 1,853            |
| Other current liabilities                   | 3,508   | 7,148                          | 43,919           | (3,361)                              | 51,214           |
|   | <b>5,035</b>                                  | <b>12,650</b>                  | <b>43,944</b>    | <b>(3,788)</b>                       | <b>57,841</b>    |
| <b>Total liabilities</b>                    | <b>247,468</b>                                | <b>814,421</b>                 | <b>495,714</b>   | <b>(943,881)</b>                     | <b>613,722</b>   |

**Globalworth Poland Real Estate Group**  
**Interim Condensed Consolidated Financial Statements**

(All amounts in EUR thousands unless otherwise stated)

| As at 30 June 2018                          |   |                                |                       |                                      |                  |
|---|---|--------------------------------|-----------------------|--------------------------------------|------------------|
| Segments                                    | High-street mixed-use<br>properties<br>€ '000 | Office<br>properties<br>€ '000 | Unallocated<br>€ '000 | Consolidation eliminations<br>€ '000 | Total<br>€ '000  |
| Segments non-current assets including:      |   |                                |                       |                                      | -                |
| Investment property                         | 317,160                                       | 615,220                        | -                     | -                                    | 932,380          |
| Investment in subsidiaries                  | -   | -                              | 1,044,366             | (1,044,366)                          | -                |
| Long-term loans                             | 555   | 3,001                          | 635,589               | (639,101)                            | 44               |
| Debentures                                  | -   | -                              | 5,920                 | -                                    | 5,920            |
| Other non-current assets                    | 22  | 5                              | 155                   | -                                    | 182              |
|   | <b>317,737</b>                                | <b>618,226</b>                 | <b>1,686,030</b>      | <b>(1,683,467)</b>                   | <b>938,526</b>   |
| Segments current assets including:          |   |                                |                       |                                      |                  |
| Other financial assets                      | -   | -                              | 5,976                 | -                                    | 5,976            |
| Other current assets                        | 17,823  | 30,858                         | 127,091               | 4,845                                | 180,617          |
|   | <b>17,823</b>                                 | <b>30,858</b>                  | <b>133,067</b>        | <b>4,845</b>                         | <b>186,593</b>   |
| <b>Total assets</b>                         | <b>335,560</b>                                | <b>649,084</b>                 | <b>1,819,097</b>      | <b>(1,678,622)</b>                   | <b>1,125,119</b> |
| Segments non-current liabilities including: |   |                                |                       |                                      |                  |
| Bank loans                                  | 36,452  | 96,744                         | -                     | -                                    | 133,196          |
| Other borrowings                            | 192,142                                       | 220,126                        | 261,674               | (437,504)                            | 236,438          |
| Deferred consideration payable              | -   | -                              | -                     | 685                                  | 685              |
| Deferred tax liability                      | 7,718   | 9,967                          | 17,687                | (14,207)                             | 21,165           |
| Guarantees retained from contractors        | 76  | 524                            | -                     | -                                    | 600              |
| Deposits from tenants                       | 2,271   | 4,459                          | -                     | -                                    | 6,730            |
|   | <b>238,659</b>                                | <b>331,820</b>                 | <b>279,361</b>        | <b>(451,026)</b>                     | <b>398,814</b>   |
| Segments current liabilities including:     |   |                                |                       |                                      |                  |
| Bank loans                                  | 4,735   | 2,432                          | -                     | -                                    | 7,167            |
| Other borrowings                            | -   | 198,420                        | 6,446                 | (204,866)                            | -                |
| Guarantees retained from contractors        | 131   | 486                            | -                     | -                                    | 617              |
| Deposits from tenants                       | 151   | 138                            | -                     | -                                    | 289              |
| Other current liabilities                   | 4,958   | 6,603                          | 4,402                 | 2,994                                | 18,957           |
|   | <b>9,975</b>                                  | <b>208,079</b>                 | <b>10,848</b>         | <b>(201,872)</b>                     | <b>27,030</b>    |
| <b>Total liabilities</b>                    | <b>248,634</b>                                | <b>539,899</b>                 | <b>290,209</b>        | <b>(652,898)</b>                     | <b>425,844</b>   |

**Globalworth Poland Real Estate Group**  
**Interim Condensed Consolidated Financial Statements**

(All amounts in EUR thousands unless otherwise stated)

**Interim Condensed Consolidated Statement of Profit or Loss by segments**

|   | 1.01.2019-30.06.2019                |                      |                 |                               |               |
|---|-------------------------------------|----------------------|-----------------|-------------------------------|---------------|
|   | High-street mixed-use<br>properties | Office<br>properties | Unallocated     | Consolidation<br>eliminations | Total         |
| Segments  | € '000                              | € '000               | € '000          | € '000                        | € '000        |
| Revenue   | 12,155                              | 41,387               | 140             | 3,591                         | 57,273        |
| Operating expenses                                  | (4,163)                             | (13,673)             | (12)            | 17                            | (17,831)      |
| <b>Segment NOI</b>                                  | <b>7,992</b>                        | <b>27,714</b>        | <b>128</b>      | <b>3,608</b>                  | <b>39,442</b> |
| Asset management income                             | -                                   | -                    | 1,926           | (1,926)                       | -             |
| Asset management expense                            | (431)                               | (1,484)              | (11)            | 1,926                         | -             |
| Other administrative expenses                       | (646)                               | (2,103)              | (4,322)         | 4,773                         | (2,298)       |
| Fair value movement                                 | (9,069)                             | 26,205               | -               | 6,142                         | 23,278        |
| Other expenses                                      | (5)                                 | (5)                  | (9)             | (451)                         | (470)         |
| Other income  | 5                                   | 142                  | 3,848           | (3,447)                       | 548           |
| Gain/(loss) from valuation of financial instruments | -                                   | -                    | 283             | 1,286                         | 1,569         |
| Foreign exchange loss                               | (77)                                | 389                  | (106)           | (185)                         | 21            |
| Finance costs (excl. foreign exchange losses)       | (1,371)                             | (1,835)              | (7,756)         | -                             | (10,962)      |
| Finance income                                      | 14                                  | 61                   | 405             | 204                           | 684           |
| <b>Segment results</b>                              | <b>(3,588)</b>                      | <b>49,084</b>        | <b>(5,614)</b>  | <b>11,930</b>                 | <b>51,812</b> |
| Gain on liquidation of subsidiary                   | -                                   | -                    | (13,991)        | 13,994                        | 3             |
| <b>Profit/(loss) before tax</b>                     | <b>(3,588)</b>                      | <b>49,084</b>        | <b>(19,605)</b> | <b>25,924</b>                 | <b>51,815</b> |



**Globalworth Poland Real Estate Group**  
**Interim Condensed Consolidated Financial Statements**

(All amounts in EUR thousands unless otherwise stated)

|   | 1.04.2019-30.06.2019                |                      |                |                            |               |
|---|-------------------------------------|----------------------|----------------|----------------------------|---------------|
|   | High-street mixed-use<br>properties | Office<br>properties | Unallocated    | Consolidation eliminations | Total         |
| Segments  | € '000                              | € '000               | € '000         | € '000                     | € '000        |
| Revenue   | 5,969                               | 21,717               | 72             | 3,192                      | 30,950        |
| Operating expenses                                  | (2,026)                             | (7,239)              | 17             | (19)                       | (9,267)       |
| <b>Segment NOI</b>                                  | <b>3,943</b>                        | <b>14,478</b>        | <b>89</b>      | <b>3,173</b>               | <b>21,683</b> |
| Asset management income                             | -                                   | -                    | 1,031          | (1,031)                    | -             |
| Asset management expense                            | 647                                 | 2,154                | 20             | (2,821)                    | -             |
| Other administrative expenses                       | (326)                               | (1,207)              | (2,646)        | 2,893                      | (1,286)       |
| Fair value movement                                 | (8,878)                             | 26,445               | -              | 6,449                      | 24,016        |
| Other expenses                                      | (3)                                 | 3                    | (461)          | -                          | (461)         |
| Other income  | 2                                   | (22)                 | 2,773          | (2,420)                    | 333           |
| Gain/(loss) from valuation of financial instruments | -                                   | -                    | -              | 1,285                      | 1,285         |
| Foreign exchange loss                               | (77)                                | 430                  | (191)          | 7                          | 169           |
| Finance costs (excl. foreign exchange losses)       | (1,156)                             | (1,200)              | (3,107)        | -                          | (5,463)       |
| Finance income                                      | 7                                   | 29                   | 403            | 204                        | 643           |
| <b>Segment results</b>                              | <b>(5,841)</b>                      | <b>41,110</b>        | <b>(2,089)</b> | <b>7,739</b>               | <b>40,919</b> |
| Gain on sale of subsidiaries                        | -                                   | -                    | 2              | (2)                        | -             |
| <b>Profit/(loss) before tax</b>                     | <b>(5,841)</b>                      | <b>41,110</b>        | <b>(2,087)</b> | <b>7,737</b>               | <b>40,919</b> |

**Globalworth Poland Real Estate Group**  
**Interim Condensed Consolidated Financial Statements**

(All amounts in EUR thousands unless otherwise stated)

|   | 1.01.2018-30.06.2018                |                      |                |                            |               |
|---|-------------------------------------|----------------------|----------------|----------------------------|---------------|
|   | High-street mixed-use<br>properties | Office<br>properties | Unallocated    | Consolidation eliminations | Total         |
| Segments  | € '000                              | € '000               | € '000         | € '000                     | € '000        |
| Revenue   | 13,728                              | 21,310               | -              | -                          | 35,038        |
| Operating expenses                                  | (4,589)                             | (5,747)              | (89)           | 89                         | (10,336)      |
| <b>Segment NOI</b>                                  | <b>9,139</b>                        | <b>15,563</b>        | <b>(89)</b>    | <b>89</b>                  | <b>24,702</b> |
| Asset management income                             | -                                   | -                    | 1,568          | (1,568)                    | -             |
| Asset management expense                            | (456)                               | (1,025)              | (87)           | 1,568                      | -             |
| Other administrative expenses                       | (200)                               | (847)                | (2,701)        | 1,938                      | (1,810)       |
| Fair value movement                                 | 6,639                               | 15,500               | -              | (2,807)                    | 19,332        |
| Other expenses                                      | (140)                               | (40)                 | -              | -                          | (180)         |
| Other income  | 53                                  | 123                  | -              | -                          | 176           |
| Gain/(loss) from valuation of financial instruments | -                                   | -                    | 1,653          | -                          | 1,653         |
| Foreign exchange loss                               | (83)                                | (182)                | (267)          | (6)                        | (538)         |
| Finance costs (excl. foreign exchange losses)       | (7,923)                             | (11,888)             | (13,662)       | 14,420                     | (19,053)      |
| Finance income                                      | 27                                  | 83                   | 11,324         | (11,075)                   | 359           |
| <b>Segment results</b>                              | <b>7,056</b>                        | <b>17,287</b>        | <b>(2,261)</b> | <b>2,559</b>               | <b>24,641</b> |
| <b>Profit/(loss) before tax</b>                     | <b>7,056</b>                        | <b>17,287</b>        | <b>(2,261)</b> | <b>2,559</b>               | <b>24,641</b> |

**Globalworth Poland Real Estate Group**  
**Interim Condensed Consolidated Financial Statements**

(All amounts in EUR thousands unless otherwise stated)

|   | 1.04.2018-30.06.2018                |                      |                |                               |               |
|---|-------------------------------------|----------------------|----------------|-------------------------------|---------------|
|   | High-street mixed-use<br>properties | Office<br>properties | Unallocated    | Consolidation<br>eliminations | Total         |
| Segments  | € '000                              | € '000               | € '000         | € '000                        | € '000        |
| Revenue   | 6,348                               | 11,914               | -              | -                             | 18,262        |
| Operating expenses                                  | (2,201)                             | (3,052)              | (41)           | 89                            | (5,205)       |
| <b>Segment NOI</b>                                  | <b>4,147</b>                        | <b>8,862</b>         | <b>(41)</b>    | <b>89</b>                     | <b>13,057</b> |
| Asset management income                             | -                                   | -                    | 725            | (725)                         | -             |
| Asset management expense                            | (220)                               | (457)                | (48)           | 725                           | -             |
| Other administrative expenses                       | (18)                                | (440)                | (1,183)        | 1,020                         | (621)         |
| Fair value movement                                 | 6,611                               | 11,534               | -              | (1,992)                       | 16,153        |
| Other expenses                                      | (75)                                | 26                   | (6)            | -                             | (55)          |
| Other income  | 4                                   | 71                   | -              | -                             | 75            |
| Gain/(loss) from valuation of financial instruments | -                                   | -                    | 1,415          | -                             | 1,415         |
| Foreign exchange loss                               | 3                                   | (239)                | (182)          | -                             | (418)         |
| Finance costs (excl. foreign exchange losses)       | (5,815)                             | (7,014)              | (10,050)       | 8,906                         | (13,973)      |
| Finance income                                      | 16                                  | 40                   | 7,246          | (7,164)                       | 138           |
| <b>Segment results</b>                              | <b>4,653</b>                        | <b>12,383</b>        | <b>(2,124)</b> | <b>859</b>                    | <b>15,771</b> |
| <b>Profit/(loss) before tax</b>                     | <b>4,653</b>                        | <b>12,383</b>        | <b>(2,124)</b> | <b>859</b>                    | <b>15,771</b> |

**Globalworth Poland Real Estate Group**  
**Interim Condensed Consolidated Financial Statements**

(All amounts in EUR thousands unless otherwise stated)

**Revenue**

|   | <b>1.01.2019-<br/>30.06.2019</b> | <b>1.04.2019-<br/>30.06.2019</b> | <b>1.01.2018-<br/>30.06.2018</b> | <b>1.04.2018-<br/>30.06.2018</b> |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
|   | <b>€ '000</b>                    | <b>€ '000</b>                    | <b>€ '000</b>                    | <b>€ '000</b>                    |
| <b>City of Investment Property location</b> |                                  |                                  |                                  |                                  |
| <b>High street segment:</b>                 |                                  |                                  |                                  |                                  |
| Katowice                                    | 2,797                            | 1,495                            | 3,357                            | 1,233                            |
| Warsaw                                      | 4,217                            | 2,148                            | 4,701                            | 2,513                            |
| Wroclaw                                     | 5,065                            | 2,290                            | 5,670                            | 2,602                            |
|   | <b>12,079</b>                    | <b>5,933</b>                     | <b>13,728</b>                    | <b>6,348</b>                     |
| <b>Office segment:</b>                      |                                  |                                  |                                  |                                  |
| Gdansk                                      | 2,521                            | 1,306                            | 2,596                            | 1,319                            |
| Katowice                                    | 3,573                            | 1,805                            | 3,391                            | 1,802                            |
| Krakow                                      | 11,096                           | 6,426                            | 3,448                            | 1,854                            |
| Lodz  | 3,563                            | 1,905                            | 3,558                            | 1,772                            |
| Warsaw                                      | 20,134                           | 11,419                           | 5,742                            | 3,678                            |
| Wroclaw                                     | 4,307                            | 2,156                            | 2,575                            | 1,489                            |
|   | <b>45,194</b>                    | <b>25,017</b>                    | <b>21,310</b>                    | <b>11,914</b>                    |
| <b>Total</b>                                | <b>57,273</b>                    | <b>30,950</b>                    | <b>35,038</b>                    | <b>18,262</b>                    |

**Investment property**

|   | <b>30 June 2019</b> | <b>31 December 2018</b> | <b>30 June 2018</b> |
|---|---------------------|-------------------------|---------------------|
|   | <b>€ '000</b>       | <b>€ '000</b>           | <b>€ '000</b>       |
| <b>City of Investment Property location</b> |                     |                         |                     |
| <b>High street segment:</b>                 |                     |                         |                     |
| Katowice                                    | 56,693              | 57,810                  | 60,820              |
| Warsaw                                      | 131,888             | 120,250                 | 118,160             |
| Wroclaw                                     | 117,696             | 127,380                 | 138,180             |
|   | <b>306,277</b>      | <b>305,440</b>          | <b>317,160</b>      |
| <b>Office segment:</b>                      |                     |                         |                     |
| Gdansk                                      | 60,515              | 56,290                  | 56,420              |
| Katowice                                    | 69,239              | 68,630                  | 68,480              |
| Krakow                                      | 257,444             | 212,230                 | 215,150             |
| Lodz  | 74,254              | 71,970                  | 71,350              |
| Warsaw                                      | 596,108             | 423,430                 | 127,680             |
| Wroclaw                                     | 83,452              | 78,800                  | 76,140              |
|   | <b>1,141,012</b>    | <b>911,350</b>          | <b>615,220</b>      |
| <b>Total</b>                                | <b>1,447,289</b>    | <b>1,216,790</b>        | <b>932,380</b>      |

## **21. Description of achievements or failures of the Group and indication of major events in the first half of 2019**

### *Acquisition of the complex of office buildings located in Kraków known as "Rondo Business Park"*

On 26 March 2019 the Company through its controlled entity concluded a sale and purchase agreement regarding the acquisition of in particular the ownership title to the complex of office buildings located in Kraków known as "Rondo Business Park" and the perpetual usufruct rights to the lands on which the buildings are located, as well as other rights related to the buildings and lands. The gross asset value consideration for the acquisition of the Property was set at €37 million subject to customary adjustments including rent free periods and tenant incentives. The payment to the Seller for the acquisition of the Property was set at €32.7 million.

The transaction was financed from the Group's existing cash resources which were made available to the Company under the existing loan agreement dated 16 April 2018, as further extended by increasing of the available funds, concluded with an affiliate of the main shareholder of the Company, i.e. Globalworth Finance Guernsey Limited.

### *Acquisition of Warsaw Trade Tower*

On 3 April 2019 the Company through its controlled entity concluded an agreement based on which it purchased 100% of shares in Warsaw Trade Tower 2 spółka z ograniczoną odpowiedzialnością holding the legal title to an office building under the name of Warsaw Trade Tower. The price for the shares in the Target was calculated on the basis of the amount of €132.9 million which will include the assumption by the purchaser of existing bank financing of €75.8 million (including prepayment described below), with the balance of €57.1 million, further adjusted to the target's cash, debt, working capital and other customary adjustments before being paid to the seller.

The transaction was financed partly by taking over of currently existing bank financing in the amount of €75.8 million and partly from the Group's existing cash resources, following the extension and increase of the available funds under the existing loan agreement with an affiliate of the main shareholder of the Company, i.e. Globalworth Finance Guernsey Limited initially concluded on 16 April 2018.

On 11 April 2019 Warsaw Trade Tower 2 sp. z o.o. prepaid part of the loan in the amount of €9.5 million.

### *Hala Koszyki sp. z o.o. - loan repayment*

On 31 January 2019 the entity controlled by the Company – Hala Koszyki sp. z o.o. made a partial repayment of the VAT loan in the amount of PLN 193 thousand. On 28 February 2019 VAT loan in the amount of PLN 609 thousand was fully repaid. On 21 June 2019, Hala Koszyki sp. z o.o. repaid in full a construction loan in the amount of €36.9 million and a Jessica loan in the amount of PLN 14.5 million.

## **22. List of important events during reported period and factors and events, especially those of a non-typical character, that have had an impact on the profit/loss of the Company**

Except from the significant events described in Note 21 of this report, in 1H 2019 the subsidiaries of Globalworth Poland Real Estate N.V. signed new leases and renewals for a total GLA of approximately 50,000 sq meters. The average occupancy ratio decreased slightly from 95.0% as at 31 December 2018 to 94.5% as at 30 June 2019 mainly due to acquisitions of assets with lower occupancy rate. On like-for-like basis however, the occupancy ratio increased by 0.3% comparing to 31 December 2018, reaching 95.3% as of 30 June 2019. If the Rental Guarantees applicable to office component in the portfolio are taken into account, the average occupancy ratio was 94.9% as at 30 June 2019.

## **23. Explanations on the seasonality or cyclicity of the Capital Group's business in the presented period**

The Company settles a turnover rent mostly on an annual basis. Apart from the item described above, the business of the Group is only marginally affected by the seasonality or cyclicity.

## **24. Dividend paid (or declared)**

On 21 December 2018 the Company decided to distribute an interim dividend for 2018 and established 3 January 2019 as the record date and 31 January 2019 as the payment date of an interim dividend. The amount of an interim dividend per share equals to €0.08, therefore the Company paid out the dividend in amount of €35.4 million (including withholding tax in the amount of €668 thousand) on 31 January 2019.

## **25. Information on changes in contingent liabilities or contingent assets after the end of the last financial year**

As at 30 June 2019 the Group had mortgages on investment properties in the amount of €253,625 thousand.

In addition to mortgages on investment properties, the Group had in 2019 the following contingent liabilities and commitments:

*Granted by the borrowers towards the financing banks:*

- Financial and registered pledges over bank accounts of the borrowers;
- Registered and civil pledges over the shares of the borrowers being limited liability partnerships;
- Registered and civil pledges over the general and limited partner's rights in the borrowers being limited partnerships;
- Registered and civil pledges over the shares of selected limited partners and general partners holding rights in the borrowers being limited partnerships;
- Registered pledges and ordinary pledges on the monetary receivables of the limited partner;
- Registered pledges and ordinary pledges on the monetary receivables of the general partner;
- Registered pledges over collection of movable assets and property rights of the borrowers;
- Power of attorney to bank accounts of the borrowers;

- Security assignment in relation to rights under existing and future contracts including, but not limited to insurance agreements, lease agreements, lease guarantees, agreement with general contractor, hedging and other relevant contracts;
- Security assignment in relation to rights under subordinated debt;
- Subordination of the existing intercompany debts;
- Blank promissory notes with promissory note declarations;
- Statements on voluntary submission to execution.

*Established towards other third parties:*

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

Transmission service easement for investment property regarding transformer station

## **26. Subsequent events**

Following the public tender offer to subscribe for the sale of shares in the Company as announced on 26 April 2019 by Globalworth Holding B.V. ("**Globalworth Holding**") and settled on 28 June 2019, execution of an agreement between GREIL and Growthpoint Properties International Proprietary Ltd ("**Growthpoint**") for GREIL to acquire (through its wholly-owned subsidiary, Globalworth Holding) Growthpoint's shares in GPRE as well as conversion of the loans granted to the Company by Globalworth Finance Guernsey Limited (GREIL's wholly-owned subsidiary) into the shares issued to Globalworth Holding, GREIL's shareholding in the Company (through Globalworth Holding) as of 3 July 2019 was 99,91%.

On 28 May 2019 Globalworth Holding filed of the served writ of summons and on 20 August 2019 the Enterprise Chamber of the Amsterdam Court of Appeal in the Netherlands rendered a respective judgement ordering all minority shareholders of the Company to transfer their shares in the capital of the Company to Globalworth Holding.

On 4 July 2019 the Company submitted an application to Polish Financial Supervisory Authority requesting a permit to convert its shares registered with Krajowy Depozyt Papierów Wartościowych S.A. and admitted and introduced to trading on the regulated market operated by the Warsaw Stock

Exchange (“**WSE**”) back to documentary form (rematerialisation). Delisting of the Company from trading on WSE is expected to be effective beginning of October 2019.

On 24 July 2019 Griffin Premium RE Lux S.à r.l. was liquidated.





## **DIRECTOR'S REPORT**

### III. Director's Report

#### 1. General information

Globalworth Poland Real Estate N.V. Group (further "**the Group**" or "**GPRE Group**") owns and manages yielding real estates throughout Poland. On 30 June 2019 the Group is composed of the entities presented below in Note 1.1.

On 21 December 2016, Globalworth Poland Real Estate N.V. ("**the Company**") was incorporated with the aim to become a holding company to the Group for the purpose of creating a real estate platform to be then listed on Warsaw Stock Exchange. With effect from 3 March 2017 Globalworth Poland Real Estate N.V. became the legal parent of entities' operations.

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

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

##### 1.1. Structure of the Group

The main area of business activities of the Group is to manage a unique Polish pure office and high-street mixed-use platform. The Group focuses its operational activities on the active management of its tenant base, closely monitoring the Polish real estate market to ensure that the current portfolio meets the expectations of its current and future tenants.

The principal activity of Globalworth Poland Real Estate N.V. as the parent company is the holding of interests in and rendering management and advisory services to other companies in the Group.

Execution by the Company of the advisory, management and financial functions serves to:

- supervise of the implementation of the Group's strategy;
- ensure a quick flow of information across the Group;
- strengthen the efficiency of cash and financial management of individual entities;
- strengthen the market position of the Group as a whole.

These Interim Condensed Consolidated Financial Statements of the Group comprise the Company and the other entities mentioned below (the "**Entities**"):

**Globalworth Poland Real Estate N.V.** – a private limited liability company, with its registered office at Claude Debussylaan 15, 1082MC Amsterdam. On 21 December 2016, the company was registered in the Netherlands Chamber of Commerce Business Register under the number 67532837.

**Charlie SCSp** – a special limited partnership established and existed under the laws of the Grand Duchy of Luxembourg, with its registered office at 6, rue Eugene Ruppert, L-2453 Luxembourg, registered in the Luxembourg Register of Commerce and Companies under the number B199.336.

The entity was liquidated on 26 February 2019. As a result of the liquidation, the shares of Lamantia Spółka z ograniczoną odpowiedzialnością Sp. k. owned by Charlie SCSp were transferred to Charlie RE Sp. z o.o.

**December SCSp** – a special limited partnership established and existed under the laws of the Grand Duchy of Luxembourg, with its registered office at 6, rue Eugene Ruppert, L-2453 Luxembourg, registered in the Luxembourg Register of Commerce and Companies under the number B205.185.

The entity was liquidated on 28 February 2019. As a result of the liquidation, the shares of Dom Handlowy Renoma Spółka z ograniczoną odpowiedzialnością Sp. k. owned by December SCSp were transferred to December RE Sp. z o.o.

**Griffin Premium RE Lux S.à r.l.** – a private limited liability company, with its registered office at 6, rue Eugene Ruppert, L-2453 Luxembourg. On 17 January 2017, the company was registered in the Register of Commerce and Companies under the number B211834.

The entity was liquidated on 24 July 2019.

**IB 14 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych** – The Fund operates on the basis of Investment Funds and Management of Alternative Investment Funds Act of 27 May 2004 (Journal of Laws of 2016, Item 1896, as amended). On 20 November 2015, the Fund was entered in the register of Investment Funds maintained by the Regional Court (Sąd Okręgowy) in Warsaw, 7th Civil Registry Division, under No. RFi 1250.

**Akka RE Sp. z o.o.** – a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Twarda 18 Street, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 594695.

On 26 March 2019, the company became a shareholder of Nordic Park Investment Sp. z o.o. as a consequence of the change of legal form of the subsidiary.

**A4 Business Park Sp. z o.o. (formerly: Wetherall Investments Sp. z o.o.)** – company acquired by the Group on 22 December 2017 – a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Twarda 18 Street, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 405166.

On 29 April 2019 entity merged with A4 Business Park Sp. z o.o. and Iris Capital Sp. z o.o. using the interest pooling method. After merger the entity changed the name into A4 Business Park Sp. z o.o.

The company is the owner of the office building located in Katowice known as “A4 Business Park”.

**Bakalion Sp. z o.o.** – Registered office is located at Twarda 18 Street, Warsaw, Poland. The Company was formed on the basis of a Notarial Deed drawn up on 19 December 2012. The Company is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 446054.

The company owns two office buildings located in Kraków known as “Centrum Biurowe Lubicz I and II”.

**Centren Sp. z o.o.** – Registered office is located at Twarda 18 Street, Warsaw, Poland. The Company was formed on the basis of a Notarial Deed drawn up on 4 February 2013. The Company is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 465417.

The company owns an office property located in Lodz called “Green Horizon”.

**Charlie RE Sp. z o.o.** – a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Twarda 18 Street, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 594818.

The company is a limited partner to Lamantia Spółka z ograniczoną odpowiedzialnością Sp.k.

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**December RE Sp. z o.o.** – a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Twarda 18 Street, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 594700.

The company is a limited partner to Dom Handlowy Renoma Spółka z ograniczoną odpowiedzialnością Sp.k.

**Dolfia Sp. z o.o.** – Registered office is located at Twarda 18 Street, Warsaw, Poland. The Company was formed on the basis of a Notarial Deed drawn up on 19 December 2012. The Company is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 445995.

The company owns an office property located in Warsaw, known as “Batory Office Building I”.

**Dom Handlowy Renoma Sp. z o.o.** – Registered office is located at Twarda 18 Street, Warsaw, Poland. The Company was formed on the basis of a Notarial Deed drawn up on 8 January 2015 as Sebrana Sp. z o.o. On 18 June 2015 its name was changed into Dom Handlowy Renoma Sp. z o.o. The Company is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 545107. The company is a general partner to Dom Handlowy Renoma Spółka z ograniczoną odpowiedzialnością Sp. k.

**Dom Handlowy Renoma Spółka z ograniczoną odpowiedzialnością Sp. k.** – Registered office is located at Twarda 18 Street, Warsaw, Poland. The Company was formed on the basis of a Notarial Deed drawn up on 27 November 2009. On 2 December 2015 DH Renoma Sp. z o.o. changed its legal form into Dom Handlowy Renoma Sp. z o.o. Sp.k. The Company was entered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register on 28 January 2015, with the reference KRS number 589297. The company is the owner of the high-street mixed-use building located in Wrocław known as “Renoma”.

**DH Supersam Katowice Sp. z o.o.** – Registered office is located at Twarda 18 Street, Warsaw, Poland. The Company was formed on the basis of a Notarial Deed drawn up on 15 October 2010. The Company is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 382110. The company is the owner of the high-street mixed-use building located in Katowice known as “Supersam”.

**Ebgaron Sp. z o.o.** – Registered office is located at Twarda 18 Street, Warsaw, Poland. The Company was formed on the basis of a Notarial Deed drawn up on 19 December 2012. The Company is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 446794.

The company owns an office property located in Warsaw, known as “Bliski Center”.

**Efimerio Sp. z o.o.** – company acquired by the Group on 24 January 2019. Registered office is located Twarda 18 Street, Warsaw, Poland. The Company was entered in the Register of Businesses of the national Court Register maintained by District Court in Warsaw, XII Business Department of the National Court Register, with reference KRS number 747845.

On 26 March 2019 the company acquired an office property located in Krakow, known as “Rondo BP”.

**Elissea Investments Sp. z o.o.** - company acquired by the Group on 25 May 2018. Registered office is located Twarda 18 Street, Warsaw, Poland. The Company was entered in the Register of Businesses of the national Court Register maintained by District Court in Warsaw, XII Business Department of the National Court Register, with reference KRS number 591180.

On 30 August 2019, the company became a shareholder of West Link Investments Sp. z o.o. as a consequence of the change of legal form of the subsidiary.

**Gold Project Sp. z o.o. (formerly: Haola Sp. z o.o.)** - company acquired by the Group on 30 July 2018. Registered office is located Twarda 18 Street, Warsaw, Poland. The Company was entered in the Register of Businesses of the national Court Register maintained by District Court in Warsaw, XII Business Department of the National Court Register, with reference KRS number 728002. The company is a limited partner to Gold Project Spółka z ograniczoną odpowiedzialnością Sp. j.

**Gold Project Spółka z ograniczoną odpowiedzialnością Sp. j. (formerly: Złote Tarasy Tower Warsaw III S. à r.l. Sp. j.)** - company acquired by the Group on 21 December 2018. Registered office is located Twarda 18 Street, Warsaw, Poland. The Company was entered in the Register of Businesses of the national Court Register maintained by District Court in Warsaw, XII Business Department of the National Court Register, with reference KRS number 568638.

The company is the owner of two office buildings located in Warsaw known as "Skylight and Lumen".

**GPRE Management Sp. z o.o.** – acquired by the Group in January 2017 – an entity in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Twarda 18 Street, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 602904.

**GPRE Property Management Sp. z o.o. (formerly: Mokulele Sp. z o.o.)** - company acquired by the Group on 29 March 2018. The company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Twarda 18 Street, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 717733.

**Hala Koszyki Sp. z o.o.** – Registered office is located at Twarda 18 Street, Warsaw, Poland.

The Company was formed on the basis of a Notarial Deed drawn up on 30 September 2011. The Company is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 399453.

The company is the owner the complex of three office and one retail buildings located in Warsaw known as "Hala Koszyki".

**Lamantia Spółka z ograniczoną odpowiedzialnością Sp. k.** – Registered office is located at Twarda 18 Street, Warsaw, Poland. The Company was formed as a result of the conversion of Cyrion Sp. z o.o. into Lamantia Sp. z o.o. Sp.k. on the basis of the resolution of Extraordinary General Shareholders Meeting of 8 December 2015. The registration of the conversion was made on 21 December 2015. The Company is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 593148.

The company owns an office property located in Warsaw known as "Philips House".

**Lamantia Sp. z o.o.** – Registered office is located at Twarda 18 Street, Warsaw, Poland. The Company was formed on the basis of a Notarial Deed drawn up on 8 January 2015. The Company is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 551021. The company is a general partner to Lamantia Spółka z ograniczoną odpowiedzialnością Sp.k.

**Light Project Sp. z o.o. (formerly: Myconos Project Sp. z o.o., Kumula Sp. z o.o.)** - company acquired by the Group on 30 July 2018. Registered office is located Twarda 18 Street, Warsaw, Poland. The Company was entered in the Register of Businesses of the national Court Register maintained by District Court in

Warsaw, XII Business Department of the National Court Register, with reference KRS number 728107. The company is a general partner to Gold Project Spółka z ograniczoną odpowiedzialnością Sp. j.

**Lima Sp. z o.o.** – company acquired by the Group on 25 April 2017 – a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Twarda 18 Street, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 654807.

**Luapele Sp. z o.o.** - company acquired by the Group on 8 June 2018. The company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Twarda 18 Street, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 728639.

**Nordic Park Offices Sp. z o.o.** – Registered office is located Twarda 18 Street, Warsaw, Poland. The Company was formed on the basis of a Notarial Deed drawn up on 4 February 2016. The Company is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 602816. T

On 26 March 2019, the company became a shareholder of Nordic Park Investment Sp. z o.o. as a consequence of the change of legal form of the subsidiary.

**Nordic Park Investments Sp. z o.o. (formerly: Nordic Park Offices Spółka z ograniczoną odpowiedzialnością Sp. k.)** – Registered office is located at Twarda 18 Street, Warsaw, Poland. The Company was formed as a result of the conversion of Kafue Investments Sp. z o.o. into Nordic Park Offices Sp. z o.o. Sp.k. on the basis of the resolution of Extraordinary General Shareholders Meeting of 15 April 2016. The registration of the conversion was made on 11 May 2016. The Company is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 617700.

The company owns an office property located in Warsaw called “Nordic Park”.

On 26 March 2019, the company's legal form was changed from limited partnership into limited liability company, with reference KRS number 778433. The company changed its name into Nordic Park Investments Sp. z o.o. pararely.

**Quattro Business Park Sp. z o.o. (formerly: Blackwyn Investments Sp. z o.o.)** - company acquired by the Group on 21 June 2018. Registered office is located Twarda 18 Street, Warsaw, Poland. The Company was entered in the Register of Businesses of the national Court Register maintained by District Court in Warsaw, XII Business Department of the National Court Register, with reference KRS number 480970.

The company is the owner of the office building located in Krakow known as “Quattro Business Park”.

**Spektrum Tower Sp. z o.o.** - company acquired by the Group on 12 July 2018. Registered office is located Twarda 18 Street, Warsaw, Poland. The Company was entered in the Register of Businesses of the national Court Register maintained by District Court in Warsaw, XII Business Department of the National Court Register, with reference KRS number 307303.

The company is the owner of the office building located in Warsaw known as “Spektrum Tower”.

**Tryton Business Park Sp. zo.o. (formerly: Ormonde Sp. z o.o.)** – company acquired by the Group on 22 December 2017 – a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Twarda 18 Street, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in

Warsaw, XII Business Department of the National Court Register, with the reference KRS number 403662.

On 1 April 2019 entity merged with Tryton Business Park Sp. z o.o. and Emfold Investments Sp. z o.o. using the interest pooling method. After merger the entity changed the name into Tryton Business Park Sp. z o.o.

The company is the owner of the office building located in Gdańsk known as "Tryton Business House".

**Wagstaff Investments Sp. z o.o.** – company acquired by the Group on 22 December 2017 – a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Twarda 18 Street, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 404848.

On 2 January 2019, the company became a shareholder of West Gate Investments Sp. z o.o. as a consequence of the change of legal form of the subsidiary.

**Warsaw Trade Tower 2 Sp. z o.o.** - company acquired by the Group on 3 April 2019. Registered office is located Twarda 18 Street, Warsaw, Poland. The Company was entered in the Register of Businesses of the national Court Register maintained by District Court in Warsaw, XII Business Department of the National Court Register, with reference KRS number 420702.

The company is the owner of the office building located in Warsaw, known as "WTT".

**Warta Tower Sp. z o.o. (formerly: Warta LP Sp. z o.o.)** – company acquired by the Group on 21 February 2018. Registered office is located Twarda 18 Street, Warsaw, Poland. The Company was entered in the Register of Businesses of the national Court Register maintained by District Court in Warsaw, XII Business Department of the National Court Register, with reference KRS number 716976.

On 29 April 2019 entity merged with Warta Tower Park Sp. z o.o. and Warta Tower Investments Sp. z o.o. using the interest pooling method. After merger the entity changed the name into Warta Tower Sp. z o.o.

The company is the owner of the office building located in Warsaw, known as "Warta Tower".

**West Gate Wrocław Sp. z o.o.** – company acquired by the Group on 22 December 2017 – a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Twarda 18 Street, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 412286.

On 2 January 2019, the company became a shareholder of West Gate Investments Sp. z o.o. as a consequence of the change of legal form of the subsidiary.

**West Gate Investments Sp. z o.o. (formerly: West Gate Wrocław Spółka z ograniczoną odpowiedzialnością Sp. K.)** – company acquired by the Group on 22 December 2017. Registered office is located at Twarda 18 Street, Warsaw, Poland. On 2 January 2019 the company's legal form was changed from limited partnership into limited liability company. The Company was entered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 764928.

The company is the owner of the office building located in Wrocław, known as "West Gate".

**West Link Sp. z o.o. (formerly Projekt Echo – 114 Sp. z o.o.)** – company acquired by the Group on 25 May 2018. Registered office is located Twarda 18 Street, Warsaw, Poland. The Company was entered in the Register of Businesses of the national Court Register maintained by District Court in Warsaw, XII Business Department of the National Court Register, with reference KRS number 580707.

On 30 August 2019, the company became a shareholder of West Link Investments Sp. z o.o. as a consequence of the change of legal form of the subsidiary.

**West Link Investments Sp. z o.o. (formerly: West Link Spółka z ograniczoną odpowiedzialnością Sp. k.)**  
– company acquired by the Group on 25 May 2018. Registered office is located Twarda 18 Street, Warsaw, Poland. On 30 August 2019 the company's legal form was changed from limited partnership into limited liability company. The Company was entered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 801851.

The company is the owner of the office building located in Wrocław, known as "West Link".



**Globalworth Poland Real Estate N.V. Group**  
**Director's report for the period ended 30 June 2019**

(All amounts in EUR thousands unless otherwise stated)

| Entity  | Registered office             | As at<br>31/12/2018<br>% | Consolidation<br>method |
|---|-------------------------------|--------------------------|-------------------------|
| Globalworth Poland Real Estate N.V. (parent company)                  | Amsterdam<br>/The Netherlands | 100                      | full                    |
| Charlie SCSp (liquidated on 26 February 2019)                         | Luxembourg/Luxembourg         | 100                      | full                    |
| December SCSp (liquidated on 28 February 2019)                        | Luxembourg/Luxembourg         | 100                      | full                    |
| Griffin Premium RE Lux S.à r.l. (liquidated on 24 July 2019)          | Luxembourg/Luxembourg         | 100                      | full                    |
| IB 14 FIZ Aktywów Niepublicznych                                      | Warsaw/Poland                 | 100                      | full                    |
| A4 Business Park Sp. z o.o.   | Warsaw/Poland                 | 100                      | full                    |
| Akka RE Sp. z o.o.  | Warsaw/Poland                 | 100                      | full                    |
| Bakalion Sp. z o.o.   | Warsaw/Poland                 | 100                      | full                    |
| Centren Sp. z o.o.  | Warsaw/Poland                 | 100                      | full                    |
| Charlie RE Sp. z o.o.   | Warsaw/Poland                 | 100                      | full                    |
| December RE Sp. z o.o.  | Warsaw/Poland                 | 100                      | full                    |
| Dolfia Sp. z o.o.   | Warsaw/Poland                 | 100                      | full                    |
| Dom Handlowy Renoma Sp. z o.o.  | Warsaw/Poland                 | 100                      | full                    |
| Dom Handlowy Renoma Spółka z ograniczoną<br>odpowiedzialnością Sp. k. | Warsaw/Poland                 | 100                      | full                    |
| DH Supersam Sp. z o.o.  | Warsaw/Poland                 | 100                      | full                    |
| Ebgaron Sp. z o.o.  | Warsaw/Poland                 | 100                      | full                    |
| Efimero Sp. z o.o.  | Warsaw/Poland                 | 100                      | full                    |
| Elisea Investments Sp. z o.o.   | Warsaw/Poland                 | 100                      | full                    |
| Gold Project Sp. z o.o.   | Warsaw/Poland                 | 100                      | full                    |
| Gold Project Spółka z ograniczoną odpowiedzialnością Sp. j.           | Warsaw/Poland                 | 100                      | full                    |
| GPPE Management Sp. z o.o.  | Warsaw/Poland                 | 100                      | full                    |
| GPPE Property Management Sp. z o.o.                                   | Warsaw/Poland                 | 100                      | full                    |
| Hala Koszyki Sp. z o.o.   | Warsaw/Poland                 | 100                      | full                    |
| Lamantia Sp. z o.o.   | Warsaw/Poland                 | 100                      | full                    |
| Lamantia Spółka z ograniczoną odpowiedzialnością Sp. k.               | Warsaw/Poland                 | 100                      | full                    |
| Light Project Sp. z o.o.  | Warsaw/Poland                 | 100                      | full                    |
| Lima Sp. z o.o.   | Warsaw/Poland                 | 100                      | full                    |
| Luapele Sp. z o.o.  | Warsaw/Poland                 | 100                      | full                    |
| Nordic Park Offices Sp. z o.o.  | Warsaw/Poland                 | 100                      | full                    |
| Nordic Park Investments Sp. z o.o.                                    | Warsaw/Poland                 | 100                      | full                    |
| Quattro Business Park Sp. z o.o.                                      | Warsaw/Poland                 | 100                      | full                    |
| Spektrum Tower Sp. z o.o.   | Warsaw/Poland                 | 100                      | full                    |
| Tryton Business Park Sp. z o.o.                                       | Warsaw/Poland                 | 100                      | full                    |
| Wagstaff Investments Sp. z o.o.                                       | Warsaw/Poland                 | 100                      | full                    |
| Warsaw Trade Tower 2 Sp. z o.o.                                       | Warsaw/Poland                 | 100                      | full                    |
| Warta Tower Sp. z o.o.  | Warsaw/Poland                 | 100                      | full                    |
| West Gate Wrocław Sp. z o.o.  | Warsaw/Poland                 | 100                      | full                    |
| West Gate Investments Sp. z o.o.                                      | Warsaw/Poland                 | 100                      | full                    |
| West Link Sp. z o.o.  | Warsaw/Poland                 | 100                      | full                    |
| West Link Investments Sp. z o.o.                                      | Warsaw/Poland                 | 100                      | full                    |

***Management Board of Globalworth Poland Real Estate N.V.***

|                          |   |
|--------------------------|---|
| Dimitris Raptis          | - CEO, Executive Director (appointed as CEO and Executive Director by the General Meeting held on 5 February 2019; previously a Non-Executive Director) |
| Rafał Pomorski           | - CFO, Executive Director   |
| Ioannis Papalekas        | - Non-Executive Director  |
| Norbert Sasse            | - Non-Executive Director (since 26 April 2018)  |
| George Muchanya          | - Non-Executive Director (since 26 April 2018)  |
| Claudia Pendred          | - Independent Non-Executive Director (since 11 September 2017)  |
| Marcus M.L.J. van Campen | - Independent Non-Executive Director (since 13 March 2017)  |
| Thomas Martinus de Witte | - Independent Non-Executive Director (since 13 March 2017)  |

**2. Position of the Management Board concerning the option to implement previously published result forecasts for the relevant year in the light of the results presented in the quarterly report in relation to predicted results**

The Group has not made public any forecasts of its 2019 results.

**3. Description of the main risks and uncertainties for the remaining 6 months of the financial year**

The key negative external factors and uncertainties affecting the Group's development include:

- uncertainty as to key assumptions of fiscal policy in Poland (on-going changes / adjustments to existing tax laws and their interpretation);
- continuously increasing supply of new office buildings in Polish real estate market; constant Tenant's pressure to increase keep the incentives (rent free periods, fit - outs, buy - outs, cash contributions, others), "result oriented" rental structures (affordability clauses) getting more and more popular among retail tenants;
- new retail developments / redevelopments / extensions in cities where the Company's mixed-use assets are located;
- e-commerce impacting traditional retail in shopping centers;
- Sunday's retail ban for shopping impacting mainly retail assets with limited entertainment and restaurant components;
- decreased competition in Polish banking sector due to its further consolidation and "repolonization";
- decreasing availability of new employees for Shared Service Center/Business Process Outsourcing sector which might impact the further expansions of these companies;
- general scarcity of employees in the entire economy and pressure on salaries increase.

The key negative internal factors and uncertainties important for the Group's development include:

- further office acquisitions require capital increases;
- very limited number of investment products with reasonable pricing;
- increasing prices of construction labour and materials which impacts capex and fit-out costs
- limited availability of reputable vendors in the short and medium term.

#### **4. The ownership structure of major holdings of Globalworth Poland Real Estate N.V.**

According to the information available to Globalworth Poland Real Estate N.V., the shareholding structure of the Company as at 30 June 2019 was as follows:

| Shareholders             | Number of shares   | Par value per share [€] | Value of share capital [€] | %             |
|--------------------------|--------------------|-------------------------|----------------------------|---------------|
| Globalworth Holding B.V. | 442,051,323        | 1                       | 442,051,323                | 99.84         |
| Other shareholders       | 706,060            | 1                       | 706,060                    | 0.16          |
| <b>Total</b>             | <b>442,757,383</b> |                         | <b>442,757,383</b>         | <b>100.00</b> |

In the reporting period Globalworth Holding B.V. has acquired:

- 95,541,401 shares from Growthpoint Properties International (Pty) Ltd
- 15,600,000 shares from Nationale Nederlanden OFE
- 14,807,000 shares from European Bank for Reconstruction and Development
- 7,480,063 from other shareholders

#### **5. Share capital structure**

The share capital structure has been outlined in the Note 4 of Director's Report.

#### **6. Information on court proceedings**

At the end of first half of 2019, there were neither court nor administrative proceedings regarding liabilities or receivables of the Company or its subsidiaries in the total value of at least 10% of the Company's equity.

## 7. Information on transactions with related entities on other than market conditions

The related party transactions, except for the ones described in the Notes 7 and 10 of Interim Condensed Consolidated Financial Statements, are set out in the table below:

| Name                              | Nature of transactions / balances amounts | Income statement      |                       | Statement of financial position |                           |
|-----------------------------------|---|-----------------------|-----------------------|---------------------------------|---------------------------|
|                                   |   | Income/(expense)      |                       | Amounts owing (to)/from         |                           |
|                                   |   | 30 June 2019<br>€'000 | 30 June 2018<br>€'000 | 30 June 2019<br>€'000           | 31 December 2018<br>€'000 |
| Mindspace Ltd.                    | Trade and other receivables               | -                     | -                     | 9                               | 12                        |
|                                   | Revenue                                   | 880                   | 332                   | -                               | -                         |
|                                   | Deposits from tenant                      | -                     | -                     | (818)                           | (926)                     |
|                                   | Tenant incentives                         | (180)                 | (327)                 | -                               | -                         |
| Globalworth Finance Guernsey Ltd. | Loans received                            | (7,726)               | (18,520)              | (487,458)                       | (392,233)                 |
| Globalworth Holdings Cyprus Ltd.  | Loans received                            | (32)                  | -                     | (26,032)                        | -                         |
| Artigo Sp. z o.o.                 | Loans granted                             | -                     | -                     | 1                               | -                         |
|                                   | Trade and other receivables               | -                     | -                     | 9                               | -                         |
|                                   | Revenues                                  | 224                   | -                     | -                               | -                         |
| Ingadi Sp. z o.o.                 | Loans granted                             | -                     | -                     | 1                               | -                         |
|                                   | Trade and other receivables               | -                     | -                     | 9                               | -                         |
|                                   | Revenues                                  | 242                   | -                     | -                               | -                         |
| Imbali Sp. z o.o.                 | Trade and other receivables               | -                     | -                     | 1                               | -                         |
|                                   | Revenues                                  | 1                     | -                     | -                               | -                         |

## **8. Information of granted loan sureties and granted guarantees equivalent in value to at least 10% of the issuer's equity capitals**

In the period of six months of 2019, neither Globalworth Poland Real Estate N.V. nor any of its subsidiaries issued any guarantees to third parties whose value exceeds 10% of the Company's equity.

## **9. Factors which, in the opinion of the Management Board, will influence the Capital Group's financial performance for at least the upcoming quarter**

Factors to influence the result in the coming periods include:

- future potential acquisitions,
- regular revenue generated from the lease of space in offices and high-street mixed-use assets,
- revaluation of the fair value of investment properties owned by the Group, including changing levels of net operating revenue,
- cost of sales, and general and administrative expenses,
- measurement of liabilities due to bank loans at amortised cost,
- measurement of loans and cash due to changing foreign exchange rates,
- interest on deposits,
- interest on bank loans.

## REPRESENTATIONS OF MANAGEMENT BOARD

In accordance with our best knowledge, we hereby represent that the interim condensed consolidated financial statements of the Globalworth Poland Real Estate Group for the 6-month period ended 30 June 2019 and the comparative data were prepared in accordance with the binding accounting principles and present truly and fairly the financial position and the financial result of the Globalworth Poland Real Estate Group. The half-year Directors' Report on the activities of the Group reflects a true and fair picture of the developments, achievements, risks and threats and of the financial standing of the Globalworth Poland Real Estate Group. The interim condensed consolidated financial statements of the Globalworth Poland Real Estate Group for the 6-month period ended 30 June 2019 was neither audited nor reviewed by the certified auditor.

### Board Members:

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Dimitris Raptis  
*Chief Executive Officer, Executive Director*

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Rafał Pomorski  
*Chief Financial Officer, Executive Director*

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Ioannis Papalekas  
*Non-Executive Director*

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Norbert Sasse  
*Non-Executive Director*

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George Muchanya  
*Non-Executive Director*

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Thomas Martinus de Witte  
*Independent Non-Executive Director*

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Claudia Pendred  
*Independent Non-Executive Director*

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Marcus M.L.J. van Campen  
*Independent Non-Executive Director*